CITY OF NORTH ST. PAUL
CITY COUNCIL
REGULAR MEETING AGENDA
MAY 19, 2020
6:30 PM

Due to the Governor's Emergency Declaration, the Mayor has determined that in-person meetings during this pandemic are not practical or safe. All meetings of the City Council and other City-governed boards and commissions will be held by telephone or other electronic means until further notice. (Minn. Stat. 13D.021)

Our upcoming meeting on May 19th will be held via Zoom. Zoom is an online platform that allows attendees to 'join' the meeting via video or telephone. The **May 19th meeting can be accessed at:** https://wsbeng.zoom.us/w/99206519334?tk=Fy7d1m92a36oSrFeDfTZ6NRUNQungxScbfL1NVHdsw0.DQEAAAAXGStaJhZDTlNQVEtkcFROZWRRVHlJVlFaV0RBAA&pwd=UTlrWkliZ2VCdGV1QUN0cUhIQnp3Zz09&uuid=WN_YFX0Yl9LQVGU3IhvvogWVQ **Password: 648191, from a PC, Mac, tablet, iPhone or Android device, or by phone at 1-929-205-6099, meeting ID 992 0651 9334.** The City Council meeting will be 'open to the public' to listen in, but will be muted from contributing at all times with the exception of a Public Hearing and open to the public forum.

Please join the meeting early to test your audio and video settings. If you join via a device and your audio is not working, you may need to use the dial-in phone number option in order to be heard. If you have technical difficulties during the meeting please call or text (612) 352-8452.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Council Member Thorsen
Council Member Petersen
Council Member Walczak
Council Member Sonnek
Mayor Furlong

IV. ADOPT AGENDA

V. PRESENTATIONS

Arbor Day Proclamation

VI. CONSENT AGENDA

A. May 5, 2020 workshop meeting minutes.
B. May 5, 2020 regular meeting minutes.
C. General accounts payable: $1,676,760.38.
D. HRA accounts payable: $13,103.14.
E. Acceptance of the CAFR (Comprehensive Annual Financial Report).

VII. MEETING OPEN TO THE PUBLIC

Note: This is a courtesy extended to persons wishing to address the council who are not on the agenda. A completed public comment form should be presented to the Deputy Clerk prior to the meeting; presentations will be limited to 3 minutes. This session will be limited to 15 minutes.

VIII. PUBLIC HEARINGS

IX. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

A. Text Amendment: Keeping of Chickens and Bees
B. Development Agreement and Tax Increment Financing Agreement for Uptown Commons, TIF 4-8
C. Purchase agreement for property to develop Uptown Commons.
D. Sale of the 2020A and 2020B bonds

X. REPORTS OF CITY MANAGER & DEPARTMENTS

XI. REPORTS OF COUNCIL, COMMISSIONS & COMMITTEES

XII. GENERAL BUSINESS

XIII. CLOSED SESSION

A. There are no closed sessions.

XIV. ADJOURNMENT

The next regularly scheduled City Council meeting is Tuesday, June 2, 2020 at 6:30 p.m.

Agenda Information Memorandum
North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE CITY MANAGER

Agenda placement: Presentations

Subject: To present the City of North St. Paul with a proclamation related to Arbor Day.

To: Honorable Mayor and City Council

Background/Facts:

- North St. Paul is a Tree City USA community.
- As part of the Tree City USA Award, issued by the National Arbor Day Foundation, the City must apply for this award annually and document work to maintain the designation.
- There are four standards the city must meet: must have a tree board or department; have a community tree ordinance; have a community forestry program; and an Arbor Day Observation and Proclamation.
- On Saturday, May 1st the City of North Saint Paul organized a Community Tree Giveaway for residents in observance of Arbor Day. All trees were delivered by the North St. Paul Forestry Division in order to comply with social distancing rules.

Recommendation: No action is required. Mayor Furlong will read the Proclamation.

Attachments:
Proclamation

Respectfully submitted,

/s/ SD by mm

Scott Duddeck
City Manager

ARBOR DAY PROCLAMATION
CITY OF NORTH ST. PAUL

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and,

WHEREAS, the holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska; and,

WHEREAS, Arbor Day is now observed throughout the nation and the world; and,

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, lower our heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife; and,

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products; and,

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community; and,

WHEREAS, to promote the importance of trees to our community for those reasons the North St. Paul Environmental Advisory Commission ("Commission"), with the support of the City Council, have sponsored a free tree giveaway ("Program") since the 1970's; and,

WHEREAS, the Commission has given away thousands of trees since the beginning of that Program and over 500 trees since the City was declared a "Tree City USA" city in April of 2014; and,

WHEREAS, trees, wherever they are planted, are a source of joy and spiritual renewal for our community.

NOW THEREFORE ON BEHALF OF THE CITY COUNCIL OF THE CITY OF NORTH ST. PAUL, MINNESOTA I, Terrence Furlong, Mayor of the City of North St. Paul, in grateful recognition of the efforts of our Environmental Advisory Commission, City staff and all citizens who plant and care for trees, do hereby proclaim Wednesday, April 22, 2020 as Arbor Day in the City of North St. Paul.

BE IT FURTHER RESOLVED, all citizens are urged to celebrate Arbor Day and to support efforts to protect our trees and woodlands; and,

BE IT FURTHER RESOLVED, all citizens are urged to plant and care for trees to gladden the heart and promote the well-being of this and future generations.

Dated this 19th day of May, 2020.

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Terrence J. Furlong, Mayor

City of North Saint Paul
May 5, 2020
Proposed City Council Workshop Meeting Minutes

The May 5,2020 meeting was held via Zoom and complied with all requirements of Minnesota State Statute 13D.021.

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 5:00 p.m.

II. ROLL CALL

Present:	Council Member Scott Thorsen Council Member Candy Petersen Council Member Jan Walczak Council Member Tom Sonnek Mayor Terry Furlong
Staff:	City Manager Scott Duddeck, Deputy Clerk Mary Mills, City Attorney Soren Mattick, City Engineer Morgan Dawley, Electric Director Brian Frandle, Police Chief Tom Lauth, Fire Chief Jason Mallinger, Public Works Director Nick Fleischhacker, Public Works Superintendent Ron Ritchie, Finance Director Jason Zimmerman, Community and Administrative Services Director Debra Gustafson.
Guests:	Kari Erpenbach, contract communications

III. TOPIC(S)

A. Operational Updates.

City Manager Duddeck reviewed the current status of staffing. Public Works and Electric Crews are back full staff but with staggered hours and are paired with workers to stay in compliance with social distancing regulations. There are no changes at City Hall at this time.

Playground equipment in the parks was discussed at length. Although parks are not closed to the general public, nor is park use discouraged, there are no building/shelter rentals scheduled through May, and all playground equipment is signed as closed and taped off due to the COVID. Social distancing must remain in place at this time. The City does not have the staff or resources to keep playground equipment sanitized continuously at this time. Restrooms are open and cleaned daily at Casey Lake Park.

Council Member Thorsen stated that he does not believe it is necessary for the City to comply with the State's "emergency declaration" and stay-at-home order. He added things have progressed and changed. He noted there is no logical explanation for the decisions coming from the State, and certain businesses should be allowed to be open. City Attorney Mattick noted that the declaration provides two key authorities: it allows for future reimbursement of expenses incurred by the city during the pandemic, and it is meant to follow State Emergency directives and allow the city to expedite changes that otherwise would not be allowed. It cuts the red tape in an emergency to allow for split second decisions. In addition, the City of North St. Paul is a Plan

B government and the City Manager has the explicit right to make decisions that affect the management of the City. Council Member Sonnek added that what kind of precedent are we setting if we relax the regulations still in place by the State. Are we promoting unsafe use of the equipment. Minnesota is not ready to go to Phase I. Mayor Furlong indicated that the City Manager is tune with the current situation, having daily and weekly conversations with the County and surrounding cities.

Mr. Duddeck introduced Kari Erpenbach. Kari is working with Laurie Koehnle on revising the website and improving the City's communication efforts in all areas. Laurie is retiring in July and they are working diligently to complete this process before then. They are doing a thorough site review, using Google analytics and Google search methods, reworking content and identifying branding. It is City Manager Duddeck's hope that once this is complete other cities will look to North St. Paul as the example to follow.

City Manager Duddeck noted a special meeting to approve the project and agreements for Uptown Commons is being scheduled for next week.

Council Member Thorsen requested that the council meetings be moved back to City Hall, perhaps in the Training Room. Council Member Sonnek stated that holding our meetings remotely holds no risk for council, staff or the public, but meeting at city hall does. Mayor Furlong indicated that for now the meetings will remain being held via Zoom.

Council Member Sonnek inquired about the right-of-way policy for broken water lines and where the city responsibility begins/ends and the homeowner responsibility begins/ends. Mr. Dawley indicated that the City ordinance should be reviewed as it does not follow what the current recommended practice is. Staff will review this ordinance.

B. Traffic Signal and construction at 7th Avenue and Margaret Street.

City Engineer Morgan Dawley gave an update related to the traffic signal at Margaret Street and 7th Avenue, to include cost estimates, traffic studies completed, recommendations with the upcoming project.

Also reviewed was the concrete roadway pavement versus asphalt roadway pavement. The pros and cons, overall lifecycle of each, cost comparison and installation construction impacts.

IV. OTHER BUSINESS

There was no other business.

V. ADJOURNMENT

There being no further business, on motion by Council Member Sonnek, seconded by Council Member Walczak, with all present voting aye (5-0), Mayor Furlong adjourned the workshop meeting at 6:10 p.m.

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Terrence J. Furlong, Mayor

Attest:

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Scott A. Duddeck, City Manager/Clerk

City of North Saint Paul
May 5, 2020
Proposed Regular City Council Meeting Minutes

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 6:41 p.m.

II. THE PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

III. ROLL CALL

Present: Council Member Thorsen
Council Member Petersen (Arrived at 6:44 p.m.)
Council Member Walczak
Council Member Sonnek
Mayor Furlong

Staff: City Manager Scott Duddeck, City Engineer Morgan Dawley, City Planner Erin Perdu, Finance Director Jason Zimmerman, City Attorney Soren Mattick, Deputy Clerk Mary Mills.

IV. ADOPT AGENDA

On motion by Council Member Walczak, seconded by Council Member Thorsen, with all present voting aye, Council Member Petersen absent (4-0), motion carried to approve the agenda as submitted.

V. PRESENTATIONS

There were no presentations.

VI. APPROVAL OF CONSENT AGENDA

Council Member Walczak requested to remove item D (HRA Accounts Payable) from the Consent Agenda and place it under City Business.

On motion by Council Member Thorsen, seconded by Council Member Walczak, with all present voting aye (5-0), motion carried to approve the amended consent agenda, Resolution No. 2020-056 consisting of:

A. April 21, 2020 workshop meeting minutes.
B. April 21, 2020 workshop meeting minutes.
C. General accounts payable: $380,874.68.
D. ~~HRA accounts payable: $2,190.59~~ **Moved to City Business**

VII. MEETING OPEN TO PUBLIC

John Schmahl requested an update on the City's utility billing, specifically inclusion of itemized water charges, which will be included in the new Incode 153.0 that will be coming online as an amendment to the current billing practice. He added the purpose is to increase awareness of water usage, so users can track the amount of water they are using, and what they are paying.

Mr. Schmahl stated the City water bill he receives does not have a unit cost or fee schedule included. He asked whether that can be included, with Incode 153.0 coming soon, so water usage and charges can be communicated to customers.

Mr. Duddeck stated the City's current water bill does include a fee schedule. He added City Staff have made recent updates to the water bill and is now in compliance.

Finance Director Jason Zimmerman confirmed that solid waste management tax is broken out and itemized on the City's water bills that were sent last week.

Mr. Duddeck stated the Incode update will include an app that can be used by water customers to track metering for water or electric, showing alerts and notifications, and setting parameters for usage. He added the City's current bill includes an update for solid waste.

VIII. PUBLIC HEARINGS

A. Wellhead Protection Plan – Part 2, Accepting and Authorizing Submission of the Plan to the Minnesota Department of Health

City Engineer Morgan Dawley reviewed Minnesota State Department of Health's groundwater protection plan, which is on a 10-year cycle and set to expire shortly. He added every County that uses groundwater wells for drinking water must complete a wellhead protection plan. He noted the City is required by the State to provide information on the plan and hold a public hearing and authorize submittal of the plan to the Department of Health for formal review and approval, for the protection of the City's drinking water source.

Ray Theiler, Engineer with WSB, gave a presentation on the wellhead protection plan, which is developed to protect groundwater aquafers and identify and manage potential sources of contamination. He stated the goal is to ensure that North St. Paul continues to provide residents with a safe and abundant supply of clean drinking water for generations to come.

Mr. Theiler stated Part 1 of the wellhead plan, approved by Department of Health in 2018, delineated the Drinking Water Supply Management Area (DWSMA), and determined there were no significant changes in physical environment or use. He added Part 2 of the plan was completed on January 10, 2020, and submitted to all local governments, with a mandatory 60-day review period ending soon. He noted components of Part 2 include evaluation of geological data, soil conditions, water resources, land use, and public utility services.

Mr. Theiler stated one comment was received from the Ramsey County Soil and Water Conservation District, which has been addressed.

Mayor Furlong opened the public hearing at 7:06 p.m.

No members of the public addressed the Council.

Mayor Furlong closed public hearing at 7:07 p.m.

Council Member Walczak requested clarification regarding Figure 11 on page 85 of the Plan, related to the number of wells. She added the chart shows 21 wells in North St. Paul which was surprising as she thought there were only 1 or 2 wells that are not sealed. She noted she thought that there were efforts made to close all the wells.

Mr. Theiler stated WSB and the City have been reaching out to homeowners with existing wells, using Department of Health records. He added the ultimate goal is to seal all the wells. He noted some wells on record may have already been sealed.

Mr. Dawley stated it is not uncommon for well records to be out of date or incomplete, and there may be anecdotal situations that may or may not be accurate. He added the City can use this data to make contact, update records and correct these situations. He noted it is in the best interest of all the cities involved to update records, seal wells and implement the plan over the next 10 years, to reduce the risk of contamination of drinking water.

Mr. Dawley stated some private wells may be approved and can stay operational, and some homeowners may not even know they have a well on their property. He added the City can provide resources through the well sealing program, and there is funding at the County level as well.

Mr. Duddeck stated there is at least one property that he knows of in the community that has a well and is not on City water.

On motion by Council Member Walczak, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to adopt Resolution No. <u>2020-057</u> accepting Part 2 of City of North St. Paul Wellhead Protection Plan, for submission to the Minnesota Department of Health.

IX. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

A. <u>Approval for Demolition of 2377 Margaret Street (TIF 4-9)</u>

Mr. Duddeck stated City Council approval is requested for demolition of a building at 2377 Margaret Street, which is the former Nelson dental office, across from the old City Hall site. He added this proposed demolition can potentially tie into reconstruction and street work in the downtown area. He noted the property would be used to locate a portable recycler to crush concrete and asphalt on the streets to be recycled and reused for roadwork in this area.

Mr. Duddeck stated the contractor would do the demolition of the office building in exchange for use of the site to locate the recycler. The site would be graded and prepared for potential development. He added the recycler would be in use for a few weeks. He noted City Council approval is required for this project as the building is substandard and the site is set up as a TIF district.

Council Member Walczak asked whether it is necessary for all the trees on the site to be removed. Mr. Duddeck stated most of the trees on the site are low brush trees with the exception of one large maple tree that is in rough shape.

Council Member Sonnek asked whether there will be impact on the downtown area in terms of dust and noise. Mr. Duddeck confirmed this, although dust control measures will be put into place.

On motion by Council Member Sonnek, seconded by Council Member Petersen, with all present voting aye (5-0), motion carried to adopt Resolution No. <u>2020-058</u> approving demolition of a building at 2377 Margaret Street.

B. <u>Ordinances Amending City Code 117.60, Sunday Sales License; reduce the cost of an On-Sale Wine License; and authorize an existing License to sell intoxicating Malt Liquor</u>

City Attorney Soren Mattick reviewed an amendment to the City Ordinance related to liquor licenses which would allow establishments to sell 3/2 beer and wine without a full liquor license. He added this is allowed in State Statute but must be added to City Code. He noted the cost of the license is substantially reduced.

On motion by Council Member Thorsen, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to adopt Ordinance No. <u>789</u> authorizing an existing license to sell intoxicating malt liquor.

On motion by Council Member Thorsen, seconded by Council Member Walczak, with all present voting aye (5-0), motion carried to adopt Ordinance No. <u>790</u> reducing the cost of on-sale wine license.

Mayor Furlong asked whether the amendment would be effective immediately. Mr. Duddeck stated the Resolution is not related to a specific license, and the change would go into effect on July 1, 2020 when liquor licenses are renewed.

C. <u>Approval of HRA Claims from Consent Agenda</u>

Council Member Walczak asked whether the local part-time employee working on the high school house project is being paid by the City. Mr. Duddeck confirmed that the part-time employee's pay will be charged to the HRA and recouped in the sale of the property.

On motion by Council Member Walczak, seconded by Council Member Petersen, with all present voting aye (5-0), motion carried to approve HRA Accounts Payable of $2,190.59.

X. REPORTS OF CITY MANAGER AND DEPARTMENTS

Mr. Duddeck stated the City Council had discussed holding a special meeting next week. He added the meeting could be held during the day on Tuesday, or in the evening to coincide with the City Council's workshop.

Mr. Duddeck stated the Silver Lake project will soon resume, with completion anticipated in mid-June. He added the McKnight Road and Anchor Drive projects are progressing with crews working nights. He noted sewer and water work has started on the 7th Avenue project, and a high school intern has been working in the field on this project, posting her photos and project updates on the City's social media sites.

Mr. Duddeck stated an agreement has been reached and is expected to be signed tomorrow for commencement of construction on the home for veterans across from Veteran's Park. He added a traffic control lane shift is planned eastbound Margaret Street to allow for a construction zone on the west side. He noted traffic will continue in this shift pattern until the work is completed.

Mayor Furlong requested an update on the renovation of the Silver Lake tennis courts. Mr. Duddeck stated final color coat and striping will be happening soon. He agreed to follow up on the timeline. He added the trail will be paved next week, weather permitting.

XI. REPORTS OF COUNCIL, COMMISSIONS & COMMITTEES

Council Member Sonnek stated the Planning Commission will meet via Zoom meeting on Thursday May 7, 2020 at 6:15 p.m. He added there will be a public hearing for a Conditional Use Permit for Caring for Cats, a cat rescue organization. He noted a lot width size discussion is planned as well as a discussion regarding a proposed Ordinance amendment to allow keeping of chickens and bees.

Council Member Petersen stated she attended the Metropolitan Cities' annual election via Zoom meeting. She added Mayor Mark Steffenson of Maple Grove was elected President, and Council Member Lisa Laliberte of Roseville was elected Vice President.

Mr. Duddeck stated the City Council had discussed the possibility of a City-wide Clean-up Day on May 16, 2020. He added City Staff have not moved forward with plans for a clean-up day due to the current Statewide stay-at-home order. He noted it is hoped that City Staff can plan some form of curbside collection throughout the City on a date to be determined.

Mayor Furlong stated that would be a good topic for next week's work session. Mr. Duddeck agreed.

XII. GENERAL BUSINESS

Council Member Petersen wished everyone a Happy Mother's Day.

Council Member Thorsen stated for the record that he does not believe it is necessary for the City to comply with the State's "emergency declaration" and stay-at-home order. He added things have progressed and changed. He noted there is no logical explanation for the decisions coming from the State, and certain businesses should be allowed to be open.

Mayor Furlong thanked the Police and Fire Departments for the birthday visits to residents. He added not only children, but also older adults have been excited to see the parades. He noted residents of Polar Ridge Senior Care Center have been quarantined for over a month, and it has been a difficult and challenging time for the City's senior citizens.

Mayor Furlong stated he appreciates everyone's patience as the City Council adjusts to the Zoom meeting format. He thanked City Planner Erin Perdu for being the moderator of the meetings.

Mayor Furlong wished everyone a happy Cinco de Mayo, and a happy Mother's Day.

Mr. Duddeck stated a new local business, Suite Living Senior Care, officially opened on May 4, 2020. He added the City of North St. Paul welcomes and supports Suite Living in the community. He noted the Fire Department has recently donated face masks to the new residents.

XIII. CLOSED SESSION

There was no closed session.

XIV. ADJOURNMENT

There being no further business, on motion by Council Member Sonnek, Seconded by Council Member Walczak, with all present voting aye (5-0), Mayor Furlong adjourned the meeting at 7:48 p.m.

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Terrence J. Furlong, Mayor

Attest: ___________________________________
Scott A. Duddeck, City Manager

NORTH ST.PAUL
extraordinary.

MEMORANDUM

TO: Mayor & Council Members
FROM: Jacquelyn Lutmer - Accounting Technician
DATE: May 19, 2020
SUBJECT: Recommendation of approval of GENERAL claims list.

Claim Date					
5/8/2020	Payroll Register DD			$113,938.19	
5/8/2020	Payroll Direct Payables			$106,063.19	
		Payroll Subtotal		$220,001.38	
5/7/2020	A/P Early Release Packet	135943-135983	$	248,371.94	Approved by S. Duddeck
5/7/2020	A/P Early Release Packet Drafts	000739-000742	$	379,264.14	Approved by S. Duddeck
5/20/2020	Utility Refund Checks	136027-136053	$	1,737.94	
5/20/2020	A/P Checks	135987-136026	$	772,321.23	
5/20/2020	Drafts	000744-000745	$	55,063.75	
		AP Subtotal	$	1,456,759.00	
		Grand Total	$	1,676,760.38	

Approved this 19th day of May, 2020

/s/ Terrence J. Furlong, Mayor by Consent Resolution
/s/ Scott A. Duddeck, City Manager/Clerk by Consent Resolution

*** REGISTER TOTALS ***

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	62	113,938.19
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		

TOTAL CHECKS:	62	113,938.19

*** NO ERRORS FOUND ***

** END OF REPORT **

PACKET: 04518 5/8/20 PAYROLL - 9
VENDOR SET: 01 City of North St Paul *** DRAFT/OTHER LISTING ***
BANK: AP PREMIER BANK

VENDOR	I.D.	NAME	ITEM TYPE	ITEM DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
E05000		EFTPS						
	I-T1 202005045763	FEDERAL WITHHOLDING	D	5/08/2020		17,231.97	000733	
	I-T3 202005045763	FICA TAXES	D	5/08/2020		14,929.72	000733	
	I-T4 202005045763	MEDICARE TAXES	D	5/08/2020		5,351.56	000733	37,513.25
H08033		H S A BANK						
	I-444202005045763	HSA ACCOUNT	D	5/08/2020		6,216.50	000734	6,216.50
I09137		I C M A DISTRIBUTION CENTER						
	I-2 202005045763	EMP/EMPR DEFERRED COMP	D	5/08/2020		11,503.93	000735	
	I-21 202005045763	EMP/EMPR DEFERRED COMP	D	5/08/2020		3,472.76	000735	
	I-26 202005045763	LOAN PAYMENTS TO ICMA	D	5/08/2020		1,116.59	000735	
	I-2CM202005045763	CITY MGR 9% DEFERRED COMP	D	5/08/2020		638.19	000735	
	I-2IR202005045763	EMP/EMPR DEFERRED COM	D	5/08/2020		1,410.00	000735	18,141.47
M12900		MNEFTS						
	I-T2 202005045763	MN Income Tax WH	D	5/08/2020		7,600.91	000736	7,600.91
M13320		MN STATE RETIREMENT SYSTEM						
	I-12 202005045763	POST DEDUCTIONS	D	5/08/2020		975.00	000737	975.00
P16470		P E R A						
	I-91 202005045763	6634-00 REG PERA	D	5/08/2020		16,508.15	000738	
	I-92 202005045763	6634-00 PERA PD	D	5/08/2020		19,107.91	000738	35,616.06

* * B A N K T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	6	0.00	106,063.19	106,063.19
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
BANK TOTALS:	6	0.00	106,063.19	106,063.19

NORTH ST.PAUL
extraordinary.

MEMORANDUM

TO: Mayor & Council Members
FROM: Jacquelyn Lutmer - Accounting Technician
DATE: May 7, 2020
SUBJECT: Recommendation of approval of GENERAL claims list Early Release.

Claim Date				
5/7/2020	A/P Checks	135943-135983	$	248,371.94
5/7/2020	Drafts	000739-000742	$	379,264.14
		AP Subtotal	$	627,636.08
		Grand Total	$	627,636.08

Approved this 7th day of May, 2020

Scott Duddeck

City Manager

PACKET: 04520 Regular Payments

VENDOR SET: 01 **** CHECK LISTING ****

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
1	JASON MALLINGER							
	I-202005065771	JASON MALLINGER:	R	5/07/2020		200.00CR	135943	200.00
1	JENN BOLAN							
	I-202005065772	JENN BOLAN:	R	5/07/2020		300.00CR	135944	300.00
1	MCKENZIE MURPHEY							
	I-202005065773	MCKENZIE MURPHEY:	R	5/07/2020		150.00CR	135945	150.00
1	PEG SUTHERLAND							
	I-202005065774	PEG SUTHERLAND:	R	5/07/2020		125.00CR	135946	125.00
1	LYNETTE OLSON							
	I-202005065775	LYNETTE OLSON:	R	5/07/2020		100.00CR	135947	100.00
1	ANGIE VOLLHABER							
	I-202005075780	ANGIE VOLLHABER:	R	5/07/2020		300.00CR	135948	300.00
A01082	A F C TECHNOLOGIES LLC							
	I-S12751	2019 FIRE ALARM MONITER CC	R	5/07/2020		290.00CR	135949	290.00
A01310	ASPEN MILLS							
	I-256005	MISC REPLACEMENT HOLSTERS	R	5/07/2020		479.55CR	135950	479.55
B02023	BAKER TILLY MUNICIPAL ADVISORS							
	I-BTMA5038	2018 OSA TIF REPORTS	R	5/07/2020		2,871.60CR	135951	2,871.60
B02759	BECKER FIRE & SAFETY SERVICES LLC							
	I-4369	FIRE EXTING SERV COMM CENTER	R	5/07/2020		62.75CR	135952	
	I-4370	ANNUAL FIRE ALARM SERVICE PW	R	5/07/2020		542.25CR	135952	605.00
C03002	CAMPBELL KNUTSON PA							
	I-1-2076-0084G	LEGAL SERVICES	R	5/07/2020		1,100.00CR	135953	
	I-1-2076-0086G	LEGAL SERVICES	R	5/07/2020		150.00CR	135953	
	I-11-2076-0073G	LEGAL SERVICES	R	5/07/2020		18.00CR	135953	
	I-14-2076-0068G	LEGAL SERVICES	R	5/07/2020		214.50CR	135953	
	I-141-2076-0000G	LEGAL SERVICES	R	5/07/2020		3,956.36CR	135953	
	I-142-2076-0000G	LEGAL SERVICES	R	5/07/2020		4,175.40CR	135953	
	I-2-2076-0082G	LEGAL SERVICES	R	5/07/2020		93.60CR	135953	
	I-2-2076-0086G	LEGAL SERVICES	R	5/07/2020		1,645.00CR	135953	
	I-21-2076-0066G	LEGAL SERVICES	R	5/07/2020		214.50CR	135953	
	I-22-2076-0066G	LEGAL SERVICES	R	5/07/2020		324.00CR	135953	
	I-4-2076-0079G	LEGAL SERVICES	R	5/07/2020		940.50CR	135953	
	I-5-2076-0078G	LEGAL SERVICES	R	5/07/2020		165.00CR	135953	12,996.86

PACKET: 04520 Regular Payments
VENDOR SET: 01 **** CHECK LISTING ****
BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
C03091	CES IMAGING							
	I-INV113805	COPIER LEASE	R	5/07/2020		256.00CR	135954	256.00
C03139	COMCAST							
	I-202005065767	FD CABLE SERVICE 5/7/20-6/6/20	R	5/07/2020		22.40CR	135955	22.40
G07047	GARAGE EXPERTS TWIN CITIES							
	I-42412	ROTY PK RESTRM FLOOR INSTALL	R	5/07/2020		1,300.00CR	135956	1,300.00
H08165	HOME DEPOT							
	C-2340665	MERCHANDISE RETURN	R	5/07/2020		61.98	135957	
	I-2011174	WOOD SAW BLADE MISC TOOLS	R	5/07/2020		66.09CR	135957	
	I-3052089	WOOD SCREWS & POSTS	R	5/07/2020		168.97CR	135957	
	I-9524954	RING WIRELESS DOORBELL	R	5/07/2020		169.00CR	135957	342.08
I09045	IMPACT							
	I-147113	MAY 2020 NEWSLETTER	R	5/07/2020		1,005.00CR	135958	1,005.00
I09122	INPRO							
	I-1486779	SOUNDPROOF MATERIAL CASEY	R	5/07/2020		7,165.69CR	135959	7,165.69
L12099	LAW ENFORCEMENT LABOR SERVICES							
	I-202005065769	MAY 2020 UNION DUES	R	5/07/2020		868.00CR	135960	868.00
L12196	LEAG MN CITIES-INS TRUST							
	I-202005065764	Q1 2020 LMC WORKERS COMP INS	R	5/07/2020		50,435.00CR	135961	50,435.00
L12384	LOCAL UNION #320							
	I-202005065768	MAY 2020 UNION DUES	R	5/07/2020		1,466.00CR	135962	1,466.00
M13247	MN POLLUTION CONTROL AGENCY							
	I-10000099325	VIC REIMBURSEMENTS	R	5/07/2020		875.00CR	135963	875.00
M14074	MNSPECT LLC							
	I-8301	MAR 2020 INSPECTIONS/PERMITS	R	5/07/2020		16,402.01CR	135964	16,402.01
N14177	NAC MECHANICAL & ELECTRICAL SERVIES							
	I-171047	ELECTRICAL REPAIRS PW BLDG	R	5/07/2020		8,192.87CR	135965	8,192.87
P16261	PINE CREEK SERVICES							
	I-16280	MARCH 2020 WINDOW CLEANING	R	5/07/2020		200.00CR	135966	
	I-16281	APR 2020 WINDOW CLEANING	R	5/07/2020		200.00CR	135966	400.00

PACKET: 04520 Regular Payments
VENDOR SET: 01 **** CHECK LISTING ****
BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
P16285	PLUNKETT'S PEST CONTROL							
	I-6613160	APR 2020 PEST CONTROL COM CT	R	5/07/2020		35.69CR	135967	
	I-6613161	APR 2020 PEST CONTROL CTY HAL	R	5/07/2020		34.86CR	135967	70.55
R18039	RAMSEY COUNTY PROPERTY RECORDS & REVENUE							
	I-202005065776	ANCHOR NO PROPERTY TAXES	R	5/07/2020		18,560.00CR	135968	
	I-202005065777	ANCHOR NO PROPERTY TAXES	R	5/07/2020		21,290.00CR	135968	
	I-202005065778	2242 1ST ST PROPERTY TAXES	R	5/07/2020		1,337.00CR	135968	
	I-202005065779	1ST HALF 2020 PROPERTY TAXES	R	5/07/2020		10,123.00CR	135968	51,310.00
R18135	ROC INC							
	I-76312	MAY 2020 MTHLY CLEAN NSP LIBRY	R	5/07/2020		880.00CR	135969	
	I-76320	MAY 2020 MTHLY CLEAN PW BLDG	R	5/07/2020		1,204.50CR	135969	
	I-76396	MAY 2020 MTHLY CLEAN CTY HALL	R	5/07/2020		2,971.10CR	135969	5,055.60
R18170	CITY OF ROSEVILLE							
	I-0228927	MAY 2020 IT SUPPORT SERVICES	R	5/07/2020		18,581.00CR	135970	18,581.00
S18996	SAFE-FAST INC							
	I-INV230690	HAND SANITIZER	R	5/07/2020		74.30CR	135971	74.30
S19052	SAMS CLUB DIRECT							
	I-002709 GPXBVW	SNACKS FOR FD MEETING	R	5/07/2020		225.61CR	135972	
	I-003121 GQAMWF	CHOCOLATE CANDY	R	5/07/2020		269.64CR	135972	
	I-009356 GQICGH	BREAKFAST MEETING FOOD	R	5/07/2020		136.92CR	135972	
	I-009510 GPVOWB	WATER	R	5/07/2020		3.44CR	135972	
	I-999999 GQNFYE	MEMBERSHIP FEES	R	5/07/2020		300.00CR	135972	935.61
S19075	SANDY'S SEWING DEN							
	I-440773	SEWING SERVICES	R	5/07/2020		328.00CR	135973	328.00
S19112	SCREEN TECH							
	I-13589	BIRTHDAY YARD SIGNS	R	5/07/2020		625.00CR	135974	625.00
S19177	SHELTERTECH CORPORATION							
	I-10248-1	ASBESTOS INSPECTION	R	5/07/2020		615.00CR	135975	
	I-10249-1	ASBESTOS INSPECTION	R	5/07/2020		925.00CR	135975	
	I-10250-1	ASBESTOS INSPECTION	R	5/07/2020		1,730.00CR	135975	
	I-10251-1	ASBESTOS INSPECTION	R	5/07/2020		635.00CR	135975	
	I-10273-1	ASBESTOS FLOORING REMOVAL	R	5/07/2020		3,360.00CR	135975	
	I-10277-1	ASBESTOS FLOORING REMOVAL	R	5/07/2020		840.00CR	135975	8,105.00

PACKET: 04520 Regular Payments
VENDOR SET: 01 **** CHECK LISTING ****
BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
S19433	STAPLES ADVANTAGE							
	I-3444690610	WATER HOOK UP KIT	R	5/07/2020		130.48CR	135976	130.48
S19485	SUN LIFE FINANCIAL							
	I-202004285754	MAY 2020 LTD COVERAGE	R	5/07/2020		1,628.75CR	135977	
	I-202005015762	MAY 2020 LIFE INS COVERAGE	R	5/07/2020		1,547.57CR	135977	3,176.32
T19150	T A SCHIFSKY & SONS INC							
	I-65758	AGGREGATE MODIFIED MIXES	R	5/07/2020		233.83CR	135978	233.83
T20215	TOKLE INSPECTIONS INC							
	I-202005065770	APR 2020 ELECTRIC INSPECTIONS	R	5/07/2020		2,178.40CR	135979	2,178.40
T20461	TWIN CITY HARDWARE							
	I-PSI0092237	DOOR REPAIR ROTARY PARK	R	5/07/2020		380.00CR	135980	
	I-PSI0092799	DOOR REPAIR COMM CENTER	R	5/07/2020		264.77CR	135980	644.77
V22049	VEIT DISPOSAL SYSTEMS							
	I-0000018607	CONSTRUCTION DEBRIS	R	5/07/2020		98.83CR	135981	98.83
W23500	WSB & ASSOCIATES INC							
	I-1-R-015209-444	JAN 2020 GEN PLANNING SERV	R	5/07/2020		3,500.00CR	135982	
	I-1-R-015316-000	MAR 2020 GEN SERV COMM SERV	R	5/07/2020		91.00CR	135982	
	I-1-R-015593-000	ANCHOR VIEW APARTMENTS	R	5/07/2020		1,992.50CR	135982	
	I-19-R-012723-000	ANCHOR BLOCK SOUTH	R	5/07/2020		172.00CR	135982	
	I-2-R-015209-444	FEB 2020 GEN PLANNING SERV	R	5/07/2020		3,500.00CR	135982	
	I-5-R-014770-000	MARGARET ST DT IMPRV CP 20-02	R	5/07/2020		34,469.75CR	135982	
	I-6-R-014537-000	17 & DELEWARE MULTI FAM DVLP	R	5/07/2020		380.00CR	135982	
	I-7-R-014537-000	17 & DELEWARE MULTI FAM DVLP	R	5/07/2020		252.75CR	135982	44,358.00
Z26047	ZAYO GROUP LLC							
	I-2020040011274	APRIL 2020 DARK FIBER SERVICE	R	5/07/2020		5,318.19CR	135983	5,318.19

PACKET: 04520 Regular Payments

VENDOR SET: 01 *** DRAFT/OTHER LISTING ***

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	ITEM TYPE	ITEM DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
P16421	PREMIER BANK							
	I-202004285753	CHECK STOCK PRINTING	D	4/10/2020		223.48CR	000741	223.48
M13306	MN DEPT OF EMPLOYMENT & ECONOMIC DEVELOP							
	I-202004305758	UNEMPLOYMENT BENEFITS	D	4/17/2020		9,016.29CR	000740	9,016.29
G07292	GRAYBAR							
	C-9315009767	ANCHOR BOLT RETURN	N	5/07/2020		3,237.00	000000	
	I-9314353796	ANCHOR BOLTS	N	5/07/2020		3,237.00CR	000000	0.00
V22055	VANCO E-SERVICES							
	I-00010575056	APR 2020 EXCHANGE GATEWAY	D	5/15/2020		139.75CR	000742	139.75
M13300	M M P A - C/O AVANT ENERGY							
	I-3261	APR 2020 POWER BILLING	D	5/20/2020		369,884.62CR	000739	369,884.62

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	41	0.00	248,371.94	248,371.94
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	4	0.00	379,264.14	379,264.14
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	1	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	46	0.00	627,636.08	627,636.08

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

PACKET: 04524 US - Refund
VENDOR SET: 01 City of North St Paul **** CHECK LISTING ****
BANK: AP PREMIER BANK

VENDOR	I.D.	NAME	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
1		BEVERLY, JULIA						
	I-000202005115781	BEVERLY, JULIA	R	5/20/2020		30.81	136027	30.81
1		LY, ANTHONY						
	I-000202005115782	LY, ANTHONY	R	5/20/2020		8.43	136028	8.43
1		REAL ESTATE RESULTS, INC						
	I-000202005115783	REAL ESTATE RESULTS, INC	R	5/20/2020		384.68	136029	384.68
1		PETERSON, DARYL & KIM						
	I-000202005115784	PETERSON, DARYL & KIM	R	5/20/2020		105.44	136030	105.44
1		PARK, GREG						
	I-000202005115785	PARK, GREG	R	5/20/2020		83.74	136031	83.74
1		ROESCHLEIN, MICKY						
	I-000202005115786	ROESCHLEIN, MICKY	R	5/20/2020		49.32	136032	49.32
1		PETERSON, JOHN						
	I-000202005115787	PETERSON, JOHN	R	5/20/2020		89.36	136033	89.36
1		MCCOLLER, TIM						
	I-000202005115788	MCCOLLER, TIM	R	5/20/2020		109.34	136034	109.34
1		SCHAUBSCHLAGER , TYLER						
	I-000202005115789	SCHAUBSCHLAGER , TYLER	R	5/20/2020		49.26	136035	49.26
1		SAPPINGTON, CHRISTIAN						
	I-000202005115790	SAPPINGTON, CHRISTIAN	R	5/20/2020		114.47	136036	114.47
1		OLSEM, LISA						
	I-000202005115791	OLSEM, LISA	R	5/20/2020		20.50	136037	20.50
1		KOSKI, LIZ						
	I-000202005115792	KOSKI, LIZ	R	5/20/2020		17.98	136038	17.98
1		CARNEY, JOE & ROBIN						
	I-000202005115793	CARNEY, JOE & ROBIN	R	5/20/2020		37.71	136039	37.71
1		THAO, BAO						
	I-000202005115794	THAO, BAO	R	5/20/2020		184.65	136040	184.65
1		KREBSBACH, ALICIA						
	I-000202005115795	KREBSBACH, ALICIA	R	5/20/2020		43.30	136041	43.30

PACKET: 04524 US - Refund

VENDOR SET: 01 City of North St Paul **** CHECK LISTING ****

BANK: AP PREMIER BANK

VENDOR	I.D.	NAME	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
1		HER, ISAAC						
	I-000202005115796	HER, ISAAC	R	5/20/2020		33.50	136042	33.50
1		HOLM, SAMANTHA						
	I-000202005115797	HOLM, SAMANTHA	R	5/20/2020		35.20	136043	35.20
1		XIONG, TOU L						
	I-000202005115798	XIONG, TOU L	R	5/20/2020		35.85	136044	35.85
1		JOHNSON, HEIRESS						
	I-000202005115799	JOHNSON, HEIRESS	R	5/20/2020		25.54	136045	25.54
1		BURTHWICK, RACHAEL						
	I-000202005115800	BURTHWICK, RACHAEL	R	5/20/2020		2.81	136046	2.81
1		BECKER, ALYSSANDRA						
	I-000202005115801	BECKER, ALYSSANDRA	R	5/20/2020		49.51	136047	49.51
1		XIONG, PA						
	I-000202005115802	XIONG, PA	R	5/20/2020		85.10	136048	85.10
1		ALTIER, MICHAEL						
	I-000202005115803	ALTIER, MICHAEL	R	5/20/2020		30.89	136049	30.89
1		HER, KONG MENG						
	I-000202005115804	HER, KONG MENG	R	5/20/2020		41.70	136050	41.70
1		DIONNE, MELANIE						
	I-000202005115805	DIONNE, MELANIE	R	5/20/2020		37.70	136051	37.70
1		HYLAND, JAMES J						
	I-000202005115806	HYLAND, JAMES J	R	5/20/2020		21.15	136052	21.15
1		AZURE PROPERTIES						
	I-000202005115807	AZURE PROPERTIES	R	5/20/2020		10.00	136053	10.00

** BANK TOTALS **	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	27	0.00	1,737.94	1,737.94
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
BANK TOTALS:	27	0.00	1,737.94	1,737.94

PACKET: 04524 US - Refund

VENDOR SET: 01 City of North St Paul **** CHECK LISTING ****

BANK: ALL

** REGISTER GRAND TOTALS *

** T O T A L S **	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	27	0.00	1,737.94	1,737.94
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	27	0.00	1,737.94	1,737.94

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
050	5/2020	1,737.94CR
ALL		1,737.94CR

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

PACKET: 04526 Regular Payments

VENDOR SET: 01 **** CHECK LISTING ****

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
1	RENETTE LOPEZ							
	I-202005115810	RENETTE LOPEZ:	R	5/20/2020		200.00CR	135987	200.00
A01200	AMERICAN MAILING MACHINES							
	I-IN99101	FOLDING MACHINE LEASE	R	5/20/2020		795.00CR	135988	795.00
A20235	AUTONATION, INC							
	I-4095402	R&M VEHICLES WIPER BLADES	R	5/20/2020		208.04CR	135989	208.04
B02009	BAILEY NURSERIES INC							
	I-INV0584724	TREES FOR TREE GIVEAWAY	R	5/20/2020		1,863.50CR	135990	
	I-INV0585120	SPRUCE TREES	R	5/20/2020		175.65CR	135990	2,039.15
C03002	CAMPBELL KNUTSON PA							
	I-20-2076-0061G	APRIL 2020 LEGAL SERV CC MTGS	R	5/20/2020		775.50CR	135991	
	I-23-2076-0066G	APR 2020 LEGAL SERV PLANNING	R	5/20/2020		490.50CR	135991	1,266.00
C03066	CINTAS							
	I-4049551787	UNIFORM SERVICES	R	5/20/2020		75.84CR	135992	
	I-4049551791	UNIFORM SERVICES	R	5/20/2020		153.84CR	135992	
	I-4050134779	UNIFORM SERVICES	R	5/20/2020		75.84CR	135992	
	I-4050134789	UNIFORM SERVICES	R	5/20/2020		104.26CR	135992	409.78
C03139	COMCAST							
	I-202005115813	MNTHLY CABLE SERV 5/14-6/13	R	5/20/2020		6.27CR	135993	6.27
C03192	CRESCENT ELECTRIC SUPPLY CO							
	I-S507810795.001	PVC CONDUIT & RECTSEAL	R	5/20/2020		506.03CR	135994	
	I-S507810795.002	PVC CONDUIT	R	5/20/2020		414.18CR	135994	920.21
C21221	CENTURY LINK							
	I-202005115814	MAY 2020 PHONE SERVICE	R	5/20/2020		203.48CR	135995	203.48
D04012	DAKOTA SUPPLY GROUP							
	I-S100019223.001	LED LIGHTS FOR CITY HALL	R	5/20/2020		313.38CR	135996	313.38
D04193	DOG WASTE DEPOT							
	I-339750	DOG WASTE BAGS	R	5/20/2020		579.30CR	135997	579.30
E10050	ERICKSON BELL BECKMAN & QUINN PA							
	I-430203	APR LEGAL SERVI PROSECUTION	R	5/20/2020		7,129.86CR	135998	7,129.86

PACKET: 04526 Regular Payments

VENDOR SET: 01 **** CHECK LISTING ****

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
G07104	GFA							
	I-3110395	PERSONNEL TESTING NEW PO	R	5/20/2020		650.00CR	135999	650.00
G07176	GOPHER STATE ONE CALL							
	I-0040638	APRIL 2020 LOCATE TICKETS	R	5/20/2020		459.00CR	136000	459.00
H08165	HOME DEPOT							
	I-4010598	CAUTION TAPE	R	5/20/2020		71.91CR	136001	
	I-4033419	WEDGE ANCHORS	R	5/20/2020		43.33CR	136001	
	I-4054101	GOOFOFF	R	5/20/2020		19.41CR	136001	
	I-5012453	NIPPLE	R	5/20/2020		8.77CR	136001	143.42
H8185	HI-LINE							
	I-10158484	KELLY HEX BAR ADAPTER	R	5/20/2020		425.39CR	136002	425.39
I09129	IAC INTERNATIONAL							
	I-0048255-IN	N95 MASKS	R	5/20/2020		825.00CR	136003	825.00
M13056	CITY OF MAPLEWOOD							
	I-202005115809	APRIL 2020 UTILITY BILLING	R	5/20/2020		30,358.71CR	136004	30,358.71
M13074	MET COUNCIL ENVIRONMENTAL SVCS							
	I-0001109460	JUNE 2020 WASTE WATER SERV	R	5/20/2020		89,385.71CR	136005	89,385.71
M13109	MENARDS-MAPLEWOOD							
	I-53847	PVC CONCUIT AND TOOLS,	R	5/20/2020		199.53CR	136006	199.53
M13110	MENARDS-OAKDALE							
	I- 1082	PVC CONDUIT	R	5/20/2020		99.08CR	136007	
	I-1343	BATTERIES & STORAGE BAGS	R	5/20/2020		89.82CR	136007	188.90
M13247	MN POLLUTION CONTROL AGENCY							
	I-110000105041	HAZARDOUS WASTE FEE	R	5/20/2020		276.49CR	136008	276.49
M13291	MN PEIP							
	I-202005115811	JUNE 2020 INSURANCE PREMIUM	R	5/20/2020		32,586.94CR	136009	32,586.94
M14502	MN DEPARTMENT OF HEALTH							
	I-202005115812	WATER SUPLY SYSTM OP RENEW	R	5/20/2020		23.00CR	136010	23.00
N14168	NORTHERN TOOL & EQUIPMENT							
	I-4131109798	BALL MOUNT & INFLATOR GAUGE	R	5/20/2020		211.96CR	136011	211.96

PACKET: 04526 Regular Payments

VENDOR SET: 01 **** CHECK LISTING ****

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
P16301	POVOLNY SPECIALTIES							
	I-45268	L1 SHELL W/ METER SOCKET	R	5/20/2020		1,700.00CR	136012	1,700.00
P16330	POLAR CHEVROLET							
	I-248250C	PROGRAM REMOTES SQUAD#2123	R	5/20/2020		471.45CR	136013	471.45
R18010	RAMSEY COUNTY							
	I-RESFA-003763	APR 2020 PUBLIC WORKS TIPPING	R	5/20/2020		246.57CR	136014	
	I-RESFA-003775	APR 2020 RESIDENTIAL TIPPING	R	5/20/2020		25,658.26CR	136014	25,904.83
R18022	RAMSEY COUNTY-CEC- ENVIRONMENT HEALTH							
	I-202005125818	APR 2020 CEC HAULER	R	5/20/2020		12,220.65CR	136015	12,220.65
R18047	NM CLEAN 1, LLC							
	I-202005125816	APR 2020 SQUAD WASHES	R	5/20/2020		38.97CR	136016	38.97
S18996	SAFE-FAST INC							
	I-INV230980	HAND SANITIZER WIPES	R	5/20/2020		233.10CR	136017	
	I-INV231037	MEDAPHINE DISINFECTING WIPES	R	5/20/2020		233.10CR	136017	466.20
S19015	CITY OF SAINT PAUL							
	I-IN40776	ASPHALT MIX	R	5/20/2020		892.98CR	136018	892.98
S19112	SCREEN TECH							
	I-13596	TENNIS COURT SIGNS	R	5/20/2020		65.00CR	136019	65.00
T19150	T A SCHIFSKY & SONS INC							
	I-20-047/#1	MCKNGHT/MAPLE WTRMAIN PAT	R	5/20/2020		15,979.44CR	136020	
	I-65797	AGGREGATE MODIFIED SP MIXES	R	5/20/2020		401.33CR	136020	
	I-PAYVOUCHER#1	2020 ST & UTLTY IMPRVNT PRJCT	R	5/20/2020		518,375.34CR	136020	534,756.11
T20076	TOSHIBA FINANCIAL SERVICES							
	I-5010304501	MAY 2020 COPIER LEASE	R	5/20/2020		176.08CR	136021	176.08
T20161	THOMPSON REUTERS - WEST							
	I-842283496	APR 2020 SERVICE FEES INVTGTS	R	5/20/2020		194.69CR	136022	194.69
T20191	TIMESAVER OFF SITE SECRETARIAL INC.							
	I-M25602	4/21 SECRETARIAL SERV CC MTG	R	5/20/2020		148.00CR	136023	148.00
T20470	TWIN CITY WATER CLINIC INC							
	I-14419	APR 2020 WATER SAMPLES	R	5/20/2020		256.00CR	136024	256.00

PACKET: 04526 Regular Payments
VENDOR SET: 01 **** CHECK LISTING ****
BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
U21218	U S BANK							
	I-5722581	MN GO MUNICIPAL BLDG 2012A	R	5/20/2020		500.00CR	136025	500.00
W23500	WSB & ASSOCIATES INC							
	I-1-R-015311-000	GEN SERV 2020 WATER	R	5/20/2020		182.00CR	136026	
	I-10-R-014391-000	2020 ST & UTLTY IMPRVT PRJCT	R	5/20/2020		22,703.25CR	136026	
	I-14-R-013520-000	WELLHEAD PROTECTION PLAN PT2	R	5/20/2020		210.00CR	136026	
	I-16-0-001887-580	2016 WATER SUPPLY PLAN	R	5/20/2020		60.00CR	136026	
	I-2-R-015312-000	GEN SERV 2020 SANITARY SEWER	R	5/20/2020		226.50CR	136026	
	I-2-R-015313-000	GEN SERV 2020 SURFACE WATER	R	5/20/2020		454.00CR	136026	
	I-3-R-015314-000	GEN SERV 2020 STREETS	R	5/20/2020		890.00CR	136026	24,725.75

PACKET: 04526 Regular Payments

VENDOR SET: 01

*** DRAFT/OTHER LISTING ***

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	ITEM TYPE	ITEM DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
E05241	ELAVON							
	I-202005115815	APR 2020 CREDIT CARD SERVICES	D	5/04/2020		8,205.75CR	000744	8,205.75
M13248	MN DEPT OF REVENUE							
	I-202005115808	APR 2020 SALES & USE TAX	D	5/20/2020		46,858.00CR	000745	46,858.00

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	40	0.00	772,321.23	772,321.23
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	2	0.00	55,063.75	55,063.75
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	42	0.00	827,384.98	827,384.98

NORTH
ST.PAUL
extraordinary.

MEMORANDUM

TO: HRA Chairman and Commissioners
FROM: Jacquelyn Lutmer, Accounting Technician
DATE: May 19, 2020
SUBJECT: Recommendation of approval of HRA claims list.

Claim Date				
5/20/2020	A/P Check Register Early Release	1359884-135986	$ 7,549.50	Approved by S. Duddeck
5/20/2020	A/P Check Register Early Release Drafts	000743	5553.64	Approved by S. Duddeck
	Total		$13,103.14	

Approved this 19th day of May, 2020

/s/ Terrence J. Furlong, Mayor by Consent Resolution
/s/ Scott A. Duddeck, City Manager/Clerk by Consent Resolution

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NORTH ST.PAUL
extraordinary.

MEMORANDUM

TO: HRA Chairman and Commissioners
FROM: Jacquelyn Lutmer, Accounting Technician
DATE: May 7, 2020
SUBJECT: Recommendation of approval of Early Release HRA claims list.

Claim Date

5/7/2020	A/P Check Register	135984-135986	$	7,549.50
5/7/2020	Drafts	000743	$	5,553.64
		Total		$13,103.14

Approved this 7th day of May, 2020

Scott Duddeck

City Manager

PACKET: 04521 HRA
VENDOR SET: 01 **** CHECK LISTING ****
BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
A01247	ANDERSON CONCRETE FORMING INC							
	I-19-212-C	BASEMENT FLOOR & PUMP	R	5/07/2020		4,870.50CR	135984	4,870.50
O15032	ON-SITE SANITATION							
	I-0000909043	RESTRM 2198 2ND ST 4/18-5/15	R	5/07/2020		57.00CR	135985	57.00
R18039	RAMSEY COUNTY PROPERTY RECORDS & REVENUE							
	I-202005015761	PROPERTY TAXES 2377 MARGRT	R	5/07/2020		2,622.00CR	135986	2,622.00

PACKET: 04521 HRA

VENDOR SET: 01 *** DRAFT/OTHER LISTING ***

BANK : AP PREMIER BANK

VENDOR	NAME / I.D.	DESC	ITEM TYPE	ITEM DATE	DISCOUNT	AMOUNT	ITEM NO#	ITEM AMOUNT
P16470	P E R A							
	I-202005065766	P E R A CONTRIBUTION	D	5/20/2020		5,553.64CR	000743	5,553.64

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	3	0.00	7,549.50	7,549.50
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	1	0.00	5,553.64	5,553.64
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	4	0.00	13,103.14	13,103.14

TOTAL ERRORS: 0 TOTAL WARNINGS: 0

Agenda Information Memorandum
North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: Council Workshop/Council Consent Agenda

Subject: Review of the 2019 financial report with the city's audit firm of Malloy, Montague, Karnowski, Radosevich & Co. P.A. (MMKR).

To: Honorable Mayor and City Council

Background/Facts:

Each year at the conclusion of their audit, the city's auditors review the Comprehensive Annual Financial Report (CAFR) with the city council.

Jackie Huegel, Partner, with the City's auditing firm, Malloy Montague Karnowski Radosevich and Co. P.A. (MMKR) will present the 2019 Comprehensive Annual Finance Report and review their Management Report at the City Council Workshop on May 19, 2020.

Included with the council packet are three separate documents; the first document, and largest, is a copy of the Comprehensive Annual Financial Statements (CAFR), the second is auditor's Management Report, and the third is Special Purpose Audit Reports including opinions on compliance with Government Auditing Standards and Legal Compliance. The Comprehensive Annual Financial Report will also be posted on the on the City's website.

Since the documents are large, a good place to start reviewing the CAFR documents would be the Popular Annual Financial Report and in the CAFR the Transmittal Letter (starting on page iii), the Management Discussion and Analysis letter (starting on page 4) and with the Auditor's Management Report on page 1 and their financial analysis section beginning on page 6 of that report.

Last year was the 32nd consecutive year that the City of North St. Paul participated in and was awarded the Certificate of Achievement for Excellence in Financial Reporting program administered by the Governmental Finance Officers Association (GFOA).

Staff believes that the current year's submission will also meet the requirements to receive the award.

Recommendation: There is no action required of the city council; the auditor's report is informational only.

Attachments:
2019 Comprehensive Annual Financial Report
2019 Management Report
2019 Special Purpose Report

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman

Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

City of North St. Paul, Minnesota

extraordinary.

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CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Comprehensive
Annual Financial Report

for the Fiscal Year Ended
December 31, 2019

Scott Duddeck
City Manager

Report Prepared by
Department of Finance

Member of Government Finance Officers Association
of the United States and Canada

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CITY OF NORTH ST. PAUL

Table of Contents

Table of Contents (continued)

INTRODUCTORY SECTION

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April 28, 2020

To the Honorable Mayor, Council Members, and Citizens
City of North St. Paul
North St. Paul, Minnesota 55109

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of the City of North St. Paul, Minnesota (the City) for the fiscal year ended December 31, 2019, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this CAFR is complete and reliable, in all material respects.

The City's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2019, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Accounting for all of the City's activities is centralized under the finance department. The finance department has been delegated the responsibility for maintaining the integrity of city financial data reported. In fulfilling this responsibility, the finance department has prepared the accompanying financial statements.

Providing reliable financial information requires the establishment of accounting records adequately supported by internal controls. City administration believes the existing internal controls are adequate to provide reasonable assurance that city assets are safeguarded against loss and that financial records are reliable for preparing financial statements and maintaining accountability for assets.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1887, is located in northeastern Ramsey County, and is a first ring northern suburb of the Minneapolis-St. Paul metropolitan area. The City encompasses an area 3.5 square miles and serves an estimated population of 12,159.

The City operates under the council-manager form of government. Policymaking is vested in a City Council consisting of the mayor and four councilmembers. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the city manager and the city attorney. The city manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, for hiring staff, and appointing the heads to various departments. The mayor and councilmembers each serve four-year terms.

The City provides a full complement of municipal services. This includes general government, public safety (police, fire, and code enforcement), public works (engineering and streets), parks and recreation, and economic development. The City also operates a number of enterprise activities including electric, water, surface water, waste water, fiber optic, and solid waste. Further information regarding city services can be obtained from the City's website at www.northstpaul.org.

The North St. Paul Firefighters' Relief Association is a separate legal entity and, accordingly, is excluded from this report. Additional information on this legally separate entity can be found in Note 7 of the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the city manager in July of each year. The city manager uses these requests as the starting point for developing his recommended budget. The city manager then presents the recommended budget to the City Council for review. The City will adopt a proposed preliminary tax levy prior to September 30. According to Minnesota Statutes, this proposed preliminary tax levy can be subsequently decreased but not increased (the State does allow a few exceptions) when it is adopted as a final tax levy in December. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by December 31, the close of the City's fiscal year.

LOCAL ECONOMY

The City's tax base is comprised mainly of residential property. The 10 largest taxpayers make up about 11 percent of the City's estimated market value. This provides the City with a stable source of property tax revenue. The City's largest private employer is Target Stores, Inc. It employs approximately 170 people and is part of a large national chain of stores.

LONG -TERM PLANNING AND MAJOR INITIATIVES

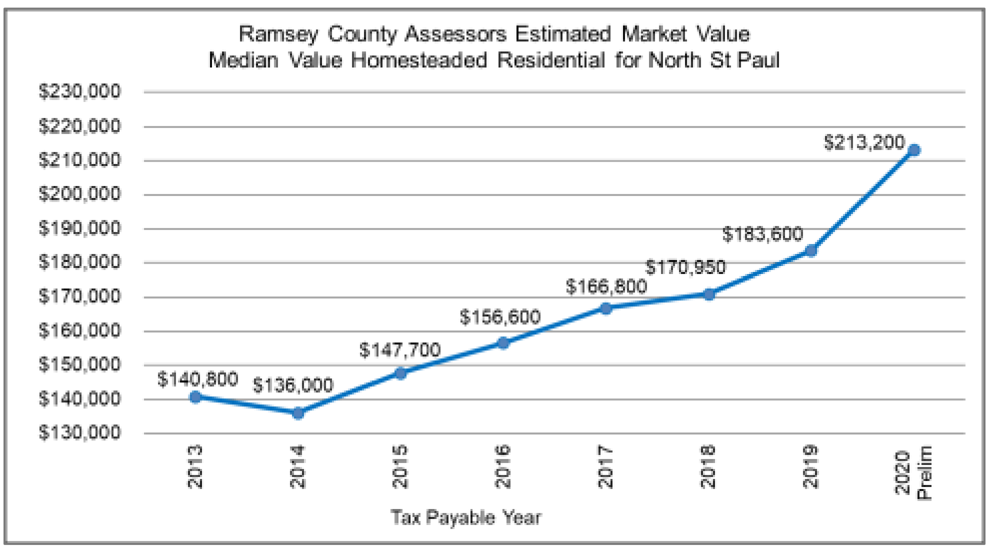
Factors Affecting Financial Condition

The City is committed to maintaining a strong financial condition, while continuing to provide public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in the reports, is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Housing Values

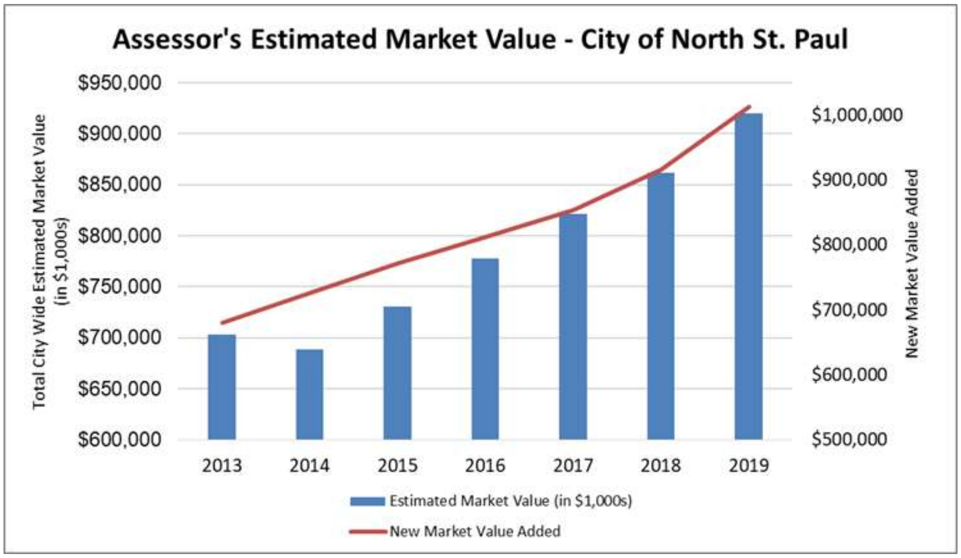
Home values in the City are continuing a positive trend, reflecting the recovery of the housing market. The assessor's estimated residential market values increased on the median valued home approximately 7.4 percent for 2019. Preliminary assessor values for 2020 continue this positive trend.

Increase (Decline) in Median Residential Value	
2014	(3.4%)
2015	8.6%
2016	6.0%
2017	6.5%
2018	2.5%
2019	7.4%
2020 Prelim	16.1%



Market Values

The City consistently adds new tax base each year. In 2019, a total of $1.0 million of new value was added to the City's tax base, which is expected to grow with significant redevelopment projects in the planning stages. Total market value increased to $919.9 million in 2019, resulting from improved market conditions. Conditions are expected to continue improving, with a preliminary estimated market value of $1,018.6 million for taxes payable 2020.



Population

The City was incorporated in 1887 and saw double digit population growth in the 1950's, 1960's, and 1970's. Since all but a small amount of vacant residential land has now been developed, the City's population has leveled since 1970. With over 200 apartments and 100 townhomes being proposed or currently under construction, the City is estimating a population increase of approximately 1,000 as a result.

	Population	Population Increase (Decrease)	Percent Increase
1940 Census	3,135	220	8%
1950 Census	4,248	1,113	36%
1960 Census	8,520	4,272	100%
1970 Census	11,950	3,430	40%
1980 Census	11,921	(29)	–%
1990 Census	12,376	455	4%
2000 Census	11,929	(447)	(4%)
2010 Census	11,460	(469)	(4%)
2019 Estimate	12,159	699	6%

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Major Initiatives

Anchor Block North: This proposed project will contain 127 market rate apartments, an indoor storage facility, and a gas/convenience store.

Anchor Block South: On the Anchor Block site south of the Gateway Trail, this development is proposed to contain 100 townhomes. As of December 2019, 16 townhomes have been constructed.

Suite Living Redevelopment: This project is currently under construction, with an early 2020 anticipated completion date. The site will have a 34-bed senior memory care and assisted living facility.

Delaware and 17th Redevelopment: This proposed project will be a residential development with 12 single-level townhomes.

Old City Hall Site: On this site that formerly held City Hall, this project is proposed to contain 87 market rate apartments with ground level commercial retail space.

Rotary Park Shelter Rehabilitation: In late 2019, the City partnered with the North Saint Paul – Maplewood Rotary Club to complete a new restroom facility at Rotary Park. This will be the third city park that has completed significant site improvements within the last four years. The project is expected to be completed in summer 2020.

These initiatives will enhance the tax base, increase job opportunities, and provide amenities desired by the residents.

Infrastructure Improvements

The greatest infrastructure need facing the City is the condition of its streets and underground utilities. The 2020 capital improvement plan calls for 7th Avenue between 1st and 3rd to be reconstructed, and areas around Casey Lake, including Chisholm and Buhl, to be reconstructed in 2022 and 2024. The City anticipates the need to issue bonds to finance the improvements. There will be additional infrastructure projects in 2025 and beyond.

Future street and utility improvements will be financed by a combination of different revenue sources, user fees, franchise taxes, municipal state aid, and a general property tax levy will serve as the main sources. Making street reconstruction affordable for citizens is a goal of the City.

The City is also evaluating the condition of its two water towers. With the proposed residential development over the next several years, an increase in demand and storage will likely require the replacement of an existing water tower. Site studies are currently in process and any action on this project will likely occur sometime after 2024.

Housing and Redevelopment Authority and ISD No. 916 Partnership

The City's Housing and Redevelopment Authority continues to acquire blighted and underutilized properties, removes existing structures, and constructs newer, higher values homes in their place. These new homes are constructed by high school students through an innovative student home construction program in partnership with the Northeast Metropolitan Intermediate School District No. 916 through the Career and Technical Center at Century College. Construction on the 11th home in the program began in fall 2019, and will be completed in summer 2020.

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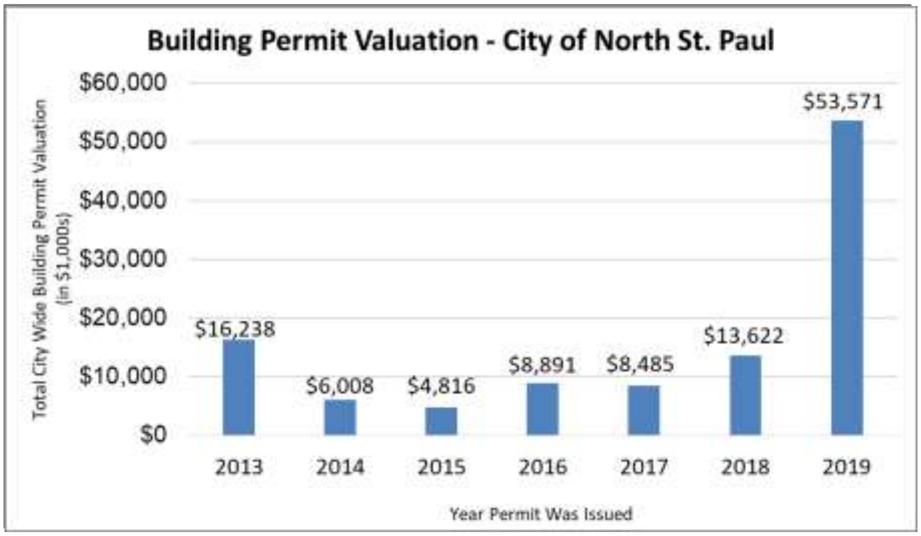
Building Permit Valuation

From 2013 to 2018, building permit valuation has averaged $9.7 million. In 2019, the building permit valuation was $53.6 million, mainly as a result of the first phase of the Anchor Block South townhome project and the Suite Living Redevelopment. The City expects 2020 permit valuations to be in line with 2019 actuals, as Anchor Block North and South redevelopments continue to move forward.



Long-Term Financial Planning

In developing the annual budget, the City follows five core fiscal principals. These include:

- Focus on the provision of basic city services and fund their provision at adequate levels.
- Estimate anticipated revenues at realistic levels.
- Retain adequate reserves to protect against fiscal uncertainty.
- Anticipate continued community growth and program capital improvements to serve our growing community.
- Demonstrate strong stewardship of existing infrastructure and plan for its repair/replacement in a proactive manner.

Each year, the City updates a five-year Pavement Management Plan (PMP). The PMP is a five-year plan that identifies the City's infrastructure that is in need of repair or reconstruction, and the estimated costs associated with each project.

The City also maintains internal service funds for the replacement of various capital assets. The Vehicle and Equipment Fund maintains reserves for the replacement of the City's fleet and heavy equipment. The Building Maintenance Fund was established for maintenance and upkeep of city-owned properties.

Relevant Financial Policies

In past years, the state has reduced aid to local governments during economic down turns. The City's policy anticipates less than full payment of future aid and will construct future budgets with reduced amounts of aid payments.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2018. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents comply with rigorous standards of the program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The certificate is valid for a period of one year only. The City has received this certificate for the last 32 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient services of the entire staff of the finance department and the assistance of the independent auditors.

We want to express our appreciation to the mayor and the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Scott Duddeck

Scott Duddeck
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Saint Paul

Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

2019
ORGANIZATIONAL CHART

NORTH
ST.PAUL

- CITIZENS OF NORTH ST. PAUL
  - MAYOR & CITY COUNCIL
    - CITY MANAGER
      - ADMINISTRATION
        - City Manager
        - Deputy Clerk
        - Admin & Comm Services Director
        - Parks Coordinator
        - Community Relations Coord (PT-1)
      - FINANCE
        - Director
        - Accounting Technician
        - UB Coordinator
        - Lead Meter Reader
        - Customer Srvc Rep (PT-2)
      - COMMUNITY DEVELOPMENT
        - Director
        - Admin Assistant - Comm Development
        - Admin Assistant - Public Works/Fire
        - Customer Srvc Rep (PT-1)
      - POLICE
        - Police Chief
        - Captain
        - Sergeants (3)
        - Patrol Officers (12)
        - Police Secretary (2)
      - FIRE
        - Fire Chief
        - Fire Inspector/Captain
        - Code Enforcement Officers (PT-2)
        - Fire Fighters (PT-37)
      - PUBLIC WORKS
        - Director
        - Superintendent
        - Public Service Worker (9)
        - Mechanic
      - ELECTRIC
        - Director
        - Superintendent
        - Lineman (7)
        - Locator
    - CITY ATTORNEY
    - HRA
    - EDA
    - CITIZEN COMMISSIONS
      - Planning
      - Design Review
      - Environmental Advisory - on hiatus
      - Parks & Recreation
      - Police Civil Service

CITY OF NORTH ST. PAUL

Elected Officials and Appointed Personnel
December 31, 2019

ELECTED OFFICIALS

		Term Expires
Terry Furlong	Mayor	December 31, 2022
Candy Petersen	Councilmember	December 31, 2022
Thomas Sonnek	Councilmember	December 31, 2020
Scott Thorsen	Councilmember	December 31, 2022
Jan Walczak	Councilmember	December 31, 2020

APPOINTED PERSONNEL

Scott Duddeck	City Manager
Jason Zimmerman	Finance Director
Tom Lauth	Police Chief
Jason Mallinger	Fire Chief
Nick Fleischhacker	Public Works Director
Brian Frandle	Electric Director
Debra Gustafson	Administrative and Community Services Director

FINANCIAL SECTION

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of North St. Paul, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

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OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
April 28, 2020

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As management of the City of North St. Paul, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, located earlier in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $46,400,745 (*net position*). Of this amount, $13,960,736 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors; $6,313,242 is restricted for specific purposes (*restricted net position*); and $26,126,767 represents the net investment in capital assets. The City's total net position increased $3,097,410 during the year ended December 31, 2019, excluding the prior period adjustment reported in the current year as discussed below.

- The City recorded a prior period adjustment in the current year relating to the commercial environmental charge pass-through to Ramsey County. This change increased beginning net position in the business-type activities and Solid Waste Proprietary Fund financial statements by $113,557.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $12,577,189, a decrease of $4,574,957. The decrease is due in part to the spend down of the 2018A General Obligation Bonds and due to the City refunding $2,410,000 of outstanding bonds in 2019.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,182,986, or 28 percent, of total General Fund expenditures based on 2020 budgeted expenditure levels.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information, in addition to the basic financial statements.

These financial statements include not only the City itself (known as the primary government), but also the North St. Paul Housing and Redevelopment Authority (HRA) and the North St. Paul Economic Development Authority (EDA). The HRA has been presented as a blended component unit on the City's financial statements and the EDA has been presented as a discretely presented component unit on the City's financial statements in accordance with accounting principles generally accepted in the United States of America.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, e.g., uncollected taxes and earned, but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include electric, water, surface water, waste water, fiber optic, and solid waste operations.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Anchor Block North – Soils Tax Increment Special Revenue Fund, and the Street Improvement Capital Projects Fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Housing Redevelopment Authority Fund, and the discretely presented component unit – Economic Development Authority. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, surface water, waste water, fiber optic, and solid waste operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment, city mechanic, benefits and insurance, and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, surface water, waste water, fiber optic, and solid waste operations, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds, internal service funds, and the funds of the discretely presented component unit, which are presented immediately following the basic financial statements.

Further, a statistical section has been included as part of the Comprehensive Annual Financial Report (CAFR) to facilitate additional analysis, and is the third and final section of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $46,400,745 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings and structures, furniture and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of North St. Paul's Net Position

Table 1
Summary of Net Position
as of December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Totals – Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 19,656,334	$ 23,316,986	$ 18,073,112	$ 18,308,279	$ 37,729,446	$ 41,625,265
Capital assets	34,660,840	31,629,545	16,193,199	14,438,195	50,854,039	46,067,740
Total assets	$ 54,317,174	$ 54,946,531	$ 34,266,311	$ 32,746,474	$ 88,583,485	$ 87,693,005
Deferred outflows of resources						
Pension plan deferments	$ 2,072,356	$ 2,745,572	$ 97,392	$ 167,845	$ 2,169,748	$ 2,913,417
OPEB plan deferments	32,259	25,637	13,998	12,231	46,257	37,868
Total deferred outflows of resources	$ 2,104,615	$ 2,771,209	$ 111,390	$ 180,076	$ 2,216,005	$ 2,951,285
Total assets and deferred outflows	$ 56,421,789	$ 57,717,740	$ 34,377,701	$ 32,926,550	$ 90,799,490	$ 90,644,290
Liabilities						
Other liabilities	$ 3,090,135	$ 2,090,068	$ 1,582,288	$ 1,937,808	$ 4,672,423	$ 4,027,876
Noncurrent liabilities	21,146,640	23,088,223	15,172,869	16,067,031	36,319,509	39,155,254
Total liabilities	$ 24,236,775	$ 25,178,291	$ 16,755,157	$ 18,004,839	$ 40,991,932	$ 43,183,130
Deferred inflows of resources						
Pension plan deferments	$ 3,062,227	$ 3,899,003	$ 344,586	$ 372,379	$ 3,406,813	$ 4,271,382
Net position						
Net investment in capital assets	$ 20,896,337	$ 18,936,454	$ 5,230,430	$ 5,118,537	$ 26,126,767	$ 24,054,991
Restricted	6,313,242	5,905,069	–	–	6,313,242	5,905,069
Unrestricted	1,913,208	3,798,923	12,047,528	9,430,795	13,960,736	13,229,718
Total net position	$ 29,122,787	$ 28,640,446	$ 17,277,958	$ 14,549,332	$ 46,400,745	$ 43,189,778
Total liabilities, deferred inflows, and net position	$ 56,421,789	$ 57,717,740	$ 34,377,701	$ 32,926,550	$ 90,799,490	$ 90,644,290

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $13,960,736 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

There was an increase in net position in the governmental activities of $482,341 and in the business-type activities of $2,728,626 for a total increase of $3,210,967 in net position. As presented on the next page, a portion of this total increase was due to a prior period adjustment as previously discussed.

City of North St. Paul's Changes in Net Position

Table 2
Change in Net Position
for the Years Ended December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total – Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	$ 1,473,181	$ 932,729	$ 15,670,079	$ 16,267,879	$ 17,143,260	$ 17,200,608
Operating grants and contributions	648,171	615,246	341,895	61,976	990,066	677,222
Capital grants and contributions	588,053	1,292,586	–	–	588,053	1,292,586
General revenues						
Property taxes	5,809,709	5,496,782	–	–	5,809,709	5,496,782
Franchise taxes	421,413	431,469	–	–	421,413	431,469
Grants and contributions not restricted to specific programs	1,843,392	1,838,514	–	–	1,843,392	1,838,514
Other	124,510	212,024	–	–	124,510	212,024
Investment earnings	460,597	174,935	597,528	164,874	1,058,125	339,809
Total revenues	11,369,026	10,994,285	16,609,502	16,494,729	27,978,528	27,489,014
Expenses						
General government	1,559,014	1,852,924	–	–	1,559,014	1,852,924
Public safety	4,087,960	4,006,547	–	–	4,087,960	4,006,547
Public works	2,104,125	1,790,048	–	–	2,104,125	1,790,048
Parks and recreation	586,040	636,499	–	–	586,040	636,499
Economic development	3,028,759	508,783	–	–	3,028,759	508,783
Interest and fiscal charges	383,719	415,264	–	–	383,719	415,264
Electric	–	–	8,098,292	8,960,653	8,098,292	8,960,653
Water	–	–	1,105,399	938,780	1,105,399	938,780
Surface water	–	–	480,131	642,322	480,131	642,322
Waste water	–	–	1,817,051	1,744,588	1,817,051	1,744,588
Fiber optic	–	–	138,423	181,099	138,423	181,099
Solid waste	–	–	1,492,205	991,685	1,492,205	991,685
Total expenses	11,749,617	9,210,065	13,131,501	13,459,127	24,881,118	22,669,192
Increase in net position before transfers	(380,591)	1,784,220	3,478,001	3,035,602	3,097,410	4,819,822
Transfers	862,932	841,130	(862,932)	(841,130)	–	–
Change in net position	482,341	2,625,350	2,615,069	2,194,472	3,097,410	4,819,822
Net position – beginning, as previously reported	28,640,446	26,015,096	14,549,332	12,354,860	43,189,778	38,369,956
Prior period adjustment	–	–	113,557	–	113,557	–
Net position – beginning, restated	28,640,446	26,015,096	14,662,889	12,354,860	43,303,335	38,369,956
Net position – ending	$ 29,122,787	$ 28,640,446	$ 17,277,958	$ 14,549,332	$ 46,400,745	$ 43,189,778

Governmental Activities – The City's net position for governmental activities increased by $482,341, or 1.7 percent, after $862,932 of net transfers from business-type activities. Key elements of this increase are seen in the table above.

Revenues increased overall by $374,741, or 3.4 percent.

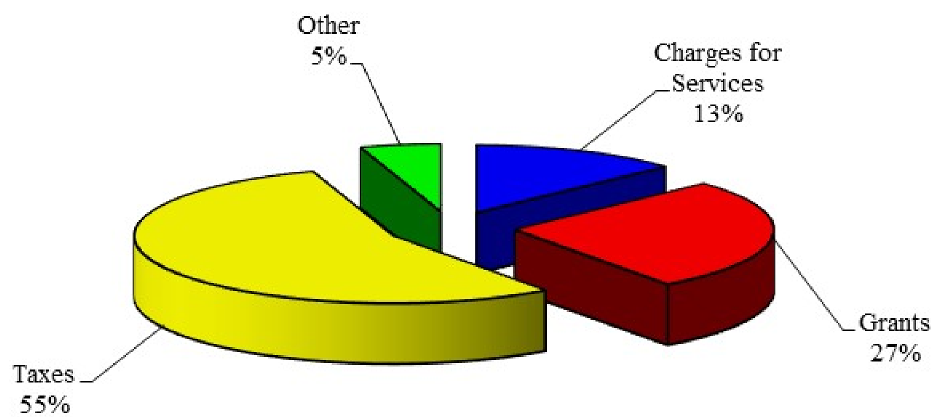
- The largest changes occurred in charges for services, capital grants and contributions, property taxes, and investment earnings. Charges for services increased, due to one-time charges for cable equipment and increased antennal rental fees. Capital grants and contributions decreased, due to reduced assessment activity in the current year. The increase in property taxes is a result of an increase in the levied amount approved by the City Council. Improved interest rates in the current year resulted in increased investment earnings.

Expenses increased overall by $2,539,552, or 27.6 percent.

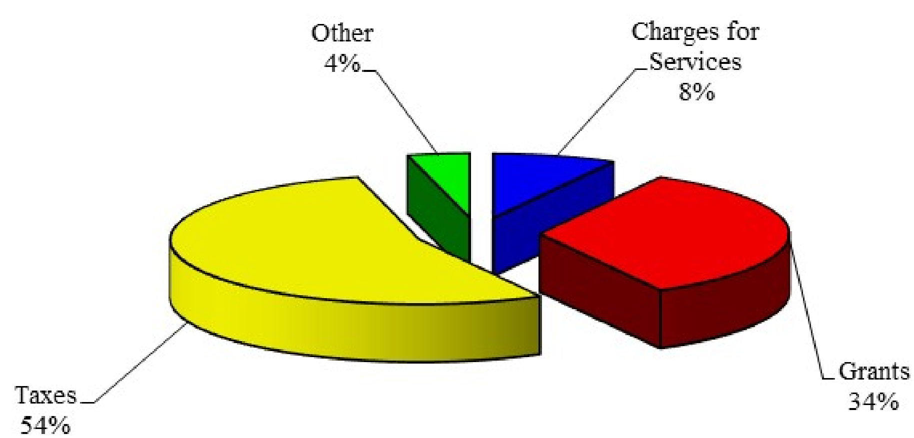
- The City experienced the largest increase within the economic development function, mainly due to an increase in tax increment district activity in the current year with site development work.

As seen in the following graph, taxes make up about 55 percent of the total revenues for 2019. Grants (operating, capital, and unrestricted grants and contributions), including state aids, such as local government aid, make up about 27.0 percent of the total and are followed by charges for services at 13 percent, and other at 5 percent of the total.

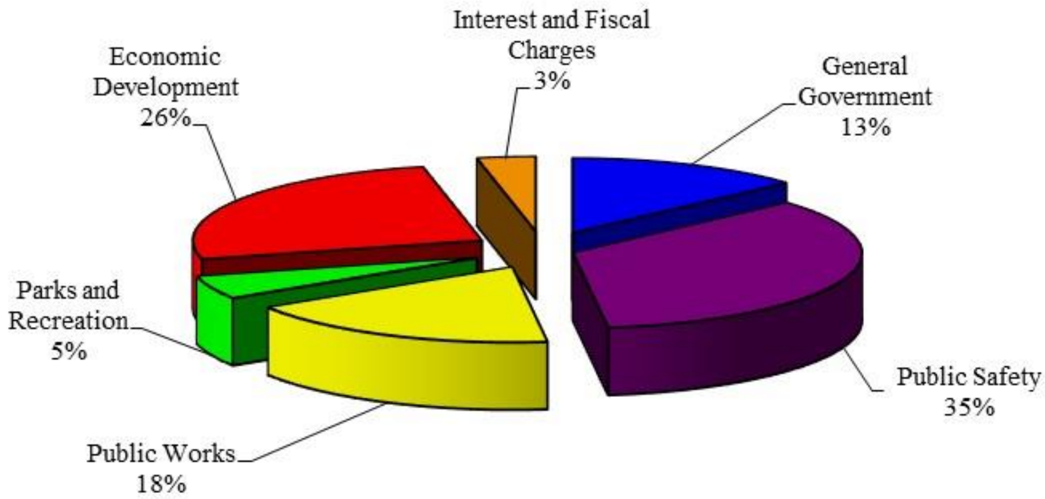
2019 Revenues by Source – Governmental Activities



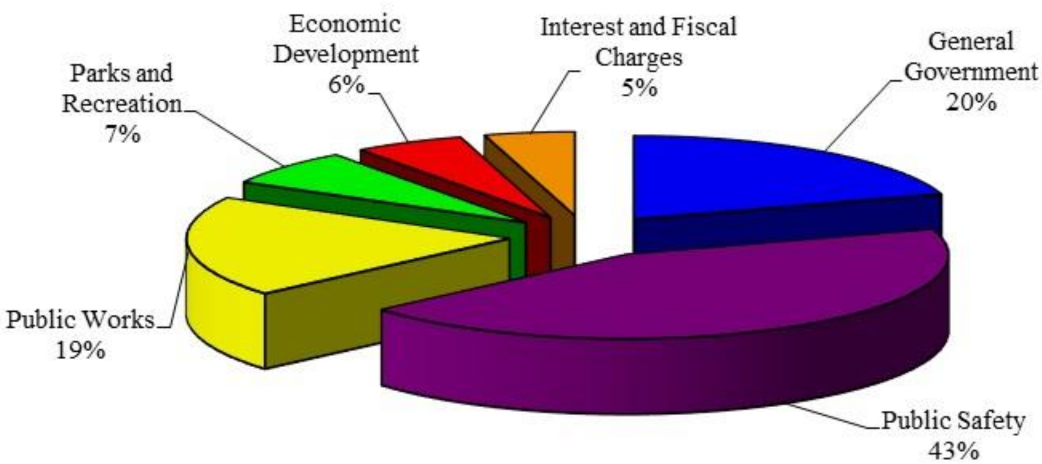
2018 Revenues by Source – Governmental Activities



2019 Expenses – Governmental Activities



2018 Expenses – Governmental Activities



The expenses in the graphs above for governmental activities show the amounts spent on different activities for 2019 and 2018.

Business-Type Activities – Business-type activities increased the City's total net position by $2,728,626. Key elements of the business-type activities are as follows:

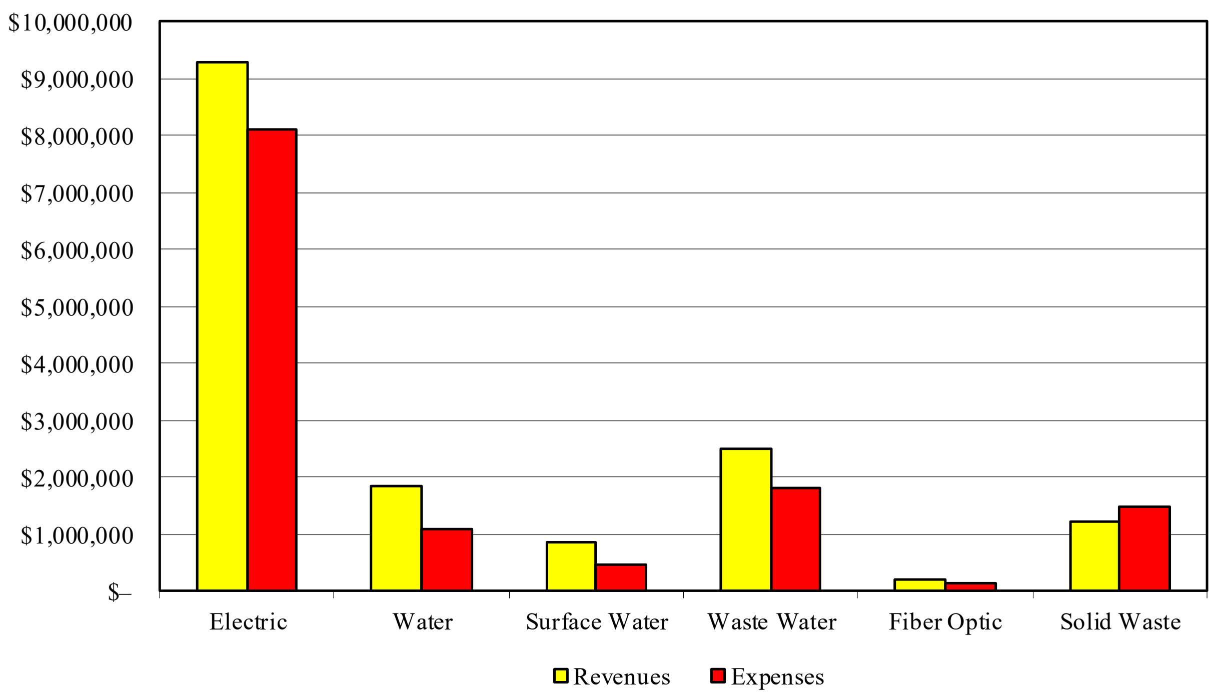
- Charges for services for business-type activities include charges for electric, water, surface water, waste water, fiber optic, and solid waste. The graph below shows the relationship between the program revenues and expenses for the various activities.

- About 62 percent of all business-type activity expenses are from the electric operations.

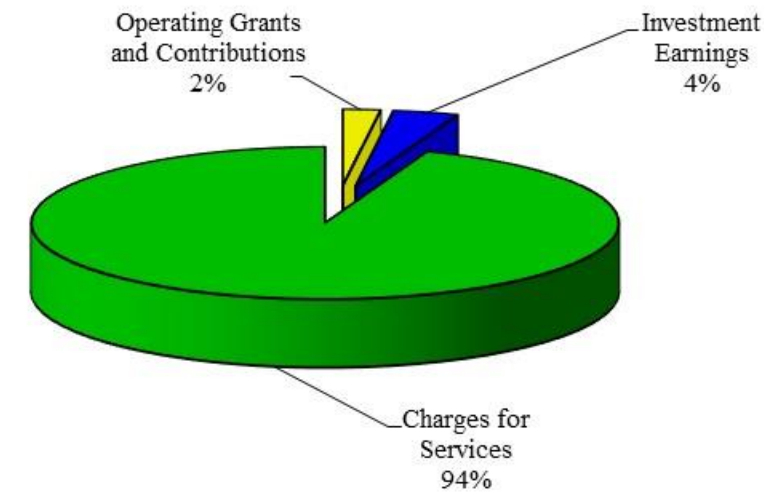
- Overall, business-type activities generated an increase in net position before transfers of $3,478,001. After considering transfers to governmental activities totaling $862,932, net position increased by $2,615,069, before the prior period adjustment reported in the current year.

- The City reported a prior period adjustment relating to the commercial environmental charge pass-through to Ramsey County, increasing beginning net position by $113,557, as previously mentioned.

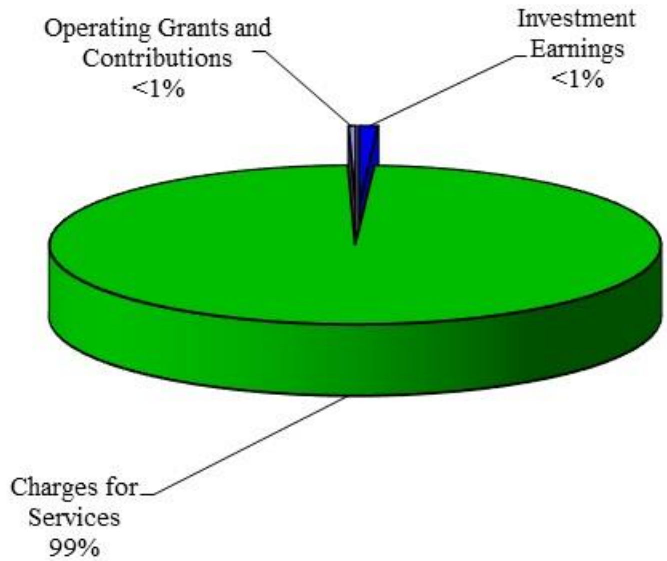
Revenues and Expenses – Business-Type Activities



2019 Revenues by Source – Business-Type Activities



2018 Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of currently available resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $12,577,189, a decrease of $4,574,957 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was $2,355,577. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of subsequent year budget expenditures.

Total fund balance for the City's General Fund increased by $521,566 during 2019. Key factors in this increase are as follows:

- The City adopted a balanced budget prior to the start of the current year.
- The City experienced a favorable variance in revenues, mainly in licenses and permits and intergovernmental.
- The City has a fund balance policy that limits the amount of unassigned fund balance at year-end to 35 percent of the following year's expenditures. This policy was changed in the current year from 25 percent to 35 percent. Any portion exceeding this limit will be transferred in the subsequent year as approved by the City Council.

The Anchor Block North – Soils Tax Increment Special Revenue Fund was a new tax increment financing district created in 2019. The City signed a contract for deed in the amount of $1,203,500 offset by expenditures of $2,069,574 relating to site development work, ending the year with a deficit fund balance of $866,074. This fund has $1,228,500 of assets held for resale, which is planned to be sold to a developer in fiscal year 2020.

The Street Improvement Capital Project Fund equity decreased by $2,631,814, ending the year with a fund balance of $933,970. The decrease was mainly due to the spend down of the 2018A General Obligation Bonds, which were issued for street construction projects.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City is required to adopt a budget for the General Fund prior to the beginning of its fiscal year. There were no budget amendments made in the current year.

Revenues were over budget by $548,107, mainly in licenses and permits and intergovernmental revenue. Conservative budgeting in both of these areas contributed to the favorable revenue variance. General Fund expenditures recognized both favorable and unfavorable budget variances by function, with total expenditures ending the year $169,229, or 2.4 percent, over budget. After the variance in net transfers, the City's General Fund ended the year $521,566 more than anticipated in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to $50,854,039 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and structures, furniture and equipment, and infrastructure.

City of North St. Paul's Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital assets						
Land	$ 3,454,393	$ 3,454,393	$ 154,948	$ 154,948	$ 3,609,341	$ 3,609,341
Construction in progress	4,091,504	1,657,080	3,596,344	1,205,024	7,687,848	2,862,104
Buildings and structures	20,987,743	20,987,743	5,040,830	5,040,830	26,028,573	26,028,573
Furniture and equipment	5,108,040	4,540,225	3,083,196	3,025,628	8,191,236	7,565,853
Infrastructure	21,327,240	19,974,455	19,717,324	19,717,324	41,044,564	39,691,779
Less accumulated depreciation	(20,308,080)	(18,984,351)	(15,399,443)	(14,705,559)	(35,707,523)	(33,689,910)
Total capital assets, net of depreciation	$ 34,660,840	$ 31,629,545	$ 16,193,199	$ 14,438,195	$ 50,854,039	$ 46,067,740

The changes presented in the table above reflect the ongoing activity and completion of projects within the City during fiscal year 2019. The majority of the activity in construction in progress is for street and sanitary sewer improvements in recent years.

Additional information on the City's capital assets can be found in Note 4 of the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of $27,945,000. A portion of this comprises general obligation debt backed solely by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured by special assessments, tax increment, specified revenue sources, and general obligation levy, if necessary.

City of North St. Paul's Noncurrent Liabilities

Table 4
Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
G.O. tax increment bonds	$ 1,195,000	$ 1,295,000	$ –	$ –	$ 1,195,000	$ 1,295,000
General obligation bonds	13,612,827	17,271,380	–	–	13,612,827	17,271,380
Utility revenue bonds	–	–	13,137,173	14,198,620	13,137,173	14,198,620
Premium	470,543	512,167	374,677	409,430	845,220	921,597
Contract for deed	2,075,000	–	–	–	2,075,000	–
Total OPEB liability	388,617	383,886	168,620	182,522	557,237	566,408
Net pension liability	2,714,106	3,002,994	1,252,244	1,049,750	3,966,350	4,052,744
Compensated absences	690,547	622,796	240,155	226,709	930,702	849,505
Total	$21,146,640	$23,088,223	$15,172,869	$16,067,031	$36,319,509	$39,155,254

The City's total bonded debt decreased by $4,820,000, or 14.7 percent, during 2019. The City's most recent bond rating by Standard & Poor's and Moody's was AA and Aa3, respectively.

In fiscal year 2019, the City signed a contract for deed for $2,075,000 to purchase land within a tax increment financing district and complete site development work. This land will be sold to developers in future fiscal years.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total market valuation. A complete calculation of the City's legal debt margin can be found in the statistical section of this report.

Additional information on the City's long-term debt can be found in Note 5 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Significant increases in local government aids and other state sources are not anticipated based on legislation at the time of writing this report.

- The U.S. federal government, state of Minnesota, county, and municipal governments have been working together to address the corona virus pandemic in an effort to flatten the demand on the healthcare system. This will have an unknown negative impact on the economy.

REQUESTS FOR INFORMATION

This CAFR is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this CAFR or requests for additional financial information should be addressed to the Finance Department, City of North St. Paul, 2400 Margaret Street, North St. Paul, Minnesota 55109.

BASIC FINANCIAL STATEMENTS

The basic financial statements, including the accompanying notes, constitute the core of the comprehensive annual financial report's financial section. This section presents the minimum combination of financial statements and note disclosures required for fair presentation in conformity with accounting principles generally accepted in the United States of America.

The following statements are presented:

Government-Wide Financial Statements
- Statement of Net Position
- Statement of Activities

Fund Financial Statements
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Proprietary Funds
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

Notes to Basic Financial Statements

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CITY OF NORTH ST. PAUL

Statement of Net Position
as of December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Assets				
Cash and investments	$ 16,023,806	$ 12,838,988	$ 28,862,794	$ 197,965
Receivables				
Interest	44,912	60,690	105,602	590
Accounts	120,698	2,453,775	2,574,473	–
Loan	131,216	–	131,216	–
Taxes	255,062	–	255,062	–
Special assessments	1,357,348	52,652	1,410,000	–
Internal balances	(1,992,076)	1,992,076	–	–
Inventory	–	464,700	464,700	–
Prepaid items	79,177	16,731	95,908	–
Assets held for resale	3,433,961	–	3,433,961	49,248
Net pension asset	202,230	–	202,230	–
Restricted assets – temporarily restricted				
Cash and investments for debt service	–	193,500	193,500	–
Capital assets				
Not depreciated	7,545,897	3,751,292	11,297,189	–
Depreciated	27,114,943	12,441,907	39,556,850	–
Total capital assets, net of depreciation	34,660,840	16,193,199	50,854,039	–
Total assets	54,317,174	34,266,311	88,583,485	247,803
Deferred outflows of resources				
Pension plan deferments	2,072,356	97,392	2,169,748	–
OPEB plan deferments	32,259	13,998	46,257	–
Total deferred outflows of resources	2,104,615	111,390	2,216,005	–
Total assets and deferred outflows of resources	$ 56,421,789	$ 34,377,701	$ 90,799,490	$ 247,803
Liabilities				
Accounts and contracts payable	$ 2,346,662	$ 762,535	$ 3,109,197	$ 448
Accrued salaries and employee benefits payable	185,841	86,473	272,314	1,166
Accrued interest payable	156,973	161,769	318,742	–
Due to other governments	31,904	186,005	217,909	–
Customer deposits	275,042	196,384	471,426	–
Unearned revenue	93,713	189,122	282,835	–
Net pension liability				
Due in more than one year	2,714,106	1,252,244	3,966,350	–
Total OPEB liability				
Due in more than one year	388,617	168,620	557,237	–
Bonds, contract for deed, and compensated absences payable				
Due within one year	1,816,403	1,323,211	3,139,614	–
Due in more than one year	16,227,514	12,428,794	28,656,308	–
Total liabilities	24,236,775	16,755,157	40,991,932	1,614
Deferred inflows of resources				
Pension plan deferments	3,062,227	344,586	3,406,813	–
Net position				
Net investment in capital assets	20,896,337	5,230,430	26,126,767	–
Restricted for				
Housing Redevelopment Authority	1,227,511	–	1,227,511	–
Tax increment	420,182	–	420,182	–
Police forfeiture	110,603	–	110,603	–
Debt service	4,222,629	–	4,222,629	–
Pension benefits	332,317	–	332,317	–
Economic Development Authority	–	–	–	246,189
Unrestricted	1,913,208	12,047,528	13,960,736	–
Total net position	29,122,787	17,277,958	46,400,745	246,189
Total liabilities, deferred inflows of resources, and net position	$ 56,421,789	$ 34,377,701	$ 90,799,490	$ 247,803

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Activities
Year Ended December 31, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 1,559,014	$ 498,603	$ –	$ –
Public safety	4,087,960	129,933	382,109	7,074
Public works	2,104,125	580,660	134,846	580,979
Parks and recreation	586,040	263,985	–	–
Economic development	3,028,759	–	131,216	–
Interest and fiscal charges	383,719	–	–	–
Total governmental activities	11,749,617	1,473,181	648,171	588,053
Business-type activities				
Electric	8,098,292	9,284,280	20,016	–
Water	1,105,399	1,853,028	311	–
Surface water	480,131	881,196	245	–
Waste water	1,817,051	2,325,937	187,230	–
Fiber optic	138,423	218,655	–	–
Solid waste	1,492,205	1,106,983	134,093	–
Total business-type activities	13,131,501	15,670,079	341,895	–
Total primary government	$ 24,881,118	$ 17,143,260	$ 990,066	$ 588,053
Component unit				
Economic development authority	$ 48,435	$ –	$ –	$ –

General revenues
Property taxes
Franchise taxes
Grants and contributions not restricted to specific programs
Other general revenues
Investment earnings
Gain on sale of assets
Transfers
Total general revenues and transfers

Change in net position

Net position – beginning, as previously reported
Prior period adjustment
Net position – beginning, restated

Net position – ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Economic Development Authority
$ (1,060,411)	$ –	$ (1,060,411)	$ –
(3,568,844)	–	(3,568,844)	–
(807,640)	–	(807,640)	–
(322,055)	–	(322,055)	–
(2,897,543)	–	(2,897,543)	–
(383,719)	–	(383,719)	–
(9,040,212)	–	(9,040,212)	–
–	1,206,004	1,206,004	–
–	747,940	747,940	–
–	401,310	401,310	–
–	696,116	696,116	–
–	80,232	80,232	–
–	(251,129)	(251,129)	–
–	2,880,473	2,880,473	–
(9,040,212)	2,880,473	(6,159,739)	–
–	–	–	(48,435)
5,809,709	–	5,809,709	156,231
421,413	–	421,413	–
1,843,392	–	1,843,392	–
84,352	–	84,352	22
460,597	597,528	1,058,125	3,640
40,158	–	40,158	–
862,932	(862,932)	–	–
9,522,553	(265,404)	9,257,149	159,893
482,341	2,615,069	3,097,410	111,458
28,640,446	14,549,332	43,189,778	134,731
–	113,557	113,557	–
28,640,446	14,662,889	43,303,335	134,731
$ 29,122,787	$ 17,277,958	$ 46,400,745	$ 246,189

CITY OF NORTH ST. PAUL

Balance Sheet
Governmental Funds
as of December 31, 2019

	General	Special Revenue – Anchor Block North – Soils Tax Increment	Capital Projects – Street Improvement
Assets			
Cash and investments	$ 2,827,943	$ –	$ 961,940
Receivables			
Interest	8,530	–	–
Accounts	73,752	–	–
Loan	–	–	–
Taxes	109,093	–	–
Special assessments	5,031	–	248,555
Due from other funds	–	–	771,824
Prepaid items	40,770	–	–
Assets held for resale	–	1,228,500	–
Advance to other funds	114,081	–	–
Total assets	$ 3,179,200	$ 1,228,500	$ 1,982,319
Liabilities			
Accounts and contracts payable	$ 198,518	$ 842,204	$ 801,171
Accrued salaries and employee benefits payable	177,317	–	–
Due to other funds	–	–	–
Due to other governments	28,278	–	–
Customer deposits	275,042	–	–
Unearned revenue	88,213	–	–
Advance from other funds	–	1,252,370	–
Total liabilities	767,368	2,094,574	801,171
Deferred inflows of resources			
Unavailable revenue – loan receivable	–	–	–
Unavailable revenue – property taxes	51,277	–	–
Unavailable revenue – special assessments	4,978	–	247,178
Total deferred inflows of resources	56,255	–	247,178
Fund balances (deficit)			
Nonspendable	154,851	–	–
Restricted	–	–	212,908
Committed	–	–	–
Assigned	17,740	–	721,062
Unassigned	2,182,986	(866,074)	–
Total fund balances (deficit)	2,355,577	(866,074)	933,970
Total liabilities, deferred inflows of resources, and fund balances	$ 3,179,200	$ 1,228,500	$ 1,982,319

See notes to basic financial statements

Nonmajor	Total
$ 9,347,005	$ 13,136,888
27,835	36,365
46,946	120,698
131,216	131,216
145,969	255,062
1,103,762	1,357,348
–	771,824
–	40,770
2,205,461	3,433,961
–	114,081
$ 13,008,194	$ 19,398,213
$ 473,748	$ 2,315,641
706	178,023
771,824	771,824
3,569	31,847
–	275,042
5,500	93,713
384,719	1,637,089
1,640,066	5,303,179
131,216	131,216
3,887	55,164
1,079,309	1,331,465
1,214,412	1,517,845
–	154,851
5,603,898	5,816,806
4,217,917	4,217,917
1,037,602	1,776,404
(705,701)	611,211
10,153,716	12,577,189
$ 13,008,194	$ 19,398,213

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Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds as of December 31, 2019

Total fund balances – governmental funds	$ 12,577,189
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Cost of capital assets	51,820,194
Less accumulated depreciation	(18,416,546)
Net pension assets are included in net position, but are excluded from fund balances because they do not represent financial resources.	202,230
Long-term liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.	
Due within one year	(1,816,403)
Due in more than one year	(19,330,237)
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(156,973)
Internal service funds are used by management to charge certain costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	
Internal service fund net position	3,774,649
Internal balances for internal services used by business-type activities	(91,549)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows of resources – pension plan deferments	2,072,356
Deferred outflows of resources – OPEB plan deferments	32,259
Deferred inflows of resources – pension plan deferments	(3,062,227)
Deferred inflows of resources – unavailable revenues	1,517,845
Total net position – governmental activities	$ 29,122,787

CITY OF NORTH ST. PAUL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2019

	General	Special Revenue – Anchor Block North – Soils Tax Increment	Capital Projects – Street Improvement
Revenues			
Taxes	$ 4,010,984	$ –	$ –
Special assessments	4,483	–	48,604
Licenses and permits	631,259	–	–
Intergovernmental	1,670,594	–	600,000
Charges for services	215,238	–	–
Fines and forfeits	33,274	–	–
Investment earnings	61,775	–	62,680
Other	318,582	–	–
Total revenues	6,946,189	–	711,284
Expenditures			
Current			
General government	1,325,646	–	–
Public safety	4,329,204	–	–
Public works	1,093,499	–	–
Parks and recreation	509,206	–	–
Economic development	–	2,062,930	–
Capital outlay	–	–	3,343,098
Debt service			
Principal	–	–	–
Interest and fiscal charges	–	6,644	–
Total expenditures	7,257,555	2,069,574	3,343,098
Excess (deficiency) of revenues over expenditures	(311,366)	(2,069,574)	(2,631,814)
Other financing sources (uses)			
Contract for deed issued	–	1,203,500	–
Payment on refunded debt	–	–	–
Transfers in	882,932	–	–
Transfers out	(50,000)	–	–
Total other financing sources (uses)	832,932	1,203,500	–
Net change in fund balances	521,566	(866,074)	(2,631,814)
Fund balances			
Beginning of year	1,834,011	–	3,565,784
End of year	$ 2,355,577	$ (866,074)	$ 933,970

See notes to basic financial statements

Nonmajor	Total
$ 2,232,994	$ 6,243,978
211,527	264,614
–	631,259
680,846	2,951,440
–	215,238
–	33,274
251,494	375,949
266,044	584,626
3,642,905	11,300,378
–	1,325,646
26	4,329,230
–	1,093,499
–	509,206
971,943	3,034,873
956,504	4,299,602
1,348,553	1,348,553
456,014	462,658
3,733,040	16,403,267
(90,135)	(5,102,889)
871,500	2,075,000
(2,410,000)	(2,410,000)
130,000	1,012,932
(100,000)	(150,000)
(1,508,500)	527,932
(1,598,635)	(4,574,957)
11,752,351	17,152,146
$ 10,153,716	$ 12,577,189

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Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds Year Ended December 31, 2019

Total net change in fund balances – governmental funds	$ (4,574,957)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	3,881,475
Depreciation expense	(1,211,113)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balance.	(40,966)
Net pension assets are only recorded in the government-wide financial statements as they are not current financial resources to governmental funds.	(108,985)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Other long-term debt adjustments are also made between the governmental funds and the Statement of Activities for premiums, compensated absences, OPEB liability, and net pension liability.	1,941,583
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	37,315
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows of resources – pension plan deferments	(673,216)
Deferred outflows of resources – OPEB plan deferments	6,622
Deferred inflows of resources – pension plan deferments	836,776
Deferred inflows of resources – unavailable revenues	(78,379)
Internal service funds are used by management to charge certain costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities in the government-wide financial statements.	
Internal service fund activity	591,825
Internal balances for internal service activity for business-type activities	(125,639)
Change in net position – governmental activities	$ 482,341

See notes to basic financial statements

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CITY OF NORTH ST. PAUL

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Taxes	$ 4,136,414	$ 4,136,414	$ 4,010,984	$ (125,430)
Special assessments	–	–	4,483	4,483
Licenses and permits	276,000	276,000	631,259	355,259
Intergovernmental	1,570,102	1,570,102	1,670,594	100,492
Charges for services	134,144	134,144	215,238	81,094
Fines and forfeits	33,600	33,600	33,274	(326)
Investment earnings	9,000	9,000	61,775	52,775
Other	238,822	238,822	318,582	79,760
Total revenues	6,398,082	6,398,082	6,946,189	548,107
Expenditures				
Current				
General government	1,327,990	1,327,990	1,325,646	(2,344)
Public safety	4,116,970	4,116,970	4,329,204	212,234
Public works	1,086,179	1,086,179	1,093,499	7,320
Parks and recreation	557,187	557,187	509,206	(47,981)
Total expenditures	7,088,326	7,088,326	7,257,555	169,229
Excess (deficiency) of revenues over expenditures	(690,244)	(690,244)	(311,366)	378,878
Other financing sources (uses)				
Transfers in	756,744	756,744	882,932	126,188
Transfers out	(66,500)	(66,500)	(50,000)	16,500
Total other financing sources (uses)	690,244	690,244	832,932	142,688
Net change in fund balances	$ –	$ –	521,566	$ 521,566
Fund balances				
Beginning of year			1,834,011	
End of year			$ 2,355,577	

See notes to basic financial statements

CITY OF NORTH ST. PAUL

Statement of Net Position
Proprietary Funds
as of December 31, 2019

	Business-Type Activities – Enterprise Funds			
				Major Funds
	Electric	Water	Surface Water	Waste Water
Assets				
Current assets				
Cash and investments	$ 4,910,447	$ 3,769,334	$ 1,590,336	$ 1,766,403
Receivables				
Interest	22,663	14,315	9,869	11,451
Accounts	1,260,219	265,455	136,504	377,057
Special assessments	94	29,047	1,470	19,125
Due from other funds	377,519	–	–	–
Inventory	464,700	–	–	–
Prepaid items	5,849	5,475	–	5,407
Total current assets	7,041,491	4,083,626	1,738,179	2,179,443
Noncurrent assets				
Cash and investments restricted for debt service	193,500	–	–	–
Advances to other funds	1,523,008	–	1,213,338	1,213,338
Capital assets				
Land	154,948	–	–	–
Construction in progress	–	1,551,477	752,690	1,292,177
Buildings and structures	2,490,117	1,192,912	–	1,357,801
Furniture and equipment	1,770,077	277,933	335,551	699,635
Infrastructure	1,724,924	6,798,821	3,116,116	5,846,731
Less accumulated depreciation	(4,821,350)	(4,780,876)	(1,632,990)	(3,662,931)
Total capital assets (net of accumulated depreciation)	1,318,716	5,040,267	2,571,367	5,533,413
Total noncurrent assets	3,035,224	5,040,267	3,784,705	6,746,751
Total assets	10,076,715	9,123,893	5,522,884	8,926,194
Deferred outflows of resources				
Pension plan deferments	69,828	10,378	8,173	9,013
OPEB plan deferments	8,877	2,808	1,106	1,207
Total deferred outflows of resources	78,705	13,186	9,279	10,220
Total assets and deferred outflows of resources	$ 10,155,420	$ 9,137,079	$ 5,532,163	$ 8,936,414
Current liabilities				
Accounts and contracts payable	$ 436,382	$ 105,105	$ 33,066	$ 33,461
Accrued salaries and employee benefits payable	57,297	11,065	7,210	7,791
Accrued interest payable	21,353	46,670	28,385	62,620
Due to other funds	–	–	–	–
Due to other governments	63,097	29,346	–	55,649
Customer deposits	191,374	–	–	5,010
Unearned revenue	–	–	–	–
Compensated absences payable – current	117,313	3,213	3,213	–
Bonds payable – current	135,000	296,077	161,971	556,024
Total current liabilities	1,021,816	491,476	233,845	720,555
Noncurrent liabilities				
Advances from other funds	–	–	–	–
Compensated absences payable	102,326	7,045	7,045	–
Total OPEB liability	106,934	33,824	13,318	14,544
Net pension liability	897,835	133,438	105,085	115,886
Bonds payable	750,000	3,621,063	2,408,281	5,266,309
Total noncurrent liabilities	1,857,095	3,795,370	2,533,729	5,396,739
Total liabilities	2,878,911	4,286,846	2,767,574	6,117,294
Deferred inflows of resources				
Pension plan deferments	247,061	36,719	28,917	31,889
Net position				
Net investment in capital assets	1,318,716	1,160,763	547,730	473,785
Unrestricted	5,710,732	3,652,751	2,187,942	2,313,446
Total net position	7,029,448	4,813,514	2,735,672	2,787,231
Total liabilities, deferred inflows of resources, and net position	$ 10,155,420	$ 9,137,079	$ 5,532,163	$ 8,936,414

Net position – total enterprise funds

Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds

Net position – business-type activities

See notes to basic financial statements

Fiber Optic	Solid Waste	Total	Governmental Activities – Internal Service
$ –	$ 802,468	$ 12,838,988	$ 2,886,918
–	2,392	60,690	8,547
79,356	335,184	2,453,775	–
–	2,916	52,652	–
–	–	377,519	–
–	–	464,700	–
–	–	16,731	38,407
79,356	1,142,960	16,265,055	2,933,872
–	–	193,500	–
–	–	3,949,684	–
–	–	154,948	–
–	–	3,596,344	–
–	–	5,040,830	–
–	–	3,083,196	3,148,726
2,230,732	–	19,717,324	–
(501,296)	–	(15,399,443)	(1,891,534)
1,729,436	–	16,193,199	1,257,192
1,729,436	–	20,336,383	1,257,192
1,808,792	1,142,960	36,601,438	4,191,064
–	–	97,392	–
–	–	13,998	–
–	–	111,390	–
$ 1,808,792	$ 1,142,960	$ 36,712,828	$ 4,191,064
$ –	$ 154,521	$ 762,535	$ 31,021
85	3,025	86,473	7,818
–	2,741	161,769	–
–	–	–	377,519
–	37,913	186,005	57
–	–	196,384	–
189,122	–	189,122	–
–	–	123,739	–
–	50,400	1,199,472	–
189,207	248,600	2,905,499	416,415
2,426,676	–	2,426,676	–
–	–	116,416	–
–	–	168,620	–
–	–	1,252,244	–
–	266,725	12,312,378	–
2,426,676	266,725	16,276,334	–
2,615,883	515,325	19,181,833	416,415
–	–	344,586	–
1,729,436	–	5,230,430	1,257,192
(2,536,527)	627,635	11,955,979	2,517,457
(807,091)	627,635	17,186,409	3,774,649
$ 1,808,792	$ 1,142,960	$ 36,712,828	$ 4,191,064
		$ 17,186,409	
		91,549	
		$ 17,277,958	

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	Electric	Water	Surface Water	Waste Water
Operating revenue				
Charges for services	$ 8,999,568	$ 1,803,015	$ 869,028	$ 2,275,272
Other services	283,366	49,685	12,168	50,665
Total operating revenue	9,282,934	1,852,700	881,196	2,325,937
Operating expenses				
Personal services	1,586,793	266,686	181,691	238,471
Professional services	512,951	493,857	91,807	238,677
Purchased utilities	5,492,106	–	–	1,039,029
Materials and supplies	334,770	62,793	44,400	11,865
Insurance	–	–	–	–
Other	15,364	4,533	–	8,452
Total operating expenses	7,941,984	827,869	317,898	1,536,494
Operating income (loss) before depreciation	1,340,950	1,024,831	563,298	789,443
Depreciation	101,290	205,280	137,772	205,103
Operating income (loss)	1,239,660	819,551	425,526	584,340
Nonoperating revenues (expenses)				
Intergovernmental	20,016	311	245	187,230
Investment earnings (charges)	223,595	142,853	100,198	111,037
Gain on disposal of capital assets	–	–	–	–
Other	1,346	328	–	–
Interest expense	(55,443)	(111,135)	(52,736)	(133,547)
Total nonoperating revenue (expenses)	189,514	32,357	47,707	164,720
Income (loss) before transfers	1,429,174	851,908	473,233	749,060
Transfers out	(372,932)	(205,000)	(80,000)	(145,000)
Change in net position	1,056,242	646,908	393,233	604,060
Net position				
Beginning of year, as previously reported	5,973,206	4,166,606	2,342,439	2,183,171
Prior period adjustment	–	–	–	–
Beginning of year, restated	5,973,206	4,166,606	2,342,439	2,183,171
End of year	$ 7,029,448	$ 4,813,514	$ 2,735,672	$ 2,787,231

Change in net position – total enterprise funds

Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds

Change in net position – business-type activities

See notes to basic financial statements

Fiber Optic	Solid Waste	Total	Governmental Activities – Internal Service
$ 205,149	$ 1,043,486	$ 15,195,518	$ 1,313,207
13,506	63,497	472,887	–
218,655	1,106,983	15,668,405	1,313,207
2,606	85,598	2,361,845	103,163
91,378	14,262	1,442,932	487,821
–	911,067	7,442,202	–
–	476,026	929,854	80,893
–	–	–	3,221
–	–	28,349	–
93,984	1,486,953	12,205,182	675,098
124,671	(379,970)	3,463,223	638,109
44,439	–	693,884	171,090
80,232	(379,970)	2,769,339	467,019
–	134,093	341,895	–
(14,936)	34,781	597,528	84,648
–	–	–	40,158
–	–	1,674	–
–	(5,213)	(358,074)	–
(14,936)	163,661	583,023	124,806
65,296	(216,309)	3,352,362	591,825
–	(60,000)	(862,932)	–
65,296	(276,309)	2,489,430	591,825
(872,387)	790,387	14,583,422	3,182,824
–	113,557	113,557	–
(872,387)	903,944	14,696,979	3,182,824
$ (807,091)	$ 627,635	$ 17,186,409	$ 3,774,649
		$ 2,489,430	
		125,639	
		$ 2,615,069	

CITY OF NORTH ST. PAUL

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities – Enterprise Funds			
	Major Funds			
	Electric	Water	Surface Water	Waste Water
Cash flows from operating activities				
Cash received from customers	$ 9,353,226	$ 1,828,446	$ 868,381	$ 2,308,026
Cash receipts on interfund services provided	–	–	–	–
Cash payments to suppliers	(6,683,476)	(498,583)	(123,522)	(1,296,490)
Cash payments to employees for services	(1,424,413)	(225,130)	(164,398)	(199,239)
Net cash flows from operating activities	1,245,337	1,104,733	580,461	812,297
Cash flows from noncapital financing activities				
Grants received	20,016	311	245	187,230
Cash received from other funds	–	–	10,083	10,083
Cash paid to other funds	(1,625,974)	–	–	–
Transfers out	(372,932)	(205,000)	(80,000)	(145,000)
Net cash flows from noncapital financing activities	(1,978,890)	(204,689)	(69,672)	52,313
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(57,568)	(1,031,625)	(500,487)	(859,208)
Proceeds from the disposal of capital assets	–	–	–	–
Payment on bonds	(130,000)	(238,477)	(136,761)	(505,809)
Interest paid	(58,233)	(114,268)	(56,253)	(147,523)
Net cash flows from capital and related financing activities	(245,801)	(1,384,370)	(693,501)	(1,512,540)
Cash flows from investing activities				
Interest received (paid) on investments	218,492	141,095	98,887	110,351
Net change in cash and cash equivalents	(760,862)	(343,231)	(83,825)	(537,579)
Cash and investments				
Beginning of year	5,864,809	4,112,565	1,674,161	2,303,982
End of year	$ 5,103,947	$ 3,769,334	$ 1,590,336	$ 1,766,403
Reconciliation of cash and cash equivalents				
Cash and investments	$ 4,910,447	$ 3,769,334	$ 1,590,336	$ 1,766,403
Cash and investments restricted for debt service	193,500	–	–	–
Cash and cash equivalents per Statement of Net Position	$ 5,103,947	$ 3,769,334	$ 1,590,336	$ 1,766,403
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 1,239,660	$ 819,551	$ 425,526	$ 584,340
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	101,290	205,280	137,772	205,103
Other	1,346	328	–	–
Change in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	76,559	(21,391)	(13,409)	(31,150)
Special assessments receivable	83	(3,191)	594	13,229
Inventory	(26,110)	–	–	–
Prepaid items	463	837	–	87,425
Deferred outflows	65,362	2,409	2,604	(2,068)
Accounts and contracts payable	(276,501)	55,572	13,397	(122,563)
Accrued salaries and employee benefits	5,483	3,491	1,723	1,813
Customer deposits	(7,696)	–	–	10
Due to other governments	(26,137)	6,191	(712)	36,671
Unearned revenue	–	–	–	–
Total OPEB liability	(17,637)	14,210	(2,381)	(2,695)
Net pension liability	110,657	26,675	21,188	43,974
Compensated absences	17,290	(1,922)	(1,922)	–
Deferred inflows	(18,775)	(3,307)	(3,919)	(1,792)
Net cash flows from operating activities	$ 1,245,337	$ 1,104,733	$ 580,461	$ 812,297
Noncash investing, capital, and financing activities				
Amortization of bond premium (discount)	$ –	$ 10,543	$ 6,567	$ 16,026

See notes to basic financial statements

			Governmental Activities –
Fiber Optic	Solid Waste	Total	Internal Service
$ 197,040	$ 1,034,748	$ 15,589,867	$ –
–	–	–	1,317,494
(159,331)	(1,312,162)	(10,073,564)	(738,766)
(2,607)	(90,357)	(2,106,144)	(108,429)
35,102	(367,771)	3,410,159	470,299
–	134,093	341,895	–
–	–	20,166	102,966
(20,166)	–	(1,646,140)	–
–	(60,000)	(862,932)	–
(20,166)	74,093	(2,147,011)	102,966
–	–	(2,448,888)	(594,783)
–	–	–	61,952
–	(50,400)	(1,061,447)	–
–	(7,250)	(383,527)	–
–	(57,650)	(3,893,862)	(532,831)
(14,936)	35,403	589,292	82,898
–	(315,925)	(2,041,422)	123,332
–	1,118,393	15,073,910	2,763,586
$ –	$ 802,468	$ 13,032,488	$ 2,886,918
$ –	$ 802,468	$ 12,838,988	$ 2,886,918
–	–	193,500	–
$ –	$ 802,468	$ 13,032,488	$ 2,886,918
$ 80,232	$ (379,970)	$ 2,769,339	$ 467,019
44,439	–	693,884	171,090
–	–	1,674	–
(58,110)	(72,107)	(119,608)	–
–	(128)	10,587	–
–	–	(26,110)	–
–	–	88,725	(33,607)
–	379	68,686	–
(67,953)	96,421	(301,627)	(95,756)
(1)	261	12,770	(979)
–	–	(7,686)	–
–	(7,228)	8,785	(37,468)
36,495	–	36,495	–
–	(5,399)	(13,902)	–
–	–	202,494	–
–	–	13,446	–
–	–	(27,793)	–
$ 35,102	$ (367,771)	$ 3,410,159	$ 470,299
$ –	$ 1,617	$ 34,753	$ –

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Index to Notes

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of North St. Paul, Minnesota (the City) operates under "Optional Plan B" as defined in Minnesota Statutes, Chapter 412. Under this plan, the government of the City is run by a council composed of an elected mayor and four councilmembers. The City Council exercises legislative authority and determines all matters of policy. The city manager, who is appointed by the City Council, is responsible for the proper administration of all affairs relating to the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The North St. Paul Housing and Redevelopment Authority (HRA) is a legally separate organization created in accordance with Minnesota Statutes § 469. The HRA is fiscally dependent upon the City for any funding shortfalls, is governed by a Board consisting of the City Council members, with management of the City having operational responsibility for the component unit. Therefore, the HRA is included as a component unit of the City. The HRA's financial data has been blended with that of the City (i.e., reported as though its funds were funds of the City). The HRA does not issue separate financial statements.

The North St. Paul Economic Development Authority (EDA) assists the City with economic development activities within the City. The purpose of the EDA is to support and benefit the City's ongoing activities of improvement and development. The governing body consists of seven members, two of which are City Council members. The mayor appoints all EDA commissioners with approval by the City Council. The City has the ability to impose its will on the EDA and periodically provides subsidies to support the EDA when it experiences operating deficits that are not financed by other means. Due to the EDA Governing Board not being substantively the same as the City's, the EDA is a discretely presented component unit in these financial statements. The EDA does not issue separate financial statements.

C. Service Area

The City's utilities service area includes parts of the cities of Maplewood and Oakdale. The utilities provided are electric, water, and wastewater. All revenues received and expenses paid in relation to the services provided to this extended service area are included in the accompanying financial statements.

D. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely upon sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the fiscal year for which they are certified for levy. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

E. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

   Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Description of Funds

The City reports the following major governmental funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Anchor Block North – Soils Tax Increment Special Revenue Fund – This fund administers the resources for the development of this tax increment district.

Street Improvement Capital Projects Fund – This fund administers resources for street improvement projects.

The City reports the following major enterprise funds:

Electric Fund – The Electric Fund accounts for the activities of the City's electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City's water distribution operations.

Surface Water Fund – The Surface Water Fund accounts for the activities of the City's surface water management operations.

Waste Water Fund – The Waste Water Fund accounts for the activities of the City's wastewater processing operations.

Fiber Optic Fund – The Fiber Optic Fund accounts for the activities of the City's telecommunication operations.

Solid Waste Fund – The Solid Waste Fund accounts for the activities of the City's solid waste collection operations.

Additionally, the City reports the following fund types:

Internal Service Funds – Internal service funds account for the financing of goods and services provided to other departments or agencies of the City on a cost-reimbursement basis. The City utilizes an Equipment Internal Service Fund, City Mechanic Internal Service Fund, Benefits and Insurance Internal Service Fund, and Building Maintenance Internal Service Fund in managing city operations.

F. Cash and Investments

Cash and investments include balances that are combined and invested to the extent available in various securities as authorized by state law. Allocations of pooled investment earnings to the respective funds is based on participation by each fund. Restricted cash and investments for debt service in the Electric Fund include balances held in an account in accordance with debt agreements to subsidize potential deficiencies from the Electric Fund operation that could adversely affect debt service payments. Interest on restricted cash and investments is allocated directly to the applicable fund.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC. The fair value of the position in the pool is the same as the value of the pool shares, which is based on an amortized cost method that approximates fair value. The 4M Fund is sponsored by the League of Minnesota Cities. Investments are purchased and regulated according to Minnesota Statutes. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the Liquid Class; the redemption notice period is 14 days for the Plus Class.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements as of year-end.

G. Receivables

Utility and miscellaneous accounts receivable are reported at gross. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables. The City has recorded a $30,000 allowance for the amount of utility receivables that remain delinquent after having been certified to the county. The only receivables not expected to be collected within one year are property taxes and special assessments receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables and Payables

In the fund financial statements, activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year: in July, December, and January.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable and are offset by a deferred inflow of resources in the governmental fund financial statements.

J. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable which remain unpaid on December 31 are offset by a deferred inflow of resources in the governmental fund financial statements. Delinquent assessments receivable at December 31, 2019 totaled $7,352.

K. Inventories

Inventories of the proprietary funds are stated at cost for supplies and at the lower of cost or acquisition value for inventory held for resale, cost being determined by the first-in, first-out method.

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

Capital assets, which include property, buildings, improvements, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. The City defines capital assets as those with an initial, individual cost greater than $25,000 for real or personal property and $125,000 for infrastructure items. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress.

The estimated useful lives are as follows:

Buildings and structures	10–40 years
Furniture and equipment	5–15 years
Infrastructure	20–50 years

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide and proprietary fund financial statements, sick leave is accrued as used or when it becomes likely that it will be paid as termination pay, while vacation is accrued when incurred. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Unavailable revenue from loans, property taxes, and special assessments arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. State-Wide Pension Plans

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA's fiduciary net position have been determined on the same basis as they are reported by the PERA, except that the PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

R. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the General Fund, Housing Redevelopment Authority Fund, and the Economic Development Authority Fund:

1. The city manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budgets are legally enacted through passage of a resolution by the City Council. Budgetary control is achieved in debt service funds through general obligation bond indenture provisions. Budgetary control for capital projects funds and special revenue funds are accomplished through the use of project controls, not legally enacted budgets.

4. The budgets are adopted using the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America.

5. Budgetary control is maintained at the department level. Also, inherent in this controlling function is management's philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city manager, or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: 1) adequate funds were appropriated, 2) the expenditure is still necessary, and 3) funds are available.

During the budget year, supplemental appropriations can be authorized by the City Council. The amounts shown in the financial statements as "final budgeted amounts" represent the original budgeted amount and all revisions made during the year. Budgeted expenditure appropriations lapse at year-end, but may be adopted in the subsequent year.

S. Assets Held for Resale

Assets held for resale represent various property purchases made by the City with the intent to sell in order to increase the tax base or to attract new businesses. These assets are stated at the lower of cost or acquisition value.

T. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

U. Net Position and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of "restricted" or "net investment in capital assets."

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Fund Balance Classifications and Flow Assumptions

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the City Council delegates the authority by resolution. Pursuant to City Council resolution, the city manager and/or finance director are authorized to establish assignments of fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the City first uses restricted resources, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the City uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

W. Restricted Assets

Restricted assets are cash, investments, and interest accrued thereon, if applicable; the use of which is limited by external requirements such as a bond indenture or trust agreement.

X. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. The LMCIT operates as a common risk management and insurance program for Minnesota cities. The City pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The City also carries commercial insurance for certain other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in the City's insurance coverage in the current year.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

Z. Prior Period Adjustment

During the year ended December 31, 2019, the City recorded a prior period adjustment relating to the commercial environmental charge pass-through to Ramsey County. This change increased beginning net position in the business-type activities and Solid Waste Proprietary Fund financial statements by $113,557.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$	6,155,449
Investments		23,098,210
Cash on hand		600
Total	$	29,254,259

Cash and investments are included on the basic financial statements as follows:

Statement of Net Position		
Primary government		
Cash and investments	$	28,862,794
Restricted assets – temporarily restricted		
Cash and investments for debt service		193,500
Component unit		
Cash and investments		197,965
Total	$	29,254,259

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City's deposits was $6,155,449, while the balance on the bank records was $7,046,426. At December 31, 2019, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the City's agent in the City's name.

C. Investments

The City has the following investments at year-end:

	Credit Risk		Fair Value Measurements	Interest Risk – Maturity Duration in Years			
Investment Type	Rating	Agency	Using	Less Than 1	1 to 5	5 to 10	Total
U.S. agencies	AA	S&P	Level 2	$ 499,540	$ 2,994,710	$ –	$ 3,494,250
Municipal securities	AAA	S&P	Level 2	225,198	–	–	225,198
Municipal securities	AA	S&P	Level 2	907,282	398,413	–	1,305,695
Municipal securities	AA	Moody's	Level 2	1,636,288	816,648	–	2,452,936
Negotiable certificates of deposit	N/R	N/A	Level 2	6,142,422	6,151,252	490,343	12,784,017
				$ 9,410,730	$ 10,361,023	$ 490,343	20,262,096
Investment pools/mutual funds							
First American Government Obligation Fund	AAA	S&P	Level 2	N/A	N/A	N/A	2,707,953
Minnesota Municipal Money Market Fund	N/R	N/A	N/A	N/A	N/A	N/A	128,161
Total investments							$ 23,098,210

N/A – Not Applicable
N/R – Not Rated

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not further address this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City's investment policies do not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policies do not limit the concentration of investments. At year-end, the City's investment portfolio includes the Federal Farm Credit Bank at 6.5 percent and Independent School District No. 16, Spring Lake Park, Minnesota (municipal bonds) at 5.9 percent.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy notes the City will not directly invest in securities maturing more than 10 years from the date of purchase.

NOTE 3 – INTERFUND TRANSACTIONS

A. Due To and Due From Other Funds

Interfund receivables and payables at year-end were as follows:

Due From Other Funds	Due To Other Funds Governmental Nonmajor	Proprietary Internal Service	Total
Governmental			
Street Improvement	$ 771,824	$ –	$ 771,824
Proprietary			
Electric	–	377,519	377,519
Total	$ 771,824	$ 377,519	$ 1,149,343

Interfund borrowing is utilized for cash flow purposes to eliminate temporary cash balance deficits.

B. Advances To and Advances From Other Funds

Advances to and from other funds at year-end were as follows:

Advances To Other Funds	Advances From Other Funds Governmental Anchor Block North – Soils Tax Increment	Nonmajor	Proprietary Fiber Optic	Total
Governmental				
General	$ –	$ 114,081	$ –	$ 114,081
Proprietary				
Electric	1,252,370	270,638	–	1,523,008
Surface Water	–	–	1,213,338	1,213,338
Waste Water	–	–	1,213,338	1,213,338
Total	$ 1,252,370	$ 384,719	$ 2,426,676	$ 4,063,765

Advances to and from other funds is utilized for cash flow purposes to eliminate temporary cash balance deficits.

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)

C. Interfund Transfers

Interfund transfers for the year were as follows:

Transfers Out	Transfers In		
	Governmental		
	General	Nonmajor	Total
Governmental			
General	$ –	$ 50,000	$ 50,000
Nonmajor	20,000	80,000	100,000
Proprietary			
Electric	372,932	–	372,932
Water	205,000	–	205,000
Surface Water	80,000	–	80,000
Waste Water	145,000	–	145,000
Solid Waste	60,000	–	60,000
Total	$ 882,932	$ 130,000	$ 1,012,932

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	$ 3,454,393	$ –	$ –	$ –	$ 3,454,393
Construction in progress	1,657,080	3,828,175	(40,966)	(1,352,785)	4,091,504
Total capital assets, not being depreciated	5,111,473	3,828,175	(40,966)	(1,352,785)	7,545,897
Capital assets, depreciated					
Buildings and structures	20,987,743	–	–	–	20,987,743
Furniture and equipment	4,540,225	648,083	(80,268)	–	5,108,040
Infrastructure	19,974,455	–	–	1,352,785	21,327,240
Total capital assets, depreciated	45,502,423	648,083	(80,268)	1,352,785	47,423,023
Less accumulated depreciation on					
Buildings and structures	6,600,464	526,941	–	–	7,127,405
Furniture and equipment	3,082,840	235,988	(58,474)	–	3,260,354
Infrastructure	9,301,047	619,274	–	–	9,920,321
Total accumulated depreciation	18,984,351	1,382,203	(58,474)	–	20,308,080
Total capital assets, depreciated, net	26,518,072	(734,120)	(21,794)	1,352,785	27,114,943
Net capital assets	$ 31,629,545	$ 3,094,055	$ (62,760)	$ –	$ 34,660,840

NOTE 4 – CAPITAL ASSETS (CONTINUED)

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning Balance	Additions	Deletions	Completed Construction	Ending Balance
Capital assets, not being depreciated					
Land	$ 154,948	$ –	$ –	$ –	$ 154,948
Construction in progress	1,205,024	2,391,320	–	–	3,596,344
Total capital assets, not being depreciated	1,359,972	2,391,320	–	–	3,751,292
Capital assets, depreciated					
Buildings and structures	5,040,830	–	–	–	5,040,830
Furniture and equipment	3,025,628	57,568	–	–	3,083,196
Infrastructure	19,717,324	–	–	–	19,717,324
Total capital assets, depreciated	27,783,782	57,568	–	–	27,841,350
Less accumulated depreciation on					
Buildings and structures	3,370,274	67,881	–	–	3,438,155
Furniture and equipment	2,020,694	115,904	–	–	2,136,598
Infrastructure	9,314,591	510,099	–	–	9,824,690
Total accumulated depreciation	14,705,559	693,884	–	–	15,399,443
Total capital assets, depreciated, net	13,078,223	(636,316)	–	–	12,441,907
Net capital assets	$ 14,438,195	$ 1,755,004	$ –	$ –	$ 16,193,199

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	$ 295,589
Public safety	21,033
Public works	807,379
Parks and recreation	87,112
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	171,090
Total depreciation expense – governmental activities	$ 1,382,203
Business-type activities	
Electric	$ 101,290
Water	205,280
Surface water	137,772
Waste water	205,103
Fiber optic	44,439
Total depreciation expense – business-type activities	$ 693,884

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities					
General obligation bonds					
Tax Abatement Bonds of 2004A	$ 800,000	2.200–4.600%	2004	2020	$ 70,000
Municipal Building Refunding Bonds of 2012A	$ 3,760,000	0.450–1.950%	2012	2023	1,575,000
Special Assessment Bonds of 2014A	$ 2,360,000	2.000–3.000%	2014	2030	1,640,000
Tax Increment Refunding Bonds of 2015A	$ 1,595,000	2.000–3.000%	2015	2032	1,195,000
Improvement Bonds of 2016A	$ 2,640,000	2.000–2.100%	2016	2032	2,305,000
Tax Abatement Bonds of 2016A	$ 1,240,000	2.000–2.500%	2016	2037	1,140,000
Capital Improvement Refunding Bonds of 2016B	$ 2,430,000	2.000%	2016	2025	2,430,000
Improvement Bonds of 2017A	$ 1,051,380	1.650–3.000%	2017	2033	977,827
Improvement Bonds of 2018A	$ 3,475,000	3.000–5.000%	2018	2034	3,475,000
Contract for deed	$ 2,075,000	3.000%	2019	2024	2,075,000
Premium					470,543
Compensated absences					690,547
Total governmental activities					$ 18,043,917
Business-type activities					
Electric Utility Revenue Bonds of 2009C	$ 1,935,000	2.750–6.000%	2009	2025	$ 885,000
General obligation bonds					
Utility Revenue Bonds of 2014A	$ 2,560,000	2.000–3.000%	2014	2030	1,950,000
Utility Revenue Refunding Bonds of 2015A	$ 4,650,000	2.000–3.000%	2015	2027	3,340,000
Utility Revenue Bonds of 2016A	$ 3,605,000	2.000–2.100%	2016	2032	3,180,000
Utility Revenue Bonds of 2017A	$ 438,620	1.650–3.000%	2017	2033	317,172
Utility Revenue Bonds of 2018A	$ 3,465,000	3.000–5.000%	2018	2034	3,465,000
Premium					374,678
Compensated absences					240,155
Total business-type activities					$ 13,752,005
Total government-wide activities					$ 31,795,922

B. Changes in Long-Term Debt

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
G.O. tax increment bonds	$ 1,295,000	$ –	$ 100,000	$ 1,195,000	$ 110,000
General obligation bonds	17,271,380	–	3,658,553	13,612,827	1,430,528
Premium	512,167	–	41,624	470,543	–
Total bonds	19,078,547	–	3,800,177	15,278,370	1,540,528
Contract for deed	–	2,075,000	–	2,075,000	–
Compensated absences	622,796	343,626	275,875	690,547	275,875
Total governmental activities	19,701,343	2,418,626	4,076,052	18,043,917	1,816,403
Business-type activities					
Utility revenue bonds	14,198,620	–	1,061,447	13,137,173	1,199,472
Premium	409,430	–	34,753	374,677	–
Total bonds	14,608,050	–	1,096,200	13,511,850	1,199,472
Compensated absences	226,709	137,185	123,739	240,155	123,739
Total business-type activities	14,834,759	137,185	1,219,939	13,752,005	1,323,211
Total government-wide	$ 34,536,102	$ 2,555,811	$ 5,295,991	$ 31,795,922	$ 3,139,614

NOTE 5 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Governmental Activities – Tax Increment Principal	Governmental Activities – Tax Increment Interest	Governmental Activities – General Obligation Principal	Governmental Activities – General Obligation Interest	Business-Type Activities – Utility Revenue Principal	Business-Type Activities – Utility Revenue Interest
2020	$ 110,000	$ 27,913	$ 1,430,528	$ 337,155	$ 1,199,472	$ 365,530
2021	100,000	25,813	1,437,426	303,022	1,287,574	331,007
2022	100,000	23,813	1,475,276	270,162	1,189,724	293,700
2023	105,000	21,631	1,495,159	235,168	1,209,841	257,502
2024	115,000	19,156	1,125,038	202,084	1,249,962	219,106
2025–2029	525,000	53,281	3,778,276	635,473	4,566,724	609,683
2030–2034	140,000	6,450	2,651,124	188,265	2,433,876	543,412
2035–2037	–	–	220,000	8,375	–	–
Total	$ 1,195,000	$ 178,057	$ 13,612,827	$ 2,179,704	$ 13,137,173	$ 2,619,940

D. Descriptions of Long-Term Debt

- **General Obligation Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes. It is anticipated that the tax increment revenues, derived from the captured assessed value of property in the tax increment district, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.

- **General Obligation Bonds** – These bonds were issued for the construction of municipal buildings and streets, which also benefit the City as a whole and, therefore, are repaid from ad valorem levies and other sources.

- **Utility Revenue Bonds** – Electric, Water, Surface Water, Waste Water, and Solid Waste Enterprise Fund revenues will be used to repay this debt. The liability is recorded in the applicable enterprise fund.

  During 2010, the City transferred an asset from the enterprise funds to the governmental funds totaling $4,274,827. The City issued utility revenue bonds and electric utility revenue bonds to fund part of this project. With the transfer of the asset, the City no longer includes the related debt in its calculation of net investment in capital assets, causing the City’s unrestricted net position to decrease.

- **Contract for Deed** – The City signed a contract for deed to purchase land. The balance of the contract for deed, together with accrued interest, shall be paid on or before five years from the date of the contract, except that, in the event of a sale of a lot included in the proposed plat of the property, the City shall pay an installment payment on the date of sale of the relevant lot, together with any accrued interest. No interest shall accrue during the first year of this contract. Thereafter, any principal amount remaining to be paid under this contract shall bear interest at the rate of 3 percent per annum.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Total OPEB Liability** – This liability represents the City's OPEB liability as further described later in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate this liability.

- **Net Pension Liability** – This liability represents the City's pension benefit obligations as further described later in these notes. The General, Electric, Water, Surface Water, and Waste Water Funds will be used to liquidate this liability.

  The City participates in two state-wide, cost-sharing, multi-employer defined benefit pension plans administered by the PERA, and a single-employer plan administered by the fire relief association. The following is a summary of the net pension asset, net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended December 31, 2019:

Pension Plans	Net Pension Asset	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA – GERF	$ –	$ 2,250,212	$ 175,008	$ 619,201	$ 225,092
PERA – PEPFF	–	1,716,138	1,696,086	2,619,045	241,041
Fire Relief	202,230	–	298,654	168,567	92,571
Total – all pensions	$ 202,230	$ 3,966,350	$ 2,169,748	$ 3,406,813	$ 558,704

- **Compensated Absences** – This liability represents vested benefits earned by employees through the end of the year, which will be paid or used in future periods. The General, Electric, Water, and Surface Water Funds will be used to liquidate this liability.

E. Refunding Bond Activity

During 2016, the City issued General Obligation Capital Improvement Plan Refunding Bonds, Series 2016B, in a crossover refunding of Series 2008A bonds. The crossover refunding of Series 2008A bonds occurred in 2019. This refunding resulted in a net cash flow savings of $212,292 and a net present value benefit of $204,067. The difference between the carrying amount of the refunded debt and its reacquisition price was not material, and was included in current year expense on the government-wide financial statements.

F. Arbitrage Rebate

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. In the opinion of management, any obligation would be immaterial.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

G. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

		Revenue Pledged				Current Year	
Debt Issue	Use of Proceeds	Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Tax Increment Refunding Bonds of 2015A	Street and site improvements	Tax increment financing	100%	2015–2032	$ 1,373,057	$ 130,013	$ 204,308
Electric Utility Revenue Bonds of 2009C	Utility improvements	Utility charges	100%	2009–2025	$ 1,047,784	$ 184,595	$ 9,282,934
Utility Revenue Bonds of 2014A	Utility improvements	Utility charges	100%	2014–2030	$ 2,252,731	$ 205,038	$ 5,059,833
Utility Revenue Refunding Bonds of 2015A	Utility improvements	Utility charges	100%	2015–2027	$ 3,621,669	$ 517,488	$ 6,166,816
Utility Revenue Bonds of 2016A	Utility improvements	Utility charges	100%	2016–2032	$ 3,615,590	$ 281,160	$ 5,059,833
Utility Revenue Bonds of 2017A	Utility improvements	Utility charges	100%	2017–2033	$ 340,884	$ 132,369	$ 3,207,133
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2034	$ 4,878,455	$ 117,160	$ 5,059,833

H. Bond Ratings

The City’s most recent bond rating by Standard & Poor’s and Moody’s was AA and Aa3, respectively.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) of Minnesota. The PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. The PERA’s defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The Public Employees Police and Fire Fund (PEPFF), originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to the PERA.

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent of average salary for each of the first 10 years of service, and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010 but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for the PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months, but less than 36 months as of the June 30 before the effective date of the increase, will receive a reduced prorated increase.

C. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019. The City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2019, were $216,451. The City's contributions were equal to the required contributions as set by state statutes.

2. PEPFF Contributions

Police and fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the PEPFF for the year ended December 31, 2019, were $289,482. The City's contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2019, the City reported a liability of $2,250,212 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.0407 percent at the end of the measurement period and 0.0431 percent for the beginning of the period.

The City's net pension liability reflected a reduction, due to the state of Minnesota's contribution of $16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	$	2,250,212
State's proportionate share of the net pension liability associated with the City	$	69,997

For the year ended December 31, 2019, the City recognized pension expense of $219,850 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $5,242 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

At December 31, 2019, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 65,414	$ –
Changes in actuarial assumptions	–	188,974
Differences between projected and actual investment earnings	–	242,467
Changes in proportion	–	187,760
Contributions paid to the PERA subsequent to the measurement date	109,594	–
Total	$ 175,008	$ 619,201

A total of $109,594 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	$ (217,480)
2021	$ (258,823)
2022	$ (81,112)
2023	$ 3,628

2. PEPFF Pension Costs

At December 31, 2019, the City reported a liability of $1,716,138 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1612 percent at the end of the measurement period and 0.1559 percent for the beginning of the period.

For the year ended December 31, 2019, the City recognized pension expense of $219,279 for its proportionate share of the PEPFF's pension expense. The City also recognized $21,762 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the state of Minnesota to begin contributing $9 million to the PEPFF each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay $9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 71,504	$ 262,144
Changes in actuarial assumptions	1,431,189	1,888,379
Differences between projected and actual investment earnings	–	342,356
Changes in proportion	50,865	126,166
Contributions paid to the PERA subsequent to the measurement date	142,528	–
Total	$ 1,696,086	$ 2,619,045

A total of $142,528 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	$ (142,289)
2021	$ (243,861)
2022	$ (690,721)
2023	$ 3,420
2024	$ 7,964

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF, and 1.00 percent per year for the PEPFF.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2019. The most recent four-year experience study for the PEPFF was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following changes in actuarial assumptions and plan provisions occurred in 2019:

1. **GERF**

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2. **PEPFF**

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

The Minnesota State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90 %
Fixed income	20.0	0.75 %
International equity	17.5	5.90 %
Cash equivalents	2.0	– %
Total	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the GERF and the PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following table presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 6.50%	Discount Rate 7.50%	1% Increase in Discount Rate 8.50%
The City's proportionate share of the GERF net pension liability	$ 3,699,227	$ 2,250,212	$ 1,053,762
The City's proportionate share of the PEPFF net pension liability	$ 3,751,156	$ 1,716,138	$ 33,209

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

A. Plan Description

All members of the North St. Paul Fire Department (the Department) are covered by a defined benefit plan administered by the North St. Paul Fire Department Relief Association (the Association). As of December 31, 2018, the plan covered 31 active firefighters and 8 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota Statutes, Chapter 69.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as described by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years, and have completed at least 10 years of active membership, are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

C. Contributions

Minnesota Statutes, Chapters 424 and 424A, authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). Required employer contributions are calculated annually based on statutory provisions. The City had no required contribution as set by state statutes. The City made a voluntary contribution to the plan for the year ended December 31, 2019 totaling $31,677. Furthermore, the firefighters have no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2019, the City reported a net pension asset of $202,230 for the plan. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB Statement No. 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2018.

For the year ended December 31, 2019, the City recognized pension expense of $92,571. The City also recognized $60,649 as revenue for the state of Minnesota's on-behalf contributions to the Department.

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance – January 1, 2019	$ 1,242,534	$ 1,553,749	$ (311,215)
Changes for the year			
Service cost	53,145	–	53,145
Interest	87,458	–	87,458
Differences between expected and actual experience	(89,257)	–	(89,257)
Changes of assumptions	11,318	–	11,318
Contributions (state and local)	–	101,130	(101,130)
Contributions (donations and other income)	–	2,110	(2,110)
Net investment income	–	(139,861)	139,861
Administrative costs	–	(9,700)	9,700
Total net changes	62,664	(46,321)	108,985
Ending balance – December 31, 2019	$ 1,305,198	$ 1,507,428	$ (202,230)

NOTE 7 – DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (CONTINUED)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 29,121	$ 81,475
Changes in actuarial assumptions	10,331	24,577
Differences between projected and actual investment earnings	165,010	–
City contributions subsequent to the measurement date	31,677	–
State aid to the City subsequent to the measurement date	62,515	62,515
Total	$ 298,654	$ 168,567

Deferred outflows of resources totaling $94,192 related to pensions resulting from city contributions and state aid received subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Deferred inflows of resources totaling $62,515 related to state aid received subsequent to the measurement date will be recognized for its impact on the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2020	$ 48,761
2021	$ 24,623
2022	$ 23,305
2023	$ 42,493
2024	$ (6,457)
Thereafter	$ (34,315)

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service reduced by 4 percent for each year of service less than 20 years and eligibility for deferred service pension payable at age 50 with 20 years of service	
Inflation rate	2.50% per year
Cost of living increases	zero percent per year
Investment rate of return	6.50%
20-year municipal bond yield	3.71%

The investment rate of return decreased from 6.75 percent to 6.50 percent.

The inflation rate decreased from 2.75 percent to 2.50 percent.

The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation.

The 6.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	47.99 %	4.95 %	7.45 %
International equity	18.13	5.24	7.74
Fixed income	32.02	1.99	4.49
Real estate and alternatives	0.90	4.19	6.69
Cash and equivalents	0.96	0.58	3.08
Total	100.00 %		6.50

F. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in state statutes. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability (Asset) Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding section, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1% Decrease (5.50%)	Current (6.50%)	1% Increase (7.50%)
Defined benefit plan	$ (155,326)	$ (202,230)	$ (245,693)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. This report may be obtained by writing to the North St. Paul Fire Department Relief Association, 2400 Margaret Street, North St. Paul, Minnesota 55109.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment benefits to certain eligible employees through the City's OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance. Per state statutes, the City is also required to contribute towards the cost of continued health insurance coverage for officers and firefighters disabled or killed in the line of duty.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled $46,257.

D. Membership

Membership in the Plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	8
Active plan members	54
Total members	62

E. Total OPEB Liability of the City

The City's total OPEB liability of $557,237 as of year-end was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the entry-age method. The valuation utilized the alternative measurement method allowed for employers with fewer than 100 plan participants. The following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.71%
20-year municipal bond yield	3.71%
Inflation rate	2.75%
Medical trend rate	6.30%, grading to 4.00% over 56 years

Since the Plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on Scale MP-2017, and other adjustments.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 566,408
Changes for the year	
Service cost	22,435
Interest	18,864
Changes of assumptions	(12,602)
Benefit payments	(37,868)
Total net changes	(9,171)
Ending balance	$ 557,237

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.31 percent to 3.71 percent.

H. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.71%	3.71%	4.71%
Total OPEB liability	$ 589,490	$ 557,237	$ 527,398

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB healthcare trend rate	5.30% decreasing to 3.00% over 56 years	6.30% decreasing to 4.00% over 56 years	7.30% decreasing to 5.00% over 56 years
Total OPEB liability	$ 518,426	$ 557,237	$ 600,931

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of $28,697. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City's contributions subsequent to the measurement date	$ 46,257	$ –

A total of $46,257 reported as deferred outflows of resources related to OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2020.

NOTE 9 – STEWARDSHIP AND ACCOUNTABILITY

A. Deficit Fund Equity

The following funds have a deficit fund equity at December 31, 2019:

	Amount
Governmental	
Special revenue fund	
Anchor Block North – Soils Tax Increment	$ 866,074
Nonmajor funds	
Special revenue funds	
7th and Margaret Street Tax Increment	$ 194,496
Margaret Street Tax Increment	$ 26,128
Capital projects fund	
2020 Street and Utility	$ 485,077
Proprietary	
Enterprise fund	
Fiber Optic	$ 807,091
Internal service funds	
City Mechanic	$ 190,010
Building Maintenance	$ 215,737

NOTE 9 – STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)

The deficit in the Anchor Block North – Soils Tax Increment Special Revenue Fund will be reduced and eliminated as assets held for resale are sold and as tax increment funds are received as a result of development.

The deficit in the 7th and Margaret Street Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the Margaret Street Tax Increment Special Revenue Fund will be reduced and eliminated as tax increment funds are received as a result of development.

The deficit in the 2020 Street and Utility Capital Projects Fund will be reduced and eliminated through bond proceeds issued in the subsequent year.

The deficit in the Fiber Optic Fund will be reduced and eliminated as operations become established and continue to progress.

The deficit in the City Mechanic Fund will be eliminated with future charges for services.

The deficit in the Building Maintenance Fund will be eliminated with future charges for services.

B. Expenditures Exceeding Appropriations

For the year ended December 31, 2019, actual expenditures exceeded budgeted expenditures in the following fund:

	Amount
Primary Government	
General Fund	$ 169,229

Expenditures in excess of appropriations were financed by revenues in excess of budget and available fund balance.

NOTE 10 – FUND BALANCES

A. Classifications

At December 31, 2019, the City had the following governmental fund balances:

	General Fund	Anchor Block North – Soils Tax Increment	Street Improvement	Nonmajor	Total
Nonspendable					
Prepaid items	$ 40,770	$ –	$ –	$ –	$ 40,770
Advance to other funds	114,081	–	–	–	114,081
Total nonspendable	154,851	–	–	–	154,851
Restricted					
Debt service	–	–	–	3,435,948	3,435,948
Street improvements	–	–	212,908	–	212,908
Housing Redevelopment Authority	–	–	–	1,093,196	1,093,196
Tax increment	–	–	–	964,151	964,151
Police forfeiture	–	–	–	110,603	110,603
Total restricted	–	–	212,908	5,603,898	5,816,806
Committed					
Silver Lake Beach	–	–	–	35,057	35,057
Asset Preservation	–	–	–	1,900,102	1,900,102
Street maintenance	–	–	–	2,282,758	2,282,758
Total committed	–	–	–	4,217,917	4,217,917
Assigned					
Housing improvements	–	–	–	177,102	177,102
Fire relief	4,783	–	–	–	4,783
Downtown beautification	1,225	–	–	–	1,225
Community events	11,732	–	–	–	11,732
Street improvements	–	–	721,062	–	721,062
Permanent improvement revolving	–	–	–	500,490	500,490
Park improvements	–	–	–	360,010	360,010
Total assigned	17,740	–	721,062	1,037,602	1,776,404
Unassigned	2,182,986	(866,074)	–	(705,701)	611,211
Total	$ 2,355,577	$ (866,074)	$ 933,970	$ 10,153,716	$ 12,577,189

B. Minimum Fund Balance Policy

The City Council has formally adopted a fund balance policy that limits the amount of unassigned fund balance for the General Fund. The policy establishes the City will strive to maintain an unassigned General Fund balance of 35 percent of the subsequent year’s budgeted expenditures. This policy was changed in the current year from 25 percent to 35 percent. The City Council shall approve any transfer of excess fund balance in the subsequent year. At December 31, 2019, the unassigned fund balance for the General Fund was 28 percent of the subsequent year’s budgeted expenditures.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with seven other municipalities that provide distribution of electric services, created the Minnesota Municipal Power Agency (MMPA). The MMPA began operations on July 1, 1995. The MMPA purchases power that is purchased and distributed by the eight municipalities that operate electric distribution systems. The MMPA's Board of Directors is comprised of one member from each participating entity. Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's purchases of power from the MMPA for the year ended December 31, 2019 were $5,492,106. This agreement became effective on July 1, 1995 and shall remain in effect through October 31, 2040, and if it is not then terminated by at least five years' prior written notice given by either party to the other, it shall continue in full force and effect until so terminated.

NOTE 12 – TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment, will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement but will depend on their individual circumstances. The City currently has five agreements that would be considered a tax abatement under GASB Statement No. 77.

In 2006, the City entered into a development agreement with Gervais Court Properties, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will make annual installment payments to reimburse the landowner and developer for site acquisition and improvement costs through September 1, 2023. The outstanding principal balance as of December 31, 2019 for this agreement was $108,000 and the City made payments totaling $27,000 in the current year.

In 2009, the City entered into a development agreement with Flex Holding, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. In 2013, the City entered into a second development agreement with Flex Holding, LLC. For both of these agreements, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2022. The outstanding principal balance as of December 31, 2019 for the first agreement was $50,361 and the City rebated $37,359 in the current year. The outstanding principal balance on the second agreement was $125,000 and the City did not have any rebate in the current year.

In 2013, the City entered into a development agreement with Helen Street Senior Housing, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2032. The outstanding principal balance as of December 31, 2019 for this agreement was $2,357,143 and the City rebated $231,375 in the current year.

In 2019, the City entered into a development agreement with M/I Homes Minneapolis/St. Paul, LLC to assist the developer with the financing of certain costs of a project constructed within the development district. For this agreement, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The note will be issued in the maximum aggregate principal amount of $3,050,000. The City did not have any rebate in the current year.

NOTE 12 – TAX ABATEMENT AGREEMENTS (CONTINUED)

The City is authorized to create a tax increment financing plan under Minnesota Statutes, Chapter 469.175. The criteria that must be met under the statutes are that, in the opinion of the municipality:

- The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

B. Legal Claims

The City has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City’s management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City’s financial statements relating to these claims.

C. Tax Increment Districts

The City’s tax increment districts are subject to review by the Minnesota Office of the State Auditor. Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance, which would have a material effect on the financial statements.

D. Construction Contracts

The City has several outstanding contracts at year-end. A liability for work completed has been recorded as contracts payable. The City’s commitment for uncompleted work on these contracts at December 31, 2019 is $74,831.

NOTE 14 – SUBSEQUENT EVENTS

A. Construction Commitments

The City awarded two construction contracts subsequent to year-end for the McKnight Road intersection improvements and 2020 street and utility improvement project. The total approved contract amount for these two projects is $6,442,253.

B. Investment Fair Values

The City generally reports its investments at fair value based on standards described earlier in these notes. Subsequent to year-end, the Novel Coronavirus (COVID – 19) pandemic has caused significant volatility in economic conditions, including substantial reductions in the quoted active-market prices of some investments. The City's portfolio consists primarily of shorter-term investments, many with guaranteed maturity values. The City does not expect any losses ultimately realized from this market decline to be material. However, the potential negative impact could be heightened if increased demand on city resources and/or a sustained economic downturn hampers the City's ability to hold such investments to maturity as planned. The potential future impact of these conditions on the fair value of the City's investment portfolio is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH ST. PAUL

North St. Paul Fire Department Relief Association
Schedule of Changes in the City's Net
Pension Liability and Related Ratios
December 31, 2019

City financial statement year ended December 31,	2015	2016	2017	2018	2019
Measurement period – December 31,	2014	2015	2016	2017	2018
Total pension liability					
Service cost	$ 44,596	$ 49,217	$ 59,100	$ 53,518	$ 53,145
Interest	57,027	61,325	68,098	76,514	87,458
Differences between expected and actual experience	–	–	37,947	–	(89,257)
Changes of assumptions	–	(9,781)	(11,354)	(11,126)	11,318
Changes of benefit terms	55,211	89,727	30,905	–	–
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–
Net change in total pension liability	59,834	107,816	1,613	118,906	62,664
Total pension liability – beginning of year	954,365	1,014,199	1,122,015	1,123,628	1,242,534
Total pension liability – end of year	1,014,199	1,122,015	1,123,628	1,242,534	1,305,198
Plan fiduciary net position					
Contributions – employer	39,982	21,000	22,000	34,504	40,481
Contributions – nonemployer (state)	55,788	59,922	60,125	59,121	60,649
Projected investment earnings	77,887	28,294	21,230	27,270	25,162
Asset gain/(loss)	(2,543)	(66,762)	52,391	152,792	(165,023)
Benefit payments, including refunds of member contributions	(97,000)	(82,672)	(183,083)	–	–
Administrative expenses	(8,700)	(8,950)	(9,350)	(9,500)	(9,700)
Other	–	2,800	1,848	2,259	2,110
Net change in plan fiduciary net position	65,414	(46,368)	(34,839)	266,446	(46,321)
Plan fiduciary net position – beginning of year	1,303,096	1,368,510	1,322,142	1,287,303	1,553,749
Plan fiduciary net position – end of year	1,368,510	1,322,142	1,287,303	1,553,749	1,507,428
Net pension liability (asset)	$ (354,311)	$ (200,127)	$ (163,675)	$ (311,215)	$ (202,230)
Fiduciary net position as a percentage of the total pension liability	134.94%	117.84%	114.57%	125.05%	115.49%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

North St. Paul Fire Department Relief Association
Schedule of City Contributions and Nonemployer Contributing Entities
December 31, 2019

	City Contributions			Nonemployer Contribution
Year Ended December 31,	Statutorily Determined Contribution	Actual Contribution	Contribution Excess	State 2% Fire Aid
2014	$ –	$ 39,982	$ 39,982	$ 55,788
2015	–	21,000	21,000	59,222
2016	–	22,000	22,000	60,125
2017	–	34,504	34,504	59,121
2018	–	40,481	40,481	60,649
2019	–	31,677	31,677	62,515

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a December 31, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – General Employees Retirement Fund
Schedule of City's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended December 31, 2019

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City's Share of the State of Minnesota's Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0453%	$ 2,347,682	$ –	$ 2,347,682	$ 2,663,600	88.14%	78.19%
12/31/2016	06/30/2016	0.0464%	$ 3,767,450	$ 49,198	$ 3,816,648	$ 2,879,758	130.83%	68.90%
12/31/2017	06/30/2017	0.0449%	$ 2,866,385	$ 36,082	$ 2,902,467	$ 2,889,113	99.21%	75.90%
12/31/2018	06/30/2018	0.0431%	$ 2,391,010	$ 78,405	$ 2,469,415	$ 2,901,027	82.42%	79.50%
12/31/2019	06/30/2019	0.0407%	$ 2,250,212	$ 69,997	$ 2,320,209	$ 2,887,303	77.93%	80.20%

PERA – General Employees Retirement Fund
Schedule of City Contributions
Year Ended December 31, 2019

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	$ 209,393	$ 209,393	$ –	$ 2,791,911	7.50%
12/31/2016	$ 217,300	$ 217,300	$ –	$ 2,890,723	7.52%
12/31/2017	$ 215,196	$ 215,196	$ –	$ 2,869,280	7.50%
12/31/2018	$ 218,577	$ 218,577	$ –	$ 2,928,097	7.46%
12/31/2019	$ 216,451	$ 216,451	$ –	$ 2,886,215	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – Public Employees Police and Fire Fund
Schedule of City's Proportionate Share of Net Pension Liability
Year Ended December 31, 2019

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.1610%	$ 1,829,337	$ 1,464,630	124.90%	86.60%
12/31/2016	06/30/2016	0.1620%	$ 6,501,343	$ 1,560,254	416.68%	63.90%
12/31/2017	06/30/2017	0.1580%	$ 2,133,189	$ 1,620,507	131.64%	85.40%
12/31/2018	06/30/2018	0.1559%	$ 1,661,734	$ 1,643,072	101.14%	88.80%
12/31/2019	06/30/2019	0.1612%	$ 1,716,138	$ 1,700,395	100.93%	89.30%

PERA – Public Employees Police and Fire Fund
Schedule of City Contributions
Year Ended December 31, 2019

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	$ 236,884	$ 236,884	$ –	$ 1,462,066	16.20%
12/31/2016	$ 263,721	$ 263,721	$ –	$ 1,627,910	16.20%
12/31/2017	$ 263,983	$ 263,983	$ –	$ 1,629,522	16.20%
12/31/2018	$ 268,898	$ 268,898	$ –	$ 1,660,140	16.20%
12/31/2019	$ 289,482	$ 289,482	$ –	$ 1,707,735	16.95%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF NORTH ST. PAUL

Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2019

City financial statement year ended December 31,	2018	2019
Measurement period – December 31,	2017	2018
Total OPEB liability		
Service cost	$ 19,631	$ 22,435
Interest	20,889	18,864
Changes of assumptions	16,149	(12,602)
Benefit payments	(37,784)	(37,868)
Net change in total OPEB liability	18,885	(9,171)
Total OPEB liability – beginning of year	547,523	566,408
Total OPEB liability – end of year	$ 566,408	$ 557,237
Covered payroll	$ 4,088,418	$ 4,215,283
Total OPEB liability as a percentage of covered payroll	13.9%	13.2%

Note: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

NORTH ST. PAUL FIRE DEPARTMENT RELIEF ASSOCIATION

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate decreased from 6.75 percent to 6.50 percent.
- The inflation rate decreased from 2.75 percent to 2.50 percent.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.50 percent to 6.75 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.25 percent to 6.50 percent.

2017 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $5,000 per year of service to $5,200 per year of service.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate increased from 6.00 percent to 6.25 percent.

2016 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $4,300 per year of service to $5,000 per year of service.

2015 CHANGES IN PLAN PROVISIONS

- The lump sum pension increased from $4,000 per year of service to $4,300 per year of service.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.

- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Contribution stabilizer provisions were repealed.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.

- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The state's contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent per year for all years.

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2016 to MP-2017.

2018 CHANGES IN PLAN PROVISIONS

- Post-retirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100.00 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- Assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30.00 percent for vested and nonvested deferred members. The CSA has been changed to 33.00 percent for vested members, and 2.00 percent for nonvested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.

- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years, to 1.00 percent per year through 2064, and 2.50 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND (CONTINUED)

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037, and 2.50 percent per year thereafter, to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2037, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.31 percent to 3.71 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.31 percent.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

The statements that follow are to provide further detail and support additional analysis for the City's nonmajor special revenue, debt service, and capital projects funds.

CITY OF NORTH ST. PAUL

Nonmajor Governmental Funds
Combining Balance Sheet
as of December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	$ 928,778	$ 3,399,931	$ 5,018,296	$ 9,347,005
Receivables				
Interest	2,752	10,135	14,948	27,835
Accounts	896	–	46,050	46,946
Loan	131,216	–	–	131,216
Taxes	141,899	4,070	–	145,969
Special assessments	–	1,073,100	30,662	1,103,762
Assets held for resale	1,504,808	–	700,653	2,205,461
Total assets	$ 2,710,349	$ 4,487,236	$ 5,810,609	$ 13,008,194
Liabilities				
Accounts and contracts payable	$ 207,247	$ 1,675	$ 264,826	$ 473,748
Accrued salaries and employee benefits payable	706	–	–	706
Due to other funds	–	–	771,824	771,824
Due to other governments	979	–	2,590	3,569
Unearned revenue	–	–	5,500	5,500
Advance from other funds	384,719	–	–	384,719
Total liabilities	593,651	1,675	1,044,740	1,640,066
Deferred inflows of resources				
Unavailable revenue – loan receivable	131,216	–	–	131,216
Unavailable revenue – property taxes	3,099	788	–	3,887
Unavailable revenue – special assessments	–	1,048,825	30,484	1,079,309
Total deferred inflows of resources	134,315	1,049,613	30,484	1,214,412
Fund balances (deficits)				
Restricted	2,167,950	3,435,948	–	5,603,898
Committed	35,057	–	4,182,860	4,217,917
Assigned	–	–	1,037,602	1,037,602
Unassigned	(220,624)	–	(485,077)	(705,701)
Total fund balances	1,982,383	3,435,948	4,735,385	10,153,716
Total liabilities, deferred inflows of resources, and fund balances	$ 2,710,349	$ 4,487,236	$ 5,810,609	$ 13,008,194

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total
Revenue				
Taxes	$ 502,555	$ 1,707,939	$ 22,500	$ 2,232,994
Special assessments	–	201,683	9,844	211,527
Intergovernmental	–	–	680,846	680,846
Investment earnings	27,206	70,407	153,881	251,494
Other	52,301	–	213,743	266,044
Total revenue	582,062	1,980,029	1,080,814	3,642,905
Expenditures				
Current				
Public safety	26	–	–	26
Economic development	971,943	–	–	971,943
Capital outlay	–	–	956,504	956,504
Debt service				
Principal	–	1,348,553	–	1,348,553
Interest and fiscal charges	3,756	452,258	–	456,014
Total expenditures	975,725	1,800,811	956,504	3,733,040
Excess (deficiency) of revenues over expenditures	(393,663)	179,218	124,310	(90,135)
Other financing sources (uses)				
Contract for deed issued	871,500	–	–	871,500
Payment on refunded debt	–	(2,410,000)	–	(2,410,000)
Transfers in	–	80,000	50,000	130,000
Transfers out	(20,000)	–	(80,000)	(100,000)
Total other financing sources (uses)	851,500	(2,330,000)	(30,000)	(1,508,500)
Net change in fund balances	457,837	(2,150,782)	94,310	(1,598,635)
Fund balances				
Beginning of year	1,524,546	5,586,730	4,641,075	11,752,351
End of year	$ 1,982,383	$ 3,435,948	$ 4,735,385	$ 10,153,716

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NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for the proceeds of certain specific revenue sources that are restricted or committed to expenditures for specified purposes.

Nonmajor special revenue funds presently established are as follows:

- **Housing Redevelopment Authority Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **Police Forfeiture Fund** – Administers the resources received through court ordered forfeitures.
- **Silver Lake Beach Fund** – Administers the resources received and expended separately for Silver Lake Beach.
- **Reflex Medical Tax Increment Fund –** Administers the resources for the development of this tax increment district.
- **Charles Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Helen Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **7th and Margaret Street Tax Increment Fund –** Administers the resources for the development of this tax increment district.
- **Margaret Street Tax Increment Fund** – Administers the resources for the development of this tax increment district.
- **Anchor Block North – Housing Tax Increment Fund** – Administers the resources for the development of this tax increment district.

Nonmajor Special Revenue Funds
Combining Balance Sheet
as of December 31, 2019

	Housing Redevelopment Authority	Police Forfeiture	Silver Lake Beach	Reflex Medical Tax Increment
Assets				
Cash and investments	$ 473,022	$ 110,274	$ 34,953	$ 5,744
Receivables				
Interest	1,410	329	104	–
Accounts	896	–	–	–
Loan	131,216	–	–	–
Taxes	6,156	–	–	–
Assets held for resale	633,308	–	–	–
Total assets	$ 1,246,008	$ 110,603	$ 35,057	$ 5,744
Liabilities				
Accounts and contracts payable	$ 17,250	$ –	$ –	$ –
Accrued salaries and employee benefits payable	706	–	–	–
Due to other governments	541	–	–	–
Advance from other funds	–	–	–	–
Total liabilities	18,497	–	–	–
Deferred inflows of resources				
Unavailable revenue – loan receivable	131,216	–	–	–
Unavailable revenue – property taxes	3,099	–	–	–
Total deferred inflows of resources	134,315	–	–	–
Fund balances (deficits)				
Restricted for Housing Redevelopment Authority	1,093,196	–	–	–
Restricted for tax increment	–	–	–	5,744
Restricted for police forfeiture	–	110,603	–	–
Committed for Silver Lake Beach	–	–	35,057	–
Unassigned	–	–	–	–
Total fund balances (deficits)	1,093,196	110,603	35,057	5,744
Total liabilities, deferred inflows of resources, and fund balances	$ 1,246,008	$ 110,603	$ 35,057	$ 5,744

Charles Street Tax Increment	Helen Street Tax Increment	7th and Margaret Street Tax Increment	Margaret Street Tax Increment	Anchor Block North – Housing Tax Increment	Total
$ 208,826	$ 95,959	$ –	$ –	$ –	$ 928,778
622	287	–	–	–	2,752
–	–	–	–	–	896
–	–	–	–	–	131,216
2,793	132,950	–	–	–	141,899
–	–	–	–	871,500	1,504,808
$ 212,241	$ 229,196	$ –	$ –	$ 871,500	$ 2,710,349
$ 26,999	$ –	$ 106,105	$ –	$ 56,893	$ 207,247
–	–	–	–	–	706
–	–	438	–	–	979
–	–	87,953	26,128	270,638	384,719
26,999	–	194,496	26,128	327,531	593,651
–	–	–	–	–	131,216
–	–	–	–	–	3,099
–	–	–	–	–	134,315
–	–	–	–	–	1,093,196
185,242	229,196	–	–	543,969	964,151
–	–	–	–	–	110,603
–	–	–	–	–	35,057
–	–	(194,496)	(26,128)	–	(220,624)
185,242	229,196	(194,496)	(26,128)	543,969	1,982,383
$ 212,241	$ 229,196	$ –	$ –	$ 871,500	$ 2,710,349

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	Housing Redevelopment Authority	Police Forfeiture	Silver Lake Beach	Reflex Medical Tax Increment
Revenues				
Taxes	$ 155,866	$ –	$ –	$ 44,536
Investment earnings	11,117	3,414	955	–
Other	36,280	7,350	8,671	–
Total revenues	203,263	10,764	9,626	44,536
Expenditures				
Current				
Public safety	–	26	–	–
Economic development	152,349	–	–	37,894
Debt service				
Interest and fiscal charges	–	–	–	–
Total expenditures	152,349	26	–	37,894
Excess (deficiency) of revenues over expenditures	50,914	10,738	9,626	6,642
Other financing sources (uses)				
Contract for deed issued	–	–	–	–
Transfers out	(20,000)	–	–	–
Total other financing sources (uses)	(20,000)	–	–	–
Net change in fund balances	30,914	10,738	9,626	6,642
Fund balances (deficits)				
Beginning of year	1,062,282	99,865	25,431	(898)
End of year	$ 1,093,196	$ 110,603	$ 35,057	$ 5,744

Charles Street Tax Increment		Helen Street Tax Increment		7th and Margaret Street Tax Increment		Margaret Street Tax Increment		Anchor Block North – Housing Tax Increment		Total
$	113,160	$	188,993	$	–	$	–	$	–	$	502,555
	3,249		8,471		–		–		–		27,206
	–		–		–		–		–		52,301
	116,409		197,464		–		–		–		582,062
	–		–		–		–		–		26
	27,817		209,484		193,516		25,990		324,893		971,943
	–		–		980		138		2,638		3,756
	27,817		209,484		194,496		26,128		327,531		975,725
	88,592		(12,020)		(194,496)		(26,128)		(327,531)		(393,663)
	–		–		–		–		871,500		871,500
	–		–		–		–		–		(20,000)
	–		–		–		–		871,500		851,500
	88,592		(12,020)		(194,496)		(26,128)		543,969		457,837
	96,650		241,216		–		–		–		1,524,546
$	185,242	$	229,196	$	(194,496)	$	(26,128)	$	543,969	$	1,982,383

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NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources for and the payment of principal, interest, and related costs on long-term general obligation debt of governmental funds. The individual nonmajor debt service funds are presented to distinguish between the various bond issues.

CITY OF NORTH ST. PAUL

Nonmajor Debt Service Funds
Combining Balance Sheet
as of December 31, 2019

	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A
Assets				
Cash and investments	$ 119,361	$ 857,017	$ 374,456	$ 158,548
Receivables				
Interest	356	2,555	1,117	472
Taxes	–	–	–	4,070
Special assessments	–	–	238,901	–
Total assets	$ 119,717	$ 859,572	$ 614,474	$ 163,090
Liabilities				
Accounts and contracts payable	$ 373	$ 374	$ 94	$ 75
Deferred inflows of resources				
Unavailable revenue – property taxes	–	–	–	788
Unavailable revenue – special assessments	–	–	234,279	–
Total deferred inflows of resources	–	–	234,279	788
Fund balances				
Restricted for debt service	119,344	859,198	380,101	162,227
Total liabilities, deferred inflows of resources, and fund balances	$ 119,717	$ 859,572	$ 614,474	$ 163,090

Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Bonds of 2008A/ G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	Total
$ 22,051	$ 306,980	$ 114,523	$ 754,866	$ 234,794	$ 457,335	$ 3,399,931
66	915	341	2,250	700	1,363	10,135
–	–	–	–	–	–	4,070
–	338,043	–	–	207,621	288,535	1,073,100
$ 22,117	$ 645,938	$ 114,864	$ 757,116	$ 443,115	$ 747,233	$ 4,487,236
$ 75	$ 92	$ –	$ 374	$ 124	$ 94	$ 1,675
–	–	–	–	–	–	788
–	335,282	–	–	204,870	274,394	1,048,825
–	335,282	–	–	204,870	274,394	1,049,613
22,042	310,564	114,864	756,742	238,121	472,745	3,435,948
$ 22,117	$ 645,938	$ 114,864	$ 757,116	$ 443,115	$ 747,233	$ 4,487,236

Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	G.O. Tax Abatement Bonds of 2004A	G.O. Building Refunding Bonds of 2012A	G.O. Bonds of 2014A	Penn Place TIF G.O. Refunding Bonds of 2015A
Revenues				
Taxes	$ 76,881	$ 427,395	$ 163,240	$ 91,148
Special assessments	–	–	33,707	–
Investment earnings	2,324	18,691	8,364	2,113
Total revenues	79,205	446,086	205,311	93,261
Expenditures				
Debt service				
Principal retirement	70,000	375,000	175,000	65,000
Interest and fiscal charges	8,803	30,261	42,831	18,940
Total expenditures	78,803	405,261	217,831	83,940
Excess (deficiency) of revenues over expenditures	402	40,825	(12,520)	9,321
Other financing sources (uses)				
Payment on refunded debt	–	–	–	–
Transfers in	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net change in fund balances	402	40,825	(12,520)	9,321
Fund balances				
Beginning of year	118,942	818,373	392,621	152,906
End of year	$ 119,344	$ 859,198	$ 380,101	$ 162,227

Charles Street TIF G.O. Refunding Bonds of 2015A	G.O. Bonds of 2016A	G.O. Abatement Bonds of 2016A	G.O. Capital Improvement Plan Bonds of 2008A/ G.O. Capital Improvement Plan Refunding Bonds of 2016B	G.O. Bonds of 2017A	G.O. Bonds of 2018A	Total
$ –	$ 157,244	$ –	$ 487,762	$ 60,944	$ 243,325	$ 1,707,939
–	52,669	–	–	42,637	72,670	201,683
582	4,608	3,139	16,155	4,314	10,117	70,407
582	214,521	3,139	503,917	107,895	326,112	1,980,029
35,000	165,000	50,000	340,000	73,553	–	1,348,553
14,687	48,576	25,198	114,517	29,403	119,042	452,258
49,687	213,576	75,198	454,517	102,956	119,042	1,800,811
(49,105)	945	(72,059)	49,400	4,939	207,070	179,218
–	–	–	(2,410,000)	–	–	(2,410,000)
–	–	80,000	–	–	–	80,000
–	–	80,000	(2,410,000)	–	–	(2,330,000)
(49,105)	945	7,941	(2,360,600)	4,939	207,070	(2,150,782)
71,147	309,619	106,923	3,117,342	233,182	265,675	5,586,730
$ 22,042	$ 310,564	$ 114,864	$ 756,742	$ 238,121	$ 472,745	$ 3,435,948

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NONMAJOR CAPITAL PROJECTS FUNDS

Nonmajor capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Nonmajor capital projects funds presently established are as follows:

- **Park Fund** – Administers the resources for the improvement of the parks.
- **Park Dedication Fund** – Administers the resources for park dedication fees collected.
- **Housing Improvement Fund** – Administers the resources for the rehabilitation of various blighted properties within the City.
- **Permanent Improvement Revolving Fund** – Administers the resources for city street projects that do not involve bonded financing.
- **Asset Preservation Fund** – Administers resources for one-time projects and/or capital expenditures that reinvest in the community.
- **Street Maintenance Fund** – Administers local government aid resources to be used for street maintenance projects associated with street upgrades and preservation.
- **Casey Lake Project Fund** – Administers the resources for the Casey Lake Project.
- **2020 Street and Utility Fund** – Administers the resources for the 2020 street and utility improvement project.

CITY OF NORTH ST. PAUL

Nonmajor Capital Projects Funds
Combining Balance Sheet
as of December 31, 2019

	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Assets				
Cash and investments	$ 289,740	$ 75,685	$ –	$ 498,837
Receivables				
Interest	864	226	–	1,475
Accounts	50	–	–	–
Special assessments	–	–	–	30,662
Assets held for resale	–	–	700,653	–
Total assets	$ 290,654	$ 75,911	$ 700,653	$ 530,974
Liabilities				
Accounts and contracts payable	$ 1,055	$ –	$ –	$ –
Due to other funds	–	–	523,337	–
Due to other governments	–	–	214	–
Unearned revenue	5,500	–	–	–
Total liabilities	6,555	–	523,551	–
Deferred inflows of resources				
Unavailable revenue – special assessments	–	–	–	30,484
Fund balances				
Committed for asset preservation	–	–	–	–
Committed for street maintenance	–	–	–	–
Assigned for housing improvements	–	–	177,102	–
Assigned for permanent improvement revolving	–	–	–	500,490
Assigned for park improvements	284,099	75,911	–	–
Unassigned	–	–	–	–
Total fund balances	284,099	75,911	177,102	500,490
Total liabilities, deferred inflows of resources, and fund balances	$ 290,654	$ 75,911	$ 700,653	$ 530,974

Asset Preservation	Street Maintenance	Casey Lake Project	2020 Street and Utility	Total
$ 1,918,055	$ 2,235,979	$ –	$ –	$ 5,018,296
5,718	6,665	–	–	14,948
–	46,000	–	–	46,050
–	–	–	–	30,662
–	–	–	–	700,653
$ 1,923,773	$ 2,288,644	$ –	$ –	$ 5,810,609
$ 23,671	$ 5,886	$ –	$ 234,214	$ 264,826
–	–	–	248,487	771,824
–	–	–	2,376	2,590
–	–	–	–	5,500
23,671	5,886	–	485,077	1,044,740
–	–	–	–	30,484
1,900,102	–	–	–	1,900,102
–	2,282,758	–	–	2,282,758
–	–	–	–	177,102
–	–	–	–	500,490
–	–	–	–	360,010
–	–	–	(485,077)	(485,077)
1,900,102	2,282,758	–	(485,077)	4,735,385
$ 1,923,773	$ 2,288,644	$ –	$ –	$ 5,810,609

Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year Ended December 31, 2019

	Park	Park Dedication	Housing Improvement	Permanent Improvement Revolving
Revenues				
Taxes	$ –	$ –	$ –	$ –
Special assessment	–	–	–	9,844
Intergovernmental	100,000	–	–	–
Investment earnings (charges)	8,142	2,284	–	15,718
Other				
Donations	6,322	–	–	–
Miscellaneous	37,635	50,400	–	–
Total revenues	152,099	52,684	–	25,562
Expenditures				
Capital outlay	65,206	–	1,853	–
Excess (deficiency) of revenues over expenditures	86,893	52,684	(1,853)	25,562
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers out	(65,000)	–	–	–
Total other financing sources (uses)	(65,000)	–	–	–
Net change in fund balances	21,893	52,684	(1,853)	25,562
Fund balances (deficits)				
Beginning of year	262,206	23,227	178,955	474,928
End of year	$ 284,099	$ 75,911	$ 177,102	$ 500,490

Asset Preservation	Street Maintenance	Casey Lake Project	2020 Street and Utility	Total
$ –	$ –	$ 22,500	$ –	$ 22,500
–	–	–	–	9,844
226,000	354,846	–	–	680,846
59,599	68,347	(209)	–	153,881
–	–	–	–	6,322
93,952	–	25,434	–	207,421
379,551	423,193	47,725	–	1,080,814
269,631	134,737	–	485,077	956,504
109,920	288,456	47,725	(485,077)	124,310
–	50,000	–	–	50,000
(15,000)	–	–	–	(80,000)
(15,000)	50,000	–	–	(30,000)
94,920	338,456	47,725	(485,077)	94,310
1,805,182	1,944,302	(47,725)	–	4,641,075
$ 1,900,102	$ 2,282,758	$ –	$ (485,077)	$ 4,735,385

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GENERAL FUND

The General Fund accounts for revenue and expenditures used to carryout basic governmental activities of the City such as general government, public safety, public works, and parks and recreation. Revenues are recorded by source (i.e., taxes, licenses and permits, fines and forfeits, service charges, etc.). General Fund expenditures are primarily for current day-to-day operations and operating equipment, and are recorded by major functional classifications and by operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

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CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Property taxes				
Current	$ 3,613,158	$ 3,567,970	$ (45,188)	$ 3,304,682
Delinquent	–	21,601	21,601	26,221
Electric franchise	363,256	227,068	(136,188)	244,007
Gas franchise	90,000	100,065	10,065	102,973
Cable franchise	70,000	94,280	24,280	84,489
Total taxes	4,136,414	4,010,984	(125,430)	3,762,372
Special assessments	–	4,483	4,483	1,396
Licenses and permits				
Liquor and beer licenses	42,000	42,825	825	44,558
Cigarette licenses	2,500	2,400	(100)	1,200
Contractor licenses	11,000	14,450	3,450	13,200
Garbage haulers licenses	3,000	4,400	1,400	3,300
Miscellaneous licenses	10,000	29,685	19,685	17,876
Building permits	120,000	380,872	260,872	171,721
Electrical inspections	13,000	25,004	12,004	16,803
Heating and air conditioning permits	22,000	67,283	45,283	28,739
Plumbing permits	9,000	28,868	19,868	9,681
Animal licenses	3,000	1,378	(1,622)	5,722
Rental inspection	40,000	26,104	(13,896)	34,620
Miscellaneous permits	500	7,990	7,490	8,028
Total licenses and permits	276,000	631,259	355,259	355,448
Intergovernmental				
Local Government Aid	1,290,351	1,251,294	(39,057)	1,290,351
State aid police	127,500	139,683	12,183	139,202
State aid fire	60,000	62,515	2,515	64,764
PERA aid	12,251	12,251	–	12,251
Liaison officer	65,000	73,080	8,080	68,500
Other grants	15,000	131,771	116,771	89,778
Total intergovernmental	1,570,102	1,670,594	100,492	1,664,846

(continued)

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Administration charges	18,000	21,828	3,828	14,996
Searches	4,000	5,520	1,520	5,100
Snow removal	11,000	18,380	7,380	15,422
Recreation	16,734	19,510	2,776	21,293
Community center				
Rentals	84,410	150,000	65,590	100,000
Total charges for services	134,144	215,238	81,094	156,811
Fines and forfeits	33,600	33,274	(326)	38,536
Investment earnings	9,000	61,775	52,775	17,565
Other				
Antenna income	228,822	268,822	40,000	217,687
Donations	–	200	200	8,785
Sales of property	–	295	295	762
Miscellaneous	10,000	49,265	39,265	53,633
Total other	238,822	318,582	79,760	280,867
Total revenues	6,398,082	6,946,189	548,107	6,277,841
Expenditures				
Current				
General government				
City Council				
Personal services	32,928	32,079	(849)	32,418
Materials and supplies	100	268	168	109
Contractual services	86,562	89,720	3,158	85,091
Capital outlay	–	–	–	6,110
Other	–	1,410	1,410	70
Total City Council	119,590	123,477	3,887	123,798
Administration				
Personal services	392,256	338,608	(53,648)	358,526
Materials and supplies	2,000	1,317	(683)	621
Contractual services	172,452	162,331	(10,121)	138,563
Capital outlay	–	–	–	1,222
Total administration	566,708	502,256	(64,452)	498,932

(continued)

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	327,235	302,338	(24,897)	304,397
Materials and supplies	1,800	1,070	(730)	1,432
Contractual services	45,942	40,437	(5,505)	27,463
Total finance	374,977	343,845	(31,132)	333,292
Elections				
Personal services	22,963	517	(22,446)	1,767
Contractual services	25,125	26,567	1,442	25,883
Total elections	48,088	27,084	(21,004)	27,650
Community events				
Materials and supplies	–	–	–	425
Contractual services	–	25,235	25,235	24,500
Total community events	–	25,235	25,235	24,925
Community services				
Personal services	115,878	147,639	31,761	169,436
Materials and supplies	2,500	3,981	1,481	4,363
Contractual services	100,249	152,079	51,830	160,248
Capital outlay	–	–	–	398
Other	–	50	50	–
Total community services	218,627	303,749	85,122	334,445
Total general government	1,327,990	1,325,646	(2,344)	1,343,042
Public safety				
Police protection				
Personal services	2,295,156	2,235,535	(59,621)	2,183,961
Materials and supplies	100,533	54,550	(45,983)	71,968
Contractual services	549,807	557,446	7,639	464,096
Capital outlay	9,000	6,952	(2,048)	4,921
Total police protection	2,954,496	2,854,483	(100,013)	2,724,946

(continued)

CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Public safety (continued)				
Fire				
Personal services	574,924	601,802	26,878	656,148
Materials and supplies	50,396	92,877	42,481	34,997
Contractual services	355,481	371,557	16,076	325,587
Capital outlay	–	5,881	5,881	31,885
Total fire	980,801	1,072,117	91,316	1,048,617
Inspections				
Personal services	–	–	–	92,848
Materials and supplies	–	362	362	146
Contractual services	181,673	402,242	220,569	73,242
Total inspections	181,673	402,604	220,931	166,236
Total public safety	4,116,970	4,329,204	212,234	3,939,799
Public works				
Street maintenance				
Personal services	389,381	381,755	(7,626)	362,861
Materials and supplies	145,595	134,912	(10,683)	129,463
Contractual services	364,235	366,108	1,873	356,209
Capital outlay	–	10,831	10,831	–
Total street maintenance	899,211	893,606	(5,605)	848,533
Urban forestry				
Personal services	80,812	110,406	29,594	110,618
Materials and supplies	10,250	6,348	(3,902)	10,673
Contractual services	54,906	77,139	22,233	39,666
Capital outlay	41,000	6,000	(35,000)	11,955
Total urban forestry	186,968	199,893	12,925	172,912
Total public works	1,086,179	1,093,499	7,320	1,021,445

(continued)

CITY OF NORTH ST. PAUL

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual (continued)
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Parks maintenance				
Personal services	161,420	141,622	(19,798)	165,363
Materials and supplies	63,950	55,131	(8,819)	55,507
Contractual services	121,890	114,590	(7,300)	174,012
Capital outlay	25,000	59,714	34,714	59,750
Total parks maintenance	372,260	371,057	(1,203)	454,632
Recreation				
Personal services	127,919	115,128	(12,791)	51,865
Materials and supplies	14,322	8,819	(5,503)	3,056
Contractual services	42,686	14,202	(28,484)	13,419
Total recreation	184,927	138,149	(46,778)	68,340
Total parks and recreation	557,187	509,206	(47,981)	522,972
Other				
Insurance	–	–	–	18,006
Total expenditures	7,088,326	7,257,555	169,229	6,845,264
Excess (deficiency) of revenues over expenditures	(690,244)	(311,366)	378,878	(567,423)
Other financing sources (uses)				
Transfers in	756,744	882,932	126,188	861,130
Transfers out	(66,500)	(50,000)	16,500	(218,618)
Total other financing sources (uses)	690,244	832,932	142,688	642,512
Net change in fund balances	–	521,566	521,566	75,089
Fund balance				
Beginning of year	1,834,011	1,834,011	–	1,758,922
End of year	$ 1,834,011	$ 2,355,577	$ 521,566	$ 1,834,011

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HOUSING REDEVELOPMENT AUTHORITY FUND

The Housing Redevelopment Authority Fund administers the resources for the rehabilitation of various blighted properties within the City.

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CITY OF NORTH ST. PAUL

Housing Redevelopment Authority
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Final Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	$ 159,419	$ 155,866	$ (3,553)	$ 149,556
Investment earnings	6,000	11,117	5,117	1,866
Other	299,900	36,280	(263,620)	84,874
Total revenues	465,319	203,263	(262,056)	236,296
Expenditures				
Current				
Economic development	445,319	152,349	(292,970)	194,590
Excess of revenues over expenditures	20,000	50,914	30,914	41,706
Other financing sources (uses)				
Transfers out	(20,000)	(20,000)	–	(76,600)
Net change in fund balances	–	30,914	30,914	(34,894)
Fund balance				
Beginning of year	1,062,282	1,062,282	–	1,097,176
End of year	$ 1,062,282	$ 1,093,196	$ 30,914	$ 1,062,282

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INTERNAL SERVICE FUNDS

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City utilizes an Equipment Internal Service Fund, a City Mechanic Internal Service Fund, a Benefits and Insurance Internal Service Fund, and a Building Maintenance Internal Service Fund in managing city operations.

CITY OF NORTH ST. PAUL

Internal Service Funds
Combining Statement of Net Position
as of December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Assets					
Current assets					
Cash and investments	$ 2,867,079	$ –	$ 19,839	$ –	$ 2,886,918
Receivables					
Interest	8,547	–	–	–	8,547
Prepaid items	–	–	32,290	6,117	38,407
Total current assets	2,875,626	–	52,129	6,117	2,933,872
Noncurrent assets					
Capital assets					
Furniture and equipment	3,148,726	–	–	–	3,148,726
Less accumulated depreciation	(1,891,534)	–	–	–	(1,891,534)
Total capital assets	1,257,192	–	–	–	1,257,192
Total assets	$ 4,132,818	$ –	$ 52,129	$ 6,117	$ 4,191,064
Current liabilities					
Accounts and contracts payable	$ –	$ 8,215	$ 264	$ 22,542	$ 31,021
Accrued salaries and employee benefits payable	–	3,531	4,287	–	7,818
Due to other funds	–	178,264	–	199,255	377,519
Due to other governments	–	–	–	57	57
Total current liabilities	–	190,010	4,551	221,854	416,415
Net position					
Investment in capital assets	1,257,192	–	–	–	1,257,192
Unrestricted	2,875,626	(190,010)	47,578	(215,737)	2,517,457
Total net position	4,132,818	(190,010)	47,578	(215,737)	3,774,649
Total liabilities and net position	$ 4,132,818	$ –	$ 52,129	$ 6,117	$ 4,191,064

CITY OF NORTH ST. PAUL

Internal Service Funds
Combining Statement of Revenues,
Expenses, and Changes in Net Position
Year Ended December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Operating revenues					
Charges for services	$ 609,551	$ 272,838	$ 1,145	$ 429,673	$ 1,313,207
Operating expenses					
Personal services	–	98,299	–	4,864	103,163
Professional services	–	179,140	–	308,681	487,821
Materials and supplies	5,726	1,232	–	73,935	80,893
Insurance	–	–	3,221	–	3,221
Total operating expenses	5,726	278,671	3,221	387,480	675,098
Operating income (loss) before depreciation	603,825	(5,833)	(2,076)	42,193	638,109
Depreciation	171,090	–	–	–	171,090
Operating income (loss)	432,735	(5,833)	(2,076)	42,193	467,019
Nonoperating revenues					
Investment earnings (charges)	88,805	–	(443)	(3,714)	84,648
Gain on disposal of capital assets	40,158	–	–	–	40,158
Total nonoperating revenues	128,963	–	(443)	(3,714)	124,806
Change in net position	561,698	(5,833)	(2,519)	38,479	591,825
Net position					
Beginning of year	3,571,120	(184,177)	50,097	(254,216)	3,182,824
End of year	$ 4,132,818	$ (190,010)	$ 47,578	$ (215,737)	$ 3,774,649

CITY OF NORTH ST. PAUL

Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2019

	Equipment	City Mechanic	Benefits and Insurance	Building Maintenance	Total
Cash flows from operating activities					
Cash receipts on interfund services provided	$ 609,551	$ 272,838	$ 5,432	$ 429,673	$ 1,317,494
Cash paid to suppliers	(5,726)	(177,329)	(39,706)	(516,005)	(738,766)
Cash payments to employees for services	–	(97,975)	–	(10,454)	(108,429)
Net cash flows from operating activities	603,825	(2,466)	(34,274)	(96,786)	470,299
Cash flows from noncapital-related financing activities					
Cash received from other funds	–	2,466	–	100,500	102,966
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(594,783)	–	–	–	(594,783)
Proceeds from the disposal of capital assets	61,952	–	–	–	61,952
Net cash flows from capital and related financing activities	(532,831)	–	–	–	(532,831)
Cash flows from investing activities					
Interest received (paid) on investments	86,920	–	(308)	(3,714)	82,898
Net change in cash and cash equivalents	157,914	–	(34,582)	–	123,332
Cash and cash equivalents					
Beginning of year	2,709,165	–	54,421	–	2,763,586
End of year	$ 2,867,079	$ –	$ 19,839	$ –	$ 2,886,918
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	$ 432,735	$ (5,833)	$ (2,076)	$ 42,193	$ 467,019
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Depreciation	171,090	–	–	–	171,090
Change in assets and liabilities					
Prepaid items	–	–	(32,290)	(1,317)	(33,607)
Accounts and contracts payable	–	3,043	(4,195)	(94,604)	(95,756)
Accrued salaries and employee benefits	–	324	4,287	(5,590)	(979)
Due to other governments	–	–	–	(37,468)	(37,468)
Total adjustments	171,090	3,367	(32,198)	(138,979)	3,280
Net cash flows from operating activities	$ 603,825	$ (2,466)	$ (34,274)	$ (96,786)	$ 470,299

DISCRETELY PRESENTED COMPONENT UNIT – EDA

The following financial statements present the fund-based financial information for the North St. Paul Economic Development Authority (EDA). The EDA utilizes one General Fund to administer the resources for the EDA within the City.

Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
as of December 31, 2019

Assets		
Cash and investments	$	197,965
Receivables		
Interest		590
Assets held for resale		49,248
Total assets	$	247,803
Liabilities		
Accounts and contracts payable	$	448
Accrued salaries and employee benefits payable		1,166
Total liabilities		1,614
Fund balances		
Restricted for Economic Development Authority		246,189
Total liabilities and fund balances	$	247,803

CITY OF NORTH ST. PAUL

Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2019

	Final Budget	Actual	Over (Under) Budget
Revenues			
Taxes	$ 156,231	$ 156,231	$ –
Investment earnings	–	3,640	3,640
Miscellaneous	–	22	22
Total revenues	156,231	159,893	3,662
Expenditures			
Current			
Economic development	83,623	48,435	(35,188)
Net change in fund balances	72,608	111,458	38,850
Fund balances			
Beginning of year	134,731	134,731	–
End of year	$ 207,339	$ 246,189	$ 38,850

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STATISTICAL SECTION

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STATISTICAL SECTION

(UNAUDITED)

This part of the City's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

The contents of the statistical section include:

Financial Trends – These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective.

Revenue Capacity – These schedules contain information to assist the reader in assessing the City's most significant local revenue source—property taxes.

Debt Capacity – These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer economic and demographic indicators that are commonly used for financial analysis and that can assist the reader in understanding the City's present and ongoing financial status.

Operating Information – These tables contain service and infrastructure indicators that can assist the reader in understanding how the information in the City's CAFR relates to the services the City provides and the activities it performs.

Source – Unless otherwise noted, the information in these tables is derived from the CAFR for the relevant year.

CITY OF NORTH ST. PAUL

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 19,902,525	$ 19,858,975	$ 19,540,662	$ 19,051,478
Restricted	1,323,286	2,048,297	2,123,059	2,685,809
Unrestricted	1,780,263	1,984,776	1,758,884	2,211,236
Total governmental activities net position	$ 23,006,074	$ 23,892,048	$ 23,422,605	$ 23,948,523
Business-type activities				
Net investment in capital assets	$ 7,017,330	$ 6,511,318	$ 7,203,491	$ 7,158,035
Unrestricted	2,253,411	2,425,788	2,904,372	4,250,023
Total business-type activities net position	$ 9,270,741	$ 8,937,106	$ 10,107,863	$ 11,408,058
Primary government				
Net investment in capital assets	$ 26,919,855	$ 26,370,293	$ 26,744,153	$ 26,209,513
Restricted	1,323,286	2,048,297	2,123,059	2,685,809
Unrestricted	4,033,674	4,410,564	4,663,256	6,461,259
Total primary government net position	$ 32,276,815	$ 32,829,154	$ 33,530,468	$ 35,356,581

Note 1: The City implemented GASB Statement No. 68 in fiscal 2015. The City reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position. Prior year information has not been restated.

Note 2: The City implemented GASB Statement No. 75 in fiscal 2018. The City reported a change in accounting principle as a result of implementing this standard that decreased net position by $418,070. Prior year information has not been restated.

2014	2015	2016	2017	2018	2019
$ 18,499,040	$ 18,732,114	$ 18,613,487	$ 19,304,556	$ 18,936,454	$ 20,896,337
3,083,209	3,734,922	4,343,924	5,086,728	5,905,069	6,313,242
3,473,659	1,113,925	1,535,730	1,906,846	3,798,923	1,913,208
$ 25,055,908	$ 23,580,961	$ 24,493,141	$ 26,298,130	$ 28,640,446	$ 29,122,787
$ 5,050,697	$ 5,230,857	$ 5,361,800	$ 5,125,174	$ 5,118,537	$ 5,230,430
4,560,899	3,946,517	4,870,810	7,364,722	9,430,795	12,047,528
$ 9,611,596	$ 9,177,374	$ 10,232,610	$ 12,489,896	$ 14,549,332	$ 17,277,958
$ 23,549,737	$ 23,962,971	$ 23,975,287	$ 24,429,730	$ 24,054,991	$ 26,126,767
3,083,209	3,734,922	4,343,924	5,086,728	5,905,069	6,313,242
8,034,558	5,060,442	6,406,540	9,271,568	13,229,718	13,960,736
$ 34,667,504	$ 32,758,335	$ 34,725,751	$ 38,788,026	$ 43,189,778	$ 46,400,745

CITY OF NORTH ST. PAUL

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	$ 872,406	$ 889,925	$ 936,804	$ 1,264,749
Public safety	3,140,467	3,123,608	3,159,955	3,434,875
Public works	1,311,529	1,839,882	2,325,063	1,933,101
Parks and recreation	765,969	629,378	632,045	520,989
Economic development	199,905	1,090,876	265,550	169,026
Interest and fiscal charges	543,946	486,550	567,513	342,214
Total governmental activities expenses	6,834,222	8,060,219	7,886,930	7,664,954
Business-type activities				
Electric	7,944,059	8,026,117	8,001,969	7,720,874
Water	1,105,838	1,181,656	1,035,281	1,253,111
Surface water	226,884	257,538	491,557	483,987
Waste water	1,472,506	1,314,816	1,386,220	1,282,431
Fiber optic	234,136	271,090	217,054	173,268
Solid waste	845,021	871,207	911,130	949,179
Total business-type activities expenses	11,828,444	11,922,424	12,043,211	11,862,850
Total primary government expenses	$18,662,666	$19,982,643	$19,930,141	$19,527,804
Program revenues				
Governmental activities				
Charges for services				
General government	$ 237,152	$ 233,619	$ 255,715	$ 362,839
Public safety	168,399	198,676	171,251	149,689
Public works	204,326	145,128	118,711	147,646
Parks and recreation	205,114	125,702	87,787	274,041
Operating grants and contributions	598,893	672,154	318,614	733,851
Capital grants and contributions	207,138	199,193	170,821	57,958
Total governmental activities program revenues	1,621,022	1,574,472	1,122,899	1,726,024
Business-type activities				
Charges for services				
Electric	8,427,393	8,727,126	8,764,946	8,875,437
Water	1,015,249	1,071,303	1,384,986	1,408,464
Surface water	568,024	579,930	576,499	575,374
Waste water	1,325,014	1,372,504	1,493,831	1,555,043
Fiber optic	74,238	120,715	117,651	118,059
Solid waste	979,508	962,084	984,013	1,056,099
Operating grants and contributions	–	68,032	66,950	84,609
Total business-type activities program revenues	12,389,426	12,901,694	13,388,876	13,673,085
Total primary government program revenues	$14,010,448	$14,476,166	$14,511,775	$15,399,109

2014	2015	2016	2017	2018	2019
$ 1,048,772	$ 2,548,971	$ 2,635,566	$ 2,500,256	$ 1,852,924	$ 1,559,014
3,143,696	2,706,191	4,237,119	3,802,714	4,006,547	4,087,960
2,466,394	1,655,722	1,576,435	1,512,014	1,790,048	2,104,125
385,973	457,126	544,721	439,167	636,499	586,040
394,293	109,130	184,357	472,262	508,783	3,028,759
346,375	356,642	412,714	409,252	415,264	383,719
7,785,503	7,833,782	9,590,912	9,135,665	9,210,065	11,749,617
8,723,726	8,447,378	8,443,299	8,329,029	8,960,653	8,098,292
1,139,639	1,168,913	1,110,248	752,207	938,780	1,105,399
394,302	401,214	428,295	538,861	642,322	480,131
1,260,549	1,480,667	1,620,631	1,484,530	1,744,588	1,817,051
226,918	130,473	167,886	154,236	181,099	138,423
863,961	1,186,419	835,013	987,790	991,685	1,492,205
12,609,095	12,815,064	12,605,372	12,246,653	13,459,127	13,131,501
$20,394,598	$20,648,846	$22,196,284	$21,382,318	$22,669,192	$24,881,118
$ 305,751	$ 287,497	$ 298,971	$ 371,906	$ 340,303	$ 498,603
124,973	127,217	107,199	119,264	124,392	129,933
230,044	143,158	182,465	257,790	298,035	580,660
172,060	199,228	193,670	228,307	169,999	263,985
431,658	407,347	445,180	490,623	615,246	648,171
730,920	128,637	701,665	720,308	1,292,586	588,053
1,995,406	1,293,084	1,929,150	2,188,198	2,840,561	2,709,405
9,000,195	9,090,354	9,226,380	9,534,315	10,149,233	9,284,280
1,431,055	1,601,572	1,676,387	1,787,727	1,823,416	1,853,028
581,341	613,555	669,380	727,237	820,017	881,196
1,653,655	1,832,948	2,060,406	2,105,749	2,198,476	2,325,937
104,472	108,615	145,673	148,684	141,209	218,655
1,100,932	1,128,070	1,084,284	1,099,506	1,135,528	1,106,983
109,690	80,666	178,469	48,752	61,976	341,895
13,981,340	14,455,780	15,040,979	15,451,970	16,329,855	16,011,974
$15,976,746	$15,748,864	$16,970,129	$17,640,168	$19,170,416	$18,721,379

(continued)

CITY OF NORTH ST. PAUL

Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
Net (expense) revenue				
Governmental activities	$ (5,213,200)	$ (6,485,747)	$ (6,764,031)	$ (5,938,930)
Business-type activities	560,982	979,270	1,345,665	1,810,235
Total primary government net expense	$ (4,652,218)	$ (5,506,477)	$ (5,418,366)	$ (4,128,695)
General revenues and other changes in net position				
Governmental activities				
Property taxes	$ 3,713,970	$ 3,705,019	$ 3,771,018	$ 3,706,365
Franchise taxes	393,444	400,851	411,996	435,582
Unrestricted grants and contributions	1,929,029	1,922,347	1,874,103	1,882,736
Other general revenues	104,763	14,547	207,959	29,041
Investment earnings (charges)	16,751	9,093	(19,198)	(41,785)
Transfers	4,281,718	1,319,864	152,877	453,175
Total governmental activities	10,439,675	7,371,721	6,398,755	6,465,114
Business-type activities				
Investment earnings	22,130	6,959	(22,031)	(57,131)
Transfers	(4,281,718)	(1,319,864)	(152,877)	(453,175)
Total business-type activities	(4,259,588)	(1,312,905)	(174,908)	(510,306)
Total primary government	$ 6,180,087	$ 6,058,816	$ 6,223,847	$ 5,954,808
Change in net position				
Governmental activities	$ 5,226,475	$ 885,974	$ (365,276)	$ 526,184
Business-type activities	(3,698,606)	(333,635)	1,170,757	1,299,929
Total primary government	$ 1,527,869	$ 552,339	$ 805,481	$ 1,826,113

2014	2015	2016	2017	2018	2019
$ (5,790,097)	$ (6,540,698)	$ (7,661,762)	$ (6,947,467)	$ (6,369,504)	$ (9,040,212)
1,372,245	1,640,716	2,435,607	3,205,317	2,870,728	2,880,473
$ (4,417,852)	$ (4,899,982)	$ (5,226,155)	$ (3,742,150)	$ (3,498,776)	$ (6,159,739)
$ 3,838,375	$ 3,885,640	$ 4,546,034	$ 5,111,242	$ 5,496,782	$ 5,809,709
522,358	563,829	544,367	531,178	431,469	421,413
1,900,433	1,828,503	1,919,280	1,812,458	1,838,514	1,843,392
52,840	4,606	38,802	126,853	212,024	124,510
97,640	88,086	76,459	123,925	174,935	460,597
970,000	1,205,589	1,449,000	1,046,800	841,130	862,932
7,381,646	7,576,253	8,573,942	8,752,456	8,994,854	9,522,553
83,333	96,825	68,629	98,769	164,874	597,528
(970,000)	(1,205,589)	(1,449,000)	(1,046,800)	(841,130)	(862,932)
(886,667)	(1,108,764)	(1,380,371)	(948,031)	(676,256)	(265,404)
$ 6,494,979	$ 6,467,489	$ 7,193,571	$ 7,804,425	$ 8,318,598	$ 9,257,149
$ 1,591,549	$ 1,035,555	$ 912,180	$ 1,804,989	$ 2,625,350	$ 482,341
485,578	531,952	1,055,236	2,257,286	2,194,472	2,615,069
$ 2,077,127	$ 1,567,507	$ 1,967,416	$ 4,062,275	$ 4,819,822	$ 3,097,410

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CITY OF NORTH ST. PAUL

Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Franchise Tax	Total
2010	$ 3,713,970	$ 393,444	$ 4,107,414
2011	3,705,019	400,851	4,105,870
2012	3,771,018	411,996	4,183,014
2013	3,706,365	435,582	4,141,947
2014	3,838,375	522,358	4,360,733
2015	3,885,640	563,829	4,449,469
2016	4,546,034	544,367	5,090,401
2017	5,111,242	531,178	5,642,420
2018	5,496,782	431,469	5,928,251
2019	5,809,709	421,413	6,231,122

CITY OF NORTH ST. PAUL

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Unreserved	$ 1,372,835	$ –	$ –	$ –
Nonspendable	–	–	718	12,521
Restricted	–	12,099	–	–
Assigned	–	193,718	443,914	943,890
Unassigned	–	1,323,990	1,420,191	1,278,326
Total General Fund	$ 1,372,835	$ 1,529,807	$ 1,864,823	$ 2,234,737
All other governmental funds				
Reserved	$ 1,857,568	$ –	$ –	$ –
Unreserved, reported in				
Special revenue funds	(681,756)	–	–	–
Capital projects funds	(84,244)	–	–	–
Debt service funds	1,492,573	–	–	–
Nonspendable	–	–	–	3
Restricted	–	2,167,904	6,085,749	2,805,663
Committed	–	9,714	9,672	17,068
Assigned	–	1,083,644	774,040	708,899
Unassigned, reported in				
Other governmental funds	–	(223,823)	(159,717)	(122,942)
Total all other governmental funds	$ 2,584,141	$ 3,037,439	$ 6,709,744	$ 3,408,691
Total all governmental funds				
Reserved	$ 1,857,568	$ –	$ –	$ –
Unreserved, reported in				
General Fund	1,372,835	–	–	–
Special revenue funds	(681,756)	–	–	–
Capital projects funds	(84,244)	–	–	–
Debt service funds	1,492,573	–	–	–
Nonspendable	–	–	718	12,524
Restricted	–	2,180,003	6,085,749	2,805,663
Committed	–	9,714	9,672	17,068
Assigned	–	1,277,362	1,217,954	1,652,789
Unassigned, reported in				
General Fund	–	1,323,990	1,420,191	1,278,326
Other governmental funds	–	(223,823)	(159,717)	(122,942)
Total all governmental funds	$ 3,956,976	$ 4,567,246	$ 8,574,567	$ 5,643,428

Note: The City implemented GASB Statement No. 54 in fiscal 2011. Prior year information has not been restated.

2014	2015	2016	2017	2018	2019
$ –	$ –	$ –	$ –	$ –	$ –
2,910	1,800	23,492	26,016	24,135	154,851
–	–	–	–	–	–
–	31,455	25,230	23,261	19,985	17,740
1,682,876	1,725,949	1,713,152	1,708,472	1,788,706	2,182,986
$ 1,685,786	$ 1,759,204	$ 1,761,874	$ 1,757,749	$ 1,832,826	$ 2,355,577
$ –	$ –	$ –	$ –	$ –	$ –
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
3,577,232	3,089,182	6,554,769	7,114,605	9,661,240	5,816,806
1,470,423	2,042,917	2,369,282	3,196,670	3,774,915	4,217,917
572,634	607,146	1,166,478	996,304	1,931,788	1,758,664
(126,182)	(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)
$ 5,494,107	$ 5,635,339	$ 9,977,158	$ 11,300,625	$ 15,319,320	$ 10,221,612
$ –	$ –	$ –	$ –	$ –	$ –
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
2,910	1,800	23,492	26,016	24,135	154,851
3,577,232	3,089,182	6,554,769	7,114,605	9,661,240	5,816,806
1,470,423	2,042,917	2,369,282	3,196,670	3,774,915	4,217,917
572,634	638,601	1,191,708	1,019,565	1,951,773	1,776,404
1,682,876	1,725,949	1,713,152	1,708,472	1,788,706	2,182,986
(126,182)	(103,906)	(113,371)	(6,954)	(48,623)	(1,571,775)
$ 7,179,893	$ 7,394,543	$ 11,739,032	$ 13,058,374	$ 17,152,146	$ 12,577,189

CITY OF NORTH ST. PAUL

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	$ 4,108,880	$ 4,105,870	$ 4,327,852	$ 4,204,967
Special assessments	72,831	94,037	74,796	32,978
Licenses and permits	269,470	194,472	197,529	215,313
Intergovernmental	2,596,912	2,749,174	2,300,123	2,643,668
Charges for services	215,627	148,213	117,652	298,480
Fines and forfeits	108,117	137,393	106,206	84,592
Investment earnings (charges)	12,502	6,482	(14,109)	(29,281)
Other	318,429	219,354	408,655	361,919
Total revenues	7,702,768	7,654,995	7,518,704	7,812,636
Expenditures				
Current				
General government	635,641	665,578	680,556	1,056,706
Public safety	2,786,494	2,788,505	2,819,415	3,330,340
Public works	988,204	989,558	1,085,088	1,272,887
Parks and recreation	633,739	564,772	533,239	413,634
Other	37,445	36,389	42,273	35,000
Economic development	81,255	1,059,468	225,949	166,860
Capital outlay	1,090,805	894,765	626,575	165,764
Debt service				
Principal	571,876	674,231	655,000	670,000
Interest	522,866	498,235	546,186	430,759
Total expenditures	7,348,325	8,171,501	7,214,281	7,541,950
Excess of revenues over (under) expenditures	354,443	(516,506)	304,423	270,686
Other financing sources (uses)				
Bonds issued	–	–	–	–
Refunding bonds issued	–	–	3,760,000	–
Contract for deed issued	–	–	–	–
Premium (discount) on bonds issued	–	–	–	–
Payments to refunded bond escrow agent	–	–	–	(3,655,000)
Transfers in	589,215	1,805,548	340,744	521,355
Transfers out	(728,331)	(678,772)	(293,679)	(68,180)
Total other financing sources (uses)	(139,116)	1,126,776	3,807,065	(3,201,825)
Net change in fund balances	$ 215,327	$ 610,270	$ 4,111,488	$ (2,931,139)
Debt service as a percentage of noncapital expenditures	17.3%	15.8%	16.9%	14.8%

	2014	2015	2016	2017	2018	2019
	$ 4,366,055	$ 4,453,106	$ 5,083,188	$ 5,643,488	$ 5,923,559	$ 6,243,978
	260,366	125,435	303,753	313,972	557,833	264,614
	293,691	241,532	275,704	302,716	355,448	631,259
	2,298,181	2,219,522	2,358,025	2,646,164	2,673,823	2,951,440
	198,806	214,366	188,516	207,009	156,811	215,238
	61,758	50,850	34,824	37,032	38,536	33,274
	78,708	63,514	65,760	100,440	148,593	375,949
	379,683	257,538	329,038	415,313	497,783	584,626
	7,937,248	7,625,863	8,638,808	9,666,134	10,352,386	11,300,378
	828,533	2,093,492	2,107,655	2,142,817	1,435,772	1,325,646
	3,235,138	3,136,479	3,453,098	3,582,576	3,939,849	4,329,230
	1,498,650	792,389	902,417	884,974	1,021,445	1,093,499
	357,404	568,318	351,891	374,020	522,972	509,206
	35,000	–	–	–	18,006	–
	363,347	81,715	172,600	442,989	450,164	3,034,873
	2,238,418	1,036,298	3,677,596	1,507,700	1,654,658	4,299,602
	760,000	775,000	1,010,000	1,020,000	1,265,000	1,348,553
	328,208	386,549	366,628	434,638	434,329	462,658
	9,644,698	8,870,240	12,041,885	10,389,714	10,742,195	16,403,267
	(1,707,450)	(1,244,377)	(3,403,077)	(723,580)	(389,809)	(5,102,889)
	2,360,000	–	3,880,000	1,051,380	3,475,000	–
	–	1,595,000	2,430,000	–	–	–
	–	–	–	–	–	2,075,000
	71,655	36,316	208,277	40,155	226,760	–
	–	(1,575,000)	–	–	–	(2,410,000)
	2,433,320	1,681,475	2,143,316	1,387,155	1,157,039	1,012,932
	(1,620,794)	(278,764)	(914,027)	(435,768)	(375,218)	(150,000)
	3,244,181	1,459,027	7,747,566	2,042,922	4,483,581	527,932
	$ 1,536,731	$ 214,650	$ 4,344,489	$ 1,319,342	$ 4,093,772	$ (4,574,957)
	14.2%	15.1%	16.0%	16.1%	18.3%	14.5%

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CITY OF NORTH ST. PAUL

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Electric Franchise	Gas Franchise	Cable Franchise	Total
2010	$ 3,715,436	$ 242,393	$ 103,481	$ 47,570	$ 4,108,880
2011	3,705,019	248,025	108,494	44,332	4,105,870
2012	3,915,856	279,158	86,178	46,660	4,327,852
2013	3,769,385	283,302	107,017	45,263	4,204,967
2014	3,843,697	344,743	132,899	44,716	4,366,055
2015	3,889,277	375,224	109,676	78,929	4,453,106
2016	4,538,821	346,059	83,298	115,010	5,083,188
2017	5,112,310	368,484	90,270	72,424	5,643,488
2018	5,492,090	244,007	102,973	84,489	5,923,559
2019	5,822,565	227,068	100,065	94,280	6,243,978

CITY OF NORTH ST. PAUL

Tax Capacity Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Tax Capacity (1)				
	Real Property				
Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property	Fiscal Disparities Distribution
2010	$ 8,193,815	$ 2,010,328	$ 77,226	$ (1,032,722)	$ 2,118,903
2011	7,625,673	1,958,071	86,212	(1,092,613)	2,242,221
2012	7,032,781	1,806,985	83,858	(1,060,962)	2,271,311
2013	5,388,769	1,624,210	91,614	(846,062)	1,978,627
2014	5,245,026	1,591,017	93,742	(805,980)	2,017,025
2015	5,690,060	1,591,017	98,878	(751,660)	2,267,716
2016	6,217,732	1,572,193	100,787	(924,565)	2,298,449
2017	6,718,235	1,582,800	111,924	(969,996)	2,419,838
2018	7,065,334	1,720,882	108,396	(1,028,487)	2,559,341
2019	7,678,389	1,782,523	98,904	(1,110,250)	2,681,211

(1) Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Source: Ramsey County

Total Tax Capacity Value	Total Direct Tax Rate	Total Estimated Market Value	Tax Capacity Value as a Percentage of Market Value
$ 11,367,550	27.603 %	$ 921,154,500	1.2 %
10,819,564	29.022	862,978,100	1.3
10,133,973	33.380	795,535,900	1.3
8,237,158	36.719	703,251,000	1.2
8,140,830	36.185	688,371,700	1.2
8,896,011	35.169	730,216,600	1.2
9,264,596	38.707	777,362,600	1.2
9,862,801	41.919	821,838,000	1.2
10,425,466	42.515	861,724,000	1.2
11,130,777	43.834	919,851,300	1.2

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CITY OF NORTH ST. PAUL

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	Direct Rates (1)			Overlapping			Total Direct and
Fiscal Year	General Levy	Debt Levy	City Total	County	School District	Special District	Overlapping Rates
2010	22.183 %	5.420 %	27.603 %	50.248 %	25.359 %	11.117 %	114.327 %
2011	23.420	5.602	29.022	54.678	27.785	11.598	123.083
2012	26.378	7.002	33.380	61.316	28.337	12.283	135.316
2013	26.060	10.659	36.719	65.240	32.552	13.597	148.108
2014	25.681	10.504	36.185	63.735	37.643	13.610	151.173
2015	27.012	8.157	35.169	58.922	36.008	12.718	142.817
2016	27.095	11.612	38.707	58.885	35.706	12.638	145.936
2017	31.215	10.704	41.919	55.850	33.798	12.029	143.596
2018	31.980	10.535	42.515	53.962	30.284	12.270	139.031
2019	33.095	10.739	43.834	52.880	29.226	13.446	139.386

(1) Tax rates per $100 of tax capacity.

Source: Ramsey County

CITY OF NORTH ST. PAUL

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019 Estimated Market Value	2019 Rank	2019 Percentage of Total Estimated Market Value	2010 Estimated Market Value	2010 Rank	2010 Percentage of Total Estimated Market Value
Helen Street Senior Housing, LLC	$ 16,164,700	1	1.76 %	$ –	–	– %
Cedarview Commons	15,000,000	2	1.63	10,926,200	3	1.19
Franklyn Park Apartments	11,612,300	3	1.26	7,230,600	4	0.78
Berwald Investment Company	10,416,900	4	1.13	13,331,900	1	1.45
Target Stores, Inc.	10,146,000	5	1.10	12,000,000	2	1.30
Parkside Apartments – LHB Properties, LLC	9,553,200	6	1.04	5,750,000	5	0.62
Cottages of North St. Paul	9,303,400	7	1.01	5,700,000	6	0.62
Bigos Regency Park, LLC	7,680,000	8	0.83	–	–	–
Baypointe Investment Partnership, LLC	7,023,300	9	0.76	–	–	–
NSP Burke LLC	6,148,400	10	0.67	–	–	–
Regency Park Apartments	–	–	–	4,888,000	7	0.53
DEW Corporation	–	–	–	4,589,400	8	0.50
Silas Point Apartments	–	–	–	4,429,000	9	0.48
McKnight Plaza	–	–	–	4,100,000	10	0.45
Total	$ 103,048,200		11.20 %	$ 72,945,100		7.92 %

Source: Ramsey County Department of Property Taxation

CITY OF NORTH ST. PAUL

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy (2)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 3,183,232	$ 3,119,313	98.0 %	$ 63,919	$ 3,183,232	100.0 %
2011	3,221,550	3,177,876	98.6	43,674	3,221,550	100.0
2012	3,378,239	3,331,434	98.6	46,805	3,378,239	100.0
2013	3,373,711	3,342,142	99.1	31,371	3,373,513	100.0
2014	3,658,474	3,622,632	99.0	34,207	3,656,839	100.0
2015	3,876,496	3,842,585	99.1	32,151	3,874,736	100.0
2016	4,186,996	4,148,345	99.1	33,858	4,182,203	99.9
2017	4,768,855	4,728,652	99.2	33,301	4,761,953	99.9
2018	5,144,397	5,093,568	99.0	38,702	5,132,270	99.8
2019	5,545,599	5,504,917	99.3	–	5,504,917	99.3

(1) Includes fiscal disparity revenues.

(2) Includes fiscal disparity revenues and is net of county/state adjustments.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	Tax Abatement Bonds	Capital Improvement Bonds	Capital Leases	Contract for Deed	Premiums
2010	$ 4,480,000	$ –	$ 1,930,000	$ 620,000	$ 5,000,000	$ 44,231	$ –	$ –
2011	4,215,000	–	1,865,000	565,000	4,755,000	–	–	–
2012	7,700,000	–	1,795,000	510,000	4,500,000	–	–	–
2013	3,760,000	–	1,725,000	455,000	4,240,000	–	–	–
2014	3,410,000	2,360,000	1,650,000	395,000	3,965,000	–	–	66,878
2015	3,055,000	2,360,000	1,595,000	335,000	3,680,000	–	–	96,281
2016	2,695,000	4,815,000	1,490,000	1,510,000	5,815,000	–	–	297,645
2017	2,325,000	5,686,380	1,395,000	1,445,000	5,505,000	–	–	312,858
2018	1,950,000	8,811,380	1,295,000	1,330,000	5,180,000	–	–	512,167
2019	1,575,000	8,397,827	1,195,000	1,210,000	2,430,000	–	2,075,000	470,543

* Information not available for the 2019 year.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

Total	Business-Type Activities Revenue Bonds	Capital Loans	Premiums	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 12,074,231	$ 8,740,000	$ 1,214,163	$ –	$ 9,954,163	$ 22,028,394	5.17 %	$ 1,904
11,400,000	8,295,000	1,015,037	–	9,310,037	20,710,037	4.85	1,807
14,505,000	7,825,000	806,798	–	8,631,798	23,136,798	5.33	2,015
10,180,000	7,350,000	589,029	–	7,939,029	18,119,029	4.09	1,560
11,846,878	9,410,000	361,294	–	9,771,294	21,618,172	4.64	1,809
11,121,281	11,435,000	123,136	117,264	11,675,400	22,796,681	4.67	1,899
16,622,645	14,360,000	–	205,469	14,565,469	31,188,114	9.24	2,577
16,669,238	11,663,620	–	206,372	11,869,992	28,539,230	7.93	2,365
19,078,547	14,198,620	–	409,430	14,608,050	33,686,597	8.79	2,784
17,353,370	13,137,173	–	374,677	13,511,850	30,865,220	*	2,538

CITY OF NORTH ST. PAUL

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premiums/ (Discounts)	Less Amounts Available in Debt Service Funds (3)	Total	Percentage of Estimated Market Value of Property (1)	Per Capita (2)
2010	$ 9,480,000	$ –	$ 920,758	$ 8,559,242	0.93 %	$ 740
2011	8,970,000	–	974,639	7,995,361	0.93	698
2012	12,200,000	–	4,709,853	7,490,147	0.94	652
2013	8,000,000	–	1,074,211	6,925,789	0.98	596
2014	7,375,000	–	1,253,419	6,121,581	0.89	512
2015	6,735,000	–	1,312,400	5,422,600	0.74	452
2016	8,510,000	110,519	3,875,411	4,745,108	0.61	392
2017	7,830,000	98,239	3,902,113	4,026,126	0.49	334
2018	7,130,000	85,960	3,935,715	3,280,245	0.38	271
2019	4,005,000	73,680	1,615,940	2,462,740	0.27	203

(1) See the Schedule of Tax Capacity Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

(3) The City is using governmental net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on entity-wide financial statements due to conversion for full accrual accounting.

Note: Details regarding the City’s outstanding debt can be found in the notes to basic financial statements.

CITY OF NORTH ST. PAUL

Direct and Overlapping Governmental Activities Debt
as of December 31, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct debt			
City of North St. Paul	$ 17,353,370	100.0 %	$ 17,353,370
Overlapping debt			
Independent School District No. 622	385,025,000	11.3	43,546,615
Ramsey County	154,352,000	3.0	4,623,436
Ramsey County Library	27,180,000	3.7	996,737
Metropolitan Council	1,555,384,035	1.5	23,330,761
Total overlapping debt			72,497,548
Total direct and overlapping debt			$ 89,850,918

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

Source: Ramsey County

CITY OF NORTH ST. PAUL

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit	$ 27,634,635	$ 25,889,343	$ 23,866,077	$ 20,097,530
Total net debt applicable to the limit	8,559,242	7,995,361	7,490,147	6,925,789
Legal debt margin	$ 19,075,393	$ 17,893,982	$ 16,375,930	$ 13,171,741
Total net debt applicable to the limit as a percentage of debt limit	30.97%	30.88%	31.38%	34.46%

Note: Under Minnesota state law, the City's net debt cannot exceed 3 percent of the estimated market value.

2014	2015	2016	2017	2018	2019
$ 20,651,151	$ 21,906,498	$ 23,320,878	$ 24,655,140	$ 25,851,720	$ 27,595,539
6,121,581	5,422,600	4,634,589	3,927,887	3,194,285	2,389,060
$ 14,529,570	$ 16,483,898	$ 18,686,289	$ 20,727,253	$ 22,657,435	$ 25,206,479
29.64%	24.75%	19.87%	15.93%	12.36%	8.66%

Legal Debt Margin Calculation for Fiscal Year 2019

Market value	$ 919,851,300
Debt limit (3 percent of market value)	27,595,539
Debt applicable to the limit	
General obligation bonds	4,005,000
Less amount set aside for repayment of general obligation debt	(1,615,940)
Total net debt applicable to the limit	2,389,060
Legal debt margin	$ 25,206,479

CITY OF NORTH ST. PAUL

Pledged Revenue Coverage
Last Ten Fiscal Years

	Revenue Bonds					
				Debt Service		
Fiscal Year	Operating Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2010	$ 12,315,188	$ 10,451,097	$ 1,864,091	$ 325,000	$ 376,484	2.66
2011	12,780,979	10,538,859	2,242,120	445,000	363,126	2.77
2012	13,271,225	10,738,422	2,532,803	470,000	349,675	3.09
2013	13,555,026	10,671,672	2,883,354	475,000	334,487	3.56
2014	13,760,220	11,598,333	2,161,887	500,000	351,253	2.54
2015	14,260,639	11,932,652	2,327,987	505,000	369,682	2.66
2016	14,706,437	11,604,993	3,101,444	680,000	425,394	2.81
2017	15,254,109	11,398,378	3,855,731	680,000	295,905	3.95
2018	16,121,710	12,341,182	3,780,528	930,000	352,495	2.95
2019	15,449,750	12,111,198	3,338,552	1,061,447	358,074	2.35

Note 1: Includes Electric, Water, Surface Water, Waste Water, and Solid Waste Funds. Operating expenses do not include interest or depreciation.

Note 2: The 2015 and 2017 principal payments do not include the refunded portion of bonds paid.

CITY OF NORTH ST. PAUL

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2010	11,569	$ 425,924,304	$ 36,816	33.7	11,072	6.8 %
2011	11,460	427,274,640	37,284	33.7	10,979	5.6
2012	11,485	434,178,940	37,804	33.7	10,885	5.2
2013	11,618	442,831,688	38,116	33.7	10,912	4.2
2014	11,951	466,089,000	39,000	33.7	10,727	3.2
2015	12,006	488,211,984	40,664	38.5	10,715	3.1
2016	12,104	337,520,040	27,885	38.5	10,669	3.5
2017	12,069	359,994,132	29,828	38.2	10,480	2.8
2018	12,099	383,223,726	31,674	38.2	10,633	2.7
2019	12,159	*	*	37.9	10,624	2.9

* Information not available for the 2019 year.

Data sources:
(1) Metropolitan Council
(2) U.S. Census Bureau; Information prior to 2016 from Minnesota Department of Economic Security
(3) Independent School District No. 622 Comprehensive Annual Financial Report
(4) Minnesota Department of Economic Security

CITY OF NORTH ST. PAUL

Principal Employers
Current Year and Nine Years Ago

Employer	2019 Employees	2019 Rank	2010 Employees	2010 Rank
Independent School District No. 622	1,550	1	1,600	1
Target Stores, Inc.	172	2	400	2
Berwald Roofing	155	3	150	3
Metropolitan Area Agency on Aging	96	4	–	–
REM Ramsey	80	5	–	–
T.A. Schifsky	70	6	40	10
Rust-Oleum	65	7	–	–
Lillie Suburban Newspapers	60	8	125	4
Ideal Credit Union	52	9	–	–
Rock Solid	50	10	–	–
Aetrium	–	–	85	5
Postal Employees Credit Union	–	–	60	6
City of North St. Paul	–	–	60	6
Custom Millwork	–	–	45	8
Burger King	–	–	42	9
Total	2,350		2,607	

Note 1: 2018 employment figures used for 2019.

Note 2: The percentage of total city employment is unavailable.

Source: Springsted Bond Consultants

CITY OF NORTH ST. PAUL

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government	6	5	5	7	13	13	13	14	15	15
Public safety										
Police										
Officers	18	19	19	15	15	18	17	18	17	17
Civilians	2	2	2	2	3	3	4	4	4	2
Fire										
Firefighters and officers	3	3	3	3	3	4	4	4	4	4
Highways and streets										
Engineering	2	2	2	2	1	–	–	–	–	–
Maintenance	8	7	7	8	3	4	4	4	4	4
Parks and recreation	1	1	1	1	4	4	4	4	4	4
Water	6	3	3	5	3	3	3	3	3	3
Electric	14	12	12	9	11	12	12	13	12	10
Total	60	54	54	52	55	61	61	64	63	59

Source: Various government departments

CITY OF NORTH ST. PAUL

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Function				
Police				
Parking violations	973	1,043	949	798
Traffic violations	2,356	2,715	1,710	1,446
Fire				
Number of calls answered	920	947	1,103	1,055
Rental inspections	308	203	219	81
Code compliance cases	336	337	269	176
Commercial inspections	5	14	2	6
Highways and streets				
Street resurfacing (miles)	–	–	–	–
Potholes repaired	3,000	3,300	–	–
Tons of asphalt used (1)	–	–	85.5	231.3
Parks and recreation				
Community center admissions (2)	80,000	80,000	80,000	–
Water				
New connections	2	3	8	11
Water main breaks	5	6	8	20
Average daily consumption (thousands of gallons)	1,015	1,009	1,235	1,066

(1) Beginning in 2012, potholes repaired is reflected in tons of asphalt used.

(2) Beginning in 2013, the North St. Paul Community Center was closed to the public.

Source: Various government departments

2014	2015	2016	2017	2018	2019
629	838	740	1,054	937	753
839	902	596	690	560	592
999	1,071	1,243	1,319	1,318	1,355
189	169	243	382	297	274
177	612	700	447	468	295
–	1	21	145	31	35
1.8	0.5	1.6	1.9	0.3	2.6
–	–	–	–	–	–
431.1	468.0	579.7	616.0	729.8	925.0
–	–	–	–	–	–
4	12	21	9	4	46
8	4	8	6	12	6
909	900	972	973	1,104	840

CITY OF NORTH ST. PAUL

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Function				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	8	8	8	10
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	45	45	45	45
Streetlights/security lights	625	625	625	626
Traffic signals	1	1	1	1
Parks and recreation				
Parks acreage	140	140	140	140
Parks	13	13	13	13
Swimming beach	1	1	1	1
Tennis courts	9	9	9	9
Community centers	1	1	1	–
Water				
Water mains (miles)	44	44	44	44
Fire hydrants	609	609	609	609
Gallons sold per year (thousands of gallons)	370,625	368,335	393,821	389,142
Sewer				
Sanitary sewers (miles)	43	43	43	43
Storm sewers (miles)	21	21	21	21
Electric				
Number of distribution stations	1	1	1	1
Miles of service lines	68	68	68	69

Note: Indicators are not available for the general government function.

Source: Various government departments

2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
10	10	10	10	10	10
1	1	1	1	1	1
45	45	45	45	45	45
630	630	630	630	630	639
1	1	1	1	1	1
140	140	140	140	140	140
13	13	13	13	13	13
1	1	1	1	1	1
9	9	9	9	9	9
–	–	–	–	–	–
44	44	44	44	44	62
609	609	609	609	609	622
330,467	328,624	273,021	362,558	403,082	306,547
43	43	43	43	43	46
21	21	21	21	21	44
1	1	1	1	1	1
70	70	70	70	71	72

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Management Report

for

City of North St. Paul, Minnesota

December 31, 2019

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MMKR
CERTIFIED PUBLIC
ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

To the City Council and Management
City of North St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of the City of North St. Paul, Minnesota's (the City) financial statements for the year ended December 31, 2019. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Legislative Updates
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
April 28, 2020

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2019:

- We have issued an unmodified opinion on the City's basic financial statements.
- We reported one matter involving the City's internal control over financial reporting that we considered to be a significant deficiency. This finding, as further detailed in the City's Special Purpose Audit Reports, includes the following:
    1. Segregation of Duties
- The results of our testing disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*
- We reported two findings based on our testing of the City's compliance with Minnesota laws and regulations. These findings, as further detailed in the City's Special Purpose Audit Reports, include the following:
    1. Solid Waste Management Billing
    2. Payroll Declaration

FOLLOW-UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As a part of our audit of the City's financial statements for the year ended December 31, 2019, we performed procedures to follow-up on the findings and recommendations that resulted from our prior year audit. We reported the following finding that was corrected by the City in the current year:

- Minnesota Statutes require the City to transmit the fire state aid and firefighter retirement supplemental state aid received from the Commissioner of Management and Budget to the fire relief association within 30 days of receipt by the City. The City was not in compliance with these statutes in fiscal year 2018. We are pleased to report this is not a finding in the current year.

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Impact of Novel Coronavirus (COVID-19)** – Shortly after the end of the 2019 fiscal year, the onset of the novel coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way governments, businesses, and individuals function. Minnesota cities may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, increased utility billing and property tax delinquencies, significant increases in the number and frequency of employees working remotely, challenges in processing general and payroll disbursements, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to potential federal relief subsidies. As your city adapts to the new normal of municipal operations in a post-COVID-19 world, the assessment of and responses to new risks that may accompany operational changes will be critical to the safeguarding of city resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

- **Housing Improvement Interfund Loan and Land Held for Resale** – The Housing Improvement Fund is used to administer the resources for the rehabilitation of blighted properties within the City. The City holds a significant amount of assets held for resale, which management reports at the lower of cost or acquisition value. Cash resources have been made available primarily through the use of interfund loans and transfers, allowing this fund to purchase various properties as they became available. With interfund borrowing experiencing minimal activity in the current year, a significant balance still remains. Therefore, we continue to recommend that the City adopt a plan that would create a more formal arrangement on the related interfund loans. This plan would include the establishment of the terms of the interfund loans, including interest rates and length of borrowing. We recognize the City is working on an ongoing basis to utilize these assets in the best interest of the City. We also recommend that the City continue to review these property values to ensure a proper reporting of city assets and financial activity between funds for accurate presentation.

- **Individual Fund Deficits** – As reported in the City's Comprehensive Annual Financial Report as of December 31, 2019, the City has three special revenue funds that have a deficit fund equity totaling $1,086,698, one capital projects fund deficit totaling $485,077, one enterprise fund deficit totaling $807,091, and two internal service fund deficits totaling $405,747. There are several reasons that may cause individual funds to end a given period in a deficit position. For instance, the timing of related funding resources (future levy authority) may lag behind related expenditures made. While we understand that the City approves all disbursements and reviews the cash and equity positions of all funds, we recommend that the City match the timing of related resources with related expenditures as much as possible to limit the deficit balances at any given moment.

  The deficit in the three special revenue funds are in tax increment districts, which all have interfund borrowing outstanding at year-end. We comment on this subject to emphasize the importance of adequate planning, projecting, and monitoring of these funds, due to the significance of the deficit balances.

- **Fiber Optic Fund** – The Fiber Optic Fund has generated a significant deficit unrestricted net position balance, due to cash borrowings from the Surface Water and Waste Water Funds used to finance required debt payments and capital asset purchases. As of December 31, 2019, the Fiber Optic Fund's unrestricted component of net position has a deficit of $2,536,527. It is important that the City review potential revenue streams for future years to ensure that this fund will be self-sustaining and not put any additional burden on other funds of the City.

- **Purchasing Policy Recommendation** – With changes in Minnesota Statutes in the current year regarding bids and quotations, we recommend that the City review and update the current purchasing policy to be consistent with these statutes.

- **Deposit and Escrow Reconciliation** – Internal controls, processes, and procedures are never perfected and need to be continually reviewed. During our inquiries and testing, we noted that customer deposit and escrow accounts were not reconciled as of year-end. Control procedures such as periodic and year-end account and subledger reconciliations must be performed regularly, accurately, and in a timely manner. We recommend the City review its policies and procedures over customer deposit and escrow accounts to verify proper reconciliations are completed.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2019; however, the City implemented the following governmental accounting standard during the fiscal year:

- GASB Statement No. 84, *Fiduciary Activities*, which established new criteria for identifying and reporting fiduciary activities.

- Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which improved and clarified the information to be disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **Total Other Post-Employment Benefit (OPEB) and Net Pension Liabilities** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. These obligations are calculated using actuarial methodologies described in the GASB Nos. 68 and 75. These actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances.

- **Value of Land Held for Resale** – Management's estimates of these assets are based on net realizable value (lower of cost or acquisition value).

We evaluated the key factors and assumptions used by management to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Where applicable, management has corrected all such misstatements, including the prior period adjustment noted in the comprehensive annual financial report. There were no additional misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated April 28, 2020.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A) and the pension and OPEB-related required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements, which is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and the statistical section, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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GOVERNMENTAL FUNDS OVERVIEW

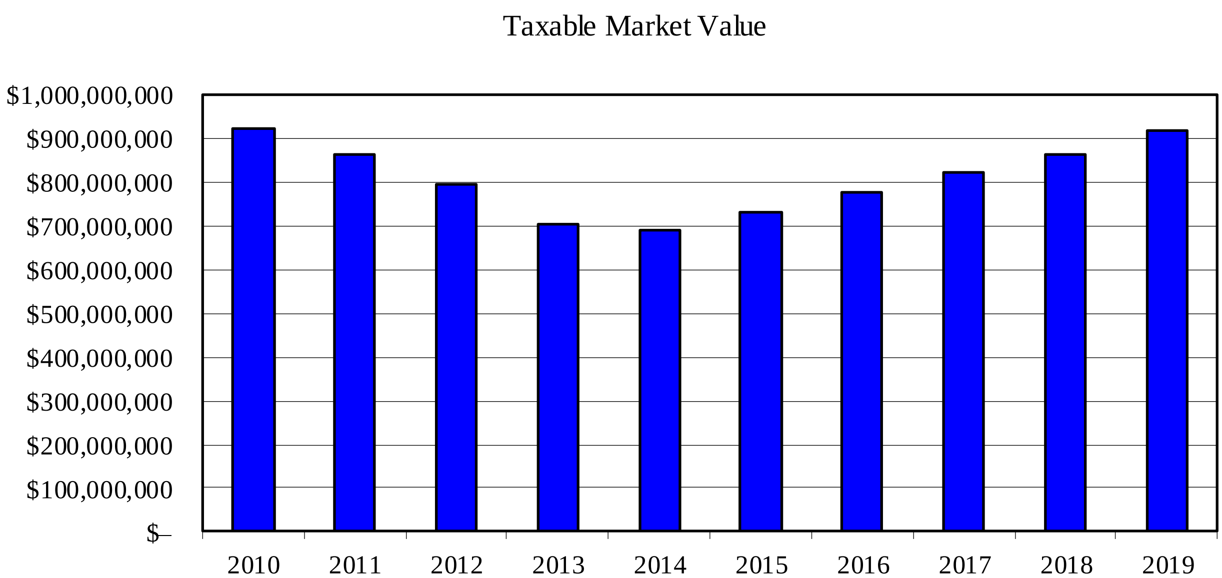
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2018 fiscal year, local ad valorem property tax levies provided 41.5 percent of the total governmental fund revenues for cities over 2,500 in population, and 36.7 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2019 increased 5.6 percent from the prior year.

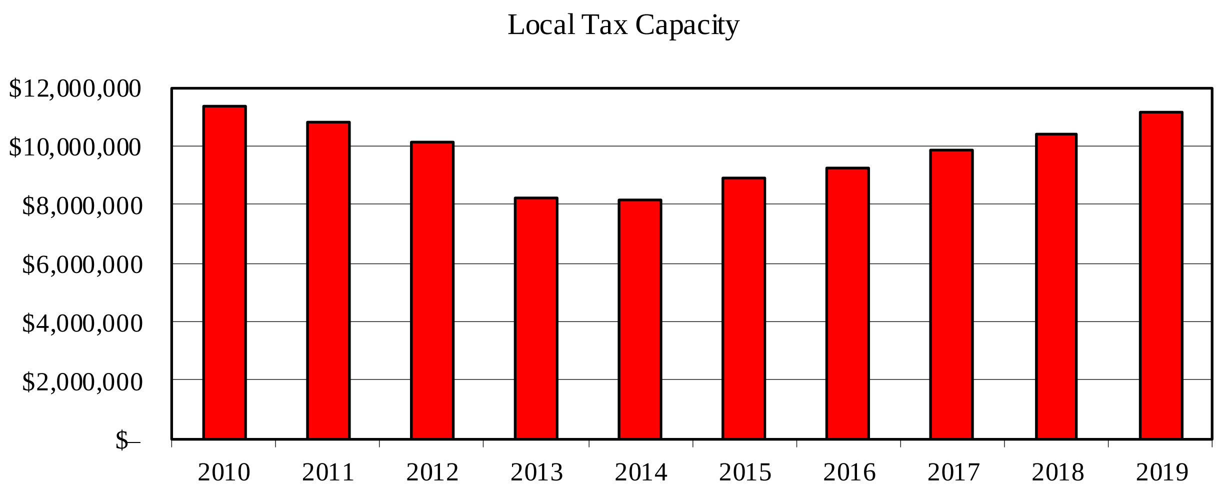
The total tax capacity value of property in Minnesota cities increased about 7.1 percent for the 2019 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2019 were based on assessed market values as of January 1, 2018), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

The City's taxable market value increased 4.9 percent for taxes payable in 2018 and 6.7 percent for taxes payable in 2019. The following graph shows the City's changes in taxable market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 5.7 percent for 2018 and 6.8 percent for 2019.

The following graph shows the City's change in tax capacities over the past 10 years:



The following table presents the average tax rates applied to city residents for each of the last three levy years:

Rates Expressed as a Percentage of Net Tax Capacity

	City of North St. Paul		
	2017	2018	2019
Average tax rate			
City	41.9	42.5	43.8
County	55.9	53.9	52.9
School	33.8	30.3	29.2
Special taxing	12.0	12.3	13.4
Total	143.6	139.0	139.3

The total average tax rate was consistent with the prior year. An increase in the City and special taxing authority portions were offset by decreases in the county and school rates.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2019, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31, 2019	Fund Balance as of December 31, 2018	Increase (Decrease)
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 154,851	$ 24,135	$ 130,716
Restricted	5,816,806	9,661,240	(3,844,434)
Committed	4,217,917	3,774,915	443,002
Assigned	1,776,404	1,951,773	(175,369)
Unassigned	611,211	1,740,083	(1,128,872)
Total governmental funds	$ 12,577,189	$ 17,152,146	$ (4,574,957)
Total by fund			
General	$ 2,355,577	$ 1,834,011	$ 521,566
Anchor Block North – Soils Tax Increment	(866,074)	–	(866,074)
Street Improvement	933,970	3,565,784	(2,631,814)
Nonmajor	10,153,716	11,752,351	(1,598,635)
Total governmental funds	$ 12,577,189	$ 17,152,146	$ (4,574,957)

In total, the fund balances of the City's governmental funds decreased by $4,574,957 during the year ended December 31, 2019. The decrease is due largely to the decrease in restricted funds in the Street Improvement Capital Projects Fund as a result of the spend down of prior year bond proceeds on street projects. The remainder of the decrease in restricted funds is due to the City refunding $2,410,000 of outstanding bonds in 2019. Unassigned fund balance decreased mainly in tax increment funds, due to the increased activity in site development work in the current year.

GOVERNMENTAL FUND REVENUES

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year, due to the effect of inflation and changes in its operation. Also, certain data on these tables may be classified differently than how they appear on the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of the City. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the MD&A. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita
With State-Wide Averages by Population Class

	State-Wide			City of North St. Paul		
Year	December 31, 2018			2017	2018	2019
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,069	12,099	12,159
Property taxes	$ 495	$ 472	$ 493	$ 387	$ 414	$ 443
Tax increments	28	27	43	37	40	36
Franchise and other taxes	41	48	50	44	36	35
Special assessments	53	40	57	26	46	22
Licenses and permits	38	35	47	25	29	52
Intergovernmental revenues	303	271	157	219	221	243
Charges for services	130	102	112	17	13	18
Other	97	78	49	46	57	82
Total revenue	$ 1,185	$ 1,073	$ 1,008	$ 801	$ 856	$ 931

The City's governmental funds have generated significantly less revenue per capita in total than other Minnesota cities in its population class. A city's stage of development, along with the way a city finances various capital projects, will impact the mix of revenue sources it receives.

The City generated $11,300,378 of total revenue in its governmental funds in 2019, an increase of $947,992 (9.2 percent) from the prior year. The City's per capita governmental funds revenue for 2019 was $931, an increase of $75, from the prior year, including the effect of a change in estimated population. The largest changes occurred with increases in property taxes and other revenues. The increase in property taxes was mainly due to the increased general property tax levy. Other revenue increased with a one-time reimbursement for cable equipment purchases and increased investment earnings.

GOVERNMENTAL FUND EXPENDITURES

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis and are primarily funded by general sources, such as taxes and intergovernmental revenues.

- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.

- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with comparative state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita
With State-Wide Averages by Population Class

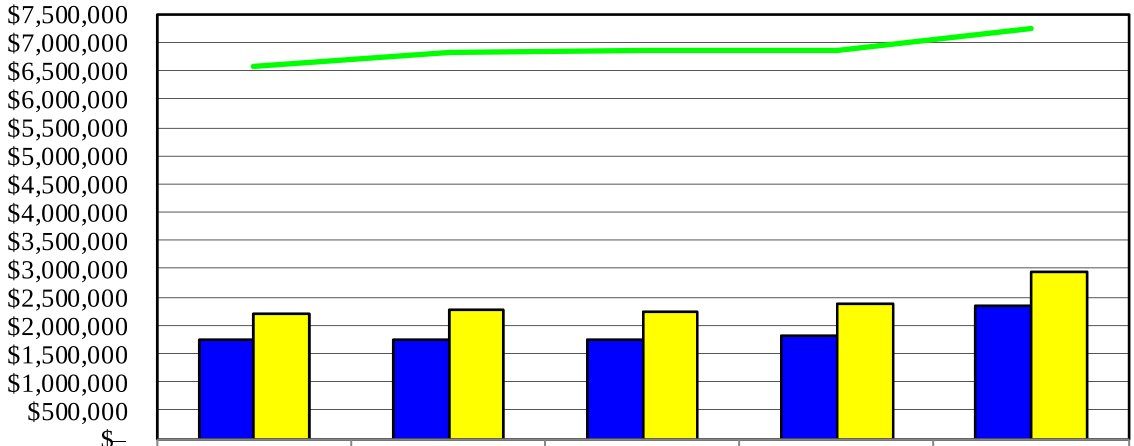
	State-Wide			City of North St. Paul		
Year	December 31, 2018			2017	2018	2019
Population	2,500–10,000	10,000–20,000	20,000–100,000	12,069	12,099	12,159
Current						
General government	$ 150	$ 121	$ 104	$ 178	$ 119	$ 109
Public safety	286	272	294	297	326	356
Streets and highways	135	125	106	73	84	90
Parks and recreation	96	115	104	31	43	42
All other	75	74	78	37	39	250
	742	707	686	616	611	847
Capital outlay and construction	417	351	307	125	137	354
Debt service						
Principal	178	153	109	85	105	111
Interest and fiscal	41	39	29	36	36	38
	219	192	138	121	141	149
Total expenditures	$ 1,378	$ 1,250	$ 1,131	$ 862	$ 889	$ 1,350

Total expenditures in the City's governmental funds for 2019 were $16,403,267, an increase of $5,661,072 (52.7 percent). The City's per capita governmental funds total expenditures increased $461, or 51.9 percent. This increase was mainly in all other and capital outlay and construction. All other expenditures increased $211 per capita, due to increased economic development activity within the City's tax increment financing districts. The $217 per capita increase in capital outlay and construction is due to increased street improvement projects in the current year.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police and fire protection, building inspection, streets and highway maintenance, and parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual expenditures to reflect the change in the size of the General Fund operation over the same period.

General Fund Financial Position
Years Ended December 31,



	2015	2016	2017	2018	2019
Fund Balance	$1,759,204	$1,761,874	$1,757,749	$1,832,826	$2,355,577
Cash (Net)	$2,208,507	$2,261,283	$2,224,485	$2,378,154	$2,942,024
Expenditures	$6,585,504	$6,814,126	$6,854,703	$6,845,264	$7,257,555

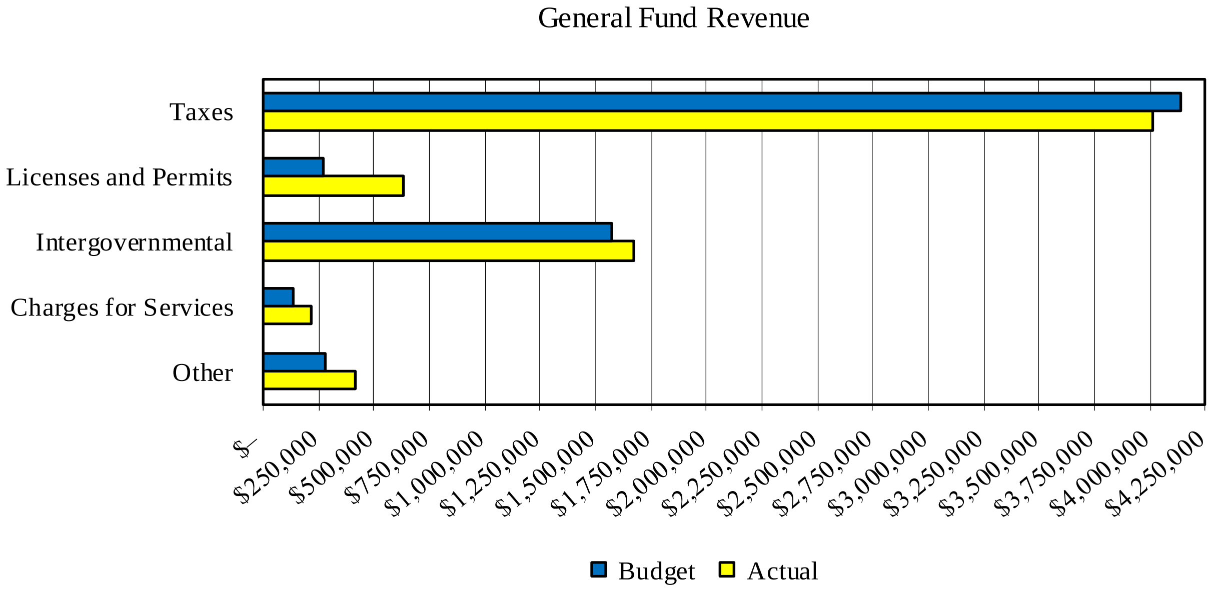
The City's General Fund cash and investment balance (net of borrowing) at December 31, 2019 was $2,942,024, an increase of $563,870 from the previous year. Total fund balance at December 31, 2019 was $2,355,577, an increase of $522,751 from the prior year.

The level of General Fund balance is greatly attributed to the City's fund balance policies, as well as the general budgeting policies. These policies have allowed the City to provide funding for the General Fund operations, as well as equipment replacement and street improvement programs without disrupting the General Fund's financial position or having to issue debt for these types of projects.

As the graph illustrates, the City has generally been able to maintain stable cash and fund balance levels as the volume of financial activity has fluctuated. This is an important factor because a government, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs. Maintaining an adequate fund balance has become increasingly important given the fluctuations in state funding for cities in recent years.

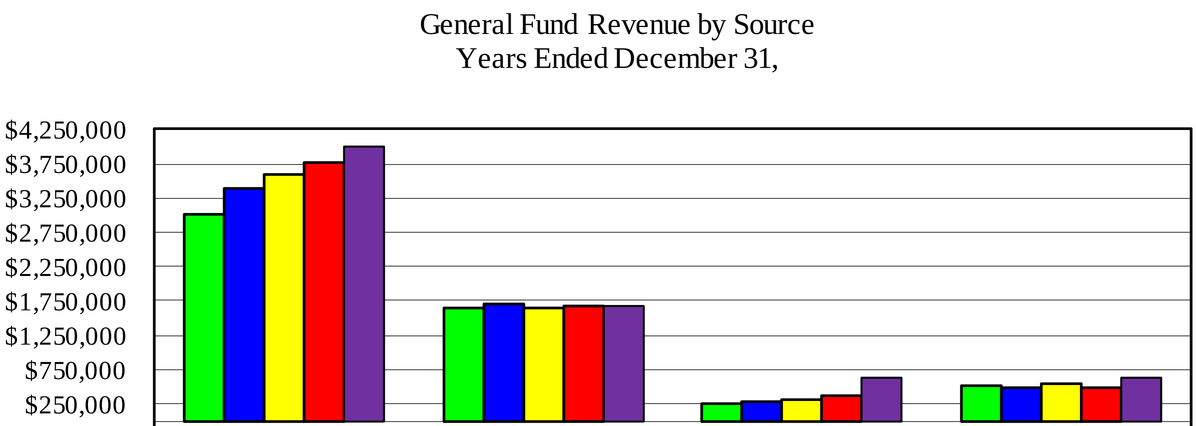
Current city policy allows fund balance in the General Fund to grow to 35 percent of the subsequent year's budgeted expenditures, while the State Auditor recommends that cities maintain an unrestricted fund balance that is between 35 percent and 50 percent of total current expenditures. The City changed the policy in the current year from 25 percent to 35 percent. At December 31, 2019, the unassigned fund balance for the General Fund was 28 percent of the subsequent year's budgeted expenditures. The City should review the level of fund balance on an ongoing basis to determine the optimal level for efficient operations.

The following graph reflects the City's General Fund revenue sources compared to budget for 2019:



Total General Fund revenues for 2019 were $6,946,189, an increase of $668,348 from the previous year, and were $548,107 (8.6 percent) over budget. Revenues were more than projected in each category as presented above, except for the tax revenue category. The largest variances were in licenses and permits, other, and intergovernmental, which were $355,259, $136,692, and $100,492, respectively, above anticipated levels, due in part to conservative budgeting.

The following graph presents the City's General Fund revenue by source for the last five years:

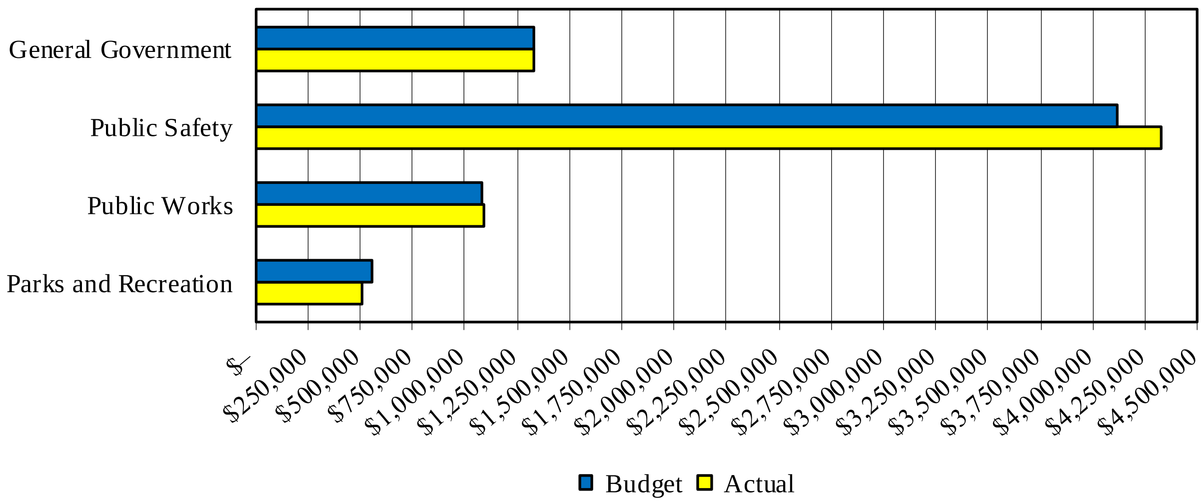


	Taxes	Intergovernmental	Licenses and Permits	All Other
2015	$3,001,290	$1,646,938	$241,532	$526,782
2016	$3,403,580	$1,710,429	$275,704	$487,624
2017	$3,587,226	$1,647,917	$302,716	$554,067
2018	$3,762,372	$1,664,846	$355,448	$495,175
2019	$4,010,984	$1,670,594	$631,259	$633,352

The General Fund is primarily financed by property and other taxes, along with local government aid, to operate activities in this fund. The largest changes occurred in licenses and permits and tax sources, which increased by $275,811 and $248,612, respectively, from the prior year. Licenses and permits increased as a result of the increased building activity in the current year. The increase in taxes is a result of an increase in the general property tax levy approved by the City Council for 2019.

The following graph reflects the City's General Fund expenditures compared to budget for 2019:

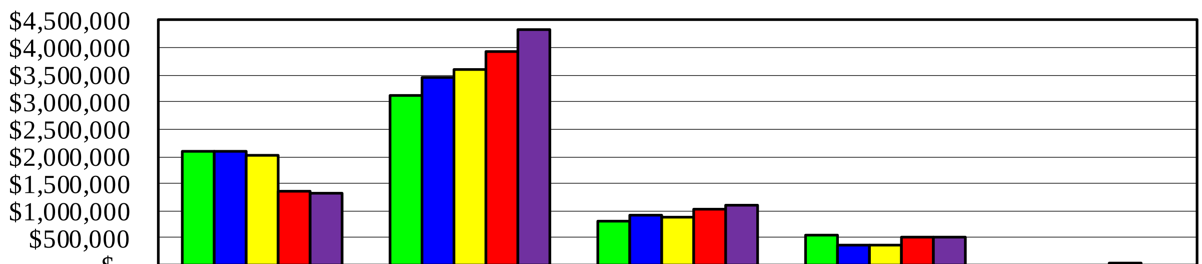
General Fund Expenditures



Total General Fund expenditures for 2019 were $7,257,555, an increase of $412,291, or 6.0 percent, from the previous year, and $169,229, or 2.4 percent, over budget. The largest variance occurred in the public safety function, which was over budget by $212,234, mainly in the inspections department, due to the increased economic development activity.

The following graph provides you with the components of the City's General Fund spending for the past five years:

General Fund Expenditures by Function
Years Ended December 31,



	General Government	Public Safety	Public Works	Parks and Recreation	Other
2015	$2,091,457	$3,136,479	$792,389	$565,179	$–
2016	$2,106,720	$3,453,098	$902,417	$351,891	$–
2017	$2,013,213	$3,582,496	$884,974	$374,020	$–
2018	$1,343,042	$3,939,799	$1,021,445	$522,972	$18,006
2019	$1,325,646	$4,329,204	$1,093,499	$509,206	$–

Typical to other cities we audit, public safety costs comprise the largest portion of General Fund spending. The largest increase in the current year was in public safety, which increased $389,405, mainly in the inspections department, due to the increased economic development activity as previously mentioned.

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ENTERPRISE FUNDS OVERVIEW

The City maintains several enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which include the Electric, Water, Surface Water, Waste Water, Fiber Optic, and Solid Waste Funds.

The utility funds comprise a considerable portion of the City's activities. These funds help to defray overhead and administrative costs and provide additional support to general government operations by way of annual transfers. We understand that the City is proactive in reviewing these activities on an ongoing basis and we want to reiterate the importance of continually monitoring these operations. Over the years, we have emphasized to our city clients the importance of these utility operations being self-sustaining, preventing additional burdens on general government funds. This would include the accumulation of net position for future capital improvements and to provide a cushion in the event of a negative trend in operations.

ENTERPRISE FUNDS FINANCIAL POSITION

The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2019, presented both by classification and by fund:

Enterprise Funds Change in Financial Position

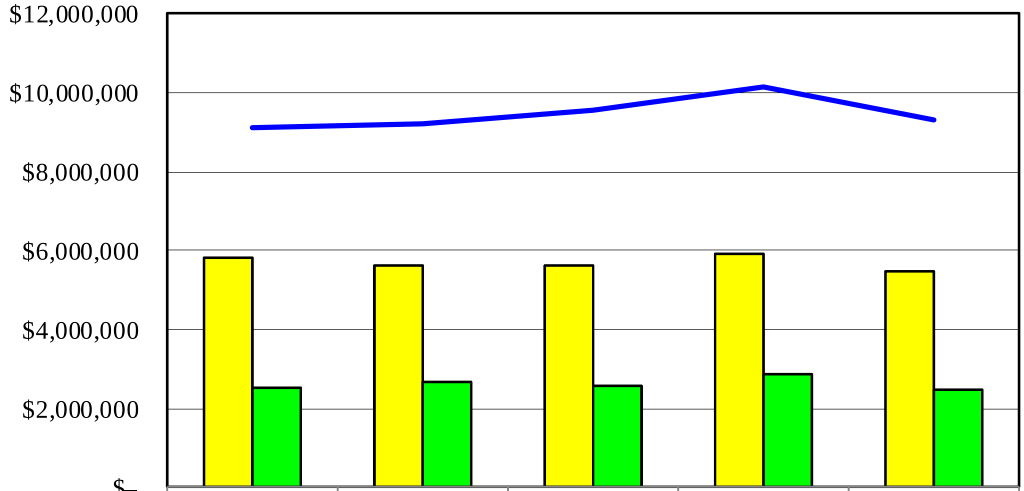
	Net Position as of December 31, 2019	Net Position as of December 31, 2018	Increase (Decrease)
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 5,230,430	$ 5,118,537	$ 111,893
Unrestricted	11,955,979	9,464,885	2,491,094
Total enterprise funds	$ 17,186,409	$ 14,583,422	$ 2,602,987
Total by fund			
Electric	$ 7,029,448	$ 5,973,206	$ 1,056,242
Water	4,813,514	4,166,606	646,908
Surface Water	2,735,672	2,342,439	393,233
Waste Water	2,787,231	2,183,171	604,060
Fiber Optic	(807,091)	(872,387)	65,296
Solid Waste	627,635	790,387	(162,752)
Total enterprise funds	$ 17,186,409	$ 14,583,422	$ 2,602,987

In total, the net position of the City's enterprise funds increased by $2,602,987 during the year ended December 31, 2019. The prior period adjustment, as previously mentioned, increased net position by $113,557, while current year operating results increased net position by $2,489,430.

ELECTRIC FUND

The following graph and table present comparative data for Electric Fund operations:

Electric Fund Operations
Years Ended December 31,



	2015	2016	2017	2018	2019
Purchased Utilities	$5,800,842	$5,612,907	$5,598,551	$5,934,267	$5,492,106
Other Operating Expenses	$2,513,005	$2,676,080	$2,575,595	$2,847,699	$2,449,878
Net Sales	$9,089,050	$9,215,980	$9,533,890	$10,148,273	$9,282,934

	2015	2016	2017	2018	2019
Total operating revenue	$ 9,089,050	$ 9,215,980	$ 9,533,890	$ 10,148,273	$ 9,282,934
Purchased utilities	5,800,842	5,612,907	5,598,551	5,934,267	5,492,106
Gross profit	3,288,208	3,603,073	3,935,339	4,214,006	3,790,828
Other operating expenses	(2,513,005)	(2,676,080)	(2,575,595)	(2,847,699)	(2,449,878)
Depreciation	(65,916)	(71,606)	(73,602)	(85,306)	(101,290)
Interest expense	(76,546)	(74,761)	(66,894)	(64,256)	(55,443)
Other income (loss)	73,904	69,321	75,077	97,891	244,957
Income (loss) before transfers	706,645	849,947	1,294,325	1,314,636	1,429,174
Net transfers in (out)	(1,146,021)	(959,000)	(556,800)	(351,130)	(372,932)
Change in net position	$ (439,376)	$ (109,053)	$ 737,525	$ 963,506	$ 1,056,242
Income (loss) before transfers as a percentage of net sales	7.8 %	9.2 %	13.6 %	13.0 %	15.4 %

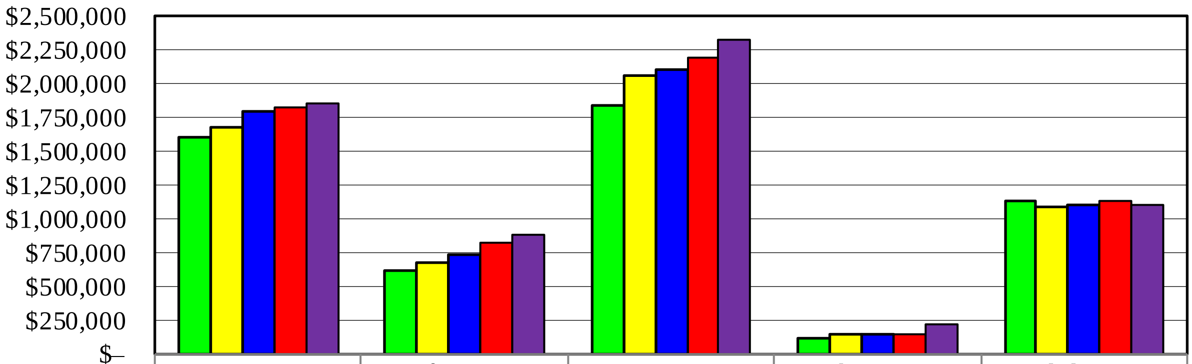
Gross profit results for the City's Electric Fund decreased by $423,178 from the prior year. This decrease was mainly due to decreased rates in the current year, as approved by the City Council, and decreased consumption.

The Electric Fund ended fiscal 2019 with a total net position of $7,029,448, of which $5,710,732 was unrestricted, with the remaining balance being classified as net investment in capital assets. At December 31, 2019, unrestricted cash and investments totaled $4,910,447.

OTHER ENTERPRISE UTILITY FUNDS

The graph below shows operating revenue of the other enterprise utility funds over the last five years:

Utility Revenue
Years Ended December 31,



	Water	Surface Water	Waste Water	Fiber Optic	Solid Waste
2015	$1,597,494	$613,504	$1,832,616	$108,615	$1,127,975
2016	$1,676,387	$669,380	$2,060,406	$145,673	$1,084,284
2017	$1,787,727	$727,237	$2,105,749	$148,684	$1,099,506
2018	$1,823,416	$820,017	$2,194,476	$141,209	$1,135,528
2019	$1,852,700	$881,196	$2,325,937	$218,655	$1,106,983

As the graph displays, utility revenue will fluctuate from year-to-year, which is common as a result of changes for rate adjustments, as well as external factors, such as the weather, which may impact usage levels.

With the exception of the Fiber Optic Fund, these enterprise utility funds have typically experienced positive operating results. The positive operating results of these funds are important because the revenue is being used to pay debt service on the City's Utility Revenue Bonds of 2009C, 2014A, 2015A, 2016A, 2017A, and 2018A.

WATER FUND

The following table presents five years of comparative operating results for the City's Water Fund:

	2015	2016	2017	2018	2019
Operating revenue	$ 1,597,494	$ 1,676,387	$ 1,787,727	$ 1,823,416	$ 1,852,700
Operating expenses	(934,400)	(825,720)	(532,654)	(642,292)	(827,869)
Depreciation	(162,240)	(162,915)	(167,070)	(194,217)	(205,280)
Operating income	500,854	687,752	1,088,003	986,907	819,551
Nonoperating revenue (expenses)	(80,462)	(111,442)	(42,463)	(50,743)	32,357
Income before transfers	420,392	576,310	1,045,540	936,164	851,908
Net transfers in (out)	(142,201)	(205,000)	(205,000)	(205,000)	(205,000)
Change in net position	$ 278,191	$ 371,310	$ 840,540	$ 731,164	$ 646,908
Income before transfers as a percentage of operating revenue	26.3 %	34.4 %	58.5 %	51.3 %	46.0 %

The Water Fund ended 2019 with a net position of $4,813,514, an increase of $646,908 from the prior year. Of this, $1,160,763 represents the net investment in capital assets, while $3,652,751 is considered unrestricted.

Operating revenue increased $29,284 from the previous year, or about 1.6 percent. Increased rates resulted in this overall increase in operating revenue. Operating expenses increased $185,577, or about 28.9 percent, from the prior year primarily in professional services. Professional services were up with more building maintenance, utilities, and water main repairs.

During the current year, this utility operation also made transfers to other funds totaling $205,000.

SURFACE WATER FUND

The following table presents five years of comparable operating results for the City's Surface Water Fund:

	2015	2016	2017	2018	2019
Operating revenue	$ 613,504	$ 669,380	$ 727,237	$ 820,017	$ 881,196
Operating expenses	(246,858)	(301,498)	(413,569)	(457,275)	(317,898)
Depreciation	(99,533)	(99,533)	(106,553)	(127,752)	(137,772)
Operating income	267,113	268,349	207,115	234,990	425,526
Nonoperating revenue (expense)	(33,472)	(23,831)	(11,740)	(14,690)	47,707
Income before transfers	233,641	244,518	195,375	220,300	473,233
Net transfers in (out)	164,599	(80,000)	(80,000)	(80,000)	(80,000)
Change in net position	$ 398,240	$ 164,518	$ 115,375	$ 140,300	$ 393,233
Income before transfers as a percentage of operating revenue	38.1 %	36.5 %	26.9 %	26.9 %	53.7 %

The Surface Water Fund ended 2019 with a net position of $2,735,672, an increase of $393,233 from the prior year. Of this, $547,730 represents the net investment in capital assets, while $2,187,942 is considered unrestricted.

Operating revenues increased $61,179 from the previous year, or about 7.5 percent, due to the increased rates. Operating expenses decreased $139,377, or about 30.5 percent, from the previous year primarily in professional services, due to decreased repairs and maintenance in the current year.

During the current year, this utility operation also made transfers to other funds totaling $80,000.

WASTE WATER FUND

The following table presents five years of comparative operating results for the City's Waste Water Fund:

	2015	2016	2017	2018	2019
Operating revenue	$ 1,832,616	$ 2,060,406	$ 2,105,749	$ 2,194,476	$ 2,325,937
Operating expenses	(1,270,007)	(1,362,513)	(1,298,095)	(1,474,719)	(1,536,494)
Depreciation	(113,889)	(106,296)	(108,295)	(156,383)	(205,103)
Operating income	448,720	591,597	699,359	563,374	584,340
Nonoperating revenue (expenses)	(99,808)	(32,810)	(89,755)	(84,975)	164,720
Income before transfers	348,912	558,787	609,604	478,399	749,060
Net transfers in (out)	(61,966)	(145,000)	(145,000)	(145,000)	(145,000)
Change in net position	$ 286,946	$ 413,787	$ 464,604	$ 333,399	$ 604,060
Income before transfers as a percentage of operating revenue	19.0 %	27.1 %	29.0 %	21.8 %	32.2 %

The Waste Water Fund ended 2019 with a net position of $2,787,231, an increase of $604,060 from the prior year. Of this, $473,785 represents the net investment in capital assets, while the unrestricted portion has a balance of $2,313,446.

Operating revenue increased $131,461 from the previous year, or about 6.0 percent, largely due to the increase in rates applied in fiscal 2019. Operating expenses increased $61,775, or about 4.2 percent, primarily in personal services.

Nonoperating revenue (expenses) increased $249,695 from the previous year, due to improved investment earnings and due to the City receiving a Metropolitan Council inflow and infiltration grant in the current year.

During the current year, this utility operation also made transfers to other funds totaling $145,000.

FIBER OPTIC FUND

The following table presents five years of comparable operating results for the City's Fiber Optic Fund:

	2015	2016	2017	2018	2019
Operating revenue	$ 108,615	$ 145,673	$ 148,684	$ 141,209	$ 218,655
Operating expenses	(73,756)	(121,364)	(109,781)	(136,660)	(93,984)
Depreciation	(44,440)	(44,440)	(44,440)	(44,439)	(44,439)
Operating income (loss)	(9,581)	(20,131)	(5,537)	(39,890)	80,232
Nonoperating revenue (expenses)	(5,293)	(24,000)	(36,221)	(41,642)	(14,936)
Change in net position	(14,874)	(44,131)	(41,758)	(81,532)	65,296
Net position					
Beginning of year	(690,092)	(704,966)	(749,097)	(790,855)	(872,387)
End of year	$ (704,966)	$ (749,097)	$ (790,855)	$ (872,387)	$ (807,091)
Net position					
Net investment in capital assets	$ 1,784,058	$ 1,862,754	$ 1,818,314	$ 1,773,875	$ 1,729,436
Unrestricted	(2,489,024)	(2,611,851)	(2,609,169)	(2,646,262)	(2,536,527)
Total net position	$ (704,966)	$ (749,097)	$ (790,855)	$ (872,387)	$ (807,091)

The Fiber Optic Fund ended 2019 with a net position deficit of $807,091, an improvement of $65,296 from the prior year. Of this, $1,729,436 represents the net investment in capital assets, while the unrestricted portion has a deficit balance of $2,536,527.

As discussed earlier in this report, it is critical for the City to review the operations of this fund. This analysis would need to consider the City's plans to cover repair and replacement costs as the operating results include a charge for depreciation expense, which is a noncash expense. Cash flow management for this fund is also important for repayment on interfund borrowing.

SOLID WASTE FUND

The following table presents five years of comparable operating results for the City's Solid Waste Fund:

	2015	2016	2017	2018	2019
Operating revenue	$ 1,127,975	$ 1,084,284	$ 1,099,506	$ 1,135,528	$ 1,106,983
Operating expenses	(1,167,540)	(826,275)	(979,914)	(984,930)	(1,486,953)
Operating income	(39,565)	258,009	119,592	150,598	(379,970)
Nonoperating revenue (expenses)	23,069	27,545	28,887	37,730	163,661
Income (loss) before transfers	(16,496)	285,554	148,479	188,328	(216,309)
Net transfers in (out)	(20,000)	(20,000)	(60,000)	(60,000)	(60,000)
Change in net position	$ (36,496)	$ 265,554	$ 88,479	$ 128,328	$ (276,309)
Income (loss) before transfers as a percentage of operating revenue	(1.5) %	26.3 %	13.5 %	16.6 %	(19.5) %

The Solid Waste Fund ended 2019 with a net position of $627,635, a decrease of $162,752 from the prior year, all of which is reported as unrestricted net position. This fund reported a $113,557 prior period adjustment in the current year.

Operating revenue decreased $28,545 from the previous year, or about 2.5 percent, due to the decreased rates. Operating expenses increased $502,023, or about 51.0 percent, due to the purchase of new city-owned garbage and recycling containers for city residents.

Nonoperating revenue (expenses) increased $125,931 from the previous year, mainly due to a grant received for the purchase of the city-owned garbage and recycling containers.

During the current year, this utility operation also made transfers to other funds totaling $60,000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** – The portion of net position reflecting equity in capital assets (i.e., capital assets minus related debt).
- **Restricted Net Position** – The portion of net position equal to resources whose use is legally restricted minus any noncapital-related liabilities payable from those same resources.
- **Unrestricted Net Position** – The residual balance of net position after the elimination of *net investment in capital assets* and *restricted net position*.

The following table presents the components of the City's net position as of December 31, 2019 and 2018 for governmental activities, business-type activities (utility fund operations), and the Economic Development Authority (EDA) component unit:

	As of December 31, 2019	As of December 31, 2018	Increase (Decrease)
Net position			
Primary government			
Governmental activities			
Net investment in capital assets	$ 20,896,337	$ 18,936,454	$ 1,959,883
Restricted	6,313,242	5,905,069	408,173
Unrestricted	1,913,208	3,798,923	(1,885,715)
Total governmental activities	29,122,787	28,640,446	482,341
Business-type activities			
Net investment in capital assets	5,230,430	5,118,537	111,893
Unrestricted	12,047,528	9,430,795	2,616,733
Total business-type activities	17,277,958	14,549,332	2,728,626
Total primary government	46,400,745	43,189,778	3,210,967
Component unit			
Economic Development Authority			
Restricted	246,189	134,731	111,458
Total net position	$ 46,646,934	$ 43,324,509	$ 3,322,425

The City (including the EDA) ended 2019 with a combined total net position of $46,646,934, an increase of $3,322,425 from the prior year. The City recorded a prior period adjustment in the current year, increasing beginning net position by $113,557. At the end of the current fiscal year, the City is able to present positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City and the EDA for the years ended December 31, 2019 and 2018:

	2019			2018
	Expenses	Program Revenues	Net Change	Net Change
Net (expense) revenue				
Primary government				
Governmental activities				
General government	$ 1,559,014	$ 498,603	$ (1,060,411)	$ (1,512,621)
Public safety	4,087,960	519,116	(3,568,844)	(3,366,685)
Public works	2,104,125	1,296,485	(807,640)	(99,651)
Parks and recreation	586,040	263,985	(322,055)	(466,500)
Economic development	3,028,759	131,216	(2,897,543)	(508,783)
Interest and fiscal charges	383,719	–	(383,719)	(415,264)
Business-type activities				
Electric	8,098,292	9,304,296	1,206,004	1,215,453
Water	1,105,399	1,853,339	747,940	885,731
Surface water	480,131	881,441	401,310	178,578
Waste water	1,817,051	2,513,167	696,116	454,846
Fiber optic	138,423	218,655	80,232	(39,890)
Solid waste	1,492,205	1,241,076	(251,129)	176,010
Total primary government	24,881,118	18,721,379	(6,159,739)	(3,498,776)
Component unit				
Economic Development Authority	48,435	–	(48,435)	(154,961)
Total net (expense) revenue	$ 24,929,553	$ 18,721,379	(6,208,174)	(3,653,737)
General revenues				
Property and franchise taxes			6,387,353	6,077,250
Grants and contributions not restricted to specific programs			1,843,392	1,838,514
Other general revenues			84,374	184,277
Investment earnings			1,061,765	339,809
Gain on sale of assets			40,158	32,631
Total general revenues			9,417,042	8,472,481
Change in net position			$ 3,208,868	$ 4,818,744

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows that, for the most part, the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources.

LEGISLATIVE UPDATES

The 2019 legislative session began with a projected state general fund surplus of $1.052 billion. The legislative agenda was primarily focused on setting an operating budget for the state's fiscal 2020-2021 biennium. At the end of the regular session, only a higher education budget bill had been completed. However, after a special session, the Legislature was able to address the 11 remaining budget bills, as well as pass an omnibus tax bill and small pension bill. The following is a brief summary of specific legislative changes from the 2019 session or previous legislative sessions potentially impacting Minnesota cities.

Local Government Aid (LGA) – An additional $26 million was added to the appropriation for the city LGA formula beginning in fiscal 2020, bringing the total state-wide appropriation to $560.4 million. An additional $4 million was added to the appropriation beginning in fiscal 2021. The LGA distribution formula for 2020 was altered to provide that a city's 2020 LGA may not be less than its 2019 aid, and the cap on maximum aid losses in any year thereafter was modified.

Bonding Bill – The 2019 bonding bill provided financing for approximately $102 million of projects and funding authorized by the 2018 omnibus bonding bill, which had been legally challenged due to their reliance on the use of the Environment and Natural Resources Trust Fund to generate appropriation bonds. The 2019 Legislature changed the funding source for these projects to general obligation bonds, clearing the way for the projects to go forward. Included in this was $59 million earmarked for city water and wastewater projects through the state Public Facilities Authority.

Local Option Sales Tax Process – Effective May 1, 2019, the process for cities to enact a local option sales tax have been modified, requiring special legislation prior to a local referendum vote. Cities must now adopt a resolution specifying the proposed sales tax rate and time frame for the sales tax. The resolution must also include a detailed description of the project or projects (up to five) to be funded by the sales tax, the amount to be raised for each project, and documentation of the regional significance of each project. The resolution must be submitted to the House and Senate tax committee chairs by January 31st to be considered for special legislation by the State Legislature. If special legislation is approved, voter approval must be obtained by referendum at a general election within two years of legislative approval.

Wage Theft – The Legislature enacted a number of changes in employment law aimed at reducing wage theft by employers. The changes require employers to provide written notice to new employees of specific wage information including rate of pay, allowances, paid leave, deductions, days in a pay period, and the employer's legal name, address, and phone number. Employers must also provide an earnings statement that includes similar information. The changes also create new requirements for employer recordkeeping for hours worked each day and each workweek, and imposes penalties for failure to do so and for refusal to make the records available for inspection by the Department of Labor.

Written Estimates of Consulting Fees – Effective August 1, 2019, upon request by applicants for a permit, license, or other approval relating to real estate development or construction, cities are required to provide a written, nonbinding estimate of consulting fees to be charged to the applicant based on information available at that time. The related application will not be considered complete until the city has provided the estimate, received the required application fees, and received the applicant's signed acceptance of the fee estimate along with a signed statement that the applicant has not relied on the fee estimate in its decision to proceed with the application.

Contract Retainage – Effective for contracts entered into August 1, 2019 or later, contract retainage must be released no later than 60 days after the related construction project reaches substantial completion as defined by statute. After substantial completion, cities can still withhold amounts equal to, 1) 250 percent of the cost to correct or complete work known at the time of substantial completion, and 2) the greater of $500 or 1 percent of the value of the contract pending the completion of "final paperwork," including documents required to fulfill contractual obligations such as operating manuals, payroll documents for projects subject to prevailing wage requirements, and contractor payroll tax withholding affidavits. Any resulting reduction in retainage must be passed from the contractor to all subcontractors at the same rate.

Driver and Vehicle Registration System (VTRS) – The Legislature selected VTRS, a third party vendor system, to replace the failed Minnesota Licensing and Registration System (MNLARS). Fees from driver's licenses, license plates, and filing fees were increased and a technology surcharge imposed on vehicle registration renewals to pay for the implementation of VTRS, the decommissioning of MNLARS, and to temporarily increase the capacity of Driver and Vehicle Services to meet public service needs. Included in this is $13 million appropriated in 2019 for reimbursement grants to deputy registrars for costs related to MNLARS. The grants, which would be determined by formula, would require the deputy registrar accepting the grant to release the state from any further liability or claims related to MNLARS.

Vaping Ordinance Authority – Effective July 1, 2019, cities are allowed to enact and enforce ordinances with more stringent measures than the Minnesota Clean Indoor Air Act to protect individuals from involuntary exposure to aerosol or vapor from electronic delivery devices.

Water Connection Fees – Effective January 1, 2020, the annual water connection fees cities are required to collect on behalf of the Minnesota Department of Health for water testing and support has been increased from $6.36 to $9.72.

Military Exception to Open Meeting Law – Effective August 1, 2019, members of a public body that are in the military will be allowed to participate in public meetings via interactive television when they are at a required drill, deployed, or on active duty. The member may participate under this exception up to three times a year.

Pension Plan Changes – The 2019 pension bill included several changes to the various pension plans throughout the state:

- Changes to plans administered by the Public Employees Retirement Association (PERA) included:

    - The rights of PERA General Employees Retirement Fund (GERF) plan and Public Employees Police and Fire Fund (PEPFF) plan members to purchase service credit for periods of military leave were expanded. This gives plan members the right to purchase up to five years of service credit for military service leave that is not federally protected because the service occurred prior to public employment or the member did not meet the payment deadlines applicable to federally protected leave service credit purchases.

    - The Phased Retirement Option (PRO) program, which gives cities an opportunity to retain potentially retiring employees that are GERF plan members aged 62 or over, was altered and made permanent. Under a PRO arrangement, an employee would begin collecting a retirement annuity, but could continue working for their current employer for up to five years if they agree to a work schedule that represents a reduction of at least 25 percent each pay period from their current schedule, up to a maximum of 1,044 hours per year. Employees would not be allowed to contribute to a pension benefit plan or accrue additional service time while working under a PRO.

    - A process was established for municipalities and joint powers entities to terminate participation in the PERA Statewide Volunteer Firefighter (SVF) plan if, 1) the entity has either eliminated its fire department or ceased using the services of all departing firefighters and any other noncareer or volunteer firefighters, and 2) the entity's account has assets sufficient to cover all liabilities including the fully vested liabilities for all departing firefighters and administrative expenses.

- Changes impacting volunteer firefighter relief associations (VRFAs) included:
    - Effective January 1, 2020, vesting schedules for defined contribution plans cannot require that a member have more than 20 years of active service to become 100 percent vested in the member's account, or provide for a larger vesting percentage with respect to the completed years of service than as provided in the statutory schedule.
    - Effective January 1, 2020, the permitted graded vesting schedule for defined benefit pension plans is reduced from 20 years to 10 years for full vesting. Also, plans cannot require that a member have more than 20 years of active service to become 100 percent vested in the member's accrued service pension, or provide for a larger vesting percentage with respect to the completed years of service than as provided in the statutory schedule.
    - Effective January 1, 2020, supplemental benefits are allowed to be paid to designated beneficiaries or estates when plan members have no surviving spouse or children.

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ACCOUNTING AND AUDITING UPDATES

The following is a summary of GASB standards expected to be implemented in the next few years. However, due to the COVID-19 outbreak, the GASB is currently considering a proposal to delay the original implementation dates of these and other standards by a year. At this point, the implementation dates for the standards listed below are tentative and may be subject to change.

GASB STATEMENT NO. 87, *LEASES*

A lease is a contract that transfers control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this statement.

Governments enter into leases for many types of assets. Under the previous guidance, leases were classified as either capital or operating depending on whether the lease met any of the four tests. In many cases, the previous guidance resulted in reporting lease transactions differently than similar nonlease financing transactions.

The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

To reduce the cost of implementation, this statement includes an exception for short-term leases, defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB STATEMENT NO. 91, *CONDUIT DEBT OBLIGATIONS*

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third party obligors in the course of their activities.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2019

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CITY OF NORTH ST. PAUL
RAMSEY COUNTY, MINNESOTA

Special Purpose Audit Reports
Year Ended December 31, 2019

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MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of North St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001, that we consider to be a significant deficiency.

(continued)

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

CITY'S RESPONSE TO FINDING

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
April 28, 2020

MMKR
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INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of North St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North St. Paul, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2020.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, except as described in the Schedule of Findings and Responses as items 2019-002 and 2019-003. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

CITY'S RESPONSES TO FINDINGS

The City's responses to the legal compliance findings identified in our audit have been included in the Schedule of Findings and Responses. The City's responses were not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
April 28, 2020

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Schedule of Findings and Responses
Year Ended December 31, 2019

FINDINGS – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 SEGREGATION OF DUTIES

Criteria – Internal control over financial reporting.

Condition – The City of North St. Paul, Minnesota (the City) has limited segregation of duties in a number of areas.

Context – This is a current year finding.

Cause – The limited segregation of duties is primarily caused by turnover in the City's finance department staff in the current year.

Effect – One important element of internal accounting controls is an adequate segregation of duties such that no one individual should have responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction. A lack of segregation of duties subjects the City to a higher risk that errors or fraud could occur and not be detected in a timely manner in the normal course of business.

Recommendation – We recommend that the City continue to review its accounting procedures and internal controls and make improvements on an ongoing basis within the limits of the staff available.

Management Response – There is no disagreement with the audit finding. The City reviews and makes improvements to its internal control structure on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available. Subsequent to year-end, the City has increased staffing to address this audit finding.

FINDINGS – MINNESOTA LEGAL COMPLIANCE AUDIT

2019-002 SOLID WASTE MANAGEMENT BILLING

Criteria – Minnesota Statutes § 297H.07.

Condition – Minnesota Statutes require any taxes imposed on solid waste management services to be itemized separately by the City on each customer's bill. The City was not in compliance with this statute.

Context – This is a current year and prior year finding.

Cause – The billing software for the City does not separately itemize taxes imposed on solid waste management fees.

Effect – The City did not separately itemize taxes imposed for solid waste management services on customer billing statements as required by Minnesota Statutes.

Recommendation – We recommend that the City review the format of its customer billing statements to ensure future compliance with this statute.

Management Response – There is no disagreement with the audit finding. The City has worked with the billing software company and has subsequently corrected on the April 2020 billing statements to ensure future compliance with this statute.

2019-003 PAYROLL DECLARATION

Criteria – Minnesota Statutes § 412.271, Subd. 2.

Condition – Minnesota Statutes require that when any claim for wages listed on a payroll is paid, the employee shall sign a declaration, which may be a part of the payroll, to the effect that the employee has received the wages and done the work for which the wages have been paid. Each employee claiming payment from the City is required to make the following written declaration: "I declare under penalties of law that I have received the wages stated on this payroll opposite my name and have done the work for which the wages were paid." This declaration was not obtained for certain employees tested in fiscal year 2019.

Context – This is a current year finding.

Cause – This was an oversight by city personnel.

Effect – The City did not properly obtain this declaration for certain employees tested in 2019 as required by Minnesota Statutes.

Recommendation – We recommend that the City include the required declaration onto each timesheet in the future to ensure compliance with this statute.

Management Response – There is no disagreement with the audit finding. The City will review its procedures in place to ensure future compliance with this statute.

Agenda Information Memorandum

North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE CITY MANAGER

Agenda placement: City Business

Subject: Keeping of Chickens and Bees Text Amendment

To: Honorable Mayor and City Council

BACKGROUND/FACTS

The proposed Text Amendment has been drafted after reviewing the ordinances of sixteen Twin Cities metropolitan area municipalities, particularly those adjacent to North St. Paul and those with similar population size or similar lot sizes to North St. Paul. The proposed language of the Text Amendment was reviewed and discussed at the March 5th Planning Commission meeting. Revisions were made to the original proposed text that reflect discussion and feedback from the March Planning Commission meeting as well as additional research and review of City Code.

The revised proposal was reviewed at the May 7th Planning Commission meeting, and has recommended approval of the Text Amendment.

Highlights of the revisions are below:

Chickens

- Coop and run must comply with a minimum fifteen (15) foot setback from all property lines
- Maximum height of coops is fifteen (15) feet, to align with accessory structure ordinance
- Slaughter on site is prohibited
- Sale of eggs on site is prohibited
- No notification to neighbors when registration is submitted, to align with dog kennel ordinance update
- Registration (rather than permit) is required, which includes application with site plan and initial inspection to ensure compliance with code
- Addition of language reflecting that registrants keeping hens shall be subject to humane care and nuisance regulations in Section 95.24 and Section 95.26 of the City Code.

Bees

- Front entrance of all hives must face into the registrant's property
- Hives must be located at least fifteen (15) feet from all property lines
- Sale of honey on site is prohibited
- No notification to neighbors when registration is submitted, to align with dog kennel ordinance update
- Registration is required, which includes an application with site plan and initial inspection to ensure compliance with code

RECOMMENDED ACTION

It is recommended the City Council concur with the Planning Commission and staff recommendation of approval the proposed text amendment and ordinance additions regarding Keeping of Bees and Chickens to City Code.

ATTACHMENTS

- Proposed ordinance language
- A summary matrix of surrounding cities chicken and bee ordinance characteristics

Respectfully submitted,

Olivia Boerschinger, AICP Candidate
Community Development

CITY OF NORTH ST. PAUL

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE NORTH SAINT PAUL CITY CODE OF ORDINANCES TITLE IX, CHAPTER 95 PERTAINING TO THE KEEPING OF CHICKENS AND BEES

SECTION 1. Title IX, Chapter 95, Section 95.01 of the North St. Paul City Code is hereby amended as follows. The underlined text shows the proposed additions to the ordinance and the ~~struck out~~ text shows deleted wording:

§ 95.01 DEFINITIONS

CHICKEN. A domesticated bird of the species *Gallus gallus domesticus* that serves as a sources of eggs and/or meat.

COOP. The structure for the keeping or housing of chickens,

HEN. A female chicken,

ROOSTER. A male chicken,

RUN. A fully enclosed area attached to a coop where hens can roam.

COLONY. An aggregate of bees consisting principally of workers, but having, when perfect, one queen, drones, brood, combs and honey.

HIVE. The receptacle inhabited by a colony that is manufactured for that purpose.

HONEYBEE. All life stages of the common domestic honey bee, *apis mellifera*. African subspecies and Africanized hybrids are not considered to be honeybees for the purposes of this Chapter.

FARM ANIMALS. Those animals commonly associated with a farm or performing work in an agricultural setting. Unless otherwise defined, ***FARM ANIMALS*** shall include members of the equestrian family (horses, mules), bovine family (cows, bulls), sheep, ~~poultry (chickens~~, turkeys, fowl (ducks, geese), swine (including Vietnamese pot-bellied pigs), goats, ~~bees~~, and other animals associated with a farm, ranch or stable.

SECTION 2. Title IX, Chapter 95, Section 95.23 of the North St. Paul City Code is hereby amended with the additions as follows. The underlined text shows the proposed additions to the ordinance and the ~~struck out~~ text shows deleted wording:

§ 95.23 EXOTIC PETS/NON-DOMESTIC ANIMALS/FARM ANIMALS.

No person shall harbor any exotic pets, non- domestic pets, or farm animals, nor build, maintain or use a structure for the keeping of such animals within the city limits. Exceptions include those animals in subsections below, and shall not be kept within the City without first registering with the City.

(A) KEEPING OF CHICKENS.

a. Intent. It is recognized that the ability to cultivate one's own food is a sustainable activity that can also be a rewarding pastime and the intent of this ordinance is to allow the keeping and maintenance of hens in a clean and sanitary manner that does not create a nuisance and is not detrimental to the public health, safety and welfare of the residents of the City.
b. Registration Required. No person shall keep, maintain, or otherwise care for hens within the City without first registering with the City.
c. Conditions. The keeping of hens is permitted, pursuant to a registration issued under this section, subject to the following conditions:
    i. In no case shall the number of hens on the property exceed six (6).
    ii. Hens must be kept in a coop. An exception may be made for hens under (4) months in age to be temporarily kept in an accessory structure to facilitate the regulation of their temperature.
    iii. Hens must be contained within the coop or run whenever unattended, but when attended by the owner, may be allowed in a yard completely fenced by a fence at least four (4) feet in height. Hens must be confined to the owner's premises at all times, may not roam at large, and must be secured inside a coop from sunset to sunrise each day.
    iv. One coop and run structure is permitted per property. The coop and run shall be located in the rear yard and shall be at least fifteen (15) feet from all property lines. The coop and run may not be located in the front yard. A portable coop and run is allowed, but must be identified on the required site plan and shall comply with the setback requirements of this provision.
    v. A coop shall provide a minimum of four (4) square feet of floor space per hen. A coop shall not exceed fifteen (15) feet in height.
    vi. The coop and run shall be constructed and maintained so as to be predator and rodent- proof and must be maintained in good condition and working order.
    vii. All grains and other hen food must be kept in rodent proof container.
    viii. All premises in which hens are kept or maintained shall be kept reasonably clean from filth, garbage, and any substances which attract rodents, A coop and its surroundings, including any run, must be cleaned frequently enough to control odor. Feces shall not be allowed to accumulate in a way that creates an unsanitary condition or causes odors detectible on another property.
    ix. Keeping of hens shall be subject to humane care and nuisance regulations in Section 95.24 and Section 95.26 of the City Code.
    x. Dead hens must be disposed of according to the Minnesota Board of Animal Health rules.
    xi. Roosters are prohibited.
    xii. Breeding is prohibited.
    xiii. Slaughtering on site is prohibited.
    xiv. Sale of eggs on site is prohibited.
d. Registration Process:

i. An applicant shall complete a registration form provided by the City. The registration shall include a description the coop and run. The applicant must also provide a site plan depicting the property and showing the location, size and setbacks of the coop and run from all property lines.
ii. Applicants who are not the owner of record of the property where hens will be kept shall provide evidence of the property owner's consent to the keeping of hens on the property.
iii. An initial inspection of the coop, run, fence and property is required to verify compliance with this ordinance and the site plan submitted with the registration prior to moving hens on to the property.

e. Right of Entry for Inspection: City Staff may enter and inspect any property for which a hen registration has been processed following notice to the property owner at any reasonable time for the purpose of ensuring compliance with this section. It shall be deemed a violation of this section for any person to resist, impede, or hinder City Staff or their designee in the performance of their duties in inspecting any chicken-related materials.

f. Violation and Penalties: If a violation of the terms of this Section or the registration is found, the City shall give written notice thereof to the registrant. If the violation is not remedied standard Code Enforcement procedures will occur and/or the registration may be revoked.

(B) KEEPING OF BEES

a. Certain Beekeeping Permitted: It is the purpose and the intent of this section to permit the keeping of honeybees, subject to the regulations contained hereinafter. It is recognized that the ability to cultivate one's own food is a sustainable activity that can also be a rewarding pastime, and that honeybees can be maintained within populated areas without causing a nuisance if carefully managed. It is the purpose and intent of this section to permit the keeping of bees in such ways that is not a nuisance or detrimental to the public health, safety, or welfare.

b. Registration Required: No person shall keep, maintain, or otherwise care for bees within the City without first registering with the City.

c. Conditions: The keeping of honeybees is permitted pursuant to a permit issued under this section, subject to the following conditions:

i. No more than four (4) colonies may be kept on any one property.
ii. Honeybee colonies shall be kept in hives with removable frames, which shall be kept in sound and usable condition. Each hive structure shall not exceed twenty (20) cubic feet in volume.
iii. A convenient source of water shall be available within ten (10) feet of the hives at all times that the colonies remain active outside of the hive. An adjacent lake or pond shall not constitute an acceptable convenient source of water.
iv. No wax comb or other material that might encourage robbing by other bees shall be left exposed outdoors. Such materials shall be stored in sealed insect-proof containers or placed within a building.
v. Beekeeping equipment shall be maintained in good condition and unused beekeeping equipment shall be protected to prevent occupancy by swarming honeybees.

vi. Hives shall be continuously managed to provide adequate living space for their resident honeybees to control swarming.
vii. In any instance in which a colony exhibits unusually aggressive behavior or becomes diseased, it shall be the duty of the registrant to promptly take appropriate action to address the behavior.
viii. Hives must be located at least fifteen (15) feet from all property lines. Hives may not be located in a front yard.
ix. The front entrance of all colony hives must face into the registrant's property
x. A flyaway barrier shall shield any part of a property line that is within twenty (20) feet from a hive. The flyaway barrier shall be six (6) feet in height and shall consist of a wall, fence, dense vegetation or a combination thereof such that the bees will fly over, rather than through to reach the hive. If the adjoining property is undeveloped, with no trails of sidewalks located within twenty (20) feet of the property line, a flyaway barrier is not required.
xi. Sale of honey on site is prohibited.

d. Registration Process:
i. An applicant shall complete a registration form provided by the City. The application shall include a site plan depicting the property and show the location, size, and type of the hives.
ii. Applicants shall complete a beekeeping training course prior to registration approval. Proof of completion of the required training course shall be provided at the time of registration. The curriculum of the beekeeping course shall be similar to that of the beekeeping courses offered by the University of Minnesota, Century College, or the Three Rivers Park District.
iii. Applicants who are not the owner of record of the property where honeybees will be kept shall provide evidence of the property owner's consent to the beekeeping activity on the property.
iv. An initial inspection of the property, hive(s), water source, and flyaway barrier is required to verify compliance with this ordinance and the site plan submitted with the registration prior to bringing bees on to the property.

e. Right of Entry for Inspection: City Staff may enter and inspect any property for which a beekeeping permit has been issued following notice to the property owner at any reasonable time for the purpose of ensuring compliance with this section.

f. Violation and Penalties: If a violation of the terms of this Section or the registration is found, the City shall give written notice thereof to the registrant. If the violation is not remedied standard Code Enforcement procedures will occur and/or the registration may be revoked.

SECTION 3. This Ordinance shall become effective upon the approval of the City Council. The City Clerk is hereby directed to publish this ordinance as required by law.

Municipal Bee Keeping Ordinances

City	Initial Permit Fee	Renewal Fee	Permit Renewal	Property Line Setbacks	Adjacent Home Setback	Inspection Required	Site Plan Required	Training Required	Neighbor Consent Required	Colonies Allowed
Eagan	$50	$50	anually	20'	30'	yes	yes	yes	no	2+, per lot size
Gem Lake	Currently no bee ordinance									
Inver Grove Heights	Only allowed in agricultural zones									
Lake Elmo	$25	—	2 years	25'	not specified	not specified	yes	yes	yes, within 150'	4 - only on lots .75 acre or larger
Lakeville	Interim Use Permit			20'	not specified	yes	based on requirements of IUP			2-8, per lot size
Mahtomedi	$30	no	5 years	10'	25'	no	yes	yes	yes, within 350'	4
Maplewood	—	—	permitted as accessory use	5'	25'	—	—	—	Must not cause a public nuisance	
Mendota Heights	—	—	permitted as accessory use	100'	not specified	—	—	—	—	10
Minneapolis	$105	none	annually	25'		yes	yes	yes	yes, all immediately adjacent	2-8, per lot size
Mounds View	$50	—	—	10'	25'	yes	yes	not specified	not specified	4
Oakdale	Keeping of Animals Application maintained by Police Department						yes	—	consent from 75% of neighbors within 150'	—
Shoreview	$30	$30	2 years	15'	25'	yes	yes	yes	yes; written to neighbors 150' after permit issued	2-8, per lot size

St. Paul	$76	$28	annually	10'	25'	yes	yes	yes	75% consent from adjacent properties	2 -4, per lot size
Stillwater	$50	none	2 years	25'	no	no	yes	yes	yes, within 150'	2 up to unlimited per lot size
Vadnais Heights	—	—	permitted as conditional use	20'	50'	yes	—	—	—	2-8, per lot size
White Bear Lake	$30	$30	5 years	10'	25'	yes	yes	yes	yes, within 100'	4

Municipal Chicken Ordinances

City	Initial Permit Fee	Renewal Fee	Permit Renewal	Property Line Setbacks	Adjacent Home Setback	Structure Requirements	Inspection Required	Site plan Required	Training Required	Neighbor Consent Required	Hens Allowed
Eagan	$50	$50	annually	5' side 10' rear	25'	rear yard only, coop min. size 2 sf/chicken, run 5 sf/chicken, meet Accessory Structure code	yes	yes	not specified	not specified	5
Gem Lake	$25	$15	annually	not specified	50'	rear yard only; 5 sf/chicken (max 200 sf); run 11 sf/chicken	yes	yes	not specified	not specified	based on coop size
Inver Grove Heights	$25	$25	2 years	10'	25'	must comply with Zoning Code for accessory structure	yes	yes	not specified	City notifies all adjacent properties	6
Lake Elmo	$25	$25	2 years	5'	20'	rear yard only; 4 sf/chicken, runs 10ft/chicken	yes	yes	not specified	notice to properties within 150'	4-22, per lot size
Lakeville	$100	not specified	not specified	20'	closer to building on principal property than any other	rear yard only; coop: 2 sf/chicken, max 32 sf; run: 5-20 sf/chicken	yes	yes	not specified	not specified	3
Mahtomedi	$50	$50	5 years	5'	20'	rear yard only; coop 4 sf/hen, fenced run or yard	yes	yes	yes	no	6
Maplewood	$75	$50	2 years	5'	not specified	rear or side yard; coop 4sf/chicken; run 10 sf/chicken	yes	yes	no	60% consent of adjacent properties or; proof that applicant property lines are 150' away from any home	10
Mendota Heights	$15	$0	annually	10'	not specified	rear yard only; max 144 sf; coop: 2sf/chicken, run: 5 sf/chicken	yes	yes	not specified	not specified	6
Minneapolis	$30-80	same	annually	not specified	20'	Rear yard only; screened from habitable buildings; run must have at least 10 sf/chicken	yes	yes	not specified	written consent of 80% of neighbors within 100'	up to 30
Mounds View	$100	$30	annually	20'	20'	rear yard only; comply with accessory structure conditions	yes	yes	not specified	notice mailed to properties within 350'	8
Oakdale	Keeping of Animals Application maintained by Police Department						yes	yes	not specified	75% consent of adjacent properties or; proof that applicant property lines are 150' away from any home	not specified
Shoreview	$30	None	2 years	10'	30'	rear yard only, shelter in compliance with other accessory structure code	yes	yes	not specified	not specified	4

St. Paul	$76	$28	annually	5'	not specified	rear yard only; coop 4 ft/chicken	yes	yes	not specified	75% approval of owner/renter within 150'	up to 15
Stillwater	$50	$50	2 years	5' side 10' rear	20'	rear yard only; 10 sf/chicken of coop and run combined	no	yes	City publication acknowledgement	yes, mailed to those 150' from property	5
Vadnais Heights	not specified			20'	50'	rear yard only; 120 sf max, min 4 sf/chicken	yes	yes	not specified	<.5 acre lot, 75% concent of adjacent owners	5-20, per lot size
White Bear Lake	$50	—	none	5'	50'	coop min 4sf/chicken, max 30 sf total, run 10 sf/hen if no access to fenced yard	yes	yes	only if less than 50' setback from neighboring structures	yes, if less than 50' from neighbors home	4

CONTRACT

FOR

PRIVATE DEVELOPMENT

By and Between

CITY OF NORTH ST. PAUL

AND

NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC

DRAFTED BY:
Taft Stettinius & Hollister, LLP
2200 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 555402
Telephone: (612) 977-8400

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CONTRACT FOR PRIVATE DEVELOPMENT

THIS AGREEMENT, made on or as of the 1st day of May , 2020 ("Effective Date") by and between the **CITY OF NORTH ST. PAUL**, a political subdivision under the laws of the State of Minnesota (the "City") and North St. Paul Land & Development Co., LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH:

WHEREAS, the City has determined that there is a need for the City to take certain actions they deem necessary in order to encourage, ensure and facilitate development and development by the private sector of underutilized, inappropriately used and unused land located within the corporate limits of the City which are necessary to provide additional employment opportunities for residents of the City and to improve the tax based and to improve the general economy of the City;

WHEREAS, in furtherance of these objectives the City has established, pursuant to Minnesota Statutes, Sections 462.124 through 462.133, the Development Program ("Development Program") for Development District No. 4 (the "Development District") in the City to encourage and provide maximum opportunity for private development and development of certain property in the City which is not now in its highest and best use;

WHEREAS, in furtherance of these objectives and in connection with the Development District, the City has also established a Tax Increment Financing (Redevelopment) District No. 4-8 (the "Tax Increment District") pursuant to the authority granted in Minn, Stat. 469.174, et seq., as amended (the "Tax Increment Act").

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the specified plan in the Development District available for development by private enterprise for and in accordance with the Development Program, the City has determined to use tax increment generated by proposed development within the Development District to assist with financing a portion of the cost of Site Improvements (as hereinafter defined) and related administrative expenditures;

WHEREAS, the Developer has proposed a development as hereinafter defined within the Development District which the City has determined will promote and carry out the objectives for which the Development Program has been undertaken, will be in the vital and best interests of the City and the health, safety and welfare of its residents and is in accord with the public purposes and provisions of the applicable state and local laws and requirements under which development in the Development District has been undertaken and is being assisted;

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement pursuant to an exemption for housing.

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

ARTICLE I.
DEFINITIONS

In this Agreement, unless a different meaning clearly appears from the context:

"**Agreement**" means this Contract for Private Development by and between the City and the Developer, as the same may be from time to time modified, amended or supplemented.

"**Articles and Sections**" mentioned by number only are the respective Articles and Sections of this Agreement so numbered.

"Assessment Agreement" means the agreement, substantially in the form of the agreement contained in Schedule C attached to and made a part of this Agreement, among the Developer, the City, and the Ramsey County Assessor to be entered into pursuant to Section 6 of this Agreement.

"**Assessed Market Value**" or "**Assessed Market Valuation**" means the market value of real property as determined by the Ramsey County Assessor in accordance with Minnesota Statutes, Section 273.11 (or as finally adjusted by any assessor, board of equalization, commissioner of revenue, or any court).

"**Certificate of Completion**" means a certification in the form of the certificate contained in Schedule B attached hereto and provided to the Developer pursuant to Section 4.4.

"**City**" means the City of North St. Paul, Minnesota.

"**Construction Plans**" means the plans, specifications, drawings and related documents on the construction work to be performed by the Developer on the Development Property which plans (a) detailed as the plans, specifications, drawings, and related documents which are submitted to the building inspector or building official of the City; (b) shall include at least the following: (1) site plan; (2) foundation plan; (3) elevations and floor plans; (4) landscape plan; (5) cross sections (length and width); and (6) such other plans or supplements to the foregoing plans as the City may reasonably request; and (c) shall be consistent with the preliminary plans approved by the City.

"**County**" means the County of Ramsey, Minnesota.

"**Developer**" North St. Paul Land & Development Co., LLC, a Minnesota limited liability company, or any permitted assigns.

"**Development District**" means Development District No. 4 in the City.

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

"**Development Property**" means the real property as legally described in Schedule "A" attached hereto.

"**Disbursing Agreement**" means the Disbursing Agreement dated __________________ between the City, the Developer and All American Title Co.

"**Event of Default**" means an action by the Developer or the City listed in Article VIII of this Agreement.

"**Lender**" means any financial institution or other person or entity that from time to time provides secured financing to Developer for some or all of the Minimum Improvements or the Development Property, and any agent, security agent, collateral agent, indenture trustee, loan trustee, loan participant or participating or syndicated lenders involved in whole or in part in such financing, and their respective representatives, successors and assigns.

"**Maturity Date**" means the date the Bonds are paid in full.

"**Minimum Improvements**" means construction of an 89 unit multifamily residential housing facility with approximately 3,000 square feet of commercial space and other required and accessory site improvements constructed on the Development Property by Developer as specified in the Construction Plans to be approved by the City and to be completed in accordance with all applicable local, state and federal regulations governing such improvements.

"**Minimum Market Value**" means $18,250,000 as of January 2, 2021 to and including January 2, 2046, which is the minimum market value of the land and Minimum Improvements as confirmed by the Ramsey County Assessor.

"**Mortgage**" means a mortgage obtained by the Developer from a third party lender in accordance with Section 7.4 of this Agreement.

"**Offsite Improvements"** means those improvements described in the Plans and Specifications.

"**Party**" or "**Parties**" means the Developer and the City.

"**Plans and Specifications**" means the Plans and Specifications dated ________________ prepared by WSB & Associates and the same may be from time to time modified, amended or supplemented.

"**Project**" means the Development Property and the completed Minimum Improvements thereon.

"**Site Improvements"** means the site improvements to be undertaken on the Development Property, more particularly described on Schedule D attached hereto.

"**State**" means the State of Minnesota.

"**Tax Increment Act**" means Minnesota Statutes, Sections 469.174 through 469.1794 inclusive.

"Bonds" means the Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A, issued by the City to finance a portion of the costs of the Project and any bonds issued to refund the Bonds.

"**Tax Increment District**" means Tax Increment Financing (Redevelopment) District No. 4-8).

"**Unavoidable Delays**" means delays outside the control of the Party claiming its occurrence which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, Acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays, government order or law, national or regional emergency, disease, pandemics or epidemics. Unavoidable delays shall not include delays in the Developer's obtaining permits or governmental approvals necessary directly to enable construction of the Minimum Improvements.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties by the City. The City represents and warrants that:

(a) The City is a municipal corporation duly organized and existing under the laws of the State. Under the provisions of the laws of the State, the City has the power to enter into this Agreement and carry out its obligations hereunder. The City has duly authorized the execution, delivery and performance of this Agreement.

(b) The Tax Increment District has been established as a redevelopment district within the meaning of Minnesota Statutes, section 469.174, subd. 10.

(c) The City has created, adopted and approved the Tax Increment District and Tax Increment Plan in accordance with the provisions of the Tax Increment Act.

(d) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Tax Increment Plan.

(e) The City proposes, subject to the further provisions of this Agreement, to apply tax increment revenues to repay the Bonds.

(f) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition or soil conditions thereon (including soils, pollutants, hazardous wastes or otherwise), or that the Development Property is suitable for the Developer's needs.

Section 2.2 Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a Minnesota limited liability company organized and existing under the laws of the State of Minnesota, is authorized to transact business in this State, and has duly authorized the execution of this Agreement and the performance of its obligations under this Agreement. None of the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, or the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with the terms of any indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound.

(b) The Minimum Improvements will be constructed at a cost to Developer of not less than $__________________________, exclusive of the value of the Development Property.

(c) As of the date of execution of this Agreement, the Developer has received no notice or communication from any local, state, or federal official that the anticipated activities of the Developer with respect to the Development Property may be or will be in violation of any environmental law or regulation.

(d) There are no pending or threatened legal proceedings, of which the Developer has notice, contemplating the liquidation of dissolution of the Developer or threatening its existence, or seeking to restrain or enjoin the transaction contemplated by the Agreement, or questioning the authority of the Developer to execute and deliver this Agreement or the validity of this Agreement.

Section 2.3 Covenants by the Developer. The Developer covenants that:

(a) Subject to the conditions contained in Article III below, the Developer will construct and maintain the Minimum Improvements in accordance with the terms of this Agreement and all applicable local, State and Federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(b) Developer will use commercially reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals, and will use commercially reasonable efforts to meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(c) Whenever any Event of Default occurs and if the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within ten (10) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

(d) Developer shall pay the normal and customary City fees and expenses for the approval and construction of the Minimum Improvements including, but not limited to, building permit fees, sewer accessibility charges (SAC), water accessibility charges (WAC) and park dedication fees, which fees based on City rules and regulations are on file with the City.

(e) The Developer will cooperate with the City with respect to any litigation commenced with respect to the Development Property or the Minimum Improvements.

(f) The financing arrangements which the Developer has obtained or will obtain to finance the construction of the Minimum Improvements, will be sufficient to enable the Developer to successfully complete the Minimum Improvements as contemplated by this Agreement.

ARTICLE III.
SITE IMPROVEMENTS: OFFSITE IMPROVEMENTS, TAX INCREMENT BONDS; LEGAL AND ADMINISTRATIVE EXPENSES

Section 3.1 Reimbursement of Site Improvement Costs.

(a) Subject to the satisfaction of the provisions of subsection (b) below, the City will pay pursuant to the terms of the Disbursing Agreement the Developer the costs of the construction of the Site Improvements in an amount not to exceed $5,200,000 (the "Disbursement Amount").

(b) The City's obligation to pay the Disbursement Amount from the Developer shall be subject to satisfaction of the following conditions precedent:

(i) The Developer shall be in material compliance with all the terms and provisions of this Agreement;

(ii) The Developer shall have submitted to the City Construction Plans for the Project, and such Construction Plans shall have been approved by the City pursuant to Section 4.2 of this Agreement;

(iii) The Developer shall furnish the City evidence, in a form satisfactory to the City such as a letter of comment from a bank or other lending institution, that the Developer has firm commitments for construction or acquisition and permanent financing for the Project in an amount sufficient, together with equity commitments, to complete the Project in conformance with the Construction Plans, or the City shall receive such other evidence of financial ability as in the reasonable judgment of the City is required;

(iv) Execution of an Assessment Agreement by the City, the County, the Developer, and the bank providing financing pursuant to this Agreement;

(v) Issuance of the Bonds and satisfaction of the conditions set forth in Section 3.3 of this Agreement;

(vi) The Developer shall have submitted invoices for the cost of the Site Improvements which shall be incurred as construction of the Project progresses, in an amount equal to the lesser of actual costs of the Site Improvements or $5,200,000;

(vii) The Developer shall provide the City with a letter of credit in the amount of $3,000,000 from a bank and in a form satisfactory to the City; and

(viii) Compliance with the provisions of the Disbursing Agreement and the construction agreement referred to in Section 3.2.

Section 3.2 Offsite Improvements.

The Developer shall install or ensure installation of the Offsite Improvements in accordance with (i) the Plans and Specifications and in accordance with all state, federal and local rules, regulations ordinances and laws, and (ii) a construction agreement to be entered into between the Developer and the City in a form acceptable to the City.

Unless extended in writing by the City and subject to Unavoidable Delays, the Developer shall complete the Offsite Improvements on or before October 1, 2021.

Upon completion and acceptance of the Offsite Improvements, the Offsite Improvements shall become City property without further notice or action.

Upon execution of this Agreement, the Developer shall furnish the City with an irrevocable letter of credit in the amount of $3,000,000 from a bank and in a form acceptable to the City. The letter of credit shall be for a term ending when the Offsite Improvements are completed and accepted. The letter of credit may be reduced as payments for the Offsite Improvements are paid under the Disbursing Agreement provided that such reductions shall not exceed 90% of the paid costs (*i.e.* the letter of credit shall always exceed 110% of the unpaid costs of the Offsite Improvements).

The Developer shall warranty all work to be free of all defects in workmanship and materials for the period required by the Plans and Specifications.

Section 3.3 Issuance of Bonds. The City agrees to exercise its best efforts to take all steps necessary to issue the Bonds in an amount sufficient to finance the City's obligations to the Developer under Section 3.1. The obligation of the City to issue the Bonds shall be subject to the limitations provided in Section 3.4 of this Agreement. $5,200,000 of the Bonds shall be deposited with All American Title Co. and disbursed in accordance with the terms of the Disbursing Agreement in a form acceptable to the City.

Section 3.4 Limitations on Financial Undertakings of the City. Notwithstanding the provisions of Section 3.3, the City shall have no obligation to the Developer under this Agreement to issue the Bonds if any of the following conditions exist:

(a) The City is entitled under Section 8.2 of this Agreement to exercise any of the remedies set forth therein as a result of an Event of Default;

(b) There has been, or there occurs, a substantial change for the worse in the financial resources and ability of the Developer, or a substantial decrease in the financing commitments secured by the Developer for construction of the Minimum Improvements, which change(s) makes it substantially more likely, in the reasonable judgment of the City, that the Developer will be unable to fulfill its covenants and obligations under this Agreement;

ARTICLE IV.
CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 4.1 Construction of Minimum Improvements.

(a) The Developer agrees that it will construct the Minimum Improvements on the Development Property in accordance with the Construction Plans and will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof in good repair and condition.

(b) The Developer and the City anticipate that upon completion, the Minimum Improvements will have a Market Value of not less than $18,250,000.

Section 4.2 Construction Plans.

(a) On or before thirty (30) days following execution of this Agreement, the Developer shall submit to the City a site plan for the Development Property ("Site Plan") and the Construction Plans for the Minimum Improvements. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, the Site Plan, and all applicable state and local laws and regulations. The City and/or the City Building Official shall approve the Construction Plans in writing if, in the reasonable discretion of the City and/or City Building Official: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to all applicable federal, state and local law, ordinances, rules and regulations; (iii) the Construction Plans are adequate to provide for the construction of the subject Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds which will be available to the Developer for the construction of the Minimum Improvements; and (v) no Event of Default has occurred or is continuing after Developer's timeframe to cure has lapsed as outlined in Section 8.2. No approval by the City and/or City Building Official under this Section 4.2 shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements. No approval by the City and/or City Building Official shall constitute a waiver of an Event of Default. The City and/or City Building Official shall review the Construction Plans within thirty (30) days of submission of a complete set of Construction Plans and either approve the same or provide Developer with a list of specific required changes to be made to the Construction Plans; provided, however, if the City and/or Building Official does not respond within such thirty (30) day period, the Construction Plans shall be deemed approved. Upon making the specific changes to the Construction Plans as required by the City and/or City Building Official, the Developer shall submit the Construction Plans with the required changes to the City Building Official for his approval and if Developer made the required changes, the Construction Plans shall be approved.

(b) If the Developer desires to make any material change in any Construction Plans after their approval by the City and/or City Building Official, the Developer shall submit the proposed change to the City Building Official for his approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City and/or City

Building Official shall approve the proposed change and notify the Developer in writing of its approval.

Section 4.3 Construction Requirements.

(a) The Developer shall commence construction of the Minimum Improvements on or before ____________________.

(b) The Developer shall substantially complete construction of the Minimum Improvements, except for landscaping; exterior matters such as landscaping; and minor "punch list items", by ____________________; provided, however, such time period shall be extended in the event of an Unavoidable Delay for the applicable period of time of such Unavoidable Delay.

(c) The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and its successors and assigns, shall promptly begin and diligently prosecute to completion the development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be completed within the period specified in this Section 4.3 of this Agreement. Until construction of the Minimum Improvements has been completed, the Developer, or its architect or contractor, shall make construction progress reports, at such times as may reasonably be requested by the City, but not more than once a month, as to the actual progress of the Developer with respect to such construction.

Section 4.4 Certificate of Completion.

(a) Promptly after completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (excluding the date for completion thereof), the City will furnish the Developer with a Certificate of Completion in the form attached hereto as Schedule B. Such Certificate of Completion by the City shall be furnished to Developer within thirty (30) days after request by Developer, and shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Developer, and its successors and assigns, to construct the Minimum Improvements and the date for the completion thereof.

(b) The City shall provide the Certificate of Completion if the Developer completes the Minimum Improvements prior to the City exercising its remedy pursuant to Section 8.2 under this Agreement even if the Developer fails to complete the Minimum Improvements on the date required by this Agreement.

(c) If the City shall refuse or fail to provide the Certificate of Completion in accordance with the provisions of this Section 4.4 of this Agreement, the City shall, within thirty (30) days after written request by Developer for the Certificate of Completion, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain such Certificate of Completion.

(d) The construction of the Minimum Improvements shall be deemed to be completed when the Minimum Improvements are, as reasonably determined by the City, substantially completed in accordance with the Construction Plans and when a certificate of occupancy is issued.

(e) The Certificate of Completion issued for the Minimum Improvements shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement to construct the Minimum Improvements.

Section 4.5 Failure to Complete Improvements As Required. If the Developer fails to complete the Minimum Improvements as required under Section 4.3, the Minimum Market Value for the Development Property shall nevertheless be applicable as of January 1, 2021.

ARTICLE V.
INSURANCE

Section 5.1 Insurance.

(a) The Developer will provide and maintain or cause to be provided and maintained at all times during the process of constructing the Minimum Improvements and, from time to time at the request of the City, furnish the City with proof of payment of premiums on:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in non-reporting form on the so called "all risk" form of policy;

(ii) Comprehensive general liability insurance (including operations, Broadening Endorsement including contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than $2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Worker's compensation insurance, with statutory coverage and employer's liability protection.

The policies of insurance required pursuant to clauses (i) and (ii) above shall be in form and content reasonably satisfactory to the City and shall be placed with financially sound and reputable insurers licensed to transact business in the State, the liability insurer to be rated A or better in <u>Best's Insurance Guide</u>. The policy of insurance delivered pursuant to clause (i) above shall contain provision that coverage afforded under the policies shall not be cancelled without at least thirty (30) days' advanced written notice to the City, or ten (10) days' notice for non-payment of premium.

(b) Upon completion of construction of the Minimum Improvements and prior to the Maturity Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire, extended coverage, all risk vandalism and malicious mischief, boiler explosion, water damage, demolition cost, debris removal, and collapse in an amount not less than the full insurable replacement value of the Minimum Improvements, but any such policy may have a deductible amount of not more than $25,000; provided, however, if the demolition cost, debris removal and collapse coverage is only available to the Developer as a sublimite on such policy or policies, those coverages shall be obtained only to the extent of such limits. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the City. The term "full insurable replacement value" shall mean the actual replacement cost of the Minimum Improvements (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment. All policies evidencing insurance required by this subparagraph with respect to the Minimum Improvements shall be carried in the name of the Developer and shall contain standard clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to the Minimum Improvements. The Developer shall have the sole discretion to settle any insurance claims, provided, however, the City shall be entitled to receive copies of all information with regard to the insurance claim, notices of meetings, negotiations and proceedings with regard to the claim and the right to participate in any such meetings or hearings.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of $2,000,000, for public liability and shall be endorsed to show the City as additional insured.

(iii) Such other insurance, including worker's compensation insurance respecting all employees of the Developer, if applicable, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for worker's compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained with financially sound and reputable insurers licensed to transact business in the State selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. The Developer will deposit annually with the City certificates evidencing all such insurance, stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it without giving at least thirty (30) days' advanced written notice to the Developer and the City before the cancellation or ten (10) days' notice for non-payment of premium. Not less than three (3) days prior to the expiration of any policy, the Developer shall furnish the City evidence satisfactory to the City that the policy has been renewed or replaced by another policy conforming to the provisions of this Article V of this Agreement, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer agrees to notify the City immediately in the case of damage exceeding $100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In the event that any such damage does not exceed $100,000, the Developer will forthwith repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the Net Proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof. Net Proceeds of any insurance relating to such damage up to $100,000 shall be paid directly to the Developer.

In the event the Minimum Improvements or any portion thereof is destroyed by fire or other casualty, then the Developer shall within one hundred eighty (180) days after such damage or destruction, subject to Unavoidable Delays and any Lender loan documents, which shall include delays in obtaining the insurance proceeds, proceed forthwith to repair, reconstruct and restore the damaged Minimum Improvements to substantially the same condition or utility value as it existed prior to the event causing such damage or destruction and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Developer to the payment or reimbursement of the costs thereof. Any Net Proceeds remaining after completion of construction shall be disbursed to the Developer.

The Developer shall complete the repair, reconstruction and restoration of the Minimum Improvements, whether or not the Net Proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, construction and restoration shall be remitted to the Developer.

Section 5.2 Condemnation.

(a) In the event that title to and possession of the Development Property, or any part thereof shall be taken in condemnation or by exercise of the power of eminent domain by any governmental body or other person the Developer shall, with reasonable promptness notify the City as to the nature and extent of such taking. The Developer shall use its sole discretion to settle any condemnation claims; provided, however, the City shall be entitled to receive copies of all notices of meetings, negotiations and proceedings with regards to such claim and to participate in any such meetings or hearings unless the City is the condemning authority.

(b) In the event of a substantial taking of the Development Property or of the Minimum Improvements which materially interferes with the Developer's ability to continue to operate its business from the Development Property, the Developer may (i) terminate this Agreement upon written notice to the City, (ii) retain the Net Proceeds of any condemnation award, and (iii) be relieved of any and all further liability under this Agreement.

(c) Subject to Lender's approval, in the event a condemnation or taking does not involve a substantial portion of the Development Property or the Minimum Improvements to the extent that it materially interferes with the Developer's ability to continue to operate its business from the Development Property, then the Developer shall proceed to forthwith repair, reconstruct and restore the Development Property and the Minimum Improvements to the extent possible. The Net proceeds of the condemnation award shall be applied by the Developer as provided in subparagraphs (d) and (e) of Section 5.1 for insurance proceeds, to the extent such provisions are applicable. Any Net Proceeds from condemnation remaining after completion of such repairs, construction and restoration shall be remitted to the Developer.

ARTICLE VI.
TAX INCREMENT

Section 6.1 Tax Increment Certification. The City has established the Tax Increment District pursuant to the Tax Increment Act.

(a) The Developer shall pay all ad valorem taxes and special assessments levied on the Development Property which are payable subsequent to the date Developer acquires title to the Development Property and prior to the Maturity Date. This is a personal obligation of the Developer which shall continue even if the Developer assigns the Development Property, unless the Developer is released of its obligations under this Agreement pursuant to Section 7.2 of this Agreement.

(b) The Developer agrees that prior to the earlier of the date the Bonds are paid in full or December 31, 2047 it will not take any of the following actions that would cause a reduction in the market value of the Development Property and the Minimum Improvements to fall below $18,250,000.00 as of January 2, 2021 to and including January 2, 2046: (1) it will not seek administrative review or judicial review of the applicability of any tax statute determined by any Tax Official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (2) it will not seek administrative review or judicial review of the constitutionality of any tax statute determined by any Tax Official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (3) it will not cause a reduction in the Assessor's Market Value of the Development Property below the amount of $18,250,000 as of January 2, 2012 through: (A) willful destruction of the Development Property or any part thereof; (B) willful refusal to reconstruct damaged or destroyed property pursuant to Section 5.1 of this Agreement; (C) a request to the city assessor of the City or the county assessor of the County to reduce the Assessed Market Value or Assessed Value of all or any portion of the Development Property; (D) a petition to the board of equalization of the City or the board of equalization of the County to reduce the Assessed Market Value or Assessed Value of all or any portion of the Development Property; (E) a petition to the board of equalization of the State or the commissioner of revenue of the State to reduce the Assessed Market Value or Assessed Value of all or any portion of the Development Property; (F) an action in a District Court of the State or the Tax Court of the State pursuant to Minnesota Statutes, Chapter 278, seeking a reduction in the Assessed Market Value or Assessed Value of the Development Property; (G) an application to the commissioner of revenue of the State requesting an abatement of real property taxes pursuant to Minnesota Statutes, Chapter 270; and (H) any other proceedings, whether administrative, legal or equitable, with any administrative body within the City, the County, or the State or with any court of the State or the federal government. The Developer shall not, prior to the Maturity Date, apply for a deferral of property tax on the Development Property pursuant to Minnesota Statutes Section 469.181.

(c) The Developer further agrees for itself, its successor and assigns that it will not convey or transfer or allow conveyance or transfer of the Developer's interest in the Development Property to any entity that is exempt from payment of real property taxes under State law (other than any portion thereof dedicated or conveyed to the City or any other governmental agency in connection with any subsequent replatting of the Development Property).

Section 6.2 Assessment Agreement. At the time of execution of this Agreement, the Developer and the City shall enter into an Assessment Agreement, substantially in the form of the Assessment Agreement contained in Schedule B of this Agreement.

ARTICLE VII.
PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER, INDEMNIFICATION

Section 7.1 Representation as to Development. The further recognizes that, in view of (a) the importance of the development of the Development Property to the general welfare of the community; (b) the substantial financing and other public aids that have been made available by the City for the purpose of making such development possible; and (c) the fact that prior to the issuance of the Certificate of Completion any act or transaction involving or resulting in a significant change in the identity of the parties in control of the Developer or the degree of their control is for practical purposes a transfer or disposition of the property then owned by the Developer, the qualifications and identity of the Developer, and its shareholders, are of particular concern to the community and the City. The Developer further recognizes that it is because of such qualifications and identity that the City is entering into the Agreement with the Developer, and, in so doing, is further willing to accept and rely on the obligations of the Developer for the faithful performance of all undertakings and covenants hereby by it to be performed relating to the construction of the Minimum Improvements. This section, however, shall not be construed to prohibit the merger of the Developer with another company nor shall it bind or prohibit any party which obtains the Development Property through foreclosure or deed-in-lieu of foreclosure or similar procedure.

Section 7.2 Prohibition Against Transfer of Development Property and Assignment of Agreement. Also, for the foregoing reasons the Developer represents and agrees that prior to the Maturity Date:

(a) Except only by way of security for, and only for, the purpose of obtaining mortgage financing necessary or beneficial to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations under this Agreement to acquire, construct and improve the Minimum Improvements, and any refinancings of such Mortgages, or as provided in Section 7.2(e) or in the case of a foreclosure or deed in lieu of foreclosure, the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the Development Property or the Minimum

Improvements, or any interest therein, without the express written consent of the City, which consent will not be unreasonably withheld, conditioned or delayed;

(b) The City shall be entitled to require that there shall be submitted to the City for review all instruments and other legal documents involved in effecting any Transfer, and as a condition to any approval of any Transfer of the Minimum Improvements or this Agreement, except as set forth in Section 7.2(a), such instruments and other legal documents shall be subject to prior written approval by the City (which approval shall not be unreasonably withheld, conditioned, or delayed);

(c) Except as set forth in Section 7.2(a), and except in the case of a foreclosure or deed in lieu of foreclosure after completion of the Minimum Improvements in accordance with Article IV hereof, the City shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Development Property, the Minimum Improvements, or applicable portion thereof in connection therewith, that:

(i) any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer;

(ii) any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject;

(iii) there shall be submitted to the City for review all instruments and other legal documents involved in effecting transfer, and if approved by the City, its approval shall be indicated to the Developer in writing;

(iv) the Developer and its transferees shall comply with such other conditions as the City may reasonably require in order to achieve and safeguard the purposes of the Act, the TIF Act and this Agreement; and

(v) in the absence of a specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(d) The Developer agrees to pay all reasonable legal fees and expenses of the City, including fees of legal counsel retained by the City to review the documents submitted to the City in connection with any Transfer.

(e) Nothing contained in this Section or Section 7.1 shall prohibit the Developer, without the consent or approval of the City, from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easement or other agreements necessary for the operation of the Minimum Improvements, or (iii) admitting or removing members or transferring direct or indirect membership interests in the Developer in accordance with the applicable organizational documents.

(f) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VII, shall be in a form reasonably satisfactory to the City. In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned or otherwise conveyed.

(g) Notwithstanding the foregoing, the Developer may transfer the Development Property to any corporation, partnership, or limited liability company controlling, controlled by, or under common control with the Developer so long as at least fifty percent (50%) of the asserted related entity is held in common ownership by those persons or entities holding at least fifty percent (50%) ownership of Developer (each an "Affiliate"), with each such transfer to an Affiliate of the Developer subject to the provisions of this Agreement, and the original Developer entity shall remain liable and bound hereby.

In the event the foregoing conditions are met to the satisfaction of the City, in its reasonable discretion, then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned or otherwise conveyed.

Section 7.3 Approvals. Any approval required to be given by the City under this Article VII of this Agreement may be denied only in the event that the City reasonably determines that the ability of the Developer to perform its obligations under this Agreement will be materially impaired by the action for which approval is sought.

Section 7.4 Subordination and Estoppel.

(a) The City recognizes that the Developer intends to finance the construction of the Project (the "Construction Loan"), that in order to do so the Lender may require a first mortgage or other lien ("Mortgage") on the Development Property which is prior to the Deed, and that the City may be requested to subordinate such rights.

(b) If requested by the Lender, the City will agree that the Lender of the Construction Loan shall have the right to cure or remedy any breach or default of the Developer, provided the Lender has first expressly assumed the obligations to the City (by written agreement satisfactory to the City) to complete the Minimum Improvements on the Development Property or the part thereof which is subject to the lien of the Mortgage. Upon request of the City, the Lender will agree to notify the City of any default of the Developer under the terms of the Construction Loan. The City shall have the right, at its option, to cure or remedy any breach or default with respect to the Construction Loan and shall have any redemption rights in the event of foreclosure.

(c) Additional conditions for the City subordinating its interests in this Agreement and approving a Mortgage include the following:

> (i) The Construction Loan proceeds will be used solely for the design, development and construction of the Minimum Improvements, including interest on the Construction Loan;

(ii) Developer agrees to cause any such Mortgage to include an agreement by the Mortgagor to provide notice to the City of any defaults by Developer under the Mortgage prior to completion of the Minimum Improvements.

(d) Upon the Developer's performing the above conditions, the City agrees that any and all rights of the City under this Agreement shall be subordinate to the rights of the Lender, including without limitation any and all rights of the City to the payment or use of the net proceeds of insurance. The City further covenants and agrees that a purchaser at a foreclosure sale or the transferee of any transfer in lieu of foreclosure shall take title to the mortgaged property free and clear of all rights of the City and its successors and assigns under this Agreement.

(e) The City further agrees that at the time of closing of the Construction Loan, it will enter into a subordination agreement in accordance with this Section in form and content reasonably acceptable to the Lender.

(f) The City further agrees that at the time of closing of the Construction Loan, it will execute an estoppel certificate in form and content reasonably acceptable to the City and Lender.

Section 7.5 Release and Indemnification Covenants.

(a) The Developer releases from and covenants and agrees that the City and the governing body members, officers, agents, servants and employees thereof (collectively, the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the City and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for the negligence or willful misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements.

(c) The Indemnified Parties, shall not be liable for any damage or injury to the persons or property of the company or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements due to any act of negligence of any person other than the Indemnified parties.

(d) None of the Parties shall be liable to the other party or to any third party for any consequential or other damages that may arise out of delays of any kind relating to this Agreement.

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

(f) Notwithstanding anything else contained in the foregoing to the contrary, none of the foregoing indemnifications of the City shall include or be deemed to include any matter which arises out of or is due to the responsibility or obligation of the City under this Agreement.

(g) Nothing in this Section is intended to waive any municipal liability limitations contained in Minnesota Statutes, particularly Chapter 466.

ARTICLE VIII.
EVENTS OF DEFAULT

Section 8.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) As to the Developer:

(i) Failure by the Developer to pay when due any payments required to be paid under this Agreement or to pay when due ad valorem taxes on the Development Property.

(ii) Failure by the Developer to commence, diligently pursue and complete construction of the Minimum Improvements, or portions thereof, pursuant to the terms, conditions and limitations of this Agreement.

(iii) Failure by Developer to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(iv) The Developer does any of the following prior to completion of construction of the Minimum Improvements: (i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar federal or state laws; or (ii) make an assignment for the benefit of its creditors; or (iii) admit, in writing, its inability to pay its debts generally as they become due; or (iv) be adjudicated, bankrupt or insolvent.

(v) If any warranty or representation by the Developer in this Agreement is untrue in any material respect.

(b) As to the City;

(i) Failure by City to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

(ii) If any warranty or representation by the City in this Agreement is untrue in any material respect.

Section 8.2 City's Remedies on Default. If an Event of Default by Developer referred to in Section 8.1 (a) of this Agreement occurs, the City may take any one or more of the following actions and unless otherwise provided such actions may be taken only after providing thirty (30) days written notice to the Developer of the Event of Default and the Event of Default has not been cured within said (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Developer does not provide assurances to the City reasonably satisfactory to the City that the Event of Default will be cured and will be cured as soon as reasonably possible.

(a) Suspend its performance under the Agreement until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure its default and continue its performance under the Agreement. This suspension shall not, however, extend the time period during the Developer must complete the Minimum Improvements;

(b) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the City to collect any payments due or damages arising under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 8.3 Developer's Remedies on Default. Whenever any Event of Default by the City referred to in Section 8.1(b) of this Agreement occurs, the Developer may take any one or more of the following actions only after providing thirty (30) days written notice to the City of the Event of Default and the Event of Default has not been cured within said thirty (30) days:

(a) Suspend its performance under the Agreement until it receives assurances from the City, deemed adequate by the Developer, that the City will cure its default and continue its performance under the Agreement. The start date or the completion date, as applicable, for the Minimum Improvements shall be automatically extended by a period equal to the period during which the Developer suspends its performance under this subsection (a).

(b) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the Developer to collect any payments due or damages arising under this Agreement.

Section 8.4 No Remedy Exclusive. No remedy is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VIII or as otherwise provided in this Agreement.

Section 8.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 8.6 Attorney's Fees. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within thirty (30) days of written demand by the City pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City; provided, that the Developer shall only be obligated to make such reimbursement if the City prevails in such collection or enforcement action.

ARTICLE IX.
ADDITIONAL PROVISIONS

Section 9.1 Restrictions on Use. The Developer agrees for itself and its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall devote Development Property to, and only to, and in accordance with, the uses specified in the City Code.

Section 9.2 Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 9.3 Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, state and local equal employment and nondiscrimination laws and regulations.

Section 9.4 Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Project or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his personal interest or the interest of any corporation, partnership or association in which he is, directly or indirectly, interested. No member, official or employee of the City shall be personally liable to the Developer or any successors in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 9.5 Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.6 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally; and

(a) In the case of the Developer, is addressed or delivered personally to:

with a copy to:

Bridge Law Group
2900 Washington Avenue North
Minneapolis, MN 55411-1630

(b) In the case of the City, is addressed or delivered personally to:

City of North St. Paul
2400 Margaret St.
North St. Paul, Minnesota, 55109
Attn: City Manager
Email: Scott.Duddeck@northstpaul.org

with a copy to:

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

(c) Either Party may, upon written notice to the other Party, change the address to which such notices and demands are made.

Section 9.7 Disclaimer of Relationship. The Developer acknowledges that nothing contained in this Agreement nor any act by the City or the Developer shall be deemed or construed by the Developer or any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner or joint venture between the City and the Developer.

Section 9.8 Covenants Running with the Land. The terms and provisions of this Agreement shall be deemed to be covenants running with the Development Property and shall be binding upon any successors or assigns of the Developer and any future owners or encumbrancers of the Development Property.

Section 9.9 Counterparts. This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.10 Law Governing. This Agreement will be governed and construed in accordance with the laws of Minnesota.

Section 9.11 Term of Agreement. This Agreement shall terminate on the Maturity Date unless earlier terminated or rescinded in accordance with its terms.

Section 9.12 Provisions Surviving Rescission or Expiration. Sections 7.5 and 8.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arise out of any event, occurrence or circumstance existing prior to the date thereof.

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

[Remainder of page intentionally left blank.]
[Signature pages to follow.]

CITY OF NORTH ST. PAUL

By: ______________________________________
Terrence J. Furlong, Its Mayor

By: ______________________________________
Scott A. Duddeck, Its City Manager

STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of ____________, 2020, by ___________________________________ and ____________________________, respectively, the Mayor and City Manager, of the City of North St. Paul, a Minnesota municipal corporation, on its behalf.

____
Notary Public

Developer:
NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC

By: ___________________________
Name: ________________________
Title: ________________________

ACKNOWLEDGMENT

STATE OF ____________)
)ss.
COUNTY OF __________)

I, a Notary Public, hereby certify that ______________________, as _________________________________ of North St. Paul Land & Development Co., LLC, a Minnesota limited liability company, whose name is signed to the foregoing instrument or conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer, and with full authority, executed the same voluntarily for and as the act of the said limited liability company, acting in his capacity as Vice President, on the day the same bears date.

Given under my hand this ______________ day of _________________ 2020

(Seal, if any) ____________________________

____
(Signature of notarial officer)

Name: __________________________________
Notary Public

Title (and Rank):_________________________

My commission expires:___________________

DRAFTED BY:
Taft Stettinius & Hollister, LLP
2200 IDS Center, 80 South 8th Street
Minneapolis, MN 55402
Telephone: (612) 977-8400

SCHEDULE A
DESCRIPTION OF DEVELOPMENT PROPERTY

SCHEDULE B
CERTIFICATE OF COMPLETION

WHEREAS, the City of North St. Paul, a Minnesota municipal corporation (the "City") and _____________________, a ___________________ limited liability company (the "Developer"), entered into that certain Contract for Private Development by and between the City and Developer, dated __ day of ___________, 2020, and recorded in the office of the County Recorder in Ramsey County, Minnesota, as Document No. _______, ("Development Contract") for the land legally described as follows:

WHEREAS, the Development Contract contains certain covenants and restrictions concerning completion of construction of certain Minimum Improvements as further defined in the Development Contract;

WHEREAS, the Developer has completed construction of the Minimum Improvements required under the Development Contract in a manner deemed sufficient by the City to permit the execution and recording of this certification;

NOW, THEREFORE, this is to certify that construction of the Minimum Improvements specified to be done and made by the Developer have been completed and the above covenants and conditions in the Development Contract with respect to the construction of the Minimum Improvements have been performed by the Developer conditions and covenants in the Development Contract, the breach of which would result in a forfeiture and right of re-entry. Any remaining obligations under the Development Agreement shall be solely contractual obligations of the Developer, its successors and assigns under the Development Agreement, shall not run with nor be a lien against the Development Property.

Dated: ________________, 20____.

CITY OF NORTH ST. PAUL, MINNESOTA

By: ___________________________________
_______________, Mayor

And: ________________________________
_______________, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF ________)

On this ___________ day of _______________, 20__, before me, a Notary Public within and for said County the foregoing instrument was acknowledged by __________________________ and ________________________ the _____________________ and __________________ of the City of North St. Paul, a Minnesota municipal corporation.

____
Notary Public

DRAFTED BY:
Taft Stettinius & Hollister, LLP
2200 IDS Center, 80 South 8th Street
Minneapolis, MN 55402
Telephone: (612) 977-8400

SCHEDULE C
FORM OF ASSESSMENT AGREEMENT
AND
ASSESSOR'S CERTIFICATION

BY, BETWEEN AND AMONG THE

CITY OF NORTH ST. PAUL,

NORTH ST. PAUL LAND AND DEVELOPMENT CO., LLC

AND

COUNTY ASSESSOR OF THE COUNTY OF RAMSEY

DRAFTED BY:
Taft Stettinius & Hollister, LLP
2200 IDS Center, 80 South 8th Street
Minneapolis, Minnesota 555402
Telephone: (612) 977-8400

THIS AGREEMENT, dated as of this 1st day of May, 2020, by and between the **CITY OF NORTH ST. PAUL,** a Minnesota municipal corporation (the "City") and **NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC,** a Minnesota limited liability company (the "Developer").

WITNESSETH, that

WHEREAS, on or before the date hereof the City and Developer have entered into an Contract for Private Development (the "Development Contract") regarding certain real property located in the City of North St. Paul, hereinafter referred to as the Development Property and legally described in Exhibit A hereto; and

WHEREAS, it is contemplated that pursuant to the Development Contract, the Developer will construct an 88-unit multifamily residential housing facility upon the Development Property; and

WHEREAS, the City and Developer desire to establish a minimum market value for said land and the improvements to be constructed thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8; and

WHEREAS, the City and the County Assessor for the County of Ramsey have reviewed the preliminary plans and specifications for the improvements which it is contemplated will be erected.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. Upon substantial completion of construction of the above referenced improvements by the Developer, the minimum market value which shall be assessed for the land described in Exhibit A, with the improvements constructed thereon shall be $18,250,000 as of January 2, 2022. The minimum market value established pursuant to this Agreement shall not be affected by incomplete construction or damage or destruction of the Minimum Improvements to be constructed pursuant to the Development Contract. The Development Contract requires the Developer to substantially complete the minimum improvements on or before December 31, 2021.

2. The minimum market value herein established shall be of no further force and effect and this Agreement shall terminate on January 1, 2047, as defined in the Development Contract.

3. This Agreement shall be promptly recorded by the Developer. The Developer shall pay all costs of recording.

4. Neither the preambles nor provisions of this Agreement are intended to, nor shall they be construed as, modifying the terms of the Development Contract between the City and the Developer.

5. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, or any future owners of the Development Property.

6. Nothing herein shall limit the discretion of the County Assessor or any other public official or body having the duty to determine the market value of the Development Property for ad valorem tax purposes to assign to the Development Property a market value in excess of the minimum market value specified in this Agreement.

CITY OF NORTH ST. PAUL

By: ______________________________
Its ________________________

(SEAL)

By: ______________________________
Its ________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _________ day of __________________________, 20__, by Terrence J. Furlong and by Scott Duddeck, the Mayor and City Manager of the City of North St. Paul, a Minnesota municipal corporation, on behalf of the City, and pursuant to the authority granted by its City Council.

____
Notary Public

NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC

By: ______________________________________
Name: ___________________________________
Title: ____________________________________

ACKNOWLEDGMENT

STATE OF ________________

COUNTY OF ______________

I, a Notary Public, hereby certify that _________________________, as ________________ of North St. Paul Land & Development Co., LLC, a Minnesota limited liability company, whose name is signed to the foregoing instrument or conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer, and with full authority, executed the same voluntarily for and as the act of the said limited liability company, acting in his capacity as Vice President, on the day the same bears date.

Given under my hand this the ______ day of [__________________].

(Seal, if any)

(Signature of notarial officer)

Name: ___________________________________
Notary Public

Title (and Rank): _________________________

My commission expires: ___________________

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, and being of the opinion that the minimum market value contained in the foregoing Agreement appears reasonable, hereby certifies as follows: The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the $18,250,000 market value assigned to the land and improvements are reasonable.

____
County Assessor for the
County of Ramsey

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ________ day of ____________________, 20__, by ____________________________, the County Assessor for the County of Ramsey.

____
Notary Public

CONSENT TO ASSESSMENT AGREEMENT

___________________________, of ______________________, ___________________, ______________ (the “Bank”), does hereby consent to all terms, conditions and provisions of the foregoing Assessment Agreement and agrees that, in the event it purchases the Development Property at a foreclosure sale or acquires the Development Property through a deed in lieu of foreclosure or otherwise in satisfaction of the indebtedness owed by the Developer, it and its respective successors and assigns, shall be bound by all terms and conditions of the Assessment Agreement, including but not limited to the provision which requires that the minimum market value of the Development Property and the Project shall be not less than the amounts set forth in the Assessment Agreement.

IN WITNESS WHEREOF, we have caused this Consent to Assessment Agreement to be executed in its name and on its behalf as of this ____ day of ________________, 2020.

____

By

Its

STATE OF MINNESOTA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2020, by ______________________, the ____________________ of ______________________, a _____________ banking corporation on behalf of the corporation.

____
Notary Public

SCHEDULE D
SITE IMPROVEMENTS

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

DISBURSING AGREEMENT

This This DISBURSING AGREEMENT, made and entered into as of ______________, 2020, by and between North St. Paul Land & Development Co., LLC, a Minnesota limited liability company (the "Developer"); the City of North Saint Paul, Minnesota, a Minnesota municipal corporation (the "City"); All American Title Co., as disbursing agent (the "Title Company"), and Old National Bank (the “Lender”);

WITNESSETH:

A. WHEREAS, the Developer and the City have entered into a Purchase Agreement and a separate Contract for Private Development (the "Development Agreement"), both of even date herewith (together, the "Agreements"), pursuant to which the Developer has agreed to acquire, construct, and equip an 89-unit multifamily residential facility with 3,000 square-feet of commercial space (the "Project"), Site Improvements (as defined in the Development Agreement), and certain Offsite Improvements (as defined in the Development Agreement); and

B. WHEREAS, the City has agreed to disburse funds to the Developer for the costs of the Site Improvements, in an aggregate amount not to exceed $5,200,000 (the "Total Funds for Disbursement"), the first portion of which, in an amount not to exceed $2,200,000, shall be known as the "Site Disbursement Portion", and the second portion of which, in an amount not to exceed $3,000,000, shall be known as the "Offsite Disbursement Portion"; and

C. WHEREAS, the City has agreed to make the Total Fund for Disbursement available for the Project t by issuing its Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A (the "Bonds"), and depositing a portion of the proceeds thereof with the Title Company, at two accounts with the Lender,to be held and disbursed in accordance with the terms of this Disbursing Agreement;

D. WHEREAS, the Lender is issuing a Letter of Credit, in favor of the City, for the Offsite Improvements in the amount of $3,000,000 pursuant to the terms of the Development Agreement; and

E. WHEREAS, the Offsite Disbursement Fund, as hereinafter defined, shall be collateral in Lender’s favor to secure the Letter of Credit.

NOW, THEREFORE, in consideration of the premises, of the City's agreement to make the Total Funds for Disbursement available to the Developer, and of the mutual covenants and agreements hereinafter set forth, it is agreed by and between the parties hereto as follows:

1. <u>Establishment of Funds</u>. Upon receipt of the proceeds of the Bonds by the Title Company, the title company shall establish two separate accounts with the Lender known as the "Site Disbursement Fund" and the "Offsite Disbursement Fund". The Title Company shall deposit $2,200,000 of proceeds of the Bonds into the Site Disbursement Fund, and $3,000,000 of proceeds of the Bonds into the Offsite Disbursement Fund. The Offsite Disbursement Fund, as hereinafter defined, shall be collateral in Lender’s favor to secure the Letter of Credit.

2. Cost Statement; Contractors. Prior to the disbursement of any funds hereunder, the Developer shall submit to the Lender, the City and the Title Company the name of each person, corporation or other entity which has a contract or subcontract under which payment may be required for any work done, material supplied or services furnished in connection with acquiring, constructing and equipping the Site Improvements or Offsite Improvements (the "Contractors").

The Developer shall keep the City and Title Company advised of the names of all Contractors, and of the type of work, material or services covered by each of their respective contracts with the Developer.

3. Disbursements for Contractors. The Developer may obtain disbursements for payments made to the General Contractor or other Contractors only to the extent of the amount of the work satisfactorily completed or materials actually incorporated into the Site Improvements and Offsite Improvements by the General Contractor or other Contractor in accordance with its contract, less five percent (5%) required retainage, all as confirmed by the City in connection with each disbursement of funds hereunder, and the Developer agrees that all sums requested hereunder by the General Contractor or other Contractor shall not exceed that amount. The Title Company shall not be required to make disbursements for the payment of the full amount of the General Contractor's contract until the Lender, the City and the Title Company are satisfied that the portion of Site Improvements and Offsite Improvements, for which the Draw Request has been made, have been completed in accordance with the approved Plans and Specifications, and all requirements set forth in the Agreements have been fully complied with, including but not limited to the requirements to evidence the completion of the portion of the Site Improvements and Offsite Improvements, for which the Draw Request has been made.

4. Draw Requests. Whenever the Developer desires to obtain a disbursement from any of the funds established by Section 1 of this Disbursing Agreement, the Authorized Developer Representative shall submit a signed "Draw Request", in the form attached as Exhibit A to the City and the Title Company, at least three (3) business days prior to the date on which the requested disbursement is to be made (the "Disbursement Date"). The Developer shall also simultaneously submit to the Lender, the City, and the Title Company the following:

(a) For a Draw Request from the Site Disbursement Fund, (i) evidence in writing that the construction of a portion of the Site Improvements, in an amount equal to the Draw Request,have been completed, and (ii) invoices evidencing tthe costs of the construction for the portion of Site Improvements included in the Draw Request; and

(b) For a Draw Request from the Offsite Disbursement Fund; (i) evidence in writing that the construction of a portion of the the Site Improvements and a portion of the Offsite Improvements, in an amount equal to the Draw Request, have been completed; (ii) invoices evidencing the costs of the construction of both the portion of the Site Improvements and Offsite Improvements included in the Draw Request; (iii) a signed inspection report from the City that the portion of the Offsite Improvements, that are included in the Draw Request,have been satisfactorily constructed and installed; (iv) evidence in writing that all requirements contained in the Plans and Specifications have been complied with for the construction of the portion of the Offsite Improvements that are included in the Draw Request.

Such evidence and invoices required by Section 4(a) and 4(b) shall be to the reasonable satisfaction of the Lender, the City and the Title Company.

A Draw Request may be made from the Site Disbursement Fund at any time. A Draw Request may be made from the Offsite Disbursement Fund once per calendar month.

Upon receipt of a Draw Request for an advance, the Title Company shall make such searches as it deems necessary to determine that the status of the title to the Project, Site Improvements, Offsite Improvements, and the Land (as defined in the Purchase Agreement) has not changed since the date of this Disbursing Agreement. The Title Company shall give the City and Developer immediate notice by telephone if any intervening liens are disclosed (other than those expressly listed in any Title Company's loan policy of title insurance or subsequent amendments thereto related to the acquisition or construction of the Project, Site Improvements, Offsite Improvements, and the Land). If any such intervening liens or other matters are discovered, for which a Draw Request has been paid, by the Title Company, the Title Company may refrain from making disbursements until such intervening liens or other matters have been satisfied or bonded to the satisfaction of the City and the Title Company.

On each Disbursement Date (as such term is defined below), if all the terms and conditions of the Agreements and this Disbursing Agreement have been complied with by the Developer, and if no default or event of default exists under the Agreements, the Title Company shall make the requested disbursement (less any required retainage) pursuant to the corresponding Draw Request, by delivering to the Developer a check or checks for the amounts set forth in such Draw Request. However, if all of the conditions to such disbursement have not been complied with in a manner satisfactory to the Lender, the City or the Title Company, in their reasonable discretion, the Title Company shall reject such Draw Request. Notwithstanding anything to the contrary herein, if the Lender, the City or Title Company has not objected to a Draw Request within in seven (7) days of Developer's submission thereof, then said Draw Request shall be deemed approved and the City and Title Company must proceed with funding the same.

5. Letter of Credit. Simultaneously with each Draw Request, the City agrees to reduce the Letter of Credit in accordance with the terms of Section 3.2 of the Development Agreement and provide the Lender with written confirmation and acknowledgment of the same.

6. Title Company Records. The Title Company shall keep records of all payments made to the Developer, the date of each payment, the fund from which the payment was made, and the amount of each, which records may be inspected by the Developer and City.

7. Withholding Payment. In the event that the City or the Title Company shall determine, in either's reasonable judgment and within seven (7) days of Developer's submission of the same, that proper documentation to support a given payment, as required by the Agreements or this Disbursing Agreement, has not been furnished, the Title Company shall withhold payment of all or such portion of such payment as shall not be so supported by proper documentation, and shall promptly notify the Developer and the City of the discrepancy in or omission of such documentation. Until such time as such discrepancy or omission is corrected to the satisfaction of the City and the Title Company, it shall withhold such amount.

8. Inspections. The Lender, the City and Title Company may, but shall not be required to, make inspections of the Site Improvements and with respect to the Offsite Improvements the City shall inspect and the Lender and Title Company may inspect to ensure that they are properly constructed and installed (i) according to the Plans and Specifications, and (ii) to the satisfaction of the City. The Developer shall be responsible for making inspections of the Site Improvements and Offsite Improvements during the course of construction, and shall determine to its own satisfaction that the work done or material supplied by the Contractors has been properly done or supplied in accordance with applicable contracts with such Contractors.

9. City and Title Company Not Responsible. It is expressly understood and agreed that neither the City nor the Title Company assumes any liability or responsibility for the satisfactory completion of the Site Improvements or Offsite Improvements, or for the adequacy of funds disbursed by the Title Company pursuant hereto and to the Agreements to acquire and complete the Site Improvements and Offsite Improvements, or for inspections during construction, or for any acts on the part of the Developer or Contractors to be performed in the acquisition and construction of the Site Improvements and Offsite Improvements.

10. Notices. Any notice required or permitted to be given by any party hereto to any other party hereto under the terms of this Disbursing Agreement shall be deemed to have been given on the date the same is deposited in the United States mail, registered or certified, return receipt requested, postage prepaid, addressed to the party to which the notice is to be given at the address as set forth below, or to any other address specified in a notice given by such party to the others not less than ten (10) days prior to the effective date of the address change.

In the case of the:

(a) Developer, the notice is to be addressed to or delivered personally to:

North St. Paul Land & Development Co., LLC
Attention: ______________________
____
____

with a copy to:

Bridge Law Group, Ltd.
Attn: Dave Buelow
2900 Washington Avenue North
Minneapolis, MN 55411

(b) City, the notice is to be addressed to or delivered personally to:

City of North St. Paul, Minnesota
Attention: City Manager
North St. Paul City Hall
2400 Margaret Street North
North St. Paul, MN 55109

with a copy to:

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

(c) Title Company, the notice is to be addressed to or delivered personally to:

____
Attention: ______________________
____
____

(d) Lender, the notice is to be addressed to or delivered personally to:

Old National Bank
Attn. Jason Torke
10710 Town Square Drive NE
Blaine, MN 55449

With a copy to:

Winthrop & Weinstine
Attn: Tom Kettleson
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402

11. Capitalized Terms. Any capitalized terms used herein, which are not required by proper grammar to be capitalized and are not defined herein, shall have the meanings given such terms in the Development Agreement, or if not defined in the Development Agreement, the Purchase Agreement.

12. Reporting. The parties acknowledge that the Title Company shall not be responsible for creating, furnishing or reporting any IRS 1099 notices or filings for any payments it disburses under this Disbursing Agreement for the parties.

13. Duties of Title Company. Functions and duties assumed by Title Company include only those described in this Disbursing Agreement, and Title Company is not obligated to act except in accordance with the terms and conditions of this Disbursing Agreement. Title Company does not insure that the Site Improvements or Offsite Improvements will be completed or constructed in accordance with the plans and specifications, nor that sufficient funds will be available for the completion, therefor. Title Company may conclusively rely upon any document

believed by the City and the Title Company to be genuine and to have been signed or presented by the proper parties, consistent with reasonable due diligence on Title Company's part.

14. Fees. The parties contemplate ____________ draws will occur for the Project. Title Company's fee for disbursement shall be _______________ per draw, with an initial prepayment made by Developer of $___________. Additional disbursement fees will be charged against the Developer for any draws in excess of ___ draws. Title Company reserves the right to charge additional fees should circumstances warrant.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC

By: ______________________________

Its: ______________________________

[Signature page to DISBURSING AGREEMENT by and between North St. Paul Land & Development Co., LLC, the City of North Saint Paul, Minnesota, Old National Bank, as Lender, and All American Title Co., as Disbursing Agent]

CITY OF NORTH SAINT PAUL, MINNESOTA

By:_________________________________
Its City Manager

[Signature page to DISBURSING AGREEMENT by and between North St. Paul Land & Development Co., LLC, the City of North Saint Paul, Minnesota, Old National Bank, as Lender, and All American Title Co., as Disbursing Agent]

ALL AMERICAN TITLE CO., as
Disbursing Agent

By:__________________________________
Its ___________________________________

[Signature page to DISBURSING AGREEMENT by and between North St. Paul Land & Development Co., LLC, the City of North Saint Paul, Minnesota, Old National Bank, as Lender, and All American Title Co., as Disbursing Agent]

OLD NATIONAL BANK, as Lender

By:__________________________________
Its __________________________________

[Signature page to DISBURSING AGREEMENT by and between North St. Paul Land & Development Co., LLC, the City of North Saint Paul, Minnesota, Old National Bank, as Lender, and All American Title Co., as Disbursing Agent]

Exhibit A

Draw Request (to be provided by All American Title Co.)

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT ("Agreement") is made as of the _____ day of _______________, 2020, by and between the **CITY OF NORTH SAINT PAUL, MINNESOTA**, a municipal corporation organized and existing under the laws of the State of Minnesota ("Seller"), and **NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC**, a Minnesota limited liability company ("Purchaser").

In consideration of this Agreement, Seller and Purchaser agree as follows:

1. **Sale of Subject Property.** Seller agrees to sell to Purchaser the fee simple interest in those certain parcels of real estate in Ramsey County, Minnesota, legally described on Exhibit A attached hereto and made a part hereof (the "Land"), together with (a) all building structures, improvements and fixtures owned by Seller located on the Land, if any (the "Improvements"), and (b) all rights, privileges, servitudes, easements and appurtenances thereunto belonging or appertaining (collectively, the "Subject Property"), and Purchaser agrees to buy from Seller the Subject Property, upon and subject to the conditions and limitations herein contained.

2. **Closing Date; Purchase Price.** The closing of the purchase and sale of the Subject Property ("Closing") shall occur on the Effective Date (the "Closing Date"). Purchaser shall pay to Seller, as consideration for the purchase of the Subject Property, the sum ("Purchase Price") of FOUR HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS ($425,000.00) as the same may be adjusted as provided below. The Purchase Price plus, or minus prorations and other adjustments, if any, shall be paid into the Title Company's (defined below) escrow account at Closing by wire transfer of immediately available funds.

3. **Conditions Precedent to Closing.** Purchaser's obligation to consummate the transaction contemplated by this Agreement shall be subject to satisfaction or waiver of each of the following conditions ("Conditions Precedent") on or before the Effective Date ("Contingency Date"):

(a) **Title/Survey.** Purchaser has previously obtained or been provided (i) a current title commitment ("Commitment") for the Subject Property (with copies of all underlying title documents listed in the Commitment) for an ALTA form owner's title policy (the "Title Insurance Policy") issued by the Title Company showing title in Seller with respect to the Subject Property, and (ii) a copy of that certain Certificate of Survey dated May 9, 2019, prepared by E.G. Rud & Sons, Inc., Job. No. 19094BT ("Survey"), for the Land and other real property. Purchaser may obtain an updated survey of the Land at Purchaser's sole expense. Prior to the Effective Date, Purchaser has had the opportunity to review the Commitment, underlying documents and the Survey, and all matters shown thereon shall be deemed "Permitted Encumbrances" from and after the Effective Date. Notwithstanding anything herein to the contrary, Seller shall have no obligation to correct, cure or remove any encumbrances.

(b) **Due Diligence Materials; Tests.** Purchaser has previously been provided copies of the due diligence materials listed on Schedule 1 attached hereto to the extent in Seller's possession or control with respect to the Subject Property, for Purchaser's review and analysis. Seller shall have no obligation to deliver additional materials beyond the items listed on Schedule

1. Except as otherwise provided herein, it is the parties' express understanding and agreement that such materials have been provided only for Purchaser's convenience in making its own examination and determination prior to the Contingency Date, as to whether or not it wishes to purchase the Subject Property, and, in doing so, Purchaser shall rely exclusively on its own independent investigation and evaluation of every aspect of the Subject Property and on the express representations of Seller contained herein and not on any materials supplied by Seller.

Purchaser hereby stipulates and notifies Seller that the Conditions Precedent have been satisfied or waived, in Purchaser's sole and absolute discretion.

4. **Representations by Seller.** As used in this Agreement, the phrase "to Seller's knowledge" or words of similar import shall mean the actual knowledge of Scott Duddeck, City Manager, without independent investigation or inquiry. Subject to the foregoing, Seller represents to Purchaser as follows:

(a) **Authority.** Seller is a municipal corporation duly organized and validly existing and in good standing under the laws of the State of Minnesota; Seller has the requisite power and authority to enter into and perform this Agreement, the Seller's Closing Documents and the Purchaser's and Seller's Closing Documents (each as hereinafter defined) to which it is a party; such documents have been duly authorized by all necessary action on the part of Seller and have been or will be duly executed and delivered; such execution, delivery and performance by Seller of such documents will not conflict with or result in a violation of Seller's organizational documents, or any judgment, order, or decree of any court or arbiter to which Seller is a party; and such documents are valid and binding obligations of Seller, and are enforceable against Seller in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws.

(b) **FIRPTA.** Seller is not a "foreign person," "foreign partnership," "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code.

(c) **Proceedings.** To the knowledge of Seller, there is no action, litigation, investigation or proceeding relating to zoning, subdivision or condemnation pending or, to the knowledge of Seller, threatened against Seller or the Subject Property which would have a material and adverse effect on the ability of Seller to perform its obligations under this Agreement.

(d) **Blocked Persons.** Seller has not received written notice that Seller is:

(i) listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 Sept. 25, 2001 (the "Order") and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "<u>Lists</u>");

(ii) a person who has been determined by competent authority to be subject to the prohibitions contained in the Order;

(iii) owned or controlled by, or acts for or on behalf of, any person or entity who is (x) on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Order, (y) a citizen of the United States who is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation or Executive Order of the President of the United States, or (z) an "<u>Embargoed Person</u>," meaning any person, entity or government subject to trade restrictions under U.S. law, including, but not limited to the International Emergency Economic Powers Act, 50 U.S.C. § 1701 et seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder.

(e) <u>Minnesota Required Statutory Disclosures</u>:

(i) *Wells*. Seller represents that, to Seller's actual knowledge, there are no wells located on the Subject Property.

(ii) *Storage Tanks*. Seller represents that, to Seller's actual knowledge, there are no underground or above ground storage tanks of any size or type located on the Subject Property.

(iii) *Septic*. Seller states that: (i) sewage generated at the Subject Property, if any, goes to a facility permitted by the Minnesota Pollution Control Agency; and (ii) to Seller's actual knowledge, there are no abandoned individual sewage treatment systems on the Subject Property.

(iv) *Methamphetamine Production*. To the best of Seller's knowledge, methamphetamine production has not occurred on the Subject Property.

5. **Representations by Purchaser; Other Matters; Purchaser's Covenant**

(a) **Representations by Purchaser.** Purchaser represents to Seller as follows:

(i) Purchaser is a corporation duly organized and validly existing and in good standing under the laws of the State of Minnesota, that Purchaser has the requisite power and authority to enter into this Agreement, the Purchaser's Closing Documents and the Purchaser's and Seller's Closing Documents (as herein defined); such documents have been duly authorized by all necessary action on the part of Purchaser and have been or will be duly executed and delivered; that the execution, delivery and performance by Purchaser of such documents will not conflict with or result in violation of Purchaser's organizational documents or any judgment, order or decree of any court or arbiter to which Purchaser is a party; such documents are valid and binding obligations of Purchaser, and are enforceable against Purchaser in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, creditor's rights and other similar laws.

(ii) Purchaser has not received written notice that Purchaser is:

(A) listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other Lists;

(B) a person who has been determined by competent authority to be subject to the prohibitions contained in the Order;

(C) owned or controlled by, or acts for or on behalf of, any person or entity who is (x) on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Order, (y) a citizen of the United States who is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation or Executive Order of the President of the United States, or (z) an Embargoed Person.

(iii) Purchaser shall not transfer or permit the transfer of any interest in Purchaser or in this Agreement to any person or entity who is listed on the Lists.

(b) **Other Matters.** The representations of Seller and Purchaser contained in this Agreement shall survive Closing; provided, however, (i) any cause of action of Purchaser against Seller by reason of a breach or default of any of the representations in Section 4 set forth herein or in any Seller's Closing Documents or Purchaser's and Seller's Closing Documents (collectively, "Seller's Representations") shall automatically expire as of the date which is six (6) months after the Closing (the "Representation Expiration Date"), except that the same shall not expire as to any such breach or default as to which Purchaser has instituted litigation of a claim for any such breach or default prior to the Representation Expiration Date, (ii) Seller's total liability for any breach or breaches of Seller's Representations shall in no event exceed two percent (2%) of the Purchase Price in the aggregate, which liability limit shall survive Closing, and (iii) Seller shall not have any liability whatsoever to Purchaser with respect to any breach or breaches by Seller of Seller's Representations, if, prior to Closing, Purchaser obtains knowledge by virtue of a written document or report received on or prior to the Closing Date of a fact or circumstance, the existence of which would constitute a breach of Seller's Representations. Among other things, for purposes hereof, Purchaser shall be deemed to have knowledge of any fact or circumstance set forth in any environmental assessments, engineering reports, or other written materials reviewed or received by Purchaser on or prior to the Closing Date. Seller's representations in Section 4 set forth herein shall be deemed automatically modified to the extent that any information contained in any environmental assessments or engineering reports or other written materials reviewed or received by Purchaser prior to the Closing Date is inconsistent with the matters which are the subject of such representations in Section 4.

6. **Closing**.

(a) **Closing Date.** The Closing shall occur on the Effective Date, at the office of, or by mail through escrow with All American Commercial Title, Inc., 2407 – 109th Avenue NE, Suite 250, Blaine, MN 55449 (the "Title Company").

(b) **Purchaser's Closing Conditions Precedent.** Purchaser's obligation to consummate the transaction contemplated by this Agreement shall be subject to satisfaction or waiver of each of the following conditions ("Purchaser's Closing Conditions Precedent"); provided, however that Purchaser shall have the unilateral right to waive any Purchaser's Closing Conditions Precedent, in whole or in part, by written notice to Seller:

(i) The representations in Section 4 of Seller hereof shall be, in all material respects, true and complete.

(ii) Seller shall have performed all of the obligations required to be performed by Seller under this Agreement, as and when required by this Agreement, in all material respects.

(c) **Seller's Conditions Precedent.** Seller's obligation to consummate the transaction contemplated by this Agreement shall be subject to satisfaction or waiver of each of the following conditions ("Seller's Closing Conditions Precedent"), but Seller shall have the unilateral right to waive, in whole or in part, any Seller's Closing Conditions Precedent by written notice to Purchaser:

(i) The representations in Section 4(e) of Purchaser hereof shall be, in all material respects, true and complete.

(ii) Purchaser shall have performed all of the obligations required to be performed by Purchaser under this Agreement, as and when required by this Agreement, in all material respects.

(iii) Seller and Purchaser shall have agreed upon and shall each be prepared to execute, deliver, and perform, a Contract for Private Development with respect to the Subject Property and other adjacent properties, together with all agreements and instruments referred to therein or customarily delivered in connection therewith (collectively, the "Development Contract Documents").

In the event Purchaser's Closing Conditions Precedent or Seller's Closing Conditions Precedent, as the case may be, have not been satisfied or waived as of the scheduled Closing Date as the same may be extended as permitted above, and provided the failure to satisfy or waive any such condition is not attributable to a breach or default of this Agreement by Seller or Purchaser, as the case may be (in which event the provisions of Section 9 shall apply), this Agreement shall terminate; provided, however, upon such termination Purchaser shall, at the request of Seller, execute any document reasonably requested by Seller to evidence such termination, including, without limitation, a quit claim deed. Upon such termination, neither party will have any further rights or obligations regarding this Agreement or the Subject Property, other than any provisions of this Agreement which expressly survive a termination hereof.

7. **Closing Deliveries**.

(a) **Seller's Closing Documents**. On the Closing Date Seller shall execute and/or deliver to Purchaser or cause to be executed and/or delivered the following (collectively, "Seller's Closing Documents"):

(i) **Deed.** A Limited Warranty Deed ("Deed") conveying the Subject Property to Purchaser in the form attached as Exhibit B hereto.

(ii) **FIRPTA Certificate.** A non-foreign certificate properly containing such information as is required by Section 1445(b)(2) of the Internal Revenue Code and its regulations promulgated thereunder.

(iii) **Title Documents.** Seller shall deliver, to Title Company only, such certificates of Seller in favor of the Title Company in order to record the Deed and issue the Title Insurance Policy, all in forms reasonably acceptable to Seller.

(iv) **Transfer Tax Declarations**. Any transfer tax declarations or certificates of value required in order to record the Deed.

(v) **Miscellaneous.** Other documents reasonably required to consummate the transaction this Agreement contemplates.

(b) **Purchaser's Closing Documents.** On the Closing Date, Purchaser will execute and/or deliver or cause to be executed and/or delivered to Seller the following (collectively, "Purchaser's Closing Documents"):

(i) **Purchase Price.** The Purchase Price, plus or minus prorations or other adjustments, if any, by wire transfer of immediately available funds.

(ii) **Title Documents.** Such affidavits of Purchaser, transfer tax declarations or certificates of value or other documents as may be reasonably required by Title Company in order to record the Deed and issue the Title Insurance Policy.

(iii) **Miscellaneous.** Other documents reasonably required to consummate the transaction this Agreement contemplates.

(c) **Purchaser's and Seller's Closing Documents.** On the Closing Date, Seller and Purchaser shall jointly execute and deliver or cause to be executed and delivered the following (collectively, the "Purchaser's and Seller's Closing Documents"):

(i) **Closing Statement.** A Closing Statement in form and substance reasonably acceptable to both Seller and Purchaser and consistent with the terms of this Agreement, showing the Purchase Price and all prorations, adjustments, credits and debits this Agreement describes.

(ii) **Designation Agreement.** A Designation Agreement executed by Seller, Purchaser and Title Company designating the "reporting person" for purposes of completing the Internal Revenue Service Form 1099 and, if applicable, Internal Revenue Form 8594 (the "Designation Agreement").

(iii) **Development Contract Documents**. The Development Contract Documents, pursuant to Section 6(c)(iii) above.

(iv) **Miscellaneous.** Such other documents, instruments and affidavits as shall be reasonably necessary to consummate the transaction contemplated hereby.

8. **Adjustment and Prorations.** For purposes of calculating prorations, Purchaser shall be deemed to be in title to the Subject Property, and therefore entitled to the income therefrom and responsible for the expenses thereof, for the entire day upon which the Closing occurs. All such prorations shall be made on the basis of the actual number of days of the year and month that shall have elapsed as of the Closing Date. The amount of such prorations shall be adjusted in cash after Closing, as and when complete and accurate information becomes available. Seller and Purchaser agree to cooperate and use their good faith and diligent efforts to make such adjustments within a reasonable time after the calendar year end following Closing. Except for the proration of real estate taxes (which shall be prorated on a cash basis as provided in subsection 8(a) below) and except as specifically provided otherwise herein, items of income and expense for the period prior to the Closing Date will be for the account of Seller and items of income and expense for the period on and after the Closing Date will be for the account of Purchaser, all as determined by the accrual method of accounting. The obligations of the parties pursuant to this Section 8 shall survive the Closing and shall not merge into any documents of conveyance delivered at Closing.

(a) **Real Estate Taxes and Special Assessments.** Real estate taxes and installments of assessments imposed by governmental authority (and any assessments imposed by private covenant) due and payable in the calendar year of Closing shall be prorated as of the Closing Date on a cash basis based upon the most recent tax bills or assessment. To determine the tax proration, the total amount of real estate taxes and installments of special assessments for the Subject Property that were or will become due and payable during the calendar year of Closing will be divided by 365, with the quotient referred to herein as the "Daily Tax Amount." Seller shall be responsible for the amount calculated by multiplying the Daily Tax Amount by the number of days in the calendar year of Closing up to (but not including) the Closing Date ("Seller's Tax Portion"). Purchaser shall be responsible for the amount calculated by multiplying the Daily Tax Amount by the number of days in the calendar year of Closing from and after the Closing Date. In the event Seller has paid real estate taxes and assessments during the calendar year of closing in excess of the Seller's Tax Portion, Purchaser shall provide a credit to Seller at Closing in the amount of such excess. In the event Seller has paid real estate taxes and assessments during the calendar year of Closing in an amount less than the Seller's Tax Portion, then Seller shall provide a credit to Purchaser at Closing for the amount of such shortfall. Seller shall receive a credit for any taxes and assessments paid by Seller and applicable to any period after the Closing. If, for the fiscal tax year in which the Closing is held, or any prior year, there are any tax protests filed, or abatement application proceedings pending at any time prior to the Closing with reference to the Property, Seller shall have the right to settle such protests or proceedings as long as such settlement does not include any agreement as to the valuation of the Property for real estate tax purposes for the period after the Closing. Otherwise, Seller shall not settle the same without Purchaser's prior written consent. All amounts recovered as a result thereof, whether by settlement or otherwise, shall, net of attorneys' fees and other expenses, be apportioned as of the Closing for the fiscal tax year in which the Closing is held, and paid, when received, to the parties entitled thereto. The parties agree to execute any papers or take such steps, either before or after any Closing, as may be necessary to carry out the intention of the foregoing.

(b) **Title Insurance.** Seller shall pay all title examination fees of Title Company. Purchaser shall pay the premiums for the Title Insurance Policy and all fees Title Company charged for endorsements to the Title Insurance Policy. Purchaser shall pay all costs of any lender's title insurance policy.

(c) **Survey Costs**. If Purchaser elects to obtain an Updated Survey, the costs for the Updated Survey shall be paid by Purchaser.

(d) **Closing Fee.** Seller and Purchaser shall each pay one-half of the closing fee or escrow fee Title Company charges.

(e) **Transfer Tax.** Seller shall pay all documentation, stamp and transfer taxes payable in connection with the transfer of the Subject Property.

(f) **Recording Costs.** Purchaser shall pay the cost of recording the Deed and all other recording costs.

(g) **Other Costs**. All other costs shall be allocated in accordance with the customs prevailing in similar transactions in the metropolitan area where the Subject Property is located.

Except as otherwise expressly provided otherwise in this Agreement, all prorations provided for herein shall be final.

9. **Default/Remedies**.

(a) **DEFAULT BY SELLER**. IF SELLER DEFAULTS IN THE PERFORMANCE OF ITS OBLIGATION TO CLOSE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, AND SELLER FAILS TO CURE THE DEFAULT PRIOR TO THE EARLIER OF TEN (10) DAYS AFTER RECEIPT OF WRITTEN NOTICE THEREOF FROM PURCHASER OR THE THEN SCHEDULED CLOSING DATE, PURCHASER WILL BE DAMAGED AND, SUBJECT TO THE PENULTIMATE SENTENCE OF THIS SECTION 9(a), PURCHASER'S SOLE AND EXCLUSIVE REMEDY FOR SUCH DEFAULT SHALL BE TO ELECT ONE, AND ONLY ONE, OF THE FOLLOWING REMEDIES, AS FOLLOWS: (A) TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE DELIVERED TO SELLER AND THE TITLE COMPANY AND TO RECOVER THE EARNEST MONEY, OR (B) SUBJECT TO THE TERMS SET FORTH BELOW, TO SPECIFICALLY ENFORCE (WHICH ACTION FOR SPECIFIC PERFORMANCE MUST BE FILED AND SERVED UPON SELLER WITHIN SIXTY (60) DAYS AFTER THE EXPIRATION OF THE 10-DAY PERIOD TO CURE DESCRIBED IN THIS SENTENCE, OR SUCH RIGHT SHALL BE DEEMED WAIVED) SELLER'S OBLIGATION TO EXECUTE AND DELIVER THE DEED AND TO CONVEY THE SUBJECT PROPERTY TO PURCHASER IN ACCORDANCE WITH THIS AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED IN THE PRECEDING SENTENCE, PURCHASER SHALL NOT HAVE THE RIGHT TO RECOVER DAMAGES OF ANY KIND OR TO OBTAIN OTHER EQUITABLE RELIEF, INCLUDING, WITHOUT LIMITATION, ANY EQUITABLE ADJUSTMENT TO THE TERMS OF THE SALE OF THE PROPERTY, IN CONNECTION WITH ANY SUCH ACTION FOR SPECIFIC PERFORMANCE. IN NO EVENT SHALL PURCHASER HAVE THE RIGHT TO FILE A LIS PENDENS AGAINST THE SUBJECT PROPERTY OTHER THAN IN CONNECTION WITH AN ACTION FOR SPECIFIC PERFORMANCE AS PERMITTED ABOVE. THE PARTIES AGREE THAT IN NO EVENT SHALL THE FOREGOING LIMITATIONS ON PURCHASER'S REMEDIES APPLY TO ANY BREACH OF SELLER'S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT, ANY OBLIGATION OF SELLER WHICH IS TO SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT, OR TO ANY ACTION PURSUANT TO SECTION 28 BELOW TO COLLECT ATTORNEYS' FEES INCURRED BY PURCHASER IN (i) BRINGING ANY SPECIFIC PERFORMANCE ACTION THAT MAY BE PERMITTED UNDER THIS SECTION 9(a) OR, (ii) BRINGING ANY OTHER ACTION THAT MAY BE PERMITTED UNDER THIS AGREEMENT.

(b) **DEFAULT BY PURCHASER.** IF PURCHASER DEFAULTS IN THE PERFORMANCE OF ITS OBLIGATION TO CLOSE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, AND PURCHASER FAILS TO CURE THE DEFAULT PRIOR TO THE EARLIER OF TEN (10) DAYS AFTER RECEIPT OF WRITTEN NOTICE THEREOF FROM SELLER OR THE THEN SCHEDULED CLOSING DATE, SELLER WILL BE DAMAGED AND, SUBJECT TO THE LAST PARAGRAPH OF THIS SECTION 9(b), SELLER'S SOLE AND EXCLUSIVE REMEDY FOR SUCH DEFAULT SHALL BE TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE DELIVERED TO PURCHASER AND THE TITLE COMPANY. EXCEPT AS EXPRESSLY PROVIDED IN THE PRECEDING SENTENCE, SELLER SHALL NOT HAVE THE RIGHT TO RECOVER DAMAGES OF ANY KIND OR TO OBTAIN OTHER EQUITABLE RELIEF, INCLUDING, WITHOUT LIMITATION, ANY EQUITABLE ADJUSTMENT TO THE TERMS OF THE SALE OF THE SUBJECT PROPERTY; PROVIDED, HOWEVER, THAT THE PARTIES

AGREE THAT, IN NO EVENT, SHALL THIS PROVISION APPLY TO ANY BREACH OF PURCHASER'S INDEMNITY OBLIGATIONS UNDER ANY INDEMNITY PROVISIONS OF THIS AGREEMENT, ANY OBLIGATION OF PURCHASER WHICH IS TO SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT OR TO ANY ACTION PURSUANT TO SECTION 28 BELOW TO COLLECT ATTORNEYS' FEES INCURRED BY SELLER IN BRINGING ANY ACTION AS MAY BE PERMITTED UNDER THIS SECTION 9(b) OR BRINGING ANY OTHER ACTION THAT MAY BE PERMITTED UNDER THIS AGREEMENT.

10. **Damage.** If, prior to the Closing Date, all or any part of the Improvements are substantially damaged by fire or other casualty, Seller shall promptly give notice to Purchaser of such fact. Thereafter, at Purchaser's option (to be exercised by Purchaser's written notice to Seller given within fifteen (15) days after Seller's initial notice to Purchaser), this Agreement shall terminate with respect to the Subject Property. In the event of any such termination of this Agreement, neither party will have any further obligations under this Agreement (other than the Surviving Indemnity Obligations, which obligations shall survive any such termination), that Purchaser shall, at the request of Seller, execute any document reasonably requested by Seller to evidence such termination including, without limitation, a quit claim deed. If Purchaser fails to elect to terminate this Agreement (in the manner provided in this Section 10) despite such damage, or if the Improvements are damaged but not substantially, Seller shall promptly commence to repair such damage or destruction and to return the damaged Improvements to substantially their condition prior to such damage. If such damage shall be completely repaired prior to the Closing Date, then there shall be no reduction in the Purchase Price, and Seller shall retain the proceeds of all insurance related to such damage. If such damage shall not be completely repaired prior to the Closing Date, but Seller is diligently proceeding to repair, then there shall be no reduction in the Purchase Price and Seller shall complete the repair after the Closing Date and shall be entitled to receive the proceeds of all insurance related to such damage; provided, however, that Purchaser shall have the right to delay the Closing Date until repair is completed. For purposes of this Section 10, the phrase "substantially damaged" means damage in excess of One Hundred Thousand and No/100 Dollars ($100,000.00).

11. **Condemnation.** If, prior to the Closing Date, eminent domain proceedings are commenced against all or any substantial part of the Subject Property, Seller shall immediately give notice to Purchaser of such fact and, at Purchaser's option (to be exercised within fifteen (15) days after Seller's notice), this Agreement shall terminate with respect to the Subject Property. In the event of any such termination, neither party will have further obligations under this Agreement (other than the Surviving Indemnity Obligations, which obligations shall survive any such termination), except that Purchaser shall, at the request of Seller, execute any document reasonably requested by Seller to evidence such termination including, without limitation, a quit claim deed. If Purchaser fails to elect to terminate this Agreement in the manner provided in this Section 11, then there shall be no reduction in the Purchase Price, and Seller shall assign to Purchaser at the Closing Date all of Seller's right, title and interest in and to any award made or to be made in the condemnation proceedings. Prior to the Closing Date, Seller shall not designate counsel, appear in, or otherwise act with respect to the condemnation proceedings without Purchaser's prior written consent, which consent shall not be unreasonably withheld or delayed; provided, however, that if any action is necessary with respect to such proceeding to avoid any forfeiture or material prejudice, Seller shall be entitled to take such action as and to the extent necessary without

obtaining Purchaser's prior written consent. For purposes of this Section 11, the words "substantial part" means that the portion of the Subject Property to be so taken gives rise to an award in excess of One Hundred Thousand and No/100 Dollars ($100,000.00).

12. **Broker's Commissions.** Seller and Purchaser each represent to the other party that in connection with the transaction contemplated hereby, no third party broker or finder has been engaged or consulted by Seller or Purchaser or is entitled to compensation or commissions in connection herewith. Seller shall defend, indemnify and hold harmless Purchaser from and against any and all claims of brokers, finders or any like third party claiming any right to commissions or compensation by or through acts of Seller in connection herewith. Purchaser represents to Seller that in connection with the transaction contemplated hereby, no third party broker or finder has been engaged or consulted by Purchaser or is entitled to compensation or commissions in connection herewith. Purchaser shall defend, indemnify and hold harmless Seller from and against any and all claims of brokers, finders or any like party claiming any right to commissions or compensation by or through acts of Purchaser in connection herewith. The indemnity obligations hereunder, in favor of both Seller and Purchaser, shall include, without limitation, all damages, losses, risks, liabilities and expenses (including, without limitation, reasonable attorneys' fees and costs) arising from and related to matters being indemnified hereunder; provided, however, that the total liability of Seller with respect to the foregoing shall be subject to the conditions and limitations set forth in Section 5(b) hereof. No broker, finder or like party shall be entitled to rely (as a third-party beneficiary or otherwise) on the provisions herein in claiming any right to commissions or compensation or otherwise. This Section 12 shall survive the expiration or termination of this Agreement or the Closing for six (6) months following the date of Closing.

13. **Environmental Disclosure**. Seller hereby discloses that the Subject Property may contain or have contained such hazardous materials (if any) as described in the environmental reports and correspondence listed on Exhibit C attached hereto and made a part hereof (collectively, the "Reports"), which shall be assigned by the Seller and the preparers thereof to the Purchaser at Closing, so that the Purchaser may rely on the same. Purchaser acknowledges receipt of the Reports prior to the Effective Date hereof.

Without limiting the generality of the foregoing, upon Closing Purchaser shall be deemed to have assumed, and agrees to perform, each and all of the terms, covenants, conditions, obligations, and remedial measure set forth in that certain Response Action Plan & Construction Contingency Plan dated September 16, 2019, prepared by WSB, project no. R-014750-000, as approved by the Minnesota Pollution Control Agency ("MPCA") pursuant to that Approval of Response Action Plan / Construction Contingency Plan letter dated October 31, 2019, MPCA Site ID BF0001283 (together with all other agreements, memoranda, understandings, and correspondence related thereto, collectively the "Response Action Plan"). Purchaser acknowledges and agrees that Seller has made no representation, warranty, commitment, or undertaking of any kind whatsoever concerning Purchaser's ability to obtain a "No Further Action" or other limitation of liability letter from the MPCA, provided that the Seller agrees to reasonably cooperate with the Purchaser regarding the same.

Notwithstanding the immediately preceding paragraph, Seller shall reimburse Purchaser for Purchaser's actual and reasonable third-party costs incurred exclusively in connection with Purchaser's performance of the Response Action Plan following the Closing, provided that: (i) such costs are incurred by Purchaser and invoiced to Seller no later than twelve (12) months following the Closing Date; (ii) Purchaser shall furnish to Seller, with each invoice, reasonable evidence substantiating the nature of the work performed, the cost therefor, and Purchaser's prior payment thereof; and (iii) Purchaser shall, upon Seller's request, execute any and all assignments, transfers, conveyances, or other instruments requested by Seller for the purpose of conveying to Seller all right, title, or interest of Purchaser to reimbursement of such costs from applicable governmental funding sources including, without limitation, the Minnesota Petroleum Tank Release Cleanup Fund (Petrofund). In the event Seller is not eligible to apply for reimbursements from any such governmental funding source, Purchaser shall take all reasonable action necessary to apply for and receive reimbursements from such governmental funding source and, to the extent Purchaser has previously received reimbursement from Seller for any costs so recovered, Purchaser shall promptly remit the amount of such recovery to Seller. In addition to Seller's obligation to pay Purchaser for its third-party costs incurred in connection with the Purchaser's performance of the Response Action Plan following Closing, the Seller agrees to indemnify, defend, and hold Purchaser harmless from all liabilities, claims, demands, suits, judgments, losses, and damages relating to any hazardous materials that may be on, about, or within the Subject Property, provided that said liabilities, claims, demands, suits, judgments, losses, and damages are not related to the negligence of Purchaser or its contractors.

The provisions of this Section 13 shall survive and remain enforceable following the Closing.

14. **Assignment.** Purchaser may not assign its rights under this Agreement without the prior written consent of Seller, which may be withheld in Seller's sole discretion. Any assignment shall be subject to all the provisions, terms, covenants and conditions of this Agreement and the assignor shall, in any event, continue to be and remain liable under this Agreement, as it may be amended from time to time, as a principal and not as a surety, without notice to such assignor. Any such assignment and assumption shall be evidenced by a written agreement in form and substance reasonably acceptable to Seller.

15. **Notices.** Any notice or other communication in connection with this Agreement shall be in writing and shall be sent by nationally recognized overnight courier guaranteed next business day delivery, by email, or by personal delivery, properly addressed as follows:

If to Seller:	City of North Saint Paul 2400 Margaret Street North North Saint Paul, MN 55109 Attn: Scott Duddeck, City Manager Email: scott.duddeck@northstpaul.org
With a copy to:	Taft Stettinius & Hollister LLP 2200 IDS Center 80 South 8th Street Minneapolis, MN 55402 Attn: Mary Ippel Email: mippel@taftlaw.com
If to Purchaser:	North St. Paul Land & Development Co., LLC 2556 East 7th Avenue North St. Paul, MN 55109 Attn: ________________________ Email: _______________________
With a copy to:	Bridge Law Group 2900 Washington Avenue North Minneapolis, MN 55411-1630 Attn: David Buelow Email: Dave@BridgeAttorneys.com

All notices shall be deemed given one (1) business day following deposit if delivered to an overnight courier guaranteeing next day delivery and on the same day if sent by personal delivery or by email delivered before 5:00 p.m. Central Time (and the following business day if the email is delivered after 5:00 p.m. Central Time). Attorneys for each party shall be authorized to give notices for each such party. Any party may change its address for the service of notice by giving written notice of such change to the other party, in any manner above specified.

16. **Captions.** The section headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement.

17. **Entire Agreement; Modification.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter herein contained, and all prior negotiations, discussions, writings and agreements between the parties with respect to the subject matter herein contained are superseded and of no further force and effect. No covenant, term or condition of this Agreement shall be deemed to have been waived by either party, unless such waiver is in writing signed by the party charged with such waiver.

18. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

19. **Controlling Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

20. **Severability.** The unenforceability or invalidity of any provisions hereof shall not render any other provision herein contained unenforceable or invalid.

21. **"As Is" Sale.** PURCHASER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT (A) NEITHER SELLER, NOR ANY OWNER, PRINCIPAL, AGENT, ATTORNEY, EMPLOYEE, BROKER, OR OTHER REPRESENTATIVE OF SELLER, HAS MADE ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SUBJECT PROPERTY OR ANY MATTER RELATED THERETO, AND (B) PURCHASER IS NOT RELYING ON ANY WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OF THE SUBJECT PROPERTY, AND THAT PURCHASER IS ACQUIRING THE SUBJECT PROPERTY IN ITS "AS-IS" CONDITION WITH ALL FAULTS, AND (C) PURCHASER RELEASES SELLER, ITS PAST, PRESENT AND FUTURE EMPLOYEES, PARTNERS, OFFICERS, DIRECTORS, ATTORNEYS, AGENTS, ADMINISTRATORS, REPRESENTATIVES AND PREDECESSORS AND THEIR RESPECTIVE SUCCESSORS, ASSIGNS, EXECUTORS AND ADMINISTRATORS, AGENTS, EMPLOYEES, REPRESENTATIVES, ATTORNEYS, AFFILIATES AND ALL PERSONS ACTING BY, THROUGH, UNDER OR IN CONCERT WITH ANY OF THEM (COLLECTIVELY, THE "RELEASEES") AND EVERY ENTITY AFFILIATED WITH SELLER AND RELEASEES, FROM ALL ACTIONS, CAUSES OF ACTIONS, SUITS, DEBTS, LIENS, CONTRACTS, AGENTS, OBLIGATIONS, PROMISES, RIGHTS, DEMANDS, CLAIMS, LIABILITIES, DAMAGES, JUDGMENTS, LOSSES, COSTS AND EXPENSES INCLUDING ATTORNEYS' FEES, OF ANY NATURE WHATSOEVER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, FIXED OR CONTINGENT, WHICH PURCHASER NOW HAS, OWNS, HOLDS OR CLAIMS TO HAVE, OWN OR HOLD, OR AT ANY TIME HERETOFORE HAD, OWNED, HELD, OR CLAIMED TO HAVE, OWN OR HOLD, AGAINST SELLER AND THE RELEASEES, RELATING TO THE CONDITION OF THE SUBJECT PROPERTY. IN PARTICULAR, BUT WITHOUT LIMITATION, EXCEPT AS SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE PHYSICAL CONDITION OF THE SUBJECT PROPERTY, ANY PATENT OR LATENT DEFECTS AFFECTING THE SUBJECT PROPERTY OR ANY OTHER ASPECT OF THE SUBJECT PROPERTY, INCLUDING ANY ENTITLEMENTS FOR THE SUBJECT PROPERTY, ANY GOVERNMENTAL LAWS AND REGULATIONS, INCLUDING, BUT NOT LIMITED TO, ENVIRONMENTAL LAWS, ZONING AND LAND USE LAWS AND REGULATIONS, COVENANTS, CONDITIONS OR RESTRICTIONS, WHETHER OR NOT OF RECORD, TO WHICH THE SUBJECT PROPERTY MAY BE SUBJECT, THE DEVELOPMENT, USE, CONSTRUCTION, MANAGEMENT OR OCCUPATION OF THE SUBJECT PROPERTY, INCLUDING, WITHOUT LIMITATION, THE IMPROVEMENTS CONSTRUCTED THEREON, THE PRESENCE OF ANY HAZARDOUS MATERIALS UNDER OR IN THE VICINITY OF THE SUBJECT PROPERTY AND ANY HAZARDOUS MATERIAL EFFECTS, OR ANY OTHER MATTER RELATING TO THE SUBJECT PROPERTY. PURCHASER ACKNOWLEDGES AND AGREES THAT PURCHASER HAS CONDUCTED OR WILL CONDUCT ITS OWN INVESTIGATIONS AND STUDIES OF THE SUBJECT PROPERTY

AND ALL ASPECTS THEREOF, INCLUDING WITHOUT LIMITATION THE SUBJECT PROPERTY'S CHARACTERISTICS, ITS PHYSICAL CONDITION (INCLUDING ANY DEFECTS THEREIN), ALL LEGAL REQUIREMENTS APPLICABLE THERETO, THE OPERATION AND USE THEREOF, THE ENVIRONMENTAL CONDITION OF THE SUBJECT PROPERTY AND ALL MATTERS DESCRIBED IN THE PRECEDING SENTENCE; IF FOR ANY REASON WHATSOEVER PURCHASER IS PRECLUDED BY SELLER FROM CONDUCTING SUCH INVESTIGATIONS AND STUDIES, PURCHASER SHALL BE REQUIRED TO GIVE WRITTEN NOTICE THEREOF TO SELLER PRIOR TO THE CONTINGENCY DATE. PURCHASER'S WAIVERS APPLY TO ALL CLAIMS OF ANY NATURE WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ABSOLUTE OR CONTINGENT, AND WHETHER OR NOT DISCOVERABLE BY PURCHASER, THAT PURCHASER NOW HOLDS OR MAY HOLD AT ANY TIME IN THE FUTURE.

PURCHASER ACKNOWLEDGES AND AGREES THAT: (A) PURCHASER IS AN EXPERIENCED AND SOPHISTICATED OWNER OF REAL PROPERTY; (B) PURCHASER HAS EXPRESSLY NEGOTIATED THE LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION; AND (C) THE LIMITATIONS CONTAINED IN THIS SECTION ARE REASONABLE. PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS AGREED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION FOR AND IN RELIANCE UPON THE FOREGOING LIMITATIONS OF LIABILITY, AND THAT THE CONSIDERATION UNDER THIS AGREEMENT IS BASED IN PART ON THE LIMITATIONS OF LIABILITY. THE PROVISIONS OF THIS SECTION SHALL APPLY TO ANY CLAIM, LOSS OR DAMAGE, IRRESPECTIVE OF ITS CAUSE OR ORIGIN, AND REGARDLESS OF WHETHER IT IS BASED ON STRICT LIABILITY OR RESULTS FROM THE PASSIVE OR ACTIVE NEGLIGENCE OF SELLER AND/OR ANY RELEASEES.

22. **Time of Essence.** Time is of the essence of this Agreement.

23. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

24. **Interpretation**. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

25. **Tax Deferred Exchange.** Purchaser and Seller or their permitted assigns, have the right to structure the sale of the Subject Property as part of one or more deferred exchanges in accordance with the provisions of Section 1031 of the Internal Revenue Code. Purchaser and Seller will make reasonable efforts to cooperate with any such exchange requested by the other, including without limitation executing consents to assignments and other documents reasonably requested by the exchanging party; provided that: (i) the Closing Date hereunder will not thereby be delayed, (ii) the cooperating Purchaser or Seller, as the case may be, does not incur any additional expense or liability, nor assume any personal liability in connection with a request by the other party to cooperate with said exchange, (iii) the exchanging party shall not be released from its obligations

under this Agreement if the exchanging party's exchange fails for any reason, and the exchanging party shall remain obligated under this Agreement, (iv) the cooperating party shall not be required to acquire title to any other real property (other than the Subject Property), and (v) the exchanging party shall indemnify, defend and hold the cooperating party harmless from and against all expenses, losses, costs (including, without limitation, reasonable attorneys' fees), damages and claims resulting from the exchanging party's exchange or attempted exchange. The cooperating party hereby disclaims any responsibility for the qualification of the transactions contemplated by this Agreement as a tax-deferred exchange under Internal Revenue Code Section 1031, as amended, and the exchanging party agrees that the cooperating party shall not be liable for any tax liability, interest or penalties arising thereunder by virtue of the cooperating party's cooperation in the consummation of any such exchange or attempted exchange.

26. **Return of Documents; Confidentiality.** In the event that this Agreement is terminated or cancelled without Purchaser acquiring the Subject Property pursuant to the terms hereof, Purchaser shall, within five (5) business days thereafter, deliver to Seller all due diligence materials delivered by Seller to Purchaser. Prior to the Closing, Purchaser agrees not to disclose any due diligence materials to third parties, except that Purchaser may disclose such information to (i) those employed or engaged by Purchaser in connection with Purchaser's due diligence investigations, (ii) to Purchaser's attorneys, potential lenders, title and escrow officers and others involved in connection with the transactions described in this Agreement, (iii) to Purchaser's directors, officers, shareholders and partners, (iv) to the extent required by law, subpoena or court order. Purchaser shall indemnify, defend and hold Seller harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, judgments, costs and expenses (including attorney's fees) asserted against or incurred by Seller as a result of any violation of, or failure to comply with this Section 26. The obligations in this Section 26 shall survive Closing or termination of this Agreement.

27. **IRS Reporting Requirements.** Seller and Purchaser acknowledge and agree that Section 6045(e) of the Internal Revenue Code of 1986 requires that notice of the sale and purchase of the Subject Property described in this Agreement, be provided to the Internal Revenue Service (the "IRS") by preparation of and filing with the IRS of one or more IRS Form 1099-B; and further, Seller and Purchaser agree to furnish and provide the Title Company any and all information and documentation, including without limitation the Designation Agreement, that the Title Company may require in order for the Title Company to (a) comply with all instructions to the IRS Forms 1099-B in the preparation thereof, and (b) prepare and timely file with the IRS said IRS Forms 1099-B with respect to this transaction.

28. **Attorneys' Fees.** If either party commences an action against the other to enforce this Agreement or because of the breach by either party of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney fees, costs, and expenses (including expert fees and costs) incurred in connection with the prosecution or defense of such action, including any appeal, in addition to all other relief.

29. **WAIVER OF TRIAL BY JURY.** THE RESPECTIVE PARTIES HERETO SHALL AND HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AND AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR FOR THE ENFORCEMENT OF ANY REMEDY UNDER ANY STATUTE OR OTHERWISE.

30. **Limitation on Damages.** Neither party to this Agreement is liable to the other for any consequential, special or punitive damages under this Agreement, including, without limitation, lost profits.

31. **Electronic Signatures.** Facsimile or signatures transmitted by electronic mail in so-called "PDF" format to this Agreement or any amendment thereto shall be valid and enforceable as original signatures.

32. **Schedule and Exhibits.** The following schedule and exhibits are made a part hereof, with the same force and effect as if specifically set forth herein:

Schedule 1	-	Due Diligence Materials
Exhibit A	-	Legal Description
Exhibit B	-	Form of Limited Warranty Deed
Exhibit C	-	List of Environmental Reports

[Signature Pages Follow]

IN WITNESS WHEREOF, Seller and Purchaser have executed this Purchase Agreement as of the day and year first above written.

<u>SELLER</u>:

CITY OF NORTH SAINT PAUL, MINNESOTA, a municipal corporation under the laws of the State of Minnesota

By: ______________________________

____

Its: ______________________________

IN WITNESS WHEREOF, Seller and Purchaser have executed this Purchase Agreement as of the day and year first above written.

PURCHASER:

NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC, a Minnesota limited liability company

By: ______________________________
____
Its: ______________________________

SCHEDULE 1

List of Due Diligence Materials

1. Geotechnical Report dated April 24, 2019, prepared by WSB, project no. 013797-000.

2. Certificate of Survey dated May 9, 2019, prepared by E.G. Rud & Sons, Inc., Job. No. 19094BT, for the Land and other real property.

EXHIBIT A

Legal Description

PARCEL 1:

Lots 18, 19, 20, 21, 22, 23, 24 and 25, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota.

2526 – 7th Avenue East
North Saint Paul, MN 55109
PID: 12-29-22-42-0087

PARCEL 2:

Lot 30, Block 1, Second Addition to North Saint Paul except the Southwesterly 2 feet thereof, Ramsey County, Minnesota,

AND

That portion of the Southwesterly 2 feet of said Lot 30, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota described as follows: Commencing at the point of intersection of the northeasterly line of the southeasterly 2.00 feet of said Lot 30 with the easterly line of said Lot 30, as evidenced by a drill hole; thence North 30 degrees 05 minutes 00 seconds West (basis of Bearings: the southwesterly line of said Lot 30 has an assumed bearing of North 30 degrees 05 minutes 00 seconds West) along the northeasterly line of the southwesterly 2.00 feet of said Lot 30, as evidenced by drill holes at both terminus points, for a distance of 14.77 feet to the point of beginning of the land to be described; thence South 59 degrees 48 minutes 37 seconds West 1.02 feet; thence North 30 degrees 11 minutes 23 seconds West 47.35 feet; thence North 59 degrees 48 minutes 37 seconds East 1.11 feet to a point on the northeasterly line of the southwesterly 2.00 feet of said Lot 30; thence South 30 degrees 05 minutes 00 seconds West, along the northeasterly line of the southwesterly 2.00 feet of said Lot 30, a distance of 47.35 feet to the point of beginning.

2536 7th Avenue East
North Saint Paul, MN 55109
PID: 12-29-22-42-0151

PARCEL 3:

Lot 31, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota.

XXX Margaret Street
North Saint Paul, MN 55109
PID: 12-29-22-42-0093

EXHIBIT B

Form of Deed

[ATTACHED]

(Top 3 inches reserved for recording data)

LIMITED WARRANTY DEED **Business Entity to Business Entity**	**Minnesota Uniform Conveyancing Blanks** **Form 10.2.9 (2013)**

eCRV Number: ___________________________

DEED TAX DUE: $________________________ DATE: _________________
(month/day/year)

FOR VALUABLE CONSIDERATION, the **CITY OF NORTH SAINT PAUL, MINNESOTA**, a municipal corporation organized and existing under the laws of the State of Minnesota ("**Grantor**"), hereby conveys and quitclaims to **NORTH ST. PAUL LAND & DEVELOPMENT CO., LLC**, a Minnesota limited liability company ("**Grantee**"), real property in **Ramsey** County, Minnesota, legally described as follows:

See Exhibit A attached hereto.

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances belonging thereto.

This Deed conveys after-acquired title. Grantor warrants that Grantor has not done or suffered anything to encumber the property, EXCEPT: See Exhibit B attached hereto.

Check applicable box:

☒ The Seller certifies that the Seller does not know of any wells on the described real property.

☐ A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: ____________________________________.)

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor:

CITY OF NORTH SAINT PAUL, MINNESOTA, a municipal corporation organized and existing under the laws of the State of Minnesota

By:____
(*signature*)

Its: ____
(type of authority)

Page 1 of 2

State of Minnesota)
) ss
County of ________________)

This instrument was acknowledged before me on ________________________, by __________________________________ as ______________________________ of **CITY OF NORTH SAINT PAUL, MINNESOTA**, a municipal corporation organized and existing under the laws of the State of Minnesota, on behalf of said municipal corporation.

(Stamp)

____
(signature of notarial officer)

My commission expires: ______________________________

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Taft Stettinius & Hollister LLP (LJF)
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO: *(insert legal name and residential or business address of Grantee)*

____
____
____
____

EXHIBIT A TO LIMITED WARRANTY DEED

Legal Description

PARCEL 1:

Lots 18, 19, 20, 21, 22, 23, 24 and 25, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota.

PARCEL 2:

Lot 30, Block 1, Second Addition to North Saint Paul except the Southwesterly 2 feet thereof, Ramsey County, Minnesota,

AND

That portion of the Southwesterly 2 feet of said Lot 30, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota described as follows: Commencing at the point of intersection of the northeasterly line of the southeasterly 2.00 feet of said Lot 30 with the easterly line of said Lot 30, as evidenced by a drill hole; thence North 30 degrees 05 minutes 00 seconds West (basis of Bearings: the southwesterly line of said Lot 30 has an assumed bearing of North 30 degrees 05 minutes 00 seconds West) along the northeasterly line of the southwesterly 2.00 feet of said Lot 30, as evidenced by drill holes at both terminus points, for a distance of 14.77 feet to the point of beginning of the land to be described; thence South 59 degrees 48 minutes 37 seconds West 1.02 feet; thence North 30 degrees 11 minutes 23 seconds West 47.35 feet; thence North 59 degrees 48 minutes 37 seconds East 1.11 feet to a point on the northeasterly line of the southwesterly 2.00 feet of said Lot 30; thence South 30 degrees 05 minutes 00 seconds West, along the northeasterly line of the southwesterly 2.00 feet of said Lot 30, a distance of 47.35 feet to the point of beginning.

PARCEL 3:

Lot 31, Block 1, Second Addition to North Saint Paul, Ramsey County, Minnesota.

<u>EXHIBIT B TO LIMITED WARRANTY DEED</u>

Permitted Exceptions

1. All matters which a complete and accurate survey of the land would disclose;

2. Any and all liens not yet delinquent for real property and personal property taxes and for general and special assessments against the property;

3. Building and zoning ordinances and regulations and any other laws, ordinances, or governmental regulations restricting, regulating or relating to the use, occupancy or enjoyment of the property; and

4. Declarations, easements, covenants, conditions, and restrictions of record.

EXHIBIT C

List of Environmental Reports

1. Investigation Report – Petroleum Remediation Program (MPCA) dated August 19, 2019, prepared by WSB, MPCA Site ID LS0020932.

2. Response Action Plan & Construction Contingency Plan dated September 16, 2019, prepared by WSB, project no. R-014750-000.

3. Approval of Response Action Plan / Construction Contingency Plan (MPCA) letter dated October 31, 2019, MPCA Site ID BF0001283.

4. Petroleum Tank Release Liability (MPCA) letter dated November 13, 2019, MPCA Site ID LS0020932 (BF0001283).

5. Soil Vapor Sampling Results – Heating and Non-Heating Season (WSB) letter dated January 2, 2020, MPCA Site ID BF0001283.

6. Retroactive No Association Determination for Past Actions (MPCA) letter dated January 13, 2020, MPCA Site ID BF0001283.

7. Phase I Environmental Site Assessment dated April 2019, prepared by WSB, project no. 013797-000.

8. Limited Phase II Environmental Site Assessment dated April 2019, prepared by WSB, project no. 013797-000.

Agenda Information Memorandum
North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: City Business

Subject: Award the Sale of $6,555,000 Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A

To: Honorable Mayor and City Council

Background/Facts:

- On February 5, 2019 City Council approved resolution 2019-019 allowing for an interfund loan in the amount of $100,000 in connection with the proposed Tax Increment Financing District number 4-8. The City Council subsequently amended the interfund loan up to $500,000 on March 17, 2020 with the adoption of resolution 2020-041.

- On July 2, 2019 the City Council adopted resolution 2019-088 to call for a public hearing on the proposed establishment of a Tax Increment Financing District (Number 4-8) within the Development District Number 4 and the proposed adoption of a Tax Increment Financing plan.

- On July 30, 2019 the City Council held the public hearing and adopted resolution 2019-096 to establish Tax Increment Financing District (Number 4-8) and associated financing plan.

- The proposed new development is expected to include 89 market rate apartments with 3,000 square feet of retail/commercial space. The City has determined that tax increment financing assistance is necessary to offset a portion of the extraordinary redevelopment costs. Proceeds of the Series 2020A Bonds will be used to finance capital and administrative expenditures within the Redevelopment District and to pay the costs associated with issuing the Series 2020A Bonds.

- The proposed bonds have been structured with twenty-five principal payments to coincide with the term of the Redevelopment District. Principal payments are structured to result in approximately level annual levy requirements incorporating the estimated Redevelopment District revenues available for repayment of the Series 2020A Bonds.

- The Series 2020A Bonds as presented are a general obligation of the City, secured by its full faith and credit and taxing power. In addition, the City will pledge net tax increment revenues of the City's Redevelopment District No. 4-8.

- The City will use net revenues of the Redevelopment District to pay a portion of the debt service on the Series 2020A Bonds as it becomes due. The City expects to levy property taxes for repayment of the portion of the debt service due net of collection of tax increment revenues of the Redevelopment District.

The City has retained Baker Tilly (formerly known as Springsted) as its independent financial advisor for the Sale of the Bonds and is requesting authorization for them to solicit proposals in accordance with Minnesota Statutes. In conjunction with the sale, Baker Tilly is to prepare the Official Statement for the Bonds, with the cooperation of City Staff, and to execute and deliver it on behalf of the City upon its completion.

At the April 21, 2020 meeting the City Council authorized Baker Tilly to proceed with the competitive negotiated sale of bonds totaling $6,555,000. These funds will be used to finance capital and administrative expenditures within the Redevelopment District.

Terri Heaton with Baker Tilly will be present at the meeting to present the Council with the results of the sale for consideration to award the sale of the bonds.

Recommendation: It is recommended the City Council approve the resolution awarding the sale of bonds as recommended by Springsted, Inc.

Attachments:
Resolution approving the sale of 2020A General Obligation Tax Increment Revenue Bonds

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman
Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF NORTH ST. PAUL, MINNESOTA

HELD: MAY 19, 2020

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of North St. Paul, Ramsey County, Minnesota, was duly held at the City Hall on May 19, 2020, at 6:30 P.M., for the purpose, in part, of considering proposals and awarding the sale of $6,555,000 Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A.

The following members were present:

and the following were absent:

Member ________________ introduced the following resolution and moved its adoption:

RESOLUTION NO. _________

RESOLUTION ACCEPTING PROPOSAL ON THE COMPETITIVE NEGOTIATED SALE OF $6,555,000 TAXABLE GENERAL OBLIGATION TAX INCREMENT REVENUE BONDS, SERIES 2020A, PROVIDING FOR THEIR ISSUANCE, PLEDGING TAX INCREMENTS FOR THE SECURITY AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of North St. Paul, Minnesota (the "City"), has heretofore established Development District No. 4 (the "Development District No. 4") pursuant to the provisions of Minnesota Statutes, Sections 469.124 through 469.133, and has approved a development program (the "Program") with respect to the Development District No. 4; and

B. WHEREAS, the City has also heretofore established Tax Increment Financing (Redevelopment) District No. 4-8 as a redevelopment district within the Development District No. 4 (the "Tax Increment District") under the provisions of Minnesota Statutes, Sections 469.174 through 469.1794 and has approved a tax increment financing plan (the "Plan") with respect to the Tax Increment District; and

C. WHEREAS, pursuant to the provisions of the Program and Plan, funds are to be expended within the Development District No. 4 to provide funds to finance capital and administrative expenditures within the Tax Increment District as set forth in the Plan (the "Project"); and

D. WHEREAS, the City Council has heretofore determined that it is necessary and expedient to issue $6,555,000 Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapters 469 and 475, to finance the Project; and

E. WHEREAS, the City has retained Baker Tilly Municipal Advisors, LLC, in St. Paul, Minnesota ("Baker Tilly MA"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Baker Tilly MA; and

F. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Manager, or designee, at the offices of Baker Tilly MA at 11:00 a.m. this same day pursuant to the Preliminary Official Statement dated April 28, 2020, established for the Bonds; and

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

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

1. Acceptance of Proposal. The proposal of ________________________________ (the "Purchaser"), to purchase the Bonds in accordance with the Preliminary Official Statement, at the rates of interest hereinafter set forth, and to pay therefor the sum of $_____________, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to the Purchaser. The Finance Director is directed to retain the deposit of the purchaser and to forthwith return to the unsuccessful bidder and any good faith checks or drafts.

2. Bond Terms.

(a) Title; Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 17, 2020, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bonds shall be numbered from R-1 upward in the denomination of $5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2023	$	2036	
2024		2037	
2025		2038	
2026		2039	
2027		2040	
2028		2041	
2029		2042	
2030		2043	
2031		2044	
2032		2045	
2033		2046	

2034	2047
2035	2048

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

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

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

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

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

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

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

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

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

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

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

(x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.

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

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

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

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

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

3. Purpose. The Bonds shall provide funds to finance the Project. Pursuant to the Plan, tax increments derived from the Tax Increment District (the "Tax Increments") established pursuant to the Plan, have been pledged to the payment of the Bonds and interest thereon. The estimated collection of Tax Increments exceeds twenty percent of the cost of the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Proceeds of the Bonds shall be expended on costs or uses permitted by Minnesota Statutes, Sections 469.124 through 469.133, including particularly Section 469.176, Subdivision 4, and shall not be expended on any costs or devoted to any other uses.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

Maturity Year	Interest Rate	Maturity Year	Interest Rate
2023	$	2036	
2024		2037	
2025		2038	
2026		2039	
2027		2040	
2028		2041	
2029		2042	
2030		2043	
2031		2044	
2032		2045	
2033		2046	
2034		2047	
2035		2048	

5. Redemption. Bonds maturing on February 1, 2031, and thereafter shall be subject to redemption and prepayment at the option of the City on February 1, 2030 and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by registered or certified mail at least thirty days prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds at the address shown on the registration books.

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

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

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
RAMSEY COUNTY
CITY OF NORTH ST. PAUL

R-_______ $_________

TAXABLE GENERAL OBLIGATION TAX INCREMENT REVENUE BOND, SERIES 2020A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
%	February 1, _____	June 17, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of North St. Paul, Ramsey County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on February 1 and March 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month of such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee**.**

Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2031 and thereafter are subject to redemption and prepayment at the option of the Issuer on February 1, 2030, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Notice of redemption shall be given by registered or certified mail at least thirty days prior to the date fixed for redemption to the paying agent and to each affected registered holder of the Bonds at the address shown on the registration books.

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of $6,555,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on May 19, 2020 (the "Resolution"), for the purpose of providing funds to finance capital and administrative expenditures within Tax Increment Financing (Redevelopment) District No. 4-8 of the Issuer. This Bond is payable out of the General Obligation Tax Increment Bonds, Series 2019A Fund. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

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

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

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

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

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

Taxable Interest. The interest on this Bond is included in the gross income of the owner hereof for purposes of United States income tax and to the same extent in both gross income and taxable net income for purposes of State of Minnesota income tax.

Not Qualified Tax-Exempt Obligation. This Bond has not 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 and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

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

Date of Registration:

____

Registrable by: U.S. BANK NATIONAL ASSOCIATION

Payable at: U.S. BANK NATIONAL ASSOCIATION

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION
St. Paul, Minnesota
Bond Registrar

By:______________________
Authorized Signature

CITY OF NORTH ST. PAUL,
RAMSEY COUNTY, MINNESOTA

/s/ Facsimile_______________________________
Mayor

/s/ Facsimile_______________________________
City Manager

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:
TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
UTMA - ____________ as custodian for ______________
(Cust) (Minor)
under the ______________________ Uniform Transfers to Minors Act
(State)

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

ASSIGNMENT

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

Dated:______________________ ____

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

Signature Guaranteed:

____

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

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

Name and Address: ____

____

____

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

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

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided, the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is June 17, 2020. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

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

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

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

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

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

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

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

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

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

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

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

15. Fund and Accounts. There is hereby created a special fund to be designated the "Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A Fund" (the "Fund") to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund

shall be maintained in the manner herein specified until all of the Bonds and any other Taxable General Obligation Tax Increment Revenue Bonds hereafter made payable from the Fund and issued for the Project, including any modifications or additions thereto, and the interest thereon have been fully paid. There shall be maintained in the Fund the following separate accounts to be designated the "Construction Account" and "Debt Service Account", respectively.

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less capitalized interest received thereon and less any amount paid for the Bonds in excess of the minimum bid. From the Construction Account there shall be paid all costs and expenses of 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 Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of the taxes herein levied or the receipt of Tax Increments.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) Tax Increments, in an amount sufficient, together with other sums herein pledged, to pay the annual principal and interest payments on the Bonds; (ii) capitalized interest in the amount of $______________ (together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2021; (iii) any amount paid for the Bonds in excess of the minimum bid; (iv) any collections of all taxes herein or hereafter levied for the payment of the Bonds and interest thereon; (v) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (vi) all investment earnings on funds held in the Debt Service Account; and (vii) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

16. Original Net Tax Capacity; Tax Increments; Use of Tax Increments. The County Auditor of Ramsey County has certified the original net tax capacity of property in the Tax Increment District. The County Auditor shall determine in each year if the then current net tax capacity of property in the Tax Increment District exceeds the original net tax capacity, and shall calculate, in the manner provided in Minnesota Statutes, Section 469.177, Subdivision 3, the captured net tax capacity (as defined therein) attributable to the Tax Increment District. The City hereby determines to retain 100% of the captured tax capacity for purposes of tax increment financing. The County Auditor shall, in each such year, compute the local tax rate to be extended against the captured net tax capacity in the manner provided in Minnesota Statutes, Section 469.177, Subdivision 3, and the tax generated thereby shall constitute the Tax Increments for the year in which it is received. The County Auditor will remit to the City the Tax Increments so received. The City hereby appropriates the Tax Increments to the Debt Service Account, which appropriation shall continue until all of the Bonds and any additional bonds payable from the Debt Service Account, are paid or discharged.

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

Levy Years	Collection Years	Amount

See attached Exhibit B

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

18. Reservation of Rights. Notwithstanding any provisions herein to the contrary, the City reserves the right to terminate, reduce, or apply to other lawful purposes the Tax Increments herein pledged to the payment of the Bonds and interest thereon to the extent and in the manner permitted by law.

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

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

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

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

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

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

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

21. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

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

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

24. Taxable Status of the Bonds. The City does not qualify the Bonds as tax-exempt under the Internal Revenue Code of 1986, as amended. It is hereby determined that the Bonds are to be issued as fully taxable obligations, and all interest received on the Bonds is to be included in the gross income of the Holder of any Bond for federal income taxation purposes and, to the same extent, in both gross income and taxable net income for state income taxation purposes.

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

26. 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.

27. 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.

STATE OF MINNESOTA
COUNTY OF RAMSEY
CITY OF NORTH ST. PAUL

I, the undersigned, being the duly qualified and acting City Manager of the City of North St. Paul, 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 held on the date therein indicated, insofar as the minutes relate to awarding the sale of $6,555,000 Taxable General Obligation Tax Increment Revenue Bonds, Series 2020A.

WITNESS my hand on May 19, 2020.

____
City Manager

EXHIBIT A

PROPOSALS

[To be supplied by Baker Tilly MA]

EXHIBIT B

SCHEDULES

[To be supplied by Baker Tilly MA]

Agenda Information Memorandum
North St. Paul City Council
May 19, 2020

FROM THE OFFICE OF THE FINANCE DEPARTMENT

Agenda placement: City Business

Subject: Award the Sale of $1,980,000 General Obligation Utility Revenue Bonds, Series 2020B

To: Honorable Mayor and City Council

Background/Facts:

- On November 19, 2019, the City Council authorized the preparation of plans and specifications for the 2020 Street and Utility Improvements Project (City Project S.A.D. 20-01).

- On March 17, 2020 the City Council received and awarded the contract for the improvements in the project area which include street reconstruction, concrete curb and gutter, sidewalks, medians, sanitary sewer rehabilitation, watermain replacement, storm sewer improvements, street lighting, landscaping, and other appurtenant work.

- On April 17, 2020, the City Council approved the resolution authorizing staff to pursue an advance of future State Aid Construction Payments from the Municipal State Aid (MSA) account, which was approved and reserved by the Minnesota Department of Transportation (MNDOT). These funds are intended finance the surface improvements and a portion of the surface water improvements.

- The Series 2020B Bonds are a general obligation of the City, secured by its full faith and credit and taxing power. In addition, the City will pledge net revenues of its Utilities Funds.

- The City will use net revenues of the Utilities Funds to pay the debt service on the Series 2020B Bonds as it becomes due. The City does not anticipate the need to levy for repayment of this portion of the Bonds.

- The Bonds have been structured with a repayment term of fifteen years to result in approximately level annual debt service requirements.

The City has retained Baker Tilly (formerly known as Springsted) as its independent financial advisor for the Sale of the Bonds and is requesting authorization for them to solicit proposals in accordance with Minnesota Statutes. In conjunction with the sale, Baker Tilly is to prepare the Official Statement for the Bonds, with the cooperation of City Staff, and to execute and deliver it on behalf of the City upon its completion.

At the April 21, 2020 meeting the City Council authorized Springsted, Inc. to proceed with the competitive negotiated sale of bonds totaling $1,980,000. The Series 2020B Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 to finance the related waste water, water, and surface water system improvements.

Terri Heaton with Baker Tilly will be present at the meeting to present the Council with the results of the sale for consideration to award the sale of the bonds.

Recommendation: It is recommended the City Council approve the resolution awarding the sale of bonds as recommended by Baker Tilly.

Attachments:
Resolution approving the sale of 2020B General Obligation Utility Revenue Bonds

Respectfully submitted,

/s/ JZ by mm

Jason Zimmerman
Finance Director

APPROVED FOR AGENDA ENCLOSURE:

/s/ SD by mm

Scott Duddeck
City Manager

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF NORTH ST. PAUL, MINNESOTA

HELD: MAY 19, 2020

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of North St. Paul, Ramsey County, Minnesota, was duly held at the City Hall on May 19, 2020, at 6:30 P.M., for the purpose, in part, of considering proposals and awarding the sale of $1,980,000 General Obligation Utility Revenue Bonds, Series 2020B.

The following members were present:

and the following were absent:

Member ________________ introduced the following resolution and moved its adoption:

RESOLUTION NO. _________

RESOLUTION ACCEPTING PROPOSAL ON THE COMPETITIVE NEGOTIATED SALE OF $1,980,000 GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2020B, PROVIDING FOR THEIR ISSUANCE AND PLEDGING FOR THE SECURITY THEREOF NET REVENUES

A. WHEREAS, the City of North St. Paul, Minnesota (the "City"), owns and operates a municipal storm sewer system (the "Surface Water System"), a municipal sanitary sewer system (the "Waste Water System") and a municipal water plant and system (the "Water System") (the Surface Water System, the Waste Water System and the Water System are collectively referred to herein as the "System") as separate revenue producing public utilities and there are outstanding (i) the "System Portion" of the City's $4,920,000 original principal amount of General Obligation Bonds, Series 2014A, dated June 4, 2014; and (ii) the "2006A Refunding Portion" and the "2009A Refunding Portion" of the City's $6,245,000 original principal amount of General Obligation Refunding Bonds, Series 2015A, dated June 17, 2015; (iii) the “Utility Portion” of the City’s $7,485,000 General Obligation Bonds, Series 2016A, dated June 16, 2016; (iv) the “Utility Portion” of the City’s $6,940,000 General Obligation Bonds, Series 2018A, dated September 20, 2018 (together, the "Outstanding Revenue Bonds"), which are payable from the net revenues of the System; and

B. WHEREAS, the City Council of the City of North St. Paul has heretofore determined and declared that it is necessary and expedient to issue $1,980,000 General Obligation Utility Revenue Bonds, Series 2020B (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475 and Section 444.075, and Section 475.61, Subdivision 5, to finance improvements to the System (the "Project”); and

C. WHEREAS, the City has retained Baker Tilly Municipal Advisors, LLC, in St. Paul, Minnesota ("Baker Tilly MA"), as its independent municipal advisor for the sale of the

Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Baker Tilly MA; and

D. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Manager, or designee, at the offices of Baker Tilly MA at 11:00 a.m. this same day pursuant to the Preliminary Official Statement dated April 28, 2020, established for the Bonds; and

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

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

1. Acceptance of Proposal. The proposal of ______________________________ (the "Purchaser"), to purchase the Bonds in accordance with the Preliminary Official Statement, at the rates of interest hereinafter set forth, and to pay therefor the sum of $____________, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to the Purchaser. The Finance Director is directed to retain the deposit of the purchaser and to forthwith return to the unsuccessful bidder and any good faith checks or drafts.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated June 17, 2020, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bonds shall be numbered from R-1 upward in the denomination of $5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2021	$	2029	
2022		2030	
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027		2035	
2028			

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

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

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

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

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

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

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

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

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

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

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

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

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

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

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

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

3. Purpose. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Project shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

Maturity Year	Interest Rate	Maturity Year	Interest Rate
2021	$	2029	
2022		2030	
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027		2035	

2028

5. Redemption. All Bonds maturing on February 1, 2030, and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2029, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds.

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

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

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
RAMSEY COUNTY
CITY OF NORTH ST. PAUL

R-_ $_________

GENERAL OBLIGATION UTILITY REVENUE BOND, SERIES 2020B

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
____%	February 1, ____	June 17, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ____________________________________ DOLLARS

THE CITY OF NORTH ST. PAUL, RAMSEY COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2021, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2030, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2029, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds.

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of $1,980,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and a resolution adopted by the City Council on May 19, 2020 (the "Resolution"), for the purpose of providing money to finance improvements to the municipal water system, municipal sanitary sewer system and municipal storm sewer system (collectively, the "System") within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Utility Revenue Bonds, Series 2020B Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

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

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

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

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

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

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" 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 and the laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of the System at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Bonds, adequate to pay all principal and interest when due on the Bonds; 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 the Bonds of this issue as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any charter, constitutional or statutory limitation of indebtedness.

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

Date of Registration:

____

Registrable by: U.S. BANK NATIONAL ASSOCIATION

Payable at: U.S. BANK NATIONAL ASSOCIATION

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION
St. Paul, Minnesota
Bond Registrar

By:_____________________________
Authorized Signature

CITY OF NORTH ST. PAUL,
RAMSEY COUNTY, MINNESOTA

/s/ Facsimile_____________________________
Mayor

/s/ Facsimile_____________________________
City Manager

ABBREVIATIONS

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

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
UTMA - ___________ as custodian for ______________
(Cust) (Minor)
under the _____________________ Uniform
(State)
Transfers to Minors Act

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

ASSIGNMENT

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

Dated:_____________________ ___________________________

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

Signature Guaranteed:

____

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

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

Name and Address: ____

____

____

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

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

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is June 17, 2020. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

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

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

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

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

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

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

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

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

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

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

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

15. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Utility Revenue Bonds, Series 2020B Fund" (the

"Fund") to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds herein authorized and the interest thereon shall have been fully paid. The Operation and Maintenance Accounts heretofore established by the City for the Surface Water System, the Waste Water System and the Water System, shall continue to be maintained in the manner heretofore provided by the City. All moneys remaining after paying or providing for the items set forth in the resolutions establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Bonds and the Outstanding Revenue Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all net revenues of the System as hereinafter set forth. The Finance Director and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained accounts of the Fund for the purposes as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, less capital interest, and less any amount paid for the Bonds in excess of the minimum bid. From the Construction Account there shall be paid all costs and expenses of 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. Any balance remaining in the Construction Account after completion of the Project shall be transferred to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (1) 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 account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (2) any amount paid for the Bonds in excess of the minimum bid; (3) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the Bonds are insufficient therefor; (4) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (5) all investment earnings on funds held in the Debt Service Account; and (6) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or $100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

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

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 Bonds 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.

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

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

19. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Bonds, together with

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

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

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

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of $100,000 or five percent of the proceeds of the Bonds.

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

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project 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 Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

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

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

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

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

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

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

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

23. Certificate of Registration. The City Manager is hereby directed to file a certified copy of this resolution with the County Auditor of Ramsey County, Minnesota, together with such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register.

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

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

26. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of $5,000,000.

For purposes of qualifying for the small issuer 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 (i) the Bonds are issued by a governmental unit with general taxing powers; (ii) no Bonds are a private activity bond; (iii) 95% or more of the net proceeds of the Bonds are 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 (iv) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all entities subordinate to, or treated as one issuer with the City) during the calendar year in which the Bonds are 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.

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

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

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

(d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2020 will not exceed $10,000,000;

(e) not more than $10,000,000 of obligations issued by the City during this calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code; and

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

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

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

29. 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.

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

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

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
RAMSEY COUNTY
CITY OF NORTH ST. PAUL

I, the undersigned, being the duly qualified and acting City Manager of the City of North St. Paul, 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 considering proposals and awarding the sale of $1,980,000 General Obligation Utility Revenue Bonds, Series 2020B.

WITNESS my hand on May 19, 2020.

City Manager

EXHIBIT A

PROPOSALS

[To be supplied by Baker Tilly MA]