

OFFICIAL PROCEEDINGS

Pursuant to due call and notice thereof, the regularly scheduled meeting of the Spring Lake Park City Council was held on June 19, 2017 at the Spring Lake Park Community Center, 1301 81st Avenue N.E., at 7:00 P.M.

1. Call to Order

Mayor Hansen called the meeting to order at 7:00 P.M.

2. Roll Call

Members Present: Councilmembers Nelson, Wendling, Delfs, Goodboe-Bisschoff and Mayor Hansen

Members Absent: None

Staff Present: Building Official Brainard; Police Chief Ebeltoft; Public Works Director Randall; Engineer Gravel; Parks and Recreation Director Rygwall; Attorney Thames; Administrator Buchholtz and Executive Assistant Gooden

Visitors: Olivia Alveshere, ABC Newspapers
Owen Metz, Dominion Group
Tom Loonan, Eckberg Lammers

3. Pledge of Allegiance

4. Additions or Corrections to Agenda

Administrator Buchholtz asked that Resolution 17-16, A Resolution Permanently Transferring Monies from the General Fund to the Storm Sewer Rehab Fund, Comprehensive Plan Update Fund and Revolving Construction Fund be added to the agenda as Item 9C.

5. Discussion From The Floor - None

6. Consent Agenda:

Mayor Hansen reviewed the following Consent Agenda items:

- A. Approval of Minutes – June 5, 2017
- B. Disbursements
 - 1. General Fund Disbursement Claim No. 17-09 -- \$187,373.90
 - 2. Liquor Fund Disbursement Claim No. 17-10 -- \$246,885.89
- C. Personnel Changes at Central Park Liquor
- D. Application for Exempt Permit – Mounds View Community Theater
- E. New Patrol Squad Video Systems
- F. Contractor's Licenses
- G. Correspondence

MOTION BY COUNCILMEMBER DELFS APPROVING THE CONSENT AGENDA. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

7. Police Report

Police Chief Ebeltoft reviewed the May 2017 department statistics.

Chief Ebeltoft reported that the Police Department responded to five hundred thirty nine calls for service for the month of May 2017 compared to four hundred fifty nine calls for service in May 2016.

Chief Ebeltoft reported that in July of 2016, the Bureau of Criminal Apprehension began a biennial audit of the Spring Lake Park Police Department for adherence to the Criminal Justice Information System (CJIS) policy and procedures requirements. He stated that all agencies in the State of Minnesota are required to comply with these policies and procedures to be able to access information through CJIS and the Federal Government. He stated that as of May 2017, the biennial audit was completed for the Spring Lake Park Police Department. He reported that it was determined that the Spring Lake Park Police Department complies with the policies and procedures of the Criminal Justice Information System and Federal Government. He thanked Police Technician Luann Larson for her hard work with the audit.

Chief Ebeltoft reported, in addition to addressing the day-to-day operations of the Department, he attended numerous meetings throughout the month representing Spring Lake Park Police Department and the City of Spring Lake Park.

8. Parks and Recreation Report

Parks and Recreation Director Rygwall reported that the Parks and Recreation Commission toured Westwood Park and explored the possibility of a community garden within the park in the future. She reported that the Commission discussed Tower Days and the events.

Ms. Rygwall reviewed the department statistics and reported that staff has been preparing for Tower Days events. She stated that 16 flats of flowers and plants were donated for planting at the various parks. She reported that a Girl Scout troop and a youth group have expressed in assisting with maintaining the flowers during the summer.

Ms. Rygwall thanked the Police Department and Public Works Department for their assistance with the Tower Days celebrations as well as the Councilmembers and Mayor Hansen. She reported that the celebration went well.

Mayor Hansen and Councilmember Wendling commented on the fireworks this year at Tower Days and thanked all the volunteers who helped with the celebration.

9. Ordinances and/or Resolutions

A. Resolution 17-14 Approving a Contract for Private Development (Legends of Spring Lake Park) and Awarding the Sale Of, And Providing the Form, Terms, Covenants and Instructions For, the Issuance of the City's \$3,270,000 Taxable Tax Increment Financing Revenue Note

Administrator Buchholtz reported that on September 6, 2016, Spring Lake Park Housing Associates I, LLLP made an application to the City requesting the creation of a housing tax increment financing (TIF) district in order for the City to provide financial assistance to the Legends of Spring Lake Park age-restricted affordable housing project.

Administrator Buchholtz reported that on November 21, 2016, the City Council held a public hearing on the developer's request. He stated that after hearing comments from staff, the developer and the public, the City Council created Municipal Development District No. 6. He stated that through that approval, the City created a mechanism by which to provide support to the development, but did not obligate itself to provide assistance at that time. He stated that to provide assistance, the City and the developer must enter into a development agreement that sets forth the level of and conditions upon the financial assistance.

Administrator Buchholtz provided the proposed Tax Increment Financing (TIF) Development Agreement between the City of Spring Lake Park and Spring Lake Park Leased Housing Associates I, LLLP to facilitate the Legends of Spring Lake Park Housing project. He stated that as proposed, assistance will be provided to the developer as a pay-as-you-go basis to offset TIF-eligible costs associated with the Legends of Spring Lake Park project. He stated the City will not be providing any up-front funds to the project through the issuance of tax increment revenue bonds. He stated that instead, the City will issue the developer a tax increment revenue note. He stated that the City will only repay the note to the developer through revenue generated by the TIF District 6-1. He stated that if the tax increment generated from the District is less than estimated in the TIF Plan, the City will not be responsible to fulfill the outstanding balance.

Administrator Buchholtz reported the general terms of the note include:

Principal:	\$3,270,000
Interest Rate:	5.00% annual
Term:	Up to 20 years, beginning with increment generated in taxes payable in year 2020
Repayment:	Maximum of 95% of TIF collected.

Administrator Buchholz stated that the City will retain 5% of the TIF collected to cover administrative expenses, such as annual TIF reports to the Office of the State Auditor, audit expenses, staff expenses associated with administration of the district, and other expenses. He stated that the TIF plan estimates that 5% of collected increment will generate approximately \$273,000 over the life of the district. He explained that City staff will invoice the TIF Fund for actual expenditures.

Administrator Buchholtz explained that the agreement anticipates that the Termination Date of the District will be February 1, 2040, upon which date the final principal and interest payment on the TIF Note will be made. The property will then go on the general tax roll, benefiting the local governments which serve it.

Councilmember Goodboe-Bisschoff inquired if the property taxes would be paid by the developer and if the taxes would be assessed each year and at what cost. Administrator Buchholtz reported that with the establishment of a TIF, the base value is frozen and the local governments will continue to receive taxes based on that base value. He said that the taxes on the new value will be captured and used to pay the principal and interest on the TIF note.

Councilmember Goodboe-Bisschoff inquired if there will be any funds going to the Park and Recreation fund from the TIF bond. Administrator Buchholtz explained that those funds would be coming from the site plan development agreement.

Councilmember Goodboe-Bisschoff inquired as to whom would be liable should the proposed project not take place or is not completed. Administrator Buchholtz stated that there is default language within the TIF agreement that states that there is no obligation on the City and the developer is taking all responsibility to complete the project or find a suitable developer to complete it. He stated that the site will not sit undeveloped or unfinished.

Tom Loonen, Eckberg Lammers, noted the default language in the TIF agreement stating that the developer is restricted for asking for more funding if they find that the original amount is not enough. He added that should the developer default on the loan, it is up to the developer to find a funding source to complete the project.

Councilmember Goodboe-Bisschoff inquired where a surplus of funds would be distributed, should there be any remaining, after the project is completed. Administrator Buchholtz explained that the developer would receive only the principal and interest called for in the TIF note. He said any surplus funds would be returned to the County for redistribution to the taxing districts for lawful public purposes.

Councilmember Nelson inquired to Attorney Thames for clarification purposes only if he was in agreement with the TIF agreement. Attorney Thames reported that he had reviewed the agreement and felt everything appears to be in order.

MOTION MADE BY COUNCILMEMBER NELSON TO APPROVE RESOLUTION 17-14 APPROVING A CONTRACT FOR PRIVATE DEVELOPMENT (LEGENDS OF SPRING LAKE PARK) AND AWARDING THE SALE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND INSTRUCTIONS FOR, THE ISSUANCE OF THE CITY'S \$3,270,000 TAXABLE TAX INCREMENT FINANCING REVENUE NOTE. ROLL CALL VOTE: COUNCILMEMBERS NELSON, WENDLING, DELFS AND MAYOR HANSEN-AYE; COUNCILMEMBER GOODBOE-BISSCHOFF- NAY. MOTION CARRIED.

B. Resolution 17-15 Approving Forms of Financing Documents Related to the Issuance of the City's Multifamily Housing Revenue Bonds, Series 2017 (Legends of Spring Lake Park)

Administrator Buchholtz reported that the City has been working on the Legends of Spring Lake Park multifamily residential rental housing development for several months. He stated that the Borrower, Spring Lake Park Leased Housing Associates I, LLLP, has been working with its financing team to put together the necessary short- and long- term financing needed to complete the Legends of Spring Lake Park Project. He stated that the City Council held a public hearing on January 17, 2017, and approved the issuance of the City's Multifamily Housing Revenue bonds, Series 2017 (Legends of Spring Lake Park) (the "Bonds").

Administrator Buchholtz stated that initially the maximum principal amount of the Bonds was \$45 million, but the City ultimately received approval from the State of Minnesota/Minnesota Management and Budget for a final tax-exempt amount of \$22,242,684. He stated the the Borrower may also request the City to issue taxable revenue bonds on its behalf to fully fund the project. He noted that the Borrower had to file a civil lawsuit against the State of Minnesota to obtain this allocation amount, which action was successful. He stated that under relevant state statutes, the Bonds must be issued within 120 days from the date of the initial allocation of tax-exempt financing. He reported the date calculated to be July 12, 2017, and a closing date on the issuance of the bonds is tentatively scheduled for July 10, 2017.

Administrator Buchholtz reported that the Borrower has lined up financing and a consulting team to assist it to fully fund the project, both on a short-term basis for construction finding, and on a long-term basis. He reported that the office of Eckberg Lammers has begun to draft financing documents to memorialize these funding obligations. He stated that the City is the "conduit issuer" of the Bonds, the City needs to be a signatory on these financing documents. He stated that the draft financing documents have been submitted for approval by the City Council on June 19, 2017. He noted that these are draft documents, and are under review by many parties to this transaction. He stated that the documents will change to some degree up to and even including the closing date of July 10, 2017. He stated the purpose of receiving City Council approval of these documents now is so that each revision and addendum does not have to come back before the City Council. He said this

is standard procedure for complex conduit financing transactions such as the Bonds.

Administrator Buchholtz expressed to the Council that the City has absolutely no obligation to repay any of the Bonds. He stated that the Borrower has the repayment obligation, and it will have corporate guarantors to assist it with that obligation should revenues from the project initially fall short. He stated that the Borrower will be mortgaging the projects underlying property, as further security for repayment of the Bonds. He noted that if the Borrower and its guarantors ever fall short of paying debt service on the Bonds, these parties may not request the City to add in additional revenues from any other source. He noted that the Bonds are not general obligations of the City, and the full faith and credit of the City is not pledged for their repayment.

MOTION MADE BY MAYOR HANSEN TO APPROVE RESOLUTION 17-15 APPROVING FORMS OF FINANCING DOCUMENTS RELATED TO THE ISSUANCE OF THE CITY'S MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2017 (LEGENDS OF SPRING LAKE PARK PROJECT). ROLL CALL VOTE: COUNCILMEMBERS NELSON, WENDLING, DELFS AND MAYOR HANSEN – AYE; COUNCILMEMBER GOODBOE-BISSCHOFF –NAY. MOTION CARRIED.

C. Resolution 17-16 Permanently Transferring Monies From the General Fund to the Storm Sewer Rehab Fund, Comprehensive Plan Update Fund and Revolving Construction Fund

Administrator Buchholtz reported that the annual audit of the City's 2016 financial records was conducted in 2017 and the preliminary audited financial statements for the year ended December 31, 2016 indicate that the City experienced a surplus in the General Fund. He stated that these funds would typically remain in the General Fund as cash carried forward, increasing the City operating reserves unless otherwise designated by the City Council.

Administrator Buchholtz stated that interfund transfers are needed to cover a number of needs, including the update of the City's Storm Water Management Plan, the 2040 comprehensive plan update and preliminary design for the expansion/renovation of City Hall. He noted that many of the updates to the comprehensive plan will be completed by city staff therefore providing a savings to the city.

Administrator Buchholtz stated that the remaining fund balance in the General Fund will comply with the City's fund balance policy of maintaining between 35-50% of the budgeted expenditures in reserves. He asked for authorization to make transfers to the the Storm Water Rehab fund (\$75,000); Comprehensive Plan Update (\$25,000); and the Revolving Construction Fund (\$25,000).

Councilmember Goodboe-Bisschoff inquired if funds deposited in the Revolving Construction Fund can be used for City Hall improvements. Administrator Buchholtz stated that is correct.

MOTION MADE BY MAYOR HANSEN TO APPROVE RESOLUTION 17-16 PERMANENTLY TRANSFERRING MONIES FROM THE GENERAL FUND TO THE STORM SEWER REHAB FUND, COMPREHENSIVE PLAN UPDATE FUND AND REVOLVING CONSTRUCTION FUND. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

10. New Business

A. Site Development Agreement – Spring Lake Park Leasing Housing Associates I, LLLP

Administrator Buchholtz reported that City Attorney Thames has concluded negotiating the Site Development Agreement between the City of Spring Lake Park and SLP Leased Housing Associates I, LLLP for the project

at 1066 County Highway 10 NE, 1063 Manor Drive and 1075 Manor Drive.

Administrator Buchholtz explained that the Site Development Agreement spells out the developer's responsibilities for the construction of the project. A summary of these responsibilities include:

- Compliance with the terms and conditions of City of Spring Lake Park Ordinance No. 430, as amended by Ordinance Nos. 434 and 436. These ordinances establish the PUD district under which the project is zoned.
- Requirement of the development fees to be paid on the following amounts:

WAC fee (City)	\$185,220
SAC fee (City)	\$ 14,700
SAC fee (MCES)	\$487,060
Park Dedication Fee (City)	\$393,238
- Requirement to post a Letter of Credit in the amount of \$279,945 and a financial guaranty from Dominion Holdings I, LLC in the amounts of \$279,945, for a total of \$559,890.
- Outlines the erosion control measures that must be undertaken prior to the start of site grading and how compliance with these requirements will be obtained.
- Specifies that the developer assumes full financial responsibility for any damages, which may occur to public property as a result of activity by the developer, its contractors or subcontractors or assigns relating to the development of the project.
- Requirement to clean dirt and debris from the streets that has resulted from construction work under the site improvement plan and outlines process should the developer fail to do so.
- Requirement that developer provide and maintain various insurance coverages during the construction of the improvements.
- Obligates the developer to make addition cash escrow payments in the amount of \$29,300 and requires the developer to make additional cash escrow payments if the escrow is insufficient. Any remaining escrow money will be returned to the developer once the project is complete.
- Responsibility of developer to obtain all applicable permits and sign required maintenance agreements for improvements.
- Acknowledges a traffic study was submitted and that there are no traffic mitigation measures required.
- Requires developer to maintain a sanitary sewer, water, drainage facilities and sidewalk facilities. The sidewalk is open to the public.

Administrator Buchholtz stated that upon approval of the Site Development Agreement by the City Council and execution of the agreement by the City and Spring Lake Park Leased Housing Associates I, LLLP, the document will be recorded with Anoka County.

Owen Metz, Dominion Development and Acquisitions, thanked the Council and the staff of Spring Lake Park for their hard work on the project. He stated that it is a privilege to work in the community and is excited to bring the project to life for Spring Lake Park.

Administrator Buchholtz stated that the project has faced adversity and many developers would have walked away from the problems that have occurred but he gave credit to Dominion for making the project happen.

Councilmember Wendling inquired as to when the last day of operation will be for Goony Golf. Mr. Metz stated that is yet to be determined but more than likely will be early July.

MOTION MADE BY COUNCILMEMBER NELSON TO APPROVE SITE DEVELOPMENT AGREEMENT SPRING LAKE PARK LEASING HOUSING ASSOCIATES I, LLLP. ROLL CALL VOTE COUNCILMEMBERS NELSON, WENDLING, DELFS AND MAYOR HANSEN – ALL AYES; COUNCILMEMBER GOODBOE-BISSCHOFF –NAY. MOTION CARRIED.

B. Utility and Sidewalk Access and Maintenance Agreement

Administrator Buchholtz presented to the Council the Utility and Sidewalk Access and Maintenance Agreement between the City of Spring Lake Park and Spring Lake Park Leased Housing Associates I, LLLP. He reported that the agreement provides the developer with access to the City's right-of-way for construction of a sidewalk on the property. He stated that the sidewalk is available for use by the public and the developer agrees to maintain and repair the sidewalk, as well as plow and maintain it.

Administrator Buchholtz stated that the agreement also states that the sanitary sewer, water, and storm sewer infrastructure within the site, up to and including the connection to the City main, are considered private facilities. He stated that the developer is responsible for all maintenance. He stated that the agreement spells out the process to ensure a maintenance issue is corrected if the developer fails to cure a maintenance violation.

Administrator Buchholtz reported that the agreement also requires the developer and its successors to indemnify, hold the City harmless and defend the City from any loss, claims, damages, actions, lawsuits, cost of expenses related to the developer's failure to fulfill its maintenance obligations under the agreement.

Councilmember Nelson inquired if the connections for sewer and water are connected up to the main line as this keeps the liability off the City should there be a major issue in the future. Administrator Buchholtz confirmed that it will be connected up to the main.

MOTION MADE BY COUNCILMEMBER NELSON TO APPROVE UTILITY AND SIDEWALK ACCESS AND MAINTENANCE AGREEMENT. ROLL CALL VOTE: COUNCILMEMBER NELSON, WENDLING, DELFS AND MAYOR HANSEN – AYE; COUNCILMEMBER GOODBOE-BISSCHOFF - NAY. MOTION CARRIED.

11. Engineer's Report

Engineer Gravel reported that he has been reviewing the site plans for the Legends of Spring Lake Park and feels they are looking good. He noted that a fire hydrant has been added and there is some work that needs to be done with the lighting placements.

Mr. Gravel stated that a preconstruction meeting for the sewer-lining project will take place in July and the MS4 Permit presentation will take place at the July 17 meeting.

12. Attorney's Report

Attorney Thames commented that he was glad to see that the development agreements are moving forward.

13. Reports

Councilmember Nelson reminded residents of the pork chop dinner at Kraus Hartig VFW on Monday, June 26, 2017.

14. Administrator ReportsA. Solar Garden Subscriptions

Administrator Buchholtz reported that he met with Peter Schmitt, US/Solar, about the possibility of the City subscribing to a new solar garden construction project. He stated that staff is inquiring from the Council on direction on how to proceed.

Administrator Buchholtz stated that based on an initial review of the City's utility bills, the subscription has the possibility of saving the City over \$1 million in electricity costs over the next 25 years. He provided a summary of the projected savings.

Administrator Buchholtz stated that he knows that there is significant frustration with this concept after negotiations with SunShare fell through. He stated that the possibility of the significant savings outlined in the US/Solar's analysis makes it worth reviewing. He stated that in addition, a number of cities, school districts and governmental entities have signed subscription agreements with US/Solar. He reported that staff recommends exploring the possibility of a solar garden subscription and inviting Mr. Schmitt to the July 17 City Council meeting for a formal presentation.

Administrator Buchholtz noted that the City of Rogers has contracted with US/Solar and Carson, Clelland and Schreder reviewed the contract for their city. He stated that Spring Lake Park's contract would be very similar and would not be as time consuming as the time spent on the previous SunShare contract.

Mayor Hansen stated that she has some hesitation about the subscription but is willing to hear a presentation from US/Solar.

Councilmember Goodboe-Bisschoff inquired if the information provided at the presentation would then be discussed at a future work session. Administrator Buchholtz stated that he would have the agreement ready at the council meeting if there is a consensus for approval otherwise it could be discussed at workshop if there is more information that needs to be researched.

The consensus of the Council is to invite Mr. Schmitt for a presentation.

15. Other

Councilmember Goodboe-Bisschoff reported that she spoke with the surrounding neighbors of the resident who has been feeding geese. She stated that the neighbors do not have any issues with the feeding of the geese. Building Official Brainard reported that he received further evidence of the feeding taking place on three separate incidents and that administrative citations for public nuisances have been issued. He stated that he personally delivered the administrative citations and spoke with the homeowner.

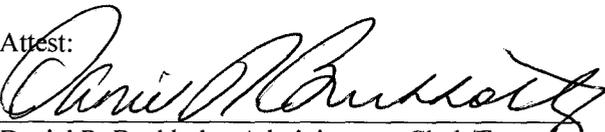
Councilmember Goodboe-Bisschoff thanked resident Vince Smith for his assistance driving the grand marshal in the Tower Days parade. She congratulated Administrator Buchholtz on receiving the James F. Miller Leadership Award at the League of Minnesota Cities Conference.

16. Adjourn

MOTION BY COUNCILMEMBER WENDLING TO ADJOURN. VOICE VOTE: ALL AYES. MOTION CARRIED.

The meeting was adjourned at 8:00 PM.


Cindy Hansen, Mayor

Attest:

Daniel R. Buchholtz, Administrator, Clerk/Treasurer