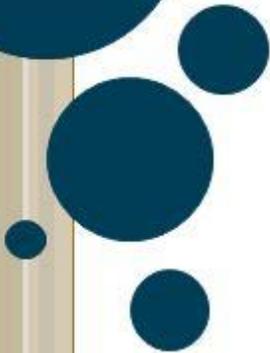




CHARTER AMENDMENT 7.17



FINANCIAL SUSTAINABILITY

OFFICIAL STATEMENT DATED OCTOBER 16, 2008

Ratings: Requested from Moody's Investors Service and Standard & Poor's Ratings Services

NEW ISSUE

City of Bloomington, Minnesota
\$1,338,000
 General Obligation Permanent Improvement Revolving Fund Bonds of 2008, Series 20
 (The "Series 20 Bonds")

\$7,200,000
 General Obligation ADA Capital Bonds, Series 2008A
 (The "Series 2008A Bonds")

\$1,915,000
 General Obligation Fire Station Refunding Bonds, Series 2008B
 (The "Series 2008B Bonds")

Interest Due: November 1, 2009

Credit Rating Upgrade by Standard & Poor's AAA

SPRINGSTED
 Public Finance Advisor

OFFICIAL STATEMENT DATED NOVEMBER 6, 2008

Ratings: Requested from Moody's Investors Service and Standard & Poor's Ratings Services

NEW ISSUE

City of Bloomington, Minnesota
\$1,270,000
 General Obligation Permanent Improvement Refunding Bonds of 2008, Series 20
 (The "Series 20 Bonds")

\$700,000
 General Obligation Park Refunding Bonds, Series 2008A
 (The "Series 2008A Bonds")

Interest Due: First February 1st and August 1st, commencing August 1, 2009

Credit Rating Upgrade: Aaa

SPRINGSTED
 Public Finance Advisor

OFFICIAL STATEMENT DATED OCTOBER 1, 2008

Ratings: Requested from Moody's Investors Service and Standard & Poor's Ratings Services

NEW ISSUE

City of Bloomington, Minnesota
\$10,760,000
 General Obligation Permanent Improvement Revolving Fund Bonds of 2008, Series 20
 (The "Series 20 Bonds")

\$3,380,000
 General Obligation Tax Increment Financing Bonds, Series 2008A
 (The "Series 2008A Bonds")

Interest Due: First February 1st and August 1st, commencing August 1, 2009

Fitch Credit Rating Upgrade: AAA

SPRINGSTED
 Public Finance Advisor

One of 27 municipal governments out of more than 19,000 nationwide

FINANCING METHODS & TECHNIQUES

Pay-As-You-Go (Cash)

- ❑ Pay project costs from cash on hand using either current revenues or reserve funds.
 - ❑ *Example:*
 - ❑ Budgetary Items/Replacement Items
 - ❑ Computers
 - ❑ Vehicles
 - ❑ Minor improvements/maintenance

Pay-As-You-Use (Debt)

- ❑ Issue debt and pay project costs from bond proceeds.
- ❑ Debt is repaid over time by the users of the project.
 - ❑ *Example:*
 - ❑ Large Capital Costs/Long Useful Life
 - ❑ Structures
 - ❑ Land
 - ❑ Major improvements

TYPES OF DEBT BLOOMINGTON GENERALLY ISSUES

Subject To Debt Limit

- ❑ General Obligation (includes referendum authorized debt)
- ❑ General Obligation Capital Improvement Bonds
- ❑ General Obligation Pension Bonds

Not Subject to Debt Limit

- ❑ General Obligation Improvement (PIR) Bonds
- ❑ General Obligation Tax Increment Bonds (HRA)
- ❑ General Obligation Revenue Bonds-Enterprise Bonds
- ❑ Special Tax Revenue (Port)
- ❑ Lease Revenue Bonds (Civic Plaza)
- ❑ Taxable GO Parking Ramp Bonds (Port)

GENERAL OBLIGATION- REFERENDUM APPROVED

- ❑ Requires Referendum Vote
- ❑ Property tax supported
- ❑ Requires Council majority vote
- ❑ Allowed are Art Center, City Facilities, Community Centers, Park Facilities, Playground Equipment, other Recreational Improvements and Trails
- ❑ City issued Art Center Bonds in 2000, previously issued bonds for fire station 1 and park improvements.
- ❑ This type of debt is subject to the statutory debt limit

GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS

Capital Improvement Bonds (MN 475.521)

- ❑ Property tax supported, but:
- ❑ Requires 5/7 Council vote - no referendum
 - ❑ Public hearing
 - ❑ Subject to 30 day reverse referendum
- ❑ Public Works & Public Safety Facilities, Libraries and City Halls
- ❑ Not allowed are Community Centers, other Recreational Improvements and Trails
- ❑ Must be part of approved 5 Year CIP
- ❑ The City issued GO CIP bonds in 2010, term 10 years
- ❑ This type of debt is subject to the statutory debt limit

GENERAL OBLIGATION- PENSION BONDS

- Property tax supported
- Requires Council majority vote
- Allowed Pension Obligation
- City issued Pension Bonds in 2010, matures 2/1/2016

- This type of debt is subject to the statutory debt limit

GO STREET RECONSTRUCTION BONDS

- ❑ 5-year street reconstruction plan
- ❑ Adopted at public hearing
- ❑ Subject to 30 day reverse referendum
- ❑ 100% of governing body must adopt authorizing resolution and bond amounts to be issued
- ❑ Must be reconstruction
- ❑ No assessment minimum
- ❑ Can include street widening, curb and gutter and interchanges; must be for safety reasons
- ❑ This type of debt is subject to the statutory debt limit

SPECIAL ASSESSMENT 429 BONDS ISSUANCE OF BONDS

- ❑ Assessable public improvements
- ❑ By statute must covenant that at least 20% of the cost of each improvement will be specially assessed against benefited property
 - ❑ Example: City policy generally assesses 25% to residential benefitted properties
- ❑ Governing body will take all further action to certify the levy of assessments



GO SPECIAL ASSESSMENT 429 BONDS PROJECTS FINANCED

Street improvements

Storm and sanitary sewer

Steam heating

Street lighting systems

Water works systems

Parks, open space,
playgrounds

Planting, trimming and tree
removal

Signs, posts and other

Abatement of nuisances

Dikes

Retaining walls

Pedestrian skyway systems

Underground pedestrian

Public Malls

Fire Protection

Highway sound barriers

Gas and electric

REVENUE BONDS

- ❑ Debt service secured only by dedicated revenue streams
 - ❑ Enterprise, TIF, Special taxes
- ❑ No referendum – no impact on general levy
- ❑ Debt service reserve and coverage
- ❑ Structure likely affected by debt service reserve requirements or potential capitalized interest



GENERAL OBLIGATION REVENUE SUPPORTED

Examples

- ❑ Tax Increment Financing
- ❑ Special Assessment
- ❑ Tax Abatement
- ❑ Water & Sewer Revenue



Considerations

- ❑ No referendum
- ❑ Debt limit – no impact
- ❑ Investor Impact: timing and nature of self-support, essentially identical to other GO's
- ❑ Can be issued for City Facilities like Community Center, Parks, and Trails

REVENUE SUPPORTED

Revenue Bonds *(Cont.)*

Examples of Bond Issues

Utility Revenue

Water, Sewer, Sanitary Sewer and Storm water

Electric

Telecommunications

Recreational Revenue

Golf & Ice Arena (BIG)



LEASE REVENUE BONDS

MN 465.71

- ❑ No referendum (public hearing)
- ❑ Limited flexibility with sources of funds
 - ❑ No large cash contribution to reduce par
- ❑ Lease payments (debt service) are subject to annual appropriation
- ❑ Example: Port Authority Issued for Civic Plaza
- ❑ This type of debt can be used for other City Facilities: Community Center, Motor Vehicle, Public Health, Park Facilities and Equipment, and trail improvements



TYPES OF DEBT BLOOMINGTON GENERALLY ISSUES

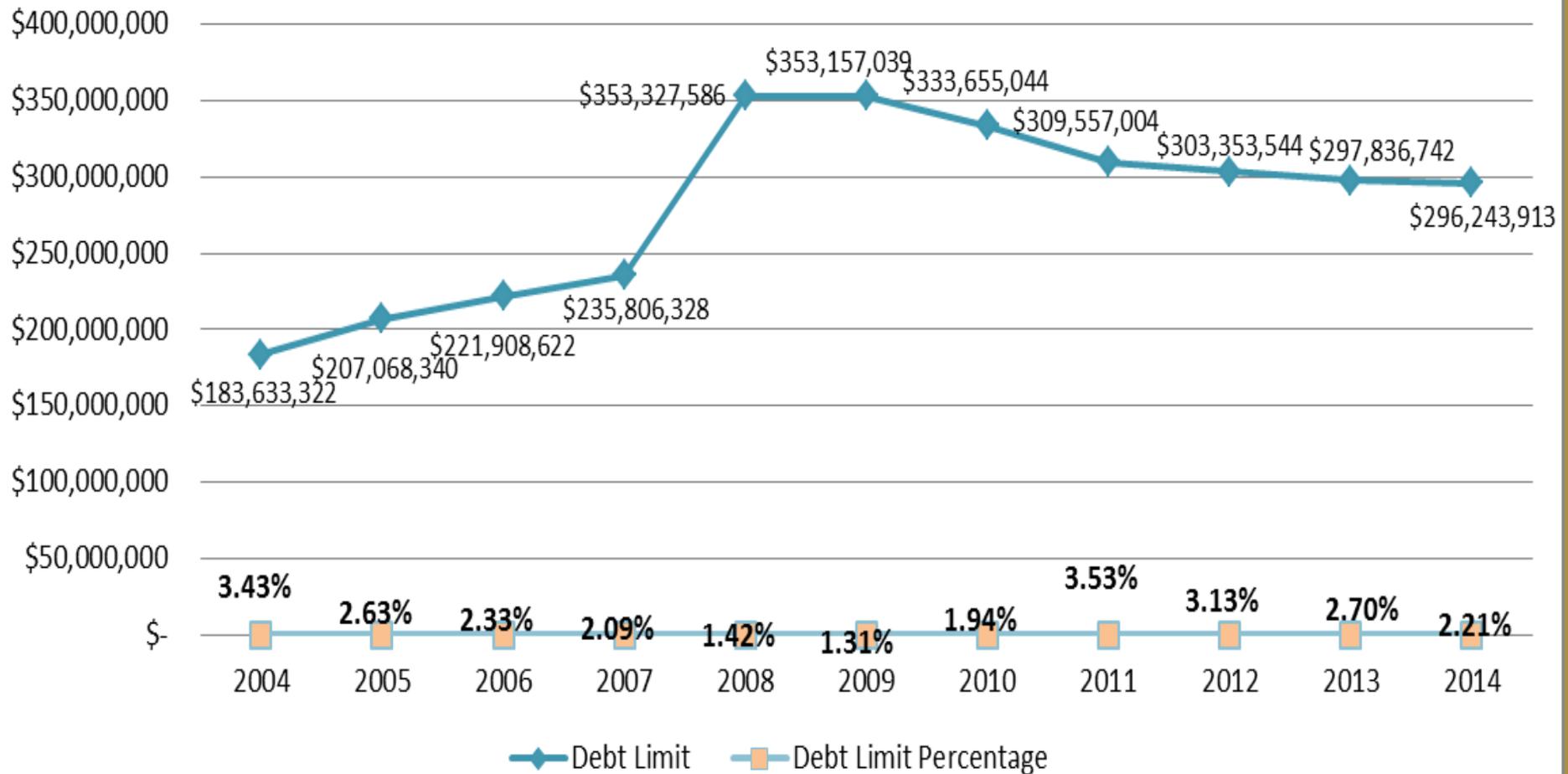
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Actual Bloomington Debt Limit - per Statue 475.51



DISCUSSION HISTORY & TONIGHT

Date	Description
March 2015	Provided Council with conceptual charter amendment language.
April 2015	Provided Council with additional information on charter amendment language. Council provided direction to Charter Commission.
May 2015	Charter Commission discussed drafted charter amendment language. Requested survey of other municipal users of this type of bonding authority.
June 2015	Charter Commission discussed drafted language, survey results and added an additional restriction to the language. They approved the resolution to send this item to the City Council.
July 2015	Provided Council with overview of Charter Commission approved language
August 3, 2015	Initial advertised public hearing. Postponed to allow for proper advertisement of the item.
August 24, 2015	Tonight, public hearing on charter amendment

PROPOSED CHARTER CITY OF BLOOMINGTON

- **Sec. 7.17. 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. The general obligation bonds shall not be issued for at least 30 days after the publication in the official newspaper of the city of the council resolution determining to issue such bonds; and, if before the expiration of such 30 days, a petition requesting an election on the proposition to issue such bonds is filed with the city clerk and such petition is signed by registered voters of the city equal to the lesser of 5 percent of the registered voters of the city as of the last general election, or 2,000 registered voters, then the city may not issue such general obligation bonds until the proposition has been approved by a majority of the votes cast on the question at a regular or special election. This Section 7.17 shall not apply to any general obligation bonds proposed to be issued by the city if the principal amount of such bonds, when added to the other outstanding general obligation bonds that constitute net debt of the city, within the meaning of Minnesota Statutes, Section 475.51, as amended (or any successor statute), shall exceed 1 percent of the estimated market value of taxable property in the city as of the date such general obligation bonds are proposed to be issued by the city.

ENHANCED FINANCING TOOL

- The proposed charter change will provide Council with more flexibility when financing capital improvements at a lower interest cost.
- The 3 main restrictions for any future bonding using this tool :
 - Will require approval by 5 Council Members,
 - Will require a 30 day reverse referendum, and
 - Will require any future bonding subject to debt limits within the 475.51 be at or less than 1%.

WHY THE AMENDMENT?

1. Interest saving between debt types.
2. Better transparency

The specific capital improvements

- PMP Trail Improvements & PMP Overlay
- Park Facilities and Park Equipment
- City Facilities- Motor Vehicle and Public Health

TRAIL IMPROVEMENT



ALL TRAILS MAINTENANCE

- Asphalt (Narrow Trails) Sidewalks
 - Total Linear Miles = 24 miles
- Asphalt Trails
 - Total Linear Miles = 14 miles

TOTAL Sidewalk and Trail Miles = 38 miles

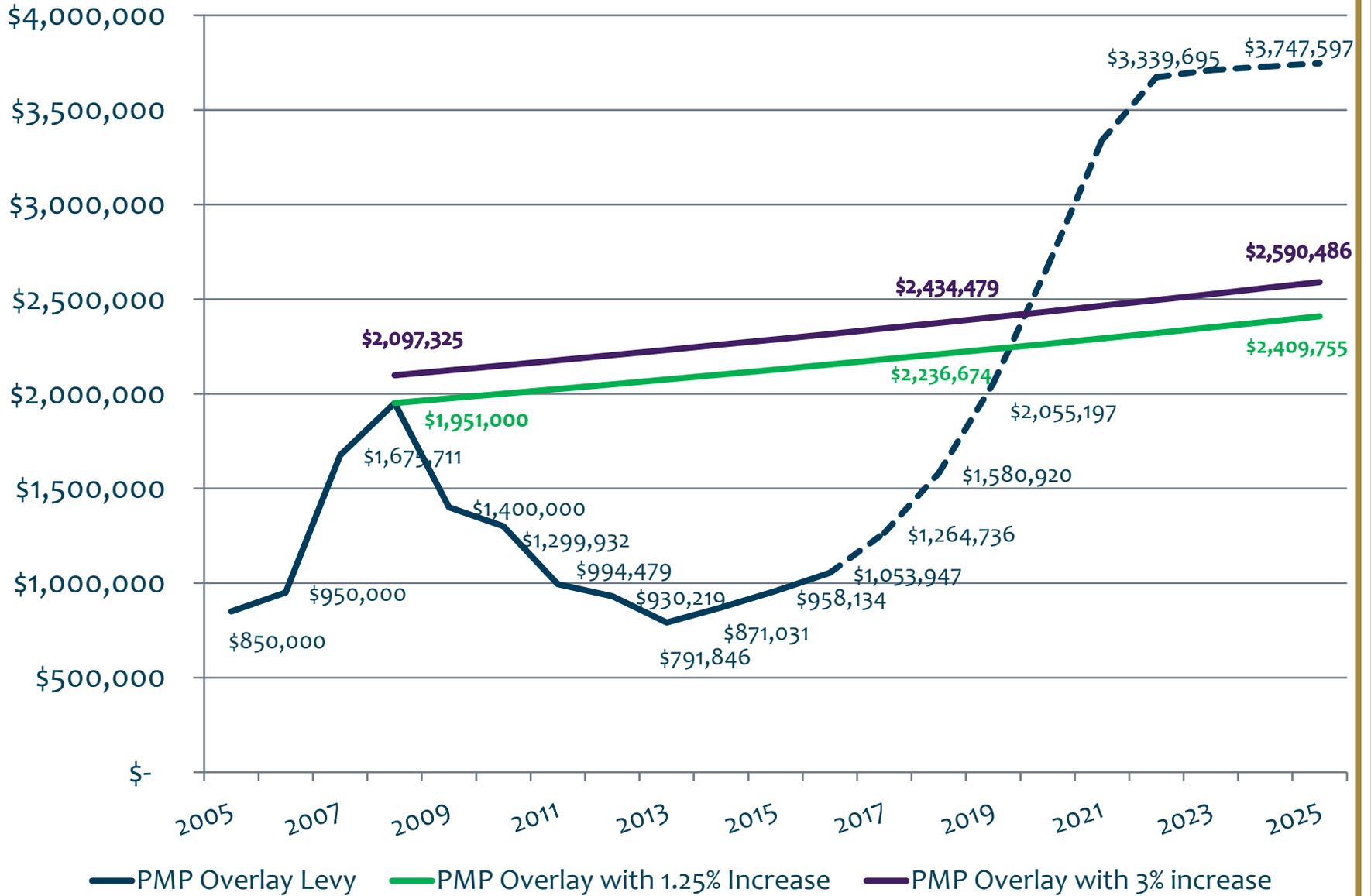
Latest PCI –

0-35.99 = 9 miles

36-65.99 = 7 miles

66-100 = 22 miles

PMP Overlay



PARK FACILITIES AND EQUIPMENT



PARKS FUNDING & NEEDS

○ Referendums

- 1974 Parks and City Buildings \$6,300,000
- 1988 Hyland Ski Jump \$2,550,000
- 1990 Parks \$3,750,000

○ Park Dedication Fees annual average \$ 200,000

○ CIP 2015-2019 & Future (needs) \$14,026,570

○ Bonding Authority- Tax Abatement Bonds

CITY FACILITIES



CITY FACILITY FUNDING ABILITY

- Facilities Budget- replacement
- Capital Improvement Bonds
- Lease Revenue Bonds
- Tax Abatement Bonds
- Referendums
 - 1974 Parks and City Buildings \$6,300,000
 - 1990 City Buildings - did not pass \$22,014,700
 - 1991 Public Works- land - did not pass \$400,000
 - 1991 Fire Station-land & improvements \$3,574,000
 - 2000 Center for the Arts \$7,200,000

INTEREST SAVING COMPARISON- EXAMPLE ~COMMUNITY CENTER

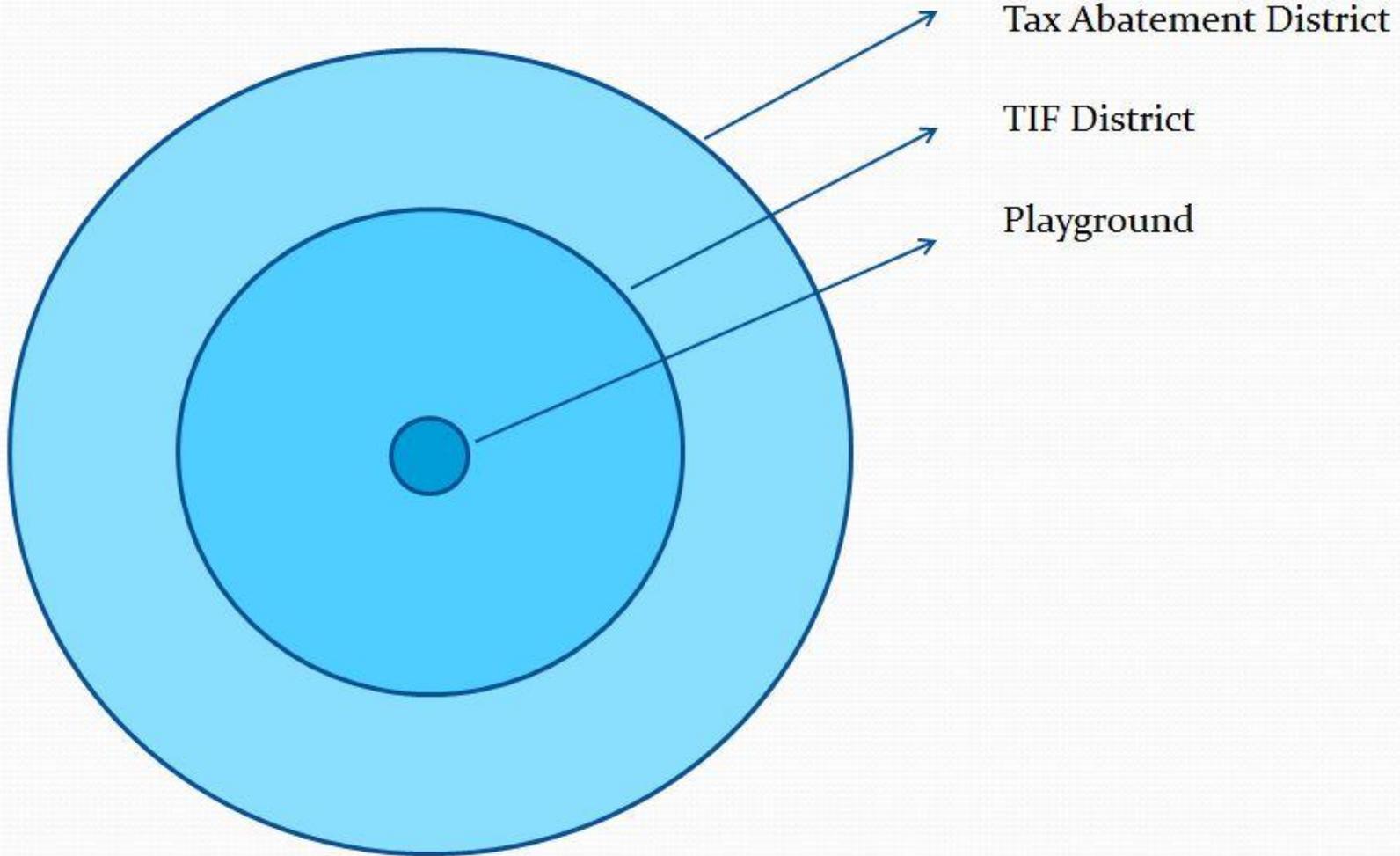
Bond Type –Lease Revenue

- Example cost \$30,000,000
- Term 20 years
- Interest rate
 - 38 basis points greater than General Obligation Bonds
- **Bond interest payments**
 - **\$1,884,000 greater than General Obligation Bonds**

Bond Type-General Obligation

- Example cost \$30,000,000
- Term 20 years
- Interest rate
 - 38 basis points lower than Lease Revenue Bonds
- **Bond interest payments**
 - **\$1,884,000 less than Lease Revenue Bonds**

TAX ABATEMENT AREA



BONDING TYPES

Bonding Type	Reverse Referendum Requirements	Approval Requirements
GO Improvement Bonds	No	Simple Majority
GO Capital Improvement Bonds	Yes, 30 days	Strong Majority
GO Fire Pension Bonds	No	Simple Majority
GO Street Reconstruction Bonds	Yes, 30 days	Unanimous
Abatement Bonds	No	Simple Majority
Lease Revenue Bonds	No	Simple Majority
Revenue Bonds	No	Simple Majority
Utility Revenue Bond	No	Simple Majority
<i>Proposed GO Bonding Authority "Charter Bonds"</i>	<i>Yes, 30 days (however not restricted under statutes)</i>	<i>Strong Majority - 5 of 7 members (however, statute only requires majority)</i>

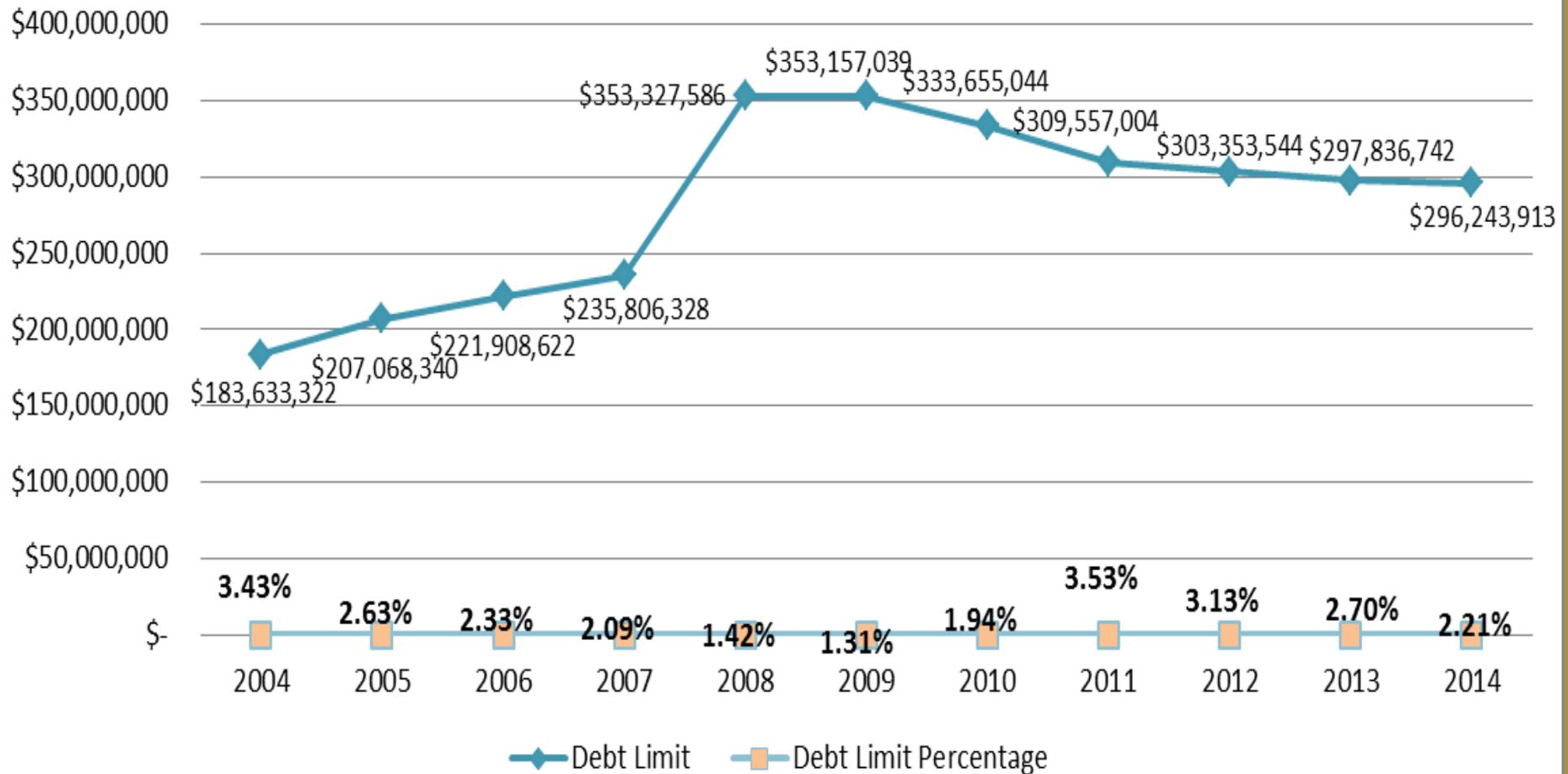
SURVEY COMPARISON CHARTER ELEMENTS

Survey Respondents	Exempt from Voter Referendum		Council Voting Requirement	Bonds being Financed
Bloomington (Proposed)	No	30 days	Strong Majority 5 of 7	
Columbia Heights	No	30 days	Strong/Super Majority 4 of 5	Facilities, Streets and Public Safety
Eveleth	Yes		Strong/Super Majority 4 of 5	Have not used yet
Faribault	No	30 days	Strong Majority 5 of 7	Community Center and Public Facilities
Hastings	No	30 days	Simple Majority	P&R Facilities, Streets, and Trails
Minneapolis	Yes		Strong Majority 9 of 13	Trails, P&R Facilities, Public Safety, PW Facilities, Streets, IT, Community Center, Lights
Ramsey County	No	45 days	Simple Majority	P&R Facilities, PW Facilities, Libraries, Trails, Community Centers, Public Safety
St. Louis Park	Yes		Super Majority 6 of 7	Trails and sidewalks
St. Paul	Yes		Simple Majority	Capital Improvement Neighborhood process
Virginia	Yes		Simple Majority	Public Facilities

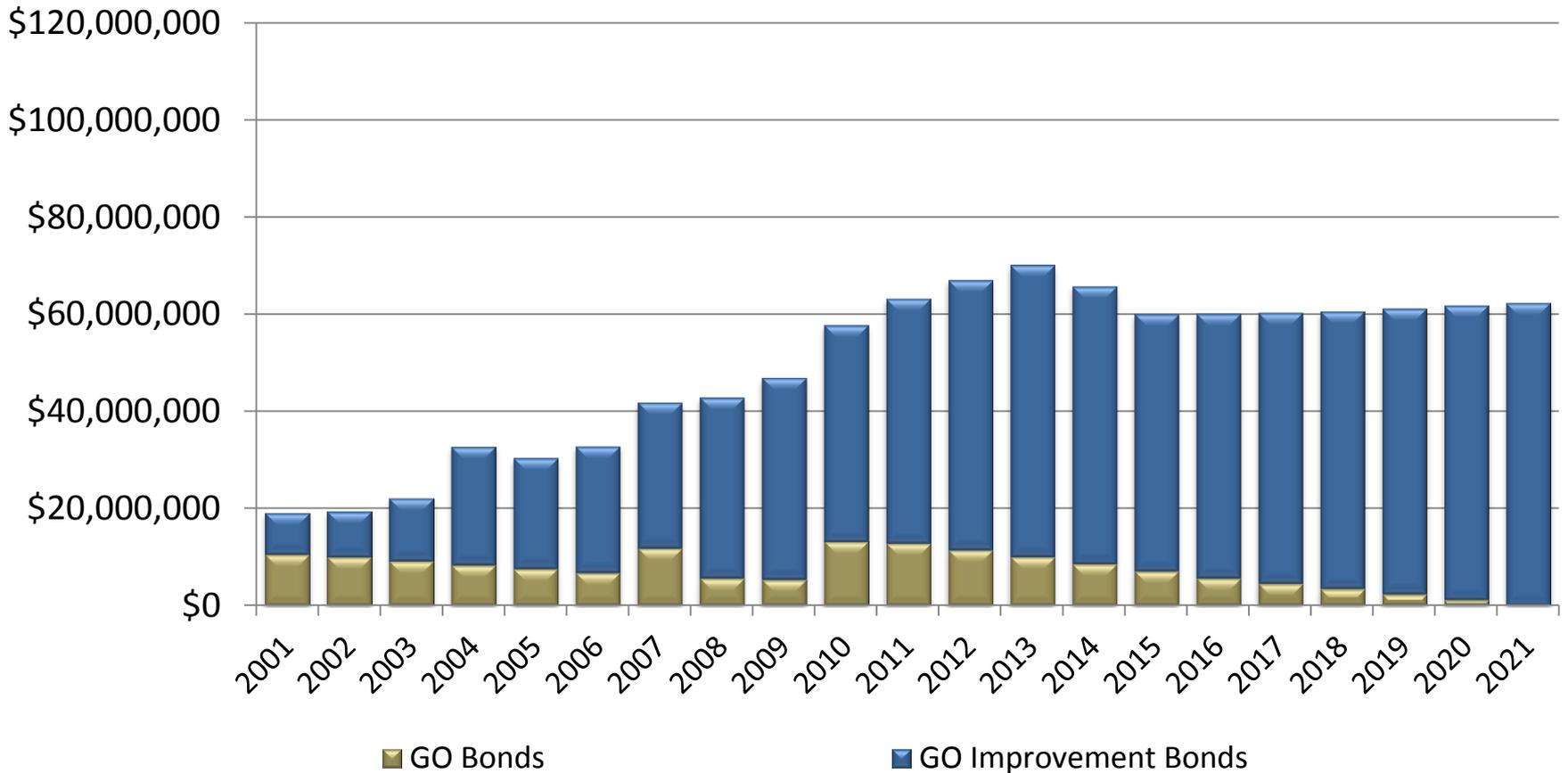
Example- If charter amendment was already approved- Public Input Timeline - 30 Day Reverse Referendum Petition Period

Event	Example date	Time offset from initial notice to public	Notes
Agenda for Council study session published	8/13/2015	0	Public Notice- Usually Thursday prior to regular/study meeting
Request preparation of Preliminary Official Statement (offering document) at Council Meeting. No official action required.	8/17/2015	4	Public Notice- As there is no meeting on 9/7/2015. Preparation of the Preliminary Official Statement is generally at least a 4-6 week process.
Agenda for Council Meeting published	9/10/2015	28	Public Notice- Usually Thursday prior to regular meeting
Council passes "Resolution" on Charter bonds to be issued	9/14/2015	32	Public Notice- There is no public hearing requirement for such an action by the Council
Send ad to Sun Current on Charter Bond resolution	9/17/2015	39	Notices must be sent in one week before published date.
Sun Current publishes Bond resolution information	9/25/2015	46	Public Notice- Informs citizens of right to 30 day reverse referendum
30 day petition clock starts	9/25/2015	46	30 day reverse referendum
Petition clock expires	10/26/2015	77	Provides a workday to turn in petition at 31 days
Credit rating calls	Week of 11/2/2015	88	Generally would not incur the cost of ratings calls until petition clock expires.
Agenda for Council Meeting published	11/12/2015	94	Public Notice- Usually Thursday prior to regular meeting
Bond Sale/Council meeting	11/16/2015	98	Public Notice- Earliest date bonds can be sold with 30 day reverse referendum. Bond sale must be approved at a Council meeting.
Bond Proceeds Received	12/1/2015	112	Bond proceeds are received 2-4 weeks after the bonds are sold.

Actual Bloomington Debt Limit - per Statue 475.51



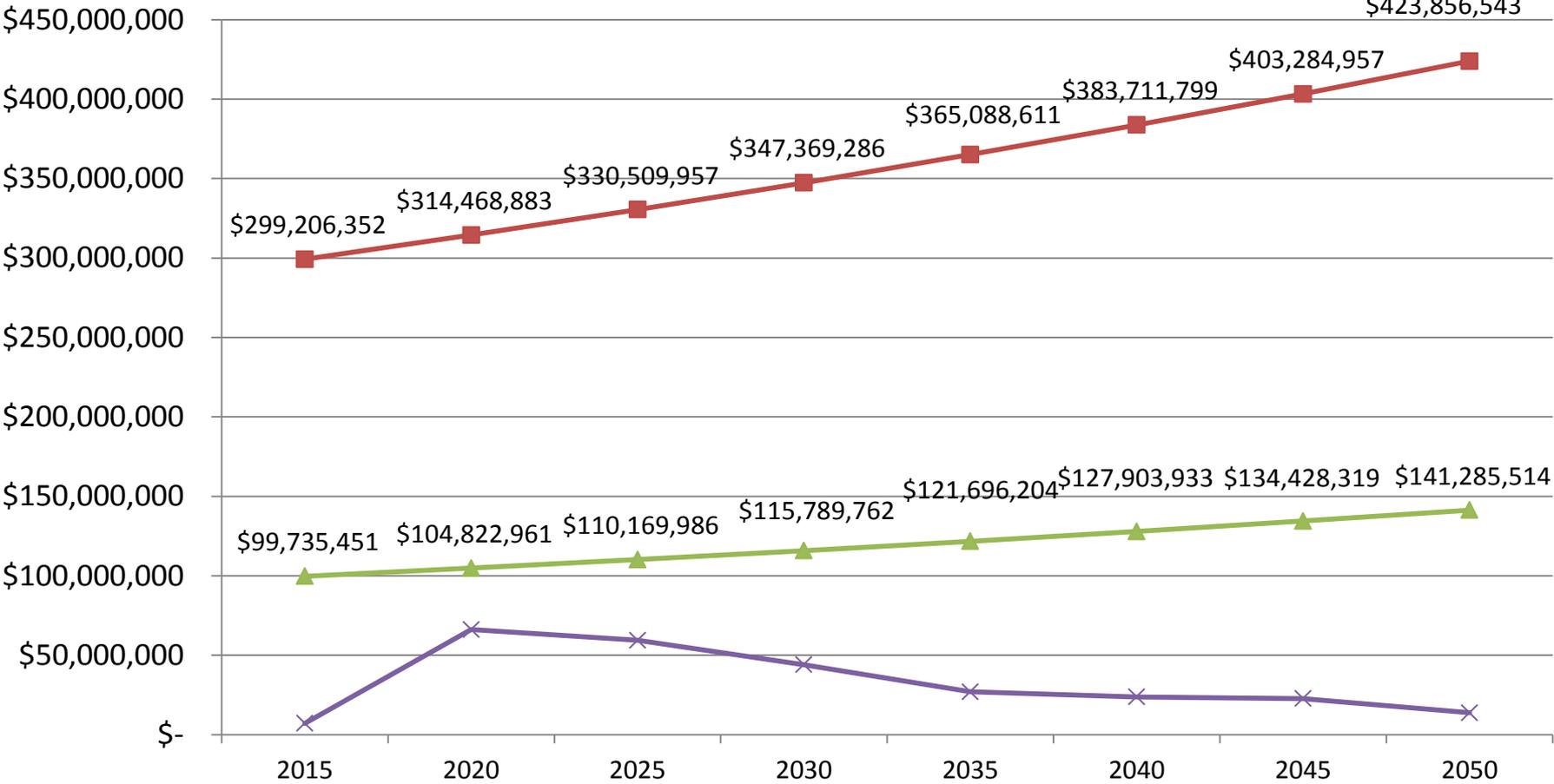
Tax Supported Debt Outstanding by Segments



LEGAL DEBT MARGIN

Legal Debt Margin Information (2013)				
City Comparison	Aaa, AAA, AAA Bloomington	Aaa-, AAA, AAA Minneapolis	AAA St. Paul	AAA St. Louis Park
Debt Limit	297,836,742	1,102,298,000	569,820,091	154,579,107
Net Debt Applicable	8,047,547	155,494,000	121,635,576	17,959,975
Legal Debt Margin	289,789,195	946,804,000	448,184,515	136,619,132
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.70%	14.11%	21.35%	11.62%
Amount Bloomington's Net Applicable Debt would need to increase, if we were at other cities percentage of debt limit.		42,013,889	63,577,161	34,604,550

The Example Capital Improvement Model



■ Statutory Debt Limit 3%
 ▲ Charter Amendment Debt Limit 1%
 × "Kitchen sink" utilization

- Assumes value growth at 1% annually

RECOMMENDATION

Council is requested to approve:

- The Charter Commission recommendation of Charter Amendment 7.17

NEXT STEPS- IF VOTE IS UNANIMOUS

Date	Description
Aug 27, 2015	Send Sun Current charter amendment language
September 3, 2015	Sun Current publishes charter amendment language in it's entirety. 60 day charter change petition time clock starts.
November 2, 2015	Charter amendment 60 day petition clock expires.
November 2, 2015	If petition submitted to City Clerk, the charter amendment could be placed on a special election or next general election ballot in 2016.
December 2, 2015	If no petition submitted by November 2, charter amendment becomes effective.

QUESTIONS



PUBLIC HEARING