



2015 Charter Change Sec. 7.18. General Obligation Bonds

Study Session

March 23, 2015

Image courtesy of: Erik Sletten

Enhanced Financing Tool

- ▶ **Objective-**

- ▶ New Bonding Tool- allowed within statutes

- ▶ **Abilities-**

- ▶ Any Capital Improvement - examples
 - ▶ Trails
 - ▶ Park Facilities
 - ▶ Community Center
 - ▶ Transportation Improvements – no Assessments



PROPOSED NEW SECTION OF THE CHARTER

Sec. 7.18. General Obligation Bonds. By a vote of 5 of its members, the council can adopt a resolution to authorize the issuance of general obligation bonds that pledge the full faith and credit and taxing powers of the city. The general obligation bonds can be issued on such terms and conditions the council determines, without obtaining the approval of a majority of the electors voting on the question of issuing such general obligation bonds. The city can pledge to the payment of the general obligation bonds any other available revenues or assets of the city. The general obligation bonds can be issued for a public purpose to finance any capital improvement and related costs including, but not limited to, interest on the bonds, the costs of feasibility studies, design, and plans and specifications; publication costs; costs of issuance; and other capital costs of any capital improvement.



Comparison Charter Elements

Kennedy and Graven City Clients (1)	Provides for any Capital Improvement	Exempt from Voter Referendum	Voting Requirement
Bloomington (Proposed)	Yes	Yes	5 of 7
Columbia Heights	Yes (2)	No	Super Majority 4 of 5
Eveleth	Yes	Yes	Super Majority 4 of 5
Fairbault	Yes	No	5 of 7
Minneapolis	Yes	Yes (3)	Super Majority (4)
St. Louis Park	Yes	Yes	Super Majority 6 of 7
Virginia	Yes	Yes (3)	Majority only

(1) Kennedy and Graven have approximately 35 city clients

(2) Eveleth- only Improvement Bonds. Charter is in process of being amended.

(3) The charters of Minneapolis and Virginia are similar in that they authorize the issuance of bonds by resolution, without any reference to an exemption from voter referendum. These provisions are interpreted by bond counsel to mean that bonds may be issued without voter referendum as long as the provision doesn't restrict the bonds to those issued "in accordance with state law" or words to that effect (which is typical in most charters).

(4) Minneapolis requires several levels of super majorities: at the Council level, at the Board of Estimate and Taxation level, and if bonds are issued for the benefit of the Park and Recreation Board, at the Park and Recreation Board level.



Discussion - Proposed Charter Change

1. Is the Council interested in proposed change?

If yes, than-

1. Does the Council want to limit the type of capital improvements these types of bonds could be used for?
2. Does the Council want the proposed amendment to the Charter to include language that allows for a reverse referendum?
3. What number of Council members should be required to approve the bonds?



Timelines

- ▶ May – Charter Commission Meets
 - ▶ June – Post in SunCurrent public hearing date in July
 - ▶ July – After the Public Hearing; all 7 members must be present and vote to approve the ordinance unanimously.
 - ▶ July – If approved, post entire charter change in SunCurrent.
 - ▶ October - charter change is effective 90 days after publication
 - ▶ September – If within 60 days of publication –petition, than,
 - ▶ November – requires voter approval 51%
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Referendum Information

- ▶ Petition and Referendum Possibility
- ▶ September If within 60 days of publication of the ordinance a petition is filed with the City Clerk requesting a referendum on the issue and the petition is signed by 5% of the registered voters or 2000 registered voters, whichever is less, then the proposed Charter amendment must be placed on the ballot and will not be effective until approved by the voters.



Questions

