Council Study Session
City Hall Council Chambers
July 8, 2019

AGENDA

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet is available to the public. The packet ring binder is located at the entrance of the council chambers.

1. **City Council Discussion of Agenda Items and Questions - 6 p.m.**
2. **Miscellaneous**
3. **Discussion of Work Session Agenda Item as Time Permits**
4. **Adjourn**

CITY COUNCIL MEETING
City Hall Council Chambers
July 8, 2019

AGENDA

1. Informal Open Forum with City Council - 6:45 p.m.

Provides an opportunity for the public to address the Council on items which are not on the agenda. Open Forum will be limited to 15 minutes, it is not televised, and it may not be used to make personal attacks, to air personality grievances, to make political endorsements, or for political campaign purposes. Council Members will not enter into a dialogue with presenter. Questions from the Council will be for clarification only. Open Forum will not be used as a time for problem solving or reacting to the comments made but, rather, for hearing the presenter for informational purposes only.

2. Invocation - 7 p.m.

3. Call to Order Regular Business Meeting

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet is available to the public. The packet ring binder is located at the entrance of the council chambers.

4. Roll Call

5. Pledge of Allegiance

6. Approval of Agenda and Consent Agenda

The following items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the consent agenda and considered at the end of Council Consideration Items.

a. Approval of Minutes

- Motion to approve the following minutes:

- *June 24, 2019 Study Session*
- *June 24, 2019 Regular Session*
- *June 24, 2019 Work Session*

b. Approval of Licenses

- Motion to approve licenses as presented

c. Resolution Authorizing the Submission of a Brownfield Gap Financing Program Grant Application to Minnesota Brownfields

- Motion to approve a resolution authorizing the submission of a Brownfield Gap Financing Program grant application to Minnesota Brownfields

d. Resolution Approving an Amendment to the Brooklyn Center Fire Department Relief Association By-Laws

- Motion to approve a resolution approving an amendment to the Brooklyn Center Fire Department Relief Association By-Law

e. Resolution Adopting Amendments to the City's Capital Project Funding Policy

- Motion to approve a resolution adopting amendments to the Capital Improvements Funding Policy of the Brooklyn Center City Council Code of Policies

f. Resolution Accepting Bid and Awarding a Contract for Municipal Liquor Store Equipment, Racking & Shelving

- Motion to approve a resolution of the lowest responsible bid and award a contract to St. Cloud Refrigeration for Municipal Liquor Store Equipment, Racking & Shelving

g. Resolution Accepting Bid and Awarding a Contract, Improvement Project No. 2018-10, Lift Station 2 Improvement Project

- Motion to approve a resolution of the lowest responsible bid and award a contract to PCiRoads, LLC for Improvement Project No. 2018-10, Lift Station 2 Improvement Project

h. Resolution Relating to a Multifamily Rental Housing Facility and the Issuance of Conduit Housing Revenue Bonds under Minnesota Statutes, Chapter 462C, as Amended; Granting Preliminary Approval Thereto; Calling for a Public Hearing; Establishing Compliance with Certain Reimbursement Regulations Under the Internal Revenue Code of 1986, as Amended; and Taking Certain Other Actions with Respect Thereto (REE Xerxes Avenue Senior Housing Project)

- Motion to approve a resolution relating to a Multifamily Rental Housing Facility and the Issuance of Conduit Housing Revenue Bonds under Minnesota Statutes, Chapter 462C, as amended; Granting preliminary approval thereto; Calling for a Public Hearing; Establishing Compliance with certain reimbursement regulations under the Internal Revenue Code of 1986, as amended; and Taking certain other actions with respect thereto (REE Xerxes Avenue Senior Housing Project)

7. Presentations/Proclamations/Recognitions/Donations

8. Public Hearings

a. Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule

- Motion to open Public Hearing;
- Take public comment;
- Motion to close Public Hearing;
- Motion to adopt an Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule

b. Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Operations Franchise Fee Schedule

- Motion to open Public Hearing;
- Take public comment;
- Motion to close Public Hearing
- Motion to adopt an Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Franchise Fee Schedule

c. Resolutions Regarding Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3 and Establishing Tax Increment Financing District No. 8 and Approving a Tax Increment Financing Plan

- Motion to open public hearing;
- Take public comment;
- Motion to close public hearing;

- Motion to approve a resolution approving the removal of a parcel from Redevelopment Tax Increment Financing District No. 3 within Housing Development and Redevelopment Project No. 1

- Motion to approve a resolution approving a modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 1 establishing Tax Increment Financing District No. 8 therein and approving a Tax Increment Financing Plan therefor

9. Planning Commission Items

10. Council Consideration Items

11. Council Report

12. Adjournment

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: Dr. Reggie Edwards, Deputy City Manager

FROM: Barb Suciu, City Clerk

SUBJECT: Approval of Minutes

Requested Council Action:

- Motion to approve the following minutes:

- *June 24, 2019 Study Session*
- *June 24, 2019 Regular Session*
- *June 24, 2019 Work Session*

Background:

In accordance with MN Statute 15.17 and MN Statute 412.151, subd.1, attached for your approval are the minutes from the study session, regular session and work session.

Budget Issues:

None

Strategic Priorities and Values:

Operational Excellence

ATTACHMENTS:

Description	Upload Date	Type
June 24, 2019 Study Session	7/3/2019	Backup Material
June 24, 2019 Regular Session	7/3/2019	Backup Material
June 24, 2019 Work Session	7/3/2019	Backup Material

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF BROOKLYN CENTER IN THE COUNTY
OF HENNEPIN AND THE STATE OF MINNESOTA

STUDY SESSION
JUNE 24, 2019
CITY HALL – COUNCIL CHAMBERS

CALL TO ORDER

The Brooklyn Center City Council met in Study Session called to order by Mayor Mike Elliott at 6:00 p.m.

ROLL CALL

Mayor Mike Elliott and Councilmembers Marquita Butler, April Graves, Kris Lawrence-Anderson, and Dan Ryan. Also present were City Manager Curt Boganey, Deputy City Manager Reggie Edwards, Community Development Director Meg Beekman, Police Chief Tim Gannon, City Attorney Troy Gilchrist.

CITY COUNCIL DISCUSSION OF AGENDA ITEMS AND QUESTIONS

Councilmember Ryan requested the following correction to the Work Session minutes of June 10, 2019:

-Page 5, paragraph 6, line 2, replace "she" with "he."

It was the majority consensus of the City Council to accept the correction to the June 10, 2019, Work Session minutes.

MISCELLANEOUS

a. Confirmation of Meeting Dates

Councilmember Graves requested clarification regarding neighborhood meeting dates. She added she received an invitation to the Riverwood meeting on July 24, 2019.

Councilmember Ryan stated the Riverwood meeting is scheduled for July 24, 2019, and the Happy Hollow neighborhood meeting is scheduled for September 17, 2019.

Mr. Boganey requested the City Council's consideration of potential dates for a meeting to review the draft Opportunity Site Master Plan. He added additional community engagement is planned before the final draft is prepared.

It was the majority Consensus of the City Council to hold the Opportunity Site Master Draft Plan review meeting on July 1, 2019, at 6:00 p.m.

Mr. Boganey requested the City Council's consideration of potential dates for a Council Retreat.

It was the majority consensus of the City Council to hold a Council Retreat on August 30-31, 2019, with alternative dates of September 20-21, 2019.

DISCUSSION OF WORK SESSION AGENDA ITEMS AS TIME PERMITS

CONCEPT REVIEW FROM COALITION DEVELOPMENT FOR EDA-OWNED PROPERTY AT 61ST AVENUE N AND BROOKLYN BOULEVARD

Community Development Director Meg Beekman requested the City Council's consideration of a concept review from Coalition Development for EDA-owned property at 3606 61st Avenue N. She added no motion is on this item. She noted the property would be combined with three other EDA-owned properties.

Ms. Beekman stated the proposal is for an apartment development with 113 units in a mix of affordable and market-rate apartments and 114 parking spaces in a combination of underground and surface parking. She added the use is consistent with the City's plans for the Brooklyn Boulevard corridor, which includes urbanization of land uses with higher density housing and business/commercial development. She noted this area is scheduled for road reconstruction in 2021, and some additional right of way will be required from the developer.

Ms. Beekman stated the proposed development blends nicely with the Sanctuary development to which it is adjacent and with which it shares a drive. She added the plan shows green space between the two buildings, shared community patios, and a place-making public artwork feature on the corner. She added access to the development would be limited due to a proposed center median.

Ms. Beekman stated Tax Increment Financing is expected to be requested by the developer, and financial analysis will be completed. She added the TIF housing district that will be used, TIF District #6, already exists for the Sanctuary development. She noted the planned development agreement must be extended or move forward with a purchase agreement before the end of July 2019.

Ms. Beekman stated the concept review would be discussed at the Planning Commission's July 2019 meeting. She requested the City Council's feedback and comments on the concept review.

Councilmember Lawrence-Anderson requested clarification regarding the mix of 113 market-rate and affordable units. Ms. Beekman stated the TIF district requires that a certain percentage of units must be affordable. She added rents would be proposed that will meet that percentage, and renters would need to be income qualified.

Councilmember Ryan stated when the City Council's previously reviewed this issue, it was discussed that the TIF requirements would be met by studio apartment rent. Ms. Beekman confirmed this, adding the 1-bedroom apartments also qualify depending upon percentages.

Pat Cruikshank, representing Coalition Development, introduced his son and partner, Jackson Cruikshank. He stated a mix of studio and 1-bedroom apartments would meet the TIF affordability requirement.

Councilmember Ryan stated rent for market-rate apartments qualify as mixed income, and they represent a subsidy accommodated by market rate, to make the project feasible. Mr. Cruikshank agreed.

Councilmember Graves stated she likes the site plan and layout, as they have better flow, and there are two ways to get in and get out. She asked how many trees will be removed. Mr. Cruikshank stated the intent is to save whatever trees can be saved, and remove very few trees, but more trees will be added to replace ones that are removed.

Councilmember Ryan stated transit-oriented development is a concept that fits well with Brooklyn Center. He added he is in favor of moving forward.

Councilmember Graves asked whether there will be a light or crosswalk at Brooklyn Boulevard. Ms. Beekman stated there would be a curb cut at 61st Avenue, so there will be full access. She added she is unsure whether the design of Brooklyn Boulevard is far enough along to determine where crosswalks will be.

Councilmember Graves stated she lives in this neighborhood, and many people cross Brooklyn Boulevard in the middle of the street to reach the senior home. She added the proposed median would be safer as pedestrians will cross the street and traffic will slow down.

Mayor Elliott stated he supports the idea of mixed-income living together and built-in affordability. He asked Mr. Cruikshank what he believes is driving the market.

Mr. Cruikshank stated the rising costs of construction, as well as community charges and fees, are responsible for the high costs of new construction.

ADJOURN STUDY SESSION TO INFORMAL OPEN FORUM WITH CITY COUNCIL

Mayor Elliott adjourned the Study Session to Informal Open Forum at 6:45 p.m.

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL
OF THE CITY OF BROOKLYN CENTER IN THE COUNTY
OF HENNEPIN AND THE STATE OF MINNESOTA

REGULAR SESSION
JUNE 24, 2019
CITY HALL – COUNCIL CHAMBERS

1. INFORMAL OPEN FORUM WITH CITY COUNCIL

CALL TO ORDER INFORMAL OPEN FORUM

The Brooklyn Center City Council met in Informal Open Forum called to order by Mayor Mike Elliott at 6:45 p.m.

ROLL CALL

Mayor Mike Elliott and Councilmembers, April Graves, Kris Lawrence-Anderson, and Dan Ryan. Councilmember Marquita Butler was absent and excused. Also present were City Manager Curt Boganey, Community Development Director Meg Beekman, Interim Associate Planner Joe Hartmann, Police Chief Tim Gannon, and City Attorney Troy Gilchrist.

Mayor Mike Elliott opened the meeting for Informal Open Forum.

Harlan Daudt, 6000 York Avenue N, asked whether spending $3 million on a new liquor store is money well-spent, with all the open storefronts in Brooklyn Center. He added he understands all the profits will go to the City's parks. He noted the proposed location is not a good place for a liquor store.

Mr. Daudt stated residents of Brooklyn Center do not want another apartment complex. He added the City Council should ask neighbors if they want a new apartment building and have a referendum. He noted the City Council should serve the City's residents who already live here and pay taxes.

Councilmember Ryan moved, and Councilmember Graves seconded to close the Informal Open Forum at 6:55 p.m.

Motion passed unanimously.

2. INVOCATION

Mayor Elliot read a quote from the Netherlands on citizen participation as the Invocation:

"Citizens and governments are devising new ways of relating to each other and working together in what is often called a "duocracy." Local governments are starting to support this form of democratic collaboration."

3. CALL TO ORDER REGULAR BUSINESS MEETING

The Brooklyn Center City Council met in Regular Session called to order by Mayor Mike Elliott at 7:00 p.m.

4. ROLL CALL

Mayor Mike Elliott and Councilmembers, April Graves, Kris Lawrence-Anderson, and Dan Ryan. Councilmember Marquita Butler was absent and excused. Also present were City Manager Curt Boganey, Community Development Director Meg Beekman, Interim Associate Planner Joe Hartmann, Police Chief Tim Gannon, and City Attorney Troy Gilchrist.

5. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

6. APPROVAL OF AGENDA AND CONSENT AGENDA

Councilmember Ryan moved, and Councilmember Graves seconded to approve the Agenda and Consent Agenda, as amended, with an amendment to the Work Session minutes of June 10, 2019, and the following consent items were approved:

6a. APPROVAL OF MINUTES

1. June 3, 2019 – City Council/Financial Commission Meeting
2. June 10, 2019 – Study Session
3. June 10, 2019 – Regular Session
4. June 10, 2019 – Work Session

6b. LICENSES

AMUSEMENT DEVICES LICENSES

Mendota Valley Amusement Inc. 6110 Brooklyn Boulevard	390 Richmond Street E. South St. Paul MN 55075
Mendota Valley Amusement Inc. 6845 Shingle Creek Parkway	390 Richmond Street E South St. Paul, MN 55075

GARBAGE HAULERS

Darling Ingredients, Inc.	9000 382nd Avenue Blue Earth MN 56013
Walters Recycling & Refuse	2830 101st Avenue NE Blaine MN 55449

MECHANICAL

A&M Heating & Air Conditioning LLC	22280 Tippecanoe St. NE East Bethel MN 55011

All Appliance Installation Plus	PO Box 166 Cambridge MN 55008
Binder Heating & Air Conditioning Inc.	222 Hardman Avenue N South St. Paul, MN 55075
Flare Heating & Air Conditioning	9303 Plymouth Avenue N Suite 104 Golden Valley MN 55427
Lennox National Account Services	7150 Boone Avenue Suite 180B Brooklyn Park, MN 55428
Liberty Comfort Systems	627 East River Road Anoka, MN 55303
Majestic Custom Heating & Air Conditioning	8800 Royal Court NW Ramsey MN 55303
Otsego Heating & Air Conditioning	11 1st Street NW Osseo MN 55369

SIGN HANGER LICENSES

SML Sign Maintenance Lighting	700 Tower Drive Medina MN 55340

TRANSIENT ACCOMMODATIONS

Best Western Plus	2050 Freeway Boulevard Brooklyn Center MN 55430

RENTAL

INITIAL (TYPE IV – one-year license)

7025 Logan Avenue N	Fatou Jallow/Summit Properties LLC

INITIAL (TYPE II – two-year license)

3501 63rd Avenue N	Oyejola Azum

INITIAL (TYPE I – three-year license)

5328-5530 Queen Avenue N	Mai Her

RENEWAL (TYPE IV – one-year license)

2006 55th Avenue N	Mathias Bingaman

RENEWAL (TYPE III – one-year license)

5601 Lyndale Avenue N Riverwalk II	Brett Hildreth/ Dragon Property Management
7231 Oliver Avenue N	Kathleen Kane

RENEWAL (TYPE II – two-year license)

7030 Regent Avenue N	Douglas Wahl/Cel Monton

RENEWAL (TYPE I – three-year license)

4207 Lakeside Avenue #123	Donna Kabanuk
4207 Lakeside Avenue #140	Joseph Drechsler (met action plan)
4207 Lakeside Avenue #236	Judith Spanberger/MSP Home Rental
6124 Lee Avenue N	Jennifer Kuria
5306 Russell Avenue N	Donna Reinarz

6c. RESOLUTION NO. 2019-085 ACCEPTING BID AND AWARDING CONTRACT FOR THE CONSTRUCTION OF A MUNICIPAL LIQUOR STORE

6d. RESOLUTION NO. 2019-086 ACCEPTING BID AND AWARDING A CONTRACT, IMPROVEMENT PROJECT NOS. 2018-08 AND 2019-05, BELLVUE AND SOUTHEAST AREA MILL AND OVERLAY IMPROVEMENTS

Motion passed unanimously.

7. PRESENTATIONS/PROCLAMATIONS/RECOGNITIONS/DONATIONS

-None.

8. PUBLIC HEARINGS

8a. RESOLUTION NO. 2019-087 REGARDING DISPOSITION OF PLANNING COMMISSION APPLICATION NO. 2019-008 FOR APPROVAL OF A PRELIMINARY AND FINAL PLAT AND PLANNED UNIT DEVELOPMENT FOR EASTBROOK ESTATES SECOND ADDITION

Interim Associate Planner Joe Hartmann reviewed an application for a Planned Unit Development and preliminary and final plat for Eastbrook Estates 2nd Addition, a vacated and un-platted property that is proposed for development.

Mr. Hartmann stated Centra Homes' site plan was chosen by the City Council, and they have provided proposed site design for City Council approval. He added the first four homes would be built on 69th Avenue, with the remaining 26 homes to be built later along with the completion of a road extension. He noted the applicant is proposing narrow lots but no negative impacts.

Mr. Hartmann stated the City does not have architectural standards for residential homes, but an architectural committee for the subdivision would review the site plans. He added the developer intends to plant 90 new trees throughout the subdivision. He noted infrastructure will be completed as part of the project and turned over to the City upon its completion.

Mr. Hartmann stated the Planning Commission recommended approval of this request at their June 13, 2019 meeting. He added City Staff recommends approval of this request and the first reading of an Ordinance change related to this zoning designation.

Councilmember Lawrence-Anderson expressed concern that most of the proposed homes would not have basements.

Mr. Boganey stated a public hearing would be held at tonight's meeting on the PUD, and the second action is required to consider approval of the Ordinance amendment and to second public hearing.

Councilmember Ryan moved, and Councilmember Lawrence-Anderson seconded to open the Public Hearing at 7:24 p.m.

Motion passed unanimously.

Walt Wenholz, 501 69th Avenue N, stated, about the feasibility of building homes without a basement, there is a new development in Fridley of 26 homes that have been constructed on slab foundations, and they have completely sold out. He added there is a market for homes with no basement.

Dorothea Harris, 6713 Aldrich Avenue N, asked whether her property taxes will go up because of this new residential development. She asked what the price of these homes will be, and whether they will have association fees. She expressed concern about power outages in the area. She asked whether the developer has a plan to relocate the deer and other animals currently living on the property.

Chereen Nordstrud, 6720 5th Street N, expressed concern about what construction traffic will do to the neighborhood. She added new curb and gutter were just installed. She asked whether construction traffic will be on 5th Street or 69th Avenue.

Bob Peterson, 6737 5th Street N, asked how long construction will take. He expressed concern regarding what years of construction will do to their neighborhood community.

Shirley Peterson, 6737 5th Street N, requested clarification about how many houses will go on 5th Street. Mr. Hartmann stated four homes are proposed for 5th Street N.

Brett Eldrich, 8816 Riverview Lane, Brooklyn Park, stated he is a real estate agent in the area. He added there is a great demand for these types of homes in Brooklyn Center, as many renters who want to move up to a bigger home decide to stay in Brooklyn Center. He expressed the importance of competing with other communities in terms of housing.

Brett Elias, 701 69th Avenue N, stated the two lots next to his property, lots 11 and 12, are 5-6 feet higher in elevation than his property. He added the lots are not big enough for two homes. He expressed concern at the lack of privacy. He asked whether a sound wall will be installed to reduce noise from Highway 252 since so many trees will be removed. He requested that heavy truck traffic be monitored to record any damage to the new roads in the area.

Mr. Tate Baxter, representing Centra Homes, stated the homes would have different elevations so they will not look the same. He added four homes on 69th Avenue would be multi-level homes with 3-car garages. He noted the remaining 26 lots are planned for the slab, and they be 3-bedroom homes with the option for a 4th bedroom.

Mr. Baxter stated the proposed stormwater basins are generally taken over by the City for maintenance and included in the covenants. He added the developer is willing to work with the City on this issue.

Mr. Baxter stated the infiltration basin would be 60-70 feet wide, and north of the development property line. He added there would be 100 feet between the two homes, and trees will be planted to screen the area. He noted construction would take 2-2.5 years.

Mr. Baxter stated the home prices would be in the range of $300,000-350,000, and the value of the new homes will have a positive effect on the values of surrounding properties. He added it is not anticipated that the development will cause an increase in the property taxes of surrounding properties. He noted power outages are not anticipated, as new utilities will be installed for the subdivision.

Mr. Baxter stated he understands the residents' concerns regarding wildlife and animals, but they generally move on once construction starts. He added he would welcome suggestions about solutions for preserving wildlife.

Mr. Baxter stated construction access would be north on 5th Street connecting to the cul-de-sac at Aldrich Avenue on the project's west side. He added it would be a construction zone for the duration of construction, but heavy machinery is planned to be brought in on 69th Avenue, as far to the east as possible to stay out of the main neighborhood.

Mr. Baxter stated the homes would be on slabs without basements, as the water table would require that the elevation of the development would need to be raised. He added it comes down to the economics of the site and keeping the homes in an affordable price range.

Councilmember Graves stated she was concerned about the lack of basements, but she visited other homes completed by the developer and gained more information and perspective about the market. She added she thinks it is a good idea to have a few homes with basements.

Councilmember Graves asked where the developer will start building in order to comply with using existing utilities. The applicant stated a model home on Camden Avenue, and six foundations are planned to be completed this year. He added the model and home, and first foundations will be within 300 feet of the hydrant.

Councilmember Lawrence-Anderson asked whether the developer's contract can include a clause that any repairs to roads would be the responsibility of the developer. She asked whether inspectors could check load limits and watch for damage.

Councilmember Ryan stated the construction management plan could include conditions for dealing with traffic and road conditions and can include an escrow deposit for damage.

Councilmember Ryan stated Highway 252 is a State highway, and any comments regarding a sound wall should be directed to the Minnesota Department of Transportation (MnDOT). He added improvements to Highway 252 are planned, and public meetings regarding that project would be a good place to bring up the subject of a sound wall. He encouraged residents to attend these meetings.

City Attorney Gilchrist stated the security amount for possible damage would be 125% of the entire project. He added the agreement could be written so that the security amount can be accessed to fix any damage due to construction.

William Benner, 6736 Camden Avenue, asked whether the property will be cleared of all trees before starting construction. The applicant confirmed this.

Mr. Benner stated the homes would have many cars per house, because of the prices of the homes. He added he had been a forester for the City of Brooklyn Center for 38 years, and he does not agree with the development.

Councilmember Graves stated she asked about tree removal earlier in the process, and the City Council was told that trees would not be cut down if it was not necessary. The applicant stated they do not intend to save any trees at this point, as it is unclear how stormwater pipes will be installed to meet watershed requirements. He added they intend to plant 90 new trees or 3 trees per lot. He noted the trees would be a combination of 2-2-1/2" caliper decorative and overstory trees, as well as 6-foot tall conifers.

An audience member asked how much the developer paid for the land, compared to what the City paid for it.

The applicant stated he understood the City paid $250,000 for the land, and Coalition Development had a proposed purchase price of $250,000 which was reduced to $115,000 due to necessary stormwater mitigation that reduced the number of homes that could be built.

The audience member expressed frustration at paying for the development from taxpayer's money.

Mr. Boganey stated the property was vacant, and the City and the EDA wanted to acquire it for development purposes. He added the EDA would lose any control over the development of the property if they did not acquire the property. He noted the development would ensure that rather than vacant land, the property will be developed with 32 new homes, meet a housing need in the community, and generate tax revenue far in excess of what would have been generated by a vacant lot.

Harlan Daudt asked whether a letter could be sent out to adjoining property owners and a vote be taken to decide whether or not to move forward with the development.

City Attorney Gilchrist stated that would not be a binding vote, as the delegation of authority to residents is not allowed under Minnesota law.

Glenn Elholz expressed his support for the proposed development. He added Centra Homes has been cooperative and helpful. He noted he thinks the City Council is doing the right thing by moving forward with this proposition.

Councilmember Graves moved, and Councilmember Ryan seconded to close the Public Hearing at 7:28 p.m.

Motion passed unanimously.

Councilmember Graves stated these types of decisions are difficult when residents feel strongly about green spaces in their neighborhoods, especially when old growth trees will be lost. She added the developer would replace the trees, and they will be there for the community's future residents. She noted Centra Homes has been very responsive to the City's concerns and has done their best to work with residents.

Councilmember Graves stated the City of Brooklyn Center would continue to grow and change. She added the City Council has deliberated this issue and will continue to work with neighborhood residents and the developer moving forward.

Councilmember Ryan stated he concurs with the comments of Councilmember Graves. He added he supports the proposed development as the City's tax base will be enhanced, and the community will be more than reimbursed for the property's decreased purchase price. He noted the proposed development would improve the City and be a positive change.

Mayor Elliott stated he supports a development like this in Brooklyn Center. He added he is concerned about the impact on the neighborhood's residents, as well as clearing 7.5 acres of forest. He noted he likes the renderings of the proposed home, but he feels he does not fully understand the impact that this development will have on the area. He expressed concern that this is a difficult decision for him.

Councilmember Lawrence-Anderson stated she understands that change is never easy. She added there are approximately 450 acres of parks in Brooklyn Center. She noted the proposed development will generate $335,000 in additional property tax revenue but will generate no additional revenue if the land is left vacant.

Councilmember Lawrence-Anderson thanked all the residents who came and spoke at tonight's meeting on this issue. She added she is empathetic, but she will support the development.

Councilmember Ryan moved, and Councilmember Graves seconded to adopt RESOLUTION NO. 2019-087 to Approve Planning Commission Application No. 2019-008 for a Preliminary and Final Plat and Planned Unit Development for Eastbrook Estates Second Addition, based on

the findings of fact and the submitted plans, as amended by the conditions of approval in the Resolution.

Mayor Elliott abstained. Motion passed.

Councilmember Graves moved, and Councilmember Ryan seconded to Approve the First Reading of ORDINANCE NO. 2019-05 Amending Chapter 35 of the Zoning Code of Ordinances regarding the zoning classification of Eastbrook Estates Second Addition and set the second reading and public hearing for July 8, 2019.

Mayor Elliott abstained. Motion passed.

9. PLANNING COMMISSION ITEMS

-None.

10. COUNCIL CONSIDERATION ITEMS

10a. RESOLUTION NO. 2019-088 APPROVING THE STATE OF MINNESOTA JOINT POWERS AGREEMENT WITH THE CITY OF BROOKLYN CENTER ON BEHALF OF ITS POLICE DEPARTMENT REGARDING THE MINNESOTA INTERNET CRIMES AGAINST CHILDREN TASK FORCE (ICAC)

Police Chief Tim Gannon reviewed proposed Joint Powers Agreements (JPA's) for which City Council approval is requested. The JPA's relate to task forces formed with State funding for training and technology that target specific crimes.

Councilmember Graves stated, regarding human trafficking, the City must ensure that victims are not prosecuted. Police Chief Gannon stated they are considered victims under State law.

Mayor Elliott asked whether additional support and resources are available from State investigators. Police Chief Gannon confirmed this.

Councilmember Lawrence-Anderson asked whether the entire Police force receives training. Police Chief Gannon stated he would support training for all staff.

Mayor Elliott requested clarification regarding Standard 3.4 under Financial Task Force Standards, which states "prepare evidence for presentation to federal prosecutors for prosecution." City Attorney Gilchrist stated that refers to situations where a federal case is being developed, and the City may be called upon to support an investigation.

Mayor Elliott asked whether clarification regarding reimbursement. Police Chief Gannon stated the Police force had not been asked to reimburse or submit billing, and training is free of charge.

Mayor Elliott asked whether there are additional costs associated with recordkeeping requirements. Police Chief Gannon stated such costs would be minimal, and the Police Department would work with the Finance Department to resolve any issues.

Mayor Elliott asked whether the City is covered in the event of actions resulting from its cooperation. City Attorney Gilchrist confirmed this, adding no additional liability insurance is required.

Councilmember Graves moved, and Councilmember Ryan seconded to adopt RESOLUTION NO. 2019-088 Approving the State of Minnesota Joint Powers Agreement with the City of Brooklyn Center on Behalf of its Police Department Regarding the Minnesota Internet Crimes Against Children Task Force (ICAC).

Motion passed unanimously.

10b. RESOLUTION NO. 2019-089 APPROVING THE STATE OF MINNESOTA JOINT POWERS AGREEMENT WITH THE CITY OF BROOKLYN CENTER ON BEHALF OF ITS POLICE DEPARTMENT REGARDING THE MINNESOTA FINANCIAL CRIMES TASK FORCE (MNFCTF)

Councilmember Ryan moved, and Councilmember Lawrence-Anderson seconded to adopt RESOLUTION NO. 2019-089 Approving the State of Minnesota Joint Powers Agreement with the City of Brooklyn Center on Behalf of its Police Department Regarding the Minnesota Financial Crimes Task Force (MNFCTF).

Motion passed unanimously.

10c. RESOLUTION NO. 2019-090 APPROVING THE STATE OF MINNESOTA JOINT POWERS AGREEMENT WITH THE CITY OF BROOKLYN CENTER ON BEHALF OF ITS POLICE DEPARTMENT REGARDING THE MINNESOTA HUMAN TRAFFICKING INVESTIGATORS TASK FORCE (MNHITF)

Councilmember Lawrence-Anderson moved, and Councilmember Graves seconded to adopt RESOLUTION NO. 2019-090 Approving the State of Minnesota Joint Powers Agreement with the City of Brooklyn Center on Behalf of its Police Department Regarding the Minnesota Human Trafficking Investigators Task Force (MNHITF).

motion passed unanimously.

11. COUNCIL REPORT

The City Council agreed to forego Council Reports in the interest of time.

12. ADJOURNMENT

Councilmember Ryan moved, and Councilmember Graves seconded adjournment of the City Council meeting at 8:53 p.m.

Motion passed unanimously.

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL/ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF BROOKLYN CENTER IN THE COUNTY OF HENNEPIN AND THE STATE OF MINNESOTA

WORK SESSION
JUNE 24, 2019
CITY HALL – COUNCIL CHAMBERS

CALL TO ORDER

The Brooklyn Center City Council/Economic Development Authority (EDA) met in Work Session called to order by Mayor/President Mike Elliott at 9:40 p.m.

ROLL CALL

Mayor/President Mike Elliott and Councilmembers/Commissioners April Graves, Kris Lawrence-Anderson, and Dan Ryan. Councilmember/Commissioner Marquita Butler was absent and excused. Also present were City Manager Curt Boganey, Community Development Director Meg Beekman, Police Chief Tim Gannon, and City Attorney Troy Gilchrist.

CO-RESPONDER MODEL FOR MENTAL HEALTH RELATED 911 CALLS

Police Chief Tim Gannon reviewed the issue of the embedded mental health expert model within Police operations. He added he put together some information on different models that are used in local metro area cities, the most common of which is a Crisis Intervention Team (CIT). He noted the City Council/EDA requested an update after several residents came forward asking for a co-responder for mental health calls in Brooklyn Center.

Police Chief Gannon reviewed different local cities' crisis management plans. He added many officers to make contact with a citizen in crisis, do a follow-up report, and request that a specialist make contact the next day. Officers have additional resources and referrals to ensure that a citizen in crisis gets the help they need. This model works well with people who require repeated help.

Police Chief Gannon stated Minneapolis police have embedded social workers going out on calls to patients, working as a team with first responders. He reviewed data taken Minneapolis, as well as the St. Paul model.

Police Chief Gannon stated Maple Grove Police have case management style with follow up on 911 calls. A lot of agencies are contracting on a case by case basis with Cope.

Police Chief Gannon stated the City of Duluth had had a "direct response model" in place for a few years, working with repeat offenders. He added this has been successful and there has been a drop in the number of calls.

Mayor/President Elliott stated it makes sense to have the officers trained and able to offer resources, as they are often the ones who make contact when a situation is critical.

Police Chief Gannon stated the University of Minnesota Police are starting a CIT program to address with mental health issues on campus.

Mayor/President Elliott asked whether calls to other area cities include mental health checks. He asked how much of this issue is related to the opioid drug overdose epidemic. Police Chief Gannon stated it is a big problem, but a small percentage. He added mental health checks are more frequent.

Police Chief Gannon stated the City of Brooklyn Center Police Force has 25 officers trained in CIT, as well as a crisis negotiation team. He added officers are required to do additional online training every month.

Councilmember/Commissioner Ryan asked how long it would be before the entire police force is fully trained. Police Chief Gannon stated it is a 5-day course, that is prohibitively expensive, but having all the officers trained would be very beneficial. He added he would recommend that all 49 officers receive training.

Police Chief Gannon stated he recommends the "case management" style as the best approach. He added another agency could partner with the City to review best practices.

Councilmember/Commissioner Ryan stated Hennepin County could be a good resource for Brooklyn Center, and the City of Brooklyn Park might also be able to provide information and feedback.

Councilmember/Commissioner Graves stated case management is a good resource but not the only successful method. She added she is happy to see that progress has been made. She noted she is grateful that there is a negotiator team within the Department.

Mayor/President Elliott agreed with Councilmember/Commissioner Graves' comments. He added he would like to see additional options for the City's response to mental health crises.

Councilmember/Commissioner Ryan stated he is satisfied that the City is taking sufficient action with its resources. He added he would consider options subject to the recommendation of Police Chief Gannon.

Councilmember/Commissioner Graves stated she would like to learn more about the Duluth model. Police Chief Gannon stated there is a lot of information online.

ADJOURNMENT

Councilmember/Commissioner Lawrence-Anderson moved, and Councilmember/Commissioner Ryan seconded adjournment of the City Council/Economic Development Authority Work Session at 10:40 p.m.

Motion passed unanimously.

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Alix Bentrud, Deputy City Clerk

SUBJECT: Approval of Licenses

Requested Council Action:

- *Motion to approve licenses as presented*

Background:

The following businesses/persons have applied for City licenses as noted. Each business/person has fulfilled the requirements of the City Ordinance governing respective licenses, submitted appropriate applications, and paid proper fees.

Applicants for rental dwelling licenses are in compliance with Chapter 12 of the City Code of Ordinances, unless comments are noted below the property address on the attached rental report.

The liquor license renewals are based on past practices of distance requirements and may require an amendment in the future.

GARBAGE HAULERS

Ace Solid Waste	6601 McKinley Street NW Ramsey MN 55303
Allied Waste Services	8661 Rendova Street NE Circle Pines MN 55014
Aspen Waste Systems Inc	2951 Weeks Ave SE Minneapolis MN 55414
Farmers Union Industries LLC dba Midwest Grease	PO Box 319 Redwood Falls MN 56283
Randy's Sanitation Inc	PO Box 169 Delano MN 55328

MECHANICAL LICENSES

A-ABC Appliance & Heating Inc	8818 7th Ave N Golden Valley MN 55427
Air Mechanical	16411 Aberdeen St NE Ham Lake MN 55304
Dean's Professional Plumbing	7400 Kirkwood Ct N Maple Grove MN 55369

Elements Inc	10044 Flanders Ct NE #100 Blaine MN 55449
Northern Heating & A/C Inc	9431 Alpine Dr NW Ramsey MN 55303

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
Rental Criteria	5/22/2019	Backup Material
7-8-19 Rentals	7/3/2019	Backup Material

Property Code and Nuisance Violations Criteria		
License Category (Based on Property Code Only)	**Number of Units**	**Property Code Violations per Inspected Unit**
Type I – 3 Year	1-2 units	0-2
	3+ units	0-0.75
Type II – 2 Year	1-2 units	Greater than 2 but not more than 5
	3+ units	Greater than 0.75 but not more than 1.5
Type III – 1 Year	1-2 units	Greater than 5 but not more than 9
	3+ units	Greater than 1.5 but not more than 3
Type IV – 6 Months	1-2 units	Greater than 9
	3+ units	Greater than 3

b. <u>Police Service Calls.</u>

Police call rates will be based on the average number of valid police calls per unit per year. Police incidences for purposes of determining licensing categories shall include disorderly activities and nuisances as defined in Section 12-911, and events categorized as Part I crimes in the Uniform Crime Reporting System including homicide, rape, robbery, aggravated assault, burglary, theft, auto theft and arson.

Calls will not be counted for purposes of determining licensing categories where the victim and suspect are "Family or household members" as defined in the Domestic Abuse Act, Minnesota Statutes, Section 518B.01, Subd. 2 (b) and where there is a report of "Domestic Abuse" as defined in the Domestic Abuse Act, Minnesota Statutes, Section 518B.01, Subd. 2 (a).

License Category	**Number of Units**	**Validated Calls for Disorderly Conduct Service & Part I Crimes** (Calls Per Unit/Year)
No Category Impact	1-2	0-1
	3-4 units	0-0.25
	5 or more units	0-0.35
Decrease 1 Category	1-2	Greater than 1 but not more than 3
	3-4 units	Greater than 0.25 but not more than 1
	5 or more units	Greater than 0.35 but not more than 0.50
Decrease 2 Categories	1-2	Greater than 3
	3-4 units	Greater than 1
	5 or more units	Greater than 0.50

Rental Licenses for Council Approval on July 8, 2019								
Property Address	Dwelling Type	Renewal or Initial	Owner	Property Code Violations	License Type	Police CFS *	Final License Type **	Previous License Type ***
5235 Drew Ave N	2 Family 1unit	Renewal	Jay Battenberg	0	I	0	I	I
4214 Lakeside Ave	2 Family 1unit	Renewal	James & Gloria Shoultz	3	II	0	II	II
3349 49TH Ave N	Single	Renewal	Isaac Obi	11	IV	0	IV	I
1335 67th Ln N	Single	Renewal	Dennis & Shannon Dane	0	I	0	I	II
6519 Beard Ave N	Single	Renewal	Jay Vaughn	4	II	0	II	II
501 Bellvue La	Single	Renewal	Dragon Property Management	4	II	0	II	I
6532 France Ave N	Single	Renewal	Merlin Properties/Chen Zhou/ MSP Homes Rental	5	II	1 valid, 7/19/18 theft from auto	II	I
5542 Irving	Single	Renewal	Douglas Wahl / Cel Monton	3	II	0	II	I
5442 James Ave N	Single	Renewal	Gerald Stigsell	2	I	0	I	II
5724 Logan Ave N	Single	Renewal	Konstantin Ginzburg met mitigation plan	4	II	0	II	IV
6424 Marlin Dr	Single	Renewal	Charles Jing Bright	6	III	0	III	I
5937 Vincent Ave N	Single	Renewal	Jack Johnson	15	IV	0	IV	II

* CFS = Calls For Service for Renewal Licenses Only (Initial Licenses are not applicable to calls for service and will be listed N/A.)

** License Type Being Issued

*** Initial licenses will not sho Type 1 = 3 Year Type II = 2 Year Type III = 1 Year

All properties are current on City utilities and property taxes

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: Meg Beekman, Community Development Director

FROM: Brett Angell, Business and Workforce Development Specialist

SUBJECT: Resolution Authorizing the Submission of a Brownfield Gap Financing Program Grant Application to Minnesota Brownfields

Requested Council Action:

- Motion to approve a resolution authorizing the submission of a Brownfield Gap Financing Program grant application to Minnesota Brownfields

Background:

Minnesota Brownfields, a non-profit organization, promotes the efficient cleanup and reuse of contaminated land as a means of generating economic growth, strengthening communities and enabling sustainable land use and development. The organization offers the Brownfield Gap Financing Program for environmental assessments of property in Hennepin County through funding from the County's Environmental Response Fund (ERF). The maximum individual award under this program is up to $15,000 total in a 12-month span.

The City has identified that the environmental assessment work which will take place on four EDA-owned parcels located at 61st Avenue and Brooklyn Boulevard are eligible for this funding. Hennepin County recommended the City of Brooklyn Center to apply for this funding. The City is seeking to apply for the Brownfield Gap Financing Program to cover the costs of a Phase 1 Environmental Site Assessment (ESA) for the four properties that are currently owned by the Economic Development Authority of Brooklyn Center. The EDA currently has a preliminary development agreement with Coalition Development for the redevelopment of the parcels. The city anticipates a land use application from Coalition Development in the coming weeks for approval of a 113-unit multifamily residential building at this location.

The City is requesting a grant award of $2,500 from this program for the work listed in the previous paragraph. The City will concurrently apply for an additional environmental grant through Hennepin County's Memorandum of Agreement (MOA) fund for the Phase II Environmental Site Assessments for the same properties. Neither program requires a percent match from the City. The environmental work will allow for a comprehensive environmental review of the site and determine any potential environmental concerns that may exist.

Budget Issues:

There are no budget issues to consider at this time.

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
Resolution	6/20/2019	Resolution Letter
Grant Application	7/1/2019	Backup Material

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2019- ___

RESOLUTION IDENTIFYING THE NEED FOR BROWNFIELD GAP FINANCING PROGRAM FUNDING AND AUTHORIZING AN APPLICATION FOR GRANT FUNDS

WHEREAS, Minnesota Brownfields, a 501(c)(3) non-profit organization, offers the Brownfield Gap Financing Program funded with an Environmental Response Fund grant from the Hennepin County Department of Environmental Services; and

WHEREAS, the City has identified a need to conducted environmental assessments at four parcels located at the intersection of 61st Avenue and Brooklyn Boulevard and has received a detailed scope of services from Braun Intertec for this work; and

WHEREAS, the City has the institutional, managerial and financial capability to adequately manage an Minnesota Brownfield Gap Financing grant; and

WHEREAS, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement.

NOW, THEREFORE, BE IT RESOLVED that, after appropriate examination and due consideration, the governing body of the City:

1. Finds that it is in the best interests of the City's development goals and priorities for the following proposed Brownfield Gap Financing Program project:

   Brooklyn Center – Coalition Development

2. Authorizes the Business and Workforce Development Specialist to submit on behalf of the City an application for Brownfield Gap Financing Program grant funds for the Brooklyn Center - Coalition Development environmental project components identified in the application, and to execute such agreements as may be necessary to implement the grant on behalf of the City.

July 8, 2019
Date

_____
Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Brownfield Gap Financing Program

Brownfield Gap Financing Program (BGFP) provides small grants to nonprofits for environmental assessment and clean-up of property in Hennepin County. **Minnesota Brownfields is the co-administrator of the BGFP. Applications are accepted on a rolling basis and are approved by Hennepin County**. Projects will benefit the community through greenspace, open space and natural areas, recreation, affordable housing, education, community centers, and neighborhood level economic development opportunities. Projects may apply for up to $15,000 in total funding in a 12-month span.

Please fill out as completely as possible and attaching any additional information that will assist us in evaluating your consultant needs and improving your potential for funding. When completed, please email or send to:

Minnesota Brownfields
Hava Blair, Program Manager
2801 21st Ave South
Suite 145
Minneapolis, MN 55407
Telephone: 612-513-4301
Email: hblair@mnbrownfields.org

Contact Information:

Organization: City of Brooklyn Center

Organization status (nonprofit, 501c3, etc): Municipality

Name and title of contact: Brett Angell, Business and Workforce Development Specialist

Phone: (763)569-3301

Fax: (763)569-3360

Email: bangell@ci.brooklyn-center.mn.us

Address (street, city, zip): 6301 Shingle Creek Pkwy, Brooklyn Center, MN 55430

Project/Site:

Name: Brooklyn Center/Coalition Development

Project location/address:
Multiple Addresses (address – PID):
3606 61st Ave N - 3411921430052
3600 61st Ave N - 3411921430051
6107 Brooklyn Blvd - 3411921430049
6101 Brooklyn Blvd - 3411921430050

Site size (acres): 1.79 acres

Current/Proposed zoning:
Current Zoning: Multiple – C2 Commerce, C1 Service/Office, R1 Single Family Residential
Proposed Zoning – PUD/Neighborhood Mixed-Use

Current owner/future site owner (If not current owner, is access for environmental investigation available?): Economic Development Authority of Brooklyn Center.

Current use (include # of structures/tenants if any):
Of the four parcels, one structure remains, which is a single family home that the EDA recently purchased. The majority of the site is vacant. The EDA purchased the properties between August 2012 and March 2019 and subsequently demolished all of the buildings with the exception of the single family home, which will be demolished prior to development.

Proposed use:

- **Describe the redevelopment project (please attach any such information such as map, photos, site design or building plans):**
  The City of Brooklyn Center has entered into a Preliminary Development Agreement with Coalition Development for the re-development of the 4 parcels into a 4-story 113-unit multi-family housing development. This redevelopment is consistent with the City's 2040 Comprehensive Plan which guided these parcels as Neighborhood Mixed-Use under the newly established Brooklyn Boulevard Overlay District. The Overlay District was established to call attention to land adjacent to the roadway for special consideration at the time of redevelopment. The special considerations look to increase density, provide a wide mix-of uses, and to improve the safety of the corridor by limiting and reducing the total number of access points to the roadway.

  The proposed development would help advance the goals established by the City Council and Comprehensive Plan and would create a new construction option for those looking to live within Brooklyn Center. Currently, all of the multi-family housing within the City had been built by the mid-1970s and the City has not seen any new multi-family construction. The proposed project would give a multifamily option with more amenities which helps the City retain its existing population and attract new residents.

  Attached is an architectural rendering and proposed site plan for the proposed project.

- **How will this project support or benefit the surrounding neighborhood?**
  This project will provide a large benefit to the surrounding neighborhood and the community. The project will create a large investment into the area and will likely help raise tax values for the

surrounding properties. The project increases the density on the site in a manner more consistent with what is seen to the property to the north, the Sanctuary Senior Living Facility, which is consistent with the 2040 Comprehensive Plan. The proposed project will give an additional housing option for both existing and future residents. Retaining and attracting new residents to the City will bring an increased tax base that will support the surrounding businesses.

What reason do you have to believe that there could be contamination on this site?

- **If environmental investigations have occurred, please provide the report or summary of investigation results.**
  Environmental investigations have not occurred on this location. The property has not been analyzed so the phase I ESA will give the City a better understanding of any potential contamination and the costs associated with the remediation of the contamination at the time for redevelopment.

  In the 1980s, the property to the north was listed as a hazardous waste producer. The City is unaware of any contamination that resulted from that or any issues that may have caused.

How will the full project be financed? Discuss the status of financing for the project, including:

- **Amounts secured and sources:**
- **Potential sources:**
- **Contingencies:**

The project is currently in the conceptual design phase including environmental assessments, building plan creation and land use approvals. The City anticipated receiving a land use application and building plans for the site within the next two months. The proposed project will be applying for tax increment financing through the City. The developer is currently in the process of completing the pro forma for the project.

How did you hear about the Brownfield Gap Financing Program?
This project was recommended to apply for the Brownfield Gap Financing Program by Hennepin County staff.

Grant request amount and use:
Please note, projects may request a maximum of $15,000 in a 12-month span.
The City of Brooklyn Center is requesting $2,500 to cover the costs of Phase I ESAs. The City of Brooklyn Center and developer Coalition Development have received a scope and cost estimate from Braun for the services listed. The itemized cost estimate and scope of work is attached.

The City will also be concurrently applying for a Memorandum of Agreement (MOA) grant through Hennepin County for $17,665 to cover Phase II ESAs for the sites also listed in this application.

Supplemental Materials:

- Submit an itemized cost estimate from one of our approved contractors.
- Submit a current annual or financial report for the applicant.
- Please attach a City Council resolution approving the project (not required for Minneapolis projects)

Signature: *Application must be signed by an officer or individual authorized to sign on behalf of the organization.*

_____	__Business and Workforce Development Specialist___
Signature	**Title**
__Brett Angell_____	_____
Name	**Signature Date**

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Resolution Approving an Amendment to the Brooklyn Center Fire Department Relief Association By-Laws

Requested Council Action:

- Motion to approve a resolution approving an amendment to the Brooklyn Center Fire Department Relief Association By-Law

Background:

Currently the City pays a lump sum of $7,700 to Fire Fighters for each year of service on the Department once they have served 10 consecutive years. The funding for this benefit is largely derived from annual payments received by the City from the State of Minnesota along with investment earnings derived from pension fund investments. Rarely has the City been required to contribute to the fund to meet funding requirements.

Based on the actuarial report from Van Iwaarden and Associates as of December 31, 2019 the fund had a balance of $3,405,643 in assets and $2,809,184 in liabilities. This results in a funding level of 121% from the 31 current members. The target policy of the relief association is to retain at least 110% of the fund requirements.

Based on this report the Association requested that the City Council consider increasing the lump sum payment by $800 to $8,500. This request was made at least in part to attract and retain fire fighters for the department.

The City's financial advisor, BakerTilly (formerly Springsted Inc.), reviewed the Van Iwaarden projections of the impact of the proposed $800 increase. The projection shows that based on a 5% annual investment return the funded status of the pension fund would remain over 100%. BakerTilly concluded that the assumptions and resulting projections are accurate in concluding that the City will not be required to make contributions to maintain the 110% funding levels through 2032.

Budget Issues:

Approval of this resolution should have no impact on the City budget. However, as noted in the memo provided by BakerTilly there is no guarantee of future investment interest rates. The City should understand that it may be called upon to make a contribution to support an increase in annual benefits to $8,500.

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
FRA Pension Increase Resolution	7/3/2019	Resolution Letter
BakerTilly FRA Pension Increase Review Memo	7/1/2019	Backup Material
BCFRA Pension Increase Request	7/1/2019	Backup Material

Member introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION APPROVING AN AMENDMENT TO THE BROOKLYN CENTER FIRE DEPARTMENT RELIEF ASSOCIATION BY-LAWS

WHEREAS, the Brooklyn Center Fire Department Relief Association has requested City approval of a benefit increase for retirees; and

WHEREAS, such benefit increase would require an amendment of the City of Brooklyn Center Fire Department Relief Association By-laws; and

WHEREAS, Van Iwaarden and Associates has conducted an actuarial valuation and benefit study and determined that the anticipated assets available for benefits would be sufficient to support an increase in the annual benefit due to the fact cash and contingency funding balance exceeds the recommended balance of 100% of anticipated needs; and

WHEREAS, BakerTilly (formerly Springsted) public finance advisors for the City has reviewed the assumptions and projections used in the report prepared by Van Iwaarden and Associates and has compared those assumptions and projections with information from their detailed analysis performed in 2019 and believe the information to be accurate; and

WHEREAS, the actuarial analysis completed by Van Iwaarden and Associates and reviewed by BakerTilly conclude an increase of $800 to the lump sum benefit from $7,700 per year to $8,500 per year of qualified service would not likely have an adverse effect on the fund viability.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brooklyn Center, Minnesota that an amendment to the By-laws of the City of Brooklyn Center Fire Department Relief Association to increase the lump sum benefit to $8,500 per year be hereby approved as of January 1, 2019.

July 8, 2019 _____
Date

_____
Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member

and upon vote being taken thereon, the following voted in favor thereof:

RESOLUTION NO. _____

and the following voted against the same:
whereupon said resolution was declared duly passed and adopted.

bakertilly
MUNICIPAL ADVISORS
now joined with
Springsted and Umbaugh

Baker Tilly Municipal Advisors, LLC
380 Jackson St., Ste 300
t. Paul, MN 55101
United States of America

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F: +1 (651) 223 3046
bakertilly.com

June 17, 2019

To: Nate Reinhardt

From: Patty Kettles

Subject: Alternative Fire Relief Association Pension Increase Impacts

The City has requested Baker Tilly evaluate the potential fiscal impacts on the City's contributions for increasing the Fire Relief Association (FRA) retirement benefits from their current level of $7,700/year of service to $8,500/year of service. The goal was to evaluate that the maximum annual benefit could be increased to $8,500 while keeping the relief association funded at 110%.

The review was developed based on financial projections using the FRA's actuarial analyses. They are intended to provide the City with a context for considering these changes to the pension benefit.

The assumptions used in this analysis included the following:

- The current active membership, retired members, surviving spouses, and deferred vested members as listed in the *Brooklyn Center Firefighter's Relief Association Revised January 1, 2019 Actuarial Valuation of Statutory Funding Requirements* report ("Report")
- Retirement at the later of 20 years of service or age 50
- An increase in the number of active members to 40
- When an active member retires, a new member is added to maintain active membership at 40
- Contributions from the State will remain at their 2018 level of $159,147
- Expenses will increase at 3.5% per year
- City contributions will be projected to maintain funding at 110%
- 5.0% annual return on investments

We have reviewed the data provided by the Actuary and have used their annual Actuarial Accrued Liability and Expected Benefit Payments amounts in our analysis.

Based on our review of the Report, we believe increasing the annual benefit to $8,500 will not result in additional City funding over the 15-year planning period. However, the Report assumes, as allowed per Minnesota State Statues, a 5% return on investments. **Should the average annual return on investments fall below 4.93%, the City will be required to contribute funds in the later years**. The Relief Associations historical rates of return as reported by the State Auditor are shown in the table below.

- 5-year 7.2%
- 10-year 4.0%
- 20-year 5.6%

The 5-year rate of return should be viewed with caution as it does not reflect a full economic cycle where there are recessionary impacts.

The 20-year average rate of return on investments of 5.6% provides a certain level of confidence that the City may not be required to make a contribution at the $8,500 annual benefit level. However, projecting forward interest rates is an uncertain science as many factors affect these rates. If economic conditions cause investment rates to decline the City may be required to make a contribution. Our determination that an annual average investment rate of return below 4.93% indicates the City may be required to make a contribution. While a rate of return less than 4.93% in the early years may not cause an immediate required City contribution, it will definitely impact the need for a City contribution in the mid to later years.

The 10-year average rate of return on investments of 4.0% is indicative of what can happen as this period covers much of the great recession. Another indication of the volatility of investment rates of return is the investment rate of return for each of the past five years for the Brooklyn Center Fire Relief Association as shown below:

- 2018 -6.2%
- 2017 15.3%
- 2016 8.3%
- 2015 -5.2%
- 2014 4.2%

A review of the $8,000 lump sum benefit scenario in the Report indicates that an annual investment rate of return below 4.36% may cause a need for City contributions in later years.

The important take away is that there is no guarantee of future investment interest rates. The City should understand that it may be called upon to make a contribution to support an increase in annual benefits to $8,500.

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April 21, 2019

Curt Boganey, City Manager
City of Brooklyn Center
6301 Shingle Creek Parkway
Brooklyn Center, MN 55430

Re: Increase to Fire Pension

Dear Mr. Boganey,

Enclosed please find information relative to a request to increase the current firefighter pension benefit amount from the current $7700 per-year-of-service to $8500 per-year-of-service. At its annual meeting on April 15, 2019, the Brooklyn Center Firefighters Relief Association (BCFRA) membership approved this increase.

Background of the Association
The BCFRA is made up of the active paid-on-call members of the Brooklyn Center Fire Department. The purpose of the association is to provide retirement, disability and death benefits to the members or beneficiaries of members of the department. The pension benefit is not only a recruitment tool, but also a way to encourage the part-time/paid-on-call members to "stay on the job" and support retention.

The State of Minnesota has provided the major share of funding for the association through distribution of the money collected from a gross earnings tax on fire insurance premiums sold in the state, also known as "2% Money". The funds are allocated back to the departments based on the population and property values in the area served by that department. There is a strong relationship between state fire aid and the number of fire-related calls a fire department responds each year. The state fire aid was established in 1885 and has been the most stable source of funding. The City has not needed to financially support the Relief Association in many years and does not normally need to do so.

State law requires that a relief association be governed by a nine-member board of trustees. The BCFRA is directed by six trustees elected by members of the relief association, the fire chief, the city Finance Director, and the Mayor. A minimum of four meetings are held each year to oversee the management of the association's funds.

Type of Pension
The members of the BCFRA are covered by a defined benefit plan. The benefit level of the plan is determined by the number of members, their length of service, and the value of the relief fund.

Actuarial reports are completed by Van Iwaarden Associates. When a benefit level increase is warranted an approval request is made to the City Council.

Investments

The relief association's assets are invested through The Parr-McKnight Wealth Management Group, of Wells Fargo Advisors. The relief association has adopted an Investment Policy Statement for the investment for our pension fund. Our target investment allocation is sixty percent in stocks, thirty-five percent in bonds and five percent in cash. We rebalance to our target allocation annually. The Relief Board believes in long-term investing and has resisted attempting to time market moves.

Funding Ratios

The BCFRA board believes that it has fiduciary responsibilities to both the membership and to the Council. The responsibility to the membership is to seek the highest financially sound benefit level. The responsibility to the Council is to not expose the city to any financial risk which could lead to mandatory contributions. Historically after the State and City contributions our investments only needed returns of 2-3% to cover normal costs and stay one hundred percent funded.

Action Requested

The BCFRA is requesting to increase in our pension amount from $7,700 to $8,500 per-year-of-service. This is an excellent way to increase the fire fighter compensation package without impacting the city budget and is in line with the strategic priority of "Safe, Secure, Stable Community."

The last pension increase was $100 in 2018, which brought us to the current $7,700 per-year-of-service. Enclosed please find the January 2019 actuarial report from Van Iwaarden Associates as well as a supplemental report from April 2019 specifically regarding this potential increase.

The supplemental study includes increase scenarios of $8,000, $8,500, $8,750, $9,000 and $9,300; all using a 5% investment return (B1) and a constant 40 active firefighters. More specifically, it shows that an increase to $8,500 requires no contribution needed from the City throughout the entire length of the benefit study and it allows us to remain funded in excess of our goal of 110% (G).

Please note that the fire department has not been at the full complement of 40 members for many years. With the last few rounds of aggressive hiring, we remain at 29 firefighters. However, the study used the authorized number of 40. In addition, we feel strongly that a 5% investment return is an appropriate and realistic rate to use in this analysis, and is the same rate used in the last analysis.

This request is in line with our guideline to remain at least 110% funded, as well as our goal of pursuing increases in the per-year-of-service pension amount with monies above 110%, as a way to continue to move toward the state allowed maximum of $10,000.

We respectfully request that the City of Brooklyn Center approve this increase and institute it on the 1st of the month following its adoption. Thank you in advance for your consideration and support.

Sincerely,

Chris Kummer, BCFRA President

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019

Actuarial Valuation of Statutory Funding Requirements

February 28, 2019

VAN IWAARDEN ASSOCIATES 840 LUMBER EXCHANGE TEN SOUTH FIFTH STREET MINNEAPOLIS, MN 55402-1010

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VAN IWAARDEN

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

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BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Introduction and Actuarial Certification

Purposes of the valuation

This report presents the results of the January 1, 2019 statutory funding valuation for the Brooklyn Center Firefighter's Relief Association. Its sole purpose is to determine the annual municipal obligation to the plan and should not be used for any other purpose. Computations for other purposes, such as plan accounting, may differ significantly from the results shown in this report.

This report may not be used for any other purpose, and Van Iwaarden Associates is not responsible for the consequences of any unauthorized use. Its content may not be modified, incorporated into or used in other material, or otherwise provided, in whole or in part, to any other person or entity, without our permission.

Sources of data

The Relief Association supplied the January 1, 2019 data for all active, terminated, and retired members, and asset data for the special fund. We have relied on that data in preparing this report.

Changes from the previous valuation

Mortality, termination, and disability rates were changed to those used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation.

Summary of valuation results

The actuarial accrued liability used for determining the minimum required contribution decreased from $3,287,811 as of January 1, 2017 to $2,809,184 as of January 1, 2019 primarily due to the normal operation of the plan. Special Fund assets decreased from $3,673,474 as of January 1, 2017 to $3,405,643 as of December 31, 2018. As a result, the plan's funded status increased from 111.73% to 121.23%.

The municipal contribution based on the results of this report before any offset for State Aid is $67,773, down from $85,089 determined by the 2017 valuation.

The State Aid amount is not yet known, but if the amount stays at the level paid in 2017 ($159,147), the remaining municipal obligation would be $0 annually for fiscal years ending 2020 and 2021.

Introduction and Actuarial Certification (continued)

Actuarial certification

To the best of our knowledge, this report is complete and accurate and all Relief Association liabilities were determined in accordance with generally accepted actuarial principles and practices. Upon receipt of the report, the Relief Association should notify us if you disagree with any information contained in the report or if you are aware of any information that would affect the results that has not been communicated to us. The report will be deemed final and acceptable to the City and the Relief Association unless you notify us otherwise.

Chapter 356.216 of Minnesota Statues requires that an actuarial valuation of the fund be conducted periodically. The State Auditor has determined that a valuation must be conducted at least every two years. An actuarial valuation is a calculation to determine the normal cost and accrued liability of the fund and includes a determination of the payment necessary to amortize the unfunded liability over the stated period.

The actuarial assumptions and methods are the responsibility of the plan sponsor with the exception of the discount rate which is set by statute and is only appropriate to comply with statutory funding. We have reviewed the other assumptions and believe that they are reasonable estimates of future plan experience, both individually and in the aggregate.

We are available to answer questions on the material contained in this report or to provide explanations or further details on the results. The undersigned credentialed actuary is a consulting actuary for Van Iwaarden Associates and meets the Qualifications Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. In addition, the undersigned actuary meets the requirements of an "approved actuary" under Minnesota statutes, Section 356.215, Subdivision 1, Paragraph (c). We are not aware of any direct or material indirect financial interest or relationship that could create a conflict of interest or impair the objectivity of our work.

Respectfully submitted,

Sandra Bruns

Sandra L. Bruns, EA, FSA
Consulting Actuary

February 28, 2019
L/D/C/R: 4/cl/sb/ek
v.02/26/2019

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Valuation of the Current Plan

	2019	2017
A. Actuarial accrued liability (AAL)		
1. Active members	$ 1,506,172	$ 2,235,748
2. Vested terminated members	1,017,939	680,694
3. Retired members	106,445	197,068
4. Spouses receiving benefits	178,628	174,301
5. Disabled members receiving benefits	0	0
6. Total actuarial accrued liability	$ 2,809,184	$ 3,287,811
B. Special fund assets	$ 3,405,643	$ 3,673,474
C. Unfunded actuarial accrued liability	$ (596,459)	$ (385,663)
D. Credit for surplus	$ (59,646)	$ (38,566)
E. Amortization payment		
1. Amortization period	N/A	N/A
2. Payment	$ 0	$ 0
F. Normal cost	$ 111,161	$ 113,828
G. Annual contribution payable:	2020, 2021	2018, 2019
1. Preliminary contribution (D. + E. + F.)	$ 51,515	$ 75,262
2. Administrative expense (previous year x 1.035)	16,258	9,827
3. Annual contribution (1. + 2.)	$ 67,773	$ 85,089
4. Estimated State Aid	(159,147)	(146,002)
5. Estimated municipal contribution (3. + 4., not less than zero)	$ 0	$ 0
H. Funded Status	121.23%	111.73%

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Reconciliation of Plan Assets

	2018	2017
A. Value of assets at beginning of year	$ 4,238,325	$ 3,673,474
B. Contributions for the year		
1. Municipal contributions	0	0
2. State contributions	159,147	153,366
3. Supplemental benefits	5,000	1,000
4. Total contributions	164,147	154,366
C. Benefits paid during the year	(744,211)	(131,608)
D. Expenses (non-investment) paid from plan assets	(15,708)	(15,024)
E. Investment earnings for the year	(236,910)	557,117
F. Asset value on December 31 (sum of A. thru E.)	$ 3,405,643	$ 4,238,325
G. Investment return		
1. By year	-6.2%	15.3%
2. Two year period	4.6%	

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Changes in the Unfunded Actuarial Accrued Liability

A. Liability gain or loss	
1. Expected actuarial accrued liability (AAL)	
a. AAL as of January 1, 2017	$ 3,287,811
b. Normal cost 2017	113,828
c. Normal cost 2018	113,828
d. Benefit payments 2017	(131,608)
e. Benefit payments 2018	(744,211)
f. Interest to December 31, 2018 on a. through e.	325,988
g. Expected AAL on December 31, 2018 (sum of a. through f.)	2,965,636
2. Actual AAL on January 1, 2019	
a. Before any assumption, method or plan changes	2,792,469
b. After assumption and method changes, but before plan changes	2,789,624
c. After assumption, method and plan changes	2,809,184
3. Difference from the expected AAL	
a. (Gain) or loss due to plan experience diff from that expected (2.a. - 1.g.)	(173,167)
b. Due to changes in actuarial assumptions and methods (2.b. - 2.a.)	(2,845)
c. Due to plan changes (2.c. - 2.b.)	19,560
d. Total (a. + b. + c.)	(156,452)
B. Asset gain or loss	
1. Expected value of assets	
a. Value of assets on January 1, 2017	3,673,474
b. Benefit payments	(875,819)
c. Contributions	318,513
d. Interest to December 31, 2018 on a., b. and c.	359,176
e. Expected assets on December 31, 2018 (sum of a. through d.)	3,475,344
2. Actual assets as of December 31, 2018	3,405,643
3. (Gain) or loss due to plan experience different from expected (1.e. - 2.)	69,701
C. Changes in the unfunded actuarial accrued liability	
1. Unfunded AAL on January 1, 2017 (A.1.a. - B.1.a.)	(385,663)
2. Expected unfunded AAL on December 31, 2018 (A.1.g. - B.1.e.)	(509,708)
3. Changes	
a. Actuarial (gain) or loss (A.3.a. + B.3.)	(103,466)
b. Changes in actuarial methods and assumptions (A.3.b.)	(2,845)
c. Changes in plan provisions (A.3.c.)	19,560
d. Total change	(86,751)
4. Unfunded AAL on December 31, 2018	(596,459)

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Average Available Financing

	State Aid	City Contrib	Credit for Surplus	Total	Active Members	Average Financing
2016	$ 147,002	$ 0	$ 38,566	$ 185,568	32	$ 5,799
2017	154,366	0	80,150	234,516	35	6,700
2018	164,147	0	59,646	223,793	31	7,219

Average available financing for 2019:	$ 6,573
Minimum Average Available Financing required for $7,700 lump sum multiplier:	4,155
Maximum lump sum multiplier permitted:	10,000

Notes:

- The State Aid and City Contributions shown are those made during the calendar year indicated.
- The number of active members is from the State Reporting Form for the year indicated, that is, the number as of December 31.
- The average available financing for 2019 is the average for the three years preceeding 2019 (2016 to 2018). See Minnesota Statutes §424A.02.

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Summary of Changes in Membership

	Active	Terminated Vested	Retired	Beneficiaries	Disabled	Total
A. Members on January 1, 2017	32	9	10	11	0	62
B. Changes in the member group						
1. New active members	11					11
2. Retirements						0
3. Separation, deferred lump sum	(4)	4				0
4. Separation, not vested	(3)					(3)
5. Separation, disability benefit						0
6. Deaths	(1)		(5)	1		(5)
7. Lump sum distributions	(4)	(2)				(6)
8. Rehire						0
9. Total changes	(1)	2	(5)	1	0	(3)
C. Members on January 1, 2019	31	11	5	12	0	59

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION

January 1, 2019 Actuarial Valuation

Summary of Participant Data

	January 1, 2019	January 1, 2017
A. Active Members		
1. Number	31	32
2. Average Age	41.5	43.9
3. Average years of service	8.1	11.4
B. Vested terminated members		
1. With deferred benefits		
a. Number	11	9
b. Total annual deferred benefits	$0	$0
c. Average annual benefit	0	0
d. Total lump sum benefits	1,251,471	842,917
e. Average lump sum benefit	113,770	93,657
C. Retirees and beneficiaries		
1. Number		
a. Retirees	5	10
b. Beneficiaries	12	11
c. Disabled retirements	0	0
d. Total	17	21
2. Total annual benefits being paid	$47,556	$59,016
3. Average annual benefit being paid	2,797	2,810
D. Total number of participants (A.1. + B.1. + C.1.)	59	62

Summary of Plan Provisions

A. Eligibility	Active or probationary member of the Relief Association.
B. Service	Completed months.
C. Lump Sum Pension	The later of age 50 or after completion of 10 years of service. The lump sum pension is based on completed months of service. The current lump sum pension is based on $7,700 per year of service plus a Supplemental Benefit of 10% of the regular lump sum distribution, but not more than $1,000. If a member is both age 50 and has completed 10 years of service, but not 20 years of service, the lump sum pension will be reduced by 4% for each year of service less than 20 years.
D. Deferred Lump Sum Pension	Termination prior to age 50 with at least 10 years of service. The deferred lump sum pension payable at age 50 is based on the lump sum pension formula and service at date of termination reduced for less than 20 years of service. If a deferred vested member dies before payment, the benefit will be paid to the participant's beneficiary.
E. Survivor Benefit	Years of service times the lump sum rate in effect at the time of death, payable to named beneficiary plus a Supplemental Survivor Benefit in the amount of 20% of the total benefit paid, but not more than $2,000.
F. Plan Changes Since Prior Valuation	The lump sum pension was increased from $7,600 to $7,700 per year of service.

Summary of Actuarial Methods

A. Actuarial Cost Method

The Entry Age Normal actuarial cost method. This actuarial funding method is one of the projected benefit cost methods. The normal cost for each active member is the annual level dollar amount required from the member's entry date to retirement date so that the accumulated contributions at termination or retirement will equal the liability at that time. This cost is expressed as a level annual amount.

B. Actuarial Value of Assets

The actuarial value of assets is equal to the market value of assets.

C. Benefits Valued

All benefits summarized in the plan provisions section of this report with the exception of the supplemental lump sum benefits. The State reimburses the Special Fund for those benefits, so these payments and reimbursements will be recognized in plan assets as they occur.

D. Data Methods

The Relief Association provided census and financial information for the valuation and we have relied on this data in preparing the results in this report. The data was reviewed for reasonableness and consistency, but we have not performed a complete audit.

To the extent that census data was collected as of a date later than January 1, 2019, we have assumed that it is reasonably representative of the plan census on the valuation date and used it with only minor adjustments.

Summary of Actuarial Assumptions

A. Discount Rate

5% as required by Minnesota statutes

B. Mortality

Rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation as described below.

Pre-retirement: RP-2014 employee generational mortality table projected with mortality improvement scale MP-2017, from a base year of 2006.

Post-retirement: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2017 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

C. Withdrawal

Select and ultimate rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. Select rates are as follows:

First through Third Years
3.0%

	Ultimate Rates	
Age	Male	Female
20	3.00%	3.00%
25	2.60%	2.60%
30	2.10%	2.10%
35	1.60%	1.60%
40	1.25%	1.25%
45	1.25%	1.25%
50	0.00%	0.00%

D. Disability

Age-related rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. All incidences are assumed to be duty-related. Select Rates are as follows:

Age	Rate
20	0.11%
25	0.13%
30	0.16%
35	0.19%
40	0.29%
45	0.54%
50	1.04%
55	2.03%
60	0.00%

Summary of Actuarial Assumptions (continued)

E. Retirement

Active members

We have assumed 50% of active members will retire when reaching retirement eligibility (later of age 50 and 20 years of service); then 50% retire each subsequent year until 100% retirement at the earlier of age 65 or 30 years of service.

Age	Less than 20 years of service	With 20-29 years of service	With 30 years of service
50-64	0%	50%	100%
65	100%	100%	100%

Vested terminated

The later of current age and age 50.

F. Beneficiary information

100% of members are assumed to have a beneficiary who will receive survivor benefits.

G. Spouse age difference

Wives are assumed to be 3 years younger than husbands.

H. Form of payment

Lump sum

I. Supplemental benefits

We have not valued the liability associated with supplemental lump sum benefits in this funding valuation since the State reimburses the Special Fund for those benefits. These payments and reimbursements will be recognized in plan assets as they occur.

J. Changes since prior valuation

Mortality, termination, and disability rates were changed to those used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation.

Selection of Non-Economic Assumptions

The Actuarial Standards Board (ASB) provides coordinated guidance for measuring pension and retiree group benefit obligations through a series of Actuarial Standards of Practice (ASOPs). ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, requires that the actuary disclose the rationale used in selecting each non-prescribed non-economic assumption and any changes to non-prescribed non-economic assumptions.

The table below summarizes the rationale for selecting the non-prescribed non-economic assumptions. The rationale for assumption changes, along with a description of the assumptions themselves, is included in the Actuarial Assumption and Methods section of the report.

Non-Economic Assumptions (non-prescribed)	
Assumption	Rationale for Selecting Assumption
Mortality	Rates used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation.
Retirement	Due to limited plan-specific data, based on plan's earliest retirement age with allowance for some delayed retirement.
Termination of Employment	Rates used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation.
Disability	Rates used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation.
Percentage Married and Spouse Ages	Based on standard pension plan assumptions. These assumptions have an insignificant impact on plan costs.

Assessment and Disclosure of Risk

Actuarial Standard of Practice Number 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions (ASOP 51), requires actuaries to identify and assess certain risks that may affect a plan's future financial condition. Some of the primary risks are summarized and defined in the table below.

Risk	Identification/Definition
Investment risk	The potential that investment returns will be different than expected
Asset/liability mismatch risk	The potential that changes in asset values are not matched by changes in liability values
Interest rate risk	The potential that interest rates will be different than expected
Longevity and other demographic risks	The potential that mortality or other demographic experience will be different than expected
Contribution risk	The potential that state aid or municipal contribution rates are different than what is ultimately required to fund plan benefits

ASOP 51 requires that actuaries qualitatively or quantitatively assess the potential effect of these risks on the plan's future financial condition. Methods to assess the risks include scenario tests, sensitivity tests, stress tests, and calculation of actuarial liabilities using a discount rate based on minimal-risk investments. Practical considerations include the usefulness, reliability, timeliness, and cost efficiency of the risk assessment measurements.

In addition to the risk assessment parameters above, ASOP 51 requires that actuaries (1) calculate various plan maturity measures and (2) disclose relevant historical information that are significant to understanding plan risks.

This report contains basic risk assessment information for the plan in accordance with ASOP 51. However, we recommend that employers consider additional pension risk analyses to better understand retirement plan volatility and the potential impact on the organization. We would be glad to discuss potential additional analyses upon request.

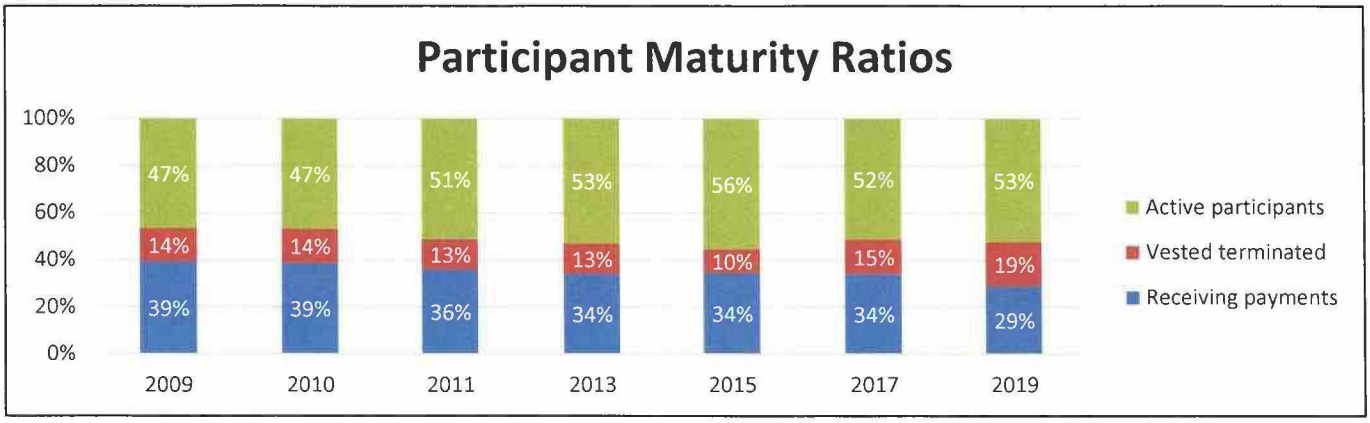
Plan Maturity Measures

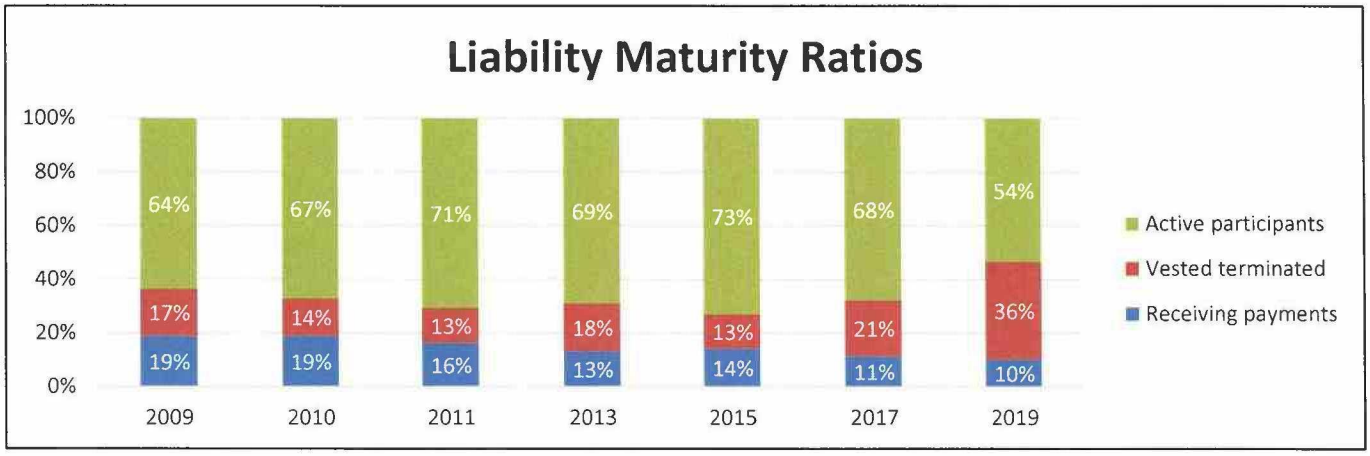
Maturity measures describe how much plan liability is attributable to current employees vs. former employees (e.g., retirees) and the size of plan assets and liabilities relative to overall payroll. These measures include:

Participant Maturity Ratio (PMR)	Number of retirees divided by total participants
Liability Maturity Ratio (LMR)	Retiree liability divided by total plan liability

Assessment and Disclosure of Risk (continued)

A recent history of maturity measures is shown below. Some of the primary risks are summarized and defined in the table below.





Observations:

- The retiree counts and liabilities are steadily decreasing as a percent of the plan's totals. This is because lifetime annuities have been replaced with lump sum payments.

Assessment and Disclosure of Risk (continued)

Historical Plan Information

Historical plan information can provide insight about evolving pension risks, especially as plans mature. Below are historical values for some relevant plan results.

Historical Funded Status Information

	Funding Target Liability	Market Value of Assets	Funded Percent	Actual Investment Return	Assumed Investment Return
2019	$ 2,809,184	$ 3,405,643	121.23%	-6.22%	5.00%
2017	3,287,811	3,673,474	111.73%	15.28%	5.00%
2015	3,084,717	3,508,210	113.73%	4.20%	5.00%
2013	3,279,231	3,282,317	100.09%	8.30%	5.00%
2011	3,253,686	3,303,595	101.53%	11.80%	5.00%
2010	3,113,981	2,916,962	93.67%	N/A	5.00%
2009	3,240,590	2,654,832	81.92%	N/A	5.00%

Observations

- The plan's funded status has steadily increased in recent years. Liabilities have remained relatively stable.

Assessment and Disclosure of Risk (continued)

Defined benefit plans like this one are subject to statutory minimum funding rules. These impose stringent requirements on when and how much money must be contributed to the plan trust. This means that many pension risks are less applicable to Relief Association defined benefit plans.

The table below provides analysis of some potential plan risks. Please note that the list of risks and the risk assessments shown are not exhaustive. We would be glad to provide a more detailed risk assessment upon request.

Risk	Assessment
Investment risk	If future investment returns are higher or lower than assumed, then future contributions may need to be increased or decreased to compensate. The plan currently uses an investment return assumption based on statutory requirements of 5%.
Asset/liability mismatch risk	Per state statues, plan funding liabilities are determined using a 5% interest rate. Since plan assets are invested in a mix of equity and fixed income securities, there is a risk that changes in assets values are not matched by changes in liability values.
Interest rate risk	There is a risk that interest rates could be different than expected under current statutory minimum funding rules. Statutory funding interest rates are currently "stabilized" at 5%.
Longevity and other demographic risks	The plan demographic assumptions reflect best estimates of future plan experience. However, retirees receiving monthly payments may live longer than expected which would change plan liabilities.
Contribution risk	Statutory minimum funding rules are relatively conservative and statutorily-mandated, so there is less risk that the plan sponsor will not make the necessary contributions than in other types of plans.

VAN IWAARDEN
Retirement planning for employers

April 4, 2019

Mr. John R. Polz
Treasurer-Brooklyn Center Firefighter's Relief Association
6250 Brooklyn Boulevard
Brooklyn Center, MN 55429

Re: **Pension Plan Projections with Benefit Increase**

Dear John:

We have prepared a projection of the pension plan assets and liabilities at the following benefit levels: $8,000, $8,500, $8,750, $9,000 and $9,300. The projections reflect a constant active membership of 40 firefighters. Under the $8,750, $9,000 and $9,300 benefit level scenarios an estimated municipal contribution is required in the future.

Background

We were hired by the Relief Association to prepare a projection of the pension plan's liabilities, assets and funded status under five different benefit levels. The projections are to include a constant active membership of 40 firefighters.

This letter documents the results of the projections.

Projection and Assumptions

The actuarial accrued liability and normal cost for each year of the projection was calculated using the discount rate, mortality, retirement, disability and withdrawal assumptions stated in the January 1, 2019 valuation report. When a member died, retired or terminated, a new firefighter was added. The new firefighter was assumed to be 32 years old.

The Special Account asset balance for each year of the projection was calculated using the benefit payments generated from the liability projection, a constant State Aid contribution of $159,147 (the 2018 actual State Aid contribution), expenses increasing at 3.5% per year, and an assumed rate of return of 5%. All transactions (contributions and distributions) were assumed to occur mid-year.

The municipal contribution, if any, was determined as the normal cost for the year plus/minus the amortization of any unfunded accrued liability/surplus plus expenses less the State Aid contribution.

Results

- Under both the $8,000 and $8,500 benefit levels there would be no municipal contribution.
- Under the $8,750 benefit level, a municipal contribution would be required beginning in 2030. It starts at approximately $3,900 and grows to $12,000 in 2034.
- Under the $9,000 benefit level, a municipal contribution would be required beginning in 2024. It starts at approximately $1,000 and grows to $24,000 in 2034.
- Under the $9,300 benefit level, a municipal contribution would be required beginning in 2020. It starts at approximately $1,500 and grows to $34,000 in 2034.

The attached exhibits for each benefit level show the details of the calculations.

Please let me know if you have any questions or if there are other projections you'd like us to run.

Sincerely,

Sandra Bruns

Sandra Bruns, FSA, EA, MAAA
Consulting Actuary
L/D/C/R: 3/ctl/slb/emk

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,000 Lump Sum Pension

Valuation Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Lump sum multiplier	7,700	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
A. Actuarial Accrued Liability (AAL)									
1. AAL	$2,809,184	$2,227,779	$2,462,877	$2,206,260	$2,404,852	$2,474,691	$2,618,344	$2,474,966	$2,668,887
2. Normal Cost	111,161	159,890	157,148	161,023	161,046	161,095	161,142	161,541	161,754
B. Special Fund Assets									
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,405,643	2,855,370	3,100,607	2,868,942	3,078,095	3,161,751	3,317,611	3,193,402	3,398,202
3. Expected Benefit Payments	(846,420)	(42,919)	(519,584)	(77,628)	(209,656)	(142,663)	(422,852)	(95,131)	(228,885)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147
5. Expected Expenses (prior year x 3.5%)	(15,708)	(16,258)	(16,827)	(17,416)	(18,026)	(18,657)	(19,310)	(19,986)	(20,686)
6. Interest to end of val year	152,708	145,268	145,599	145,050	152,191	158,033	158,805	160,771	167,650
7. Assets at end of val year	2,855,370	3,100,607	2,868,942	3,078,095	3,161,751	3,317,611	3,193,402	3,398,202	3,475,428
C. Unfunded AAL	0	0	0	0	0	0	0	0	0
D. Credit for surplus	59,646	62,759	63,773	66,268	67,324	68,706	69,927	71,844	72,932
E. Amortization Payment									
1. Amortization Period	0	0	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0	0	0
F. Annual Contribution Payable									
1. Preliminary Contribution (A.2.+E.-D.)	51,515	97,131	93,375	94,755	93,722	92,389	91,215	89,697	88,822
2. Administrative Expense (prior year x 3.5%)	15,708	16,258	16,827	17,416	18,026	18,657	19,310	19,986	20,686
3. Annual Contribution (1.+2.)	67,223	113,389	110,202	112,171	111,748	111,046	110,525	109,683	109,508
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	0	0	0	0
G. Funded Status	121%	128%	126%	130%	128%	128%	127%	129%	127%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,000

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,000 Lump Sum Pension

Valuation Year	2028	2029	2030	2031	2032	2033	2034
Lump sum multiplier	8,000	8,000	8,000	8,000	8,000	8,000	8,000
A. Actuarial Accrued Liability (AAL)							
1. AAL	$2,732,234	$2,890,238	$2,994,731	$3,157,929	$3,387,404	$3,509,438	$3,737,070
2. Normal Cost	161,670	160,453	162,248	162,311	162,348	162,438	158,182
B. Special Fund Assets							
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,475,428	3,645,216	3,764,067	3,938,469	4,177,473	4,311,484	4,548,377
3. Expected Benefit Payments	(141,623)	(198,851)	(149,677)	(94,355)	(207,615)	(112,919)	(223,786)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	159,147
5. Expected Expenses (prior year x 3.5%)	(21,410)	(22,159)	(22,935)	(23,738)	(24,569)	(25,429)	(26,319)
6. Interest to end of val year	173,674	180,714	187,867	197,950	207,048	216,094	225,145
7. Assets at end of val year	3,645,216	3,764,067	3,938,469	4,177,473	4,311,484	4,548,377	4,682,564
C. Unfunded AAL	0	0	0	0	0	0	0
D. Credit for surplus	74,319	75,498	76,934	78,054	79,007	80,205	81,131
E. Amortization Payment							
1. Amortization Period	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0
F. Annual Contribution Payable							
1. Preliminary Contribution (A.2.+E.-D.)	87,351	84,955	85,314	84,257	83,341	82,233	77,051
2. Administrative Expense (prior year x 3.5%)	21,410	22,159	22,935	23,738	24,569	25,429	26,319
3. Annual Contribution (1.+2.)	108,761	107,114	108,249	107,995	107,910	107,662	103,370
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	0	0
G. Funded Status	127%	126%	126%	125%	123%	123%	122%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,000

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,500 Lump Sum Pension

Valuation Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Lump sum multiplier	7,700	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
A. Actuarial Accrued Liability (AAL)									
1. AAL	$2,809,184	$2,309,728	$2,559,299	$2,295,991	$2,506,717	$2,590,376	$2,748,736	$2,615,208	$2,821,857
2. Normal Cost	111,161	169,883	166,969	171,086	171,112	171,163	171,213	171,637	171,864
B. Special Fund Assets									
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,405,643	2,855,370	3,100,493	2,847,515	3,052,747	3,133,338	3,286,167	3,153,314	3,351,341
3. Expected Benefit Payments	(846,420)	(43,031)	(540,371)	(80,408)	(211,410)	(144,234)	(429,751)	(99,784)	(242,050)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147
5. Expected Expenses (prior year x 3.5%)	(15,708)	(16,258)	(16,827)	(17,416)	(18,026)	(18,657)	(19,310)	(19,986)	(20,686)
6. Interest to end of val year	152,708	145,265	145,073	143,909	150,880	156,573	157,061	158,650	164,977
7. Assets at end of val year	2,855,370	3,100,493	2,847,515	3,052,747	3,133,338	3,286,167	3,153,314	3,351,341	3,412,729
C. Unfunded AAL	0	0	0	0	0	0	0	0	0
D. Credit for surplus	59,646	54,564	54,119	55,152	54,603	54,296	53,743	53,811	52,948
E. Amortization Payment									
1. Amortization Period	0	0	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0	0	0
F. Annual Contribution Payable									
1. Preliminary Contribution (A.2.+E.-D.)	51,515	115,319	112,850	115,934	116,509	116,867	117,470	117,826	118,916
2. Administrative Expense (prior year x 3.5%)	15,708	16,258	16,827	17,416	18,026	18,657	19,310	19,986	20,686
3. Annual Contribution (1.+2.)	67,223	131,577	129,677	133,350	134,535	135,524	136,780	137,812	139,602
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	0	0	0	0
G. Funded Status	121%	124%	121%	124%	122%	121%	120%	121%	119%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,500

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,500 Lump Sum Pension

Valuation Year	2028	2029	2030	2031	2032	2033	2034
Lump sum multiplier	8,500	8,500	8,500	8,500	8,500	8,500	8,500
A. Actuarial Accrued Liability (AAL)							
1. AAL	$2,889,645	$3,057,889	$3,169,169	$3,342,720	$3,586,596	$3,716,222	$3,957,960
2. Normal Cost	171,775	170,482	172,389	172,455	172,495	172,591	168,069
B. Special Fund Assets							
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,412,729	3,571,339	3,674,660	3,835,791	4,064,300	4,179,941	4,403,528
3. Expected Benefit Payments	(149,470)	(210,399)	(158,263)	(99,585)	(220,016)	(119,484)	(237,355)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	159,147
5. Expected Expenses (prior year x 3.5%)	(21,410)	(22,159)	(22,935)	(23,738)	(24,569)	(25,429)	(26,319)
6. Interest to end of val year	170,343	176,732	183,182	192,685	201,079	209,353	217,563
7. Assets at end of val year	3,571,339	3,674,660	3,835,791	4,064,300	4,179,941	4,403,528	4,516,564
C. Unfunded AAL	0	0	0	0	0	0	0
D. Credit for surplus	52,308	51,345	50,549	49,307	47,770	46,372	44,557
E. Amortization Payment							
1. Amortization Period	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0
F. Annual Contribution Payable							
1. Preliminary Contribution (A.2.+E.-D.)	119,467	119,137	121,840	123,148	124,725	126,219	123,512
2. Administrative Expense (prior year x 3.5%)	21,410	22,159	22,935	23,738	24,569	25,429	26,319
3. Annual Contribution (1.+2.)	140,877	141,296	144,775	146,886	149,294	151,648	149,831
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	0	0
G. Funded Status	118%	117%	116%	115%	113%	112%	111%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,500

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,750 Lump Sum Pension

Valuation Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Lump sum multiplier	7,700	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750
A. Actuarial Accrued Liability (AAL)									
1. AAL	$2,809,184	$2,350,703	$2,607,510	$2,340,856	$2,557,649	$2,648,218	$2,813,932	$2,685,330	$2,898,342
2. Normal Cost	111,161	174,879	171,880	176,118	176,144	176,198	176,249	176,685	176,919
B. Special Fund Assets									
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,405,643	2,855,370	3,100,435	2,836,802	3,040,073	3,119,132	3,270,446	3,133,270	3,327,911
3. Expected Benefit Payments	(846,420)	(43,087)	(550,764)	(81,798)	(212,287)	(145,019)	(433,201)	(102,110)	(248,632)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147	159,147
5. Expected Expenses (prior year x 3.5%)	(15,708)	(16,258)	(16,827)	(17,416)	(18,026)	(18,657)	(19,310)	(19,986)	(20,686)
6. Interest to end of val year	152,708	145,264	144,811	143,338	150,225	155,843	156,188	157,590	163,641
7. Assets at end of val year	2,855,370	3,100,435	2,836,802	3,040,073	3,119,132	3,270,446	3,133,270	3,327,911	3,381,381
C. Unfunded AAL	0	0	0	0	0	0	0	0	0
D. Credit for surplus	59,646	50,467	49,293	49,595	48,242	47,091	45,651	44,794	42,957
E. Amortization Payment									
1. Amortization Period	0	0	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0	0	0
F. Annual Contribution Payable									
1. Preliminary Contribution (A.2.+E.-D.)	51,515	124,412	122,587	126,523	127,902	129,107	130,598	131,891	133,962
2. Administrative Expense (prior year x 3.5%)	15,708	16,258	16,827	17,416	18,026	18,657	19,310	19,986	20,686
3. Annual Contribution (1.+2.)	67,223	140,670	139,414	143,939	145,928	147,764	149,908	151,877	154,648
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	0	0	0	0
G. Funded Status	121%	121%	119%	121%	119%	118%	116%	117%	115%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,750

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$8,750 Lump Sum Pension

Valuation Year	2028	2029	2030	2031	2032	2033	2034
Lump sum multiplier	8,750	8,750	8,750	8,750	8,750	8,750	8,750
A. Actuarial Accrued Liability (AAL)							
1. AAL	$2,968,350	$3,141,714	$3,256,388	$3,435,116	$3,686,191	$3,819,614	$4,068,405
2. Normal Cost	176,827	175,496	177,459	177,527	177,568	177,667	173,012
B. Special Fund Assets							
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,381,381	3,534,402	3,629,957	3,784,453	4,011,702	4,125,722	4,353,933
3. Expected Benefit Payments	(153,394)	(216,173)	(162,556)	(102,200)	(226,216)	(122,767)	(244,140)
4. Expected Contributions	159,147	159,147	159,147	163,037	166,331	169,586	172,485
5. Expected Expenses (prior year x 3.5%)	(21,410)	(22,159)	(22,935)	(23,738)	(24,569)	(25,429)	(26,319)
6. Interest to end of val year	168,678	174,740	180,839	190,150	198,474	206,821	215,247
7. Assets at end of val year	3,534,402	3,629,957	3,784,453	4,011,702	4,125,722	4,353,933	4,471,206
C. Unfunded AAL	0	0	0	0	0	0	0
D. Credit for surplus	41,303	39,269	37,357	34,934	32,551	30,611	28,553
E. Amortization Payment							
1. Amortization Period	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0
F. Annual Contribution Payable							
1. Preliminary Contribution (A.2.+E.-D.)	135,524	136,227	140,102	142,593	145,017	147,056	144,459
2. Administrative Expense (prior year x 3.5%)	21,410	22,159	22,935	23,738	24,569	25,429	26,319
3. Annual Contribution (1.+2.)	156,934	158,386	163,037	166,331	169,586	172,485	170,778
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	3,890	7,184	10,439	13,338	11,631
G. Funded Status	114%	112%	111%	110%	109%	108%	107%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $8,750

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$9,000 Lump Sum Pension

Valuation Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Lump sum multiplier	7,700	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
A. Actuarial Accrued Liability (AAL)									
1. AAL	$2,809,184	$2,391,678	$2,655,721	$2,385,721	$2,608,581	$2,706,061	$2,879,128	$2,755,451	$2,974,827
2. Normal Cost	111,161	179,876	176,791	181,150	181,177	181,232	181,284	181,733	181,973
B. Special Fund Assets									
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,405,643	2,855,370	3,100,378	2,826,088	3,027,399	3,104,925	3,254,724	3,114,104	3,309,386
3. Expected Benefit Payments	(846,420)	(43,143)	(561,158)	(83,188)	(213,164)	(145,804)	(436,650)	(104,437)	(255,214)
4. Expected Contributions	159,147	159,147	159,147	159,147	159,147	159,147	160,003	163,034	165,854
5. Expected Expenses (prior year x 3.5%)	(15,708)	(16,258)	(16,827)	(17,416)	(18,026)	(18,657)	(19,310)	(19,986)	(20,686)
6. Interest to end of val year	152,708	145,262	144,548	142,768	149,569	155,113	155,337	156,670	162,718
7. Assets at end of val year	2,855,370	3,100,378	2,826,088	3,027,399	3,104,925	3,254,724	3,114,104	3,309,386	3,362,058
C. Unfunded AAL	0	0	0	0	0	0	0	0	0
D. Credit for surplus	59,646	46,369	44,466	44,037	41,882	39,886	37,560	35,865	33,456
E. Amortization Payment									
1. Amortization Period	0	0	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0	0	0
F. Annual Contribution Payable									
1. Preliminary Contribution (A.2.+E.-D.)	51,515	133,507	132,325	137,113	139,295	141,346	143,724	145,868	148,517
2. Administrative Expense (prior year x 3.5%)	15,708	16,258	16,827	17,416	18,026	18,657	19,310	19,986	20,686
3. Annual Contribution (1.+2.)	67,223	149,765	149,152	154,529	157,321	160,003	163,034	165,854	169,203
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	0	0	0	0	856	3,887	6,707	10,056
G. Funded Status	121%	119%	117%	118%	116%	115%	113%	113%	111%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $9,000

L/D/C/R: 4/ctl/slb/emk

4/3/2019

VAN IWAARDEN

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$9,000 Lump Sum Pension

Valuation Year	2028	2029	2030	2031	2032	2033	2034
Lump sum multiplier	9,000	9,000	9,000	9,000	9,000	9,000	9,000
A. Actuarial Accrued Liability (AAL)							
1. AAL	$3,047,056	$3,225,540	$3,343,607	$3,527,512	$3,785,787	$3,923,007	$4,178,850
2. Normal Cost	181,879	180,510	182,529	182,599	182,642	182,743	177,955
B. Special Fund Assets							
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,362,058	3,520,397	3,622,292	3,786,390	4,025,978	4,148,828	4,388,776
3. Expected Benefit Payments	(157,318)	(221,947)	(166,850)	(104,815)	(232,416)	(126,049)	(250,925)
4. Expected Contributions	169,203	171,789	173,183	177,595	180,449	183,192	185,590
5. Expected Expenses (prior year x 3.5%)	(21,410)	(22,159)	(22,935)	(23,738)	(24,569)	(25,429)	(26,319)
6. Interest to end of val year	167,865	174,212	180,700	190,546	199,386	208,234	217,147
7. Assets at end of val year	3,520,397	3,622,292	3,786,390	4,025,978	4,148,828	4,388,776	4,514,269
C. Unfunded AAL	0	0	0	0	0	0	0
D. Credit for surplus	31,500	29,486	27,869	25,888	24,019	22,582	20,993
E. Amortization Payment							
1. Amortization Period	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0
F. Annual Contribution Payable							
1. Preliminary Contribution (A.2.+E.-D.)	150,379	151,024	154,660	156,711	158,623	160,161	156,962
2. Administrative Expense (prior year x 3.5%)	21,410	22,159	22,935	23,738	24,569	25,429	26,319
3. Annual Contribution (1.+2.)	171,789	173,183	177,595	180,449	183,192	185,590	183,281
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	12,642	14,036	18,448	21,302	24,045	26,443	24,134
G. Funded Status	110%	109%	108%	107%	106%	106%	105%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $9,000

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$9,300 Lump Sum Pension

Valuation Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Lump sum multiplier	7,700	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
A. Actuarial Accrued Liability (AAL)									
1. AAL	$2,809,184	$2,440,847	$2,713,574	$2,439,559	$2,669,700	$2,775,472	$2,957,363	$2,839,596	$3,066,609
2. Normal Cost	111,161	185,872	182,684	187,189	187,216	187,273	187,327	187,791	188,039
B. Special Fund Assets									
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,405,643	2,855,370	3,100,309	2,814,801	3,015,570	3,099,559	3,259,920	3,129,173	3,336,027
3. Expected Benefit Payments	(846,420)	(43,210)	(573,630)	(84,856)	(214,216)	(146,746)	(440,790)	(107,229)	(263,113)
4. Expected Contributions	159,147	159,147	160,678	160,837	167,081	170,655	173,521	176,381	178,819
5. Expected Expenses (prior year x 3.5%)	(15,708)	(16,258)	(16,827)	(17,416)	(18,026)	(18,657)	(19,310)	(19,986)	(20,686)
6. Interest to end of val year	152,708	145,260	144,271	142,204	149,149	155,109	155,832	157,688	164,177
7. Assets at end of val year	2,855,370	3,100,309	2,814,801	3,015,570	3,099,559	3,259,920	3,129,173	3,336,027	3,395,224
C. Unfunded AAL	0	0	0	0	0	0	0	0	0
D. Credit for surplus	59,646	41,452	38,674	37,524	34,587	32,409	30,256	28,958	26,942
E. Amortization Payment									
1. Amortization Period	0	0	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0	0	0
F. Annual Contribution Payable									
1. Preliminary Contribution (A.2.+E.-D.)	51,515	144,420	144,010	149,665	152,629	154,864	157,071	158,833	161,097
2. Administrative Expense (prior year x 3.5%)	15,708	16,258	16,827	17,416	18,026	18,657	19,310	19,986	20,686
3. Annual Contribution (1.+2.)	67,223	160,678	160,837	167,081	170,655	173,521	176,381	178,819	181,783
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	0	1,531	1,690	7,934	11,508	14,374	17,234	19,672	22,636
G. Funded Status	121%	117%	114%	115%	113%	112%	110%	110%	109%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $9,300

L/D/C/R: 4/ctl/slb/emk

4/3/2019

VAN IWAARDEN

BROOKLYN CENTER FIREFIGHTER'S RELIEF ASSOCIATION PROJECTION
$9,300 Lump Sum Pension

Valuation Year	2028	2029	2030	2031	2032	2033	2034
Lump sum multiplier	9,300	9,300	9,300	9,300	9,300	9,300	9,300
A. Actuarial Accrued Liability (AAL)							
1. AAL	$3,141,502	$3,326,131	$3,448,270	$3,638,387	$3,905,302	$4,047,077	$4,311,384
2. Normal Cost	187,942	186,527	188,614	188,686	188,730	188,834	183,887
B. Special Fund Assets							
1. Investment return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2. Assets at valuation date	3,395,224	3,563,291	3,672,724	3,846,145	4,097,300	4,227,568	4,478,596
3. Expected Benefit Payments	(162,026)	(228,876)	(172,001)	(107,953)	(239,857)	(129,988)	(259,067)
4. Expected Contributions	181,783	183,980	184,970	189,104	191,648	194,099	196,214
5. Expected Expenses (prior year x 3.5%)	(21,410)	(22,159)	(22,935)	(23,738)	(24,569)	(25,429)	(26,319)
6. Interest to end of val year	169,720	176,488	183,387	193,743	203,046	212,345	221,700
7. Assets at end of val year	3,563,291	3,672,724	3,846,145	4,097,300	4,227,568	4,478,596	4,611,124
C. Unfunded AAL	0	0	0	0	0	0	0
D. Credit for surplus	25,372	23,716	22,445	20,776	19,200	18,049	16,721
E. Amortization Payment							
1. Amortization Period	0	0	0	0	0	0	0
2. Payment	0	0	0	0	0	0	0
F. Annual Contribution Payable							
1. Preliminary Contribution (A.2.+E.-D.)	162,570	162,811	166,169	167,910	169,530	170,785	167,166
2. Administrative Expense (prior year x 3.5%)	21,410	22,159	22,935	23,738	24,569	25,429	26,319
3. Annual Contribution (1.+2.)	183,980	184,970	189,104	191,648	194,099	196,214	193,485
4. Estimated State Aid (prior year x 0%)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)	(159,147)
5. Estimated Municipal Contribution (3.+4.)	24,833	25,823	29,957	32,501	34,952	37,067	34,338
G. Funded Status	108%	107%	107%	106%	105%	104%	104%

Assumptions

5% investment return
Contributions and distributions occur mid-year
Expenses increase at 3.5% per year
Constant 40 active firefighters
State Aid remains constant at $159,147
Lump sum multiplier of $9,300

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Resolution Adopting Amendments to the City's Capital Project Funding Policy

Requested Council Action:

- Motion to approve a resolution adopting amendments to the Capital Improvements Funding Policy of the Brooklyn Center City Council Code of Policies

Background:

On January 13, 2014 the City Council adopted a Capital Improvement Funding Policy that provides a recurring source of funding for the City's 15-year Capital Improvement Plan. The Policy was updated by the City Council on November 27, 2017 and incorporated in the *City Council Code of Policies – Section 2.23 Fund Balance and Classification Policy.*

The Capital Improvements Fund accounts for large expenditures (exceeding $50,000) for municipal buildings, furnishings, equipment, computer/radio systems, park and trail improvements, and capital projects made possible through outside funding sources.

The Policy specifically identifies funding sources of the Capital Improvements Fund as follows:

1. Each year, following the completion of the annual audit (typically July) the year-end fund balance of the General Fund will be reviewed for surplus operating funds. The audited year-end General Fund unassigned fund balance that exceeds 52% of the next year's General Fund operating budget will be transferred to the Capital Improvements Fund.
2. Each year, following the completion of the annual audit (typically July) the year-end cash balance of the Brooklyn Center Liquor operations will be reviewed for surplus operating funds. The audited year-end Liquor Fund unrestricted cash balance that exceeds three and a half months of the next year's budgeted operating expenses and on year of budgeted capital needs will be transferred to the Capital Improvements Fund.
3. On an annual basis, the City will receipt the greater of $650,000 (or the full amount if less than $650,000) of Local Government Aid (LGA) received OR 50 percent of total LGA.
4. Project cost sharing grants from Regional, County, State or Federal governments.
5. Tax increment funds as applicable.
6. Allocated investment earnings based on the fund's cash balance

Any remaining fund balance at year-end in the Capital Improvements Fund will be carried forward to fund future capital improvement projects as identified in the City's Capital Improvement Plan.

In 2017/2018 the City hired the Shenehon Company to do a market study for the liquor operations. A recommendation from that market study was to utilize $1.3 million in excess cash from the Liquor Fund

towards store ownership. The market study analyzed comparable municipal liquor stores and found that the municipal peer group carried 24.5% of their assets in cash, compared to the City of Brooklyn Center which carried 68% of our assets in cash. Using the peer group average of 24.5% and assets held by the Liquor Fund as of 12/31/2018 of $3.2 million, this would equate to cash balance of $790,000. Staff concurs that a reduction to the liquor store cash is appropriate, but believes a measure based on operation and capital needs continues to be more of an appropriate reflection of cash requirements. Staff recommendation is to reduce the requirement in current policy from 3.5 months of operating expenses to 2 months.

A comparison of the calculation based on the 12/31/2018 cash balance and 2019 budget is provided below. The calculations used for the comparison, include the one-time use of $900,000 in liquor fund cash balance towards the acquisition of property and the construction of the new liquor store.

Current Policy (Calculated 3.5 Months of Operating Budget)			
2018 Audited - Municipal Liquor Stores Cash Balance			$ 2,284,048
2019 Budget - Cost of Goods Sold	4,847,790		
2019 Budget - Operating Expenses	1,503,574		
Total 2019 Operating Budget	6,351,364		
Calculated - 3.5 Months of Operating Budget		1,852,481	
2019 Budget - Capital (Liquor Store Construction)		900,000	
Policy - Target Cash Balance			2,752,481
Recommended Transfer			$ (468,433)
Proposed Policy Revision (Calculated 2 Months of Operating Budget)			
2018 Audited - Municipal Liquor Stores Cash Balance			$ 2,284,048
2019 Budget - Cost of Goods Sold	4,847,790		
2019 Budget - Operating Expenses	1,503,574		
Total 2019 Operating Budget	6,351,364		
Calculated - 2 Months of Operating Budget		1,058,561	
2019 Budget - Capital (Liquor Store Construction)		900,000	
Policy - Target Cash Balance			1,958,561
Recommended Transfer			$ 325,487

Budget Issues:

The proposed cash required for operations would be reduced from $1,852,481 to $1,058,561, which maintains a balance still above the current municipal peer group average or 24.5% of assets as cash. If approved, the recommended transfer to the Capital Improvements Fund for 2019 would be $325,487. There would be no transfer under the current policy. The proposed policy change, is a one-time adjustment, and will have a minimal effect on future annual transfer amounts as it will continue to be a formula based on operating and capital needs.

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
Capital Improvements Funding Policy Resolution	7/1/2019	Resolution Letter
Capital Improvements Funding Policy - Proposed Changes	7/1/2019	Exhibit

Member introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION ADOPTING AMENDMENTS TO THE CAPITAL IMPROVEMENTS FUNDING POLICY OF THE BROOKLYN CENTER CITY COUNCIL CODE OF POLICIES

WHEREAS, the City Council of the City of Brooklyn Center adopted an amended Fund Balance and Classification Policy on November 27, 2017, that included the Capital Improvements Funding Policy, within the City Council Code of Policies; and

WHEREAS, revisions to the Financial Policies Section 2.23 Fund Balance and Classification Policy have been reviewed by the City Council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brooklyn Center, Minnesota that Financial Policies Section 2.23 Fund Balance and Classification Policy attached hereto as Exhibit 1 be incorporated into the Code of Policies and hereby adopted.

July 8, 2019 _____
Date Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:
whereupon said resolution was declared duly passed and adopted.

FINANCIAL POLICIES

2.23 Fund Balance and Classification Policy

Capital Project Funds

a. **Capital Improvements Fund -** Large capital expenditures for municipal buildings, furnishings, equipment, computer/radio systems, park and trail improvements, and capital projects made possible through outside funding sources, are accounted for in the Capital Improvements Fund.

   i. Funding Sources:

      a. Each year, following the completion of the annual audit (typically July) the year-end fund balance of the General Fund will be reviewed for surplus operating funds. The audited year-end General Fund unassigned fund balance that exceeds 52% of the next year's General Fund operating budget will be transferred to the Capital Improvements fund.
      b. Each year, following the completion of the annual audit (typically July) the year-end cash balance of the Brooklyn Center Liquor operations will be reviewed for surplus operating funds. The audited year-end Liquor Fund unrestricted cash balance that exceeds ~~three and a half months~~ two months of the next year's budgeted operating expenses and one year of budgeted capital equipment needs will be transferred to the Capital Improvements fund.
      c. On an annual basis, the City will receipt the greater of $650,000 (or the full amount if less than $650,000) of Local Government Aid (LGA) received OR 50 percent of total LGA.
      d. Project cost sharing grants from Regional, County, State or Federal governments.
      e. Tax increment funds as applicable
      f. Allocated investment earnings based on the fund's cash balance

      Any remaining fund balance at year-end in the Capital Improvements Fund will be carried forward to fund future capital improvement projects as identified in the City's Capital Improvement Plan.

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Resolution Accepting Bid and Awarding a Contract for Municipal Liquor Store Equipment, Racking & Shelving

Requested Council Action:

- Motion to approve a resolution of the lowest responsible bid and award a contract to St. Cloud Refrigeration for Municipal Liquor Store Equipment, Racking & Shelving

Background:

Bids for Municipal Liquor Store Equipment, Racking & Shelving were received and opened on June 27, 2019. The project bid included walk-in cooler/beer cave (panels, sliding glass door, pallet racking, and refrigeration), sales floor shelving and moving and installing owner supplied racking from the previous store. The City separated these items from the bid for construction of the municipal liquor store, because of the specialty of the fixtures and equipment and that it would likely be more cost effective to have these items under a separate contract. The City worked with a vendor to help design the specifications and was provided a cost estimate from that vendor that exceeded $200,000, which exceeded the City's threshold and required the contract to be competitively bid.

Two bids were received and results are tabulated below:

Bidder	Base Bid
St. Cloud Refrigeration	$170,910
Stan Morgan & Associates	$198,500

The lowest responsible base bid of $170,910 was submitted by St. Cloud Refrigeration (SCR Inc.) of St. Cloud, Minnesota. SCR Inc. has the experience, equipment and capacity to qualify as the lowest responsible bidder for the project. The City previously worked with SCR Inc. at Store #1 when we completed the beer cave.

Budget Issues:

The low bid amount of $170,910 is 18.6 percent under the estimated cost of $210,000. The City will coordinate with B2 Builders (the building construction contractor) and St. Cloud Refrigeration to complete this work at the appropriate time during the buildings construction.

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
Resolution Awarding Contract for Liquor Store Equipment	7/1/2019	Resolution Letter
Equipment & Fixture Specifications	7/1/2019	Backup Material
Equipment & Fixtures Image	7/1/2019	Backup Material

Member introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION ACCEPTING BID AND AWARDING CONTRACT FOR MUNICIPAL LIQUOR STORE EQUIPMENT, RACKING & SHELVING

WHEREAS, pursuant to an advertisement for bids for Municipal Liquor Store Equipment, Racking & Shelving, two bids were received, opened and tabulated by the City Finance Director on the 27th day of June 2019. Said bids were as follows:

Bidder	**Base Bid**
St. Cloud Refrigeration	$170,910
Stan Morgan & Associates	$198,500

WHEREAS, it appears that St. Cloud Refrigeration (SCR Inc.) of St. Cloud, Minnesota is the lowest responsible bidder; and

WHEREAS, the City reasonably expects to spend monies from the Municipal Liquor fund on a temporary basis to pay the expenditures described in this resolution; and

WHEREAS, the City reasonably expects to reimburse itself for such expenditures from the proceeds of taxable or tax exempt bonds, the debt service of which is expected to be paid from property taxes or municipal liquor operation revenues.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brooklyn Center, Minnesota, as follows:

1. The Finance Director is hereby authorized and directed to enter into a contract with St. Cloud Refrigeration (SCR Inc.) St. Cloud, Minnesota, in the name of the City of Brooklyn Center for Municipal Liquor Store Equipment, Racking & Shelving, according to the plans and specifications on file in the office of the City Finance Director.

2. This resolution is intended to constitute official intent, for purposes of Treasury Regulations Section 1.150-2(d) and any successor law, regulation, or ruling, to issue taxable or tax exempt reimbursement bonds, in an amount not to exceed $4 million, to finance the acquisition, construction and equipping of the property described above and a municipal liquor store to be located thereon. This resolution will be modified to the extent required or permitted by Treasury Regulations or any successor law, regulation, or ruling.

RESOLUTION NO. _____

_____July 8, 2019_____ _____
Date Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:
whereupon said resolution was declared duly passed and adopted.

WALK IN COOLER / BEER CAVE:

PANELS:

- Manufacturer: Carroll Coolers or Approved Equal (See Exhibit A)
- External (O.D.): 62'4" Width x 30'0" Depth x 13'0" Height
- Wood rail construction cooler fabricated of modular design and construction.

Finishes:

- Exterior Walls/Ceiling: Stucco Galvanized - 26 Ga.
- Interior Walls/Ceiling: Stucco Galvanized/Embossed White – 26 Ga.

Panel Construction:

- Foamed-in-place polyurethane, heat cured and bonded to the metal skin. Tongue and grove edges on adjoining sides of every panel with a flexible vinyl gasket around the interior and exterior of each tongue edge.
- Walls: 4" UL Listed Class 1 Foam
- Ceilings: 4" UL Listed Class 1 Foam
- NSF, UL, UI FI25 Flame Spread Certified
- Warranty: Panels to be free from defects in material and workmanship under normal use and service. Panels are warranted against delamination for a period of ten (10) years.
- Buck openings: (1) 72" Width x 96" Height (for double acting door) and (1) 113-3/4" Width x 82" Height (for sliding door)

Accessories:

- Ceiling Hangers
- Wood Screeds
- Lag Down Ceilings
- (2) Digital Thermometer/ Switch
- (2) Vapor Proof Light Fixture (Bulb not included)
- (2) 80"x102" Strip Curtain (8" Strips) Model #401SA80880102

BEER CAVE ENTRANCE DOOR:

Sliding Glass Door:

- Manufacture: Commercial Styline (See Exhibit B)
- Model: ABC Beer Cave Entrance Door: HH (1) 120" Width Frame and Door
- Part #04A2AHAA-NL-B-B-OXXO; Surface Mount Profile
- Satin black smooth frame, split sliding opens, net opening 73 1/8" Width x 82" Height
- ADA Compliant, DOE 2017 Compliant; Energy Efficient, vacuumed insulated glass (no-heat glass pack technology)
- Heated / Insulated Header and Side Rails
- 10 Year Glass Pack Warranty
- Net Cooler Opening: 113-3/4" Width x 82" Height
- Professional Installation included

CONVEYOR SHELVING:

Conveyor Shelving: Per Attached Drawing

- Manufacture: BOF Conveyor Shelving (See Exhibit C)
- Model: Nyla-Track II
- (2) 236-1/2" Width Racking Systems at 5'0" Depth with 2" Uprights at 91-1/2" Height
- Each Run Consists of (3) 30D Facings and (1) 265 Facing:
    - (7) Levels of 6 Pack Narrow Slides and (1) Top Level of Bare Frame with Wire Grid Decking
    - (7) Levels of Black Aluminum Price Tag Moldings
- Galvanized Metal Framing

Mr. David Hunt
Design-Build Consulting, LLC
Re: Brooklyn Center Liquor Store
Preliminary Budget

WALK IN COOLER / BEER CAVE: CONT.

DOUBLE ACTING ENTRANCE DOOR:

Cooler Service Door:

- Manufacturer: Senneca Holdings Chase Doors or Approved Equal (See Exhibit D)
- Model Number: Durulite Retailer
- Finished Net Opening Required: 6'0" Width x 8'0" Height
- Medium Duty, Rotomolded Door, and Tube Style Frame (Primed Steel –painted by others).
- Front Finish: White; Back Finish: White - Colors must be confirmed with architect
- Equal Unit Configuration
  - Panel 1: Door swing left hand – 1 ½" Thick Foam Core Door, ABS framed window - black, rectangular/square with clear polycarbonate 16"x16" window - centered on door, 60" from floor; Impact Protection Back AND Front Standard Bumper – Black, 36" Height; Push Plate Back AND Front 4" x 16" – Polyethylene.
  - Panel 2: Door swing right hand – 1 ½" Thick Foam Core Door, ABS framed window - black, rectangular/square with clear polycarbonate 16"x16" window - centered on door, 60" from floor; Impact Protection Back AND Front Standard Bumper – Black, 36" Height; Push Plate Back AND Front 4" x 16" – Polyethylene.

Storage Room Service Door:

- Manufacturer: Senneca Holdings Chase Doors or Approved Equal (See Exhibit D)
- Finished Net Opening Required: 6'0" Width x 8'0" Height
- Medium Duty, Rotomolded Door, and Tube Style Frame (Primed Steel –painted by others).
- Front Finish: White; Back Finish: White - Colors must be confirmed with architect
- Equal Unit Configuration
  - Panel 1: Door swing left hand – 1 ½" Thick Foam Core Door, ABS framed window - black, rectangular/square with clear polycarbonate 16"x16" window - centered on door, 60" from floor; Impact Protection Back AND Front Standard Bumper – Black, 36" Height; Push Plate Back AND Front 4" x 16" – Polyethylene.
  - Panel 2: Door swing right hand – 1 ½" Thick Foam Core Door, ABS framed window - black, rectangular/square with clear polycarbonate 16"x16" window - centered on door, 60" from floor; Impact Protection Back AND Front Standard Bumper – Black, 36" Height; Push Plate Back AND Front 4" x 16" – Polyethylene.

REFRIGERATION:

REFRIGERATION: Condensing Units for Beer Cave:

- Manufacturer: Climate Control or Approved Equal (See Exhibit E)
- Description: Split System Med Temp R448A Air Cooled, Scroll Remote Outdoor Condensing Units
- Model: (2) MOZO060M63CF
- Horsepower: 6 hp Scroll Air-Cooled Unit
- Extras: Liquid line, filter, drier, sight glass installed, insulated and heated receiver
- Electrical: 208-230/3/60,
- Warranty: Compressor-motor warranty extended to 5-years, parts only, no labor

- (4) Center Mount & (2) Low Profile Evaporators for Cooler or Approved Equal (See Exhibit E)
- Manufacturer: Climate Control
- Description: (2) Air defrost Center Mount Coils and (1) Air defrost Low Profile Coil per Condensing Unit
- Model: (4) TLC134SGE / (2) LSC140SGK
- Extras: Control Option: Electronic intellGen Refrigeration Controller (IRC) unit with factory mounted, tested and Calibrated with an electronic expansion valve, pressure transducer, temperature sensors, control board and User interface
- Factory Installed EC Fan Motors
- Electrical: 115/1/60
- Exterior of all evaporator cabinets to be painted white

- Price as option: intellGen Webserver Card (iWC) which enable local and remote monitoring on any phone, tablet, or PC

Mr. David Hunt
Design-Build Consulting, LLC
Re: Brooklyn Center Liquor Store
Preliminary Budget

STORE SHELVING PACKAGE:

SALES FLOOR: Per Attached Drawing

- Manufacture: Lozier Shelving (See Exhibit F)
- (7) 20' Double Sided Gondola Runs; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Each Gondola Run has (2) Flush Merchandising Panel 48" High x 48" Wide, w/ Solid Marteck Backs (CHR) and Metal color: Q88.
- (2) 8' Double Sided Gondola Runs; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Each Gondola Run has (2) Flush Merchandising Panel 48" High x 48" Wide, w/ Solid Marteck Backs (CHR) and Metal color: Q88.
- (1) 42' Single Sided Wall Run; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Wall Run has (2) Laminated 48" High x 25" Wide (CHR) End Panels
- (1) 40' Single Sided Wall Run; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Wall Run has (2) Laminated 48" High x 25" Wide (CHR) End Panels
- (1) 16' Double Sided Gondola Run; 16" Low Base; 48" Height; Pegboard Backs (CHR), Metal color: Q88.
  - Gondola Run has (2) Flush Merchandising Panel 48" High x 36" Wide, w/ Pegboard Back Front and Solid Marteck Back (CHR) and Metal color: Q88.
- (1) 12' Single Sided Wall Run; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Wall Run has (2) Laminated 48" High x 25" Wide (CHR) End Panels
- (1) 4' Single Sided Wall Run; 22" Low Base; 48" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  - Wall Run has (2) Laminated 48" High x 25" Wide (CHR) End Panels
- (1) 6' Single Sided Wall Run; 13" Low Base; 84" Height; Solid Marteck Backs (CHR), Metal color: Q88.
  Wall Run has (2) Laminated 84" High x 16" Wide (CHR) End Panels. Note: Secure to perimeter wall.
- (12) 36" Width x 13" Depth TL Shelves – Color: Q88
- (4) 36" Width x 22" Depth TL Shelves – Color: Q88
- (302) 48" Width x 22" Depth TL Shelves – Color: Q88
- Colors: CHR (Black) Q88 (SilverVein) - Colors must be confirmed with architect

- Manufacture: Lozier Shelving (See Exhibit G)
- (1) 64' Single Sided Wall Heavy Duty; 22" Low Base Heavy Duty; 120" Height; Solid Marteck Backs (CHR),
  Metal color: Q88 with Upright Anchors, w/ Heavy Duty Multi-Function, 17- 96" width x 22" deep Wire Grid Shelf (Heavy Duty), and (2) 96" width x 22" deep Wood Shelf. (4) Shelf Supports Per Sections; Back Combination 1-42"H, 1-48"H, 1-24"H. Note: Secure to perimeter wall at 7'6" and 9'6" (See Instructions). Wall Run Has (1) Laminated 120" Height x 25" Wide (CHR) End Panels – Left Hand
- (10) Galvanized Upright Wall Bracket, slot mount, end
- (9) Galvanized Upright Wall Bracket, slot mount, center
- Colors: CHR (Black) Q88 (SilverVein) - Colors must be confirmed with architect

BEER CAVE PALLET SHELVING: Per Attached Drawing

- Manufacture: Teilhaber Shelving or Approved Equal (See Exhibit H)
- 35' Width x 36" Depth – south wall
- Consists of: (2) Levels each section; wire grid decking; 12'0" high standards – 3" x 3"; 84" Width Beams - 4 ½" Thick
- Steel Color: Painted Black
- Include Rack Protector for all new front uprights AND (12) additional Rack Protectors for existing pallet racking

Mr. David Hunt
Design-Build Consulting, LLC
Re: Brooklyn Center Liquor Store
Preliminary Budget

LABOR AND DELIVERY:

INSTALLATION OF EQUIPMENT AND FIXTURE PACKAGES:
Installation of Walk-in Beer Cave Panel Package:
Setting wall and ceiling panels for walk-in beer cave cooler and installation of (2) double acting entrance doors. Installation of entrance glass door at separate time as panels to allow for sheetrock to be applied to boxes.

Installation of Refrigeration Systems**:**
Condensing units to be located on roof of building. Includes: Permit, crane service, piping material and pipe covering, refrigerant, labor to set condensing units in place, hang evaporators, and labor to pipe refrigeration and drain lines, start and check for proper operation and 1 year labor warranty.

Installation of Gravity Flow Shelving and Pallet Shelving:
Setting in place gravity flow shelving uprights and top & bottom shelves (remaining shelf installation by owner). Strip curtains hung and supported by panel and gravity flow uprights. Top shelf of gravity flow racking to use wire grid decking for storage. Installation of pallet racking according to manufactures specifications.

Relocation of Customer Supplied Existing Pallet & Back Room Shelving and Reach in Coolers/Freezer:
Coordination with owner for removal and relocation of (2) 3 door display coolers and (1) 2 door display freezer and current back room and pallet racking.

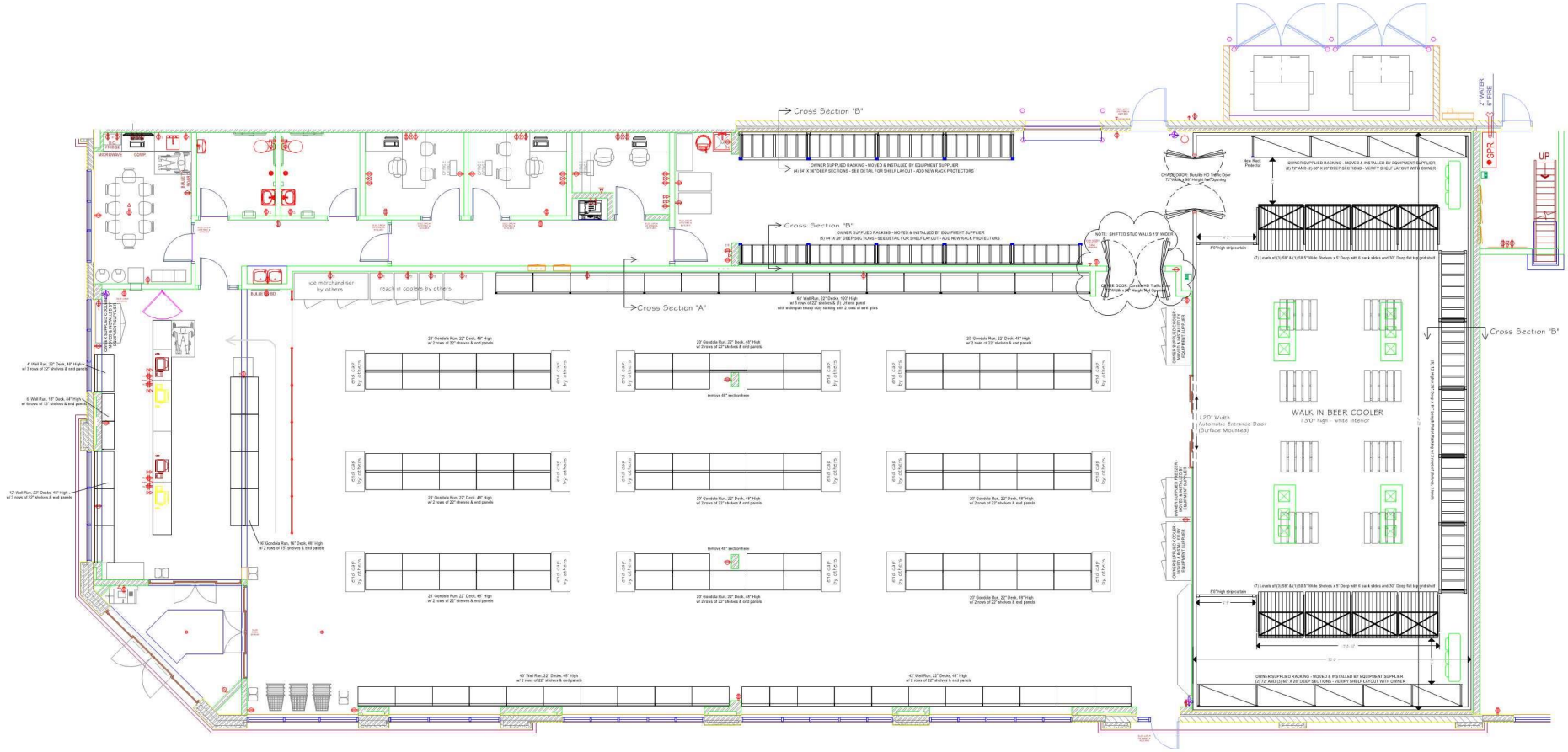
FREIGHT TO JOBSITE:
Freight to jobsite for all equipment and fixtures. Receiving equipment and fixtures at jobsite and unloading of trucks, hauling into building, and inspection of equipment for damage. Note there is no loading dock available.

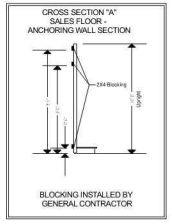
SPECIAL NOTES:

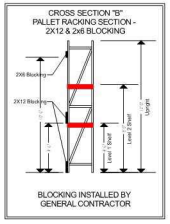
- All electrical hook up and Beer Cave Lighting by Electrician
- Roof penetrations, roofing, or building core drilling by General Contractor
- Pallet Racking and Wall Shelving Backing by General Contractor

BROOKLYN CENTER LIQUOR
Brooklyn Center, Minnesota

Date: April 5, 2019
Scale: 3/16" = 1'0"







COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Doran Cote P.E. Director of Public Works

SUBJECT: Resolution Accepting Bid and Awarding a Contract, Improvement Project No. 2018-10, Lift Station 2 Improvement Project

Requested Council Action:

- Motion to approve a resolution of the lowest responsible bid and award a contract to PCiRoads, LLC for Improvement Project No. 2018-10, Lift Station 2 Improvement Project

Background:

Bids for the Lift Station 2 Improvement Project were scheduled to be received and opened on June 5, 2019, however, no bids were received. The project was re-advertised and bids were received and opened on June 26, 2019. Two bids were received and the results are tabulated below:

Bidders	Total Amount Bid
PCiRoads, LLC	$997,000.00
Magney Construction, Inc.	$1,438,700.00

Of the two bids received, the lowest base bid of $977,000 was submitted by PCiRoads, LLC of St. Michael, Minnesota. The city's consultant has reviewed the bids and is recommending awarding the contract to PCiRoads, LLC. This contractor has the experience, equipment and capacity to qualify as the lowest responsible bidder for the project and that they have worked on other similar projects in the past.

Budget Issues:

The bid amount of $997,000 is over the 2018 Capital Improvement Program (CIP) budgeted for this work. The total estimated budget including contingencies, administration, engineering and legal was $850,000 and is amended to $1,100,000, an approximate 29 percent increase to the originally budgeted amount (see attached Resolution – Costs and Revenues tables). Funding for this project is under the Sanitary Sewer Utility Fund, which has enough cash balance to absorb the additional cost.

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
Resolution	7/1/2019	Cover Memo
Bid Evaluation	7/2/2019	Backup Material

Member introduced the following resolution and moved its adoption:

RESOLUTION NO._____

RESOLUTION ACCEPTING BID AND AWARDING A CONTRACT, IMPROVEMENT PROJECT NO. 2018-10, LIFT STATION 2 IMPROVEMENT PROJECT

WHEREAS, pursuant to an advertisement for bids for Improvement Project No. 2018-10, bids were received, opened and tabulated by the City Clerk and City Engineer on the 26th day of June, 2019. Said bids were as follows:

Bidders	Total Amount Bid
PCiRoads, LLC	$997,000.00
Magney Construction, Inc.	$1,438,700.00

WHEREAS, the City Engineer recommends that the contract be awarded based on the total base bid;

WHEREAS, it appears that PCiRoads, LLC of St. Michael, Minnesota is the lowest responsible bidder.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brooklyn Center, Minnesota, that

1. The Mayor and City Manager are hereby authorized and directed to enter into a contract with PCiRoads, LLC of St. Michael, Minnesota in the name of the City of Brooklyn Center, for Improvement Project No. 2018-10, according to the plans and specifications therefore approved by the City Council and on file in the office of the City Engineer.

2. The estimated project costs and revenues are as follows:

COSTS	Estimated	Amended per Low Bid
Construction Cost	$ 780,000	$ 997,000
Engineering and Administrative	$ 50,000	$ 100,000
Contingency	$ 20,000	$ 3,000
TOTAL	$ 850,000	$1,100,000

REVENUES	Estimated	Amended per Low Bid
Sanitary Sewer Utility	$ 850,000	$1,100,000

RESOLUTION NO._____

_____July 8, 2019_____ _____
Date Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:
whereupon said resolution was declared duly passed and adopted.

BOLTON & MENK
Real People. Real Solutions.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: (763) 433-2851
Fax: (763) 427-0833
Bolton-Menk.com

June 27, 2019

Mr. Michael Weber
Public Utilities Supervisor
City of Brooklyn Center
6301 Shingle Creek Parkway
Brooklyn Center, MN 55430

Re: Bid Results
Lift Station No. 2 Rehabilitation
BMI Project No. R22.118055

Dear Mr. Weber,

Bids were received from all 2 contractors by 10:00 a.m. on Wednesday June 26, 2019 and are summarized below:

Bidders	Total Amount Bid
PCiRoads, LLC	$997,000.00
Magney Construction, Inc.	$1,438,700.00

The bid package did not contain any wording or ambiguities so as to force the Contractor to build in additional contingencies. We feel that the bids received were competitive and responsive and rebidding of the project would not provide any cost savings.

PCiRoads, LLC sumbitted the lowest responsive and responsible bid.

We recommend that the contract be awarded to PCiRoads, LLC for the total amount of $997,000.

Sincerely,
BOLTON & MENK, INC.

Steve Nelson, P.E.
Project Manager

H:\BRCN\R22118055\6_Plans-Specs\B_Bid Tabulation\Bid Evaluation Letter_SGN.docx

Bolton & Menk is an equal opportunity employer.

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Resolution Relating to a Multifamily Rental Housing Facility and the Issuance of Conduit Housing Revenue Bonds under Minnesota Statutes, Chapter 462C, as Amended; Granting Preliminary Approval Thereto; Calling for a Public Hearing; Establishing Compliance with Certain Reimbursement Regulations Under the Internal Revenue Code of 1986, as Amended; and Taking Certain Other Actions with Respect Thereto (REE Xerxes Avenue Senior Housing Project)

Requested Council Action:

- Motion to approve a resolution relating to a Multifamily Rental Housing Facility and the Issuance of Conduit Housing Revenue Bonds under Minnesota Statutes, Chapter 462C, as amended; Granting preliminary approval thereto; Calling for a Public Hearing; Establishing Compliance with certain reimbursement regulations under the Internal Revenue Code of 1986, as amended; and Taking certain other actions with respect thereto (REE Xerxes Avenue Senior Housing Project)

Background:

On February 11, 2019 the City Council approved a resolution calling for a public hearing on a proposed conduit debt issue for the REE Xerxes Avenue Senior Housing Project with a maximum aggregate principal amount of the bonds to be issued to finance the project of $19,000,000. Real Estate Equities, Inc. is now requesting an amendment from the original principal amount of up to $38,000,000.

Real Estate Equities, Inc. will utilize the issuance of conduit bonds to finance the acquisition, construction, and equipping of an approximately 140 unit senior rental housing facility and related amenities located at 5801 Xerxes Avenue North.

The bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A and preliminary approval of the issuance of Bonds by the City Council is sufficient to authorize the submission of an application to the State of Minnesota for an allocation of bonding authority with respect to the Bonds to finance the project.

Real Estate Equities has submitted an application for conduit revenue bond project financing along with the applicable fee. City staff and bond attorney have reviewed the application and concur that meets the criteria set forth in the City's conduit debt administrative guidelines.

If the resolution is approved a public hearing will be held on or after August 12th, 2019. A brief presentation on the process will be prepared and presented as an introduction to the public hearing.

Budget Issues:

The total administrative fee that the City will receive for the issuance will be approximately $127,000. The Bonds will not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of Brooklyn Center. The issuance of the Bonds will not affect the City's credit rating.

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
Resolution Calling for Public Hearing on Conduit Debt - REE Senior Housing	7/3/2019	Resolution Letter

Council Member _____ introduced the following resolution and moved its adoption:

RESOLUTION _____
RELATING TO A MULTIFAMILY RENTAL HOUSING FACILITY AND THE ISSUANCE OF CONDUIT HOUSING REVENUE BONDS UNDER MINNESOTA STATUTES, CHAPTER 462C, AS AMENDED; GRANTING PRELIMINARY APPROVAL THERETO; CALLING FOR A PUBLIC HEARING; ESTABLISHING COMPLIANCE WITH CERTAIN REIMBURSEMENT REGULATIONS UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; AND TAKING CERTAIN OTHER ACTIONS WITH RESPECT THERETO
(REE XERXES AVENUE SENIOR HOUSING PROJECT)

NOW, THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Brooklyn Center, Minnesota (the "City"), as follows:

Section 1. Recitals.

(a) The City is a home rule charter city and political subdivision duly organized and existing under the Constitution and laws of the State of Minnesota.

(b) Pursuant to Minnesota Statutes, Chapter 462C, as amended (the "Act"), the City is authorized to carry out the public purposes described in the Act by providing for the issuance of revenue bonds to provide funds to finance or refinance multifamily rental housing developments located within the City.

(c) Real Estate Equities, Inc. (or a limited partnership or other entity to be formed thereby or affiliated therewith the "Borrower"), has proposed that the City issue its revenue bonds, pursuant to the Act, in one or more series at one time or from time to time.

(d) The Borrower initially proposed bonds in the amount of $19,000,000 and the Borrower has now requested that the City issue its revenue bonds or other obligations in the approximate aggregate principal amount of up to $38,000,000, in one or more series, issued simultaneously or sequentially, bearing interest at fixed and/or variable rates, to be offered publicly and/or privately paced (the "Bonds") in connection with the Project described below.

(e) The proceeds of the Bonds are proposed to be loaned by the City to the Borrower to be applied by the Borrower to (i) finance the acquisition, construction, and equipping of an approximately 140 unit senior rental housing facility and related amenities to be located on the northern portion of the property at 5801 Xerxes Avenue North in the City (the "Project"); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) pay interest on the Bonds during the construction of the Project, if necessary; and (iv) pay the costs of issuing the Bonds.

(f) As a condition to the issuance of the Bonds, the City must adopt a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the "Housing Program").

(g) Prior to the issuance of the Bonds, a public hearing will be held and notice of the public hearing will be published in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 462C.04, subdivision 2 of the Act.

(h) Under Section 146 of the Code, the Bonds must receive an allocation of the bonding authority of the State of Minnesota. An application for such an allocation must be made pursuant to the requirements of Minnesota Statutes, Chapter 474A, as amended (the "Allocation Act") and preliminary approval of the issuance of the Bonds by the Council is sufficient to authorize the submission of an application to the State of Minnesota for an allocation of bonding authority with respect to the Bonds to finance the Project.

Section 2. Preliminary Findings. Based on representations made by the Borrower to the City to date, the Council hereby makes the following preliminary findings, determinations, and declarations:

(a) The Project consists of the acquisition, construction, and equipping of a multifamily rental housing development designed and intended to be used for rental occupancy.

(b) The proceeds of the Bonds will be loaned to the Borrower and the proceeds of the loan will be applied to: (i) the acquisition, construction, and equipping of the Project; (ii) the funding of one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) the payment of interest on the Bonds during the construction of the Project, if necessary; and (iv) the payment of the costs of issuing the Bonds. The City will enter into one or more loan agreements between the City and the Borrower requiring loan repayments from the Borrower in amounts sufficient to repay the loan when due and requiring the Borrower to pay all costs of maintaining and insuring the Project, including taxes thereon.

(c) In preliminarily authorizing the issuance of the Bonds and the financing of the acquisition, construction, and equipping of the Project and related costs, the City's purpose is to further the policies of the Act.

(d) The Bonds will be special, limited obligations of the City payable solely from the revenues pledged to the payment thereof under the loan agreements (or other revenue agreement) referred to above, and will not be a general or moral obligation of the City and will not be secured by or payable from revenues derived from any exercise of the taxing powers of the City.

Section 3. Public Hearing. The City Council will conduct a public hearing on the Housing Program, the Project, and the issuance of the Bonds by the City at a regular or special meeting on a date to be determined by the City staff for which proper notice may be given as provided below. Notice of such hearing (the "Public Notice") will be published as required by Section 462C.04, subdivision 2 of the Act and Section 147(f) of the Code. The City Clerk of the City is hereby authorized and directed to publish the Public Notice, in substantially the form attached hereto as EXHIBIT A as required by Section 462C.04. At the public hearing, reasonable opportunity will be provided for interested individuals to express their views, both orally and in writing, on the Project, the Housing Program, and the proposed issuance of the Bonds.

Section 4. Housing Program. Kennedy & Graven, Chartered, acting as bond counsel with respect to the Project and the Bonds ("Bond Counsel") shall prepare and submit to the Metropolitan Council for its review a draft Housing Program to authorize the issuance by the City of up to approximately $38,000,000 in revenue bonds in one or more series to finance the acquisition, construction, and equipping of the Project by the Borrower.

Section 5. Submission of an Application for an Allocation of Bonding Authority. The City Council hereby authorizes the submission of an application for allocation of bonding authority pursuant to

Section 146 of the Code and the Allocation Act in accordance with the requirements of the Allocation Act. The Mayor of the City or the City Manager and Bond Counsel are hereby authorized and directed to take all actions, in cooperation with the Borrower, as are necessary to submit an application for an allocation of bonding authority to Minnesota Management & Budget.

Section 6. Preliminary Approval. The City Council hereby provides preliminary approval to the issuance of the Bonds in the approximate aggregate principal amount of up to $38,000,000 to finance all or a portion of the costs of the Project pursuant to the Housing Program of the City, subject to: (i) review of the Housing Program by the Metropolitan Council; (ii) a public hearing as required by the Act and Section 147(f) of the Code; (iii) receipt of an allocation of the bonding authority from the State of Minnesota; (iv) final approval following the preparation of bond documents; and (v) final determination by the City Council that the financing of the Project and the issuance of the Bonds are in the best interests of the City.

Section 7. Reimbursement of Costs under the Code.

(a) The United States Department of the Treasury has promulgated regulations governing the use of the proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City or the Borrower for project expenditures paid prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds occur within 18 months after the later of: (i) the date the expenditure is paid; or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the Bonds.

(b) To the extent any portion of the proceeds of the Bonds will be applied to expenditures with respect to the Project, the City reasonably expects to reimburse the Borrower for the expenditures made for costs of the Project from the proceeds of the Bonds after the date of payment of all or a portion of such expenditures. All reimbursed expenditures shall be capital expenditures, costs of issuance of the Bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Based on representations by the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimis" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures with respect to the Project to be reimbursed with the proceeds of the Bonds have been made by the Borrower more than 60 days before the date of adoption of this resolution of the City.

(c) Based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis, or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside), to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Bonds, other than pursuant to the issuance of the Bonds. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

Section 8. Costs. The Borrower will pay the administrative fees of the City and pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued.

Section 9. Commitment Conditional. The adoption of this resolution does not constitute a guarantee or a firm commitment that the City will issue the Bonds as requested by the Borrower. If, as a result of information made available to or obtained by the City during its review of the Project, it appears that the Project or the issuance of Bonds to finance or refinance the costs thereof is not in the public interest or is inconsistent with the purposes of the Act, the City reserves the right to decline to give final approval to the issuance of the Bonds. The City also retains the right, in its sole discretion, to withdraw from participation and accordingly not issue the Bonds should the City Council, at any time prior to the issuance thereof, determine that it is in the best interests of the City not to issue the Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents for the transaction.

Section 10. Prior Resolution Not Superseded. Resolution No. 2019-025, adopted by the City Council on February 11, 2019, is supplemented and restated but not superseded by this Resolution.

Section 11. Effective Date. This Resolution shall be in full force and effect from and after its passage.

July 8, 2019	_____
Date	Mayor

ATTEST:_____
City Clerk

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

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

NOTICE OF PUBLIC HEARING
ON A HOUSING PROGRAM AND THE ISSUANCE OF CONDUIT REVENUE BONDS
FOR A MULTIFAMILY HOUSING PROJECT
(REE XERXES AVENUE SENIOR HOUSING PROJECT)

NOTICE IS HEREBY GIVEN that the City Council of the City of Brooklyn Center, Minnesota (the "City") will conduct a public hearing on Monday, _____, 2019 at 7:00 p.m., or as soon thereafter as the matter may be heard, at the City Hall at 6301 Shingle Creek Parkway in the City on a proposal of Real Estate Equities, Inc. (or a limited partnership or other entity to be formed thereby or affiliated therewith the "Borrower") that the City finance the acquisition, construction, and equipping of certain rental housing developments, hereinafter described, by the issuance of conduit revenue bonds or other obligations (the "Bonds") pursuant to Minnesota Statutes, Chapter 462C, as amended, and that the City adopt a housing program for such bonds.

The proceeds of the Bonds are proposed to be loaned by the City to the Borrower to be applied by the Borrower to (i) finance the acquisition, construction, and equipping of an approximately 140 unit senior rental housing facility and related amenities to be located on the northern portion of the property at 5801 Xerxes Avenue North in the City (the "Project"); (ii) fund one or more reserve funds to secure the timely payment of the Bonds, if necessary; (iii) pay interest on the Bonds during the construction of the Project, if necessary; and (iv) pay the costs of issuing the Bonds. The Project will be owned by the Borrower.

The estimated maximum aggregate principal amount of the Bonds to be issued to finance the Project is $38,000,000.

The Bonds if and when issued will be special, limited obligations of the City, and the Bonds and interest thereon will be payable solely from the revenues and assets pledged to the payment thereof. No holder of any Bond will have the right to compel any exercise of the taxing power of the City to pay the Bonds or the interest thereon, nor to enforce payment against any property of the City except money payable by the Borrower to the City and pledged to the payment of the Bonds. Before issuing the Bonds, the City will enter into an agreement with the Borrower, whereby the Borrower will be obligated to make payments at least sufficient at all times to pay the principal of and interest on the Bonds when due.

Following the public hearing the Council will consider a resolution approving a housing program prepared in accordance with the requirements of the Act and granting approval to the issuance of the Bonds. A copy of the housing program will be on file at City Hall, 6301 Shingle Creek Parkway, Brooklyn Center, Minnesota 55430, Monday through Friday until the date of the Public Hearing. At the time and place fixed for the Public Hearing, the City Council will give all persons who appear or submit comments in writing to the City Council prior to the hearing, an opportunity to express their views with respect to the proposal. In addition, interested persons may file written comments respecting the proposal with the City to the attention of Nate Reinhardt, City Finance Director at (763) 569-3300 at or prior to said public hearing.

Publish _____, 2019.

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule

Requested Council Action:

- Motion to open Public Hearing;
- Take public comment;
- Motion to close Public Hearing;
- Motion to adopt an Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule

Background:

The City Council adopted two resolutions on December 8, 2003 which established franchise fees with the two large non-municipal utility companies in Brooklyn Center; Xcel Energy (electricity) and CenterPoint Energy (natural gas). These fees are charged to the respective utility companies for the use of public right-of-way and other public grounds in the delivery of services to their customers.

On May 28, 2019 City Council approved the first reading of amendments to Ordinance 2003-22, which proposed a three percent increase to the Xcel Energy franchise fee. Xcel Energy has been notified and is in agreement with the proposed increase and will receive a copy of the revised franchise fee ordinance if adopted.

The City anticipates collecting $700,000 in total franchise fee revenue for 2019. These funds are credited to the Street Reconstruction Fund, which is used to fund the portion of street projects that cannot be assessed as outlined in the 15-year Capital Improvement Plan.

The franchise fee agreements allow the City to increase the fee. The agreement with Xcel limits the franchise fee to two percent of total annual revenues derived from the City and limits the increase to not more than three percent every three years. The Xcel agreement runs through 2023, with a clause that allows for a reopener if we desire to amend the agreement for specific provisions the company has agreed to with two or more cities since the franchise agreement was adopted. The City is not aware of any such provisions that would allow for a reopener.

Increasing these franchise fees requires a minimum of a sixty-day notice to Xcel and a public hearing to amend the franchise fee ordinance.

The monthly impact on properties of the proposed franchise fee increases are as follows:

Xcel Energy (electricity)

	Current Monthly	Proposed Monthly	Monthly Increase

	Fee Per Premise	Fee Per Premise	
Residential	$1.60	$1.65	$0.05
Small C&I Non Demand	4.00	4.25	0.25
Small C&I Demand	22.00	22.75	0.75
Large C&I	100.00	103.00	3.00
Public Street Lights, Muni Pumping	13.00	13.50	0.50

Based on the proposed changes, a residential property would see a $0.05 monthly increase ($0.60 annual increase) in franchise fees for Xcel Energy.

Budget Issues:

The proposed increases in the franchise agreements with Xcel and CenterPoint amount to an estimated $23,000 annual increase in revenue. If approved, the 2020 Street Reconstruction Fund budget will be adjusted to reflect this increase.

Strategic Priorities and Values:

Key Transportation Investments

ATTACHMENTS:

Description	Upload Date	Type
Xcel Energy Franchise Fee Ordinance 2019	6/17/2019	Ordinance
Public Hearing Franchise Fees - Presentation	6/27/2019	Presentation

CITY OF BROOKLYN CENTER

Notice is hereby given that a Public Hearing will be held on the 8th day of July 2019, at 7 p.m. or as soon thereafter as the matter may be heard at the City Hall, 6301 Shingle Creek Parkway, to consider an amendment of Ordinance No. 2003-22.

Auxiliary aids for persons with disabilities are available upon request at least 96 hours in advance. Please contact the City Clerk at 763-569-3300 to make arrangements.

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 2003-22, EXHIBIT A; XCEL ENERGY ELECTRIC FRANCHISE FEE SCHEDULE

THE CITY COUNCIL OF THE CITY OF BROOKLYN CENTER DOES ORDAIN AS FOLLOWS:

Section 1. Exhibit A of Ordinance No. 2003-22 setting the rates for a franchise fee on Xcel Energy for providing electric service within the City of Brooklyn Center is hereby amended as follows:

EXHIBIT A
XCEL ENERGY ELECTRIC FRANCHISE
FEE SCHEDULE

Class	Fee Per Premise
Residential	$1.65 per month
Small Commercial & Industrial – Non-Demand	$4.25 per month
Small Commercial & Industrial – Demand	$22.75 per month
Large Commercial & Industrial	$103.00 per month
Public Street Lighting	$13.50 per month
Municipal Pumping – Non-Demand	$13.50 per month
Municipal Pumping – Demand	$13.50 per month

Section 2. This ordinance amendment shall become effective for service billings by Xcel Energy after December 31, 2019.

Adopted this 8 day of July, 2019.

_____
Mayor

ATTEST: _____
City Clerk

Date of Publication _____

Effective Date _____

Proposed Franchise Fees Public Hearing

City Council – Public Hearing, July 8, 2019

Nate Reinhardt, Finance Director

Franchise Fees

- Franchise fees were established, under Minnesota Statute (216B.36), to allow cities to impose a fee on utility companies for the use of public right-of-way and other public grounds in the delivery of services to their customers.
- Assist cities to cover costs of maintaining aging infrastructure, without raising property taxes.
- Fees are considered more equally distributed than property taxes, and paid by all utility customers (even those who don't currently pay property taxes)
- Advantages:
  - Cover a wider base than property taxes
  - Diversifies the City's revenue sources
  - Reliable sources of revenue
  - Flat fee easy to administer and eliminates seasonal fluctuations

Background

- December 8, 2003 – City Council adopted two resolutions which established franchise fees with Xcel Energy and CenterPoint Energy.
- $700,000 estimated annual revenues (Xcel - $435,000, CenterPoint - $265,000)
- Revenue receipted to Street Reconstruction fund and provides a funding source for street projects.
- Fees last increased January 2017.

Agreements

- Xcel Energy
  - Existing franchise agreement effective through 2023.
  - Franchise fees cannot exceed 2% of total annual revenues derived from the City.
  - Allows for a reopener if we desire to amend the agreement for specific provisions Xcel has agreed to with two or more other Cities.
  - Increase in franchise fee requires a sixty-day notice.

Agreements (continued)

- CenterPoint Energy
  - Existing franchise agreement effective through 2035.
  - Less restrictive than Xcel – requires that franchise fee formula is non-discriminatory or place the company at a competitive dis-advantage.
  - Increase in franchise fee requires a ninety-day notice.

Proposed Franchise Fee Schedule

- Xcel Energy
  - Proposed three percent increase (adjusted for rounding)
  - Estimated increase in annual revenue of $15,000

Type	Current Monthly Fee Per Premise	Proposed Monthly Fee Per Premise	Monthly Increase
Residential	$1.60	$1.65	$0.05
Small Commercial & Industrial Non-Demand	4.00	4.25	0.25
Small Commercial & Industrial Demand	22.00	22.75	0.75
Large Commercial & Industrial	100.00	103.00	3.00
Public Street Lights, Muni Pumping	13.00	13.50	0.50

Proposed Franchise Fee Schedule

- CenterPoint Energy
  - Proposed three percent increase (adjusted for rounding)
  - Estimated increase in annual revenue of $8,000

Type	Current Monthly Fee Per Premise	Proposed Monthly Fee Per Premise	Monthly Increase
Residential	$1.61	$1.66	$0.05
Commercial A	1.68	1.74	0.06
Commercial Industrial B	5.46	5.63	0.17
Commercial C	21.84	22.50	0.66
SVDF A	54.59	56.23	1.64
SVDF B	104.81	107.96	3.15
LVDF	104.81	107.96	3.15

Requested Council Action

- Two separate public hearings:
  - Xcel Energy Franchise Fee Schedule
  - CenterPoint Energy Franchise Fee Schedule
- Motion to open public hearing(s)
- Following close of the public hearing(s):
  - Motion to adopt an Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule
  - Motion to adopt an Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Franchise Fee Schedule

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Operations Franchise Fee Schedule

Requested Council Action:

- *Motion to open Public Hearing;*
- *Take public comment;*
- *Motion to close Public Hearing*
- *Motion to adopt an Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Franchise Fee Schedule*

Background:

The City Council adopted two resolutions on December 8, 2003 which established franchise fees with the two large non-municipal utility companies in Brooklyn Center; Xcel Energy (electricity) and CenterPoint Energy (natural gas). These fees are charged to the respective utility companies for the use of public right-of-way and other public grounds in the delivery of services to their customers.

On May 28, 2019 City Council approved the first reading of amendments to Ordinance 2003-23, which proposed a three percent increase in the CenterPoint Energy franchise fee. CenterPoint has been notified and is in agreement with the proposed increase and will receive a copy of the revised franchise fee ordinance if adopted.

The City anticipates collecting $700,000 in total franchise fee revenue for 2019. These funds are credited to the Street Reconstruction Fund, which is used to fund the portion of street projects that cannot be assessed as outlined in the 15-year Capital Improvement Plan.

The franchise fee agreements allow the City to increase the fee. The CenterPoint agreement calls for changes to the franchise fee to be comparable to adjustments made to franchise fees with Xcel. The agreement also requires that the fee formula is non-discriminatory or place the company at a competitive disadvantage. The CenterPoint franchise agreement runs through 2035.

Increasing these franchise fees requires a minimum of ninety-day notice to CenterPoint and a public hearing to amend the franchise fee ordinance.
The monthly impact on properties of the proposed franchise fee increases are as follows:

CenterPoint Energy (natural gas)

	Current Monthly Fee Per Premise	Proposed Monthly Fee Per Premise	Monthly Increase
Residential	$1.61	$1.66	$0.05

Commercial A	1.68	1.74	0.06
Commercial Industrial B	5.46	5.63	0.17
Commercial C	21.84	22.50	0.66
SVDF A	54.59	56.23	1.64
SVDF B	104.81	107.96	3.15
LVDF	104.81	107.96	3.15

Based on the proposed changes, a residential property would see $0.05 monthly increase ($0.60 annual increase) in franchise fees for CenterPoint Energy.

Budget Issues:

The proposed increases in the franchise agreements with Xcel and CenterPoint amount to an estimated $23,000 annual increase in revenue. If approved, the 2020 Street Reconstruction Fund budget will be adjusted to reflect this increase.

Strategic Priorities and Values:

Key Transportation Investments

ATTACHMENTS:

Description	Upload Date	Type
CenterPoint Franchise Fee Increase Ordinance 2019	6/17/2019	Resolution Letter
Franchise Fee Public Hearing - Presentation	6/27/2019	Presentation

CITY OF BROOKLYN CENTER

Notice is hereby given that a Public Hearing will be held on the 8th day of July 2019, at 7 p.m. or as soon thereafter as the matter may be heard at the City Hall, 6301 Shingle Creek Parkway, to consider an amendment of Ordinance No. 2003-23.

Auxiliary aids for persons with disabilities are available upon request at least 96 hours in advance. Please contact the City Clerk at 763-569-3300 to make arrangements.

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NO. 2003-23, EXHIBIT A; CENTERPOINT ENERGY OPERATIONS WITHIN THE CITY OF BROOKLYN CENTER FEE SCHEDULE

THE CITY COUNCIL OF THE CITY OF BROOKLYN CENTER DOES ORDAIN AS FOLLOWS:

Section 1. Exhibit A of Ordinance No. 2003-23 setting the rates for a franchise fee on CenterPoint Energy for providing natural gas service within the City of Brooklyn Center is hereby amended as follows:

EXHIBIT A
CENTERPOINT ENERGY GAS FRANCHISE
FEE SCHEDULE

Class	Fee Per Premise
Residential	$1.66 per month
Commercial A	$1.74 per month
Commercial Industrial B	$5.63 per month
Commercial C	$22.50 per month
SVDF A	$56.23 per month
SVDF B	$107.96 per month
LVDF	$107.96 per month

Section 2. This ordinance amendment shall become effective for service billings by CenterPoint Energy after December 31, 2019.

Adopted this 8th day of July, 2019.

_____
Mayor

ATTEST: _____

City Clerk

Date of Publication _____

Effective Date _____

Proposed Franchise Fees Public Hearing

City Council – Public Hearing, July 8, 2019

Nate Reinhardt, Finance Director

Franchise Fees

- Franchise fees were established, under Minnesota Statute (216B.36), to allow cities to impose a fee on utility companies for the use of public right-of-way and other public grounds in the delivery of services to their customers.
- Assist cities to cover costs of maintaining aging infrastructure, without raising property taxes.
- Fees are considered more equally distributed than property taxes, and paid by all utility customers (even those who don't currently pay property taxes)
- Advantages:
  - Cover a wider base than property taxes
  - Diversifies the City's revenue sources
  - Reliable sources of revenue
  - Flat fee easy to administer and eliminates seasonal fluctuations

Background

- December 8, 2003 – City Council adopted two resolutions which established franchise fees with Xcel Energy and CenterPoint Energy.
- $700,000 estimated annual revenues (Xcel - $435,000, CenterPoint - $265,000)
- Revenue receipted to Street Reconstruction fund and provides a funding source for street projects.
- Fees last increased January 2017.

Agreements

- Xcel Energy
  - Existing franchise agreement effective through 2023.
  - Franchise fees cannot exceed 2% of total annual revenues derived from the City.
  - Allows for a reopener if we desire to amend the agreement for specific provisions Xcel has agreed to with two or more other Cities.
  - Increase in franchise fee requires a sixty-day notice.

Agreements (continued)

- CenterPoint Energy
  - Existing franchise agreement effective through 2035.
  - Less restrictive than Xcel – requires that franchise fee formula is non-discriminatory or place the company at a competitive dis-advantage.
  - Increase in franchise fee requires a ninety-day notice.

Proposed Franchise Fee Schedule

- Xcel Energy
  - Proposed three percent increase (adjusted for rounding)
  - Estimated increase in annual revenue of $15,000

Type	Current Monthly Fee Per Premise	Proposed Monthly Fee Per Premise	Monthly Increase
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Small Commercial & Industrial Demand	22.00	22.75	0.75
Large Commercial & Industrial	100.00	103.00	3.00
Public Street Lights, Muni Pumping	13.00	13.50	0.50

Proposed Franchise Fee Schedule

- CenterPoint Energy
  - Proposed three percent increase (adjusted for rounding)
  - Estimated increase in annual revenue of $8,000

Type	Current Monthly Fee Per Premise	Proposed Monthly Fee Per Premise	Monthly Increase
Residential	$1.61	$1.66	$0.05
Commercial A	1.68	1.74	0.06
Commercial Industrial B	5.46	5.63	0.17
Commercial C	21.84	22.50	0.66
SVDF A	54.59	56.23	1.64
SVDF B	104.81	107.96	3.15
LVDF	104.81	107.96	3.15

Requested Council Action

- Two separate public hearings:
  - Xcel Energy Franchise Fee Schedule
  - CenterPoint Energy Franchise Fee Schedule
- Motion to open public hearing(s)
- Following close of the public hearing(s):
  - Motion to adopt an Ordinance Amending Ordinance No. 2003-22, Exhibit A; Xcel Energy Electric Franchise Fee Schedule
  - Motion to adopt an Ordinance Amending Ordinance No. 2003-23, Exhibit A; CenterPoint Energy Franchise Fee Schedule

COUNCIL ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Meg Beekman, Community Development Director

SUBJECT: Resolutions Regarding Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3 and Establishing Tax Increment Financing District No. 8 and Approving a Tax Increment Financing Plan

Requested Council Action:

- Motion to open public hearing;
- Take public comment;
- Motion to close public hearing;

- Motion to approve a resolution approving the removal of a parcel from Redevelopment Tax Increment Financing District No. 3 within Housing Development and Redevelopment Project No. 1

- Motion to approve a resolution approving a modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 1 establishing Tax Increment Financing District No. 8 therein and approving a Tax Increment Financing Plan therefor

Background:

On February 22, 2019, the City received an application for public financial assistance from Real Estate Equities (the "Developer"). The Developer requested tax increment financing (TIF) to provide the necessary assistance for construction of 270-units of affordable rental housing within the City; 127-units of non-age restricted housing and 143-units of senior housing, all of which would be affordable to persons or households at or below 60% of the area median income (AMI) and would be both rent and income restricted as noted below:

Income Limit by Household Size	
Household Size	Income Limit
1	$42,000
2	$48,000
3	$54,000
4	$60,000

Rent Limit by Unit Size		
Unit Size	Rent Limit	Proposed Rents
Studio	$1,050	N/A
1	$1,125	$1,047
2	$1,350	$1,255
3	$1,560	$1,447

The City will be creating a housing TIF district with a 26-year term. It is anticipated that the first tax increment will be received in 2021 so the District would terminate on December 31, 2046. It should be noted that the EDA only anticipates providing 16 years of assistance for the project(s) so in year 17, the City Council at that time can chose to either decertify the District early, or keep the District open and collect the remaining ten (10) years of TIF for use on future affordable housing projects (it should be noted that any future Council in year 17 through 26 could choose to decertify the District early).

When both projects are completed, the District will generate approximately $486,000/year in TIF. The City anticipates providing two (2) Pay-As-You-Go (PAYGO) TIF Notes which will be paid from 90% of the annual TIF generated from the District. The EDA will retain 10% of the annual TIF (approximately $48,600/year) for administrative costs of the District or for use on other affordable housing (rental or owner-occupied) housing projects.

After redevelopment the taxable market value is estimated to be approximately $48.6 million ($22.86 million for the workforce apartments and $25.74 million for the senior apartments). Once the PAYGO notes are paid, the projects will generate approximately $232,000 in annual revenue for the City.

Interfund Loan
The City's Economic Development Authority (EDA) is overseeing the administration and development within the above referenced TIF District. As part of this administration, the EDA may need to loan funds from various EDA funds to this District to temporarily finance administrative costs not covered by Real Estate Equities escrow.

State Statute requires that the EDA approve a resolution authorizing an internal (interfund) loan to the respective TIF District and set the terms for reimbursement of the costs to be repaid with tax increments from the respective TIF District. The language authorizing an interfund loan for up to $50,000 from the EDA to the TIF District is included in the resolution establishing the TIF District. The interfund loan would be paid with future TIF from the District (the EDA's 10% admin portion). As funds are advanced they will bear an interest rate of 5%, which is the current, maximum interest rate that can be charged. It should be noted that $50,000 is a maximum amount and that it may never need to be drawn upon if there are no additional administrative costs charged to the District that are not the responsibility of the Developer.

Completing this action provides the EDA with the most flexibility to reimburse itself in the future if and when EDA funds are advanced and TIF funds are available from the newly created TIF District.

Removal of Parcel from TIF District 3
The City and EDA established TIF district No. 3 (Earle Brown Farm Project) in 1994 which encompassed a large area of the City. This district included the former Jerry's Food site located at 5801 Xerxes Avenue, identified as parcel number 03-118-21-14-0024.

The City and EDA are creating TIF District No. 8: Real Estate Equities, on this parcel for the development of 270 affordable rental housing units. Since the parcel is already contained within TIF District No. 3, the City is required to remove it prior to the establishment of the new housing TIF district.

The parcel was occupied by a building when TIF District No. 3 was created and since then the building has been demolished. Due to this, the City is required to hold a public hearing on its removal since the tax capacity of the parcel is lower today then when it was when TIF district No. 3 was established.

It should be noted that removal of this parcel from TIF District No. 3 will actually have a positive impact on the District (albeit quite small) since the parcel has been generating negative increment for the District due to the current tax capacity being less than the base tax capacity.

Both resolutions require a public hearing. The public hearing can be combined to include comments regarding both actions.

Budget Issues:

The proposed action would have no impact on the budget. All costs associated with the creation and administration of the TIF district will be paid by the Developer and/or future generated increment.

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
Resolution Approving Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 1, Establishing Tax Increment Financing District No. 8 Therein and Approving a Tax Increment Financing Plan therefor	7/2/2019	Resolution Letter
Resolution Approving the Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3	7/2/2019	Resolution Letter
Tax Increment Financing Plan Establishing TIF District No. 8	7/2/2019	Backup Material

CITY OF BROOKLYN CENTER
COUNTY OF HENNEPIN
STATE OF MINNESOTA

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR HOUSING DEVELOPMENT AND REDEVELOPMENT PROJECT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 8 THEREIN AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR

WHEREAS, it has been proposed that the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "EDA") modify the Redevelopment Plan for its Housing and Redevelopment Project No. 1 (the "Redevelopment Project"); establish Tax Increment Financing District No. 8: Real Estate Equities (a housing district) ("TIF District No. 8") within the Redevelopment Project; and adopt the related Tax Increment Financing Plan (the "TIF Plan") therefor; all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act"), Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended, (collectively, and together with the TIF Act, the "Act"), and all as reflected in that certain document entitled in part "Modification of the Redevelopment Plan for Housing Development and Redevelopment Project No. 1 and Tax Increment Financing Plan for Tax Increment Financing District No. 8: Real Estate Equities (a Housing District)," dated June 7, 2019 (collectively, the "Plans"), presented for consideration by the City Council (the "Council") of the City of Brooklyn Center, Minnesota (the "City");

WHEREAS, the Council has investigated the facts relating to the Plans and certain information and material (collectively, the "Materials") relating to the TIF Plan and to the activities contemplated in TIF District No. 8 have heretofore been prepared and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan. The Materials include the tax increment application made and other information supplied by Real Estate Equities, Inc., a Minnesota corporation (or one or more limited partnerships or other entities to be formed thereby or affiliated therewith, the "Developer") as to the activities contemplated therein, the items listed under the heading "Supporting Documentation" in the TIF Plan, and information constituting or relating to (1) why the assistance satisfies the so-called "but for" test and (2) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein;

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption and approval of the Plans, including but not limited to notice to the County Commissioner representing the area of the County to be included in TIF District No. 8, delivery of the Plans to Hennepin County and Independent School District No. 281 (Robbinsdale), and

the holding of a public hearing by the City thereon following notice thereof published in accordance with state law;

WHEREAS, the Council has considered the documentation submitted in support of TIF District No. 8 and the Plans and has taken into account the information and knowledge gained in hearings upon and during consideration of other matters relating to the proposed development;

WHEREAS, TIF District No. 8 is being established to facilitate the acquisition, construction and equipping of an approximately 270-unit rental housing development, including workforce housing and senior housing, and related amenities (the "Development") to be constructed by the Developer;

NOW, THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Brooklyn Center, Minnesota (the "City"), as follows:

Section 1. Findings for the Adoption and Approval of the Plans.

1.01. The Council finds that the boundaries of the Project Area are not being expanded and the Redevelopment Plan is not being modified other than to incorporate the establishment of TIF District No. 8 therein and therefore the Council reaffirms the findings and determinations originally made in connection with the establishment of the Redevelopment Project area and the adoption of the Redevelopment Plan therefor.

1.02. The Council hereby finds that TIF District No. 8 is in the public interest and is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, because it consists of a project or portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Development to be constructed in TIF District No. 8 will consist of approximately 270 units of workforce or senior rental housing. The Developer has represented that at least 40% of the units (i.e., 108 units) will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

1.03. The Council hereby makes the following additional findings in connection with TIF District No. 8:

(a) The Council further finds that the proposed development, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The construction of the Development would not be undertaken in the reasonably foreseeable future. The property has remained undeveloped for several years despite previous efforts to redevelop the property. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without the tax increment assistance to be provided to the Developer. The Developer has provided the City its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the City does not expect that a development of this type would occur in the reasonably foreseeable future but for the use of tax increment assistance.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan. The development contemplated on the property is in accordance with the existing zoning for the property, as modified in accordance with an approved planned unit development agreement.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of TIF District No. 8 by private enterprise. The specific basis for such finding being:

The proposed development to occur within TIF District No. 8 is primarily low and moderate income senior or workforce housing. The development will increase the taxable market valuation of the City, and the number of available low and moderate income senior and workforce housing units in the City.

1.04. The City elects to retain all of the captured tax capacity to finance the costs of TIF District No. 8 and the Redevelopment Project and elects to delay the receipt of the first increment until tax payable year 2021.

1.05. The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan and the findings set forth in Appendix C to the TIF Plan are hereby incorporated by reference into and made a part of this Resolution.

1.06. The Council further finds that the Plans are intended and in the judgment of the Council their effect will be to promote the public purposes and accomplish the objectives specified in the TIF Plan for TIF District No. 8 and the Redevelopment Plan for the Redevelopment Project.

Section 2. Approval and Adoption of the Plans; Policy on Interfund Loans and Advances.

2.01. TIF District No. 8 is hereby established and the Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Finance Director. Approval of the Plans does not constitute approval of any project or a development agreement with any developer. The Business and Development Director is hereby directed to request, in writing, the Hennepin County Auditor to certify the new TIF District No. 8 and to file the Plans with the Commissioner of Revenue and the Office of the State Auditor.

2.02. The Council hereby approves a policy on interfund loans or advances ("Loans") for TIF District No. 8, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to $1,750,780, interest in an amount up to $6,978,073 and other development costs in an amount up to $10,529,725) payable from TIF District No. 8, as provided in the TIF Plan as originally adopted or as it may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City's general fund or other City fund designated by the City Finance Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed may exceed $19,258,578 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2047 or such earlier date as the City Finance Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Finance Director to specify a lower rate (but not less than the City's then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall maintain all necessary or applicable data on the Loans.

(g) In particular the City authorizes an interfund loan to be advanced from Redevelopment Tax Increment Financing District No. 3, in the amount of up to $50,000, to pay administrative expenses not paid by the Developer, to be repaid, not later than February 1, 2047, from tax increments of TIF District No. 8 to the extent not otherwise pledged to other obligations of TIF District No.8, with interest thereon at 4% per annum from the date advanced until repaid in full unless otherwise provided, in writing, by the City Finance Director.

July 8, 2019 _____
Date

_____
Mayor

ATTEST:_____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member _____

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of the City of Brooklyn Center, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the City Council of said City held on July 8, 2019, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the tax increment and related actions referenced therein with respect to the Economic Development Authority of the City of Brooklyn Center, Minnesota's Housing and Redevelopment Project No. 1 and Tax Increment Financing District No. 8 therein.

WITNESS My hand this ____ day of July, 2019.

_____

City Clerk
Brooklyn Center, Minnesota

CITY OF BROOKLYN CENTER
COUNTY OF HENNEPIN
STATE OF MINNESOTA

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO .____

APPROVING THE REMOVAL OF A PARCEL FROM REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 3 WITHIN HOUSING DEVELOPMENT AND REDEVELOPMENT PROJECT NO. 1.

WHEREAS, the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "EDA") and the City of Brooklyn Center, Minnesota (the "City") have heretofore created Redevelopment Tax Increment Financing District No. 3 (the "TIF District") within Housing Development and Redevelopment Project No. 1 (the "Project Area") and approved a tax increment financing plan (the "TIF Plan") for the TIF District, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act") and other applicable laws, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended, (collectively, and together with the TIF Act, the "Act"); and

WHEREAS, the following parcel (the "Property") was included in the TIF District:

Parcel Identification No.

03-118-21-14-0024

WHEREAS, the City desires by this resolution to amend the TIF Plan to remove the Property from the TIF District, thereby reducing the size thereof (the "TIF Plan Modification"); and

WHEREAS, the EDA and City have investigated the facts relating to the TIF Plan Modification and have performed all actions required by law to be performed prior to the adoption and approval of the proposed TIF Plan Modification, including, but not limited to, notification of Hennepin County and Independent School District No. 281 (Robbinsdale), having taxing jurisdiction over the property in the TIF District, and the holding by the City of a public hearing on the date hereof upon published notice as required by law; and

WHEREAS, the Property being removed from the TIF District has a current market values below the frozen value thereof and, therefore, the EDA and City may make the TIF Plan Modification to remove the Property from the TIF District only upon the notice and after the discussion, public hearing, and findings required for approval of the original TIF Plan pursuant to Section 469.175, Subdivision 4 of the TIF Act.

NOW THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Brooklyn Center, Minnesota (the "City"), as follows:

Section 1. Findings for the TIF Plan Modification. The Council hereby reaffirms the original findings for the TIF District and the findings made in connection with all subsequent modifications, including that when the TIF District was established, the TIF District was, and currently is, a redevelopment district and that, in the opinion of the City, (i) the proposed development of the Property would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; (ii) the increased market value of the Property that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan; (iii) that the TIF Plan Modification conforms to the general plan for the development or redevelopment of the City as a whole; (iv) that the TIF Plan Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the project by private enterprise, which findings are further supported by the resolutions of the City and the EDA, adopted on the date hereof, establishing Tax Increment Financing District No. 8: Real Estate Equities (a housing district) in connection with the proposed development of the Property.

Section 2. Public Purpose. The adoption of the TIF Plan Modification conforms in all respects to the requirements of the Act and will help provide opportunities for additional redevelopment and will improve the tax base. These public purposes and benefits exceed any benefits expected to be received by private developers, who will receive assistance only in the amount needed to make the proposed development on the Property financially feasible.

Section. 3 Approval and Adoption of the TIF Plan Modification.

3.01. The TIF District and the TIF Plan are hereby amended to remove the Property and the TIF Plan Modification is hereby approved. Approval of the TIF Plan Modification does not constitute approval of any project or a development agreement with any developer.

3.02. City staff is authorized to file this resolution as evidence of the TIF Plan Modification with the Commissioner of Revenue, the Office of the State Auditor and the Hennepin County Auditor.

3.03. City staff, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan Modification.

July 8, 2019 _____
Date Mayor

ATTEST:_____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member _____

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of the City of Brooklyn Center, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the City Council of said City held on July 8, 2019, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the tax increment and related actions referenced therein with respect to the Economic Development Authority of the City of Brooklyn Center, Minnesota's Housing and Redevelopment Project No. 1 and the removal of a parcel from Redevelopment Tax Increment Financing District No. 3 therein.

WITNESS My hand this ____ day of July, 2019.

_____

City Clerk
Brooklyn Center, Minnesota

MODIFICATION OF THE REDEVELOPMENT PLAN

Housing Development and Redevelopment Project No. 01

- AND -

TAX INCREMENT FINANCING PLAN

Establishment of Tax Increment Financing District No. 8: Real Estate Equities (a housing district)

Brooklyn Center Economic Development Authority
City of Brooklyn Center, Hennepin County, Minnesota

Public Hearing: July 8, 2019

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Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01

Foreword

The following text represents a Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Housing Development and Redevelopment Project No. 01. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 8: Real Estate Equities.

For further information, a review of the Redevelopment Plan for Housing Development and Redevelopment Project No. 01 is recommended. It is available from the Community Development Director at the Brooklyn Center City Hall. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Housing Development and Redevelopment Project No. 01.

Tax Increment Financing Plan for Tax Increment Financing District No. 8: Real Estate Equities

Foreword

The Brooklyn Center Economic Development Authority (the “EDA”), the City of Brooklyn Center (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 8: Real Estate Equities (the "District"), a housing tax increment financing district, located in Housing Development and Redevelopment Project No. 01.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090to 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01.

Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of 270 units of affordable rental housing in the City. Development will include 127 units of workforce housing and 180 units of senior housing. The City anticipated entering into an agreement with Real Estate Equities and development on Phase I (workforce) is expected to begin in 2019 and the senior housing will commence in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Housing Development and Redevelopment Project No. 01.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Housing Development and Redevelopment Project No. 01 and the District.

Redevelopment Plan Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the

necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
03-118-21-14-0024	5801 Xerxes Ave.	Ilex Group

The parcel is currently in Tax Increment Financing District No. 3 and will be removed prior to the establishment of the TIF District.

Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761.*

In meeting the statutory criteria, the EDA and City rely on the following facts and findings:

- The District consists of one parcel.
- The development will consist of 270 units of affordable rental housing in the City.
- 100% of the units will be occupied by persons with incomes at or below 60% of median income.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 26 years. The EDA and City elect to receive the first tax increment in 2021, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2046, or when the TIF Plan is satisfied. The EDA and City reserve the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured, and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below (Pay 2019 rate was used since 2020 rates are not yet available).

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Housing Development and Redevelopment Project No. 01, upon completion of the projects within the District, will annually generate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	$ 648,465	
Original estimated Net Tax Capacity	4,042	
Estimated Captured Tax Capacity	**$ 644,423**	
Original Local Tax Rate	152.5150%	Pay 2019
Estimated Annual Tax Increment	**$ 982,841**	
Percent Retainted by the City	100%	

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be $76,200.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The EDA and City have reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA and City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	$ 17,507,798
Interest	1,750,780
TOTAL	**$ 19,258,578**

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of $12,280,505. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate to facilitate the development of 270 units of affordable housing. The EDA and City have determined that it will be necessary to provide assistance to the projects for certain District costs, as described. The EDA and City have studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES		
Land/Building Acquisition	$	1,000,000
Site Improvements/Preparation	$	750,000
Utilities	$	350,000
Affordable Housing	$	7,429,725
Other Qualifying Improvements	$	1,000,000
Administrative Costs (up to 10%)	$	1,750,780
PROJECT COST TOTAL	**$**	**12,280,505**
Interest		6,978,073
PROJECT AND INTEREST COSTS TOTAL	**$**	**19,258,578**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the development contemplated by the TIF Plan would occur without the creation of the District. However, the EDA and City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is $0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	1,817,980,868	644,423	**0.0354%**
City of Brooklyn Center	18,867,746	644,423	**3.4155%**
Robbinsdale ISD 281	97,653,903	644,423	**0.6599%**

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
Hennepin County	41.8610%	27.45%	644,423	$ **269,762**
City of Brooklyn Center	71.8600%	47.12%	644,423	**463,082**
Robbinsdale ISD 281	29.9090%	19.61%	644,423	**192,740**
Other	8.8850%	5.83%	644,423	**57,257**
Total	**152.5150%**	**100.00%**		$ **982,841**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $17,507,798;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. The current site is a vacant parking lot adjacent to a heavily used transit facility. The transit facility currently generates a high volume of police calls, some of which spill onto this site. It is anticipated that the development will reduce the amount of spillover activity from the transit center and increase the amount of positive activity on the site. Further, the increase in transit users generated from the development will likely have a positive effect on the transit facility. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated $668,465 (269 units at $2,485/unit) in sanitary sewer connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this

project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $3,443,372;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $4,805,389;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

(i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and in Appendix C.

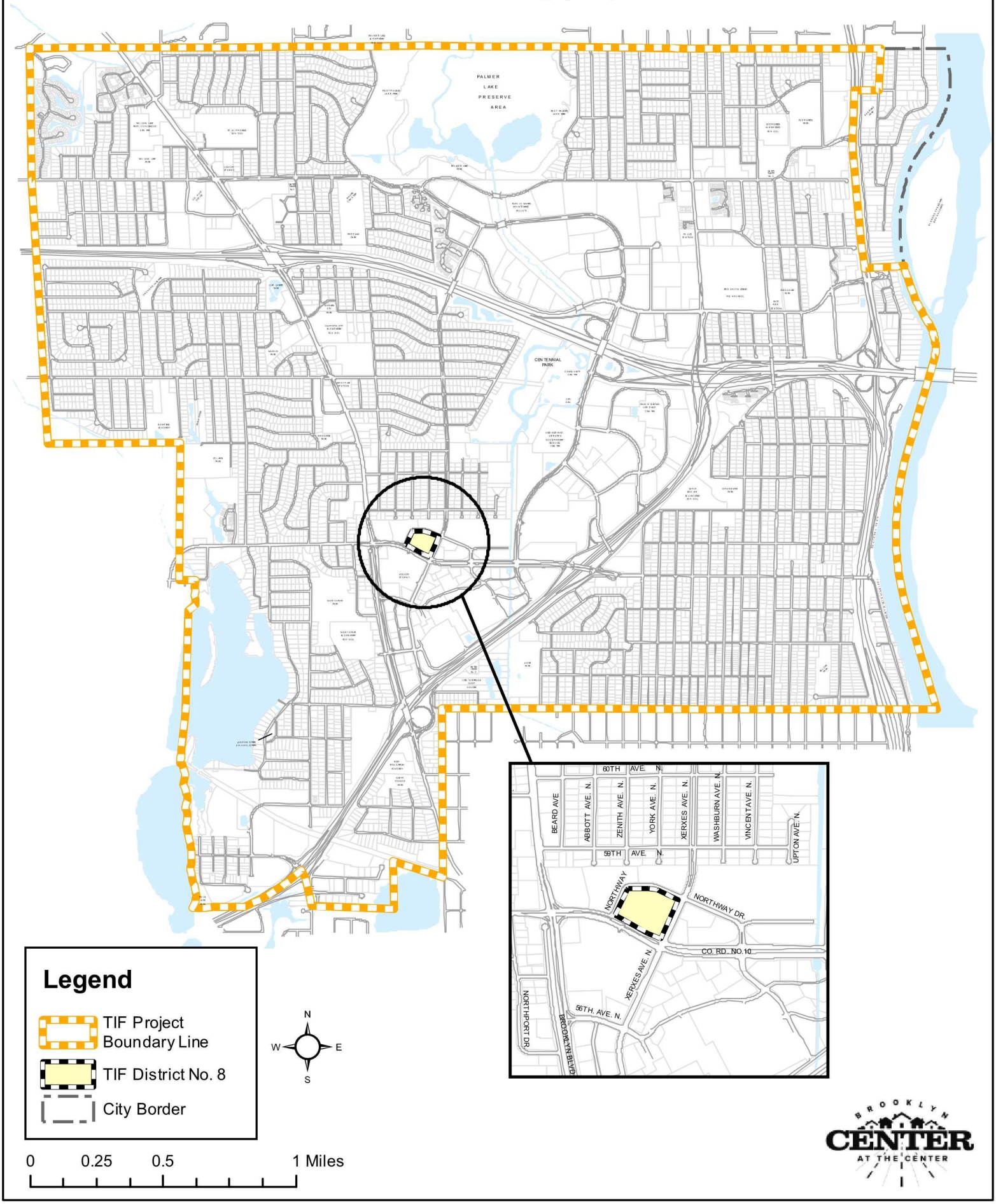
(i) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

Administration of the District

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Housing Development and Redevelopment Project No. 01 and the District

Housing Development and Redevelopment Project No. 1 and Tax Increment Financing (TIF) District No. 8



Appendix B: Estimated Cash Flow for the District

Real Estate Equities - No Inflation

Brooklyn Center, MN

127 Workforce Apartments and 143 Senior Apartments

ASSUMPTIONS AND RATES

DistrictType:	**Housing**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2019**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**3.00%**	
Interest Rate:	**4.00%**	
Present Value Date:	**1-Aug-20**	
First Period Ending	1-Feb-21	
Tax Year District was Certified:	**Pay 2020**	
Cashflow Assumes First Tax Increment For Development:	2021	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2046	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	33.7006%	Pay 2019
Fiscal Disparities Metro-Wide Tax Rate	143.9920%	Pay 2019
Maximum/Frozen Local Tax Rate:	152.515%	Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	152.515%	Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160%	Pay 2019
Market Value Tax Rate (Used for total taxes)	0.26683%	Pay 2019

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$150,000	0.75%
Over	$150,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	03-118-21-14-0024	Ilex Group	5801 Xerxes Ave.	1,617,000		1,617,000	33%	539,000	Pay 2020	C/I Pref.	10,030	Aff. Rental	4,042	1
				1,617,000	0	1,617,000		**539,000**			**10,030**		**4,042**	

Note:

1. **Base values are for pay 2020 based upon review of County website on May 8, 2019.**
2. **Located in SD #281 and WS #8**

EHLERS
LEADERS IN PUBLIC FINANCE

Real Estate Equities - No Inflation

Brooklyn Center, MN

127 Workforce Apartments and 143 Senior Apartments

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Workforce Apt	180,000	180,000	127	22,860,000	Aff. Rental	152,400	1,200	50%	100%	100%	100%	2022
2	Sr. Apt	180,000	180,000	143	25,740,000	Aff. Rental	171,600	1,200	0%	50%	100%	100%	2023
TOTAL					**48,600,000**		**324,000**						
Subtotal Residential				**270**	**48,600,000**		**324,000**						
Subtotal Commercial/Ind.				**0**	**0**		**0**						

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Workforce Apt	152,400	0	152,400	232,433	0	0	60,997	293,430	2,310.47
Sr. Apt	171,600	0	171,600	261,716	0	0	68,682	330,398	2,310.47
TOTAL	324,000	0	324,000	494,149	0	0	129,679	623,828	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	**623,828**
less State-wide Taxes	**0**
less Fiscal Disp. Adj.	**0**
less Market Value Taxes	**(129,679)**
less Base Value Taxes	**(6,165)**
Annual Gross TIF	**487,983**

MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	539,000
New Market Value - Est.	48,600,000
Difference	48,061,000
Present Value of Tax Increment	9,789,626
Difference	38,271,374
Value likely to occur without Tax Increment is less than:	**38,271,374**

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Real Estate Equities - No Inflation
Brooklyn Center, MN
127 Workforce Apartments and 143 Senior Apartments

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/21
100%	76,200	(4,042)	-	72,158	152.515%	110,051	55,026	(198)	(5,483)	49,345	47,429	0.5	2021	08/01/21
							55,026	(198)	(5,483)	49,345	93,927	1	2021	02/01/22
100%	238,200	(4,042)	-	234,158	152.515%	357,125	178,563	(643)	(17,792)	160,128	241,861	1.5	2022	08/01/22
							178,563	(643)	(17,792)	160,128	386,893	2	2022	02/01/23
100%	328,572	(4,042)	-	324,530	152.515%	494,956	247,478	(891)	(24,659)	221,928	583,959	2.5	2023	08/01/23
							247,478	(891)	(24,659)	221,928	777,161	3	2023	02/01/24
100%	338,429	(4,042)	-	334,387	152.515%	509,990	254,995	(918)	(25,408)	228,669	972,328	3.5	2024	08/01/24
							254,995	(918)	(25,408)	228,669	1,163,669	4	2024	02/01/25
100%	348,582	(4,042)	-	344,540	152.515%	525,474	262,737	(946)	(26,179)	235,612	1,356,953	4.5	2025	08/01/25
							262,737	(946)	(26,179)	235,612	1,546,447	5	2025	02/01/26
100%	359,039	(4,042)	-	354,997	152.515%	541,424	270,712	(975)	(26,974)	242,764	1,737,864	5.5	2026	08/01/26
							270,712	(975)	(26,974)	242,764	1,925,528	6	2026	02/01/27
100%	369,811	(4,042)	-	365,768	152.515%	557,851	278,926	(1,004)	(27,792)	250,129	2,115,095	6.5	2027	08/01/27
							278,926	(1,004)	(27,792)	250,129	2,300,945	7	2027	02/01/28
100%	380,905	(4,042)	-	376,863	152.515%	574,772	287,386	(1,035)	(28,635)	257,716	2,488,677	7.5	2028	08/01/28
							287,386	(1,035)	(28,635)	257,716	2,672,729	8	2028	02/01/29
100%	392,332	(4,042)	-	388,290	152.515%	592,200	296,100	(1,066)	(29,503)	265,531	2,858,642	8.5	2029	08/01/29
							296,100	(1,066)	(29,503)	265,531	3,040,911	9	2029	02/01/30
100%	404,102	(4,042)	-	400,060	152.515%	610,151	305,075	(1,098)	(30,398)	273,579	3,225,022	9.5	2030	08/01/30
							305,075	(1,098)	(30,398)	273,579	3,405,523	10	2030	02/01/31
100%	416,225	(4,042)	-	412,183	152.515%	628,640	314,320	(1,132)	(31,319)	281,870	3,587,847	10.5	2031	08/01/31
							314,320	(1,132)	(31,319)	281,870	3,766,597	11	2031	02/01/32
100%	428,712	(4,042)	-	424,669	152.515%	647,685	323,842	(1,166)	(32,268)	290,409	3,947,150	11.5	2032	08/01/32
							323,842	(1,166)	(32,268)	290,409	4,124,163	12	2032	02/01/33
100%	441,573	(4,042)	-	437,531	152.515%	667,300	333,650	(1,201)	(33,245)	299,204	4,302,961	12.5	2033	08/01/33
							333,650	(1,201)	(33,245)	299,204	4,478,254	13	2033	02/01/34
100%	454,820	(4,042)	-	450,778	152.515%	687,504	343,752	(1,238)	(34,251)	308,263	4,655,312	13.5	2034	08/01/34
							343,752	(1,238)	(34,251)	308,263	4,828,899	14	2034	02/01/35
100%	468,465	(4,042)	-	464,423	152.515%	708,314	354,157	(1,275)	(35,288)	317,594	5,004,233	14.5	2035	08/01/35
							354,157	(1,275)	(35,288)	317,594	5,176,130	15	2035	02/01/36
100%	482,519	(4,042)	-	478,477	152.515%	729,749	364,874	(1,314)	(36,356)	327,205	5,349,755	15.5	2036	08/01/36
							364,874	(1,314)	(36,356)	327,205	5,519,977	16	2036	02/01/37
100%	496,995	(4,042)	-	492,952	152.515%	751,826	375,913	(1,353)	(37,456)	337,104	5,691,909	16.5	2037	08/01/37
							375,913	(1,353)	(37,456)	337,104	5,860,470	17	2037	02/01/38
100%	511,904	(4,042)	-	507,862	152.515%	774,566	387,283	(1,394)	(38,589)	347,300	6,030,725	17.5	2038	08/01/38
							387,283	(1,394)	(38,589)	347,300	6,197,641	18	2038	02/01/39
100%	527,262	(4,042)	-	523,219	152.515%	797,988	398,994	(1,436)	(39,756)	357,802	6,366,232	18.5	2039	08/01/39
							398,994	(1,436)	(39,756)	357,802	6,531,518	19	2039	02/01/40
100%	543,079	(4,042)	-	539,037	152.515%	822,112	411,056	(1,480)	(40,958)	368,619	6,698,462	19.5	2040	08/01/40
							411,056	(1,480)	(40,958)	368,619	6,862,132	20	2040	02/01/41
100%	559,372	(4,042)	-	555,329	152.515%	846,961	423,480	(1,525)	(42,196)	379,760	7,027,444	20.5	2041	08/01/41
							423,480	(1,525)	(42,196)	379,760	7,189,513	21	2041	02/01/42
100%	576,153	(4,042)	-	572,110	152.515%	872,554	436,277	(1,571)	(43,471)	391,236	7,353,207	21.5	2042	08/01/42
							436,277	(1,571)	(43,471)	391,236	7,513,690	22	2042	02/01/43
100%	593,438	(4,042)	-	589,395	152.515%	898,916	449,458	(1,618)	(44,784)	403,056	7,675,781	22.5	2043	08/01/43
							449,458	(1,618)	(44,784)	403,056	7,834,693	23	2043	02/01/44
100%	611,241	(4,042)	-	607,198	152.515%	926,068	463,034	(1,667)	(46,137)	415,231	7,995,195	23.5	2044	08/01/44
							463,034	(1,667)	(46,137)	415,231	8,152,550	24	2044	02/01/45
100%	629,578	(4,042)	-	625,535	152.515%	954,035	477,018	(1,717)	(47,530)	427,770	8,311,479	24.5	2045	08/01/45
							477,018	(1,717)	(47,530)	427,770	8,467,291	25	2045	02/01/46
100%	648,465	(4,042)	-	644,423	152.515%	982,841	491,421	(1,769)	(48,965)	440,686	8,624,661	25.5	2046	08/01/46
							491,421	(1,769)	(48,965)	440,686	8,778,945	26	2046	02/01/47
Total							**17,571,054**	**(63,256)**	**(1,750,780)**	**15,757,018**				
	Present Value From		**08/01/2020**	**Present Value Rate**		**4.00%**	**9,789,626**	**(35,243)**	**(975,438)**	**8,778,945**				

Appendix C: Findings Including But/For Qualifications

1.01. The Council finds that the boundaries of the Project Area are not being expanded and the Redevelopment Plan is not being modified other than to incorporate the establishment of TIF District No. 8 therein and therefore the Council reaffirms the findings and determinations originally made in connection with the establishment of the Redevelopment Project area and the adoption of the Redevelopment Plan therefor.

1.02. The Council hereby finds that TIF District No. 8 is in the public interest and is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, because it consists of a project or portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Development to be constructed in TIF District No. 8 will consist of approximately 270 units of workforce or senior rental housing. The Developer has represented that at least 40% of the units (i.e., 108 units) will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

1.03. The Council hereby makes the following additional findings in connection with TIF District No. 8:

(a) The Council further finds that the proposed development, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

> The construction of the Development would not be undertaken in the reasonably foreseeable future. The property has remained undeveloped for several years despite previous efforts to redevelop the property. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without the tax increment assistance to be provided to the Developer. The Developer has provided the City its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the City does not expect that a development of this type

would occur in the reasonably foreseeable future but for the use of tax increment assistance.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan. The development contemplated on the property is in accordance with the existing zoning for the property, as modified in accordance with an approved planned unit development agreement.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of TIF District No. 8 by private enterprise. The specific basis for such finding being:

The proposed development to occur within TIF District No. 8 is primarily low- and moderate-income senior or workforce housing. The development will increase the taxable market valuation of the City, and the number of available low- and moderate-income senior and workforce housing units in the City.

Economic Development Authority
City Hall - Council Chambers
July 8, 2019

AGENDA

1. Call to Order

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet, including EDA (Economic Development Authority), is available to the public. The packet ring binder is located at the entrance of the council chambers.

2. Roll Call

3. Approval of Consent Agenda

The following items are considered to be routine by the Economic Development Authority (EDA) and will been acted by one motion. There will be no separate discussion of these items unless a Commissioner so requests, in which event the item will be removed from the consent agenda and considered at the end of Commission Consideration Items.

a. Approval of Minutes

- Motion to approve minutes from June 24, 2019

4. Commission Consideration Items

a. Resolutions Regarding Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3 and Establishing Tax Increment Financing District No. 8 and Approving a Tax Increment Financing Plan

- Motion to approve a resolution approving the removal of a parcel from Redevelopment Tax Increment Financing District No. 3 within Housing Development and Redevelopment Project No. 1

- Motion to approve a resolution approving a modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 1 establishing Tax Increment Financing District No. 8 therein and approving a Tax Increment Financing Plan therefor

5. Adjournment

EDA ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: Dr. Reggie Edwards, Deputy City Manager

FROM: Barb Suciu, City Clerk

SUBJECT: Approval of Minutes

Background:

Strategic Priorities and Values:

Operational Excellence

ATTACHMENTS:

Description	Upload Date	Type
June 24, 2019 EDA Minutes	7/3/2019	Cover Memo

MINUTES OF THE PROCEEDINGS OF THE
ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN CENTER
IN THE COUNTY OF HENNEPIN AND THE
STATE OF MINNESOTA

REGULAR SESSION
JUNE 24, 2019
CITY HALL – COUNCIL CHAMBERS

1. CALL TO ORDER

The Brooklyn Center Economic Development Authority (EDA) met in Regular Session called to order by President Mike Elliott at 9:00 p.m.

2. ROLL CALL

President Mike Elliott and Commissioners April Graves, Kris Lawrence-Anderson, and Dan Ryan. Commissioner Marquita Butler was absent and excused. Also present were Executive Director Curt Boganey, Community Development Director Meg Beekman, Police Chief Tim Gannon, and City Attorney Troy Gilchrist.

3. APPROVAL OF AGENDA AND CONSENT AGENDA

Commissioner Ryan moved, and Commissioner Graves seconded to approve the Agenda and Consent Agenda, and the following item was approved:

3a. APPROVAL OF MINUTES

1. May 28, 2019 – Regular Session

Motion passed unanimously.

4. COMMISSION CONSIDERATION ITEMS

4a. RESOLUTION NO. 2019-12 APPROVING A PURCHASE AGREEMENT AND CONVEYANCE OF CERTAIN PROPERTY TO CENTRA HOMES LLC

Community Development Director Meg Beekman reviewed a proposed purchase agreement with Centra Homes LLC for development of a 7.5-acre property owned by the Economic Development Authority (EDA). She added the property was acquired using TIF #3 pooled funds with the intent of redeveloping the land into single-family homes.

Ms. Beekman stated Centra Homes was selected to develop a site plan for 30-35 move-up single family homes with an average home price of $332,000. She added the purchase agreement $115,000 stipulates that Centra Homes would pay an earnest amount and conduct due diligence

and obtain financing, closing on the property on or before September 30 for a purchase price of $115,000.

Commissioner Lawrence-Anderson stated residents of that neighborhood have asked about damage to the streets for which they were recently assessed. Ms. Beeman stated a pre-inspection would be conducted, which would document the condition of the streets before work commences.

Commissioner Graves requested clarification regarding why the City does not have residential design standards, and whether that is typical for cities.

Ms. Beekman stated the City of Brooklyn Center had been fully developed for many years, and landscape and design standards are generally required for new residential developments. She added the City Council could review this issue and consider the addition of residential design and landscaping standards. She noted this type of standard is especially helpful in a city like Brooklyn Center, where there are many mature trees, and tree removal guidelines might be required for redevelopment projects.

Commissioner Graves stated she would support consideration of residential design standards as a future work session agenda item.

Mr. Boganey stated that it is a topic that could be addressed by the Zoning Task Force. Ms. Beeman agreed.

Commissioner Ryan moved, and Commissioner Lawrence-Anderson seconded to open the public hearing at 9:10 p.m.

Motion passed unanimously.

There were no comments

Commissioner Graves moved, and Commissioner Ryan seconded to close the public hearing at 9:11 p.m.

Motion passed unanimously.

Commissioner Ryan stated he appreciates that residents are concerned about disruption to their neighborhood. He added the contractor and the City would do everything possible to minimize inconvenience. He noted this is a great opportunity for the City to provide move-up homes and bring the undeveloped residential property into more productive use.

Commissioner Ryan moved, and Commissioner Lawrence-Anderson seconded to adopt RESOLUTION NO. 2019-12 Approving a Purchase Agreement and Conveyance of Certain Property to Centra Homes LLC.

President Elliott abstained. Motion passed.

4b. CONSIDERATION OF A TERM SHEET BETWEEN REAL ESTATE EQUITIES AND THE ECONOMIC DEVELOPMENT AUTHORITY OF BROOKLYN CENTER REGARDING TAX INCREMENT FINANCING

Ms. Beekman reviewed a concept plan proposed by Real Estate Equities for EDA-owned property at 5801 Xerxes Avenue N. A Planned Unit Development (PDA) Agreement was approved by the City Council on June 10, 2019, for a residential community comprised of two buildings with senior living and workforce housing. The project qualifies for a 26-year TIF housing district, as requested by the applicant. The estimated market value of the property after construction would be $33.3 million and would generate $360,000 annually in property taxes.

Ms. Beekman stated City Staff recommends the creation of a 26-year TIF district of $1.6 million pay as you go, likely to be paid off in 16 years. The EDA would retain 10% of the increment over the life of the note repayment that could be utilized to cover the City's costs and other housing projects. The City can choose to keep the District open for the full 26 years.

Ms. Beekman stated TIF District income limits would apply, which would be 40% of units at 60% AMI. She added this is a statutory requirement for TIF districts.

Commissioner Ryan requested confirmation that the TIF note is the obligation of the developer and not the City. Ms. Beekman confirmed this.

Commissioner Ryan asked whether the length of the TIF District is a legal requirement. Ms. Beekman confirmed this, adding there is a maximum length specified in State statute.

Commissioner Ryan asked whether the TIF district could be applied to other projects. Ms. Beekman stated City Staff is proposing that this TIF district will be applied to this property only, but it can be spent outside the district for eligible development opportunities if the additional increment is produced.

Commissioner Lawrence-Anderson asked when the developer will pay their full property tax revenue to the City. Ms. Beekman stated additional taxes besides the base tax that are generated off the development after the project is constructed are paid by the developer. She added they would receive a refund of 90% to pay off the TIF note up to the amount of the note or after 16 years.

Commissioner Graves asked what the TIF district this will be, and whether there are a few districts close to ending. Ms. Beekman stated this would be TIF District #8. She added Districts 1 and two are no longer active and were decertified. She noted TIF #3 decertifies in 2021. She noted she could provide additional detail on each of the TIF Districts for the City Council's review.

Commissioner Ryan stated the development is dependent upon this modest subsidy. He added these sets aside City revenue over 16 years to provide an asset to the community for seniors and working families.

Commissioner Ryan moved, and Commissioner Lawrence-Anderson seconded to direct City Staff to prepare an agreement consistent with the term sheet.

Motion passed unanimously.

5. ADJOURNMENT

Commissioner Ryan moved, and Commissioner Graves seconded adjournment of the Economic Development Authority meeting at 9:30 p.m.

Motion passed unanimously.

EDA ITEM MEMORANDUM

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Meg Beekman, Community Development Director

SUBJECT: Resolutions Regarding Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3 and Establishing Tax Increment Financing District No. 8 and Approving a Tax Increment Financing Plan

Background:

As part of the establishment of a tax increment financing district, the City Council must hold a public hearing and both the City Council and EDA must approve the TIF plan and the establishment of the district.

On February 22, 2019, the City received an application for public financial assistance from Real Estate Equities (the "Developer"). The Developer requested tax increment financing (TIF) to provide the necessary assistance for construction of 270-units of affordable rental housing within the City; 127-units of non-age restricted housing and 143-units of senior housing, all of which would be affordable to persons or households at or below 60% of the area median income (AMI) and would be both rent and income restricted as noted below:

Income Limit by Household Size	
Household Size	Income Limit
1	$42,000
2	$48,000
3	$54,000
4	$60,000

Rent Limit by Unit Size		
Unit Size	Rent Limit	Proposed Rents
Studio	$1,050	N/A
1	$1,125	$1,047
2	$1,350	$1,255
3	$1,560	$1,447

The City will be creating a housing TIF district with a 26-year term. It is anticipated that the first tax increment will be received in 2021 so the District would terminate on December 31, 2046. It should be noted that the EDA only anticipates providing 16 years of assistance for the project(s) so in year 17, the City Council at that time can chose to either decertify the District early, or keep the District open and collect the remaining ten (10) years of TIF for use on future affordable housing projects (it should be noted that any future Council in year 17 through 26 could choose to decertify the District early).

When both projects are completed, the District will generate approximately $486,000/year in TIF. The City anticipates providing two (2) Pay-As-You-Go (PAYGO) TIF Notes which will be paid from 90% of the annual TIF generated from the District. The EDA will retain 10% of the annual TIF (approximately $48,600/year) for administrative costs of the District or for use on other affordable housing (rental or owner-occupied) housing projects.

After redevelopment the taxable market value is estimated to be approximately $48.6 million ($22.86 million for the workforce apartments and $25.74 million for the senior apartments). Once the PAYGO notes are paid, the projects will generate approximately $232,000 in annual revenue for the City.

Interfund Loan
The City's Economic Development Authority (EDA) is overseeing the administration and development within the above referenced TIF District. As part of this administration, the EDA may need to loan funds from various EDA funds to this District to temporarily finance administrative costs not covered by Real Estate Equities escrow.

State Statute requires that the EDA approve a resolution authorizing an internal (interfund) loan to the respective TIF District and set the terms for reimbursement of the costs to be repaid with tax increments from the respective TIF District. The language authorizing an interfund loan for up to $50,000 from the EDA to the TIF District is included in the resolution establishing the TIF District. The interfund loan would be paid with future TIF from the District (the EDA's 10% admin portion). As funds are advanced they will bear an interest rate of 5%, which is the current, maximum interest rate that can be charged. It should be noted that $50,000 is a maximum amount and that it may never need to be drawn upon if there are no additional administrative costs charged to the District that are not the responsibility of the Developer.

Completing this action provides the EDA with the most flexibility to reimburse itself in the future if and when EDA funds are advanced and TIF funds are available from the newly created TIF District.

Removal of Parcel from TIF District 3
The City and EDA established TIF district No. 3 (Earle Brown Farm Project) in 1994 which encompassed a large area of the City. This district included the former Jerry's Food site located at 5801 Xerxes Avenue, identified as parcel number 03-118-21-14-0024.

The City and EDA are creating TIF District No. 8: Real Estate Equities, on this parcel for the development of 270 affordable rental housing units. Since the parcel is already contained within TIF District No. 3, the City is required to remove it prior to the establishment of the new housing TIF district.

The parcel was occupied by a building when TIF District No. 3 was created and since then the building has been demolished. Due to this, the City is required to hold a public hearing on its removal since the tax capacity of the parcel is lower today then when it was when TIF district No. 3 was established.

It should be noted that removal of this parcel from TIF District No. 3 will actually have a positive impact on the District (albeit quite small) since the parcel has been generating negative increment for the District due to the current tax capacity being less than the base tax capacity.

Budget Issues:

The proposed action would have no impact on the budget. All costs associated with the creation and administration of the TIF district will be paid by the Developer and/or future generated increment.

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
Resolution Approving the Removal of a Parcel from Redevelopment Tax Increment Financing District No. 3	7/2/2019	Resolution Letter
Resolution Approving the Establishment of TIF District No. 8	7/2/2019	Resolution Letter

Commissioner _____ introduced the following resolution and moved its adoption:

EDA RESOLUTION NO .____

APPROVING THE REMOVAL OF A PARCEL FROM REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 3 WITHIN HOUSING DEVELOPMENT AND REDEVELOPMENT PROJECT NO. 1.

WHEREAS, the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "EDA") and the City of Brooklyn Center, Minnesota (the "City") have heretofore created Redevelopment Tax Increment Financing District No. 3 (the "TIF District") within Housing Development and Redevelopment Project No. 1 (the "Project Area") and approved a tax increment financing plan (the "TIF Plan") for the TIF District, pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act") and other applicable laws, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended, (collectively, and together with the TIF Act, the "Act"); and

WHEREAS, the following parcel (the "Property") was included in the TIF District:

Parcel Identification No.

03-118-21-14-0024

WHEREAS, the EDA desires by this resolution to amend the TIF Plan to remove the Property from the TIF District, thereby reducing the size thereof (the "TIF Plan Modification"); and

WHEREAS, the EDA and City have investigated the facts relating to the TIF Plan Modification and have performed all actions required by law to be performed prior to the adoption and approval of the proposed TIF Plan Modification, including, but not limited to, notification of Hennepin County and Independent School District No. 281 (Robbinsdale), having taxing jurisdiction over the property in the TIF District, and the holding by the City of a public hearing on the date hereof upon published notice as required by law; and

WHEREAS, the Property being removed from the TIF District has a current market values below the frozen value thereof and, therefore, the EDA and City may make the TIF Plan Modification to remove the Property from the TIF District only upon the notice and after the discussion, public hearing, and findings required for approval of the original TIF Plan pursuant to Section 469.175, Subdivision 4 of the TIF Act.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the EDA (the "Board") as follows:

Section 1. Findings for the TIF Plan Modification. The Board hereby reaffirms the original findings for the TIF District and the findings made in connection with all subsequent

modifications, including that when the TIF District was established, the TIF District was, and currently is, a redevelopment district and that, in the opinion of the EDA, (i) the proposed development of the Property would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; (ii) the increased market value of the Property that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan; (iii) that the TIF Plan Modification conforms to the general plan for the development or redevelopment of the City as a whole; (iv) that the TIF Plan Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the project by private enterprise, which findings are further supported by the resolutions of the City and the EDA, adopted on the date hereof, establishing Tax Increment Financing District No. 8: Real Estate Equities (a housing district) in connection with the proposed development of the Property.

Section 2. Public Purpose. The adoption of the TIF Plan Modification conforms in all respects to the requirements of the Act and will help provide opportunities for additional redevelopment and will improve the tax base. These public purposes and benefits exceed any benefits expected to be received by private developers, who will receive assistance only in the amount needed to make the proposed development on the Property financially feasible.

Section. 3 Approval and Adoption of the TIF Plan Modification.

3.01. The TIF District and the TIF Plan are hereby amended to remove the Property and the TIF Plan Modification is hereby approved. Approval of the TIF Plan Modification does not constitute approval of any project or a development agreement with any developer.

3.02. City staff is authorized to file this resolution as evidence of the TIF Plan Modification with the Commissioner of Revenue, the Office of the State Auditor and the Hennepin County Auditor.

3.03. City staff, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan Modification.

July 8, 2019 _____
Date Chair

ATTEST:_____
Secretary

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner _____

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF
BROOKLYN CENTER, MINNESOTA
CITY OF BROOKLYN CENTER
COUNTY OF HENNEPIN
STATE OF MINNESOTA

Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION APPROVING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR HOUSING DEVELOPMENT AND REDEVELOPMENT PROJECT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 8 THEREIN AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR

WHEREAS, it has been proposed that the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "EDA") modify the Redevelopment Plan for its Housing and Redevelopment Project No. 1 (the "Redevelopment Project"); establish Tax Increment Financing District No. 8: Real Estate Equities (a housing district) ("TIF District No. 8") within the Redevelopment Project; and adopt the Tax Increment Financing Plan (the "TIF Plan") therefor; all pursuant to and in conformity with applicable law, Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act"), Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.090 to 469.1081, all inclusive, as amended, (collectively, and together with the TIF Act, the "Act"), and all as reflected in that certain document entitled in part "Modification of the Redevelopment Plan for Housing Development and Redevelopment Project No. 1 and Tax Increment Financing Plan for Tax Increment Financing District No. 8: Real Estate Equities (a Housing District)" dated June 7, 2019 (collectively, the "Plans"), presented for the Board's consideration;

WHEREAS, the Board has investigated the facts relating to the Plans and certain information and material (collectively, the "Materials") relating to the TIF Plan and to the activities contemplated in TIF District No. 8 have heretofore been prepared and submitted to the Board and/or made a part of the EDA files and proceedings on the TIF Plan. The Materials include the tax increment application made and other information supplied by Real Estate Equities, Inc., a Minnesota corporation (or one or more limited partnerships or other entities to be formed thereby or affiliated therewith, the "Developer") as to the activities contemplated therein, the items listed under the heading "Supporting Documentation" in the TIF Plan, and information constituting or relating to (1) why the assistance satisfies the so-called "but for" test and (2) the bases for the other findings and determinations made in this resolution. The Board hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein;

WHEREAS, the EDA has performed all actions required by law to be performed prior to the adoption and approval of the Plans, including but not limited to notice to the County Commissioner representing the area of the County to be included in TIF District No. 8, and delivery of the Plans to Hennepin County and Independent School District No. 281

(Robbinsdale); and the City Council has held a public hearing thereon on the date hereof following notice thereof published in accordance with state law;

WHEREAS, TIF District No. 8 is being established to facilitate the acquisition, construction and equipping of an approximately 270-unit rental housing development, including workforce housing and senior housing, and related amenities (the "Development") to be constructed by the Developer.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners (the "Board") of the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "EDA"), as follows:

Section 1. Findings for the Adoption and Approval of the Plans.

1.01. The Board hereby finds that the boundaries of the Project Area are not being expanded and the Redevelopment Plan is not being modified other than to incorporate the establishment of TIF District No. 8 therein and therefore the Board reaffirms the findings and determinations originally made in connection with the establishment of the Redevelopment Project area and the adoption of the Redevelopment Plan therefor.

1.02. The Board hereby finds that TIF District No. 8 is in the public interest and is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, because it consists of a project or portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Development to be constructed in TIF District No. 8 will consist of approximately 270 units of workforce or senior rental housing. Developer has represented that at least 40% of the units (i.e., 108 units) will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

1.03. The Board hereby makes the following additional findings in connection with TIF District No. 8:

(a) The Board further finds that the proposed development, in the opinion of the Board of Commissioners, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

> The construction of the Development would not be undertaken in the reasonably foreseeable future. The property has remained

undeveloped for several years despite previous efforts to redevelop the property. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without the tax increment assistance to be provided to the Developer. The Developer has provided the EDA its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the EDA does not expect that a development of this type would occur in the reasonably foreseeable future but for the use of tax increment assistance.

(b) The Board further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the EDA as a whole. The specific basis for such finding being:

The TIF Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan. The development contemplated on the property is in accordance with the existing zoning for the property, as modified in accordance with an approved planned unit development agreement.

(c) The Board further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the EDA as a whole for the development of TIF District No. 8 by private enterprise. The specific basis for such finding being:

The proposed development to occur within TIF District No. 8 is primarily low and moderate income senior or workforce housing. The development will increase the taxable market valuation of the City, and the number of available low and moderate income senior and workforce housing units in the City.

1.04. The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan and the findings set forth in Appendix C to the TIF Plan are hereby incorporated by reference into and made a part of this Resolution.

1.05. The Board further finds that the Plans are intended and in the judgment of the Board their effect will be to promote the public purposes and accomplish the objectives specified in the TIF Plan for TIF District No. 8 and the Redevelopment Plan for the Redevelopment Project.

Section 2. Approval and Adoption of the Plans; Policy on Interfund Loans and Advances.

2.01. TIF District No. 8 is hereby established and the Plans, as presented to the Board on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted, and shall be placed on file in the office of the City Finance Director. Approval of the Plans does not constitute approval of any project or a development agreement with any developer. The Business and Development Director is hereby directed to request, in writing, the Hennepin County Auditor to certify the new TIF District No. 8 and to file the Plans with the Commissioner of Revenue and the Office of the State Auditor.

2.02. The Board hereby approves a policy on interfund loans or advances ("Loans") for TIF District No. 8, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to $1,750,780, interest in an amount up to $6,978,073 and other development costs in an amount up to $10,529,725) payable from TIF District No. 8, as provided in the TIF Plan as originally adopted or as it may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in any fund or account of the EDA designated by the City Finance Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed may exceed $19,258,578 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2047 or such earlier date as the City Finance Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the EDA Finance Director to specify a lower rate (but not less than the EDA's then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall maintain all necessary or applicable data on the Loans.

(g) In particular the EDA authorizes an interfund loan to be advanced from Redevelopment Tax Increment Financing District No. 3, in the amount of up to $50,000,

to pay administrative expenses not paid by the Developer, to be repaid, not later than February 1, 2047, from tax increments of TIF District No. 8 to the extent not otherwise pledged to other obligations of TIF District No.8, with interest thereon at 4% per annum from the date advanced until repaid in full unless otherwise provided, in writing, by the City Finance Director.

July 8, 2019 _____
Date

_____
Chair

ATTEST:_____
Secretary

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner _____

and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

SECRETARY'S CERTIFICATE

I, the undersigned, being the duly qualified and acting Secretary of the Economic Development Authority of the City of Brooklyn Center, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the Board of Commissioners of said EDA held on July 8, 2019, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the tax increment and related actions referenced therein with respect to the EDA's Housing and Redevelopment Project No. 1 and Tax Increment Financing District No. 8 therein.

WITNESS My hand this ____ day of July, 2019.

_____

Secretary
Economic Development Authority of the City of Brooklyn Center, Minnesota

MODIFICATION OF THE REDEVELOPMENT PLAN

Housing Development and Redevelopment Project No. 01

- AND -

TAX INCREMENT FINANCING PLAN

Establishment of Tax Increment Financing District No. 8: Real Estate Equities (a housing district)

Brooklyn Center Economic Development Authority
City of Brooklyn Center, Hennepin County, Minnesota

Public Hearing: July 8, 2019

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Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01

Foreword

The following text represents a Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Housing Development and Redevelopment Project No. 01. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 8: Real Estate Equities.

For further information, a review of the Redevelopment Plan for Housing Development and Redevelopment Project No. 01 is recommended. It is available from the Community Development Director at the Brooklyn Center City Hall. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Housing Development and Redevelopment Project No. 01.

Tax Increment Financing Plan for Tax Increment Financing District No. 8: Real Estate Equities

Foreword

The Brooklyn Center Economic Development Authority (the “EDA”), the City of Brooklyn Center (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 8: Real Estate Equities (the "District"), a housing tax increment financing district, located in Housing Development and Redevelopment Project No. 01.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090to 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for Housing Development and Redevelopment Project No. 01.

Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of 270 units of affordable rental housing in the City. Development will include 127 units of workforce housing and 180 units of senior housing. The City anticipated entering into an agreement with Real Estate Equities and development on Phase I (workforce) is expected to begin in 2019 and the senior housing will commence in 2020. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Housing Development and Redevelopment Project No. 01.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Housing Development and Redevelopment Project No. 01 and the District.

Redevelopment Plan Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the

necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
03-118-21-14-0024	5801 Xerxes Ave.	Ilex Group

The parcel is currently in Tax Increment Financing District No. 3 and will be removed prior to the establishment of the TIF District.

Please also see the map in Appendix A for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761.*

In meeting the statutory criteria, the EDA and City rely on the following facts and findings:

- The District consists of one parcel.
- The development will consist of 270 units of affordable rental housing in the City.
- 100% of the units will be occupied by persons with incomes at or below 60% of median income.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 26 years. The EDA and City elect to receive the first tax increment in 2021, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2046, or when the TIF Plan is satisfied. The EDA and City reserve the right to decertify the District prior to the legally required date.

Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured, and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below (Pay 2019 rate was used since 2020 rates are not yet available).

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Housing Development and Redevelopment Project No. 01, upon completion of the projects within the District, will annually generate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	$ 648,465	
Original estimated Net Tax Capacity	4,042	
Estimated Captured Tax Capacity	**$ 644,423**	
Original Local Tax Rate	152.5150%	Pay 2019
Estimated Annual Tax Increment	**$ 982,841**	
Percent Retainted by the City	100%	

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be $76,200.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The EDA and City have reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA and City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	$ 17,507,798
Interest	1,750,780
TOTAL	**$ 19,258,578**

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of $12,280,505. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Uses of Funds

Currently under consideration for the District is a proposal to facilitate to facilitate the development of 270 units of affordable housing. The EDA and City have determined that it will be necessary to provide assistance to the projects for certain District costs, as described. The EDA and City have studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES		
Land/Building Acquisition	$	1,000,000
Site Improvements/Preparation	$	750,000
Utilities	$	350,000
Affordable Housing	$	7,429,725
Other Qualifying Improvements	$	1,000,000
Administrative Costs (up to 10%)	$	1,750,780
PROJECT COST TOTAL	**$**	**12,280,505**
Interest		6,978,073
PROJECT AND INTEREST COSTS TOTAL	**$**	**19,258,578**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the development contemplated by the TIF Plan would occur without the creation of the District. However, the EDA and City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is $0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Hennepin County	1,817,980,868	644,423	**0.0354%**
City of Brooklyn Center	18,867,746	644,423	**3.4155%**
Robbinsdale ISD 281	97,653,903	644,423	**0.6599%**

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
Hennepin County	41.8610%	27.45%	644,423	$ **269,762**
City of Brooklyn Center	71.8600%	47.12%	644,423	**463,082**
Robbinsdale ISD 281	29.9090%	19.61%	644,423	**192,740**
Other	8.8850%	5.83%	644,423	**57,257**
Total	**152.5150%**	**100.00%**		$ **982,841**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $17,507,798;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. The current site is a vacant parking lot adjacent to a heavily used transit facility. The transit facility currently generates a high volume of police calls, some of which spill onto this site. It is anticipated that the development will reduce the amount of spillover activity from the transit center and increase the amount of positive activity on the site. Further, the increase in transit users generated from the development will likely have a positive effect on the transit facility. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated $668,465 (269 units at $2,485/unit) in sanitary sewer connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this

project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $3,443,372;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $4,805,389;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

(i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and in Appendix C.

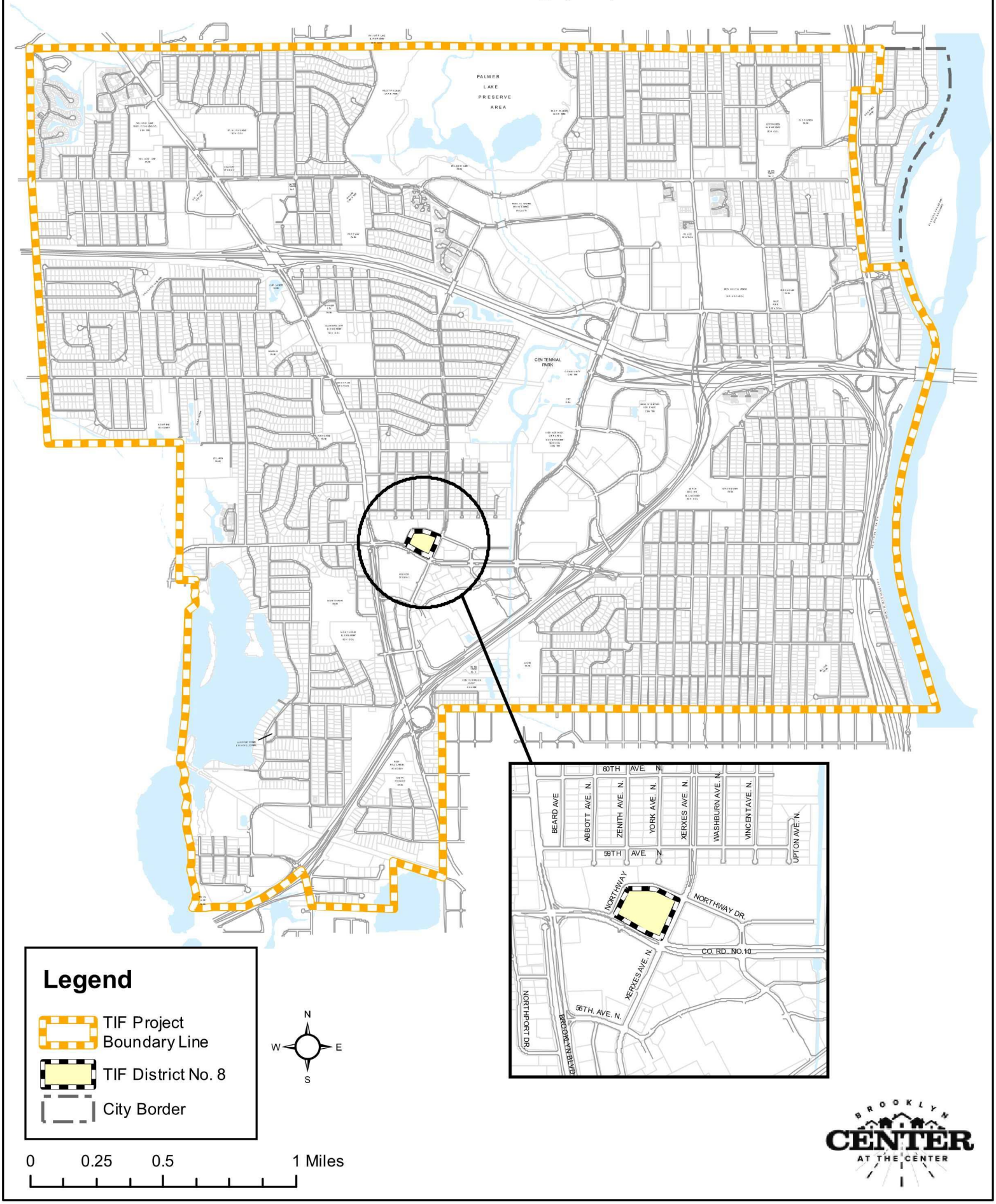
(i) A comparative analysis of estimated market value both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

Administration of the District

Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Housing Development and Redevelopment Project No. 01 and the District

Housing Development and Redevelopment Project No. 1 and Tax Increment Financing (TIF) District No. 8



Appendix B: Estimated Cash Flow for the District

Real Estate Equities - No Inflation

Brooklyn Center, MN

127 Workforce Apartments and 143 Senior Apartments

ASSUMPTIONS AND RATES

DistrictType:	**Housing**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2019**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**3.00%**	
Interest Rate:	**4.00%**	
Present Value Date:	**1-Aug-20**	
First Period Ending	1-Feb-21	
Tax Year District was Certified:	**Pay 2020**	
Cashflow Assumes First Tax Increment For Development:	2021	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2046	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	33.7006%	Pay 2019
Fiscal Disparities Metro-Wide Tax Rate	143.9920%	Pay 2019
Maximum/Frozen Local Tax Rate:	152.515%	Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	152.515%	Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160%	Pay 2019
Market Value Tax Rate (Used for total taxes)	0.26683%	Pay 2019

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$150,000	0.75%
Over	$150,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	03-118-21-14-0024	Ilex Group	5801 Xerxes Ave.	1,617,000		1,617,000	33%	539,000	Pay 2020	C/I Pref.	10,030	Aff. Rental	4,042	1
				1,617,000	0	1,617,000		**539,000**			**10,030**		**4,042**	

Note:

1. **Base values are for pay 2020 based upon review of County website on May 8, 2019.**
2. **Located in SD #281 and WS #8**

EHLERS
LEADERS IN PUBLIC FINANCE

Real Estate Equities - No Inflation

Brooklyn Center, MN

127 Workforce Apartments and 143 Senior Apartments

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Workforce Apt	180,000	180,000	127	22,860,000	Aff. Rental	152,400	1,200	50%	100%	100%	100%	2022
2	Sr. Apt	180,000	180,000	143	25,740,000	Aff. Rental	171,600	1,200	0%	50%	100%	100%	2023
TOTAL					**48,600,000**		**324,000**						
Subtotal Residential				**270**	**48,600,000**		**324,000**						
Subtotal Commercial/Ind.				**0**	**0**		**0**						

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Workforce Apt	152,400	0	152,400	232,433	0	0	60,997	293,430	2,310.47
Sr. Apt	171,600	0	171,600	261,716	0	0	68,682	330,398	2,310.47
TOTAL	324,000	0	324,000	494,149	0	0	129,679	623,828	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	**623,828**
less State-wide Taxes	**0**
less Fiscal Disp. Adj.	**0**
less Market Value Taxes	**(129,679)**
less Base Value Taxes	**(6,165)**
Annual Gross TIF	**487,983**

MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	539,000
New Market Value - Est.	48,600,000
Difference	48,061,000
Present Value of Tax Increment	9,789,626
Difference	38,271,374
Value likely to occur without Tax Increment is less than:	**38,271,374**

EHLERS
LEADERS IN PUBLIC FINANCE

Real Estate Equities - No Inflation
Brooklyn Center, MN
127 Workforce Apartments and 143 Senior Apartments

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/21
100%	76,200	(4,042)	-	72,158	152.515%	110,051	55,026	(198)	(5,483)	49,345	47,429	0.5	2021	08/01/21
							55,026	(198)	(5,483)	49,345	93,927	1	2021	02/01/22
100%	238,200	(4,042)	-	234,158	152.515%	357,125	178,563	(643)	(17,792)	160,128	241,861	1.5	2022	08/01/22
							178,563	(643)	(17,792)	160,128	386,893	2	2022	02/01/23
100%	328,572	(4,042)	-	324,530	152.515%	494,956	247,478	(891)	(24,659)	221,928	583,959	2.5	2023	08/01/23
							247,478	(891)	(24,659)	221,928	777,161	3	2023	02/01/24
100%	338,429	(4,042)	-	334,387	152.515%	509,990	254,995	(918)	(25,408)	228,669	972,328	3.5	2024	08/01/24
							254,995	(918)	(25,408)	228,669	1,163,669	4	2024	02/01/25
100%	348,582	(4,042)	-	344,540	152.515%	525,474	262,737	(946)	(26,179)	235,612	1,356,953	4.5	2025	08/01/25
							262,737	(946)	(26,179)	235,612	1,546,447	5	2025	02/01/26
100%	359,039	(4,042)	-	354,997	152.515%	541,424	270,712	(975)	(26,974)	242,764	1,737,864	5.5	2026	08/01/26
							270,712	(975)	(26,974)	242,764	1,925,528	6	2026	02/01/27
100%	369,811	(4,042)	-	365,768	152.515%	557,851	278,926	(1,004)	(27,792)	250,129	2,115,095	6.5	2027	08/01/27
							278,926	(1,004)	(27,792)	250,129	2,300,945	7	2027	02/01/28
100%	380,905	(4,042)	-	376,863	152.515%	574,772	287,386	(1,035)	(28,635)	257,716	2,488,677	7.5	2028	08/01/28
							287,386	(1,035)	(28,635)	257,716	2,672,729	8	2028	02/01/29
100%	392,332	(4,042)	-	388,290	152.515%	592,200	296,100	(1,066)	(29,503)	265,531	2,858,642	8.5	2029	08/01/29
							296,100	(1,066)	(29,503)	265,531	3,040,911	9	2029	02/01/30
100%	404,102	(4,042)	-	400,060	152.515%	610,151	305,075	(1,098)	(30,398)	273,579	3,225,022	9.5	2030	08/01/30
							305,075	(1,098)	(30,398)	273,579	3,405,523	10	2030	02/01/31
100%	416,225	(4,042)	-	412,183	152.515%	628,640	314,320	(1,132)	(31,319)	281,870	3,587,847	10.5	2031	08/01/31
							314,320	(1,132)	(31,319)	281,870	3,766,597	11	2031	02/01/32
100%	428,712	(4,042)	-	424,669	152.515%	647,685	323,842	(1,166)	(32,268)	290,409	3,947,150	11.5	2032	08/01/32
							323,842	(1,166)	(32,268)	290,409	4,124,163	12	2032	02/01/33
100%	441,573	(4,042)	-	437,531	152.515%	667,300	333,650	(1,201)	(33,245)	299,204	4,302,961	12.5	2033	08/01/33
							333,650	(1,201)	(33,245)	299,204	4,478,254	13	2033	02/01/34
100%	454,820	(4,042)	-	450,778	152.515%	687,504	343,752	(1,238)	(34,251)	308,263	4,655,312	13.5	2034	08/01/34
							343,752	(1,238)	(34,251)	308,263	4,828,899	14	2034	02/01/35
100%	468,465	(4,042)	-	464,423	152.515%	708,314	354,157	(1,275)	(35,288)	317,594	5,004,233	14.5	2035	08/01/35
							354,157	(1,275)	(35,288)	317,594	5,176,130	15	2035	02/01/36
100%	482,519	(4,042)	-	478,477	152.515%	729,749	364,874	(1,314)	(36,356)	327,205	5,349,755	15.5	2036	08/01/36
							364,874	(1,314)	(36,356)	327,205	5,519,977	16	2036	02/01/37
100%	496,995	(4,042)	-	492,952	152.515%	751,826	375,913	(1,353)	(37,456)	337,104	5,691,909	16.5	2037	08/01/37
							375,913	(1,353)	(37,456)	337,104	5,860,470	17	2037	02/01/38
100%	511,904	(4,042)	-	507,862	152.515%	774,566	387,283	(1,394)	(38,589)	347,300	6,030,725	17.5	2038	08/01/38
							387,283	(1,394)	(38,589)	347,300	6,197,641	18	2038	02/01/39
100%	527,262	(4,042)	-	523,219	152.515%	797,988	398,994	(1,436)	(39,756)	357,802	6,366,232	18.5	2039	08/01/39
							398,994	(1,436)	(39,756)	357,802	6,531,518	19	2039	02/01/40
100%	543,079	(4,042)	-	539,037	152.515%	822,112	411,056	(1,480)	(40,958)	368,619	6,698,462	19.5	2040	08/01/40
							411,056	(1,480)	(40,958)	368,619	6,862,132	20	2040	02/01/41
100%	559,372	(4,042)	-	555,329	152.515%	846,961	423,480	(1,525)	(42,196)	379,760	7,027,444	20.5	2041	08/01/41
							423,480	(1,525)	(42,196)	379,760	7,189,513	21	2041	02/01/42
100%	576,153	(4,042)	-	572,110	152.515%	872,554	436,277	(1,571)	(43,471)	391,236	7,353,207	21.5	2042	08/01/42
							436,277	(1,571)	(43,471)	391,236	7,513,690	22	2042	02/01/43
100%	593,438	(4,042)	-	589,395	152.515%	898,916	449,458	(1,618)	(44,784)	403,056	7,675,781	22.5	2043	08/01/43
							449,458	(1,618)	(44,784)	403,056	7,834,693	23	2043	02/01/44
100%	611,241	(4,042)	-	607,198	152.515%	926,068	463,034	(1,667)	(46,137)	415,231	7,995,195	23.5	2044	08/01/44
							463,034	(1,667)	(46,137)	415,231	8,152,550	24	2044	02/01/45
100%	629,578	(4,042)	-	625,535	152.515%	954,035	477,018	(1,717)	(47,530)	427,770	8,311,479	24.5	2045	08/01/45
							477,018	(1,717)	(47,530)	427,770	8,467,291	25	2045	02/01/46
100%	648,465	(4,042)	-	644,423	152.515%	982,841	491,421	(1,769)	(48,965)	440,686	8,624,661	25.5	2046	08/01/46
							491,421	(1,769)	(48,965)	440,686	8,778,945	26	2046	02/01/47
Total							**17,571,054**	**(63,256)**	**(1,750,780)**	**15,757,018**				
	Present Value From		**08/01/2020**	**Present Value Rate**		**4.00%**	**9,789,626**	**(35,243)**	**(975,438)**	**8,778,945**				

Appendix C: Findings Including But/For Qualifications

1.01. The Council finds that the boundaries of the Project Area are not being expanded and the Redevelopment Plan is not being modified other than to incorporate the establishment of TIF District No. 8 therein and therefore the Council reaffirms the findings and determinations originally made in connection with the establishment of the Redevelopment Project area and the adoption of the Redevelopment Plan therefor.

1.02. The Council hereby finds that TIF District No. 8 is in the public interest and is a "housing district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 11, because it consists of a project or portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. No more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

The Development to be constructed in TIF District No. 8 will consist of approximately 270 units of workforce or senior rental housing. The Developer has represented that at least 40% of the units (i.e., 108 units) will be rented to and occupied by individuals or families whose income is not greater than 60% or less of area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail or other nonresidential uses.

1.03. The Council hereby makes the following additional findings in connection with TIF District No. 8:

(a) The Council further finds that the proposed development, in the opinion of the Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

> The construction of the Development would not be undertaken in the reasonably foreseeable future. The property has remained undeveloped for several years despite previous efforts to redevelop the property. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate new development. The Developer has represented that it could not proceed with the Development without the tax increment assistance to be provided to the Developer. The Developer has provided the City its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to anticipated rent levels and market returns not supporting the development costs. Based on the review, the City does not expect that a development of this type

would occur in the reasonably foreseeable future but for the use of tax increment assistance.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally compliment and serve to implement policies adopted in the City's comprehensive plan. The development contemplated on the property is in accordance with the existing zoning for the property, as modified in accordance with an approved planned unit development agreement.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of TIF District No. 8 by private enterprise. The specific basis for such finding being:

The proposed development to occur within TIF District No. 8 is primarily low- and moderate-income senior or workforce housing. The development will increase the taxable market valuation of the City, and the number of available low- and moderate-income senior and workforce housing units in the City.

Council/EDA Work Session
City Hall Council Chambers
July 8, 2019

AGENDA

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet is available to the public. The packet ring binder is located at the entrance of the council chambers.

ACTIVE DISCUSSION ITEMS

1. Liquor License Violation Penalty Discussion
2. Delinquent Utility Billing Accounts
3. Opportunity Site Update and Moratorium Discussion
4. Former Sears Site Development Strategy Update and Discussion

PENDING LIST FOR FUTURE WORK SESSIONS

1. Pending Items
   - Livable Wages
   - Liquor Ordinance/Entertainment Permit -7/22
   - Liquor Ordinance Updates -7/22
   - 2020 Elections Update -8/26
   - Discussion on Ordinance process - 7/22
   - Public Subsidy Policy - 8/12
   - Youth In Government - 7/22
   - Commemoration of 400 years of Slavery Activities
   - Police Crisis Prevention Options
   - Residential Design Standards
   - SAC Credit Policy
   - Target Property

MEMORANDUM - COUNCIL WORK SESSION

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: Dr. Reggie Edwards, Deputy City Manager

FROM: Barb Suciu, City Clerk

SUBJECT: Liquor License Violation Penalty Discussion

Recommendation:

- Provide direction to staff regarding development of a uniform fee structure for establishments that violate the City liquor license ordinance

Background:

The City Council held a public hearing for an establishment that had violated the City's liquor license ordinance on January 14, 2019 for sale of alcohol to a person under the age of 21.

The City Council directed staff and the City Attorney to provide information on the penalties that the City has previously imposed for liquor license violations (attached) and asked that two resolutions be prepared for its consideration –one imposing a civil penalty and the other not imposing any penalty.

The City Council determined a fine for the establishment on January 28, 2019.

At the February 25, 2019, Study Session, the City Council further discussed a uniform method for Liquor Compliance Check fines. Staff gathered additional comparison information related to liquor compliance check fines comparisons. Attached are the following:

- PowerPoint Presentation (4-22-2019)
- Liquor Violation City Comparisons
- Past Practices Liquor License Violations Fines

On April 22, 2019, the City Council reviewed additional comparison information provided by staff and continued its discussion. The City Council raised two questions for staff to further research including:

- *Do the comparison cities vary their penalties based upon the type violation (i.e. sale of alcohol to a person under the age of 21, operating without a license or failure to apply for a license, etc.)?*

  No. Any violation of city ordinances or state statutes regarding liquor licenses is addressed the same.

- Do comparison cities maintain data correlating the number of violations in relationship to the level of penalties imposed (i.e. 1st violation, 2nd violation, 3rd violation, etc.)?

  Yes. This is demonstrated in the Liquor Violation City Comparison document provided

Staff is seeking direction from the City Council regarding establishment of uniform method of Liquor

Compliance Check fines.

Policy Issues:

Provide City staff with direction regarding development of a uniform fee structure for establishments that violate the City liquor license ordinance?

Strategic Priorities and Values:

Safe, Secure, Stable Community

ATTACHMENTS:

Description	Upload Date	Type
Past Practices Liquor License Violations Fines	5/21/2019	Backup Material
Liquor Violation City Comparisons	5/21/2019	Cover Memo
Liquor License Violation PowerPoint 4-22-19	5/22/2019	Cover Memo
Minutes from 2-11-19	5/23/2019	Backup Material
Minutes from 4-22-19	5/23/2019	Backup Material

Brooklyn Center Past Practices of Liquor Sale Violation Penalties

Occurrence	Violation	License	Penalty Imposed	Resolution No.
August 2014	Reporting Error	Earle Browne Lanes	**$1,000**	2014-173
October 2012	Underage	Sun Foods	**$1,000**	2012-133
October 2012	Underage	Global Kitchen	**$1,000**	2012-132
July 2011	Underage	Scoreboard Pizza	**$500 / 3-Day Suspension**	2011-100
January 2010	Underage	Super America	**$1,000**	2010-11
December 2009	Underage	American Legion	**$1,000**	2009-159

Liquor Violations in Comparative Cities						
City	**1st Violation**	**2nd Violation**	**3rd Violation**	**4th Violation**	**5th Violation**	**Comments**
Crystal	$750; 1 day suspension	$1,500; 3 day suspension 24 months after 1st violation	$2,000; 10 day suspension 35 months after 2nd violation	Revocation 26 months after 3rd violation		
Fridley	$250	$500	$750			Within a 12 month reporting period
Golden Valley	$500 plus 1 day suspension	$1,000 plus 3 day suspension	$2,000 plus 10 day suspension	Revocation		
Maplewood	$500	$1,000	$2,000			Within a 24 month reporting period
New Hope	$250 3 day suspension	$750 15 day suspension	$1,500 30 day suspension	Revocation		Within a 24 month reporting period
Richfield	$1,000 5 day suspension	$1,750 plus 7 day suspension 12 months after 1st violation	$2,000 plus 12 day suspension 24 months after 2nd violation	$2,000 plus 24 months after 3rd violation* Brought before City Council for revocation hearing	$2,000; If within 24 months of the fourth offense, the establishment's license will be revoked for the remainder of the license year	An establishment whose license is revoked is ineligible for a license for a period of five (5) years from the date of revocation.
Roseville	$1,000	$2,000	$2,000	Revocation		
Shoreview	$500	$500 with 3 day suspension	$1,000 5 day suspension	$1,500 10 day suspension	License Revoked	Each violation has one (1) additional compliance check. All consecutive violations are within a 36 month period.
White Bear Lake	Class A/$175	Class B/$275				

Other Cities						
Brooklyn Park	$500	$750	$1,000	$1,250	$1,500 and revoked	
Minneapolis	$500	$1,000	$2,000			Each violation within a 24 month

* If the offense occurs outside of two years of a third offense, it will be considered a third offense.

Brooklyn Center Liquor License Violation Penalty Policy Discussion

City Council Meeting, 3/25/19

Request of Action

Consider providing direction to staff regarding establishment of a uniform fee structure for establishments that violate the City liquor license ordinance.

Policy Background

- *The City Council held a public hearing for an establishment that had violated the City's liquor license ordinance on January 14, 2019 for sale of alcohol to a person under the age of 21.*

- *The City Council directed staff and the City Attorney to provide information on the penalties the that City has previously imposed for liquor license violations (attached) and asked that two resolutions be prepared for its consideration –one imposing a civil penalty and the other not imposing any penalty.*

Brooklyn Center Past Practices of Liquor Sale Violation Penalties

Occurrence	Violation	License	Penalty Imposed	Resolution No.
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January 2010	Underage	Super America	**$1,000**	2010-11
December 2009	Underage	American Legion	**$1,000**	2009-159

Comparable Cities Practices of Liquor Sale To a Person Under 21 Years of Age Violation Penalties

Underage Alcohol Sale Violation	1st Violation	2nd Violation	3rd Violation	4th Violation	Comments
Golden Valley	$500 plus 1 day suspension	$1,000 plus 3 day suspension	$2,000 plus 10 day suspension	Revocation	36 Reporting Period
Roseville	$1,000	$2,000	$2,000	Revocation	36 Reporting Period
Fridley	$250	$500	$750		12 Reporting Period
New Hope	$250 plus 3 day suspension	$750 plus 15 day suspension	$1500 plus 30 day suspension	Revocation	24 Reporting Period
License Renewal					
White Bear	Class A/$175	Class B/$275			

Policy Background

- *The City Council determined a fine for the establishment on January 28, 2019. The fine was a total of $1,000 of which $500 was to be paid immediately. The remaining balance of $500 would be paid only if there was another violation with-in a 12 month period.*

- *On February 25, 2019, Study Session, the Council further discussed a uniform method for Liquor Compliance Check fines. Staff has gathered additional comparison information related to liquor compliance check fines comparisons, which is attached*

Brooklyn Center Tobacco License Violation Penalty Ordinance

Tobacco Administrative Penalties Section 23-108; subd. 3 (a) all within a 24 month period			
1st Violation	2nd Violation	3rd Violation	4th Violation
$200	$500	$750	License revoked

Liquor Violations in Comparative Cities						
City	1st Violation	2nd Violation	3rd Violation	4th Violation	5th Violation	Comments
Crystal	$750; 1 day suspension	$1,500; 3 day suspension 24 months after 1st violation	$2,000; 10 day suspension 35 months after 2nd violation	Revocation 26 months after 3rd violation		
Fridley	$250	$500	$750			Within a 12 month reporting period
Golden Valley	$500 plus 1 day suspension	$1,000 plus 3 day suspension	$2,000 plus 10 day suspension	Revocation		
Maplewood	$500	$1,000	$2,000			Within a 24 month reporting period
New Hope	$250 3 day suspension	$750 15 day suspension	$1,500 30 day suspension	Revocation		Within a 24 month reporting period
Richfield	$1,000 5 day suspension	$1,750 plus 7 day suspension 12 months after 1st violation	$2,000 plus 12 day suspension 24 months after 2nd violation	$2,000 plus 24 months after 3rd violation* Brought before City Council for revocation hearing	$2,000; If within 24 months of the fourth offense, the establishment's license will be revoked for the remainder of the license year	An establishment whose license is revoked is ineligible for a license for a period of five (5) years from the date of revocation.
Roseville	$1,000	$2,000	$2,000	Revocation		
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Brooklyn Park	$500	$750	$1,000	$1,250	$1,500 and revoked	
Minneapolis	$500	$1,000	$2,000			Each violation within a 24 month

* If the offense occurs outside of two years of a thrid offense, it will be considered a third offense.

Factors of Good Policy

- *Fair*
- *Equitable*
- *Consistent*
- *Efficient*
- *Predictable*
- *Rational/Logic*
- *Reasonable*

Policy Issue

1. *Is there additional information needed by the Council in order to direct staff in developing a penalty policy for establishments that violate the City liquor license ordinance?*
2. *If not, what is the Council's direction regarding developing a penalty policy for establishments that violate the City liquor license ordinance?*

Councilmember Graves thanked Mr. Boganey for the clarification. She stated she can support the proposed ordinance.

Councilmember Lawrence-Anderson agreed she can support the ordinance with that clarification, although she still believes some of the requirements are excessive.

MISCELLANEOUS

DISCUSSION ON LIQUOR LICENSE VIOLATIONS

Mr. Boganey stated the City Council had recently reviewed an issue related to liquor license violations. He added he felt there was interest from the City Council in reviewing the potential development of an established fine schedule and criteria for certain violations. He noted this item could be added to an upcoming City Council Work Session. He requested the City Council's feedback and comment.

Mayor Elliott stated it makes sense to have a fee schedule, to equalize fines and clarify expectations. Councilmember Ryan agreed, adding a fee schedule would provide guidance for City Councils. Councilmember Graves agreed that a fee schedule would be helpful.

Mr. Boganey agreed to schedule this discussion for a future Work Session.

NOVUS AGENDA UPDATE

City Clerk Barb Suciu stated City Councilmembers have noted a glitch with their iPads which does not allow them to open the second page of a NovusAgenda attachment. She added, according to Novus, this is a known problem with iPad,that does not occur on other devices, software or browsers. She noted alternate devices could be considered, or other means of accessing agenda documents. She requested the City Council's feedback and comment.

Councilmember Butler stated she would not support buying new tablets or devices. Councilmember Graves agreed. Councilmember Lawrence-Anderson agreed.

Councilmember Ryan stated he requests a printed packet.

Councilmember Lawrence-Anderson stated the City Council and City Staff can review this when the NovusAgenda three-year renewal is due, to determine what course of action to take. Mr. Boganey agreed.

CITY COUNCIL REVIEW OF COMPREHENSIVE PLAN

Community Development Director Meg Beekman requested the City Council's consideration of a Special Meeting to review the Comprehensive Plan, to be scheduled for March 11, 2019. She added this review will be in preparation for adoption of the Comprehensive Plan at the City

Mr. Edwards stated the two Councilmembers who were absent from the meeting may have communicated their absence to City Manager Curt Boganey.

Mayor Elliott asked whether the City Council will attend the Prayer Breakfast, to be held Saturday May 4, 2019. Councilmember Ryan stated that is an individual decision whether Councilmembers want to attend. He added he has a family obligation that day. He noted the Mayor usually reads a proclamation at the breakfast.

Mayor Elliott stated he plans to attend. He asked whether the City Council should reserve a table. Councilmember Graves stated she has a wedding to attend that day, but she will try to attend the breakfast.

Mayor Elliott stated it would be good if a few Councilmembers could attend.

DISCUSSION OF WORK SESSION AGENDA ITEMS AS TIME PERMITS

LIQUOR LICENSE VIOLATION PENALTY POLICY DISCUSSION

Mr. Edwards stated a public hearing was held in January related to a local establishment that had a liquor license violation. He added the City Council instructed City Staff to review the liquor license violation penalty policy, to determine what has been done in the past and review the policies of other local communities.

Mr. Edwards requested City Council consideration of establishing an ongoing policy, as there is currently no set fee or fee schedule. He added other jurisdictions use a process that progresses from the first violation to revocation with the fourth violation. He noted the City Council had determined a fine of $1,000 of which 50% was to be paid immediately, and the remaining balance would be due if another violation occurred within a twelve-month period.

Mr. Edwards requested the City Councils discussion and direction for developing a penalty policy for violations of the City's Liquor License Ordinance.

Councilmember Ryan stated he would support a policy that is consistent with adjacent cities. He added a fine as well as suspension of license is too punitive. He asked whether the policy would apply to both on-sale and off-sale liquor. City Attorney Troy Gilchrist stated the City Council could decide how the policy will be structured as long as it falls within the criteria for reasonable and equitable standards.

Councilmember Ryan asked whether there is sound basis for holding a public hearing if a problematic on-sale establishment reaches a fourth violation. Mr. Gilchrist stated the City is the only off-sale proprietor in Brooklyn Center. He stressed the importance of consistency. He added the creation of a penalty system would not replace due process, and a hearing would be appropriate even for the first violation.

Mayor Elliott stated he would like to see which of the nearby jurisdictions have municipal liquor operations, and whether they have had to grant exceptions. He added the City could find itself in a tight spot with a penalty policy.

Councilmember Graves stated there should not be a distinction between on-sale or off-sale liquor in this policy. She added there would still be due process. She noted she likes the City of Maplewood's policy, which is simple and straight-forward, and she would not be opposed to a suspension policy like the City of Golden Valley.

Mayor Elliott agreed, although Maplewood's fee schedule is aggressive. He added a license revocation could be considered after a fourth violation.

Councilmember Ryan stated he likes Golden Valley's approach, unless there is a third violation. He asked how that could be phrased in the Ordinance, related to 24 months before the violation.

Mayor Elliott requested additional research. He added imposing a fine sends a strong message. He noted he would not support shutting down a business.

Councilmember Graves stated the type of violation makes a difference, and types of violations should have different penalties. She asked whether other cities have a system of different levels of penalties. She added the establishment that had a violation that was the impetus for this discussion had a prior violation that was not the same. She noted she would like to see more information from other cities that have different levels of penalties.

Mr. Edwards stated City Staff reviewed other cities' penalty structures, and there was no indication that the structures were based upon type of violation.

Mr. Gilchrist stated the vast majority of violations are underage sales.

Councilmember Graves stated she would like to review this issue again when there are more Councilmembers present.

It was the majority consensus of the City Council to direct City Staff to provide additional information related to liquor license violations policy.

Councilmember Ryan stated he would support a fee structure similar to Golden Valley.

Mr. Gilchrist agreed to review the potential fee schedules and language related to due process and provide additional information for the City Council's review at their next Regular Meeting.

ADJOURNMENT

Mayor Elliott closed the Study Session at 6:45 p.m.

MEMORANDUM - COUNCIL WORK SESSION

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Nate Reinhardt, Finance Director

SUBJECT: Delinquent Utility Billing Accounts

Recommendation:

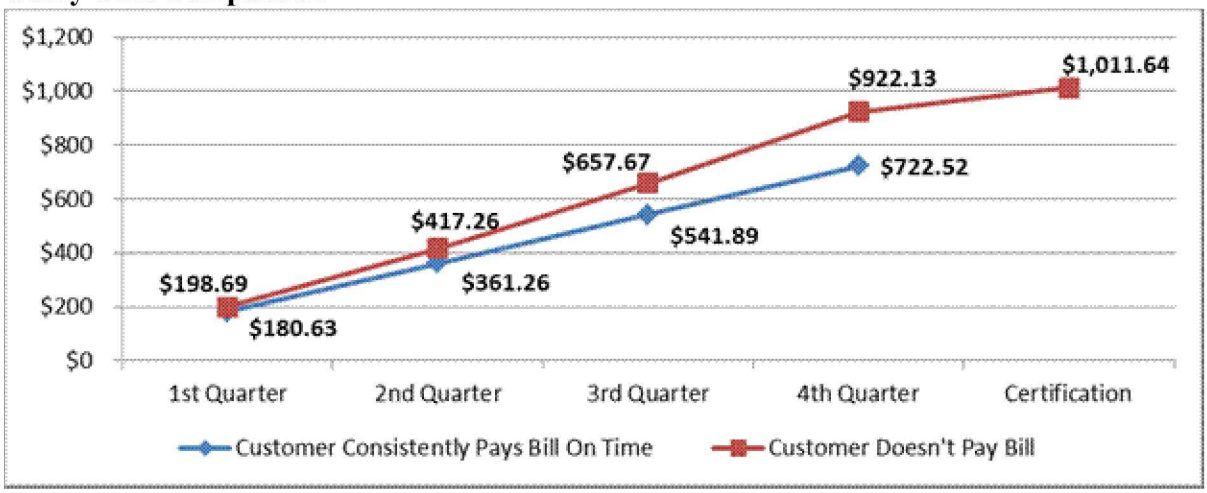
- It is recommended that the City Council consider providing direction to staff regarding charges for delinquent utility billing accounts.

Background:

The City of Brooklyn Center certifies approximately 650 (7.5%) of our customer utility accounts with the average certification balance of approximately $735. Based on analysis there are very few certified commercial/industrial accounts, over 98% of the accounts being certified are residential. Approximately 60% of the accounts being certified in the current year were also certified in the previous year.

The utility fee schedule currently includes a quarterly delinquent account charge of 10% of unpaid balance. The below chart shows the impact of these additional charges on a typical residential user:

Utility Cost Comparison



Additional charges included:

1st quarter: $18.06 delinquent charge ($180.63 * 10%)

2nd quarter: $37.93 delinquent charge ($379.32 * 10%)

3rd quarter: $59.79 delinquent charge ($597.89 * 10%)

4th quarter: $83.83 delinquent charge ($838.30 * 10%)

Certification: $30.00 certification fee, $27.60 special assessment interest

Delinquent charges are typically used as a method to collect and encourage timely payments and as a method to recoup any additional costs that would result from delinquent payments. However, the City has been successful in collecting delinquent payments through the special assessment certification process.

Cost impact considerations for delinquent accounts:

- The City does incur additional costs on delinquent accounts, this occurs as a result of penalty notices sent for delinquent accounts.
- The special assessment process does require additional administrative time (processing, publishing, collecting and reconciling).
- Accounts that are not paid on time, impact the timing of cash flow and investment earnings.

After reviewing these considerations, staff believes the delinquent charges being collected are much higher than the associated cost. Of the items above, the penalty notices only occur as a result of having a delinquent charge and the other two can be recovered through the appropriate special assessment certification fee and interest charge.

In 2018 across all utility funds the City collected a total amount of $296,661 in delinquent charges and $26,460 in certification fees for delinquent utility accounts. This is equivalent to 3% of $10.2 million in total utility charges. The biggest impact is on the water utility where $150,000 in delinquent charges are collected, which is equivalent to 4.7% of total water utility charges. Modifications to delinquent charges would have an impact on the revenues collected and rates for these funds. It could be viewed that the delinquent charges are providing an equivalent subsidy in utility rates/charges to those that pay their utility bills on time.

Staff did reach out to other cities to gain insight on their delinquent utility policies and practices. A table is attached to the memo that provides comparison information with those cities.

As a result of the analysis, the following considerations will be presented at the work session:

1. Reduce quarterly delinquent charges on utility accounts from "Greater of $3.00 or 10% of unpaid balance" to "No additional charge".
    a. Utility customers would no longer be penalized for not being able to afford their current utility bill or for missing a utility payment deadline. The City would see a small reduction in costs and administrative time, as a result of eliminating penalty notices on utility costs. However, this would result in a reduction in City utility revenues as a result of no longer collecting delinquent charges.

2. Increase certification fee for collection with property taxes from "$30.00" to "$50.00".
    a. The certification process requires additional notices be mailed to property owners, public hearings, Hennepin County fees, and additional time to administer and track collections.

3. Modify the minimum outstanding balance owed for active accounts to be entered into the certification process from $30.00 to an outstanding balance owed of $150.00.
    a. Currently for active accounts to be certified they must owe a balance of at least $30.00 to the City. The amount is below a minimum residential quarterly bill of $130.36 and well below a typical residential quarterly bill. This change would decrease the amount of accounts that go to certification and allow accounts that might have missed one quarterly payment a chance to catch up.

Policy Issues:

Is City Council supportive of the following changes to utility fee schedules?

1. Reduce quarterly delinquent charges on utility accounts from “Greater of $3.00 or 10% of unpaid balance” to “No additional charge”.
2. Increase certification fee for collection with property taxes from “$30.00” to “$50.00”.
3. Modify the minimum outstanding balance owed for active accounts to be entered into the certification process from $30.00 to an outstanding balance owed of $150.00.

Strategic Priorities and Values:

Resident Economic Stability

ATTACHMENTS:

Description	Upload Date	Type
UB City Survey	7/1/2019	Backup Material
Delinquent UB Presentation	7/3/2019	Presentation

	Apple Valley	Brooklyn Center	Coon Rapids	Eden Prairie	Edina	Farmington	Lakeville	Maple Grove	Minnetonka	Ramsey	Robbinsdale
How often does your city certify utility accounts?	Twice	Annually	Once a year	Once a year in November	Once per year	At least once per year. Interim certification for delinquent account balances > $2,000	Spring & Fall for finalled accounts – Fall for active past due accounts	Once a year in the fall	Once each year.	Annually	Once in the fall
Are all accounts certified or only those over 'x' dollars?	$50 minimum balance	Accounts over $30	$50	Amounts over $40	Over $50.	Accounts with delinquent balances >$50 or 'finalled' accounts with balance >$0 are actually certified.	Finalled bills greater than $10, Storm drainage (annual accounts) greater than $25, and active accounts greater than $32	Minimum of $25.00 for Residential and $50.00 for Commercial	Only those with delinquencies above $250.	Accounts over $20 original amount (before fee & interest)	Over $100
What penalty do you charge for late utility payments?	4.5% (of the unpaid balance) per quarter (1.5% for monthly accounts)	10% penalty on all outstanding utility balances	10%	1% per month	5% of outstanding balance	10% on the current bill	Penalties in general are a 1.5% of the unpaid balance or $1 whichever is greater.	10% on the current bill	10% of quarterly balance due, not compoundable	10% late fee	Late payments is 10%
What do you add for a certification/administration fee to accounts that are certified?	$50	$30 certification fee	$35 assessing fee	$55	$30	$35	$35 dollars	$30	$50	$30 administrative fee	$50
What interest rate/assessment added to accounts which are certified?	8%	Changes from year to year, this year it was 4%	varies, but this year it is 1.52%	We use the 20 year municipal bond plus 2% (This yr is 4%)	6.5%	8.0%	18%	4%	10%	5.5% interest rate for certified accounts	8% for UB

Delinquent Utility Billing Accounts

City Council Work Session, July 8, 2019

Nate Reinhardt, Finance Director

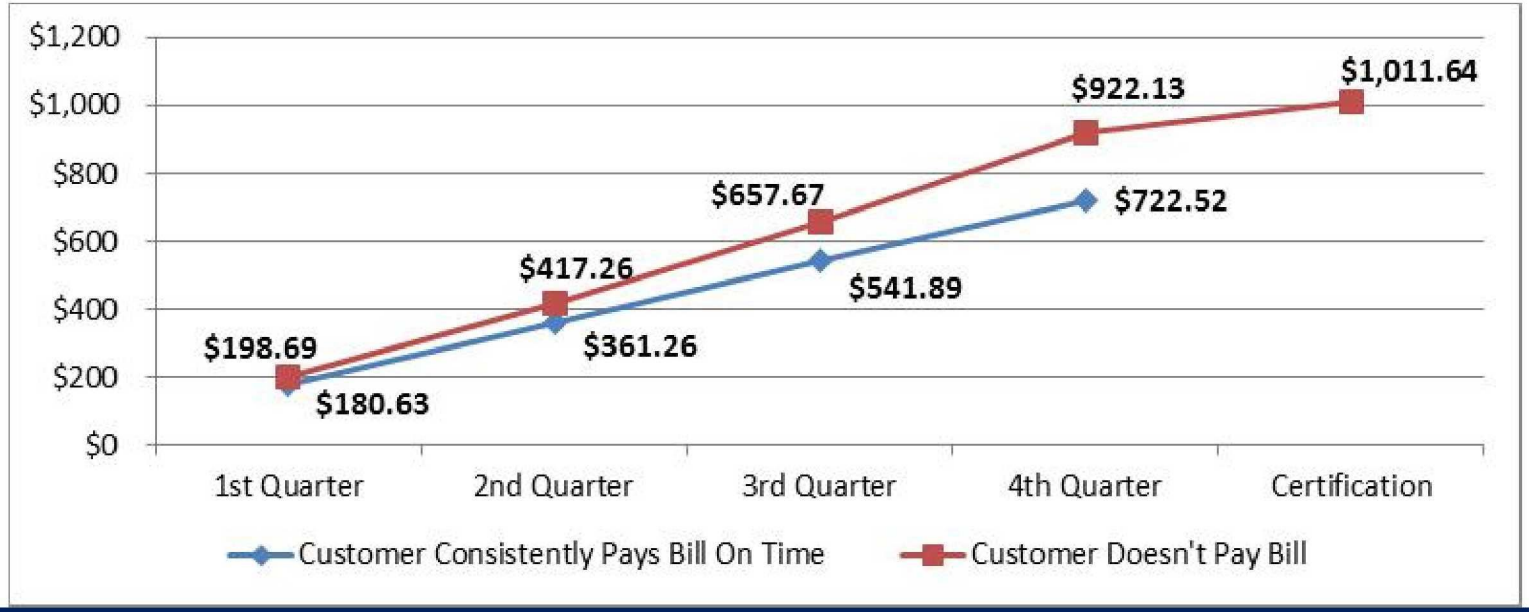
Utility Billing Certification

- Approximately 650 (7.5%) of customer utility accounts are certified on an annual basis.
  - 98% residential
  - 60% were certified the previous year
  - Average amount of $735

- Delinquent Utility Billing – Process Review Team
  - Cross-functional team of staff members reviewed process, notifications, peer comparisons, and delinquent charges for potential improvements.

Utility Cost Comparison

- Impact of additional charges on unpaid balances (current quarterly delinquent account charge of 10% of unpaid balance)



Considerations

- City's level of success to collect through the special assessment certification process
- Additional cost considerations:
  - Penalty notices sent to delinquent accounts (City cost is about 70 cents in staff, material and postage per notice)
  - Special assessment process requires additional administrative time (processing, publishing, collecting and reconciling)
  - Accounts not paid, impact the timing of cash flow and investment earnings
- Staff believes delinquent charges being collected are much higher than the associated cost.

2018 Delinquent Collections

- $296,661 in total delinquent collections across all utility funds
  - Equivalent to 3% of total utility charges ($10.2 million)
  - $150,000 of delinquent charges collected in water utility (4.7% of water utility revenues)
- $26,460 collected in related certification charges
- Modifications to delinquent charges would impact revenues collected/utility rates

Survey Responses

	Apple Valley	Brooklyn Center	Coon Rapids	Eden Prairie	Edina	Farmington	Lakeville	Maple Grove	Minnetonka	Ramsey	Robbinsdale
How often does your city certify utility accounts?	Twice	Annually	Once a year	Once a year in November	Once per year	At least once per year. Interim certification for delinquent account balances > $2,000	Spring & Fall for finalled accounts – Fall for active past due accounts	Once a year in the fall	Once each year.	Annually	Once in the fall
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What interest rate/assessment added to accounts which are certified?	8%	Changes from year to year, this year it was 4%	varies, but this year it is 1.52%	We use the 20 year municipal bond plus 2% (This yr is 4%)	6.5%	8.0%	18%	4%	10%	5.5% interest rate for certified accounts	8% for UB

Policy Issues

- Is the City Council supportive of the following changes to utility fee schedules?

1. Reduce quarterly delinquent charges on utility accounts from "Greater of $30.00 or 10% of unpaid balance" to "No additional charge".
   - Utility customers would no longer be penalized for not being able to afford their current utility bill or for missing a utility payment deadline. The City would see a small reduction in costs and administrative time, as a result of eliminating penalty notices on utility costs. However, this would result in a reduction in City utility revenues as a result of no longer collecting delinquent charges.
2. Increase certification fee for the collection with property taxes from "$30.00" to "$50.00".
   - The certification process requires additional notices be mailed to property owners, public hearings, Hennepin County fees, and additional time to administer and track collections.
3. Increase the threshold for accounts to be certified, from the outstanding account balance of "Greater than or equal to $30.00" to "Greater than or equal to $30.00 for finalized accounts and greater than or equal to $150.00 for active accounts."
   - Currently for active accounts to be certified they must owe a balance of at least $30.00 to the City. The amount is below a minimum residential quarterly bill of $130.36 and well below a typical residential quarterly bill. This change would decrease the amount of accounts that go to certification and allow accounts that might have missed one quarterly payment a chance to catch up.

MEMORANDUM - COUNCIL WORK SESSION

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Meg Beekman, Community Development Director

SUBJECT: Opportunity Site Update and Moratorium Discussion

Background:

As the City moves forward with the master planning work on the Opportunity Site properties, staff is recommending consideration of a moratorium on land use applications on properties within the 81-acre area. Moratoriums may be put in place for up to one year in order to provide time for a city to complete a planning study or adopt new regulations. In the case of the Opportunity Site, both outcomes are anticipated in the next 12 months.

A moratorium would protect a private property owner from investing in their property in a way which may not be in alignment with the planned vision for the area prior to the formal adoption of a master plan and new regulations. it would provide the City time to fully study the area and determine the best future course in terms of land use and infrastructure investment.

If the Council supports this course of action, staff will work with the City Attorney to prepare a resolution adopting an interim ordinance which would place a moratorium on the properties within the defined Opportunity Site master planning study area.

Policy Issues:

- Does the Council support adoption of an interim ordinance to place a moratorium over the Opportunity Site master plan study area for a period up to one year?

Strategic Priorities and Values:

Targeted Redevelopment

MEMORANDUM - COUNCIL WORK SESSION

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: N/A

FROM: Meg Beekman, Community Development Director

SUBJECT: Former Sears Site Development Strategy Update and Discussion

Background:

In July 2018, the City Council adopted an interim ordinance which authorized a study and placed a moratorium on the Sears property. Since that time, the City has engaged a consultant team to, among other things, assist with studying the site and completing a development strategy for the property.

Since the adoption of the moratorium, the Sears store has closed, along with the related auto repair center. The two buildings sit on 15 acres adjacent to Shingle Creek Crossing and Highway 100, and the site is one of the most visible in Brooklyn Center. The property is currently zoned PUD/C2; a remnant of the former Brookdale Mall, and was excluded from the master planning activities that the City underwent when the former mall was redeveloped into Shingle Creek Crossing. As such, the property has not had the benefit of a broader visioning with regard to its future since it was initially developed in the 1960s.

The 2040 Comprehensive Plan identifies the future land use designation for the property as Transit Oriented Development (TOD). This is due to its proximity to both the Brooklyn Center Transit Center, as well as a BRT Transit Stop immediately adjacent to the site at Xerxes Avenue and 56th Avenue N. The TOD land use category allows a wide range of uses, and generally supports a higher intensity of land use in order to promote walkability and to leverage the transit investment in the area.

Staff has been in communication with representatives from Sears who are have indicated their interest in working with the City on a land use study and revisioning for the site, though they have also acknowledged their desire to sell the property at the highest possible price.

The private ownership of this site makes it unique from other planning efforts underway in the City. Sears, and whomever they may choose to sell the property to, has inherent property rights under the existing zoning code, which would allow any use in the underlying C-2 District, and those uses which are allowed within the Central Commerce Overlay District as well since this site is within that overlay area.

Planning Process
Staff and the consultant team have put together a work plan for the former Sears site to accomplish the tasks related to the scope of work on the site. The work plan is attached to this report and includes details related to the proposed analysis of the site, community engagement process, and anticipated deliverables from the work.

Overlay District Amendments
The moratorium is set to expire in August. While the planning work will not be completed by then, staff has reviewed the existing zoning code and is suggesting several amendments to the Central Commerce Overlay District which would remove the least desirable uses from being allowed on site. One concern related to the site is that Sears may decide to sell a portion of the property, allowing a subdivision and reuse of the former

automotive repair center, leaving the larger building vacant. This would impede a future redevelopment which was more comprehensive and limit the reuse of the site significantly.

As part of the zoning code update work it is anticipated that the Central Commerce Overlay District will be eliminated or significantly altered from its current form; so any amendments to it to address concerns regarding this site would be inherently temporary while the City completes the zoning code rewrite work and the rest of the master planning work on this site and nearby sites which may also be affected by changes to the Overlay District.

If the City Council is amendable to amendments to the Central Commerce Overlay District, then staff would bring those changes though the typical process which would include review and a public hearing with the Planning Commission and then the City Council. These would likely come before the Planning Commission and City Council in August.

Policy Issues:

- Does the City Council have any concerns related to the amendments to the Central Commerce Overlay District?
- Is the City Council comfortable with the work plan related to the land use planning for the site?

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
July 8, 2019 - Memo from Haila Maze, Senior Planner, Bolton & Menk	7/2/2019	Backup Material

July 2, 2019

TO: Meg Beekman, Community Development Director, City of Brooklyn Center

FROM: Haila Maze, Senior Planner, Bolton & Menk

RE: Former Sears Property Master Plan: Draft Approach

Project Overview

The purpose of this memo is to summarize the City's approach to creating a master plan with a site-specific development strategy for the former Sears site. The subject property is a 15.26-acre site located in the northeast quadrant of the Xerxes Avenue North/Brooklyn Boulevard and Highway 100 interchange, adjacent to the Shingle Creek Crossing Planned Unit Development (PUD). The property has been vacant since the store closure in September 2018. It also has been the subject of a development moratorium since July 2018, with the goal of creating a redevelopment approach for the site.

As part of the larger Becoming Brooklyn Center contract, the City's consultant team has been tasked with assisting with the master planning process. This memo describes the work to date and outlines next steps.

Draft Development Guidelines

The Sears site has been the subject of several Becoming Brooklyn Center TAC meetings and other internal conversations, and well as coordination with a number of individual stakeholders over the course of months. There has also been some initial work to review existing market conditions and site characteristics. From this initial work, some draft guidelines for the development strategy have emerged. They are listed below.

- Development should support and complement the Shingle Creek Crossing PUD, including the ongoing plans for buildout of the existing development with additional commercial.
- Non-subsidized private development of the site is preferred, though public financial subsidy could be considered if a development proposal was made that met other strategic priorities of the City.
- The site plan should extend the trail corridor which currently terminates on the eastern edge of the site, to connect with alignments west of the site.
- A use of the site that provides good jobs and significant tax base is preferred.

- As this is a high visibility location for Brooklyn Center, the site's appearance should be attractive and represent the City well.
- Due to the value and visibility of this site, lower intensity uses – including but not limited to storage, warehousing, and automotive sales and service – should be discouraged.
- The development concept and timing should not compete directly with the City's vision for the Opportunity Site, including positioning, timing, and uses.
- The discussion on site access should be coordinated with potential roadway improvements in the vicinity, including the possibility of changes to Highway 100 access that may improve traffic safety and circulation patterns.

Additional guidance for the site will be gathered through the community engagement process, as described later in this document. The purpose of identifying these guidelines will be to inform the City's decision-making process regarding approvals related to the site, and to convey to stakeholders and potential developers the City's position. This will also help to inform near-term actions on the site, as outlined in the section on next steps.

Potential Development Alternatives

For the Sears site, the team will develop series of viable development alternatives for the Sears site, based on an assessment of site conditions, market feasibility, and discussions with stakeholders. At this point, concepts being considered include:

- **Office/light industrial development.** This would be a job-intensive use (as opposed to bulk storage or warehousing), possibly with a limited retail component. This option could provide jobs and tax base for the community, as well as potential customers for adjacent retail in Shingle Creek Crossing.
- **Shingle Creek Crossing extension.** This would extend the footprint of the adjacent retail district, most likely in partnership with that development. Retail uses would be guided for ones that would be compatible with the current mix, and which would not overbuild the market.
- **Current building reuse.** This option would involve a use or uses that could reuse one or both buildings on the site. This could include dividing or reconfiguring the space to better meet tenant needs. Reuse could be an interim strategy, with the possibility of redeveloping the site later, perhaps in response to changing market conditions.
- **Residential or mixed use.** The current consensus seems to be that this is not currently the market to proceed with this, and that it may compete with Opportunity Site buildout. However, this will be explored conceptually, in terms of a longer-term possibility.

Additional concepts and variations may be explored as identified through the subsequent engagement process. Concepts may represent preserving the site as a whole, or suggest subdividing it with the introduction of new roadways and connections, or realignment of existing ones.

Furthermore, the City acknowledges that with private ownership, there are limits on the level of control the City has of development outcomes. As such, the alternatives and options discussed will be designed to be flexible in response to potential development proposals brought to the city for review.

Development Strategy

The product from this planning process will be the creation of a development strategy. This will not be as extensive as the master planning work being done for the Opportunity Site, but will provide a framework to evaluate future development proposals.

Elements of the development strategy will include:

- An overview of existing policy and regulatory guidance impacting the site and its vicinity
- Summary description of the public engagement process, and feedback received during that time
- A summary of existing conditions on the site, including base mapping, drawing from information collected during the planning process
- A brief assessment to the market context, in terms of feasible development alternatives and comparable sites
- An updated version of development guidelines for the site, including any recommendations for site and building design
- Discussion of the process of evaluating development alternatives, and the selection of the preferred scenario(s)
- Analysis of systems framework in context of development site, including roads, trails, public spaces, and other connections
- Visual master plan rendering of the preferred development scenario(s), and photos of precedent development types
- Identification of public benefit from the selected development alternatives, such as additional jobs and tax base, improved public realm, business development opportunities, or other factors to be defined
- Implementation strategy for the site, including:
    - Infrastructure and public realm improvements, including high level cost estimates, as well as potential funding and phasing strategies
    - Future land use and zoning classifications, including any needed amendments to City plans or codes
    - Potential City role in site redevelopment, potentially including public subsidy, site marketing and outreach, and development review
    - Any other actions needed on behalf of the City or its partners to implement the master plan

The results will be summarized in a presentation, to be given before the City Council, as well as in a report to be produced at the conclusion of this process.

Public Engagement

It is expected that public engagement around the master plan will be somewhat limited, due to the nature of the private ownership of the site and its context within the central commercial district. As such, the engagement will be focused on key stakeholders most impacted by the project, as well as leveraging other engagement efforts on broader issues. The proximity of this site to the Brooklyn Boulevard corridor suggests that this engagement could be coordinated with the engagement planned for that project later in 2019. At this time, the following engagement activities are proposed:

- **Stakeholder meeting.** Engagement would kick off with a listening session for stakeholders that would be most immediately impacted by the redevelopment. This would include business and property owners, and/or property managers in the vicinity of the site. The meeting would present possible development concepts for review, and solicit feedback regarding their goals, concerns, and ideas related to the site's redevelopment.
- **Targeted developer conversations.** The process will be informed by feedback from developers – either solicited directly, or via their contact with the City. While this is less formal than the stakeholder outreach, it may provide useful information in terms of the perceptions of the site and potential development opportunities as well as the market feasibility of various concepts.
- **Open house**. An open house will be held once the draft concepts have been developed, and input from immediate stakeholders has been incorporated. The purpose of the open house will be to present the draft concepts and receive feedback (like the stakeholder meeting) from the general public.
- **Brooklyn Boulevard outreach participation**. As there will be additional meetings related to the Brooklyn Boulevard Development Framework, information from the Sears site master plan can be brought as a component to public meetings, to provide broader engagement.
- **Online engagement**. Information on the Sears master plan, and opportunities to provide feedback, will be provided on the Becoming Brooklyn Center website. Additional information can be shared via the City's main website and on social media.
- **On-site signage**. Pending approval of the property owner, signage indicating the status of the master planning process – and where to find more information – may be posted on the site.

The Becoming Brooklyn Center process is pursuing much broader engagement of the community on a range of sites. If additional feedback in other forums is relevant to the plans for the Sears site, it will be included in the analysis and in the summary of community feedback for the master plan.

Timeline and Next Steps

As with the City's Opportunity Site, this master plan is proceeding in the context of real-time decisions by property owners, developers, and others with a development interest in the site. As such, some City actions will not wait until the conclusion of the master planning process.

These interim actions will include updates to the existing zoning, to address elements in the current zoning on the site that are inconsistent with the city's overall development vision for the area – and the development guidelines identified earlier in this memo. These adjustments do not preclude additional zoning modifications later, as the City's zoning ordinance is in the midst of a large-scale review to update it for consistency with the recently adopted citywide comprehensive plan.

In terms of the timing of the master planning process, the following timeline is proposed.

- July 2019 – stakeholder meeting and initial development alternatives
- August 2019 – master plan development and refinement
- September 2019 – public open house
- October-November 2019 – plan finalized and approved

MEMORANDUM - COUNCIL WORK SESSION

DATE: 7/8/2019

TO: Curt Boganey, City Manager

THROUGH: Dr. Reggie Edwards, Deputy City Manager

FROM: Barb Suciu, City Clerk

SUBJECT: Pending Items

Recommendation:

- Livable Wages
- Liquor Ordinance/Entertainment Permit -7/22
- Liquor Ordinance Updates -7/22
- 2020 Elections Update -8/26
- Discussion on Ordinance process - 7/22
- Public Subsidy Policy - 8/12
- Youth In Government - 7/22
- Commemoration of 400 years of Slavery Activities
- Police Crisis Prevention Options
- Residential Design Standards
- SAC Credit Policy
- Target Property

Background: