

ECONOMIC DEVELOPMENT AUTHORITY MEETING OF MAY 18, 2010

A meeting of the Coon Rapids Economic Development Authority was called to order by President Tim Howe at 6:50 p.m. on May 18, 2010 in the Council Chambers.

Members Present: President Tim Howe, Commissioners Denise Klint, Melissa Larson, Paul Johnson, and Scott Schulte

Members Absent: Commissioner Joe Sidoti

1. CALL TO ORDER

President Howe called the meeting to order at 6:50 p.m.

2. ROLL CALL

Commissioner Sidoti was absent.

3. APPROVE MINUTES OF APRIL 20, 2010

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER KLINT, TO APPROVE THE APRIL 20, 2010 MINUTES AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.

4. CONS. RESOLUTION NO. EDA 10-2 REVENUE BOND RESOLUTION \$1,040,000 TAXABLE LEASE REVENUE BONDS, SEIRES 2010A AND \$13,445,000 LEASE REVENUE BONDS, SERIES 2010B

Finance Director Sharon Legg presented a memorandum to the EDA stated that by authorizing the Revenue Bonds resolution they are setting the parameters for the negotiation of bonds to finance the acquisition of the old Target site. Two bonds issues are proposed to be negotiated with bond purchasers. One of the bond issues is taxable. The other will be either tax exempt or, possibly Build America Bonds, which are taxable, but receive a rebate from the Federal Government writing down the interest cost. To be exempt or subsidized, the bonds need to have a public purpose behind them for them to qualify. The EDA will sell the bonds. The City concurred at the April 20th meeting since ultimately it will be the City's responsibility to levy for the amount of the debt service.

Lease Revenue Bonds in the amount of \$13,445,000 will be sold to finance the acquisition of the portion of the old Target site to be used as an ice arena and adjoining park area as well as the construction of the arena. The City Council will then need to authorize a sale of the property from the City to the EDA allowing the EDA to lease the property and arena back to the City by

entering into a lease with the Option to Purchase Agreement with the EDA. The City will have a leasehold interest in the land and arena pursuant to the lease, and upon payment of all of the rental payments under the lease, the lease will terminate and title will be transferred back to the City from the EDA. The City's obligation to make rental payments under the Lease is an annual appropriation obligation, meaning that the City Council annually determines to make the lease payments. If the City were to not appropriate money to pay the rental payment under the Lease, the EDA would terminate the Lease with the City and attempt to lease or sell the property to some other entity.

The lease payments will be equal to the debt service payment so the bonds allowing the City to levy for the payment of the debt issued by another governmental agency as a special levy outside levy limits.

Lease Revenue Bonds in the amount of \$1,040,000 will finance the portion of the acquisition of the old Target site that most likely will be sold. This will be a taxable issue since it is for a private use, e.g., not a park or arena.

Given present interest rates, the levy that will be required to be made annually to repay the two Lease Revenue Bonds will range from \$850,000 to \$ 950,000 for 25 years beginning in 2011. The net added impact to benchmark homes is \$10 to \$40, for the lowest value to highest benchmark value, starting in 2011.

Ms. Legg explained these were divided into two issues. The first is taxable and the second includes the land and buildings for the arena. She explained the Council agenda is being amended to include a public hearing to allow tax exempt bonds because the Youth Hockey Association accounts for more than ten percent of the arena revenue.

The resolution sets out the terms of the negotiated sale. The RFP has been sent out and proposals will be received on May 24th. Award will be considered after the June 15th public hearing.

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER LARSON, TO ADOPT RESOLUTION EDA 10-2 FOR \$1,040,000 TAXABLE LEASE REVENUE BONDS, SERIES 2010A (CITY ANNUAL APPROPRIATION OBLIGATION) AND \$13,445,000 LEASE REVENUE BONDS, SERIES 2010B (CITY ANNUAL APPROPRIATION OBLIGATION). THE MOTION PASSED UNANIMOUSLY.

5. OTHER BUSINESS

There was no other business to come before the EDA.

6. ADJOURN

MOTION BY COMMISSIONER JOHNSON, SECONDED BY COMMISSIONER LARSON, TO ADJOURN THE MAY 18, 2010 MEETING OF THE EDA AT 6:56 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Joni Anderson
City Clerk