



AGENDA
CHASKA CITY COUNCIL
ONE CITY HALL PLAZA, CHASKA CITY HALL
Monday, October 07, 2019
7:00 PM

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Adopt Agenda
5. Visitor Presentation
6. Consent Items
 - 6.A. West Creek Tap Easement for Line 5556 (R 23, T116, Sec. 31)
7. Action Items
 - 7.A. Adopt Resolution 2019-108 , Public Assessment Hearing: Adopt Resolution Approving the Imposition of Service Charges for the 2020 Chaska Downtown Special Services District.
 - 7.B. Adopt Resolution 2019-105 and Resolution 2019-106, Issuance and Sale of Bonds: Series 2019B and Series 2019C
 - 7.C. Adopt Resolution 2019-107, Authorize Call of GO Capital Improvement Refunding Bonds, Series 2009B
8. Bills
 - 8.A. ACCOUNTS PAYABLE COUNCIL ROSTER 10-7-19
9. Other Business
 - 9.A. City Administrator's Report

9.A.i. Biweekly Report 10/7/2019

9.B. Other Reports

9.B.i. Financial Reports - August 2019

10. Adjourn

**REQUEST FOR ACTION
CHASKA CITY COUNCIL
10/7/2019**

Subject: West Creek Tap Easement for Line 5556 (R 23, T116, Sec. 31)

Prepared By: Andrew Romine, Interim Electric Director

Background

Xcel Energy (Northern States Power Company) is requesting an easement for their bottom or South section of transmission lines that enter the West Creek Substation. Upon review of the construction documents easements were established for the top or North section of transmission lines when the substation was constructed in 2011, but the South section easements were missed. The lines are already established and are necessary for West Creek Substations operations. No new construction will take place.

Recommendation

It is my recommendation to grant the easement to Northern States Power Company.

CITY COUNCIL ACTION REQUESTED

Motion to grant the easement to Northern States Power Company for the line that enters the West Creek Substation.

EASEMENT

The undersigned, City of Chaska, a Minnesota corporation organized under the laws of the state of Minnesota, hereinafter called "Grantor", in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to Grantor in hand paid by Northern States Power Company, a Minnesota corporation, d/b/a Xcel Energy, hereinafter called "NSP", does hereby grant unto NSP, its successors and assigns, the perpetual right, privilege and easement to construct, operate, maintain, use, rebuild, or remove electric lines with all towers, structures, poles, foundations, crossarms, cables, wires, guys, supports, counterpoises, fixtures, and devices appurtenant to said lines through, over, under and across the following described lands situated in the County of **Carver**, State of Minnesota, described on the attached Exhibit A (the "**Property**").

Except for the right of access and temporary construction area, said easement shall be limited to that certain part of the Property described as the "**Easement Area**" on the attached Exhibit A.

The rights granted herein may be exercised at any time subsequent to the execution of this document.

The grant of easement herein contained shall also include the right to enter upon the Property, to survey for and locate said lines and shall also include the right to trim or remove from said Easement Area any structures, trees (including tall or leaning trees located within the Property adjacent to the Easement Area, which may endanger said lines by reason of falling thereon) or objects, except fences, which in the opinion of NSP will interfere with said lines. Grantor agrees not to erect any buildings, structures or other objects, permanent or temporary, except fences, upon the Easement Area. Grantor further agrees not to plant any trees within the Easement Area without the prior express written approval from NSP, nor to not perform any act which will interfere with or endanger said lines.

The grant of easement herein contained shall also include the right of NSP to have reasonable access to said Easement Area across the Property. The grant of easement herein contained shall also include the right of reasonable temporary use by NSP of Property adjacent to said Easement Area during construction, repair or replacement of said transmission lines, for additional construction area.

Said electric lines and supporting structures from time to time may be reconstructed or relocated on said Easement Area with changed dimensions and to operate at different voltages.

NSP File: R 23, T 116, Sec. 31

Grantor City of Chaska

Line No. 5556

The grant herein contained shall also include the right of NSP to permit the attachment of wires of others to the structures supporting said lines.

Grantor reserves the right to dedicate and have or permit to be improved, maintained, and used for the purposes of streets, curbs and gutters, sewers, water and underground utilities (hereinafter called "improvements"), the portion of said Easement Area not occupied by the structures supporting Northern States Power Company's electric system, provided that said improvements do not in the opinion of NSP impair the structural or electrical integrity of or ability to maintain said electric system or materially alter the existing ground elevations; and provided further that all such improvements shall not result in a ground or other clearance of less than the minimum requirements specified by the National Electrical Safety Code. Grantor, its agents or assigns must submit plans of improvements or other installations within the Easement Area for review, compliance and written approval by NSP prior to installation of the improvements.

Grantor also reserves the right to cultivate, use and occupy said Easement Area, in a manner that is not inconsistent with NSP's rights granted herein.

NSP shall pay for all damages to landscaping, roads and driveways, fences, livestock, crops, fields and other property caused by the construction or maintenance of said lines. Claims on account of such damages may be referred to NSP's nearest office.

Grantor covenants with NSP, its successors and assigns, that Grantor is the owner of the above described Property and has the right to sell and convey an easement in the manner and form herein.

Grantor agrees to execute and deliver to NSP, at NSP's cost without additional compensation, any additional documents needed to correct the legal description of the Easement Area described herein, so that it describes the Easement Area within the Property that was originally intended to be granted herein and which at a minimum provides conductor clearance meeting the requirements of the National Electrical Safety Code.

It is mutually understood and agreed that this instrument covers all the agreements and stipulations between the parties and that no representation or statements, verbal or written, have been made modifying, adding to or changing the terms hereof.

This instrument is exempt from the Minnesota Deed Tax.

p

Grantor City of Chaska

Line 5556

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed as of the _____ day of _____, 2019.

GRANTOR
City of Chaska

Mark Windschitl, its Mayor

STATE OF MINNESOTA)
)**ss.**
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by Mark Windschitl, Mayor of City of Chaska, a Minnesota corporation organized under the laws of the state of Minnesota on behalf of the corporation.

Notary Public

This Instrument was drafted by: Chris Rogers
Northern States Power Company d/b/a Xcel Energy
414 Nicollet Mall, GO-6A
Minneapolis, MN 55401

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Grantor City of Chaska
Line 5556

rev(l) 10-4-04



NORTHERN STATES POWER
MINNESOTA

EXHIBIT A SHEET 2 OF 2 SHEETS

Certificate of Survey

Location: City of Chaska, Carver County, Minnesota

Grantor: City of Chaska

"Property":

That part of the West 500.00 feet of the North half of the Southwest Quarter of Section 31, Township 116, Range 23, Carver County, Minnesota, described as follows:

Beginning at the southwest corner of said North half of the Southwest Quarter; thence northerly along the west line of said North half of the Southwest Quarter, 351.34 feet to the southerly line of the NSP Easement described in Book 57 of Deeds, page 110, as recorded in said Carver County; thence southeasterly along said southerly easement line 501.29 feet to the east line of said West 500.00 feet of the Southwest Quarter; thence southerly along said east line 312.54 feet to the south line of said North half of the Southwest Quarter; thence westerly along said south line, 500.01 feet to the point of beginning.

"Easement Area":

A 75.00 foot wide easement over, under and across that part of the herein before described "Property" which lies within 37.50 feet on each side of the following described centerline:

Commencing at the southwest corner of the North Half of the Southwest Quarter of Section 31, Township 116 North, Range 23 West; thence North 89 degrees 52 minutes 58 seconds East 41.34 feet along the south line of said North Half of the Southwest Quarter of Section 31 to the point of beginning of the centerline to be described; thence North 00 degrees 51 minutes 31 seconds East 105.96 feet; thence North 88 degrees 47 minutes 27 seconds East 102.85 feet and said centerline there terminating.

The side lines of said easement are to be prolonged or shortened to terminate on said south line of the North Half of the Southwest Quarter of Section 31.

Containing 0.36 acres, more or less.

LINE: 5556
SEC. 31, T.116N., R.23W., 5TH P.M.
CO.: CARVER

REQUEST FOR ACTION CHASKA CITY COUNCIL 10/7/2019

Subject: Public Assessment Hearing: Adopt Resolution Approving the Imposition of Service Charges for the 2020 Chaska Downtown Special Services District.

Prepared By: Nate Kabat, Assistant City Administrator

Background

In 2014, the City Council approved the establishment of the Chaska Downtown Special Services District (SSD) with a professional services agreement with the Chaska Downtown Business Alliance (CDBA) to manage the district for five years. An SSD allows property owners in a commercial district to collectively assess themselves each year to create a pool of funds. All the funds are directed back to the district in the form of enhanced services and/or special amenities. These enhanced services and special amenities are over and above what the City ordinarily provides. Only commercial properties or the commercial portion of a property in the case of a mixed-use property, within the district are assessed service charges.

Each year the City Council must approve a budget and assessment of fees via Public Hearing per Minnesota Statute 428A. Commercial property owners are given the opportunity to file an objection. At its August 19, 2019 meeting, Council called for a public hearing to be held for this purpose on October 7, 2019.

Request

The Chaska Downtown SSD is requesting the City Council to approve its proposed operating plan/budget and approve an imposition of service charges resolution to pay for the services referred to in the budget.

Analysis

Operating Budget

The CDBA is the lead entity responsible for implementing the various services and activities and in turn has retained various professional event organizers, consultants, contractors, and a part-time staff person to assist with implementing the various services. They have met on several occasions within the past few months and have developed the draft operating budget for 2020 provided in Exhibit A attached to the resolution of this agenda item.

The consensus of the Chaska Downtown SSD is that the draft budget will address the most critical needs under their purview: resources to assist in the marketing and promotion of the downtown area, and event coordination. Members of the Chaska Downtown SSD board will be in attendance at the meeting to review 2019 accomplishments and highlight 2020 goals.

Imposition of Service Charges

Based on the combined total estimated market value of all commercial properties within the District under consideration (see Exhibit B on the resolution) and an operating budget of \$58,100, a 3.3% decrease over 2018, the service charge rate would be \$1.04 per \$1,000 in estimated market value per year, a 4.6% decrease. For example, a commercial building with an estimated market value of \$215,300, which is the median value amount in downtown, would pay a service charge of approximately \$223 per year.

Notably, the SSD is not proposing an increase in operating budget compared to the previous year.

Table 1 provides the approved service charge and operating budget for the past budget cycles, and the request for the 2020 budget.

Table 1: Chaska Downtown SSD service charge and operating budget by year

Budget Year	Service Charge	Operating Budget
2015	\$0.79 per \$1,000	\$44,000
2016	\$0.90 per \$1,000	\$46,525
2017	\$1.12 per \$1,000	\$60,100
2018	\$1.21 per \$1,000	\$60,100
2019	\$1.09 per \$1,000	\$60,100
2020 – Requested	\$1.04 per \$1,000	\$58,100

Recommendation

The CDBA has demonstrated success in managing the SSD over the past four budget years, including the Chaska Downtown website, hiring a part time administrator, involvement in The 19th Hole Community Celebration and the 18 Holes of Chaska for the Ryder Cup, facilitating communication for the 2nd Street improvements in 2017, leading the third annual 2nd Street Block Party, which has now grown into Oktoberfest in collaboration with Guardian Angels Fall Festival and Schram Brewery, leading the annual Hometown Holiday event the first weekend of December, and offering ongoing marketing and business strategy trainings to businesses in the district. The 2020 operating plan will allow the CDBA to continue leveraging resources through the SSD to promote and revitalize downtown. Given the support the CDBA has received for its initiatives, staff recommends adoption of the attached resolution.

CITY COUNCIL ACTION REQUESTED

Motion to Adopt Resolution Imposing Service Charges and Setting the 2020 Operating Budget and Plan for the Chaska Downtown Special Service District.

**CITY OF CHASKA
CARVER COUNTY, MINNESOTA**

RESOLUTION

DATE 10/07/2019 **RESOLUTION NO.** 2019-108

MOTION BY COUNCILMEMBER _____ **SECOND BY COUNCILMEMBER** _____

**Resolution Approving the Special Services and Service Charges for 2020 with the
Chaska Downtown Business Alliance to Serve as District Management Entity
for the Chaska Downtown Special Service District**

WHEREAS, a public hearing was held on October 7, 2019, in accordance with Minnesota Statutes, Chapter 428A, Sections 428A.01 through 428A.10 and City of Chaska Code of Ordinance 891, to consider the proposed special services, the proposed service charges and the proposed lists of service charges as on file in the office of the City Clerk and to consider all written and oral objections and statements regarding this matter;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chaska:
That the Chaska Downtown Business Alliance, per the terms of the Professional Services Agreement, serve as the district management entity for the Chaska Downtown Special Service District hereby are approved; and

BE IT FURTHER RESOLVED that the proposed special services and the proposed cost estimate in the total amount of \$58,100 for 2020, be and hereby are approved for the Chaska Downtown Special Service District; and

BE IT FURTHER RESOLVED that the proposed service charges in Exhibit A, attached hereto and made a part hereof, and the proposed list of service charges (special assessments) for 2020 budget, Exhibit B, attached hereto and made a part hereof, in the total amount of \$58,100 as provided for in the City of Chaska Code of Ordinance No. 891 as prepared by the City Clerk and on file in the office of the City Clerk be and hereby are approved for the Chaska Downtown Special Service District; and

BE IT FURTHER RESOLVED that the service charges shall be collected with the 2020 real estate tax statements in the same manner as special assessments without interest charges and that the City Clerk is hereby directed to transmit certified copies of said lists of service charges to the Carver County Property Records and Taxpayer Services Division.

Passed and adopted by the City Council of the City of Chaska, Minnesota, this 7th day of October 2019.

Mike Huang, Mayor Pro Tem

Deputy City Clerk

DOWNTOWN CHASKA SPECIAL SERVICE DISTRICT

August 1, 2019

PROPOSED 2020 OPERATING PLAN AND BUDGET

INTRODUCTION

We are pleased to present downtown business and property owners with this overview of the proposed Chaska Downtown Special Service District services for 2020. Established in 2014 and launched in 2015, the Chaska Downtown Special Service District is a public-private partnership with the City of Chaska in which commercial property owners and businesses owners elect to make a collective contribution to the promotion, development and maintenance of their commercial district.



In a Special Service District, commercial properties are assessed a small additional service charge each year on their property tax statements.

These funds are pooled by the City and redirected to our local business association, the Chaska Downtown Business Alliance, to fund a variety of services and activities aimed directly at attracting more customers and fostering economic growth for area businesses. These services and activities are over and above what the city ordinarily provides.



MISSION

The mission of the Chaska Downtown Special Service District is to assist in creating and promoting a downtown business district which reflects and preserves our small-town atmosphere, unique character and values. The District's priorities include:

- > Marketing and promoting local businesses via online and offline marketing strategies along with creating content that allows the community to engage with the businesses.
- > Producing and promoting local events that attract customers to the downtown area;
- > Creating more opportunities for businesses and property owners to communicate with one another as well as stay abreast of what's happening in the downtown area; and
- > Creating and maintaining a thriving downtown business district by supporting various programs that impact both businesses and the overall community.

GOVERNANCE AND IMPLEMENTATION OF SERVICES

The Chaska Downtown Special Service District is guided by the Chaska Downtown Business Alliance (CDBA). The CDBA is a tax-exempt 501c(6) Minnesota nonprofit corporation and is led by an eight-member, all-volunteer, Board of Directors whose members include:

- > Krista Flemming, The Chaska Mill & Granary and Commercial Property Owner
- > Rick Ford, Community Insurance Advisors and Commercial Property Owner
- > Dan Keyport, Dolce Vita Wine and Commercial Property Owner
- > Steve Ritz, Fitness First
- > Lynn Laumann, Laumann Photography
- > Kevin Norby, Norby & Associates Landscape Architects and Commercial Property Owner
- > Carrie Thompson, Sugar Creek Chiropractic and Commercial Property Owner
- > Melissa Carlson, Charter Bank

The CDBA, with oversight from the City, will continue to be the lead entity responsible for implementing the various services and activities proposed as part of the Special Service District. The CDBA will in turn retain various professional event organizers, consultants, contractors, and possibly a part-time staff person to assist with implementing the various proposed services.

DISTRICT MAP AND PROPOSED SERVICE CHARGE ASSESSMENT METHODOLOGY

The District map was amended in 2016 to reflect the new parcel configuration in the Firemen's Park area.

The method for prorating service charge assessments will remain unchanged from 2016. Because the types of services and activities being proposed will benefit all types of businesses and commercial property owners in the downtown area, using a commercial property's total estimated market value (as determined by the county assessor) as the basis to determine its prorated fair share of the costs is again being proposed.

The City has completed an analysis of every commercial property within the downtown area and has developed proposed service charge assessment calculations for each property. Based on the combined total estimated market value of all commercial properties within the District and a total service charge assessment of \$xx,xxx, the service charge in 2020 calculates to \$x.xx per \$1,000 in estimated market value for 2020. For example, a commercial building with an estimated market value of \$xxx,xxx would pay a service charge of approximately \$xxx per year. The service charge will be included as part of the "Special Assessments" line item on the normal property tax statements for each commercial property.



2020 BUDGET PRIORITIES

The CDBA Board of Directors is recommending the following services and activities focused on the core needs of downtown businesses for 2020. Should there be a surplus balance from the 2019 service charge assessment, the CDBA will propose an amendment to this operating plan to incorporate those funds.

SOURCES (PROPOSED REVENUE)

1. SSD Service Charges (<i>service charges assessed to commercial properties</i>)	\$58,100
	\$58,100

USES (PROPOSED EXPENDITURES)

1. Marketing and Promotions of Businesses <i>Working to increase the reach of both our web and social platforms to continue to engage and educate the community on businesses, events and key information related to visiting downtown. Continue to add valuable content and functionality to the website and to drive branded and relevant content to both web and social platforms.</i>	\$15,000
2. Promotional Events <i>Organizing and supporting local events that draw customers to downtown and drive traffic into businesses by expanding and enhancing several existing events as well as exploring new event opportunities like the growth of the former block party to Oktoberfest.</i>	\$15,000
3. District Operations and Communications <i>Creating more opportunities for businesses and property owners to communicate with one another as well as stay abreast of what's happening in the downtown area by producing and distributing periodic newsletters and e-updates along with hosting quarterly social/networking hours that include communicating critical growth information.</i>	\$2,550
4. Administration <i>Improving the capacity of the business community to respond to issues affecting all business and property owners as well as proactively pursue new opportunities by providing resources for routine administrative expenses; legal, accounting and other professional fees; insurance; etc. Including the support of the process to administer the SSD Service Charge.</i>	\$6,550
5. Business Recruitment & Retention <i>Partnering with the City of Chaska with dedicated spending aimed at the Wayfinding Signage Project, Sign Grant Project along with support for business retention as we enter a period of downtown road construction projects.</i>	\$19,000
	\$58,100

MORE INFORMATION

For more information, please contact:

Chaska Downtown Business Alliance
Dan Keyport
Dolce Vita Wine Shop
dan@dolcevitawine.net

DCSSD Administrator
Jen Angell
(612) 804-553
jenannangell@gmail.com

EXHIBIT B
CHASKA DOWNTOWN SPECIAL SERVICE DISTRICT
IMPOSITION OF SERVICE CHARGES

Special Assessment Terms				
S/A Code:	302019/302019C/302019E	Improvement Fees:	\$	58,100.00
Adoption Date:	10/7/2019	Additional Fees:		N/A
Term:	One (1) Year	Special Assessment Base	\$	58,100.00
Year Payable	2020	Add 1.5% SA Administrative Fee:		N/A
Interest Rate:	0.00%	Total Assessment Amount:	\$	58,100.00
PID	PROPERTY ADDRESS	Owner	Fee	
30.0500010	3115 CHASKA BLVD	KEYPORT PROPERTIES LLC	\$	409.63
30.0500490	102 5TH ST W	HOLASEK FARMS LP		437.04
30.0500500	505 CHESTNUT ST N	THOMAS MARTINSON		80.68
30.0500510	500 PINE ST	CHASKA MILL PROPERTIES LLC		765.67
30.0501130	400 CHESTNUT ST N	WELLS FARGO BANK MN NA		1,309.14
30.0501140	NOT ADDRESSED	WELLS FARGO BANK MN NA		48.18
30.0501160	NOT ADDRESSED	WELLS FARGO BANK MN NA		66.25
30.0501170	416 CHESTNUT ST N	KD PROPERTIES CHASKA LLC		94.80
30.0501190	424 CHESTNUT ST N	PHYLLIS O SUTCLIFFE		340.16
30.0501200	112 5TH ST E	DANIEL J HRON		586.56
30.0501231	415 CHESTNUT ST N	GLENN & JOANNE GOEHRING		154.09
30.0501250	413 CHESTNUT ST N	CALVIN & SHARON A HAASKEN		332.17
30.0501300	102 4TH ST W	AMERICAN LEGION CHASKA POST 57		694.34
30.0501720	200 3RD ST W	M A HENDRICKSON PROPERTIES LLC		673.47
30.0501800	115 4TH ST W	WILLIAM S & DANIELLE J MODELL		1,526.68
30.0501830	301 CHESTNUT ST N	KLEINBANK		2,915.15
30.0501840	300 PINE ST N	POSTAL BUILDING & LEASING CO		581.58
30.0501950	320 WALNUT ST N	CITY SQUARE LLC		623.01
30.0502650	202 WALNUT ST N	MICHAEL JOHN & DARLENE K BORKA		169.04
30.0502700	122 3RD ST E	RONALD L FIEBELKORN		239.44
30.0502710	114 3RD ST E	NORMAN & KAROLINE L MONROE		85.25
30.0502730	108 3RD ST E	CENTER CUT PROPERTIES LLC		260.73
30.0502780	115 2ND ST E	ROY R & TARI L CLAY		323.13
30.0502800	107 2ND ST E	PT PROPERTIES CHASKA INC		135.40
30.0502820	200 CHESTNUT ST N	GESTACH PAULSON PROPERTIES LLC		374.84
30.0502830	206 CHESTNUT ST N	TODD REALTY LLC		113.80
30.0502840	208 CHESTNUT ST N	WESTERHOLM PROPERTIES LLC		217.53
30.0502850	210 CHESTNUT ST N	GM DAVIS PROPERTIES LLC		202.48
30.0502890	214 CHESTNUT ST N	M ELIZABETH SALON LLC		121.49
30.0502900	218 CHESTNUT ST	JOHN M & MARY H SIEGFRIED		185.66
30.0502910	222 CHESTNUT ST N	CHASKA RETAIL LLC		228.44
30.0502911	NOT ADDRESSED	JAMS PROPERTIES LLC		127.20
30.0503000	104 2ND ST W	JAMES L & MARY MAYERLE		211.61
30.0503010	110 2ND ST W	COMMUNITY ASSET FOUNDATION		164.16
30.0503021	114 2ND ST W	DCT PROPERTIES LLC		181.09
30.0503060	123 3RD ST W	MADSEN HOLDINGS LLC		283.05
30.0503061	218 PINE ST N	ON OCCASION LLC		325.52
30.0503070	115 3RD ST W	CHESTNUT PONY LLC		506.40
30.0503450	107 2ND ST W	TIMOTHY F & ANN V MCGLENNEN		145.06
30.0503470	101 2ND ST W	MELISSA R CRUZ		202.37
30.0503490	103 2ND ST W	MOSELLE HOLDINGS LLC		135.50
30.0503510	105 2ND ST W	A-OK PROPERTIES LLC		134.98
30.0503590	123 2ND ST W	RANDOLPH J & LISA MARIE KUBES		153.78
30.0503630	117 2ND ST W	DAVID A VANORDEN		173.30
30.0503650	113 2ND ST W	LARRY D ATNEOSEN		77.98
30.0503660	114 2ND ST E	DAVID L & KIMBERLY M SUDDUTH		107.26
30.0503670	112 2ND ST E	TRUST AGREEMENT OF RODNEY W RIESGRAF		68.63

PID	PROPERTY ADDRESS	Owner	Fee
30.0503680	116 2ND ST E	PRINCIPLE HOMES REALTY INC	113.18
30.0503760	112 CHESTNUT ST N	FPA RIVER GABLES ASSOCIATES LLC	564.86
30.0503800	110 2ND ST E	MICHAEL J BORKA	375.88
30.0720010	100 2ND ST E	KEVIN NORBY CHASKA LLC	177.25
30.0720020	102 2ND ST E	CD GEMINI PROPERTIES LLC	604.94
30.0720030	100 2ND ST E	KEVIN NORBY CHASKA LLC	238.40
30.1210010	500 CHESTNUT ST N	ASKE PROPERTIES LLC	520.94
30.1210020	510 CHESTNUT ST N	HANSONMN LLC	852.69
30.1210030	NOT ADDRESSED	HANSONMN LLC	136.44
30.1720010	NOT ADDRESSED	ADYME LLC	7.16
30.1720011	NOT ADDRESSED	ADYME LLC	14.54
30.1720022	516 PINE ST N	317 PROPERTIES LLC	144.43
30.1720030	3235 CHASKA BLVD	ADYME LLC	908.14
30.1720040	501 CHESTNUT ST N	ADYME LLC	274.64
30.1720050	NOT ADDRESSED	ADYME LLC	174.13
30.2910010	710 CHESTNUT ST N	CHASKA GROWTH HOLDINGS LLC	410.66
30.2910020	750 CHESTNUT ST N	CARVER COUNTY CDA	28.87
30.5460020	407 CHESTNUT ST N	SHIV LLC	464.87
30.5490010	411 CHESTNUT ST N	N & S PROPERTIES LLC	445.66
30.5550010	1 RIVER BEND PL	MAPLEWOOD LODGING LLC	2,700.52
30.6430010	710 WALNUT ST N	C H & C P KLEIN	1,106.87
30.6430030	805 YELLOW BRICK RD	SURVIVOR'S TRUST	796.93
30.6440010	798 YELLOW BRICK RD	CHUNG H WONG	428.73
30.6440020	818 YELLOW BRICK RD	BRICKYARD CENTER ASSOC II	1,297.10
30.6460030	830 YELLOW BRICK RD	PASUB CORPORATION	514.60
30.6480020	800 WALNUT PL	PEPIN/SUMMIT PARTNERSHIP	456.04
30.6540010	3110 CHASKA BLVD	SUNSHINE GROVE ENTERPRISE INC	2,352.68
30.6560010	705 WALNUT ST N	CARVER COUNTY CDA	392.91
30.6580010	706 WALNUT ST N	BUR OAK PROPERTIES LLC	1,775.67
30.6580040	3050 CHASKA BLVD	ROCK HOLDINGS LLC	289.18
30.6890010	105 3RD ST W	KLEIN FINANCIAL INC	892.25
30.6890030	211 CHESTNUT ST N	WAGNER-HOVDE HOLDING CO	310.98
30.6890040	207 CHESTNUT ST N	CHESTNUT BUILDING LLC	1,493.97
30.6890050	207 CHESTNUT ST N	CHESTNUT BUILDING LLC	463.52
TOTAL CERTIFIED TO CARVER COUNTY			\$ 39,023.35

City/EDA Properties not certified to Carver County

30.0500020	NOT ADDRESSED	CHASKA CITY	52.02
30.0500030	NOT ADDRESSED	CHASKA CITY	17.96
30.0501290	112 4TH ST W	CHASKA CITY	198.95
30.0501850	300 CHESTNUT ST N	CHASKA CITY	8,250.79
30.0503020	NOT ADDRESSED	CHASKA CITY	301.22
30.0506000	NOT ADDRESSED	CHASKA CITY	5.30
30.5460030	NOT ADDRESSED	CHASKA CITY	62.30
30.0500660	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	31.98
30.0501251	1 CITY HALL PLAZA	CHASKA ECONOMIC DEV AUTH	179.94
30.0501252	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	3,443.67
30.0501940	314 WALNUT ST N	CHASKA ECONOMIC DEV AUTH	624.25
30.0502760	207 WALNUT ST N	CHASKA ECONOMIC DEV AUTH	51.81
30.1890010	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	33.23
30.1890011	3210 CHASKA BLVD	CHASKA ECONOMIC DEV AUTH	5,384.43
30.5550050	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	29.59
30.5550070	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	37.38
30.6580020	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	98.02
30.6580030	NOT ADDRESSED	CHASKA ECONOMIC DEV AUTH	228.85
30.6890020	219 CHESTNUT ST N	CHASKA ECONOMIC DEV AUTH	44.96
TOTAL ASSESSED TO CITY/EDA			\$ 19,076.65

GRAND TOTAL ASSESSED **\$ 58,100.00**

REQUEST FOR ACTION CHASKA CITY COUNCIL 10/07/2019

Subject: Issuance and Sale of Bonds: Series 2019B and Series 2019C

Prepared By: Noel Graczyk

Background

The City Council previously established Monday, October 7, 2019 as the date for public sale of two series of bonds: General Obligation (GO) Improvement Bonds, Series 2019B; and, GO Utility Bonds, Series 2019C. Series 2019B combines public improvement projects with equipment purchases. Series 2019C provides project funding for utilities constructed as part of downtown street reconstruction projects.

Mr. David MacGillivray, CIPFA and Principal with Baker Tilly Municipal Advisors, LLC is a Municipal Advisor to the City and will be at the meeting. David will review bids scheduled to be received on Monday as well as actual results from the sale for each series.

On Tuesday, October 1, 2019, both Series 2019B and 2019C were assigned a "AA" bond rating with a "Stable" outlook by S&P Global Ratings (fka, Standard & Poor's). The City has retained this "AA Stable" rating on issued and outstanding GO debt since 2008. A copy of the rating report from S&P Global Ratings is attached.

Also enclosed is a Preliminary Official Statement (POS) dated September 19, 2019. This POS is used to offer both series of bonds to underwriters bidding on sale of the bonds as well as perspective buyers of the bonds. A final post-sale Official Statement (OS) will be issued that will reflect actual results from sale of both series. The following are overviews of each of series.

\$5,680,000 GO Bonds, Series 2019B

This series will finance three public improvements each supported by levied special assessments. Also combined with this bond will be equipment purchases scheduled for replacement in 2019-2022 for both the Equipment Acquisition Fund and the Town Course Fund. Debt service on this bond will be paid from pledged special assessments, the Equipment Acquisition Fund, and the Town Course Fund. Tax levies that support street reconstruction and equipment purchases are also pledged. The amount of financing needed for each project is listed in the following table.

Project	Project Cost	Issuance Costs	Other Sources	PAR Bonding
2018 Street Reconstruction	\$1,507,325	\$28,643	\$(105,968)	\$1,430,000
2019 Street Reconstruction	1,997,666	32,334	(0)	2,030,000
Bavaria Downs Public Improvements	848,479	17,953	(101,432)	765,000
Equipment Purchases:				
Equipment Fund	1,296,000	19,000	(0)	1,315,000
Town Course Fund	137,000	3,000	(0)	140,000
Total	\$5,786,470	\$100,930	\$(207,400)	\$5,680,000

\$2,135,000 GO Utility Revenue Bonds, Series 2019C

This series will finance water, sewer, and storm water utilities included as part of both the 2018 and 2019 downtown street reconstruction projects. The amount of financing needed for each project type is listed in the following table.

Project	Project Cost	Issuance Costs	Other Sources	PAR Bonding
2018 Street Reconstruction Trunk Utilities (Water, Sewer, and Storm Water)	\$1,003,406	\$26,594	\$(0)	\$1,030,000
2019 Street Reconstruction Trunk Utilities (Water, Sewer, and Storm Water)	1,075,666	29,334	(0)	1,105,000
Total	\$2,079,072	\$55,928	\$(0)	\$2,135,000

Public Sale and Staff Recommendation

Final actual PAR amount of each series will not be determined until public bids are opened on Monday. Staff recommends adoption in final form of both sale resolutions which will be based on the enclosed drafts as prepared by Dorsey and Whitney, LLP, Bond Counsel to the City.

CITY COUNCIL ACTION REQUESTED

(Two Separate motions are needed, one for each series of bonds.)

Motion to adopt a resolution 2019-105 authorizing issuance, awarding sale, prescribing the form and details and providing for the payment of \$_____ General Obligation Improvement Bonds, Series 2019B.

Motion to adopt a resolution 2019-106 authorizing issuance, awarding sale, prescribing the form and details and providing for the payment of \$_____ General Obligation Utility Revenue Bonds, Series 2019C.

CERTIFICATION OF MINUTES RELATING TO
\$[5,680,000] GENERAL OBLIGATION BONDS, SERIES 2019B

Issuer: City of Chaska, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on October 7, 2019 at 7:00 p.m.,
at City Hall.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. _____

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE
PAYMENT OF \$[5,680,000] GENERAL OBLIGATION BONDS,
SERIES 2019B

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this ____ day of October, 2019.

City Administrator

It was reported that [] ([]) proposals for the purchase of \$[5,680,000] General Obligation Bonds, Series 2019B were received prior to 10:00 A.M., Central Time, on Monday, October 7, 2019, pursuant to the Preliminary Official Statement distributed to potential purchasers of the Bonds by Baker Tilly Municipal Advisors, LLC, municipal advisor to the City. The proposals have been publicly opened, read and tabulated and were found to be as follows:

See Attached

Councilmember _____ introduced the following resolution (the “Resolution”) and moved its adoption, which motion was seconded by Councilmember _____:

RESOLUTION NO. 2019-____

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$[5,680,000] GENERAL OBLIGATION BONDS, SERIES 2019B

BE IT RESOLVED by the City Council (the “Council”), City of Chaska, Minnesota (the “City”), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization. This City Council, by resolution duly adopted on September 16, 2019, authorized the issuance and sale of its General Obligation Bonds, Series 2019B (the “Bonds”), pursuant to Minnesota Statutes, Section 412.301 and Chapters 429 and 475, in the approximate principal amount of \$5,680,000 for the purpose of (a) financing various improvement projects in the City (the “Improvements”), (b) financing various items of capital equipment (the “Equipment”), and (c) funding costs of issuance of the Bonds (collectively, the “Project”).

The portion of the Bonds (\$[____]) that is being issued pursuant to Minnesota Statutes, Chapters 429 and 475 (the “Improvement Bonds”) will be used to finance the Improvements.

The portion of the Bonds (\$[____]) that is being issued pursuant to Minnesota Statutes, Section 412.301 and Chapter 475 (the “Equipment Bonds”) will be used to finance the Equipment. The amount of the Equipment Bonds does not exceed 0.25 percent (\$7,519,783) of the estimated market value of taxable property in the City (\$3,007,913,300).

1.02. Sale. Pursuant to the Terms of Proposal and the Preliminary Official Statement prepared on behalf of the City by Baker Tilly Municipal Advisors, LLC, municipal advisor to the City (the “Municipal Advisor”), sealed or electronic proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of [____], in [____, ____] (the “Purchaser”), to purchase the Bonds in the principal amount of \$[5,680,000], at a price of \$[____] plus accrued interest, if any, on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

Maturity schedules for the Improvement Bonds and the Equipment Bonds are attached hereto as EXHIBIT A.

1.03. Award. The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed on behalf of the City to execute a contract for the sale of the Bonds with the Purchaser in accordance with the Preliminary Official Statement. The good faith deposit of the Purchaser shall be retained and deposited by the City until the Bonds have been delivered, and shall be deducted from the purchase price paid at settlement.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Council to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of November 6, 2019, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on February 1 in the years and amounts stated below, and shall bear interest from date of issue until paid or duly called for redemption, at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029			2039		
2030					

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on

the Bonds shall be payable on February 1 and August 1 in each year, commencing August 1, 2020, each such date being referred to herein as an Interest Payment Date, to the persons in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the calendar month preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Bonds maturing on February 1, 2029 and in later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in integral multiples of \$5,000, on February 1, 2028, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the Registrar and registered holders of any Bonds to be redeemed at their addresses as they appear on the Bond Register described in Section 2.06 hereof, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS–
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing on February 1, 20__ and 20__ (the "Term Bonds") shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, 20__.

Year

Principal Amount

The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, 20__.]

2.05. Appointment of Registrar. The City hereby appoints U.S. Bank National Association, in St. Paul, Minnesota, as the initial Bond registrar, transfer agent and paying agent (the “Registrar”). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar, effective upon not less than thirty days’ written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a register (the “Bond Register”) in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a Bond is registered in the Bond Register.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the Holder in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the first day of the month in which the interest payment date occurs and until such interest payment date.

(c) Exchange of Bonds. At the option of the Holder of any Bond in a denomination greater than \$5,000, such Bond may be exchanged for other Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Bond to be exchanged at the office of the Registrar. Whenever any Bond is so surrendered for exchange the City shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to or upon the order of such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until the date of delivery of such Bond. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond, substantially in the form provided in Section 2.09, has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on any Bond shall be conclusive evidence that it has been duly authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale theretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through

DTC or any Participant, or any other person which is not shown on the Bond Register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, 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 interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of physical certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Mayor or City Administrator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of physical certificates and the method of payment of principal of and interest on such Bonds in the form of physical certificates.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the form found at EXHIBIT B attached hereto.

Section 3. USE OF PROCEEDS; PROJECT FUND.

3.01. Project Fund

There is hereby created a special bookkeeping fund to be designated as the General Obligation Bonds, Series 2019B Project Fund (the “Project Fund”), to be held and administered by the City Administrator separate and apart from all other funds of the City. Within the Project Fund are established the following accounts:

(a) Improvements Account. The Improvements Account shall be credited with \$[] from the proceeds from the Improvement Bonds, representing the estimated cost of the Improvements (\$[]) and costs of issuance of the Improvement Bonds (\$[]). The City Administrator shall maintain the Improvements Account until payment of all costs and expenses incurred in connection with the construction of the Improvements have been paid.

(b) Equipment Account. The Equipment Account shall be credited with \$[] from the proceeds of the Equipment Bonds, , representing the estimated cost of the Equipment (\$[]) and costs of issuance of the Equipment Bonds (\$[]). The City Administrator shall maintain the Equipment Account until all costs and expenses incurred by the City in connection with the Equipment have been paid.

From the Project Fund there shall be paid all costs and expenses related to the construction and acquisition of the Project. After payment of all such costs and expenses, the Project Fund shall be terminated. All funds on hand in the Project Fund when terminated shall be credited to the Bond Fund described in Section 4 hereof, unless and except as such proceeds may be transferred to some other fund or account as to which the City has received from bond counsel an opinion that such other transfer is permitted by applicable laws and does not impair the exemption of interest on the Bonds from federal income taxes. In no event shall funds remain in the Project Fund later than November 6, 2024.

SECTION 4. GENERAL OBLIGATION BONDS, SERIES 2019B BOND FUND. The Bonds shall be payable from a separate General Obligation Bonds, Series 2019B Bond Fund (the “Bond Fund”) of the City, which shall be created and maintained on the books of the City as a separate debt redemption fund until the Bonds, and all interest thereon, are fully paid. Within the Debt Service Account (described below) within the Bond Fund are established the following subaccounts:

- (a) Improvements Subaccount. There shall be credited to the Improvements subaccount the following:
- (i) the amounts specified in Section 3 above, after payment of all costs of the Improvements;
 - (ii) special assessments levied and collected in accordance with this Resolution;

- (iii) taxes levied and collected in accordance with this Resolution and allocable to the Improvement Bonds; and
 - (iv) any other funds appropriated by this Council for the payment of the Improvement Bonds.
- (b) Equipment Subaccount. There shall be credited to the Equipment Subaccount the following:
 - (i) the amounts specified in Section 3 above, after payment of all costs of the Equipment;
 - (ii) taxes levied and collected in accordance with this Resolution and allocable to the Equipment Bonds; and
 - (iii) any other funds appropriated by the Council for the payment of the Equipment Bonds.

The principal of and interest on the Bonds shall be payable from the Bond Fund, and the money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. On or before each principal and interest payment date for the Bonds, the City Administrator is directed to remit to the Registrar from funds on deposit in the Bond Fund the amount needed to pay principal and interest on the Bonds on the next succeeding principal and interest payment date.

There are hereby established two accounts in the Bond Fund, designated as the "Debt Service Account" and the "Surplus Account." There shall initially be deposited into the Debt Service Account upon the issuance of the Bonds the amount of \$[_____]. Thereafter, during each bond year (each twelve month period commencing on February 2 and ending on the following February 1, a "Bond Year"), as monies are received into the Bond Fund, the City Administrator shall first deposit such monies into the applicable subaccount within the Debt Service Account until an amount has been appropriated thereto sufficient to pay all principal and interest due on the Bonds through the end of the Bond Year. All subsequent monies received in the Bond Fund during the Bond Year shall be appropriated to the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient for the payment of principal and interest then due, the City Administrator shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency. Investment earnings (and losses) on amounts from time to time held in the Debt Service Account and Surplus Account shall be credited or charged to said accounts.

If the balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the City which is available for that purpose, subject to reimbursement from the Surplus Account when the balance therein is sufficient, and the City covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

SECTION 5. SPECIAL ASSESSMENTS. The City hereby covenants and agrees that, for the payment of the costs of the Improvements, the City has done or will do and perform all acts and things necessary for the final and valid levy of special assessments in the principal amount of \$1,790,173, which is not less than 20% of the cost of the Improvements. The principal of and interest on such special assessments are estimated to be levied and collected in the years and amounts shown on EXHIBIT C attached hereto. The principal of the assessments shall be made payable in annual installments, with interest as established by this Council in accordance with law on unpaid installments thereof from time to time remaining unpaid. In the event any special assessment shall at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the City or by this Council or by any of the officers or employees of the City, either in the making of such special assessment or in the performance of any condition precedent thereto, the City hereby covenants and agrees that it will forthwith do all such further things and take all such further proceedings as shall be required by law to make such special assessment a valid and binding lien upon said property.

SECTION 6. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. In order to produce aggregate amounts which, together with the collections of other amounts as set forth in Section 4, will produce amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, ad valorem taxes are hereby levied on all taxable property in the City, the taxes to be levied and collected in the following years and amounts:

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

The taxes shall be irrepealable as long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the tax levies from other legally available funds, in accordance with the provisions of Minnesota Statutes, Section 475.61.

SECTION 7. DEFEASANCE. When all of the Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the Holders of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the 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 Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date 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 Registrar on or before that date an amount equal to the principal, redemption premium, if any, and interest then due, provided that notice of such redemption has been duly given as provided herein. 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 the

Registrar or with a bank or trust company qualified by law to act as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited for such purpose, bearing interest payable at such times and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or, if notice of redemption as herein required has been irrevocably provided for, to an earlier designated redemption date. If such deposit is made more than ninety days before the maturity date or specified redemption date of the Bonds to be discharged, the City must have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates or earlier designated redemption date.

SECTION 8. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

8.01. General Tax Covenant. The City agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action that would cause interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations (the "Regulations"), and agrees to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. All proceeds of the Bonds deposited in the Project Fund will be expended solely for the payment of the costs of the Project. The Project is and will be owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, management contract, use agreement, capacity agreement or other agreement with any non-governmental person relating to the use of the Project, or any portion thereof, or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

8.02. Arbitrage Certification. The Mayor and City Administrator being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with Section 148 of the Code, and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and Regulations.

8.03. Arbitrage Rebate. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no "gross proceeds" of the Bonds (other than amounts constituting a "bona fide debt service fund") arise during or after the expenditure of the original proceeds thereof.

8.04. Not Qualified Tax-Exempt Obligations. The Bonds will not be designated as “qualified tax-exempt obligations.”

8.05. Reimbursement. The City certifies that the proceeds of the Bonds will not be used by the City to reimburse itself for any expenditure with respect to the Project which the City paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the City shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the Bonds.

8.06. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2019, the following

financial information and operating data in respect of the City (the Disclosure Information):

- (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "City Property Values;" "City Indebtedness;" and "City Tax Rates, Levies and Collections."

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a "Material Fact," as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;

- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase,

holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the

requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 9. CERTIFICATION OF PROCEEDINGS.

9.01. Registration of Bonds. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Carver County, together with such additional information as is required, and to obtain a certificate that the Bonds and the taxes levied pursuant hereto have been duly entered upon the County Auditor's Bond register.

9.02. Authentication of Transcript. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

9.03. Official Statement. The Preliminary Official Statement relating to the Bonds, prepared and distributed by the Municipal Advisor, is hereby approved. The Municipal Advisor is hereby authorized on behalf of the City to prepare and distribute to the Purchaser within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

9.04. Effective Date. This resolution shall be in full force and effect from and after its passage.

Upon 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.

EXHIBIT A

Maturity Schedules

[To come]

<u>Year</u>	<u>Improvement Bonds</u>	<u>Equipment Bonds</u>	<u>Total</u>
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
TOTAL			

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF CARVER

CITY OF CHASKA

GENERAL OBLIGATION BONDS,
SERIES 2019B

R-____ \$_____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
____%	February 1, 20__	November 6, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

CITY OF CHASKA, State of Minnesota (the “City”) acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual interest rate specified above, payable on February 1 and August 1 in each year, commencing August 1, 2020 (each such date, an “Interest Payment Date”), all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding such Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof at the principal office of the agent of the Registrar described below, the principal hereof are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank National Association, St. Paul, Minnesota, as Bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the “Registrar”) or other agreed-upon means of payment by the Registrar or its designated successor. For the prompt and full payment of such principal and interest as the same respectively come due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue (the “Bonds”) in the aggregate principal amount of \$[5,680,000] issued pursuant to a resolution adopted by the City Council on October 7, 2019 (the “Resolution”), to finance various street improvements in the City, and various items of capital equipment and to fund the costs of issuance of the Bonds. This Bond issued by authority of and in strict accordance with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 412.301 and Chapters 429 and 475. For the full and prompt payment of the principal of and interest on the Bonds as the same become due, the full faith, credit and taxing power of the City have

been and are hereby irrevocably pledged. The Bonds are issuable only in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing on February 1, 2029 and later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the Bond depository in accordance with its customary procedures) in multiples of \$5,000, on February 1, 2028, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City shall cause notice of the call for redemption thereof to be published if and to the extent required by law, and at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail (or, if applicable, provided in accordance with the operational arrangements of the securities depository), to the registered holders of any Bonds, at the holders' addresses as they appear on the Bond register maintained by the Bond Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS-
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing in the year 20____ and 20____ shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds Maturing in 20____</u>		<u>Term Bonds Maturing in 20____</u>	
<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>	<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>
(final maturity)		(final maturity)	

The City will cause notice of the mandatory redemption of the Term Bonds to be published if and as required by law and, and at least thirty and not more than sixty days prior to the designated redemption date, will cause notice of the call thereof to be mailed by first class mail to the registered owner of any Bond to be redeemed at the owner's address as it appears on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds shall cease to bear interest.]

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the designated transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date; subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have not been designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the City Council has by the Resolution covenanted and agreed to collect and apply to payment of the bonds ad valorem taxes levied on all taxable property in the City and special assessments upon property specially benefited by the local improvements financed with the Bonds, which taxes and assessments are estimated to be collectible in years and amounts sufficient to produce sums not less than 5% in excess of the principal of and interest on the Bonds when due, and has appropriated such assessments and taxes to its General Obligation Bonds, Series 2019B Bond Fund for the payment of such principal and interest; that if necessary for the payment of such principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the City, without limitation as to rate or amount; that all proceedings relative to the projects financed by this Bond have been or will be taken according to law and that the issuance of this Bond, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

CITY OF CHASKA, MINNESOTA

(facsimile signature – City Administrator)

(facsimile signature – Mayor)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

TEN COM --as tenants in common

UTMA as Custodian for
(Cust) (Minor)

TEN ENT --as tenants by the entireties under Uniform Transfers to Minors Act
(State)

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

ASSIGNMENT

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

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 enlargement or any change whatsoever.

Signature Guaranteed:

Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other “signature guaranty program” as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF
ASSIGNEE:

EXHIBIT C

Special Assessments and Tax Levies

[to come]

CARVER COUNTY AUDITOR'S
CERTIFICATE AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Carver County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on October 7, 2019, by the City Council of Chaska, Minnesota, setting forth the form and details of an issue of \$[5,680,000] General Obligation Bonds, Series 2019B dated the date of issuance thereof.

I further certify that the issue has been entered on my bond register and the taxes required by law have been levied as required by Minnesota Statutes, Sections 475.61 to 475.63.

WITNESS my hand and official seal on the _____ day of _____, 2019.

Carver County Auditor

(SEAL)

CERTIFICATION OF MINUTES RELATING TO
\$[2,135,000] GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C

Issuer: City of Chaska, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting, held on October 7, 2019, at 7:00 p.m., at City Hall..

Councilmembers present:

Councilmembers absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. 2019-__

RESOLUTION AUTHORIZING ISSUANCE, AWARDING
SALE, PRESCRIBING THE FORM AND DETAILS AND
PROVIDING FOR THE PAYMENT OF \$[2,135,000] GENERAL
OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this ____ day of October, 2019.

(SEAL)

City Administrator

It was reported that [] ([]) proposals for the purchase of \$[2,135,000] General Obligation Utility Revenue Bonds, Series 2019C were received prior to 10:00 A.M., Central Time on Monday, October 7, 2019, pursuant to the Preliminary Official Statement distributed to potential purchasers of the Bonds by Baker Tilly Municipal Advisors, LLC, municipal advisors to the City. The proposals have been publicly opened, read and tabulated and were found to be as follows:

(See Attached)

Councilmember _____ introduced the following resolution (the “Resolution”) and moved its adoption, which motion was seconded by Councilmember _____:

RESOLUTION NO. 2019-____

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$[2,135,000] GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C

BE IT RESOLVED by the City Council (the “Council”) of the City of Chaska, Minnesota (the “City”), as follows:

SECTION 1. AUTHORIZATION, SALE AND AWARD

1.01. Authorization

Pursuant to a resolution adopted September 16, 2019, this Council has determined it to be in the best interest of the City to issue and sell the City’s General Obligation Utility Revenue Bonds, Series 2019C (the “Bonds”) in the approximate principal amount of \$2,135,000 to finance various utility improvements (the “Project”) to the City’s water, sewer, and storm water systems (collectively, the “System”). The Bonds will be issued pursuant to Minnesota Statutes, Section 444.075 and Chapter 475 (the “Act”). This Council finds, determines and declares that all conditions precedent to the offering for sale of the Bonds exist.

1.02. Sale

The City has retained Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”), an independent municipal advisor, to assist the City in connection with the sale of the Bonds. The Bonds are being sold pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9), without meeting the requirements for public sale under Minnesota Statutes, Section 475.60, Subdivision 1. Pursuant to the Terms of Proposal and the Preliminary Official Statement prepared on behalf of the City by the Municipal Advisor, sealed or electronic proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened and publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of [____], in [____, ____] (the “Purchaser”), to purchase the Bonds in the principal amount of \$[____], at a price of \$[____] plus accrued interest, if any, on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

1.03. Award

The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed to execute a contract on the part of the City with the Purchaser for the sale of the Bonds in accordance with the Terms of Proposal. The good

faith deposit of the Purchaser shall be retained and deposited by the City until the Bonds have been delivered and shall be deducted from the purchase price paid at settlement.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY

2.01. Issuance of Bonds

All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Council to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations and Payment

The Bonds shall be originally dated as of November 6, 2019, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on February 1 in the years and amounts stated below, and shall bear interest from date of original issue until paid or duly called for redemption at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>Year</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>
2021			2029		
2022			2030		
2023			2031		
2024			2032		
2025			2033		
2026			2034		
2027			2035		
2028					

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond at the principal office of the Registrar (as hereinafter defined), the principal amount thereof, shall be payable by check or draft issued by the Registrar; provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates

Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable each February 1 and August 1, commencing August 1, 2020 (each such date, an "Interest Payment

Date”), to the person in whose name the Bonds are registered on the Bond Register (as hereinafter defined) at the Registrar’s close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption

Bonds maturing in 2029 and later years are each subject to redemption and prepayment at the option of the City, in whole or in part, and if in part in such order of maturity dates as the City may select and by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000 as to Bonds maturing on the same date, on February 1, 2028, and on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption. Prior to the date specified for the redemption of any Bond prior to its stated maturity date, the City will cause notice of the call for redemption to be published if and as required by law, and, at least thirty days prior to the designated redemption date, will cause notice of the call to be mailed by first class mail (or, if applicable, provided in accordance with the operational arrangements of the bond depository), to the registered owner of any Bond to be redeemed at the owner’s address as it appears on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of such Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS–
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing on February 1, 20__ and 20__ (the “Term Bonds”) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, 20__.

Year

Principal Amount

The remaining \$_____ stated principal amount of such Bonds shall be paid at maturity on February 1, 20__.]

2.05. Appointment of Initial Registrar

The City hereby appoints U.S. Bank National Association in St. Paul, Minnesota, as the initial bond registrar, transfer agent and paying agent (the “Registrar”). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty days’ notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

2.06. Registration

The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a Bond Register (the “Bond Register”) in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each Interest Payment Date and until such Interest Payment Date.

(c) Exchange of Bonds. Whenever any Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity, as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to any registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability upon Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, subd. 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery

The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of the Mayor and City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this Section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter from the City to DTC.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through

DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with the Representation Letter, 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 interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor, in the form presented to this Council with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, is hereby authorized, and execution of the Representation Letter by the Mayor shall be conclusive evidence of such approval. The Representation Letter shall set forth certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Bonds and Beneficial Owners and payments on the Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this resolution.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the form found at Exhibit A.

SECTION 3. GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C CONSTRUCTION FUND

There is hereby established on the official books and records of the City a General Obligation Utility Revenue Bonds, Series 2019C Construction Fund (the “Construction Fund”) which the City shall continue to maintain until payment of all costs and expenses incurred in carrying out the Project has been made. To the Construction Fund there shall be credited the proceeds of the Bonds, exclusive of accrued interest or capitalized interest received from the Purchaser, and from the Construction Fund there shall be paid all costs and expenses of the Project (\$[____]) and the costs of issuance of the Bonds (\$[____]). After payment of all costs incurred with respect to the Project and the issuance of the Bonds, the Construction Fund shall be discontinued and any Bond proceeds remaining therein shall be credited to the Bond Fund of the City described in Section 4. Upon completion and payment of all costs of the Project, but in any event no later than November 6, 2024, any balance of the proceeds of Bonds remaining in the Construction Fund may be used to pay the cost, in whole or in part, of any other improvements instituted pursuant to the Act, as directed by the City Council, or otherwise duly authorized, but any balance of such proceeds not so used shall be credited and paid to the Bond Fund.

SECTION 4. GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C BOND FUND

The Bonds shall be payable from a separate General Obligation Utility Revenue Bonds, Series 2019C Bond Fund (the “Bond Fund”) of the City, which the City agrees to maintain until the Bonds have been paid in full. Into the Bond Fund shall be paid [(a) Bond proceeds in the amount of [____] representing capitalized interest]; (b) any amounts received from the Purchaser upon delivery of the Bonds in excess of the amounts appropriated to the Construction Fund pursuant to Section 3 hereof; (c) net revenues of the System appropriated to the payment of the principal of and interest on the Bonds in accordance with Section 6 hereof; (d) any taxes collected pursuant to Section 7 hereof; and (e) any other funds appropriated by the City for the payment of the Bonds.

The principal of and interest on the Bonds shall be payable from the Bond Fund, and the money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. On or before each principal and interest payment date for the Bonds, the City Administrator is directed to remit to the Registrar from funds on deposit in the Bond Fund the amount needed to pay principal and interest on the Bonds on the next succeeding principal and interest payment date.

There are hereby established two accounts in the Bond Fund, designated as the “Debt Service Account” and the “Surplus Account.” There shall initially be deposited into the Debt Service Account upon the issuance of the Bonds the amount of \$[____]. Thereafter, during each bond year (each twelve month period commencing on February 2 and ending on the following February 1, a “Bond Year”), as monies are received into the Bond Fund, the City

Administrator shall first deposit such monies into the applicable subaccount within the Debt Service Account until an amount has been appropriated thereto sufficient to pay all principal and interest due on the respective Bonds through the end of the Bond Year. All subsequent monies received in the Bond Fund during the Bond Year shall be appropriated to the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient for the payment of principal and interest then due, the City Administrator shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency. Investment earnings (and losses) on amounts from time to time held in the Debt Service Account and Surplus Account shall be credited or charged to said accounts.

If the balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the City which is available for that purpose, subject to reimbursement from the Surplus Account when the balance therein is sufficient, and the City covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

SECTION 5. SUFFICIENCY OF REVENUES

It is hereby found, determined and declared that the City owns and operates the System as a revenue-producing utility and convenience and that the net operating revenues of the System, after deducting from the gross receipts derived from charges for the service, use and availability of the System the normal, current and reasonable expenses of operation and maintenance thereof, will be sufficient, together with any other funds actually appropriated by the City for the payment when due of the principal of and interest on the Bonds, and on any other bonds to which such revenues are pledged.

SECTION 6. RATE COVENANTS

Pursuant to Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the registered owners from time to time of the Bonds, that until the Bonds and the interest thereon are paid in full, or are discharged as provided in Section 8, the City will impose and collect reasonable charges for the service, use and availability of the System according to schedules which will produce net revenues sufficient, with any other funds appropriated by the City, to pay all principal and interest when due on the Bonds and any other bonds to which said net revenues have been pledged; and said net revenues, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the Bonds. Nothing herein shall preclude the City from hereafter making further pledges and appropriations of the net revenues of the System for payment of additional obligations of the City hereafter authorized if this Council determines before the authorization of such additional obligations that the estimated net revenues of the System will be sufficient, together with any other sources pledged to the payment of the outstanding and additional obligations, for payment of the outstanding bonds payable therefrom and such additional obligations. Such further pledges and appropriations of said net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein made.

SECTION 7. PLEDGE OF TAXING POWERS

For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. However, it is presently estimated that the net revenues of the System, together with other funds to be appropriated by the City, will produce amounts not less than five percent in excess of the amounts needed to meet when due the principal and interest payments on the Bonds; therefore no ad valorem taxes are required to be levied at this time.

SECTION 8. DEFEASANCE

When all of the Bonds have been discharged as provided in this section, all pledges, covenants and other rights granted by this Resolution to the registered owners of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the 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 Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date 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 Registrar on or before that date an amount equal to the principal, redemption premium, if any, and interest then due, provided that notice of such redemption has been duly given as provided herein. 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 bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited, bearing interest payable at such time and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or earlier designated redemption date, provided, however, that if such deposit is made more than ninety days before the maturity date of the Bonds to be discharged, the City shall have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates.

SECTION 9. TAX COVENANTS, ARBITRAGE MATTERS AND CONTINUING DISCLOSURE

9.01. General Covenant

The City agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action that would cause interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations (the "Regulations"), and agrees to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code

and the Regulations. All proceeds of the Bonds deposited in the Construction Fund will be expended solely for the payment of the costs of the Project. The Project is and will be owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, management contract, use agreement, capacity agreement or other agreement with any non-governmental person relating to the use of the Project, or any portion thereof, or security for the payment of the Bonds which might cause the Bonds to be considered “private activity bonds” or “private loan bonds” pursuant to Section 141 of the Code.

9.02. Arbitrage Certification

The Mayor and City Administrator being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code and applicable Regulations, stating that on the basis of facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds, it is reasonably expected that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and the applicable Regulations.

9.03. Arbitrage Rebate.

The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no “gross proceeds” of the Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof.

9.04. Not Qualified Tax-Exempt Obligations. The Bonds will not be designated as “qualified tax-exempt obligations.”

9.05. Reimbursement

The City certifies that the proceeds of the Bonds will not be used by the City to reimburse itself for any expenditure with respect to the Project which the City paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the City shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the portion of the Bonds allocable to the Project.

9.06. Continuing Disclosure

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2019, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “City Property Values;” “City Indebtedness;” and “City Tax Rates, Levies and Collections.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Fact”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;

- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an

order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on

certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 10. CERTIFICATION OF PROCEEDINGS

10.01. Registration and Levy of Taxes

The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Carver County, together with such additional information as is required, and to obtain a certificate that the Bonds and the taxes levied pursuant hereto have been duly entered upon the County Auditor's Bond register.

10.02. Authentication of Transcript

The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, 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 may be required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records in 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 correctness of all statements contained therein.

10.03. Official Statement

The Preliminary Official Statement relating to the Bonds prepared and distributed by the Municipal Advisor, is hereby approved. The Municipal Advisor, is hereby authorized on behalf

of the City to prepare and distribute to the Purchaser within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

10.04. Effective Date. This resolution shall be in full force and effect from and after its passage.

Upon 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.

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF CHASKA

GENERAL OBLIGATION UTILITY REVENUE BOND,
SERIES 2019C

R-_____ \$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
____%	February 1, 20__	November 6, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

CITY OF CHASKA, MINNESOTA (the “City”), acknowledges itself to be indebted and hereby promises to pay to the registered owner named above, or registered assigns, the principal amount specified above on the maturity date specified above and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual rate specified above, payable on February 1 and August 1 of each year, commencing August 1, 2020 (each such date, an “Interest Payment Date”), all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof at the principal office of the Registrar described below, the principal hereof are payable in lawful money of the United States of America drawn on U.S. Bank National Association in St. Paul, Minnesota, as bond registrar, transfer agent and paying agent (the “Registrar”), or its successor designated under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$[2,135,000] issued pursuant to a resolution adopted by the City Council on October 7, 2019 (the “Resolution”) to finance various utility improvements (the “Project”) to the City’s water, sewer, and storm water systems (collectively, the “System”). This Bond is issued by authority of and in strict accordance with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Section 444.075 and Chapter 475. For the full and prompt payment of the principal of and interest on the Bonds as the same become due, the full faith, credit and taxing power of the City have been and are hereby irrevocably pledged. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing in 2029 and later years are each subject to redemption and prepayment at the option of the City, in whole or in part, and if in part in such order of maturity dates as the City may select and by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000 as to Bonds maturing on the same date, on February 1, 2028, and on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date of redemption. Prior to the date specified for the redemption of any Bond prior to its stated maturity date, the City will cause notice of the call for redemption to be published if and as required by law, and, at least thirty days prior to the designated redemption date, will cause notice of the call to be mailed by first class mail (or, if applicable, provided in accordance with the operational arrangements of the bond depository), to the registered owner of any Bond to be redeemed at the owner's address as it appears on the Bond Register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of such Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS-
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing in the year 20____ and 20____ shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds Maturing in 20____</u>		<u>Term Bonds Maturing in 20____</u>	
<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>	<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>
(final maturity)		(final maturity)	

The City will cause notice of the mandatory redemption of the Term Bonds to be published if and as required by law and, and at least thirty and not more than sixty days prior to the designated redemption date, will cause notice of the call thereof to be mailed by first class mail to the registered owner of any Bond to be redeemed at the owner's address as it appears on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds shall cease to bear interest.]

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner

or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the designated transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date; subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have not been designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that by the Resolution, the City has covenanted and agreed to impose and collect, or cause to be imposed and collected, charges for the service, use and availability of the System at the times and in the amounts required to produce net revenues which, together with any other funds appropriated by the City, will be receivable in the years and in amounts sufficient to produce sums not less than five percent in excess of the principal of and interest on the Bonds when due; that if necessary for payment of principal and interest on the Bonds, ad valorem taxes are required to be levied upon all taxable property in the City, without limitation as to rate or amount; and that the issuance of this Bond, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Chaska, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and City Administrator.

CITY OF CHASKA, MINNESOTA

(Facsimile Signature - City Administrator)

(Facsimile Signature – Mayor)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Authorized Representative

TEN COM --as tenants in common	UTMA as Custodian for
	(Cust)
	(Minor)
TEN ENT --as tenants by the entireties under Uniform Transfers to Minors Act	
	(State)
JT TEN --as joint tenants with right of survivorship and not as tenants in common	

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint attorney to transfer the said Bond on the books kept for registration of the within Bond, 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 enlargement or any change whatsoever.

Signature Guaranteed:

Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other “signature guaranty program” as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF
ASSIGNEE:

CERTIFICATE OF CARVER COUNTY AUDITOR
AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Carver County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on October 7, 2019, by the City Council of the City of Chaska, Minnesota, setting forth the form and details of an issue of \$[2,135,000] General Obligation Utility Revenue Bonds, Series 2019C, dated as of November 6, 2019.

I further certify that the issue has been entered on my bond register, as required by Minnesota Statutes, Sections 475.61 through 475.63.

WITNESS my hand and official seal this _____ day of _____, 2019.

Carver County Auditor

(SEAL)

RatingsDirect®

.....

Summary:
**Chaska, Minnesota; General
Obligation**

Primary Credit Analyst:
Blake E Yocom, Chicago (1) 312-233-7056; blake.yocom@spglobal.com

Secondary Contact:
Emma Drilias, Chicago (1) 312-233-7132; emma.drilias@spglobal.com

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- Rationale
- Outlook
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Summary:

Chaska, Minnesota; General Obligation

Credit Profile

US\$5.68 mil GO bonds ser 2019B due 02/01/2039

Long Term Rating

AA/Stable

New

US\$2.135 mil GO util rev bonds ser 2019C due 02/01/2035

Long Term Rating

AA/Stable

New

Rationale

S&P Global Ratings assigned its 'AA' rating to Chaska, Minn.'s series 2019B general obligation (GO) bonds and series 2019C GO utility revenue bonds. The outlook is stable.

The city's full faith and credit unlimited ad valorem tax GO pledge secures the bonds. Series 2019B bond proceeds will be used to finance various street improvement projects and acquisition of capital equipment. Series 2019C bond proceeds will be used to finance various utility improvement projects. The city is also pledging special assessments for the series 2019B bonds and net utility revenues for the series 2019C bonds. The ratings are based on the city's GO pledge.

The GO rating reflects our view of Chaska's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with balanced operating results in the general fund but an operating deficit at the total governmental fund level in fiscal 2018;
- Strong budgetary flexibility, with an available fund balance in fiscal 2018 of 13.1% of operating expenditures;
- Very strong liquidity, with total government available cash at 58.5% of total governmental fund expenditures and 3.7x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 15.9% of expenditures and net direct debt that is roughly 229% of total governmental fund revenue, but rapid amortization, with 67% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Very strong economy

We consider Chaska's economy very strong. The city, with an estimated population of 26,493, is the Carver County seat and is about 18 miles southwest of Minneapolis. It is in the Minneapolis-St. Paul-Bloomington MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 145% of the national

level and per capita market value of \$121,806. Overall, market value grew by 9.1% over the past year to \$3.2 billion in 2019. The county unemployment rate was 2.5% in 2018.

The city reports several recent economic developments, including new data centers, redevelopment and new businesses in its downtown area, and industrial park expansions. After the planned completion of a highway interchange, it expects its southwest area to develop and eventually add 10,000 to its population and over 400 acres in office and commercial developments. Tax base growth has been strong in recent years, and the city expects continued growth in the upcoming year and we agree. Leading employers in the city include semiconductor processor Entegris Inc. (1,000 employees), biomedical firm Beckman-Coulter (900), and the local school district (880). We expect the economy to remain very strong.

Strong management

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

In developing the budget, management uses three years of historical data, outside data sources, and line-item estimates. The council receives monthly budget-to-actual reports and the budget can be amended as necessary throughout the year. The city maintains five-year capital and financial plans that are updated annually. It has an investment policy but not a debt management policy. Investment holdings are reported quarterly to the board. The city's informal reserve policy is to maintain 35% of general fund expenditures in reserves, but it is not currently at this target amount.

Adequate budgetary performance

Chaska's budgetary performance is adequate, in our opinion. The city had balanced operating results in the general fund of 0.5% of expenditures, but a deficit result across all governmental funds of negative 4.1% in fiscal 2018.

The city expects at or near balanced general fund results in 2019. Management indicates the fiscal 2020 budget will be balanced with no use of reserves. Total governmental fund performance has been negative in recent years, a trend we expect to continue. Primary general fund revenue sources include property taxes (34%), franchise taxes (29%), charges for services (25%), and licenses and permits (6%).

In evaluating budgetary performance, we adjusted for spending of bond proceeds and certain one-time overtime costs, and treated recurring transfers as revenues. Based on the city's expectations of at least balanced general fund performance over the next two years, we expect budgetary performance to remain at least adequate.

Strong budgetary flexibility

Chaska's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2018 of 13.1% of operating expenditures, or \$2.1 million.

Budgetary flexibility weakened to strong from very strong. In assessing budgetary flexibility, we included the committed general fund balance, which is legally available for operations, as part of its available reserves. Based on the city's projections of at least balanced general fund results over the next two years, we expect budgetary flexibility to remain strong.

A number of funds were negative at fiscal year-end 2018 (public improvements projects, curling center, special revenue, Chaska EDA). Management indicates many of these funds are budgeted to fund operations and not depreciation and will remain negative. However, there are no liquidity concerns.

Very strong liquidity

In our opinion, Chaska's liquidity is very strong, with total government available cash at 58.5% of total governmental fund expenditures and 3.7x governmental debt service in 2018. In our view, the city has strong access to external liquidity if necessary.

The city's \$16.6 million in total cash and investments in 2018 were held primarily in money market funds, U.S. agency securities, and other highly rated securities that we do not consider aggressive. The city has strong access to external liquidity, in our opinion, because it has issued GO debt within the last 20 years. We expect liquidity to remain very strong.

We note that the city privately placed its 2017D GO bonds. The terms of the 2017D bonds do not include debt acceleration or other contingent liability risks. In March 2019, it placed a two-year \$20 million line of credit (\$4 million outstanding) related to the large interchange project. The city expects reimbursement for most of the funds and will put permanent financing in place for roughly \$5 million.

Weak debt and contingent liability profile

In our view, Chaska's debt and contingent liability profile is weak. Total governmental fund debt service is 15.9% of total governmental fund expenditures, and net direct debt is roughly 229% of total governmental fund revenue. Approximately 67% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

The city will likely issue additional debt in 2019 and we expect its debt and contingent liabilities to remain weak to very weak.

Chaska's combined required pension and actual other postemployment benefit (OPEB) contributions totaled 4.7% of total governmental fund expenditures in 2018. The city made 123% of its annual required pension contribution in 2018.

It participates in two cost-sharing multiple-employer defined-benefit pension plans, the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), both administered by the Public Employees Retirement Assn. of Minnesota (PERA). Required pension contributions to these plans are determined by state statute. Statutory contributions rates have generally not kept pace with actuarially determined contribution (ADC) rates, indicating potential for future payment acceleration. In May 2018, the state passed pension legislation that will marginally increase contributions (for PEPFF only), reduce the investment rate of return to 7.5% (from 8%), and reduce some employee benefits (primarily cost-of-living adjustments). While we view these as positive changes for future plan funding levels, the lack of an actuarial funding policy remains a weakness in these plans. For more information about the reforms included in the 2018 omnibus retirement bill and the potential for future cost increases see our article titled "Minnesota's New Pension Bill Is A Positive Step Toward Sustainable Funding," published June 7, 2018, on RatingsDirect.

The GERP and PEPFF were 79.5% and 87.1% funded, respectively, in fiscal 2018. The combined net pension liabilities for these plans totaled \$12 million in fiscal 2017, the most recent year of data we have available for the city's proportionate share. While we consider plan funding levels somewhat weak, and we believe that the history of pension contributions below the ADC increases the risk of payment acceleration, we believe the city has sufficient taxing and operational flexibility to manage future increases in pension contributions. However, in the future, if pension contributions absorb a larger share of the city's budget, our view of its debt and contingent liability profile could weaken.

It also participates in a single-employer pension plan for its firefighters. In 2017, the plan was over 100% funded. The city does not provide explicit OPEB benefits, but allows retirees to remain on its plan at their own cost, thereby benefiting from an implicit rate subsidy. The city funds this cost on a pay-as-you-go basis. As of Jan. 1, 2016, the most recent actuarial valuation date, its unfunded actuarial accrued liability was \$1.1 million.

Strong institutional framework

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

Outlook

The stable outlook reflects our expectation that Chaska will maintain balanced general fund results and begin to restore general fund reserves while maintaining very strong liquidity. It also reflects the strong management conditions of the city and its participation in the Twin Cities MSA, which has a moderating effect on local economic fluctuations. We do not expect a rating change within the two-year outlook period.

Downside scenario

We could lower the rating if due to budgetary imbalance, reserves declined significantly. Also, should negative balances outside the general fund pressure the city's liquidity, the rating would be pressured.

Upside scenario

Although unlikely, we could raise the rating if the debt profile moderates while financial performance improves.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

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PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 19, 2019

NEW ISSUES
NOT BANK QUALIFIED

S&P Ratings: Requested

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the U.S. Internal Revenue Code of 1986 (the "Code") relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

City of Chaska, Minnesota

\$5,680,000*
General Obligation
Bonds, Series 2019B
(the "Series 2019B Bonds")

\$2,135,000*
General Obligation Utility Revenue
Bonds, Series 2019C
(the "Series 2019C Bonds")

(Book Entry Only)

Dated Date: Date of Delivery

**Interest Due: Each February 1 and August 1,
commencing August 1, 2020**

The Bonds (as defined herein) will mature as shown on the inside front cover of this Official Statement.

The City may elect on February 1, 2028, and on any day thereafter, to redeem the Bonds due on or after February 1, 2029, at a price of par plus accrued interest.

The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are discussed herein. The proceeds of the Series 2019B Bonds will be used to finance (i) various street improvement projects and (ii) the acquisition of capital equipment. The proceeds of the Series 2019C Bonds will be used to finance various utility improvement projects within the City.

A separate proposal must be submitted for each issue subject to the minimum bid amounts shown below, plus accrued interest, if any. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal of each issue must be 98.0% or greater. Following receipt of proposals, a good faith deposit for each issue will be required to be delivered to the City by the lowest bidder as described in each "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

	<u>Minimum Bid</u>
The Series 2019B Bonds	\$5,640,240
The Series 2019C Bonds	2,117,920

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (the "Depository"). The Depository will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association in Saint Paul, Minnesota, will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about November 6, 2019.

PROPOSALS RECEIVED: Monday, October 7, 2019 until 10:00 A.M., Central Time

**CONSIDERATION OF AWARD: City Council meeting commencing at 7:00 P.M., Central Time on
Monday, October 7, 2019**



now joined with
Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors LLC, Municipal Advisor to the City, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

City of Chaska, Minnesota

\$5,680,000* General Obligation Bonds, Series 2019B

The Series 2019B Bonds will mature February 1 in the years and amounts* as follows:

2021	\$385,000	2025	\$425,000	2029	\$450,000	2033	\$295,000	2037	\$45,000
2022	\$410,000	2026	\$435,000	2030	\$285,000	2034	\$310,000	2038	\$45,000
2023	\$415,000	2027	\$440,000	2031	\$285,000	2035	\$195,000	2039	\$50,000
2024	\$425,000	2028	\$445,000	2032	\$295,000	2036	\$ 45,000		

\$2,135,000* General Obligation Utility Revenue Bonds, Series 2019C

The Series 2019C Bonds will mature February 1 in the years and amounts* as follows:

2021	\$130,000	2024	\$140,000	2027	\$145,000	2030	\$150,000	2033	\$160,000
2022	\$140,000	2025	\$140,000	2028	\$150,000	2031	\$150,000	2034	\$160,000
2023	\$140,000	2026	\$140,000	2029	\$150,000	2032	\$160,000	2035	\$ 80,000

CITY OF CHASKA, MINNESOTA

CITY COUNCIL

Mark Windschitl
Jon Grau
McKayla Hatfield
Mike Huang
Taylor Hubbard

Mayor
Council Member
Council Member
Council Member
Council Member

CITY ADMINISTRATOR

Matthew Podhradsky

ADMINISTRATIVE SERVICES DIRECTOR

Noel Graczyk

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors LLC
Saint Paul, Minnesota

BOND COUNSEL

Dorsey & Whitney LLP
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in each Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$5,680,000*

CITY OF CHASKA, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2019B

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the “Series 2019B Bonds”) will be received by the City of Chaska, Minnesota (the “City”) on Monday, October 7, 2019 (the “Sale Date”) until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2019B Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019B Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019B Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* Preliminary; subject to change.

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly-owned subsidiary of Baker Tilly Virchow Krause, LLP, an accounting firm. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the parent company of Baker Tilly Virchow Krause, LLP. Baker Tilly Municipal Advisors, LLC is not a member of the global network of Baker Tilly International Ltd., the parent company of Baker Tilly Virchow Krause, LLP. Baker Tilly Municipal Advisors, LLC is not a member of the global network of Baker Tilly International Ltd., the parent company of Baker Tilly Virchow Krause, LLP.

DETAILS OF THE SERIES 2019B BONDS

The Series 2019B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019B Bonds will mature February 1 in the years and amounts* as follows:

2021	\$385,000	2025	\$425,000	2029	\$450,000	2033	\$295,000	2037	\$45,000
2022	\$410,000	2026	\$435,000	2030	\$285,000	2034	\$310,000	2038	\$45,000
2023	\$415,000	2027	\$440,000	2031	\$285,000	2035	\$195,000	2039	\$50,000
2024	\$425,000	2028	\$445,000	2032	\$295,000	2036	\$ 45,000		

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019B Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2019B Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019B Bonds will be issued by means of a book entry system with no physical distribution of Series 2019B Bonds made to the public. The Series 2019B Bonds will be issued in fully registered form and one Series 2019B Bond, representing the aggregate principal amount of the Series 2019B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series 2019B Bonds. Individual purchases of the Series 2019B Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the “Purchaser”), as a condition of delivery of the Series 2019B Bonds, will be required to deposit the Series 2019B Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019B Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2019B Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2019B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against the benefited properties for repayment of a portion of the Series 2019B Bonds. The proceeds of the Series 2019B Bonds will be used to finance (i) various street improvement projects and (ii) the acquisition of capital equipment.

BIDDING PARAMETERS

Proposals shall be for not less than \$5,640,240 plus accrued interest, if any, on the total principal amount of the Series 2019B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2019B Bonds is adjourned, recessed, or continued to another date without award of the Series 2019B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Series 2019B Bonds of the same maturity shall bear a single rate from the date of the Series 2019B Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Series 2019B Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Series 2019B Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, third-party distribution agreement or other agreement relating to the initial sale of the Series 2019B Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Series 2019B Bonds with a separate CUSIP number constitute a separate “maturity,” and “the public” does not include underwriters of the Series 2019B Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Series 2019B Bonds.

If, however, a proposal is submitted for the bidder’s own account in a capacity other than as an underwriter of the Series 2019B Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Series 2019B Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as Exhibit A, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied, the hold-the-offering price rule will apply. The Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Series 2019B Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price;

and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as Exhibit B, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

Bidders should prepare their proposals on the assumption that the Series 2019B Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019B Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of \$56,800 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2019B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2019B Bonds. If the Series 2019B Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder’s proposal. The City specifically reserves the right to reject any proposal specifying municipal bond insurance, even though such proposal may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by

the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2019B Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019B Bonds.

CUSIP NUMBERS

If the Series 2019B Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019B Bonds; however, neither the failure to print such numbers on any Series 2019B Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019B Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about November 6, 2019, the Series 2019B Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019B Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2019B Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2019B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2019B Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019B Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019B Bonds, together with any other information required by law. By awarding the Series 2019B Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated September 16, 2019

BY ORDER OF THE CITY COUNCIL

/s/ Matthew Podhradsky
City Administrator

EXHIBIT A

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. *Defined Terms.* For purposes of this Issue Price Certificate:

(a) *City* means [DESCRIBE CITY].

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity

is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT B

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”)[the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Initial Offering Price of the Bonds.*** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. ***First Price at which Sold to the Public.*** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. ***Hold the Offering Price Rule.*** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) *Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) *City* means [DESCRIBE CITY].

(c) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the “Borrower”)] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE**

(Attached)

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$2,135,000*

CITY OF CHASKA, MINNESOTA

GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the “Series 2019C Bonds”) will be received by the City of Chaska, Minnesota (the “City”) on Monday, October 7, 2019 (the “Sale Date”) until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2019C Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019C Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019C Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly-owned subsidiary of Baker Tilly Virchow Krause, LLP, an accounting firm. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the parent company of Baker Tilly Virchow Krause, LLP. Baker Tilly Virchow Krause, LLP and its subsidiaries are not independent legal counsel. © 2019 Baker Tilly Municipal Advisors, LLC.

DETAILS OF THE SERIES 2019C BONDS

The Series 2019C Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019C Bonds will mature February 1 in the years and amounts* as follows:

2021	\$130,000	2024	\$140,000	2027	\$145,000	2030	\$150,000	2033	\$160,000
2022	\$140,000	2025	\$140,000	2028	\$150,000	2031	\$150,000	2034	\$160,000
2023	\$140,000	2026	\$140,000	2029	\$150,000	2032	\$160,000	2035	\$ 80,000

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019C Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2019C Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019C Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019C Bonds will be issued by means of a book entry system with no physical distribution of Series 2019C Bonds made to the public. The Series 2019C Bonds will be issued in fully registered form and one Series 2019C Bond, representing the aggregate principal amount of the Series 2019C Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019C Bonds. Individual purchases of the Series 2019C Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019C Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2019C Bonds, will be required to deposit the Series 2019C Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019C Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2019C Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2019C Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm water funds for repayment of the Series 2019C Bonds. The proceeds of the Series 2019C Bonds will be used to finance various utility improvement projects within the City.

BIDDING PARAMETERS

Proposals shall be for not less than \$2,117,920 plus accrued interest, if any, on the total principal amount of the Series 2019C Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2019C Bonds is adjourned, recessed, or continued to another date without award of the Series 2019C Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Series 2019C Bonds of the same maturity shall bear a single rate from the date of the Series 2019C Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Series 2019C Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Series 2019C Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, third-party distribution agreement or other agreement relating to the initial sale of the Series 2019C Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Series 2019C Bonds with a separate CUSIP number constitute a separate "maturity," and "the public" does not include underwriters of the Series 2019C Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Series 2019C Bonds.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Series 2019C Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Series 2019C Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as Exhibit A, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied, the hold-the-offering price rule will apply. The Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Series 2019C Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price;

and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as Exhibit B, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

Bidders should prepare their proposals on the assumption that the Series 2019C Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019C Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of \$21,350 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2019C Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019C Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2019C Bonds. If the Series 2019C Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder’s proposal. The City specifically reserves the right to reject any proposal specifying municipal bond insurance, even though such proposal may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by

the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2019C Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019C Bonds.

CUSIP NUMBERS

If the Series 2019C Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019C Bonds; however, neither the failure to print such numbers on any Series 2019C Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019C Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about November 6, 2019, the Series 2019C Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019C Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019C Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2019C Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2019C Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2019C Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019C Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019C Bonds, together with any other information required by law. By awarding the Series 2019C Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated September 16, 2019

BY ORDER OF THE CITY COUNCIL

/s/ Matthew Podhradsky
City Administrator

EXHIBIT A

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. *Defined Terms.* For purposes of this Issue Price Certificate:

(a) *City* means [DESCRIBE CITY].

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity

is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT B

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”)[the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. **First Price at which Sold to the Public.** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) *Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) *City* means [DESCRIBE CITY].

(c) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City[and BORROWER (the “Borrower”)] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the City[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE

(Attached)

SCHEDULE C

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE**

(Attached)

OFFICIAL STATEMENT

CITY OF CHASKA, MINNESOTA

\$5,680,000*

GENERAL OBLIGATION BONDS, SERIES 2019B

\$2,135,000*

GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2019C

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of Chaska, Minnesota (the “City”) and its issuance of \$5,680,000* General Obligation Bonds, Series 2019B (the “Series 2019B Bonds”) and \$2,135,000* General Obligation Utility Revenue Bonds, Series 2019C (the “Series 2019C Bonds,” and, together with the Series 2019B Bonds, the “Bonds”). The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are discussed herein. The proceeds of the Series 2019B Bonds will be used to finance (i) various street improvement projects and (ii) the acquisition of capital equipment. The proceeds of the Series 2019C Bonds will be used to finance various utility improvement projects within the City.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph h (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Resolutions, to provide annual reports of specified information and notice of the occurrence of certain events as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, the events as to which notice is to be given and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix II to this Official Statement.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows:

- The City’s \$30,735,000 Electric Revenue Refunding Bonds (Generating Facilities), Series 2005A (CUSIP 161670) (the “Series 2005A Bonds”) contained heightened continuing disclosure obligations that required the City to annually file audited financial information of certain other members of the Minnesota Municipal Power Agency (“MMPA” or the “Agency”) and quarterly financial statements of the MMPA, in addition to other annual City and MMPA financial information. The City acknowledges that it did not affirmatively make all of the required filings on EMMA; however, the City did annually update certain electrical system annual information as required for the Series 2005A Bonds. The Series 2005A Bonds were refunded in full on October 2, 2015 and are no longer outstanding.

- On July 18, 2014, Moody's Investors Service upgraded the rating related to the Series 2005A Bonds (CUSIP 161670) from "A3" to "A2". The material event notice related to this rating change was filed with the MSRB through EMMA on December 2, 2014.

The City has adopted specific disclosure policies and procedures to further ensure ongoing compliance with its continuing disclosure obligations. A failure by the City to comply with the Disclosure Covenants will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

General Information

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the inside front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." U.S. Bank National Association, Saint Paul, Minnesota, will serve as Registrar for the Bonds, and the City will pay for registrar services.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE SERIES 2019B BONDS

Authority and Purpose

The Series 2019B Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475. The proceeds of the Series 2019B Bonds will be used to finance (i) various street improvement projects (the "Improvement Portion") and (ii) the acquisition of capital equipment (the "Equipment Portion").

Sources and Uses

The composition of the Series 2019B Bonds is estimated to be as follows:

	<u>Improvement Portion</u>	<u>Equipment Portion</u>	<u>Total</u>
Sources of Funds:			
Principal Amount	\$4,225,000	\$1,455,000	\$5,680,000
Available City Funds	133,654	0	133,654
Prepaid Assessments	<u>72,745</u>	<u>0</u>	<u>72,745</u>
Total Sources of Funds	\$4,431,399	\$1,455,000	\$5,886,399
Uses of Funds:			
Deposit to Project Fund	\$4,353,469	\$1,433,000	\$5,786,469
Costs of Issuance	48,355	11,815	60,170
Allowance for Discount Bidding	<u>29,575</u>	<u>10,185</u>	<u>39,760</u>
Total Uses of Funds	\$4,431,399	\$1,455,000	\$5,886,399

Security and Financing

The Series 2019B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.

The Improvement Portion

In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Improvement Portion of the Series 2019B Bonds. Special assessments in the principals amount of approximately (i) \$301,465 were filed on April 30, 2018 for first collection in 2019; (ii) \$570,230 were filed on February 25, 2019 for first collection in 2020; (iii) \$530,083 were filed on April 30, 2018 for first collection in 2019; and (iv) \$388,395 were filed on April 30, 2018 for first collection in 2019. The City has received prepayments in the amount of \$72,745. Assessments will be spread over terms of 15, and 20 years with equal annual payments of principal and interest. Interest on the unpaid balances will be charged at interest rates of 5.50% and 4.75%, respectively. Pursuant to Minnesota Statutes 429, at least 20% of the City's share of project costs must be assessed to benefited properties. The projects being financed with the Improvement Portion of the Series 2019B Bonds meet this requirement.

The City will also levy taxes for repayment of a portion of the Improvement Portion of the Series 2019B Bonds, and will make its first levy in 2019 for collection in 2020. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

The Equipment Portion

The City will make its first levy in 2019 for collection in 2020 for the Equipment Portion of the Series 2019B Bonds. Each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Minnesota Statutes, Section 412.301, as amended, specifies that the City may issue certificates of indebtedness to purchase capital equipment without referendum and without being subject to a petition for a referendum if the total amount of the issue does not exceed $\frac{1}{4}$ of 1% of the estimated market value of the City. Based on the City's 2018/19 estimated market value of \$ 3,007,913,300 , this represents a

maximum issue size of approximately \$ 7,519,783. The principal amount of the Equipment Portion of the Series 2019B Bonds in the amount of \$1,455,000 is within that limitation and is therefore not subject to petition.

THE SERIES 2019C BONDS

Authority and Purpose

The Series 2019C Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475. The proceeds of the Series 2019C Bonds will be used to finance various utility improvement projects within the City.

Sources and Uses

The composition of the Series 2019C Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	<u>\$2,135,000</u>
Total Sources of Funds	\$2,135,000
Uses of Funds:	
Deposit to Project Fund	\$2,079,072
Costs of Issuance	38,848
Allowance for Discount Bidding	<u>17,080</u>
Total Uses of Funds	\$2,135,000

Security and Financing

The Series 2019C Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes; however, the City does not anticipate the need to levy taxes for repayment of the Series 2019C Bonds.

Pursuant to Minnesota Statutes, Chapter 444, and the resolution awarding the sale of the Series 2019C Bonds, the City will covenant to impose and collect charges for the service, use, availability and connection to the water, sewer, and storm water funds to produce net revenues in amounts sufficient to support the operation of the water, sewer, and storm water funds, and to pay 105% of the debt service due on obligations to which it has pledged its water, sewer, and storm water revenues, including the Series 2019C Bonds. The City is required to annually review the budget of the water, sewer, and storm water funds to determine whether current rates and charges are sufficient and to adjust such rates and charges as necessary.

FUTURE FINANCING

The City anticipates issuing taxable general obligation bonds and general obligation refunding bonds in the fourth quarter of 2019.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney LLP of Minneapolis, Minnesota, as Bond Counsel ("Bond Counsel"). Bond Counsel has not participated in the preparation of this Official Statement, and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the forms set out in Appendix I to this Official Statement will be delivered at closing.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being “Discount Bonds”). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes “original issue discount” (“OID”). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the

Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

THE FOREGOING IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF COLLATERAL TAX CONSEQUENCES ARISING FROM OWNERSHIP OR DISPOSITION OF THE BONDS OR RECEIPT OF INTEREST ON THE BONDS. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF, OR TAX CONSIDERATIONS FOR, PURCHASING OR HOLDING THE BONDS.

RATINGS

Application for ratings of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If ratings are assigned, they will reflect only the opinion of S&P. Any explanation of the significance of the ratings may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn if, in the judgment of S&P, circumstances so warrant. A revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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CITY PROPERTY VALUES

Trend of Values^(a)

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio ^(b)	Economic Market Value ^(c)	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	\$3,007,913,300	93.3%	\$3,226,995,665	\$75,920,831	\$2,877,351,100	\$33,313,863
2017/18	2,847,274,600	96.4	2,955,184,464	80,120,100	2,709,319,900	31,516,766
2016/17	2,652,305,300	92.2	2,868,854,408	84,947,100	2,508,978,900	29,097,139
2015/16	2,573,342,000	97.5	2,639,625,878	84,625,400	2,430,342,100	28,212,129
2014/15	2,380,806,300	95.1	2,502,084,309	89,219,900	2,241,076,300	26,325,639

^(a) For a description of the Minnesota property tax system, see Appendix III.

^(b) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values>.

^(c) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values>.

Source: Carver County, Minnesota, March 2019, except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: \$33,313,863*

Real Estate:		
Residential Homestead	\$19,098,023	56.3%
Commercial/Industrial, Railroad, and Public Utility	9,060,705	26.7
Residential Non-Homestead	4,960,321	14.6
Agricultural/Seasonal Recreational	395,846	1.2
Personal Property	<u>428,354</u>	<u>1.2</u>
2017/18 Net Tax Capacity	\$33,943,249	100.0%
Less: Captured Tax Increment Tax Capacity	(1,052,097)	
Contribution to Fiscal Disparities	(3,523,591)	
Plus: Distribution from Fiscal Disparities	<u>3,946,302</u>	
2017/18 Adjusted Taxable Net Tax Capacity	\$33,313,863	

* Excludes mobile home valuation of \$116,028.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2018/19 Net Tax Capacity</u>
United Healthcare Services Inc.	Commercial	\$ 485,324
Aurora Investment LLC	Commercial/Agricultural	387,670
Hazeltine National Golf Club	Golf Club	323,806
Ameriprise Financial Inc.	Financial Services	302,059
Centerpoint Energy	Utility	286,292
Chaska Heights Senior Living LLC	Senior Living Facility	279,451
Target Corporation	Retail and Grocery	255,426
Aurora-Chaska Medical LLC	Medical Facilities	242,694
Via West Inc.	Commercial	242,540
SB Chaska Partners LLC	Rental/Residential	<u>207,568</u>
Total		\$3,012,830*

* Represents 9.0% of the City's 2018/19 adjusted taxable net tax capacity.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	\$ 90,237,399
Less: Outstanding Debt Subject to Limit (Includes the Equipment Portion of the Series 2019B Bonds)	<u>(32,720,000)</u>
Legal Debt Margin as of November 6, 2019	\$ 57,517,399

* The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Debt Supported Solely by Taxes*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
8-15-13	\$ 915,000	Equipment Certificates	2-1-2023	\$ 440,000
12-30-14	2,705,000	Equipment Certificates	2-1-2024	1,590,000
11-29-17	1,960,000	Equipment Certificates	2-1-2027	1,800,000
11-6-19	1,455,000	Equipment Certificates (the Equipment Portion of the Series 2019B Bonds)	2-1-2029	<u>1,455,000</u>
Total				\$5,285,000

* These issues are subject to the legal debt limit.

General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
10-1-09	\$1,995,000	Improvement Refunding	12-1-2020	\$ 215,000
7-1-10	3,220,000	Improvements	2-1-2031	1,180,000
9-15-10	2,180,000	Improvements	2-1-2033	1,435,000
9-15-11	2,375,000	Improvements	2-1-2027	1,230,000
8-15-12	2,430,000	Improvements	2-1-2028	1,480,000
8-15-12	3,295,000	Improvement Refunding	2-1-2027	1,370,000
8-15-13	3,330,000	Improvements	2-1-2035	2,570,000
12-30-14	3,230,000	Improvements	2-1-2030	2,360,000
8-19-15	5,940,000	Improvements	2-1-2031	5,130,000
11-29-17	6,875,000	Improvements	2-1-2038	6,745,000
11-29-17	1,790,000	Taxable Improvements	2-1-2033	1,670,000
12-27-17	995,000	Improvements Refunding	2-1-2029	995,000
11-6-19	4,225,000	Improvements (the Improvement Portion of the Series 2019B Bonds)	2-1-2039	<u>4,225,000</u>
Total				\$30,605,000

General Obligation Tax Increment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
8-15-13	\$595,000	Taxable Tax Increment Refunding	12-1-2021	\$225,000
12-27-17	460,000	Taxable Tax Increment Refunding	2-1-2031	<u>460,000</u>
Total				\$685,000

General Obligation Tax Abatement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
9-15-10	\$405,000	Taxable Tax Abatement	2-1-2033	\$375,000
11-29-17	245,000	Taxable Tax Abatement	2-1-2039	<u>245,000</u>
Total				\$620,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
10-1-09	\$ 1,495,000	Water Revenue Refunding	12-1-2022	\$ 555,000
9-15-11	11,435,000	Water Revenue Refunding	12-1-2032	9,055,000
8-15-12	1,380,000	Water/Sewer Revenue Refunding	2-1-2027	645,000
12-30-15	5,170,000	Utility Revenue	2-1-2036	4,540,000
11-29-17	735,000	Utility Revenue	2-1-2038	715,000
11-6-19	2,135,000	Utility Revenue (the Series 2019C Bonds)	2-1-2035	<u>2,135,000</u>
Total				\$17,645,000

General Obligation Housing Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
8-15-10	\$2,850,000	Governmental Refunding	1-1-2040	\$2,330,000*

* Issued by the Carver County Community Development Agency and secured by the general obligation of the City. Rental revenue and other related sources are used to pay this debt.

Lease Obligations*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
7-18-13	\$ 3,850,000	Community Center Upgrades	12-1-2033	\$ 3,070,000
4-15-15	12,855,000	Taxable Lease Revenue	2-1-2035	10,525,000
4-15-15	9,000,000	Lease Revenue	2-1-2035	8,485,000
12-30-15	3,410,000	Taxable Lease Revenue	2-1-2031	2,855,000
12-30-15	1,085,000	Lease Revenue	2-1-2026	785,000
12-27-17	1,880,000	Senior Center Addition Refunding	12-1-2027	<u>1,715,000</u>
Total				\$27,435,000

* Issued by the Economic Development Authority of the City of Chaska, Minnesota (the "Authority") and payable from annual appropriation lease payments made by the City to the Authority. These issues are subject to the legal debt limit.

Electric Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 11-6-19</u>
12-22-11	\$ 3,535,000	Electric Revenue	10-1-2031	\$ 2,320,000
10-1-15	21,760,000	Electric Revenue Refunding (MMPA)	10-1-2030	17,245,000*
9-6-17	7,220,000	Electric Revenue	10-1-2037	<u>6,725,000</u>
Total				\$26,290,000

* Issued by the City but payable from payments made by the Minnesota Municipal Power Agency to the City pursuant to an agency contract and not from the operation of the electric system of the City.

Estimated Calendar Year Debt Service Payments Including the Bonds

<u>Year</u>	<u>G.O. Debt Supported Solely by Taxes</u>		<u>G.O. Special Assessment Debt</u>	
	<u>Principal</u>	<u>Principal & Interest^(a)</u>	<u>Principal</u>	<u>Principal & Interest^(b)</u>
2019 (at 11-6)	(Paid)	(Paid)	\$ 110,000	\$ 113,225
2020	\$ 595,000	\$ 630,538	2,090,000	3,001,257
2021	765,000	780,843	2,195,000	3,055,654
2022	785,000	779,676	2,135,000	2,930,093
2023	820,000	787,553	2,060,000	2,790,662
2024	730,000	790,234	2,460,000	3,118,363
2025	400,000	442,266	2,485,000	3,061,124
2026	420,000	447,867	2,565,000	3,057,383
2027	430,000	442,764	2,670,000	3,075,720
2028	170,000	173,851	2,390,000	2,710,909
2029	170,000	171,318	2,285,000	2,534,020
2030			1,970,000	2,155,143
2031			1,730,000	1,853,981
2032			1,120,000	1,198,983
2033			1,150,000	1,196,680
2034			430,000	455,130
2035			315,000	331,031
2036			130,000	140,274
2037			130,000	136,745
2038			135,000	138,063
2039			<u>50,000</u>	<u>50,575</u>
Total	\$5,285,000	\$5,446,910	\$30,605,000 ^(c)	\$37,105,015

^(a) Includes the Equipment Portion of the Series 2019B Bonds at an assumed average annual interest rate of 1.34%.

^(b) Includes the Improvement Portion of the Series 2019B Bonds at an assumed average annual interest rate of 1.76%.

^(c) 69.1% of this debt will be retired within ten years.

**Estimated Calendar Year Debt Service Payments Including Bonds
(Continued)**

<u>Year</u>	<u>G.O. Tax Increment Debt</u>		<u>G.O. Tax Abatement Debt</u>	
	<u>Principal</u>	<u>Principal & Interest</u>	<u>Principal</u>	<u>Principal & Interest</u>
2019 (at 11-6)	\$ 75,000	\$ 77,794	(Paid)	(Paid)
2020	110,000	128,438	\$ 20,000	\$ 45,413
2021	110,000	125,513	25,000	49,725
2022	35,000	47,400	25,000	48,923
2023	35,000	46,350	30,000	53,005
2024	35,000	45,300	30,000	51,973
2025	40,000	49,175	30,000	50,825
2026	40,000	47,875	35,000	54,438
2027	35,000	41,563	35,000	52,913
2028	40,000	45,250	40,000	56,253
2029	45,000	48,763	45,000	59,333
2030	40,000	42,275	45,000	57,234
2031	45,000	45,788	55,000	64,866
2032			55,000	62,279
2033			60,000	64,545
2034			15,000	17,846
2035			15,000	17,329
2036			15,000	16,811
2037			15,000	16,294
2038			15,000	15,776
2039			<u>15,000</u>	<u>15,259</u>
Total	\$685,000 ^(b)	\$791,484	\$620,000 ^(c)	\$871,040

(a) 81.0% of this debt will be retired within ten years.

(b) 50.8% of this debt will be retired within ten years.

**Estimated Calendar Year Debt Service Payments Including the Bonds
(Continued)**

Year	G.O. Utility Revenue Debt		G.O. Housing Revenue Debt	
	<u>Principal</u>	<u>Principal & Interest^(a)</u>	<u>Principal</u>	<u>Principal & Interest</u>
2019 (at 11-6)	\$ 560,000	\$ 725,431	(Paid)	(Paid)
2020	905,000	1,411,934	\$ 75,000	\$ 162,356
2021	1,095,000	1,585,134	75,000	160,106
2022	1,150,000	1,606,674	80,000	162,781
2023	1,040,000	1,466,668	80,000	160,381
2024	1,075,000	1,474,323	85,000	162,800
2025	1,125,000	1,493,796	90,000	164,956
2026	1,165,000	1,500,857	90,000	161,975
2027	1,210,000	1,511,313	95,000	163,794
2028	1,165,000	1,428,476	100,000	165,319
2029	1,225,000	1,450,466	105,000	166,406
2030	1,270,000	1,455,835	110,000	167,106
2031	1,310,000	1,453,210	90,000	143,106
2032	1,380,000	1,478,815	115,000	164,006
2033	515,000	565,195	125,000	169,206
2034	520,000	555,993	130,000	169,106
2035	450,000	472,083	135,000	168,722
2036	385,000	394,256	140,000	168,050
2037	50,000	52,313	140,000	162,275
2038	50,000	50,781	150,000	166,294
2039			155,000	165,003
2040			165,000	168,403
Total	\$17,645,000 ^(b)	\$22,133,553	\$2,330,000 ^(c)	\$3,442,151

(a) Includes the Series 2019C Bonds at an assumed average annual interest rate of 1.71%.

(b) 59.5% of this debt will be retired within ten years.

(c) 37.6% of this debt will be retired within ten years.

**Estimated Calendar Year Debt Service Payments Including the Bonds
(Continued)**

Year	Lease Obligations		Electric Revenue Debt	
	Principal	Principal & Interest	Principal	Principal & Interest
2019 (at 11-6)	\$ 330,000	\$ 410,398	(Paid)	(Paid)
2020	1,620,000	2,599,716	\$ 1,650,000	\$ 2,807,795
2021	1,670,000	2,604,980	1,720,000	2,802,395
2022	1,705,000	2,590,057	1,805,000	2,808,485
2023	1,760,000	2,591,234	1,885,000	2,805,265
2024	1,805,000	2,577,646	1,980,000	2,813,115
2025	1,885,000	2,595,780	2,065,000	2,806,385
2026	1,840,000	2,484,035	2,160,000	2,805,135
2027	1,770,000	2,346,652	2,270,000	2,814,005
2028	1,615,000	2,122,860	2,375,000	2,812,455
2029	1,675,000	2,117,227	2,480,000	2,812,240
2030	1,745,000	2,117,702	2,580,000	2,799,065
2031	1,820,000	2,119,288	640,000	741,128
2032	1,585,000	1,814,166	415,000	495,400
2033	1,650,000	1,812,790	425,000	492,950
2034	1,450,000	1,543,190	440,000	495,200
2035	1,510,000	1,541,480	455,000	497,000
2036			465,000	493,350
2037			480,000	494,400
Total	\$27,435,000 ^(a)	\$35,989,201	\$26,290,000 ^(b)	\$34,595,768

^(a) 58.3% of this debt will be retired within ten years.

^(b) 77.6% of this debt will be retired within ten years.

Other Debt Obligations

Letter of Credit

In March of 2019 the City issued \$20,000,000 General Obligation Temporary State Aid Street Bonds, Series 2019A in the form of a draw down line of credit. The temporary bonds will be used to pay for the costs of constructing the Highway 212 and CSAH 44 interchange and CSAH 44 improvement project (the "Project"). The total Project cost is approximately \$21,000,000; however, the State of Minnesota is paying \$10,500,000 towards the costs of the Project and Carver County is contributing approximately \$5,700,000 towards the Project. The expected City portion of the Project is approximately \$4,800,000. The construction is expected to last for two years. The City will issue permanent bonds when the City portion of the Project cost is finalized.

Authority Promissory Note

On November 21, 2016 the Authority entered into a promissory note related to a property. The note bears an interest rate of 4.75% and matures on November 15, 2021. The annual note payments are offset by lease revenue collected from the current tenant and the note paid from the Chaska EDA fund. Note payments required to maturity are as follows:

Year Ending December 31

2019	\$ 16,800
2020	16,800
2021	<u>73,524</u>
Total	\$107,124

Capital Lease

On March 15, 2018, the City entered into a lease for the acquisition of fitness equipment for the Chaska Community Center. The lease bears an interest rate of 6.57% and matures on February 15, 2022. The future minimum lease obligation and the net present value of these minimum lease payments are as follows:

Year Ending December 31

2019	\$ 47,927
2020	52,284
2021	52,284
2022	<u>8,714</u>

Total Minimum Lease Payments	\$161,209
Less: Amount Representing Interest	<u>(15,639)</u>

Present Value of Minimum Lease Payments	<u>\$145,570</u>
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Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds (IRBs) and Housing Revenue Bonds (HRBs) (collectively the "Revenue Bonds") to provide financial assistance to private-sector entities for the acquisition and construction of industrial and housing facilities deemed to be in the public interest. The Revenue Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Revenue Bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the Revenue Bonds. Accordingly, the Revenue Bonds are not reported as liabilities in the accompanying financial statements.

Overlapping Debt

<u>Taxing Unit^(a)</u>	2018/19 <u>Adjusted Taxable Net Tax Capacity</u>	<u>Est. G.O. Debt As of 11-6-19^(b)</u>	<u>Debt Applicable to Tax Capacity in City</u>	
			<u>Percent</u>	<u>Amount</u>
Carver County	\$ 153,858,855	\$ 31,360,000	21.7%	\$ 6,805,120
ISD No. 112 (Eastern Carver County)	88,654,071	147,130,000	37.6	55,320,880
Metropolitan Council	3,972,802,150	5,375,000 ^(c)	0.9	<u>48,375</u>
Total				\$62,174,375

^(a) Only those units with outstanding general obligation debt are shown here.

^(b) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

^(c) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

^(d) 2017/18 valuation. 2018/19 valuation is not yet available.

Debt Ratios*

	<u>G.O. Direct Debt</u>	<u>G.O. Direct & Overlapping Debt</u>
To 2018/19 Estimated Market Value (\$3,007,913,300)	2.15%	4.22%
Per Capita - (27,622 - 2018 MN State Demographer Estimate)	\$2,340	\$4,591

* Excludes general obligation utility revenue debt, general obligation housing revenue debt, electric revenue debt and conduit debt. Includes lease obligations.

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CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in the City of Chaska

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	
					<u>Total</u>	<u>For Debt Only</u>
Carver County	40.488%	38.880%	38.851%	37.436%	36.488%	2.946%
City of Chaska	24.928	26.118	27.564	27.234	27.678	- 0 -
ISD No. 112 (Eastern Carver County) ^(a)	39.120	39.245	37.005	33.837	33.631	21.317
Special Districts ^(b)	<u>6.585</u>	<u>6.834</u>	<u>6.903</u>	<u>6.490</u>	<u>6.422</u>	<u>1.484</u>
Total	111.121%	111.077%	110.323%	104.997%	104.219%	25.747%

^(a) In addition, Independent School District No. 112 (Eastern Carver County) has a 2018/19 market value tax rate of 0.2251189% spread across the market value of property in support of an excess operating levy.

^(b) Special Districts include the Metropolitan Council, Metropolitan Transit District, Mosquito Control, the Lower Minnesota River Watershed District #1, the Carver County Rail Authority, the Carver County Community Development Agency, and the City of Chaska Housing and Redevelopment Authority.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

Tax Levies and Collections

<u>Levy/Collect</u>	<u>Net Levy*</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated As of 5-20-19</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2018/19	\$9,201,811		(In Process of Collection)		
2017/18	8,600,666	\$8,577,751	99.7%	\$8,577,751	99.7%
2016/17	7,923,620	7,898,899	99.7	7,919,859	99.9
2015/16	7,263,136	7,223,076	99.4	7,261,904	99.9
2014/15	6,569,063	6,513,418	99.2	6,563,768	99.9

* The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.

FUNDS ON HAND
As of July 31, 2019

<u>Fund</u>	<u>Cash and Investments</u>
General	\$ 2,261,003
Special Revenue	(999,615)*
Debt Service	6,032,158
Capital Projects	1,361,661
Enterprise	17,878,360
Internal Service	6,102,554
Trust and Agency	<u>381,331</u>
Total	\$33,017,452

* The negative balance is due to timing of receipt of funds in the EDA Fund.

INVESTMENTS

The City may invest funds as authorized by Minnesota Statutes, as follows:

- 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 thirteen 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.
- Banker's 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, 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 investments are managed to attain a market rate of return while protecting capital. The City has the following mix of investment types as of July 31, 2019: 25.6% in U.S. Government Agency Securities, 63.5% in mutual funds and money markets, 1.7% in state and local bonds, and 9.2% in Commercial Paper. The Administrative Services Director (Treasurer) and City Administrator are charged with the responsibility of conducting investment transactions.

GENERAL INFORMATION CONCERNING THE CITY

The City is the county seat of Carver County, and is located approximately 18 miles southwest of Minneapolis and is part of the Minneapolis-Saint Paul metropolitan area. The City encompasses an area of approximately 17 square miles (10,880 acres).

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2018 MN Demographic Center	27,622	16.2%
2010 U.S. Census	23,770	36.2
2000 U.S. Census	17,449	53.9
1990 U.S. Census	11,339	35.9
1980 U.S. Census	8,346	--

Source: United States Census Bureau, <http://www.census.gov/>.

The City's approximate population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2018/19	7,303	5,466	11,473	2,721
2017/18	7,168	5,486	11,259	2,580
2016/17	7,172	5,538	11,080	2,385
2015/16	7,062	5,486	10,904	2,230
2014/15	7,002	5,402	10,731	2,081

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Transportation

Major transportation routes serving the City include U.S. Highways 212 and 169 and State Highway 41. In addition, Interstate 494 is approximately 10 miles northeast of the City. Twin Cities and Western Railroad provides rail service to the City. Air transportation by major airlines is available at the Minneapolis-St. Paul International Airport, less than a half-hour drive from the City, and at the Flying Cloud Airport, approximately 10 miles east of the City.

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Entegris Inc.	Semiconductors processing	1,000
Beckman-Coulter, Inc.	Diagnostic reagents	925
Independent School District No. 112 (Eastern Carver County)	Public education	880
TEL-FSI, Inc. ^(a)	Semi-centrifugal products	850
Carver County	County government	700
The Bernard Group	Visual merchandising company	646
Lake Region Manufacturing Co., Inc.	Catheter components	600
Old National Bank ^(c)	Banking services	560
City of Chaska	City government	509 ^(b)
Apex International, MFG	Home-care product manufacturer	400
Import Specialties, Inc.	Automotive services	325

^(a) Formerly known as FSI International.

^(b) Includes seasonal and part-time employees.

^(c) Formerly known as Klein Financial, Inc.

Source: This does not purport to be a comprehensive list and is based on a March 2019 and September 2019 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

Labor Force Data

	<u>Annual Average</u>				<u>July</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Labor Force:					
Carver County	55,168	56,485	57,424	57,859	59,522
Minneapolis-St. Paul					
Bloomington MSA	1,916,011	1,938,642	1,979,780	2,016,208	2,051,095
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,155,031
Unemployment Rate:					
Carver County	3.2%	3.3%	2.9%	2.5%	3.0%
Minneapolis-St. Paul					
Bloomington MSA	3.5	3.6	3.3	2.7	3.1
State of Minnesota	3.7	3.9	3.4	2.9	3.3

Source: Minnesota Department of Employment and Economic Development,
<https://apps.deed.state.mn.us/lmi/laus>. 2019 data are preliminary

Retail Sales and Effective Buying Income (EBI)

City of Chaska

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2018/19	\$293,460	\$954,752	\$68,736
2017/18	347,510	940,908	69,753
2016/17	302,498	820,255	63,618
2015/16	277,948	753,798	61,327
2014/15	274,565	716,138	61,776

Carver County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2018/19	\$1,271,040	\$4,219,638	\$77,524
2017/18	1,267,182	4,120,274	78,545
2016/17	1,114,035	3,548,604	71,765
2015/16	1,077,082	3,035,078	70,504
2014/15	1,064,148	3,191,178	72,491

The 2018/19 Median Household EBI for the State of Minnesota was \$58,777. The 2018/19 Median Household EBI for the United States was \$52,468.

Sources: *EnviroNics Analytics, Claritas, Inc., and The Nielsen Company.*

Permits Issued by the City

<u>Year</u>	<u>New Single Family Residential</u>		<u>New Commercial/Industrial</u>		<u>Total Value* (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2019(to 7-31)	64	\$17,828,194	18	\$ 2,690,340	\$ 25,240,976
2018	78	18,788,936	49	14,207,139	57,621,735
2017	103	24,339,375	45	69,759,098	105,409,067
2016	134	34,199,578	38	14,769,385	70,331,176
2015	135	35,690,048	43	26,204,786	87,170,651
2014	138	35,216,150	51	11,117,620	57,981,994
2013	130	34,957,157	44	37,794,640	82,407,161
2012	115	30,700,695	44	14,301,328	60,403,296
2011	54	13,638,503	46	54,355,421	77,891,062
2010	43	11,016,526	53	23,016,775	41,339,669

* In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

Source: City of Chaska.

Residential Development

According to the Metropolitan Council Community Profile of the City, in 2018 there were approximately 5,780 single-family homes, 1,417 single-family attached townhomes, 307 multi-family homes (consisting of two, three, and four units), 2,227 multi-family homes (consisting of five or more units), and

677 manufactured homes located within the City. In 2018, over 12 months, there were 55 new detached single-family homes, 23 single-family townhomes, and 117 new multi-family units constructed. The average value of a new home has increased by 5.7%, from \$258,893 in 2017 to \$273,699 as of December 31, 2018.

The status of single-family lot availability as of August 27, 2019 is as follows:

<u>Subdivision Name</u>	<u>Available Lots</u>	<u>Total Lots</u>	<u>Permits Issued to Date</u>
Chaska Bluffs	25	25	0
Clover Field 7 th	9	11	2
Club West Fourth Addition	5	38	33
Club West Sixth Addition	4	28	24
Club West Seventh Addition	20	42	22
Club West Eighth Addition	42	43	1
Club West Ninth Addition	12	13	1
Harvest West	72	72	0
Klein Brickyard Thirteenth Addition	6	20	14
Red Cedar Creek 3 rd Addition	3	7	4
Sagewood	1	14	13
Sagewood 2 nd Addition	41	41	0
Savanna Estates	2	15	13
Savanna Estates 2 nd Addition	10	11	1
Savanna Estates 3 rd Addition	<u>26</u>	<u>26</u>	<u>0</u>
Subtotal	278	406	128
Arbor Fields*	<u>18</u>	<u>50</u>	<u>32</u>
Totals	296	456	160

* *Multi-family.*

Commercial and Industrial Development

The construction of Trunk Highway 212 has spurred development in the community as a job creation area. In 2012, the State of Minnesota Department of Employment and Economic Development awarded the City a grant of \$900,000 to expedite the expansion of infrastructure into its developing industrial area along Trunk Highway 212. An additional \$10 million in assistance was committed by the Minnesota State Legislature in its 2017 bonding bill to create a new interchange at County Road 44 and Trunk Highway 212.

Other development activities include:

- *Downtown Master Plan.* As part of the City's 2009 Strategic Plan, the City Council desired to complete a formal downtown master plan with the intention of developing an integrated plan and marketing strategy for a long-term sustainable downtown. In early 2012, the City approved the Downtown Master Plan, which includes several goals and implementation methods that will help encourage new redevelopment projects.

Currently, City continues its multi-year program to reconstruct streets in the historic downtown core. This reconstruction has reinvigorated the coordination and planning efforts for the transformation of another downtown block, which will be called City Square West. The City envisions a gathering space that attracts citizens to come downtown to enjoy new and readily accessible services. Construction is estimated to start in late 2019 or early 2020.

- *SW Chaska Master Plan.* The City has completed its SW Chaska Master Plan, which guides development and land use of an undeveloped 2+ square mile area in the southwest area of the City along Highway 212. While most of the area was originally determined to be residential, the new master plan allows for more corporate uses and allows residential development to be most consistent with current market conditions.
- *Highway 212 Interchange.* The City received \$10.5 million in state funds to create an interchange at County Highway 44 and Trunk Highway 212. Construction of the \$20.5 million interchange and improvements to County Highway 44 began in 2019. The City and Carver County will split the costs for the remaining \$10 million portion of the project. Completion of the project will improve access to neighborhoods recently developed in the southwest area of the City and facilitate the planned industrial development in this area.
- *Chaska Creek.* The City approved the Chaska Creek Concept Plan in late 2013. The 84-acre parcel is located in the southwest corner of County Road 10 (Engler Boulevard) and Highway 212. The corporate site allows for industrial use as well as a 15-acre neighborhood retail center. Hy-Vee received final approval for a full-service grocery store in 2017. Infrastructure improvements, including a collector road to service the area, were completed in 2018. A 30,000 square foot multi-user medical building opened in spring 2018.
- *Block 6/Firemen's Park Redevelopment.* This site was identified as a “catalyst site” in the City’s Downtown Master Plan. The City developed the block and park area as a 40,000 square-foot City-owned events center that includes a curling facility, bar and restaurant, and event/reception space for parties up to 300 people. In addition, the 10+ acre park has been redeveloped and enhanced with more walking trails, improved recreation facilities, and better connections to the rest of the City. The project’s grand opening was in July of 2016.
- *Data Centers.* Several data centers have open in the West Creek Corporate Campus, which is north of Engler Boulevard and just west of Clover Ridge Drive. A 200,000 square-foot data center used by United Health Group opened in 2012. ViaWest bought the old Entegris Headquarters and redeveloped the building into a 70,000 square-foot data center, which opened in late spring of 2014. Also in 2014, Stream Data completed construction of a 115,000 square-foot data center. In 2017, a 100,000 square-foot data center located in the West Creek Corporate Campus was completed by U.S. Bank National Association. The City is also actively recruiting data centers to locate in the remaining vacant parcels in the northern industrial park area.
- *Chaska Building Center Site.* The City has been working to redevelop a former building center site on County Road 61 just east of downtown. The 12-acre site was previously home to dilapidated industrial buildings, which have since been demolished. To date, a portion of the site has been developed for affordable multi-family housing, another portion has been redeveloped into a cabinet milling facility for DDK Construction, Inc., and another portion is being redeveloped into a 30,000 square-foot medical device manufacturer for Formacoat (scheduled to open in late 2019). The remaining four acres of the site is currently under a letter of intent with the Authority and is going through the planning process. The proposed project includes 24,000 square feet of office/condo space and another 20,000 square feet for multi-user industrial.
- *Schram Brew Haus.* The City has facilitated the redevelopment of a former Carver County public works building on the west side of downtown on County Road 61 into a brewery and taproom called Schram Brew Haus, which opened in spring of 2019. The City helped transfer ownership from Carver County to a development team who in turn renovated the building. This project will return the property to the tax rolls, establish a productive use, and add an attraction in proximity to the City’s historic downtown.

- *Job Growth Grants.* The City has a well-established history of assisting local industrial employers in accessing state assistance for expansion and job growth. The City assisted Beckman-Coulter in accessing \$700,000 for business investment in 2013, which resulted in 100 new jobs. Lifecore Biomedical was awarded \$500,000 in 2015 to add 50 jobs. In 2018, Jabil, Inc., was awarded \$210,000 to support 35 new jobs. In 2019, Formacoat was awarded \$270,000 to support 15 new jobs.

Industrial Parks

There are two industrial parks located within the City with a combined capacity of 679 acres. Currently, there are over 100 enterprises occupying the parks, the larger of which include Lake Region Manufacturing, TEL-FSI, Inc., Beckman Coulter, Bailiwick, and Lifecore Biomedical. There are only two remaining sites in this industrial park, one with approximately 17 acres and one with approximately five acres. The five-acre site would be marketed for approximately \$3 million, while the 17-acre site would be marketed for approximately \$7 million. The City recently worked with three existing companies in the industrial parks on expansions totaling an additional 100,000 square feet.

The City has approximately 390 acres of corporate/industrial land planned for development since the opening of the new Highway 212. There is room for 5.5 million square feet of office/industrial space that will be marketed toward bioscience and high-tech companies. This is expected to add between \$300 million and \$500 million of taxable market value as well as 4,000 to 6,000 quality jobs when completed.

Financial Institutions*

Banking and financial services in the City are provided by branches of BankVista; Charter Bank; Old National Bank; Security Bank Waconia; and Wells Fargo Bank, National Association.

** This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, <https://www.fdic.gov/>.

Health Care Facilities

Two Twelve Medical Center is owned and operated by Ridgeview Medical Center and is a free-standing emergency and urgent care facility located in the City. Two Twelve Medical Center offers 24/7 emergency care and urgent care, comprehensive family and specialty care, advance diagnostics, and access to leading physicians and clinics.

St. Francis Regional Medical Center, a general and acute care hospital with 93 beds and 18 infant bassinets, is located in the City of Shakopee, approximately seven miles from the City. Ridgeview Medical Center, a general and acute care hospital with 109 beds and 20 infant bassinets, is located in the nearby City of Waconia. Auburn Manor, a 61-bed nursing home, is located in the City.

Source: Minnesota Department of Health, <https://www.health.state.mn.us/facilities/regulation/directory/index.html>.

Education

Public Education

Independent School District No. 112 (Eastern Carver County) operates a kindergarten center, an education center, seven elementary schools, a middle school campus (encompassing three schools), and two high schools. Enrollment for the 2018/19* school year is approximately 9,829 for kindergarten through grade 12.

* 2019/20 enrollment figures are not yet available.

Source: Minnesota Department of Education, www.education.state.mn.us.

Non-Public Education

City residents are also served by the following private schools:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2018/19 Enrollment</u>
Guardian Angels Catholic	City of Chaska	PreK-8	57*
Jonathan Montessori	City of Chaska	PreK	8
St. John's Lutheran	City of Chaska	K-8	125*
Southwest Christian High School	City of Chaska	9-12	357*

* Accredited by the Minnesota Non-public School Accrediting Association.

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

City residents have access to various colleges and universities located throughout the Minneapolis/Saint Paul metropolitan area.

GOVERNMENTAL ORGANIZATION AND SERVICES

The City was organized as a municipality in 1891 and became a statutory city in 1974. The City's governing body is the City Council, comprised of the Mayor and four Council members. The Mayor serves a two-year term of office; Council members are elected by ward to serve overlapping four-year terms.

		<u>Expiration of Term</u>
Mark Windschitl	Mayor	December 31, 2020
Jon Grau	Council Member, First Ward	December 31, 2022
Taylor Hubbard	Council Member, Second Ward	December 31, 2020
McKayla Hatfield	Council Member, Third Ward	December 31, 2022
Mike Huang	Council Member, Fourth Ward	December 31, 2020

The daily management and administration of the City is under the direction of the City Administrator, Mr. Matthew Podhradsky. Mr. Podhradsky has served in this capacity since August 4, 2008. Mr. Podhradsky also serves as the City Clerk.

Mr. Noel Graczyk serves as Administrative Services Director and has been in this position since 1988. The Administrative Services Director also serves as City Treasurer and, with direction from the City Council, shares responsibility for financial management with the City Administrator.

The City has 147 regular full-time employees, 318 part-time employees, and 44 paid on-call volunteer firefighters.

Municipal Services

The Water Utility System has approximately 7,098 municipal and 30 private connections served by three elevated water storage facilities and a ground storage tank with a combined capacity of 4.5 million gallons. In addition, there are six wells that have the capacity to pump 8,360 gallons per minute or approximately 13,400,000 gallons per day. In 2018, average demand was 2,843,411 gallons per day while peak demand reached 6,579,000 gallons per day. Total tap water hardness is 29 parts per million gallons of water. The water treatment plant has the capacity to treat 12.6 million gallons per day for iron and manganese removal to only trace levels.

The 2018 operating revenues of the water utility system were \$2,861,416 with an average annual charge per household and commercial connection at approximately \$379. In 2010, the City began billing water usage based on a rate structure with inclining steps. Rates for 2019 range from \$1.94 to \$4.37 per thousand gallons.

The Sewer Utility System has approximately 7,333 municipal and 27 private connections. Average demand in 2018 was 2,317,392 gallons per day while peak demand reached 3,334,000 gallons per day. All sewage treatment services are operated through Metropolitan Council Environmental Services.

The 2018 operating revenues of the sewer utility system were \$3,789,275 with an average annual charge per household and commercial connection at approximately \$532. The 2019 sewage use charge is \$4.16 per thousand gallons.

The established rates and charges for both the water and sewer systems produce revenues sufficient to operate the systems and pay debt service on those general obligation bonds that are payable from these revenues.

The Electric Utility System has approximately 10,541 connections. The electric utility's mission is to provide reliable electric service to its customers at competitive rates while making a profit that will be used to reduce community property taxes. The City owns and operates its own electric distribution system, purchasing electricity from the Minnesota Municipal Power Agency (the "Agency"). The Agency is a joint venture on the part of the City with eleven other cities that have entered into agreements to purchase wholesale electric power.

Storm Water Utility System. All property within the City is charged a rate for storm water utility services based on land use. The 2018 operating revenues of the storm water utility system were \$1,581,812. The Resistance Equivalency Rate (RER) is \$9.79 for 2019.

Fire and Rescue Department. The City currently has five full-time employees: a fire chief, fire marshal, an administrative assistant, and two fire inspectors. There are also 44 paid on-call firefighters. The City has a fully-equipped fire station with two engines (pumpers), one 100-foot ladder truck, one tanker, two grass rigs, two utility vehicles, four command vehicles, and one fulltime ALS ambulance (contracted with Ridgeview Medical), and other miscellaneous firefighting and rescue equipment. The department responds to approximately 900 calls annually and member total training hours exceed 5,000 annually.

Police Department. The City operates its own police department with 25 licensed police officers, including a chief of police and four full-time community service officers. Dispatching and jail facilities are coordinated through the Carver County Sheriff's Department.

Park and Recreational Facilities. The City's municipal park system encompasses approximately 1,340 acres of land consisting of 29 active recreation areas connected by a greenway system running from the Minnesota River to the Minnesota Landscape Arboretum. Virtually every home in the City is located no more than a quarter mile from the park system and most are connected by internal greenways within subdivisions. The City has over 60 miles of trails to connect neighborhoods to parks and amenities. The 29 recreational areas offer a variety of facilities and activities to City residents including picnic areas with tables and electricity, cooking grills, drinking water, restrooms and shelter buildings, swimming, fishing, general playground equipment, baseball/softball fields, tennis courts, volleyball and basketball courts, hockey/skating rinks and horseshoe courts. The parks vary in size from two acres to 100 acres.

Community Center. The City operates an approximately 200,000 square-foot community center consisting of two ice arenas, gymnasiums, indoor running track, exercise machines, aquatic pools, racquetball courts, community rooms, offices, stage and auditorium, fitness center and the Lodge for Active Older Adults. The Center had 2018 operating revenues of \$3,085,972.

Curling Arena and Event Center. The City operates a curling center with six lanes for curling and a restaurant. An event center that seats 350 people is adjacent the arena. The first full year of operations was 2016 with operating revenues of \$1,173,795. Operating revenues were \$1,221,472 and \$1,299,997 in 2017 and 2018, respectively.

Municipal Golf Courses. The City operates two golf courses: the Par Thirty Golf Course, a nine-hole executive course; and the Chaska Town Course, an 18-hole course. The golf courses had 2018 operating revenues of \$154,621 and \$1,966,812, respectively.

Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Teamsters No. 320	41	December 31, 2020
LELS (Patrol)	16	December 31, 2020
Police Supervisors	<u>4</u>	December 31, 2020
Total all labor contracts	61	
Non-unionized employees	<u>86</u>	
Total full-time employees	147	
Total part-time employees	318	
Volunteer Fire Department paid on-call employees	<u>44</u>	
Total employees	<u>509</u>	

Employee Pensions

All full-time and certain part-time employees of the City, including employees of the City's electric utility, are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated

Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	<u>GERF</u>	<u>PEPFF</u>
2018	\$684,782	\$471,427
2017	645,781	431,127
2016	622,514	421,074
2015	573,571	384,775
2014	517,375	357,005

Four Council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax-qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until the time of withdrawal. Plan benefits depend solely on the amounts contributed to the plan plus investment earnings less administrative expenses. An eligible elected official who chooses to participate in the plan contributes 5% of their salary, which is matched by the elected official's employer. PERA receives 2% of employer contributions and 0.025% of the assets in each member's account annually for administering the plan.

The City's contributions to PEDCP for the past five years are as follows:

	<u>PEDCP</u>
2018	\$1,481
2017	1,540
2016	1,453
2015	1,453
2014	1,453

Volunteer firefighters of the City are eligible for pension benefits through membership in the Chaska Fire Department Relief Association (CFDRA) organized under Minnesota Statutes, Chapter 69, and administered by a separate Board elected by the membership. State aids, investment earnings and City contributions fund the plan.

- *Monthly Service Pension:* \$2.185 per month of service with a maximum of 360 months for members starting prior to November 4, 2013. In lieu of monthly payments, a member may elect a lump sum benefit. (Note – On October 15, 2018, the City Council modified benefit provisions to increase the monthly benefit from \$2.185 to \$2.4525 per month of service effective as of January 1, 2019.)
- *Lump Sum Service Pension:* \$6,486 per year of service for members starting on or after November 4, 2013 based on completed years of service up to 30 years. (Note – On October 15, 2018, the City Council modified benefit provisions to increase the lump sum benefits from \$6,486 to \$7,100 per year of service effective as of January 1, 2019.)
- *Deferred Service Pensions:* with termination prior to age 50 and at least ten years of service, a deferred pension is payable at age 50 and reduced four percent for each year of service less than 20 years.
- *Survivor Benefits:* spouse, children or estate receive 100 percent of the member's lump sum benefit.

- *Disability Benefit:* A disabled member will receive the amount of their monthly service pension based on credited service as of the date eligible.

The CFDRA issues a publicly available financial report that can be obtained by writing to City of Chaska, One City Hall Plaza, Chaska, MN 55318-1962 or by phone (952) 448-9200. City contributions to CFDRA for the past five years are as follows:

	<u>CFDRA</u>
2018	\$307,845
2017	285,081
2016	276,146
2015	254,641
2014	225,283

For more information regarding the liability of the City with respect to its employees, please reference “Note 14, Defined Pension Plans – State-wide,” “Note 15, Defined Contribution Plan,” “Note 16, Defined Benefit Pension Plans – Fire Relief Association,” and “Required Supplementary Information” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City’s Comprehensive Annual Financial Reports.

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City’s proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan’s fiduciary net position.

The City’s proportionate shares of the pension costs and the City’s net pension liability for the GERF and the PEPFF for the past four years are as follows:

	<u>GERF</u>		<u>PEPFF</u>	
	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>
2018	0.13%	\$ 7,350,557	0.26%	\$2,788,387
2017	0.13	8,439,559	0.26	3,564,313
2016	0.13	10,441,682	0.25	9,992,803
2015	0.13	6,504,061	0.26	2,908,759

For more information regarding GASB 68 with respect to the City, please reference “Note 14, Defined Pension Plans – State-wide” and “Required Supplementary Information” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF’s net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Sources: City’s Comprehensive Annual Financial Reports.

Other Post-Employment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or “OPEB”). The implementation of GASB 75 required the restatement of the City’s beginning net position for the fiscal year ended December 31, 2017. Please see “Note 1, Summary of Significant Accounting Policies: S) Change in Accounting Principle” in the City’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018 for this calculation.

The City’s defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible employees. The plan offers group health insurance benefits. It is the City’s policy to periodically review its group health insurance plans and to obtain requests for proposals in order to provide the most favorable benefits and premiums for the City’s employees and retirees. No assets are accumulated in a trust.

The City is required by State Statute to allow retirees to continue participation in the City’s group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Retirees may obtain dependent coverage while the participating retiree is under age 65. Covered spouses may continue coverage after the retiree’s death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee’s death.

Retiree are required to pay 100 percent of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City’s plan becomes secondary.

The following employees were covered by the benefit terms as of January 1, 2018:

Inactive employees or beneficiaries	
currently receiving benefit payments	3
Active employees	<u>134</u>
Total	<u>137</u>

The City’s net OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The discount rate used to measure the total OPEB liability was 3.30%. Components of the City’s OPEB liability and related ratios for the fiscal year ended December 31, 2018 are as follows:

Service cost	\$ 73,812
Interest	39,586
Benefit payments	<u>(41,413)</u>
Net change in total OPEB liability	\$ (71,985)
Total OPEB liability – beginning of year	1,146,292
Total OPEB liability – end of year	<u>\$ 1,218,277</u>
Covered Payroll	<u>\$10,383,422</u>
Total OPEB Liability as a Percentage of Covered Payroll	11.7%

For more information regarding GASB 75 with respect to the City, please reference “Note 17, Other Post-Employment Benefits (OPEB) Plan” and “Required Supplementary Information” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City’s Comprehensive Annual Financial Reports.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance

	2018 Budget	2018 Actual	2019 Budget
Revenues			
Taxes	\$ 9,850,094	\$ 9,999,388	\$ 10,422,906
Licenses and Permits	1,444,371	928,825	1,409,762
Intergovernmental	613,594	687,796	655,663
Charges for Services	3,888,262	3,912,324	4,213,511
Fines and Forfeitures	119,454	109,319	121,845
Special Assessments	-	143	-
Other Revenue	101,705	146,613	115,930
Total Revenues:	<u>\$ 16,017,480</u>	<u>\$ 15,784,408</u>	<u>\$ 16,939,617</u>
Expenditures			
Current			
General Government	\$ 5,861,436	\$ 5,536,453	\$ 5,453,017
Public Safety	5,663,200	5,989,659	6,426,280
Public Works	3,263,416	3,506,060	3,460,554
Parks, Recreation and Arts	1,023,864	797,197	1,074,766
Unallocated	-	-	-
Capital Outlay	-	-	-
Total Expenditures:	<u>\$ 15,811,916</u>	<u>\$ 15,829,369</u>	<u>\$ 16,414,617</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ 205,564</u>	<u>\$ (44,961)</u>	<u>\$ 525,000</u>
Other Financing Sources (Uses)			
Operating Transfers In	\$ -	\$ 250,000	\$ -
Operating Transfers Out	(128,000)	(128,000)	(525,000)
Total Other Financing Sources (Uses):	<u>\$ (128,000)</u>	<u>\$ 122,000</u>	<u>\$ (525,000)</u>
Net Change in Fund Balance:	<u>\$ 77,564</u>	<u>\$ 77,039</u>	<u>\$ -</u>
Fund Balance, January 1:	<u>2,011,915</u>	<u>2,011,915</u>	<u>2,088,954</u>
Fund Balance, December 31:	<u>\$ 2,089,479</u>	<u>\$ 2,088,954</u>	<u>\$ 2,088,954</u>

Sources: The City and the City’s Comprehensive Annual Financial Reports.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxes	\$7,352,384	\$9,394,993	\$8,511,170	\$9,439,333	\$9,999,388
Charges for Services	1,909,673	2,556,276	2,791,405	2,952,236	3,912,324
Licenses and Permits	995,263	1,259,621	1,033,383	1,302,593	928,825
Intergovernmental	1,069,589	1,144,263	1,135,212	926,001	687,796
Other Revenue	139,218	113,769	156,048	149,227	146,613
Transfers In	113,000	166,000	91,257	14,622	250,000
Fines and Forfeitures	128,966	95,736	104,226	113,158	109,319

Sources: City's Comprehensive Annual Financial Reports.

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PROPOSED FORMS OF LEGAL OPINIONS



City of Chaska
Chaska, Minnesota

[Purchaser]
[City, State]

Re: \$[] General Obligation Bonds, Series 2019B
 City of Chaska, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Chaska, Minnesota (the “City”), of the obligations described above, dated, as originally issued, as of November [], 2019 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale, and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits, and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits, and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments to be levied on property specially benefited by the improvements financed by the Bonds and ad valorem taxes duly levied on all taxable property in the City, which assessments and ad valorem taxes are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, additional ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [] day of November, 2019.

Very truly yours,

City of Chaska
Chaska, Minnesota

[Purchaser]
[City, State]

Re: \$[] General Obligation Utility Revenue Bonds, Series 2019C
City of Chaska, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Chaska, Minnesota (the “City”), of the obligations described above, dated, as originally issued, as of November [], 2019 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale, and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits, and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits, and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from net revenues of the municipal water, sewer, and storm sewer systems, which revenues are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [] day of November, 2019.

Very truly yours,

CONTINUING DISCLOSURE COVENANTS

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2019, the following financial information and operating data in respect of the City (the “Disclosure Information”):

(A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “City Property Values;” “City Indebtedness;” and “City Tax Rates, Levies and Collections.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - (G) modifications to rights of Bond holders, if material;
 - (H) Bond calls, if material and tender offers;
 - (I) defeasances;

- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of

operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
“Fiscal Disparities Law”**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as “Fiscal Disparities,” was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2015-2019</u>
Residential Homestead (1a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to \$139,000 ^(c)	0.75%
Over \$139,000 ^(c)	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to \$150,000	1.50% ^(a)
Over \$150,000	2.00% ^(a)
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to \$600,000	0.50%
\$600,000 - \$2,300,000	1.00%
Over \$2,300,000	1.25% ^(a)
Seasonal Resorts (4c)	
Up to \$500,000	1.00% ^(a)
Over \$500,000	1.25% ^(a)
Non-Commercial (4c12)	
Up to \$500,000	1.00% ^{(a)(b)}
Over \$500,000	1.25% ^{(a)(b)}
Disabled Homestead (1b)	
Up to \$50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Remainder of Farm	
Up to \$1,900,000 ^(d)	0.50% ^(b)
Over \$1,900,000 ^(d)	1.00% ^(b)
Non-homestead (2b)	1.00% ^(b)

^(a) State tax is applicable to these classifications.

^(b) Exempt from referendum market value based taxes.

^(c) Legislative increases, payable 2019. Historical valuations are: Payable 2018 - \$121,000; Payable 2017 - \$115,000; Payable 2016 - \$106,000; and Payable 2015 - \$100,000.

^(d) Legislative increases, payable 2019. Historical valuations are: Payable 2018 - \$1,940,000; Payable 2017 - \$2,050,000; Payable 2016 - \$2,140,000; and Payable 2015 - \$1,900,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's comprehensive annual financial reports for the years ending 1989 through 2017 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The City has submitted its CAFR for the 2018 fiscal year to GFOA.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Chaska, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chaska, Minnesota (the City) as of and for the year ended December 31, 2018, 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.

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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, 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.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

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 GASB, 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, combining and individual fund statements and schedules, and the 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 combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 combining and individual fund statements and schedules are 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 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, Radomich & Co., P.A.

Minneapolis, Minnesota
June 26, 2019

As management for the City of Chaska (the City), we offer readers of the City's financial statements with this narrative overview and analysis to the financial activities of the City for the year ended December 31, 2018. 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 the report and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$197,760,608 (*net position*). Of that amount, \$36,545,935 is restricted for specific purposes (*restricted net position*) and \$179,866,300 represents the net investment in capital assets.
- The City's governmental funds reported combined ending fund balances of \$8,381,210. This is a decrease of \$10,387,050 from the prior year.
- At the end of the current fiscal year, the General fund had a fund balance of \$2,088,954. While these funds are not legally restricted, the City has committed \$1,010,606 for compensated absences, leaving \$1,078,348 unassigned.
- Total bonds and premium payable decreased \$9,039,785 during the current year. At the end of the year, the City reported \$113,852,933 in bonds payable.
- The City recorded a change in accounting principle in the current year with the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The change reflects standards established for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses as they relate to other post-employment benefit (OPEB) obligations. The implementation of this standard reduced beginning net position on the government-wide financial statements by \$373,908.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These financial statements include not only the City itself (known as the primary government), but also the Chaska Economic Development Authority (EDA). The EDA has been presented as a blended component unit of 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 statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector business.

The *Statement of Net Position* presents information on 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 employee leave benefits).

The government-wide financial statements distinguish functions of the City that are principally supported by 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, Recreation and Arts, and Economic Development. The business-type activities of the City include Electric, Water, Sewer, and Storm Water utilities, along with the Community Center, Par 30 Golf Course, Chaska Town Course, Turbine Generator, Internet Service Provider (ended in 2018), and Curling Center 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 three categories: governmental funds, proprietary funds, and fiduciary 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 the 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 Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous 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 and Public Improvement Projects Fund, 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 or schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Mount Pleasant Maintenance & Care Fund, Chaska EDA Fund, and Equipment Acquisition Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

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, Sewer, and Storm Water utilities, along with the Community Center, Par 30 Golf, Chaska Town Course, Turbine Generator, Internet Service Provider, and Curling Center operations. Data from the non-major enterprise funds are combined into a single, aggregated presentation.
- *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City has one internal service fund that is used to account for the purchase of property, liability, and worker's compensation insurance. This internal service fund is included in the governmental activities in the government-wide financial statements. The internal service fund is presented in a single column in the proprietary funds financial statements.
- Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Electric, Water, Community Center, Turbine Generator, and Curling Center operations, all of which are considered to be major funds of the City. Data from the non-major enterprise funds are combined into a single, aggregated presentation.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. All the City's fiduciary activities are reported in a separate statement of fiduciary net position.

Notes to the Financial Statements - The notes to the financial statements provide additional narrative and financial information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located immediately following Fiduciary 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. These statements and schedules are presented immediately following the notes to the financial statements.

Further, a statistical section has been included to facilitate additional analysis and is the last 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. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$197,760,608 at the close of 2018.

By far, the largest portion of the City's net position (91.0 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less outstanding debt used to acquire those assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

City of Chaska - Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 29,726,863	\$ 39,897,184	\$ 48,538,240	\$ 53,038,171	\$ 78,265,103	\$ 93,035,355
Capital Assets	188,231,207	179,896,176	69,705,234	69,468,609	257,936,441	249,367,765
Total Assets	\$ 217,958,070	\$ 219,896,360	\$ 118,243,474	\$ 122,506,780	\$ 336,201,544	\$ 342,403,140
Deferred Outflows of Resources						
Pension Plan Deferrals	\$ 5,121,120	\$ 6,397,099	\$ 760,653	\$ 1,174,718	\$ 5,881,773	\$ 7,572,117
Other Plan Deferrals	15,087	-	6,394	-	21,481	-
Total Deferred Outflows of Resources	\$ 5,136,217	\$ 6,397,099	\$ 767,047	\$ 1,174,718	\$ 5,903,264	\$ 7,572,117
Total Assets and Deferred Outflows	\$ 223,094,287	\$ 226,294,359	\$ 119,010,521	\$ 123,681,498	\$ 342,104,808	\$ 349,975,257
Liabilities						
Other Liabilities	\$ 4,540,271	\$ 3,758,505	\$ 5,007,843	\$ 4,855,039	\$ 9,547,914	\$ 8,613,544
Noncurrent Liabilities	56,801,970	60,649,578	70,422,540	78,490,959	127,024,510	137,140,537
Total Liabilities	\$ 61,342,241	\$ 64,408,083	\$ 75,430,383	\$ 83,345,998	\$ 136,372,424	\$ 145,754,081
Deferred Inflows of Resources						
Debt Refunding Deferrals	\$ -	\$ -	\$ 444,312	\$ 481,338	\$ 444,312	\$ 481,338
Pension Plan Deferrals	6,361,652	7,016,880	865,812	777,668	7,227,464	7,794,448
Total Deferred Inflows of Resources	\$ 6,361,652	\$ 7,016,880	\$ 1,410,124	\$ 1,258,906	\$ 7,771,776	\$ 8,275,786
Net Position						
Net Investment in Capital Assets	\$ 146,659,763	\$ 137,122,192	\$ 33,206,537	\$ 30,523,279	\$ 179,866,300	\$ 167,645,471
Restricted	20,434,329	19,807,677	16,111,606	17,986,742	36,546,935	37,794,419
Unrestricted	(11,503,698)	(2,060,473)	(7,147,929)	(7,433,427)	(18,651,627)	(9,493,900)
Total Net Position	\$ 155,590,394	\$ 154,869,396	\$ 42,170,214	\$ 41,076,594	\$ 197,760,608	\$ 195,945,990
Total Liabilities, Deferred Inflows, and Net Position	\$ 223,094,287	\$ 226,294,359	\$ 119,010,521	\$ 123,681,498	\$ 342,104,808	\$ 349,975,257

Management's Discussion and Analysis

City of Chaska, Minnesota For the Year Ended December 31, 2018

An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The amount of restricted net position is \$36,545,935. After restrictions, the City is reporting an unrestricted net position deficit of \$18,651,627 a decrease of \$9,157,727 from the prior year.

Governmental activities – Total net position of the governmental activities increased \$720,998. The change in net position was largely due to a \$9,537,571 increase in net investment in capital assets related to construction in progress and developer donated infrastructure, coupled with unrestricted net position decreasing \$9,443,225 due to construction in progress, which had not received funding sources as of year-end.

Business-type activities – Total net position of the business-type activities increased \$1,093,620 to \$42,170,214. Net investment in capital assets increased \$2,683,258 due to construction in progress for a new electric substation and community center project. Restricted net position decreased \$1,875,136 due to payment of debt using restricted escrow funds.

City of Chaska - Changes in Net Position

	Governmental Activities			Business-Type Activities			Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue								
Program Revenues:								
Charges for Services	\$ 7,255,529	\$ 6,120,772	\$ 57,883,986	\$ 53,532,788	\$ 64,939,515	\$ 59,653,540		
Operating Grants & Contributions	777,833	1,477,224	98,052	1,026	979,885	1,479,250		
Capital Grants & Contributions	14,000,537	14,000,537	184,433	704,738	6,143,763	9,179,236		
General Revenue								
Property Taxes	10,128,998	9,080,057	-	-	10,123,988	9,080,057		
Franchise Taxes	-	-	-	-	4,576,985	4,300,526		
Grants & Contributions Not Restricted	26,334	310,188	211	41,184	26,545	351,372		
Other General Revenues	797,516	670,220	444,895	318,934	1,212,484	960,154		
Total Revenues	31,485,542	38,054,624	58,426,650	54,800,271	83,312,182	80,654,886		
Expenses								
General Government	6,025,119	6,003,240	-	-	6,025,119	6,003,240		
Economic Development	4,352,049	2,005,808	-	-	4,352,049	2,005,808		
Public Safety	6,188,886	6,003,781	-	-	6,188,886	6,003,781		
Public Works	1,526,033	1,526,033	-	-	1,526,033	1,526,033		
Public Utilities	1,284,155	1,284,155	-	-	1,284,155	1,284,155		
Interest on Long-term Debt	1,550,437	1,294,604	-	-	1,550,437	1,294,604		
Electric	-	-	38,896,423	35,744,098	38,896,423	35,744,098		
Water	-	-	3,015,684	2,883,350	3,015,684	2,883,350		
Sewer	-	-	3,801,595	3,494,259	3,801,595	3,494,259		
Community Center	-	-	4,538,723	4,752,021	4,538,723	4,752,021		
Par 30 Golf Course	-	-	188,814	183,896	188,814	183,896		
Chaska Town Course	-	-	2,452,066	2,512,410	2,452,066	2,512,410		
Turbine Generator	-	-	1,016,539	1,016,539	1,016,539	1,016,539		
Internet Service Provider	-	-	193,357	184,840	193,357	184,840		
Storm Water	-	-	1,072,424	960,334	1,072,424	960,334		
Chaska Curling Center	-	-	2,635,334	2,330,916	2,635,334	2,330,916		
Total Expenses	29,732,409	26,260,755	57,981,257	53,880,459	87,723,895	81,140,214		
Excess Before Transfers	1,753,133	9,788,869	435,393	718,812	2,188,526	10,508,681		
Transfers	(789,471)	(1,007,187)	789,471	1,007,187	-	-		
Change in Net Position	963,662	8,781,702	1,204,864	1,726,979	2,188,526	10,508,681		
Net Position - Beginning, as Previously Reported	154,863,396	146,087,694	41,076,594	39,340,615	195,945,990	185,437,309		
Change in Accounting Principle	(282,694)	-	(111,244)	-	(373,938)	-		
Net Position - Beginning, Restated	154,580,732	146,087,694	40,965,350	39,340,615	195,572,052	185,437,309		
Net Position - Ending	\$ 155,580,394	\$ 154,869,396	\$ 42,170,214	\$ 41,076,604	\$ 197,760,608	\$ 195,945,990		

Management's Discussion and Analysis
City of Chaska, Minnesota For the Year Ended December 31, 2018

As a whole, the City had total revenues of \$89,912,192 for the year ended December 31, 2018. This is a decrease of \$742,703 from the prior year.

The total cost of all programs and services was \$87,723,666, an increase of \$7,577,452 from the prior year. The City's expenses are predominantly related to providing services such as police, fire, building inspections, street maintenance, and snow removal, purchasing power for electric service and other utility operations for the citizens of Chaska. Other expenses include economic development, public project construction and interest on long-term debt.

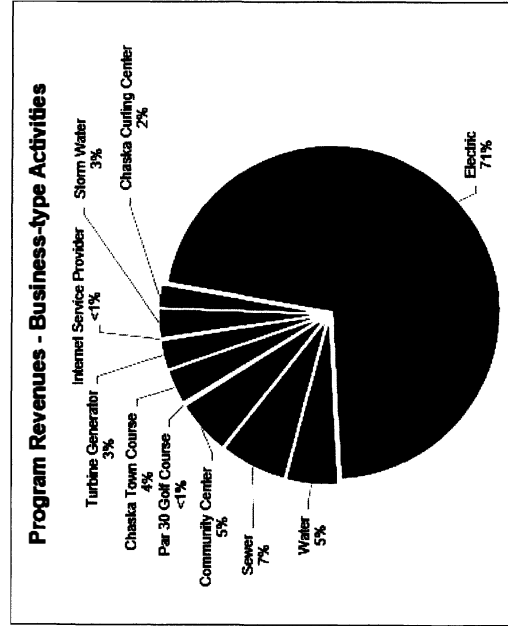
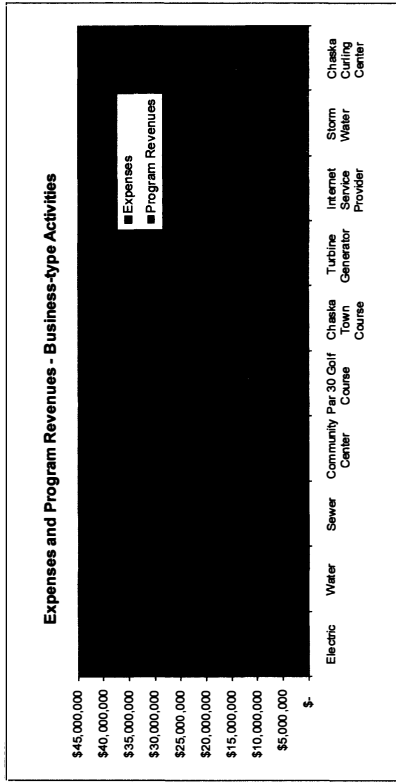
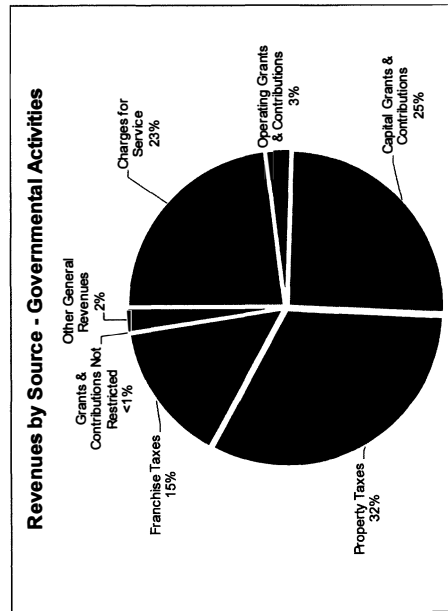
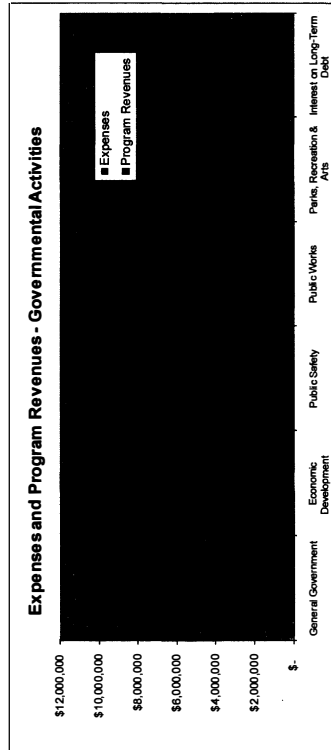
Governmental activities – Governmental Activities revenue decreased \$4,569,082 from the prior year and expenses increased \$3,466,654. Significant components of revenue and expenses include:

- The City's largest source of revenue was property taxes at \$10,129,998 or 32.2 percent.
- Capital Grants and Contributions were the next major source of revenues at 25.3 percent. This revenue is related to special assessments, state aids for street reconstruction, and developer donated infrastructure improvements.
- While Capital Grants and Contributions were a major source of revenue, this revenue decreased \$6,135,290 compared to the prior year. 2018 assessment levies returned to an average level, following a high year of levied assessments in 2017.
- Charges for Services made up 23.0 percent of total revenue and increased \$1,134,757 from the prior year, partly due to higher budgeted administration fees.
- The total costs of all programs and services were \$29,732,409. The cost of providing street maintenance/construction makes up 33.9 percent of this total and public safety accounts for 20.8 percent of this total.
- Economic Development expenses were \$2,346,241 higher than the prior year related to redevelopment projects located in new and expanding Tax Increment Districts.
- Additional comparisons can be found in the accompanying graphs.

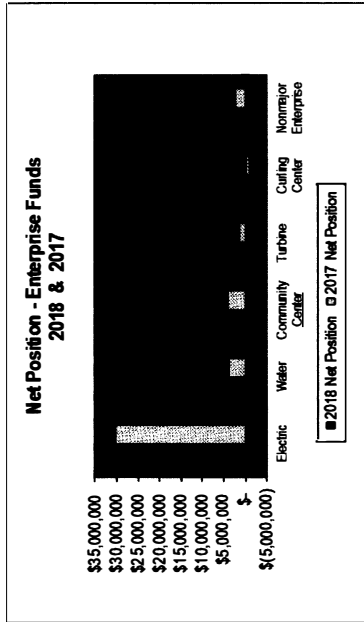
Business-type activities – Business-type Activities revenue increased \$3,826,379 from the prior year and expenses increased \$4,110,798. Significant components of revenue and expenses include:

- Charges for services for business-type activities includes charges for Electric, Water, Sewer and Storm Water utilities. Also included in charges for services are Community Center, Par 30 golf course, Chaska Town Course golf course, Turbine Generator, Internet Service Provider, and Chaska Curling Center operations.
- The Electric fund comprises about 71 percent of all business-type revenue and 67 percent of all business-type expenses.
- Charges for services increased \$4,151,218 or 7.8 percent from the prior year. The majority of this increase was in the Electric fund, which increased \$3,650,817. Both residential and industrial service revenues significantly increased.
- Capital Grants and Contributions decreased \$506,326. There were fewer construction projects in 2018 as compared to 2017.
- Electric fund expenses increased \$3,152,325 due to higher purchased power costs, administration costs, and depreciation.

- The Internet Service Provider operations to outside customers ended in 2018. At year-end, the City transferred assets valued at \$435,590 (net of depreciation) to governmental activities.
- The Chaska Curling Center expenses increased \$304,416 due to the popularity of the facility and expansion of events at the arena, such as Curling Night in America.
- Additional comparisons can be found in the accompanying graphs.



The following table shows net position changes in individual major enterprise funds and combined non-major enterprise funds between 2017 and 2018.



General Fund Budgetary Highlights

The final amended budget for the General fund includes the original adopted budget plus any additional supplemental appropriations that were approved by the City Council during the year. In 2018, the original budget was amended, increasing revenues \$13,000, decreasing other financing sources \$8,000, decreasing expenditures \$200,564, and increasing other financing uses \$128,000.

The City's final budget for the General fund anticipated that revenues and other financing sources would be \$77,564 more than expenditures and other financing uses. At year-end, the increase was \$77,039, \$525 less than the final budget.

Budgetary variances – Revenues

- Total General Fund property taxes were \$5,422,403, slightly more than the final budget of \$5,411,040.
- General Fund revenue from electric franchise taxes was \$151,670 more than final budget due to increased electric sales.
- Licenses and Permit revenue was \$515,546 under budget due a decrease in total building permits issued.
- Intergovernmental revenue surpassed the final budget by \$74,202. State aid and state training aid for Police and Fire comprised \$47,171 of the variance.
- Investment earnings were \$19,607 more than final budget due to better returns.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Chaska 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 spendable resources. Such information is useful in assessing the City of Chaska's financing requirements. In particular, assigned and 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.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$8,381,210. Revenues for the City's governmental funds were \$27,197,021, while total expenditures were \$36,662,986. Property taxes, charges for services and franchise taxes were the most significant sources of revenue (77.0 percent) while capital outlay was the most significant expenditure (22.6 percent) followed by Public Works (21.0 percent) and Public Safety (16.9 percent).

The **General fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,078,348. Total fund balance increased \$77,039 to \$2,088,954, as of December 31, 2018.

- For the year, total revenues and other financing sources were \$16,034,408 and total expenditures and other financing uses were \$15,957,369, resulting in a \$77,039 increase in fund balance. Total revenues were \$44,961 less than total expenditures, due to lower than expected permit revenue. This decrease was offset by transfers to the General fund, from the Internal Service fund, resulting in the increase in fund balance.
- The City has committed \$1,010,606 in the general fund for compensated absences.

The **Public Improvement Projects fund** is a capital project fund used to account for the revenues and expenditures for public improvement costs. Fund balance decreased \$6,692,688 in 2018 due to capital outlay and other project costs that had not received funding sources as of year-end.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The combined net position of all current year enterprise funds operations increased \$1,062,705 (including the change in accounting principle) to \$41,920,831. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

City of Chaska, Minnesota Management's Discussion and Analysis
For the Year Ended December 31, 2018

Budgetary variances - Expenditures

- General Government expenditures were \$324,983 under budget. Professional services and maintenance costs related to upgrades to improve safety in City Hall common areas and services related to the City's initiative to re-invest in employees were over budget, however these items were offset by budgeted contingency of \$795,000, resulting in the positive change.
- Public Safety expenditures were \$326,459 more than the final budget. Overages include overtime costs in both police and fire. Staffing expansions in the police and fire departments resulted in higher costs for equipping and training new employees. The increase compared to budget also includes employee wages related to billable services, which are not budgeted.
- Public Works was \$242,644 over budget related to higher than expected snow removal costs and utility costs.
- Parks, Recreation and Arts were under budget by \$226,667 due to vacant full-time positions as Parks, Recreation and Arts re-organizes its staffing structure.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in capital asset table below, at the end of 2018, the City had \$257.9 million (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and highways, and utility infrastructure. More detailed information on the City of Chaska's capital assets can be found in Note 4 of the basic financial statements.

Capital Assets at Year End - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total
	2018	2017	2018	2017	
Land	\$ 51,583,265	\$ 51,768,931	\$ 1,231,421	\$ 1,231,421	\$ 52,814,686
Works of Art/Historical Treasures	105,027	105,027	-	-	105,027
Buildings	2,416,629	2,598,135	36,160,012	38,300,505	38,576,641
Other Improvements	11,966,322	12,599,631	1,081,052	1,135,327	13,047,374
Furniture & Equipment	4,080,492	3,550,613	5,088,132	4,709,249	9,186,624
Infrastructure	95,779,033	97,355,548	20,376,465	21,095,485	116,155,498
Construction in Progress	22,300,439	11,921,291	5,768,152	2,996,622	28,068,591
Total Capital Assets, Net of Depreciation	\$ 188,231,207	\$ 179,899,176	\$ 69,705,234	\$ 69,468,609	\$ 257,936,441
					\$ 249,367,785

In 2018, a significant increase to Construction in Progress is reported in both governmental activities and business-type activities.

- Governmental activities construction in progress is related to ongoing and extensive development of the southwest Chaska area.

City of Chaska, Minnesota Management's Discussion and Analysis
For the Year Ended December 31, 2018

- Business-type activities construction in progress includes a substation and expansion of the electric distribution system, and an arena locker room project at the Chaska Community Center.

Long-Term Debt

At year-end, the City had \$108.2 million in bonds, notes, and capital leases outstanding, as shown in the table below. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

City of Chaska's Outstanding Debt (Does Not Include Premiums, Compensated Absence, Other Post-Employment Benefit, or Net Pension Liabilities)					
	Governmental Activities		Business-Type Activities		Total
	2018	2017	2018	2017	
General Obligation Equipment Certificates	\$ 2,505,000	\$ 2,605,000	\$ -	\$ -	\$ 2,505,000
General Obligation Bonds	1,435,000	1,635,000	15,100,000	15,820,000	16,535,000
General Obligation Tax Increment Bonds	1,125,000	1,220,000	-	-	1,125,000
General Obligation Assessment Bonds	2,420,000	2,430,000	-	-	2,420,000
General Obligation Improvement Bonds	28,780,000	30,995,000	-	-	28,780,000
Revenue Bonds	-	-	27,905,000	29,440,000	27,905,000
EDA Lease Revenue Bonds	9,545,000	9,815,000	19,145,000	22,575,000	28,690,000
Premiary Note Payable	96,139	107,998	-	-	96,139
Capital Lease Payable	-	-	145,571	-	145,571
Total	\$ 45,906,139	\$ 48,807,998	\$ 62,295,571	\$ 67,835,000	\$ 108,201,710
					\$ 116,642,998

- During 2018, the City made principal payments of \$8,575,000 on outstanding bonds and \$11,859 in notes payable.
- During the year, the City entered into a capital lease agreement for fitness equipment at the Community Center. As of year-end, the balance outstanding is \$145,571.

The City of Chaska's General Obligation bonds carry an AA rating by Standard and Poor's, the City of Chaska Electric Revenue Bonds are rated A1 by Moody's and the Chaska EDA Lease Revenue Bonds carry an AA- rating by Standard and Poor's, as of last review.

Under Minnesota State Statutes, the general obligation bonded debt issued by the City is subject to a legal debt limitation based on 3 percent of market value. At December 31, 2018, the City's legal debt margin was \$80,030,573. The statutes provide that debt issues supported by tax increment, special assessment revenues or available dedicated reserves are excluded from the total limited debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget. Specifically, six major economic issues were considered:

1. Market values across the community increased by an average of 5.72 percent. This will increase our overall property values in the community to just under \$3 billion, the highest level in our City's history. 1.7 percent of this change came from new construction, existing property value increased about 4 percent.
2. Based on State formulas, the City receives minimal Local Government Aid to help reduce our tax levy need. In setting taxes payable 2018, the City did recapture half of the \$250,000 lost annually from LGA reductions.
3. Both residential and commercial building permit activity is expected to be stable in 2019.
4. The City is once again seeing an increase in population with an estimated 2018 population of more than 27,000 residents.
5. Electric revenue has continued to increase with continued economic development activity occurring in the last five years, including data center development and additions to existing industrial businesses, driving up this usage. This has had a positive impact on the electric franchise fee coming back to the General fund.
6. The City continues to see a good mix of commercial, industrial and residential growth in the community.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, City of Chaska, One City Hall Plaza, Chaska, MN 55318.

CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash And Investments	\$ 11,626,617	\$ 4,962,102	\$ 16,588,719
Receivables:			
Taxes	119,625	-	119,625
Special Assessments	13,804,201	41,688	13,845,889
Accounts, Net Of Allowance	217,717	7,102,934	7,320,651
Interest	18,163	153,691	171,854
Leases	99,383	18,901,549	19,000,932
Notes	26,595	-	26,595
Internal Balances	1,088,408	(1,088,408)	-
Due From Other Governments	129,128	57,778	186,906
Inventories	-	2,079,403	2,079,403
Net Pension Asset	242,430	-	242,430
Restricted Assets:			
Cash And Investments For Operating And Maintenance	-	10,432,000	10,432,000
Cash With Escrow Agent - Debt Service	2,354,596	5,895,503	8,250,099
Capital Assets:			
Not Depreciated	73,988,731	6,999,573	80,988,304
Net Of Depreciation	114,242,476	62,705,661	176,948,137
TOTAL ASSETS	217,958,070	118,243,474	336,201,544
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan Deferments	5,121,120	760,653	5,881,773
OPEB Plan Deferments	15,097	6,394	21,491
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,136,217	767,047	5,903,264
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 223,094,287	\$ 119,010,521	\$ 342,104,808
LIABILITIES			
Accounts Payable	\$ 1,299,076	\$ 528,420	\$ 1,827,496
Salaries Payable	403,471	243,970	647,441
Deposits Payable	312,443	379,202	691,645
Accrued Interest Payable	676,389	618,989	1,295,378
Due To Other Governments	21,035	2,524,126	2,545,161
Unearned Revenue	1,827,857	712,936	2,540,793
Non-Current Liabilities:			
Due Within One Year	5,267,646	4,110,548	9,378,194
Due In More Than One Year	51,334,324	66,311,992	117,646,316
TOTAL LIABILITIES	61,142,241	75,430,183	136,572,424
DEFERRED INFLOWS OF RESOURCES			
Debt Refunding Deferments	-	444,312	444,312
Pension Plan Deferments	6,361,652	965,812	7,327,464
TOTAL DEFERRED INFLOWS OF RESOURCES	6,361,652	1,410,124	7,771,776
NET POSITION			
Net Investment in Capital Assets	146,659,763	33,206,537	179,866,300
Restricted for:			
Special Purposes	58,718	-	58,718
Capital Projects	4,445,171	-	4,445,171
Debt Service	13,984,852	16,111,606	30,096,458
Economic Development	1,329,325	-	1,329,325
Fire Relief Pensions	616,263	-	616,263
Unrestricted	(11,503,698)	(7,147,929)	(18,651,627)
TOTAL NET POSITION	155,590,394	42,170,214	197,760,608
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 223,094,287	\$ 119,010,521	\$ 342,104,808

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 6,025,119	\$ 4,235,869	\$ 71,029	\$ -	\$ (1,718,221)	\$ -	\$ (1,718,221)
Economic Development	4,352,049	80,000	71,248	111,912	(4,088,889)	-	(4,088,889)
Public Safety	6,189,888	331,251	572,685	186,437	(5,099,515)	-	(5,099,515)
Public Works	10,088,913	2,178,832	57,634	7,466,457	(385,990)	-	(385,990)
Parks, Recreation And Arts	1,526,003	429,577	5,237	186,541	(904,648)	-	(904,648)
Interest On Long-Term Debt	1,550,437	-	-	-	(1,550,437)	-	(1,550,437)
Total Governmental Activities	29,732,409	7,255,529	777,833	7,951,347	(13,747,700)	-	(13,747,700)
Business-type Activities:							
Electric	38,896,423	41,193,202	8,431	169,322	-	2,474,532	2,474,532
Water	3,015,694	2,861,416	2,810	29,111	-	(122,357)	(122,357)
Sewer	3,801,595	3,789,275	2,810	-	-	(9,510)	(9,510)
Community Center	4,752,021	3,085,972	7,869	-	-	(1,658,180)	(1,658,180)
Par 30 Golf Course	189,814	154,621	562	-	-	(34,631)	(34,631)
Chaska Town Course	2,452,056	1,966,812	3,935	-	-	(481,309)	(481,309)
Turbine Generator	1,016,539	1,650,646	-	-	-	634,307	634,307
Internet Service Provider	159,357	100,033	-	-	-	(59,324)	(59,324)
Storm Water	1,072,424	1,581,812	70,387	-	-	579,775	579,775
Chaska Curling Center	2,635,334	1,299,997	2,248	-	-	(1,333,089)	(1,333,089)
Total Business-type Activities	57,991,257	57,683,986	99,052	198,433	-	(9,786)	(9,786)
TOTAL	\$ 87,723,666	\$ 64,939,515	\$ 876,885	\$ 8,149,780	(13,747,700)	(9,786)	(13,757,486)
General Revenues:							
Property Taxes					10,129,998	-	10,129,998
Franchise Taxes					4,576,985	-	4,576,985
Grants & Contributions Not Restricted							
to Specific Functions					26,334	211	26,545
Investment Earnings					400,814	362,111	762,925
Other					366,702	82,857	449,559
Transfers					(769,471)	769,471	-
Total General Revenues & Transfers					14,731,362	1,214,650	15,946,012
Change in Net Position					983,662	1,204,864	2,188,526
Net Position - Beginning, As Previously Reported					154,869,396	41,076,594	195,945,990
Change in Accounting Principle					(262,664)	(111,244)	(373,908)
Net Position - Beginning, Restated					154,606,732	40,965,350	195,572,082
Net Position - Ending					\$ 155,590,394	\$ 42,170,214	\$ 197,760,608

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>GENERAL</u>	<u>PUBLIC IMPROVEMENT PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash And Investments	\$ 2,236,237	\$ 228,793	\$ 8,962,103	\$ 11,427,133
Cash With Escrow Agent	-	-	2,354,596	2,354,596
Receivables:				
Taxes	87,300	-	32,325	119,625
Special Assessments	-	2,554,345	11,249,856	13,804,201
Accounts, Net of Allowance	199,998	-	17,719	217,717
Interest	2,735	-	9,405	12,140
Lease	-	-	99,383	99,383
Notes	-	-	26,595	26,595
Due From Other Funds	-	-	4,920,000	4,920,000
Due From Other Governments	129,128	-	-	129,128
Interfund Receivable	-	-	2,328,540	2,328,540
Advance To Other Funds	-	-	1,119,940	1,119,940
TOTAL ASSETS	\$ 2,655,398	\$ 2,783,138	\$ 31,120,462	\$ 36,558,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 107,483	\$ 815,592	\$ 376,001	\$ 1,299,076
Salaries Payable	403,471	-	-	403,471
Deposits Payable	174	35,069	277,200	312,443
Due To Other Funds	-	6,340,000	1,450,348	7,790,348
Due To Other Governments	21,035	-	-	21,035
Interfund Payable	-	-	2,169,131	2,169,131
Advance From Other Funds	-	-	2,201,210	2,201,210
Unearned Revenue	-	65,292	1,762,565	1,827,857
TOTAL LIABILITIES	532,163	7,255,953	8,236,455	16,024,571
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Taxes	34,281	-	21,064	55,345
Unavailable Revenue - Special Assessments	-	2,489,053	9,482,841	11,971,894
Unavailable Revenue - Notes Receivable	-	-	26,595	26,595
Unavailable Revenue - Lease Receivable	-	-	99,383	99,383
TOTAL DEFERRED INFLOWS OF RESOURCES	34,281	2,489,053	9,629,883	12,153,217
FUND BALANCES:				
Restricted	-	208,021	10,504,624	10,712,645
Committed	1,010,606	-	3,746,951	4,757,557
Assigned	-	-	8,011,826	8,011,826
Unassigned	1,078,348	(7,169,889)	(9,009,277)	(15,100,818)
TOTAL FUND BALANCES	2,088,954	(6,961,868)	13,254,124	8,381,210
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,655,398	\$ 2,783,138	\$ 31,120,462	\$ 36,558,998

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balances - governmental funds	\$ 8,381,210
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	278,052,733
Less: Accumulated Depreciation	(89,821,526)
Certain revenues are not recognized under the governmental fund statements until available; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.	
Delinquent Taxes	55,345
Special Assessments	11,971,894
Notes Receivable	26,595
Leases Receivable	99,383
Governmental funds do not report long-term amounts related to pensions and other post employment benefits that are included in governmental activities net position.	
Deferred Outflows - Pension Plan Deferments	5,121,120
Deferred Inflows - Pension Plan Deferments	(6,361,652)
Deferred Outflows - OPEB Plan Deferments	15,097
Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	5,335,507
Internal balances from business-type activities for internal service fund services.	(249,383)
Governmental funds do not report net pension assets.	242,430
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.	(676,389)
Long-term liabilities, including bonds payable, notes payable, compensated absences, other post-employment benefits and net pension liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.	
Due within one year	(5,267,646)
Due in more than one year	(51,334,324)
Net position of governmental activities	\$ 155,590,394

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property	\$ 5,422,403	\$ -	\$ 4,710,395	\$ 10,132,798
Franchise	4,576,985	-	-	4,576,985
Licenses And Permits	928,825	-	-	928,825
Intergovernmental	687,796	-	1,038,706	1,726,502
Charges For Services	3,912,324	-	2,307,972	6,220,296
Fines And Forfeitures	109,319	-	-	109,319
Special Assessments	143	65,829	2,284,377	2,350,349
Investment Earnings (Charges)	41,607	(39,497)	307,115	309,225
Other Revenue	105,006	4,500	733,216	842,722
TOTAL REVENUES	15,784,408	30,832	11,381,781	27,197,021
EXPENDITURES				
CURRENT:				
General Government	5,536,453	22,754	137,241	5,696,448
Economic Development	-	-	3,183,480	3,183,480
Public Safety	5,989,659	-	203,390	6,193,049
Public Works	3,506,060	3,386,280	807,341	7,699,681
Parks, Recreation And Arts	797,197	-	265,372	1,062,569
DEBT SERVICE:				
Principal	-	-	2,901,859	2,901,859
Interest	-	-	1,618,919	1,618,919
Issuance Costs And Fiscal Agent Fees	-	-	11,850	11,850
CAPITAL OUTLAY	-	3,379,797	4,915,334	8,295,131
TOTAL EXPENDITURES	15,829,369	6,788,831	14,044,786	36,662,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,961)	(6,757,999)	(2,663,005)	(9,465,965)
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	65,311	3,981,833	4,297,144
Transfers Out	(128,000)	-	(5,124,205)	(5,252,205)
Sale Of Capital Assets	-	-	33,976	33,976
TOTAL OTHER FINANCING SOURCES AND (USES)	122,000	65,311	(1,108,396)	(921,085)
NET CHANGE IN FUND BALANCES	77,039	(6,692,688)	(3,771,401)	(10,387,050)
FUND BALANCES, JANUARY 1	2,011,915	(269,180)	17,025,525	18,768,260
FUND BALANCES, DECEMBER 31	\$ 2,088,954	\$ (6,961,868)	\$ 13,254,124	\$ 8,381,210

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Total net change in fund balances - governmental funds \$ (10,387,050)

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. Further detail on increases and decreases can be found in the note on capital assets. (Increases include donations of capital assets and capital contribution from business-type activities.)

Capital Outlay	16,582,006
Less: Depreciation Expense	(7,032,123)
Net Book Value of assets sold or disposed	(1,653,442)
Capital Outlay transfer from business-type activities	435,590

Under modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period. Under the full accrual basis of accounting, these revenues are recognized when earned.

Delinquent Taxes	(2,800)
Special Assessments	(215,102)
Notes Receivable	(7,666)
Leases Receivable	(29,520)

Long-term debt and other long-term liabilities provide current financial resources to governmental funds, while the repayment of long-term debt and liabilities consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Further detail on the additions and reductions can be found in the note on long-term liabilities.

Additions to long-term liabilities (increases governmental fund balances)	(1,651,876)
Reductions to long-term liabilities (decreases governmental fund balances)	5,991,241

Net pension and OPEB activity is not recognized in the governmental funds but recognized as the expense/revenue is incurred in the Statement of Activities.

Net Pension Asset	(312,733)
Deferred Outflows - Pension Plan Deferrals	(1,276,879)
Deferred Inflows - Pension Plan Deferrals	655,228
Deferred Outflows - OPEB Deferrals	(13,996)

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.

(129,530)

Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

63,229

Internal service fund profit allocated to business-type activities. (30,915)

Change in net position - governmental activities \$ 983,662

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property	\$ 5,411,040	\$ 5,411,040	\$ 5,422,403	\$ 11,363
Franchise	4,434,054	4,439,054	4,576,985	137,931
Licenses And Permits	1,444,371	1,444,371	928,825	(515,546)
Intergovernmental	613,594	613,594	687,796	74,202
Charges For Services	3,888,262	3,888,262	3,912,324	24,062
Fines And Forfeitures	119,454	119,454	109,319	(10,135)
Special Assessments	-	-	143	143
Investment Earnings	14,000	22,000	41,607	19,607
Other Revenue	79,705	79,705	105,006	25,301
TOTAL REVENUES	16,004,480	16,017,480	15,784,408	(233,072)
EXPENDITURES:				
Current:				
General Government	5,761,436	5,861,436	5,536,453	324,983
Public Safety	5,758,200	5,663,200	5,989,659	(326,459)
Public Works	3,468,980	3,263,416	3,506,060	(242,644)
Parks, Recreation And Arts	1,023,864	1,023,864	797,197	226,667
TOTAL EXPENDITURES	16,012,480	15,811,916	15,829,369	(17,453)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,000)	205,564	(44,961)	(250,525)
OTHER FINANCING SOURCES (USES):				
Transfers In	8,000	-	250,000	250,000
Transfers Out	-	(128,000)	(128,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	8,000	(128,000)	122,000	250,000
NET CHANGE IN FUND BALANCES	-	77,564	77,039	(525)
FUND BALANCES, January 1	2,011,915	2,011,915	2,011,915	-
FUND BALANCES, December 31	\$ 2,011,915	\$ 2,089,479	\$ 2,088,954	\$ (525)

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	TOTALS	
ASSETS								
Current Assets:								
Cash And Investments	\$ 2,268,855	\$ 1,157,309	\$ 5,797	\$ 265,310	\$ 6,037	\$ 1,258,794	\$ 4,962,102	\$ 199,484
Restricted Assets:								
Cash And Investments For Operating And Maintenance	10,432,000	-	-	-	-	-	10,432,000	-
Cash And Investments For Debt Service	182,537	-	500	1,195,900	13	-	1,378,950	-
Receivables:								
Special Assessments	-	-	-	-	-	41,688	41,688	-
Accounts:								
Current	3,642,293	197,295	145,994	-	43,782	490,471	4,519,835	-
Unbilled	2,339,995	111,080	-	-	-	197,896	2,648,971	-
Allowance For Uncollectible Accounts	(54,634)	(2,959)	(269)	-	(657)	(7,353)	(65,872)	-
Interest	9,081	2,591	-	140,836	-	1,183	153,691	6,023
Due From Other Funds	850,000	2,050,000	-	515,000	-	1,360,348	4,775,348	5,130,000
Due From Other Governments	27,429	2,473	-	-	-	27,876	57,778	-
Interfund Receivable	-	-	-	51,560	-	-	51,560	-
Lease Receivable	-	-	-	903,266	-	-	903,266	-
Inventories	1,849,135	169,082	-	-	-	61,186	2,079,403	-
Total Current Assets	21,546,691	3,686,871	152,022	3,071,872	49,175	3,432,089	31,938,720	5,335,507
Noncurrent Assets:								
Restricted Cash And Investments	737,578	-	271,813	2,083,000	1,424,162	-	4,516,553	-
Lease Receivable	-	-	-	17,998,283	-	-	17,998,283	-
Advance To Other Funds	2,201,210	-	-	820,271	-	-	3,021,481	-
Capital Assets:								
Land	778,843	222,130	90,466	-	-	139,982	1,231,421	-
Buildings	4,774,312	17,255,218	25,271,730	-	17,040,442	8,380,433	72,722,135	-
Other Improvements	-	1,271,864	546,340	-	-	387,171	2,205,375	-
Furniture And Equipment	1,986,020	751,611	2,519,021	-	1,866,701	3,731,339	10,654,692	-
Infrastructure	27,106,739	5,154,468	-	-	-	4,025,938	36,287,145	-
Construction In Progress	5,047,007	3,197	619,527	-	-	98,421	5,768,152	-
Less: Accumulated Depreciation	(17,309,488)	(12,761,176)	(17,501,130)	-	(1,382,376)	(10,409,516)	(59,363,686)	-
Total Net Capital Assets	22,383,433	11,897,312	11,545,954	-	17,524,767	5,353,768	69,705,234	-
Total Noncurrent Assets	25,322,221	11,897,312	11,817,767	20,901,554	18,948,929	6,353,768	95,241,551	-
TOTAL ASSETS	46,868,912	15,584,183	11,969,789	23,973,426	18,998,104	9,785,857	127,180,271	5,335,507
DEFERRED OUTFLOWS OF RESOURCES								
Pension Plan Deferments	215,279	71,760	200,927	-	57,408	215,279	760,653	-
OPEB Plan Deferments	2,798	511	986	-	169	1,930	6,394	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	218,077	72,271	201,913	-	57,577	217,209	767,047	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 47,086,989	\$ 15,656,454	\$ 12,171,702	\$ 23,973,426	\$ 19,055,681	\$ 10,003,066	\$ 127,947,318	\$ 5,335,507
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ 303,953	\$ 30,344	\$ 154,381	\$ -	\$ 6,632	\$ 33,110	\$ 528,420	\$ -
Salaries Payable	60,918	21,927	78,041	-	25,886	57,198	243,970	-
Deposits Payable	142,754	5,000	109,045	-	16,000	106,403	379,202	-
Compensated Absences	150,013	34,440	61,191	-	13,649	91,005	350,298	-
Accrued Interest Payable	77,287	40,928	13,400	221,538	210,776	55,060	618,989	-
Due To Other Funds	-	-	2,215,000	-	4,720,000	100,000	7,035,000	-
Due To Other Governments	2,410,318	4,899	11,927	90,557	1,578	4,847	2,524,126	-
Interfund Payable	51,560	11,630	-	-	-	147,779	210,969	-
Revenue Bonds Payable	420,000	594,000	330,000	1,195,000	980,000	201,000	3,720,000	-
Capital Lease Payable	-	-	40,250	-	-	-	40,250	-
Unearned Revenue	-	-	281,170	-	236,724	195,042	712,936	-
Total Current Liabilities	3,616,803	743,168	3,294,405	1,507,095	6,211,245	991,444	16,364,160	-
Noncurrent Liabilities:								
Compensated Absences	64,241	7,950	58,314	-	20,481	60,756	211,742	-
Advance From Other Funds	820,271	131,370	-	-	-	988,570	1,940,211	-
Revenue Bonds Payable	9,415,094	10,177,274	4,546,926	19,807,852	13,380,000	4,408,746	61,735,892	-
Capital Lease Payable	-	-	105,321	-	-	-	105,321	-
Other PostEmployment Benefits	154,197	30,501	58,520	-	4,308	115,715	363,241	-
Net Pension Liability	1,102,584	367,528	1,029,078	-	294,022	1,102,584	3,895,796	-
Total Noncurrent Liabilities	11,556,387	10,714,623	5,798,159	19,807,852	13,698,811	6,676,371	68,252,203	-
TOTAL LIABILITIES	15,173,190	11,457,791	9,092,564	21,314,947	19,910,056	7,667,815	84,616,363	-
DEFERRED INFLOWS OF RESOURCES								
Debt Refunding Deferments	-	-	-	444,312	-	-	444,312	-
Pension Plan Deferments	273,343	91,114	255,120	-	72,892	273,343	965,812	-
TOTAL DEFERRED INFLOWS OF RESOURCES	273,343	91,114	255,120	444,312	72,892	273,343	1,410,124	-
NET POSITION								
Net Investment In Capital Assets	15,873,395	2,135,950	6,669,028	-	3,184,767	5,363,397	33,206,537	-
Restricted For Debt Service	11,352,115	-	272,313	3,063,003	1,424,175	-	16,111,606	-
Unrestricted	4,414,946	1,971,589	(4,117,323)	(848,836)	(5,516,209)	(3,301,489)	(7,397,312)	6,335,507
TOTAL NET POSITION	31,640,456	4,107,549	2,824,018	2,214,167	(927,267)	2,061,908	41,920,831	5,335,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 47,086,989	\$ 15,656,454	\$ 12,171,702	\$ 23,973,426	\$ 19,055,681	\$ 10,003,066	127,947,318	\$ 5,335,507
Adjustment to reflect the consolidation of Internal service fund activities related to enterprise funds							249,383	
Net Position of business-type activities							\$ 42,170,214	

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	
OPERATING REVENUES:							
Sales	\$ 41,193,202	\$ 2,861,416	\$ 3,085,972	\$ 1,650,846	\$ 1,299,997	\$ 7,592,553	\$ 57,683,986
OPERATING EXPENSES:							
Production	28,654,423	515,557	-	-	-	2,451,571	31,621,551
Distribution / Collections	2,225,361	713,927	-	-	-	1,125,983	4,065,271
Administration	2,712,763	631,464	3,834,757	342,286	1,497,227	3,168,129	12,186,626
Franchise Fees	3,820,670	-	-	-	-	-	3,820,670
Depreciation	1,131,126	791,340	729,338	-	628,587	778,005	4,058,396
TOTAL OPERATING EXPENSES	38,544,343	2,652,288	4,564,095	342,286	2,125,814	7,523,688	55,752,514
OPERATING INCOME (LOSS)	2,648,859	209,128	(1,478,123)	1,308,560	(825,817)	68,865	1,931,472
NON-OPERATING REVENUES:							
Investment Earnings (Charges)	320,467	46,652	(16,262)	61,735	(76,340)	25,859	362,111
Intergovernmental	8,534	2,826	7,869	-	2,248	77,786	99,263
Payments	-	-	-	55,595	-	-	55,595
Gain On Sale Of Capital Assets	25,854	-	1,408	-	-	-	27,262
Miscellaneous Refunds	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	354,855	49,478	(6,985)	117,330	(74,092)	103,645	544,231
NON-OPERATING EXPENSES:							
Interest	360,981	365,159	182,641	669,753	507,283	161,489	2,247,306
Issuance Costs And Fiscal Agent Fees	450	-	12,100	4,500	3,200	-	20,250
Loss On Sale Of Capital Assets	-	-	2,102	-	-	-	2,102
Contribution to Governmental Activities	-	-	-	-	-	435,590	435,590
TOTAL NON-OPERATING EXPENSES	361,431	365,159	196,843	674,253	510,483	597,079	2,705,248
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,642,283	(106,553)	(1,681,951)	751,637	(1,410,392)	(424,569)	(229,545)
CAPITAL CONTRIBUTIONS	169,322	29,111	-	-	-	-	198,433
TRANSFERS IN (OUT):							
Transfers In	-	466,964	432,000	-	1,594,230	481,076	2,974,270
Transfers Out	(1,375,809)	(66,500)	-	-	-	(326,900)	(1,769,209)
TOTAL TRANSFERS IN (OUT)	(1,375,809)	400,464	432,000	-	1,594,230	154,176	1,205,061
CHANGE IN NET POSITION	1,435,796	323,022	(1,249,951)	751,637	183,838	(270,393)	1,173,949
NET POSITION, JANUARY 1, As Previously Reported	30,253,348	3,793,413	4,091,118	1,462,530	(1,108,162)	2,365,879	40,858,126
Change in Accounting Principle	(48,688)	(8,886)	(17,149)	-	(2,943)	(33,578)	(111,244)
NET POSITION, JANUARY 1, Restated	30,204,660	3,784,527	4,073,969	1,462,530	(1,111,105)	2,332,301	40,746,882
NET POSITION, DECEMBER 31	\$ 31,640,456	\$ 4,107,549	\$ 2,824,018	\$ 2,214,167	\$ (927,267)	\$ 2,061,908	\$ 41,920,831
Change in net position - total Enterprise Funds							\$ 1,173,949
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							30,915
Change in net position - Business-type Activities							\$ 1,204,864

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	TOTALS	
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts From Customers And Users	\$ 40,378,291	\$ 2,823,515	\$ 3,331,868	\$ 1,650,846	\$ 1,284,504	\$ 7,537,187	\$ 57,006,211	\$ 823,899
Payments To Suppliers	(35,971,060)	(1,460,971)	(1,645,573)	(314,787)	(716,258)	(4,778,363)	(44,887,012)	(749,710)
Payments To Employees	(1,610,079)	(615,891)	(2,053,261)	-	(577,500)	(2,035,869)	(6,892,400)	147,451
Net Cash Provided (Used) By Operating Activities	2,797,152	746,653	(366,966)	1,336,059	(9,254)	722,955	5,226,799	221,640
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers From Other Funds	-	466,964	432,000	-	1,594,230	481,076	2,974,270	-
Transfers To Other Funds	(1,375,809)	(66,500)	-	-	-	(326,900)	(1,769,209)	(250,000)
Due From Other Funds	(850,000)	(2,050,000)	-	(515,000)	-	(1,221,088)	(4,636,088)	(361,717)
Due To Other Funds	-	-	955,707	-	(48,283)	(39,260)	868,164	-
Interfund Loans To Other Funds	(42,923)	-	-	48,624	-	-	5,701	-
Interfund Payments On Interfund Loans	-	-	-	55,595	-	-	55,595	-
Intergovernmental	8,534	2,826	7,869	-	2,248	77,786	99,263	-
Net Cash Provided (Used) By Non-Capital Financing Activities	(2,260,198)	(1,646,710)	1,395,576	(410,781)	1,548,195	(1,028,386)	(2,402,304)	(611,717)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds From Capital Leases	-	-	183,475	-	-	-	183,475	-
Capital Contributions	169,322	29,111	-	-	-	-	198,433	-
Principal Paid On Bonds	(395,000)	(529,000)	(2,465,000)	(1,140,000)	(965,000)	(191,000)	(5,685,000)	-
Principal Paid on Capital Leases	-	-	(37,904)	-	-	-	(37,904)	-
Interest And Fiscal Charges	(336,610)	(372,799)	(207,957)	(936,250)	(517,589)	(130,284)	(2,501,489)	-
Proceeds From Sale Of Capital Assets	25,854	-	1,408	-	-	-	27,262	-
Construction And Acquisition of Capital Assets	(3,369,685)	(311,742)	(658,447)	-	-	(392,839)	(4,732,713)	-
Lease Payments Received	-	-	-	834,960	-	-	834,960	-
Interfund Loans From Other Funds	(48,624)	143,000	-	-	-	39,334	133,710	-
Interest Payments On Interfund Loans	(55,595)	(4,806)	-	-	-	(33,792)	(94,193)	-
Net Cash Provided (Used) By Capital And Related Financing Activities	(4,010,338)	(1,046,236)	(3,184,425)	(1,241,290)	(1,482,589)	(708,581)	(11,673,459)	-
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest (Charges) On Investments	319,281	45,703	(16,262)	56,094	(76,340)	25,594	354,070	90,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,154,103)	(1,900,390)	(2,172,077)	(259,918)	(19,888)	(988,418)	(8,494,894)	(300,003)
CASH AND CASH EQUIVALENTS, January 1	16,775,073	3,057,699	2,450,187	3,804,128	1,450,200	2,247,212	29,784,499	499,487
CASH AND CASH EQUIVALENTS, December 31	\$ 13,620,970	\$ 1,157,309	\$ 278,110	\$ 3,544,210	\$ 1,430,212	\$ 1,258,794	\$ 21,289,605	\$ 199,484
CASH AND CASH EQUIVALENTS:								
Cash And Investments	\$ 2,268,855	\$ 1,157,309	\$ 5,797	\$ 265,310	\$ 6,037	\$ 1,258,794	\$ 4,962,102	\$ 199,484
Restricted Assets-Revenue Bonds:								
Cash And Investments	11,352,115	-	272,313	3,278,900	1,424,175	-	16,327,503	-
Total Cash And Cash Equivalents	\$ 13,620,970	\$ 1,157,309	\$ 278,110	\$ 3,544,210	\$ 1,430,212	\$ 1,258,794	\$ 21,289,605	\$ 199,484
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ 2,648,859	\$ 209,128	\$ (1,478,123)	\$ 1,308,560	\$ (825,817)	\$ 68,865	\$ 1,931,472	\$ 74,189
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:								
Depreciation Expense	1,131,126	791,340	729,338	-	628,587	778,005	4,058,396	-
Miscellaneous Receipts	-	-	-	-	-	-	-	147,451
(Increase) Decrease In Assets And Deferred Outflows:								
Special Assessments	352	66	-	-	-	9,155	9,573	-
Accounts Receivable	(828,022)	(36,311)	56,701	-	24,850	(84,359)	(867,141)	-
Allowance For Uncollectible Accounts	1,758	9	(1,061)	-	(372)	609	943	-
Due From Other Governments	4,038	(49)	60,634	-	-	9,479	74,102	-
Inventory	(340,990)	(45,382)	-	-	-	6,441	(379,931)	-
Deferred Outflows	184,390	51,501	104,675	-	(57,251)	136,676	419,991	-
Increase (Decrease) In Liabilities And Deferred Inflows:								
Accounts Payable	106,341	(106,572)	98,445	-	(79,860)	(66,167)	(47,813)	-
Salaries Payable	453	3,188	10,826	-	5,579	9,533	29,579	-
Deposits Payable	7,315	(1,550)	23,935	-	(6,350)	(26,939)	(3,589)	-
Compensated Absences Payable	36,578	3,705	(4,759)	-	8,197	21,835	65,556	-
Net Pension Liability	(285,120)	(119,491)	(133,106)	-	293,353	(228,390)	(472,754)	-
Due To Other Governments	85,955	(16,586)	(2,911)	27,499	(116)	(3,424)	90,417	-
Unearned Revenue	(352)	(66)	105,987	-	(33,621)	36,689	108,337	-
Other Post Employment Benefits	9,373	1,711	3,302	-	566	6,465	21,417	-
Deferred Inflows - Pensions	35,098	12,212	59,451	-	33,001	48,482	188,244	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,797,152	\$ 746,653	\$ (366,966)	\$ 1,336,059	\$ (9,254)	\$ 722,955	\$ 5,226,799	\$ 221,640
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:								
Amortization Of Bond Premiums	\$ 19,829	\$ 16,574	\$ 11,977	\$ 213,571	\$ -	\$ 4,822	\$ 266,773	\$ -
Amortization Of Gain On Refunding	\$ -	\$ -	\$ -	\$ 37,026	\$ -	\$ -	\$ 37,026	\$ -
Capital Contributions to Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,590	\$ 435,590	\$ -
Net Book Value of Capital Asset Disposals	\$ -	\$ -	\$ 2,102	\$ -	\$ -	\$ -	\$ 2,102	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash And Cash Equivalents	\$ 342,420
Accounts Receivable	4,672
Due From Other Governments	2,220
Due From Other Funds	<u>5,149</u>
TOTAL ASSETS	<u>\$ 354,461</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,743
Due To Other Funds	5,149
Deposits Payable	317,749
Due To Other Governments	<u>29,820</u>
TOTAL LIABILITIES	<u>\$ 354,461</u>

The notes to the financial statements are an integral part of this statement.

Note 1 Summary of Significant Accounting Policies

The City of Chaska (the City) operates under the Optional Plan A form of government pursuant to applicable Minnesota laws and statutes. The Plan A form of government prescribes an Administrator-Council form of organization. The Council consists of an elected mayor and four council members. The City provides the following services: public safety, highways and streets, culture-recreation, public improvements, planning and zoning and general administration. The City operates utilities in the areas of electric, water, sewer and storm water. The City also operates a community center, two golf courses, a gas turbine generator and a curling and event center. Internet services operated by the City were discontinued during the year.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units by the Governmental Accounting Standards Board (GASB). In order to enhance the usefulness of the financial statements to the reader the following is a summary of the City's significant accounting policies.

A) The Financial Reporting Entity

These financial statements present the City (primary government) and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, one organization has been defined and is presented in this report as follows:

Blended component unit – The Chaska Economic Development Authority (Chaska EDA) was established in 1987 by Resolution No. 87-25 of the Chaska City Council. The Chaska EDA is included in these financial statements because the Chaska EDA Board is comprised of City Council members. Activities of the Chaska EDA are financed by a tax levy of the City for that purpose. There are no other statements for the Chaska EDA other than those presented in this report.

B) Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements. "Government-wide financial statements" (i.e. the Statement of Net Position and the Statement of Activities) report information based on the City as a whole and exclude

fiduciary activity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Direct expenses also include allocated expenses to functional programs from centralized expenses reported in the Self Insurance fund. *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, 2) operating grants and contributions that are restricted to meet the operational requirements of a particular function and 3) capital grants and contributions (including special assessments) that are restricted to meeting the capital requirements of a particular function. Taxes and other internally directed revenues are reported as *general revenues*.

The accounts of the City are organized on the basis of funds and separate "Fund Financial Statements" are provided for in three different fund categories (Governmental, Proprietary and Fiduciary). Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities. A fund is a separate accounting entity with self-balancing accounts that include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements present information for individual major funds in separate columns. Nonmajor funds are presented aggregately in one column in the fund financial statements.

Major Funds

The City reports the following major governmental funds:

- **General Fund** – This fund is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.
- **Public Improvement Projects Fund** – This fund accounts for the financing and construction of public improvements projects.

The City reports the following major proprietary funds:

- **Electric Fund** – This fund accounts for revenues and expenses of the City's Electric Utility operations.
- **Water Fund** – This fund accounts for revenues and expenses of the City's Water Utility operations.
- **Community Center Fund** – This fund accounts for revenues and expenses of the Chaska Community Center operations.

- **Turbine Generator Fund** – This fund accounts for the operations of the City's Turbine Generator Utility operations.
- **Curling Center Fund** – This fund accounts for the operations of the City's Curling and Event Center operations.

Additionally, the City reports the following fund types:

- **Internal Service Funds** – Internal service funds account for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The City has one Internal Service fund – the Self-Insurance fund. This fund is used to account for the purchase of property, liability and workers' compensation insurance for all City departments. Costs are allocated to individual departments.
- **Fiduciary Funds** – Fiduciary funds account for assets held on behalf of outside parties, including other governments. The City's only fiduciary fund type is an agency fund. Agency funds account for assets that the City holds on behalf of others as their agent and are custodial in nature. The City reports the following Fiduciary funds:
 - **Builders' Deposit Fund** – This fund accounts for assets held in a custodial capacity in the form of deposits from builders that will be refunded upon project completion.
 - **Developers' Fund** – This fund accounts for assets held in a custodial capacity in the form of billings to developers for contractual services.
 - **Metropolitan Council Environmental Services (MCES) Collections Fund** – This fund accounts for the collection of assets held in a custodial capacity in the form of sewer availability charges remitted monthly to MCES.
 - **Police Evidence Cash Fund** – This fund accounts for cash funds held as evidence by the Chaska Police department.

C) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus aims to report all inflows, outflows, and balances affecting or reflecting an entity's net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Fiduciary funds report assets and liabilities only and have no measurement focus, but do use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are

collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, principal and interest on long-term debt and other long-term obligations are recognized as expenditures to the extent they have matured.

Property taxes, franchise taxes, licenses and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise taxes and other administrative charges between the City's enterprise funds and other functions of the government. Elimination of these charges would misrepresent the direct costs and program revenues reported for the various functions concerned.

Proprietary funds are accounted for on a flow of *economic resources measurement focus* and *accrual basis of accounting*. This means that all assets, including capital assets, deferred outflows of resources and all liabilities, including long-term liabilities and deferred inflows of resources associated with fund activity are included on the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 expenses for all the City of Chaska's enterprise funds and internal service fund are cost of sales and services, administrative expense and depreciation of capital assets. All other revenues and expenses are reported as non-operating items.

D) Budgetary Accounting

Budgets for the General fund, two Special Revenue funds and one Capital Project fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Non-major Special Revenue funds with budgets are the Mount Pleasant Maintenance & Care fund and the Chaska EDA fund. The budgeted capital project fund is the Equipment Acquisition fund. (Schedules are included in this financial statement). All annual appropriations lapse at fiscal year-end.

E) Cash and Investments

Cash balances from all funds are combined and invested to the extent available as authorized by Minnesota State Statutes. Earnings from such investments are allocated to the respective funds based on applicable cash balance participation by each fund. Investments are stated at fair value based on quoted market prices, except for investments in external investment pools, which are stated at amortized cost. Cash and cash equivalents consist of available cash, cash deposits and highly liquid investments with an original maturity date at the time of purchase of three months or less. Interest on escrow investments is allocated specifically to the related fund. Investment income is accrued at the balance sheet date.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America (GAAP). 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 3 for the City's recurring fair value measurements as of year-end.

F) Receivables

• **Property Tax**

Property tax levies are set by the City Council and must be levied on or before five business days after December 20th. Levied property taxes are certified to Carver County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Property taxes are due from taxpayers in two equal installments, on May 15 and October 15. The County provides tax settlements to cities and other local governments three times a year: in July, December, and January of the following year.

Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and have been offset by a deferred inflow of resources, because it is not known when they will be available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

• **Special Assessments**

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. Annual installments (including interest) for special assessments are collected by the County in the same manner as property taxes.

The City recognizes special assessment revenue in the government-wide financial statements when the assessment rolls are levied. In the governmental fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31 are classified as delinquent receivables and together with deferred assessments are fully offset by deferred inflow of resources because it is not known when they will be available to finance current expenditures. Delinquent special assessment receivable at December 31, 2018 totaled \$27,780.

• **Trade Receivables**

Utility and miscellaneous accounts receivable are shown net of an allowance for uncollectible accounts on the Statement of Net Position. On December 31, 2018, the allowance for uncollectible accounts is \$68,918.

G) Short-Term and Long-Term Interfund Receivables/Payables

City operations include activity between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". The current portions of lending/borrowing arrangements are classified as "interfund receivables/payables". The long-term portions of interfund receivables are reported as "advances to other funds".

H) Inventory

Inventories in the enterprise funds are valued at cost, which approximates market, using the first in-first out (FIFO) method. Inventories are recorded as expenses when consumed.

I) Restricted Assets

In the government-wide statement of net position and proprietary fund financial statements, unspent bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Investment earnings on these assets are allocated directly to the appropriate funds.

J) Capital Assets

Capital assets, which include property, buildings, improvements, equipment and infrastructure (e.g. roads, bridges, streets, sidewalks, drainage systems and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund 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 valued at their estimated acquisition value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City uses the following capitalization policy:

City of Chaska, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2018

Description	Capitalization Threshold
Machinery / Equipment and Vehicles	\$5,000
Building and Building Improvements	25,000
Land and Land Improvements	25,000
Public Domain Infrastructure	50,000

Depreciation of assets on the government-wide statements for the primary government (governmental and business-type activities) and in the proprietary funds financial statements is charged as an expense against operations using the straight-line method and the following estimated useful lives:

Description	Life
Buildings and Structures	25 years
Furniture and Equipment	3 - 25 years
Improvements, other than Buildings	25 - 50 years
Public Domain Infrastructure	10 - 50 years

Capital assets not being depreciated include land, because land is believed to have an unlimited useful life; works of art/historical treasures, because these assets do not have a determinable useful life; and construction in progress, because construction on the asset has not been fully completed.

K) Compensated Absences

The City permits employees to accumulate earned, but unused personal, vacation, sick and compensatory time benefits. Employees are compensated upon termination for unused personal, vacation and compensatory time. Sick leave is accrued as used or when it becomes likely that it will be paid as termination pay, while personal, vacation, and compensatory time is recorded as an expense and liability as the benefits accrue in the government-wide and proprietary fund financial statements. The liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L) Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position 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 the difference between expected and actual economic experience, changes in actuarial assumptions, difference 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.

City of Chaska, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2018

The City also reports deferred inflows of resources related to debt refunding in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from the differences between the resources required to refund debt and the net carrying amount of the refunded issue. These amounts are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Unavailable revenue arises only under the modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues for taxes, special assessments, notes receivable and leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M) 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 are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. 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 are reported as expenditures.

N) Fund Balance Classifications

The difference between fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is "fund balance" on the governmental fund statements. In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

- **Nonspendable** – consists of amounts that cannot be spent because it is 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 amounts related to internally imposed constraints that are established by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purposes 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 amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds

other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended use established by the governing body itself or by an official to which the governing body delegates authority. Pursuant to City Council Resolution, the City's Administrative Services Director is authorized to establish assignments of fund balance.

- **Unassigned** – is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed. When committed, assigned or unassigned funds are available for expenditure, it is the City's policy to spend committed funds first, assigned funds second and unassigned funds last.

O) Net Position

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

- **Net Investment in Capital Assets** - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.
- **Restricted Net Position** - consists of net position restricted by limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulation 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" are reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as needed.

P) Interfund Transactions

Interfund services provided are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In the ordinary course of business, transfers between funds are made to finance projects. Other interfund transactions are reported as transfers in/out. Interfund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net position represents interfund receivable or payable between governmental and business-type activities.

Q) Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America (GAAP), 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.

R) 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 PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Chaska Fire Department Relief Association (CFDRAPP) and additions to/deductions from CFDRAPP's fiduciary net position have been determined on the same basis as they are reported as of December 31, 2018. Investments are reported at fair value.

S) Change in Accounting Principle

During the year ended December 31, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for employer recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expense for OPEB. Certain amounts necessary to fully restate fiscal year 2017 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this statement in the current year resulted in the restatement of net position as of December 31, 2017. The details of the restatement are as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds
Net Position - Beginning as Previously Reported	\$ 154,869,396	\$ 41,076,594	\$ 40,858,126
Change in Accounting Principle			
Net OPEB Obligation, Under Previous Reporting Standards	512,711	218,260	218,260
Total OPEB Liability, Under Current Reporting Standards	(804,468)	(341,824)	(341,824)
Deferred Outflows of Resources, Under Current Reporting Standards	29,093	12,320	12,320
Total Change in Accounting Principle	(262,664)	(111,244)	(111,244)
Net Position - Beginning, Restated	\$ 154,606,732	\$ 40,965,350	\$ 40,746,882

Note 2 Compliance and Accountability

A) Budget

The City follows these procedures in establishing and monitoring the annual budget:

1. City Administrative Services Director prepares history of actual revenues and expenditures for the prior two years and an estimate for the current year.
2. Department heads review the history and estimate the coming year's revenues and expenditures and then project out five years. Department heads submit their five-year budgets to the City Administrative Services Director.
3. Department budgets are reviewed and combined into a five-year budget by the City Administrator and City Administrative Services Director.
4. The City Administrator recommends the five-year budget to the City Council and revenue and expenditure targets for the new budget year are established.
5. Department heads prepare and submit detail budgets for the new budget year.
6. Department budgets are reviewed by the City Administrator and City Administrative Services Director and submitted to the City Council for approval.
7. Public hearings are conducted to obtain public comment.
8. The City Council may amend the recommended budget and then approves the final budget and required tax levy through passage of a resolution in accordance with Minnesota State Statutes on "Truth in Taxation".
9. The legal level of budgetary control is at the fund level. Budgetary control is maintained by department heads for all assigned divisions. Department heads may reallocate budget appropriations between divisions within the same fund, but not reallocate between funds or functions. The City Administrator may reallocate budget appropriations between functions within the same fund.
10. During the year, expenditures in various categories (i.e., personal services, operating supplies, other services and charges, capital outlay and other financing uses) may exceed the level of appropriation if additional revenues or reduced expenditures in another account are identified and available to offset the additional expenditures.
11. Unused budgeted expenditure appropriations lapse at year-end.

B) Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the General fund by \$17,453, and the Chaska EDA Special Revenue fund by \$303,668. Variances in the General fund were offset by a transfer into the fund, and difference in the Chaska EDA was offset with fund balance.

C) Nonmajor Funds with Negative Equity

The following nonmajor funds maintained a deficit fund balance/net position at December 31, 2018:

Special Revenue Fund	
Chaska EDA	\$ 1,083,766
Capital Project Funds	
Fire Protection Systems	\$ 36,061
2014 Flood Event	312,740
TIF Dist #14 - Downtown Redevelopment	1,954,631
TIF Dist #17 - Chaska Preserve	190,920
TIF Dist #18 - Chaska Building Center	1,493,366
TIF Dist #20 - Brewery Project	261,511
TIF Dist #21 - Hot Spot Project	680,813
Enterprise Funds	
Par 30 Golf	\$ 191,220

The deficit in the Chaska EDA fund is due to various economic development projects. Some of these projects have not received final funding. Ongoing activities of the Chaska EDA fund will eliminate this deficit.

The deficits in the Capital Project funds relate to capital projects that have incurred expenditures but have not received final financing. The TIF District deficits are due to the timing of tax increments and project costs for the district. Tax increment revenue collected in future years will eliminate these deficits. All funds are expected to recover their deficits.

The deficit in the Par 30 Golf is from ongoing operations. Revenue from future operations is expected to eliminate this deficit.

Note 3 Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide statement of net position as "cash and investments".

Deposits, investments, petty cash and change funds are reported on the City's financial statements as follows:

Statement of Net Position - Government-Wide	
Cash and Investments	\$16,588,719
Restricted Cash and Investments	18,682,099
	<u>35,270,818</u>
Statement of Net Position - Fiduciary Funds	
Cash and Cash Equivalents	342,420
Total Cash and Investments	<u>\$35,613,238</u>

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

A) 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 deposits.

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

Custodial Credit Risk – Is the risk that in the event of bank failure, the City's deposits may be lost and not recovered.

Minnesota Statutes require that federal deposit insurance, corporate surety bond or collateral protect all deposits. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. Authorized collateral includes the legal investments described below under "credit risk", as well as; certain first mortgage notes and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. The City's investment policies do not further address limiting exposure to custodial credit risk for deposits.

At year-end, the carrying amount of the City's deposits was \$2,403,084, while the balance on the bank records was \$4,318,073. At December 31, 2018, all deposits were insured, or collateralized by securities held by the City's agent in the City's name.

B) Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements		Interest Risk - Maturity Duration in Years				Total
	Rating	Agency	Using	Level	Less Than 1	1 to 5	More than 5		
U.S. Treasury Securities	N/R	N/R		Level 1	\$ 944,374	\$ -	\$ -	\$ 944,374	
U.S. Treasury Securities	N/R	N/R		Level 2	794,464	-	-	794,464	
U.S. Government Agencies	AAA	Moody		Level 2	423,665	-	-	423,665	
U.S. Government Agencies	AA	S&P		Level 2	2,741,704	7,925,245	-	10,666,949	
State and Local Bonds	AA	S&P		Level 2	-	495,745	-	495,745	
Commercial Paper	A-1	S&P		Level 2	2,681,925	-	-	2,681,925	
Investments in Mutual Funds & Money Markets									
First American Treasury Obligations	AAA	S&P		Level 2	N/A	N/A	N/A	521	
100% Treasury MM Fund	AAA	S&P		Level 1	N/A	N/A	N/A	3,278,900	
Minnesota Municipal MM Fund	N/R	N/R		N/A	N/A	N/A	N/A	13,918,711	
Total Investments:					\$ 7,586,132	\$ 8,420,990	\$ -	31,205,224	
					Total Deposits			2,403,084	
					Petty Cash and Change Funds			4,900	
					Total Deposits and Investments			\$ 35,613,238	

N/A - Not Applicable
N/R - Not Rated

N/A - Not Applicable
N/R - Not Rated

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

The Minnesota Municipal Money Market Fund (the 4M Fund) is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is a customized cash management program for Minnesota public funds. It is also, sponsored and governed by the League of Minnesota Cities since 1987. Allowable under Minnesota Statutes, the 4M Fund is comprised of top quality, rated investments.

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC. The reported value of the pool is the same as the fair value of the pool share. The City's investment in this fund is measured at amortized cost. 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.

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 address limiting exposure to custodial credit risk.

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 thirteen 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, 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 investment (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 policy does not limit the concentration of investments.

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

At year-end, the City had more than 5.0 percent of its investments in the following:

Issuer	Percent	Amount
Federal Home Loan Mortgage Corporation	12.8%	\$ 4,253,775
Federal Home Loan Banks	11.1%	\$ 3,671,470
Federal National Mortgage Association	9.5%	\$ 3,165,369
U.S. Bank Commercial Paper	8.1%	\$ 2,681,925

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 does not limit the duration of investments.

Note 4 Capital Assets

Capital asset activity for Governmental and Business-Type activities for the year ended December 31, 2018, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Reclass & Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 51,768,931	\$ 962,832	\$ (1,148,698)	\$ -	\$ 51,583,265
Works of Art/Treasures	105,027	-	-	-	105,027
Construction In Progress	11,921,291	11,586,080	(504,944)	(701,988)	22,300,439
Total capital assets, not being depreciated:	63,795,249	12,544,912	(1,653,442)	(701,988)	73,988,731
Capital assets, being depreciated:					
Buildings	9,865,909	135,029	-	-	10,000,938
Other Improvements	20,724,509	25,995	-	-	20,750,504
Furniture & Equipment	10,175,544	466,693	(399,831)	934,261	11,176,667
Infrastructure	158,073,874	3,403,377	-	656,642	162,135,893
Total capital assets being depreciated:	198,839,836	4,033,094	(399,831)	1,590,903	204,064,002
Less accumulated depreciation for:					
Buildings	(7,267,774)	(316,535)	-	-	(7,584,309)
Other Improvements	(8,124,878)	(689,304)	-	-	(8,784,183)
Furniture & Equipment	(6,624,931)	(638,802)	399,831	(332,273)	(7,096,175)
Infrastructure	(60,718,326)	(5,417,482)	-	(221,052)	(66,356,860)
Total accumulated depreciation:	(82,735,909)	(7,032,123)	399,831	(453,325)	(89,821,226)
Total capital assets, being depreciated, net:	116,103,927	(2,999,029)	-	1,137,578	114,242,476
Governmental activities capital assets, net:	\$ 179,899,176	\$ 9,549,883	\$ (1,653,442)	\$ 435,590	\$ 188,231,207

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

Business-Type Activities	Beginning Balance	Increases	Decreases	Reclass & Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 1,231,421	\$ -	\$ -	\$ -	\$ 1,231,421
Construction In Progress	2,996,022	3,386,295	-	(614,765)	5,768,152
Total capital assets, not being depreciated:	4,228,043	3,386,295	-	(614,765)	6,999,573
Capital assets, being depreciated:					
Buildings	72,722,135	-	-	-	72,722,135
Other Improvements	2,133,359	78,186	(6,170)	-	2,205,375
Furniture & Equipment	10,318,560	846,124	(182,771)	(127,221)	10,854,692
Infrastructure	36,011,966	422,108	-	(146,929)	36,287,145
Total capital assets, being depreciated:	121,186,020	1,346,418	(188,941)	(274,150)	122,069,347
Less accumulated depreciation for:					
Buildings	(34,421,630)	(2,140,493)	-	-	(36,562,123)
Other Improvements	(998,032)	(132,461)	6,170	-	(1,124,323)
Furniture & Equipment	(5,609,311)	(570,191)	180,669	232,273	(5,766,560)
Infrastructure	(14,916,481)	(1,215,251)	-	221,052	(15,910,680)
Total accumulated depreciation:	(55,945,454)	(4,058,390)	186,839	453,325	(59,363,686)
Total capital assets, being depreciated, net:	65,240,566	(2,711,978)	(2,102)	179,175	62,705,661
Business-type activities capital assets, net:	\$ 69,468,609	\$ 674,317	\$ (2,102)	\$ (435,590)	\$ 69,705,234

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	Business-Type Activities
General Government	Electric
Economic Development	Water
Public Safety	Community Center
Public Works	Chaska Curling Center
Parks, Recreation and Arts	Sewer
Total Depreciation Expense - Governmental Activities:	Chaska Par 30
	Chaska Town Course
	Internet Service Provider
	Storm Water
	Total Depreciation Expense - Business-Type Activities:
	\$ 4,058,396

Note 5 Lease Receivable Agreements

A) Turbine Generator Lease

The City of Chaska has entered into a Lease Receivable Agreement with the Minnesota Municipal Power Agency (MMPA) in which the City agrees to sell MMPA the peaking power and peaking power capacity of the City's gas turbine generator for a thirty-year period, commencing May 1, 2001. MMPA receives the sole right to operate the facility and to use the power generated from such operation for the term of the agreement. MMPA is responsible for all expenses of operating and maintaining the facility for this period, with the exception of insurance,

City of Chaska, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2018

which is to be purchased by the City. Under the agreement, MMPA will pay the City an amount representing the total cost to the City of constructing the facility plus a predetermined rate of return and interest. The payments are to be made in equal monthly installments over the thirty-year term of the agreement. The total project costs to the City for the constructing of the facility was \$29,144,986. The total lease principal after adjusting for issuance costs and interest earnings is \$28,468,092.

Under the agreement, the City retains ownership of the facility. In the event the facility is destroyed or damaged to the point of being unusable before the end of the agreement, the City would be indemnified by MMPA for any costs in excess of insurance of retiring any remaining debt incurred to build the facility.

A second agreement between the two parties gives MMPA the annual option to continue this agreement for an additional twenty-year period, commencing May 1, 2031. The agreement calls for annual payments of \$300,000 to be made in equal monthly installments. MMPA will have the annual option to cancel the agreement for any of the twenty additional years by giving the City ninety days written notice in advance of May 1st of the year the option will not be exercised.

Annual lease payments through April 1, 2031 are as follows:

Year Ending December 31,	Lease Receivable Principal	Interest
2019	\$ 903,266	\$ 1,582,918
2020	983,683	1,502,501
2021	1,071,261	1,414,923
2022	1,166,635	1,319,549
2023	1,270,501	1,215,683
2024-2028	8,264,539	4,166,381
2029-2031	5,241,664	559,432
Total:	\$ 18,901,549	\$ 11,761,387

B) Recovery Center Lease

In 2017, the Chaska Economic Development Authority (EDA) entered into a lease agreement with Five Star Recovery Center. The leased property is a historic single-family home, owned by the City/Chaska EDA. The term of the lease is sixty months commencing May 1, 2017.

Annual lease payments through 2022 are as follows:

Year Ending December 31,	Lease Receivable Principal
2019	\$ 27,859
2020	31,241
2021	32,179
2022	8,104
Total:	\$ 99,383

City of Chaska, Minnesota
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 Long-Term Liabilities

Long-term liabilities for the year ended December 31, 2018 are as follows:

Governmental Activities	Beginning Balance	Change in Accounting Principle *	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:						
General Obligation Bonds:						
Equipment Certificates	\$ 2,605,000	\$ -	\$ -	\$ (100,000)	\$ 2,505,000	\$ 265,000
General Obligation Bonds	1,635,000	-	-	(200,000)	1,435,000	205,000
Tax Increment Bonds	1,220,000	-	-	(95,000)	1,125,000	515,000
Abatement Bonds	2,430,000	-	-	(10,000)	2,420,000	130,000
Improvement Bonds	30,995,000	-	-	(2,215,000)	28,780,000	3,175,000
EDA Lease Revenue Bonds	9,815,000	-	-	(270,000)	9,545,000	275,000
Plus: Premium	2,785,053	-	-	(198,012)	2,587,041	-
Total Bonds Payable:	51,485,053	-	-	(3,088,012)	48,397,041	4,565,000
Notes Payable:						
Promissory Note Payable	107,998	-	-	(11,859)	96,139	12,443
Compensated Absences	908,494	-	807,293	(705,181)	1,010,606	690,203
Total OPEB Liability	512,711	-	79,460	(29,092)	855,036	-
Net Pension Liability	7,635,322	291,757	764,923	(2,157,097)	6,243,148	-
Governmental Activities Long-term Liabilities:	\$60,649,578	\$ 291,757	\$ 1,651,876	\$ (5,991,241)	\$56,601,970	\$ 5,267,646
Business-Type Activities						
Bonds Payable:						
General Obligation Revenue Bonds	\$15,820,000	\$ -	\$ -	\$ (720,000)	\$15,100,000	\$ 795,000
Revenue Bonds	29,440,000	-	-	(1,535,000)	27,905,000	1,615,000
EDA Lease Revenue Bonds	22,575,000	-	-	(3,430,000)	19,145,000	1,310,000
Plus: Premium	3,572,665	-	-	(266,773)	3,305,892	-
Total Bonds Payable:	71,407,665	-	-	(5,951,773)	65,455,892	3,720,000
Leases Payable:						
Capital Lease Payable	-	-	183,475	(37,904)	145,571	40,250
Compensated absences	496,484	-	398,767	(333,211)	562,040	350,298
Total OPEB Liability	218,260	123,564	33,738	(12,321)	363,241	-
Net Pension Liability	4,368,550	-	368,047	(840,801)	3,895,796	-
Business-type Activity Long-term Liabilities:	\$76,490,959	\$ 123,564	\$ 984,027	\$ (2,176,010)	\$70,422,540	\$ 4,110,548

* The amounts in this column reflect only a portion of the change in accounting principle described earlier in these notes.

For the Governmental Activities, compensated absences, other post-employment benefits and net pension liabilities are generally liquidated by the General fund. In business-type activities, compensated absences, other post-employment benefits and net pension liabilities are liquidated within the respective Enterprise fund.

Bonds Payable:

The City issues general obligation bonds to provide funds for the construction of capital projects and acquisition of equipment. General obligation bonds have been issued for both governmental and business-type activities.

General obligation debt is supported by the "full faith and credit" of the City including tax increment and improvement bond issues. Bonds in the governmental activities will be repaid by

Notes to the Financial Statements

City of Chaska, Minnesota For the Year Ended December 31, 2018

future property tax levies, tax increments or special assessments accumulated in the specific debt service funds. In the event that a deficiency exists because of unpaid or delinquent tax increment or special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Bonds in the business-type activities will be repaid with the net revenues of the utility issuing the bonds. In the event that a deficiency exists at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available.

The City of Chaska and the Chaska Economic Development Authority (EDA) also issue revenue bonds. Revenue bonds are supported by income derived from lease agreements or specific fee revenues to pay for debt service.

Bonds outstanding for the year ended December 31, 2018 are as follows:

Governmental Activities		Issue Date	Final Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2018
Bonds Payable						
General Obligation Bonds						
Equipment Certificates						
G.O. Equipment Certificates, Series 2013C		08/15/13	02/01/23	0.90-3.10%	\$ 915,000	\$ 545,000
G.O. Equipment Certificates, Series 2017B		11/29/17	02/01/27	5.00%	1,960,000	1,960,000
Total Equipment Certificates					2,875,000	2,505,000
General Obligation Bonds						
G.O. Bonds, Series 2011B		09/15/11	02/01/27	2.00-3.25%	3,455,000	1,435,000
Tax Increment Bonds						
G.O. Taxable TI Bonds, Series 2008E		11/15/08	02/01/19	6.25-7.50%	565,000	440,000
G.O. Taxable TI Cross-over Refunding Bonds, Series 2013B		08/15/13	12/01/21	2.00-2.75%	580,000	225,000
G.O. Taxable Cross-over Refunding Bonds, Series 2017D		12/27/17	02/01/31	3.00-3.50%	460,000	460,000
Total Tax Increment Bonds					1,605,000	1,125,000
Taxable Abatement Bonds						
G.O. Taxable Abatement Bonds, Series 2010D		09/15/10	02/01/33	4.00-5.25%	405,000	385,000
G.O. Taxable Bonds, Series 2017C		11/29/17	02/01/39	1.70-3.45%	2,035,000	2,035,000
Total Taxable Abatement Bonds					2,440,000	2,420,000
Improvement Bonds						
G.O. Improvement Bonds, Series 2008C		11/15/08	02/01/19	3.00-5.13%	3,645,000	1,190,000
G.O. Improvement Bonds, Series 2010A		07/01/10	02/01/31	2.00-4.00%	3,220,000	1,430,000
G.O. Improvement Bonds, Series 2010C		09/15/10	02/01/33	2.00-3.75%	2,180,000	1,570,000
G.O. Improvement Bonds, Series 2012A		08/15/12	02/01/28	2.00-2.40%	2,430,000	1,655,000
G.O. Improvement Bonds, Series 2013A		08/15/13	02/01/35	2.00-4.00%	3,330,000	2,760,000
G.O. Improvement Bonds, Series 2014A		12/31/14	02/01/30	0.70-3.00%	5,785,000	4,420,000
G.O. Improvement Bonds, Series 2015B		08/15/15	02/01/31	3.00-5.00%	5,940,000	5,445,000
G.O. Improvement Bonds, Series 2017B		11/29/17	02/01/38	2.25-5.00%	6,875,000	6,875,000
G.O. Improvement Refunding, Series 2009B		10/01/09	12/01/20	2.00-3.00%	1,995,000	215,000
G.O. Cross-over Refunding, Series 2012B		08/15/12	02/01/27	2.00-2.30%	4,675,000	2,225,000
G.O. Cross-over Refunding, Series 2017E		12/27/17	02/01/29	2.01-2.87%	995,000	995,000
Total Improvement Bonds					41,070,000	28,780,000
EDA Lease Revenue Bonds						
Lease Revenue Bonds, Series 2015B		04/15/15	02/01/35	2.00-4.00%	9,000,000	8,660,000
Lease Revenue Bonds, Series 2015D		12/30/15	02/01/26	2.00-4.00%	1,085,000	885,000
Total EDA Lease Revenue Bonds					10,085,000	9,545,000
Premium					3,201,141	2,587,041
Total Bonds Payable - Governmental Activities					\$64,731,141	\$48,397,041

Notes to the Financial Statements

City of Chaska, Minnesota For the Year Ended December 31, 2018

Business-Type Activities		Issue Date	Final Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2018
Bonds Payable						
General Obligation Revenue Bonds						
G.O. Water Revenue Partial Advance Refunding Bonds, Series 2009A		10/01/09	12/01/22	2.00-3.25%	\$ 1,495,000	\$ 555,000
G.O. Water Revenue Refunding Bonds, Series 2011A		09/15/11	12/01/32	2.00-4.00%	1,435,000	9,055,000
G.O. Utility Revenue Bonds, Series 2015C		12/30/15	02/01/36	2.00-4.00%	5,170,000	4,755,000
G.O. Utility Revenue Bonds, Series 2017B		11/29/17	02/01/38	2.25-5.00%	735,000	735,000
Total General Obligation Revenue Bonds					18,835,000	15,100,000
Revenue Bonds						
Electric Utility Revenue Bonds, Series 2011D		12/22/11	10/01/31	2.00-3.65%	3,535,000	2,480,000
Electric Revenue Refunding Bonds, Series 2015A		10/01/15	10/01/30	2.00-5.00%	21,760,000	18,440,000
Electric Utility Revenue Bonds, Series 2017A		09/06/17	10/01/37	2.25-4.00%	7,220,000	6,985,000
Total Revenue Bonds					32,515,000	27,905,000
EDA Lease Revenue Bonds						
Lease Revenue and Limited Tax Bonds, Series 2013A		07/18/13	12/01/33	2.00-4.00%	3,850,000	3,070,000
Taxable Lease Revenue Bonds, Series 2015A		04/15/15	02/01/35	1.22-4.40%	12,855,000	11,315,000
Taxable Lease Revenue Bonds, Series 2015C		12/30/15	02/01/31	1.53-4.57%	3,410,000	3,045,000
Lease Revenue Refunding Bonds, Series 2017A		12/27/17	12/01/27	2.00-4.00%	1,880,000	1,715,000
Total EDA Lease Revenue Bonds					24,995,000	19,145,000
Premium					4,134,703	3,305,892
Total Bonds Payable - Business-Type Activities					\$80,379,703	\$65,453,892

General Obligation Bonds:

The City issues the following types of general obligation bonds:

- Equipment certificates provide funding for the acquisition of equipment and vehicles for various departments.
- G.O. bonds provide financing for various infrastructure improvement projects.
- Tax Increment bonds provide financing for the construction of streets and utilities and the acquisition of property for business development.
- Taxable abatement bonds provide financing for the City's Housing Improvement Areas and Tax Abatement programs.
- Improvement bonds provide financing for construction projects such as streets, infrastructure and utilities.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	G.O. Equipment Certificates		G.O. Bonds		Governmental Activities		G.O. Tax Increment Bonds		G.O. Abatement Bonds		G.O. Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 265,000	\$ 107,075	\$ 215,000	\$ 40,375	\$ 315,000	\$ 36,875	\$ 110,000	\$ 18,438	\$ 130,000	\$ 70,130	\$ 3,175,000	\$ 933,793
2020	295,000	95,989	215,000	34,387	110,000	18,438	110,000	18,438	145,000	67,495	2,125,000	840,003
2021	315,000	95,989	215,000	34,387	110,000	18,438	110,000	18,438	145,000	67,495	2,125,000	840,003
2022	315,000	70,230	215,000	21,488	35,000	12,400	35,000	12,400	155,000	60,863	1,925,000	766,990
2023	315,000	56,782	110,000	16,813	35,000	11,350	35,000	11,350	165,000	57,179	1,970,000	642,192
2024 - 2028	990,000	102,000	475,000	31,469	190,000	39,163	190,000	6,825	900,000	213,725	6,690,000	2,079,161
2029 - 2033	-	-	-	-	130,000	6,825	-	-	680,000	70,459	6,395,000	522,250
2034 - 2038	-	-	-	-	-	-	-	-	75,000	9,056	500,000	35,956
Total:	\$2,505,000	\$ 516,276	\$ 1,435,000	\$ 173,069	\$ 1,125,000	\$ 140,563	\$ 2,420,000	\$ 613,698	\$ 28,780,000	\$ 6,531,808	-	-

City of Chaska, Minnesota For the Year Ended December 31, 2018

City of Chaska, Minnesota For the Year Ended December 31, 2018

General Obligation Revenue Bonds:

G.O. Revenue bonds are issued by the City to construct or expand utility systems. Bonds will be repaid with the net revenues of the Water, Sewer and Storm Water Utilities.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-type Activities	
	G.O. Revenue Bonds	
2019	Principal	Interest
2020	\$ 795,000	\$ 492,413
2021	830,000	470,137
2022	890,000	446,938
2023	935,000	416,537
2024 - 2028	815,000	389,763
2029 - 2033	4,690,000	1,535,163
2034 - 2038	4,930,000	641,444
Total:	\$ 15,100,000	\$ 4,458,501

Revenue Bonds:

Revenue bonds issued by the City are supported by income derived from specific fee revenues to pay for debt service. These Electric Revenue Bonds will be repaid with net revenues of the Electric Utility and lease revenue in the Turbine Generator fund.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-type Activities	
	Revenue Bonds	
2019	Principal	Interest
2020	\$ 1,615,000	\$ 1,195,295
2021	1,650,000	1,157,795
2022	1,720,000	1,082,395
2023	1,805,000	1,003,485
2024 - 2028	1,885,000	920,265
2029 - 2033	10,850,000	3,201,095
2034 - 2037	6,540,000	800,783
Total:	\$ 27,905,000	\$ 9,501,063

EDA Lease Revenue Bonds:

EDA Lease revenue bonds are supported by income derived from lease agreements.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	EDA Lease Revenue Bonds		EDA Lease Revenue Bonds	
2019	Principal	Interest	Principal	Interest
2020	\$ 275,000	\$ 359,100	\$ 1,310,000	\$ 656,240
2021	280,000	353,050	1,340,000	626,666
2022	290,000	345,400	1,380,000	589,580
2023	300,000	336,550	1,405,000	548,507
2024 - 2028	305,000	326,925	1,455,000	504,309
2029 - 2033	2,670,000	1,391,000	6,245,000	1,820,973
2034 - 2035	3,720,000	724,800	4,755,000	781,373
Total:	\$ 9,545,000	\$ 3,905,725	\$ 19,145,000	\$ 5,583,418

Revenue Pledged:

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

Bond Issue - Revenue Bonds	Use of Proceeds	Type	Revenue Pledged		Term of Pledge	Remaining		Current Year	
			Total Debt Service	Percent of Total Debt Service		Principal and Interest	Principal and Interest	Principal and Interest	Paid
G.O. Water Revenue Bonds:	Water Treatment Plant and Water Systems	Utility Charges	100%	2009 - 2022	\$ 600,150	\$ 140,925	\$ 2,861,416		
Series 2009A Refunding Bonds	Partial Refund 2003 Bonds	Utility Charges	100%	2011 - 2032	11,761,419	710,038			
Refund 2003 Bonds									
G.O. Utility Revenue Bonds:	Water, Sanitary, Sewer and Storm Water	Utility Charges	100%	2015 - 2026	6,170,488	353,038	8,232,503		
Series 2015C	Utility System Improvements	Utility Charges	100%	2017 - 2038	1,026,444	19,932			
Series 2017B									
Electric Revenue Bonds:	Electric Utility System and Generating Facilities	Lease Revenue	100%	2015 - 2030	24,915,150	2,071,750	1,650,846		
Series 2015A Refunding Bonds	Refund 2007 & 2009 Bonds - Turbine Generator								
Electric Utility Revenue Bonds	Electric System Improvements	Utility Charges	100%	2011 - 2031	3,084,213	237,270	41,193,202		
Series 2017D	Electric System Improvements	Utility Charges	100%	2017 - 2037	9,406,700	493,191			
Series 2017A									
EDA Lease Revenue Bonds:	Community Center Additions and Improvements	Lease Revenue	100%	2013 - 2033	4,043,517	266,495	3,085,972		
Series 2013A	Refund 2007A Bonds	Lease Revenue	100%	2017 - 2027	2,008,700	220,945			
Series 2017A Refunding Bonds	Garland Center, Event Center and Restaurant	Lease Revenue	100%	2015 - 2035	14,739,403	1,171,467	1,299,997		
Traverse Lease Revenue Bonds 2015	Building Construction	Lease Revenue	100%	2015 - 2031	5,526,798	307,922			
Series 2015A	Furniture, Fixtures & Equipment	Lease Revenue	100%	2015 - 2035	14,739,403	1,171,467			
Series 2015C									
Lease Revenue Bonds 2015	Fremont Park Improvements	Lease Revenue	100%	2015 - 2035	12,427,000	503,300	637,113		
Series 2015B	Park Construction	Lease Revenue	100%	2015 - 2036	1,023,725	131,250			
Series 2015D	Furniture and Equipment	Lease Revenue	100%	2015 - 2036	1,023,725	131,250			

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

Arbitrage Rebate:

The Tax Reform Act of 1986 requires governmental entities to pay 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 option of management, any obligation would be immaterial.

Notes Payable:

The Chaska Economic Development Authority (EDA) is liable for a promissory note related to a Chaska EDA owned property. The annual note payments are offset by lease revenue collected from the current tenant. This note is paid by the Chaska EDA fund.

Promissory Note outstanding for the year ended December 31, 2018 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding 12/31/2018
Governmental Activities:					
Promissory Note Payable	11/21/16	11/15/21	4.75%	\$ 120,319	\$ 96,139

Promissory note requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2019	\$ 12,443	\$ 4,357
2020	13,044	3,756
2021	70,652	2,872
Total:	\$ 96,139	\$ 10,985

Capital Leases Payable:

The City entered into a new lease for the acquisition of fitness equipment for the Chaska Community Center. The lease agreement qualifies as a capital lease and has been recorded at the present value of the minimum lease payments. The equipment was not capitalized by the City as the equipment was below the City's capitalization threshold.

Capital Lease outstanding for the year ended December 31, 2018 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding 12/31/2018
Business-type Activities:					
Capital Lease Payable	03/15/18	02/15/22	6.57%	\$ 183,475	\$ 145,571

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

The future minimum lease obligation and the net present value of these minimum lease payments are as follows:

Year Ending, December 31	Business-type Activities
2019	\$ 47,927
2020	52,284
2021	52,284
2022	8,714
Total Minimum Lease Payments	161,210
Less: Amount Representing Interest	(15,639)
Present Value of Minimum Lease Payments	\$ 145,571

Tax Abatements:

The City implemented a Business Incentive Policy (in accordance with Minnesota Statutes, Sections 116J.993 to 116J.995) to assist developers with solutions that increase employment opportunities, improve and develop facilities in the City and increase the availability of essential services. Under this policy, the City provides tax abatements (in accordance with Minnesota Statutes, Section 469.1813, subdivision 8) for up to three times a new developer's total property taxes. The City has seven agreements that could be considered tax abatements under GASB #77 as of December 31, 2018.

- In 2013, the City entered into a development agreement with Ridgeview Two Twelve North Addition, LLC to aid with the construction of an expansion to an existing medical building. The expansion creates employment opportunities, increases resident access to vital services, and increases the tax base of the City. The City assistance helped cover reimbursable costs, including soil correction, architectural enhancement, and fire safety. The maximum assistance is \$777,926. The City's obligation is terminated after the earlier of 20 years of payments or once the Developer has been paid \$777,926 in tax abatement payments. The City has rebated a total of \$91,136, including \$31,357 in 2018.
- In 2013, the City entered into a development agreement with IP Stream Minneapolis, LLC to aid with the construction of a data center. This new construction developed an underutilized site, creates employment opportunities, and increases the tax base of the City. The City assistance helped cover reimbursable costs, including site acquisition and site improvements. The maximum assistance is \$1,228,500. The City's obligation is terminated after the earlier of 20 years of payments or once the Developer has been paid \$1,228,500 in tax abatement payments. The City has rebated a total of \$50,499, including \$20,936 in 2018.
- In 2014, the City entered into a development agreement with Lucrum Properties, LLC to aid with the expansion of an existing manufacturing facility. The expansion of this high-quality business creates employment opportunities and increases the tax base of the City. The City assistance will help cover reimbursable costs, including storm water and grading improvements, permit fees, development charges, and parking lot improvements. The

maximum assistance is \$144,699. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$144,699 in tax abatement payments. The City has rebated a total of \$18,086, including \$13,055 in 2018.

- In 2015, the City entered into a development agreement with Lifecore Biomedical, LLC to aid with the expansion of their existing facilities. The expansion of this high-quality business maximized the use of an underutilized site and increases the tax base of the City. The City assistance will help cover reimbursable costs, including site preparation and grading. The maximum assistance is \$144,623. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$144,623 in tax abatement payments. The City has rebated a total of \$4,104, all in 2018.

- In 2016, the City entered into a development agreement with U.S. Bank National Association, to aid with the construction of a new data center. This new construction developed an underutilized site, creates employment opportunities, and increases the tax base, generating substantial revenue for the City. The City assistance will help cover reimbursable costs, including a portion of the construction costs. The maximum assistance is \$548,000. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$548,000 in tax abatement payments. The first tax abatement payment is scheduled for payment in 2019.

- In 2017, the City of Chaska entered into a development agreement with MSP/Chaska Medical, LLC to aid with construction of a medical office building. This new construction increases the City's tax base, creates employment opportunities, and encourages economic development in its vicinity. The City agreed to reimburse the Developer for eligible construction costs from the proceeds of an interfund loan to the Developer in an amount not to exceed \$280,000 with interest at 3.5 percent per annum. Tax abatement on the property will be used to repay the loan. The loan will terminate the earlier of December 31, 2039 or when the City has received tax abatements in excess of an amount sufficient to repay the principal amount of the loan plus accrued interest. The City advanced \$280,000 to MSP/Chaska Medical, LLC in 2018. Loan repayments will commence in 2019.

- In 2018, the City of Chaska entered into a development agreement with 3919 Bavaria Road, LLC to aid with construction of a facility for weddings, events, and recreational activities. This new construction increases the City's tax base, creates employment opportunities, and encourages economic development. The City agreed to reimburse the Developer for eligible construction costs. The City assistance will help cover reimbursable costs, including a portion of the construction costs. The maximum assistance is \$630,000. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$630,000 in tax abatement payments. The first tax abatement payment is scheduled for payment in 2019.

Tax Increment Pay-As-You-Go Financing Revenue Notes:

The Chaska Economic Development Authority (EDA) has entered into private development agreements to facilitate the financing of certain projects established by the Chaska Housing and Redevelopment Authority (pursuant to Minnesota Statutes, Sections 469.001 to 469.047). The costs of these projects are financed using tax increment generated from established tax increment financing districts (pursuant to Minnesota Statutes, Sections 469.174 to 469.179). As of December 31, 2018, the Chaska Economic Development Authority has five agreements considered Tax Increment Pay-As-You-Go Financing Revenue Notes under GASB #77. The amounts have not been included in long-term debt because of the nature of the notes in that repayment is required only if sufficient tax increments are received. The note and any outstanding balance is cancelled at the end of the agreement term, whether they have been repaid. The City's position is that these are obligations to assign future and uncertain revenue sources and as such, is not actual debt in substance.

- In 2002, the Chaska EDA entered into a development agreement with Chaska Place Apartments at 6.5 percent interest with payments due through 2024. The City rebated \$210,473 in 2018. The outstanding balance as of December 31, 2018 is \$1,268,026.
- In 2007, the Chaska EDA entered into a development agreement with Clover Field Sinclair Limited Partnership at 5.65 percent interest with payments due through 2029. The City rebated \$143,741 in 2018. The outstanding balance as of December 31, 2018 is \$4,056,624.
- In 2004, the Chaska EDA entered into a development agreement with City Square, LLC at a simple non-compounding interest rate of 5 percent with payments due through 2031. The City did not rebate in 2018. The outstanding balance as of December 31, 2018 is \$147,026.
- In 2015, the Chaska EDA entered into a development agreement with Chaska Heights Senior Living, LLC at a simple non-compounding interest rate of 3.25 percent with payments due through 2044. The City rebated \$101,589 in 2018. The outstanding balance as of December 31, 2018 is \$3,074,638.
- In 2016, the Chaska EDA entered into a development agreement with Creek's Run Phase II, LLC at a simple non-compounding interest rate of 4.5 percent with payments due through 2036. The City rebated \$3,504 in 2018. The outstanding balance as of December 31, 2018 is \$257,648.

Conduit Debt:

From time to time, the City has issued Industrial Revenue Bonds (IRBs) and Housing Revenue Bonds (HRBs) (Collectively the "Revenue Bonds") to provide financial assistance to private-sector entities for the acquisition and construction of industrial and housing facilities deemed to be in the public interest. The Revenue Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Revenue Bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, nor the State, nor any political subdivision thereof is

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

obligated in any manner for repayment of the bonds, excluding the bonds mentioned below. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there were six series of IRBs outstanding. The aggregate principal amount payable for the three series issued after July 1, 1995, was \$4,946,201. The aggregate principal amount payable for the three series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$9,625,000.

As of December 31, 2018, there were five series of HRBs outstanding. The aggregate principal amounts payable for the three series issued after July 1, 1995 was \$7,985,000. The aggregate principal amount payable for the two series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$6,260,000.

The outstanding HRB balance includes one issue that is backed by the full faith and credit of the City. In 2010, the Carver County Housing and Redevelopment Authority issued \$2,850,000 in Housing Development Revenue Bonds. (These bonds refunded the \$2,695,691 Housing Revenue Bonds of 2000). This issue is secured by housing revenues and, if not so paid, by a tax levy. The bonds are secured by a general obligation pledge of the City.

Note 7 Interfund Receivables, Payables and Transfers

The compositions of interfund balances as of December 31, 2018 are as follows:

Due To/From Other Funds		Amount
Receivable Fund	Payable Fund	
Nonmajor Governmental	Nonmajor Governmental	\$ 1,140,000
Nonmajor Governmental	Public Improvement Projects	3,780,000
Internal Service Fund	Public Improvement Projects	410,000
Internal Service Fund	Curling Center	4,720,000
Electric	Public Improvement Projects	850,000
Water	Public Improvement Projects	650,000
Water	Community Center	1,400,000
Turbine Generator	Public Improvement Projects	300,000
Turbine Generator	Community Center	215,000
Nonmajor Enterprise	Community Center	600,000
Nonmajor Enterprise	Public Improvement Projects	350,000
Nonmajor Enterprise	Nonmajor Enterprise	100,000
Nonmajor Enterprise	Nonmajor Governmental	310,348
Fiduciary	Fiduciary	5,149
Total:		\$14,830,497

The \$14,830,497 in Due To/Due From Other Funds eliminate temporary cash deficits in the respective funds.

City of Chaska, Minnesota **Notes to the Financial Statements**
For the Year Ended December 31, 2018

Interfund Receivables/Payables And Advances To/From Other Funds:

Receivable Fund	Payable Fund	Interfund Receivables/Payables	Advances To/From	Total	Purpose
Electric	Nonmajor Governmental	\$ -	\$ 1,966,747	\$ 1,966,747	1
Electric	Nonmajor Governmental	-	234,463	234,463	2
Turbine Generator	Electric	51,560	820,271	871,831	3
Nonmajor Governmental	Nonmajor Governmental	2,169,131	-	2,169,131	4
Nonmajor Governmental	Water	11,630	131,370	143,000	5
Nonmajor Governmental	Nonmajor Enterprise	147,779	988,570	1,136,349	6
Total:		\$ 2,380,100	\$ 4,141,421	\$ 6,521,521	

Explanation of Interfund Receivables/Payables and Advances To/From Other Funds:

- (1) This 2007 loan from the Electric fund provides interim financing for TIF District #14 project costs. Repayment of the outstanding balance of \$1,966,747 will be made from tax increment generated by the district as it becomes available.
- (2) This interfund loan from the Electric fund provides interim financing to TIF District #17 for project costs. Repayment of the outstanding balance of \$234,463 will be made from tax increment generated by the district as it becomes available.
- (3) This interfund loan between the Electric fund and the Turbine Generator fund was made in 2001 to finance a substation. Of the \$871,831 due at year end, \$51,560 is due in one year.
- (4) These loans eliminate what would have been negative cash in TIF District funds. Repayment of the outstanding balance of \$2,169,131 will be made from tax increment generated by the districts as it becomes available.
- (5) This interfund loan from the Equipment Acquisition fund to the Water fund is for a shared water/sewer equipment purchase. Of the \$143,000 due at year end, \$11,630 is due in one year.
- (6) These interfund loans are from the Equipment Acquisition fund to the following funds:
 - Sewer fund - \$143,000 loan balance for shared water/sewer equipment purchases with \$11,630 due in one year.
 - Town Course fund - \$649,348 loan balance for golf equipment purchases with \$83,816 due in one year.
 - Storm Water - \$344,001 for equipment purchases with \$52,333 due in one year.

Transfers In		Enterprise Funds	
Governmental Funds		Enterprise Funds	
Transfers Out	General Fund	Public Improvement Projects	Curling Center
General Fund	\$ -	\$ 128,000	\$ -
Nonmajor Governmental	-	64,911	-
Electric	-	2,570,633	-
Water	-	911,600	-
Nonmajor Enterprise	-	55,800	-
Internal Service Fund	250,000	400	-
Total:	\$ 250,000	\$ 3,381,833	\$ 1,594,230

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

Explanation of Transfers:

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8 Fund Balance

A summary of the governmental fund balance classifications as of December 31, 2018 are as follows:

	General	Public Improvement Projects	Nonmajor Governmental	Totals
Restricted for:				
Mt. Pleasant Cemetery Care	\$ -	\$ -	\$ 1,308	\$ 1,308
Housing Loan Program	-	-	13,183	13,183
Job Creation	-	-	1,765	1,765
Debt Requirements	-	-	9,086,250	9,086,250
Economic Development	-	-	1,329,325	1,329,325
Unspent Bond Proceeds	-	208,021	72,793	280,814
Total Restricted Fund Balances	-	208,021	10,504,624	10,712,645
Committed to:				
Compensated Absences	1,010,606	-	-	1,010,606
Mt. Pleasant Cemetery Care	-	-	244,420	244,420
Economic Development	-	-	77,347	77,347
Concerts in the Park	-	-	362	362
Capital Equipment	-	-	287,338	287,338
Street Improvement Program	-	-	3,137,484	3,137,484
Total Committed Fund Balances	1,010,606	-	3,746,951	4,757,557
Assigned to:				
Mt. Pleasant Cemetery Care	-	-	11,975	11,975
Concerts in the Park	-	-	249	249
Capital Equipment	-	-	1,619,172	1,619,172
Park Improvements	-	-	537,071	537,071
Community Fund Projects	-	-	356,432	356,432
Southwest Chaska Improvements	-	-	731,899	731,899
Housing Improvement	-	-	414,414	414,414
Abatement Programs	-	-	7,662	7,662
Capital Improvements	-	-	4,332,952	4,332,952
Total Assigned Fund Balances	-	-	8,011,826	8,011,826
Unassigned	1,078,348	(7,169,889)	(9,009,277)	(15,100,818)
Total Fund Balances:	\$ 2,088,954	\$ (6,961,868)	\$ 13,254,124	\$ 8,381,210

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

Note 9 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; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT.

The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including life, disability, dental and health insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Self Insurance fund, an internal service fund which charges its costs to user departments, accounts for the risk management activities of the City. The fund is designed to build up a reserve, which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

Note 10 Committed Contracts

At December 31, 2018, the City had commitments for eleven uncompleted construction contracts with a remaining balance of \$715,311.

Note 11 Contingent Liabilities

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

City of Chaska, Minnesota
For the Year Ended December 31, 2018

City of Chaska, Minnesota
For the Year Ended December 31, 2018

In connection with the normal conduct of its affairs, the City is involved in various claims litigation and judgments. It is expected that the final settlement of those matters will not materially affect the financial statements of the City.

Note 12 Jointly Governed Organizations

The City, in conjunction with 11 other municipalities that provide distribution of electric services, comprises the Minnesota Municipal Power Agency (MMPA). MMPA began operations on July 1, 1995. MMPA purchases power that is purchased and distributed by the 12 municipalities that operate electric distribution systems. 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 MMPA for the year ended December 31, 2018 was \$28,654,423. MMPA issues an annual financial report that may be obtained by writing MMPA, 220 S. 6th Street, Suite 1300, Minneapolis, MN 55402, or by calling (612) 349-6868.

Note 13 Defined Benefit Pension Plans

Employees of the City participate in three defined benefit pension plans. Two of the plans are state-wide cost-sharing, multiple employer defined benefit pension plans administered by the PERA of Minnesota: the General Employees Retirement fund and the Public Employees Police and Fire fund. The third is a single-employer defined benefit pension plan administered through the Chaska Fire Department Relief Association (CFDRA). The details of the City's participation in each of these plans are presented later in these notes. The following table summarizes the impact of these plans on the City's government-wide financial statements.

	PERA Pension Plans				Chaska	
	General Employees Retirement Fund	Public Employees Police & Fire Fund	Total		Fire Department Relief Association	All Plans
Net Pension Asset	\$ 1,435,190	\$ -	\$ -	\$ -	\$ 242,430	\$ 242,430
Deferred Outflows	7,350,557	4,063,237	5,498,427	383,346	5,881,773	10,138,944
Net Pension Liability	1,822,288	2,788,387	10,138,944	-	9,513	7,327,464
Deferred Inflows	56,208	5,495,663	7,317,951	157,177	236,929	1,666,096
Pension Revenue	860,110	23,544	79,752	465,022		
Pension Expense		340,964	1,201,074			

Note 14 Defined Benefit Pension Plans – State-wide

A) Plan Description

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

1. **General Employees Retirement Plan**
All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. **Public Employees Police and Fire Plan**
The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B) Benefits Provided

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

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent 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 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 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. Police and Fire Plan Benefits

Benefits for the Police and Fire Plan 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 ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty 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

City of Chaska, Minnesota
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City of Chaska, Minnesota
For the Year Ended December 31, 2018

members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. The annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

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. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018 and the City of Chaska was required to contribute 7.50 percent for Coordinated Plan members. The City of Chaska's contributions to the General Employees fund for the year ended December 31, 2018 were \$684,782. The City of Chaska's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the City of Chaska was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City of Chaska's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$471,427. The City of Chaska's contributions were equal to the required contributions as set by state statute.

D) Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$7,350,557 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$241,206. The net pension liability was measured as of June 30, 2018, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's

proportionate share was .1325 percent which was an increase of .0003 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$803,902 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$56,208 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 194,136	\$ 208,074
Changes in actuarial assumptions	681,497	824,634
Differences between projected and actual investment earnings	-	780,134
Changes in proportion	210,127	9,446
Contributions paid to PERA subsequent to the measurement date	349,430	-
Total:	\$ 1,435,190	\$ 1,822,288

\$349,430 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$ 337,620
2020	(329,895)
2021	(590,834)
2022	(153,419)
Total:	\$ (736,528)

2. Police and Fire Pension Costs

At December 31, 2018, the City reported a liability of \$2,788,387 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was .2616 percent which was a decrease of .0024 percent from its proportionate share measured as of June 30, 2017. The City also recognized \$23,544 for the year ended December 31, 2018 as revenue and an offsetting

City of Chaska, Minnesota
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reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire fund each year, starting in fiscal year 2014, 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.

For the year ended December 31, 2018, the City recognized pension expense of \$317,420 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 112,985	\$ 656,273
Changes in actuarial assumptions	3,299,686	4,141,672
Differences between projected and actual investment earnings	-	623,746
Changes in proportion	401,316	73,972
Contributions paid to PERA subsequent to the measurement date	249,250	-
Total:	\$ 4,063,237	\$ 5,495,663

\$249,250 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$(64,301)
2020	(191,002)
2021	(381,877)
2022	(1,029,900)
2023	(14,596)
Total:	\$ (1,681,676)

E) Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

1. General Employees Fund

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.

2. Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by State Statutes, the assumed post-retirement benefit increase was changed from 1.00 percent per year through 2064, and 2.50 percent per year thereafter, to 1.00 percent for all years with no trigger.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Cash)	25%	5.90%
Cash	2%	0.00%
Total:	100%	

F) Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5 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 General Employees Fund and the Police and Fire Fund 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 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:

	General Employees Fund	Police and Fire Fund
1% Lower	6.50% \$ 11,945,596	6.50% \$ 5,978,476
Current Discount Rate	7.50% \$ 7,350,557	7.50% \$ 2,788,387
1% Higher	8.50% \$ 3,557,483	8.50% \$ 150,315

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 internet at www.mnpers.org.

Note 15 Defined Contribution Plan

Four council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance services personnel, employer contributions are determined by the employer and for salaried employees, contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the

seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2018 were:

Amount	Percentage of Covered Payroll	Required
Employees	Employers	Rates
\$1,481	\$1,481	5.00%
	5.00%	5.00%

Note 16 Defined Benefit Pension Plans – Fire Relief Association

A) General Information about the Pension Plan

Plan Description - All members of the Chaska Fire Department (CFD) are covered by a defined benefit pension plan, Chaska Fire Department Relief Association Pension Plan (CFDRAPP), administered by the Chaska Fire Department Relief Association (CFDRA). CFDRAPP is a single-employer defined benefit pension plan. Minnesota Statutes, Chapter 69 grants the authority to the CFDRA Board to establish and amend benefit terms with consenting approval by the Chaska City Council. CFDRA issues a publicly available financial report that can be obtained by writing to City of Chaska, One City Hall Plaza, Chaska, MN 55318-1962 or by phone (952) 448-9200.

Benefits Provided - The plan provides retirement and disability benefits to plan members and beneficiaries.

- Monthly Service Pension: \$2,185 per month of service with a maximum of 360 months for members starting prior to November 4, 2013. In lieu of monthly payments, a member may elect a lump sum benefit. (Note – On October 15, 2018, the Chaska City Council modified benefit provisions to increase the monthly benefit from \$2,185 to \$2,4525 per month of service effective as of January 1, 2019.)
- Lump Sum Service Pension: \$6,486 per year of service for members starting on or after November 4, 2013 based on completed years of service up to 30 years. (Note – On October 15, 2018, the Chaska City Council modified benefit provisions to increase the lump sum benefits from \$6,486 to \$7,100 per year of service effective as of January 1, 2019.)
- Deferred Service Pensions: with termination prior to age 50 and at least ten years of service, a deferred pension is payable at age 50 and reduced four percent for each year of service less than 20 years.
- Survivor Benefits: spouse, children or estate receive 100 percent of the member's lump sum benefit.
- Disability Benefit: A disabled member will receive the amount of their monthly service pension based on credited service as of the date eligible.

City of Chaska, Minnesota
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Members covered by benefit terms - At December 31, 2018, pension plan membership consisted of the following as used to determine Net Pension Liability (Asset) as of December 31, 2018:

Inactive Members Currently Receiving Benefits	42
Inactive Members Currently Receiving Disability Benefits	2
Beneficiaries Currently Receiving Benefits	11
Inactive Members Entitled to But Not Yet Receiving Benefits	6
Active Members	45
Total members	<u>106</u>

Contributions - Minnesota Statutes, Chapter 424 and 424A, authorize pension benefits for volunteer fire relief associations. The CFDRAPP is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary City contributions. The State of Minnesota contributed \$157,177 in fire state aid to the CFDRAPP on behalf of the CFD for the year ended December 31, 2018, which was recorded as revenue. Required City contributions are calculated annually based on statutory provisions. The City made all required contributions and additional voluntary contributions to the plan for the year ended December 31, 2018 totaling \$307,845. The City's contributions exceed the required contributions as set by State Statutes. Furthermore, members of the CFD have no obligation to contribute to the plan.

B) Net Pension Liability (Asset)

The CFDRAPP's net pension liability (asset) was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the December 31, 2018 actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	Not applicable as plan members are paid on call volunteers
Investment Rate of Return	6.25% net of pension plan investment expense, including inflation
20-Year Municipal Bond Yield	3.71%

Mortality rates were based on the following:

- Healthy Pre-retirement - RP-2014 employee generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006.
- Healthy Post-retirement - RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
- Disabled - RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

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The demographic actuarial assumptions used in the December 31, 2018 valuation were based on the same assumptions used in the June 30, 2018 PERA Police and Fire actuarial valuation, except that the fire relief uses a separate retirement rate assumption based on a review completed in May 2016. The economic actuarial assumptions are reviewed annually as part of the fire relief's annual valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the 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%	5.39%
International Equity	20%	5.20%
Fixed Income	10%	1.98%
Real Estate and Alternatives	10%	4.25%
Cash and Equivalents	25%	0.79%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.25 percent. The projected cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in Minnesota Statutes. Based on those assumptions 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 benefits payments to determine the total pension liability.

C) Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance - January 1, 2018	\$ 5,254,917	\$ 5,810,080	\$ (555,163)
Changes For The Year:			
Service Cost	97,600	-	97,600
Interest	323,454	-	323,454
Contribution - Employer	-	465,022	(465,022)
Net Investment Income	-	(342,294)	342,294
Benefit Payments, Including Member Contribution Refunds	(354,522)	(354,522)	-
Administrative Costs	-	(14,407)	14,407
Total Net Changes	66,532	(246,201)	312,733
Ending Balance - December 31, 2018	<u>\$ 5,321,449</u>	<u>\$ 5,563,879</u>	<u>\$ (242,430)</u>

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of the CFDRAPP, calculated using the discount rate of 6.25 percent, as well as what the CFDRAPP's net pension liability (asset) would be if it were calculated using a discount rate 1 percentage point lower (5.25 percent) or 1 percentage point higher (7.25 percent) than the current discount rate:

	Net Pension Liability (Asset)
1% Decrease in Discount Rate (5.25%)	\$ 300,493
Current Discount Rate (6.25%)	(242,430)
1% Increase in Discount Rate (7.25%)	(699,600)

Pension Plan Fiduciary Net Position - Detailed information about the CFDRAPP's fiduciary net position is available in the separately issued CFDRAPP financial report.

D) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the CFDRAPP recognized pension expense of \$202,133. At December 31, 2018, the CFDRAPP 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 liability	\$ 15,687	\$ 9,513
Change of assumptions	45,930	-
Net differences between projected and actual investment earnings	321,729	-
Total:	<u>\$ 383,346</u>	<u>\$ 9,513</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2019	\$ 130,342
2020	31,308
2021	55,470
2022	156,560
2023	153
Total:	<u>\$ 373,833</u>

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

Note 17 Other Post-Employment Benefits (OPEB) Plan

A) Plan Description

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible employees. The plan offers group health insurance benefits. Medical coverage is administered by Blue Cross Blue Shield. It is the City's policy to periodically review its group health insurance plans and to obtain requests for proposals in order to provide the most favorable benefits and premiums for the City's employees and retirees. No assets are accumulated in a trust.

B) Benefits Provided

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Retirees may obtain dependent coverage while the participating retiree is under age 65. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

Retiree are required to pay 100 percent of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

C) Contributions

The required contributions are based on projected pay-as-you-go financing requirements. For the current year, the City's required pay-as-you go finance benefits totaled \$21,491.

D) Members

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

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	134
Total	<u>137</u>

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

E) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the entry age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
20-year Municipal Bond Yield	3.30%
Salary Increases	3.00%
Inflation Rate	2.50%
Medical Trend Rate	6.50% grading to 5.00% over 6 years
Mortality Assumption	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvements Scale (with Blue Collar adjustment for Police and Fire Personnel)

F) Changes in the Total OPEB Liability

The City's total OPEB liability of \$1,218,277 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Beginning Balance - January 1, 2018	\$ 1,146,292
Changes for the Year	
Service Cost	73,812
Interest	39,586
Benefit Payments	(41,413)
Net Changes	71,985
Ending Balance - December 31, 2018	\$ 1,218,277

Assumption changes since the prior measurement date include the following:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50 percent to 3.30 percent.

Method changes since the prior measurement date include the following:

- The actuarial cost method was changed from project unit credit to entry age as prescribed by GASB 75.

Notes to the Financial Statements
City of Chaska, Minnesota **For the Year Ended December 31, 2018**

G) OPEB Liability Sensitivity

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 percent lower and 1 percent higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Discount Rate	2.30%	3.30%	4.30%
Total OPEB Liability	\$ 1,326,690	\$ 1,218,277	\$ 1,116,970

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 percent lower or 1 percent higher than current healthcare cost trend rates:

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB Healthcare Trend Rate	5.5% decreasing to 4.00% over 6 years	6.5% decreasing to 5.00% over 6 years	7.5% decreasing to 6.00% over 6 years
Total OPEB Liability	\$ 1,072,948	\$ 1,218,277	\$ 1,390,301

H) OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$113,398. 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
Contributions subsequent to the measurement date	\$ 21,491	\$ -

A total of \$21,491 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, 2019.

PERA – General Employees Retirement Fund Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability

PERA – General Employees Retirement Fund Schedule of City Contributions

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	\$ 573,571	\$ 573,571	\$ -	\$ 7,647,695	7.50%
12/31/2016	622,514	622,514	-	8,301,166	7.50%
12/31/2017	645,781	645,781	-	8,613,210	7.50%
12/31/2018	684,782	684,782	-	9,130,403	7.50%

Schedule is intended to present information for 10 years. Additional years will be displayed as they become available

Required Supplementary Information

City of Chaska, Minnesota For the Year Ended December 31, 2018

PERA – Public Employees Police and Fire Fund Schedule of City's Proportionate Share of Net Pension Liability

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 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	0.26%	\$ 2,908,759	123.99%	86.60%
12/31/2016	06/30/2016	0.23%	9,992,803	416.75%	63.90%
12/31/2017	06/30/2017	0.26%	3,564,313	131.65%	83.40%
12/31/2018	06/30/2018	0.26%	2,788,387	100.97%	88.80%

PERA – Public Employees Police and Fire Fund Schedule of City Contributions

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	\$ 384,775	\$ 384,775	\$ -	\$ 2,375,153	16.20%
12/31/2016	421,074	421,074	-	2,600,914	16.20%
12/31/2017	431,127	431,127	-	2,665,551	16.20%
12/31/2018	471,427	471,427	-	2,910,044	16.20%

Schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information

City of Chaska, Minnesota For the Year Ended December 31, 2018

Chaska Fire Department Relief Association Pension Plan (CFDRAPP), Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 97,600	\$ 76,833	\$ 74,777	\$ 76,662	\$ 74,610
Interest	324,434	307,707	318,368	323,774	324,731
Changes of Benefits Terms	-	229,268	-	-	248,676
Differences Between Expected & Actual Experience	-	23,511	-	(42,040)	-
Changes of Assumptions	-	68,838	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
Net Change in Total Pension Liability	66,532	110,714	(57,974)	(18,969)	329,466
Total Pension Liability - Beginning	\$ 5,254,917	\$ 5,144,203	\$ 5,202,177	\$ 5,361,146	\$ 5,031,680
Total Pension Liability - Ending (a)	\$ 5,321,449	\$ 5,254,917	\$ 5,144,203	\$ 5,342,177	\$ 5,361,146
Plan Fiduciary Net Position					
Contributions - Employer	\$ 465,022	\$ 443,793	\$ 427,285	\$ 401,321	\$ 361,296
Net Investment Income	(342,294)	819,964	406,073	(220,345)	232,061
Benefit Payments, Including Refunds of Member Contributions	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
Administrative Expense	(14,407)	(10,985)	(11,561)	(14,266)	(9,463)
Net Change in Plan Fiduciary Net Position	(246,201)	658,019	372,678	(440,613)	265,343
Plan Fiduciary Net Position - Beginning	\$ 5,810,080	\$ 5,152,061	\$ 4,779,383	\$ 5,119,996	\$ 4,854,653
Plan Fiduciary Net Position - Ending (b)	\$ 5,563,879	\$ 5,810,080	\$ 5,152,061	\$ 4,779,383	\$ 5,119,996
City's Net Pension Liability (Asset) - Ending (a) - (b)	\$ (242,430)	\$ (555,163)	\$ (7,858)	\$ 422,794	\$ 241,150
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.56%	110.56%	100.15%	91.87%	95.50%

Notes to the Schedule:

- The 2013 results are shown for transitional purposes only. They do not reflect what was actually recognized on the 2013 Financial Statements. Information for 2013 and prior years not available
- Schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

City of Chaska, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2018

Schedule of Changes in Total OPEB Liability and Related Ratios	
	2018
Total OPEB Liability	
Service Cost	\$ 73,812
Interest	39,586
Benefit Payments	(41,413)
Net Change in Total OPEB Liability	71,985
Total OPEB Liability - Beginning of Year	1,146,292
Total OPEB Liability - End of Year	\$ 1,218,277
Covered Payroll	\$ 10,383,422
Total OPEB Liability as a Percentage of Covered Payroll	11.7%

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 reported as they become available.

City of Chaska, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2018

Chaska Fire Department Relief Association Pension Plan (CFDRAPP), Schedule of City Contributions

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution(ADC)	\$ 163,134	\$ 263,347	\$ 263,347	\$ 267,302	\$ 267,302	\$ 293,799	\$ 293,799	\$ 246,000	\$ 221,350
Contributions in Relation to the ADC	465,022	436,793	427,285	401,321	361,296	364,512	298,250	299,930	271,345
Contribution Deficiency (Excess)	\$ (298,888)	\$ (171,446)	\$ (163,938)	\$ (134,019)	\$ (93,994)	\$ (70,713)	\$ (4,451)	\$ (53,930)	\$ (44,989)

Valuation Date:
 Actuarially determined contribution rates are calculated as of December 31, either two or three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:
 Actuarial Cost Method Entry Age Normal actuarial level dollar cost method
 Amortization Method Actuarial Losses - Amortize over 10 years per Minnesota Statutes 69.773, Subd 4, (d)(3)(v).
 Plan Changes - Amortize over 20 years per Minnesota Statutes 69.773, Subd 4, (d)(3)(v).
 Remaining Amortization Period 13 years as of December 31, 2018
 Asset Valuation Method Market Value
 Inflation 2.75 percent
 Salary Increases 0.00 percent, including inflation
 Investment Rate of Return 5.00 percent as per Minnesota State Statutes Chapter 356.215, Subdivision 8
 Retirement Age The latest of age 50 or after 20 years of service
 Mortality RP-2000 Combined Mortality Table, fully generational

Other Information:
 In 2009, benefit terms were modified to eliminate funeral benefits. The benefit for surviving child was modified from \$25 per month to 25 percent of the members benefit payable at age 50.
 In 2011, benefits terms were modified to change the surviving spouse benefits from 75 percent of the member's monthly benefit for life to 100 percent of the member's monthly benefit for life. The survivor benefit for surviving children was modified to change the benefit from 25 percent to 100 percent of the member's monthly pension.
 On November 4, 2013, benefit terms were modified to add a \$6,000 per year of service lump sum benefit option for individuals who became members before November 4, 2013. Individuals that became members after November 4, 2013 are only entitled to a lump sum service pension.
 On May 5, 2014, benefit terms were modified to increase the monthly benefit from \$1,975 to \$2,085 per month of service and to increase the lump sum benefit from \$6,000 to \$6,255 per year of service effective as of June 1, 2014.
 On November 7, 2016, benefit terms were modified to increase the monthly benefit from \$2,085 to \$2,185 per month of service and to increase the lump sum benefit from \$6,255 to \$6,486 per year of service as of January 1, 2017.
 On October 15, 2018, benefit terms were modified to increase the monthly benefit from \$2,185 to \$2,4525 per month of service and to increase the lump sum benefit from \$6,486 to \$7,100 per year of service effective January 1, 2019.
 Notes to Schedule: ADC amounts are equal to statutory requirements under Minnesota Statutes 424A.092 and 69.773.

Notes to Required Supplementary Information
For the Year Ended December 31, 2018

City of Chaska, Minnesota

PERA – GENERAL EMPLOYEES RETIREMENT FUND

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.

2017 Changes in Plan Provisions:

- The state's special funding contribution increased from \$6 million to \$16 million.

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.

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 was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated 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 Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by state statutes, the assumed post-retirement benefit increase was changed from 1.00 percent per year through 2064, and 2.50 percent per year thereafter, to 1.00 percent for all years with no trigger.

2017 Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in 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 Combined Service Annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested 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 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.

Notes to Required Supplementary Information
For the Year Ended December 31, 2018

City of Chaska, Minnesota

The base mortality table for disabled annuitants was changed from RP-2000 disabled mortality 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 changed from 5.60 percent to 7.50 percent.

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 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 for inflation.
- 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 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.

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.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2018 Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50 percent to 3.30 percent.
- The actuarial cost method was changed from project unit credit to entry age as prescribed by GASB 75.

City of Chaska, Minnesota
\$5,680,000* General Obligation Bonds, Series 2019B

For the Series 2019B Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$5,640,240) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2021	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2022	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2023	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2024	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2025	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %
2026	_____ %	_____ %	_____ %	2036	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2037	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2038	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2039	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %				

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of October 7, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated September 19, 2019 including the City's right to modify the principal amount of the Series 2019B Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2019B Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2019B Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST RATE: _____ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _____.

Account Members

Account Manager

By: _____

Phone: _____

.....
The foregoing proposal has been accepted by the City.

Attest: _____

Date: _____

City of Chaska, Minnesota
\$2,135,000* General Obligation Utility Revenue Bonds, Series 2019C

For the Series 2019C Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$2,117,920) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2021	_____ %	_____ %	_____ %	2029	_____ %	_____ %	_____ %
2022	_____ %	_____ %	_____ %	2030	_____ %	_____ %	_____ %
2023	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2024	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2025	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2026	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %				

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of October 7, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated September 19, 2019 including the City's right to modify the principal amount of the Series 2019C Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Series 2019C Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2019C Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ _____

TRUE INTEREST RATE: _____ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _____.

Account Members

Account Manager

By: _____

Phone: _____

.....
The foregoing proposal has been accepted by the City.

Attest: _____

Date: _____

**REQUEST FOR ACTION
CHASKA CITY COUNCIL
10/07/2019**

**Subject: Authorize Call of GO Capital Improvement Refunding Bonds,
Series 2009B**

Prepared By: Noel Graczyk

Background

Ms. Kelly Grinnell, Finance Manager has determined, as part of a recent review of each outstanding series of bonds, that sufficient funds have been accumulated for the GO Improvement Refunding Bonds, Series 2009B to prepay on December 1, 2019 the outstanding and final 2020 maturity of the bonds. Baker Tilly Municipal Advisors, LLC has prepared a redemption analysis that identifies \$3,150 in interest savings that fully offset \$2,500 in cost to be incurred by completing a call of the bonds.

By calling all outstanding Series 2009B maturities in 2019 the City will be able to close the Series 2009B Debt Service Fund. This will allow approximately \$1.6 million in accumulated funds to be returned in 2019 to utility trunk funds which previously advanced contributions for payment of debt service on the Series 2009B.

Recommendation

Staff recommends adoption of the resolution calling for early redemption of Series 2009B.

CITY COUNCIL ACTION REQUESTED

Motion to adopt a resolution 2019-107 authorizing call of certain outstanding General Obligation Capital Improvement Refunding Bonds, Series 2009B.

CERTIFICATION OF MINUTES RELATING TO
CALL OF CERTAIN OUTSTANDING BONDS

Issuer: City of Chaska, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held October 7, 2019, at 7:00 p.m. at City Hall..

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (pages):

RESOLUTION NO. 2019-107

RESOLUTION AUTHORIZING CALL OF CERTAIN
OUTSTANDING GENERAL OBLIGATION CAPITAL
IMPROVEMENT REFUNDING BONDS, SERIES 2009B

I, the undersigned, being the duly qualified and acting recording officer of the public corporation referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this 10th day of October, 2019.

City Administrator

Councilmember _____ introduced the following resolution and moved its adoption, which motion was seconded by Councilmember _____:

RESOLUTION NO. 2019-107

RESOLUTION AUTHORIZING CALL OF CERTAIN
OUTSTANDING GENERAL OBLIGATION IMPROVEMENT
REFUNDING BONDS, SERIES 2009B

BE IT RESOLVED by the City Council (the “Council”) of City of Chaska, Minnesota (the “City”), as follows:

Section 1. The City has issued its General Obligation Improvement Refunding Bonds, Series 2009B, dated, as originally issued, as of October 1, 2009, in the original principal amount of \$1,995,000 (the “Bonds”), of which \$215,000 in aggregate principal amount is currently outstanding.

Section 2. Bonds maturing in 2015 and later years are subject to prepayment on or after December 1, 2014, upon notice of call for redemption thereof mailed not fewer than 30 days before the date specified for redemption to the registered owners of the Bonds.

Section 3. The City will pay on December 1, 2019, the 2019 maturity of the Bonds, and this Council has determined that there exist sufficient funds available to prepay on December 1, 2019, the 2020 maturity of the Bonds.

Section 4. The City Administrative Services Director, as registrar for the Bonds, is hereby authorized and directed to cause the Notice of Redemption attached hereto as Exhibit A to be mailed as provided in the resolution authorizing the Bonds.

Section 5. No further action shall be required of the Council to complete the prepayment of the Bonds.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

NOTICE OF REDEMPTION

\$1,995,000 General Obligation Improvement Refunding Bonds, Series 2009B
Dated as of October 1, 2009
City of Chaska, Minnesota

NOTICE IS HEREBY GIVEN that the City of Chaska, Minnesota, has called for redemption and prepayment on December 1, 2019, the outstanding Bonds of the above-referenced issue (the "Bonds") maturing on December 1 in the following years, in the principal amounts and having the interest rates and CUSIP numbers listed below:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP Number*</u>
2020	\$105,000	3.00%	161663 4L0

*Denotes Full Call.

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the date of redemption. Holders of the Bonds should present them for payment to the City Administrative Services Director, City of Chaska, One City Hill Plaza, Chaska, Minnesota 55318, on or before said date, when they will cease to bear interest.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001, federal backup withholding tax will be withheld at the applicable backup withholding rate in effect at the time the payment by the redeeming institutions if they are not provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled by submitting a W-9 Form, which may be obtained at a bank or other financial institution.

The Paying Agent shall not be responsible for the selection of or use of the CUSIP number, nor is any representation made as to its correctness indicated in this Notice of Redemption. It is included solely for the convenience of the Holders.

Additional information may be obtained from the undersigned or from Baker Tilly Municipal Advisors, 380 Jackson Street, Suite 300, St. Paul, Minnesota (651-223-3000), municipal advisor to the City.

Dated: _____, 2019.

BY ORDER OF THE CITY COUNCIL
CITY OF CHASKA, MINNESOTA

By s/ _____
Matt Podhradsky, City Administrator

CLAIMS ROSTER REPORT

FOR COUNCIL MEETING:

October 7, 2019

Paid and Unpaid Invoices:

Check #'s 330004-330103

\$632,729.11

Paid Electronic Invoices:

Wire #'s 2059-2072

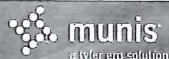
\$678,844.24

Amount for Approval-Council Meeting:

October 7, 2019

\$1,311,573.35

Checks



10/04/2019 11:06
8482mrob

City of Chaska
VENDOR INVOICE LIST

P 1
apinv1st

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET DUE DATE	TYPE STS	INVOICE DESCRIPTION
103120	ACROSS THE STREET PRODUCTIONS INC						
INV03145		09/23/2019	100819	330009	2,000.00 10/23/2019	INV PD	BLUE CARD RENEWAL OFFICER
CHECK DATE:	10/08/2019						
100843	AH HERMEL COMPANY						
791675		09/18/2019	100819	330010	441.67 10/18/2019	INV PD	vending supplies
CHECK DATE:	10/08/2019						
792865		09/25/2019	100819	330010	135.10 10/25/2019	INV PD	vending supplies
CHECK DATE:	10/08/2019						
107856	ALLSTATES PAVEMENT RECYCLING & STABILIZATION INC				576.77		
190779-1		08/30/2019	100819	330011	3,750.00 09/30/2019	INV PD	RECLAIMING OF BLACKTOP PA
CHECK DATE:	10/08/2019						
107865	BAKKEN, WENDY						
2005602.002		09/30/2019	100419	330092	500.00 10/30/2019	INV PD	DAMAGE DEPOSIT REFUND-WED
CHECK DATE:	10/04/2019						PAYEE: BAKKEN, WENDY
107864	BERKSHIRE HATHAWAY HOME SERVICES						
31228		09/30/2019	100819	330012	25.18 10/30/2019	INV PD	CREDIT BALANCE REFUND-321
CHECK DATE:	10/08/2019						
100226	BRAUN INTERTEC CORPORATION						
B187083		10/02/2019	100819	330013	900.00 11/02/2019	INV PD	SAVANNA WAY-110 CREEK RD
CHECK DATE:	10/08/2019						
100254	BRYAN ROCK PRODUCTS INC						
37326		09/15/2019	100819	330014	11,291.50 10/15/2019	INV PD	ROCK FOR SOIL CORRECTION
CHECK DATE:	10/08/2019						
107866	CARRILLO, MARIA						
2005604.002		10/01/2019	100419	330093	500.00 11/01/2019	INV PD	DAMAGE DEPOSIT REFUND-WED
CHECK DATE:	10/04/2019						PAYEE: CARRILLO, MARIA
100285	CARVER COUNTY ATTORNEY						



10/04/2019 11:06
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City of Chaska
VENDOR INVOICE LIST

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apinvlst 2

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
71088		10/02/2019	100819	330015	14.77	10/15/2019	INV	PD	Forfeiture payout 18.1211
CHECK DATE: 10/08/2019									
71089		10/02/2019	100819	330015	18.22	10/15/2019	INV	PD	Forfeiture payout 18.3725
CHECK DATE: 10/08/2019									
71090		10/02/2019	100819	330015	309.97	10/15/2019	INV	PD	Forfeiture payout 18.8264
CHECK DATE: 10/08/2019									
					342.96				
100323 CDW GOVERNMENT INC									
TXK6271		09/17/2019	100819	330016	980.05	10/17/2019	INV	PD	SOLARWINDS DAMEWARE LICEN
CHECK DATE: 10/08/2019									
TXT7113		09/16/2019	100819	330016	2,449.54	10/18/2019	INV	PD	PRTG LICENSE RENEWAL
CHECK DATE: 10/08/2019									
TXZ5980		09/18/2019	100819	330016	102.41	10/18/2019	INV	PD	DISPLAY ADAPTERS
CHECK DATE: 10/08/2019									
TZZ9976		09/23/2019	100819	330016	169.41	10/23/2019	INV	PD	CURLING PC
CHECK DATE: 10/08/2019									
VBB5747		09/23/2019	100819	330016	1,254.86	10/23/2019	INV	PD	CURLING PC
CHECK DATE: 10/08/2019									
					4,956.27				
100337 QWEST CORPORATION									
1476657620		09/15/2019	100419	330095	11,934.72	10/15/2019	INV	PD	SEP 2019 INTERNET SERVICE
CHECK DATE: 10/04/2019									
313196254/SEP19		09/18/2019	100419	330094	586.51	10/15/2019	INV	PD	SEP 2019 CITY HALL LOC PH
CHECK DATE: 10/04/2019									
313408124/SEP19		09/11/2019	100419	330094	131.56	10/07/2019	INV	PD	SEP 2019 TC MAINT LOC PHN
CHECK DATE: 10/04/2019									
314238800/SEP19		09/18/2019	100419	330094	72.98	10/15/2019	INV	PD	SEP 2019 LOCAL PHN SVC
CHECK DATE: 10/04/2019									
					12,725.77				
100377 CHASKA ROTARY CLUB									
4837		10/02/2019	100819	330017	250.00	11/02/2019	INV	PD	4TH QTR DUES, MEALS - POD
CHECK DATE: 10/08/2019									
103871 CITY OF SAINT PAUL									
IN37205		09/12/2019	100819	330018	380.00	10/12/2019	INV	PD	PDI training-Pesheck, Sch



10/04/2019 11:06
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City of Chaska
VENDOR INVOICE LIST

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apinvlst

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 10/08/2019									
103087 CLUB WEST PARTNERS LLC									
LS2019-2		08/19/2019	100819	330019	188,975.87	10/24/2019	INV	PD	SAVANNA WAY LIFT STATION
CHECK DATE: 10/08/2019									
106301 CORE AND MAIN LP									
LO45951		08/20/2019	100819	330020	2,410.26	09/20/2019	INV	PD	TRUNK SEWER LIFT STATION
CHECK DATE: 10/08/2019									
107860 COUNSELING & THERAPEUTIC SUPPORT SERVICE									
10010246		09/30/2019	100819	330021	22.06	10/30/2019	INV	PD	CREDIT BALANCE REFUND-568
CHECK DATE: 10/08/2019									
100488 DAKOTA COUNTY TECHNICAL COLLEGE									
533731		08/09/2019	100819	330022	250.00	09/09/2019	INV	PD	Pursuit refresher-K Boll
CHECK DATE: 10/08/2019									
548110		09/06/2019	100819	330022	250.00	10/06/2019	INV	PD	Pursuit refresher-T Perli
CHECK DATE: 10/08/2019									
					500.00				
100490 DAKOTA SUPPLY GROUP INC									
E967105		09/09/2019	100819	330023	4,800.00	10/25/2019	INV	PD	STREET LIGHT LED CONVERSI
CHECK DATE: 10/08/2019									
E996517	190173	09/19/2019	100819	330023	940.11	10/19/2019	INV	PD	1" INSETTER ASSEMBLY
CHECK DATE: 10/08/2019									
					5,740.11				
107812 SCOTT CONGDON									
3082		09/05/2019	100819	330024	215.00	10/05/2019	INV	PD	Letterhead-PD
CHECK DATE: 10/08/2019									
3203		09/27/2019	100819	330024	110.00	10/27/2019	INV	PD	BUILDING PERMIT FORMS
CHECK DATE: 10/08/2019									
					325.00				
103870 DIVERSIFIED PLUMBING AND HEATING INC									
26990		09/30/2019	100819	330025	250.00	10/30/2019	INV	PD	drain line cleaning-Curli
CHECK DATE: 10/08/2019									



10/04/2019 11:06
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City of Chaska
VENDOR INVOICE LIST

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apinvlst

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
100585 EGAN COMPANY									
JC10195557		09/16/2019	100819	330026	3,673.40	10/16/2019	INV	PD	REPAIRS TO BOLLARD ON 61
CHECK DATE: 10/08/2019									
102657 ENERGY MANAGEMENT SOLUTIONS INC									
9684		10/01/2019	100819	330027	6,803.85	11/05/2019	INV	PD	MONTHLY RETAINER
CHECK DATE: 10/08/2019									
105728 FIDELITY SECURITY LIFE INSURANCE COMPANY									
164058033		09/27/2019	100419	330096	592.60	10/27/2019	INV	PD	OCT 2019 EMP VISION INS P
CHECK DATE: 10/04/2019									
105908 FAMILY SUPPORT REGISTRY									
PR09271910859189		09/27/2019	093019	330004	34.00	09/27/2019	INV	PD	092719 Payroll Child Supp
CHECK DATE: 09/30/2019									
100643 FASTENAL COMPANY									
MNT1091830		09/23/2019	100819	330028	78.91	10/23/2019	INV	PD	FD TRAINING PANELS
CHECK DATE: 10/08/2019									
100649 FEDERAL EXPRESS CORPORATION									
6-748-66776		09/25/2019	100419	330097	21.53	10/10/2019	INV	PD	SHIPPING-ELECTRIC DEPT
CHECK DATE: 10/04/2019									
100655 FERRELLGAS 7780961									
1108112893		09/25/2019	100819	330029	83.71	10/25/2019	INV	PD	PROPANE
CHECK DATE: 10/08/2019									
100703 NORTH SECOND STREET STEEL SUPPLY INC									
443480		09/05/2019	100819	330030	1,000.00	10/05/2019	INV	PD	FD TRAINING PANEL ALUMINU
CHECK DATE: 10/08/2019									
107859 GEISSLER, SARA									
2005591.002		09/23/2019	093019	330005	125.00	10/23/2019	INV	PD	ROOM CANCELLATION REFUND
CHECK DATE: 09/30/2019									PAYEE: GEISSLER, SARA



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City of Chaska
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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
101463 GOPHER STATE ONE CALL									
9090279		09/30/2019	100819	330031	575.10	10/30/2019	INV	PD	SEPTEMBER LOCATES
CHECK DATE: 10/08/2019									
100752 GPSI LEASING II ACCORD LLC									
LEASE0019434		10/01/2019	100819	330032	5,120.00	11/01/2019	INV	PD	GPS LEASE
CHECK DATE: 10/08/2019									
100759 GRAINGER									
9299112806		09/20/2019	100819	330033	141.42	10/20/2019	INV	PD	DISPLACEMENT CONNECTOR (W
CHECK DATE: 10/08/2019									
9301658796		09/23/2019	100819	330033	149.58	10/23/2019	INV	PD	replacement clocks
CHECK DATE: 10/08/2019									
9304330955		09/25/2019	100819	330033	350.35	10/25/2019	INV	PD	door repairs
CHECK DATE: 10/08/2019									
					641.35				
100785 HACH COMPANY									
11652996		09/25/2019	100819	330034	374.87	10/25/2019	INV	PD	WTP CHEMICALS
CHECK DATE: 10/08/2019									
102333 HANSON, ELIZABETH									
70732		09/24/2019	100819	330035	40.60	10/24/2019	INV	PD	MILEAGE-SITE VISITS, PLAN
CHECK DATE: 10/08/2019									
100848 HIGH TECH CLEANING INC									
15186		09/18/2019	100819	330036	839.91	10/18/2019	INV	PD	CLEANING SUPPLIES CITY HA
CHECK DATE: 10/08/2019									
100889 INTERNATIONAL CITY MGMT ASSN RETIREMENT CORP									
2019/0927-ICMA		09/27/2019	100419	330098	3,510.58	09/27/2019	INV	PD	20190927 - Payroll 457 &
CHECK DATE: 10/04/2019									
104751 IMPACT MAILING OF MINNESOTA INC									
142708		09/18/2019	100819	330037	435.14	10/18/2019	INV	PD	Final Disconnect Notices
CHECK DATE: 10/08/2019									



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City of Chaska
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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
100900 INDELCO PLASTICS CORPORATION									
INV140987		09/20/2019	100819	330038	251.16	10/20/2019	INV	PD	check valve, splash pad
CHECK DATE: 10/08/2019									
100972 JT SERVICES OF MINNESOTA									
JT19-256-03		09/18/2019	100819	330039	518.32	10/18/2019	INV	PD	BOLTS/NUTS FOR ATTACHING
CHECK DATE: 10/08/2019									
101056 LEAGUE OF MINNESOTA CITIES									
5061		08/23/2019	100819	330040	159.50	09/23/2019	INV	PD	ALLEGED ADA VIOLATION-POL
CHECK DATE: 10/08/2019									
105138 LEDERLE BUSINESS LLC									
20190812		08/12/2019	100819	330041	560.00	09/12/2019	INV	PD	Lifeguard class + Interes
CHECK DATE: 10/08/2019									
107699 LUMOS HOLDINGS US ACQUISITION CO									
6256998		09/13/2019	100819	330042	50.28	10/13/2019	INV	PD	REPLACEMENT BATTERY-PD FI
CHECK DATE: 10/08/2019									
101096 LOCKSAFE									
427992		09/18/2019	100819	330043	519.50	10/18/2019	INV	PD	rekey all doors and keys
CHECK DATE: 10/08/2019									
107861 MARSHALL, AMANDA									
10001993		09/30/2019	100819	330044	135.43	10/30/2019	INV	PD	CREDIT BALANCE REFUND-119
CHECK DATE: 10/08/2019									
101154 MCFOA									
70834		09/30/2019	100819	330045	10.00	10/24/2019	INV	PD	MCFOA LIQUOR LICENSE TRNG
CHECK DATE: 10/08/2019									
101183 METROPOLITAN COUNCIL									
SEP 2019 SAC		09/30/2019	100819	330046	46,742.85	10/30/2019	INV	PD	SEP 2019 SAC CHARGES
CHECK DATE: 10/08/2019									

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VENDOR INVOICE LIST



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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
101187 METRO SALES INC									
INV1432441		09/24/2019	100819	330047	159.00	10/24/2019	INV	PD	OCT 2019 COPIER-FD
CHECK DATE: 10/08/2019									
101196 MID COUNTY COOP #122622									
23163		09/18/2019	100819	330048	531.53	10/30/2019	INV	PD	200 GLS DIESEL-TC
CHECK DATE: 10/08/2019									
23164		09/18/2019	100819	330048	415.58	10/30/2019	INV	PD	159 GLS GAS-TC
CHECK DATE: 10/08/2019									
101217 MINNESOTA CHILD SUPPORT PMT CTR					947.11				
PR0927190014172152		09/27/2019	093019	330006	195.66	09/27/2019	INV	PD	092719 Payroll Child Supp
CHECK DATE: 09/30/2019									
PR092719001510208001		09/27/2019	093019	330007	229.34	09/27/2019	INV	PD	092719 Payroll Child Supp
CHECK DATE: 09/30/2019									
101227 MINNESOTA ELEVATOR INC					425.00				
821786		09/23/2019	100819	330049	554.00	10/23/2019	INV	PD	CCC Elevator Electric Iss
CHECK DATE: 10/08/2019									
822859		10/01/2019	100819	330049	394.10	11/01/2019	INV	PD	OCT CCC ELEVATOR SERVICE
CHECK DATE: 10/08/2019									
101276 MINNESOTA VALLEY ELECTRIC COOPERATIVE					948.10				
107051510/SEP19		09/23/2019	100819	330050	28.29	10/16/2019	INV	PD	SEP 2019 82ND ST & HWY 41
CHECK DATE: 10/08/2019									
778320601/SEP19		09/23/2019	100819	330050	98.60	10/16/2019	INV	PD	SEP 2019 CHEVALLE LIFT ST
CHECK DATE: 10/08/2019									
780272000/SEP19		09/23/2019	100819	330050	10.59	10/16/2019	INV	PD	SEP 2019 CHEVALLE IRRIGAT
CHECK DATE: 10/08/2019									
101356 MTI DISTRIBUTING INC #31380					137.48				
1234568-00		09/18/2019	100819	330051	82.49	10/18/2019	INV	PD	#270 PARK MOTOR PARTS
CHECK DATE: 10/08/2019									

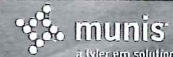


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VENDOR INVOICE LIST

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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
104262 MUNICIPAL CODE CORPORATION									
00333289		09/19/2019	100819	330052	837.95	10/19/2019	INV	PD	Supplement No 9 to City C
CHECK DATE: 10/08/2019									
101759 MY ALARM CENTER LLC									
12836504		10/01/2019	100819	330053	102.72	10/31/2019	INV	PD	CITY HALL 10/1/19-12/31/1
CHECK DATE: 10/08/2019									
106198 NAVIANT INC									
0139270-IN		09/30/2019	100819	330054	2,955.00	10/20/2019	INV	PD	SEP ONBASE HOSTING FEE
CHECK DATE: 10/08/2019									
101253 BUSINESS PLANNING CONCEPTS INC									
383600102019		09/13/2019	100419	330099	160.00	10/10/2019	INV	PD	Oct 19 PERA Life Premiums
CHECK DATE: 10/04/2019									
101388 NEENAH FOUNDRY									
339395		09/13/2019	100819	330055	1,759.72	10/13/2019	INV	PD	MANHOLE COVERS FOR VET'S
CHECK DATE: 10/08/2019									
101436 NUCO2 INC									
60714976		10/01/2019	100819	330056	156.83	11/01/2019	INV	PD	pool supplies
CHECK DATE: 10/08/2019									
101445 OFFICE DEPOT									
380125684001-1		09/19/2019	100819	330057	34.99	10/19/2019	INV	PD	Copy Paper
CHECK DATE: 10/08/2019									
380125684001-2		09/19/2019	100819	330057	9.35	10/19/2019	INV	PD	Correction tape for work
CHECK DATE: 10/08/2019									
					44.34				
101465 ON SITE SANITATION INC									
0000815045		09/27/2019	100819	330058	200.00	10/27/2019	INV	PD	RESTROOMS FOR BLOCK PARTY
CHECK DATE: 10/08/2019									
0000815046		09/27/2019	100819	330058	200.00	10/27/2019	INV	PD	RESTROOMS FOR BLOCK PARTY
CHECK DATE: 10/08/2019									



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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
					400.00				
101508 PERSONIUS, JAMIE									
70735		09/13/2019	100819	330059	14.49	10/24/2019	INV	PD	DUST CAPS FOR AIR TANKS
CHECK DATE:	10/08/2019								
103055 QUALITY PROPANE INC									
187263T		09/30/2019	100819	330060	71.61	10/30/2019	INV	PD	L P gas
CHECK DATE:	10/08/2019								
101620 RECREATION SUPPLY CO INC									
372188		09/18/2019	100819	330061	95.71	10/18/2019	INV	PD	pool supplies
CHECK DATE:	10/08/2019								
101668 ROBBS ELECTRIC INC									
33701		08/22/2019	100819	330062	845.00	10/10/2019	INV	PD	EVENT CTR DISHWASHER DISC
CHECK DATE:	10/08/2019								
33993		09/18/2019	100819	330062	3,611.82	10/18/2019	INV	PD	LED LIGHT FIXTURES IN CCC
CHECK DATE:	10/08/2019								
					4,456.82				
101673 ROCHESTER MIDLAND CORP									
INV00145449		09/25/2019	100819	330063	54.60	10/25/2019	INV	PD	FIREMAN'S PARK
CHECK DATE:	10/08/2019								
101738 SCHILLING SUPPLY COMPANY									
717492-01		09/25/2019	100819	330064	276.81	10/25/2019	INV	PD	PARK SHELTER RESTROOM SUP
CHECK DATE:	10/08/2019								
738155-00		09/30/2019	100819	330064	1,189.69	10/30/2019	INV	PD	cleaning supplies-Curling
CHECK DATE:	10/08/2019								
738418-00		09/30/2019	100819	330064	3,054.54	10/30/2019	INV	PD	cleaning supplies-CCC
CHECK DATE:	10/08/2019								
					4,521.04				
101737 SCHNECK, SONA									
71009		09/19/2019	100819	330065	41.64	10/19/2019	INV	PD	MILEAGE-BCA TAC CLASS
CHECK DATE:	10/08/2019								

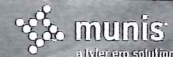


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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
101719	TECTA AMERICA CORP								
S510055180		09/27/2019	100819	330066	1,605.54	10/27/2019	INV	PD	MSB ROOF REPAIR
CHECK DATE: 10/08/2019									
S510055287		09/30/2019	100819	330066	972.00	10/20/2019	INV	PD	ROOFING REPAIRS AT CITY H
CHECK DATE: 10/08/2019									
					2,577.54				
107862	SCULLY, JON								
10015146		09/30/2019	100819	330067	55.00	10/30/2019	INV	PD	CREDIT BALANCE REFUND-306
CHECK DATE: 10/08/2019									
105713	TOWING SERVICES INC								
71087		10/02/2019	100819	330068	540.00	10/15/2019	INV	PD	Forfeiture Payouts
CHECK DATE: 10/08/2019									
105388	SHRED-IT US HOLDCO INC								
8128127656		09/15/2019	100819	330069	88.82	10/15/2019	INV	PD	Shredding
CHECK DATE: 10/08/2019									
107195	SOCIAL INDOOR LLC								
2841		09/23/2019	100819	330070	1,000.00	10/23/2019	INV	PD	TC ADVERTISING
CHECK DATE: 10/08/2019									
101914	SOUTHWEST METRO CHAMBER OF COMMERCE								
23507		09/18/2019	100819	330071	50.00	10/18/2019	INV	PD	Cycle Chaska Special Even
CHECK DATE: 10/08/2019									
23522		09/24/2019	100819	330071	575.00	10/24/2019	INV	PD	LEADERSHIP PROGRAM-S SELK
CHECK DATE: 10/08/2019									
					625.00				
101850	STANTEC CONSULTING SERVICES INC								
1555764		08/30/2019	100819	330072	968.20	09/30/2019	INV	PD	JUL 2019-ENGINEERING DEPA
CHECK DATE: 10/08/2019									
1555767		08/30/2019	100819	330072	171.00	09/30/2019	INV	PD	JUL 2019-MSA
CHECK DATE: 10/08/2019									
1555768		08/30/2019	100819	330072	2,745.30	09/30/2019	INV	PD	JUL 2019-CLOVER RIDGE DR
CHECK DATE: 10/08/2019									



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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
1555769 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,130.00	09/30/2019	INV	PD	JUL 2019-NE COLLECTOR IN
1555770 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	14,985.50	09/30/2019	INV	PD	JUL 2019-RECORD PLAN/BASE
1555771 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,693.21	09/30/2019	INV	PD	JUL 2019-MCKNIGHT WETLAND
1555772 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,368.00	09/30/2019	INV	PD	JUL 2019-CREEK RD SW COLL
1555773 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	169.60	09/30/2019	INV	PD	JUL 2019-LAKE HAZELTINE S
1555774 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	316.00	09/30/2019	INV	PD	JUL 2019-FORMER CARVER CT
1555775 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,380.12	09/30/2019	INV	PD	JUL 2019-VETERANS PARK ME
1555776 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,734.25	09/30/2019	INV	PD	JUL 2019-BAVARIA DOWNS ST
1555777 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	1,620.00	09/30/2019	INV	PD	JUL 2019-2018 DT RECONSTR
1555778 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	12,078.00	09/30/2019	INV	PD	JUL 2019-NE COLLECTOR IN
1555779 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	2,131.50	09/30/2019	INV	PD	JUL 2019-LAKE GRACE TRAIL
1555780 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	7,645.03	09/30/2019	INV	PD	JUL 2019-CREEK CENTER/CRE
1555781 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	171.00	09/30/2019	INV	PD	JUL 2019-COMPREHENSIVE SE
1555782 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	4,132.70	09/30/2019	INV	PD	JUL 2019-ADA TRANSITION P
1555783 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	23,107.29	09/30/2019	INV	PD	JUL 2019-PIONEER TRL/MCKN
1555784 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	55,774.66	09/30/2019	INV	PD	JUL 2019-2019 DT RECONSTR
1555785 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	5,696.50	09/30/2019	INV	PD	JUL 2019-FACILITY CONDITI
1555786 CHECK DATE: 10/08/2019		08/30/2019	100819	330072	22,569.50	09/30/2019	INV	PD	JUL 2019-CREEK RD L2723 R
1555787		08/30/2019	100819	330072	6,038.00	09/30/2019	INV	PD	JUL 2019-E 6TH ST L4965 R



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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 10/08/2019									
1555788		08/30/2019	100819	330072	17,715.00	09/30/2019	INV	PD	JUL 2019-WELL 5 REHABILIT
CHECK DATE: 10/08/2019									
1555789		08/30/2019	100819	330072	2,003.50	09/30/2019	INV	PD	JUL 2019-HILL TOWER REVIS
CHECK DATE: 10/08/2019									
1555790		08/30/2019	100819	330072	1,358.00	09/30/2019	INV	PD	JUL 2019-HAZELTINE BLUFF
CHECK DATE: 10/08/2019									
1559086		08/30/2019	100819	330072	16,362.35	09/30/2019	INV	PD	JUL 2019-GENERAL ENGINEER
CHECK DATE: 10/08/2019									
					205,064.21				
101888 STREICHERS									
I1390565		09/30/2019	100819	330073	313.95	10/30/2019	INV	PD	Frisbie-Initial issue-jac
CHECK DATE: 10/08/2019									
103677 SUN LIFE ASSURANCE COMPANY OF CANADA									
237741/SEP19		09/01/2019	100419	330100	4,158.20	10/01/2019	INV	PD	SEP 2019 EMP LIFE INS PRE
CHECK DATE: 10/04/2019									
101898 SUN MOUNTAIN SPORTS									
607848		09/18/2019	100819	330074	161.00	10/18/2019	INV	PD	RESALE
CHECK DATE: 10/08/2019									
106627 DIGITAL GOLF TECHNOLOGIES INC									
5361		08/31/2019	100819	330075	1,077.00	09/30/2019	INV	PD	HOLE IN ONE CONTEST
CHECK DATE: 10/08/2019									
100757 THE GRAPHIC EDGE INC									
1358349		09/23/2019	100819	330076	140.93	10/23/2019	INV	PD	staff uniforms
CHECK DATE: 10/08/2019									
101960 CHARLES THIEL									
71082		10/01/2019	100819	330077	320.00	10/31/2019	INV	PD	entertainment for Oktober
CHECK DATE: 10/08/2019									
101964 PMT EMBROIDERY LLC									
17531		09/26/2019	100819	330078	66.00	10/25/2019	INV	PD	Curling Uniform



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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 10/08/2019									
101969 TIMBERWALL LANDSCAPE & MASONRY PRODUCTS INC									
10108882		09/16/2019	100819	330079	318.91	10/10/2019	INV	PD	WELL #6
CHECK DATE: 10/08/2019									
101977 TOLL COMPANY									
10317064		09/12/2019	100819	330080	574.06	10/12/2019	INV	PD	WELDING SUPPLIES
CHECK DATE: 10/08/2019									
103946 TRANSUNION RISK AND ALTERNATIVE DATA SOLUTIONS INC									
1549467/SEP19		10/01/2019	100819	330081	125.00	11/15/2019	INV	PD	Data processing
CHECK DATE: 10/08/2019									
102033 TYLER TECHNOLOGIES INC									
045-276346		09/01/2019	100819	330082	51,183.02	10/16/2019	INV	PD	Q4-2019 MUNIS SAAS
CHECK DATE: 10/08/2019									
045-276361		09/01/2019	100819	330082	533.26	10/16/2019	INV	PD	Q4-2019 MUNIS BMI-SAAS
CHECK DATE: 10/08/2019									
045-277729		09/20/2019	100819	330082	110.00	11/04/2019	INV	PD	MN MUNIS USER GROUP REGIS
CHECK DATE: 10/08/2019									
					51,826.28				
105730 PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY									
E0665216-SEP19		09/24/2019	100419	330101	465.04	10/24/2019	INV	PD	SEP 2019 EMP LIFE INS PRE
CHECK DATE: 10/04/2019									
102051 UPS									
000027V7Y7389		09/21/2019	100419	330102	10.02	10/02/2019	INV	PD	SHIPPING-TC
CHECK DATE: 10/04/2019									
107745 US BANK NATIONAL ASSOCIATION									
395450315		09/20/2019	093019	330008	483.48	10/15/2019	INV	PD	CCC COLOR COPIER LEASE PM
CHECK DATE: 09/30/2019									
107687 UNIVERSAL PROTECTION SERVICE LP									
9260331		09/19/2019	100819	330083	299.27	09/19/2019	INV	PD	Event Ctr Security 9/13-9

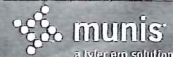


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INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
CHECK DATE: 10/08/2019									
104248 VALLEY RICH CO INC									
27519		07/09/2019	100819	330084	15,227.86	10/30/2019	INV	PD	REPAIRS AT MILL POND CT
CHECK DATE: 10/08/2019									
102102 VERIZON WIRELESS									
9836579694		08/21/2019	100419	330103	6,756.52	09/13/2019	INV	PD	SEP 2019 PHONE SERVICE
CHECK DATE: 10/04/2019									
102133 WAGNER PRESS & GRAPHICS									
32269		09/25/2019	100819	330085	69.00	10/25/2019	INV	PD	WATER LEAK COURTESY NOTIC
CHECK DATE: 10/08/2019									
107863 WAMOCHO, ROMAULD									
31137		09/30/2019	100819	330086	31.60	10/30/2019	INV	PD	CREDIT BALANCE REFUND-199
CHECK DATE: 10/08/2019									
102143 WATER CONSERVATION SERVICES INC									
9843		09/24/2019	100819	330087	299.00	10/24/2019	INV	PD	LEAK LOCATE COLUMBIA COUR
CHECK DATE: 10/08/2019									
107817 WELLHAVEN PETHEALTH MN CLINICAL PC									
7954		09/10/2019	100819	330088	428.31	10/23/2019	INV	PD	Animal Impound fee ICR#19
CHECK DATE: 10/08/2019									
8678		09/30/2019	100819	330088	269.35	11/01/2019	INV	PD	Animal Impound fee ICR#19
CHECK DATE: 10/08/2019									
					697.66				
102189 WM MUELLER & SONS									
248234		09/10/2019	100819	330089	6,083.15	10/25/2019	INV	PD	TRAIL OVERLAY
CHECK DATE: 10/08/2019									
248761		09/25/2019	100819	330089	129.20	10/25/2019	INV	PD	POTHOLE PATCHING
CHECK DATE: 10/08/2019									
					6,212.35				
102220 NORTHLAND SYSTEMS INC									



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City of Chaska
VENDOR INVOICE LIST

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apinvlst

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
77051		09/09/2019	100819	330090	5,082.92	10/14/2019	INV	PD	VMWARE LICENSE
CHECK DATE: 10/08/2019									
102228 ZEE MEDICAL SERVICE INC									
54126279		09/24/2019	100819	330091	371.50	10/24/2019	INV	PD	First aide refill-PD
CHECK DATE: 10/08/2019									
					371.50				
=====									
154 INVOICES					632,729.11				
=====									

** END OF REPORT - Generated by Michelle Robbin **

Wires

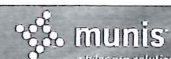


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City of Chaska
VENDOR INVOICE LIST

P 1
apinvlst

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
100385 CHASKA FIRE DEPT RELIEF ASSN									
2019/08-CFDRA CHECK DATE: 09/27/2019		09/27/2019	092719	2059	29,721.55	09/27/2019	DIR	PD	AUG 2019 FIRE RELIEF ASSO
2019/1002 AID CHECK DATE: 10/02/2019		10/02/2019	100219	2071	161,529.15	10/02/2019	DIR	PD	REMIT FIRE AID TO FIRE DE
					191,250.70				
100522 DEPOSITORY TRUST COMPANY									
2019/10/01 DS-INT CHECK DATE: 09/30/2019		09/30/2019	093019	2069	37,385.00	09/30/2019	DIR	PD	DTC-DS PMT DUE 10/1/19-IN
2019/10/01 DS-PRIN CHECK DATE: 09/30/2019		09/30/2019	093019	2070	160,000.00	09/30/2019	DIR	PD	DTC-DS PMT DUE 10/1/19-PR
					197,385.00				
107490 GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY									
70742 CHECK DATE: 09/30/2019		09/27/2019	093019	2066	1,047.69	09/30/2019	DIR	PD	092719 Payroll HCSP Contr
107744 GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY									
70743 CHECK DATE: 09/30/2019		09/27/2019	093019	2067	200.00	09/30/2019	DIR	PD	092719 Payroll MNDCP 457
100927 INTERNAL REVENUE SERVICE									
70736 CHECK DATE: 09/27/2019		09/27/2019	092719	2060	122,975.83	09/27/2019	DIR	PD	092719 Payroll FICA Feder
101343 MINNESOTA DEPT OF REVENUE-PAYROLL WIRES									
70737 CHECK DATE: 09/30/2019		09/27/2019	093019	2064	23,262.32	09/30/2019	DIR	PD	092719 Payroll MN State T
101376 NATIONWIDE RETIREMENT SOLUTIONS(USCM)									
70738 CHECK DATE: 09/27/2019		09/27/2019	092719	2061	11,119.69	09/27/2019	DIR	PD	092719 Payroll 457 Contri
106955 NATIONWIDE RETIREMENT SOLUTIONS(USCM)									
70741 CHECK DATE: 09/27/2019		09/27/2019	092719	2063	741.00	09/27/2019	DIR	PD	092719 Payroll Roth Contr



10/04/2019 11:05
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City of Chaska
VENDOR INVOICE LIST

P 2
apinvlst

INVOICE	P.O.	INV DATE	CHECK RUN	CHECK #	INVOICE NET	DUE DATE	TYPE	STS	INVOICE DESCRIPTION
107499 OLD NATIONAL BANK									
6314047-SEP19		09/16/2019	091619	2072	1,400.00	09/16/2019	DIR	PD	SEP 2019 EDA PROMISSORY N
CHECK DATE:	09/16/2019								
104668 OPTUM BANK INC									
70740		09/27/2019	093019	2065	12,752.71	09/30/2019	DIR	PD	092719 Payroll HSA Contri
CHECK DATE:	09/30/2019								
101498 PCARD									
2019/0912-PC		09/12/2019	092719	2068	27,356.76	09/27/2019	DIR	PD	SEP 2019 PCARD PURCHASES
CHECK DATE:	09/27/2019								
101506 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION									
70739		09/27/2019	092719	2062	89,352.54	09/27/2019	DIR	PD	092719 Payroll PERA Contr
CHECK DATE:	09/27/2019								
					89,352.54				
14 INVOICES					678,844.24				

** END OF REPORT - Generated by Michelle Robbin **

**Biweekly Report
October 7, 2019
By
Matt Podhradsky**

Work Sessions Postponed

As the Council is aware, we had planned on having a Council Work Session prior to the Council meeting on Monday night to discuss the City Square West Redevelopment Project as well as the Library project. We are going to be postponing that meeting as Staff still has some additional work to complete to fully prepare for this meeting. At this time, we are looking at rescheduling this Work Session to either the second meeting in October or first meeting in November but haven't made a final determination on that yet. As soon as we know the date, we will get it out to Council.

Equity Update

Over this past week, we were able to get together with the School District in regard to planning for the Marnita's Table event. As part of this planning, we were able to narrow down the date for the first of two events. The first of the two events will be in the evening of Tuesday December 3rd, and will likely be between 6-8, although the specific time has not been decided yet. We are currently looking at holding it at the Chaska Event Center. The second event will be held in February, although a specific date has not yet been decided for that. As a reminder, Marnita's Table is a non-profit organization in the Twin Cities who holds facilitated community dialog events revolved around meals. It was a program that came highly recommended from the YMCA, who we have been working with for our employee Diversity Institute Training, and came highly recommended from Carver County Public Health who utilized Marnita's Table just last year to facilitate dialog and community input into Carver County Community Health Plan.

The second update I have is in regard to our Diversity Institute Training for our employees. These training sessions are starting next week, with our employees divided into 6 different groups who will be going through training together. The training will consist of three different sessions for group, with all groups having their training completed by the end of the year.

If you have any questions about either of these, please let me know.

Fall Cleanup Day

Just a reminder that the City will once again be hosting our annual Fall Cleanup Day on Saturday October 26th from 8 am-2pm at the Chaska Athletic Park parking lot. This is an opportunity for residents to get rid of their fall yard waste (grass trimming, leaves, small branches) at no cost for Chaska residents. We will be keeping an eye on the weather over the next several weeks and if wet conditions become an issue, we may have to move it to McKnight Park as we did the Spring Cleanup Day. There will be advertising on our Web Page and all City Social Media Outlets. If you have any questions on this, please let me know.

Formacoat Ribbon Cutting

Just a reminder that Formacoat will be having a ribbon cutting to officially open their new facility on Saturday October 12th at 1 pm. This is the new industrial building that is on Highway 61 adjacent to Cuzzy's and is part of the overall Chaska Building Center Redevelopment Project. SW Metro Chamber will be there to host the ribbon cutting, with tours of the facility to follow.

**City of Chaska
Memorandum**

To: Administration, Mayor and City Council

From: Lisa Nelson
Controller



Date: October 3, 2019

**RE: Financial Reports –
Year-To-Date (YTD) Ending August 31, 2019**

FINACIAL REPORTS

Enclosed are year-to-date financial reports as of August 31, 2019.

Each fund includes the adopted budget compared to YTD totals and the resulting variance. Also presented is the percentage of actual revenue or expenditures compared to the annual budget.

These draft reports include the following revenues and expenditures:

- YTD revenue receipted by the City.
- YTD revenue from invoices issued by the City.
- YTD payrolls through check dates in August.
- YTD vendor payments that:
 - 1) were previously approved by the City Council, or
 - 2) are pending approval by the Council at the October 7th meeting.
- Workers Comp and Property Insurance allocations.
- Administrative charges and allocations

These draft reports do not include the following revenues and expenditures:

- General investment earnings revenue (allocated at year-end)
- Depreciation expense (recorded at year-end)

GENERAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
AS OF AUGUST 31, 2019

	2019 BUDGET	ACTUAL AS OF 8/31/19	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
REVENUES:				
Property Taxes *	\$ 5,711,506	\$ 2,973,843	\$ (2,737,663)	52%
Franchise Fees:				
Electric **	3,919,000	2,571,340	(1,347,660)	66%
Cable TV	315,000	149,920	(165,080)	48%
Gas	477,400	226,269	(251,131)	47%
Licenses	154,190	175,810	21,620	114%
Permits:				
Building	798,000	225,487	(572,513)	28%
Mechanical, Plumbing & Other	457,572	221,701	(235,871)	48%
Intergovernmental:				
Federal	-	13,303	13,303	
State Aid - LGA	2,876	1,438	(1,438)	50%
State Aid - MSA	120,000	120,000	-	100%
State Aid - Police and Fire	388,200	-	(388,200)	0%
State - Other	31,886	67,184	35,298	211%
County, School and Local	112,701	41,829	(70,872)	37%
Charges For Services:				
General Government	220,857	74,226	(146,631)	34%
Public Safety	52,751	45,719	(7,032)	87%
Public Works	110,343	42,563	(67,780)	39%
Parks & Recreation	163,436	97,747	(65,689)	60%
Administrative Charges	3,666,124	3,611,351	(54,773)	99%
Fines And Forfeitures	121,845	55,112	(66,733)	45%
Investment Earnings	22,000	(2,735)	(24,735)	-12%
Other Revenue	93,930	49,139	(44,791)	52%
TOTAL REVENUES	16,939,617	10,761,246	(6,178,371)	64%
EXPENDITURES:				
General Government:				
Mayor & Council	113,457	78,748	34,709	69%
Communications	113,507	59,756	53,751	53%
Administration	802,158	687,827	114,331	86%
Elections	5,000	10,063	(5,063)	201%
Finance/Admin Services	1,553,403	1,113,728	439,675	72%
Information Services/Admin Services	1,156,544	795,516	361,028	69%
Fiber Systems	45,000	41,058	3,942	91%
Legal - City Attorney	85,565	85,192	373	100%
Community Development	1,028,557	637,480	391,077	62%
Engineering	367,493	223,845	143,648	61%
Government Buildings	222,333	156,386	65,947	70%
Total General Government	5,493,017	3,889,599	1,603,418	71%
Public Safety:				
Police	4,435,876	3,141,597	1,294,279	71%
State DUI Forfeitures	10,407	1,483	8,924	14%
Forfeited Drug Property	-	4,312	(4,312)	
Crime Prevention Program	-	50	(50)	
Fire Protection	1,974,325	1,374,815	599,510	70%
Civil Defense	5,672	2,874	2,798	51%
Total Public Safety	6,426,280	4,525,131	1,901,149	70%
Public Works:				
Administration	347,931	248,962	98,969	72%
Streets & Alleys	1,591,783	814,231	777,552	51%
Snow Removal	202,912	258,571	(55,659)	127%
Signs	14,440	4,919	9,521	34%
Municipal Services/Building	220,339	157,360	62,979	71%
Parks Maintenance	1,004,857	827,686	177,171	82%
ISD #112 Grounds Maintenance	40,745	29,205	11,540	72%
Tree Control	37,547	23,880	13,667	64%
Total Public Works	3,460,554	2,364,814	1,095,740	68%
Parks & Recreation:				
Administration	513,853	353,033	160,820	69%
Youth Recreation	172,889	104,345	68,544	60%
Adult Recreation	84,250	81,089	3,161	96%
Beach/Firemen's Park	294,215	146,756	147,459	50%
Hockey & Skating Rinks	9,559	10,479	(920)	110%
Total Parks & Recreation	1,074,766	695,702	379,064	65%
Unallocated	(40,000)	44,443	(84,443)	-111%
TOTAL EXPENDITURES	16,414,617	11,519,689	4,894,928	70%
OTHER FINANCING SOURCES (USES):				
Transfers In	-	26,387	26,387	
Transfers Out	(525,000)	(525,000)	-	
NET TRANSFERS	(525,000)	(498,613)	26,387	
NET CHANGE IN FUND BALANCES	-	(1,257,056)	(1,257,056)	

MOUNT PLEASANT MAINTENANCE FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/19	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
REVENUES:				
Property Taxes *	\$ 6,000	\$ 3,132	\$ (2,868)	52%
Charges For Services/Lot Sales	2,400	1,000	(1,400)	42%
Investment Earnings	300	-	(300)	0%
TOTAL REVENUES	8,700	4,132	(4,568)	47%
EXPENDITURES:				
Current:				
Public Works:				
Professional Services And Charges	8,500	8,160	340	96%
Capital Outlay	5,000	-	5,000	0%
TOTAL EXPENDITURES	13,500	8,160	5,340	60%
NET CHANGE IN FUND BALANCES	(4,800)	(4,028)	772	

* Tax settlements are received from Carver County in July and December

ECONOMIC DEVELOPMENT AUTHORITY (EDA) FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/19	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
REVENUES:				
Property Taxes *	\$ 498,843	\$ 260,132	\$ (238,711)	52%
Charges For Services	85,000	85,000	-	100%
Special Assessments	40,000	21,979	(18,021)	55%
Investment Earnings (Charges)	(3,400)	-	3,400	0%
Leases/Rent	36,400	20,221	(16,179)	56%
Other Revenue	-	6,206	6,206	
TOTAL REVENUES	656,843	393,538	(263,305)	60%
EXPENDITURES:				
Current:				
Administration:				
Professional Services	30,934	5,358	25,576	17%
Other Charges and Special Events	35,267	9,125	26,142	26%
Administrative Fees	148,757	156,269	(7,512)	105%
Economic Development Projects/Programs:				
Professional Services	41,295	91,357	(50,062)	221%
Other Charges and Special Events	19,190	48,909	(29,719)	255%
Debt Service:				
Principal - Promissory Note	16,800	8,233	8,567	49%
Interest - Promissory Note	9,600	2,967	6,633	31%
Capital Outlay	-	8,640	(8,640)	
TOTAL EXPENDITURES	301,843	330,858	(29,015)	110%
OTHER FINANCING SOURCES (USES):				
Transfers Out	(355,000)	(355,000)	-	
NET CHANGE IN FUND BALANCES	\$ -	\$ (292,320)	\$ (292,320)	

* Tax settlements are received from Carver County in July and December.

EQUIPMENT ACQUISITION FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/19	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
REVENUES:				
Property Taxes *	\$ 3,283,427	\$ 523,090	\$ (2,760,337)	16%
Charges For Services	4,000	4,450	450	111%
Interest Earnings	-	48,896	48,896	
Leases	100,000	80,975	(19,025)	81%
Donations/Contributions	-	7,200	7,200	
Other Revenue	-	581	581	
TOTAL REVENUES	3,387,427	665,192	(2,722,235)	20%
EXPENDITURES:				
Debt Service:				
Issuance Costs & Fiscal Agent Fees	181,000	-	181,000	
Capital Outlay:				
Furniture And Equipment				
Communications	4,000	-	4,000	0%
Admin. Services-Finance	40,000	-	40,000	0%
Admin. Services-Information Services	146,000	36,057	109,943	25%
Police	70,000	163,611	(93,611)	234%
Fire	60,000	65,122	(5,122)	109%
Public Works	658,500	306,874	351,626	47%
TOTAL EXPENDITURES	1,159,500	571,664	587,836	49%
OTHER FINANCING SOURCES (USES):				
Transfers In	49,000	49,000	-	100%
Transfers Out	(2,902,927)	(686,228)	2,216,699	24%
Bonds Issued	626,000	-	(626,000)	0%
Sale of Capital Assets	-	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	(2,227,927)	(637,228)	1,590,699	
NET CHANGE IN FUND BALANCES	\$ -	\$ (543,700)	\$ (543,700)	

* Tax settlements are received from Carver County in July and December.

ELECTRIC FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED / EXPENDED
OPERATING REVENUES:				
Residential Sales	\$ 8,430,000	\$ 5,522,476	\$ (2,907,524)	66%
Senior Sales	499,000	364,309	(134,691)	73%
Commercial Sales	1,094,000	779,378	(314,622)	71%
Industrial Sales	24,558,000	17,283,618	(7,274,382)	70%
All Other Sales	2,662,000	1,699,487	(962,513)	64%
TOTAL OPERATING REVENUES	37,243,000	25,649,268	(11,593,732)	69%
OPERATING EXPENSES:				
Purchased Power	25,055,000	19,458,425	5,596,575	78%
Distribution:				
Personnel Services	1,553,950	1,064,190	489,760	68%
Supplies, Services & Other Charges	397,501	323,111	74,390	81%
Administration:				
Personnel Services	333,899	140,379	193,520	42%
Supplies, Services & Other Charges	1,434,720	2,186,497	(751,777)	152%
Utility Billing:				
Personnel Services	250,291	157,806	92,485	63%
Supplies, Services & Other Charges	143,802	156,478	(12,676)	109%
Conservation Programs	681,434	383,072	298,362	56%
Franchise Fees *	3,899,000	2,571,340	1,327,660	66%
Capital Outlay	681,000	827,189	(146,189)	121%
TOTAL OPERATING EXPENSES	34,430,597	27,268,487	7,162,110	79%
OPERATING INCOME	2,812,403	(1,619,219)	(4,431,622)	
NON-OPERATING REVENUES:				
Investment Earnings	92,400	54,121	(38,279)	
Intergovernmental	-	150	150	
Gain on Disposal of Capital Assets	-	-	-	
TOTAL NON-OPERATING REVENUES	92,400	54,271	(38,129)	
NON-OPERATING EXPENSES:				
Debt Service - Principal	471,560	-	471,560	0%
Debt Service - Principal (Contra Account)	-	-	-	
Debt Service - Interest	361,804	77,285	284,519	21%
Debt Service - Agent Fees	450	-	450	
TOTAL NON-OPERATING EXPENSES	833,814	77,285	756,529	9%
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,070,989	(1,642,233)	(3,713,222)	
CAPITAL CONTRIBUTIONS	-	79,598	79,598	
TRANSFERS IN (OUT):				
Transfers (Out)	(1,672,000)	(1,744,000)	(72,000)	
CHANGE IN NET POSITION	\$ 398,989	\$ (3,306,635)	\$ (3,705,624)	

* Includes an estimate for August Franchise Fees

WATER FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Residential Sales	\$ 1,330,000	\$ 714,132	\$ (615,868)	54%
Commercial Sales	968,000	549,274	(418,726)	57%
Industrial Sales	314,000	308,224	(5,776)	98%
All Other Sales	443,480	295,825	(147,655)	67%
TOTAL OPERATING REVENUES	3,055,480	1,867,455	(1,188,025)	61%
OPERATING EXPENSES:				
Pumping	237,761	143,303	94,458	60%
Treatment	267,140	210,449	56,691	79%
Distribution:				
Personnel Services	411,521	311,917	99,604	76%
Supplies, Services & Other Charges	340,218	307,673	32,545	90%
Administration :				
Personnel Services	113,495	78,848	34,647	69%
Supplies, Services & Other Charges	465,092	467,059	(1,967)	100%
Utility Billing:				
Personnel Services	125,147	78,904	46,243	63%
Supplies, Services & Other Charges	35,045	34,040	1,005	97%
Capital Outlay	529,000	135,823	393,177	26%
TOTAL OPERATING EXPENSES	2,524,419	1,768,016	756,403	70%
OPERATING INCOME	531,061	99,439	(431,622)	
NON-OPERATING REVENUES:				
Investment Earnings	27,900	4,005	(23,895)	14%
Lease - Bountiful Basket	33,000	19,719	(13,281)	60%
Insurance Claims	-	85,347	85,347	
TOTAL NON-OPERATING REVENUES	60,900	109,071	48,171	179%
NON-OPERATING EXPENSES:				
Debt Service - Principal	605,630	34,000	571,630	6%
Debt Service - Principal (Contra Account)	-	(34,000)	34,000	
Debt Service - Interest	369,290	162,931	206,359	44%
Issuance Costs & Fiscal Agent Fees	-	60	(60)	
Old Water Treatment Plant/Bountiful Basket	-	1,646	(1,646)	
TOTAL NON-OPERATING EXPENSES	974,920	164,637	810,283	17%
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(382,959)	43,873	426,832	
CAPITAL CONTRIBUTIONS	10,000	3,325	(6,675)	
TRANSFERS IN (OUT):				
Transfers In	596,000	596,000	-	
Transfers (Out)	(56,000)	(56,000)	-	
NET TRANSFERS IN (OUT)	540,000	540,000	-	
CHANGE IN NET POSITION	\$ 167,041	\$ 587,198	\$ 420,157	

SEWER FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Residential Sales	\$ 1,440,400	\$ 860,664	\$ (579,736)	60%
Commercial Sales	1,046,000	620,591	(425,409)	59%
Industrial Sales	995,900	616,766	(379,134)	62%
Other Sales	623,052	412,913	(210,139)	66%
TOTAL OPERATING REVENUE	4,105,352	2,510,934	(1,594,418)	61%
OPERATING EXPENSES:				
Pumping	48,571	12,811	35,760	26%
Treatment	2,433,857	1,825,393	608,464	75%
Collection:				
Personnel Services	411,524	312,105	99,419	76%
Supplies, Services & Other Charges	194,769	109,869	84,900	56%
Administration:				
Personnel Services	113,494	78,849	34,645	69%
Supplies, Services & Other Charges	458,438	457,176	1,262	100%
Utility Billing:				
Personnel Services	125,147	78,904	46,243	63%
Supplies, Services & Other Charges	34,854	34,351	503	99%
Capital Outlay	34,000	-	34,000	0%
TOTAL OPERATING EXPENSES	3,854,654	2,909,458	945,196	75%
OPERATING INCOME	250,698	(398,524)	(649,222)	
NON-OPERATING REVENUES:				
Investment Earnings	13,100	839	(12,261)	6%
Intergovernmental	-	22	22	
TOTAL NON-OPERATING REVENUES	13,100	861	(12,239)	7%
NON-OPERATING EXPENSES:				
Debt Service - Principal	132,630	121,000	(11,630)	91%
Debt Service - Principal (Contra Account)	-	(121,000)	(121,000)	
Debt Service - Interest	83,504	51,031	(32,473)	61%
Issuance Costs & Fiscal Agent Fees	-	265	265	
TOTAL NON-OPERATING EXPENSES	216,134	51,296	(164,838)	
INCOME (LOSS) BEFORE TRANSFERS	47,664	(448,959)	(496,623)	
TRANSFERS IN (OUT):				
Transfers (Out)	(116,000)	(116,000)	-	
CHANGE IN NET POSITION	\$ (68,336)	\$ (564,959)	\$ (496,623)	

CHASKA COMMUNITY CENTER FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Admissions	\$ 459,770	\$ 303,808	\$ (155,962)	66%
Memberships	1,128,756	779,491	(349,265)	69%
Rentals	1,007,133	713,254	(293,879)	71%
Charges for Services/Lessons	650,747	341,853	(308,894)	53%
Other Sales	155,937	75,455	(80,482)	48%
TOTAL OPERATING REVENUE	\$ 3,402,343	\$ 2,213,861	\$ (1,188,482)	65%
OPERATING EXPENSES:				
Personnel Services	2,096,157	1,534,505	561,652	73%
Supplies	208,876	189,707	19,169	91%
Professional Services	744,282	587,733	156,549	79%
Other Charges	281,077	250,494	30,583	89%
Capital Outly	-	44,208	(44,208)	
TOTAL OPERATING EXPENSES	3,330,392	2,606,647	723,745	78%
OPERATING INCOME	71,951	(392,786)	(464,737)	
NON-OPERATING REVENUES:				
Investment Earnings	(6,794)	542	7,336	-8%
TOTAL NON-OPERATING REVENUES	(6,794)	542	7,336	-8%
NON-OPERATING EXPENSES:				
Debt Service - Principal	330,000	-	330,000	0%
Debt Service - Interest	160,796	72,822	87,974	45%
Issuance Costs & Fiscal Agent Fees	2,750	3,000	(250)	109%
TOTAL NON-OPERATING EXPENSES	493,546	75,822	417,724	15%
INCOME (LOSS) BEFORE TRANSFERS	(428,389)	(468,066)	(39,677)	
TRANSFERS IN (OUT):				
Transfers In	432,000	432,000	-	
CHANGE IN NET POSITION	\$ 3,611	\$ (36,066)	\$ (39,677)	

CHASKA PAR 30 FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Green Fees	\$ 173,000	\$ 107,599	\$ (65,401)	62%
Cart Rental	12,000	9,693	(2,307)	81%
Merchandise & Other Sales	6,026	4,744	(1,282)	79%
TOTAL OPERATING REVENUES	191,026	122,036	(68,990)	64%
OPERATING EXPENSES:				
Golf - Maintenance Dept:				
Personnel Services	82,304	63,174	19,130	77%
Supplies, Services & Other Charges	23,213	27,217	(4,004)	117%
Golf - Club House:				
Personnel Services	39,875	27,420	12,455	69%
Supplies, Services & Other Charges	43,419	31,945	11,474	74%
Merchandise for Resale	4,040	3,730	310	92%
Capital Outlay	5,000	7,954	(2,954)	159%
TOTAL OPERATING EXPENSES	197,851	161,440	36,411	82%
OPERATING INCOME	(6,825)	(39,404)	(32,579)	
NON-OPERATING REVENUES:				
Investment Earnings (Charges)	(1,100)	-	1,100	
TOTAL NON-OPERATING REVENUES	(1,100)	-	1,100	
CHANGE IN NET POSITION	\$ (7,925)	\$ (39,404)	\$ (31,479)	

CHASKA TOWN COURSE FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Green Fees	\$ 1,403,000	\$ 1,086,834	\$ (316,166)	77%
Driving Range	100,000	82,666	(17,334)	83%
Cart Rental	280,000	226,663	(53,337)	81%
Merchandise	229,000	172,024	(56,976)	75%
All Other Sales	139,000	124,172	(14,828)	89%
TOTAL OPERATING REVENUE	<u>\$ 2,151,000</u>	<u>\$ 1,692,359</u>	<u>\$ (458,641)</u>	79%
OPERATING EXPENSES:				
Golf - Maintenance Dept:				
Personnel Services	604,233	431,745	172,488	71%
Supplies, Services & Other Charges	272,800	232,188	40,612	85%
Golf - Club House:				
Personnel Services	484,268	346,447	137,821	72%
Supplies, Services & Other Charges	398,135	327,095	71,040	82%
Merchandise for Resale	171,700	183,795	(12,095)	107%
Capital Outlay	199,000	159,401	39,599	80%
TOTAL OPERATING EXPENSES	<u>2,130,136</u>	<u>1,680,671</u>	<u>449,465</u>	79%
OPERATING INCOME	<u>20,864</u>	<u>11,688</u>	<u>(9,176)</u>	
NON-OPERATING REVENUES:				
Investment Earnings (Charges)	(8,900)	-	8,900	
TOTAL NON-OPERATING REVENUES	<u>(8,900)</u>	<u>-</u>	<u>8,900</u>	
NON-OPERATING EXPENSES:				
Debt Service - Principal	83,900	-	83,900	0%
Debt Service - Interest	21,875	21,757	118	99%
TOTAL NON-OPERATING EXPENSES	<u>105,775</u>	<u>21,757</u>	<u>84,018</u>	21%
CHANGE IN NET POSITION	<u>\$ (93,811)</u>	<u>\$ (10,069)</u>	<u>\$ 83,742</u>	

TURBINE GENERATOR FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Lease Revenue	\$ 2,486,184	\$ 929,061	\$ (1,557,123)	37%
OPERATING EXPENSES:				
Professional Services	80,000	83,425	(3,425)	104%
Other Charges	252,045	56,761	195,284	23%
TOTAL OPERATING EXPENSES	332,045	140,186	191,859	42%
OPERATING INCOME	2,154,139	788,875	(1,365,264)	
NON-OPERATING REVENUES:				
Investment Earnings	15,000	41,875	26,875	279%
Interfund Loan Payments	104,219	-	(104,219)	0%
TOTAL NON-OPERATING REVENUES	119,219	41,875	(77,344)	35%
NON-OPERATING EXPENSES:				
Debt Service - Principal	1,195,000	-	1,195,000	0%
Debt Service - Interest	886,150	221,537	664,613	25%
Issuance Costs & Fiscal Agent Fees	4,500	-	4,500	0%
TOTAL NON-OPERATING EXPENSES	2,085,650	221,537	1,864,113	11%
CHANGE IN NET POSITION	\$ 187,708	\$ 609,213	\$ 421,505	

STORM WATER FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Residential Sales	\$ 949,000	\$ 706,646	\$ (242,354)	74%
Industrial Sales	726,000	546,215	(179,785)	75%
All Other Sales	3,000	9,978	6,978	333%
TOTAL OPERATING REVENUE	1,678,000	1,262,839	(415,161)	75%
OPERATING EXPENSES:				
Collections:				
Personnel Services	312,100	172,784	139,316	55%
Supplies, Services & Other Charges	351,630	145,090	206,540	41%
Administration :				
Personnel Services	80,042	46,756	33,286	58%
Supplies, Services & Other Charges	248,864	280,442	(31,578)	113%
Utility Billing:				
Supplies, Services & Other Charges	23,187	35,418	(12,231)	153%
Depreciation	30,000	-	30,000	0%
Capital Outlay	306,000	71,958	234,042	24%
TOTAL OPERATING EXPENSES	1,351,823	752,448	599,375	56%
OPERATING INCOME	326,177	510,391	184,214	
NON-OPERATING REVENUES:				
Investment Earnings	(7,100)	4,218	11,318	-59%
TOTAL NON-OPERATING REVENUES	(7,100)	4,218	11,318	
NON-OPERATING EXPENSES:				
Debt Service - Principal	132,333	80,000	52,333	60%
Debt Service - Principal (Contra Account)	-	(80,000)	80,000	
Debt Service - Interest	62,189	39,601	22,588	64%
Issuance Costs & Fiscal Agent Fees	-	175	(175)	
TOTAL NON-OPERATING EXPENSES	194,522	39,776	154,746	20%
INCOME (LOSS) BEFORE TRANSFERS	124,555	474,833	350,278	
TRANSFERS IN (OUT):				
Transfers In	207,768	207,768	-	100%
Transfers (Out)	(200,000)	(200,000)	-	100%
NET TRANSFERS IN (OUT)	7,768	7,768	-	
CHANGE IN NET POSITION	\$ 132,323	\$ 482,601	\$ 350,278	

CHASKA CURLING AND EVENT CENTER FUND
REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE PERIOD ENDED 8/31/19

	2019 BUDGET	ACTUAL AS OF 8/31/2019	VARIANCE POSITIVE (NEGATIVE)	PERCENT OF BUDGET RECEIVED/ EXPENDED
OPERATING REVENUES:				
Memberships	\$ 131,498	\$ 99,590	\$ (31,908)	76%
Rentals	187,175	112,289	(74,886)	60%
Lessons	236,748	148,825	(87,923)	63%
Leagues	215,929	113,479	(102,450)	53%
Leases	426,000	245,921	(180,079)	58%
Other Sales Revenue	57,808	61,426	3,618	106%
TOTAL OPERATING REVENUES	1,255,158	781,530	(473,628)	62%
OPERATING EXPENSES:				
Administration:				
Personnel Services	219,337	109,797	109,540	50%
Supplies, Services & Other Charges	346,418	301,973	44,445	87%
Event Center:				
Personnel Services	99,884	62,695	37,189	63%
Supplies, Services & Other Charges	34,422	10,516	23,906	31%
Curling Center:				
Personnel Services	355,535	250,966	104,569	71%
Supplies, Services & Other Charges	128,913	78,971	49,942	61%
Crooked Pint	58,304	112,991	(54,687)	194%
Curling/ Non-recurring Events	-	67	(67)	
TOTAL OPERATING EXPENSES	1,242,813	927,976	314,837	75%
OPERATING INCOME	12,345	(146,446)	(158,791)	
NON-OPERATING REVENUES:				
Investment Earnings (Charges)	(11,900)	2,532	14,432	
TOTAL NON-OPERATING REVENUES	(11,900)	2,532	14,432	
NON-OPERATING EXPENSES:				
Debt Service-Principal	980,000	980,000	-	100%
Debt Service-Principal (Contra Account)	-	(980,000)	980,000	
Debt Service-Interest	608,687	284,669	324,018	47%
Issuance Costs & Fiscal Agent Fees	1,600	3,200	(1,600)	200%
TOTAL NON-OPERATING EXPENSES	1,590,287	287,869	1,302,418	18%
INCOME (LOSS) BEFORE TRANSFERS	(1,589,842)	(431,783)	1,158,059	
TRANSFERS IN (OUT):				
Transfers In	1,590,287	1,475,445	(114,842)	93%
CHANGE IN NET POSITION	\$ 445	\$ 1,043,662	\$ 1,043,217	