



**AGENDA FOR
REGULAR CITY COUNCIL MEETING
TUESDAY, AUGUST 15, 2023 – 5:00 P.M.**

1. **Pledge of Allegiance**
2. **Call to Order**
 - Roll Call and Establishment of Quorum
3. **Approval of Agenda**
 - Council Changes
 - Staff Changes
4. **Approval of Minutes**
 - A. August 1, 2023
5. **Audience Participation** (10-minute time limit for items not on the agenda)
6. **Consent Agenda**
 - A. Approve Solid Waste Collection License – Sweetman Sanitation
 - B. Approve Appointment of MN Municipal Utilities Association Delegate
7. **Scheduled Public Hearings**
8. **Old Business**
9. **Regular Agenda**
 - A. Updated Public Safety Aid Allocation
 - B. Appoint Representative to Southern MN Municipal Power Agency – Resolution #38
 - C. Picnic Table Donation – Resolution #39
 - D. Sale of 2023A Series Bonds for 4th Street Reconstruction Project – Resolution #40
 - E. Police Squad Camera and Taser Replacement
 - F. Variance Request – 400 Veda Drive
 - G. Banking Services Proposals
 - H. Police Squad Purchase
 - I. West Lake Properties Loan Extension
 - J. Establish City Council Work Session Agenda
 - K. Fire Department Grain Bin Rescue Equipment Donation – Resolution #41
 - L. Update to Criminal Background Check Policy
 - M. Agreement to Purchase Real Property – 210 Third Avenue – Resolution #42
10. **Other Items and Communications**
 - A. Council Items
 - B. Staff Items
11. **Paid Bills and Claims – For Informational Purposes**
 - A. City of Redwood Falls Accounts Payable Summary
12. **Adjournment**

**MINUTES
REGULAR COUNCIL MEETING
CITY OF REDWOOD FALLS, MINNESOTA
TUESDAY, AUGUST 1, 2023**

Pursuant to due call and notice thereof, a regular meeting of the Redwood Falls City Council was called to order in the Municipal Chambers on Tuesday, August 1, 2023, at 5:00 p.m.

Roll call indicated Mayor Tom Quackenbush and Council Members Matt Smith, Denise Kerkhoff, Jim Sandgren, Larry Arentson, and John T. Buckley were present, constituting a quorum.

Also present were City Administrator Keith Muetzel, Finance Director Kari Klages, City Attorney Trenton Dammann, and Deputy City Clerk Caitlin Kodet. Public Works Project Coordinator Jim Doering was absent.

City Administrator Muetzel requested to add Consent Agenda item 6B. Approve Temporary On-Sale Liquor License Application – Church of St. Catherine’s and Regular Agenda item 9F. Declare New Holland Backhoe Attachment as Surplus Property.

A motion was made by Council Member Sandgren and seconded by Council Member Smith to approve the agenda with the additions of agenda items 6B and 9F. Motion passed by unanimous vote.

A motion was made by Council Member Arentson and seconded by Council Member Buckley to approve the July 18, 2023, minutes as presented. Motion passed by unanimous vote.

A motion was made by Council Member Kerkhoff and seconded by Council Member Sandgren to approve the following item on the Consent Agenda.

1. Liability Insurance Coverage Waiver Form
2. Temporary On-Sale Liquor License Application – Church of St. Catherine’s

Motion passed by unanimous vote.

Police Chief Jason Cotner was present to introduce Resolution No. 37 of 2023 – Resolution Approving State of Minnesota Joint Powers Agreements with the City of Redwood Falls on Behalf of its Police Department Regarding the Minnesota Anti-Heroin Task Force (AHTF) Program.

Chief Cotner stated the State of Minnesota, through the Bureau of Criminal Apprehension (BCA), has made funds available to reimburse law enforcement expenses related to opioids and opioid related investigations and enforcement activities. While primarily used by drug task forces, the funds can be distributed to local law enforcement agencies who are involved in these investigations.

Chief Cotner stated RFPD has accessed these funds in the past to cover wages and overtime related to these types of investigations and enforcement activities. Until recently, RFPD was required to request these funds through the Brown/Lyon/Redwood/Renville Drug Task Force (BLRR/DTF) who sent it to the BCA. Now, the BCA is requiring local agencies who request reimbursement to enter into a Joint Powers Agreement and request reimbursement directly from the BCA. Opioids and opioid related substances such as heroin and fentanyl are still widely used in our area. RFPD will likely be involved in future opioid related investigations and enforcement. Staff anticipates needing to request reimbursement from the BCA for expenses related to these investigations.

A motion was made by Council Member Smith and seconded by Council Member Buckley to waive the reading of Resolution No. 37 of 2023 – Resolution Approving State of Minnesota Joint Powers Agreements with the City of Redwood Falls on Behalf of its Police Department Regarding the Minnesota Anti-Heroin Task Force (AHTF) Program. Motion passed by unanimous vote.

A motion was made by Council Member Kerkhoff and seconded by Council Member Arentson to approve Resolution No. 37 of 2023 – Resolution Approving State of Minnesota Joint Powers Agreements with the City of Redwood Falls on Behalf of its Police Department Regarding the Minnesota Anti-Heroin Task Force (AHTF) Program. Motion passed by unanimous vote.

City Administrator Muetzel introduced the Request for Bids for City-Owned Farmland.

Mr. Muetzel stated staff is recommending the publishing of a request for bids on 152.66 acres of agricultural land owned by the City of Redwood Falls located at T112 R36 S33 and T113 R35 S32. Currently, a single rental agreement contract will expire November 1, 2023. The current lessee will maintain weed control and will remove the 2023 crops without any additional inputs after harvest. The new lessee would then assume the responsibility of fall tillage and fertilizer inputs in preparation for the 2024 crop year. The new contract will cover a period of three years to November 1, 2026, with the opportunity of two, one-year extensions assuming both parties agree. Utilizing the terms of the contract and both one-year extensions, that would extend the term through crop years 2024-2028, expiring November 1, 2028.

A motion was made by Council Member Buckley and seconded by Council Member Kerkhoff to approve the Request for Bids for City-Owned Farmland. Motion passed by unanimous vote.

City Administrator Muetzel introduced the Memorandum of Understanding with Law Enforcement Labor Services.

Mr. Muetzel stated Law enforcement agencies throughout Minnesota are struggling to attract and retain police officers. On the MN Police Officers Standards and Training website there are currently 197 law enforcement job openings listed. The City of Redwood Falls posted a police officer job opening over two weeks ago and at this time no applications have been received. In an effort to address this crisis, the State of MN has approved the distribution of a one-time Public Safety Aid payment to Minnesota cities and counties. Public Safety Aid funds must be used for public safety purposes and eligible uses include personnel and equipment costs. The City of Redwood Falls is scheduled to receive \$221,727 in Public Safety Aid.

Mr. Muetzel stated the Personnel Committee, City administration, and LELS union representatives have been discussing several officer retention strategies, one of which is to ensure we are providing competitive compensation to attract and retain police officers. Based on market surveys, the compensation for Redwood Falls police officers is below that of several comparable departments. Therefore, the Personnel Committee and LELS union representatives are proposing to adopt a Memorandum of Understanding to increase the current wage schedule for licensed police officers by \$2.00 per hour. The proposed wage increase is estimated to cost \$85,000 over the remaining term of the current union contract that expires on December 31, 2024 and will be funded by a portion of the City's Public Safety Aid payment. This initiative is supported by the Personnel Committee, City administration, and LELS union representatives and those involved believe it is a critical step to help with the attraction and retention of police officers to our community.

A motion was made by Council Member Smith and seconded by Council Member Arentson to approve the Memorandum of Understanding with Law Enforcement Labor Services. Motion passed by unanimous vote.

City Administrator Muetzel introduced the Fire Department Cascade Air System Replacement.

Mr. Muetzel stated the Fire Department uses a Cascade air system to fill the air tanks that are used with a firefighter's self-contained breathing apparatus. Our existing Cascade system was purchased in 1996 and metal shavings were found in the compressor's oil during the last two annual service inspections. During the 2024 budget development process, staff planned to allocate \$60,000 to replace this unit in 2024. In light of the new State of MN Public Safety Aid program, staff recommends using those funds to replace the Cascade system in 2023. Two quotes were received, and staff requests approval to purchase a Cascade air system from Alex Air Apparatus in the amount of \$63,121.00 and funded by the State of MN Public Safety Aid program.

A motion was made by Council Member Smith and seconded by Council Member Buckley to approve the Fire Department Cascade Air System Replacement from Alex Air Apparatus in the amount of \$63,121.00. Motion passed by unanimous vote.

Finance Director Klages introduced the Allocation of State of MN Public Safety Aid.

Ms. Klages stated the 2023 legislative session's tax bill included \$210 million dollars in one-time public safety aid for cities. The City of Redwood Falls' portion of that public safety aid is \$221,727.00. The funds will be disbursed to cities in December of 2023. Aid recipients are required to use the proceeds for public safety. Eligible uses include community violence prevention and intervention programs, community engagement, mental health crisis responses, victim services, training programs, first responder wellness, equipment related to fire, rescue, and emergency services; or to pay other personnel or equipment costs. Ineligible expenses include employer contribution to the public employee police and fire fund, any expenses with alleged misconduct, purchase of tactical vehicles or tear gas, or the construction or improvements to a police station or related facilities.

Ms. Klages stated staff worked with Police Chief Jason Cotner and Fire Chief Joe Probst to determine the best use of the one-time funds. Discussions determined the most efficient use of the funds would be to allocate the funds to personnel costs and equipment. The proposed uses and designated amounts include police salaries at \$85,000, a police squad car at \$64,000, police squad cameras at \$12,727, and a Fire Department cascade system at \$60,000. Approval of the allocation authorizes the purchase of a police squad car and police squad cameras. Staff recommends approval of the proposed allocation.

A motion was made by Council Member Sandgren and seconded by Council Member Kerkhoff to approve the Allocation of State of MN Public Safety Aid as presented. Motion passed by unanimous vote.

City Administrator Muetzel introduced the request to Declare New Holland Backhoe Attachment as Surplus Property.

Mr. Muetzel stated Weltsch Equipment made a request to staff to purchase a City owned 2015 backhoe "thumb" attachment for a New Holland Backhoe for \$1,000.00. The piece of equipment is no longer being used by any department because the Street Department is currently operating a Case Backhoe which can only operate Case attachments. Staff is requesting to declare the New Holland Backhoe Attachment surplus property and list the equipment for private sale.

A motion was made by Council Member Buckley and seconded by Council Member Smith to approve the request to Declare New Holland Backhoe Attachment as Surplus Property. Motion passed by unanimous vote.

Council Member Smith requested an update regarding roadway paint on City streets and an update on the current road work taking place on Bridge Street (US Hwy 71/MN 19).

City Administrator Muetzel stated the Street Department is currently working on patching the streets in preparation for the sealcoat work beginning August 21, 2023. Once sealcoat work is started, the department can focus on painting the road lines and crosswalks. The Department has limited the amount of roadway painting that it could complete since COVID caused paint supply issues and increased prices.

City Administrator Muetzel stated the current patching work being done on Bridge Street (US Hwy 71/MN 19) is regular maintenance. In February, the City submitted a Resolution of Support for a Corridors of Commerce application completed by Redwood County. The application is for rehabilitation and reconstruction of the segment of US Hwy 71 between the Redwood River bridge in Redwood Falls and the Minnesota River bridge near Morton, Minnesota. If the funding is approved this project would begin in 2028.

Mayor Quackenbush stated the Minnesota State Veterans Cemetery – Redwood Falls will be hosting a dedication ceremony on Saturday, August 19 at 2:00 p.m. Everyone is encouraged to attend the dedication ceremony and view the newly constructed facility.

City Administrator Muetzel requested Council provide staff with agenda topics for the next City Council Work Session on Tuesday, August 29, 2023. Council discussed a couple topics including the recent legalization of cannabis and an update on the former hospital redevelopment, Red Skye Lofts. Council will continue to decide on additional agenda items and the final Work Session agenda will be set at the next Council meeting on Tuesday, August 15.

Bills and Claims were presented to the Council for informational purposes. No questions, comments or concerns were raised.

There being no further business, a motion was made by Council Member Sandgren and seconded by Council Member Smith to adjourn the meeting at 5:50 p.m. Motion passed by unanimous vote.

ATTEST:

Keith Muetzel
City Administrator

Tom Quackenbush
Mayor



Caitlin Kodet
Deputy City Clerk
Phone: 507-616-7400
Fax: 507-637-2417
ckodet@ci.redwood-falls.mn.us

AGENDA RECOMMENDATION

Meeting Date: August 15, 2023

Agenda Item: 2023 Solid Waste Collection and Transportation License Application

Recommendation/Action Requested: Approve Sweetman Sanitation Solid Waste Collection and Transportation License Application for Commercial, Industrial, Construction Waste, or Demolition Debris Collection.

Summary/Overview: Raymond Sweetman with Sweetman Sanitation has completed the necessary application process for a Solid Waste Collection and Transportation License and paid the \$100.00 license fee. This license requires an annual renewal on December 31 of each year. Staff recommends approval.



Chuck Heins
Public Utilities Superintendent
Phone: 507-616-7490
Cell: 507-430-2681
cheins@ci-redwood-falls.mn.us

AGENDA RECOMMENDATION

Meeting Date: August 15, 2023

Agenda Item: Appoint New MMUA Delegate

Recommendation/Action Requested: Staff Recommends Approval

Summary/Overview:

The Public Utilities Superintendent has been the Minnesota Municipal Utilities Association delegate since he was hired in May of 2000. Now, with his retirement, a new delegate needs to be appointed. I am recommending that Jason Halvorson be the new delegate to MMUA

MINNESOTA MUNICIPAL UTILITIES ASSOCIATION

DELEGATE APPOINTMENT

The City of Redwood Falls hereby designates
(Governing body of utility/city)

Jason Havlorson as its duly authorized delegated representative to cast its vote on all matters to come before the membership of the Minnesota Municipal Utilities Association. This appointment shall be valid until such time as it may be, from time to time, amended by this body.

The following is/are designated as alternates to the designated representative:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

The above appointment(s) were duly made before me this _____ day of _____, 20 _____.

Attested to: _____
(clerk, secretary, etc.)

Please return completed form to: Minnesota Municipal Utilities Association
Attn: Rita Kelly, Director of Administration
3131 Fernbrook Lane North, Suite 200
Plymouth, MN 55447-5337
Email: rkelly@mmua.org
Fax: 763.551.0459



Kari Klages
Finance Director
City of Redwood Falls
Phone: 507-616-7400
kklages@ci.redwood-falls.mn.us

AGENDA MEMO

Meeting Date: August 15, 2023

Agenda Item: Approval of Updated Public Safety Aid Allocation

Recommendation/Action Requested: Staff recommends approval of the updated Public Safety Aid allocation.

Summary/Overview: At the council meeting on August 1st, 2023, Council approved the proposed allocation of the one-time Public Safety Aid. This allocation included \$85,000 for police salaries, \$64,000 for a police squad, \$12,727 for Police Squad Camera, and \$60,000 for the Fire Department Cascade System.

On Monday, August 7th, staff received additional information from the League of MN Cities indicating that the Public Safety Aid funds that will be received on December 26, 2023, cannot be used to reimburse expenses made prior to the date of receiving the funds.

Due to this new criteria, staff is recommending changing the allocation of the Public Safety Aid funds to have the full amount of \$221,727 applied to police salaries in 2024. Using this revenue to offset police salaries will stream line the grant tracking process and free up other revenues to be used to cover the remaining items approved in the previous allocation.

Staff will work into the 2024 budget the police squad cameras as well as funds to reimburse the fire equipment fund and capital project fund for the cascade system and police squad purchased in 2023.

Attachments: Updated Public Safety Aid Allocation

ONE-TIME PUBLIC SAFETY AID

(Updated 8/15/23)

Redwood Falls Total	\$	221,727.00
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Proposed Uses:

2024 Police Salaries	\$	221,727.00
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Total	\$	221,727.00
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Eligible Uses Include:

- Community Violence Prevention and Intervention Programs
- Community Engagement
- Mental Health Crisis Responses
- Victim Services
- Training Programs
- First Responder Wellness
- Equipment related to fire, rescue, and emergency services
- Personnel Costs



Chuck Heins
Public Utilities Superintendent
Phone: 507-616-7490
Cell: 507-430-2681
cheins@ci-redwood-falls.mn.us

AGENDA RECOMMENDATION

Meeting Date: August 15, 2023

Agenda Item: Resolution No. 38 of 2023 A Resolution to Appoint a New Representative to the Southern Minnesota Municipal Power Agency

Recommendation/Action Requested: Read the proposed Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If there are no concerns, adopt the proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

Summary/Overview: With the retirement of Mr. Heins on August 31, 2023, we need to appoint a new representative to the Southern Minnesota Municipal Power Agency (SMMPA). The member representative to SMMPA has been the Public Utilities Superintendent since Redwood Falls has been a member. Therefore, it is my recommendation that the City Council appoint Jason Halvorson as the SMMPA member representative as of September 1, 2023.

Attachments: Resolution No. 38 of 2023
SMMPA Change Form

RESOLUTION NO. 38 of 2023

**A RESOLUTION TO APPOINT A NEW
REPRESENTATIVE TO THE SOUTHERN
MINNESOTA MUNICIPAL POWER AGENCY**

WHEREAS, the City of Redwood Falls is a member of the Southern Minnesota Municipal Power Agency (SMMPA) as the owner and operator of a municipal electric service; and

WHEREAS, membership in SMMPA provides for a local representative to serve from the City to SMMPA; and

WHEREAS, the City's previous representative of record is retiring.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF REDWOOD FALLS, MINNESOTA, AS FOLLOWS:

That Mr. Jason Halvorson is hereby appointed Representative to the Southern Minnesota Municipal Power agency, replacing Mr. Charles Heins; and that such appointment remains in effect from September 1, 2023, until such time as a replacement Resolution is adopted by the City Council.

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota this 15th day of August 2023.

ATTEST:

Keith Muetzel
City Administrator

Tom Quackenbush
Mayor

(City Seal)

Subscribed and sworn to before me this
____ day of _____, 2023.

Notary Public



CHANGE OF MEMBER REPRESENTATIVE

TO

SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY

I hereby certify that attached hereto is a true and correct copy of a resolution adopted by

City Council of the City of Redwood Falls, Minnesota, at a meeting (PUC or Council) (City)

duly called and held on (Date) pursuant to which:

(a) Jason Halvorson has been named Representative to Southern Minnesota Municipal Power Agency, replacing Charles Heins (Name) (Name)

And/or

(b) (Name) has been named Alternate Representative to Southern Minnesota Municipal Power Agency, replacing (Name)

effective on September 1, 2023. Such resolution is in full force and effect on the date hereof. (Date)

(Signed)

(Title)



Ross Nachreiner
Redwood Falls Parks & Rec Director
Phone: 507-616-7444
Fax: 507-644-2199
rnachreiner@ci.redwood-falls.mn.us

AGENDA RECOMMENDATION

Council Meeting Date: August 15th, 2023

Agenda Item: Resolution No. 39 of 2023 – Resolution Accepting Donation for Picnic Table & Plaque

Recommendation/Action Requested: Read the proposed Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

Summary/Overview: Attached is Resolution 39 of 2023 accepting a financial donation in the amount of \$1,688.44 from Ceil Rivard and Family in memory of Steve Rivard. The donation is for a picnic table, plaque, and concrete base for the table located on the north side of Legion Park.

Staff is requesting approval to accept the financial donation from Ceil Rivard.

Attachments: Resolution No. 39 of 2023

RESOLUTION NO. 39 OF 2023
A RESOLUTION ACCEPTING A DONATION TO THE CITY.

WHEREAS, the City of Redwood Falls is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 et seq. for the benefit of its citizens and is specifically authorized to accept gifts; and

WHEREAS, the following persons and entities have offered to contribute the cash amounts set forth below to the City:

<u>Name of Donor</u>	<u>Amount</u>
Ceil Rivard	\$1,688.44

WHEREAS, the terms or conditions of the donations, if any, are as follows:

Terms or Conditions

Contribution towards the purchase of a picnic table with concrete base and an honorary plaque to be placed on the north side of Legion Park.

WHEREAS, all such donations have been contributed to the City for the benefit of its citizens, as allowed by law; and

WHEREAS, the City Council finds that it is appropriate to accept the donations offered.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REDWOOD FALLS, MINNESOTA AS FOLLOWS:

1. The donations described above are accepted and shall be used to establish and/or operate services either alone or in cooperation with others, as allowed by law.
2. The city clerk is hereby authorized, if requested, to issue receipts to each donor acknowledging the city's receipt of the donor's donation.

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota this 15th day of August 2023.

ATTEST:

Keith Muetzel
City Administrator

Tom Quackenbush
Mayor

(City Seal)

Subscribed and sworn to before me this
15th day of August 2023.

Notary Public



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

August 9, 2023

City of Redwood Falls
Attn: Kari Klages, Director of Finance
P.O. Box 526
Redwood Falls, MN 56283

RE: Sale of 2023A Series Bonds

Honorable Mayor, Councilmembers, Administrator Muetzel, and Director Klages:

The City Council has previously initiated a competitive sale of bonds to fund project costs associated with the Fourth Street Reconstruction Project (2023A GO Utility Revenue Bonds). On August 15, 2023, we will be receiving bids for the purchase of the bonds and will be presenting those bids to the City Council with a recommendation regarding award that same evening.

A draft of the award resolution is attached for consideration. The resolution will be updated with information received from the low bidder on the day of sale.

Please feel free to contact me with any questions regarding the attached materials. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Shannon Sweeney". The signature is written in a cursive, flowing style.

Shannon Sweeney, Associate
David Drown Associates, Inc.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF REDWOOD FALLS, MINNESOTA

HELD: AUGUST 15, 2023

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Redwood Falls, Redwood County, Minnesota, was duly held at the City Hall on August 15, 2023, at 5:00 P.M., for the purpose, in part, of considering proposals and awarding the sale of \$1,430,000 General Obligation Utility Revenue Bonds, Series 2023A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 40 OF 2023

RESOLUTION ACCEPTING PROPOSAL ON THE SALE OF \$1,430,000 GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2023A, PROVIDING FOR THEIR ISSUANCE AND PLEDGING FOR THE SECURITY THEREOF NET REVENUES

A. WHEREAS, the City of Redwood Falls, Minnesota (the "Issuer"), has heretofore determined and declared that it is necessary and expedient to issue \$1,430,000 General Obligation Utility Revenue Bonds, Series 2023A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475 and Section 444.075, to finance improvements to the municipal water system, municipal sanitary sewer system, and municipal storm sewer system (the "Project"); and

B. WHEREAS, on July 18, 2023, the City Council of the City adopted Resolution No. 36 of 2023 (the "Preliminary Resolution") authorizing the issuance and sale of the Bonds; and

C. WHEREAS, the City owns and operates a municipal water system (the "Water System"), a municipal sanitary sewer system (the "Sanitary Sewer System"), and a municipal storm sewer system (the "Storm Sewer System", and together with the Water System and the Sanitary Sewer System, the "System"), as separate revenue producing public utilities; and

D. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding (i) General Obligation Water Revenue Note of 2009, in the original principal amount of \$6,526,070, dated November 17, 2009; and (ii) General Obligation Water Revenue Bonds, Series 2018A, in original principal amount of \$720,000, dated October 1, 2018 (collectively, the "Outstanding Water Bonds"); and

E. WHEREAS, the net revenues of the Water System and Sanitary Sewer System are pledged to the payment of the City's outstanding (i) "Water and Sewer Refunding Portion of the Prior Bonds" of General Obligation Refunding Bonds, Series 2014A, in the original principal

amount of \$1,820,000, dated February 1, 2014; (ii) "Prior 2013C Bonds Refunding Portion of the Prior Bonds" of General Obligation Refunding Bonds, Series 2020B, in the original principal amount of \$854,000, dated October 1, 2020; and (iii) General Obligation Bonds, Series 2021A, in the original principal amount of \$2,860,000, dated May 6, 2021 (collectively, the "Outstanding Water and Sanitary Sewer Bonds"); and

F. WHEREAS, the net revenues of the System are pledged to the payment of the City's outstanding (i) "Utility Portion of the Bonds" of General Obligation Street Reconstruction and Utility Revenue Bonds, Series 2022A, in the original principal amount of \$1,650,000, dated June 1, 2022, and (ii) General Obligation Utility Revenue Bonds, Series 2022B, in the original principal amount of \$8,000,000, dated June 1, 2022 (collectively, the "Outstanding System Bonds"); and

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

H. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Administrator, or designee, at the offices of David Drown at 11:00 A.M., Central Time, this same day pursuant to the Terms of Offering established for the Bonds; and

I. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Redwood Falls, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of _____ (the "Purchaser"), to purchase the Bonds in accordance with the Terms of Offering, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$ _____, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to the Purchaser.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated September 1, 2023, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$	2035	\$
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement, under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the

Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.
- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.
- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such

special record date not less than 15 calendar days in advance of such special record date to the extent possible.

- (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

- (i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
- (ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.
- (iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Project shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2024,

calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2025	%	2035	%
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034		2044	

5. Redemption. All Bonds maturing on February 1, 2032, and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2031, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. U.S. Bank Trust Company, National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the

"Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
REDWOOD COUNTY
CITY OF REDWOOD FALLS

MINNESOTA CREDIT ENHANCEMENT PROGRAM

R-_____ \$ _____

GENERAL OBLIGATION UTILITY REVENUE BOND, SERIES 2023A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u>	<u>CUSIP</u>
%	February 1, _____	September 1, 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF REDWOOD FALLS, REDWOOD COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing February 1, 2024, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank Trust Company, National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of

this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2032, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2031, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,430,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution, Charter of the Issuer and laws of the State of Minnesota and a resolution adopted by the City Council on August 15, 2023 (the "Resolution"), for the purpose of providing money to finance improvements to the municipal water, sanitary sewer and storm sewer systems (collectively, the "System") within the jurisdiction of the Issuer. This Bond is payable out of the General Obligation Utility Revenue Bonds, Series 2023A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full

payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

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

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution, Charter of the Issuer and the laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of the System at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Bonds, adequate to pay all principal and interest when due on the Bonds; and that the Issuer will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to

pay the principal and interest on the Bonds of this issue as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, charter or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Redwood Falls, Redwood County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

Payable at: U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF REDWOOD FALLS,
REDWOOD COUNTY, MINNESOTA

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

/s/ Facsimile
Mayor

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION
St. Paul, Minnesota.
as Bond Registrar

/s/ Facsimile
City Administrator

By: _____
Authorized Signature

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

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

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

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

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not affect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and City Administrator and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and, by inserting as the date of registration in the space provided, the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is September 1, 2023. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

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

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The City Administrator is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Finance Director to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. There is hereby created a special fund to be designated the "General Obligation Utility Revenue Bonds, Series 2023A Fund" (the "Fund") to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds herein authorized and the interest thereon shall have been fully paid. The Operation and Maintenance Account for the Water System, the Operation and Maintenance Account for the Sanitary Sewer System and the Operation and Maintenance Account for the Storm Sewer System (collectively, the "Operation and Maintenance Accounts") heretofore established by the City shall continue to be maintained

in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolutions establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Bonds have been paid. In such records there shall be established accounts of the Fund for the purposes as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds. From the Construction Account there shall be paid all costs and expenses of the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Any balance remaining in the fund after completion of the costs shall be transferred to the Debt Service Account.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (ii) all collections of taxes which may hereafter be levied in the event the net revenues and other funds herein pledged to the payment of the principal and interest on the Bonds are insufficient therefor; (iii) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (iv) all investment earnings on funds held in the Debt Service Account; and (v) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Note and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4. The Debt Service Account shall be used solely to pay the principal and interest on the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Accounts or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then-applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

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

17. Coverage Test; Pledge of Net Revenues and Excess Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Bonds and the Outstanding System Bonds and a sum at least five percent in excess thereof. It is hereby found, determined and declared that the net revenues of the Water System are sufficient in amount to pay when due the principal of and interest on the Outstanding Water Bonds and a sum at least five percent in excess thereof. It is hereby found, determined and declared that the net revenues of the Water System and Sanitary Sewer System are sufficient in amount to pay when due the principal of and interest on the Outstanding Water and Sanitary Sewer Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity lien with the Outstanding System Bonds, the Outstanding Water Bonds, and the Outstanding Water and Sanitary Sewer Bonds, and shall be applied for that purpose, but solely to the extent required to meet, together with other sums pledged, the principal and interest requirements of the Bonds as the same become due.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the payment of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

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

19. State Credit Enhancement Program. The City hereby ratifies and confirms its covenants in the resolution duly adopted on July 18, 2023, obligating itself to notify the Commissioner of Management and Budget of the State of Minnesota of a default or potential default in payment of the Bonds and to use the provisions of Minnesota Statutes, Section 446A.086 to guarantee the payment of principal and interest on the Bonds. The Mayor and City Administrator are hereby authorized and directed to enter into an agreement with the paying agent for the Bonds or any department of the State of Minnesota required by the provisions of Minnesota Statutes, Section 446A.086.

20. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are

available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

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

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

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Bonds.

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

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds, and not later than three years after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

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

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

23. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and City Administrator or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

24. Certificate of Registration. The City Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Redwood County, Minnesota, together with such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register.

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

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

27. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of \$5,000,000.

For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that (i) the Bonds are issued by a governmental unit with general taxing powers; (ii) no Bonds are a private activity bond; (iii) 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and (iv) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all entities subordinate to, or treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

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

- (a) the Bonds are issued after August 7, 1986;
- (b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2023 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2023 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

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

29. Official Statement. The Official Statement relating to the Bonds prepared and distributed by David Drown is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

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

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

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

and the following voted against the same: _____

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
REDWOOD COUNTY
CITY OF REDWOOD FALLS

I, the undersigned, being the duly qualified and acting City Administrator of the City of Redwood Falls, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to considering proposals and awarding the sale of \$1,430,000 General Obligation Utility Revenue Bonds, Series 2023A.

WITNESS my hand on August 15, 2023.

City Administrator

EXHIBIT A

PROPOSALS

[To be supplied by David Drown Associates, Inc.]

August 15, 2023

Agenda Recommendation

Agenda Item: Approval of Axon contracts and authorization to place orders for Fleet3 Camera Systems and Taser 10 units.

Recommendation/Action Requested: Staff recommends approval of the contracts and order authorization.

Summary/Overview:

Axon Taser 10 Contract:

Axon is currently the vendor for Redwood Falls Police Department (RFPD) Body Worn Cameras (BWC) and Taser units. Over the last several years RFPD has been replacing old versions of the Taser units with newer versions. In 2024, RFPD submitted a budget that requested \$6,427.08 for two new units and an additional \$2,400.00 for training cartridges. Under the proposed contract with Axon, for a cost of \$9,260.01 per year, with adjustments for inflation each year, Axon will equip each RFPD officer with the Taser 10 model, holsters, training/duty cartridges, and a training suit. In addition, duty cartridges that are used while on duty are replaced at no charge and should Axon release a new model before the end of the five-year contract RFPD would be equipped with the newest model at no additional charge.

Due to high demand, Axon reports delivery of the Taser 10's cannot be made to RFPD for approximately 9 months. This purchase has been submitted for approval in the RFPD 2024 budget. Staff is requesting approval of the contract and authorization to place the order and take delivery as early as possible in 2024.

Axon Fleet Camera:

RFPD squad cars are currently equipped with Watchguard squad cameras. These cameras are owned by RFPD at a cost of approximately \$5,000.00 each with an annual maintenance agreement with Watchguard for a cost of approximately \$3,200.00 per year. The data obtained by these cameras is uploaded to a dedicated server, but due to the limitations of the program that manages this video data, RFPD must use a separate program to store and disseminate this video data to prosecutors, defense attorneys, and the court. In 2024, this second program is scheduled to cost RFPD \$3,937.50.

As with the body worn cameras and Taser units, Axon offers squad cameras which they call Fleet3. The contract for Fleet3 is similar to the current RFPD contract for Body Worn Cameras and the proposed Taser 10 contract. For a first-year cost of \$11,340.17 Axon will equip all RFPD squad cars with a Fleet3 unit. The annual cost includes IT support, data storage, and no-cost upgrade should a new version of their cameras be released prior to the end of the five-year contract. In addition, the Fleet3 systems are integrated with their BWC systems, and all data can be stored and/or disseminated using the same data storage program.

Due to high demand, Axon reports an approximate 9-month delivery window for the Fleet3 system. Funding for this purchase has been submitted in the RFPD 2024 budget. Staff is requesting approval of the five-year contract and authorization to place the order now and take delivery as soon as possible in 2024.

Attachments:

Taser 10 quote and contract
Fleet3 quote and contract



Axon Enterprise, Inc.
 17800 N 85th St.
 Scottsdale, Arizona 85255
 United States
 VAT: 86-0741227
 Domestic: (800) 978-2737
 International: +1.800.978.2737

Q-498738-45125.723CS

Issued: 07/18/2023

Quote Expiration: 08/31/2023

Estimated Contract Start Date: 03/01/2024

Account Number: 107278

Payment Terms: N30

Delivery Method:

SHIP TO	BILL TO	SALES REPRESENTATIVE	PRIMARY CONTACT
303 E 3rd St 303 E 3rd St Redwood Falls, MN 56283-1611 USA	Redwood Falls Police Department - MN PO Box 526 Redwood Falls MN 56283-0526 USA Email:	Chandler Smith Phone: 480 - 716 - 7245 Email: chasmith@axon.com Fax:	Jason Cotner Phone: 5076374005 Email: jcotner@ci.redwood-falls.mn.us Fax: (860) 378-1605

Quote Summary

Program Length	60 Months
TOTAL COST	\$61,422.00
ESTIMATED TOTAL W/ TAX	\$61,422.00

Discount Summary

Average Savings Per Year	\$1,105.80
TOTAL SAVINGS	\$5,529.00

Payment Summary

Date	Subtotal	Tax	Total
Feb 2024	\$11,340.17	\$0.00	\$11,340.17
Feb 2025	\$11,793.77	\$0.00	\$11,793.77
Feb 2026	\$12,265.52	\$0.00	\$12,265.52
Feb 2027	\$12,756.15	\$0.00	\$12,756.15
Feb 2028	\$13,266.39	\$0.00	\$13,266.39
Total	\$61,422.00	\$0.00	\$61,422.00

Quote Unbundled Price:	\$66,951.00
Quote List Price:	\$61,422.00
Quote Subtotal:	\$61,422.00

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
Fleet3B+TAP	Fleet 3 Basic + TAP	5	60	\$223.17	\$204.74	\$204.74	\$61,422.00	\$0.00	\$61,422.00
Total							\$61,422.00	\$0.00	\$61,422.00

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Estimated Delivery Date
Fleet 3 Basic + TAP	11634	CRADLEPOINT IBR900-1200M-B-NPS+5YR NETCLOUD	5	02/01/2024
Fleet 3 Basic + TAP	70112	AXON SIGNAL UNIT	5	02/01/2024
Fleet 3 Basic + TAP	71200	FLEET ANT, AIRGAIN, 5-IN-1, 2LTE, 2WIFI, 1GNSS, BL	5	02/01/2024
Fleet 3 Basic + TAP	72034	FLEET SIM INSERTION, VZW	5	02/01/2024
Fleet 3 Basic + TAP	72036	FLEET 3 STANDARD 2 CAMERA KIT	5	02/01/2024
Fleet 3 Basic + TAP	72040	FLEET REFRESH, 2 CAMERA KIT	5	02/01/2029

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
Fleet 3 Basic + TAP	80400	FLEET, VEHICLE LICENSE	5	03/01/2024	02/28/2029
Fleet 3 Basic + TAP	80410	FLEET, UNLIMITED STORAGE, 1 CAMERA	10	03/01/2024	02/28/2029

Services

Bundle	Item	Description	QTY
Fleet 3 Basic + TAP	73391	FLEET 3 DEPLOYMENT (PER VEHICLE)	5

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
Fleet 3 Basic + TAP	80379	EXT WARRANTY, AXON SIGNAL UNIT	5	02/01/2025	02/28/2029
Fleet 3 Basic + TAP	80495	EXT WARRANTY, FLEET 3, 2 CAMERA KIT	5	02/01/2025	02/28/2029

Payment Details

Feb 2024						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 1	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$11,340.17	\$0.00	\$11,340.17
Total				\$11,340.17	\$0.00	\$11,340.17

Mar 2024						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Invoice Upon Fulfillment	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$0.00	\$0.00	\$0.00
Total				\$0.00	\$0.00	\$0.00

Feb 2025						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$11,793.77	\$0.00	\$11,793.77
Total				\$11,793.77	\$0.00	\$11,793.77

Feb 2026						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$12,265.52	\$0.00	\$12,265.52
Total				\$12,265.52	\$0.00	\$12,265.52

Feb 2027						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$12,756.15	\$0.00	\$12,756.15
Total				\$12,756.15	\$0.00	\$12,756.15

Feb 2028						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	Fleet3B+TAP	Fleet 3 Basic + TAP	5	\$13,266.39	\$0.00	\$13,266.39
Total				\$13,266.39	\$0.00	\$13,266.39

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at www.axon.com/legal/sales-terms-and-conditions), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature

Date Signed

7/18/2023





Axon Enterprise, Inc.
 17800 N 85th St.
 Scottsdale, Arizona 85255
 United States
 VAT: 86-0741227
 Domestic: (800) 978-2737
 International: +1.800.978.2737

Q-499842-45135.694CS

Issued: 07/28/2023

Quote Expiration: 09/30/2023

Estimated Contract Start Date: 02/15/2024

Account Number: 107278

Payment Terms: N30

Delivery Method:

SHIP TO	BILL TO
303 E 3rd St 303 E 3rd St Redwood Falls, MN 56283-1611 USA	Redwood Falls Police Department - MN PO Box 526 Redwood Falls MN 56283-0526 USA Email:

SALES REPRESENTATIVE	PRIMARY CONTACT
Chandler Smith Phone: 480 - 716 - 7245 Email: chasmith@axon.com Fax:	Jason Cotner Phone: 5076374005 Email: jcotner@ci.redwood-falls.mn.us Fax: (860) 378-1605

Quote Summary

Program Length	60 Months
TOTAL COST	\$50,155.20
ESTIMATED TOTAL W/ TAX	\$50,155.20

Discount Summary

Average Savings Per Year	\$2,201.76
TOTAL SAVINGS	\$11,008.80

Payment Summary

Date	Subtotal	Tax	Total
Jan 2024	\$9,260.01	\$0.00	\$9,260.01
Jan 2025	\$9,630.41	\$0.00	\$9,630.41
Jan 2026	\$10,015.63	\$0.00	\$10,015.63
Jan 2027	\$10,416.25	\$0.00	\$10,416.25
Jan 2028	\$10,832.90	\$0.00	\$10,832.90
Total	\$50,155.20	\$0.00	\$50,155.20

Quote Unbundled Price:	\$61,164.00
Quote List Price:	\$54,597.60
Quote Subtotal:	\$50,155.20

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
T10Cert	TASER 10 Certification Bundle	12	60	\$84.95	\$75.83	\$69.66	\$50,155.20	\$0.00	\$50,155.20
Total							\$50,155.20	\$0.00	\$50,155.20

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Estimated Delivery Date
TASER 10 Certification Bundle	100390	TASER 10 HANDLE, YLW, CLASS 3R	12	01/15/2024
TASER 10 Certification Bundle	100393	TASER 10 LIVE DUTY MAGAZINE BLACK	12	01/15/2024
TASER 10 Certification Bundle	100394	TASER 10 HALT TRN MAGAZINE BLUE (HOOK-AND-LOOP-TRAINING)	1	01/15/2024
TASER 10 Certification Bundle	100395	TASER 10 LIVE TRAINING MAGAZINE PURPLE	1	01/15/2024
TASER 10 Certification Bundle	100396	TASER 10 INERT MAGAZINE RED	1	01/15/2024
TASER 10 Certification Bundle	100399	LIVE UNITARY CARTRIDGE (TASER 10) - TBC	240	01/15/2024
TASER 10 Certification Bundle	100400	HALT UNITARY CARTRIDGE (TASER 10) - TBC	80	01/15/2024
TASER 10 Certification Bundle	100401	INERT UNITARY CARTRIDGE (TASER 10)	5	01/15/2024
TASER 10 Certification Bundle	100611	TASER 10 SAFARILAND HOLSTER, RH	12	01/15/2024
TASER 10 Certification Bundle	100623	ENHANCED HOOK-AND-LOOP TRAINING (HALT) SUIT (V2)	1	01/15/2024
TASER 10 Certification Bundle	20018	TASER BATTERY PACK, TACTICAL	12	01/15/2024
TASER 10 Certification Bundle	20018	TASER BATTERY PACK, TACTICAL	3	01/15/2024
TASER 10 Certification Bundle	70033	WALL MOUNT BRACKET, ASSY, EVIDENCE.COM DOCK	1	01/15/2024
TASER 10 Certification Bundle	71019	NORTH AMER POWER CORD FOR AB3 8-BAY, AB2 1-BAY / 6-BAY DOCK	1	01/15/2024
TASER 10 Certification Bundle	74200	TASER 6-BAY DOCK AND CORE	1	01/15/2024
TASER 10 Certification Bundle	80087	TASER TARGET, CONDUCTIVE, PROFESSIONAL (RUGGEDIZED)	1	01/15/2024
TASER 10 Certification Bundle	80090	TARGET FRAME, PROFESSIONAL, 27.5 IN. X 75 IN., TASER 7	1	01/15/2024
TASER 10 Certification Bundle	100399	LIVE UNITARY CARTRIDGE (TASER 10) - TBC	30	01/15/2025
TASER 10 Certification Bundle	100400	HALT UNITARY CARTRIDGE (TASER 10) - TBC	70	01/15/2025
TASER 10 Certification Bundle	100399	LIVE UNITARY CARTRIDGE (TASER 10) - TBC	20	01/15/2026
TASER 10 Certification Bundle	100400	HALT UNITARY CARTRIDGE (TASER 10) - TBC	70	01/15/2026
TASER 10 Certification Bundle	100399	LIVE UNITARY CARTRIDGE (TASER 10) - TBC	30	01/15/2027
TASER 10 Certification Bundle	100400	HALT UNITARY CARTRIDGE (TASER 10) - TBC	70	01/15/2027
TASER 10 Certification Bundle	100399	LIVE UNITARY CARTRIDGE (TASER 10) - TBC	20	01/15/2028
TASER 10 Certification Bundle	100400	HALT UNITARY CARTRIDGE (TASER 10) - TBC	70	01/15/2028

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
TASER 10 Certification Bundle	20248	TASER 7 EVIDENCE.COM LICENSE	12	02/15/2024	02/14/2029
TASER 10 Certification Bundle	20248	TASER 7 EVIDENCE.COM LICENSE	1	02/15/2024	02/14/2029

Services

Bundle	Item	Description	QTY
TASER 10 Certification Bundle	100751	TASER 10 DUTY CARTRIDGE REPLACEMENT ACCESS PROGRAM	12

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
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Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
TASER 10 Certification Bundle	100704	EXT WARRANTY, TASER 10 HANDLE	12	01/15/2025	02/14/2029
TASER 10 Certification Bundle	80374	EXT WARRANTY, TASER 7 BATTERY PACK	12	01/15/2025	02/14/2029
TASER 10 Certification Bundle	80374	EXT WARRANTY, TASER 7 BATTERY PACK	3	01/15/2025	02/14/2029
TASER 10 Certification Bundle	80396	EXT WARRANTY, TASER 7 SIX BAY DOCK	1	01/15/2025	02/14/2029

Payment Details

Jan 2024						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 1	T10Cert	TASER 10 Certification Bundle	12	\$9,260.01	\$0.00	\$9,260.01
Total				\$9,260.01	\$0.00	\$9,260.01

Jan 2025						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	T10Cert	TASER 10 Certification Bundle	12	\$9,630.41	\$0.00	\$9,630.41
Total				\$9,630.41	\$0.00	\$9,630.41

Jan 2026						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	T10Cert	TASER 10 Certification Bundle	12	\$10,015.63	\$0.00	\$10,015.63
Total				\$10,015.63	\$0.00	\$10,015.63

Jan 2027						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	T10Cert	TASER 10 Certification Bundle	12	\$10,416.25	\$0.00	\$10,416.25
Total				\$10,416.25	\$0.00	\$10,416.25

Jan 2028						
Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	T10Cert	TASER 10 Certification Bundle	12	\$10,832.90	\$0.00	\$10,832.90
Total				\$10,832.90	\$0.00	\$10,832.90

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at www.axon.com/legal/sales-terms-and-conditions), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature

Date Signed

7/28/2023





Matt Johnson
Zoning Administrator
Phone: 507-616-7400
Fax: 507-637-2417
mjohnson@ci.redwood-falls.mn.us

AGENDA RECOMMENDATION

To: City Council

Meeting Date: August 15, 2023

Agenda Item: Variance Request – 400 Veda Drive

Recommendation/Action Requested: Planning Commission recommends approval of this request.

Summary/Overview: The City received a request for a variance from Bob LeSage on behalf of Redwood Falls Industries to reduce the side yard setback from 25' to 14' on the northwest corner of the parcel to construct a detached garage. The owner has stated he is requesting the variance because of the unique lot shape caused by the curve in Fallwood Road.

This property had previously been used as the Seasons Hospice House and the attached garage had been converted into living space. When ownership of the property was transferred from the City to Redwood Falls Industries, the agreement required Redwood Falls Industries to construct a garage on the property as part of the remodel. The proposed garage would not extend beyond the north side of the current home. Also, due to the unique shape and corner side yard along Fallwood Rd., the proposed garage placement would also help provide a more private yard from the roadway.

Planning Commission reviewed the request and determined the variance to reduce the side yard setback from 25' to 14' in order to add a garage is putting the property to use in a reasonable manner. Planning Commission also felt that the building design is consistent with the neighborhood and would not alter the essential character of the neighborhood.

Planning Commission recommends approval of the variance request.



LAND USE APPLICATION

333 S. Washington Street · PO Box 526 · Redwood Falls, MN 56283
 Office: 507-616-7400 · Fax: 507-637-2417
 inspections@ci.redwood-falls.mn.us

SITE INFORMATION

Site Address 400 Veda Drive	
Parcel ID# 88-766-1220	Current Zoning Designation R-2
Current Property Use Residential	
Proposed Property Use Residential	

PROPERTY OWNER INFORMATION

Name Redwood Falls Industries Inc	Phone 507-640-0193
Address PO Box 313, Redwood Falls, MN 56283	

APPLICANT INFORMATION

Applicant/ Company Name Bob LeSage	Phone 507-640-0193
Contact Person Bob LeSage	Email mnlpa@yahoo.com
Address PO Box 313, Redwood Falls, MN 56283	

TYPE OF REQUEST

<input checked="" type="checkbox"/> Variance	\$250.00	<input type="checkbox"/> Vacate Easement or Right of Way	\$250.00
<input type="checkbox"/> Conditional Use	\$250.00	<input type="checkbox"/> Zoning Amendment	\$250.00
<input type="checkbox"/> Interim Use	\$250.00	<input type="checkbox"/> Planned Unit Development	\$250.00
<input type="checkbox"/> Minor Subdivision	\$250.00	<input type="checkbox"/> Zoning Letter/ Certificate	\$50.00
<input type="checkbox"/> Preliminary Plat	\$250.00	<input type="checkbox"/> Appeal	\$250.00
<input type="checkbox"/> Final Plat	\$250.00	<input type="checkbox"/> Other	

DESCRIPTION OF REQUEST

Variance to reduce side yard setback for accessory structure from 25' to 14' on NW corner of garage to match house face of house. Due to curve in road lot is unusual shape and difficult to maintain setback and keep private yard from roadway and housing.

*** A separate detailed narrative of the project may be required to fully describe request. See Submittal Requirements**

FILING AND INFORMATION REQUIREMENTS

The City requests that you make a pre-application meeting with the Zoning Administrator to discuss the application process, requirements, and deadlines. Additional items may be requested to help provide details and clarifications to the Planning Commission and City Council to make a decision on the request.

COMPLETE/ INCOMPLETE APPLICATIONS

An incomplete application will delay the processing of land use requests. The application approval time commences and an application is considered officially filed when the City Planner has received and examined the application and determined that the application is complete. A decision on whether the application is complete or incomplete shall be made within fifteen (15) working days following the submittal of the application. When the application is deemed to be "complete" it shall be placed on the agenda of the first possible Planning Commission meeting provided that all required public notices have been sent and published.

PAYMENT OF FEES

Land use application fees for the type of request are attached to this application and must be paid to the City before an application is found to be complete. In addition to the application fees, the City retains engineering, legal, planning and other consultants who may be involved in the application review process and attend Planning Commission and City Council meetings for a particular application. All costs resulting from the review of the application by the City and its consultants, including but not limited to engineering, legal, and planning must be paid by the applicant. The City may withhold final action on a land use application, withhold building permits, and/or rescind prior action until all miscellaneous fees have been paid. The City will notify the applicant of these fees before the expenses are incurred.

NOTICE OF MEETING ATTENDANCE

In order for the Planning Commission and the City Council to consider any application, the applicant or a designated representative must be present at the **both** scheduled meetings. If not, the matter may be tabled until the next available agenda.

AGENDA DEADLINE

The deadline for submittal of land use applications is the **20th of the month** to get on the next month regular scheduled meeting. There are no exceptions to this deadline. Failure to submit all application materials by the deadline date may delay the review process. The Planning Commission regular scheduled meeting is on the second Tuesday of each month at 5:00 PM in the City Council Chambers at City Hall. The City Council regularly meets on the first and third Tuesday of each month at 5:00 PM in the City Council Chambers at City Hall.

ACKNOWLEDGEMENT & SIGNATURE

I hereby apply for zoning approval and certify the information herein is complete and accurate; that the work will be in conformance with the ordinances and codes of the City of Redwood Falls; that I understand that this is not a permit but only an application for zoning approval, and work will not start until zoning approval and all other applicable permits are issued and all work will be in accordance with the approved plan and permits.

I acknowledge that I have read all of the information listed in the Redwood Falls Land Use Application and fully understand that I am responsible for all costs, including any consultant fees, incurred by the City related to the processing and review of this application. If additional fees are required to cover costs incurred by the City, the City Administrator has the right to require additional payment from one or more of the undersigned, who shall be jointly liable for such fees.

Applicant Signature <i>[Signature]</i>	Date <i>7-20-23</i>
Property Owner Signature <i>Redwood Falls Ind.</i>	Date <i>7-20-23</i>





FOR OFFICE USE ONLY

<input type="checkbox"/> Application Received	Date	Application Fee	
<input type="checkbox"/> Full Required Submittals Received	Date	Other	
		Other	
Notes		Total	

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Legend

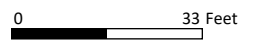
-  City Limits
-  Parcels (8/26/2021)
-  Road ROW
-  Lot Lines

Map Name



Disclaimer:

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the area shown, and is to be used for reference purposes only. The City of Redwood Falls is not responsible for any inaccuracies herein contained.





Kari Klages
Finance Director
Phone: 507-616-7400
kklages@ci.redwood-falls.mn.us

AGENDA MEMO

Meeting Date: August 15, 2023

Agenda Item: Request to Award Banking Services to Bremer Bank

Recommendation/Action Requested: Staff recommends the award of banking services to Bremer Bank.

Summary/Overview: On June 20, 2023, the City Council approved the issuance of a Request for Proposal (RFP) for banking services. As part of ongoing due diligence, this competitive process provided an opportunity to ensure that the City is obtaining market competitive rates.

Staff received two responses to the RFP. The first was from Bremer Bank, our current banking provider. The second was from Minnwest Bank. Hometown Bank chose not to submit a proposal because they do not currently offer all of the City's required services.

After careful review, staff is recommending that the City continue its banking relationship with Bremer Bank. While both Bremer and Minnwest were able to offer all required services, Bremer came in with a very competitive fee schedule at 50% off their standard fees with a three-year lock on any pricing increases. They are also offering a new IntraFi Cash Service Solution with an aggressive interest rate offering of 5.05%.

Attachments: Bremer Bank Proposal
Minnwest Bank Proposal

July 27, 2023

Kari Klages, Finance Director
City of Redwood Falls
P.O. Box 526
Redwood Falls, MN 56283

Dear Kari,

We thank you for this opportunity to continue serving the City of Redwood Falls. Bremer has truly appreciated our long relationship and understands the fiduciary responsibility you have to seek out the best financial service provider.

You will continue to be served by the experienced team of Matt Johnson, Cindy Johnson and Brent Heller. Combined, this team has over 80 years of banking experience.

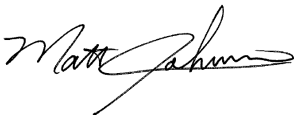
Banking with Bremer, the City of Redwood Falls will benefit through:

- A financially stable, service-focused organization owned by employees and the Otto Bremer Trust.
- A team approach that includes local Bremer bankers, treasury solutions and municipal experts.

To differentiate ourselves and add value to the City, our proposal includes:

- Competitive pricing, including an aggressive **interest rate offering of 5.05%** via our FDIC IntraFi Cash Service (ICS) solution.
- A **discount of 50% off** our standard fees for services and solutions which includes a three-year lock on any pricing increases.

Sincerely,



Matthew Johnson
Redwood Falls Market President
Direct: 507-637-4201
mrjohnson@bremer.com



Cindy Johnson
Treasury Solutions
Direct: 320-762-4714
cmjohnson@bremer.com

MAYOR



Council
Chamber



City of Redwood Falls

BREMER
BANK

PRESENTED BY

Matthew Johnson
Cindy Johnson
Brent Heller



Table of Contents

Safety and Soundness.....	1
Institution Personnel & Contacts.....	3
Customer Service.....	4
Disaster Recovery.....	5
References	6
Implementation.....	7
Bank Compensation.....	9
Online Internet Services	11
Depository Services.....	12
Return Item Processing.....	15
Stop Payment Services.....	16
Remote Deposit Services.....	17
Positive Pay Services.....	18
ACH Processing.....	20
Wire Transfers.....	22
Direct Deposit for Payroll.....	24
Errors and Adjustments.....	25
Investments.....	26
Security/Protection Measures.....	28
Competitive Position and Future Commitment.....	29
Miscellaneous Services.....	30
Pricing Proposal	31
Appendix.....	34

Safety and Soundness

Provide the following financial information:

- **Audited Financial Statements for the most recent fiscal year (copy or internet link)**

Bremer Financial Corporation is a privately held, regional financial services company with \$16 billion in assets, jointly owned by the Otto Bremer Trust and Bremer employees. Our 2022 financial statements are due to be issued next week. If awarded any portions of this RFP, we will provide the “Confidential Audited Financial Statements” for the Council’s review, if requested. Our consolidated financial statements are audited annually by EY, with unqualified opinions issued in each of the past three years.

2020: bremer.com/company/newsroom/2021-02-08-bremer-financial-corporation-reports-2020-results

2021: bremer.com/company/newsroom/2022-01-28-bremer-financial-corporation-reports-2021-results

2022: bremer.com/company/newsroom/2023-02-06-bremer-financial-corporation-reports-2022-results

- **Your institution’s ratings from one of the following rating agencies: Moody’s, Standard & Poor’s and Fitch**

Feb. 21, 2020: Third-party rating service credit review of Bremer Financial Corporation, the holding company of Bremer Bank, was performed by the Kroll Bond Rating Agency.

The affirmation reads: KBRA affirms the senior unsecured debt rating of BBB+, subordinated debt rating of BBB, and short-term debt rating of K2 for Saint Paul, Minnesota-based Bremer Financial Corporation (“Bremer” or “the company”). In addition, KBRA affirms the deposit and senior unsecured debt ratings of A-, subordinated debt rating of BBB+, and short-term deposit and debt ratings of K2 for its subsidiary, Bremer Bank, National Association. Moreover, the Outlook for all long-term ratings is Stable.

Feb. 19, 2021: Third-party rating service credit review of Bremer Financial Corporation, the holding company of Bremer Bank, was performed by the Kroll Bond Rating Agency.

The affirmation reads: KBRA affirms the senior unsecured debt rating of BBB+, the subordinated debt rating of BBB, and the short-term debt rating of K2 for Saint Paul, Minnesota-based Bremer Financial Corporation (“Bremer” or “the company”). In addition, KBRA affirms the deposit and senior unsecured debt ratings of A-, the subordinated debt rating of BBB+, and the short-term deposit and debt ratings of K2 for its subsidiary, Bremer Bank, National Association. The Outlook for all long-term ratings is Stable.

Feb. 18, 2022: Third-party rating service credit review of Bremer Financial Corporation, the holding company of Bremer Bank, was performed by the Kroll Bond Rating Agency.

The affirmation reads: KBRA affirms the senior unsecured debt rating of BBB+, the subordinated debt rating of BBB, and the short-term debt rating of K2 for Saint Paul, Minnesota-based Bremer Financial Corporation (“Bremer” or “the company”). In addition, KBRA affirms the deposit and senior unsecured debt ratings of A-, the subordinated debt rating of BBB+, and the short-term deposit and debt ratings of K2 for its subsidiary, Bremer Bank, N.A. The Outlook for all long-term ratings is Stable.

- ***FDIC Composite rating***

Feb. 11, 2019: Bremer Bank, National Association received an overall CRA rating of OUTSTANDING with performance level ratings of Outstanding within categories including Lending and Investment and a performance level rating of High Satisfactory within the category of Service tests.

April 11, 2022: Bremer Bank, National Association received an overall CRA rating of OUTSTANDING with performance level ratings of Outstanding within all the categories including Lending, Investment and Service tests.

- ***A statement regarding any recent or foreseen merger or acquisition***

Bremer Bank's strategy includes a focus on organic growth with our existing and new customers. Organic growth strategy is driven by expanding and deepening our footprint by providing similar services to strategic customer segments regardless of their physical location. We also supplement our traditional branch network with financial services technology as well as strategic external partnerships. While the organization will review opportunities as they arise, our focus is on growing our business organically.

- ***Full collateralization, in excess of balances insured by the FDIC, as per the City's investment policy and State requirements.***

Bremer Bank, National Association is a federally chartered national bank and can affirm that we are able to collateralize the City's excess deposit balances per the City's investment policy and State requirements.

Today, we utilize a multitude of products and services to fully collateralize the deposits of our public entity clients to comply with Minnesota State Statute 118A. Those products include an Irrevocable Letter of Credit that is issued by the Federal Home Loan Bank of Des Moines, a AAA rated institution, securities that are pledged within our investment portfolio with our safekeeping agent, and/or our IntraFi Cash Service (ICS) solution, which utilizes the FDIC coverage of participating banks within the IntraFi Network for coverage.

Institution Personnel & Contacts

Provide a primary relationship manager who will serve as a central point of contact who understands the needs of the City of Redwood Falls and can offer recommendations for service improvement.

Provide the names of individuals, with phone numbers and e-mail addresses, who would be the City's contacts for the proposed services and their areas of responsibility including their specific experience relative to the request for proposal requirements.

Provide the address of the office location that will service the account.

Name, Title, and Contact Information	Service Responsibilities
Matthew Johnson Redwood Falls Market President Direct: 507-637-4201 mrjohnson@bremer.com	<ul style="list-style-type: none"> Redwood Falls Market Leader Oversees and manages the full customer relationship Proactively works with you to bring new solutions and efficiencies to your organization
Cindy Johnson Treasury Solutions Direct: 320-762-4714 cmjohnson@bremer.com	<ul style="list-style-type: none"> First point of contact for all TM questions Coordinates new product training Treasury Management solutions or service questions Proactively works with you to bring new solutions and efficiencies to your organization
Brent Heller Municipal Solutions Specialist Direct: (651) 726-6051 bhheller@bremer.com	<ul style="list-style-type: none"> Sets Bremer's Municipal Solutions strategy to ensure cohesiveness across the enterprise Proactively works with your local Bremer team to ensure offerings remain competitive and relevant Ensures compliance with applicable state statutes
Bailey Madsen Consumer Banker 2 Direct: 507-637-4210 brmadsen@bremer.com	<ul style="list-style-type: none"> Day-to-day operational needs (transfers, check orders, transactional questions, etc.) Redwood Falls Branch direct contact
Treasury Management Success and Happiness 1-800-537-0091	<ul style="list-style-type: none"> Coordinates new product training Treasury Management solutions or service questions Train new clients on the features and functionality of their treasury management solutions Primary Admin/User Support/User Password Resets Token Assistance Online Banking, ACH & Remote Deposit file limit increases

Nearest Bremer Location	Hours of Operation
Redwood Falls Branch 101 East 4th Street Redwood Falls, MN 56283	Lobby: Mon-Fri 9:00am to 4:00pm Drive-up: Mon-Fri 8:00am to 5:00pm



Customer Service

Describe your institution's customer service philosophy and organizational structure and provide meaningful examples to illustrate.

At Bremer, building relationships with our customers is at the foundation of all we do. We strive to offer a best total package of comprehensive solutions that meet our customer's needs and a high degree of personal engagement to ensure their satisfaction. We are proud of the long-term, trusted relationships we have with our customers, and look forward to continuing our relationship with the City of Redwood Falls.

We commit to:

Being an engaged, responsive partner. Our dedicated team, municipal experts, treasury management representatives and implementation team all stand ready to provide the knowledge, resources and service you need long after the initial setup of services.

Offering ongoing training and support. From initial installation through ongoing operation, you can count on full-scale support from the team at Bremer Bank. Our comprehensive onboarding and training sets us apart from other banks, helping you get up and running and stay that way.

Providing comprehensive solutions. As you will see in this proposal, we offer a wide range of banking services. We regularly monitor our marketplace, your industry and ours, and other relevant developments for opportunities to build additional "right" services to meet your needs.

We have a team approach in serving a customer of your size and needs. We are able to quickly and efficiently engage local representatives who are experts in various operational and technical aspects of the business, ensuring your service expectations are met or exceeded.

Disaster Recovery

Describe the procedures established for disaster recovery in the event of a systems failure or other disaster at the institution's primary processing site.

Disaster Support

Bremer maintains a Business Continuity and Disaster Recovery Program that includes documented plans and redundancy so that business functions and processing remain available during an emergency or a disaster. The program is built using FFIEC guidelines and best practices and is audited regularly by the Office of the Comptroller of Currency (OCC) and our internal audit department.

All business units, Information Technology (IT) applications and infrastructure have written plans on how and where their recovery would take place. Pandemic plans including remote access are also in place. Business units work together with IT each year to complete an exercise/test and demonstrate our recovery capabilities. Bremer has a backup data center to provide IT redundancy during a disaster.

Oversight of Business Continuity and Disaster Recovery is provided by a committee comprised of executives and managers from Bremer branches, the Bremer Service Center and the corporate office. A review and approval of the Business Continuity Program is completed during quarterly meetings of this committee.

SSAE 16 Business Continuity Program (BCP)

Bremer Bank is dedicated to building and maintaining resilient systems and processes to prepare for unplanned disruptive events. Bremer's BCP plan establishes response protocols in the event of an operations outage, including within 2-4 hours for certain critical functions. We follow FFIEC guidelines and business continuity best practices to establish policies and procedures regarding the Business Continuity Program. Our dedicated staff is responsible for documenting all aspects of business continuity, including but not limited to:

- Risk assessment
- Business impact analysis
- Business continuity plans for departments and facilities
- Pandemic continuity planning
- Emergency response and safety procedure

In addition to documenting processes, periodic exercises and training are performed to refine those processes:

- Annual staff BCP education
- Annual application recovery testing at our DR data center
- Testing with third-party technology service providers
- Critical incident scenario tabletop exercises
- Staff relocation

References

Provide names, titles, phone numbers and email of Two (2) Public Sector references of customers who have used services similar to those included in this request, preferably within our industry or with comparable volumes.

Government Clients	Contact
City of Alexandria, MN 704 Broadway Street Alexandria, MN 56308	Jane Blade – Finance Director Email: jblade@alexandriamn.city Phone: (320) 759-3625
City of Marshall, MN 344 West Main Street Marshall, MN 56258	Karla Drown – Finance Director Email: karla.drown@ci.marshall.mn.us Phone: (507) 537-6764

Implementation

1. Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.

Since Bremer currently has the relationship, no testing or implementation would be needed unless new solutions are added.

2. Will an implementation manager/team be assigned?

Yes, a team would be assigned for any new solutions added for the City.

3. What is the average lead-time required for implementation, including but not limited to the following services?

Please see table below for the implementation timeline for the different solutions.

a. Account Opening

Account opening can begin once we would know who the signers are on the account so the signature card can be completed. Once the signed signature card is returned the account will be opened. Average time is 3 to 5 days.

b. Deposit Ticket Orders and Endorsement Stamps

Deposit tickets and Endorsement stamps are ordered from Deluxe and can take up 2 – 3 weeks to receive.

c. Information Reporting

Online Banking setup can begin once the account(s) are opened.

d. Other

Please see table below for additional timeframe of new solutions.

4. Describe support provided during implementation, including training, technical assistance, user manuals and onsite visits.

We have a team approach. Our business bankers, customer service representatives and subject-matter specialists all work together to deliver a full support model.

Once your organization is fully operational on our products and platforms, additional service and account-opening requests can be met as outlined in the table below. We are proud of our ability to efficiently meet special requests and to go above and beyond our clients' expectations.

Currently, Bremer Bank manages \$1.7 billion in public fund deposits. Those public fund deposit balances are spread out through a little over 500 public sector clients.

Customized transition plan – We make every effort to understand your business and support your strategies with a full range of credit and non-credit products and services. Our goal is to build a long-term relationship and we do that by providing outstanding financial solutions and superior service. To assist with a smooth transition,

Bremer will customize a transition plan based on the City's priorities and training needs, to include the following milestones:

- **Implementation Kick-off Meeting** – introduce key Bremer and City of Redwood Falls team members working on aspects of the transition. Finalize services and accounts needed.
- **Weekly Implementation Status Meetings** – to review what has been accomplished and next steps.
- **Training** – user training needs to be completed prior to go-live date.
- **Analysis Review** – to occur after 90-day transition is completed to ensure all services are working as designed and fees are being charged as proposed.

As the City considers additional recommendations in continuing its partnership with Bremer Bank, we would look at each new service as a new project. Offering ongoing training and support from initial installation through ongoing operation, you can count on full-scale support from the team at Bremer Bank.

Provided below is a sample of the average implementation timelines for major services. The implementation timeline is the length of time for solutions to be available after the necessary documentation has been received.

3-5 Business Days	5-7 Business Days	7-10 Business Days	6-8 Weeks	8-12 Weeks
<ul style="list-style-type: none"> • Account Opening • Online Banking • Zero Balance Account 	<ul style="list-style-type: none"> • Fraud Management • Wire Transfers 	<ul style="list-style-type: none"> • ACH • Remote Deposit 	<ul style="list-style-type: none"> • Integrated Receivables 	<ul style="list-style-type: none"> • Integrated Payables • Virtual Vault

Bank Compensation

1. Does the institution accept compensation in fees, balances, or a combination of the two?

Yes, the bank accepts compensation in fees, balances or a combination of the two.

2. What is the due date for bank fees and what is the process for paying those fees?

Account analysis statements are typically generated on the 15th calendar day of each month and provide detail of monthly charges. Account analysis fees are directly debited from the designated billing account and are debited around the 22nd of each month for the prior months fees.

3. Describe the method used to calculate the earnings credit rate (ECR).

The earnings credit rate is calculated on 100% of the average collected balance. Typically, the earnings credit rate is tiered based on the balances in the account, however for municipalities we pay a standard fixed rate.

4. What has the institution's ECR been for the last six months?

The earnings credit for municipalities has been at .75% since November 2022.

5. How often are bank fees and earnings credit rates adjusted?

We review our fees on an annual basis to see if any fees increases are warranted and earnings credit rates are reviewed as needed with the changing rate environment.

6. How long will you guarantee quoted rates and fees?

We will guarantee the fees for a period of three years and then review to see if any changes are needed. Unfortunately, due to the current rate environment we are not able to guarantee the earnings credit rate.

7. Is there a reserve requirement deduction? What is the calculation for a reserve requirement?

Bremer does not have a reserve requirement deduction. We use the full average collected balance for calculating the earnings credit.

8. How does the institution charge for non-sufficient fund checks deposited?

Bremer charges the following fees for returned deposit items. These fees are included with the monthly analysis fees which can be offset with earnings credit.

Please see pricing proposal.

9. How does the institution charge for stop payment requests?

Stop payments can be made by calling the bank directly, the charge for these types of stop payments is \$35 and are good for a period of six months. Stop payments can also be made through online banking and you have the ability to extend the period of time for up to 24 months. The cost for online stop payments is \$23.75. Both fees would be included in your analysis fees which can be offset with earnings credit.

The fees listed are our standard fees. The City of Redwood Falls would receive a 50% discount off our standard fees.

10. How do you determine and calculate availability of deposited items?

Funds available same day

- Cash
- ACH Deposits (available on their effective date)
- Wire Transfer
- Internal Transfer
- Deposited checks drawn on a Bremer routing number
 - Not immediately posted to available balance. Same day availability assigned in nightly update.
- \$100 of deposits made at the ATM*

Funds available next business day

- All other checks drawn on domestic U.S. banks

*Our Funds Availability Policy provided to customers states that \$100 of ATM deposits will be made available within the same day. Deposited checks at the teller line will be available on the next business day.

Please see our Funds Availability Policy under Attachments.

11. Provide a fee schedule that outlines the fees associated with all services requested.

Please see pricing proposal.

Online Internet Services

1. Provide a detailed overview of your internet business portal services and capabilities.

The Extended Online Package includes the ability to:

- Access real-time balance information, transaction details up to 18 months of transaction history
- Transfer funds and schedule transfers
- Download transactions to popular third-party software applications
- Set alerts based on your defined criteria
- View up to 7 years of statements
- Send and receive secure messages
- Administer your own Company's users, permissions, limits, templates and more
- Customize your view with the information you need for your day-to-day responsibilities
- Add Mobile Banking access for even more convenience

The total down time in hours for our online portal and phone systems in 2022 was 1.85 hours or 111.5 minutes.

2. Are multiple users able to access online services?

Yes, our online banking allows for unlimited users. The primary user has the ability to add, modify or delete users in real-time. Access for users can be drilled down to specific accounts along with access to specific modules and other restricted access if needed.

3. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

Depository Services

1. Describe the institution's branch, night drop, vault (via armored courier) service options.

Bremer offers a variety of methods for depositing cash, including night drop, Virtual Vault, an armored car partnership as well as branch locations. You may make your deposits at any of our banking locations: bremer.com/locations.

Night depository: For after-hours deposits, a Night Depository Agreement may be put in place. The City would sign this agreement with Bremer Bank and have keys to the preferred night drop location assigned. During regular business hours, it is preferred that you utilize the branch services such as the lobby or drive-thru, to ensure same day ledger credit.

Streamlined cash deposits on site

Virtual Vault is a physical safe installed at your locations that does more than just safeguard cash. It's a smart safe that integrates hardware, software, service and security.

How Virtual Vault works

Virtual Vault tracks every cash deposit that is made into the safe and transmits deposit information to Bremer's core banking systems where it's automatically credited to your designated business account on a daily basis.

After cash goes into your Virtual Vault, only an armored car service representative can access it before securely transporting it by armored vehicle.

The benefits of Virtual Vault

- **Improve controls and reduce risk:** Virtual Vault offers tighter cash controls to reduce your liability and risk of loss. Employee safety improves and threat of robbery is reduced, as employees no longer carry large cash deposits to the bank. On-site theft is deterred through the secure handling and storage of cash. Since deposits may only be retrieved by authorized armored car personnel, Virtual Vault also provides greater control over employee access to cash.
- **Save time and costs:** All Virtual Vault cash deposits are validated, counted and logged when inserted, eliminating the time and costs associated with balancing drawers, preparing deposits and making trips to the bank. With fast, accurate reconciliation, Virtual Vault also eliminates accounting errors and the time required to correct them. This frees up employees to serve customers or handle other business activities.
- Billing is turn-key, reflected in your monthly statement.
- **Gain faster deposit availability:** When you deposit cash into your Virtual Vault smart safe, your account receives a daily deposit credit. This faster access to funds provides more potential for earning interest income or allocating assets for other projects.

2. What is the cut-off time to ensure same day ledger credit?

Inbound wires – 5:00 p.m. CT

Branch – 5:00 p.m. CT

Remote Deposit – 6:00 p.m. CT

Inbound ACH deposits – 8:00 p.m. CT

Internal online transfers – 10:00 p.m. CT

3. Do you accept loose and/or rolled coin for deposit at branch and night drop locations?

Yes, we accept loose and/or rolled coin. Any rolled coin brought in will be opened and verified, so we do prefer loose coin.

Yes, we accept loose and/or rolled coin for deposit at branch and night drop locations. Rolled coin would be opened and recounted and verified. If depositing large amounts of coin at the branch, we may ask for the deposits to be made via the lobby instead of the drive thru.

4. Provide an availability schedule for all deposit service options.

Funds available same day

- Cash
- ACH Deposits (available on their effective date)
- Wire Transfer
- Internal Transfer
- Deposited checks drawn on a Bremer routing number
 - Not immediately posted to available balance. Same day availability assigned in nightly update.
- \$100 of deposits made at the ATM*

Funds available next business day

- All other checks drawn on domestic U.S. banks

*Our Funds Availability Policy provided to customers states that \$100 of ATM deposits will be made available within the same day. Deposited checks at the teller line will be available on the next business day.

5. Does the customer order deposit tickets and other supplies through the institution or directly from a vendor? How are the charges handled?

Bremer Bank partners with Deluxe Corporation for check and deposit ticket orders. The cost is paid by an electronic debit out of the checking account. The City is not required to purchase deposit tickets through Deluxe Corporation. A third-party vendor would need to use MICR Magnetic Ink Character Recognition (MICR) encoding. Bremer Bank does not require more than one copy of a deposit ticket.

6. What types of deposit bags do you allow/require?


Bremer can accept deposit bags with or without locks. If bags with locks are used then both the bank and the City would have a key to access the locked bags.

7. Does the institution identify and adjust all discrepancies? Describe the documentation provided for deposit discrepancies.

Yes, we identify and make adjustments for all discrepancies.

Our standard procedures are listed below but for the City we wouldn't run the deposit until we had the chance to visit with you on the discrepancy, however if we haven't heard from you by the end of the day we will process the deposit and then follow up with you the next morning.

Our procedure entails calling the client regarding the large variance, then completing a deposit correction notice. The City would be credited for the amount listed on their deposit ticket and then would see a credit or debit for the difference in the deposit. Branch employees are not allowed to change or alter any client's deposit ticket, even if given the okay by the client over the phone. A client may choose to make the change in-person on the deposit ticket.



You agree that we may make adjustments and/or corrections to your account from time to time resulting in changes to your account balances. You will be credited with the full amount of each deposit you make.

- If your deposit slip reflects an amount less than the actual amount of your deposit and that amount is equal to or less than \$10.00, a credit will be made to your account without notice. You will be made aware of the adjustment as it will be reflected on your account statement.
- If your deposit slip reflects an amount less than the actual amount of your deposit and that amount is greater than \$10.00, a credit will be made to your account with a notice of adjustment. You will also be made aware of the adjustment as it will be reflected on your account statement.
- If your deposit slip reflects an amount more than the actual amount of your deposit and that amount is greater than \$10.00, a debit will be made to your account with a notice of adjustment sent to you.

8. Provide a fee schedule that outlines the fees associated with this service.

N/A

Return Item Processing

1. Can return items be automatically redeposited? If so, how many times?

Yes, return items can be re-deposited a second time depending on the return reason.

2. Provide the institution's standard return item and re-clear processing instructions.

Bremer will process return items in a manner acceptable to the City. The following options are available for return deposit items:

- Charge all return deposited items to the account in which they were deposited
- Charge all return deposited items to a different account
- Re-deposit checks a second time before charging them back to a defined account. Options include return all, items over a specific amount or items less than a specific amount.
- Fax copies of returned deposited items to a specific party on the day they are charged back to an account
- Email notification of NSF item, which include images
- Mail all items and a notice to the address on the account or to another address as defined by the client

All deposit corrections are reported to the client on the day the transaction is made to the account via email. All requests for supporting documentation will be provided on the same day it is requested.

3. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.



Stop Payment Services

1. Provide a brief description stop payment services.

Stop payments can be requested in person during branch lobby hours, over the phone Monday through Friday until 6:00 p.m. CT, as well as through your online banking portal. Stop payments done in online banking have a cut off time of 8:00 p.m. CT for same day processing.

Bremer stop payments are valid for six months from the time the stop payment is requested and can be renewed as often as needed. You must request a new stop payment every six months if you don't want it to expire. We will not notify you when it has expired. Stop Payments done in online banking have the option of extending the stop payment for up to 24 months.

For stop payments on electronic items to be most the most effective, we recommend placing the stop payment three business days or more in advance.

2. Provide a fee schedule that outlines fees associated with this service.

Please see pricing proposal.

Remote Deposit Services

1. Provide a brief description and general workflow of your remote deposit service capabilities.

Minimize float time and improve deposit accuracy while safely and securely depositing checks from your office. Using an approved scanner, conveniently convert checks to image items for upload to Bremer Bank.

Make deposits on your own time

Remote Deposit allows you to make deposits when you want, minimizing trips to the bank. Simply scan the check using an approved scanner, and upload it through Online Banking. It's that easy.

Simple check scanning

Purchase a recommended check scanner based on your anticipated needs, with options ranging from single-feed to large-quantity feed. If you have multiple locations from which you wish to make deposits, you may add locations and additional scanners to your Remote Deposit service.

Accurate deposits and reporting

With Remote Deposit, you scan check deposits so the system captures accurate information using CAR/LAR to minimize manual data corrections on your end.

Checks are converted to electronic items for upload to Bremer Bank, reducing float.

You can also export deposit information to your third-party financial management software such as QuickBooks.

Strong online features and security

- The Remote Deposit service comes with:
- Single sign-on access through Online Banking
- Enhanced security through user entitlements and advanced authentication
- Optional alerts and reporting letting you know of batch approvals, batch processing, audit information and more
- Access to check images for up to 24 months through Online Banking
- Flexible batch file upload options including files created using third-party scanning software (X9.37, ACH)
- Self-administration including user permissions and file uploads

2. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

Positive Pay Services

1. Provide a brief description of the service, including data transmission methods and time windows.

The power of Positive Pay begins with a daily file of approved, issued checks uploaded to Online Banking. As checks come in for posting, exceptions are identified and made available in Online Banking for your review. You review the exception items daily and make payment or return decisions directly within Online Banking or via the Bremer Bank Business Mobile app on your iPhone, iPad, or Android device. Alternately, you can go on auto-pilot by opting to skip the review process for some or all transactions – you control the threshold level – and returning all exception items.

Files can be in a csv format or a fixed file or individual checks can be manually entered into the Positive Pay module.

In addition to Positive Pay service for checks clearing the City's we recommend you pair Positive Pay with ACH Positive Pay service to protect your company from electronic fraud. ACH Positive Pay give you the ability to predefine which ACH debits can post by dollar limit, authorized vendor and more.

2. What is the cut-off time for making decisions on exceptions?

For positive pay exceptions the decision time is 8:30 a.m. to 2:00 p.m. CT and for ACH Positive Pay the decision time is 8:30 a.m. to 5:00 p.m. CT. If decisions are not made by the cut off time our default is to return the item.

3. How does the City notify the institution of voided and stop payment checks?

The City would go into positive pay and void the check(s) and then complete the stop payment. Bremer would not need to be notified.

4. Does your institution have payee verification?

Yes, our system uses Optical Character Recognition (OCR) to validate each check's payee information in addition to traditionally reviewed attributes, assuring a higher level of security.

As checks come in for posting, traditional Positive Pay scans MICR date and flags exceptions and then Payee Verification steps in, scanning each check with OCR Technology. The payee name from the check is compared against your issued check file. Each item is assigned a "match rate" against the payee name from your file. Any item with a match rate that is below our threshold will be flagged as a preliminary exception item. Our back-office team reviews these items prior to issuing an exceptions item file to you.

5. How does the institution handle exception ("paid not issued") items?

Exception items are items that need to have further review by the City to determine if the item should be paid or not paid. Exception reports are generally available no later than 8:30 a.m. CT. Alerts are available in online banking and users may set up email or text message alerts to notify them when the exception report is ready for review. As a best practice, we recommend logging into online banking daily regardless of whether an alert has been received.

Exception items must be decisioned by 2:00 p.m. CT. If a decision has not been made by the cut off time the item will be returned.



6. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

ACH Processing

1. Describe which ACH origination methods are available (e.g. direct transmission, on-line, or other).

ACH transactions may be originated via multiple methods including:

- Direct Transmission (Secure FTP)
- File Upload (NACHA formatted files, CSV or certain accounting software output files)
- Templates in Online Banking (batch or individual)

2. What are the hours of operation of your ACH processing unit?

Monday – Friday 8:00 a.m. – 5:30 p.m.

3. Provide a schedule of days the institution's processing centers will be closed.

Bremer Bank closures largely follow the holiday schedule of the Federal Reserve Bank. Full calendars may be found on the Federal Reserve Bank website at frbervices.org.

2023 Closure Schedule

- January 2 – Monday
- January 16 – Monday
- February 20 – Monday
- May 29 – Monday
- June 19 – Monday
- July 4 – Tuesday
- September 4 – Monday
- October 9 – Monday
- November 11 – Saturday
- November 23 – Thursday
- December 25 – Monday

ACH files will not be processed on Federal Reserve Bank holidays.

ACH Template files cannot be effective-dated on a holiday closure date. Files released on a holiday must have an effective date of at least two business days following the holiday. For example, a file released on a Monday holiday will be effective no earlier than Wednesday.

ACH Upload files uploaded with an effective date of a holiday closure date will be posted the business day following the holiday. For example, an upload file with a Monday holiday effective date will be posted on Tuesday. Files uploaded on the holiday itself require an effective date at least two business days following the holiday.

4. Explain the cut-off times, relative to Settlement Date, for customer initiation of ACH entries. Please specify cut-off time differences between credits and debits (if applicable).

The final cut-off time for a next business day effective date is 7:30 p.m. CT however we can only assure that someone is available at Bremer until 5:30 p.m. in the event of any issues with the file or over the ACH file limit.

ACH Same – Day cut-off time is 1:00 p.m. CT.

5. Describe your ACH fraud prevention services.

ACH Positive Pay lets you predefine which ACH debits can post to your account by dollar limit, authorizes vendor and more; improving your business controls while minimizing losses.

As transactions come in for posting, exceptions are identified and made available in Online Banking for your review. You make your payment decisions within Online Banking or via the Bremer Bank Business Mobile app on your iPhone, iPad, or Android device.

6. Describe the procedures used to verify accurate and secure receipt of transmissions.

We recommend a pre-note to validate the information is correct before setting up an ACH transfer. You can view or download reports within Online Banking.

7. Can the institution automatically redeposit items returned for insufficient or uncollected funds?

We offer many options for the handling and notification of ACH returned items. This is a simple process that entails completing the ACH Return Special Handling form with us.

Some ACH return options include re-originate; return file via secure email; return notification via secure email, fax or phone; post items to alternate checking account.

ACH Return Item information can be accessed through downloadable reports in Online Banking.

Items on the **Return Automation report** show all automatically settled incoming returns and notice of change (NOC) items. When incoming returns are received into the ACH system, the transaction information is matched to the original transaction. All criteria must match between the return and the original transaction for the return to appear on the Return Automation Report in business online banking. Once the return is received, it will be available in the report the next business day.

- Reason – return reason of the transaction, defined by Nacha.
- Return codes begin with R and change codes begin with C.
- Addenda Info – Contains the corrected data when 'Reason' code begins with C.

Items on the **Return Automation Exceptions** report show all incoming return items that could not be resolved using the match feature. Use this report to monitor all return items received from your originators and determine why items were returned.

Once the return is received, it will be available in the report the next business day.

- Reason – return reason of the transaction, defined by Nacha.
- Return codes begin with R and change codes begin with C.
- Addenda Info – Contains the corrected data when Reason code begins with C.
- Amount – Dollar amount of the return transactions.

8. How does the institution handle file, batch, and item reversals and deletions?

Due to the timeliness of this type of request, the City will contact our TM Success team directly via phone call to request an ACH file/transaction reversal. Bremer uses an ACH Reversal form to document the details of the file or transaction to be reversed and works directly with our vendor to process the reversal entries.

To comply with NACHA Rules, the request must be made within five business days of the original entry settlement date and cannot guarantee that the reversing entry will be able to post.

9. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

Wire Transfers

1. Briefly describe all domestic wire transfer initiation products currently supported by the bank.

Bremer has the ability to process wire transfers:

- In-person at the bank
- Verbally with a phone call to our Wire Department
- Online Banking with our wire module

2. For each method listed above, describe the process of initiation, approval and release.

For in-person wires completed at the bank, the person requesting the wire must be a signer on the account.

Domestic and foreign (USD) wire transfers may be initiated and monitored online through our Online Banking platform. Bremer initiates services for business clients within its Business Online Banking system that is interfaced directly with our wire transfer systems. For your security a token is required to submit a wire transfer through online banking.

In addition to online access, wire clients are also assigned a PIN for offline wires initiated through our wire transfer department. This is a valuable contingency option. Branch team members and the Electronic Services team (wire room team) utilize the same wire system referenced in this narrative with specific entitlements.

3. Does your institution have the capability to require different levels of requestor/approval for wires and/or ACH payments?

The wire transfer service is accessible only by online users who have been entitled by the Primary User. For your security, a token is required to submit a wire transfer. Additional security levels are available for both repetitive and non-repetitive wires, including multiple approvals, approvals over a pre-defined limit and wire callbacks. For your security, and to guard against sophisticated fraudulent schemes, we suggest using one or more of these added security measures.

Within Online Banking, the City will be able to set up multiple approval levels based on requirements. In addition to online access, wire clients are also assigned a PIN for offline wires initiated through our wire transfer department. This is a valuable contingency option.

4. Does your institution have the ability to create and store recurring/repetitive wire instructions/templates?

Outgoing wire templates may be created and stored in the Online Banking system. There are no service charges for wire and transfer template storage.

5. Does your institution have the ability to create and store future-dated wire instructions?

Yes, future dating of wire transfers is available in Online Banking up to 365 days in advance.



6. What are the cutoff times for initiating domestic wire transfers to ensure same day settlement?

For wires initiated through online banking that are Outgoing Domestic or International wires in \$US funds, the daily cutoff time is 5:00 p.m. CT Monday - Friday. For voice initiated orders placed directly with our wire transfer department (Domestic, International Wires in \$US, International Wires in foreign currency), the daily cutoff time is 4:00 p.m. CT Monday - Friday.

7. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

Direct Deposit for Payroll

1. Describe the requirements, deadlines and process for ACH transactions.

Our online ACH service is available via single sign-on from our Online Banking platform. Working with our implementation team, the City's Primary User will set up users and their entitlements, ensuring that only required personnel have access to initiate ACH transactions.

ACH transactions may be originated via multiple methods, including:

- Direct transmission (Secure FTP)
- File upload (NACHA formatted files, CSV or certain accounting software output files)
- Templates in Online Banking (batch or individual)

The daily cutoff time is 7:30 p.m. CT each business day, for standard ACH services. In addition to our standard services Bremer Bank offers Same Day ACH.

Our Same-Day ACH feature is available for File Upload, Secure FTP and Template. Daily cutoff time is 11:00 a.m. CT each business day for Same-Day effective dates.

- Items over \$1 Million are ineligible, with the exception of Bremer On-Ups items; Bremer On-Ups items will post same - day
- Same-Day transactions may not post to the recipient's account until 5:00 p.m. Each receiving bank determines when they process their incoming ACH files.

2. When will the funds be drawn from the City's account?

With our traditional ACH service, funds are debited from the City's account on the effective date of the file.

3. When will the funds be available in participating institutions?

Funds are typically available for the beneficiary on the effective date of the ACH file.

4. Provide a fee schedule that outlines the fees associated with this service.

Please see pricing proposal.

Errors and Adjustments

1. Describe your adjustment process for resolving deposit discrepancies.

You agree that we may make adjustments and/or corrections to your account from time to time resulting in changes to your account balances. You will be credited with the full amount of each deposit you make.

- If your deposit slip reflects an amount less than the actual amount of your deposit and that amount is equal to or less than \$10.00, a credit will be made to your account without notice. You will be made aware of the adjustment as it will be reflected on your account statement.
- If your deposit slip reflects an amount less than the actual amount of your deposit and that amount is greater than \$10.00, a credit will be made to your account with a notice of adjustment. You will also be made aware of the adjustment as it will be reflected on your account statement.
- If your deposit slip reflects an amount more than the actual amount of your deposit and that amount is greater than \$10.00, a debit will be made to your account with a notice of adjustment sent to you.

2. At what dollar amount do you write off discrepancies?

In rare instances we may right off a discrepancy of less than \$1.00.

3. Do you adjust the deposit amount or process an adjusting debit or credit?

Bremer does not adjust the deposit amount.

4. Provide a fee schedule that outlines the fees associated with this service.

N/A

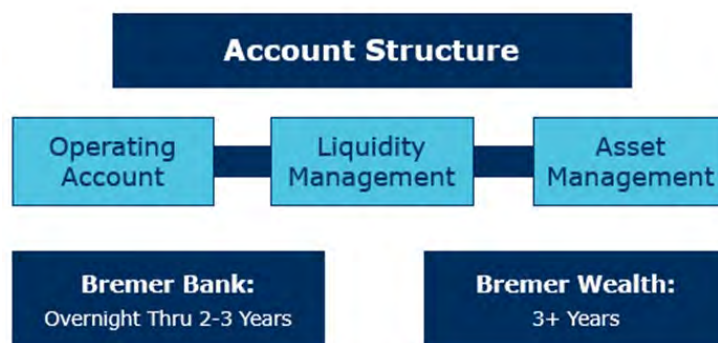
Investments

1. What investment options does your institution offer?

Bremer Bank Municipal and Short-Term Investment Philosophy

We have an extensive municipal client base that we service daily; we pride ourselves on taking a consultative approach to ensure each municipality is served based on their unique needs.

Our municipal client's range in size from small, mid-size, and large throughout Minnesota, North Dakota, and Wisconsin where we manage their daily Operating Accounts with Earnings Credit, Liquidity Management (short-term investments utilizing a Bank Money Market account and Bank CDs), and Asset Management (long-term investments via our Bremer Wealth team). Currently, Bremer Bank actively manages approximately \$1.7 billion of municipal deposits across our three-state footprints. These extensive relationships and experience make us well prepared to help serve the needs for the City of Redwood Falls.



Short-Term Investment Philosophy – Liquidity Management

After internally reassessing the market, economic environment and deposit rate landscape in Spring 2023, we feel Municipalities can be the most efficient with their short-term investments by using bank products that are fully collateralized with Pledge Securities, an Irrevocable Letter of Credit that is issued by the Federal Home Loan Bank of Des Moines, a AAA Rated institution and/or IntraFi Cash Service (ICS), which utilizes the FDIC coverage of participating banks within the IntraFi Network for coverage. Once an investment horizon is defined, we'll work directly with the City on investment options using fully liquid Bank Money Market accounts linked to an ICS Money Market account, as well as short to mid-term Bank Certificates of Deposit (CD).

CD term points are completely flexible based on the needs of the City. Any CD placed at Bremer Bank remains at the bank; if early access is needed, we will work with you to determine the situation. Our size allows us to efficiently handle the inflows and outflows that the City is looking to have invested. Our money market provides full overnight flexibility, while term options allow for an improved yield with an enhanced liquidity profile over other short-term investment options allowable under Minnesota State Statute 118A. Bremer Bank prices these types of investments locally based on both current market dynamics as well as the needs of our clients.

Short-Term Investment Options (Rates Current as of 7/6/2023)

Ability to price any term point needed by the City, below is a sampling of current rates:

- IntraFi Cash Service Money Market Rate: 5.05%
- 3 Month Certificate of Deposit: 4.15%
- 6 Month Certificate of Deposit: 4.35%
- 12 Month Certificate of Deposit: 4.55%

With our Bank Money Market, the City would have the ability to transfer excess funds back and forth, between the Money Market account and their Bremer Operating account through our Online Banking platform.

Long-Term Investment Philosophy –Asset Management

For long-term deposits or reserves, we work with the City to incorporate an investment strategy with a longer time horizon with our Asset Management team with Bremer Wealth.

Building on a legacy of responsible decision-making, personal service, and commitment to client needs, we offer customized approaches designed specifically to meet the goals of our clients. Over time, we have developed a sophisticated philosophy of investment management – an approach that blends our portfolio construction capabilities, the services of talented professional money managers, and an old-fashioned insistence on building long-term client relationships based on prudence, responsibility, and trust. Currently, our Bremer Wealth team actively manages approximately \$400 million of municipal asset management funds across our three-state footprint.

2. *Does the institution provide sweep vehicles for the investment of excess balances? If so, describe the functionality of the sweep.*

Bremer offers sweep functionality through the IntraFi Cash Service (ICS) solution. Through your deposit relationship with Bremer, you can access FDIC insurance from other participating banks within this network. When the City uses ICS to place funds, that deposit is divided into amounts under the standard FDIC insurance maximum of \$250,000 and placed in deposit accounts at other FDIC-insured banks that participate in the same network. You receive just one monthly statement detailing all your placements.

There will be no cost to the City for the ICS Service. This is a cost of doing business for Bremer Bank.

3. *How is the investment account linked to the operation (checking) account?*

Bremer would link the City's bank Money Market account to the IntraFi Cash Service Money Market account and sweep funds overnight into the promontory network of participating banks. The rate for this service would be bank-managed, heavily influenced by the Federal Reserve's interest rates. It may increase from time to time depending on the market. Any potential decrease would include a notification to the City prior to any changes going into effect.

4. *Is the investment account accessible on-line?*

If you choose the IntraFi Cash Service solution, you gain access to the Depositor Control Panel, which is the online portal connected to the promontory network. You can check your ICS balances, view where your funds could be placed, review and manage daily proposed fund placements, and view your transaction history. The website address for this portal is: www.depositorcontrol.com

You also receive one monthly statement from Bremer summarizing your account activity and balances across institutions.

Security/Protection Measures

1. What security features are in place to minimize the risk of unauthorized transactions?

Our top priority online is the security of your account information. We employ multiple security measures that work together to create a safe environment for your financial information. If you think your Bremer account information could be at risk, contact us immediately so we can help you protect your financial assets.

Fraud monitoring and loss prevention

Bremer Bank uses sophisticated fraud monitoring tools to allow us to identify suspicious card activity and act immediately to protect customers. We have a dedicated team monitoring all transactions and reacting to possible suspicious activity, compromised accounts and all forms of fraud. If suspicious activity is suspected on your account, you may receive phone, email or text message communication from our Fraud Service Center.

Identification procedures

Bremer Bank has implemented enhanced identification procedures that will help us better protect your identity and accounts. You may be asked to provide identity verification information when opening a new account, cashing checks, submitting a change of address, or performing other transactions. If necessary, we will request additional documentation for your security. By asking you questions and verifying your information, we confirm that we are working with you, our customer.

Online security protocol

Our online login process requires multi-factor authentication, including your assigned Company ID plus a user's username and password. For security reasons, some login attempts will require step-up authentication via the use of a one-time code that can be delivered via text message or phone call to a phone number on record for the user. Sensitive services, such as ACH and Wire Transfer, also require the use of a secure token. Additional information about these security measures can be found online at <https://www.bremer.com/security/security-measures>:

- User identification and password
- Automatic session logout ("timeout")
- Secure Sockets Layer Encryption
- One-time security codes
- Secure token access

Our Treasury Management Delivery Services team and support staff will discuss your options with you thoroughly, helping you choose the best combination of security and efficiency.

2. Provide a fee schedule that outlines the fees associated with this service.

N/A

Competitive Position and Future Commitment

1. *What differentiates your service from other providers?*

As a whole, most banks offer the same products and services, the area of distinction has to do with the delivery of those products and services. We feel strongly that our role is to have an active partnership in our relationship with the City, suggesting new ideas and insight from your banking team.

Some smaller local banks might not have the assortment of products and services a larger bank can offer, and some larger, national banks have all the products and services but lack the local connections.

Bremer believes that we offer the best of both worlds, with our high level of customer service and local decision making along with our advanced technology. We seek to stay relative and competitive. As part of our digital strategy we closely monitor changes in the industry and on an ongoing basis will evaluate and launch new products and solutions.

2. *How do you plan to keep your products current and competitive?*

Bremer Bank's product teams are focused on the most current products and trends in the marketplace. We participate in and are considered thought leaders in both regional and national organizations and conferences. We regularly review current trends and applications to sunset/replace applications with the most forward thinking possible. Many times, we are early adopters of services before our peers. For example, our API application development places us among the top 100 banks in the country. Our electronic payment application development places us among the top banks in the world, not just the nation, in terms of functionality available. We pride ourselves in our forward-thinking process.

Miscellaneous Services

1. List in your proposal any other services provided by your institution that would be beneficial to the City of Redwood Falls.

As banking continues to evolve and change, Bremer really tries to incorporate technology whenever and wherever possible to help create benefits and streamline your internal processes to become more efficient.

We have previously visited on some of these but believe they can be of benefit to the City.

- Integrated Receivables
- Virtual Vault
- Bremer Commercial Card – new, coming fall of 2023

2. List and discuss any:

- **special conditions**
- **other fees not provided in previous sections**

We've included our business fee schedule in the attachments.

- **online training and resources**

Our TM Success & Happiness team is available 8:00 a.m. to 5:30 p.m. CT to assist with any training or service issues.

- **deviations from the requested scope**
- **other services not provided in previous sections**

We've included information in the attachments on other services that Bremer has to offer including:

- Integrated Payables
- Virtual Vault
- Account Reconciliation

Pricing Proposal

Bremer Bank has appreciated the City of Redwood Fall's partnership over the past 35 plus years. We thank you for your business and hope to continue partnering with you for many years to come. As a relationship enhancement, should you choose to stay with Bremer, we are offering an updated fee schedule of a 50% discount off our standard fees. Along with this is a three-year lock on the pricing. At the end of the three years, we will review the pricing to see if any changes are needed.

Due to the changing rate environment, we are not able to guarantee the earnings credit rate for any specific period of time but know that we will remain competitive.

With the reduction in fees, the target balance in the checking account to offset fees can be reduced allowing you to transfer funds to the money market to take advantage of the 5.05% interest rate.

Transferring \$500,000 from the checking account to the money market will earn approximately \$2,000 in monthly interest.

Service Description	Current Fees			Proposed Fees	
	Volume	Unit Price	Total Fee	Unit Price	Total Fee
Deposit Account Fees					
Returned Deposit Item Fee	0	9.00	\$0.00	4.50	\$0.00
Returned Deposit Item Fee - Redeposit	0	9.00	\$0.00	4.50	\$0.00
Returned Dep Item Fee - Email Notice	0	0.55	\$0.00	0.275	\$0.00
Stop Payment - at Branch	0	35.00	\$0.00	17.50	\$0.00
Deposits	93	0.80	\$74.40	0.40	\$37.20
Deposited Item - On Us	30	0.12	\$3.60	0.06	\$1.80
Deposited Item - Local/Nonlocal	123	0.15	\$18.45	0.075	\$9.23
Currency/Coin Deposited	91980	0.0015	\$137.97	0.00075	\$68.99
Commercial Checks Written	189	0.23	\$43.47	0.115	\$21.74
Commercial Elect DR / CR	367	0.35	\$128.45	0.175	\$64.23
Deposit Assessment	1795	0.00	Waived	0.00	Waived
Monthly Maintenance Fee	1	26.00	\$26.00	13.00	\$13.00
Subtotal Deposit Account Services			\$432.34		\$216.17
Business Online Banking					
Report Download per Report	1	2.75	\$2.75	1.38	\$1.38
Online Banking - Extended Acct	1	51.25	\$51.25	25.62	\$25.62
Additional Account - per acct over 5	0	5.25	\$0.00	2.63	\$0.00
Report Download Monthly Base	1	\$15.50	\$15.50	7.75	\$7.75
Token Maintenance	1	\$3.00	\$3.00	1.50	\$1.50
Stop Payment - Online	0	\$23.75	\$0.00	11.88	\$0.00
Subtotal Business Online Banking Services			\$72.50		\$36.25

Remote Deposit					
Remote Deposit - Deposit Fee	33	\$0.80	\$26.40	0.40	\$13.20
Remote Deposit Monthly Fee	1	\$56.50	\$56.50	28.25	\$28.25
Remote Deposit On Us Item	180	\$0.12	\$21.60	0.06	\$10.80
Remote Deposit Transit Item	600	\$0.15	\$90.00	0.075	\$45.00
Additional Scanner Location	0	\$26.00	\$0.00	13.00	\$0.00
Subtotal Remote Deposit Services			\$194.50		\$97.25
ACH					
ACH Upload Monthly Base	1	30.75	\$30.75	15.38	\$15.38
ACH Template Monthly Base	1	36.00	\$36.00	18.00	\$18.00
ACH Upload File	8	14.00	\$112.00	9.75	\$78.00
ACH Upload Originated Item	703	0.14	\$98.42	0.06	\$42.18
ACH Same Day Monthly Base	1	7.75	\$7.75	3.875	\$3.88
Token Fee	1	3.00	\$3.00	1.50	\$1.50
ACH Returned Item	0	9.25	\$0.00	4.63	\$0.00
Subtotal ACH Services			\$287.92		\$158.93
Positive Pay / ACH Positive Pay					
POS Pay Payee per Item	189	0.04	\$7.56	0.02	\$3.78
POS Pay per Item	189	0.06	\$11.34	0.03	\$5.67
POS Pay Exception Item	0	1.00	\$0.00	0.50	\$0.00
ACH POS Exception Item	0	0.50	\$0.00	0.25	\$0.00
POS Pay Monthly Base	1	10.25	\$10.25	5.13	\$5.13
POS Pay Account	1	30.00	\$30.00	15.00	\$15.00
ACH POS Pay Monthly Base	1	15.50	\$15.50	7.75	\$7.75
Subtotal Pos Pay/ ACH Pos Pay Services			\$74.65		\$37.33
Wires					
Wire Monthly Base	1	25.75	\$25.75	12.88	\$12.88
Outgoing Wire - Online Banking	2	10.25	\$20.50	5.125	\$10.25
Subtotal Wire Services			\$46.25		\$23.13
ESTIMATED MONTHLY SERVICE CHARGE			\$987.26		\$508.60



COMPOSITE BALANCE INFORMATION

BALANCE INFORMATION

Average Ledger Balance	\$1,460,471.00	\$1,460,471.00
Less Average Float	\$11,000.00	<u>\$11,000.00</u>
Average Collected Balance	\$1,449,471.00	<u>\$1,449,471.00</u>

EARNINGS CREDIT SUMMARY

Net Investable Balance	\$1,449,471.00	\$1,449,471.00
Earnings Credit Rate	0.75%	0.75%
Days In Month	<u>30</u>	<u>30</u>
Earnings Credit Value	\$893.51	\$893.51

NET ANALYSIS SUMMARY

Earnings Credit Value	\$893.51	\$893.51
Less: Activity Charges Above	\$987.26	\$508.60

ESTIMATED SERVICE CHARGE	\$93.75	-\$384.91
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Currently, the City has relationship pricing on the ACH files and items. With the 50% discount, these two line items will increase to standard pricing, however you will be paying 30 - 40% less than you are now.

*A negative number reflects that you have excess earnings credit.



Appendix





ICS Deposit Placement Agreement

You, the undersigned, enter into this ICS Deposit Placement Agreement (“*Agreement*”) with the following financial institution (“*we*” or “*us*”):

This Agreement states the terms and conditions on which we will endeavor to place deposits for you at other financial institutions through ICS®, the IntraFi Cash ServiceSM of IntraFi Network LLC (“*IntraFi*”) for placing deposits at depository institutions.

1. Deposit Placement

1.1. Agreement and Schedules

(a) **Schedule 1** describes the procedure by which we will place deposits for you through the form of ICS known as ICS-Daily Rate. **Schedule 2** describes the account type and placement feature that we will use. **Schedule 3** describes the procedure by which we will place deposits for you through the form of ICS known as ICS-Fixed Rate if we offer such placement.

(b) Each participating institution in ICS that is an insured depository institution (“*Destination Institution*”) will be one at which deposit accounts are insured by the Federal Deposit Insurance Corporation (“*FDIC*”) up to the FDIC standard maximum deposit insurance amount (“*SMDIA*”) of \$250,000.

(c) Subject to the terms and conditions of this Agreement, when we place deposits in a deposit account at a Destination Institution for your funds placed through ICS (“*Deposit Account*”), the amount of our outstanding placements for you at the Destination Institution through ICS and through CDARS®, the Certificate of Deposit Account Registry Service®, will not exceed \$250,000.

(d) The Bank of New York Mellon (“*BNY Mellon*”) provides services that support deposit placement through ICS. BNY Mellon’s services include acting as our sub-custodian and settlement agent.

(e) You must be capable of using, and you agree to use, the Depositor Control Panel (“*DCP*”), an online tool, to review provisional allocations of deposits and for other purposes. You also agree to receive notices that may be posted on the DCP or sent to you by email.

1.2. Deposit Accounts

(a) Deposits that we place for you in Deposit Accounts will be “deposits,” as defined by federal law, at the Destination Institutions.

(b) Each Deposit Account, including the principal balance and the accrued interest, will be a deposit obligation solely of the Destination Institution at which it is held. It will not be a deposit obligation of us or of IntraFi, BNY Mellon, or any other person or entity.

2. Your Relationship With Us

2.1. Agency and Custodial Relationship

(a) We will act as your agent in placing deposits for you through ICS. Under a separate agreement with you that grants us custodial powers (“*Custodial Agreement*”), we will also act as your custodian for the Deposit Accounts.

(b) Each Deposit Account will be recorded (i) on the records of a Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) on the records of BNY Mellon in our name, as your custodian, and (iii) on our records in your name. The recording will occur in a manner that permits the Deposit Account to be FDIC-insured to the same extent as if it were recorded on the records of a Destination Institution in your name.

(c) For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, the Deposit Accounts and all your security entitlements and other related interests and assets with respect to the Deposit Accounts, and we will treat you as entitled to exercise the rights that constitute the Deposit Accounts.

(d) All interests that we hold for the Deposit Accounts will be held by us only as your securities intermediary and will not be our property. You will be the owner of the funds in the Deposit Accounts and any interest on those funds.

2.2. Termination of Custodial Relationship

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may



not transfer the Deposit Accounts to another custodian, but you may dismiss us as your custodian for a Deposit Account and request that it be recorded on the records of the Destination Institution in your name.

(b) We will endeavor to cause any request from you pursuant to Section 2.2(a) to be promptly forwarded to the Destination Institution. Each Destination Institution has agreed that it will promptly fulfill any such request, subject to its customer identification policies and other account opening terms and conditions.

(c) If a Deposit Account has been recorded on the records of a Destination Institution in your name pursuant to this Section 2, you will be able to enforce your rights in the Deposit Account directly against the Destination Institution, but we will no longer have any custodial responsibility for it and you will not be able to enforce any rights against the Destination Institution through us.

(d) If we were to become insolvent, our receiver or other successor in interest could transfer custody of the Deposit Accounts, and our rights and obligations under this Agreement, to a new custodian. Alternatively, you could exercise your right to have the Deposit Accounts recorded on the records of the Destination Institutions in your name pursuant to this Section 2.

3. Custodial Account and Interest Rate

3.1. Custodial Account

(a) As your custodian, we will open on our records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests in the Deposit Accounts ("*Custodial Account*"). We may permit you to have multiple Custodial Accounts.

(b) On the signature page of this Agreement, you will enter a unique alphanumeric identifier for you ("*Depositor Identifier*"), which will be associated with the Custodial Account. You will enter as your Depositor Identifier your federal taxpayer identification number ("*TIN*"), unless you do not have a TIN, in which case you will enter an alternate identifier that we approve.

(c) If you use an alternate identifier, you must use the same alternate identifier for all placements of deposits for you, by us or by any other financial institution, through ICS or through CDARS. If you later obtain a TIN, you must promptly report it to us and to any such other institutions, and we may use it as your Depositor Identifier.

3.2. Interest Rate

(a) In ICS-Daily Rate, the interest rate for the Deposit Accounts at Destination Institutions ("*Interest Rate*") will be the then-current rate that we specify, which may be any rate (including zero) and which we may modify at any time. Through your continued participation in ICS-Daily Rate, you accept each applicable Interest Rate.

(b) In ICS-Fixed Rate, if offered, the Interest Rate will be determined as set forth in Schedule 3.

(c) If we permit you to have more than one Custodial Account, we may specify a different Interest Rate for each Custodial Account.

(d) Payment of the full amount of all accrued interest on a Deposit Account at a Destination Institution will be solely the responsibility of the Destination Institution. Neither we nor any other person or entity will be indebted to you for such payment.

4. Placement Procedures

4.1. Account Type, ICS Settlement, and Statements

(a) Settlement of payments to and from participating institutions in ICS through BNY Mellon that includes the type of deposits we place for you ("*ICS Settlement*") will occur each day that is not a Saturday, a Sunday, or another day on which banks in New York, New York, are authorized or required by law or regulation to close ("*Business Day*").

(b) You may confirm through the DCP (i) the aggregate principal balance in the Deposit Accounts ("*Program Balance*") and (ii) the principal balance and accrued interest of the Deposit Accounts at each Destination Institution as of the preceding Business Day or, after ICS Settlement-related processing, as of that Business Day.

(c) We will provide you with a periodic statement of custodial holdings for your funds placed through ICS that will include, as of the end of the statement period, your Program Balance, your principal balance at each Destination Institution, the total interest you have earned on the Deposit Accounts during the period, and the rate of return you have earned on the daily average closing principal balance for the period ("*Statement Period Yield*").

(d) The account information available on the DCP as described in Section 4.1(b), and the periodic statements described in Section 4.1(c), will be the only



evidence that you receive of your ownership of the funds. You should retain the account statements.

4.2. Triggering Events

(a) Funds will be transferred to or from the Deposit Accounts in response to an event specified in this Agreement that triggers such movement (“*Triggering Event*”). A Triggering Event may result in a transfer of funds from a root account with us that contains your funds (“*Root Account*”) to the Deposit Accounts at ICS Settlement (“*Program Deposit*”) or a transfer of funds from the Deposit Accounts to the Root Account at ICS Settlement (“*Program Withdrawal*”).

(b) For ICS-Daily Rate, Schedule 1 sets forth Triggering Events applicable to your deposits. For ICS-Fixed Rate, Schedule 3 sets forth Triggering Events applicable to your deposits.

4.3. Program Deposits

(a) Subject to the terms and conditions of this Agreement, and except as provided in Section 4.3(b), a Triggering Event for a Program Deposit will result in a transfer of funds to the Deposit Accounts at ICS Settlement the *next* Business Day (“*Regular Program Deposit*”).

(b) Schedule 1 states whether, in ICS-Daily Rate, a transfer of funds to the Deposit Accounts at ICS Settlement on the *same* Business Day (“*Same-Day Program Deposit*”) is available and, if so, the cutoff time for you to request a Same-Day Program Deposit (“*Same-Day Deposit Cutoff Time*”). If Schedule 1 so states, a request that we receive and accept before the Same-Day Deposit Cutoff Time will be a Triggering Event, in ICS-Daily Rate, for a Same-Day Program Deposit.

(c) We may impose a maximum Program Balance amount for deposits that we place for you through ICS and will inform you of any such amount we impose. Even if a Triggering Event for a Program Deposit occurs, we may choose not to transfer the amount to the Deposit Accounts if it would cause the Program Balance to exceed the maximum. In addition, we may choose not to transfer to the Deposit Accounts an amount that we have credited to the Root Account, but have not yet collected from a third party.

4.4. Program Withdrawals

(a) Subject to the terms and conditions of this Agreement, and except as provided in Section 4.4(b), a Triggering Event for a Program Withdrawal will result in

a transfer of funds from the Deposit Accounts at ICS Settlement the *next* Business Day (“*Regular Program Withdrawal*”).

(b) Schedule 1 states whether, in ICS-Daily Rate, the transfer of funds from your Deposit Accounts at ICS Settlement on the *same* Business Day (“*Same-Day Program Withdrawal*”) is available and, if so, the cutoff time for you to request a Same-Day Program Withdrawal (“*Same-Day Withdrawal Cutoff Time*”). If Schedule 1 so states, a request that we receive and accept before the Same-Day Withdrawal Cutoff Time will be a Triggering Event, in ICS-Daily Rate, for a Same-Day Program Withdrawal.

4.5. Withdrawal Advances; Security Interest

(a) If Schedule 1 states that we will advance funds to you in anticipation of a Program Withdrawal, or if we otherwise decide in our discretion to advance funds to you in anticipation of a Program Withdrawal, you will owe the amount of these funds to us and we will retain from the funds we receive at ICS Settlement the amount we have advanced to you.

(b) With respect to any amount that you owe to us pursuant to Section 4.5(a):

(i) you grant us, and acknowledge that we have, a security interest in, and a lien on, the Deposit Accounts, related security entitlements, and other related interests and assets that we may hold for you as custodian and securities intermediary pursuant to the Custodial Agreement for the amount that you owe to us,

(ii) if a Destination Institution fails before a Program Withdrawal is completed, we may retain the amount of the Program Withdrawal from the proceeds of your FDIC insurance claim to satisfy the amount that you owe to us, and

(iii) to the extent that the amount that you owe to us is not satisfied from the interests and assets we are holding for you pursuant to the Custodial Agreement, or from the proceeds of any FDIC insurance claim, the amount remains owed by you to us and is payable on demand.

(c) If, in a separate agreement, you have granted us a security interest in the Deposit Accounts or in any security entitlements or other interests or assets relating to the Deposit Accounts as collateral for a loan to you or otherwise, we may decline to honor a request for a Program Withdrawal, or decline to honor a debit transaction in the Root Account that would trigger a



Program Withdrawal or be funded by a Program Withdrawal, to the extent the Program Withdrawal would cause your Program Balance to fall below the loan amount or other amount that you have agreed to maintain in the Deposit Accounts or to which the security interest applies. If, in a separate agreement, you have granted us a security interest in the Root Account, we also may decline to honor transactions in the Root Account in accordance with the separate agreement.

4.6. Account Type and Withdrawal Limit, If Any

(a) Deposits that we place for you through ICS-Daily Rate at a Destination Institution will be placed in a Deposit Account that is a demand deposit account (“DDA”) or a Deposit Account that is a money market deposit account (“MMDA”), as provided in Section 1 of Schedule 2.

(b) Section 1 of Schedule 2 provides (i) that we will place deposits for you in DDAs, (ii) that we will place deposits for you in MMDAs, or (iii) that we may place deposits for you in DDAs or MMDAs.

(c) Section 1 of Schedule 2 also provides, if MMDAs will or may be used, (i) that an MMDA Program Withdrawal limit of six per month applies or (ii) that no MMDA Program Withdrawal limit applies.

(d) If a Program Withdrawal limit applies and you exceed the six permitted Program Withdrawals from MMDAs in a month:

(i) We may (A) transfer all the remaining funds in the MMDAs to the Root Account associated with the Custodial Account for the MMDAs or (B), if you also have a Custodial Account for DDA deposits, transfer all the remaining funds in the MMDAs to the Custodial Account for DDA deposits.

(ii) In subsequent months we may effect either such transfer at the time of your sixth Program Withdrawal.

(e) If you exceed the six permitted Program Withdrawals from MMDAs in multiple months, we may also make the Custodial Account for the MMDAs ineligible for Program Deposits.

5. Placement Feature

5.1. Reciprocal and One-Way

(a) If we are an FDIC-insured depository institution, we are eligible to use a feature of ICS in which, when we place deposits, we receive matching

deposits placed by other participating institutions in ICS and may pay a fee to IntraFi (“*Reciprocal Feature*”).

(b) Whether or not we are eligible to use the Reciprocal Feature, we are eligible to use a feature of ICS in which, when we place deposits, we do not receive matching deposits, but we and IntraFi may receive fees from Destination Institutions (“*One-Way Feature*”).

(c) Section 2 of Schedule 2 provides (i) that we may use either the Reciprocal Feature or the One-Way Feature, (ii) that we will use only the Reciprocal Feature, or (iii) that we will use only the One-Way Feature.

5.2. Placement Feature and Rate

(a) Interest on the Deposit Accounts will be earned at the specified Interest Rate regardless of whether the Reciprocal Feature or the One-Way Feature is used.

(b) When the Reciprocal Feature is used, the fee paid to IntraFi may affect rate determination. When the One-Way Feature is used, fees paid by Destination Institutions, or cost-of-funds rates for Destination Institutions, may affect rate determination.

(c) If we are eligible to use the Reciprocal Feature, and you authorize us to use either the Reciprocal Feature or the One-Way Feature, we may use a feature with greater benefits to you, to us, or both.

5.3. Placement Requirements

(a) Under the laws of some states, governmental units may submit deposits for placement through a deposit placement network only if the placing institution is located in the state and receives matching deposits of an equal maturity, if any, and an equal amount.

(b) If you are a state governmental unit, or if you are otherwise subject to restrictions on the placement of deposits for you, you are responsible for determining whether deposit placement in accordance with this Agreement satisfies any applicable restrictions.

6. Daily Allocation and Depositor Control

6.1. Daily Allocation; Review and Consent

(a) The process for allocating Program Deposits, Program Withdrawals, and funds already on deposit reflects various considerations, including the need for certain Destination Institutions to receive deposits in amounts that they have placed for their own customers and possible limits on the amounts that an institution is authorized to place or a Destination Institution has



agreed to receive. Applicable deposit amounts may change from day to day. Accordingly, the allocation of funds takes place each Business Day.

(b) The set of Destination Institutions to which your funds on deposit are allocated on a Business Day, and the amount allocated to each Destination Institution, may differ from a previous Business Day's allocation. A different allocation may involve the movement of funds from one Destination Institution to another Destination Institution, even though you do not have a Program Deposit or a Program Withdrawal. Such movements of funds will not affect the Interest Rate.

(c) You exercise control over the allocation of your funds through direct contact with us and through the DCP. You are responsible for reviewing the important information we provide you through the DCP, including information regarding proposed allocations that we provide each Business Day. In addition, on request at any time, we will provide you with a list of all Destination Institutions.

(d) Although we will not allocate your funds to Destination Institutions that you exclude or reject as set forth below, you authorize and consent to the allocation of your funds at Destination Institutions that you approve, or do not exclude or reject, as set forth below.

6.2. Destination Institution Exclusions

(a) You may enter the name of any depository institution on a list of exclusions from eligibility to receive deposits we place for you through ICS ("*Exclusions List*").

(b) We may ask you to provide your initial Exclusions List by entering exclusions in Section 3(c) of Schedule 2 or by giving us notice of your Exclusions List in another manner we specify.

(c) An Exclusions List will be effective within one Business Day after the first Business Day on which we have received the Exclusions List from you.

(d) You may add to or subtract from your Exclusions List by giving us notice in a manner we specify or by using functionality provided within the Depositor Control Panel. If you do so, the revised Exclusions List will be effective within one Business Day after the first Business Day on which we have received the notice or you have used the functionality.

6.3. Depositor Control Panel

(a) IntraFi will assist us in providing the DCP. The address of the Depositor Control Panel is <https://www.depositorcontrol.com>.

(b) You represent that you have a computer with Internet access, an e-mail address, the ability to download and print information from the DCP, and the knowledge and experience to use an online tool for DCP functionality. In addition, you acknowledge that you must obtain and maintain all equipment and services necessary for access to the DCP.

(c) To access the DCP, you must create login credentials. To create your login credentials, click on "Getting Started" on the DCP home page. Alternatively, we may send to you an email containing a link that will enable you to create login credentials.

(d) From within the DCP, you may invite a user to create login credentials that will permit the user to access your DCP account. Such users may have access to your account information and DCP functionality, and you are responsible for their acts or omissions.

6.4. Depositor Placement Review

(a) Each Business Day, your aggregate principal balance that will be in Deposit Accounts after that day's ICS Settlement will be provisionally allocated to Destination Institutions. The amount allocated will reflect your Program Balance as of the last ICS Settlement, plus any Program Deposit that will occur at the day's ICS Settlement, minus any Program Withdrawal that will occur at the day's ICS Settlement. The allocation may provide that previously-deposited funds will be removed from a Destination Institution and deposited in another Destination Institution.

(b) After the provisional allocation occurs on a Business Day, but before allocation becomes final at ICS Settlement, Depositor Placement Review ("*DPR*") will occur through the DCP. Even if a Destination Institution is not on your Exclusions List, the final allocation that day will not allocate your funds to the Destination Institution if you reject it during DPR through the DCP. Your rejection of a Destination Institution will be effective only if you submit it before DPR ends.

(c) The DPR period each Business Day will be as follows: 3:00 PM to 3:15 PM Eastern time. Daylight Saving Time applies when nationally in effect. We may change the DPR period by posting notice on the DCP in advance of the change.

(d) In DPR, you will see a list of Destination Institutions to which your funds are proposed to be allocated at ICS Settlement later that day (*“Proposed Placement List”*), reflecting the provisional allocation of all your funds, including funds that will be moved from one Destination Institution to another Destination Institution. The Proposed Placement List will include the principal balance allocated to each Destination Institution. If you review the Proposed Placement List, and you click the approval button or you do not reject any of the Destination Institutions on the list, you will be approving the allocation and your funds will be allocated in accordance with the list.

(e) If you reject any of the Destination Institutions on the Proposed Placement List, you will be approving allocation to Destination Institutions on the list that you do not reject. After entering rejections, if sufficient time remains in DPR, you will have the opportunity to review a list of other Destination Institutions to which your funds could be allocated (*“Alternate Placement List”*). If you click the approval button for the Alternate Placement List, or you do not reject any of the Destination Institutions on it, you will be approving the allocation of your funds to any of the listed Destination Institutions. If you reject any of the Destination Institutions on the Alternate Placement List, you will be approving allocation to listed Destination Institutions that you do not reject. Your funds may be allocated to any combination of Destination Institutions on the Proposed Placement List and the Alternate Placement List that you do not reject.

(f) If the provisional allocation on a Business Day would result in funds of yours currently at a Destination Institution being moved to another Destination Institution and you reject the other Destination Institution in DPR that Business Day, the funds will not necessarily remain at the first Destination Institution. The funds will be allocated to a Destination Institution that you do not reject or returned to the Root Account.

(g) A Destination Institution that you reject in DPR will also be added to your Exclusions List, for purposes of future allocations, within one Business Day after the Business Day on which you submit the rejection.

(h) We do not guarantee that all your funds will be allocated to Destination Institutions on any particular day, even if they were allocated to Destination Institutions on a previous day. Exclusions and rejections of Destination Institutions may increase the chance that funds will not be allocated. If funds not yet transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will remain in the Root Account. If funds previously

transferred to the Deposit Accounts are not allocated to a Destination Institution on a Business Day, the funds will be returned to the Root Account.

7. FDIC Insurance Considerations

7.1. Deposit Insurance Coverage

(a) You may obtain information about FDIC deposit insurance coverage by visiting the FDIC website at <http://www.fdic.gov> or by contacting the FDIC by letter, email, or telephone.

(b) All of your deposits at a Destination Institution in the same insurable capacity (whether you are acting directly or through an intermediary) will be aggregated for the SMDIA. You should add to your Exclusions List any depository institution at which you have other deposits in the same insurable capacity. Insurable capacities include, among others, individual accounts and joint accounts.

(c) You are responsible for determining whether deposits we place for you are maintained in separate insurable capacities. Separate divisions within a corporate entity are not eligible for separate insurance coverage, and a separate TIN or other Depositor Identifier does not establish a separate insurable capacity.

(d) We will use the Depositor Identifier to identify you, and we will place deposits for you on the understanding that you are not submitting deposits for placement under more than one Depositor Identifier in the same insurable capacity.

(e) The requirements for FDIC deposit insurance coverage of the deposits of governmental units, including the United States government, state and local governments, the District of Columbia, and the Commonwealth of Puerto Rico, are set forth in FDIC regulations. If you are a governmental unit, you are responsible for determining whether the requirements for deposit insurance have been met. We are not responsible for losses resulting from the placement of deposits that are not eligible for FDIC deposit insurance.

(f) Records that we maintain, or that BNY Mellon maintains for us, reflecting ownership of the Deposit Accounts will be used to establish your eligibility for deposit insurance coverage. Accordingly, you must immediately report to us any changes in ownership information so that there will be accurate information to provide to the FDIC if a Destination Institution fails and the FDIC pays its insured deposits by cash payment.



The FDIC could also require you to provide additional documentation.

7.2. Responsibility to Monitor Deposits; Available Information

(a) You are responsible for monitoring the total amount of your funds at each Destination Institution in each insurable capacity to determine the extent of FDIC deposit insurance coverage available to you for deposits at that Destination Institution. You should confirm that each placement of your funds at Destination Institutions is consistent with your exclusions and rejections.

(b) You can obtain publicly available financial information on Destination Institutions from the National Information Center of the Federal Reserve System at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx.

7.3. Uninsured Deposits

(a) Although we will not place a deposit for you through ICS at any one Destination Institution in an amount that exceeds the SMDIA, a deposit that we place for you will not be eligible for FDIC insurance coverage at a Destination Institution before it becomes a deposit at the Destination Institution or after it is withdrawn from the Destination Institution.

(i) If we are an FDIC-insured depository institution and the Root Account is eligible for FDIC insurance coverage, a deposit in the Root Account will be aggregated with your other deposits with us in the same insurable capacity for application of the SMDIA of \$250,000.

(ii) If we are a credit union the share accounts of which are insured by the National Credit Union Administration (“NCUA”) and the Root Account is a share account with us that is eligible for NCUA insurance coverage, a deposit in the Root Account will be aggregated with your other deposits with us in the same insurable capacity for application of the NCUA standard maximum share insurance amount of \$250,000.

(iii) If we are not an FDIC-insured depository institution or the Root Account is not eligible for FDIC insurance coverage, a deposit in the Root Account will not be FDIC-insured. If we are not an NCUA-insured credit union or the Root Account is not eligible for NCUA insurance coverage, a deposit in the Root Account will not be NCUA-insured.

(b) If you cannot accept the risk of having a deposit with us that is not fully insured, you will be

responsible for making arrangements with us, if we offer them, to have the deposits collateralized, protected by a properly-executed repurchase sweep arrangement, or otherwise adequately protected, in a manner consistent with applicable law. You should consult your legal advisor to determine whether a collateralization arrangement is consistent with applicable law.

(c) If you cannot accept the risk of having a deposit with us that is not fully insured, and we do not offer arrangements of the kind described in Section 7.3(b) or we offer them but you do not make such arrangements with us, you should not submit deposits for placement through ICS.

7.4. Deposit Insurance Payments

(a) In case of the liquidation of, or other closing or winding up of the affairs of, an insured depository institution, the FDIC is generally required by law to pay each insured deposit “as soon as possible,” either by cash payment or by transferring the deposit to another insured depository institution. It is possible, however, that an insurance payment could be delayed. Neither we nor any other person or entity will be obligated to advance funds to you with respect to an insurance payment or to make any payment to you in satisfaction of a loss you might incur as a result of a delay in an insurance payment.

(b) If a Destination Institution at which we place deposits for you is closed and the FDIC does not transfer deposits that include your funds to another insured depository institution, but will make a deposit insurance cash payment, we will cause a deposit insurance claim for your funds to be filed with the FDIC, and we will credit to you the proceeds of the deposit insurance claim that we receive for your funds, subject to any valid security interest.

(c) If the FDIC makes a deposit insurance cash payment for a Deposit Account at a closed Destination Institution, the FDIC is required by law to pay the principal amount plus unpaid accrued interest to the date of the closing of the Destination Institution, as prescribed by law, subject to the SMDIA. No interest is earned on a Deposit Account at a Destination Institution after it closes.

(d) If the FDIC transfers the deposits of a closed Destination Institution to another insured depository institution, the acquiring institution may assume a Deposit Account. The acquiring institution may change the rate at which it pays interest on the assumed Deposit Account, subject to your right to withdraw the funds.



8. Additional Considerations

8.1. Compare Rates

(a) We are not acting as your investment advisor, and we are not advising you about alternative investments. You are responsible for comparing the rates of return and other features of the Deposit Accounts to other available deposit accounts and other kinds of investments before choosing placement through ICS.

(b) The Interest Rate may be higher or lower than a cost-of-funds rate for a Destination Institution, an interest rate for another customer, or interest rates on comparable deposits available directly from us, from the Destination Institutions at which the Deposit Accounts are held, from other Destination Institutions, or from insured depository institutions that are not Destination Institutions.

8.2. Allocation Considerations

(a) ICS allocation process is subject to applicable law and may be affected by our objectives, IntraFi's objectives, or both, including administrative convenience, reduction of costs, and enhancement of profits.

(b) Participating institutions in ICS service may make compensatory payments resulting in payments to other participating institutions, or receive compensatory payments resulting from payments by other participating institutions, including compensatory payments that reflect the difference between an interest rate for deposits placed by an institution and a rate at which the receiving institution would otherwise pay interest.

8.3. Mutual Institution Rights

(a) Your funds may be placed in a Deposit Account at a Destination Institution that is in the mutual form of organization. Such a Deposit Account will be recorded on the records of the mutual institution in the name of the sub-custodian and not in your name. The sub-custodian will not attend or vote at any meeting of the depositor members of a mutual institution, or exercise any subscription rights in a mutual institution's mutual-to-stock conversion, either on its own behalf or on your behalf.

(b) If we receive from the sub-custodian notice of a meeting of depositor members of a mutual institution or other materials or information relating to a mutual institution's mutual-to-stock conversion, we may forward such notice, materials, or information to you. If you wish

to receive such notice, materials, or information directly from the mutual institution, or if you wish to attend or vote at any meeting of the depositor members of the mutual institution or receive subscription rights, you must, before the applicable record date (a date that is usually at least one year before the mutual institution's board of directors adopts a plan of conversion), dismiss us as your custodian and have the Deposit Account recorded on the records of the mutual institution in your name pursuant to Section 2.2.

9. Conforming Changes

(a) If you signed a previous version of this Agreement that was captioned "IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement" and became a party to the current version of the Agreement as a result of having been given notice of amendment, the content of Schedules 1 and 2 to this Agreement is the same as the content of Schedules 1 and 2 to the version that you signed, subject to the following changes:

(i) "IntraFi Network Deposits DDA-MMDA Deposit Placement Agreement" is changed to "ICS Deposit Placement Agreement" and

(ii) "DDA-MMDA Option" is changed to "ICS."

(b) If you signed a previous version of this Agreement that was captioned "ICS Deposit Placement Agreement" and became a party to the current version of the Agreement as a result of having been given notice of amendment, the content of Schedule 1 to this Agreement is the same as the content of Schedule 1 to the version that you signed, except that "Transaction Account," if it appears in the version that you signed, is changed to "Root Account."

(c) If you signed a previous version of this Agreement that was captioned "ICS Deposit Placement Agreement" and became a party to the current version of the Agreement as a result of having been given notice of amendment, the content of Section 1 of Schedule 2 to this Agreement is as follows:

(i) If the version of the Agreement that you signed provided that we would place deposits for you only in DDAs, Section 1 of Schedule 2 is deemed to state: "We will place deposits for you in DDAs."

(ii) If the version of the Agreement that you signed provided that we would place deposits for you only in MMDAs, Section 1 of Schedule 2 is deemed to state: "We will place deposits for you in MMDAs."



(iii) If the version of the Agreement that you signed provided that we might place deposits for you in DDAs or MMDAs, Section 1 of Schedule 2 is deemed to state: “We may place deposits for you in DDAs or MMDAs.”

(iv) If the version of the Agreement that you signed provided that an MMDA Program Withdrawal limit would apply and we have not informed you that we will not enforce such a limit, Section 1 of Schedule 2 is deemed to state, “You may use up to six MMDA Program Withdrawals per month.”

(v) If the version you signed provided that an MMDA Program Withdrawal limit would not apply or we have informed you that we will not enforce such a limit, Section 1 of Schedule 2 is deemed to state, “No MMDA Program Withdrawal limit applies.”

(d) If you signed a previous version of this Agreement that was captioned “ICS Deposit Placement Agreement” and became a party to the current version of the Agreement as a result of having been given notice of amendment, the content of Section 2 of Schedule 2 to this Agreement is as follows:

(i) Section 2 of Schedule 2 is deemed to provide that we may use either the Reciprocal Feature or the One-Way Feature if (A) Schedule 4 to the version that you signed contained two check boxes, one stating that we might use either ICS Reciprocal or ICS One-Way and the other stating that we would use only ICS Reciprocal, and (B) the box stating that we might use either ICS Reciprocal or ICS One-Way was checked.

(ii) Section 2 of Schedule 2 is deemed to provide that we will use only the Reciprocal Feature if (A) Schedule 4 to the version that you signed contained two check boxes, one stating that we might use either ICS Reciprocal or ICS One-Way and the other stating that we would use only ICS Reciprocal, and (B) the box stating that we would use only ICS Reciprocal was checked.

(iii) Section 2 of Schedule 2 is deemed to provide that we will use only the One-Way Feature if Schedule 4 to the version that you signed contained no check boxes regarding the use of ICS Reciprocal or ICS One-Way.

(e) If you signed a previous version of this Agreement that was captioned “ICS Deposit Placement Agreement” and became a party to the current version of the Agreement as a result of having been given notice of amendment, Section 3 of Schedule 2 is deemed to

include any depository institutions that you listed in the former Section 4 of this Agreement except to the extent that you have subsequently removed any such depository institution from your Exclusions List.

10. Other Provisions

10.1. Release and Use of Identifying Information

(a) We may provide information that identifies you (“*Identifying Information*”), including your name, your TIN or other Depositor Identifier, and information on your deposits, to a party that provides services in connection with ICS (“*Service Provider*”), including IntraFi and BNY Mellon. A Service Provider may use Identifying Information in providing services in connection with ICS.

(b) We or a Service Provider may also provide Identifying Information to a Destination Institution at which your funds are deposited, but will do so only to the extent necessary to comply with a request by you or your agent or to comply with applicable law. In addition, we or a Service Provider may provide Identifying Information to the FDIC in connection with a deposit insurance claim.

(c) Except as provided in Section 10.1(a) or Section 10.1(b), we will not provide Identifying Information to any party unless we determine that (i) we are required by applicable law to do so or (ii) we are permitted by applicable law to do so and have reasonable grounds to do so to protect our own legal or business interests or the legal or business interests of IntraFi or BNY Mellon.

(d) IntraFi may use and disclose any and all analyses, comparisons, indexes, or other data or information assembled, compiled, or otherwise developed by IntraFi, including information regarding aggregated activity of ICS depositors, as long as it does not individually identify you.

10.2. Tax Reporting and Withholding

(a) To the extent required by applicable law, we will file with the U.S. Internal Revenue Service (“IRS”), and furnish to you, IRS Form 1099-INT or its equivalent, or IRS Form 1042-S or its equivalent, for interest paid on the Deposit Accounts by the Destination Institutions.

(b) If we are notified by the IRS that backup withholding is required for interest on the Deposit Accounts, or if we otherwise determine that we are required by applicable law to collect such backup withholding, we will collect it and pay it to the IRS.

10.3. Liability and Dispute Resolution

(a) We will maintain, directly or through a Service Provider, appropriate records of our placements for you. We will not place deposits for you through ICS at a Destination Institution that is the subject of a then-effective exclusion on your Exclusions List, at a Destination Institution that is the subject of a then-effective rejection by you, or at a Destination Institution under one Depositor Identifier in an amount that exceeds the SMDIA.

(b) If all or part of your funds in a Deposit Account at a Destination Institution are uninsured because of our failure to comply with the requirements set forth in Section 10.3(a), and if the Destination Institution fails and you do not otherwise recover the uninsured portion, we will reimburse you for your documented loss of the uninsured portion that you do not otherwise recover.

(c) SUBJECT TO OUR REIMBURSEMENT OBLIGATION IN SECTION 10.3(b), AND EXCEPT AS MAY BE OTHERWISE REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE, AND IN NO EVENT WILL INTRAFI OR BNY MELLON BE LIABLE, TO YOU OR TO ANY OTHER PERSON OR ENTITY FOR ANY LOSS OR DAMAGE INCURRED OR ALLEGEDLY INCURRED IN CONNECTION WITH THIS AGREEMENT. WITHOUT LIMITING THE FOREGOING, WE, INTRAFI, AND BNY MELLON WILL NOT HAVE ANY LIABILITY TO YOU OR ANY OTHER PERSON OR ENTITY FOR: (i) ANY LOSS ARISING OUT OF OR RELATING TO A CAUSE OVER WHICH WE DO NOT HAVE DIRECT CONTROL, INCLUDING THE FAILURE OF ELECTRONIC OR MECHANICAL EQUIPMENT OR COMMUNICATION LINES, TELEPHONE OR OTHER INTERCONNECT PROBLEMS, UNAUTHORIZED ACCESS, THEFT, OPERATOR ERRORS, GOVERNMENT RESTRICTIONS, OR FORCE MAJEURE (E.G., EARTHQUAKE, FLOOD, SEVERE OR EXTRAORDINARY WEATHER CONDITIONS, NATURAL DISASTERS OR OTHER ACT OF GOD, FIRE, ACTS OF WAR, TERRORIST ATTACKS, INSURRECTION, RIOT, STRIKES, LABOR DISPUTES OR SIMILAR PROBLEMS, ACCIDENT, ACTION OF GOVERNMENT, COMMUNICATIONS, SYSTEM OR POWER FAILURES, OR EQUIPMENT OR SOFTWARE MALFUNCTION), (ii) DELAY IN ANY FDIC INSURANCE PAYMENT, (iii) THE FINANCIAL CONDITION OF ANY DESTINATION INSTITUTION OR THE ACCURACY OF ANY FINANCIAL INFORMATION ABOUT ANY DESTINATION INSTITUTION, OR (iv) ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS).

(d) ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT WILL BE GOVERNED BY THE DISPUTE RESOLUTION, ARBITRATION, CHOICE OF LAW, VENUE, WAIVER OF JURY TRIAL, AND COSTS RELATED TO DISPUTES PROVISIONS, IF ANY, CONTAINED IN THE CUSTODIAL AGREEMENT.

10.4. Miscellaneous

(a) This Agreement constitutes the entire agreement between you and us relating to the placement of deposits through ICS and any other matter herein, supersedes prior agreements, understandings, negotiations, representations, and proposals, whether written or oral, relating to any matter herein, and may not be amended by any oral representation or oral agreement. This Section 10.4(a) will not affect the validity of any written addenda to this Agreement into which we have entered with you.

(b) Schedule 1 and Schedule 2 are incorporated into and made part of this Agreement. We may amend this Agreement, including any Schedule, prospectively by giving you written notice of the amendment at least fourteen (14) days before the effective date of the amendment, which will be specified in the amendment or, if no effective date is specified in the amendment, the date that is fourteen (14) days after we give you written notice of the amendment. We may provide written notice of the amendment by means of a posting on the DCP, an entry on your account statement, an email message, or a printed letter.

(c) Either party may terminate this Agreement on written notice to the other, but the obligations of both parties will survive with respect to any funds deposited at the time of termination. In addition, the provisions of this Section 10.4 will survive termination.

(d) Except as provided in Section 2.2(d), this Agreement may not be assigned, in whole or in part, by either party except by operation of law or as required by applicable law, and any purported assignment in violation hereof is void.

(e) The headings in this Agreement are not intended to describe, interpret, define, or limit the scope, meaning, or intent of this Agreement or any clause in it. Except as otherwise specified, a reference to a Section is a reference to a section of this Agreement. A reference to a Schedule is a reference to a schedule to this Agreement. The term “applicable law” refers to all applicable statutes, rules, regulations, and judicial orders, whether federal, state, or local. The words “include,” “includes,” and “including” do not imply exclusion.

(f) This Agreement and, unless otherwise provided in the Custodial Agreement, the Custodial Agreement may be executed in counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument. This Agreement and, unless otherwise



provided in the Custodial Agreement, the Custodial Agreement will be valid, binding, and enforceable against you and us when executed by one of the following means that we accept: (i) an original manual signature, (ii) a DocuSign® eSignature or another electronic signature that we accept, or (iii) a faxed, scanned (including in a Portable Document Format or

PDF document), or photocopied signature that we accept. Each DocuSign® eSignature, other electronic signature, or faxed, scanned, or photocopied signature that we accept shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original signature, and you and we waive any objection to the contrary.

The remainder of this page is intentionally left blank.



By signing below, you (“*Depositor*”) and we (“*Relationship Institution*”) agree to be legally bound by this ICS Deposit Placement Agreement, effective when you and we have signed it. If the Custodial Account will be a joint account, each owner of the Custodial Account must sign this Agreement.

RELATIONSHIP INSTITUTION

Institution: _____

Signature: _____

Name and title of authorized signatory:

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor: _____

Signature: _____

Name and title of authorized signatory (if not individual):

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

(Add signature lines as needed.)



Schedule 1 to ICS Deposit Placement Agreement

Program Deposits and Program Withdrawals

This **Schedule 1** is part of the ICS Deposit Placement Agreement (“*Agreement*”). Terms not defined in this Schedule 1 have the meanings, if any, assigned elsewhere in the Agreement.

1. Specified Terms

(a) For DDAs, the Sweep Threshold and the Return Threshold are as follows:

Sweep Threshold	Return Threshold
\$	\$

(b) For MMDAs, the Sweep Threshold and the Return Threshold are as follows:

Sweep Threshold	Return Threshold
\$	\$

(c) The Same-Day Deposit Cutoff Time is as follows:

AM	PM	Eastern	Central	Mountain	Pacific
(insert time)	(check AM or PM)	(check time zone)			

Daylight Saving Time applies when nationally in effect unless checked here

2. Program Deposits

(a) The Triggering Event for a Regular Program Deposit is a net change in your Root Account balance that causes it to exceed the Sweep Threshold. After posting all your Root Account activity for a Business Day, we will determine whether your Root Account balance exceeds the Sweep Threshold. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the excess amount to the Deposit Accounts at ICS Settlement on the next Business Day.

(b) The Triggering Event for a Same-Day Program Deposit is a Same-Day Program Deposit request by you that we receive and accept before the Same-Day Deposit Cutoff Time on a Business Day. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer the requested amount to the Deposit Accounts at ICS Settlement later on the same Business Day.

(c) If a Triggering Event for a Program Deposit occurs, we may debit the Root Account and credit a holding account before the transfer of funds to the Deposit Accounts occurs at ICS Settlement.

3. Program Withdrawals

(a) All Program Withdrawals will be Regular Program Withdrawals, which occur on the Business Day following the Triggering Event. The Triggering Event for a Program Withdrawal is a net change in your Root Account balance, after the posting of all your Root Account activity for a Business Day, that causes it (exclusive of any amounts that we credit as advances in anticipation of a Program Withdrawal) to be less than the Return Threshold. Subject to the terms and conditions of this Agreement, if such a Triggering Event occurs, we will transfer an amount from the Deposit Accounts at ICS Settlement on the next Business Day, up to the available amount in the Deposit Accounts, sufficient to restore your Root Account balance to the Sweep Threshold.

(b) Subject to the terms and conditions of this Agreement, and subject to the rules and cutoff times that otherwise apply to root accounts with us, we will honor your debit transactions in the Root Account so long as the sum of your Root Account balance and your balance in the Deposit Accounts of the applicable type, after taking into account any pending



Program Deposits and any pending Program Withdrawals, is not less than zero. We will do so even if the amount of the debit transaction exceeds your Root Account balance. You will owe us any amounts that we credit as advances in anticipation of a Program Deposit and we will retain those amounts from the funds we receive at ICS Settlement.

(c) If a Triggering Event for a Program Withdrawal occurs, we may credit the Root Account and debit a holding account before the transfer of funds from the Deposit Accounts occurs at ICS Settlement.



Schedule 2 to ICS Deposit Placement Agreement

Account Type, Placement Feature, and Exclusions

This **Schedule 2** is part of the ICS Deposit Placement Agreement (“*Agreement*”). Terms not defined in this Schedule 2 have the meanings, if any, assigned elsewhere in the Agreement.

1. Account Type

We will place deposits for you in DDAs.

We will place deposits for you in MMDAs.

We may place deposits for you in DDAs or in MMDAs.

(Check one above.)

→

You may use up to six MMDA Program Withdrawals per month.

No per-month MMDA Program Withdrawal limit applies.

(If MMDAs will or may be used, check one above.)

2. Placement Feature

We may use the Reciprocal Feature, the One-Way Feature, or both in placing deposits for you.

We will use only the Reciprocal Feature in placing deposits for you.

We will use only the One-Way Feature in placing deposits for you.

(Check one above.)

3. Exclusions

(a) You may place depository institutions on your Exclusions List by identifying them in the list below, unless we specify another means by which you will provide your Exclusions List.

(b) The Exclusions List should include the city and state of the depository institution’s main office (rather than the city and state of a branch location). The Exclusions List may also include the institution’s FDIC certificate number or transit routing number. If you do not list any exclusions enter “none” under Name of Institution on the first line (but your signature after a blank list will constitute your acknowledgment that you have not listed any exclusions).



(c) Exclusions List:

Name of Depository Institution

City and State

FDIC Certificate or Routing Number

(Add lines if necessary.)

Signature of sole or primary Depositor

Custodial Agreement

You, the undersigned, enter into this Custodial Agreement (“*Agreement*”) with the following financial institution (“*we*” or “*us*”):

1. Pursuant to this Agreement, you authorize us to hold and act as your custodian with respect to all deposit accounts, including all time deposits, money market deposit accounts, and demand deposit accounts, issued or established pursuant to the CDARS Deposit Placement Agreement, the ICS Deposit Placement Agreement, or a predecessor agreement (“*Deposit Accounts*”) for funds of yours placed as deposits through CDARS®, the Certificate of Deposit Account Registry Service®, or ICS, the IntraFi® Cash Service, and all your security entitlements and other related interests and assets with respect to the Deposit Accounts (“*Related Entitlements*”). The custodial account in which we will hold the Deposit Accounts and Related Entitlements (“*Custodial Account*”) comprises all the CDARS and ICS custodial accounts that we maintain for you.

2. As your custodian, we may (i) cause the Deposit Accounts to be titled in our name or in the name of our sub-custodian, (ii) collect for your account all interest and other payments of income or principal pertaining to the Deposit Accounts, (iii) endorse on your behalf any check or other instrument received for your account that requires endorsement, (iv) in accordance with your instructions, deposit your funds in, or withdraw your funds from, the Deposit Accounts, (v) in accordance with your instructions, deliver or transfer funds from another account with us to the Deposit Accounts or deliver or transfer funds from the Deposit Accounts to another account with us, (vi) for Deposit Accounts that are time deposits, surrender for payment for your account maturing CDs and those for which early withdrawal is requested, (vii) execute and deliver or file on your behalf all appropriate receipts and releases and other instruments, including whatever certificates may be required from custodians or may be necessary to obtain exemption from taxes and to name you when required for the purpose of the instrument, and (viii) take such other actions as are customary or necessary to effectuate the purposes of this Agreement.

3. For purposes of Article 8 of the Uniform Commercial Code in applicable state law (“*UCC*”), we will act as your securities intermediary for, and will treat as financial assets, any Deposit Accounts and Related Entitlements that we hold for you pursuant to this Agreement. The Custodial Account will be a securities account, as defined in the UCC.

4. We may comply with any writ of attachment, execution, garnishment, tax levy, restraining order, subpoena, warrant, or other legal process that we believe (correctly or otherwise) to be valid. We may notify you of such process by telephone, electronically, or in writing. If we are not fully reimbursed for records research, imaging, photocopying, and handling costs by the party that served the process, we may charge such costs to your account, in addition to any minimum fee we charge for complying with legal processes.

5. We may honor any legal process that is served personally, by mail, or by electronic mail or facsimile transmission at any of our offices or an office of our agent (including locations other than where the funds, records, or property sought is held), even if the law requires personal delivery at the office where your account or records are maintained.

6. We will have no liability to you for any good-faith act or omission by us in connection with this Agreement. You agree to indemnify us and our sub-custodian, and to hold us and our sub-custodian harmless from, all expenses (including counsel fees), liabilities, and claims arising out of any good-faith act or omission by us in connection with this Agreement or compliance with any legal process relating to the Custodial Account that we believe (correctly or otherwise) to be valid. You agree to pay any service charges that we impose on the Custodial Account.

7. You may be an individual in an individual capacity, more than one individual in a joint capacity, or a trust, partnership, corporation, or other legal entity. We may accept instructions on your behalf from any individual who signs this Agreement as or on behalf of a Depositor and from any of the following individuals:

Name

Title or Legal Capacity

(Add lines if necessary.)

The remainder of this page is intentionally left blank.

By signing below, you ("*Depositor*") and we ("*Relationship Institution*") agree to be legally bound by this Custodial Agreement, effective when you and we have signed it. If the Custodial Account will be a joint account, each owner of the Custodial Account must sign this Agreement.

RELATIONSHIP INSTITUTION

Institution: _____

Signature: _____

Name and title of authorized signatory:

Date signed: _____

SOLE OR PRIMARY DEPOSITOR

Depositor: _____

Signature: _____

Name and title of authorized signatory (if not individual):

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

ADDITIONAL DEPOSITOR (FOR JOINT ACCOUNT)

Depositor: _____

Signature: _____

Depositor TIN or approved alternate identifier (and type):

Email: _____

Date signed: _____

(Add signature lines as needed.)

Best Deale Bank
123 Main Street
Anytown, US 12345



Contact Us
1-555-123-4567
contact@bestdealebank.com
www.bestdealebank.com



Sample School District
456 Main Street
Anytown, US 56789

Account
Sample School District

Date
10/31/2019

Page
1 of 4

ICS Monthly Statement

The following information is a summary of activity in your ICS[®] account(s) for the month of October 2019 and the list of FDIC-insured institution(s) that hold your deposits as of the date indicated. These deposits have been placed by us, as your agent and custodian, in deposit accounts through the ICS, or Insured Cash Sweep[®], service. Funds in your deposit accounts at the FDIC-insured institutions at which your funds have been placed will be "deposits," as defined by federal law.

Custom text may be added here.

Summary of ICS Accounts

Account ID	Deposit Option	Interest Rate	Opening Balance	Ending Balance
*****123	Demand	1.10%	\$1,360,086.25	\$1,840,169.17
*****456	Savings	1.66%	3,074,184.30	3,078,556.70
TOTAL			\$4,434,270.55	\$4,918,725.87

DETAILED ACCOUNT OVERVIEW

Account ID: *****123
Account Title: Sample School District



Account Summary - Demand

Statement Period	10/1-10/31/2019	Average Daily Balance	\$1,276,883.40
Previous Period Ending Balance	\$1,360,086.25	Interest Rate at End of Statement Period	1.10%
Total Program Deposits	1,041,901.07	Statement Period Yield	1.11%
Total Program Withdrawals	(563,011.50)	YTD Interest Paid	3,949.04
Interest Capitalized	1,193.35	YTD Taxes Withheld	0.00
Taxes Withheld	(0.00)		
Current Period Ending Balance	\$1,840,169.17		

Account Transaction Detail

Date	Activity Type	Amount	Balance
10/01/2019	Deposit	\$186.85	\$1,360,273.10
10/01/2019	Withdrawal	(13,923.92)	1,346,349.18
10/02/2019	Withdrawal	(2,846.18)	1,343,503.00
10/03/2019	Withdrawal	(182.96)	1,343,320.04
10/04/2019	Withdrawal	(120,283.16)	1,223,036.88
10/07/2019	Withdrawal	(35,027.69)	1,188,009.19
10/08/2019	Withdrawal	(47,794.92)	1,140,214.27
10/09/2019	Deposit	4,355.56	1,144,569.83
10/10/2019	Withdrawal	(6,132.60)	1,138,437.23
10/11/2019	Withdrawal	(3,593.04)	1,134,844.19
10/15/2019	Withdrawal	(4,357.52)	1,130,486.67
10/16/2019	Deposit	198,195.00	1,328,681.67
10/17/2019	Withdrawal	(33,296.84)	1,295,384.83
10/18/2019	Withdrawal	(153,246.52)	1,142,138.31
10/21/2019	Withdrawal	(96,453.45)	1,045,684.86
10/22/2019	Deposit	52,072.38	1,097,757.24
10/23/2019	Deposit	242,458.00	1,340,215.24
10/24/2019	Withdrawal	(27,276.06)	1,312,939.18
10/25/2019	Withdrawal	(3,369.96)	1,309,569.22
10/28/2019	Withdrawal	(9,963.65)	1,299,605.57
10/29/2019	Deposit	544,633.28	1,844,238.85
10/30/2019	Withdrawal	(4,029.33)	1,840,209.52
10/31/2019	Withdrawal	(1,233.70)	1,838,975.82
10/31/2019	Interest Capitalization	1,193.35	1,840,169.17

Summary of Balances as of October 31, 2019

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
Innerst Savings Banks	Kentstown, MD	**001	\$245,215.56
First Eagleville Bank	Clarksburg, WV	**002	124,023.77

DETAILED ACCOUNT OVERVIEW

Account ID: *****123

Account Title: Sample School District

Summary of Balances as of October 31, 2019

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
Lockland Bank	Springtown, MI	**003	245,228.99
Southstreet Community Bank	Plainsburg, OK	**004	245,228.99
Winchester County Bank	Winchester, PA	**005	245,038.20
Southeast Regional Bank	Atlanta, GA	**006	245,062.54
Loring Savings Bank	Loring, WA	**007	245,228.99
Calera Bank	Memphis, TN	**008	245,015.05
Port Addison Bank	Antioch, CA	**009	127.08

SAMPLE

DETAILED ACCOUNT OVERVIEW

Account ID: *****456
Account Title: Sample School District



Account Summary - Savings

Statement Period	10/1-10/31/2019	Average Daily Balance	\$3,074,359.46
Previous Period Ending Balance	\$3,074,184.30	Interest Rate at End of Statement Period	1.66%
Total Program Deposits	35.25	Statement Period Yield	1.67%
Total Program Withdrawals	(0.00)	YTD Interest Paid	45,748.39
Interest Capitalized	4,337.15	YTD Taxes Withheld	0.00
Taxes Withheld	(0.00)		
Current Period Ending Balance	\$3,078,556.70		

Account Transaction Detail

Date	Activity Type	Amount	Balance
10/01/2019	Deposit	\$35.25	\$3,074,219.55
10/31/2019	Interest Capitalization	4,337.15	3,078,556.70

Summary of Balances as of October 31, 2019

FDIC-Insured Institution	City/State	FDIC Cert No.	Balance
Alpine National Bank and Trust	Kendall, WI	**010	\$245,345.65
First Bank of Ogdentown	Ogdentown, IA	**011	245,345.65
Bank of North Haverbrook	Cobb, AZ	**012	245,305.31
Copper Savings and Loan	Carson City, NV	**013	134,286.71
Seashore National Bank and Trust	Orlando, FL	**014	202.89
Sperry Sound Bank	Bellevue, OR	**015	245,345.65
Harbor Bell Bank and Trust	Harbor Bell, RI	**016	245,305.29
Huntingfield Bank	Dallas TX	**017	245,345.65
Torrence Bank	Adelaide, NJ	**018	245,345.65
Amsel Bank and Trust	Rome, AR	**019	245,345.65
Capital Bank of St. Loretta	Topeka, KS	**020	245,345.65
Niles Bank	Toledo, OH	**021	245,345.65
Rhinefield Bank and Trust	New York, NY	**022	245,345.65
First Bank of Tiberton	Lynn, MA	**023	245,345.65

Custom text may be added here.



IntraFi | ICS[®]



Cash management today for government finance officers

Safety. Return. Freedom. Now you can access it all for your organization! Through ICS[®], IntraFi[®] Cash ServiceSM, government depositors, like you, can make millions eligible for FDIC insurance while earning returns that may compare favorably with other government-backed options. You also save time, receiving detailed reporting that keeps you confidently in control. Funds can be placed into demand deposit accounts, money market deposit accounts or both to meet your organization's cash management needs.

Enjoy peace of mind. With ICS, you can access millions of dollars in FDIC insurance - all through a single bank relationship with us, a bank you already know and trust.

Earn a return. Earn interest at a rate set by us. Funds placed through ICS may earn returns that compare favorably to Treasuries and government money market mutual funds and avoid the risks associated with prime money market mutual funds.

Simplify and save time. By providing access to FDIC insurance, ICS can help your organization comply with investment policy mandates and avoid the hassles associated with ongoing collateral-tracking or having to footnote uninsured deposits in financial statements.

Gain transparency. Reporting shows balances, transactions, interest, and other important details associated with your accounts. You also enjoy 24/7 access to information online.

Manage liquidity. Enjoy access to funds placed through ICS into demand deposit accounts and money market deposit accounts.



Support the community. Feel good knowing that the full amount of your funds can stay local to support lending opportunities that build a stronger community.¹

How does ICS work?

We, like other institutions that offer ICS, are members of the IntraFi network. When we place your deposit through ICS, that deposit is divided into amounts under the standard FDIC insurance maximum of \$250,000. The amounts are then placed into deposit accounts at multiple, FDIC-insured banks. As a result, you can access FDIC coverage from many institutions while working directly just with us. Receive one statement from our bank and, as always, know that your confidential information is protected.



Brent Heller
Municipal Solutions Specialist
651-726-6051
bremer.com | bheller@bremer.com

[1] When deposited funds are exchanged on a dollar-for-dollar basis with other institutions that use ICS, our bank can use the full amount of a deposit placed through ICS for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent, our bank may choose to receive fee income instead of deposits from other participating institutions. Under these circumstances, deposited funds would not be available for local lending.

Deposit placement through CDARS or ICS is subject to the terms, conditions, and disclosures in applicable agreements. Although deposits are placed in increments that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA") at any one destination bank, a depositor's balances at the institution that places deposits may exceed the SMDIA (e.g., before settlement for deposits or after settlement for withdrawals) or be uninsured (if the placing institution is not an insured bank). The depositor must make any necessary arrangements to protect such balances consistent with applicable law and must determine whether placement through CDARS or ICS satisfies any restrictions on its deposits. A list identifying IntraFi network banks appears at <https://www.intrafi.com/network-banks>. The depositor may exclude banks from eligibility to receive its funds. IntraFi and ICS are registered service marks, and the IntraFi hexagon and IntraFi logo are service marks, of IntraFi Network LLC.

ICS for Public Funds

In the State of Minnesota



Minnesota Statutes
Counties, County Officers, Regional Authorities
Chapter 385. County Treasurer
385.07 FUNDS, WHERE DEPOSITED OR INVESTED

* * *

(b) In addition to the authority for deposit of county funds pursuant to paragraph (a), the county treasurer may deposit county funds in a designated depository in accordance with the following conditions:

- (1) The designated depository is authorized by the county treasurer to (i) arrange for the redeposit of the funds into deposit accounts in one or more banks, savings and loan associations, or credit unions that are located in the United States, and (ii) serve as custodian for the county with respect to the funds redeposited into such accounts.
- (2) The full amount of the redeposited county funds, plus accrued interest, if any, must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. Any entity serving as sub-custodian for the designated depository shall have had at least five years of general custodial experience.

[A virtually identical amendment was enacted for:
school district money in section 123B.14, subdivision 3;
town money in section 366.01, subdivision 4; and
city money in section 427.06.]



Business Fee Schedule



Account settlement invoice (per)	\$5.25	Levy / Garnishment	\$125.00
Amortization schedule	\$10.00	Night depository processing	Ask
ATM non-MoneyPass® withdrawal	\$2.75	Notary public (customers only)	No fee
Audit confirmation	\$16.00	Official check	\$5.00
Bond Confirmation (per envelope)	\$15.00	Online & Mobile Banking:	
Check cashing (customers only)	No fee	Bill Pay service (monthly)	\$6.25
Check Collections (per item):		Bill Pay transactions, up to 10	No fee
Incoming	\$30.00	Bill Pay transactions, over 10	\$0.55
Outgoing	\$30.00	Essential package	No fee
Check Printing	Varies with style / design	Essential Plus package	\$15.50
CheckView (per statement):		Stop payment (per)	\$23.75
Front of check only	\$5.50	Overdraft Funds:	
Front & back of check	\$6.00	Per item ³ (\$140 maximum per day)	\$35.00
Closed account fee (within 6 months)	\$30.00	Automatic Transfer Advantage Fee (per)	\$10.00
Coin and Currency:		Paper statement (commercial accounts)	\$2.00
Base fee for purchases (per order)	\$5.00	Photocopy (per page)	\$1.00
Currency/coin in (per \$1) - over \$10,000 in a month	\$0.0015	Reference	\$11.00
Currency out (per strap)	\$0.75	Research:	
Coin out rolled	\$0.08	Research request (per hour)	\$60.00
Copy Requests:		Requests sent via CD-ROM (each)	\$10.00
Statement and CheckView copy	\$5.00	Return Deposit Items:	
Item Copies – Check, Deposited Item, Returned Item (per page)	\$5.00	Redeposited or RCK redeposited item	\$9.00
Counter checks (per page)	\$2.00	Returned item ⁴	\$9.00
Debit Card reissue	\$5.00	Special notification, extra advices and extended data (per item)	\$0.55
Debit Card Express Mail	\$25.00	Safe Deposit Box:	
Debit Restriction	\$12.00	Drill Lock – Cost +	Ask for pricing
Escheatment / Unclaimed property ¹	\$40.00	Late Fee per late payment	Ask for pricing
Fax out (per page)	\$2.00	Lost Key – per key	Ask for pricing
International Services:		Rental	Ask for pricing
Courier fee (domestic)	\$35.00	Signature guarantee (customers only)	No fee
Currency – Canadian (+ exchange rate) ²	\$6.00	Statement Processing (per):	
Currency – other (+ exchange rate) ²	\$25.00	Analysis Statement paper delivery	\$2.00
Debit Card Transaction Fee (of purchase)	2%	Multiple mail request	\$2.00
Draft	\$25.00	Special handling request	\$40.00
Foreign Clean Draft/Check Collections (we buy)	\$70.00	Special statement – daily/weekly	\$12.00
Returned checks – Canadian or foreign	\$21.00	Special statement – monthly	\$30.00
Stop payment (+ correspondent bank fees)	\$30.00	Stop payment – each	\$35.00
Transit Item – Canadian (CAD or USD denominated)	@ exchange rates + \$1.00	Transaction Fees (per item):	
Wire transfer – Incoming	\$20.00	Classic Business Banking, 1 cx 100	\$0.75
Wire transfer – Outgoing	\$30.00	Community Business Banking, over 300	\$0.55
		Undeliverable mail (per month)	\$5.00
		Wire transfer – domestic:	
		Book transfer	\$15.00
		Incoming	\$15.00
		Outgoing	\$25.00
		Wire notification (email or mail)	No fee

Funds Availability Policy

This policy statement applies to “transaction” accounts. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and preauthorized transfers to other accounts of yours with us. Checking accounts are the most common type of transaction accounts. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to make funds from your check deposits available to you on the first business day after the business day we receive your deposit, subject to certain delays provided by law and this Agreement. Cash deposits, electronic direct deposits, “on us” checks deposited and wire transfers will be available on the day we receive the deposit, provided that we receive the deposit before branch closing.

Once the funds are made available to you, you may make transactions with those funds. Transactions in general are: cash withdrawals at an ATM or at a branch, writing checks, debit card point-of-sale purchases, transfers from one account to another account via the branch, phone, online or ACH (Automated Clearing House).

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid.

If you make a deposit at an ATM before 6 p.m. CT on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit at an ATM after 6 p.m. CT or on a day we are not open, we will consider that the deposit was made on the next business day we are open. On the day of your ATM deposit(s) that equal or exceed \$100, the first \$100 will be immediately available for withdrawal at an ATM or using a debit card at a point of sale. The remaining amount of that deposit(s) will be available on the next business day.

If you make a deposit at one of our night depositories after 7:30 a.m. CT or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

For determining the availability of your deposits, every day is a business day except Saturdays, Sundays, and federal holidays. If you make a deposit through a means other than an ATM or night depository before that business day's cut-off time, we will consider that day to be the day of your deposit. Cut-off times are the branch closing times and can vary by branch. Please check with your branch to determine the local cut-off time. If you make a deposit after the cut-off time or on a day we are not open, we will consider that your deposit was made on the next business day we are open. Deposits made after the cut-off time on Friday or on Saturday or Sunday, and Monday prior to cut-off time are all considered to be Monday's business day deposits.

For mobile deposits refer to Bremer's Business Online Banking Terms & conditions to determine availability of funds.

Longer funds availability delays may apply **Case-by-case delays.**

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second (2nd) business day after the day of your deposit. The first \$225 of your deposits, however, will be available on the first business day, unless your account has been open for 30 days or less. Exception delays may apply (see next section).

If we are not going to make all of the funds from your deposit available on the first business day after the day of your deposit, we will notify you as soon as possible after you make your deposit. We will also tell you when the funds will be available. If your funds are not made available by the first business day after your deposit we will mail you the notice by the day after the deposit is made. If you need the funds from a deposit right away, you should ask us when the funds will be available.

Exception delays.

Funds you deposit by check may be delayed for a longer period than described in the *longer funds availability delays may apply* section under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- The deposit is a redeposit of a check that was returned unpaid.
- You have overdrawn your account repeatedly in the last six (6) months.
- There is an emergency, such as failure of computer or communications equipment.
- Your account has been open for 30 days or less.

We will notify you if we delay your ability to withdraw funds for any of these reasons and we will tell you when the funds will be available. They will generally be available no later than the seventh (7th) business day after the day of your deposit. We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). "On us" means a check or draft that is presented to the same financial institution that carries the depository account on which the check is written.

Please remember that even if we tell you that the funds from your deposited check are available, this does not mean that the check has cleared. In other words, if we do not receive final payment on the deposited check (e.g., payment was stopped, there were insufficient funds, or it was counterfeit), you will be liable to us for the amount of the check, plus our fees.

Online Banking: Extended Package



View real-time, current-day account balances and transaction details through a single secure login, and select sophisticated treasury management services as your small or middle-market business grows. With our Extended Package, you can add the powerful business tools you need.

The information you want and need

With online banking from Bremer Bank, you can quickly access all your account information in one place, and save time and money by using the many convenient features:

- Access real-time balance information and transaction details
- Transfer funds and schedule transfers
- View statements
- Set text or email alerts
- Download transactions to popular third-party software applications
- Send and receive secure messages
- Add mobile banking access for the utmost in convenience

Expanded capabilities and tools

The **Extended Package** expands on our basic online banking packages with the option to integrate additional treasury management services within your secure login. While also providing basic banking capabilities, this package features:

- Access up to five accounts
- Option to add additional accounts (up to 15 total)
- Twelve months of transaction history

Single sign-on access to treasury management solutions

As your business grows, so do your banking needs. The Extended Package grows with you, offering the ability to add sophisticated tools when you need them, such as:

- ACH (standard ACH, upload module, federal and/or state tax module)
- ACH Positive Pay
- Integrated Payables
- Lockbox
- Online Bill Pay
- Positive Pay
- Remote Deposit
- Special reports module
- Wire Transfers (domestic/USD foreign module)

Enhanced self-administration

You (or your primary user) have the power to set up additional users, define which services they can access, and more. You can also build new ACH or wire templates if you are signed up – no phone call or wait time required.



Visit [bremer.com/businessdemo](https://www.bremer.com/businessdemo) today to test drive online banking or to begin the easy self-enrollment process. Contact your business banker or call 800-908-2265 for more information.

Remote Deposit



Minimize float time and improve deposit accuracy while safely and securely depositing checks from your office. Using an approved scanner, conveniently convert checks to image items for upload to Bremer Bank.

Make deposits on your own time

Remote Deposit allows you to make deposits when you want, minimizing trips to the bank. Simply scan the check using an approved scanner, and upload it through Online Banking. It's that easy.

Simple check scanning

Purchase a recommended check scanner based on your anticipated needs, with options ranging from single-feed to large-quantity feed. If you have multiple locations from which you wish to make deposits, you may add locations and additional scanners to your Remote Deposit service.

Accurate deposits and reporting

With Remote Deposit, you scan check deposits so the system captures accurate information using CAR/LAR to minimize manual data corrections on your end. Checks are converted to electronic items for upload to Bremer Bank, reducing float.

You can also export deposit information to your third-party financial management software such as QuickBooks.

Strong online features and security

The Remote Deposit service comes with:

- Single sign-on access through Online Banking
- Enhanced security through user entitlements and advanced authentication
- Optional alerts and reporting letting you know of batch approvals, batch processing, audit information and more
- Access to check images for up to 24 months through Online Banking
- Flexible batch file upload options including files created using third-party scanning software (X9.37, ACH)
- Self-administration including user permissions and file uploads

Get started today

Remote Deposit from Bremer Bank is available to clients with the Essential Plus, Extended or Elite packages of Online Banking. Take our expanded Online Banking and Remote Deposit functionality for a test drive at



Contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3. or visit [bremer.com](https://www.bremer.com) for more information.

Positive Pay



Improve business controls while minimizing losses by stopping fraudulent checks before they reach your account. Our user-friendly fraud management solutions provide controlled monitoring to protect your business efficiently and effectively.

Leverage the power of automation to protect your accounts

Protect your business from check fraud using Positive Pay from Bremer Bank. This service lets you upload issued check files, then review and decision exception items online or via mobile app. You decide if an exception item is acceptable to post to your account, stopping fraudulent checks in their tracks and minimizing losses.

Stop fraud before it happens

The power of Positive Pay begins with a daily file of approved, issued checks uploaded to Online Banking.

As checks come in for posting, exceptions are identified and made available in Online Banking for your review. You review the exception items daily and make payment or return decisions directly within Online Banking or via the Bremer Bank Business Mobile app on your iPhone, iPad or Android device.

Alternately, you can go on auto-pilot by opting to skip the review process for some or all transactions – you control the threshold level – and returning all exception items.

Consider optional debit-block

Take your account protections a step further with Debit-Block. This can prohibit all checks, ACH transactions or debits on an account.

Enhance risk controls through separation of duties

You set up your organization's users and their entitlements, ensuring that only required personnel have access to Positive Pay. Many businesses use Positive Pay as an added control to separate approval functions from those with check issuing functions.



Power up with Payee Verification

Above and beyond traditional service levels, strengthen controls even further with the Payee Verification option. Our system uses Optical Character Recognition to validate each check's payee information in addition to traditionally-reviewed attributes, assuring a higher level of security. We recommend Payee Verification on all accounts payable and payroll accounts at a minimum.

Strong online features and security

Additional features of Positive Pay include:

- Single sign-on access through Online Banking
- Enhanced security through user entitlements and advanced authentication
- Daily alerts and exception reporting so you can quickly and easily make payment decisions online
- Check image view so you can preview a check quickly while making daily decisions
- Mobile decisioning so you can make pay or return decisions on the go from your iPhone, iPad or Android device
- Self-administration including user permissions and limits and the ability to separate duties between your staff members

Get started today

The Positive Pay service from Bremer Bank is available to clients with the Extended or Elite packages of Online Banking. Take it for a test drive at bremer.com/businessdemo.

Contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3. or visit bremer.com for more information.

ACH



Improve cash flow and gain confidence that your payments and receivables will process accurately through ACH from Bremer Bank. Initiate electronic direct deposits, payroll, tax payments and more from the convenience of a secure online session, while also making it easier for customers to send you funds.

Enjoy smoother payment processes

Reduce paper handling with our electronic payment solutions that increase staffing efficiencies and support improved cash flow forecasting. By optimizing your cash position and forecasting, you can make informed purchasing, investing and borrowing decisions.

Electronic transactions through ACH are a time-tested, proven method of sending payments. Common business uses for ACH include recurring payments – such as payroll direct deposit or state and federal tax payments.

Strong online features and security

The ACH service from Bremer Bank includes:

- Single sign-on access through Online Banking
Enhanced security through user entitlements, advanced authentication and tokens.
- Optional alerts and reporting to notify you of ACH activity.
- Mobile approvals so you can approve transactions on the go from your iPhone, iPad or Android device.
- Self-administration including user permissions and limits, template setup and file uploads.
- Flexible file-upload formats including, NACHA, fixed or delimited.

Streamline receivables

Ensure fast and accurate handling of customer payments, dues or donations by relying on ACH. You receive your money faster while eliminating more expensive manual collection methods.

Reduce risk with controls and dual approvals

You set up your organization's users and their entitlements, ensuring that only required personnel have access to initiate ACH transactions. You can set up user, account and service level limits to control your funds and minimize your risk.

We recommend dual approvals for your ACH service. Entitled users initiate transactions, while other users approve the transaction within Online Banking or via the Bremer Bank Business Mobile app on their iPhone, iPad or Android device.

Get started today

The ACH service from Bremer Bank is available to clients with the Extended or Elite packages of Online Banking. Take our expanded Online Banking and ACH functionality for a test drive at bremer.com/businessdemo.



Contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3. or visit bremer.com for more information.

ACH Positive Pay



Protect your business from electronic fraud. ACH Positive Pay gives you the ability to predefine which ACH debits can post by dollar limit, authorized vendor and more.

Minimize your business risk

Empower your business with the protection of a strong fraud management solution including ACH Positive Pay.

This service lets you predefine which ACH debits can post to your account by dollar limit, authorized vendor and more; improving your business controls while minimizing losses.

As transactions come in for posting, exceptions are made available to you in an interactive page in Online Banking. You make your payment decisions online or via the Bremer Bank Business Mobile app on your iPhone, iPad or Android device, ensuring that no fraudulent activities post to your account.

The level of control you desire

Above and beyond traditional ACH Positive Pay, you can take your account protections a step further with Debit-Block. This service can prohibit all debits attempted on an account, or be defined to block all checks or ACH transactions.

Enhance risk controls through separation of duties

You set up your organization's users and their entitlements, ensuring that only required personnel have access to ACH Positive Pay.

Strong online features and security

Additional features of ACH Positive Pay include:

- Single sign-on access through Online Banking
- Enhanced security through user entitlements and advanced authentication
- Flexibility to monitor your debits, and to determine dollar ranges and other exception criteria
- Daily alerts and exception reporting so you can quickly and easily make payment decisions online
- Mobile decisioning so you can make pay or return decisions on the go from your iPhone, iPad or Android device.
- Self-administration including user permissions and limits and the ability to separate duties between your staff members

Get started today

The ACH Positive Pay service from Bremer Bank is available to clients with the Extended or Elite packages of Online Banking. Take our expanded Online Banking and ACH Positive Pay functionality for a test drive at bremer.com/businessdemo.



Contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3. or visit bremer.com for more information.

Wire Transfer



Simplify domestic and international payments with Wire Transfer. Available within Online Banking, Wire Transfer gives you the power to internally initiate payments to vendors and suppliers in both domestic and USD foreign modules, all in a secure online session.

Simplify payments

Gain efficiency with recurring wire transfer and payment needs by using our secure Wire Transfer module through Online Banking. You can set up and store often-used templates in the system, saving time on transactions.

Be confident that your payments are getting there, every time

Electronic transactions through wire transfer are a time-tested, proven method of sending payments both domestically and internationally. You benefit from the speed and reduced float of the electronic method, and the ease of conducting transactions with your business partners across the globe.

Strong online features and security

The Wire Transfer service from Bremer Bank includes:

- Single sign-on access through Online Banking
- Enhanced security through user entitlements, advanced authentication and tokens
- Domestic and USD foreign modules to aid you in setting up wires
- Mobile approvals so you can approve transactions on-the-go from your iPhone, iPad or Android device
- Streamlined template uploads via Online Banking or SFTP
- Self-administration including user permissions and limits, template setup and file uploads

Reduce risk with controls and dual approvals

You set up your organization's users and their entitlements, ensuring that only required personnel have access to initiate wire transfers or set up templates. For optimal security and fraud protection, our Wire Transfer tool offers:

- User-level limits allowing specific users to initiate and/or approve transactions of certain amounts only.
- Secure token access requiring additional security authentication prior to completing a transaction or approval.

We recommend dual approvals for your wire transfer service. Entitled users can easily initiate transactions, while other users approve them within Online Banking or via the Bremer Bank Business Mobile app on their iPhone, iPad or Android device.

Get started today

The Wire Transfer module is available to clients with the Extended or Elite packages of Online Banking. If you are already using one of these services, your Primary User can begin enrolling your business today.

Or for more information, contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3 or visit bremer.com for more information.



Integrated Receivables



Process incoming payments efficiently and accurately with Integrated Receivables. It combines the power of a traditional paper lockbox with the ability to receive electronic payments and brings the remittance information received with a check, ACH and credit card together in one file.

Optional components

PAPER LOCKBOX: Collect and deposit paper check payments received in a designated post office box. Images of checks and remittances are made available via a secure portal accessed through Business Online Banking.

eLOCKBOX: Electronically post to your accounts any incoming ACH payments and payments received from online bill payment providers. Remittance information is streamlined into a consolidated report available for electronic posting.

VIRTUAL LOCKBOX: Scan payments and remittance documents received at their physical location utilizing a flatbed scanner and combine them with other lockbox payments processed into one exportable file.

AR MATCHING: Match outstanding invoices with incoming payments and augment the data to produce a robust posting file to import into your AR system using receivables data.

CUSTOMER DECISION TOOL: Review payments and accept or reject exceptions prior to processing payments using an online tool.

EXPORT OPTION: Use our standard offering to export the check amount, routing number and account number of the payee. Capture custom fields (payee name, invoice number, invoice amount, etc.) for an additional fee.



Benefits and features

FRAUD AND RISK REDUCTION: Fast, accurate receivables processing in a controlled facility reduces the risk associated with receiving payments via standard mail delivery

STREAMLINED PROCESS: Online tools allow you to easily export and post data to your receivables system, saving time and reducing keying errors.

CUSTOMIZATION: Individual modules allow you to tailor fit the solution to match services with your specific needs.

TIMELY PAYMENT PROCESSING: Receiving incoming payments in a lockbox ensures deposits get made even when staff is out of office and provides separation of duties with payment posting processes.

INDIVIDUALIZED IMPLEMENTATION: An innovations lead is assigned to every implementation, with unique timelines based on your specific needs.

Have questions about deposit and payment products? Talk with a Bremer Treasury Management Banker or visit [bremer.com](https://www.bremer.com) for more information.

Virtual Vault: Streamlined cash deposits on site



Virtual Vault is a physical safe installed at your locations that does more than just safeguard cash. It's a smart safe that integrates hardware, software, service and security.

How Virtual Vault works

Virtual Vault tracks every cash deposit that is made into the safe and transmits deposit information to Bremer's core banking systems where it's automatically credited to your designed business account on a daily basis.

After cash goes into your Virtual Vault, only an armored car service representative can access it before securely transporting it by armored vehicle.



Shown:
Titan Series 4 with Storage Vault
(12.25" width x 30.75" height x 23" depth).

The benefits of Virtual Vault

IMPROVE CONTROLS AND REDUCE RISK: Virtual Vault offers tighter cash controls to reduce your liability and risk of loss. Employee safety improves and threat of robbery is reduced, as employees no longer carry large cash deposits to the bank. On-site theft is deterred through the secure handling and storage of cash. Since deposits may only be retrieved by authorized armored car personnel, Virtual Vault also provides greater control over employee access to cash.

SAVE TIME AND COSTS: All Virtual Vault cash deposits are validated, counted and logged when inserted, eliminating the time and costs associated with balancing drawers, preparing deposits and making trips to the bank. With fast, accurate reconciliation, Virtual Vault also eliminates accounting errors and the time required to correct them. This frees up employees to serve customers or handle other business activities. Billing is turn-key, reflected in your monthly statement.

GAIN FASTER DEPOSIT AVAILABILITY: When you deposit cash into your Virtual Vault smart safe, your account receives a daily deposit credit. This faster access to funds provides more potential for earning interest income or allocating assets for other projects.



Contact us today to add Virtual Vault to your operation. Call 800-908-2265 or visit [bremer.com](https://www.bremer.com) for more information.

Account Reconciliation



Gain operational efficiencies with Account Reconciliation reporting. Based on your business needs, choose from Full Account, Partial Account or Deposit Reconciliation reporting.

Gain efficiency with reconciliation reporting tools

Account Reconciliation reporting from Bremer Bank helps streamline your clerical tasks by identifying paid and outstanding items quickly and easily. Depending on your business activities, you may choose any of these levels of service:

- Full Account Reconciliation reporting helps identify paid and outstanding items quickly and easily. Check images are viewable in Online Banking, allowing for easy research at any time.
- Partial Account Reconciliation reporting gives you a list of all checks that have cleared the account for a specific period of time.
- Deposit Reconciliation reporting helps track deposited items by unique location identifiers or serial number.

Separate duties and reduce risk

You set up your organization's users and their entitlements. Many clients choose to separate Account Reconciliation duties from check issuance, adding a level of control and separation of duty and strengthening internal risk controls.

Stay informed with alerts and reports

Multiple same-day reporting options are available within Online Banking, letting you view account balance summary and deposit information. You can even set up text or email alerts to let you know when a scheduled report is available.



Strong online features and security

Available through our dedicated business online banking platform, Account Reconciliation reporting helps provide you other benefits including:

- Single sign-on access through Online Banking and an easy-to-use interface.
- Enhanced security through user entitlements and advanced authentication.
- Optional alerts and reporting allowing you to view same-day information with reports accessed from Online Banking.
- Check safekeeping to eliminate the need to store and handle canceled checks.
- Self-administration including user permissions and file uploads.

Get started today

Account Reconciliation from Bremer Bank is available to clients with the Extended or Elite packages of Online Banking. If you are already using one of these services, your Primary User can begin enrolling your business today.

For more information, contact your Treasury Management representative or call Treasury Management Implementation at 800-537-0091, option 3 or visit bremer.com for more information.



**MINNWEST
BANK®**

Prepared exclusively for:



Introduction

The following is a proposal for the deposit and cash management solutions that Minnwest Bank can provide to The City of Redwood Falls.

Thank you for including Minnwest Bank in your request for proposals from qualified Banking Institutions. The City of Redwood Falls is a vibrant and innovative community. The efforts to go the extra distance in local government and maintain a high level of public service for all who live, work, and visit Redwood Falls is deeply meaningful. Again, thank you.

Being headquartered out of Redwood Falls, Minnwest Bank believes in this city and appreciates the opportunity to work together.

Presented By:

Andrea Carstensen

Cash Management Sales Officer | Sioux Falls, SD

Shannon Hoffbeck

Market Sales Manager | Redwood Falls, MN

Why Minnwest



Our Vision / Purpose

Collective commitment to make an impact and improve our communities. Minnwest helps strengthen communities by providing financial resources to people and organizations in the community to realize their ambitions, big or small.

DOERS, not dreamers.

36 Locations across Minnesota and South Dakota
420 Employees

Our Core Values



The customer is our first priority



We will keep the commitments that we make



We are the people who get things done



We will work together as a team

We're large enough to get big deals done with advanced technology & a lending limit up to \$35 million, and small enough to truly listen and work with you toward your specific goals. We have firsthand knowledge of the challenges and risks our customers face, and we pride ourselves on building lasting relationships.

We don't just say our customers come first, we live and breathe it; that's our commitment to you.

Most recent fiscal year audited financial statement included separately (Exhibit A)

Minnwest Bank is rated "A" by Egan Jones

FDIC Composite rating: Cannot legally disclose.
However, Minnwest Bank liquidity and capital ratios exceed the requirements of our regulators.

In October of 2020, Minnwest Bank purchased Roundbank. No other recent or pending mergers or acquisitions.

Minnwest bank is able to fully collateralize balances in excess of FDIC coverage. We pride ourselves on offering creative solutions and would like to discuss in more detail to determine the best route for the City, as we are members of the Intrafi Network too.

Our History

- Inception in mid-80s, during what at the time was called the "Farm Crisis"
- Founded in 1987 by M.D. "Pete" McVay family with a background in agriculture and cyclical businesses, saw as an opportunity, formed two Small Bank Holding Companies, and bought seven of the Norwest banks offered for sale.
- From 1988-now the company has grown both by acquisition and organic growth
- We are now one of Minnesota's largest banks, with more than \$2.7 Billion in assets, and the second largest Ag lending bank in Minnesota
- Community Driven: Serving the communities in our footprint

Minnwest Bank Experience | Community Focused



Minnwest Bank is dedicated to community involvement and customer service. Our interest in serving our customers and communities was inspired by our founder, M.D. (Pete) McVay, and has served us well for more than three decades. Today, our founder's vision is shared by our employees who are dedicated to building and sustaining our local communities.

A Community of Doers, visible and active in the Redwood Falls community



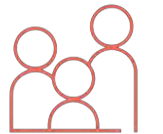
Areas of Support:



EDUCATION



YOUTH SERVICES



FAMILY HEALTH



COMMUNITY ARTS



ECONOMIC DEVELOPMENT



ANIMAL WELFARE



“Runnings has been a customer of Minnwest Bank for many decades. Minnwest Bank has been a partner to Runnings in helping us grow and expand our business and has been a **resource for all our Cash Management needs, enhancing our operational efficiency and internal processing.** The bank and its staff are **knowledgeable and continue to provide personalized service** to many of our employees and departments within the Runnings organization.”

DAN HERRMANN

CHIEF OPERATING OFFICER, RUNNINGS

“Minnwest Bank has been a huge asset to me while growing my business over the last 10 years. **They understand** the local market and make you feel like a **part of a team.** Their awesome staff and friendly atmosphere have made them one of the best banks around!”

NOEL JOHNSON

OWNER/BROKER-PREMIER REAL ESTATE SERVICES

“Bald Man Brewing is extremely satisfied banking with Minnwest Bank. Having a local bank that understands our brewery's needs is very important to us, and Minnwest has exceeded every expectation that we have had for a banking partner in our community. Minnwest Bank always goes the extra mile for all our needs.”

DANIEL JACOBS

PRESIDENT/CO-FOUNDER, BALD MAN BREWING

Minnwest Bank | B. Institution Personnel & Contacts



Andrea Carstensen – resource for RFP, account questions, cash management services
Cash Management Sales Officer | Sioux Falls, SD
andreac@minnwestbankgroup.com | 605.323.3848

Shannon Hoffbeck – resource for RFP, day to day operations, account questions
Market Sales Manager | Redwood Falls, MN
shannonh@minnwestbankgroup.com | 507.637.4346

Brenda Joines – resource for day to day operations, account questions
Advanced Universal Banker | Redwood Falls, MN
brendaj@minnwestbankgroup.com | 507.295.0319

Erica Woodford - resource for day to day operations, account questions
Retail Lead | Redwood Falls, MN
ericaw@minnwestbankgroup.com | 507.637.4357

Cash Management Support – team dedicated to technical support on online banking and cash management services
Hours: Monday – Friday, 8 am – 5 pm
cmservices@minnwestbankgroup.com | 866.752.8135

- **Q:** Describe your institution’s customer service philosophy and organizational structure and provide meaningful examples to illustrate.

A: Minnwest Bank is a family-owned bank that is committed to making the customer top priority. We are here for you at the local level. You can call us directly and we will work with you to meet your needs. We are a large community bank equipped with enough resources and staff to find solutions and stay atop of technology, yet nimble enough to remain relevant and responsive in our local communities. Our staff takes pride in representing Minnwest in and out of the branches. Each employee receives an allotment of paid time off to volunteer in the community. And in addition, a percentage of our local branch profits is donated back into the local communities with donations approved by a committee of local employees.

Minnwest’s organizational structure is designed with hierarchical levels, aimed to streamline operations and provide specialized service directly to the customer. There are daily examples of calls being serviced by local, knowledgeable staff with a listening ear and prompt answers, or a commitment to uncover. Minnwest has a loyal customer base, representing our continuous commitment to improvement, needs, and strong relationships.

Our Core Values



The **CUSTOMER** is our first priority.



We will keep all of the **COMMITMENTS** we make.



We are the **PEOPLE** who get things done.



We will work together as a **TEAM**

- **Q:** Describe the procedures established for disaster recovery in the event of a systems failure or other disaster at the institution's primary processing site.

A: Minnwest runs load balanced data centers with each data center being able to run all banking services. There are redundant data communication solutions in each data center as well. As such, if a storm impacts processing in one data center they are restored in the other data center.

A: Minnwest has not experienced any such event in the 7 years we have had this operating environment. We annually test our core banking system and data recovery capabilities. Every 18 months we ensure the ability to roll all banking services into one data center or the other.

A: Minnwest also has air-gapped backups at each of our data centers, and we also backup the core banking system and data (IBM) to Fiserv's Sheltered harbor solution and backup the servers to Azure.

A: Minnwest has 36 convenient locations across Minnesota and South Dakota that are all happy to serve customers, regardless of their "home branch".

Minnwest Bank Experience | E. Bank References



Chippewa County Treasurer/CCM Health

Desi Anspach, Chief Financial Officer, Ph. 320.321.8103, email: desi.anspach@ccmhealthmn.com

City of Lewiston, MN

Bobby Falcon, City Administrator, Ph. 507.523.2257, email: administrator@lewistonmn.org

Minnwest Bank Experience | F. Implementation



- Q: Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.
 - A: **We have the flexibility to work with you** while software programs, etc. are converted and there is no rush on Minnwest's end to flip a switch, rather walk side-by-side with you as you transition. Minnwest provides you a convenient '**Business Transition Checklist**' to help guide you in the process as well.
 - 1. Business Account Application (ease of capturing legal and signer information) & signatures for opening
 - 2. Checks, deposit slips & endorsement stamps ordered
 - 3. Cash Management meeting – determining user access, limits, services, and training dates
 - 4. Online banking profiles communicated and created
 - 5. Cash Management Training & activations
 - 6. Ongoing support
- Q: Will an implementation manager/team be assigned?
 - A: Following the award, Andrea and Shannon will be in regular communication and monitor the progress of account and cash management set up. The Cash Management Support team also monitors onboarding and does training.
- Q: What is the average lead-time required for implementation?
 - A: Typically, a minimum of 60 days for a full bank transition.
 - Account Opening – 3-5 business days
 - Deposit Ticket orders and endorsement stamps – 10 business days (have been taking longer due to postal delays)
 - Information reporting – statements are generated on the first of every month
 - Other – Before activating cash management services, information needs to be gathered and documentation completed. Expect at least a week, and depending on preferences & schedules for training another week or two.
- Q: Describe support provided during implementation, including training, technical assistance, user manuals and on-site visits.
 - A: Every Minnwest cash management service has a [tutorial video](#) and instructions/user manual.
 - A: We will set up times to talk with stakeholders to ensure correct access and services in place and make the transition as seamless as possible.
 - A: **Cash Management Support** team members will be available, and on-site if desired, for training, installation and process discussions.

Hours: Monday – Friday, 8 am – 5 pm cmservices@minnwestbankgroup.com | 866.752.8135

- **Q:** Does the institution accept compensation in fees, balances, or a combination of both?
A: Both. Each customer's situation is unique and dependent on account type(s), balances, activity and cash management services. For the City, your monthly average available DDA balance will produce an earnings credit to offset fees. We can partner to identify a specific balance for counteracting such fees & maximizing investments.
- **Q:** What is the due date for bank fees and what is the process for paying those fees?
A: Any fees not covered by your earnings credit would automatically deduct from your primary account on the last business day of each month.
- **Q:** Describe the method used to calculate the earnings credit rate (ECR).
A: Our ECR is calculated as follows: average positive available balance x earnings credit rate / 365 x days in statement cycle.
- **Q:** What has the institution's ECR been for the last 6 months?
A: The ECR rate for the highest tier (over \$250,000, which you would fall into) was at .75% for the 4 months leading up to June 1st, when it was changed to 1.00%. **There are many factors to consider when choosing a banking partner aside from the listed ECR, including cost of the services themselves, technology, customer service etc.**
- **Q:** How often are bank fees and earnings credit rates adjusted?
A: Bank fees are reviewed annually and rarely adjusted. Interest and Earnings Credit rates are reviewed more periodically as the market indicates.

- Q: How long will you guarantee quoted rates and fees?
A: We are happy to provide you assurance that these current (July 2023) rates and fees will be guaranteed to the City for 1 year.
- Q: Is there a reserve requirement deduction? What is the calculation for a reserve requirement?
A: No
- Q: How does the institution charge for non-sufficient fund checks deposited?
A: See Exhibit B
- Q: How does the institution charge for stop payment requests?
A: Included free with Positive Pay enrollment.
- Q: How do you determine and calculate availability of deposited items?
A: Minnwest gives same day funds availability whether cash or check deposit received. For the purposes of earnings credit and interest calculations, funds are considered available on non-Minnwest checks when provisional credit is granted from the Federal Reserve, typically 1 business day after deposit.
- Q: Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B
Displays all Analysis Account/item and Cash Management fees.
Page 27 provides a detailed look of the City's proposal with respective balances and activity.

- **Q:** Provide a detailed overview of your internet business portal services and capabilities.
 - A:** Minnwest Bank's Business Online Banking provides a convenient and flexible way to manage accounts and activity on a daily basis. Safe and secure, our Business Online Banking and Mobile Banking give you the ability to customize your banking experience to meet the City's needs.
 - A:** Some features listed to the right, as well as mobile deposit, multi-factor authentication, dual control, security tokens, and online statements with details to view, download and print for 24-months
 - A:** Our team can provide a demo if desired, and train the City's team when on-boarded
- **Q:** Are multiple users able to access online services?
 - A:** Absolutely. We can modify viewable accounts and abilities to transact, too.
- **Q:** Provide a fee schedule that outlines the fees associated with this service
 - A:** See Exhibit B
N/A

» BENEFITS & FEATURES

- Multiple User and Account Access
- Real Time Account Information
- View check and deposit Images
- Current & Prior Months Account History
- Access Online Statements
- 24 Month Transaction Archive
- Stop Payment Origination
- Internal Transfers
- Loan Payments
- Bill Pay
- Cash Management Products Available:
 - ACH Origination
 - Remote Deposit Capture
 - Wire Origination
 - Check & ACH Positive Pay
- Account Activity Export:
 - Comma Separated (.CSV)
 - QuickBooks (.QBO)
 - Microsoft Money (.BAI)
 - Quicken (.QFX)

Minnwest Bank Experience | I. Depository Services



- **Q:** Describe the institutions branch, night drop, vault (via armored courier) service options.
A: 2 locations in Redwood Falls, both offering Lobby, Drive-Up and ATM Services. Highway location offers an Interactive Teller Machine for added hours and service. Both branches have night drop and coin counting services. Hours are listed →
- **Q:** What is the cut-off time to ensure same day ledger credit?
A: In Branch Deposits : Mon - Fri, until branch closes
Remote Deposit/Mobile Deposit/Internal transfers/ITM: Mon – Fri, 6 pm
- **Q:** Do you accept loose and/or rolled coin for deposit at branch and night drop locations?
A: Yes, at both locations. Does not matter if loose or rolled.
- **Q:** Provide an availability schedule for all deposit service options.
A: All deposit service options are available during timeframes listed, excluding Federal holidays. Services such as Remote or Mobile Deposit, and ACH Origination can be accessed 24/7 with standard processing cut-off times.

REDWOOD FALLS DOWNTOWN

300 South Washington

Lobby Hours

Mon – Fri : 9 am – 4 pm

Drive-Up Hours

Mon – Fri : 8 am – 5:30 pm

ATM Hours

24-Hour - located in West entrance

REDWOOD FALLS EAST

1275 East Bridge

Lobby Hours

Mon – Fri : 9 am – 4:30 pm

Sat: 9 am – 12 pm

Drive-Up Hours

Mon – Fri : 7:30 am – 6 pm

Sat: 9 am – 12 pm

ITM (Interactive Teller Machine) hours

Mon – Fri: 7 am – 6pm

Sat: 9 am – 2pm

ATM Hours

24-Hour

- Q: Does the customer order deposit tickets and other supplies through the institution or directly from a vendor? How are charges handled?
A: We are happy to assist with ordering supplies the City needs. Charges would be posted and debited directly from your operating account at Minnwest. Checks can be ordered through Harland Clarke.
- Q: What types of deposit bags do you allow/require?
A: Does not matter
- Q: Does the institution identify and adjust all discrepancies? Describe the documentation provided for deposit discrepancies.
A: Deposit correction notices get mailed out if it is over \$5, listing the deposit made and such adjustment amount. If the bank receives a check adjustment (either for a deposited item that was taken for the incorrect amount or for a check issued on our customer's account), no notices are sent to the customer. Depending on the amount, branch staff may notify the customer as courtesy.
- Q: Provide a fee schedule that outlines the fees associated with this service.
A: N/A

- Q: Can return items be automatically redeposited? If so, how many times?
A: Yes, we can redeposit returned items one additional time per Federal Reserve restrictions.
- Q: Provide the institution's standard return item and re-clear processing instructions.
A: Checks – we allow business customers the opportunity to decide how return items are handled. We can place a standing order to either redeposit them, charge them back to the account, or forward them to directly to a collection agency.
A: ACH Origination – we do not automatically retry payments or forward to a collection agency but make entries to the account for the returned item.
- Q: Provide a fee schedule that outlines the fees associated with this service.
A: See Exhibit B
Check – \$5
ACH Return Item - \$10
Returned Item Special Handling - \$10/mo.

- Q: Provide a brief description of stop payment services
 - A: With having Positive Pay enabled, you will be able to complete your own Check stop payments within your online banking. **There is no cost for stop payments as a Positive Pay user.** You simply view your issue list and update the appropriate check from “issued” to “stopped”. ACH Stop Payments are also managed in the system.
 - A: A manual is provided to you for stop payments within the Positive Pay system.
- Q: Provide a fee schedule that outlines fees associate with this service.
 - A: See Exhibit B

- **Q:** Provide a brief description and general workflow of your remote deposit service capabilities
 - A:** RDC gives you ease and flexibility to make deposits without leaving your office, anytime. Your funds are available faster, saves you time preparing deposits, and cuts down on costs related to courier fees or trips to the bank.
 - A:** Workflow:
 - Open an account
 - Banking officer & customer decide on daily limit to be bank approved
 - Enroll in Business Online Banking with Remote Deposit
 - Minnwest Bank can provide scanner to be shipped directly
 - Install time scheduled with customer for scanner drivers (remotely installed)
 - Start scanning checks (Virtual Endorsement; do not need to stamp back of check)
 - Deposits reviewed and batched to post same day if submitted prior to 6:00pm on a business day
- **Q:** Provide a fee schedule that outlines the fees associated with this service
 - A:** See Exhibit B
 - \$50/mo. for single feed, \$65/mo. for multi-feed

- **Q:** Provide a brief description of the service, including data transmission methods and time windows.
A: Positive Pay assists in the prevention of check and ACH debit fraud. Managed electronically through our secure Business Online Banking, you are protected daily against losses. The City either manually enters or uploads an electronic file containing the checks you have issued. When checks are presented for processing, the check number, dollar amount and payee information are compared to your issued files on record at the bank. If an item does not match, they are considered an exception and you are notified via email, text or both. All ACH Debits are compared against an approved list. You are able to add exceptions to your approved list or have it returned.
A: Check files need to be uploaded to Online Banking by 7pm to apply to next business day posted items. We recommend uploading Positive Pay data files before checks are disbursed for payment. You have until 11am CST to login into your Online Banking to review exception items and make a decision to pay or return.
- **Q:** What is the cut-off time for making decisions on exceptions?
A: 11 am CST for decisions on Positive Pay exception
- **Q:** How does the City notify the institution of voided and stop payment checks?
A: An approved user will login into Business Online Banking, where they can manage issued items to place stop payments on outstanding checks or upload a file/manually enter data on any voided checks.
- **Q:** Does your institution have payee verification?
A: Yes
- **Q:** How does the institution handle exception (“paid not issued”) items?
A: Exceptions needs to be manually approved to get paid by 11am the day they are identified, otherwise default is they get returned if undecided
- **Q:** Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B
\$35/mo. for both Check & ACH Positive Pay, unlimited Stop pays and \$0 for exceptions. \$15/mo. for any additional account.

- **Q:** Describe which ACH origination methods are available (e.g. direct transmission, on-line, or other).
A: ACH Origination is accessed through Business Online Banking, only for users authorized on the Cash Management agreement. Those users are required to use security tokens at login and ACH transfer submission as part of our security measures for the service.
- **Q:** What are the hours of operation of your ACH processing unit?
A: The ACH Manager module can be accessed anytime, with the following deadlines:
Cutoff Times:
 - Same Day ACH – 1st cutoff 8:15 am (received by 1:50 pm)
2nd cutoff 12:30 pm (received by 5 pm)
 - Standard ACH for next settlement – 4 pm
- **Q:** Provide a schedule of the days the institution's processing centers will be closed.
A: Federal Holidays and weekends
- **Q:** Explain the cut-off times, relative to settlement date, for customer initiation of ACH entries.
A: Above
- **Q:** Describe your ACH fraud prevention services.
A: For ACH Origination, authorized users must have a security token for login. Dual control is an option, where you can set multiple users in which one initiates the file and one approves.
A: Within the Positive Pay module, customer creates their approved list of companies allowed to ACH Debit their account. If not on the list, it flags an exception to either be approved or returned, like a check would.

- **Q:** Describe the procedures used to verify accurate and secure receipt of transmissions.
A: Following an ACH file upload, our system generates emails to the authorized users confirming the bank's receipt and when the file is processed.
- **Q:** Can the institution automatically redeposit items returned for insufficient or uncollected funds?
A: An email is sent to notify clients that there is a new NOC or return item. The details of the transaction are held within the ACH module of Business Online Banking and must be re-sent by the customer.
- **Q:** How does the institution handle file, batch, and item reversals and deletions?
A: Customers can do reversals within the ACH Module in Business Online Banking. Customers can choose to reverse 1 item or the whole file/batch. Deletions are typically done by the bank's ACH department before the transfer is processed out to the Federal Reserve. An example would be accidentally sending last week's payroll this week and realizing that error after it was sent to the bank. Minnwest Bank holds all ACH transfers/files until the top of the next hour. During this review time the transfer can be deleted by the bank and the correct file can be sent. Customer needs to contact bank in this example.
- **Q:** Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B
High Volume pricing structure fits your will fit your activity best.
\$20/mo. + \$5/file + \$.10/item

- **Q:** Briefly describe all domestic wire transfer initiation products currently supported by the bank.
A: Secure Online Banking for Online Wire Services and Offline Wire requests are accepted with call back verification. Dual Control is available and highly recommended for added security for customers using ACH and Online Wire Services.
- **Q:** For each method listed above, describe the process of initiation, approval and release.
A: Online – authorized users securely log into Business Online Banking Wire Manager module > follow the steps in creating a new wire with necessary information or modifying an existing template > use DigiPass Token app to scan the security challenge image to submit > financial institution reviews request then calls the authorized approver on transfer date to confirm and send
A: Offline – with a wire transfer agreement on file, approved users contact local branch staff with necessary payment information, and if not done in person, a call back verification will be completed.
- **Q:** Does your institution have the capability to require different levels of requestor/approval for wires and/or ACH payments?
A: Yes. There is great functionality with user initiation, approval or both. Approved initiators log in using a token. The user will enter wire/ACH information or use an existing template and submit. If dual control is in place, a second authorized user can log in and approve.

- **Q:** Does your institution have the ability to create and store recurring/repetitive wire instructions/templates?
A: In general, all of this functionality is available for Minnwest clients' use. For the best description, we recommend our video tutorials, which are available on www.minnwest.com -> Resources tab -> Education -> Business.
- **Q:** Does your institution have the ability to create and store future-dated wire instructions?
A: Yes, conveniently in Business Online Banking.
- **Q:** What is the cutoff times for initiating domestic wire transfers to ensure same day settlement?
A: Cutoff Time for Online/Offline Wires is 4 pm
- **Q:** Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B
An online domestic wire is \$10, traditional domestic wire is \$25, and incoming domestic wire is \$15

- Q: Describe the requirements, deadlines and process for ACH transactions.
A: See Pages 21 & 22
- Q: When will funds be drawn from the City's account?
A: Minnwest Bank will place a prefunding hold for the funds 1-day prior to settlement. The hold happens during the overnight processing of file sent early, so funds would need to be available in the account by the end of business 2 days prior.
Example: payroll file for Friday payment uploaded on Tuesday. The prefunding hold happens Thursday morning around 2am, therefore, funds would need to be available by the end of business on Wednesday in this example. You can also submit payroll Thursday for Friday payout and the system would place the hold immediately when the file is submitted.
- Q: When will funds be available in participating institutions?
A: Funds are available at other banks on the settlement date selected within the ACH file.
- Q: Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B (ACH Origination)

- Q: Describe your adjustment process for resolving deposit discrepancies.
A: The general policy for all adjustments and corrections is to debit or credit the customer's account for the amount of the adjustment/correct. Notices will be mailed for any adjustment over \$5.00.
- Q: At what dollar amount do you write off discrepancies?
A: For greater efficiency, a difference may be posted to a customer's account without researching if, for example, a deposit includes a large number of checks and the difference is \$1.00 or less.
- Q: Do you adjust the deposit amount or process an adjusting debit or credit?
A: The general policy for all adjustments and corrections is to debit or credit the customer's account for the amount of the adjustment/correct.
- Q: Provide a fee schedule that outlines the fees associated with this service
A: See Exhibit B
N/A

- **Q:** What investment options does your institution offer?
A: There are several competitive investment options available at Minnwest that we would enjoy talking through to find the best fit for your needs and wants:
 - ICS (Insured Cash Sweep)
 - Platinum Business/Nonprofit Savings account
 - CDARS (Certificate of Deposit Account Registry)
 - Traditional CDs
- **Q:** Does the institution provide sweep vehicles for the investment of excess balances? If so, describe the functionality of the sweep.
A: Yes. We can place 1 or 2-way Sweeps on the operating account, with an identified Target Balance to eradicate service fees, to optimize your interest earning potential in a savings account. See Page 28 for more detail.
- **Q:** How is the investment account linked to the operation (checking) account?
A: There are a few options for the City's choosing. Upon further discussion, we can do 1 or 2-way sweeps between the operating account and another, or you can do manual transfers within Online Banking
- **Q:** Is the investment account accessible on-line?
A: Absolutely.

Minnwest Bank Experience | R. Investments cont. & Account Analysis

The displayed information provides a full, comprehensive picture of pricing at Minnwest Bank based on the City's volume, transaction types, and Cash Management Services illustrated within the request for proposal.

Operations Checking Account

- Account Type: Platinum Analysis Business Checking
- Target Balance at 1.00% ECR: \$800,000 (all inclusive for higher than average activity, sweep, and Cash Management services)
- Interest Maximization: A 2-way sweep between a Platinum Savings or ICS Account
- Collateralization: Full ledgerance, with proposed ICS for sweeping.

Savings Account or ICS

- Interest Rate: Platinum Business Savings over \$1,000,000 at 3.00% (7/2023)

CDARS (7/2023)

- 26-week at 4.00%
- 52-week at 3.50%

- **Q:** What security features are in place to minimize risk of unauthorized transactions?
A: Minnwest Bank has a strong commitment to help protect you from the relentless fraudsters and scammers.
 - Positive Pay services are available to proactively prevent Check and ACH fraud.
 - Guardian Analytics is an anomaly detection service applied to Minnwest ACH Origination Files.
 - A Security Token is required for Business Online Banking users enrolled with ACH Origination and/or Online Wires.
 - Dual Control is recommended and available for ACH Origination, and Online/Offline wires require a phone call for verification.**A:** Minnwest Bank's Internet Banking Service features one of the industry's most advanced systems available. The 4 primary areas of concern involve securing of data are: Securing login-in and user authenticity, encryption while data is in transit, routing unwanted traffic away from the bank, and physical security of the Bank's server.
For more information, please visit our website: www.minnwest.com >Resources tab > FAQs | Security Statement.
- **Q:** Provide a fee schedule that outlines the fees associated with this service.
A: See Exhibit B
N/A

- **Q:** What differentiates your service from other providers?
A: We offer a full suite of Cash Management products and are continually looking at new and innovative products to enhance our current line-up. Our bank is the only institution in Redwood Falls with a full-service lobby open on Saturdays. We also have two ITMs (Interactive Teller Machines) at the Redwood Falls East location where you can interact with one of our live Minnwest bankers on the screen to assist with your transaction. The ITMs have extended hours, too.

What truly sets Minnwest Bank apart is our people. We are dedicated to building relationships with DOERS. Our team aligns service with our Core Values and keeps the customer as FIRST priority. We care deeply about our City and surrounding areas, as indicated by our local involvement and headquarters located in Redwood Falls.

- **Q:** How do you plan to keep your products current and competitive?
A: Minnwest Bank strives to create the best experience and outcomes for our customers. We do so with education, regular market research (trends, needs, new offerings), customer feedback (annual surveys and commentary), personalization and digital transformation (tailored services and efficiencies), and partnerships. We regularly review interest and earnings credit, and annually look at service fees (which rarely ever change).

- Q: List in your proposal any other services provided by your institution that would be beneficial to the City of Redwood Falls

A: Employee Loyalty Banking

- At Minnwest Bank, we believe in building strong, vibrant communities with doers like you and your employees. Available only to our employees of our business customers, our Loyalty Banking program comes with the benefits of our Preferred Checking account and much more.
 - See Exhibit C

A: Merchant Card Processing

- Through Minnwest's partnership with Heartland Payment Systems, we can provide you with the tools you need to get started or give you a price comparison of your existing processing costs to ensure that your provider is meeting your business needs. Start using Heartland Payment Systems today to help you get paid faster, process all major card brands on 1 convenient statement, see transparent fees, get round-the-clock support, use fully integrated software and terminals, and receive industry-specific solutions.

A: Company Reward Charge Card

- As a municipality, this pay-in-full card is for you. Save time and money by automating recurring payments. Optimize your cash flow by making payments now, but with no obligation to pay the balance until your card payment is due, providing up to 25 more days to pay. Add recurring revenue to your balance sheet with rewards points that can be applied toward your card balance. There is no annual fee, earn 1 point per dollar on net purchases, easily manage employee cards and payments with eZbusiness, shared credit line and consolidated statements, transaction reporting, fraud monitoring and zero fraud liability to name a few benefits.

A: Resources

- On Minnwest Bank's website we offer detailed educational videos of each Cash Management service, and a dedicated Cash Management team for support and training

Our Ongoing Relationship | Minnwest Bank & The City of Redwood Falls

Minnwest Bank's goal is to become a solid resource to your management team, one that provides you with friendly service financial advice, beneficial ideas, and tools you need to continue serving residents and adding value to our community.

Thank you for your consideration!



Appendix

3-4	Bank Overview
5-6	Bank Experience & References
7	Institution Personnel & Contacts
8	Customer Service
9	Disaster Recovery
10	References
11	Implementation
12-13	Bank Compensation
14	Online Internet Services
15-16	Depository Services
17	Return Item Processing
18	Stop Payment Services
19	Remote Deposit Services
20	Positive Pay Services
21-22	ACH Processing
23-24	Wire Transfers
25	Direct Deposit for Payroll
26	Errors & Adjustments
27-28	Investment Options & Cost Proposal
29	Security/Protection Measures
30	Competitive Position & Future Commitment
31	Miscellaneous Services & Additional Benefits

Exhibit A	Financial Statements
Exhibit B	Business Fee Schedule
Exhibit C	Cash Management Services
Exhibit D	Loyalty Banking Program

Consolidated Financial Statements
December 31, 2022 and 2021
Minnwest Corporation
and Subsidiaries

MINNWEST CORPORATION AND SUBSIDIARIES

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	3
Consolidated Statements of Income	4
Consolidated Statements of Comprehensive (Loss) Income	5
Consolidated Statements of Changes in Stockholders' Equity	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9
SUPPLEMENTARY INFORMATION	
Consolidating Balance Sheet	50
Consolidating Statement of Income	51



Independent Auditor's Report

To the Audit Committee
Minnwest Corporation
Minnetonka, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Minnwest Corporation and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive (loss) income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of their operations and their cash flows for years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Internal Control Over Financial Reporting

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in the *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Committee (COSO) and our report dated March 24, 2023 expressed an unmodified opinion.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 50 and 51 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink on a light-colored background.

Minneapolis, Minnesota
March 24, 2023

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands, Except for Number of Shares)

	2022	2021
Assets		
Cash and due from banks	\$ 14,147	\$ 12,829
Interest-bearing deposits in banks	107,338	149,138
Cash and cash equivalents	121,485	161,967
Certificates of deposit in banks	7,524	14,921
Debt securities available for sale	548,906	522,402
Restricted stock	9,897	6,437
Loans held for sale	976	6,323
Loans and direct financing leases, net	2,037,365	1,911,279
Loan servicing rights	5,319	3,540
Premises and equipment, net	26,294	24,425
Foreclosed assets, net	9,961	7,825
Income taxes receivable	372	2,635
Deferred income tax, net	20,152	1,483
Goodwill	35,649	35,427
Other intangible assets	3,248	4,004
Accrued interest receivable	17,718	14,813
Company owned life insurance	24,690	24,604
Other assets	18,868	7,988
Total assets	<u>\$ 2,888,424</u>	<u>\$ 2,750,073</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 724,630	\$ 676,452
Interest-bearing	1,736,957	1,691,065
	<u>2,461,587</u>	<u>2,367,517</u>
Notes payable	164,208	107,044
Accrued interest payable	1,789	1,448
Other liabilities	22,901	21,216
Total liabilities	<u>2,650,485</u>	<u>2,497,225</u>
Stockholders' Equity		
Common stock, par value \$0.01 per share; 5,000,000 shares authorized; issued and outstanding 545,199 in 2022 and 546,836 in 2021	5	5
Additional paid-in capital	6,098	6,116
Retained earnings	274,628	249,515
Accumulated other comprehensive loss	(38,953)	(2,788)
Unearned employee stock ownership plan (ESOP) shares	(3,839)	-
Total stockholders' equity	<u>237,939</u>	<u>252,848</u>
Total liabilities and stockholders' equity	<u>\$ 2,888,424</u>	<u>\$ 2,750,073</u>

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands)

	2022	2021
Interest Income		
Loans and direct financing leases, including fees	\$ 94,833	\$ 84,810
Debt securities	7,632	3,676
Interest bearing deposits and other	1,424	640
	<u>103,889</u>	<u>89,126</u>
Interest Expense		
Deposits	8,600	4,653
Notes payable and fed funds purchased	3,384	3,395
	<u>11,984</u>	<u>8,048</u>
Net Interest Income	91,905	81,078
Provision for Loan and Lease Losses	<u>1,215</u>	<u>1,964</u>
Net Interest Income After Provision for Loan and Lease Losses	<u>90,690</u>	<u>79,114</u>
Noninterest Income		
Deposit service charges and other fees	5,737	2,012
Insurance commissions	2,118	1,543
Bank card and interchange income	3,362	2,574
Net gain on sale of loans	3,641	1,193
Other income	4,672	2,730
	<u>19,530</u>	<u>10,052</u>
Noninterest Expenses		
Salaries and employee benefits	45,762	38,573
Information systems	10,273	8,153
Occupancy and equipment	5,542	4,589
Marketing	2,485	1,761
Professional services	3,075	2,026
Foreclosed assets expense, net	1,362	2,226
FDIC insurance and regulatory assessments	1,217	750
Other expenses	3,408	2,012
	<u>73,124</u>	<u>60,090</u>
Income Before Income Taxes	37,096	29,076
Income Tax Expense	<u>9,813</u>	<u>7,620</u>
Net Income	<u>\$ 27,283</u>	<u>\$ 21,456</u>

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
Net Income	\$ 27,283	\$ 21,456
Other comprehensive (loss) income, net of tax		
Unrealized (losses) gains on debt securities available for sale		
Unrealized holding (losses) gains arising during the period	(51,063)	(7,585)
Tax effect	14,898	2,181
Net amount	<u>(36,165)</u>	<u>(5,404)</u>
Reclassification adjustment for losses (gains) included in net income	-	39
Tax effect	-	(11)
Net amount	<u>-</u>	<u>28</u>
Other comprehensive (loss) income, net of tax	<u>(36,165)</u>	<u>(5,376)</u>
Comprehensive (Loss) Income	<u>\$ (8,882)</u>	<u>\$ 16,080</u>

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands, Except for Number of Shares)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
	Shares	Par Value					
Balance, December 31, 2020	552,062	\$ 6	\$ 6,175	\$ 231,879	\$ 2,588	\$ -	\$ 240,648
Net income	-	-	-	21,456	-	-	21,456
Other comprehensive loss	-	-	-	-	(5,376)	-	(5,376)
Cash dividends	-	-	-	(1,500)	-	-	(1,500)
Stock redemption	(5,226)	(1)	(59)	(2,320)	-	-	(2,380)
Balance, December 31, 2021	546,836	5	6,116	249,515	(2,788)	-	252,848
Net income	-	-	-	27,283	-	-	27,283
Other comprehensive loss	-	-	-	-	(36,165)	-	(36,165)
Cash dividends	-	-	-	(1,500)	-	-	(1,500)
Stock redemption	(1,637)	-	(50)	(670)	-	-	(720)
Shares purchased by ESOP	-	-	-	-	-	(4,265)	(4,265)
ESOP shares released	-	-	32	-	-	426	458
Balance, December 31, 2022	<u>545,199</u>	<u>\$ 5</u>	<u>\$ 6,098</u>	<u>\$ 274,628</u>	<u>\$ (38,953)</u>	<u>\$ (3,839)</u>	<u>\$ 237,939</u>

See Notes to Consolidated Financial Statements

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
Operating Activities		
Net income	\$ 27,283	\$ 21,456
Adjustments to reconcile net income to net cash provided by operating activities		
Net amortization and accretion of debt securities	5,285	2,887
Provision for loan and lease losses	1,215	1,964
Net gain on sale of SBA loans	(3,641)	(1,193)
Net change in loans held for sale	5,347	(6,323)
Proceeds from loans sold	81,408	11,286
Mortgage servicing rights capitalized, net	(1,779)	(41)
Depreciation	2,347	2,452
Net loss on disposal of premises and equipment	108	-
Earnings on company owned life insurance	(86)	(361)
Net (gain) loss on sale and write-down of foreclosed assets	(476)	108
Net loss on sale of available-for-sale securities	-	39
Amortization of intangible assets	756	477
Amortization of subordinated debt issuance costs	132	132
Deferred income tax expense	(2,232)	(1,660)
ESOP compensation expense	453	-
Net (increase) decrease in other assets, excluding acquisitions	(11,744)	5,954
Net increase in other liabilities, excluding acquisitions	2,026	673
Net Cash Provided by Operating Activities	<u>106,402</u>	<u>37,850</u>
Investing Activities		
Cash and cash equivalents acquired in acquisitions, net of purchase price	-	(62,529)
Net decrease in certificates of deposit with banks	7,397	1,955
Proceeds from maturities and sales of available-for-sale debt securities	27,588	42,730
Purchases of available-for-sale debt securities	(111,979)	(309,325)
(Purchases) sales of restricted stock, net	(3,460)	189
Net increase in loans and direct financing leases	(207,755)	(13,310)
Purchases of premises and equipment, net	(4,324)	(1,537)
Purchases of company owned life insurance	-	(15,000)
Proceeds from sale of foreclosed assets	1,027	793
Net Cash Used for Investing Activities	<u>(291,506)</u>	<u>(356,034)</u>
Financing Activities		
Net increase in deposits	94,070	70,298
Proceeds from notes payable	155,679	4,427
Payments made on notes payable	(98,647)	(15,269)
Cash dividends paid	(1,500)	(1,500)
Loan to ESOP	(4,260)	-
Redemption of common stock	(720)	(2,380)
Net Cash Provided by Financing Activities	<u>144,622</u>	<u>55,576</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(40,482)	(262,608)
Cash and Cash Equivalents, Beginning of Year	<u>161,967</u>	<u>424,575</u>
Cash and Cash Equivalents, End of Year	<u>\$ 121,485</u>	<u>\$ 161,967</u>

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 11,644	\$ 8,874
Cash payments for income taxes	7,550	2,187
Supplemental Disclosure of Noncash Investing and Financing Activities		
Transfer of loans to foreclosed assets	\$ 2,687	\$ 404

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Minnwest Corporation (the Company) is a bank holding company that consists of Minnwest Bank (the Bank) and Minnwest Finance, Inc., an agricultural finance subsidiary. The Company provides a variety of financial services through its offices in the Minneapolis-St. Paul Metropolitan area, central and southern Minnesota, and eastern South Dakota. Its primary product mix consists of commercial, agricultural and retail loans, deposit and cash management products as well as insurance services.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Minnwest Corporation and its wholly owned subsidiaries Minnwest Bank, Minnwest Finance, Inc. and Minnwest Insurance Agency, Inc., an insurance subsidiary of Minnwest Bank. These entities are collectively referred to herein as the Company. All significant intercompany balances and transactions have been eliminated in consolidation. The Company consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Company consolidates entities deemed to be variable interest entities (VIEs) when it is determined to be the primary beneficiary.

Subsequent Events

The Company has evaluated subsequent events through March 24, 2023, the date the consolidated financial statements were available to be issued.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relates to the determination of the allowance for loan and lease losses.

Acquisition Activities

The Company accounts for business combinations under the acquisition method of accounting. Assets acquired and liabilities assumed are measured and recorded at fair value at the date of acquisition, including identifiable intangible assets. If the fair value of net assets purchased exceeds the fair value of consideration paid, a bargain purchase gain is recognized at the date of acquisition. Conversely, if the consideration paid exceeds the fair value of the net assets acquired, goodwill is recognized at the acquisition date. Fair values are subject to refinement after the closing date of an acquisition as information relative to the closing date fair values becomes available, but not beyond one year from the acquisition.

The determination of the fair value of loans acquired takes into account credit quality deterioration and probability of loss at the acquisition date; therefore, the related allowance for loan losses is not carried forward.

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

the entity). Deposit liabilities and the related depositor relationship intangible asset (the core deposit intangible) is considered identifiable, because the separability criterion has been met.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, amounts due from banks, federal funds sold, and interest-bearing deposits in banks. Cash flows from restricted stock, certificates of deposit in banks, loans and direct financing leases and deposits are reported net.

Certificates of Deposit in Banks

Certificates of deposit are interest bearing time deposits purchased from financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Time deposits are generally subject to an interest penalty for early withdrawal and have maturities of different terms up to five years (Note 3). Certificates are purchased in denominations of less than \$250 thousand at any one institution to ensure FDIC insurance coverage.

Debt securities

The Company classifies its debt securities as available-for-sale. Securities available-for-sale are securities that management intends to use as part of its asset/liability strategy or that may be sold in response to changes in interest rates, changes in prepayment risk or similar factors. Securities available-for-sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss) and stockholders' equity.

Interest income includes amortization of purchase premium or discount. Premiums or discounts on securities are amortized using the interest method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Company has adopted accounting guidance related to recognition and presentation of other-than-temporary impairment. This accounting guidance amends the recognition guidance for other-than-temporary impairments of debt securities and expands the financial statement disclosures for other-than-temporary impairment losses on debt securities. The guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security, and it is more likely than not, the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

Fair Value Measurements

The Company has not made any fair value elections as of December 31, 2022 and 2021. See Note 22 for additional information.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Restricted Stock

Investments in restricted stock consist primarily of Federal Home Loan Bank (FHLB) stock. The Bank, as a member of the FHLB system, is required to maintain an investment in the capital stock of the FHLB in an amount based on its asset size and the extent of its advances from the FHLB. FHLB stock is bought from and sold to the FHLB at \$100 par. The Bank also maintains investments of approximately \$318 thousand in United Bankers' Bank stock. Minnwest Finance, Inc. has an investment in AgriBank stock of approximately \$1.1 million as a condition of its revolving line of credit with AgriBank (Note 13) as of both December 31, 2022 and 2021.

No ready market exists for these restricted stocks, and they have no quoted market value. As such, they are stated at amortized cost and evaluated periodically for impairment.

Loans Held-for-Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or market value (LOCOM). For loans carried at LOCOM, gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income and direct loan origination fees are recognized at the origination of the loan.

Loans and Direct Financing Leases

Loans and direct financing leases are reported at their outstanding unpaid principal reduced by an allowance for loan and lease losses.

The Company's leasing operations consist principally of the leasing of various types of equipment. All of the Company's leases are classified and accounted for as direct financing leases. Under the direct financing method of accounting for leases, the total net rentals receivable under the lease contracts and the estimated unguaranteed residual value of the leased equipment, net of unearned income, are recorded as a net investment in direct financing leases, and the unearned income is recognized each month as it is earned so as to provide a constant periodic rate of return on the unrecovered investment.

Interest is accrued daily on the outstanding loan balances. The Company determines a loan to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent, unless the credit is well-secured and in the process of collection.

All interest accrued but not collected for loans that are placed on nonaccrual status or charged-off are reversed against interest income. The interest on nonaccrual loans is accounted for either on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Company defers origination fees in instances where the origination fee collected exceeds the Company's estimated cost to originate the loan. The portion of the fees that exceed the estimated cost to originate the loan is deferred over the life of the loan. Any fees that do not exceed the Company's estimated cost threshold are recognized during the period they are collected and incurred, respectively.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Allowance for Loan and Lease Losses

The allowance for loan and lease losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan and lease losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are identified as impaired. For those loans that are identified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. For leases, commercial and agricultural loans the general component covers unimpaired loans and is based on historical charge-off experience and the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. For consumer and residential loans the general component covers unimpaired loans and is based on historical charge-off experience.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment record status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and agricultural loans and leases by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are subject to a restructuring agreement due to financial difficulties of the borrower.

The general component relates to loans and leases that are not identified as impaired. For this component an allowance is established for each portfolio segment, based on historical losses adjusted for the effects of qualitative or environmental factors that are likely to cause credit losses associated with the Company's existing portfolio to differ from historical loss experience. Qualitative and environmental factors include the following: changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off and recovery practices; changes in national, regional and local economic and business conditions that affect the collectability of the portfolio; changes in the nature and volume of the portfolio and in the terms of loans; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans; changes in the quality of the Company's loan review system; changes in the value of underlying collateral for collateral-dependent loans; the existence and effect of any concentrations of credit, and changes in the

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

level of such concentrations; and the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the Company's existing portfolio.

Portfolio segments identified by the Company include commercial loans, agricultural loans, direct financing leases, residential real estate loans, and consumer and credit card loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on commercial and agricultural loans and leases and credit scores, debt-to income, collateral type and loan-to-value ratios for residential real estate and consumer and credit card loans.

Credit Related Financial Instruments

In the ordinary course of business, the company has entered into commitments to extend credit under line of credit arrangements and standby letters of credit. Such financial instruments are recorded when they are funded.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company- put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and, (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan and lease losses. Subsequent to foreclosure, valuations are periodically performed by management, and the assets are carried at the lower of carrying amount or fair value less cost to sell. All subsequent write-downs are charged directly to expense. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets (Note 7).

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation. Depreciation is provided principally by the straight-line method over the estimated useful lives of the assets.

Leases

Leases are classified as operating or finance leases at the lease commencement date. The Company leases certain locations and equipment. The Company records leases on the consolidated balance sheet in the form of a lease liability for the present value of the future minimum payments under the lease terms and a right-of-use asset equal to the lease liability adjusted for items such as deferred or prepaid rent, lease incentives, and any impairment of the right-of-use asset. The discount rate used in determining the lease liability is based upon the risk-free discount rate. The Company does not record leases on the consolidated balance sheets that are classified as short term (less than one year).

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

At lease inception, the Company determines the lease term by considering the minimum lease term and all optional renewal periods that the Company is reasonably certain to renew. The lease term is also used to calculate straight-line rent expense. The depreciable life of leasehold improvements is limited by the estimated lease term, including renewals if they are reasonably certain to be renewed. The Company's leases do not contain residual value guarantees or material variable lease payments that will impact the Company's ability to pay dividends or cause the Company to incur additional expenses.

Operating lease expense consists of a single lease cost allocated over the remaining lease term on a straight-line basis, variable lease payments not included in the lease liability, and any impairment of the right-of-use asset. Rent expense and variable lease expense are included in occupancy and equipment expense on the Company's consolidated statements of income. The Company's variable lease expense include rent escalators that are based on market conditions and include items such as common area maintenance, utilities, parking, property taxes, insurance, and other costs associated with the lease. The amortization of the right-of-use asset arising from finance leases is expensed through occupancy and equipment expense and the interest on the related lease liability is expensed through interest expense on borrowings on the Company's consolidated statements of income.

The Company has elected to treat property leases that include both lease and non-lease components as a single component and account for it as a lease.

Company Owned Life Insurance

The Company has purchased life insurance on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts that are probable at settlement.

Loan Servicing Rights

Loan servicing rights are capitalized as separate assets when loans are sold and servicing is retained. Servicing rights resulting from the sale of loans originated by the Company are initially measured at fair value at the date of transfer. The Company determines the fair value of loan servicing rights using a valuation model that calculates the present value of the estimated future net servicing income. The Company utilizes assumptions in the valuation model that market participants use in estimating future net servicing income, including estimates of prepayment speeds, discount rate, costs to service, escrow account earnings and contractual servicing fee income. Gain or loss on sale of loans depends on (1) proceeds received and (2) the previous carrying value amount of the financial assets transferred and any interests continued to be held based on relative fair value at the date of transfer.

The Company has elected to measure and carry loan servicing rights using the fair value method. Under the fair value method, these loan servicing rights are carried on the balance sheet at fair value and the changes in fair value, primarily due to changes in valuation inputs and assumptions and to the collection and realization of expected cash flows, are reported in noninterest income in the period in which the change occurs.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Goodwill has an indefinite useful life, is not amortized, but will be evaluated annually for potential impairment. The assessment consists of comparing the reporting entity's estimated fair value based on recent sales to the reporting entity's fair value of net assets. Goodwill impairment losses are recorded as noninterest expenses and are not deductible for tax purposes. In performing its 2022 and 2021 goodwill impairment assessments, the Company concluded no impairment existed.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Other Intangible Assets

Intangible assets that have finite useful lives are amortized over their estimated useful lives. The Company's core deposit intangible asset represents the value of anticipated future cost savings that will result from the acquired core deposit relationships versus an alternative source of funding. Other intangible assets also include certain noncompete agreements, which are amortized over the term of the agreement. The amortization of intangible assets is included in noninterest expense in the consolidated statements of income.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Company and its subsidiaries file U.S. federal and state income tax returns on a consolidated basis. The provision for income taxes includes income tax balances of the Company and its subsidiaries. The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred.

Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of the evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized.

Salary Reduction 401(k) Plan

The Company provides a 401 (k) plan which covers substantially all of the Company's employees who are eligible as to age and length of service. The Company makes matching contributions of 50% of the participant's contribution, up to a maximum of 5% of the participant's annual compensation.

Stock Based Compensation

The Company has a phantom stock plan whereby the Board of Directors can authorize the award of units to certain key officers and employees. The units give the holders a future cash award equal to the amount of appreciation in the Company's common stock, prior to dividends to stockholders, from the date of the award through the date of

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

exercise. The Company recognizes compensation expense for all stock awards over the employees' service period, generally defined as the vesting period.

Employee Stock Ownership Plan

During 2021, the Company established an employee stock ownership plan (ESOP), which covers substantially all of the Company's employees who are eligible as to age and length of service. Amounts will be contributed at the discretion of the Company's Board of Directors for all participants eligible on the last day of the ESOP year.

The cost of shares issued to the ESOP, but not yet allocated to participants, is shown as a reduction of stockholders' equity. Compensation expense is based on the market price of shares as they are committed to be released to participant accounts. Dividends on allocated ESOP shares reduce retained earnings; dividends on unearned ESOP shares reduce debt and accrued interest.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains (losses) on debt securities available for sale and unrealized losses related to factors other than credit on debt securities.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are any such matters that will have a material effect on the financial statements.

Revenue from Contracts with Customers

The Company follows ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively called "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope and revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Company's revenues come from interest income and other sources, including loans, leases, and securities that are outside the scope of ASC 606. The Company's services that fall within the scope of ASC 606 are presented within Noninterest Income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of ASC 606 include deposit service charges and other fees, insurance commissions, bank card and interchange income, and sales of OREO.

A description of the Company's revenue streams accounted for under Topic 606 follows:

Service Charges and Other Fees: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which related primarily to monthly account maintenance, are earned over the course of the month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Insurance Commissions: The Company earns fees from insurance services provided to its customers by a third-party insurance provider. The Company receives commissions from the third-party insurance provider as new policies are issued. The commission fees are recognized when received.

Bank Card and Interchange Income: The Company earns interchange fees from debit cardholder transactions conducted through the MasterCard payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gains (Losses) on Sale of OREO: The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of the executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on the sale is recorded upon the transfer of control of the property to the buyer. In determining the gain (loss) on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

Adoption of New Accounting Standards

On January 1, 2022, the Company adopted ASU No. 2016-02 “Leases (Topic 842)” and subsequent amendments thereto, which requires the Company to recognize most leases on the consolidated balance sheet. The standard was adopted under a modified retrospective approach as of the date of adoption and elected to apply several of the practical expedients, including:

- Carryover of historical lease determination and lease classification conclusions
- Carryover of historical initial direct cost balances for existing leases
- Accounting for lease and non-lease components in contracts in which the Company is a lessee as a single lease component

Adoption of the leasing standard resulting in the recognition of right-of-use assets of \$2.3 million, and operating lease liabilities of \$2.3 million as of January 1, 2022. These amounts were determined based on the present value of the remaining lease payments, discounted using the Company’s applicable discount rate. The Company has made an accounting policy election to use a risk-free rate as the discount rate for all classes. There was no material impact to the timing of expense or income recognition in the Company’s consolidated statements of income. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures about the Company’s leasing activities are presented in Note 9 - Leases.

The FASB issued ASU No. 2018-03 “Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments” to replace the incurred loss model for loans and other financial assets with an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL Model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in certain leases recognized by a lessor. The standard will be effective for all entities for fiscal years beginning after December 15, 2022.

The adoption of this standard is not expected to have a material effect on the Company’s operating results or financial condition.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 2 - RESTRICTIONS ON CASH AND CASH EQUIVALENTS

At times the Bank is required to maintain reserve balances, in cash or on deposit with the Federal Reserve Bank, based upon a percentage of deposits.

Effective March 12, 2021, the Federal Reserve's board of directors approved the final ruling reducing the required reserve requirement ratios to zero percent, effectively eliminating the requirement to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. This reduction in the required reserves does not have a defined timeframe and may be revised by the Federal Reserve's board in the future.

NOTE 3 - CERTIFICATES OF DEPOSIT IN BANKS

The contractual maturities of Certificates of Deposit are as follows:

	<u>December 31, 2022</u>
	<u>Amount</u>
Due in one year or less	\$ 3,211
Due after one year through five years	4,313
	<u>\$ 7,524</u>

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 4 - AVAILABLE-FOR-SALE DEBT SECURITIES

Summary of Debt Securities

The amortized cost and fair value of available-for-sale debt securities, with gross unrealized gains and losses, follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 163,779	\$ -	\$ (14,211)	\$ 149,568
U.S. government and agency securities	66,866	-	(5,159)	61,707
Mortgage-backed securities	38,925	-	(1,598)	37,327
Collateralized mortgage obligations	174,376	16	(12,936)	161,456
Obligations of states and political subdivisions	118,977	86	(17,242)	101,821
Corporate bonds	40,959	-	(3,932)	37,027
	<u>\$ 603,882</u>	<u>\$ 102</u>	<u>\$ (55,078)</u>	<u>\$ 548,906</u>
	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 164,391	\$ 42	\$ (2,447)	\$ 161,986
U.S. government and agency securities	71,120	232	(1,156)	70,196
Mortgage-backed securities	4,874	46	(46)	4,874
Collateralized mortgage obligations	125,938	814	(1,710)	125,042
Obligations of states and political subdivisions	118,396	845	(282)	118,959
Corporate bonds	41,596	3	(254)	41,345
	<u>\$ 526,315</u>	<u>\$ 1,982</u>	<u>\$ (5,895)</u>	<u>\$ 522,402</u>

Collateralized mortgage obligations are issued exclusively by government-sponsored enterprises.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Contractual Maturities

The amortized cost and fair value of debt securities by contractual maturity follows:

	December 31, 2022	
	Amortized Cost	Fair Value
Due in one year or less	\$ 7,131	\$ 7,352
Due after one year through five years	250,153	229,854
Due after five years through ten years	38,394	33,125
Due after ten years	94,903	79,792
	<u>390,581</u>	<u>350,123</u>
Mortgage-backed securities	38,925	37,327
Collateralized mortgage obligations	174,376	161,456
	<u>\$ 603,882</u>	<u>\$ 548,906</u>

Anticipated maturities on mortgage-backed securities and collateralized mortgage obligations are not readily determinable since they may be prepaid without penalty.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Temporarily Impaired Securities

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2022 and 2021:

	December 31, 2022					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasury securities	\$ 1,966	\$ (44)	\$ 147,602	\$ (14,167)	\$ 149,568	\$ (14,211)
U.S. government and agency securities	5,932	(76)	55,775	(5,083)	61,707	(5,159)
Mortgage-backed securities	34,186	(1,514)	3,141	(84)	37,327	(1,598)
Collateralized mortgage obligations	75,195	(5,098)	84,335	(7,838)	159,530	(12,936)
Obligations of states and political subdivisions	17,091	(614)	82,473	(16,628)	99,564	(17,242)
Corporate bonds	-	-	35,024	(3,932)	35,024	(3,932)
	<u>\$ 134,370</u>	<u>\$ (7,346)</u>	<u>\$ 408,350</u>	<u>\$ (47,732)</u>	<u>\$ 542,720</u>	<u>\$ (55,078)</u>

	December 31, 2021					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasury securities	\$ 148,183	\$ (2,447)	\$ -	\$ -	\$ 148,183	\$ (2,447)
U.S. government and agency securities	55,878	(1,123)	2,118	(33)	57,996	(1,156)
Mortgage-backed securities	2,907	(23)	1,405	(23)	4,312	(46)
Collateralized mortgage obligations	76,402	(1,308)	17,356	(402)	93,758	(1,710)
Obligations of states and political subdivisions	31,682	(282)	-	-	31,682	(282)
Corporate bonds	38,350	(254)	-	-	38,350	(254)
	<u>\$ 353,402</u>	<u>\$ (5,437)</u>	<u>\$ 20,879</u>	<u>\$ (458)</u>	<u>\$ 374,281</u>	<u>\$ (5,895)</u>

The Company had 344 and 141 debt securities in an unrealized loss position at December 31, 2022 and 2021, respectively. Unrealized losses represent 9% and 1% of the Company's amortized cost basis at December 31, 2022 and 2021, respectively. In analyzing an issuer's financial condition management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other than temporary.

Realized Gains and Losses

No available-for-sale securities were sold during 2022 and calls on available-for-sale securities, resulted in gross gains of \$1 thousand. Proceeds from the sale of available-for-sale debt securities during the year ended December 31, 2021 were \$7.5 million, resulting in gross gains of \$2 thousand and gross losses of \$41 thousand.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Pledged Securities

Available-for-sale debt securities and certificates of deposits with banks with carrying values of approximately \$106.1 million and \$76.8 million at December 31, 2022 and 2021, respectively, were pledged to secure public deposits, Federal Home Loan Bank debt, satisfy collateral requirements for interest rate swap agreements and for other purposes as required or permitted by law.

Changes in the Unrealized (Losses) Gains on Available-for-Sale Securities

Accumulated other comprehensive income (loss) consists of the unrealized (loss) gain and realized losses (gains) on available-for-sale debt securities, net of tax. The components of other comprehensive income (loss) and related tax effects are as follows:

	2022	2021
Balance, beginning of year	\$ (2,788)	\$ 2,588
Net unrealized holding (losses) gains and realized losses (gains) arising during the year	(51,063)	(7,546)
Tax effect	14,898	2,170
Balance, end of year	<u>\$ (38,953)</u>	<u>\$ (2,788)</u>

NOTE 5 - LOANS AND DIRECT FINANCING LEASES

Composition

A summary of loans and leases by portfolio segment follows:

	December 31	
	2022	2021
Commercial, including real estate	\$ 1,154,478	\$ 1,099,320
Agricultural, including real estate	710,540	667,254
Residential real estate	107,055	96,895
Consumer	19,874	25,428
Direct financing leases	87,156	58,826
	<u>2,079,103</u>	<u>1,947,723</u>
Less unearned finance lease income	(9,888)	(5,752)
Less allowance for loan and lease losses	<u>(31,850)</u>	<u>(30,692)</u>
Loans and direct financing leases, net	<u>\$ 2,037,365</u>	<u>\$ 1,911,279</u>

Overdraft deposits of \$3.6 million and \$1.2 million, as of December 31, 2022 and 2021, respectively, have been reclassified from deposits and included in consumer loans.

Direct financing leases consist of minimum lease payments and residual values. At December 31, 2022 and 2021, residual values included unguaranteed residual values of approximately of \$7.0 million and \$6.1 million, respectively.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Net deferred loan fees of \$2.3 million and \$1.5 million are included in the commercial, including real estate portfolio segment as of December 31, 2022 and 2021, respectively.

Pledged Loans

Loans with carrying values of approximately \$519.6 million and \$413.9 million at December 31, 2022 and 2021, respectively, were pledged to secure advances from the Federal Home Loan Bank of Des Moines, AgriBank FCB, and the Federal Reserve Bank of Minneapolis.

Credit Quality Indicators

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt including current financial information, historical payment experience, collateral adequacy, credit documentation, public information, current economic trends, and other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial and agricultural loans. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

Risk Rate 1-4 – Loans and leases assigned a risk rating of 1 to 4 represent loans that are evaluated and are performing under the stated terms. These assets are analyzed by the paying capacity, the current net worth and liquidity of the obligor, as well as the value of the loan collateral.

Risk Rate 5 – Loans and leases assigned a risk rating of 5 are less vulnerable in the near-term but face ongoing uncertainties due to adverse business, financial and economic conditions. These assets may have some reliance on secondary repayment sources that are individually or collectively deemed adequate.

Risk Rate 6 – Loans and leases assigned a risk rating of 6 are vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments with increased reliance on secondary repayment sources.

Risk Rate 7– Loans and leases assigned a risk rating of 7 are highly vulnerable.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Based on the most recent analyses performed, the risk category of loans by portfolio segment as of December 31, 2022 and 2021 were as follows:

Credit Risk Profile by Internally Assigned Grade – Commercial and Agricultural

	December 31, 2022				
	1 to 4	5	6	7	Total
Commercial, including real estate	\$ 952,874	\$ 177,943	\$ 23,225	\$ 436	\$ 1,154,478
Agricultural, including real estate	687,875	8,073	11,204	3,388	710,540
Direct financing leases	83,385	3,771	-	-	87,156
	<u>\$ 1,724,134</u>	<u>\$ 189,787</u>	<u>\$ 34,429</u>	<u>\$ 3,824</u>	<u>\$ 1,952,174</u>
	December 31, 2021				
	1 to 4	5	6	7	Total
Commercial, including real estate	\$ 914,873	\$ 153,532	\$ 30,915	\$ -	\$ 1,099,320
Agricultural, including real estate	634,242	18,006	12,338	2,668	667,254
Direct financing leases	53,818	4,957	51	-	58,826
	<u>\$ 1,602,933</u>	<u>\$ 176,495</u>	<u>\$ 43,304</u>	<u>\$ 2,668</u>	<u>\$ 1,825,400</u>

Credit Risk Profile by Payment Activity – Residential and Consumer

Residential real estate, consumer and credit card loans are managed on a pool basis due to their homogeneous nature. Loans that are delinquent 90 days or more or are not accruing interest are considered nonperforming. The following table presents the recorded investments in residential real estate, consumer and credit card loans by segment based on payment activity as of December 31, 2022 and 2021:

	December 31, 2022		
	Performing	Nonperforming	Total
Residential real estate	\$ 106,514	\$ 541	\$ 107,055
Consumer	19,868	6	19,874
	<u>\$ 126,382</u>	<u>\$ 547</u>	<u>\$ 126,929</u>
	December 31, 2021		
	Performing	Nonperforming	Total
Residential real estate	\$ 96,191	\$ 704	\$ 96,895
Consumer	25,417	11	25,428
	<u>\$ 121,608</u>	<u>\$ 715</u>	<u>\$ 122,323</u>

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

ALLOWANCE FOR LOAN AND LEASE LOSSES

Changes in the allowance for loan and lease losses are as follows:

	Years Ended December 31	
	2022	2021
Balance, beginning of year	\$ 30,692	\$ 29,227
Provision charged to operations	1,215	1,964
Loans charged-off	(559)	(839)
Recoveries	502	340
Balance, ending of year	<u>\$ 31,850</u>	<u>\$ 30,692</u>

The following tables present the activity in the allowance for loan and lease losses for the years ended December 31, 2022 and 2021 as well as the recorded investment in loans by impairment evaluation method as of December 31, 2022 and 2021, by portfolio segment:

	December 31, 2022					
	Commercial, including Real Estate	Agricultural, including Real Estate	Direct Financing Leases	Residential Real Estate	Consumer	Total
Allowance for Loan Losses						
Balance, beginning of year	\$ 18,509	\$ 9,918	\$ 979	\$ 1,217	\$ 69	\$ 30,692
Provision for loan losses	730	335	100	25	25	1,215
Loans charged off	(393)	(12)	(27)	(1)	(126)	(559)
Recoveries	298	-	41	3	160	502
Balance, end of year	<u>\$ 19,144</u>	<u>\$ 10,241</u>	<u>\$ 1,093</u>	<u>\$ 1,244</u>	<u>\$ 128</u>	<u>\$ 31,850</u>
Individually evaluated for impairment	\$ 1,936	\$ 1,836	\$ -	\$ -	\$ -	\$ 3,772
Collectively evaluated for impairment	17,208	8,405	1,093	1,244	128	28,078
Balance, end of year	<u>\$ 19,144</u>	<u>\$ 10,241</u>	<u>\$ 1,093</u>	<u>\$ 1,244</u>	<u>\$ 128</u>	<u>\$ 31,850</u>
Loans and Leases						
Individually evaluated for impairment	\$ 15,020	\$ 13,300	\$ -	\$ 209	\$ 5	\$ 28,534
Collectively evaluated for impairment	1,139,458	697,240	87,156	106,846	19,869	2,050,569
Balance, end of year	<u>\$ 1,154,478</u>	<u>\$ 710,540</u>	<u>\$ 87,156</u>	<u>\$ 107,055</u>	<u>\$ 19,874</u>	<u>\$ 2,079,103</u>

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

	December 31, 2021					
	Commercial, including Real Estate	Agricultural, including Real Estate	Direct Financing Leases	Residential Real Estate	Consumer	Total
Allowance for Loan Losses						
Balance, beginning of year	\$ 17,590	\$ 9,238	\$ 1,108	\$ 1,196	\$ 95	\$ 29,227
Provision for loan losses	920	780	250	10	4	1,964
Loans charged off	(128)	(223)	(435)	-	(53)	(839)
Recoveries	127	123	56	11	23	340
Balance, end of year	<u>\$ 18,509</u>	<u>\$ 9,918</u>	<u>\$ 979</u>	<u>\$ 1,217</u>	<u>\$ 69</u>	<u>\$ 30,692</u>
Individually evaluated for impairment	\$ 1,737	\$ 2,150	\$ -	\$ -	\$ -	\$ 3,887
Collectively evaluated for impairment	<u>16,772</u>	<u>7,768</u>	<u>979</u>	<u>1,217</u>	<u>69</u>	<u>26,805</u>
Balance, end of year	<u>\$ 18,509</u>	<u>\$ 9,918</u>	<u>\$ 979</u>	<u>\$ 1,217</u>	<u>\$ 69</u>	<u>\$ 30,692</u>
Loans and Leases						
Individually evaluated for impairment	\$ 18,140	\$ 13,105	\$ 51	\$ 234	\$ 19	\$ 31,549
Collectively evaluated for impairment	<u>1,081,180</u>	<u>654,149</u>	<u>58,775</u>	<u>96,661</u>	<u>25,409</u>	<u>1,916,174</u>
Balance, end of year	<u>\$ 1,099,320</u>	<u>\$ 667,254</u>	<u>\$ 58,826</u>	<u>\$ 96,895</u>	<u>\$ 25,428</u>	<u>\$ 1,947,723</u>

In accordance with impairment accounting guidance (FASB ASC 310-10-35-16), a loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan.

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The following tables present individually impaired loans by portfolio segment as of December 31, 2022 and 2021:

	December 31, 2022				
	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Commercial, including real estate	\$ 11,516	\$ 11,516	\$ -	\$ 12,063	\$ 812
Agricultural, including real estate	3,700	3,700	-	3,529	67
Direct financing leases	-	-	-	-	-
Residential real estate	209	209	-	342	-
Consumer	5	5	-	8	1
	<u>\$ 15,430</u>	<u>\$ 15,430</u>	<u>\$ -</u>	<u>\$ 15,942</u>	<u>\$ 880</u>
	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Commercial, including real estate	\$ 3,504	\$ 4,761	\$ 1,936	\$ 3,792	\$ 91
Agricultural, including real estate	9,600	9,973	1,836	9,600	373
Direct financing leases	-	-	-	-	-
Residential real estate	-	-	-	-	-
Consumer	-	-	-	-	-
	<u>\$ 13,104</u>	<u>\$ 14,734</u>	<u>\$ 3,772</u>	<u>\$ 13,392</u>	<u>\$ 464</u>

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

	December 31, 2021				
	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Commercial, including real estate	\$ 12,821	\$ 12,821	\$ -	\$ 13,435	\$ 373
Agricultural, including real estate	2,189	2,189	-	2,535	5
Direct financing leases	51	51	-	51	3
Residential real estate	234	234	-	317	-
Consumer	19	19	-	23	11
	<u>\$ 15,314</u>	<u>\$ 15,314</u>	<u>\$ -</u>	<u>\$ 16,361</u>	<u>\$ 392</u>
	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Commercial, including real estate	\$ 5,319	\$ 5,319	\$ 1,737	\$ 5,232	\$ 30
Agricultural, including real estate	10,916	10,916	2,150	10,543	213
Direct financing leases	-	-	-	-	-
Residential real estate	-	-	-	-	-
Consumer	-	-	-	-	-
	<u>\$ 16,235</u>	<u>\$ 16,235</u>	<u>\$ 3,887</u>	<u>\$ 15,775</u>	<u>\$ 243</u>

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The following table summarizes the aging of the past due loans by portfolio segment as of December 31, 2022 and 2021:

December 31, 2022	Still Accruing		Nonaccrual Balance
	30-89 Days Past Due	Over 90 Days Past Due	
Commercial, including real estate	\$ 1,521	\$ -	\$ 9,378
Agricultural, including real estate	562	374	4,024
Direct financing leases	2,838	139	328
Residential real estate	1,679	-	541
Consumer	22	-	6
	<u>\$ 6,622</u>	<u>\$ 513</u>	<u>\$ 14,277</u>

December 31, 2021	Still Accruing		Nonaccrual Balance
	30-89 Days Past Due	Over 90 Days Past Due	
Commercial, including real estate	\$ 1,101	\$ 230	\$ 12,788
Agricultural, including real estate	125	-	6,017
Direct financing leases	518	-	184
Residential real estate	867	-	704
Consumer	18	-	11
	<u>\$ 2,629</u>	<u>\$ 230</u>	<u>\$ 19,704</u>

The following table summarizes the unpaid principal balance of loans modified in troubled debt restructurings during the years ended December 31, 2022 by portfolio segment and type of modification:

	December 31, 2022				
	Number of Contracts	Interest Rate Reduction to Less Than Market Rate	Modification of Repayment Schedule	Interest Rate Reduction and Modification of Repayment Schedule	Other
Troubled debt restructurings					
Commercial, including real estate	-	\$ -	\$ -	\$ -	\$ -
Agricultural, including real estate	1	-	342	-	-
Direct financing leases	-	-	-	-	-
Residential Real Estate	-	-	-	-	-
Consumer	-	-	-	-	-

During 2021, no loans were modified in troubled debt restructurings.

In 2022 and 2021, no loan modified in a troubled debt restructuring subsequently defaulted in the same year the loan was restructured.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

At December 31, 2022 and 2021, the Company's outstanding loans that were modified in troubled debt restructurings totaled \$15.0 million and \$16.3 million, respectively. Troubled debt restructurings are treated as impaired loans and are included in the allowance for loan loss calculation. The Company had no outstanding commitments to lend funds on loans modified in troubled debt restructurings at December 31, 2022 and 2021.

The amount required in the allowance for loan and lease losses for loans modified in troubled debt restructurings were \$271 thousand and \$132 thousand during the years ended December 31, 2022 and 2021, respectively.

NOTE 6 - LOAN SERVICING RIGHTS

Loans serviced for others are not included in the consolidated balance sheet. The risks inherent in loan servicing rights relate primarily to changes in prepayments that result from shifts in interest rates. The unpaid principal balances of loans serviced for others was approximately \$435.5 and \$376.5 million as of December 31, 2022 and 2021, respectively.

Custodial escrow balances maintained in connection with serviced loans were \$1.8 million and \$1.5 million as of December 31, 2022 and 2021, respectively.

Activity for loan servicing rights:

	2022	2021
Loan servicing rights:		
Balance at beginning of period	\$ 3,540	\$ -
Additions	632	3,590
Amortized to expense	(286)	(50)
Valuation adjustment	1,433	-
	<u>\$ 5,319</u>	<u>\$ 3,540</u>

The fair value of these loan servicing rights were \$5.3 million and \$3.5 million as of December 31, 2022 and 2021, respectively. The fair value of the servicing rights was determined using discount rates of ranging between 9 percent and 12 percent, prepayment speeds ranging from 1.2 percent to 1.9 percent, depending on the stratification of the specific right, and lifetime anticipated credit losses ranging from 0.08 percent to 3.24 percent.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 7 - FORECLOSED ASSETS

Foreclosed assets consist of both real estate and other tangible property and are presented net of valuation allowance.

Expenses applicable to foreclosed assets include the following:

	Years Ended December 31	
	2022	2021
Net (gain) loss on sales of foreclosed assets	\$ (476)	\$ 108
Operating expenses, net of rental income	1,838	2,118
	<u>\$ 1,362</u>	<u>\$ 2,226</u>

NOTE 8 - PREMISES AND EQUIPMENT

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31	
	2022	2021
Land	\$ 4,373	\$ 4,349
Buildings and improvements	30,744	30,574
Equipment	22,221	20,009
Right-of-use asset	1,922	-
	<u>59,260</u>	<u>54,932</u>
Less accumulated depreciation	<u>(32,966)</u>	<u>(30,507)</u>
Total premises and equipment, net	<u>\$ 26,294</u>	<u>\$ 24,425</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$2.3 million and \$2.5 million, respectively.

NOTE 9 - LEASES

Lessors Arrangements

The Company finances various types of real estate and equipment arrangements for customers through direct financing leases. Payment terms are generally fixed; however, in some agreements, lease payments may be indexed to a rate or index. Leases are typically payable in monthly installments with terms ranging from 15 to 120 months and may contain renewal options and purchase options that allow the customer to acquire the leased asset at or near the end of its lease term. To estimate the amount it expects to derive from a leased asset at the end of its lease term, the Company considers both internal and external appraisals as well as historical experience. The Company's leases generally do not contain non-lease components.

There were no significant changes in the balance of the Company's unguaranteed residual assets for the period ending December 31, 2022.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Direct financing lease income for the years ending December 31, 2022 and 2021 totaled \$4.3 million and \$4.0 million, respectively.

The remaining maturities of lease receivables as of December 31, 2022 are as follows:

	<u>Direct Financing Leases</u>
2023	\$ 27,667
2024	24,306
2025	20,379
2026	10,671
2027	3,490
Thereafter	<u>4,034</u>
Total Lease Payments	\$ 90,547
Less: Unearned interest income and residual value	(3,391)
Net direct finance lease receivables	<u><u>\$ 87,156</u></u>

Lessee Arrangements

The Company enters into leases in the normal course of business primarily for branch locations, information technology data centers, and information technology equipment. The Company's leases have remaining terms ranging from 3 to 10 years, some of which include renewal options that extend the lease up to 10 years.

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications, are as follows:

	<u>Balance Sheet Classification</u>	<u>December 31 2022</u>
Right-of-use assets:		
Operating leases	Premises and equipment, net	\$ 1,922
Total right-of-use asset		<u>\$ 1,922</u>
Lease liabilities:		
Operating leases	Other liabilities	\$ 1,962
Total lease liabilities		<u>\$ 1,962</u>

Lease Expense

Operating lease costs for the year ending December 31, 2022 was \$392 thousand.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Lease Obligations

Future undiscovered lease payments for finance and operating leases with initial terms of one year or more as of December 31, 2022 are as follows:

	<u>Operating Leases</u>
2023	\$ 260
2024	263
2025	267
2026	270
2027	274
Thereafter	<u>820</u>
Total undiscounted lease payments	2,154
Less: imputed interest	(192)
Net lease liabilities	<u>\$ 1,962</u>

Supplemental Lease Information

	<u>December 31, 2022</u>
Operating lease weighted average remaining lease terms (years)	6.9
Operating lease weighted average discount rate	1.3%

NOTE 10 - COMPANY OWNED LIFE INSURANCE

The Company is the owner and beneficiary of life insurance policies on certain directors and officers of the Company, with aggregate death benefits of approximately \$48.1 million and \$44.6 million as of December 31, 2022 and 2021, respectively. The cash surrender value on these policies was \$24.7 million and \$24.6 million as of December 31, 2022 and 2021, respectively.

NOTE 11 - GOODWILL AND OTHER INTANGIBLE ASSETS

The summary of the net carrying amount of the other intangible assets is as follows:

	<u>December 31</u>			
	<u>2022</u>		<u>2021</u>	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangibles	\$ 5,883	\$ (2,657)	\$ 5,883	\$ (1,904)
Covenant not to compete	100	(78)	100	(75)

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

There were no impairment losses related to other intangible assets during the years ended December 31, 2022 and 2021. Amortization expense for intangible assets was \$756 thousand and \$477 thousand for the years ended December 31, 2022 and 2021, respectively. Intangible asset amortization is not deductible for tax purposes.

Estimated amortization expense for intangible assets for the years ending December 31 are as follows:

	Amount
2023	\$ 757
2024	757
2025	674
2026	345
2027	345
Thereafter	370
	<u>\$ 3,248</u>

Changes in the carrying amount of goodwill during the years ended December 31, were as follows:

	2022	2021
Beginning Balance	\$ 35,427	\$ 7,124
Goodwill acquired Roundbank	-	27,845
Goodwill acquired Roundbank Insurance	-	877
Goodwill adjustments	222	(419)
Ending Balance	<u>\$ 35,649</u>	<u>\$ 35,427</u>

NOTE 12 - DEPOSITS

A summary of the balances of deposits follows:

	December 31	
	2022	2021
Demand deposits	\$ 724,630	\$ 676,452
NOW and money market accounts	407,461	380,027
Savings deposits	959,524	884,682
Brokered time deposits	130,937	87,960
Certificates of deposit, \$250 or more	24,016	42,540
Other certificates of deposit	215,019	295,856
	<u>\$ 2,461,587</u>	<u>\$ 2,367,517</u>

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

At December 31, 2022, the scheduled maturities of certificates of deposit are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2023	\$ 236,502
2024	55,608
2025	16,055
2026	2,110
2027	1,508
Thereafter	58,189
	<u>\$ 369,972</u>

NOTE 13 - NOTES PAYABLE

Notes payable consist of the following:

	<u>2022</u>	<u>2021</u>
Note payable to stockholders, unsecured, interest at 1.00% in excess of the Prime with a floor of 5%, due on demand	\$ 536	\$ 536
Subordinated notes payable, unsecured, maturing July 15, 2028, callable at option of Company beginning July 15, 2023. Fixed interest rate of 5.88% semi-annually until July 15, 2023, then floating interest rate of LIBOR plus 2.98% semi-annually until maturity on July 15, 2028	29,802	29,669
Fixed-rate advances from Federal Home Loan Bank, interest at 1.32% to 5.08% weighted-average rate of 3.83% - 2022 and 2.39% - 2021, due through March 2029 (1)	104,583	41,063
Revolving credit agreement from AgriBank, FCB, with an aggregate principal balance outstanding at any one time up to \$43,710, interest at 0.86% to 4.85% payable quarterly. The agreement terminates upon payment of all indebtedness; due through 2031 (2)	26,365	33,332
Unsecured notes payable to Minnesota Department of Agriculture, noninterest-bearing, due through 2033	2,922	2,444
	<u>\$ 164,208</u>	<u>\$ 107,044</u>

- (1) Advances from the FHLB are secured by FHLB stock, pledged investments and pledged loans.
- (2) The loan agreement is between AgriBank, FCB and Minnwest Finance, Inc. (MFI). The loan is secured by the pledge of MFI's loan portfolio and its investment in AgriBank stock. In addition, Minnwest Corporation has issued a \$2 million irrevocable letter of credit to AgriBank on behalf of MFI that could be drawn on by AgriBank in the event of MFI's default on the loan. The loan agreement contains various covenants, including limitations on aggregate liabilities incurred by the Company and on aggregate extensions of credit to a single borrower. At December 31, 2022 and 2021, the Company is in compliance with these covenants.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Future Annual Maturities

Scheduled maturities of notes payable at December 31, 2022, are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2023	\$ 89,572
2024	10,733
2025	4,775
2026	5,922
2027	8,267
Thereafter	44,939
	<u>\$ 164,208</u>

Standby Letter of Credit

The Company had irrevocable letters of credit from FHLB totaling \$12.9 million and \$9.5 million as of December 31, 2022 and 2021, respectively. The letters of credit are secured by pledges of loans used to secure other FHLB borrowings as disclosed in Note 5. The letters of credit are used as collateral on public deposits.

NOTE 14 - ESOP PLAN

Employees participate in an ESOP. The ESOP borrowed from the Company to purchase 8,812 shares of stock at \$484 per share. The Company makes discretionary contributions to the ESOP, as well as paying dividends on unallocated shares to the ESOP, and the ESOP uses funds it receives to repay the loan. When loan payments are made, ESOP shares are allocated to participants based on relative compensation and expense is recorded. Dividends on allocated shares increase the participant accounts.

Participants receive the shares at the end of employment. A participant may require stock received to be repurchased unless the stock is traded on an established market.

Contributions to the ESOP during 2022 were \$458 thousand. There were no contributions made during 2021. Total expense for 2022 was \$583 thousand.

Shares held by the ESOP were as follows:

	<u>2022</u>
Allocated to participants	881
Unearned	7,931
Total ESOP shares	<u>8,812</u>
Fair value of unearned shares	\$ 4,125
Fair value of allocated shares subject to repurchase obligation	\$ -

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 15 - INCOME TAXES

Income tax expense (benefit) consists of the following:

	<u>2022</u>	<u>2021</u>
Currently payable	\$ 12,045	\$ 9,280
Deferred tax benefit	<u>(2,232)</u>	<u>(1,660)</u>
Income tax expense	<u>\$ 9,813</u>	<u>\$ 7,620</u>

The income tax expense differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income as follows:

	<u>Years Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Computed expected tax expense	7,714	\$ 6,039
Increase (decrease) in income taxes resulting from		
State income taxes, net of federal tax benefit	2,630	1,885
Tax-exempt interest income, net of disallowed expenses	(277)	(174)
Historic tax credits	(90)	-
Other	<u>(164)</u>	<u>(130)</u>
	<u>\$ 9,813</u>	<u>\$ 7,620</u>

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The components of the net deferred tax liability, are as follows:

	<u>2022</u>	<u>2021</u>
Deferred tax assets		
Allowance for loan and lease losses	\$ 9,105	\$ 8,778
Foreclosed assets	-	11
Deferred compensation	2,391	2,420
Unrealized loss on available-for-sale debt securities	17,562	1,125
Premises and equipment	2,522	-
Other	1,505	981
	<u>33,085</u>	<u>13,315</u>
Total deferred tax assets		
Deferred tax liabilities		
Premises and equipment	-	1,380
Direct financing leases	10,325	8,499
Deferred loan fees	1,118	1,163
Other	1,490	790
	<u>12,933</u>	<u>11,832</u>
Total deferred tax liabilities		
Net deferred tax asset (liability)	<u>\$ 20,152</u>	<u>\$ 1,483</u>

The Company has determined that it is not required to establish a valuation allowance for deferred tax assets.

The Company files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions including Minnesota and South Dakota. The Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2014. The Company has no unrecognized tax benefits as of December 31, 2022 and 2021. The Company recognized no interest and penalties on the underpayment of income taxes during the years ended December 31, 2022 and 2021, and had no accrued interest and penalties on the balance sheet as of December 31, 2022 and 2021. The Company has no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase within the next twelve months.

NOTE 16 - BUSINESS COMBINATIONS

On November 19, 2021, the Company completed its purchase of assets and liabilities of Roundbank in an all cash transaction for a purchase price of \$68.9 million. Roundbank locations are a nice fit along with the existing footprint for Minnwest Bank, filing in a geographic area that Minnwest Bank did not have any legacy branches. The acquired Roundbank locations are closely surrounded by our metro locations in the Twin Cities and Rochester. Along with the geographic alignment of locations, the customer base is a natural fit as well, consisting of commercial, retail, and agriculture customers. The fair value of the consideration paid exceeded the estimated value of Roundbank's net assets acquired resulting in the establishment of goodwill and core deposit intangibles in the amount of \$27.8 million and \$2.4 million, respectively. The goodwill arising from the acquisition consists of synergies and economies of scale expected from combining the operations of the Company and Roundbank. The goodwill and core deposit intangibles are expected to be fully deductible for tax purposes.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Acquisition-related costs, including related legal expenses, of \$949 thousand and \$401 thousand were expensed during 2022 and 2021, respectively, and are reported as professional services in the consolidated statements of income.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition dates:

	<u>Roundbank</u>	<u>Total Cash Impact</u>
Fair value of assets acquired		
Cash and cash equivalents	\$ 6,331	\$ 6,331
Certificates of deposit in banks	1,933	
Debt securities	127,469	
Restricted stock	1,378	
Loans	224,600	
Mortgage servicing rights	3,499	
Premises and equipment	5,371	
Accrued interest receivable	1,923	
Foreclosed assets	6	
Bank owned life insurance	6,798	
Other assets	331	
Intangible assets	2,403	
Total assets acquired	<u>382,042</u>	
Fair value of liabilities assumed		
Deposits	320,972	
Notes payable	19,720	
Accrued interest payable	93	
Other liabilities	242	
Total liabilities assumed	<u>341,027</u>	
Net assets acquired	41,015	
Purchase consideration	68,860	<u>68,860</u>
Goodwill	27,845	
Cash acquired, net of purchase consideration		\$ (62,529)

NOTE 17 - PURCHASED CREDIT IMPAIRED LOANS

During 2018, the Company acquired loans with evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The gross contractual amount of the accrued receivables were \$4.8 million.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

During 2021, the Company acquired loans with evidence of deterioration of credit quality since origination and it was probably, at acquisition, that all contractually required payments would not be collected. The gross contractual amount of the accrued receivables were \$2.6 million.

Loans purchased with evidence of credit deterioration since origination and for which it is probably that all contractually required payments will not be collected are considered to be credit impaired. Evidence of credit quality deterioration as of the purchase date may include information such as past due and nonaccrual status, borrower credit scores and recent loan to value percentages. Purchased credit-impaired loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loan. Accordingly, an allowance for loan and lease losses related to these loans is not carried over and recorded at the acquisition date. Management estimated the cash flows to be collected at acquisition using internal risk models, which incorporate the estimate of current key assumptions, such as default rates, severity and prepayment speeds.

The carrying amounts of those loans included in the balance sheet amounts of loans at December 31, 2022 and 2021 are as follows:

	2022	2021
Commercial, including real estate	\$ 1,809	\$ 2,529
Agricultural, including real estate	1,516	1,904
Residential real estate	86	90
Subtotal	\$ 3,411	\$ 4,523
Less: Nonaccretable discounts	(1,368)	(1,368)
Net carrying amount	\$ 2,043	\$ 3,155

Accretable yield, or income expected to be collected, is as follows:

	2022	2021
Balance at January 1,	\$ 3,155	\$ 2,067
New loans purchased	-	2,028
Reclassifications from nonaccretable difference	-	(419)
Disposals	(1,112)	(521)
Balance at December 31,	\$ 2,043	\$ 3,155

For those purchased credit impaired loans disclosed above, the Company reversed the allowance for loan losses by \$19 thousand in 2021.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

Purchased credit impaired loans purchased during the year ending December 31, 2021, for which it was probable at acquisition that all contractually required payments would not be collected are as follows:

	<u>2021</u>
Contractually required payments receivable of loans purchase during the year:	
Commercial, including real estate	\$ 2,529
Residential real estate	<u>90</u>
Subtotal	\$ 2,619
Less: Nonaccretable discounts	<u>(591)</u>
Fair value of acquired loans at acquisition	\$ 2,028

NOTE 18 - COMMITMENTS, CONTINGENCIES AND CREDIT RISK

Contingencies:

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the consolidated financial statements.

Financial Instruments with Off-Balance-Sheet Risk:

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk in excess of amounts recognized on the consolidated balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other parties to the financial instruments for these commitments is represented by the contractual amounts of the instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments. These commitments were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Commitments to extend credit	\$ 854,576	\$ 703,745
Standby letters of credit	21,410	19,009
	<u>\$ 875,986</u>	<u>\$ 722,754</u>

Commitments to extend credit: Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The Company evaluates each customer's creditworthiness on a case-by-case basis. If deemed necessary upon extension of credit, the amount of collateral obtained is based on management's credit evaluation of the party. Collateral held varies, but may include accounts receivable, crops, livestock, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit: Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies as specified above and is required in instances which the Company deems necessary.

Stock Redemptions:

Shareholder cross-purchase and redemption agreement: The Company is party to a cross-purchase and redemption agreement, whereby the Company has the obligation, and in some circumstances the option, to purchase the shares of common stock held by a stockholder or his or her estate in the event of the stockholder's death, insolvency, or desire to sell or transfer shares. The Company's obligation to purchase shares of common stock is limited to the lesser of 3% of the aggregate issued and outstanding stock of the Company as of the beginning of such calendar year or any limit imposed by federal regulations. If the Company does not purchase the available shares within 30 days, the other stockholders may acquire the shares in proportion to their ownership of the Company. The repurchase price of common stock is equal to the book value of the Company as of the month-end preceding the date the Company receives the redemption offer.

Financial Instruments with Concentrations of Credit Risk:

Concentration overinsured limits: The nature of the Company's business requires that it maintain amounts due from banks which, at times, may exceed federally insured limits. As of December 31, 2022, the Company had no depository account balances with correspondent banks that exceeded federally insured limits.

Concentration by geographic location: The Company makes agricultural, agribusiness, commercial, residential and consumer loans to customers primarily in central and southwestern Minnesota, and Sioux Falls, South Dakota. Although the Company's loan portfolio is diversified, there is a relationship in this region between the agricultural economy and the economic performance of loans made to agricultural customers. The Company's lending policies for agricultural and nonagricultural customers require loans to be well-collateralized and supported by cash flows. Collateral for agricultural loans includes equipment, crops, livestock and land. The concentration of credit in the regional agricultural economy is taken into consideration by management in determining the allowance for loan and lease losses.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The Company also extends credit in other than their primary trade areas. These are primarily commercial and agricultural loans and leases and are granted under the same lending policies as loans and leases made within the Company's primary trade area. Loans and leases made in other trade areas are presented as follows:

	December 31	
	2022	2021
Loans and leases in other trade areas in Minnesota & South Dakota	\$ 272,431	\$ 111,713
Loans and leases in other states	136,700	166,468
	<u>\$ 409,131</u>	<u>\$ 278,181</u>

NOTE 19 - EMPLOYEE BENEFIT PLANS

Salary Reduction 401(k) Plan:

Company contributions to the 401(k) plan were \$1.6 million and \$1.2 million in 2022 and 2021, respectively.

Phantom Stock Plan:

In connection with the Company's phantom stock plan, the Board of Directors have granted cumulative outstanding awards amounting to 60 thousand and 58 thousand units of phantom stock at December 31, 2022 and 2021, respectively. In connection with these awards, the Company recorded no compensation expense during 2022, and \$1.6 million in 2021. The Company has phantom stock accruals of \$6.5 million and \$7.5 million as of December 31, 2022 and 2021, respectively, which was included in other liabilities on the consolidated balance sheet.

NOTE 20 - LOANS AND OTHER TRANSACTIONS WITH RELATED PARTIES

Stockholders of the Company, and officers and directors, including their families and companies of which they are principal owners, are considered to be related parties. These related parties were loan customers of, and had other transactions with the Company in the ordinary course of business. Total loans to related parties were approximately \$28.6 million and \$7.8 million at December 31, 2022 and 2021, respectively.

Deposits from related parties held by the Company amounted to \$180.3 million and \$146.0 million as of December 31, 2022 and 2021, respectively.

NOTE 21 - REGULATORY CAPITAL REQUIREMENTS

Banks and bank holding companies are subject to various regulatory capital requirements administered by the federal and state banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available-for-sale securities is not including in computing regulatory capital. Management believes as of December 31, 2022, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year end 2022 and 2021, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institutions's category.

Actual and required capital amounts (in thousands) and ratios for December 31, 2022 and 2021 are:

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Common Equity Tier I ratio						
Minnwest Corporation	\$237,994	9.93%	\$ 107,839	>4.5%	N/A	N/A
Minnwest Bank	244,098	10.36%	105,992	>4.5%	\$ 153,100	>6.5%
Tier I Capital to Risk Weighted Assets						
Minnwest Corporation	\$237,994	9.93%	\$ 143,786	>6.0%	N/A	N/A
Minnwest Bank	244,098	10.36%	141,323	>6.0%	\$ 188,431	>8.0%
Total Risk Based Capital to Risk Weighted Assets						
Minnwest Corporation	\$297,973	12.43%	\$ 191,714	>8.0%	N/A	N/A
Minnwest Bank	273,563	11.61%	188,431	>8.0%	\$ 235,538	>10.0%
Tier I Capital to Average Assets						
Minnwest Corporation	\$237,994	8.50%	\$ 112,004	>4.0%	N/A	N/A
Minnwest Bank	244,098	8.83%	110,551	>4.0%	\$ 138,189	>5.0%
December 31, 2021						
Common Equity Tier I ratio						
Minnwest Corporation	\$ 213,417	9.96%	\$ 96,395	>4.5%	N/A	N/A
Minnwest Bank	223,073	10.65%	94,275	>4.5%	\$ 136,175	>6.5%
Tier I Capital to Risk Weighted Assets						
Minnwest Corporation	\$213,417	9.96%	\$ 128,527	>6.0%	N/A	N/A
Minnwest Bank	223,073	10.65%	125,700	>6.0%	\$ 167,600	>8.0%
Total Risk Based Capital to Risk Weighted Assets						
Minnwest Corporation	\$270,242	12.62%	\$ 171,369	>8.0%	N/A	N/A
Minnwest Bank	249,310	11.90%	167,600	>8.0%	\$ 209,500	>10.0%
Tier I Capital to Average Assets						
Minnwest Corporation	\$213,417	7.78%	\$ 109,672	>4.0%	N/A	N/A
Minnwest Bank	223,073	8.26%	107,992	>4.0%	\$ 134,990	>5.0%

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements:

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there is no quoted market price for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at a measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Company groups its financial asset generally measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

- Level 1: Valuation is based on quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined by pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

When available, the Company attempts to use quoted market prices to determine fair value and classifies such items as Level 1 or Level 2. If quoted market prices are not available, fair value is often determined using model-based techniques incorporating various assumptions, including interest rates, prepayment speeds and credit losses. Assets and liabilities valued using model-based techniques are classified as either Level 2 or Level 3, depending on the extent to which the valuation inputs are based on market data obtained from independent sources.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The Company measured debt securities available for sale on a recurring basis. Fair values are based upon quoted market prices, where available, categorized as Level 1. When quoted market prices are not available, the fair values of investment securities were generally determined based on matrix pricing. Matrix pricing is a mathematical technique that utilizes observable market inputs including, for example, yield curves, credit ratings and prepayment speeds. Fair values determined using matrix pricing are generally categorized as Level 2 in the fair value hierarchy.

Fair value is determined at a tranche level, based on market prices for comparable mortgage servicing contracts (Level 2), when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimate future net servicing income and that can be validated against available market data.

Fair values for interest rate cap and interest rate swap contracts are based upon the amounts required to settle the contracts.

The following table sets forth the assets measured at fair value on a recurring basis at December 31, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Loans hedged with interest rate swaps	\$ -	\$ 20,399	\$ -	\$ 20,399
Investment securities available-for-sale	-	548,906	-	548,906
Mortgage servicing rights	-	5,319	-	5,319
Interest rate cap contracts	-	7,136	-	7,136
Interest rate swap contracts	-	3,291	-	3,291
	<u>\$ -</u>	<u>\$ 585,051</u>	<u>\$ -</u>	<u>\$ 585,051</u>
Liabilities				
Interest rate swap contracts	<u>\$ -</u>	<u>\$ 3,093</u>	<u>\$ -</u>	<u>\$ 3,093</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
Loans hedged with interest rate swaps	\$ -	\$ 25,019	\$ -	\$ 25,019
Investment securities available-for-sale	-	522,402	-	522,402
Mortgage servicing rights	-	3,540	-	3,540
Interest rate swap contracts	-	1,493	-	1,493
	<u>\$ -</u>	<u>\$ 552,454</u>	<u>\$ -</u>	<u>\$ 552,454</u>
Liabilities				
Interest rate swap contracts	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 784</u>

Pursuant to generally accepted accounting principles, under certain circumstances the Company is required to measure, on a nonrecurring basis, the fair value of certain assets and to adjust the carrying value or provide valuation allowances related to the assets using fair value measurements.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

All of the Company's financial instruments that were measured at fair value on a non-recurring basis are Level 3. The significant unobservable inputs used in Level 3 fair value measurements were as follows:

	2022 Fair Value	2021 Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Collateral-dependent impaired loans	\$ 24,763	\$ 22,841	Collateral Valuation	Discount from market value	0-100% 13%
Other impaired loans	3,771	7,950	Discounted Cash Flow	Financial forecast or financial cash flow	0% 0%
Foreclosed assets	9,961	7,825	Collateral Valuation	Discount from market value	0% 0%
	<u>\$ 38,495</u>	<u>\$ 38,616</u>			

In accordance with generally accepted accounting principles, collateral-dependent impaired loans are measured pursuant to the fair value of collateral method. Under the fair value of collateral method, a valuation allowance is established for the amount that the carrying value of the loan exceeds the fair value of the loan's collateral less estimated selling costs. The valuation allowance is charged to earnings when taken. When a valuation allowance is required, the impaired loan is essentially measured at fair value. The resulting fair value measurement is disclosed in the nonrecurring fair value table above.

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of FASB Codification Subtopic 360-10, foreclosed assets are carried at fair market value less costs of sale. When the carrying amount of the asset exceeds this fair value, a valuation allowance is established by taking a charge to earnings.

Fair values for collateral dependent impaired loans and foreclosed assets are determined based on appraisals with further adjustments made to the appraised values due to various factors, including the age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. As these significant adjustments are based on unobservable inputs, the resulting fair value measurements have been categorized as Level 3 measurements.

Other loans that are impaired but not collateral dependent are measured at fair value by estimating the present value of expected future cash flows discounted at the loan's effective interest rate. A valuation reserve is established in those instances when the resulting calculation is less than the present value calculation under the terms of the note. Since the estimates of future cash flows are based on assumptions that are not observable in the marketplace, the valuations have been classified as Level 3.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

NOTE 23 – INTEREST RATE RISK, DERIVATIVES AND HEDGING ACTIVITIES

In the ordinary course of business the Company assumes interest rate risk (the risk that general interest rate levels will change). As a result, the fair values of the Company's financial instruments will change when interest rate levels change, and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed-rate obligations are less likely to prepay in a rising-rate environment and more likely to prepay in a falling-rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising-rate environment and less likely to do so in a falling-rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

Under certain circumstances management also uses derivative instruments to manage interest rate risk. Interest rate swaps are primarily utilized to manage the Company's interest rate risk associated with making long-term, fixed-rate loans to customers. In addition, the Company has entered into interest rate swaps on mortgaged-backed securities classified as available-for-sale. The derivatives and hedging accounting guidance (FASB ASC 815-10) requires that the Company recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. In accordance with this guidance, the Company designates interest rate swaps on fixed rate loans as fair value hedges.

When hedging criteria specified in derivatives and hedging accounting guidance are met, including testing for hedge effectiveness, hedge accounting may be applied. The hedge effectiveness assessment methodologies for similar hedges are performed in a similar manner and are used consistently throughout the hedging relationships.

For fair value hedges of fixed rate assets, the hedge contract specifies the terms of the hedged item and the interest rate swap. The documentation also indicates that the derivative is hedging a fixed-rate asset, that the hedge exposure is to the changes in the fair value of the hedged asset, and that the strategy is to eliminate fair value variability by converting fixed-rate interest payments to LIBOR. In addition, the gain or loss on the derivative as well as the offsetting loss or gain on the related hedged asset is recognized in current earnings. The Company includes the offsetting amounts of the hedged assets and the related interest rate swaps on the same line item – other income.

The fixed rate assets hedged generally have an original maturity date of 7 to 10 years and are not callable. These assets are hedged with “pay fixed-rate, receive variable rate” swaps with similar notional amounts, maturities, and fixed rate coupons. The swaps are not callable. At December 31, 2022 and 2021, \$20.4 million of loans were hedged with interest rate swaps, which had notional values of \$20.4 million. In addition, mortgaged-backed securities totaling \$30.0 million were hedged with interest rate swaps, which had notional values of \$30.0 million.

Interest rate swap contracts involve an element of credit risk with counterparties and their ability to meet the contractual terms of the contract. When the fair value of a derivative instrument contract is positive, it generally indicates that the counterparty owes the Company, and results in credit risk to the Company. When the fair value of a derivative instrument contract is negative, the Company owes the counterparty and therefore, has no credit risk. Swap positions are offset to minimize the potential impact on the Company's financial statements. The Company also controls credit risk through the approval of counterparties, limits and monitoring procedures.

The Company also enters into interest rate cap contracts that are derivatives not designated as hedges. The notional amounts of interest rate caps as of December 31, 2022 and 2021 were \$50.0 million and \$20.0 million, respectively.

MINNWEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(In Thousands)

The following table summarizes the effect of interest rate swap contracts on the consolidated balance sheets as of December 31, 2022 and 2021:

	Derivatives with Positive Fair Value			Derivatives with Negative Fair Value		
	Balance Sheet Location	Notional Amounts	Fair Value	Balance Sheet Location	Notional Amounts	Fair Value
Derivatives designated as hedging instruments under the derivatives and hedging accounting guidance						
Interest rate swap contracts	Interest receivable and other assets	\$ 49,438	\$ 3,291	Interest payable and other liabilities	\$ 20,399	\$ 3,093
Derivatives not designated as hedging instruments under the derivatives and hedging accounting guidance						
Interest cap contracts	Interest receivable and other assets	\$ 50,000	\$ 7,136	Interest payable and other liabilities	\$ -	\$ -
Effective of master netting agreements			<u>(3,093)</u>			<u>(3,093)</u>
Fair value after effect of master netting agreement			<u>\$ 7,334</u>			<u>\$ -</u>

	2021 Fair Value of Derivative Instruments					
	Derivatives with Positive Fair Value			Derivatives with Negative Fair Value		
	Balance Sheet Location	Notional Amounts	Fair Value	Balance Sheet Location	Notional Amounts	Fair Value
Derivatives designated as hedging instruments under the derivatives and hedging accounting guidance						
Interest rate swap contracts	Interest receivable and other assets	\$ 17,161	\$ 1,493	Interest payable and other liabilities	\$ 7,149	\$ 784
Effective of master netting agreements			<u>(784)</u>			<u>(784)</u>
Fair value after effect of master netting agreement			<u>\$ 709</u>			<u>\$ -</u>

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022
(In Thousands)

	Minnwest Corporation	Minnwest Bank	Minnwest Finance, Inc.	Eliminations	Consolidated
Assets					
Cash and due from banks	\$ 720	\$ 14,147	\$ 135	\$ (855)	\$ 14,147
Interest-bearing deposits in banks	18,741	107,338	-	(18,741)	107,338
Cash and cash equivalents	19,461	121,485	135	(19,596)	121,485
Certificates of deposit in banks	-	7,524	-	-	7,524
Debt securities available for sale	-	548,906	-	-	548,906
Restricted stock	-	8,792	1,105	-	9,897
Loans held for sale	-	976	-	-	976
Loans and direct financing leases, net	-	2,005,128	32,237	-	2,037,365
Mortgage servicing rights	-	5,319	-	-	5,319
Premises and equipment, net	2,145	23,975	174	-	26,294
Foreclosed assets	-	9,961	-	-	9,961
Income taxes receivable	-	827	6	(461)	372
Deferred income tax, net	4,286	15,680	186	-	20,152
Goodwill	-	35,442	207	-	35,649
Other intangible assets	-	3,248	-	-	3,248
Accrued interest receivable	17	17,234	467	-	17,718
Company owned life insurance	297	24,393	-	-	24,690
Other assets	65	18,795	8	-	18,868
Investment in unconsolidated subsidiaries	251,779	-	-	(251,779)	-
Total assets	\$ 278,050	\$ 2,847,685	\$ 34,525	\$ (271,836)	\$ 2,888,424
Liabilities and Stockholders' Equity					
Liabilities					
Deposits					
Noninterest-bearing	\$ -	\$ 725,485	\$ -	\$ (855)	\$ 724,630
Interest-bearing	-	1,755,698	-	(18,741)	1,736,957
	-	2,481,183	-	(19,596)	2,461,587
Notes payable	30,338	107,505	26,365	-	164,208
Accrued interest payable	808	843	138	-	1,789
Other liabilities	8,965	14,318	79	(461)	22,901
Total liabilities	40,111	2,603,849	26,582	(20,057)	2,650,485
Stockholders' Equity					
Common stock	5	500	-	(500)	5
Additional paid-in capital	6,098	181,881	4,000	(185,881)	6,098
Retained earnings	274,628	100,408	3,943	(104,351)	274,628
Accumulated other comprehensive (loss) income	(38,953)	(38,953)	-	38,953	(38,953)
Unearned ESOP shares	(3,839)	-	-	-	(3,839)
Total stockholders' equity	237,939	243,836	7,943	(251,779)	237,939
Total liabilities and stockholders' equity	\$ 278,050	\$ 2,847,685	\$ 34,525	\$ (271,836)	\$ 2,888,424

MINNWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022
(In Thousands)

	Minnwest Corporation	Minnwest Bank	Minnwest Finance, Inc.	Eliminations	Consolidated
Interest Income					
Loans and direct financing leases	\$ -	\$ 93,643	\$ 1,190	\$ -	\$ 94,833
Securities	-	7,515	117	-	7,632
Interest bearing deposits and other	24	1,424	-	(24)	1,424
	<u>24</u>	<u>102,582</u>	<u>1,307</u>	<u>(24)</u>	<u>103,889</u>
Interest Expense					
Deposits	-	8,624	-	(24)	8,600
Notes payable	1,930	950	504	-	3,384
	<u>1,930</u>	<u>9,574</u>	<u>504</u>	<u>(24)</u>	<u>11,984</u>
Net Interest Income (Loss)	(1,906)	93,008	803	-	91,905
Provision for Loan and Lease Losses	-	1,200	15	-	1,215
Net Interest Income (Loss) After Provision for Loan and Lease Losses	<u>(1,906)</u>	<u>91,808</u>	<u>788</u>	<u>-</u>	<u>90,690</u>
Noninterest Income					
Deposit service charges and other fees	-	5,737	-	-	5,737
Insurance commissions	-	2,118	-	-	2,118
Bank card and interchange income	-	3,362	-	-	3,362
Net gain on sale of loans	-	3,641	-	-	3,641
Other income	1,941	4,637	35	(1,941)	4,672
	<u>1,941</u>	<u>19,495</u>	<u>35</u>	<u>(1,941)</u>	<u>19,530</u>
Noninterest Expenses					
Salaries and employee benefits	3,724	41,800	238	-	45,762
Information systems	95	10,060	15	103	10,273
Occupancy and equipment	308	5,203	31	-	5,542
Marketing	118	2,355	12	-	2,485
Professional services	624	4,468	26	(2,043)	3,075
Foreclosed assets expense, net	-	1,360	2	-	1,362
FDIC insurance and regulatory assessments	-	1,217	-	-	1,217
Other expenses	77	3,327	4	-	3,408
	<u>4,946</u>	<u>69,790</u>	<u>328</u>	<u>(1,940)</u>	<u>73,124</u>
Income (Loss) Before Income Taxes and Equity in Income of Subsidiaries	(4,911)	41,513	495	(1)	37,096
Income Tax Expense (Benefit)	<u>(1,352)</u>	<u>11,023</u>	<u>142</u>	<u>-</u>	<u>9,813</u>
Income (Loss) Before Equity in Income of Subsidiaries	(3,559)	30,490	353	(1)	27,283
Equity in Income of Subsidiaries	<u>30,424</u>	<u>-</u>	<u>-</u>	<u>(30,424)</u>	<u>-</u>
Net Income	<u>\$ 26,865</u>	<u>\$ 30,490</u>	<u>\$ 353</u>	<u>\$ (30,425)</u>	<u>\$ 27,283</u>



BUSINESS SCHEDULE OF FEES & SERVICES

Effective June 7, 2023

CASH MANAGEMENT SERVICES

The following services may be subject to additional approval

Online Banking

Access to view accounts, make transfers and view statements

Monthly Maintenance _____	No Charge
Security Tokens > 3 _____	\$ 10.00
Security Token Replacement _____	\$ 10.00

Bill Pay - Pay your bills from your online banking by check or electronically when available.

Monthly Maintenance _____	\$ 5.00
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Mobile Banking with Mobile Deposit

Access your accounts and Cash Management services from your mobile phone and deposit using the camera on your phone anytime, anywhere.

Monthly Maintenance _____	No Charge
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ACH Origination - Originate electronic payments & collections

High Volume

Monthly Maintenance _____	\$ 20.00
Per File _____	\$ 5.00
Per Item ⁽⁹⁾ _____	\$ 0.10

Low Volume

Monthly Maintenance _____	\$ 10.00
Per File _____	No Charge
Per Item ⁽⁹⁾ > 5 _____	\$ 0.50

Same Day ACH ⁽¹⁰⁾ _____	\$ 1.00
Incoming ACH Addendum Access _____	
_____ per month	\$ 5.00
ACH Return Item _____	\$ 10.00
File Reversal _____	\$ 25.00
Item Reversal _____	\$ 10.00

Online Wire Origination

Originate wire transfers from your online banking

Monthly Maintenance _____	No Charge
Domestic - Outgoing _____	\$ 10.00
Foreign - Outgoing _____	\$ 20.00
Reverse Wire _____	\$ 20.00

Remote Deposit Capture (RDC)

Deposit checks from your desk 24/7

Monthly Maintenance per Scanner _____	
Single Feed _____	\$ 50.00
Muti Feed _____	\$ 65.00
RDC Scanner Reinstallation _____	\$ 80.00

Multibank Reporting

Aggregated view of bank accounts

Monthly Maintenance _____	\$ 30.00
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Positive Pay - ACH & Check

Puts the control in your hands

Only the checks you want paid get paid

Monthly Maintenance - 1st Account _____	\$ 35.00
Monthly Maintenance - Ea. Addtn'l Acct _____	\$ 15.00
ACH Only Mthly Maintenance _____	\$ 15.00

Other Services & Related Fees

Account Closing Fee (if open less than 4 months) _____	\$ 25.00
Cashiers Checks ⁽²⁾ _____	\$ 5.00
Counter Checks _____	\$ 0.50
Credit Reference/Audit Confirmation _____	\$ 5.00
Inactive Account ⁽¹⁾ _____ monthly	\$ 10.00
Garnishment or Levy _____ per incident	\$ 100.00
Notary Service (for Customers Only) _____	No Charge

ATM/Debit Card Related

Card Replacement _____	\$ 10.00
Non-Minnwest or MoneyPass ATM _____	
_____ per transaction	\$ 2.50
International _____	1% of transaction amount

Check & Image Related

Collection Item - Domestic _____	
_____ any correspondent fee or other charges +	\$ 25.00
Check Image - Non Image Readable manually submitted _____	
_____ per item	\$ 15.00
Returned Deposit Item _____	\$ 5.00
Returned Item - Special Handling _____ per month	\$ 10.00
Stop Payment - per Check or ACH _____	\$ 35.00
Stop Payment - series of checks _____	\$ 35.00

Foreign Check & Currency Processing

Deposited _____ registered mail cost +	\$ 25.00
Returned _____	\$ 35.00
Currency _____ correspondent charge, ins. & postage +	\$ 10.00
Collection Item - Foreign _____	
_____ any correspondent fee or other charges +	\$ 40.00

Overdraft Related Fees

Overdraft/Non-Sufficient Funds ⁽³⁾ _____	
_____ per presentment	\$ 35.00
Non-Sufficient Fund item > \$5,000 ⁽³⁾ _____	
_____ per presentment	\$ 45.00
Continued Negative Balance ⁽⁴⁾ _____	
_____ every 7 business days	\$ 35.00
Overdraft Protection Sweep Fee ⁽¹¹⁾ _____ per transfer	\$ 5.00

Night Depository Services

Night Depository Access Key > 2 _____ each	\$ 10.00
Replacement Key for Night Depository _____	\$ 10.00
Zipper Bag -small (first one free) _____	\$ 5.00
Zipper Bag - large _____	\$ 8.00
Locking Zipper Bag _____	\$ 25.00
Plastic Deposit Bags (Quantity 100) _____	\$ 45.00
Replacement Key for Locking Bag _____ each	\$ 10.00



BUSINESS SCHEDULE OF FEES & SERVICES

Effective June 7, 2023

~Continued~

Funds Management Sweeps

Funds Management Sweep

Consolidate your balances to maximize your earning power

Primary Sweep Monthly Fee _____	\$	15.00
Add'l Sub Account(s) Monthly Fee _____	\$	5.00
Overdraft Protection Sweep Fee ⁽¹¹⁾ _____	\$	5.00
_____ per transfer		

Two-Way Sweep

Utilize excess funds to minimize the interest accrual on Lines of Credit

Monthly Maintenance _____	\$	50.00
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Research & Copy Related

Account Research or Reconciliation _____		\$40/hour - \$20 minimum
Check Copy / Image _____	\$1 per page plus research fee	
Computer Account Summary _____	\$	5.00
Statement Copy _____	\$	5.00
Fax _____	\$3 first page, \$.25 each additional page	
Photocopies _____	\$	0.50

Statement Handling

Online Statement _____	No Charge
Paper Statement _____	\$ 2.00
Duplicate Statement _____ per cycle	\$ 5.00

Wire

	Per Wire
Domestic - Incoming _____	\$ 15.00
- Outgoing _____	\$ 25.00
Foreign - Incoming _____	\$ 30.00
- Outgoing _____	\$ 50.00

Safe Deposit Box

Discount with automatic payment _____	\$	5.00
Late fee -30 days or more past due/month _____	\$	10.00
Duplicate key _____	\$	30.00
Drill and Replace Lock ___ locksmith cost +	\$	100.00

Platinum Business /Interest ,

Nonprofit & Public Funds Analysis Checking

Monthly Maintenance Fee ⁽⁸⁾ _____	\$	15.00
Checks Paid _____	\$	0.20
Deposits - In Branch _____	\$	0.50
Deposits - Non Branch _____	\$	0.25
On Us Items _____	\$	0.10
Transit Items _____	\$	0.15
ACH Items _____	\$	0.15

Classic Business,

Nonprofit & Public Funds Checking

Monthly Maintenance Fee ⁽⁵⁾ _____	\$	5.00
Includes 200 transaction items ⁽⁶⁾		
Item Overage Fee ⁽⁷⁾ _____	\$	0.50

Nonprofit & Public Funds Checking

Monthly Maintenance Fee ⁽⁸⁾ _____	\$	15.00
Includes 300 transaction items ⁽⁶⁾		
Item Overage Fee ⁽⁷⁾ _____	\$	0.25

(1) If an account has no customer initiated activity, including deposits or withdrawals within the time periods as follows: Checking 2 yrs., Savings 2 yrs.

(2) If check is being made out to the customer named on the savngs account or CD - No Charge

If check is being created out of a checking account - Charge

If check is being made out to a third party - Charge (Customer must be present)

(3) Overdraft/Non-Sufficient Funds (NSF) may be created by check, in-person withdrawal, ATM withdrawal or other electronic means.

Bank fees and service charges may cause your account to become negative which may cause additional fees.

(4) A continuous negative balance fee may be charged on any negative balance regardless if the negative balance is caused by transactions, fees or service charges.

(5) Monthly maintenance fee will be waived if one of the following criteria are met: \$500 Average Available Balance, Personal checking account, Platinum Business Checking or 501c3 Status

(6) Transaction types included in this item count are as follows: deposits, deposited items, checks clearing, ACH/Misc. debits & credits

(7) Item overage fee applies to each item over the included transaction items.

(8) Monthly maintenance fee will be waived with a maintained Average Available Balance of \$10,000.

(9) ACH per item counts include the offsetting entry for each file submitted.

(10) Same Day ACH per item charge is in addition to the standard charges for credits per file and per item.

(11) Deposit balance transfer to cover zero balance (\$100 increments)

Cash Management Services



Minnwest has innovative Cash Management products and services that are designed to fit your unique business needs. We can help you manage your cash collections, disbursements, and the utilization of operating cash balances to improve efficiency and returns.

BUSINESS ONLINE BANKING

Our Business Online Banking provides a convenient and flexible way to manage your bank accounts on a daily basis, anytime...anywhere. Safe and secure, Business Online Banking gives you the ability to customize your banking experience to meet your business needs. Access your bank statements online and easily view, download, and print by adding online statements.

REMOTE DEPOSIT CAPTURE

Enjoy the ease and flexibility of making your deposits electronically from any of your business locations without leaving your office. Make deposits from multiple locations, deposit after hours, and reduce courier fees with Remote Deposit Capture. Deposits made up until 6:00 pm will be processed the same business day, anything after will be deposited the next business day.

MERCHANT CARD PROCESSING

Have the ability to process all major credit card brands and receive the funds in your account the next business day. We use three powerful technologies — EMV, end-to-end encryption and tokenization — to protect your customers' card data as soon as the credit or debit card is used, making all data completely useless to hackers. Through our partnership with Heartland Payment Systems, we can provide you with the tools you need to get started.

PAYROLL, HR & HIRING SERVICES

Streamline busy workdays — and give your accounting department some relief — with Minnwest Bank's payroll processing services. Payroll & HR provides custom tools and resources that cut through the confusion of compliance issues and more. Add hiring services for no additional cost — a cloud-based, technology-focused hiring, onboarding and tax credit solution.

AUTOMATED CLEARING HOUSE (ACH)

Accurately manage your business's cash position with our Automated Clearing House (ACH) service. ACH provides a fast, secure and accurate method to collect and disburse payments electronically. ACH allows you to control timing and automate recurring transactions while reducing fraud, potential errors, and check printing and handling costs. Now able to process Same Day, International to Canada and view details of incoming ACH items.

POSITIVE PAY

Screen your issued checks and ACH debits electronically through our secure Business Online Banking service. Positive Pay assists in the prevention of check fraud and ACH debit fraud. Positive Pay monitors your issued check files and incoming ACH debits and lets you know when an exception occurs. You will be alerted via email, text or both.

MULTIBANK REPORTING

Ability to review your cash position with external bank accounts by importing BAI2 formatted files. Graphically display the cash position from all your business accounts.

ONLINE BILL PAY

Pay any vendor without having to write your own checks. Simply enter the information for whom you want to pay, the dollar amount of the payment, and the date the payment should be sent.

ACCOUNT ANALYSIS

If your business utilizes our Platinum Business Checking account, Account Analysis can give you a better understanding of your balances and detailed bank service charges. Account Analysis allows you to combine the activities of multiple accounts, monitor balances and account activity changes over time, and better control balances and account activity costs.

BUSINESS CREDIT & DEBIT CARDS

Our Visa® Business Credit Cards come with a variety of important business features, including award-winning expense management tools, free employee cards, and added security benefits. The Minnwest Mastercard® Business Debit/ATM Card does a lot of heavy lifting too. Use it instead of a check wherever Mastercard is accepted or as an ATM card at thousands of surcharge-free MoneyPass ATMs.

WIRE TRANSFER SERVICES

Send and receive money almost anywhere worldwide. Initiate a wire using collected funds prior to 4:00 p.m. for same-day processing to accounts at other financial institutions. Funds you receive via wire transfer are immediately available to you upon receipt.

FUNDS MANAGEMENT SWEEPS

Funds Managements Sweeps are an effective cash management tool where the excess funds are automatically transferred to high yield savings accounts or to pay off existing debt. The Primary Checking account drives the need for funds movement. When there are excess funds in the Primary account funds are swept to the designated Sub account(s). When funds are needed in the Primary Checking account the systems looks to the Sub Accounts in the order you have selected. All movement of funds are in increments you have chosen.

MOBILE BANKING WITH MOBILE DEPOSIT

Fast and secure service for customers enrolled in business online banking. You can easily keep track of your finances on the go. You can view account balances, pay bills, transfer funds, approve transactions and deposit checks anytime, anywhere from your smartphone.

CDARS & ICS

As a member of the CDARS & ICS Networks, Minnwest Bank is able to provide convenient and safe savings options that provide you with access to multi-million-dollar FDIC coverage and earn interest all through a single bank relationship.

At Minnwest Bank, we believe in building strong, vibrant communities with doers like you and your employer. Available only to employees of our business customers, our Loyalty Banking program comes with all the benefits of our Preferred Checking account and more.

- » \$100 bonus with direct deposit¹
- » No minimum balance requirement
- » First year free rental of a new small size safe deposit box (\$40 value, may not be available at all locations)
- » One free box of Custom Creation checks or 50% off one box of designer checks annually
- » Mastercard® debit card
- » Surcharge-free ATM transactions at all MoneyPass ATMs nationwide
- » Complete 15 point-of-sale debit card transactions posted and cleared each monthly statement cycle and receive surcharge free ATM transactions at non-MoneyPass ATMs up to \$10 credit per statement cycle
- » Digital banking solutions including online and mobile banking, online bill pay and mobile deposit²
- » Free online statements

Discounted service charge



Just \$2.00 per month for Loyalty Banking members (normally \$5.95)

Mobile phone protection³



As an eligible Loyalty Banking member, you may receive up to \$300 of mobile phone insurance coverage to reimburse you for the cost of replacing or repairing a damaged or stolen device.

IDProtect® identity theft protection⁴



IDProtect® provides protection for you and your joint account holders for any identity theft event, financial or otherwise, anywhere in the world—even if the event has nothing to do with your account at Minnwest Bank. Includes fully managed recovery, identity theft expense reimbursement, monitoring services, and optional debit/credit card registration.

1) This offer is only open to employees of Minnwest Bank business customers. Proof of employment may be required. The \$2.00 monthly service charge is available to anyone who meets the employment qualification. The \$100 offer only applies to a new consumer checking account opened through the Loyalty Banking program. The \$100 offer is not available to existing Minnwest Bank consumer checking account holders. Minnwest reserves the right to discontinue this offer at any time. A direct deposit of payroll from the current employer must be posted within 60 calendar days of account opening. Once the 60 days have elapsed and you've met the direct deposit requirements, the \$100 credit will be posted to the new checking account within 30 calendar days. Account opening is subject to approval. Limit one offer per person, per account. Minimum deposit to open is \$100. An IRS 1099 form may be issued. 2) Third-party message, data, and/or internet service provider rates may apply. 3) Mobile phone bill must be paid through this account. Special Insurance Program Notes: The descriptions herein are summaries only. They do not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for complete details of coverage and exclusions. Insurance is offered through the company named on the certificate of insurance. Guide to Benefit is provided at account opening. 4) IDProtect service is a personal identity theft protection service available to personal checking account owner(s) and their joint account holders. Service is not available to clubs, organizations and/or churches and their members, schools and employees/students. For revocable grantor trusts, the service is available only when a grantor is serving as a trustee and covers the grantor trustee(s). For all other fiduciary accounts, the service covers the beneficiary, who must be the primary member (Fiduciary is not covered).

Meeting Date: August 15, 2023

Agenda Recommendation

Agenda Item: Approve Purchase of RFPD Squad Car

Recommendation/Action Requested: Staff Recommends approval of purchase.

Summary/Overview:

In 2022, RFPD withdrew a budget request for the purchase of a squad car in order to hire an officer. Since then, the availability of squad cars has decreased significantly and the maintenance costs of the current RFPD squad cars have steadily increased. As of August 10, 2024, neither Weelborg Ford nor Olson Chevrolet have been able to provide a quote for a 2024 squad nor are they taking orders. This situation is not unique to Redwood Falls.

At the August 1, 2023, City Council meeting staff had presented the proposed use of the Minnesota Public Safety Aid funds which were scheduled for delivery to the City of Redwood Falls in late December 2023. At that time one of the proposals was the purchase of a squad car which had been withdrawn in the 2023 budget. However, new information from the League of Minnesota Cities revealed the Public Safety Aid funds cannot be used prior to disbursement.

On August 9, 2023, Weelborg Ford reported locating a pre-built squad car on a lot and ready for delivery. The purchase price for the vehicle is \$53,230.00. To satisfy the LMC directive and take advantage of the available squad Finance Director Kari Klages has identified available funds in the Capital Project Fund to make the purchase. Staff is requesting authorization to use Capital Project Funds to purchase the squad from Weelborg Ford.

Attachments: None



Keith Muetzel
City Administrator
Phone: 507-616-7400
Fax: 507-637-2417
kmuettel@ci.redwood-falls.mn.us

Meeting Date: August 15, 2023

AGENDA RECOMMENDATION

Agenda Item: Westlake Properties Loan Extension

Recommendation/Action Requested: Staff recommends approval of a ninety (90) day loan extension.

Summary/Overview: In March of 2021, the City Council approved a forgivable loan to Westlake Properties to assist with the redevelopment of the Elm Street Mobile Home Park. Included as an attachment is the original city council memo outlining the general terms and conditions of the loan. In general, Westlake Properties was to receive a \$5,000 forgivable loan for each new housing unit that is developed in the Elm Street Mobile Home Park. The deadline to complete the redevelopment was June 1, 2023.

Currently, Westlake Properties is in the process of developing 8 housing units in the Elm Street Mobile Home Park, however, they have incurred delays that are described in the attached loan extension request. Staff has been in communication with Westlake properties and recommends extended the project completion deadline by an additional ninety (90) days.

Redwood County approved a similar loan agreement and has also received a loan extension request that will be considered at the August 15 County Board meeting.

Attachments: Loan Extension Request
City Council Memo – March 16, 2021

Wednesday, August 9, 2023



www.westlakecommunities.com

RE: Request for extension of redevelopment loans.

**Redwood County Board of Commissioners and
Redwood Falls City Council**

I hope this message finds you well. My name is Richard Sherman with RSSA/Westlake Properties, LLC.

We sincerely appreciate the continued support and understanding from the Redwood County EDA and the City of Redwood Falls Revolving Loan Fund regarding the Elm Street Homes mobile home park. Our goal has always been to significantly enhance the living conditions and offer affordable housing opportunities in Redwood Falls.

Having said that, I'd like to update you on some challenges and unforeseen circumstances we have encountered post our acquisition, which have considerably impacted our original timeline. To outline a few:

- MN Revised Code: 327C.095 does not allow for a closure notice to be given for a Mobile Home Park within 1 year of the purchase date of the park. Once the closure notice is issued, there is a 1-year notification period. These time periods made July 31, 2023, the closure date for the Eastwood Park and was within 60 days of the earliest possible closure date.
- The Eastwood property became a subject of three distinct litigation cases and another threatened litigation, mainly concerning park closure and the rights of tenants regarding trailers that they did not have clear title to.
- We discovered extensive utility work was required at Elm Street, which we had hoped to avoid by reusing existing infrastructure, but to ensure the longevity of the project far beyond the lifespan of the individual homes, we decided the proper course of action was a complete replacement of the electrical, water and sewer infrastructure for several sections of the park. These include:
 - New 200 Amp electrical service.
 - New water line meeting non-freeze municipal specifications.
 - New Sewer lines and risers.
- Since purchasing the Elm Street Park, we have demoed 6 vacant/abandoned homes including one double wide prior to beginning this project with the City and County. In addition, we have demoed an additional 3 homes at Elm Steet since the original agreement was signed. All of these structures were nuisances and eyesores and had extensive histories of code compliance and blight with the City. During that same period, we have demoed 7 homes at Eastwood. Due to the abandoned status of most of these homes, there is extensive documentation required to protect against titled owners, though they have been absent for many years, asserting a claim of ownership or damages caused by their removal.

- Engaging licensed setters became unexpectedly challenging, impacting the progress, we believe we have a solution and the first 3 homes have already been moved.
- We currently have three unauthorized tenants at Eastwood who have refused to leave even after park closure, and there is no direct enforcement mechanism within MN Revised Code: 327C.095. There is a chance we will need to file for possession under Minnesota Statutes Chapter 504B, a process lengthened due to the enhanced property interests of mobile homeowners (titled or not) recognized by the state code.
- Water has been turned off at Eastwood Estates, the park has been legally closed under State law and both our team and the City have abided by all required notification, public notice, and hearing requirements.
- Gas service was approved to be shut off as well dependent on the gas utility decision how and when to do so.
- We will be working with the City and Redwood Industries to determine how to restrict access (gate) the property as soon as the final homes and residents are removed.

Given these extensive challenges, we respectfully and humbly request an extension of time to fulfill our project obligations. Our commitment to the Redwood Falls community remains undeterred, but these unforeseen circumstances have undeniably impacted our progress.

We are unwavering in our commitment to deliver on our promise, and we believe with the extended time frame, we can achieve our shared vision for improving the quality of life for our residents and continuing to provide affordable, safe housing.

Please do let me know if there are further details or clarifications needed regarding our request.

In addition, I would like to personally apologize for my failure in communicating these challenges effectively and in a timely manner to the County and City leadership as well as the individual employees who have worked so hard on this project. That is my failing and I caused undue stress and uncertainty. I am sorry to have done so and will work to learn from those mistakes.

Thank you for your time.

Warm regards,

Richard Sherman

A handwritten signature in black ink, appearing to read "Richard Sherman". The signature is fluid and cursive, with the first name "Richard" being more prominent than the last name "Sherman".

President, RSSA LLC/ Westlake Properties- Minnesota A, LLC

Meeting Date: March 16, 2021

AGENDA RECOMMENDATION

Agenda Item: Elm Street Homes Mobile Home Park Funding Request

Recommendation/Action Requested: The Budget Committee recommends approval of a maximum \$50,000 forgivable redevelopment loan.

Summary/Overview: In September of 2019, Westlake Properties acquired Elm Street Homes which is a mobile home park located at 900 and 1020 East Elm Street. Prior to the transfer of ownership to Westlake Properties, the Elm Street Homes property had been neglected and maintained in a state of disrepair for years. Westlake acquired the property with the intent of redeveloping the park and bringing the property into compliance with building codes and local ordinances. Improvements made to date include the removal of five dilapidated mobile homes and removing abandoned vehicles, junk and debris, along with improvements to the storm shelter and exterior areas.

Elm Street Homes is requesting financial assistance from the City of Redwood Falls and Redwood County to continue with property improvements which will allow for the development of additional housing units. See the attached Redwood County EDA Advisory Opinion for specific background information and details of the request. In summary, the funding request from the City is in the form of a maximum \$50,000, 10 year forgivable loan, with 10% of the loan principal balance being forgiven each year as long as the following performance measures are being met:

- Elm Street Homes has a valid health department license.
- Elm Street Homes is current with property tax payments.
- Elm Street Homes is current with municipal utility payments.
- Elm Street Homes is compliant with municipal nuisance ordinances.

In addition to the above, each new housing unit will be required to obtain a building permit to ensure compliance with building codes.

The maximum loan amount of \$50,000 is proposed to be in the form of “pay as you go” funding, providing \$5,000 per each new housing unit created, up to a maximum of 10 units/\$50,000.

Redwood County received a request for \$15,000 per each new housing unit created, up to a maximum of 10 units/\$150,000. The County will act on their request on March 16.

The Budget Committee reviewed the request and recommends approval based on the following:

- Requests to increase the availability of affordable housing have been received from local businesses.
- The City Comprehensive Plan establishes the goal of maintaining a high quality of living environment in all residential neighborhoods and encourages improvements when needed.
- Providing funding creates an opportunity to ensure new housing units are safe and suitable for habitation.
- The project eliminates slum and blight and is expected to provide general public health, safety and welfare improvements.
- Increased tax base through additional units and enhanced property values for the park and surrounding properties.

Attachments: Redwood County EDA Advisory Opinion – Westlake Properties Funding Request
Funding Request – Westlake Properties



Keith Muetzel
City Administrator
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Meeting Date: August 15, 2023

AGENDA RECOMMENDATION

Agenda Item: Establish City Council Work Session Agenda

Recommendation/Action Requested: Staff requests the City Council formally establish the agenda for the August 29, 2023, work session.

Summary/Overview: The next City Council work session is scheduled for August 29, 2023. In order to prepare for the meeting, and ensure adequate time is allowed for each agenda item, staff is requesting the City Council formally establish the work session agenda. The following item has been suggested as an agenda item:

- Cannabis Legalization

Attachments: None



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AGENDA RECOMMENDATION

Meeting Date: August 15, 2023

Agenda Item: Resolution No. 41 of 2023 – Resolution Accepting Donation for Trailer to House Grain Bin Rescue Equipment.

Recommendation/Action Requested: Read the proposed Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

Summary/Overview: Minnesota Statute 465.03 gives the city authority to receive donations and requires them to be formally accepted by resolution, adopted by a two-thirds vote of the Council. Attached is a resolution accepting two financial donations in a total amount of \$2,000.

The donation is to be used towards a trailer that the Fire Relief association purchased to house grain bin rescue equipment. Because the Fire Relief paid for the trailer, after formal acceptance of this donation, the City will issue a check in the amount of \$2,000 to the Fire Relief Association to offset the cost of the trailer. The Fire Relief will then donate the trailer to the City and it will be added to our capital asset listing.

Attachments: Resolution No. 41 of 2023

RESOLUTION NO. 41 OF 2023
A RESOLUTION ACCEPTING A DONATION TO THE CITY.

WHEREAS, the City of Redwood Falls is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 et seq. for the benefit of its citizens and is specifically authorized to accept gifts; and

WHEREAS, the following persons and entities have offered to contribute the cash amounts set forth below to the City:

<u>Name of Donor</u>	<u>Amount</u>
Land O'Lakes	\$1,000.00
Meadowland Farmers Coop	\$1,000.00

WHEREAS, the terms or conditions of the donations, if any, are as follows:

Terms or Conditions
Purchase of a trailer to house grain bin rescue equipment.

WHEREAS, all such donations have been contributed to the City for the benefit of its citizens, as allowed by law; and

WHEREAS, the City Council finds that it is appropriate to accept the donations offered.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REDWOOD FALLS, MINNESOTA AS FOLLOWS:

1. The donations described above are accepted and shall be used to establish and/or operate services either alone or in cooperation with others, as allowed by law.
2. The city clerk is hereby authorized, if requested, to issue receipts to each donor acknowledging the City's receipt of the donor's donation.

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota this 15th day of August 2023.

ATTEST:

Keith Muetzel
City Administrator

Tom Quackenbush
Mayor

(City Seal)

Subscribed and sworn to before me this
15th day of August 2023.

Notary Public

AGENDA MEMO

Meeting Date: August 15, 2023

Agenda Items: Update to City of Redwood Falls Criminal History Background Check Policy for Employment and License Applicants

Recommendation/Action Requested: Staff is recommending Council adopt the attached updated background check policy. Discuss the new update to the policy and if there are no concerns, make a motion to adopt the updated City of Redwood Falls Criminal History Background Check Policy for Employment and License Applicants in accordance with Chapter 4 of the City Charter.

Summary/Overview: Pursuant to Minnesota Statute § 340A.402 the City's background check policy requires that all applicants for a retail liquor license in the City of Redwood Falls submit to a criminal history background investigation conducted by the Redwood Falls Police Department. Upon receiving the applicants signed, written informed consent, the Police Department is authorized to access data maintained in the Minnesota Bureau of Criminal Apprehension's criminal history information systems data base to conduct the criminal history background investigation. The above-referenced statute allows for, and the currently approved background check policy for the City requires, that if any applicant has lived in Minnesota for less than five years prior to application, a national criminal history record check shall be conducted through the BCA by submitting fingerprint cards for exchange with the FBI.

As the City of Redwood Falls has a municipal liquor store, the only retail licenses issued for "intoxicating liquor" (beverages containing more than 3.2 percent of alcohol by weight) in the City are "On-sale" licenses, allowing for the sale of alcoholic beverages for consumption on the licensed premises only. Any "Off-sale" licenses issued within the City are for 3.2 percent malt liquor only. Given this distinction and the practical difficulties of obtaining fingerprints from business executives of corporations and chain stores applying for "Off-sale" licenses for 3.2 percent malt liquor, City Staff believes it is necessary to amend the background check policy as currently written to allow for an exception to the national criminal history record check requirement, excluding applicants for "Off-sale" liquor licenses. Those applicants will still be required to submit to a criminal history background investigation through the Redwood Falls Police Department, but will not be required to submit fingerprints.

Attachments: City of Redwood Falls Criminal History Background Check Policy for Employment and License Applicants

City of Redwood Falls, Minnesota
Criminal History Background Check Policy for Employment and License Applicants

PURPOSE

The purpose of this policy is to provide guidance to the City's Human Resources department and Police Department when conducting criminal history background checks for applicants for City employment and City issued licenses as well as accessing Minnesota's criminal history information database for purposes of employment and licensing background checks under Minn. Stat. § 299C.72, § 299F.035, § 340A.402, and § 626.87.

BACKGROUND CHECK PROCESS

The City Attorney's Office shall no longer conduct criminal history background investigations on any applicants for City employment or City issued licenses. All City Ordinances which would assume to regulate the background check process for City employment and license purposes that are contradictory to this policy shall be repealed within a reasonable time after the adoption of this policy.

EMPLOYMENT

APPLICANTS FOR EMPLOYMENT - GENERAL

Unless the City's hiring authority concludes that a background investigation is not needed: all finalists for regular part-time and full-time employment, volunteers, and independent contractors of the City of Redwood Falls shall be subject to a background investigation performed for the City by a third-party vendor chosen by the City's hiring authority. Individuals under the age of 18 are excluded from this requirement.

Applicants for certain specific employment positions listed within this Policy are subject to a more in-depth background investigation, including a Minnesota criminal history check performed by the Redwood Falls Police Department, consistent with the provisions of Minn. Stat. § 299C.72, § 299F.035, or § 340A.402; and/or a National criminal history background check processed through the Minnesota Bureau of Criminal Apprehension (BCA) as described hereafter within this policy.

Before any investigation is undertaken, an applicant must authorize the City by written consent to undertake the investigation. The written consent must fully comply with the provisions of Minn. Stat. Ch. 13 regarding the collection, maintenance, and use of the information.

Results from a check performed under Minn. Stat. § 299C.72, including criminal history data, may be released by the Police Department to the hiring authority, including the City Council, the City Administrator or other City staff involved in the hiring process.

Once a background investigation is successfully completed, for an employee of the City of Redwood Falls, another background investigation will not be needed as long as the employee is rehired for another seasonal or part-time position. However, if the employee leaves employment and is not rehired within 24 months from their initial application and background check another

background investigation will need to be completed. (This limitation does not apply to an individual subject to a National or Minnesota criminal history check pursuant to the following: Minn. Stat. § 299C.62, § 299C.72, § 299F.035, and § 626.87.)

CHILDREN’S SERVICE WORKERS

Due to the nature of the resources and programs offered to the public by the City, The City meets the definition of a “Children’s Service Provider,” providing “Children’s Services,” under Minn. Stat. § 299C.61.

Individual applicants (including independent contractors and volunteers) meet the definition of “Children’s Service Worker,” under Minn. Stat. § 299C.61, if they have, may have, or seek to have access to children to whom the City provides Children’s Services, examples include but are not limited to: youth recreational league coaches and referees, pool lifeguards, youth program supervisors/directors, and youth gymnastic instructors. An applicant meeting this definition who has lived in Minnesota for less than five years prior to application, is required to submit to National criminal history record check conducted through the BCA pursuant to Minn. Stat. § 299C.62. The City must access these additional records by using the service provided by the BCA and paying the associated fee.

Before any investigation is undertaken, an applicant must authorize the City by written consent to undertake the investigation. The written consent must fully comply with the provisions of Minn. Stat. Ch. 13 regarding the collection, maintenance, and use of the information.

Upon review of an application and associated consent form and determination by the City’s hiring authority that an applicant is subject to this requirement, the applicant shall be provided the following:

- BCA’s National Child Protection Act/Volunteers for Children Act Waiver and Consent Form; and
- fingerprint card.

An applicant subject to this requirement shall not be hired or volunteer until after the form is returned to the hiring authority and sent to the BCA along with the appropriate fee and the results of that check are returned from the BCA.

Individual applicants may provide the City with all criminal history data collected by a school hiring authority as part of a background check completed within the 24 months preceding their application as a Children’s Service Worker if that background check was statutorily required and completed pursuant to Minn. Stat. § 123B.03. If such criminal history data is provided to the City during the applicant’s hiring process, the applicant is required only to submit to a background investigation performed for the City by a third-party vendor chosen by the City’s hiring authority and will be considered exempt from the requirement of submitting to a background check pursuant to Minn. Stat. § 299C.62.

Before any such criminal history data is received by the City, an applicant must authorize the City by written consent to receive the criminal history data. The written consent must fully comply with the provisions of Minn. Stat. Ch. 13 regarding the collection, maintenance, and use of the information.

LICENSED PEACE OFFICERS

Pursuant to Minn. Stat. § 626.87, the Redwood Falls Police Department will conduct a thorough background investigation on all applicants for employment as a licensed peace officer with the City or any applicant for a position leading to employment as a licensed peace officer with the City before the applicant may be employed. The background investigation must determine at a minimum whether the candidate meets the following standards: 1) standards established by the Minnesota Board of Peace Officer Standards and Training; and 2) established security standards for access to state and national computerized record and communication systems.

FIREFIGHTERS

Consistent with the provisions of Minn. Stat. § 299F.035, the Redwood Falls Police Department shall conduct a criminal history background investigation on all applicants for the position of Firefighter within the City.

In conducting the criminal history background investigation, in order to screen firefighter applicants, the Police Department is authorized to access data maintained in the Minnesota Bureau of Criminal Apprehension's criminal history information data base in accordance with Minn. Stat. §299C.72.

Before any investigation is undertaken, the applicant must authorize the Police Department by written informed consent to undertake the investigation.

- For a Minnesota criminal history record check, the Fire Chief must ensure and verify that the signed informed consent is submitted to the Chief of Police. The written informed consent must fully comply with the provisions of Minn. Stat. Ch. 13 regarding the collection, maintenance, and use of the information.
- For firefighter applicants who have lived in Minnesota for less than five years, or on the request of the Fire Chief, a National criminal history record check must also be conducted. For a National criminal history record check, the Fire Chief must ensure and verify that the signed informed consent and fingerprints of the applicant or employee, and the required fee, are submitted to the BCA Superintendent.
- For firefighter background checks, the results must be returned directly to the Fire Chief for review per Minn. Stat. 299F.035, subd 2(b).

If the Fire Chief has reason to believe that criminal history data is directly related to the position of employment sought or currently held, the Fire Chief shall confer with the City's Hiring Authority, including the City Administrator and HR Coordinator to determine the relationship of the criminal history data to the position sought.

All criminal history data must be maintained securely and consistent with section Minn. Stat. §364.05. All criminal history data obtained by the Fire Chief through this process shall be kept and stored at City Hall.

DETERMINATION OF RELATIONSHIP - FIREFIGHTERS

Criminal history data may be used in assessing fire department job applicants or employees only if the criminal history data are directly related to the position of employment sought or currently held. In determining if criminal history data are directly related to the position of employment, the hiring or employing authority may consider: 1) the nature and seriousness of the criminal history data on the job applicant or employee; 2) the relationship of the criminal history data to the purposes of regulating the position of employment; and 3) the relationship of the criminal history data to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the position of employment.

RELATION OF CRIMINAL HISTORY RECORDS TO CITY EMPLOYMENT

Except for the positions set forth in Minn. Stat. § 364.09, the City will not reject an applicant for employment on the basis of the applicant's prior conviction unless the crime is directly related to the position of employment sought and the conviction is for a felony, gross misdemeanor, or misdemeanor with a jail sentence.

In determining if a conviction directly relates to the position of public employment sought or the occupation for which the license is sought, the hiring or licensing authority shall consider: 1) the nature and seriousness of the crime or crimes for which the individual was convicted; 2) the relationship of the crime or crimes to the purposes of regulating the position of public employment sought or the occupation for which the license is sought; 3) the relationship of the crime or crimes to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the position of employment or occupation.

If the City rejects the applicant's request on this basis, the City shall notify the applicant in writing of the following:

- A. The grounds and reasons for the denial.
- B. The applicant complaint and grievance procedure set forth in Minn. Stat. § 364.06.
- C. The earliest date the applicant may reapply for employment.
- D. That all competent evidence of rehabilitation will be considered upon reapplication.

LICENSES

APPLICANTS FOR CITY LICENSES

Consistent with the authority provided in Minn. Stat. § 340A.402, the Redwood Falls Police Department will conduct a criminal history background investigation on all applicants for retail liquor licenses.

In conducting the criminal history background investigation for retail liquor licenses, in order to screen license applicants, the Police Department is authorized to access data maintained in the

Minnesota Bureau of Criminal Apprehension's criminal history information systems data base in accordance with Minn. Stat. §340A.402. Any data that is accessed and acquired shall be maintained securely and consistently with Minn. Stat. §364.05 by the Police Department, or the hiring or licensing authority of the City. The results of the criminal history data may be released by the Police Department to the licensing authority, including the City Council, the City Administrator, or other city staff involved in the license approval process.

For liquor license applicants who have lived in Minnesota for less than five years prior to application, a National criminal history record check shall be conducted through the BCA. The City must access these additional records by using the service provided by the BCA. The license applicant is responsible for paying the associated fees, including fingerprint card fees.

Liquor license applicants who are applying for an "Off-sale" license only, are not subject to the national criminal history record check requirement.

Applicants for all other City issued licenses shall be subject to a background investigation performed for the City by a third-party vendor chosen by the City's licensing authority.

Before any investigation is undertaken for a license applicant, the applicant must authorize the City and/or Police Department by written consent to undertake the investigation. The written consent must fully comply with the provisions of Minn. Stat. Ch. 13 regarding the collection, maintenance, and use of the information.

RELATION OF CRIMINAL HISTORY RECORDS TO CITY LICENSURE

Except for the positions set forth in Minn. Stat. § 364.09, the City will not reject an applicant for a license on the basis of the applicant's prior conviction unless the crime is directly related to the license sought and the conviction is for a felony, gross misdemeanor, or misdemeanor with a jail sentence. If the City rejects the applicant's request on this basis, the city shall notify the applicant in writing of the following:

- A. The grounds and reasons for the denial.
- B. The applicant complaint and grievance procedure set forth in Minn. Stat. § 364.06.
- C. The earliest date the applicant may reapply for the license.
- D. That all competent evidence of rehabilitation will be considered upon reapplication.

OTHER ELIGIBILITY FACTORS AND GUIDANCE

EVIDENCE OF REHABILITATION

A person who has been convicted of a crime or crimes which directly relate to the public employment sought or to the occupation for which a license is sought shall not be disqualified from the employment or occupation if the person can show competent evidence of sufficient rehabilitation and present fitness to perform the duties of the public employment sought or the occupation for which the license is sought. Competent evidence of sufficient rehabilitation may be established by the production of the person's most recent certified copy of a United States Department of Defense form DD-214 showing the person's honorable discharge, or separation under honorable conditions, from the United States armed forces for military service rendered

following conviction for any crime that would otherwise disqualify the person from the public employment sought or the occupation for which the license is sought, or:

- (1) a copy of the local, state, or federal release order; and
- (2) evidence showing that at least one year has elapsed since release from any local, state, or federal correctional institution without subsequent conviction of a crime; and evidence showing compliance with all terms and conditions of probation or parole; or
- (3) a copy of the relevant Department of Corrections discharge order or other documents showing completion of probation or parole supervision.

In addition to the documentary evidence presented, the licensing or hiring authority shall consider any evidence presented by the applicant regarding:

- (1) the nature and seriousness of the crime or crimes for which convicted;
- (2) all circumstances relative to the crime or crimes, including mitigating circumstances or social conditions surrounding the commission of the crime or crimes;
- (3) the age of the person at the time the crime or crimes were committed;
- (4) the length of time elapsed since the crime or crimes were committed; and
- (5) all other competent evidence of rehabilitation and present fitness presented, including, but not limited to, letters of reference by persons who have been in contact with the applicant since the applicant's release from any local, state, or federal correctional institution.

The certified copy of a person's United States Department of Defense form DD-214 showing the person's honorable discharge or separation under honorable conditions from the United States armed forces ceases to qualify as competent evidence of sufficient rehabilitation for purposes of this section upon the person's conviction for any gross misdemeanor or felony committed by the person subsequent to the effective date of that honorable discharge or separation from military service.

INDIVIDUALIZED ASSESSMENT

Pursuant to the United States Equal Employment Opportunity Commission's Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions under Title VII of the Civil Rights Act:

In determining whether an applicant's prior conviction(s) is directly related to the position of employment sought, if determined as needed by the hiring authority, the City may inform an individual applicant that they may be excluded because of past criminal conduct; but provide an opportunity to the individual to demonstrate that the exclusion does not properly apply to them; and consider whether the individual's additional information shows that this policy as applied is not job related and consistent with business necessity.

The individual's showing may include information that they were not correctly identified in the criminal record, or that the record is otherwise inaccurate. Other relevant individualized evidence includes:

- (1) The facts or circumstances surrounding the offense or conduct;

- (2) The number of offenses for which the individual was convicted;
- (3) Older age at the time of conviction, or release from prison;
- (4) Evidence that the individual performed the same type of work, post-conviction, with the same or a different employer, with no known incidents of criminal conduct;
- (5) The length and consistency of employment history before and after the offense or conduct;
- (6) Rehabilitation efforts, e.g., education/training;
- (7) Employment or character references and any other information regarding fitness for the particular position; and
- (8) Whether the individual is bonded under a federal, state, or local bonding program.

If the individual does not respond to the City's attempt to gather additional information about their background, the City may make its employment decision without the information.

Effective date: This policy shall take effect upon August 15, 2023.



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AGENDA MEMO

Meeting Date: August 15, 2023

Agenda Item: Resolution No. 42 of 2023 – A Resolution of the City of Redwood Falls Providing for Authorization to Enter into Purchase Agreement for Real Property Located at 210 Third Avenue.

Recommendation/Action Requested: Read the proposed Resolution or make a motion to waive the reading of the Resolution. Discuss the proposed Resolution. If no concerns, adopt proposed Resolution by motion in accordance with Chapter 4 of the City Charter.

Summary/Overview: In June of 2023, City staff was approached by Richard Blaine Wright, owner of a parcel of real property located in north Redwood Falls at 201 Third Avenue. Mr. Wright inquired if the City would be interested in purchasing the lot, which borders the City's flood berm. The property is mostly vacant with a single shed. Mr. Wright wishes to remove personal property from the shed prior to the closing of the sale and the shed will be removed by the City upon taking possession of the property. The acquisition of the property is in accordance with the City's hazard mitigation plan to remove vulnerable structures from the Minnesota River flood plain.

Pursuant to Minn. Stat. § 462.356, subd. 2, because the City has a comprehensive municipal plan and a planning commission, the statute requires that no publicly owned interest in real property within the municipality be acquired, until after the planning commission has reviewed the proposed acquisition and reported in writing to the City Council its findings as to compliance of the proposed acquisition with the comprehensive municipal plan.

However, the City Council may, by resolution adopted by two-thirds vote dispense with the requirements of that subdivision when in its judgment it finds that the proposed acquisition of real property has no relationship to the comprehensive municipal plan. Given the need to close on the purchase agreement in a timely manner and the fact that purchase serves the goals of the City's hazard mitigation plan, Staff is recommending that Council adopt the proposed resolution to approve the purchase and dispense with the requirements found in Minn. Stat. § 462.356, subd. 2.

Attachment: Resolution No. 42 of 2023

**RESOLUTION NO. 42 OF 2023
AUTHORIZATION TO ENTER INTO PURCHASE
AGREEMENT FOR REAL PROPERTY LOCATED
AT 201 THIRD AVENUE, REDWOOD FALLS, MN**

WHEREAS, the City of Redwood Falls (“City”) is authorized to enter into a purchase agreement to purchase certain property located at 201 Third Avenue, Redwood Falls, Minnesota (the “Property”) pursuant to Minnesota Statute §412.221, subd. 2 for the benefit of its citizens; and

WHEREAS, in June 2023, Richard Blaine Wright, (“Seller”) contacted City staff to inquire if the City would be interested in purchasing the Property; and

WHEREAS, a purchase agreement between the City and Seller will be finalized upon approval of this resolution; and

WHEREAS, under the Purchase Agreement, the total purchase price to be paid by the City for the Property, shall be Eight Thousand and NO/100ths dollars (\$8,000.00), along with other valuable consideration; and

WHEREAS, the City is acquiring the Property in accordance with its hazard mitigation plan to remove vulnerable structures from the Minnesota River flood plain; and

WHEREAS, the proposed acquisition of the Property has no relationship to the current comprehensive municipal plan; and

WHEREAS, under the Purchase Agreement transfer of ownership of the Property is to occur on or before a closing date of November 1, 2023; and

WHEREAS, City Staff believes it is in the City’s best interest to enter into the purchase agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF REDWOOD FALLS, MINNESOTA, AS FOLLOWS:

1. The City shall enter into and execute the purchase agreement described above.
2. The purchase agreement described above shall be maintained and insured as allowed by law.
3. The requirements of Minn. Stat. §462.356, subd. 2. are hereby dispensed with regarding the acquisition of the above-described property.

BE IT FURTHER RESOLVED that the City Council of the City of Redwood Falls, Minnesota, approves the agreement contingent upon compliance with all the requirements of Minnesota State Statutes.

PASSED AND ADOPTED by the City Council of the City of Redwood Falls, Minnesota this 15th day of August 2023.

ACTION ON THIS RESOLUTION:

Motion for Adoption:

Seconded by:

Voted in favor of:

Voted Against:

Abstained:

Absent:

ATTEST:

Keith Muetzel
City Administrator

Tom Quackenbush
Mayor

(City Seal)

Subscribed and sworn to before me this
15th day of August 2023.

Notary Public

PURCHASE AGREEMENT

1. **PARTIES.** This Purchase Agreement is made on _____, 2023 by and between RICHARD BLAINE WRIGHT, an unmarried individual, hereinafter referred to as SELLER, and the City of Redwood Falls, a Minnesota home rule charter city, hereinafter referred to as BUYER.

2. **OFFER/ACCEPTANCE.** Buyer offers to purchase, and Seller agrees to sell that certain real property located in the City of Redwood Falls, County of Redwood, State of Minnesota, and legally described on Exhibit "A" attached hereto.

3. **PRICE AND TERMS.** The price for the real property included in this sale is Eight Thousand and NO/100ths dollars (\$8,000.00) which Buyer shall pay on the DATE OF CLOSING.

4. **ACCEPTANCE DEADLINE.** This offer to purchase, unless accepted sooner, shall be null and void at 11:59 p.m. on _____, 2023, and in such event this Agreement shall be deemed null and void, at Sellers' option, and upon such termination neither party shall have any further rights or obligations with respect to this Agreement or the Property.

5. **CLOSING AND POSSESSION.** The closing hereof shall take place on or before November 1, 2023, (the "Date of Closing") or on other earlier date as Seller and Buyer may mutually agree. The closing shall take place at Redwood Falls City Hall, 333 S. Washington Street, Redwood Falls, Minnesota 56283 or such other place as the Sellers and Buyer may mutually determine. The full and exclusive possession of the Property, unencumbered and untenanted, shall be delivered on the Date of Closing. Seller warrants that it will not commit waste upon the Property, will not dump materials or debris thereon, nor remove soil or improvements therefrom, and will convey the Property to Buyer in substantially the same condition as the Property is in on the date of this Agreement, unless specifically set forth herein.

6. **COSTS OF CLOSING/PRORATIONS.** Buyer agrees to pay all the following costs regarding this Agreement:

- (A) **DEED TAX.** Buyer shall pay all state deed tax regarding the Warranty Deed to be delivered by Seller under this Agreement.
- (B) **RECORDING COSTS.** Buyer will pay the cost of recording all documents necessary to place record title in the condition warranted by Sellers and requested by Buyer in this Agreement. Buyer will pay the cost of recording all other documents.
- (C) **ABSTRACTING COSTS.** Buyer will pay the cost of updating the Abstract of Title or creating a new Abstract of Title for the property being conveyed to Buyer, if such updating of the Abstract of Title or new Abstract of Title is requested by the Buyer.
- (D) **ATTORNEY'S FEES.** Each Party will pay its own attorneys' fees, except that if either Party commences a lawsuit with respect to this Agreement or any closing document, the non-prevailing Party in any the lawsuit will pay

the reasonable attorneys' fees and court costs incurred by the prevailing Party in such lawsuit.

7. DEED/MARKETABLE TITLE. Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:

- (A) Building and zoning laws, ordinances, state and federal regulations;
- (B) Restrictions relating to use or improvement of the property without effective forfeiture provisions;
- (C) Reservation of any mineral rights by the State of Minnesota;
- (D) Utility and drainage easements which do not interfere with existing improvements;
- (E) Exceptions to title which constitute encumbrances, restrictions, or easements which have been disclosed to Buyer and accepted by Buyer in the Purchase Agreement: *(must be specified in writing)*. NONE

8. REPRESENTATIONS AND WARRANTIES BY SELLER. Seller represents and warrants to Buyer as follows:

(A) Authority. Seller has all necessary lawful authority to enter into this Agreement and to sell and convey the Property to Buyer as provided in this Agreement and to carry out Seller's obligations hereunder and no other person or entity other than Seller will be necessary to convey the Property fully and completely to Buyer on Closing.

(B) Title. Seller has fee title to the Property free and clear of any liens or encumbrances, subject only to matters of record. At Closing Seller will convey the Property to Buyer subject only to Permitted Exceptions and free and clear of any contracts or leases.

(C) Rights of Others to Purchase Property. Aside from this Agreement, Seller has not entered into any contracts (whether oral or written) for the sale, assignment or transfer of all or any portion of the Property, nor are there any rights of first refusal or options to purchase the Property or any other rights of others that might prevent the consummation of this Agreement.

9. REAL ESTATE TAXES AND SPECIAL ASSESSMENTS. Real estate taxes and special assessments due and payable in and for the year of closing shall be prorated between Sellers and Buyer on a calendar year basis to the Date of Closing.

10. SELLERS' BOUNDARY LINE, ACCESS, RESTRICTIONS AND LIEN WARRANTIES. Sellers warrant that buildings, if any, are entirely within the boundary lines of the property. Sellers warrant that there is a right of access to the real property from a public right of way. Sellers warrant that there has been no labor or material furnished to the property for which payment has not been made. Sellers warrant that there are no present violations of any restrictions relating to the use or improvement of the property. These warranties shall survive the delivery of the deed or contract for deed. Upon request by Buyer, Seller shall furnish any surveys of the Property it possesses to Buyer within a reasonable period of time prior to the Date of Closing.

11. CONDITION OF PROPERTY/ENVIRONMENTAL CONTAMINATION.

Sellers represent and warrant to Buyer that:

(A) "As-Is" Condition. Except as provided herein, Buyer specifically acknowledges that it is acquiring the Property in an "as-is" condition (as such term is most broadly construed), in reliance upon its own inspection and investigation of the Property. However, Seller agrees to remove all fixtures and personal property in an around the shed, including fencing and fence posts prior to Closing.

(B) Sellers do not have knowledge of any condemnation, environmental, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would affect the use and operation of the Property or the value of the Property, nor have Sellers received notice of any special assessment proceedings affecting the Property. Sellers have not used or stored hazardous or regulated substances on the property nor have Sellers discharged or released any such substances upon the Property, including, but not limited to, underground injection of such substances, in violation of any federal, state or local environmental law, ordinance, rule or regulation. To the best of Sellers' actual knowledge, Sellers know of no hazardous substances or petroleum products having been placed, stored, or released from or on the real property by any person in violation of any law, nor of any underground storage tanks having been located on the real property at any time, except as follows: NONE

(C) Well Disclosure (*Check one of the following*)

Sellers certify and warrant that Sellers do not know of any "Wells" on the Property within the meaning of Minnesota Statutes Section 103. This representation is intended to satisfy the requirements of that statute.

Wells on the subject real property are disclosed by Sellers on the attached Well Disclosure form.

(C) No aboveground or underground tanks are located in or about the Property or have been located under, in or about the Property and have subsequently been removed or filled.

(D) Sewage Treatment System Disclosure (*Check one of the following*)

Sellers do not know if there is an abandoned individual sewage treatment system on the property.

Sellers know that there are no abandoned individual sewage treatment systems on the property. If Seller discloses the existence of an abandoned individual sewage treatment system on the property, then Minnesota law requires that the location of the system be disclosed to Buyer with a map.

Sellers have not received any notice from any governmental authority as to the existence of any Dutch elm disease, oak wit, or other diseases of any trees on the property.

Buyer shall have the right to have inspections of the property conducted prior to closing. Other than the representation made in this Paragraph 11, the property is being sold "AS IS" with no express or implied representations or warranties by Sellers as to physical conditions, quality of construction, workmanship, or fitness for any particular purpose. (This paragraph is not intended to waive or modify any provisions of MINN. STAT., Chapter 327A.)

12. POSSESSION. Sellers shall deliver possession of the property not later than Date of Closing.

13. OPERATION PRIOR TO CLOSING. During the period from the Effective Date to the Date of Closing Seller will not (a) solicit or respond to offers from other buyers for all or any part of the Property, or agree to sell, assign or transfer all or any part of the Property to any other person or entity; or (b) enter into any contract or lease affecting the Property.

14. EXAMINATION OF TITLE. Within a reasonable time after acceptance of this Agreement, Sellers shall furnish Buyer with an Abstract of Title or a Registered Property Certificate of Title certified to date including proper searches covering bankruptcies and State and Federal judgments, liens, and levied and pending special assessments. Buyer shall have ten (10) business days after receipt of the Abstract of Title or Registered Property Certificate of Title either to have Buyer's attorney examine the title and provide Seller with written objections or, at Buyer's own expense, to make an application for a Title Insurance Policy and notify Sellers of the application. Buyer shall be deemed to have waived any title objections not made within the applicable ten (10) day period for above, except that this shall not operate as a waiver of Seller's covenant to deliver a statutory Warranty Deed, unless a Warranty Deed is not specified above.

15. TITLE CORRECTIONS AND REMEDIES. Sellers shall have 120 days from receipt of Buyer's written title objections to make title marketable. Upon receipt of Buyer's title objections, Sellers shall, within ten (10) business days, notify Buyer of Seller's intention to make title marketable within the 120-day period. Liens or encumbrances for liquidated amounts which can be released by payment or escrow from proceeds of closing shall not delay the closing. Cure of the defects by Sellers shall be reasonable, diligent, and prompt. Pending correction of title, all payment required herein, and the closing shall be postponed.

(A) If notice is given and Sellers make title marketable, then upon presentation to Buyer of documentation establishing that title has been made marketable, and if not objected to in the same time and manner as the original title objections, the closing shall take place within ten (10) business days or on the scheduled date, whichever is later.

(B) If notice is given and Seller proceeds in good faith to make title marketable but the 120-day period expires without title being made marketable, Buyer may declare this Agreement null and void by notice to Seller, neither party shall be liable for damages hereunder to the other, and earnest money shall be refunded to Buyer.

(C) If Sellers do not give notice of intention to make title marketable, or if notice is given but the 120-day period expires without title being made marketable due to Sellers' failure to proceed in good faith, Buyer may seek, as permitted by law, any one or more of the following:

1. Proceed to closing without waiver or merger in the deed of the objections to title without waiver of any remedies, and may:
 - (a) Seek damages, costs, and reasonable attorney's fees from Seller as permitted by law (damages under this subparagraph (a) shall be limited to the cost of curing objections to title, and consequential damages are excluded); or,
 - (b) Undertake proceedings to correct the objections to title;
2. Rescission of this Purchase Agreement by notice as provided herein, in which case the Purchase Agreement shall be null and void and all earnest money paid hereunder shall be refunded to Buyer;

3. Damages from Sellers including costs and reasonable attorney's fees, as permitted by law;

4. Specific performance within six months after such right of action arises.

(D) If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Sellers may elect either of the following options, as permitted by law:

1. Cancel this contract as provided by statute and retain all payment made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this contract is a down payment note, and may be presented for payment notwithstanding cancellation;

2. Seek specific performance within six months after such right of action arises, including costs and reasonable attorney's fees, as permitted by law.

(E) If title is marketable, or is made marketable as provided herein, and Sellers default in any of the agreements herein, Buyer may, as permitted by law:

1. Seek damages from Sellers including costs and reasonable attorney's fees;

2. Seek specific performance within six months after such right of action arises.

16. DEFAULT.

(A) If Buyer defaults in the performance of Buyer's obligations under this Agreement due to no fault of Seller, then Seller may provide written notice of default to Buyer which shall include at least five (5) business days to cure such default. If Buyer fails to cure Buyer's default within such five (5) business day period, then Seller may elect, as its exclusive remedy to cancel this Agreement by written notice to Buyer in accordance with Minnesota Statutes Section 559.21 and upon termination this Agreement shall be void and of no further effect.

(B) If Seller defaults in the performance of Seller's obligations under this Agreement due to no fault of Buyer, then Buyer may provide written notice of default to Seller which shall include at least five (5) business days to cure such default. If Seller fails to cure Seller's default within such five (5) business day period, then Buyer shall have the option to elect either to (i) terminate this Agreement by written notice to Seller or (ii) seek specific performance of this Agreement by Seller, provided that no such action for specific performance shall be commenced more than ninety (90) days after the date on which Seller defaults.

17. **AS-IS SALE.** Except for Seller's express representations and warranties contained in this Agreement, Seller disclaims, and Buyer acknowledges that Seller has not made, any representation or warranty, express or implied, with respect to the Property. Subject only to Seller's express representations and warranties in this Agreement and Seller's covenants under this Agreement, Seller shall sell and convey to Buyer and Buyer shall purchase the Property and accept possession of the Property on the Closing Date as-is, where is, with all faults. This Section 17 shall survive the Closing or earlier termination of this Agreement.

18. **MINNESOTA LAW.** This contract shall be governed by the laws of the State of Minnesota.

19. **COUNCIL APPROVAL CONTINGENCY.** The parties understand and agree that the sale contemplated herein must be approved by the full Redwood Falls City Council before this Agreement is deemed effective. In the event the City Council fails to approve this Agreement, the parties agree and acknowledge this Agreement shall immediately be considered null and void and of no further force or effect.

TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.

WE AGREE TO SELL THE PROPERTY FOR THE PRICE, TERMS AND CONDITIONS SET FORTH ABOVE.

Blaine Wright
SELLER: Richard Blaine Wright

DATE 8-10-23

SELLER:

DATE _____

THE CITY OF REDWOOD FALLS AGREES TO PURCHASE THE PROPERTY FOR THE PRICE, TERMS AND CONDITIONS SET FORTH ABOVE.

THE CITY OF REDWOOD FALLS:

BY: _____
ITS MAYOR

DATE _____

BY: _____
ITS CITY ADMINISTRATOR

DATE _____

Exhibit "A"

Legal Description

Real Property in Redwood County, Minnesota, described as follows:

All that part of Lot 2 of Auditor's Subdivision Number 1 of Section 29, Township 113 North, Range 35 West, hereafter referred to as Auditor's Lot 2, and of the Southeast Quarter of the Northwest Quarter of said Section 29 in Redwood County, Minnesota, described as follows, to wit:

Commencing at the Southwest Corner of the Southeast Quarter of the Northwest Quarter of said Section 29, being also the Southeast Corner of Auditor's Lot 2; thence North along the east line of Auditor's Lot 2 for 269 feet to the point of beginning; thence North along the east line of Auditor's Lot 2 for 51 feet; thence West parallel Front Street for 82 feet; thence North parallel the east line of Auditor's Lot 2 for 142 feet; thence East parallel Front Street for 82 feet to the east line of Auditor's Lot 2; thence North 354.75 feet to the Northeast Corner of Auditor's Lot 2; thence East parallel Front Street for 100 feet; thence South parallel the east line of Auditor's Lot 2 for 547.75 feet; thence West parallel Front Street for 100 feet to the point of beginning, containing 1.52 acres, more or less.