

STATE OF MINNESOTA
COUNTY OF NICOLLET

DISTRICT COURT
FIFTH JUDICIAL DISTRICT
Case Type: Civil/Other (Misc.)

Minnesota Center for Environmental
Advocacy,

Court File No. 52-CV-25-568
The Hon. Paul J. Gunderson

Plaintiff,

vs.

City of North Mankato and Project
Deacon, LLC,

Defendants.

DEFENDANT CITY OF NORTH MANKATO'S ANSWER

For its Answer to Plaintiff Minnesota Center for Environmental Advocacy's Complaint, Defendant City of North Mankato ("Defendant" or the "City") states and alleges as follows:

1. Unless hereafter admitted, qualified, or affirmed, Defendant denies each and every matter, thing, and particular alleged in Plaintiff's Complaint.
2. As to Paragraph 1, the City asserts this introductory paragraph does not call for a response. To the extent it does, the City lacks knowledge or information sufficient to form a belief as to the truth of the generalized assertions regarding "data centers" and therefore denies these allegations and puts Plaintiff to its strict burden of proof.

3. As to Paragraph 2, the City admits it announced in 2024 that it was conducting an Alternative Urban Areawide Review (“AUAR”) called North Mankato Industrial.

4. As to Paragraph 3, the City denies the allegations and avers it has not received any formal proposal for a data center. As such, the size of any potential data center, including possible water or electrical consumption, is not known.

5. As to Paragraph 4, the City denies the allegations. The City avers two developers and real estate companies did initially consider options on land for potential data center development. However, one potential developer no longer has interest and the other developer has not provided any specific proposal. The City also avers the flyers alluded to by Plaintiff were prepared without the City’s knowledge and the City did not make any request for such fliers to be prepared or distributed.

6. As to Paragraph 5, the City denies the allegations and avers a legal conclusion in the complaint does not bind the Court, as a plaintiff must provide more than mere labels and conclusions.

7. As to Paragraph 6, the City denies the allegations and avers the project description was adequate and in compliance with Minn. R. 4410.3610 and EQB guidance for AUARs. The City affirmatively alleges its project description did not require any reference to a data center. The purpose of the AUAR was to study reasonably foreseeable future development scenarios, not specific development projects or every possible use.

8. As to Paragraph 7, the City denies the allegations and avers the AUAR provides a level of analysis comparable to that of an EIS for direct, indirect, and

cumulative potential effects typical of urban residential, commercial, warehousing, and industrial development and associated infrastructure. The City affirmatively alleges the AUAR studied scenarios on the impacts of water resources, electricity usage, and nearby residents for potential future uses and associated infrastructure future uses could possibly need.

9. As to Paragraph 8, the City denies the existence of any “errors of law,” and therefore denies the remaining allegations in this paragraph.

10. As to Paragraph 9, the City denies the allegations and avers Plaintiff is not entitled to any relief.

11. As to Paragraph 10, the City avers – on information and belief – MCEA is a 501(c)3 nonprofit advocacy organization focused on protecting Minnesota’s environment, natural resources, and the health of its people. The City is without sufficient information to admit or deny whether MCEA has supporters across the state and, therefore, denies the same and puts Plaintiff to its strict burden of proof. The City denies any MCEA “supporters” or members are located in the City of North Mankato, stand to suffer injury by the City’s AUAR, and denies they were denied a legitimate opportunity to participate in the AUAR scoping process.

12. As to Paragraph 11, the City admits it is a municipal corporation located in Nicollet County and avers it is a municipal corporation and body politic having the powers and rights of municipal corporations at common law, the powers and authority delegated by the Minnesota Constitution and the Minnesota Legislature, and all rights, powers, and privileges as it shall deem necessary or expedient for carrying into execution

the foregoing powers and to provide for the government and good order of the city, the suppression of vice and immorality, the prevention of crime, the protection of public and private property, the benefit of residence, trade, and commerce, and the promotion of health, safety, order, convenience, and the general welfare. The City also admits part of the North Mankato Industrial project is located within the City and that the City is the Responsible Governmental Unit (“RGU”) required to conduct environmental review under the Minnesota Environmental Policy Act (“MEPA”).

13. As to Paragraph 12, the City admits Project Deacon, LLC, is a Minnesota limited liability company and was identified as the Project Proposer in AUAR materials, but the City is without sufficient information to admit or deny the remaining allegations in this paragraph, and therefore denies the same and puts Plaintiff to its strict burden of proof.

14. As to Paragraphs 13-14, the City avers no response is required for legal conclusions and a legal conclusion in the complaint does not bind the Court, as a plaintiff must provide more than mere labels and conclusions. To the extent a response is required, the City avers the Court may exercise general jurisdiction where authorized by Minnesota law, subject to Defendants’ defenses, and admit venue is proper in Nicollet County for any claims properly brought here, without conceding that Plaintiff’s claims are properly brought or that the Court has subject-matter jurisdiction for the forms of relief sought.

15. As to Paragraphs 15-30, the City avers no response is required for legal conclusions and a legal conclusion in the complaint does not bind the Court, as a plaintiff

must provide more than mere labels and conclusions. To the extent a response is required, the City denies the allegations in these paragraphs and avers, in paragraphs 15-30, Plaintiff sets forth characterizations of state statutes, administrative rules, and guidance, which speak for themselves and contain the best evidence of their contents. Therefore, the City also specifically denies any allegations inconsistent with the plain language of the applicable statutes.

16. As to Paragraph 31, the City denies the allegations and affirmatively alleges it published a Draft Order for review and Scoping Document for an AUAR entitled North Mankato Industrial on October 22, 2024.

17. As to Paragraph 32, the City denies the allegations.

18. As to Paragraph 33, the City admits the accuracy of the project description in the AUAR scoping document and denies the remaining allegations.

19. As to Paragraph 34, the City admits development Scenario 1 involves a four-million-square-foot technology park, however, the City lacks knowledge or information sufficient to form a belief as to comparisons to Target Field, U.S. Bank Stadium, and Xcel Energy Center, therefore the remaining allegations are denied.

20. As to Paragraphs 35-36, the City denies the allegations and the City denies the allegations and affirmatively alleges the AUAR included project description elements, development scenarios, infrastructure, staging, and zoning tables identifying permitted uses. Moreover, the City avers the AUAR adequately studied various scenarios of development based on land use. The City has not received any formal proposal for a data center.

21. As to Paragraph 37, the City admits the term “data center” does not appear in the AUAR scoping document.

22. As to Paragraph 38, the City denies the allegation because a specific project was not reviewed according to Minn. R. 4410.3610 and therefore – because no specific project existed – the non-existent project could not be said to otherwise require preparation of an EIS pursuant to part Minn. R. 4410.4400 or comprise at least 50 percent of the geographic area to be reviewed. The City admits the 30-day scoping comment period ran Oct. 22, 2024–Nov. 21, 2024

23. As to Paragraph 39, the City admits the allegations.

24. As to Paragraph 40, the City is without knowledge or information sufficient to form a belief as to the truth of the allegation in this paragraph, as the linked article is behind a pay wall.

25. As to Paragraph 41, the City admits the allegations.

26. As to Paragraph 42, the City admits the project descriptions in the draft and final AUAR were the same and denies the remaining allegations.

27. As to Paragraphs 43-44, the City admits generally an AUAR is an alternative to EIS review, but denies “[t]he City’s AUAR is an alternative to EIS review,” because a specific proposed project was not reviewed according to Minn. R. 4410.3610 and therefore – because no specific project existed – the non-existent project could not be said to otherwise require preparation of an EIS pursuant to part Minn. R. 4410.4400 or comprise at least 50 percent of the geographic area to be reviewed. The City affirmatively alleges it was not reviewing a mining project and therefore denies these allegations. The

remaining allegations in these paragraphs provide a characterization of Minn. R. 4410.3610, subp. 4, which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the rule. The City avers its AUAR project description, analysis, and study of environmental effects were adequate.

28. As to Paragraphs 45-48, the City denies the allegations and affirmatively alleges the AUAR contained sufficient analyses. The City avers the Final AUAR addresses water, wastewater, stormwater, electricity/energy demand, GHG quantification, traffic, noise, visual, and cumulative effects.

29. As to Paragraphs 49-50, the City admits MCEA submitted a comment and the City specifically responded to the comment by indicating in what way the comment has been addressed. The City denies the remaining allegations in these paragraphs.

30. As to Paragraph 51, the City admits the North Mankato Industrial AUAR was approved on July 7, 2025.

31. As to Paragraph 52, the City admits the allegations.

32. As to Paragraph 53, the City denies the allegations.

33. As to Paragraphs 54-55, the City denies the allegations and affirmatively alleges in response to a question about whether the City has lost development opportunities in the past by not having completed an AUAR, Community Development Director Michael Fischer stated: "I don't think necessarily we lost any development. This study that was being conducted is, in my opinion, just good planning for the future. Anytime you take a in-depth look as Kimley Horn did at this site and studied everything

up and down and prepared it for some developer to know what they're getting into, it could be a data center, it could be a warehouse, it could be manufacturing, it could be a lot of things. And I'll state here that we don't have a proposal for a data center. We don't. This is an attempt to study this piece of land that's in our growth plan, in our comprehensive plan.”

34. As to Paragraph 56, the City denies the allegations.

35. As to Paragraph 57, the City denies the allegations and avers the City has not approved a hyperscale data center project. The City has not received any proposal for a data center.

36. As to Paragraphs 58-61, the City denies the allegations and avers the City has received interest in data center development. The City has been transparent in its interests in considering data center development potential. However, no data center development has been proposed.

37. As to Paragraphs 62-64, the City denies the allegations and avers Director Fischer's email exchange was with Great River Energy to inform them about what was being produced. The City also avers the subject site's campus flyer was initiated by others as a 250-500 MW data center campus, not the City. The City had no knowledge of and did not provide approval for the publication of the flyer.

38. As to Paragraph 65, the City denies the allegations.

39. As to Paragraph 66, the City admits the allegations because North Mankato Industrial was not connected any data center proposal.

40. As to Paragraphs 67-68, the City denies the allegations and avers no data center project exists.

41. As to Paragraph 69, the City denies the allegations.

42. As to Paragraph 70, the City denies the allegations and affirmatively alleges its inclusion of an adequate project description allowed the public meaningful participation in the AUAR process and enabled adequate environmental analysis in the AUAR and in the future.

43. As to Paragraph 71, the City denies the allegations in this paragraph as it provides a characterization of Minn. R. 4410.3610, which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the rule.

44. The City affirmatively alleges there is no formal proposal for a data center project. The AUAR process seeks to understand how different development scenarios will affect the environment of a community before the development occurs. The subject site's campus flyer was initiated by others as a 250-500 MW data center campus, not the City. The scoping EAW and the AUAR project description followed all statutory requirements by publishing the Draft Order and Scoping EAW for public and agency comment for the required 30-day comment period from October 22, 2024, to November 21, 2024.

45. As to Paragraphs 72-73, the City specifically denies the allegation North Mankato "residents could have offered" comments if the City had acted differently, as it implies North Mankato residents were in some way prevented from providing public

comments, and avers they were not. North Mankato residents could have offered comments during the 30-day scoping comment period. The City admits it received no comments that were identified as being from residents of North Mankato during the 30-day scoping comment period and denies the remaining allegations in these paragraphs.

46. As to Paragraph 74, the City admits it received 21 public comments and denies the remaining allegations in this paragraph.

47. The City affirmatively alleges it followed the public comment requirements for an AUAR provided by the EQB. Moreover, the City posted opportunities for comment regarding the AUAR on the first page of its website and distributed multiple weekly newsletters promoting the opportunity to provide comments. Additionally, a press release was provided to all local media.

48. As to Paragraph 75, the City denies the allegations and avers, in response to questions about whether the AUAR involved a data center, Leila Bunge, responded to the effect that there was no end user identified to study a specific project. This is why the City decided to pursue an AUAR to understand the next steps and mitigation required if a potential end user were to be identified for the study area.

49. As to Paragraph 76, Plaintiff sets forth characterizations of an administrative rule, which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the rule.

50. As to Paragraphs 77-78, the City denies the allegations and avers environmental review was adequate and no official proposed data center project ever

existed. The City avers it has not received any proposal for one. The City, as the Responsible Government Unit (“RGU”), used the North Mankato Industrial AUAR as a planning tool to understand how different development scenarios will affect the environment of their community before development occurs.

51. As to Paragraph 79, Plaintiff sets forth characterizations of a state administrative rule which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the rule.

52. As to Paragraph 80, the City denies the allegations and avers under Scenario 1 the proposed area could consider a water-cooled system and have a cooling water peak demand of 5 million gallons per day with a peak day of 30 million gallons per day during the summer months, with little to no water use in the winter months. The range is dependent on the end user and the density of the building. 50,000 gallons per day is the high end for a non-water-cooled system and 30 million gallons per day (MGD) is the high end for a water-cooled system.

53. As to Paragraph 81, the City denies the allegations. The City avers the AUAR outlines the source, duration, use, and purpose of water use in Item 12 Water Resources to the extent possible without a specific project identified. The City also avers the 500,000 number referenced by Plaintiff in Paragraph 80 of the Complaint is from the Draft AUAR. This amount was later updated to be 50,000 gallons in the Final AUAR. The highest estimate for water use for Scenario 1 was estimated to be 30 million Gallons Per Day. The Final AUAR also acknowledged that water appropriations for this level are not currently possible due to restrictions on the Mt. Simon aquifer and alternative sources

would need to be evaluated. The City is without sufficient information or knowledge to form a belief as to the remaining allegations in this paragraph, and therefore denies the same.

54. As to Paragraphs 82-83, the City denies the allegations and avers the AUAR properly studied various development scenarios including the maximum potential development scenario.

55. As to Paragraph 84, the City admits the AUAR states, "Technology parks can have a wide range of cooling options which impact the water demand depending on either the use of a non-water cooled or a water-cooled system."

56. As to Paragraph 85, the City denies the allegations and again avers the AUAR properly studied various development scenarios including the maximum potential development scenario.

57. As to Paragraph 86, Plaintiff sets forth characterizations of a state administrative rule which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the rule.

58. As to Paragraphs 87-89, the City admits the AUAR states: "The city has water appropriations for 570 million gallons per year from the Mt Simon - Hinkley Aquifer and are currently using 530 MGY. Minnesota Statute 103G.271 subdivision 4a prohibits the authorization of new water use from the Mt. Simon - Hinckley Aquifer for non-domestic purposes. This includes industrial processes, agricultural processing, and thermal cooling. The circumstances under which water appropriations are subject to restriction include drought conditions and water level changes in the aquifer or potential

well interference issues that occur during dry seasons. This statute would impact Scenario 1 and 2 and prohibits the appropriation and use of water from the Mt. Simon – Hinckley Aquifer. The City of North Mankato is in the process of lobbying legislatures to amend this statute and allow for more uses of this aquifer. Additionally, the city is investigating alternative water sources besides the Mt. Simon-Hinkley Aquifer. The City denies the remaining allegations in these paragraphs.

59. As to Paragraphs 90-91, the City denies the allegations and avers the AUAR addresses municipal water supply, potential demand ranges, DNR permitting triggers, and water system capacity planning, including mitigation measures.

60. As to Paragraphs 92-93, to the extent a response is required, Plaintiff sets forth characterizations of EAW guidance, which speak for themselves and contain the best evidence of their contents. Therefore, the City also specifically denies any allegations inconsistent with the plain language of the applicable guidance.

61. As to Paragraphs 94-101, the City denies the allegations and avers the AUAR estimates North Mankato Industrial would require 80,800,000 megawatt hours (kWh) of electricity per year.

62. As to Paragraphs 102-103, The City is without sufficient information or knowledge to form a belief as to the allegations in this paragraph, and therefore denies the same and puts Plaintiff to its strict burden of proof.

63. As to Paragraph 104, the City denies the allegations and affirmatively alleges the City's AUAR included an AUAR description detailing the expected types and densities of all developments based on one or more development scenarios based on and

consistent with the City's Comprehensive Plan in effect when the AUAR was officially ordered, infrastructure needs, such as roads, sewers, and water systems; and the proposed schedule for both development and infrastructure, explaining how the timing of one affects the other. The City's description satisfied the requirements of Minnesota Statutes, Administrative Rules, and Administrative Guidance at every step of the AUAR process.

64. As to Paragraph 105, the City denies the allegations and avers Stationary source air emissions are not applicable to an AUAR. Any stationary air emissions source large enough to merit environmental review requires individual review.

65. As to Paragraph 106-107, the City denies the allegations.

66. As to Paragraph 108, the City is without sufficient information to admit or deny and, therefore, denies and puts Plaintiff to its strict burden of proof.

67. As to Paragraph 109, the City denies the allegations and avers the EQB instructs noise need not be addressed in the AUAR, unless there is some unusual reason to do so.

68. As to Paragraph 110-112, the City denies the allegations, and avers, for Scenario 1, the main sources of noise include computers and ventilation systems within the building, and the use of generators tested once a month and in the case of emergency. Best practices to reduce noise spill will be implemented for the technology park uses to comply with local and state noise regulations.

69. As to Paragraph 113, the City denies the allegations.

70. As to Paragraph 114, Plaintiff sets forth characterizations of state administrative guidance, which speaks for itself and contains the best evidence of its contents. The City denies any allegations inconsistent with the plain language of the guidance.

71. As to Paragraph 115, the City admits, as building and site designs advance, lighting practices will be selected to address known ecological concerns and prevent avoidable impacts to insects, wildlife, rare plants, and adjacent natural areas. Guidance from the USFWS to minimize blue light, uplight, and backlight will be adhered to the extent practicable.

72. As to Paragraphs 116-117, the City denies the allegations and avers environmental review of potential noise and light pollution was adequate because the AUAR properly studied various development scenarios including the maximum potential development scenario.

73. As to Paragraph 118, the City avers the AUAR process by its nature is intended to deal with cumulative potential effects from all future developments within the AUAR area.

74. As to Paragraph 119, the City avers no response is required for legal conclusions and a legal conclusion in the complaint does not bind the Court, as a plaintiff must provide more than mere labels and conclusions.

75. As to Paragraph 120, the City denies the allegations and avers the AUAR properly studied various development scenarios including the maximum potential development scenario.

76. As to Paragraph 121, the City denies the allegations and avers the EQB guidance related to future projects concerns reasonably foreseeable future projects, which are already actually planned or for which a basis of expectation has been laid.

77. As to Paragraphs 122-123, the City avers future public and private development projects may result in impacts to transportation, water resources, and utilities. These impacts will be addressed via the regulatory permitting and approval processes and will be individually mitigated to ensure minimal cumulative impacts occur.

78. As to Paragraph 124, the City denies the allegations and affirmatively alleges that additional technology park projects in Nicollet County would affect the same environmental resources, including water availability, energy use, and wastewater generation. These types of projects would also be required to complete an environmental review and if developed, coordinate with the state and local agencies for the applicable permits and approvals, which would have the authority to determine if there were adequate resources available at the time of application.

79. As to Paragraph 125, the City denies the allegations.

80. As to Paragraphs 126-127, Plaintiff sets forth selective quotations and characterizations of state administrative rules and guidance, which speak for themselves and contain the best evidence of their contents. The City denies any allegations inconsistent with the plain language of the applicable law.

81. As to Paragraph 128, the City denies its mitigation plan repeatedly fails to offer a commitment to prevent potentially significant environmental impacts.

82. As to Paragraphs 129-132, the City denies the allegations and avers the AUAR's mitigation plan is adequate because it includes information about how the mitigation will be applied and assurance that it will be applied. The Mitigation Plan clearly outlines both the methods for applying mitigation measures and the mechanisms ensuring their implementation. It specifies detailed actions across multiple resource areas, including land use, water resources, hazardous waste, wildlife, air quality, greenhouse gas emissions, noise, and transportation. Examples include re-zoning and annexation for land use compliance, construction and maintenance of stormwater infrastructure, sealing of groundwater wells, implementation of chloride management plans, invasive species control, and adherence to best practices for dust and noise control during construction. The plan also addresses sustainability measures such as energy-efficient building design, EV charging infrastructure, and potential solar installations. The plan provides assurance and explicitly states it will be formally adopted by the City as the City's official action plan. The document also specifies the legal and institutional arrangements that will ensure the adopted mitigation measures are carried out. It further requires adherence to state and federal regulations, necessary permits, and ongoing monitoring and maintenance commitments, thereby providing assurance that the mitigation measures will, in fact, be applied.

83. As to Paragraph 133, the City denies the allegations.

84. As to Paragraph 134, the City avers no response is required for legal conclusions and a legal conclusion in the complaint does not bind the Court, as a plaintiff

must provide more than mere labels and conclusions. To the extent a response is required, the City denies Plaintiff's legal interpretation.

85. As to Paragraphs 135-138, the City denies the allegations and avers there is no "hyperscale data center" project in existence. The City affirmatively alleges the AUAR is adequate.

86. As to Paragraph 139, the City incorporates the foregoing paragraphs.

87. As to Paragraphs 140-145, the City denies the allegations and affirmatively alleges its project description was legally sufficient at every step of the AUAR process.

88. As to Paragraph 146, the City incorporates the foregoing paragraphs.

89. As to Paragraphs 147-151, the City denies the allegations and affirmatively alleges it adequately analyzed the direct, indirect, and cumulative impacts from one or more reasonably foreseeable future development scenarios, including the worst case scenario.

90. As to Paragraphs 152-156, the City denies the allegations and avers the AUAR mitigation plan is adequate because there has been no specific project identified. and the AUAR's mitigation plan includes information about how the mitigation will be applied and assurance that it will be applied.

91. As to the Prayer for Relief on page 36 of the Plaintiff's Complaint, the City denies Plaintiff is entitled to any of the requested relief. The Court should deny Plaintiff's requested relief, dismiss Plaintiff's claims with prejudice, and award the City judgment with applicable costs, disbursements, and reasonable attorneys' fees.

92. The City affirmatively alleges Plaintiff's Complaint fails to state a cause of action upon which relief may be granted.

93. The City affirmatively alleges Plaintiff has failed to plead a justiciable controversy.

94. The City affirmatively alleges this Court lacks jurisdiction over the subject matter alleged in the Complaint.

95. The City affirmatively alleges Plaintiff's claims are barred by Plaintiff's failure to exhaust available administrative remedies.

96. The City affirmatively alleges Plaintiff's claims are barred by the legal doctrines of qualified, statutory, and official immunity.

97. The City affirmatively alleges Plaintiff's claims are barred by the doctrines of laches and unclean hands.

98. The City affirmatively alleges its approval of the AUAR is adequate under the Minnesota Environmental Protection Act.

99. The City affirmatively alleges Plaintiff's contentions regarding a data center are erroneous because there is no proposed data center project in existence.

100. The City affirmatively alleges it was, at all times material hereto, acting lawfully and based on the best interests of the public health, safety, and welfare.

WHEREFORE, the City of North Mankato prays Plaintiff take nothing by its pretended claim for relief herein; that the City be given judgment against Plaintiff, dismissing Plaintiff's causes of action with prejudice; that the City be given judgment for costs, disbursements, and for such other relief as the Court may deem just and equitable.

Dated: September 5, 2025

s/ Andrew A. Wolf
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ACKNOWLEDGMENT

The undersigned attorney acknowledges that costs, disbursements, and reasonable attorney and witness fees may be awarded pursuant to Minn. Stat. § 549.211 to the party against whom the allegations in this pleading are asserted.

Dated: September 5, 2025

s/ Andrew A. Wolf
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