

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
May 17, 2021

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as amended), the Commission is holding its regular meeting on May 17, 2021 at 5:00 pm by telephone or other electronic means (Zoom) according to MN Statutes, Section 13D.021. The Commission President has concluded that an in-person meeting is not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the MN Department of Health and the CDC. The Commission President will be at the regular meeting location for the Commission. The public may monitor the meeting:

Call-In Phone Number 1-312-626-6799
Meeting ID: 944 -6406-9328#
Passcode: 574377#

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Communications**
3. **Consent Agenda**
 - C=> 3a) Approval of May 3, 2021 Minutes (GD)
 - C=> 3b) Approval of May 17, 2021 Agenda (KM)
 - C=> 3c) May 5, 2021 Warrant List
Account Credit Request/Deposit Refunds (JM)
 - C=> 3d) May 17, 2021 Warrant List (JM)
 - C=> 3e) Water Dashboard (LS)
 - C=> 3f) SPU Service Center to Reopen June 1, 2021 (SW)
 - C=> 3g) Special Sewer/Water Account Update (SW)
 - C=> 3h) Res# 2021-07 Resolution Allowing the Use of Facsimile Signature for Check Signing (JM)
 - C=> 3i) Res #2021-08 Resolution Setting the Amount of the Trunk Water Charges, Approving of its Collection and Authorizing Water Service to Certain Property – Windermere 4th Add (JA)
 - C=> 3j) West Shakopee Substation Design, Procurement, Construction Engineering and Construction Monitoring Task Authorization (JA)
4. **Liaison Report** (JB)
5. **General Manager Report**
 - 5a) General Manager Update - Verbal (GD)
6. **Reports: Water Items**
 - 6a) Water System Operations Report – Verbal (LS)
 - 6b) Comprehensive Evaluation for Municipal Water Treatment (GD)

7. **Reports: Electric Items**
 - 7a) Electric System Operations Report – Verbal (BC)
 - 7b) Levee Drive Duck Bank Bid Award (JA)
 - 7c) East Shakopee Substation Site – Offer to purchase land in Hentges Industrial Park (JA) *
8. **Reports: Human Resources**
9. **Reports: General**
 - 9a) Customer Deposit Policy Modifications (SW)
10. **Items for Future Agendas**
11. **Tentative Dates for Upcoming Meetings**
 - Special Meeting -- May 19, 2021 at 1 PM
 - Joint Meeting with City -- May 25, 2021 at 6 PM
 - Regular Meeting -- June 7, 2021
 - Mid Month Meeting -- June 21, 2021
12. **Adjourn to May 25, 2021 Joint Meeting with City at the SPUC Service Center, 255 Sarazin Street**

* A portion of this meeting may be closed under Minnesota Statutes, Section 13D.05, subd. 3(c)(2)(3) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase or sale of real or personal property.

MINUTES OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
May 3, 2021
Regular Meeting

1. Call to Order. President Mocol called the May 3, 2021 meeting of the Shakopee Public Utilities Commission to order at the SPU meeting room at 5:00 P.M.
2. Roll Call. President Mocol, Vice President Fox, Commissioner Brennan, and Commissioner Krieg were present; Commissioner Letourneau was absent.
3. Communications. Commissioner Brennan read correspondence from RentHelpMn regarding assistance with rent and utilities stemming from COVID-19.
4. Approval of Consent Agenda. Commissioner Brennan moved approval of the consent agenda, with a change in the order of item 3(b), the agenda, of item 9 and then item 8. Vice President Fox seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg. Nays: None. Motion carried. The approved items were: April 19, 2021 Minutes; May 3, 2021 Warrant List; MMPA April Meeting Update; Proposed Revised Easements – County Rd 83 Construction Project; Update on Transition from COVID Protocol to Standard Process; and Follow-up on Use of Titles in Public Meetings.
5. Liaison Report. Commissioner Brennan reported that the City Council held a public hearing on the Maras and Hansen Utilities street improvement project. She informed the Council that SPU approved the project, and requested that property owners connect to water and sewer at the same time. Ms. Brennan reported that the Council was in agreement and decided to allow property owners to determine when that will occur. Ms. Brennan stated that the Council directed staff to look at possible loan and/or assessments for water and sewer, to be reviewed with competitive bids. She also noted that the City Council approved the preliminary plat and PUD for Valley Crest off Mystic Lake Blvd. Ms. Brennan noted that the Shakopee Economic Development Authority approved a contract with Momentum for entrepreneurial and consultation services, promoting the Made in Shakopee campaign.
6. General Manager Report. Greg Drent, Interim General Manager, reported that the federal Energy Information Administration report was completed. He reminded Commissioners of the joint meeting with the City Council on May 25, 2021 at 6 PM, and that SPU's new lobby hours will begin June 1st. Mr. Drent noted pending projects, including electric vehicle charging stations, water feasibility study, service territory discussions, and revising the employee handbook.
7. Water Report. Lon Schemel, Water Superintendent, provided the water report. He noted that the Water Department had completed 15 flushes, to address any sediment build up and to improve water flow. He noted that the Department is starting to mobilize Tank #8, with a completion goal of late summer.

Water Survey. Miles Jensen and Ryan Hanson, from SEH, presented the results of the water quality survey that was mailed to all SPU water customers and available on-line. They recommended hosting a public information meeting. There was much discussion on the survey findings, and it will be brought back for further discussion.

8. Electric Report. Mr. Drent provided the electric report, noting no outages since the last Commission meeting. He provided an update of projects, including transformer change outs. Mr. Drent noted that tree trimming is completed.

9. General. Investment Advisors. Brian Johnson and Danny Nelson, of PFM Asset Management LLC, presented an overview of the investment services, investment requirements for public funds, cash-flow modeling, and proposed benchmarks.

Investment Policy. Jean McGann, AEM, presented the proposed revised SPU Investment Policy. She explained that the policy was last updated in May of 2012, and that the recommendation is to review the policy annually. She highlighted the proposed changes to the policy. Vice President Fox moved approval of the SPU Investment Policy, seconded by Commissioner Brennan. Ayes: Mocol, Fox, Brennan, Krieg. Nays: None. Motion carried.

Proposed Land Swap. Joseph Adams, Planning and Engineering Director, described a potential exchange of land between SPU and DR Horton at Tank #8. He noted that this proposal would allow SPU to implement recommended extended spacing of wells, and to avoid complications with access and a steep slope. Mr. Adams noted that DR Horton sought additional land for its ponding requirements, and proposed preparing a draft agreement. Mr. Adams also noted that the City staff had no concerns with the proposed land exchange. Vice President Fox moved that SPU move forward with the proposal, and Commissioner Krieg seconded the motion. Ayes: Mocol, Fox, Brennan, Krieg. Nays: None. Motion carried.

10. Human Resources. Sharon Klumpp and Patti Heminover, of Baker Tilly, discussed the employment recruitment for the General Manager position. They noted that 24 candidates applied for the position and eight were submitted for Commissioner consideration. Ms. Klump noted that because candidate information is considered private, discussion of the candidates should be done by number. After facilitating the Commission discussion, Ms. Klump stated the consensus of the Commission that it interview candidates 2, 3, 5, and 7, and that these interviews be conducted at a public meeting, remotely, with the potential for an in-person interview and tour as a next step.

11. Adjourn. Motion by Vice President Fox, seconded by Commissioner Krieg, to adjourn to the May 17, 2021 regular meeting. Ayes: Mocol, Fox, Brennan, Krieg. Nays: None. Motion carried.


Greg Drent, Commission Secretary

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
May 17, 2021

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Proposed As Consent Item

SHAKOPEE PUBLIC UTILITIES COMMISSION

Warrant List
Account Credit Request/Deposit Refunds
May 5, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities

58393	Void	
58394	Void	
58395	Void	
58396	Awes Abdi	\$ 56.77
58397	Rachel Abele	\$ 60.00
58398	ADH Construction Inc.	\$ 2.50
58399	Richard Agyeman	\$ 69.51
58400	Arlington Ridge Apts.	\$ 12.25
58401	Bill's Toggeny	\$ 64.58
58402	Vickie Bradley	\$ 33.47
58403	Brakemeier Properties	\$ 311.89
58404	Kenneth & Patricia Burk	\$ 2.81
58405	Kristiana Capps	\$ 82.66
58406	Shana Chadwick	\$ 49.45
58407	Sumon & Sanhita Charterjee	\$ 123.31
58408	Cherne Industries	\$ 47.36
58409	Lisa M & Michael Craven	\$ 3.54
58410	Kimberly David	\$ 53.69
58411	Derhaag Motor Sports	\$ 234.16
58412	Derhaag Motor Sports	\$ 208.91
58413	Doran Canterbury I LLC	\$ 18.45
58414	Linda Eimemann	\$ 72.31
58415	Eugene Hansen Trust of 2002	\$ 21.69
58416	Joslyn Feilbaum	\$ 89.25
58417	Megan Giesen	\$ 6.35
58418	Sandra K Goblrish	\$ 69.68
58419	Fatuma Hajir	\$ 4.87
58420	Hansen Holding LLC	\$ 5,024.64
58421	Kency Henriquez	\$ 54.30
58422	Kelli Hobbs	\$ 35.39
58423	Jalwo Trucking LLC	\$ 189.08
58424	Yasaman Keshikarjehromi	\$ 38.80
58425	Joseph W Klassen	\$ 58.93
58426	Corey Kramer	\$ 29.52
58427	Jill Krengel	\$ 17.97
58428	Shanoah R & Jeremy Lapatka	\$ 10.59
58429	Ludmyla Lebid	\$ 58.00
58430	Lennar	\$ 6.68
58431	Lindahl Properties LP	\$ 53.87
58432	Herbert R Lindsay	\$ 60.68
58433	Christopher Link	\$ 25.69
58434	Stephanie Madson	\$ 104.42
58435	Michael Mamalakis	\$ 27.29
58436	Steven Martin c/o Gretchen Omera	\$ 169.09
58437	Kimberly M Mathews	\$ 49.78
58438	Steve May	\$ 45.12
58439	Lucas McCorry	\$ 88.49
58440	Minnesota Minneapolis Mission	\$ 19.35
58441	MN Corn Growers Assn	\$ 1,818.72
58442	Roberto C Munoz	\$ 7.05
58443	Joost F Nixon	\$ 5.99
58444	Alwin Olson	\$ 2.68
58445	Jason Pederson	\$ 83.76
58446	Adam Petersen	\$ 73.13
58447	Nick Rahman	\$ 91.62
58448	Ana Regalado	\$ 56.42
58449	George Reisdorf	\$ 48.24
58450	Riverside Grove Association	\$ 4,493.80
58451	Amy Rutter	\$ 40.07
58452	Elca Lugo Sanchez	\$ 46.49
58453	Douglas Schnelder	\$ 48.98
58454	Gene Sparks	\$ 18.49
58455	Stagecoach LLC	\$ 967.94
58456	Joseph & Lori Jo Stejskal	\$ 55.55
58457	David Stuedemann	\$ 38.98
58458	Julie Tong	\$ 42.17
58459	Jonathan Trevino	\$ 82.88
58460	Universal Wireless Inc.	\$ 224.45
58461	Christopher & Michelle Waldroff	\$ 1,177.56
58462	Antionette Walsh	\$ 150.52
58463	Sarah Wensman	\$ 47.93
58464	Tammy Willmore	\$ 29.79
58465	Joseph Osel Yeboah	\$ 1.88
58466	Brittany Zehar and Victor Sharpe	\$ 75.84
58467	Void	
58468	Ashley Burgoyne and Nathan Vholyheux	\$ 37.96
58469	Cecenio Jude Escano	\$ 4.53
58470	Abdirahman A Hassan	\$ 28.05
58471	Aja Larson	\$ 42.93
58472	Briana Lipps	\$ 45.38
58473	Erin Mazur	\$ 10.79
58474	Phuong Nguyen	\$ 29.35

TOTAL

\$ 17,596.84

Interim General Manager

Commission President

Interim Director of Finance & Administration

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 17, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

58385 Deputy Registrar #135	\$	2,380.22
58475 AEM Financial Solutions, LLC	\$	32,780.72
58476 American Messaging	\$	1,547.39
58477 Alternative Technologies Inc.	\$	120.00
58478 Amaril Uniform Co.	\$	1,240.98
58479 American National Bank	\$	50.00
58480 Arrow Ace Hardware	\$	189.38
58481 Jeff & Mary Blaschko	\$	500.00
58482 Bounmala Boutsavath	\$	1,000.00
58483 Toby Berens	\$	350.00
58484 Robert Berndtson	\$	58.24
58485 Border States Electric Supply	\$	7,176.84
58486 CDW Government LLC	\$	4,080.26
58487 Centerpoint Energy	\$	65.00
58488 Choice Electric Inc.	\$	1,683.03
58489 City of Shakopee	\$	5,249.96
58490 City of Shakopee	\$	480.00
58491 Jeff Cronin	\$	50.00
58492 Customer Contact Services	\$	175.19
58493 DSI/LSI	\$	261.52
58494 Larry Ernst	\$	500.00
58495 Eric & Kristen Ebeling	\$	175.00
58496 EUCI	\$	1,590.00
58497 Sharon Frank	\$	50.00
58498 Ferguson Enterprises, LLC	\$	1,395.45
58499 FLYTE HCM LLC	\$	70.00
58500 FS3 Inc.	\$	9,481.21
58501 Further	\$	2,240.08
58502 Gage & Gage Inc.	\$	47.00
58503 General Security Services Corp.	\$	442.92
58504 Dinah Gilberts	\$	350.00
58505 Gopher State One-Call	\$	1,042.20
58506 Grainger Inc.	\$	139.27
58507 Hach Company	\$	89.68
58508 Hansen Holding	\$	1,518.00
58509 Hawkins Inc.	\$	35.00
58510 High Point Networks, LLC	\$	59,459.87
58511 Peter Highum	\$	25.00
58512 HRExpertiseBP LLC	\$	1,350.00
58513 I & E Technologies, LLC	\$	17,617.26
58514 Interstate All Battery Center	\$	208.98
58515 Impact Mailing of Minnesota, Inc.	\$	12,129.55
58516 Innovative Office Solutions LLC	\$	613.78
58517 Integrated Process Solutions Inc.	\$	15,240.91

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 17, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

58518 JT Services	\$	6,479.51
58519 KLM Engineering Inc.	\$	1,300.00
58520 Zack Lerew	\$	1,000.00
58521 Richard Lazzari	\$	50.00
58522 Daniel Lebens	\$	625.00
58523 Locators & Supplies Inc.	\$	299.32
58524 Kim Lukaskawcez	\$	175.00
58525 Evita Melluma	\$	500.00
58526 Traut Companies	\$	25,470.00
58527 Alisha McGee	\$	500.00
58528 Milestone AV Technologies	\$	27,708.00
58529 Minn Valley Testing Labs Inc.	\$	1,009.50
58530 Minnesota Pollution Control Agency	\$	287.79
58531 Jen Mischel	\$	350.00
58532 MMPA c/o Avant Energy	\$	2,372,484.99
58533 MN Dept of Revenue	\$	192,492.00
58534 MRA - The Management Association	\$	180.00
58535 Anandkumar Nagulsamy	\$	25.00
58536 Gerry Neville	\$	161.28
58537 Computex Technology Solutions	\$	1,707.60
58538 Cindy Nickolay	\$	277.42
58539 Rob Nielsen	\$	500.00
58540 Northern States Power Co.	\$	4,010.45
58541 Olsen Chain & Cable, Inc.	\$	501.47
58542 James & Janice Opfinger	\$	500.00
58543 Parrott Contracting, Inc.	\$	8,740.00
58544 Chirag Patel	\$	71.83
58545 Reed C Peterson	\$	150.00
58546 Pomp's Tire Service Inc.	\$	6,112.76
58547 Ramy Turf Products, LLC	\$	526.13
58548 Sambatek	\$	3,303.50
58549 Todd Schumacher	\$	175.00
58550 Brandon Schwartz	\$	225.22
58551 Jason Schwengels	\$	5.00
58552 Scott County	\$	92.00
58553 Shakopee Chamber of Commerce	\$	5,000.00
58554 Kenneth Sheggeby	\$	1,000.00
58555 Short Elliott Hendrickson Inc.	\$	2,040.20
58556 Douglas & Carol Snell	\$	500.00
58557 Southwest News Media	\$	378.81
58558 Jeanette Stoks	\$	500.00
58559 Sivaing Suy	\$	50.00
58560 Thomas Rademacher	\$	350.00
58561 Sarah Toepke	\$	500.00
58562 Judith Turgeon	\$	50.00
58563 Tierney Brothers Inc.	\$	1,739.48
58564 Northcountry Chevrolet Buick GMC	\$	35,849.60
58565 United Properties dba River Crossing	\$	3,782.00

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 17, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

58566 Robert Vanbergen	\$	500.00
58567 Verizon Connect NWF Inc.	\$	466.32
58568 Verizon Wireless	\$	2,738.45
58569 Vessco, Inc.	\$	2,085.00
58570 Wesco Receivables Corp.	\$	3,778.85
58571 Tim Whitcomb	\$	500.00

TOTAL		<u>\$ 2,905,054.37</u>
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Interim Commission Secretary

Commission President


Interim Director of Finance & Administration

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 17, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

58385 Deputy Registrar #135	\$	2,380.22	Title, Registration, Application Trk #621
58475 AEM Financial Solutions, LLC	\$	32,780.72	April services - FS Acct. Audit Prep, Cash & Invest Recon., Finance Director
58476 American Messaging	\$	1,547.39	Phone service 5/1-5/31/21
58477 Alternative Technologies Inc.	\$	120.00	Oil test
58478 Amaril Uniform Co.	\$	1,240.98	FR Clothing for D.O. and M.G.
58479 American National Bank	\$	50.00	Safety Deposit Box
58480 Arrow Ace Hardware	\$	189.38	Pipe, primer, coupling, wheelbarrow, anchor, bungee cord, straps, trowel, carb cultivator
58481 Jeff & Mary Blaschko	\$	500.00	2021 Res. Cooling & Heating Rebate
58482 Bounmala Boutsavath	\$	1,000.00	2020 Res. Solar rebate
58483 Toby Berens	\$	350.00	2021 Res. Cooling & Heating Rebate
58484 Robert Berndtson	\$	58.24	April Mileage reimb.
58485 Border States Electric Supply	\$	7,176.84	\$6.7 Itron Centron Meters WO#2464, Hammer drill kits -\$476.64
58486 CDW Government LLC	\$	4,080.26	Spam filters and Fortinet custom coterm
58487 Centerpoint Energy	\$	65.00	10th Ave. gas usage
58488 Choice Electric Inc.	\$	1,683.03	Changed emergency ballast in offices, Pump Hse #16 run conduit, pull wire, install lugs and term. Wire for new line voltage
58489 City of Shakopee	\$	5,249.96	April Fuel usage
58490 City of Shakopee	\$	480.00	April R.O.W. permits
58491 Jeff Cronin	\$	50.00	2021 Res. Energy Star Appliance rebate
58492 Customer Contact Services	\$	175.19	Answering service
58493 DSI/LSI	\$	261.52	May garbage service
58494 Larry Ernst	\$	500.00	2021 Res. Cooling & Heating Rebate
58495 Eric & Kristen Ebeling	\$	175.00	2021 Res. Star Clothing Rebate
58496 EUCI	\$	1,590.00	Registration for GD and JA attend utility planning for electric vehicles on grid
58497 Sharon Frank	\$	50.00	2021 Energy Star Appliances
58498 Ferguson Enterprises, LLC	\$	1,395.45	Material for community garden - WO#2490
58499 FLYTE HCM LLC	\$	70.00	Cobra notices March and April
58500 FS3 Inc.	\$	9,481.21	Pipe inner duct
58501 Further	\$	2,240.08	Flex dental reimb.
58502 Gage & Gage Inc.	\$	47.00	2021 HVAC Improvements
58503 General Security Services Corp.	\$	442.92	NVR Extended Warranty 5/1/21-7/31/21
58504 Dinah Gilberts	\$	350.00	2021 Res. Cooling & Heating Rebate
58505 Gopher State One-Call	\$	1,042.20	April locates
58506 Grainger Inc.	\$	139.27	Notice signs, red lock, green locks
58507 Hach Company	\$	89.68	Fluoride test
58508 Hansen Holding	\$	1,518.00	2021 LED Lighting Retrofit
58509 Hawkins Inc.	\$	35.00	Chlorine Cylinder
58510 High Point Networks, LLC	\$	59,459.87	Backup Redesign Onsite & Cloud proposal - WO#2504
58511 Peter Highum	\$	25.00	2021 Energy Star Appliances
58512 HRExpertiseBP LLC	\$	1,350.00	April HR Consulting billing
58513 I & E Technologies, LLC	\$	17,617.26	Infrared camera WO#2498
58514 Interstate All Battery Center	\$	208.98	Batteries
58515 Impact Mailing of Minnesota, Inc.	\$	12,129.55	April statements
58516 Innovative Office Solutions LLC	\$	613.78	Office supplies
58517 Integrated Process Solutions Inc.	\$	15,240.91	Tank #3 - Well monitoring project WO#2437 - \$14055.00 and labor for items WO#2349
58518 JT Services	\$	6,479.51	Base spacers and lamp St. lights - inventory items
58519 KLM Engineering Inc.	\$	1,300.00	2021-2022 Visual inspection WO#2404
58520 Zack Lerew	\$	1,000.00	2021 Res. Solar Rebate
58521 Richard Lazzari	\$	50.00	2021 Res. Energy Star Appliance rebate
58522 Daniel Lebens	\$	625.00	2021 Res. Cooling & Heating Rebate & Star clothing washer rebate
58523 Locators & Supplies Inc.	\$	299.32	Rain gear for new hires
58524 Kim Lukaskawcez	\$	175.00	2021 star clothes washer
58525 Evita Melluma	\$	500.00	2021 Res. Cooling & Heating Rebate
58526 Traut Companies	\$	25,470.00	WO#2437 - monitor well #1
58527 Alisha McGee	\$	500.00	2021 Res. Cooling & Heating rebate
58528 Milestone AV Technologies	\$	27,708.00	2021 LED Lighting Retrofit
58529 Minn Valley Testing Labs Inc.	\$	1,009.50	Coliform, Nitrate, Sulfate, plus more chemicals
58530 Minnesota Pollution Control Agency	\$	287.79	VSQG base fee (Hazardous Waste)
58531 Jen Mischel	\$	350.00	2021 Res. Cooling & Heating Rebate
58532 MPPA c/o Avant Energy	\$	2,372,484.99	April Power bill
58533 MN Dept of Revenue	\$	192,492.00	April Sales & Use tax
58534 MRA - The Management Association	\$	180.00	Background check for J.H., S.J., J.H. and C.J.
58535 Anandkumar Nagulsamy	\$	25.00	2021 LED Lighting rebate

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 17, 2021

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

58536 Gerry Neville	\$	161.28	Mileage reimb.
58537 Computex Technology Solutions	\$	1,707.60	VMware Renewal 4/23-4/22/22
58538 Cindy Nickolay	\$	277.42	Mileage reimb.
58539 Rob Nielsen	\$	500.00	2021 Res. Cooling & Heating Rebate
58540 Northern States Power Co.	\$	4,010.45	April Power bill
58541 Olsen Chain & Cable, Inc.	\$	501.47	Yellow pound wll and poly sling
58542 James & Janice Opfinger	\$	500.00	2021 Res. Cooling & Heating rebate
58543 Parrott Contracting, Inc.	\$	8,740.00	Repair gate valve Eagle Creek
58544 Chirag Patel	\$	71.83	2021 Irrigation Controllers rebate
58545 Reed C Peterson	\$	150.00	2021 Energy Star Appliances
58546 Pomp's Tire Service Inc.	\$	6,112.76	Tires for Trk #610 & #611, Reel Trailer #6 & #7
58547 Ramy Turf Products, LLC	\$	526.13	Hydraulic Mulch, pro seeder grass
58548 Sambatek	\$	3,303.50	WO#2259 Elevated Water Tank #8 \$3,014.00 and General Services \$289.50
58549 Todd Schumacher	\$	175.00	2020 Res. Star Washer and Appliance rebate
58550 Brandon Schwartz	\$	225.22	Reimbursement for Tubing , cutter, diamond bit and summer work boots
58551 Jason Schwengels	\$	5.00	2021 Energy Star Lighting rebate
58552 Scott County	\$	92.00	Recording of Shakopee Flats
58553 Shakopee Chamber of Commerce	\$	5,000.00	Encore Sponsorship for Rhythm on the Rails
58554 Kenneth Sheggeby	\$	1,000.00	2021 Res. Solar Rebate
58555 Short Elliott Hendrickson Inc.	\$	2,040.20	Hanson Blvd. WM CIPP - WO#2356 \$1639.96 and Scott St. RR Crossing WO#2489 \$400.24
58556 Douglas & Carol Snell	\$	500.00	2021 Res. Cooling & Heating Rebate
58557 Southwest News Media	\$	378.81	April legals
58558 Jeanette Stoks	\$	500.00	2021 Res. Cooling & Heating rebate
58559 Sivaing Suy	\$	50.00	2021 Energy Star Appliances
58560 Thomas Rademacher	\$	350.00	2021 Res. Cooling & Heating rebate
58561 Sarah Toepke	\$	500.00	2021 Res. Cooling & Heating rebate
58562 Judith Turgeon	\$	50.00	2021 Energy Star Appliances
58563 Tierney Brothers Inc.	\$	1,739.48	Live stream commission room
58564 Northcountry Chevrolet Buick GMC	\$	35,849.60	GMC Sierra - WO#2465
58565 United Properties dba River Crossing	\$	3,782.00	2021 LED Retrofit at 12th Ave. E.
58566 Robert Vanbergen	\$	500.00	2021 Res. Cooling & Heating rebate
58567 Verizon Connect NWF Inc.	\$	466.32	April Water and Elec. Vehicle service
58568 Verizon Wireless	\$	2,738.45	April cell phone service
58569 Vessco, Inc.	\$	2,085.00	Valve Package
58570 Wesco Receivables Corp.	\$	3,778.85	Fiberglass elbows WO#2239
58571 Tim Whitcomb	\$	500.00	2021 Res. Cooling & Heating rebate
TOTAL		<u>\$ 2,905,054.37</u>	

Interim Commission Secretary

Commission President



Interim Director of Finance & Administration

Monthly Water Dashboard

As of: April 2021

Shakopee Public Utilities Commission

ALL VALUES IN MILLIONS OF GALLONS

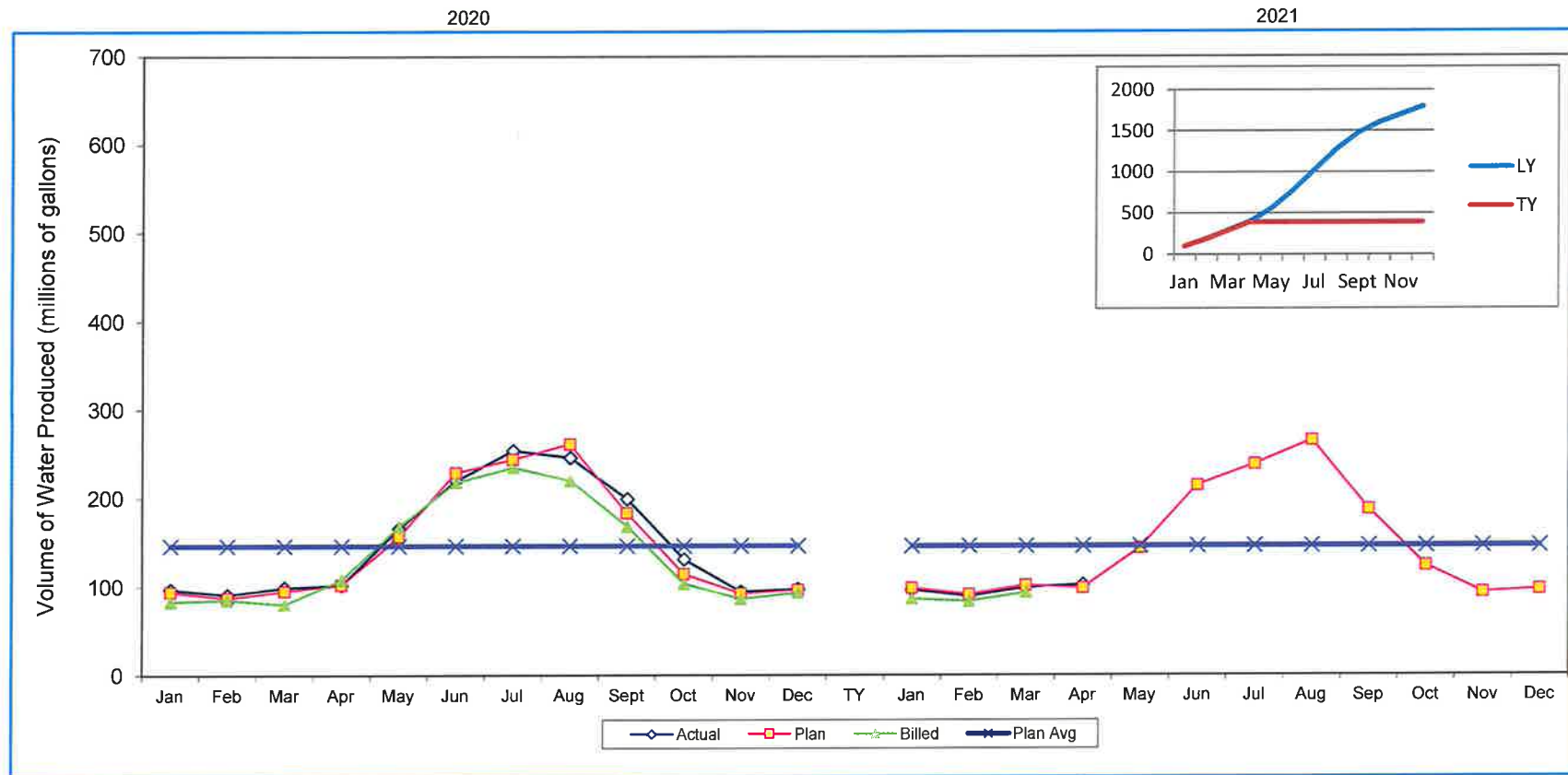
Element/Measure

Water Pumped/Metered

Averages

2018	153
2019	139
2020	150

Last 6 months actuals	94	97	96	89	99	102
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	LY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	TY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual		97	91	99	102	166	220	254	246	199	131	94	97		96	89	99	102								
Plan		94	87	95	102	156	229	244	261	183	114	92	96		98	91	101	98	143	214	238	265	187	123	93	96
YTD % *															98%	98%	98%	99%								
Billed		83	85	80	108	168	218	235	220	168	103	86	93		86	83	93									

* Actual gallons pumped vs. Plan



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www.shakopeeutilities.com

May 13, 2021

TO: Greg Drent, Interim General Manager 
FROM: Sharon Walsh, Director of Marketing and Customer Relations 
SUBJECT: SPU Service Center to Reopen June 1, 2021

Overview

Per direction received from the Commission at the April 5th meeting, the SPU Service Center is prepared to reopen to the public on Tuesday, June 1st.

Under current Peacetime Emergency mandates still in place, the lobby is prepared for social distancing with 6' spacing requirements identified on the floor. Entrance to the lobby is limited to the main entrance doors on the south side of the building. These doors will have signage that indicates a mask is required for visitors. Staff will also be wearing masks. Furthermore, staff and customers will be separated by the glass barriers that were installed at the front desk in mid-2020.

State mandates are scheduled to lift effective July 1st. SPU will adjust appropriately to be in accordance with any changes.

Additionally, the Commission approved new Hours of Operation with the reopening of our service center. Effective June 1st, the service center will be open, and phones will be answered by SPU staff, according to the following schedule:

Mon-Tue-Thu = 7:00 a.m. to 4:30 p.m.
Wed – 7:00 a.m. to 6:00 p.m.
Fri – 7:00 a.m. to 11:00 a.m.

Hours of Operation signage will be posted on our entrance doors, including website address, phone number and 24-hour drop box for after hours support.

These changes are being communicated on our facebook page, website and will be included on all billing statement stubs. A stand-alone insert has also been produced and will be inserted with the May billing statements.

Action Requested

No action is required.



Like so many businesses, COVID has taught us how to think and work differently. And that's a good thing! We want to share the following positive changes with our customers as we move forward to a new normal.

Service Center Reopening

The service center will be open to the public beginning Tuesday, June 1. No appointments are necessary, but masks and social distancing will be required. Additional protections are in place to keep you safe, including glass barriers at our service desk.

New Business Hours

To make it easier to reach us on either side of your busy day, we're extending our hours, including hours until 6:00 p.m. on Wednesdays! As of June 1, the SPU Service Center hours are:

Mon-Tues-Thursday **Wednesday**
7:00 a.m. - 4:30 p.m. 7:00 a.m. - 6:00 p.m.
Friday
7:00 a.m. - 11:00 a.m.



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New Website Features

If you've grown accustomed to doing things from the comfort of your home, you still can!

We've added more website features that will allow you to manage your account online. You can apply for service, stop service or move to a new location all with a few clicks and some basic data.

You can also update your account information on our website - you can update your email, phone number, name or add someone to your account. At your leisure, on your schedule, you can make these updates at: shakopeeutilities.com.

Account Balance Assistance

We know COVID has affected some of our customers and we're here to help those with delinquent accounts. Please contact us if you need a payment plan and/or financial assistance.

SPU staff will work with you to establish payment plans that are unique to each customer's situation, including extended payback periods of up to 12 months. We will also help you navigate the many financial assistance programs available to those affected by COVID, including SPU SUPPORT.

You may have already received communications from SPU supplying this information. We encourage you to contact us at your earliest opportunity so we can offer assistance and you can avoid any interruption in service.

**You vs your earliest convenience...- this typo was caught, but printing could not be stopped without delaying the May billing statements.*



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May 14, 2021

TO: Greg Drent, Interim General Manager *GD*
FROM: Sharon Walsh, Director of Marketing and Customer Relations *SNW*
SUBJECT: Special Sewer/Water Account Update

Overview

As is standard account setup, customers within SPU territory and Shakopee city limits are billed for both SPU water and City sewer services. These services are billed based on metered water usage.

In rare instances, there are exceptions to this standard account setup. Due to infrastructure build-out schedules in specific geographic locations, acquisitions or unique customer arrangements, some customers are not hooked up to water and/or sewer services even though one or both are available. Some may not be billed any fees (i.e., private wells) and others are billed flat fees for a single service because we cannot measure usage (i.e., sewer).

These unique accounts are tracked and are being managed to transition from "unique" to "standard" as we are able to. Staff and the City have partnered to address these accounts, encouraging hookups at the time of property sales/new ownership or providing customers with schedules for required hookup if service is available.

Currently, there are approximately 30 accounts that fall into this category.

Action Requested

No action is required.

RESOLUTION #2021-07

RESOLUTION ALLOWING THE USE OF FACSIMILE
SIGNATURE FOR CHECK SIGNING

WHEREAS, the Shakopee Utilities Commission will utilize a check signing software and facsimile signatures for the Shakopee Utilities Commission President and Utilities Manager for the purposes of check signing.

NOW THEREFORE BE IT RESOLVED, by the Shakopee Public Utilities Commission of the City of Shakopee, Minnesota that use of a check signing software and facsimile signatures for the Shakopee Public Utilities Commission President and Interim General Manager for the purposes of check signing is hereby approved.

Adopted in regular session of the Shakopee Public Utilities Commission of the City of Shakopee, Minnesota held this 17th day of May, 2021.

Commission President: Kathi Mocol

ATTEST:

Interim General Manager: Greg Drent

RESOLUTION #2021-08

RESOLUTION SETTING THE AMOUNT
OF THE TRUNK WATER CHARGE, APPROVING OF ITS COLLECTION
AND AUTHORIZING WATER SERVICE TO CERTAIN PROPERTY
DESCRIBED AS:

LOTS 1-31, BLOCK 1 AND LOTS 1-7, BLOCK 2 AND LOTS 1-8, BLOCK 3 AND LOTS 1-37, BLOCK 4 AND LOTS 1-20, BLOCK 5 AND LOTS 1-23, BLOCK 6 AND OUTLOTS A AND B, WINDERMERE SOUTH 4th ADDITION

WHEREAS, a request has been received for City water service to be made available to certain property, and

WHEREAS, the collection of the Trunk Water Charge is one of the standard requirements before City water service is newly made available to an area, and

WHEREAS, the standard rate to be applied for the Trunk Water Charge has been set by separate Resolution,

NOW THEREFORE, BE IT RESOLVED, that the amount of the Trunk Water Charge is determined to be \$137,109.42 based on 29.41 net acres, and that collection of the Trunk Water Charge is one of the requirements to be completed prior to City water service being made available to that certain property described as:

LOTS 1-31, BLOCK 1 AND LOTS 1-7, BLOCK 2 AND LOTS 1-8, BLOCK 3 AND LOTS 1-37, BLOCK 4 AND LOTS 1-20, BLOCK 5 AND LOTS 1-23, BLOCK 6 WINDERMERE SOUTH 4th ADDITION

BE IT FURTHER RESOLVED, that all things necessary to carry out the terms and purpose of this Resolution are hereby authorized and performed.

Passed in regular session of the Shakopee Public Utilities Commission, this 17th day of May, 2021.



Commission President: Kathi Mocol

ATTEST:

Commission Secretary: Greg Drent



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TO: Greg Drent, Interim General Manager 
FROM: Joseph D. Adams, Planning & Engineering Director 
SUBJECT: West Shakopee Substation Design, Procurement, Construction Engineering and
Construction Monitoring Task Authorization
DATE: May 12, 2021

ISSUE

The West Shakopee Substation is moving forward into the design stage and it is appropriate for the Commission to authorize professional services that are necessary to complete the project.

BACKGROUND

Leidos' Kevin Favero has been the long time planning and engineering resource for every substation construction project including the South Shakopee 1 and 2, Dean Lake 1, 2 and 3, Pike Lake 1, and new Shakopee 1 Substation additions to the SPU distribution system.

All of those projects were successfully commissioned on time and within budget. SPU substations are valuable assets to the electric utility with modern efficient equipment such as low loss power transformers, durable circuit breakers and solid state protective relaying for enhanced reliability and the more recent additions included arc flash protective switchgear for the highest safety levels available in the industry.

DISCUSSION

The CIP budget for the entire substation construction project, including engineering and project management totals \$5,964,000 as detailed on the attached 2021-25 CIP excerpt. Planning/Design/Project Management was budgeted at \$414,000. The attached Task Authorization estimates the fees for the services detailed will be a not to exceed amount equal to \$398,000 billed at their established rates for actual time.

RECOMMENDATION/ REQUESTED ACTION

Staff recommends the Commission approve the engineering services as proposed by Leidos and authorize Interim General Manager Greg Drent to execute the task authorization form.

TASK AUTHORIZATION

Task Authorization Description: SPU West Shakopee Substation Design
Effective Date: May 07, 2021
Client Name and Number: Shakopee Public Utilities Commission
Contract No.: N/A

Leidos Engineering, LLC (“Consultant”) and Shakopee Public Utilities Commission (“Client”) agree that this Task Authorization will be governed by the terms and conditions of the Master Professional Services Agreement dated August 12, 2016, as amended, unless specifically modified herein.

Background

Client is developing a new electric substation immediately north of the intersection of West Colburn Drive and County Road 69 to be named the West Shakopee Substation (the “Project”). The Project will consist of Client-constructed and owned facilities and Xcel Energy-constructed and owned facilities. The main Client-owned facilities include a 28 MVA top-rated power transformer, a 12.47-kV metal-clad switchgear building with breaker bays for four 12.47-kV circuits, and a high-voltage power transformer breaker. The main Xcel Energy-owned facilities include the 115 kV interconnection and termination structures.

Scope of Services

Task 1: Preliminary Design

Leidos will perform the following tasks to develop a preliminary design for the substation:

- Engage in negotiations with Xcel regarding connection and construction details including remote monitoring and communications. The Consultant has included 40 hours for this task. Negotiations will include identification of space and/or provisions for transmission line connection and loop through facilities in Phase 1 and Phase 2 for the Project.
- Prepare specifications and drawings for soliciting site subsurface borings and soil evaluation services from a geotechnical engineering firm. Review and evaluate proposals and prepare contract documents for execution by Client with the selected firm.
- Attend a kick-off meeting to finalize major equipment requirements, discuss preliminary expansion layout and Client preferences, and establish the review and approval processes.
- Provide fault current calculations by using data supplied by Xcel to calculate maximum and minimum fault current available on the high and low sides of the power transformer. This



TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

information will be used for ground grid design, specifying the equipment's maximum interrupting capability, and determining relay settings

- Prepare a preliminary Basis of Design document and submit to Client for review. The Basis of Design document will contain a description of the equipment to be installed, the design criteria, and a preliminary cost estimate and project schedule
- Prepare and submit to Client for review the following conceptual drawings:
 - One-line diagram illustrating the major equipment, relaying, current transformers, metering, and bus configuration
 - General arrangement diagram
 - Electrical equipment plan and section drawings illustrating the structural arrangement
- Attend a meeting at the Client office or virtually to review the preliminary design

Task 2: Design and Procurement

Consultant will perform the following tasks in order to develop the design for the substation:

- **Transformer Procurement Contract (Contract #1)**
 - Prepare procurement contract technical specifications, with terms and conditions for power transformer and review with Client. Specification for Shakopee Substation power transformer will be used with modifications as required. Transformer will be rated 115 kV/12.47 kV and 15/20/25/28 MVA.
 - Specifications to include list of points to be monitored and/or controlled by SCADA system
 - Prepare bid documents
 - Solicit bids and address bidder questions
 - Evaluate bids and prepare recommendation
 - Attend an SPUC meeting to discuss bids and recommendation
 - Prepare contract documents for signatures
- **Geotechnical Services (Contract #2)**
 - Prepare contract technical specifications, and terms and conditions for geotechnical services including borings and soil evaluation.
 - Prepare bid documents
 - Send to Client for review
 - Solicit proposals
 - Evaluate proposals and prepare recommendation

TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

- Prepare contract documents for signatures
- **115 kV Circuit Breaker Procurement Contract (Contract #3)**
 - Provide procurement contract technical specifications and terms and conditions for the 115 kV circuit breaker and review with Client. Specification for Shakopee Substation circuit breaker will be used with modifications as required.
 - Prepare bid documents
 - Solicit and address bidder questions
 - Evaluate bids and prepare recommendation
 - Attend an SPUC meeting to discuss bids and recommendation
 - Prepare contract documents for signatures
- **Switchgear Procurement Contract (Contract #4)**
 - Prepare one-line diagram
 - Prepare elementary (schematic) drawings. The equipment manufacturer's elementary drawings will be incorporated into the substation's overall control scheme
 - Design will include provisions for a future 12.47 kV tie with second (Phase 2) switchgear building and automatic transfer
 - If requested, design of first switchgear building will include space and/or provisions for adding four future 12.47 kV circuits to increase the number of circuits from four to a total of eight
 - Prepare relay panel front view drawings and detailed bill of material with device description, manufacturer, and nameplate designation
 - Prepare list of points to be monitored and/or controlled by SCADA system.
 - Prepare procurement contract technical specifications, and terms and conditions for the switchgear (including building, relay panels, SCADA equipment, and miscellaneous equipment). Specification for Shakopee Substation Control Building will be used with modifications as required. The procurement will include switchgear that is arc-flash resistant similar to that procured for Shakopee Substation and Dean Lake Substation. Consultant will coordinate with City personnel concerning acceptable external building material.
 - Review drawings and specifications with Client.
 - Prepare bid documents
 - Solicit bids and address bidder questions
 - Evaluate bids and prepare recommendation

TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

- Provide contract documents for signatures
- **Substation Construction Contract (Contract #5)**
 - Prepare electrical equipment plan and section drawings
 - Prepare bill of materials for electrical equipment plan and sections, including connectors, bus, and bus supports
 - Prepare shielding plan for the substation, illustrating the necessary masts required for lightning protection using the rolling sphere method
 - Prepare plans and specifications for removal of existing organic soil in the fenced area and parking area of the Project.
 - Prepare plans and specifications for placing, compacting, and grading soil fill and rock surface on the fenced area of the Project.
 - Prepare a report and submit to the City concerning the storm water retention requirements
 - Prepare plans and specifications for a stormwater-retention pond south of the fenced area and parking area based on the requirements of the City.
 - Submit grading and stormwater-retention plan to the City for approval
 - Prepare Foundation Plan for Client equipment and structures in coordination with Xcel foundation plan for Xcel structures.
 - Prepare Fence Plan and detail drawings
 - Prepare 12.5 kV underground feeder duct bank plan and section details.
 - Prepare Oil Containment Plan around power transformer and detail drawings
 - Prepare Grounding Plan illustrating the ground grid, ground rods, and ground connections to be installed in the substation, as well as the ground connections to above-grade equipment
 - Prepare Conduit Plan illustrating underground conduit runs, conduit size, and circuits within the conduit runs
 - Prepare Circuit List for the substation describing the interconnections between equipment and control connections. The circuit list will also include wire sizes and number of conductors or fiber optic cables for each new circuit and a description of the circuits and the termination points for each circuit
 - If requested, design will include space and/or provisions for future upgrading of power transformers to 48 MVA size
 - Prepare fiber optic communication plan for SCADA and revenue metering.
 - Drawings to identify location of future structures, equipment, and duct banks associated with second transformer, switchgear building, and transmission line.

TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

- Prepare detailed concrete foundation design for the following:
 - Power transformer
 - Switchgear building
 - Circuit breaker for power transformer
 - Structural steel for Client bus supports and Client switches
 - Lightning masts
- Prepare interconnection diagrams for the following:
 - Circuit breaker to switchgear building
 - Transformer to switchgear building
- Prepare construction contract technical specifications, terms and conditions for substation construction, and bid documents
- Attend a meeting at the Client office or virtually to review final design and bid documents prior to soliciting construction bids
- Solicit bids
- Attend pre-bid meeting
- Prepare and distribute meetings notes from the pre-bid meeting
- Address bidder questions
- Evaluate bids and prepare recommendation
- Attend an SPUC meeting to discuss bids and recommendation
- Prepare contract documents for signatures
- Attend pre-construction meeting
- Prepare and distribute meeting notes from the pre-construction meeting
- **Acceptance Testing and Commissioning Contract (Contract #6)**
 - Prepare relay settings for the substation relays. Relays will be coordinated with the first downstream devices owned by Client and the first upstream device on the transmission system
 - Prepare contract technical specifications, and terms and conditions for testing and commissioning power transformer, 115 kV circuit breaker, and switchgear building.
 - Prepare bid documents
 - Send to Client for review
 - Solicit proposals

TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

- Evaluate proposals and prepare recommendation
- Prepare contract documents for signatures
- **Landscaping Contract (Contract #7)**
 - Prepare contract drawings, specifications, terms and conditions, and bid documents for providing and installing screening trees around the substation fence on the east, south, and west sides to meet the requirements of the City.
 - Send to Client for review
 - Solicit bids
 - Evaluate bids and prepare recommendation
 - Prepare contract documents for signatures

Task 3: Construction Engineering

Leidos will perform the following in regards to construction engineering and management:

- Review the manufacturer shop drawings or catalog cuts for the following:
 - Circuit 115 kV breaker
 - Client substation structures and equipment
 - Power transformer
 - Switchgear building
 - Materials to be installed by the construction contractor

Task 4: Construction Monitoring

Leidos will perform the following assistance during the construction phase of the project:

- Provide 60 hours of phone consultation to answer questions that arise during construction
- Provide 24 site visits during an estimated 6-month construction period (average one per week) to assist Client with respect to technical issues raised by the contractors related to design and construction and to witness concrete foundation pours and delivery of power transformer and switchgear building
- Provide weekly Project progress reports
- Review and approve geotechnical services contract invoices
- Review and approve equipment (power transformer, 115 kV breaker, and switchgear building) contract invoices
- Review and approve construction contract invoices

TASK AUTHORIZATION SPU WEST SHAKOPEE SUBSTATION DESIGN

- Review and approve testing and commissioning contract invoices
- Review and approve landscape invoices
- Provide one site visit to perform final walk-through and prepare final punch list
- Provide one site visit to observe functional testing of the protective control scheme and observe energization of the substation
- Prepare conformed-to-construction drawings as PDF and AutoCAD® drawing files and manufacturer electronic files as available
- Prepare an operation manual similar to those prepared for the other SPU substations that describes the operation of equipment and systems in the Project substation.

Schedule

The following is a preliminary Project milestone schedule to achieve an October 2022 in-service date.

TASK AUTHORIZATION

SPU WEST SHAKOPEE SUBSTATION DESIGN

Preliminary Project Milestone Schedule for SPU West Shakopee Substation October 2022 In-Service Date

Activity	Start Date	Finish Date
Construction Agreement with Xcel Energy	April 2021	May 2021
Kick-Off Design Meeting	May 2021	May 2021
Prepare Transformer Specs	May 2021	May 2021
Requisition Transformer	June 2021	Aug 2021
Prepare Substation Plan and Elevation Drawings	June 2021	July 2021
Prepare Schematic Diagrams and Switchgear and 115 kV Breaker Specs	June 2021	July 2021
Site Civil Drawings	June 2021	July 2021
Foundations/Oil Containment Design	June 2021	July 2021
Substation and Exit Circuit Duct Bank Design	June 2021	July 2021
Prepare Construction Drawings and Specs	June 2021	Aug 2021
Requisition Switchgear and 115 kV Breaker	Aug 2021	Sept 2021
Requisition Construction Services (Substation and Exit Circuit Duct Bank)	Sept 2021	Nov 2021
Prepare Landscaping Design	Sept 2021	Sept 2021
Requisition Landscaping Services	Oct 2021	Nov 2021
Prepare Testing/Commissioning Specs	Nov 2021	Nov 2021
Requisition Testing/Commissioning	Dec 2021	Dec 2021
Begin Construction	March 2022	
Substation Site Preparation	April 2022	April 2022
Install Foundations	May 2022	June 2022
Install Substation Conduits and Duct Banks	June 2022	July 2022
Erect Structures	July 2022	Aug 2021
Install Equipment (Transformer, Breaker, and Switchgear)	Aug 2022	Sept 2022
Install Control Wiring and Exit Circuits	Sept 2022	Sept 2022
Install Landscaping	Sept 2022	Sept 2022
Test, Commission, and Energize	Oct 2022	Oct 2022

TASK AUTHORIZATION SPU WEST SHAKOPEE SUBSTATION DESIGN

Additional Services

Consultant will provide Additional Services not included in the above Scope of Services as requested in writing by Client based on actual hours spent times the Billing Rates shown on Attachment A plus expenses. Consultant will prepare a scope and the estimated cost of such services.

Fee for Services

Consultant will provide the Scope of Services described above based on actual hours spent times the Billing Rates shown on Attachment A and expenses incurred for a not-to-exceed fee of Three Hundred Ninety-eight Thousand Dollars (\$398,000).

The Parties acknowledge that the authorization ceiling (not-to-exceed amount) is not meant to constitute a fixed fee or a limitation under which the Consultant provides services that exceed the above Scope of Services. Notwithstanding anything to the contrary herein, the Consultant will not be required to furnish Additional Services or incur expenses for work without written authorization (including email) from the Client committing to additional funding.

The following list outlines assumptions made by Consultant in developing the fee based on the Scope of Services:

- Client will assist Consultant by making readily available, when requested, existing records and data pertinent to the project
- Xcel Energy will provide design, construction, and construction management for the Xcel Energy-owned facilities and will coordinate with Consultant on a timely basis.
- Client will request from surveyor and provide to Consultant the AutoCAD version of the site survey.
- Communication to Client SCADA will initially be via radio with a conduit to the street right-of-way for a future fiber optic circuit. Communication to Xcel Energy revenue meter will be via a phone connection. Consultant will not be required to prepare analyses and drawings for landline phone service.
- The above-grade structures will be designed and detailed by the structure vendor using the design criteria, equipment outlines, and physical geometry provided in the contract documents. The vendor will provide anchorage requirements and base reactions for the design of the foundations. Consultant will review and comment on steel shop drawings provided by the vendor. Consultant will not provide any above-grade structural design. One review cycle is anticipated.
- The switchgear building superstructure will be designed and detailed by a vendor using the design criteria, equipment outlines and physical geometry provided in the contract documents. The vendor will provide anchorage requirements and base reactions for the design of the foundations. Consultant will review and comment on the shop drawings provided by the vendor. Consultant will not provide any above-grade structural design of the switchgear building. One review cycle by Consultant is anticipated.

TASK AUTHORIZATION SPU WEST SHAKOPEE SUBSTATION DESIGN

- The switchgear building control and protection circuits will be designed and detailed by a vendor using the design criteria, elementary schematics, and panel layouts provided in the contract documents. Consultant will review and comment on vendor drawings. One review cycle by Consultant is anticipated.
- The power transformer and circuit breaker manufacturers will provide internal connection diagrams. One review cycle by Consultant is anticipated.
- Construction contractors will maintain records of construction changes so that after the completion of the Project, drawing revision can be made to provide accurate conformed-to-construction-record drawings.
- The City will provide criteria for and input on the specifications for the external material of the switchgear building, the design of the stormwater retention pond, and the landscape tree selection and layout.
- The site layout will include the identification of an area south of the stormwater retention pond for a car-charging station and access drive. The Consultant will not design the charging station. The area available for the car-charging station will be determined after and depend on the area required for the stormwater retention pond.
- The site is not in a floodplain and does not have any wetland areas.
- All bid documents will be prepared and distributed to bidders as electronic documents.
- All contract documents will be prepared and distributed as paper documents.
- Additional Services will be provided on the terms stated above
- The period of performance, if required, is through December 31, 2022.

Amendment(s) to Terms of the Agreement

None.

IN WITNESS WHEREOF, the Parties have signed this Task Authorization as of the date first written above.

SHAKOPEE PUBLIC UTILITIES

LEIDOS ENGINEERING, LLC

Signature _____
Name _____
Title _____
Date _____

Signature Alex Kim
Printed Alex Kim
Title Senior Contracts Representative
Date 5/10/2021

TASK AUTHORIZATION SPU WEST SHAKOPEE SUBSTATION DESIGN

Attachment A Leidos Engineering, LLC Billing Rates

Billing Class	Hourly Rate (US\$)*	Typical Project Roles
4	45	
5	56	
6	67	Clerical, Administration, Junior Engineers and Technicians
7	78	
8	90	
9	101	
10	112	
11	123	Staff Engineers, Consultants and Technicians
12	134	
13	146	
14	157	
15	168	Senior Engineers, Consultants and Technicians, and Project Managers
16	179	
17	190	
18	202	
19	213	Executive Engineers and Consultants, Senior Project Managers, and Managing Directors
20	224	
21	235	
22	246	
23	258	
24	269	
25	280	
26	291	
27	302	Executive Engineers and Consultants, Senior Project Managers, Managing Directors and Vice Presidents
28	314	
29	325	
30	336	
31	347	
32	358	
33	370	
34	381	
35	392	
36	403	

*Salaries of personnel are subject to change in accordance with our annual salary adjustment program.

*Overtime by non-exempt personnel will be billed at the appropriate overtime rates in accordance with Leidos' policy.



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May 13, 2021

TO: SPU Commissioners

FROM: Greg Drent, Interim General Manager 

Subject: Comprehensive Evaluation for Municipal Water Treatment

Background

SPU contracted with SEH to look at water quality and treatment needs for Shakopee now and in the future. There are 7 tasks to complete this process.

- Task 1 Water Quality Assessment
- Task 2 Water Quality Model
- Task 3 Public Involvement and Survey
- Task 4 Preliminary Analysis
- Task 5 Technical Analysis
- Task 6 Cost Estimates
- Task 7 Feasibility Report

Some of these tasks were done prior to having two new commissioners that started in April and there were some follow-up questions at our last commission meeting that needed to be answered. I asked Sharon Walsh to address the survey questions and that memo is attached. Joe Adams will go over SPU water system with treatment options. There are three options regarding treatment and they all have pro and cons. Do we treat at the wells? Do we put in a central plant or do we have a hybrid and treat in each pressure zone? Joe will present maps of the options and challenges of each. We will identify infrastructure improvement needed for centralized treatment as well as improvements needed for a hybrid model.

During SPU's internal meetings, we have been discussing what option would work best for Shakopee's future needs for water treatment. The number one priority is the water needs to be safe. Is the water safe now and the clear answer is yes we meet all current standards. The better question is are we positioned to address any future potential contaminates that we don't know about and the clear answer is we have work to do to make sure we can handle any future issues. If we act now we can position SPU for any future treatment needs. Development is occurring in all areas of Shakopee and we may never have another opportunity like we have now to purchase property for a central or hybrid model. We are seeking direction from our commission on what option you feel is the best for SPU. Staff will then continue to identify properties that could be suitable for a future treatment plant or plants. Staff will then bring updates to the commission on progress from the direction we get from the commission.

With proper planning, we can have safe, reliable and affordable water for generations to come.



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Shakopee, Minnesota 55379
Main 952.445-1988 • Fax 952.445-7767
www.shakopeeutilities.com

May 12, 2021

TO: Greg Drent, Interim General Manager *GD*

FROM: Sharon Walsh, Director of Customer Relations and Marketing *SNW*

SUBJECT: Follow up to SEH Water Survey Presentation

Overview

At the May 3rd meeting, there were questions raised regarding the water quality and treatment survey conducted by SEH in March 2021. The following provides an overview of the survey design, process and distribution.

1. The water survey was an electronic survey only; there was no distribution of a paper survey. (A hardcopy was available upon request.)
2. Alchemer (formerly Survey Gizmo) was the platform utilized for this survey.
3. The survey was available for 30 days and closed on March 31, 2021.
4. To drive engagement and involvement it was communicated as a "3-minute survey" searching for customers' opinions/feedback.
5. **Billing Statements** – a message and the survey link appeared on both the February and March billing statement payment stubs.
6. **Bill Stuffer** - A full color print insert was designed and inserted with our February 2021 billing statements. (See below.)
 - a. To ensure all water customers were reached, including renters and HOA members that are water users even though they are not directly responsible for paying SPU, the insert was included in ALL SPU billing statement mailings in February.
 - b. The insert was designed to address all water users – "Calling all SPU Water Customers!"
 - c. It was a call-to-action and communicated our desire to make sure we were hearing what our customers had to say about the water they receive. "Opinion matters..."
 - i. A QR code was added to the print piece, in addition to the link, to make it easy for customers to access the survey immediately.
 - d. The survey was written in English, but a statement was included to contact SPU if translation assistance was needed.
7. **SPU Website – Homepage** – the large area in the middle of our homepage has been dedicated to the topic of the 7-Step Comprehensive Water Treatment Evaluation.
 - a. As soon as the survey was ready to launch, this section was updated to Step 3 – Water Survey – with a link directly to the survey.
 - b. When the survey closed, the site was updated to the following copy and the link was redirected to take customers back to the updated Comprehensive Water Treatment Evaluation page.

- i. **“Water Quality Survey Completed!** Step 3 of our 7 Step Comprehensive Water Treatment Evaluation has been completed. Thank you to those customers who took the survey and shared thoughts regarding water quality, treatment and related costs. The data from the survey is being compiled and will be shared with our commission in the near future.”
8. **SPU Facebook Page** – a post was made on March 15, including the graphic from the bill stuffer that highlighted “Opinion Matters” and included an active link to the survey.
 - a. On March 22, the post was boosted with a paid ad that ran until the survey ended on March 31st. This increased our reach to nearly 1,500 people who saw the ad at least once.
9. **Paymentus Payment Portal** – the survey was also promoted on the landing page of our online customer payment portal. The following copy was added in **RED** throughout the 30 days the survey was available.
 - a. “SPU wants your input on water quality and water rates. Please complete a 3 minute survey by clicking on the link below.”
 - b. An estimated 2800 customers would have had the opportunity to read this message.

With all of these efforts, we still received a very low response rate – less than 5% of our water customers. Knowing this response rate is too low to be indicative of our entire (water) customer base and we cannot draw conclusive findings from this minimal response, staff believes this survey needs to be re-opened and additional means are needed to engage our customers and receive appropriate feedback.

Staff will continue to brainstorm ideas, but initial thoughts are to consider email, phone and group interactions with our customer base. To increase the likelihood more people would respond, the length and content of the second survey could be reduced and simplified; providing links to the more detailed, technical information for those interested. Depending on timing and costs, a public address on our community programming channel or other type of advertisement could be produced. Public postings in community locations could also be developed (i.e., community center bulletin board, public library, etc.)

Additional questions were asked at the meeting that were not formally addressed –

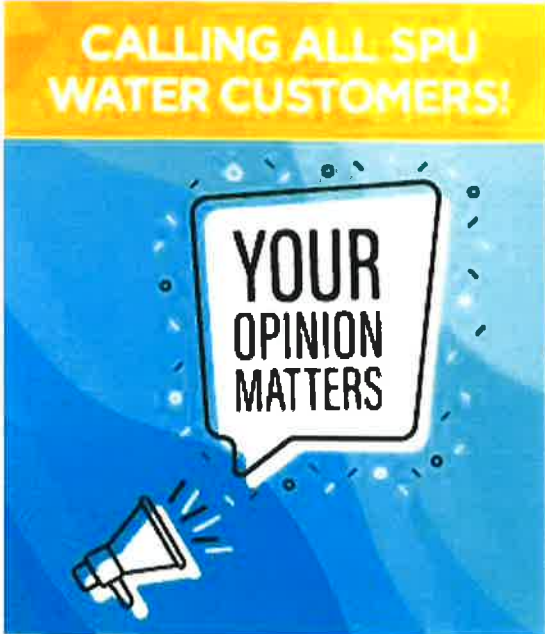
1. **Home Water Softening** – information regarding the harm to pipes and fixtures caused by hard water, and the costs associated with home water softening, were included in the survey. This information was provided immediately before the survey questions related to the cost of centralized treatment. This information was shared to demonstrate/communicate there are customer costs associated with water treatment even without centralized treatment.
2. **Filtration/Treatment Costs Compared to Current “Per/1,000 Gallons” Rates** – it was determined this was the best way to communicate the impact of filtration and centralized treatment because of the wide swing in individual water use – what is average usage? SEH arrived at the increased rate based on the costs presented at the February commission meeting.



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Action Required

Feedback from the Commission regarding a second survey attempt and any direction on the additional promotional efforts identified above is welcomed.





**CALLING ALL SPU
WATER CUSTOMERS!**

**YOUR
OPINION
MATTERS**

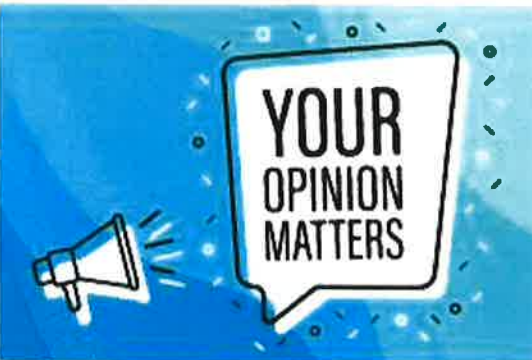
We need your input
and thoughts on
SPU water quality.

[SURVEY LINK HERE](#)
WWW.LINKTOSURVEYHERE.COM

[QR CODE LINK TO SURVEY](#)



255 Sarazin Street • PO Box 470
Shakopee, MN 55379
952.445-1988 • shakopeeutilities.com
Office hours: Monday – Friday 7:30 a.m. – 4:00 p.m.




**YOUR
OPINION
MATTERS**

Shakopee is very fortunate to have good quality groundwater that is able to meet all Environmental Protection Agency (EPA) water quality standards for safety and has yet to require municipal treatment. Because treatment comes with a cost to our ratepayers, we want to proceed in a manner that supports the desires of our water customers. Therefore, SPU is looking for your feedback to understand what is important to you, and what additional costs you would be willing to pay for increased water quality above what we have already achieved. Please take 3 minutes to fill out the survey and share your thoughts with us at the link below. If you prefer a paper survey, please contact SPU at 952.445.1988 #7

[SURVEY LINK HERE](#)
WWW.LINKTOSURVEYHERE.COM

[QR CODE LINK TO SURVEY](#)





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 Shakopee, Minnesota 55379
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 www.shakopeeutilities.com

TO: Greg Drent, Interim General Manager *5/10*
 FROM: Joseph D. Adams, Planning & Engineering Director *J. Adams*
 SUBJECT: Levee Drive Duct Bank Bid Award
 DATE: May 13, 2021

ISSUE

The Commission is asked to consider awarding the contract for duct bank construction along Levee Drive for overhead electric feeder circuits being relocated underground.

BACKGROUND

SPU has agreed to relocate our pre-existing overhead feeder circuit SH-09 through the block where the Sarazin Flats development is being constructed. We temporarily re-routed it last fall to allow construction to begin.

SPU also desires to permanently relocate two other existing feeder circuits SH-08 and SH-10 currently running west to east between Levee Drive and the south bank of the MN River.

A cost sharing agreement was entered into with the Sarazin Flats developer paying a prorated share for relocating SH-09 and SPU absorbing the balance of the costs with relocating the other feeders underground into the duct bank that will run around the site and down Levee Drive to Holmes Street.

DISCUSSION

DGR Engineering was hired to complete the design of the duct bank and the contract documents were posted with bids due on Friday May 14th at 130 pm. Since this time is past when the Commission packets will be sent out for their May 17th meeting, it is intended to issue a bid tab summary and bid award recommendation sometime on Monday May 17th prior to the Commission meeting, assuming there are no complications with any bids.

Should there be any complications that will take more analysis, then this item might have to be delayed to a future meeting and time is critical to coordinate the work with both the developer's and the city's projects in the area.

TO: Greg Drent, Interim General Manager

FROM: Joseph D. Adams, Planning & Engineering Director

SUBJECT: East Shakopee Substation site

DATE: May 13, 2021



ISSUE

Staff received the attached term sheet date April 22, 2021 from Mr. Jon Rausch, SM Hentges representative, for consideration by the Commission for a property purchase for a future electrical substation site.

BACKGROUND

SPU's Long Term Electric Plan identifies the future need for additional substation capacity in eastern Shakopee due to anticipated ultimate load growth under certain assumptions. SM Hentges and SPU staff have been discussing the terms for SPU acquiring a parcel within the newly platted Hentges Industrial Park for a future electrical substation site.

A recap of the communications between parties is as follows:

7/28/2020 SPU originally submitted a draft purchase agreement for a proposed 2.98-acre parcel at \$5.00 per square foot. The offer was based on an appraisal dated 7/10/2020.

12/10/2020 SM Hentges representative submits a term sheet for a new proposed 4.61-acre parcel that lists among other items a proposed sales price of \$9.00 per square foot.

1/20/2021 SPU submitted a counter offer for the proposed 4.61-acre parcel at \$6.00 per square foot. The counter offer was based on an appraisal dated 1/12/2021.

4/22/2021 SM Hentges representative submits a term sheet for the 4.61-acre parcel that lists among other items a proposed sales price of \$9.00 per square foot, plus infrastructure costs up to a max of \$150,000 (\$0.75 per square foot).

DISCUSSION

As the development has moved forward details have emerged from the recent sale of the largest parcel in the plat to WPT, who is planning to construct a 500,000 plus square foot distribution center. This sale influences the value of the remaining adjoining parcels that were platted as out lots.

After the sale closed the details of the sale were made known to SPU staff by the seller. Staff then asked Jason Messner of PDM Valuation Counselors to review the data provided and consider amending his previous appraisal report. Jason's original appraisal report dated January 12, 2021 for the 4.61-acre parcel is attached for the convenience of the Commission for reference.

RECOMMENDATION

It may be appropriate for the Commission to adjourn to closed session to discuss negotiations on this potential land acquisition. If so, then the motion would be as follows:

Motion: I move that the Commission go into closed session under Minnesota Statutes, Section 13D.05, subdivision 3(c) to review confidential or protected nonpublic appraisal data and to develop or consider offers or counteroffers for the purchase of property described as Lot 3 of the Hentges Industrial Park.



3500 American Blvd W
Suite 200
Minneapolis, MN 55431
Tel +1 952 831 1000
cushmanwakefield.com

April 22, 2021

Joseph Adams
Shakopee Public Utilities Commission
255 Sarazin St.
Shakopee, MN 55379

jadams@shakopeeutilities.com

Re: Term Sheet to Sell Land in Shakopee, MN

Dear Joe:

We wanted to update you that we closed with WPT for \$7.18psf, which includes demo, plus additional off-site infrastructure of \$640,000 or \$.38psf. So total sales price of \$7.56psf. If interested in these terms, please respond by May 3rd.

TERM SHEET

Seller:	Cretex Industrial Park L.L.C. ("Owner") c/o Steve Hentges
Buyer:	Shakopee Public Utilities Commission ("Buyer")
Property/Site:	7070 Cretex Drive, Shakopee, MN Approximately 4.61 acres (200,812sf) deeded as shown on Exhibit A. The area shall be conveyed as is. Utilities (sewer, water, storm sewer) shall be stubbed to the property line. Seller shall provide a final plat to the Buyer in a configuration generally similar to that attached in the Exhibit A.
Purchase Price:	\$9.00 per square foot or \$ 1,807,308.
Delivery Condition:	Seller shall remove all trees Buyer desires. Seller will grade the site to balance. Both of these items will be at an additional cost of \$50,000. Seller to provide a tree inventory.
Property Contract:	The terms, conditions and details of the purchase shall be contained in a Purchase and Sale Agreement (PSA) to be prepared by Buyer within 5 days following the signing of this Letter of Intent.
Earnest Money:	Upon execution of a mutually acceptable Purchase and Sale Agreement (PSA), Buyer will deposit with a mutually agreeable title company, \$50,000. The Earnest Money will be applicable to the Purchase Price at Closing and shall be fully refundable during the Due Diligence Period.
Due Diligence/ Contingency:	The "Due Diligence Period" for the purposes of the PSA shall be defined as the one hundred twenty (120) calendar day period immediately following Purchase Sale Agreement execution. The Seller shall provide Buyer, at

Seller's expense, no later than five (5) business days after earnest money deposit with the Preliminary Title Report and Commitment for Title Insurance (the "Title Report"), and any materials Seller has available relative to the Property. Buyer shall have the right to conduct its own investigation of matters deemed appropriate by Buyer for its purchase, development and use of the Property. Buyer shall be responsible for any damage caused or liability arising as a result thereof.

The PSA shall provide for the Due Diligence Period and that the Buyer, at its election, shall have the right to cancel the PSA and escrow by giving notice in writing of such election to Escrow Agent. In the event Buyer elects to cancel the PSA during the Due Diligence Period all Earnest Money shall be immediately refunded to Buyer.

Seller agrees to provide access to all readily available materials in Seller's possession relating to the Physical Condition of the property:

- a) Phase I Environmental Audit, Topographical survey and ALTA Survey;
- b) Copies of site plans and engineering reports previously completed for the Property;
- c) Any other relevant information in seller's immediately available possession reasonably requested by Buyer.

**Closing and
Consummation of Sale
and Purchase:**

The sale and purchase by Buyer and close of Escrow shall occur on or before thirty (30) days after the expiration of the Due Diligence Period, provided Seller and Buyer have each fulfilled the performance required of each party under the terms of the PSA and Escrow, including all conditions set forth in herein.

Possession:

Buyer shall take possession of the property upon Closing.

Prorations and Charges:

The PSA shall provide that all property taxes shall be prorated to the Close of Escrow.

Non-Binding:

Seller, Buyer and brokers shall each have no obligation or liability relating to this document or to any verbal or written negotiations, discussions or correspondence. All parties shall expressly have full right to cease discussions/negotiations at any time and for any reason prior to full PSA execution.

Existing Power Line:

Buyer agrees to bury existing power lines (currently east of existing gas easement) in future utility easement. Current easement to be released.

Roadway/Utilities:

Buyer to pay for 10% of the round about and access road which are "off site". This cost shall not exceed \$150,000.

If the terms of this summary are acceptable, please sign in the space provided below.

Sincerely,



Jon Rausch
Cushman & Wakefield
612-685-8288
jon.rausch@cushwake.com

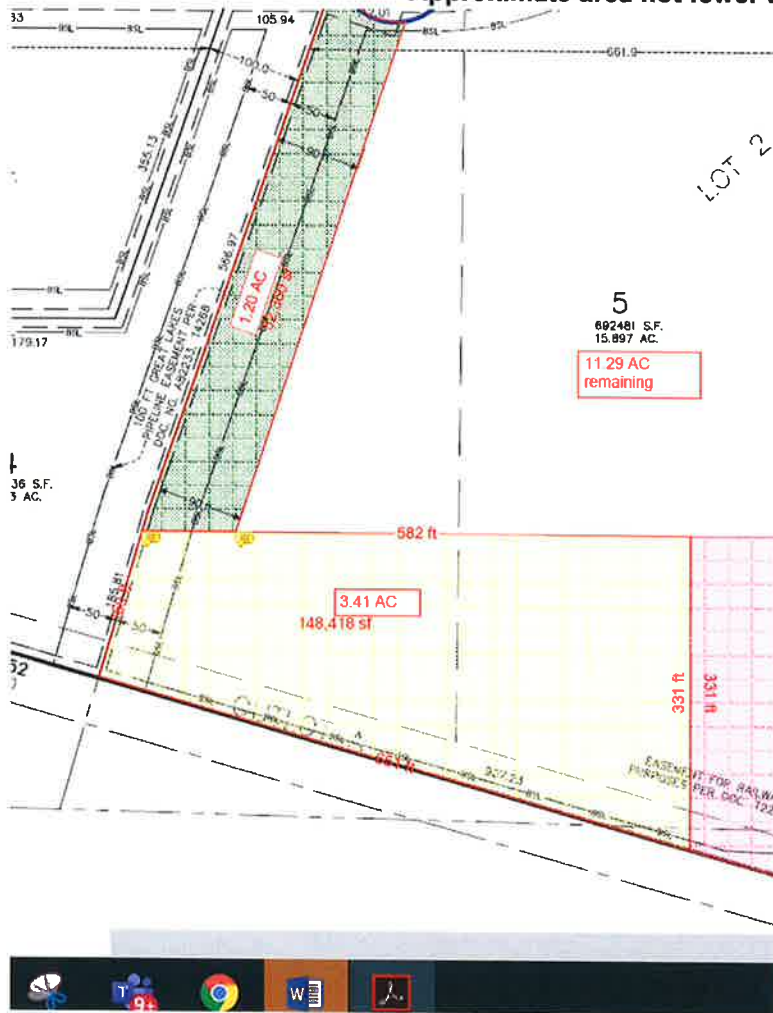
AGREED & ACCEPTED: SELLER
Cretex Industrial Park L.L.C.

AGREED & ACCEPTED: BUYER
Shakopee Public Utility Commission

By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

Exhibit A

Approximate area not fewer than 4 acres



MARKET VALUE APPRAISAL
4.61 ACRES OF INDUSTRIAL LAND
IN SOUTHERN PORTION OF CRETEX SITE
SHAKOPEE, MINNESOTA

DATE OF REPORT:
January 12, 2021

PREPARED FOR:
Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379-0470

PREPARED BY:
Patchin Messner Valuation Counselors
Sunset Pond Executive Offices
13961 West Preserve Boulevard
Burnsville, MN 55337



PATCHIN MESSNER

VALUATION COUNSELORS

January 12, 2021

Shakopee Public Utilities
255 Sarazin Street
Shakopee, MN 55379-0470

ATTN: Joseph D. Adams

RE: Market Value Appraisal
4.61 Acres of Industrial Land
in Southern Portion of Cretex Site
Shakopee, Minnesota

Dear Mr. Adams:

At your request, we have appraised the above-referenced property for the purpose of estimating its fee simple market value. The function or intended use of this appraisal is to provide valuation guidance to Shakopee Public Utilities for internal decision making regarding the possible purchase of the subject property.

The subject, identified as a portion of Lot 5, Block 2 on the proposed Hentges Industrial Park plat, consists of a flag-shaped lot with a gross land area of approximately 200,778 SF, or 4.61 acres, which is currently part of three larger tax parcels with an overall site area of approximately 58 acres. The subject site is located along the southern boundary of the overall 58 acres and is identified as a portion of Lot 5 on the proposed Cretex site plan. Furthermore, approximately 37,639 SF of land is encumbered by a pipeline easement and 15,056 SF is encumbered by an electric easement along the west boundary of the subject site.

This appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It has also been performed in compliance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and is presented following the USPAP Standards Rule 2 – 2(a) guidelines for real property appraisal reporting. As such, this report presents summary discussions of the data and analyses used in the appraisal process. Additional information and documentation concerning the data and analyses of this appraisal have been retained in our files.

It should be noted that this letter does not qualify as an appraisal, and that the reader is directed to the following report for the data, analyses and conclusions which support our value estimate. The appraisal report is contingent upon the assumptions and limiting conditions submitted within the report. The Contingent and Limiting Conditions section of this report should be thoroughly read and understood before relying on any information or analysis presented herein.

Based upon inspection of the property, and after consideration of the factors influencing market value, it is the appraisers' opinion the market value for the subject property, as of January 8, 2021, is \$1,205,000.

ONE MILLION TWO HUNDRED FIVE THOUSAND DOLLARS

Furthermore, as of this report date, the COVID-19 pandemic has affected the nation and created significant uncertainty for the U.S. economy. Additionally, certain segments of the Twin Cities metropolitan real estate market appear to be on hold while this pandemic unfolds on a global economic scale. Therefore, at this point in time, other than a slowing of transaction volume, it is too soon to determine the potential impacts to the Twin Cities real estate market.

Also, this letter of transmittal does not qualify as an appraisal, and that the reader is directed to the following report for the data, analyses and conclusions, which support this value estimate. The appraisal report is contingent upon the assumptions and limiting conditions submitted within the report. The "Contingent and Limiting Conditions" section of this report should be thoroughly read and understood before relying on any information or analysis presented herein.

Thank you for allowing our firm to be of assistance in this matter. If you have any questions after reading this report, feel free to contact us at your convenience.

Respectfully submitted,

PATCHIN MESSNER VALUATION COUNSELORS



Alyssa M. Ruis
Trainee Real Property Appraiser
Minnesota License 40295088



Jason L. Messner, MAI, CRE
Certified General Real Property Appraiser
Minnesota License 4000836

CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant real property appraisal assistance to the persons signing this certification or report.
11. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. This appraisal cannot be completely understood without reading the Contingent and Limiting Conditions section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Alyssa Ruis has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.


Alyssa M. Ruis

1-12-2021
Date

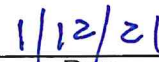
CERTIFICATION
(Real Estate)

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant real property appraisal assistance to the persons signing this certification or report.
11. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. This appraisal cannot be completely understood without reading the Contingent and Limiting Conditions section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Jason L. Messner has completed the continuing education program requirements for Designated Members of the Appraisal Institute.



Jason L. Messner, MAI



Date

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Fee Owner:	Cretex Industrial Park, LLC
Location:	<p>The subject property is located east of 70th Street West and south of Stagecoach Road in Shakopee, Minnesota.</p> <p>More specifically, the subject property consists of 4.61 acres along the southern boundary of three larger tax parcels which include 58 acres referred to as the Cretex site.</p> <p>The Cretex property is currently platted as Lot 1, 2, and Outlot A, Block 2, Cretex Industrial Park 1st Addition, Shakopee, Scott County, Minnesota. The subject is identified as a portion of Lot 5, Block 2 on the proposed Hentges Industrial Park plat.</p>
Date of Valuation:	January 8, 2021
Date of Inspection:	December 17, 2019 and subsequent dates
Property Appraised:	Land Only
Rights & Interests Appraised:	Fee Simple Market Value
Zoning:	I2, Heavy Industry
Guided Land Use:	Industrial (Shakopee 2040)
Highest and Best Use:	As Vacant – Industrial development as allowed under Shakopee I2, Heavy Industry district, developed to the maximum density as is permitted by the city.
Gross Land Area:	4.61 acres, or 200,778 SF
Land Area: (net of pipeline easement and electrical easement)	3.40 acres, or 148,083 SF
Site Description:	The appraisers were provided with a preliminary plat map from the client identifying the subject parcel is approximately 200,778 SF, or 4.61 acres. The site is flag-shaped with a developable area of 148,418 SF, or 3.41 acres, and 52,360 SF or 1.20 acres of land are located within the 90-foot-wide leg that extends north to the proposed Hentges Way roadway.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

(CONTINUED)

Site Description (Continued):

It is also noted that approximately 37,639 SF is encumbered by a pipeline easement and 15,056 SF is encumbered by an electrical easement. The pipeline easement includes approximately 29,639 SF consisting of the flag portion of the site and 8,000 SF is outside the flag-shaped area along the west boundary of the site. The electrical easement includes approximately 11,856 SF consisting of the flag portion of the site and 3,200 SF is outside the flag-shaped area along the west boundary of the site.

Therefore, the unencumbered developable land area is 3.15 acres, or 137,218 SF, exclusive of the flag-shaped area extending north to the proposed Hentges Way roadway.

The subject's topography varies from generally level to moderately sloping with moderate tree coverage.

Value Conclusion:

\$1,205,000

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PHOTOGRAPHS OF SUBJECT



Looking Southeast along the Southern Boundary of the Subject Site



Looking Southeast along the Southern Boundary of Subject Site

PHOTOGRAPHS OF SUBJECT



Looking West along Stagecoach Road toward Planned Access of Cretex Site

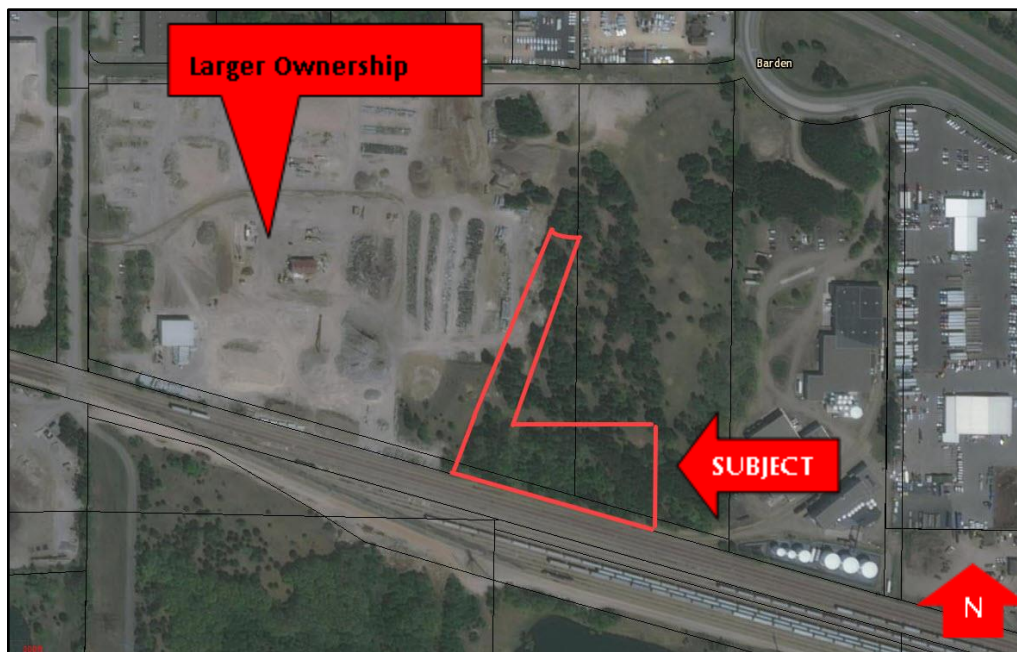


Looking Southwest from Stagecoach Road toward Planned Access to Cretex Site

PHOTOGRAPHS OF SUBJECT

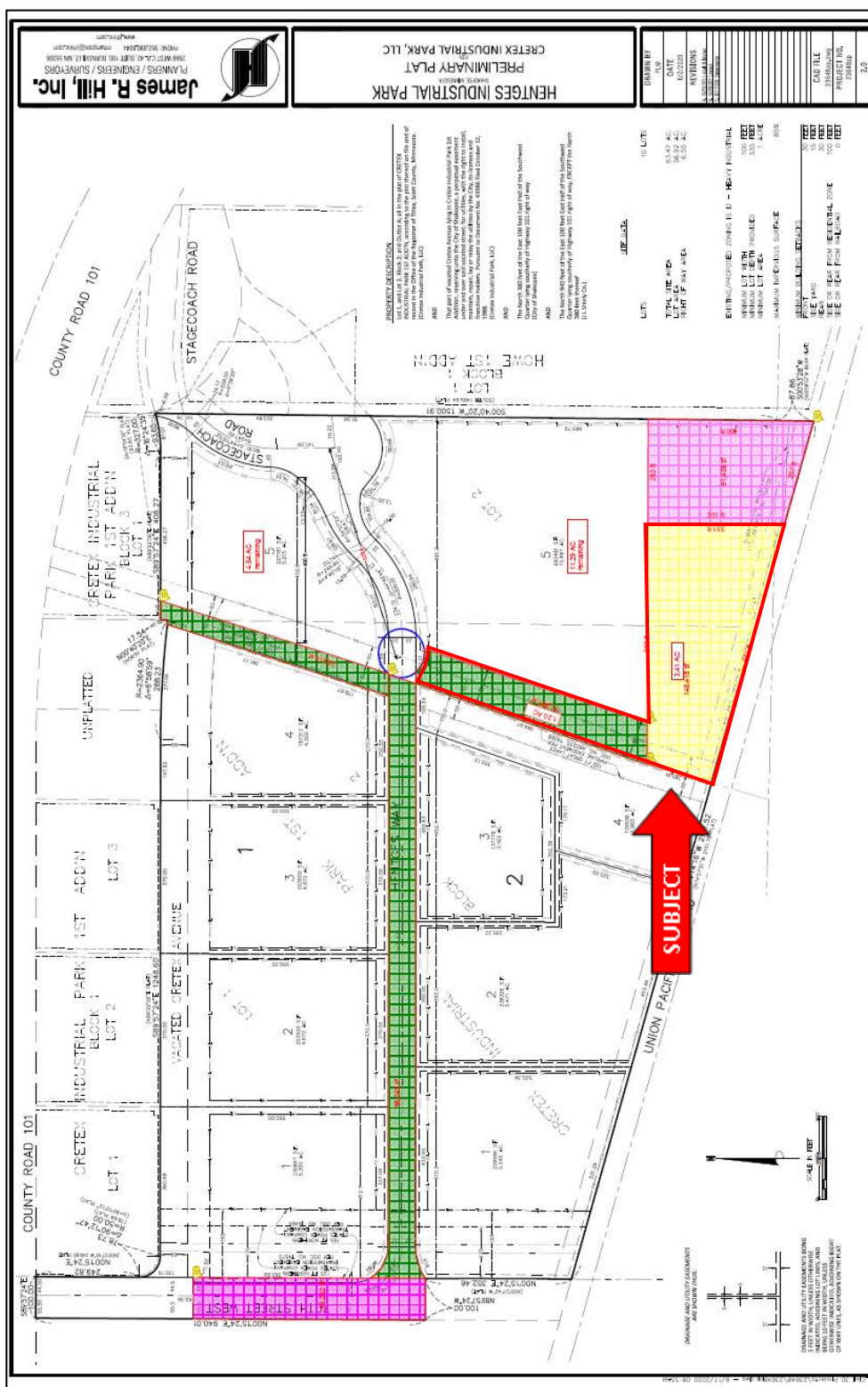


Looking Southeast from Former Cretex Avenue East and 70th Street West at Larger Cretex Site

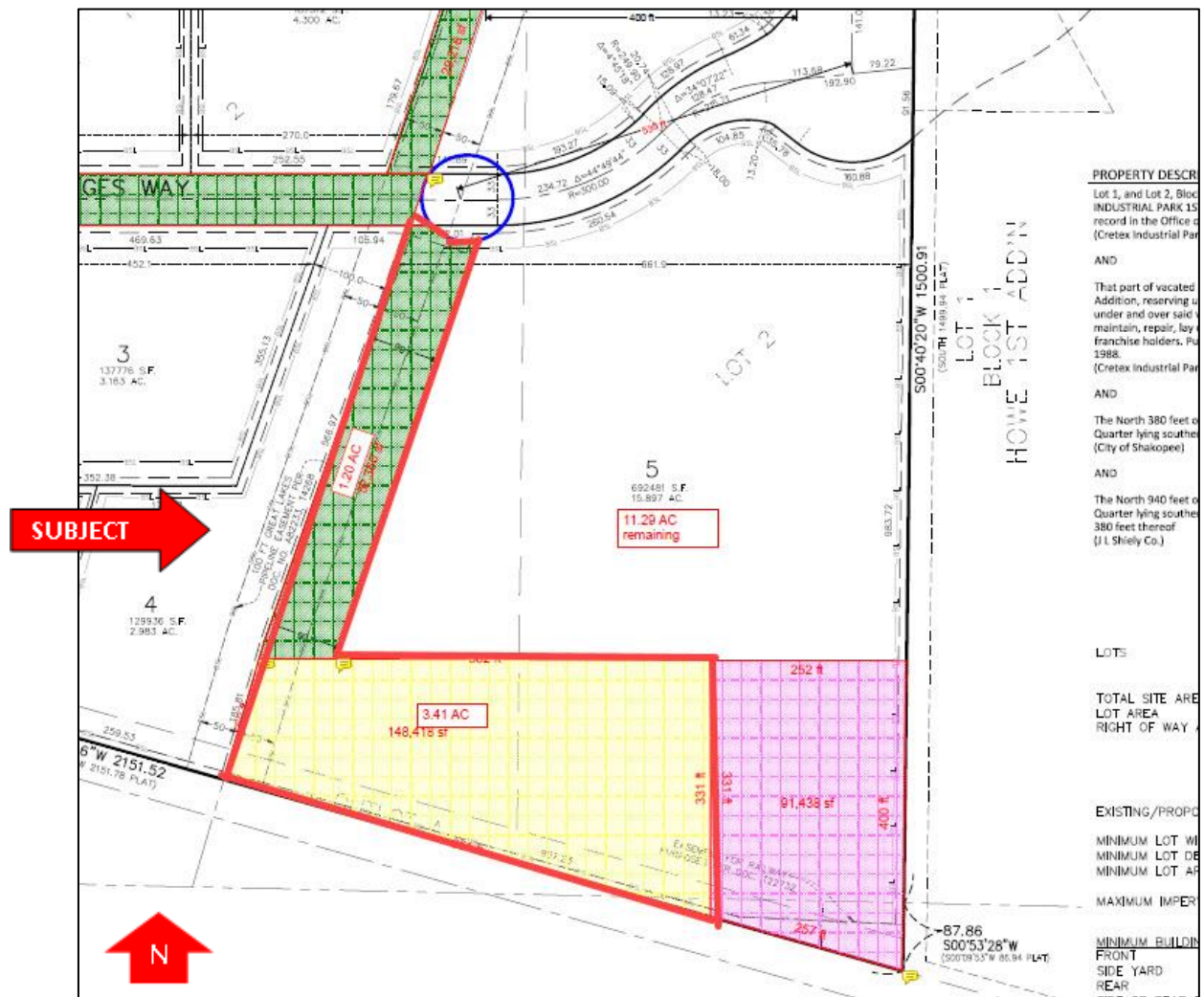


Aerial View of Subject (Scott County GIS)

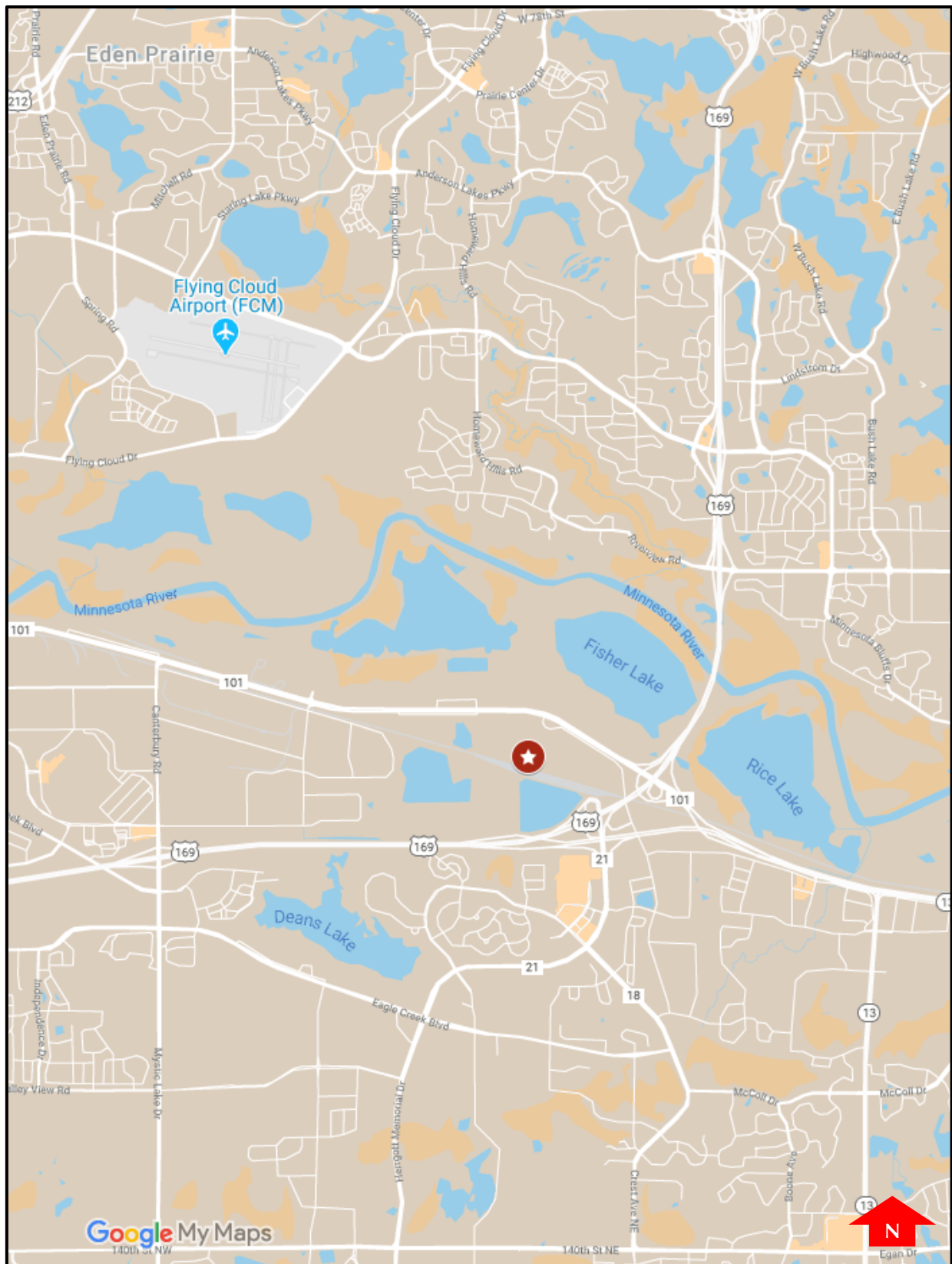
Please note the subject site of 4.61 acres is approximate lot outline in red.



PRELIMINARY PLAT MAP



PRELIMINARY PLAT MAP- ENLARGED



SUBJECT LOCATION MAP

PROPERTY APPRAISED

The subject, identified as a portion of Lot 5, Block 2 on the proposed Hentges Industrial Park plat, consists of a flag-shaped lot with a gross land area of approximately 200,778 SF, or 4.61 acres, which is currently part of three larger tax parcels with an overall site area of approximately 58 acres. The subject site is located along the southern boundary of the overall 58 acres and is identified as a portion of Lot 5 on the proposed Cretex site plan. Furthermore, approximately 37,639 SF of land is encumbered by a pipeline easement and 15,056 SF is encumbered by an electric easement along the west boundary of the subject site.

DATE OF APPRAISAL

The effective date of valuation is January 8, 2021.

INSPECTION OF THE PROPERTY

Alyssa M. Ruis and Jason L. Messner inspected the property on December 17, 2019 and subsequent dates. Jon Rausch, a broker from Cushman & Wakefield, accompanied the appraisers on the December 17, 2019 inspection.

PROPERTY OWNERSHIP

The property is owned by Cretex Industrial Park, LLC.

SALES HISTORY

The subject property is part of the larger 58.14 acre Cretex site that sold in April of 2019 for \$7,875,000 or \$3.11 per SF of land area and included approximately 43,385 SF of building improvements. The seller was Forterra Concrete Products, Inc. and the buyer was Cretex Industrial Park, LLC. Following the sale of the 58 acres, approximately 40 acres of

SALES HISTORY

industrial land is currently listed for sale at a negotiable price. Reportedly, there are proposed plans for a 505,440 SF industrial building on the land adjacent to the west of the subject property.

The client has provided a letter of intent between Cretex Industrial Park, LLC (seller) and Shakopee Public Utilities Commission (buyer) for \$9.00 per SF or \$1,807,308 that was dated December 10, 2020. The letter states the buyer is also to pay 10% of the roundabout and access road which are considered "off-site" which would not exceed \$150,000. No purchase agreements have been provided to the appraisers. A site plan of the adjacent proposed 505,440 SF development is included in the Addenda of this report.

It is noted that our overall land value conclusion is higher than the most recent sale of the larger Cretex property on a per square foot basis due to the subject being significantly smaller in size, and assumed to be platted with public infrastructure in place in order to develop the property. In addition, the previous sale was a private transaction that was not marketed for sale.

CLIENT, INTENDED USE AND INTENDED USERS

The client of this appraisal assignment is Shakopee Public Utilities. The intended use of this appraisal is to provide valuation guidance for internal decision making regarding the possible purchase of the subject property. The intended users of this appraisal report are the representatives of Shakopee Public Utilities.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the fee simple market value of the subject property.

PROPERTY RIGHTS APPRAISED

The subject property will be appraised by estimating the market value of the fee simple interest of the real estate, subject to existing easements. For use in this appraisal, the fee simple interest in the real estate is subject to the following definition obtained on Page 90 of *The Dictionary of Real Estate Appraisal*, Sixth Edition, Appraisal Institute.

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

MARKET VALUE DEFINED

Market value as utilized in this appraisal report conforms to the following definition obtained from Page 142 of *The Dictionary of Real Estate Appraisal*, Sixth Edition

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Unless otherwise noted in the appraisal report, market value shall represent cash equivalent terms where the seller receives all cash for their interest. The property may be financed at typical market terms under this definition.

The above definition describes market value as an exchange concept. According to *The Dictionary of Real Estate Appraisal*, Sixth Edition, at Page 245, value in exchange is

MARKET VALUE DEFINED

defined as the “a type of value that reflects the amount that can be obtained from an asset if exchanged between parties.”

COMPETENCY OF APPRAISERS

Alyssa M. Ruis and Jason L. Messner, MAI, CRE, have the knowledge and experience to complete this appraisal assignment competently and in compliance with USPAP. Refer to the Appraiser’s Qualifications in the Addenda of this report for further details.

SCOPE OF WORK

This document is intended to provide a market value appraisal of the property. This appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It has also been performed in compliance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and is presented following the USPAP Standards Rule 2 – 2(a) guidelines for real property appraisal reporting.

Summary of Appraisal Methodology

In this analysis, the following data and concepts pertaining to the subject property have been examined.

1. Physical Characteristics of Real Property, including:

Inspection of the Subject Property

Review of available Plat Maps

Review of available Aerial Photographs

Observation of the Local Market and the Subject’s Place within this Market

SCOPE OF WORK**Summary of Appraisal Methodology**

2. Non-Physical Characteristics of Real Property including:
 - Property Rights
 - Legal Description
 - Existing Road and Utility Easements
 - Assessment Data
 - Zoning and Land Use Guiding
3. Observations and Data Concerning the Subject Property's Market and Transactions within this Market:
 - Supply and Demand Generators of the Market
 - Financing Available within the Market
 - Perception of the Market as to the Future

From the above data and concepts, we have made the following analyses.

Highest and Best Use of the Subject Property

Application of the Appropriate Approaches to Value for the Property - See the following Appraisal Procedures and Techniques section of this report for an explanation of the sales comparison approach.

Correlation and Final Estimate of Value

ASSUMPTIONS

The following assumptions have been made related to this valuation of the subject property:

- The subject site consists of approximately 200,778 SF of land, or 4.61 acres, which is currently part of three larger tax parcels that include approximately 58 acres of land. Furthermore, there is a pipeline easement that encumbers approximately

ASSUMPTIONS

37,639 SF and an electrical easement that encumbers approximately 15,056 SF of the subject site. Therefore, the unencumbered land area is approximately 3.40 acres or 148,083 SF.

- Prior to sale, we assume the subject site will be platted with necessary roadway and public utilities infrastructure available for development.
- The subject will have access to city sewer and water from proposed Hentges Way to the north of the proposed subject lot.

ENVIRONMENTAL CONSIDERATIONS

Based upon inspection of the subject property, it is assumed that no environmental concerns such as PCBs, toxic and hazardous soil or ground water contamination exist upon the subject as of the date of this appraisal report. However, the reader is advised the appraiser is not qualified to perform inspections concerning the existence or absence of environmental concerns. If any environmental contaminants do exist within the subject property, our conclusion of value would likely be different than stated herein.

REGIONAL AND CITY DATA

Location

The subject is located in the city of Shakopee, Scott County, Minnesota. Shakopee is located within the outer-suburban ring of the Minneapolis/St. Paul metropolitan area. The Minneapolis/St. Paul metropolitan area is situated in the north central portion of the United States, approximately 275 miles south of the U.S./Canadian Border and 400 miles northwest of Chicago, Illinois.

Commonly referred to as the "Twin Cities," the Minneapolis/St. Paul metropolitan area is located in the southeastern region of the State of Minnesota at the confluence of the Mississippi and Minnesota Rivers. According to the U.S. Census Bureau, the Standard Metropolitan Statistical Area (SMSA), which constitutes the Twin Cities, includes eleven Counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington

REGIONAL AND CITY DATA

Location

and Wright Counties in Minnesota and St. Croix County in Wisconsin. Scott County borders Hennepin County to the north, Dakota County to the east, Rice and Le Sueur Counties to the south, Sibley County to the west and Carver County to the northwest.

The Minneapolis/Saint Paul metropolitan area is situated at the crossroads of Interstate 94 (east/west) and Interstate 35 (north/south) and is served by a major international airport, located approximately six miles south of the mid-point between Minneapolis and St. Paul.

Government

The Metropolitan Council was established to coordinate and resolve development issues affecting the Minneapolis/St. Paul area. This governing body has jurisdiction over the Seven-County Metropolitan Area (SCMA), which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties. Since the Metropolitan Council deals with planning issues for the Seven-County Metropolitan Area, most data available concerning the social and economic forces affecting the Twin Cities corresponds to the same SCMA. Shakopee also has a City Council/Mayor form of government.

Population

The Metropolitan Council reports the following population estimates for 2018:

- Shakopee: 41,506
- Scott County: 146,111
- SCMA: 3,113,338

In addition, based upon data compiled by the U.S. Census Bureau, the Metropolitan Council reports the following population trends for the city of Shakopee, Scott County and the Seven-County Metropolitan Area.

Population			
Year	City of Shakopee	Scott County	Seven-County Metro Area
2000	21,115	89,498	2,642,062
2010	36,946	129,928	2,849,567
2020*	43,000	153,750	3,127,660
2030*	48,100	176,260	3,388,950
2040*	53,100	199,520	3,652,060

*As projected by the Metropolitan Council

REGIONAL AND CITY DATA

Population

The population data shows that the city of Shakopee and Scott County realized strong growth between 2000 and 2010, increasing at compounded annual growth rates of 5.75% and 3.80%, respectively. In comparison, the Seven-County Metropolitan Area grew at a 0.76% annual rate. As estimated by the Metropolitan Council, growth is expected to continue for Shakopee, as well as for Scott County and the larger metropolitan area.

Households

The Metropolitan Council reports the following household estimates for 2018:

- Shakopee: 13,787
- Scott County: 49,812
- SCMA: 1,213,980

In addition, based upon data compiled by the U.S. Census Bureau, the Metropolitan Council reports the following household trends for the city of Shakopee, Scott County and the Seven-County Metropolitan Area.

Households			
Year	City of Shakopee	Scott County	Seven-County Metro Area
2000	6,807	30,692	1,021,456
2010	12,722	45,108	1,117,749
2020*	15,000	55,160	1,256,580
2030*	16,900	64,510	1,378,470
2040*	18,800	74,130	1,491,780

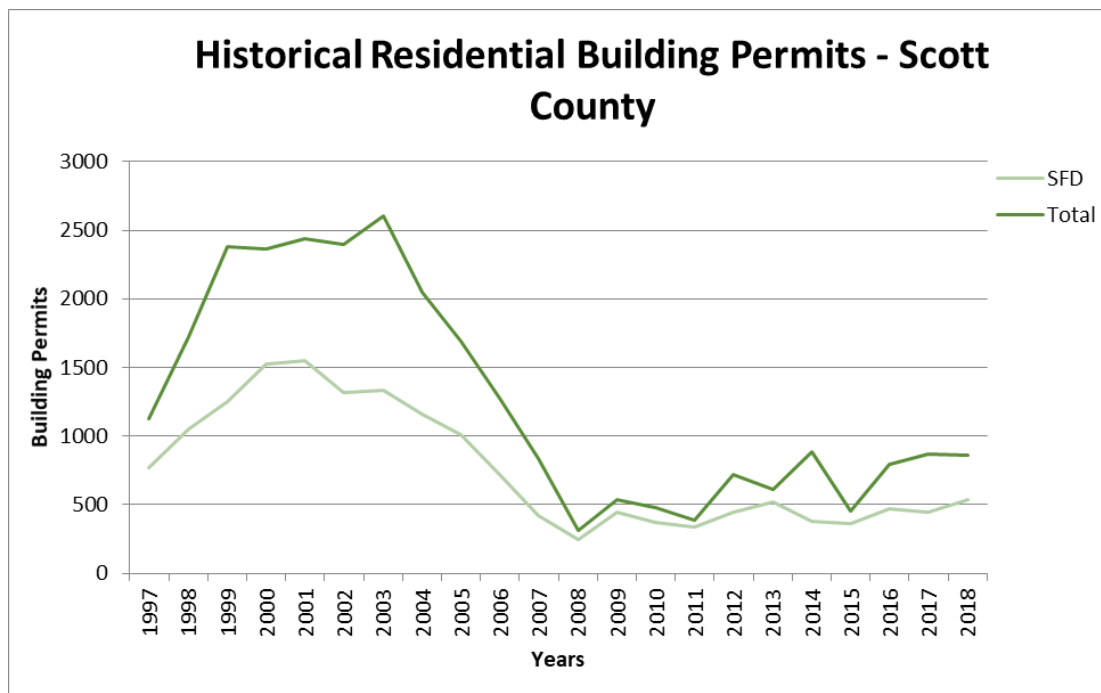
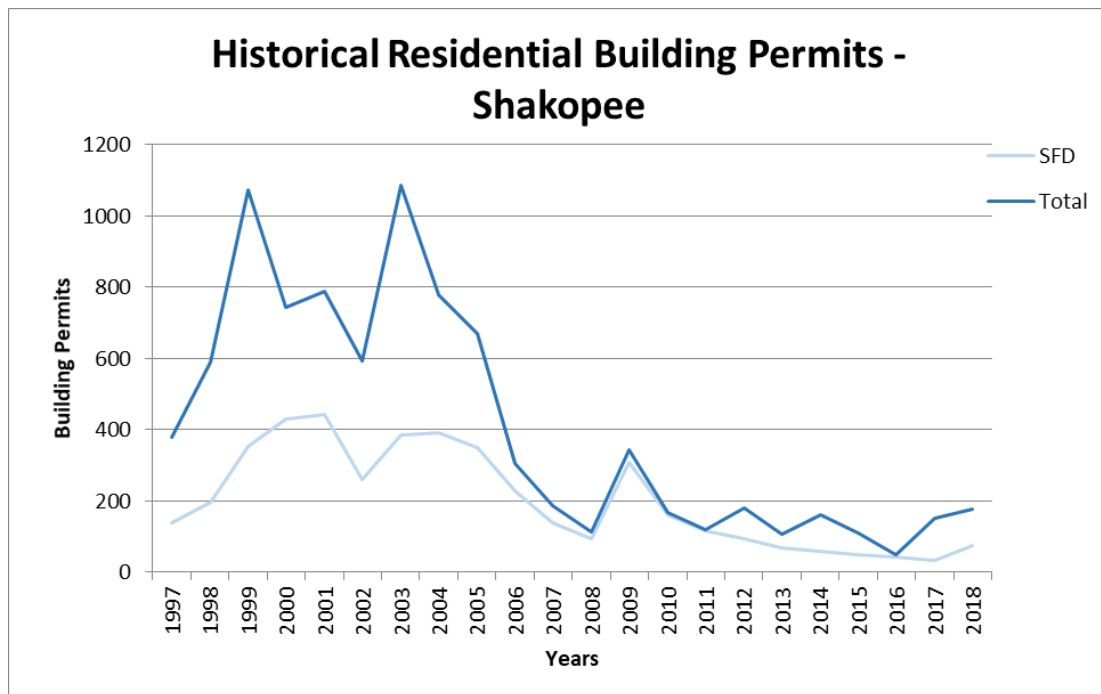
*As projected by the Metropolitan Council

The household data also indicate that the city of Shakopee and Scott County realized significant growth between 2000 and 2010, with compounded annual growth rates of 6.45% and 3.93%, respectively. These rates are higher than the Seven-County Metropolitan Area's annual growth rate of 0.90%. While this growth stagnated across most markets for several years due to the Great Recession, residential permit activity has increased in recent years.

REGIONAL AND CITY DATA

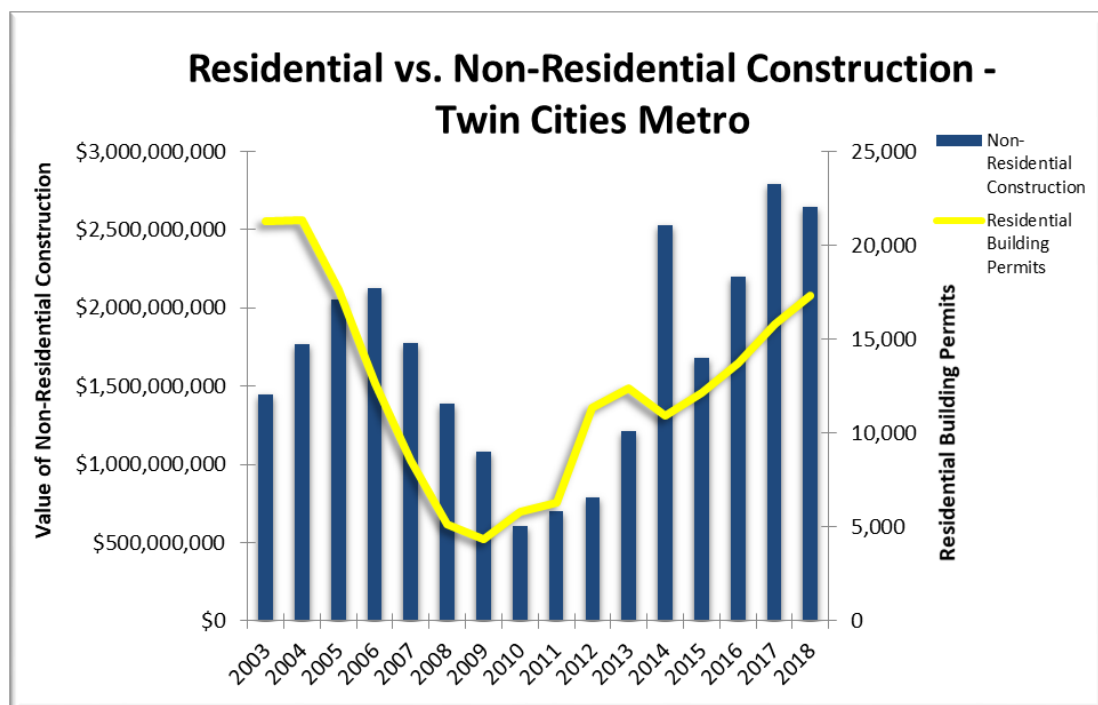
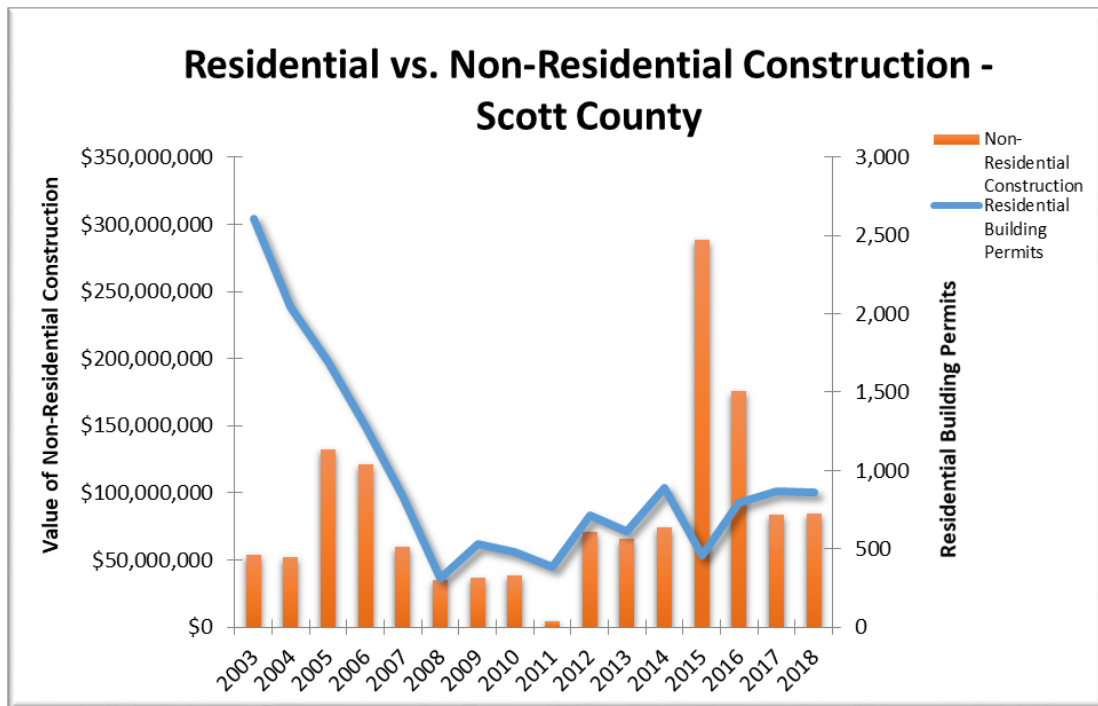
Construction Activity

The following charts summarize construction activity in Shakopee, Scott County, and the Twin Cities metropolitan area, with data obtained from the Metropolitan Council.



REGIONAL AND CITY DATA

Construction Activity



REGIONAL AND CITY DATA

Employment

Historical unemployment rates of Shakopee, the Twin Cities, the State of Minnesota and the United States, from 2011 to 2019, are located below.

Unemployment										
Area	2011	2012	2013	2014	2015	2016	2017	2018	2019	Nov-20
Shakopee	5.9%	5.0%	4.4%	3.4%	3.1%	3.3%	3.0%	2.4%	2.9%	3.7%
Scott County	5.8%	5.0%	4.4%	3.6%	3.1%	3.2%	3.0%	2.5%	2.8%	3.4%
Twin Cities	6.3%	5.5%	4.9%	3.9%	3.5%	3.5%	3.3%	2.7%	3.0%	3.9%
Minnesota	6.5%	5.6%	5.1%	4.1%	3.7%	3.8%	3.5%	2.9%	3.2%	3.9%
United States	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	6.4%

Source: Minnesota Department of Employment and Economic Development

As can be observed from the data above, the unemployment rates in Shakopee and Scott County generally mirror that of the Twin Cities and Minnesota as a whole. Furthermore, Minnesota consistently has lower unemployment rates than the national average. While significant increases in unemployment rates have occurred due to the COVID-19 pandemic, non-temporary impacts to employment are not yet known.

Transportation

The Minneapolis/St. Paul metropolitan area is easily accessible due to the following major highways serving the Twin Cities.

- Interstate 35 - A major north/south highway, which connects with Duluth, Minnesota to the north and Kansas City, Missouri to the south. In the metro area, I-35 splits with I-35W passing through Minneapolis, while I-35E passes through St. Paul.
- Interstate 94 - A major east/west highway that connects with Milwaukee, Wisconsin/Chicago, Illinois to the east, and Fargo, North Dakota to the west.
- Interstate 494/694 - A major freeway, which loops around the periphery of the Twin Cities.
- U.S. Highway 169 - A north/south route serving the western suburbs.
- U.S. Highway 212 - An east/west route serving the southwestern suburbs.

REGIONAL AND CITY DATA

Transportation

- U.S. Highway 12/
Interstate 394 - An east/west route, which connects downtown Minneapolis with the western suburbs.
- U.S. Highway 61 - A north/south route serving the eastern suburbs.
- U.S. Highway 10 - A diagonal route extending from Wisconsin to Fargo, North Dakota; it passes through St. Paul and Anoka County.

Other major highways serving the Twin Cities area include State Highway 100, State Highway 77 (Cedar Avenue), Crosstown Highway 62, Lafayette Freeway, and U.S. Highway 52/55.

The Twin Cities is served by the Minneapolis St. Paul International Airport (MSP) and six general aviation airports throughout the region, known as “reliever airports” that help relieve congestion at MSP. These airports provide private and corporate aviation services for more than 400,000 aircraft each year, according to the Metropolitan Airports Commission. MSP International is among the largest airports in the world, with high volumes of passenger and cargo traffic to and from destinations around the globe. MSP is a primary hub for Delta Airlines, and is served by eleven other domestic and international passenger carriers.

The major means of mass transit in the Twin Cities is the metropolitan bus system operated by Metro Transit, a division of the Metropolitan Council. In addition, Light Rail Transit (LRT) along the Hiawatha Avenue corridor connects downtown Minneapolis, Minneapolis/St. Paul International Airport, and the Mall of America. There are 17 LRT stations, and Metro Transit offers 46 bus routes with connecting service and timed transfers at 13 light rail stations. Central Corridor-Green Line LRT began service in June 2014, and connects the two CBDs of Minneapolis and St. Paul, as well as the State Capital and the University of Minnesota. The Northstar commuter rail connects the northwest suburbs of the Twin Cities with downtown Minneapolis.

REGIONAL AND CITY DATA

Transportation

Railroads serving the Twin Cities include Burlington Northern Santa Fe, Union Pacific, Canadian Pacific/Soo Line Railway Company and Amtrak. Also, about 100 trucking firms serve the metropolitan area, making it one of the largest distribution centers in the nation.

Utilities

The Minneapolis/St. Paul area, as well as Shakopee, is served by municipal water and sewer systems, electricity, telephone service and natural gas. Sewage disposal is regulated by the Metropolitan Waste Control Commission.

The Metropolitan Council controls sewer availability by restricting the area that it will serve. The area served is called the Metropolitan Urban Service Area (MUSA). Through its control of municipal sewer, the Metropolitan Council has been able to direct urban development.

Summary

In summary, the Twin Cities enjoys a strategic geographic location supported by strong transportation links. Analysis of economic and demographic data for the Twin Cities reveals a trend of general growth and soundness of the area's well-diversified economy.

While the region is not insulated from national and global economic uncertainties, the above data indicate the Twin Cities is an environment that is resilient and, in most circumstances, above national averages and standards. Although in the short term the local economy will likely continue on a path of slow-to-moderate growth, the Twin Cities region's business environment is expected to have a positive, long-term, effect on real estate and values, including properties such as the subject.

NEIGHBORHOOD DATA

The subject is located east of 70th Street West and south of Stagecoach Road in Shakopee.

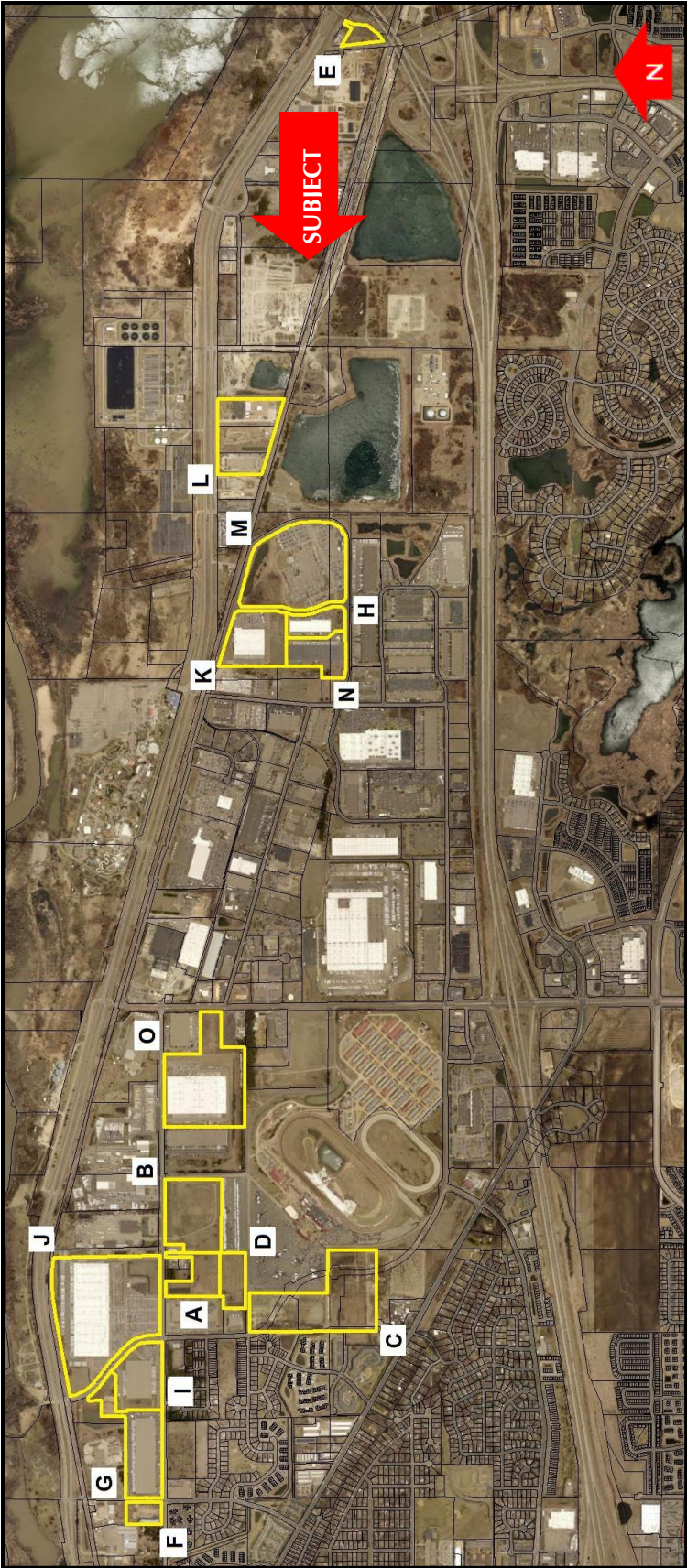
The subject neighborhood is defined by the following boundaries.

North: Minnesota River
South: County Road 16 (Eagle Creek Boulevard)
East: Interchange of Highway 169 and County Road 101
West: County Highway 83 (Canterbury Road South)

Land use in the neighborhood can best be described as a mix of industrial, commercial, service-commercial and manufacturing uses. Commercial and industrial related uses are generally concentrated along Highway 101. These uses include Ace Trailer sales, Cargo Van-Go, Buy-Rite Auto Sales, Ziegler CAT, to name a few. To the south of County Road 101 are heavy industrial uses where there are light industrial/business park uses are more prominent in the western area of the neighborhood.

Access to the subject neighborhood is considered good. The neighborhood has immediate access to U.S. Highway 169 and County Road 101. Highway 169 travels in an east-west direction through the city of Shakopee and transitions to a north-south direction towards Eden Prairie and Mankato. Highway 169 is accessed from Stagecoach Road and County Road 101 within the neighborhood. County Road 101 is a secondary access point through Shakopee that transitions to Highway 13 to the east towards Savage. County Road 101 is accessed from Stagecoach Road and 70th Street West.

Given the convenient location to major thoroughfares, northeast Shakopee consists primarily of industrial land uses. In addition, the area underwent a substantial change due to the new Highway 169/Interstate 494 interchange. An aerial map illustrating recent industrial activity located on the next page, followed by a summary of the development/redevelopment projects.



SHAKOPEE INDUSTRIAL DEVELOPMENT MAP

NEIGHBORHOOD DATA

- A) Scannell Properties has proposed building a speculative $\pm 100,000$ SF warehouse.
- B) United Properties has proposed developing two speculative industrial buildings, totaling $\pm 408,000$ SF, on a 23.79-acre tract of land.
- C) Canterbury Park has received approval to develop 598 multi-family units on approximately 40 gross acres. Canterbury Park is proposing to redevelop ± 350 acres with a mix of residential, commercial, retail and entertainment uses. The proposed project is known as Canterbury Commons.
- D) Scannell Properties is developing a speculative $\pm 120,000$ SF warehouse.
- E) Vital Properties acquired a 3.23-acre site in the southwest quadrant of U.S. Highway 169 & County Road 101, and is constructing a $\pm 50,000$ SF retail/warehouse (Universal Business Center).
- F) Larson Development acquired a 5.18-acre tract along the western edge of the industrial park, and constructed a $\pm 28,000$ SF office/warehouse in 2017.
- G) Duke Realty constructed a $\pm 375,000$ SF industrial building in 2017.
- H) The Opus Group constructed a speculative $\pm 122,400$ SF industrial building in 2016.
- I) Duke completed a $\pm 225,000$ SF build-to-suit project for Milestone AV Technologies in 2015.
- J) Amazon acquired a 66-acre site at the southeast corner of County Road 101 and Shenandoah Drive in June 2015, and constructed a $\pm 820,000$ SF fulfillment center. This facility can accommodate 1,000 full-time jobs.
- K) The Opus Group constructed a $\pm 216,000$ SF build-to-suit industrial office warehouse occupied by AmerisourceBergen.
- L) The former 25-acre Shakopee Raceway Park has been redeveloped with four industrial sites between 2013, 2014, and most recently in 2019. The sites include Recovery Technical Solutions (asphalt shingle recycling), Gresser (concrete and masonry construction), Emulsion Estates, LLC (Biff's), and Lloyd's Construction Services (demolition, excavation, roll-offs, debris management, and related services).
- M) Emerson Electric Company acquired the unfinished $\pm 500,000$ SF of the former ADC Telecommunications facility in 2013. This building now serves as the Rosemount instrument research and manufacturing facility, and is anticipated to create up to 500 new jobs in Shakopee. Emerson estimated renovation costs of the former ADC facility at \$70 million.
- N) Opus Development acquired 50 acres of land, located adjacent to Emerson Electric Company's Rosemount facility in September 2013. The tract has been platted as the Valley Park Business Center. Opus developed a speculative $\pm 200,000$ SF industrial building in 2013. The Opus Group also constructed two additional speculative buildings as of the date of this appraisal (see projects H and N).
- O) J & J Minneapolis purchased a 44.65-acre tract of land in February 2012, and developed the site with a 720,000 SF warehouse facility occupied by SanMar, an imprintable sportswear supplier.

NEIGHBORHOOD DATA

The subject's immediate neighborhood is considered an area of growth even though most of the land in the area is fully developed; exceptions include the Cretex site and the property to the west. The subject site as well as the surrounding north and west immediate area is available for sale for heavy industrial uses. Again, there are approximately 40 acres of available land for sale within the immediate area, including proposed plans to build approximately 505,440 SF of industrial space adjacent west of the subject property.

The neighborhood is served by all modern utilities, including municipal water and sanitary sewer. Street improvements include a bituminous street surface, concrete curb and gutter, and an in-ground storm sewer system.

In conclusion, the neighborhood is anticipated to remain viable into the future, and a change in land use in the future seems unlikely. Overall, the subject neighborhood is considered a good location from which to operate a number of businesses.

TAX AND ASSESSMENT DATA

The subject's property tax and assessment data are presented below. Please note that tax and assessment data below are for the three tax parcels that includes 58 ± acres of land; however, the subject property is only 4.61 acres in the southeast corner of this property.

Assessor's Valuation Date	January 2, 2020 2021 Payable	January 2, 2019 2020 Payable
PID: 270730050		
Total Estimated Market Value	\$1,100,000	\$1,035,000
= Taxable Market Value	\$1,100,000	\$1,035,000
Net Taxes Payable	\$0.00	\$33,630.00
Special Assessments	\$0.00	\$0.00
= Total Taxes Payable	\$0	\$33,630
PID: 270730040		
Total Estimated Market Value	\$6,650,000	\$5,641,500
= Taxable Market Value	\$6,650,000	\$5,641,500
Net Taxes Payable	\$0.00	\$181,594.00
Special Assessments	\$0.00	\$0.00
= Total Taxes Payable	\$0	\$181,594
PID: 270730070		
Total Estimated Market Value	\$150,000	\$143,800
= Taxable Market Value	\$150,000	\$143,800
Net Taxes Payable	\$0.00	\$4,672.00
Special Assessments	\$0.00	\$0.00
= Total Taxes Payable	\$0	\$4,672

TAX AND ASSESSMENT DATA

The 2020 Assessor's estimate for the entire parcel (58 acres) is \$7,900,000 or \$3.13 per SF of land area. The subject property consists of 4.61 acres. The assessed value is lower on a per square foot basis compared to the subject's concluded land value due primarily to its smaller site size.

LOCATION AND LEGAL DESCRIPTION

Address:	East of 70 th Street West and south of Stagecoach Road, Shakopee, Scott County, Minnesota.
PID:	Portions of the following: 27.073005.0, 27.073007.0, 27.073004.0
Existing Legal Description:	The property is located in Lot 1, 2, and Outlot A, Block 2, Cretex Industrial Park 1 st Addition, Scott County, Minnesota.
Proposed Legal Description:	Portion of Lot 5, Block 2, Hentges Industrial Park

ZONING AND FUTURE LAND USE

Zoning is administered by the City of Shakopee. As depicted on the Shakopee Zoning Map on the following pages, the subject is zoned I2, Heavy Industry District. According to the City of Shakopee, "The purpose of the Heavy Industry District is to provide an area for industrial uses in locations remote from residential uses and in which urban services and adequate transportation exist."

Uses permitted within the I2, Heavy Industry District include, but are not limited to the following:

- Administrative, executive and professional offices;
- Contractor's supply yards;
- Landscaping services and other contractors;

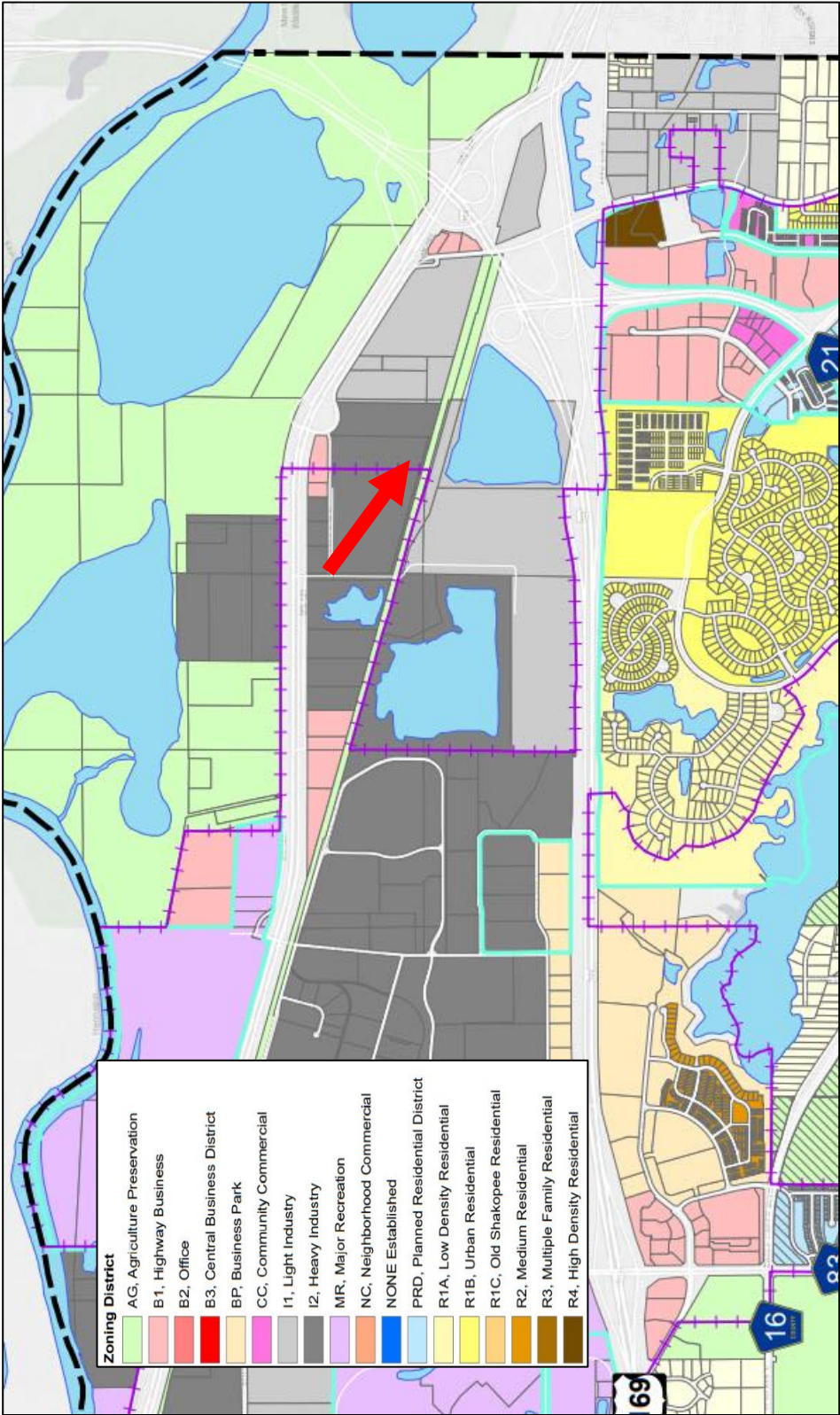
ZONING AND FUTURE LAND USE

- Manufacturing, fabrication, processing, research laboratories, assembly, warehousing, wholesaling, storage operations, and research laboratories except those that fit within one of the mandatory EIS categories under MN Rules 4410.4400;
- Motor Freight Terminals.
- Retail sales of heavy industrial, manufacturing or construction machinery or equipment.
- Warehousing and wholesaling

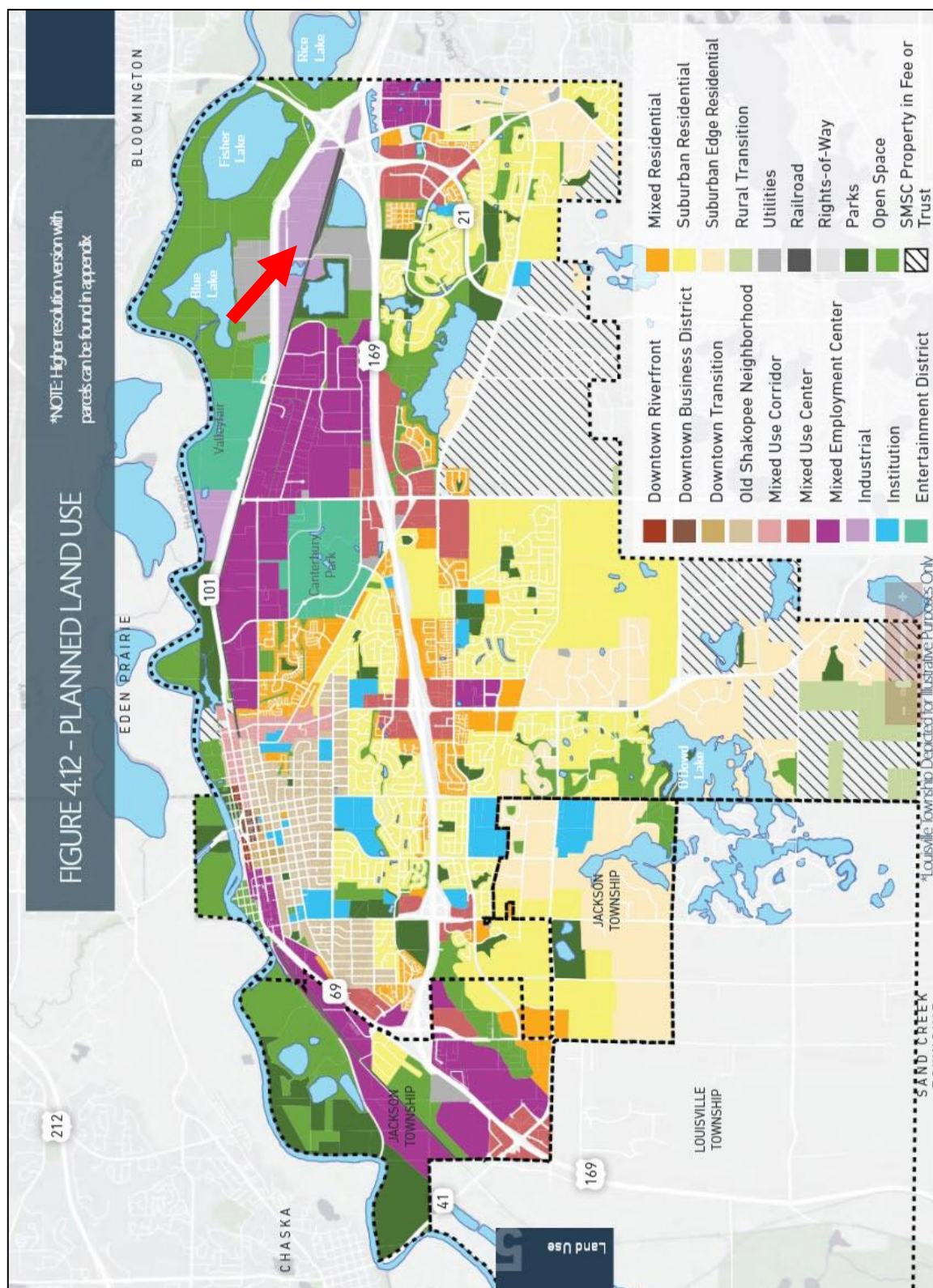
There are a limited number of required lot dimensions within the I2, Heavy Industry District. The performance standards are as follows:

Maximum Building Height:	45 Feet
Minimum Lot Area:	1 Acre
Maximum impervious surface percentage:	85%
Minimum Lot Width:	100 Feet
Minimum Front Yard:	30 Feet
Minimum Side Yard:	15 Feet
Minimum Rear Yard:	30 Feet

The following pages include the zoning map for the City of Shakopee and the Future Land Use Plan Map.



ZONING MAP



FUTURE 2040 LAND USE MAP

LAND DESCRIPTION

Gross Land Area:	4.61 acres, or 200,778 SF
Land Area (net of pipeline esmt. and electrical esmt):	3.40 acres, or 148,083 SF
Shape:	Irregular including 90-foot-wide flag
Frontage:	The subject is along a railroad to the south and will have frontage to Hentges Way to the north.
Traffic Counts:	No traffic counts available
Terrain:	The subject's topography varies from generally level to moderately sloping with moderate tree coverage.
Utilities:	Given its location and proposed infrastructure improvements, the site will have access to public sewer and water.
Flood Hazard:	The subject property is located in FEMA Zone C, areas with minimal flood risk. No flood hazard analysis has been conducted. The subject site is located in one FEMA map area.
	Map No.: 2704340003C Effective Date: September 29, 1978
Soil Conditions:	The soils appear stable and suitable for typical construction practices. However, neither soils tests nor engineering data have been provided to us in conjunction with this appraisal.
Easements/ Encumbrances:	The subject property is encumbered by a 50 foot wide, 37,639 SF pipeline easement and a 20 foot wide, 15,056 SF electrical easement along the west boundary of the subject property. The electrical easement can be found in the Addenda of this report. In addition, it is assumed that there will be typical drainage and utility easements around the boundaries of the property. Other than noted above, the appraisers are not aware of any other easements that would have a significant effect upon the subject's market value, marketability, or development ability on the parcel.

HIGHEST AND BEST USE

Highest and best use is defined in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute as follows:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

This publication goes on to distinguish the highest and best use as vacant and as improved, as follows:

Highest and best use of land or site as though vacant - Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Highest and best use of property as improved - The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In order to determine highest and best use of the subject property, as vacant, the following factors must be considered when addressing possible uses. They are:

1. Legally Permissible
2. Physically Possible
3. Financially Feasible
4. Maximally Productive

As Vacant

The subject is zoned I2, Heavy Industry District, and guided Industrial by the Shakopee 2040 Comprehensive Plan.

The subject consists of a proposed flag-shaped lot with a gross land area of approximately 200,778 SF, or 4.61 acres. The property is also encumbered by a pipeline easement that is approximately 37,639 SF and an electrical easement that is approximately 15,056 SF, based on the preliminary plat map and the Scott County GIS tool along the west boundary.

HIGHEST AND BEST USE

As Vacant

While it is assumed that the pipeline and electrical easement can be utilized for parking, no structures can be constructed in this area. As such, the total unencumbered land area, exclusive of the pipeline and electrical easements, is 148,083 SF, or 3.40 acres. It is also assumed that public street and utility improvements are available to the site.

The Shakopee area is growing, and interest rates remain at historically low levels. Financing is generally available to qualified borrowers. In addition, market participants are investing in industrial properties and the following sales comparison approach demonstrates recent land sales activity for new construction.

The subject is located near County Road 101 and is proximate to major thoroughfares. As previously discussed, Shakopee has recently experienced a boom in industrial development. Furthermore, several of these industrial/business park developments occurred in the subject's surrounding area. Industrial/business park development also conforms to the surrounding area of the subject property.

Given the above, it is the appraisers' opinion that the subject has a highest and best use, as vacant, for industrial development consistent with the I2 zoning requirements.

EXPOSURE AND MARKETING TIME

Exposure time of six months would be required to sell the subject property, based on the value stated herein. Marketing time, including due diligence and closing, is also estimated at six months.

APPRAISAL PROCEDURES AND TECHNIQUES

In order to develop an opinion of market value of the subject land, in both the before and after situations, the following appraisal technique is considered.

APPRAISAL PROCEDURES AND TECHNIQUES

Cost Approach - considers the current cost of replacing a property, less the depreciation from three sources: physical deterioration, functional obsolescence and external obsolescence. A summation of the market value of the land, assumed vacant, and the depreciated replacement cost of the improvements provides an indication of the total value of the property.

Sales Comparison Approach - produces an estimate of value by comparing the subject property to sales and/or listings of similar properties in the same or competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market.

Income Approach - is based on an estimate of the subject property's possible net income. The net income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth of anticipated future benefits (net income) derived from a property.

The appraisal assignment is to estimate the current market value of the subject. The sales comparison approach is the preferred, and most common, technique for valuing land. Therefore, only the sales comparison approach to value is performed in this appraisal.

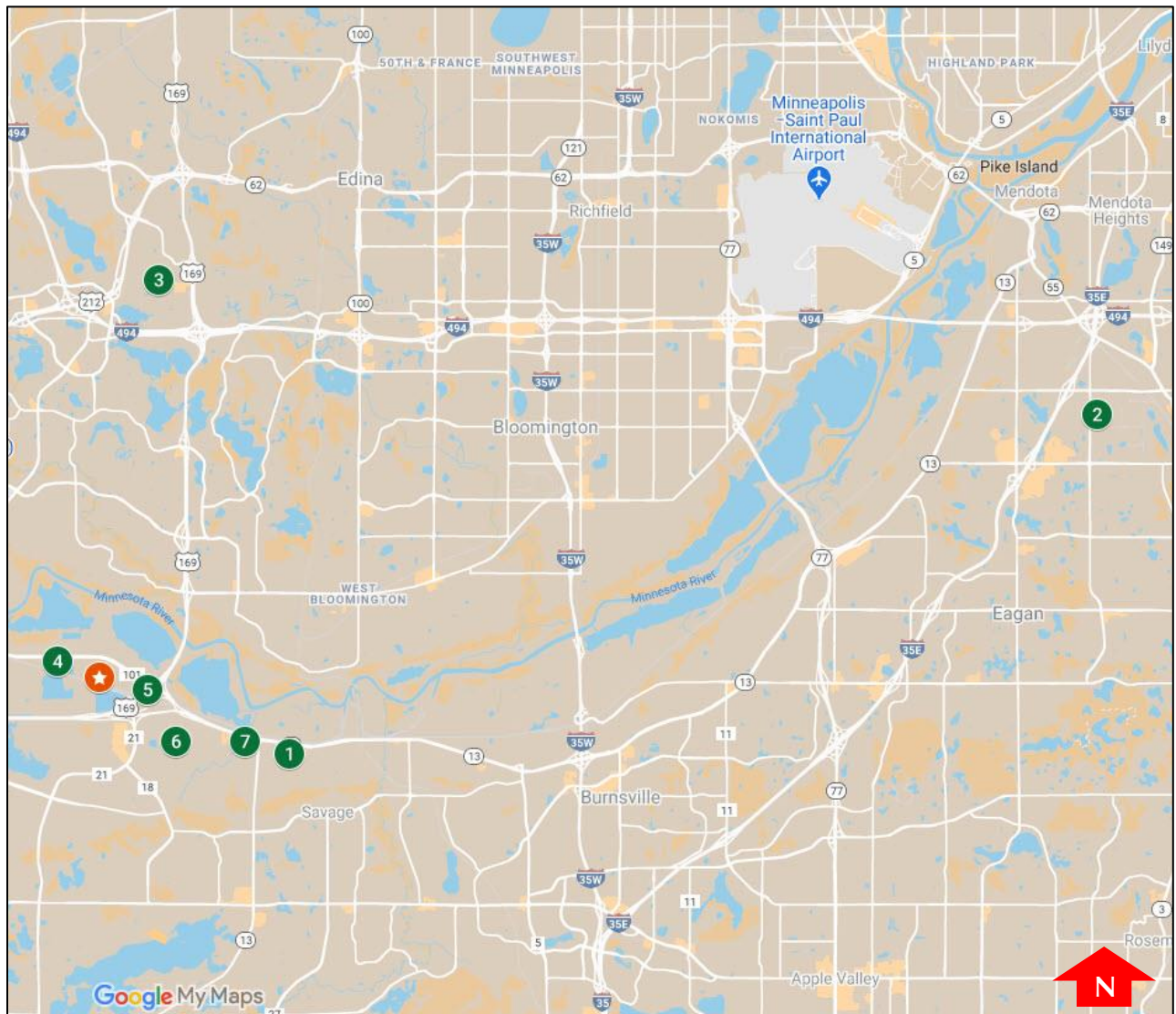
SALES COMPARISON APPROACH

The sales comparison approach is utilized to value the subject property. As previously mentioned, the theory behind the sales comparison approach is based on the "principle of substitution," which implies that a prudent person will not pay more to buy or rent a property than it will cost to buy or rent a comparable substitute property. The validity of this approach is based on the assumption that continuity exists between similar properties of like adequacy and their market values. The reliability of this technique is dependent upon the availability of sales data and the degree of comparability of the sales studied.

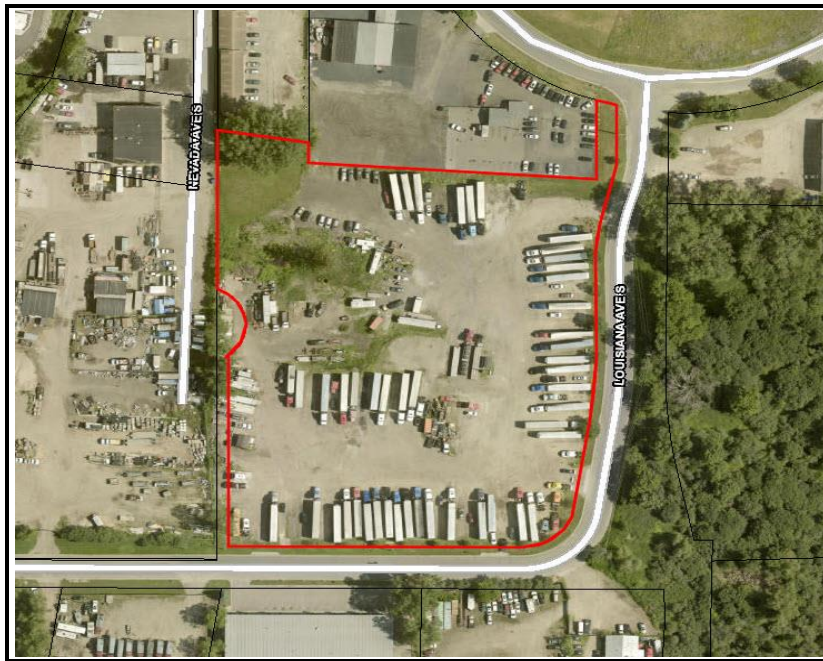
To apply the sales comparison approach to the subject property, information has been sought on recent land sales similar to the potential future uses of the subject parcel. In this case, the search primarily focused on recent sales of industrial development land.

SALES COMPARISON APPROACH

While a number of sales were initially considered and analyzed, the comparables summarized and adjusted on the following pages were ultimately chosen as being most relevant to estimating the subject's land value. The sales used in this analysis are presented on a location map, followed by aeriels and brief comments of the comparables, and then an adjustment grid, to arrive at an estimated market value for the subject land.



COMPARABLE SALES LOCATION MAP

SALES COMPARISON APPROACH**Comparable Sale 1**

Location:	7225 Highway 13 West Savage, Minnesota
PID(s):	26.908005.0
Buyer:	Ivy Brook Parking, LLC
Seller:	Jeanette S. Leitchman Family Living Trust
Date of Sale:	June 2020
Utilities:	Available
Zoning:	I1, Light Industrial
Intended Use:	Outdoor Trailer Parking
Size:	254,826 SF, or 5.85 Acres
Sale Price:	\$1,800,000
Price per SF:	\$7.06
Remarks:	The property was previously operating as a truck parking facility. The buyer intends to continue to utilize the site as an outdoor parking facility with no plans to build on the site. The property was reportedly listed for sale for \$1,800,000 for approximately three months before it was sold.

SALES COMPARISON APPROACH**Comparable Sale 2**

Location:	3130 Lexington Avenue South Eagan, Minnesota
PID(s):	102250205370
Buyer:	3130 Lexington Avenue, LLC
Seller:	3M Company, LLC
Date of Sale:	January 2020
Utilities:	Available
Zoning:	I1, Limited Industrial
Intended Use:	Office/Warehouse
Size:	612,452 SF, or 14.06 Acres
Sale Price:	\$5,125,000
Price per SF:	\$8.37
Remarks:	At the time of sale the property was a vacant 127,561 SF industrial building that was originally marketed to a user or investor to occupy the building with a list price of \$8,200,000. After over 400 days on the market, the property sold for \$5,125,000 with the buyer's intention to demolish the industrial building and construct a new distribution nearly twice the size of the original building. There was also approval for outdoor parking of 43 trucks and trailers. The demolition costs were not available at the time of research. Therefore, the appraisers have estimated demolition costs of an additional \$510,000, or \$4 per square foot of building area.

SALES COMPARISON APPROACH**Comparable Sale 3**

Location:	7350 Golden Triangle Drive Eden Prairie, MN
PID:	12-116-22-13-0013
Buyer:	Opus Development Company, LLC
Seller:	DRS Golden Triangle, LLC
Date of Sale:	January 2020
Utilities:	Available
Zoning/Guiding:	I-2, Industrial Park; Guided Industrial Flex Tech (2040)
Intended Use:	Warehouse
Size:	447,780 SF, or 10.28 Acres
Sale Price:	\$3,400,000
Price per SF:	\$7.59
Remarks:	This was an arm's-length transaction, according to a representative of the buyer. No soils cleanup was required for this site. The buyer is constructing a 130,130 SF, single-story, industrial building. The breakdown of the building will be approximately 80% warehouse and 20% office. An approximately one-acre outlot covering all of the wetland in the western portion of the property is proposed to be created, placed in conservation easement, and deeded to the City.

SALES COMPARISON APPROACH**Comparable Sale 4**

Location:	South Side of County Road 101, West of 70th Street West Shakopee, Minnesota; Lot 2, Block 1, Lloyd's Addition
PID(s):	27.437002.0
Buyer:	Emulsion Estates, LLC
Seller:	Lloyd's Properties, LLC
Date of Sale:	September 2019
Utilities:	Available
Zoning:	I2, Heavy Industry
Intended Use:	Office/Warehouse
Size:	182,342 SF, or 4.19 Acres
Sale Price:	\$1,245,395
Price per SF:	\$6.83
Remarks:	The seller purchased this site as well as the land adjacent to south as one parcel of 8.63 acres in June of 2016 for \$1,700,000. The seller decided to split the parcel and is keeping the southern portion of the site to merge with their existing land to the east. This site was publicly marketed for sale and was a part of the old raceway track property.

SALES COMPARISON APPROACH**Comparable Sale 5**

Location:	Westerly Quadrant of U.S. Highway 169 & County Road 101 Shakopee, Minnesota
PID(s):	27.479002.0
Buyer:	Vital Properties, LLC
Seller:	CFP Enterprises, LLC & Mesenbrink Construction & Engineering, Inc.
Date of Sale:	July 2018
Utilities:	Available
Zoning:	I1, Light Industry
Intended Use:	Office/Warehouse
Size:	140,530 SF, or 3.23 Acres
Sale Price:	\$775,000
Price per SF:	\$5.51
Remarks:	This is an arm's-length transaction. The property was marketed by Cushman & Wakefield for several years and the sale price was based on an appraisal. The sale included two tax parcels, which were assembled for the purpose of constructing a \pm 50,000 SF office/warehouse building (Universal Business Center).

SALES COMPARISON APPROACH**Comparable Sale 6**

Location:	East Side of Maras Street, South of 13th Avenue East Shakopee, Minnesota
PID(s):	27.415001.0
Buyer:	Quiring Properties IV, LLC
Seller:	Lloyd Properties, LLC
Date of Sale:	July 2018
Utilities:	Available
Zoning:	I-1, Light Industry
Intended Use:	Future business expansion
Size:	117,136 SF, or 2.69 Acres
Recorded Sale Price:	\$805,000
Less: Contributory Value of Improve.:	(\$ 52,500)
Adjusted Sale Price:	\$752,500
Adjusted Price per SF:	\$6.42
Remarks:	Lloyd Properties, LLC (seller) had relocated to a new facility in Shakopee, and no longer needed this site for their business operation. The seller approached multiple parties with interest in selling the property. Randy Quiring (Quiring Properties IV, LLC) is an adjacent property owner and was motivated to purchase this site for future business expansion. Mr. Quiring based his offer on recent market activity, however, he indicated that a premium may have been paid. The property is improved with a 3,840 SF metal building. According to the Scott County Assessor, the building contributes approximately \$52,500, and is deducted from the sale price to estimate the price paid for the land.

SALES COMPARISON APPROACH**Comparable Sale 7**

Location:	8175 Highway 101 Savage, MN
PID(s):	263590010
Buyer:	Gulf Shores, LLC
Seller:	Boyer Ford Trucks, Inc.
Date of Sale:	May 2018
Utilities:	Available
Zoning:	I-1, Limited Industrial
Intended Use:	Outdoor Storage
Size (Gross):	91,912 SF, or 2.11 Acres
Size (Net):	78,912 SF, or 1.81 Acres
Recorded Sale Price:	\$580,000
Price per SF (Net):	\$7.35
Remarks:	According to the buyer, he had rented the site for several years as outdoor storage of his trailers. The buyer stated that he was offered to purchase the property from seller. The sale price was determined by an appraisal the seller had obtained, which was reportedly higher than the previous agreed price that is undisclosed. The buyer plans to continue to utilize the site as outdoor storage. There is approximately 13,000 SF of wetland area to the northeast corner of the site that has been deducted from the overall site size.

INDUSTRIAL LAND SALES ADJUSTMENT GRID																
Sale Data	Subject	Sale 1		Sale 2		Sale 3		Sale 4		Sale 5		Sale 6		Sale 7		Average
Location	South of Stagecoach Road and East of 70th Street West Shakopee	7225 Highway 13 W Savage		3130 Lexington Avenue Eagan		7350 Golden Triangle Eden Prairie		South of Co Rd 101, West of 70th Street South Shakopee		West Quadrant of US Hwy 169, County Road 101, Shakopee		East Side of Maras Avenue South, South of 13th Avenue East, Shakopee		8175 Highway 101 Savage		
Property ID No.	27.073005.0, 27.073004.0, & 27.073007.0	26.908005.0		102250205370		12-116-22-13-0013		27.437002.0		27.479002.0		27.415001.0		26.359001.0		
Net Land Area	200,778 SF	254,826 SF		612,452 SF		447,780 SF		182,342 SF		140,530 SF		117,136 SF		78,912 SF		
Recorded Sale Price		\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000		
Price Per SF		\$7.06		\$8.37		\$7.59		\$6.83		\$5.51		\$6.42		\$7.35		\$7.02
Transactional Adjustments																
Unadjusted Sale Price			\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Property Rights	Fee Simple	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	
Adjusted Sale Price			\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Financing	Cash To Seller	Cash To Seller	\$0	Cash To Seller	\$0	Cash To Seller	\$0	Cash To Seller	\$0	Cash To Seller	\$0	Cash To Seller	\$0	Cash To Seller	\$0	
Adjusted Sale Price			\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Conditions of Sale	Typical	Typical	0%	Typical	0%	Typical	0%	Typical	0%	Typical	0%	Typical	0%	Typical	0%	
Adjusted Sale Price			\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Special Assessments	None	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0	
Adjusted Sale Price			\$1,800,000		\$5,125,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Other Expenditures	N/A	None	\$0	Demo	\$510,000	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0	
Adjusted Sale Price			\$1,800,000		\$5,635,000		\$3,400,000		\$1,245,395		\$775,000		\$752,500		\$580,000	
Market Conditions	Jan-21	Jun-20	1.01	Jan-20	1.01	Jan-20	1.01	Sep-19	1.02	Jul-18	1.05	Jul-18	1.05	May-18	1.05	
Adjusted Sale Price			\$1,818,000		\$5,691,350		\$3,434,000		\$1,270,303		\$813,750		\$790,125		\$609,000	
Adjusted Sale Price Per SF			\$7.13		\$9.29		\$7.67		\$6.97		\$5.79		\$6.75		\$7.72	\$7.33
Property Adjustments																
Location	Average	Superior	0.95	Superior	0.85	Superior	0.85	Superior	0.95	Superior	0.95	Similar	1.00	Superior	0.95	
Zoning	I2, Heavy Industry	I1, Light Industrial	1.05	I1, Limited Industrial	1.05	I2, Industrial Park	1.05	I2, Heavy Industry	1.00	I1, Light Industry	1.05	I1, Light Industry	1.05	I1, Light Industrial	1.05	
Size	200,778 SF	254,826 SF	1.00	612,452 SF	1.10	447,780 SF	1.05	182,342 SF	1.00	140,530 SF	0.95	117,136 SF	0.95	78,912 SF	0.90	
Shape	Flag Shaped	Effectively Rectangular	0.85	Rectangular	0.85	Effectively Rectangular	0.85	Rectangular	0.85	Irregular	1.00	Effectively Rectangular	0.85	Irregular	0.90	
Terrain	Generally Lvl to Min. Sloping/Wooded	Gnrlly Lvl & Opn	0.95	Gnrlly Lvl & Opn	0.95	Gnrlly Lvl & Partially Wooded	1.00	Gnrlly Lvl & Opn	0.95	Gnrlly Lvl & Opn	0.95	Gnrlly Lvl & Mostly Opn	0.95	Gnrlly Lvl & Opn	0.95	
Net Adjustment			0.81		0.79		0.80		0.77		0.90		0.81		0.77	
Indicated Subject Price Per SF			\$5.78		\$7.34		\$6.14		\$5.37		\$5.21		\$5.47		\$5.94	\$5.89

SALES COMPARISON APPROACH

Explanation of Adjustments

Property Rights:	All of the sales represent the transfer of fee simple interest. Therefore, no adjustments are necessary.
Financing:	No unusual financing circumstances were reported that would have affected the sale prices of the comparables. All of the comparable sales involved cash to seller financing.
Conditions of Sale:	All of the comparable sales used are reported to be arm's-length transactions.
Special Assessments:	None
Other Expenditures:	None
Market Conditions:	The comparable sales occurred between May of 2018 and June of 2020. The industrial land market has experienced steady growth in demand during this time. As such, the market conditions adjustment is based on a 3% annual increase from 2018 to March 2020, with no market adjustment applied after March 2020 due to the COVID pandemic.
Location:	<p>The location adjustment is based upon observations of the subject and each of the comparables. Factors such as proximity to the Twin Cities metropolitan area, major transportation routes, accessibility, demand generators, and surrounding land uses are considered when making this adjustment.</p> <p>The subject property is located within the interior of a larger parcel with no visibility to a major roadway.</p> <p>Comparable 1 has no visibility to Highway 13, however, it has two road frontages which are considered superior compared to the subject. Therefore, Comparable 1 has been adjusted downward.</p> <p>Comparable 2 is located in a superior location with frontage along a highly traveled roadway. Therefore, Comparable 2 has been adjusted downward.</p> <p>Comparable 3 and 4 have superior locations and access compared to the subject. Therefore, downward adjustments have been made.</p>

SALES COMPARISON APPROACH**Explanation of Adjustments**

Location (Continued):	<p>Comparable 5 has superior access and visibility along Highway 169 and Highway 13. Therefore, we have applied a downward adjustment.</p> <p>Comparable 6 is located along a less traveled road, like the subject and is considered similar. Therefore, no adjustments are necessary.</p> <p>Comparable 7 is located along a higher traveled roadway, Highway 13, and is considered superior to the subject. Therefore, a downward adjustment has been made.</p>
Zoning:	<p>The subject is located in the I2, Heavy Industry district, which is considered superior to I1, Light/Limited industry district due to more allowed uses, including outdoor yard storage. Therefore, we have determined there is a modest premium for I2, Heavy Industry land uses. Comparables 1, 2, 3, 5, 6, and 7 are located in light industrial and light industry zoned districts and have been given upward adjustments.</p>
Land Size:	<p>The comparable land sales range in size from 78,912 SF to 612,452 SF.</p> <p>For this analysis, Comparables 2 and 3 are larger than the subject and were given upward adjustments for their larger sizes in comparison to the subject.</p> <p>Comparables 5, 6 and 7 are smaller than the subject and are given downward adjustments.</p>
Shape/Utility:	<p>The subject's gross land area is flag-shaped and consists of approximately 200,778 SF, which includes 52,360 SF of land that is a 90-foot-wide leg that will simply provide access to the proposed roadway to the subject from Hentges Way. Approximately 29,639 SF of land within the flag-shaped portion of the property is also encumbered by the pipeline easement. Furthermore, approximately 11,856 SF of land within the flag-shaped portion of the property is encumbered by an electrical easement. The flag-shaped area consists of 26% of the overall land area and is considered to have low utility since this area cannot be developed, except for driveway purposes.</p>

SALES COMPARISON APPROACH

Explanation of Adjustments

Shape/Utility (Continued): As such, the subject's shape is considered to be atypical in the marketplace. In considering the reduced utility of this area, it is the appraisers' opinion that the unit value of the land included in the flagged portion of the lot is reduced in value by 50%. Therefore, we have adjusted the comparable sales downward 15%, with the exception of Comparables 5 and 7 which are also irregular in shape.

Terrain: The subject's topography is assumed to be generally level to slight sloping with wooded trees. Most of the sites are open and level. Therefore, Comparables 1, 2, 4, 5, 6 and 7 are given downward adjustments. Comparable 3 is considered similar to the subject and no adjustment was given.

Analysis

The seven comparable land sales range in unadjusted sale price from \$5.51 per SF to \$8.37 per SF, with an average of \$7.02 per SF and a median of \$7.06 per SF. After the adjustment process, the comparable land sales range in sale price from \$5.21 per SF to \$7.34 per SF, with an average of \$5.89 per SF and a median of \$5.78 per SF. The adjustment process has tightened the range of the comparable sales, indicating the appropriateness of the adjustments utilized.

In addition, to the seven sales comparables, there are two additional sales/listings that were also considered.

The first property is a 15.85 acre (12.57 usable) industrial land located in Shakopee along the northeast intersection of Highway 169 and Old Brick Yard. The property is under contract between Shakopee Economic Development Authority (seller) and Opus (buyer) for \$1.65 million or \$3.01 per SF on a usable land area basis. Due to this property being owned by the City of Shakopee, there are several requirements for developing this site, which resulted in a lower purchase price.

SALES COMPARISON APPROACH

Analysis

The second property is listing located at 6055 147th Street West in Apple Valley. The site consists of 8.21 acres and is zoned I-2 General Industrial, which allows outdoor storage use. The site is listed for sale for \$5.00 per SF.

Again, the gross land area of the subject property consists of approximately 200,778 SF or 4.61 acres. However, approximately 37,639 SF is encumbered by a pipeline easement and approximately 15,056 SF is encumbered by an electrical easement adjacent to the pipeline easement. Of the 37,639 SF pipeline easement, approximately 29,639 SF is within the flag shaped portion of the property and 8,000 SF is outside the flag-shaped area. Of the 15,056 SF electrical easement, approximately 11,856 SF is within the flag shaped portion of the property and 3,200 SF is outside the flag-shaped area. Therefore, 11,200 SF (8,000 SF + 3,200 SF) of land area is outside the flag-shaped area but encumbered by pipeline and electrical easements. This encumbered area is 7.5% of the subject's overall developable area of 148,418 SF. Furthermore, within the flag-shaped area, 79% is encumbered by a pipeline or an electrical easement.

In conclusion, Comparable 4 is most similar to the subject in terms of its I2, Heavy Industry zoning, with an adjusted sale price of \$5.37 per SF. However, Comparables 1, 2, and 3 are the most recent sales with a sale price range of \$5.78 to \$7.34 per SF, and an average of \$6.42 per SF. Based on the preceding data, the market value for the subject property is estimated to be \$6.00 per SF of gross land area, assuming it is served by public infrastructure.

Given the above, the market value for the subject property as of January 8, 2021, is estimated to be as follows:

Gross Land Area:	200, 778 SF x \$6.00 per SF	=	\$1,204,668
	Rounded to		\$1,205,000

ADDENDA

EXHIBIT 1

Electrical Easement

(Pages 42-46)



ELK RIVER CONCRETE PRODUCTS

DIVISION OF THE CRETEX COMPANIES, INC.

7575 GOLDEN VALLEY ROAD • MINNEAPOLIS, MINN. 55427
TEL. (612) 546-8972

July 17, 1989

Mr. Lou Van Hout, Utilities Manager
City of Shakopee
Public Utilities Commission
1030 East 4th Avenue
Shakopee, MN 55379

RE: Right-of-Way Easement

Dear Lou,

Enclosed please find another copy of the "Grant of Right-of-Way Easement" related to our Shakopee plant property.

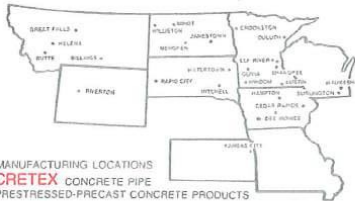
If you have any questions, please call.

Yours very truly,

ELK RIVER CONCRETE PRODUCTS

Lynn P. Schuler

LPS:dl
encl.



MANUFACTURING LOCATIONS

CRETEX CONCRETE PIPE
PRESTRESSED-PRECAST CONCRETE PRODUCTS

GRANT OF RIGHT-OF-WAY EASEMENT

KNOW ALL MEN BY THESE PRESENTS, that Cretex Companies, Inc., a Minnesota corporation, hereinafter called 'The Owner' for good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, does hereby grant unto the City of Shakopee, a municipal corporation, and its Utility Commission, its successors, assigns or licensees, an easement for the purpose hereinafter provided upon the lands of the Owner situated in the County of Scott, State of Minnesota, and more particularly described in Exhibit "A" hereto attached and made a part hereof, to place, construct, operate, repair, maintain, relocate and replace thereon and in or upon all streets, roads or highways abutting said lands an electric distribution line or system, on forty-foot high poles, and to cut and trim trees and shrubbery to the extent necessary to keep them clear of said electric line or system and to cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires in falling or otherwise endanger said line or system.

The City shall, at a future time, as directed by The Owner, at no cost to The Owner, raise two poles to provide a crossing over this easement with a forty-foot high clearance under all overhead conduits, wires and cables.

The City shall, at a future time, as directed by The Owner, other than the Cretex Companies, Inc., of Lot 2, Block 2, Cretex Industrial Park 1st Addition, at no cost to that owner, raise two poles to provide a crossing, over that part of this easement within said Lot 2, with a forty-foot high clearance under all overhead conduits, wires and cables.

The City shall have the right to inspect, rebuild, remove, repair, improve and make such changes, alterations, substitutions and additions in and to its facilities as it may from time to time deem advisable or expedient, including the right to increase or decrease the number of conduits, wires and cables.

The City shall at all times have the right to keep the easement clear of all buildings, structures, fences, trees, shrubbery, undergrowth, roots and other obstructions that may interfere with or endanger its facilities and equipment.

For the purpose of constructing, inspecting, maintaining or operating its facilities, the City shall have the right of ingress to and egress from the easement over the lands of The Owner adjacent to the easement and lying between public or private roads and the easement, such right to be exercised in such manner as shall occasion the least practicable damage and inconvenience to The Owner.

The Owner covenants that it is the owner of the above described lands and that the said lands are free and clear of encumbrances and liens of whatsoever character except those held by the following persons:

all of which have consented hereto in writing as hereinafter appears.

IN TESTIMONY WHEREOF, the party of the first part have hereunto fixed their hands and seals as of this 23rd day of February, 1989.

THE CRETEX COMPANIES, INC.

John M. Bailey
John M. Bailey, Vice President

STATE OF MINNESOTA)

County of Hennepin) ss

COUNTY OF SCOTT)

On this 23rd day of February, 1989, before me a notary public within and for said County, personally appeared John M. Bailey to me known to be the person described in, and who executed the foregoing instrument, and acknowledged that he executed the same as free act and deed.

Lynn D. Schuler
Notary Public Hennepin County, Minn.

My Commission Expires March 6, 1994

The undersigned and Owner of an encumbrance or encumbrances on the land described in Exhibit "A" hereto attached hereby consent and join in the Grant of Right-of-Way Easement hereinbefore given.

THE CRETEX COMPANIES, INC.

John M. Bailey
John M. Bailey, Vice President

STATE OF MINNESOTA)

County of Hennepin) ss

COUNTY OF SCOTT)

On this 23rd day of February, 1989, before me a notary public within and for said County personally appeared

John M. Bailey

to me known to be the person described in, and who executed the same as free act and deed

Lynn A. Schuler
Notary Public Hennepin County, Minn.

My Commission Expires March 6, 1994

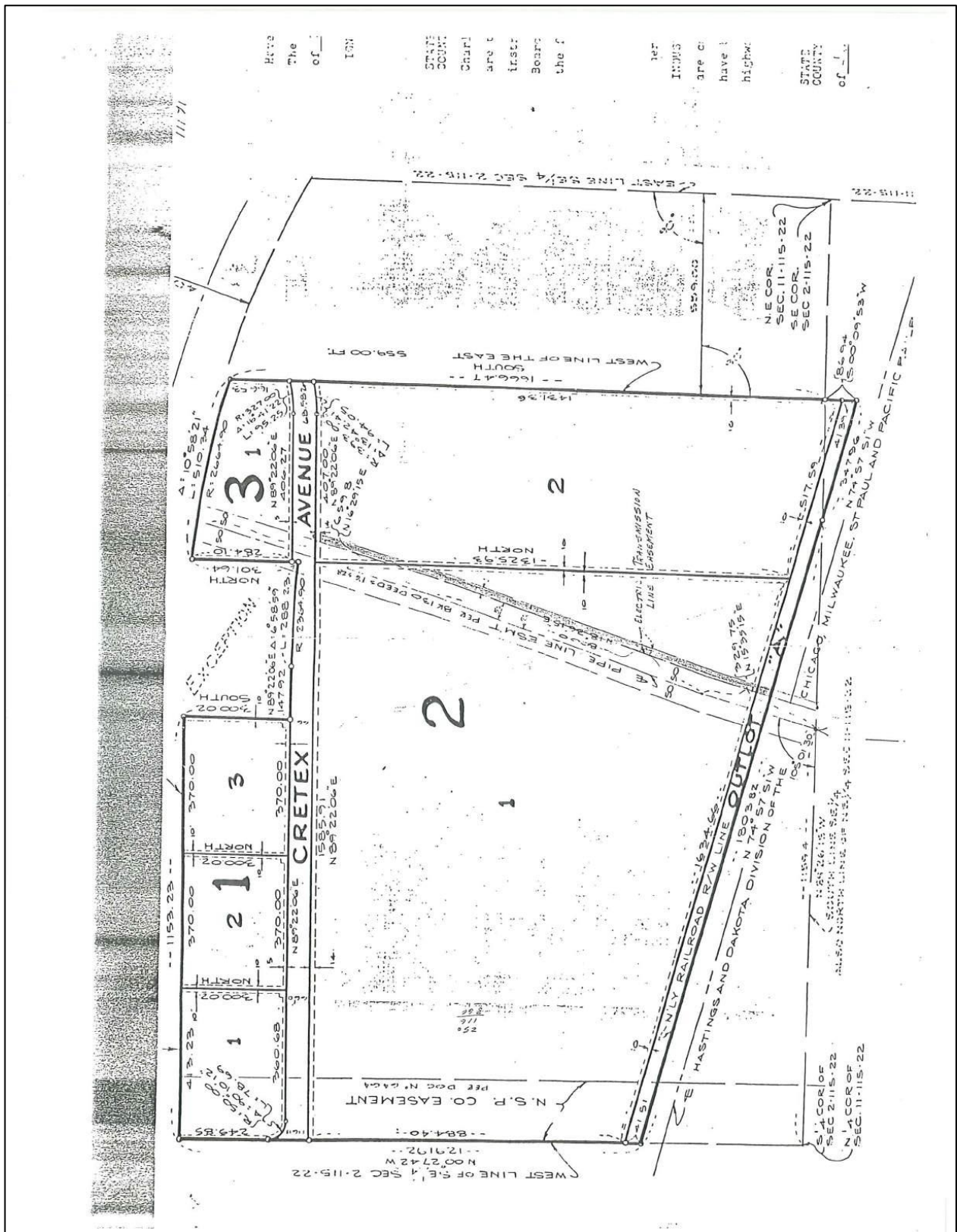
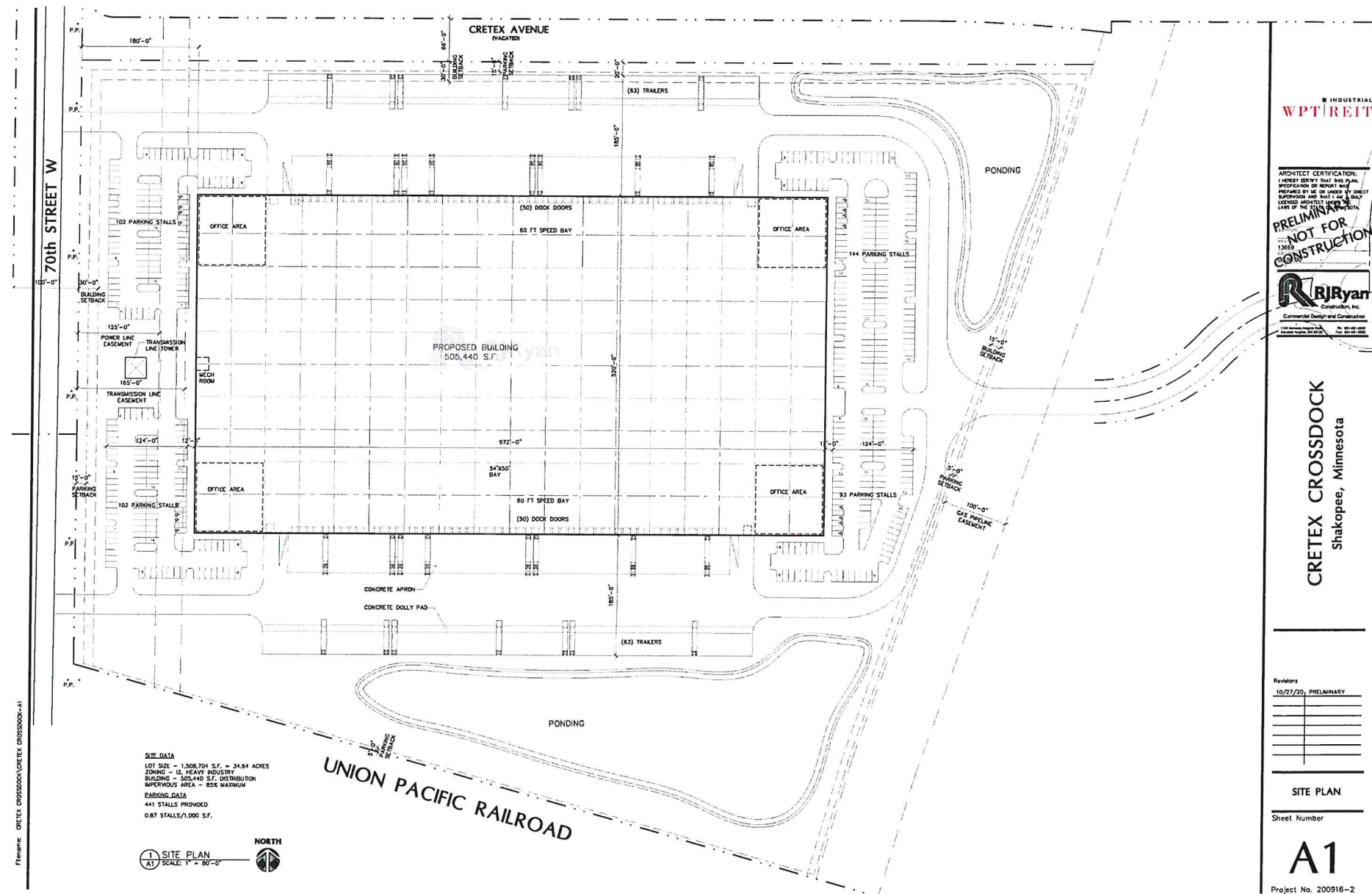


EXHIBIT 2

Proposed Adjacent Development

(Page 48)



CONTINGENT AND LIMITING CONDITIONS

(Pages 50-52)

CONTINGENT AND LIMITING CONDITIONS

The value estimates and conclusions in the appraisal are made subject to these assumptions and conditions:

1. No title search has been made and the reader should consult an appropriate attorney or title insurance company for accurate ownership data. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The legal description, furnished or otherwise, is assumed to be correct. No responsibility is assumed for the legal description or for matters including legal or title considerations.
3. The information contained in this report is not guaranteed, but it has been gathered from reliable sources. The appraiser(s) certify that, to the best of their knowledge and belief, the statements, information and materials contained in the appraisal are correct.
4. All value estimates in this report assume stable soil and any necessary soil corrections are to be made at the seller's expense, unless otherwise noted.
5. The site plan, if any, in this report is included to assist the reader in visualizing the property, but we assume no responsibility for its accuracy.
6. The market value herein assigned is based on conditions which were applicable as of the effective date of appraisal, unless otherwise noted.
7. The appraiser(s) that signed this report shall not be required to prepare for, or appear in court, or before any board or governmental body by the reason of the completion of this assignment without predetermined arrangements and agreements.
8. Surveys, plans and sketches may have been provided in this report. They may not be complete or be drawn exactly to scale.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person, other than the party to whom it is addressed, without the written consent of the appraiser, and in any event only with properly written qualification and only in its entirety.
10. Information in the appraisal relating to comparable market data is more fully documented in the confidential file in the office of the appraiser.

CONTINGENT AND LIMITING CONDITIONS

(CONTINUED)

11. All studies and field notes will be secured in our files for future reference.
12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. And, it is assumed that the utilization of the land and any improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
13. The distribution of the total valuation in this report between land and any improvements, if stated, applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
14. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
15. The appraiser was not aware of the presence of soil contamination on the subject property, unless otherwise noted in this appraisal report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
16. The appraiser was not aware of the presence of asbestos or other toxic contaminants in any building(s) located on the site, unless otherwise noted in this report. The effect upon market value, due to contamination was not considered in this appraisal, unless otherwise stated.
17. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
18. The value stated in this report is fee simple, assuming responsible ownership and management, unless otherwise indicated. This appraisal recognizes that available financing is a major consideration by typical purchasers of real estate in the market, and the appraisal assumes that financing is or was made available to purchasers of property described herein.

CONTINGENT AND LIMITING CONDITIONS

(CONTINUED)

19. The appraiser has neither present nor contemplated interest in the property appraised and employment is not contingent upon the value reported.
20. Unless otherwise stated in this report, the appraisers have not made a survey or analysis to determine whether any buildings on the property are in compliance with "The Americans with Disabilities Act" (ADA). If the property is not in compliance with the ADA, it could have a negative effect on the value of the property.
21. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

APPRAISER QUALIFICATIONS

(Pages 54-56)

QUALIFICATIONS OF

ALYSSA M. RUIS

PROFESSIONAL AFFILIATIONS

Practicing Affiliate, Appraisal Institute

Trainee Real Property Appraiser, Minnesota License No. 40295088

St. Cloud State Real Estate Alumni Association Member

BUSINESS EXPERIENCE

Patchin Messner Valuation Counselors, Associate Appraiser, December 2019 to Present

GTRE Commercial, Associate Appraiser, 2016 to 2019

The Appraisal Group, Appraiser, 2015 to 2016

Diversified Real Estate Services, Inc., Associate Appraiser, 2014 to 2015

EDUCATIONAL BACKGROUND

Bachelor of Science Degree in Business, Major - Real Estate

St. Cloud State University, St. Cloud, MN

SPECIALIZED REAL ESTATE TRAINING

Real Estate Principles and Procedures, Appraisal Institute, 2012

Real Estate Property Management, Saint Cloud State University, 2012

Real Estate Investments, Saint Cloud State University, 2012

Real Estate Law, Saint Cloud State University, 2012

National USPAP 15-Hour Course, North Star Chapter, 2012

Real Estate Appraisal, Saint Cloud State University, 2013

Commercial Appraisal, Saint Cloud State University, 2013

Real Estate Finance, Statistics and Valuation Modeling, North Star Chapter, 2013

Supervisory Appraiser/Trainee Appraiser Course, Northstar Chapter, 2016

General Appraiser, Income Approach / Parts I & II, Northstar Chapter, 2017

General Appraiser, Site Valuation and Cost Approach, Northstar Chapter, 2019

General Appraiser, Market Analysis and Highest & Best Use, Northstar Chapter, 2019

General Appraiser, Report Writing and Case Studies, Northstar Chapter, 2019

Commercial Appraisal Review, McKissock Educational Services, 2019

General Appraiser, Sales Comparison Approach, Northstar Chapter, 2019

APPRAISAL EXPERIENCE

Valuation and analysis of many types of commercial real estate, including, but not limited to: retail, office, industrial, special purpose properties, vacant land, and multi-family residential properties. Valuations have been performed for financing purposes, highest and best use determination, and due diligence support. Valuations and market studies have been done on proposed, partially completed, new construction, renovated and existing structures.

QUALIFICATIONS OF

JASON L. MESSNER

PROFESSIONAL AFFILIATIONS

MAI Member, Appraisal Institute

CRE Member, The Counselors of Real Estate

Certified General Real Property Appraiser, Minnesota License No. 4000836

Member, Minneapolis Area Association of Realtors

Member (No. 6591), International Right of Way Association

BUSINESS EXPERIENCE

Patchin Messner Valuation Counselors, President/Principal, 2001 to Present

Patchin Messner Appraisals, Inc., Principal, 1995 to 2000

Peter J. Patchin & Associates, Inc., Associate Appraiser, 1986-1994

Century 21 Granite City Real Estate, Residential Salesperson, 1985

EDUCATIONAL BACKGROUND

Bachelor of Science Degree, St. Cloud State University, majored in Real Estate, graduated Magna Cum Laude, 1986

Associate in Arts Degree in Business Administration, Willmar Community College, graduated with honors, 1984

SPECIALIZED REAL ESTATE TRAINING

Basic Valuation Procedures, American Institute of Real Estate Appraisers, 1986

Real Estate Appraisal Principles American Institute of Real Estate Appraiser, 1986

Capitalization Theory and Techniques (Part A), A.I.R.E.A., Minneapolis, MN, 1987

Standards of Professional Practice, A.I.R.E.A., Minneapolis, MN, 1988; Appraisal Institute, Minneapolis, MN, 1994

Capitalization Theory and Techniques (Part B), A.I.R.E.A., Minneapolis, MN, 1989

Case Studies in Real Estate Valuation, American Institute of Real Estate Appraisers, Mpls., MN, 1990

Report Writing & Valuation Analysis, Appraisal Institute, Minneapolis, MN, 1991

SEMINARS ATTENDED

Appraisal Institute

Condemnation: Legal Rules and Appraisal Practices

Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets

New Industrial Valuation

The Road Less Traveled: Special Purpose Properties

National Uniform Standards of Professional Appraisal Practice Update

The Appraiser as Expert Witness

The Appraisal of Local Retail Properties

Valuation of Detrimental Conditions in Real Estate

Analyzing Distressed Real Estate

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets

Appraising the Appraisal: Appraisal Review-General

Complex Litigation Appraisal Case Studies

Real Estate Valuation in Condemnation Appraising in Minnesota

APPRAISAL EXPERIENCE

Preparation of appraisals for condemnation, tax appeal, litigation, financing, debt restructuring, acquisition/disposal, and special assessment appeal. Properties appraised include: office buildings, warehouses, service stations, manufacturing plants, medical and veterinary clinics, shopping centers, restaurants, apartment buildings, subsidized housing, research and redevelopment buildings, grain elevators, flour mills, special-purpose properties, lands, air rights, avigation easements, utility easements, highway easements, and environmentally impaired properties. Specialize in litigation valuation of commercial, industrial, development land and investment properties.

QUALIFICATIONS OF

JASON L. MESSNER (CONTINUED)

RELATED EXPERIENCE

Participant in the writing of The Effect of Contamination on The Market Value of Property, Federal Highway Admin.; Office of Right-of-Way, Washington, DC, 1993

Faculty participant at the Hazardous Waste Litigation seminar, Minnesota Institute of Legal Education, 1995

Adjunct lecturer on environmental appraisal issues, University of St. Thomas, Mpls., MN, 1996 and 2002

Faculty participant at the Annual Right-of-Way Professionals Conference, Minnesota Department of Transportation, 2004, 2005 and 2007

Metro/Minnesota Chapter of the Appraisal Institute; Education Coordinator – 1997 through 2001, Secretary – 2001, Vice President – 2002, President – 2003, Region III Representative - 2008 through 2011. National Board of Directors of the Appraisal Institute, 2012 through 2016.

APPRAISAL CLIENTS

Alliant Techsystems, Inc.
Bank of America
B.P. Oil Pipeline Company
Burlington Northern Railroad Company
Campbell Soup Company
Ceridian Corporation
CMC Heartland Partners
Deluxe Check Corporation
Equitable Life Assurance Co.
Exxon Mobil Corporation
Farm Credit Services
First Bank Systems
Great River Energy
Honeywell, Inc.
IBM Corporation
IDS Financial Services
Internal Revenue Service
Jostens, Inc.
LaSalle National Bank
Lockheed Martin
Louisville Regional Airport Authority

Medtronic, Inc.
Metropolitan Airports Commission
Mpls. Community Planning and Economic
Development (CPED)
Minnesota Department of Transportation
3M Corporation
Northwest Airlines, Inc.
Northwestern Mutual Life Insurance Co.
Old Dutch Foods
Philips Lighting
Resolution Trust Corporation
Reynolds Metals Company
Soo Line Railroad Company
Unisys Corporation
University of Minnesota
U.S. Environmental Protection Agency
U.S. Fish & Wildlife
U.S. Postal Service
Wells Fargo
Williams Pipeline Company
Xcel Energy

Other clients include various Cities (Andover, Belle Plaine, Bloomington, Brooklyn Center, Burnsville, Cambridge, Chanhassen, Chaska, Cokato, Columbia Heights, Crystal, Duluth, Elk River, Farmington, Jordan, Lake City, Lino Lakes, Marshall, Medina, Minneapolis, Minnetonka, New Brighton, New Prague, Osseo, Prior Lake, Ramsey, Richfield, Robbinsdale, Rochester, St. Paul, St. Louis Park, Savage, Shakopee and Victoria), and Counties (Benton, Brown, Carver, Clay, Dakota, Douglas, Goodhue, Hennepin, Jackson, McLeod, Murray, Nicollet, Otter Tail, Ramsey, Scott, Sherburne, Stearns, Steele and Washington), in the State of Minnesota.



COURT EXPERIENCE

Qualified as an expert witness in Minnesota Tax Court, U. S. District Court (Minnesota), Anoka, Carver, Dakota, Goodhue, Hennepin, Isanti, Rice, Scott, Wabasha, Washington and Wright County District Court and various Commission Hearings.



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May 13, 2021

TO: Greg Drent, Interim General Manager 
 FROM: Sharon Walsh, Director of Marketing and Customer Relations 
 SUBJECT: Customer Deposit Policy Modifications

Overview

Staff has met to discuss SPU's current deposit policy and considerations for modifications to this policy. Discussions included: risk to SPU due to billing in arrears; minimal deposit interest earned by customers; overall customer goodwill; imminent technology upgrades (i.e., AMI, prepaid billing features, new billing system, etc.); customer payment history requirements; and management/oversight of customer deposits.

After consideration of all discussions, the following modifications to the SPU deposit policy are recommended:

1. Reduce deposit requirements from two months to one month average usage for C&I customers.
 - With the transition to AMI fast approaching it seems sensible to make this deposit change now rather than make a second modification in less than 24 months.
2. This change in deposit requirement would be applied to new C&I customer accounts going forward.
3. Residential rental deposits remain at \$100 and \$200 (electric heat), respectively.
4. Based on good payment history, both residential and C&I deposits will be refunded to customers after a period of five years.
 - Deposit can be applied to customer account or refunded to customer based on their preference.
 - "Good payment history" is defined as no more than three late payments in a rolling 5-year period. "Late" does not include disconnection of service. Disconnection would restart the 5-year clock.
 - Existing customer deposits will be reviewed and any accounts that are currently at or beyond five years will be refunded under these guidelines.
5. Upon implementation of a new billing system, in conjunction with AMI, future modifications can be made based on real-time billing and enhanced system tracking and management functionality that do not exist under today's systems.

Action Requested

Staff requests approval of proposed deposit policy modifications.