

**City of Ramsey**  
**Agenda**  
**City Council Work Session**  
**Tuesday May 28, 2013**  
**Immediately Following Personnel Committee**  
**Lake Itasca Room, 7550 Sunwood Drive NW**

- 1. Call to Order**
- 2. Topics for Discussion**
  1. Overview Emergency Management Process
  2. Consider terms for Bury & Carlson's (B&C) request to terminate Lease Agreement.
  3. Consider City Participation in Game Fair 2013
  4. Discuss Economic Development Prospect Foxtrot
  5. Innovative Financing for Advancement of MnDOT Projects - The Tinklenberg Group
  6. Discussion Regarding a Conflict of Interest Policy and Disclosure Form
  7. Council Committee Utilization
- 3. Future Topics for Discussion**
  - 1) Council may direct staff of future topics they wish to discuss
- 4. Mayor/Council/Staff Input**
  1. **RECEIVE INFORMATION & UPDATE:** 15153 Nowthen Blvd Property Development
- 5. Adjournment**

**CC Work Session**

**2. 1.**

**Meeting Date:** 05/28/2013

**Submitted For:** Dean Kapler

**By:** Jo Thieling, Administrative Services

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**Title:**

Overview Emergency Management Process

**Background:**

Staff will give a brief, verbal overview of the Emergency Management process. The review will include the roles of Council and staff.

**Notification:**

**Observations/Alternatives:**

**Recommendation:**

**Funding Source:**

N/A

**Council Action:**

None required - for informational purposes.

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**Form Review**

**Inbox**

Kurt Ulrich

**Reviewed By**

Kurt Ulrich

**Date**

05/23/2013 03:56 PM

Form Started By: Jo Thieling

Started On: 05/23/2013 01:00 PM

Final Approval Date: 05/23/2013

**CC Work Session**

**2. 2.**

**Meeting Date:** 05/28/2013

**Submitted For:** Kurt Ulrich

**By:** Bill Goodrich, Administrative Services

**Title:**

Consider terms for Bury & Carlson's (B&C) request to terminate Lease Agreement.

**Background:**

This issue was considered by the City Council at its February 5, 2013 work session. The direction of the City Council at that time was to direct staff to negotiate with B&C for terms of an early termination and possible use of B&C resources.

Since February 5, staff has met with B&C on several occasions and an agreement as of this writing appears to have been agreed upon. Tentative terms of the Agreement include the following:

1. Termination of lease effective as of July 1, 2013. A July 1, 2013 termination with notification to the County prior to July 1, 2013 will allow the entire property to be tax exempt effective January 1, 2014.
2. The City will retain at no cost to it the bunker blocks along the north and west sides of the property.
3. The City will retain at no cost to it the bottom two rows of bunker blocks along the east side of the property and will purchase 125 bunker blocks on the east side at \$30/block in order to have a more effective barrier/fence on that side of the property.
4. City will purchase from B&C 80 bunker blocks at \$30/block in order to level off the North wall.
5. City will purchase from B&C up to 100 tons of the boulders/rocks on the site at \$25/ton for its park use etc.
6. City will purchase 500 ton of con-bit (class V) for its road construction purposes at \$5.00/ton. B&C has made an offer to sell its entire 20,000 ton inventory of con-bit to the City. Our public works department is evaluating that offer.
7. Per the original purchase agreement, the small scale and the tan scale shack building will remain on the site. The large scale on the site will be removed by B&C. The City will be responsible for removal of the large scale foundation etc. at an approximate \$4,000 city cost. This is a negotiated agreement in making certain the bunker blocks on the west and east side of the site stay on the site.
8. As of this writing there is still some issue on payment of the rental/property taxes.

**Notification:**

**Observations/Alternatives:**

**Recommendation:**

**Funding Source:**

NA

**Council Action:**

Based on discussion.

**Inbox**  
Grant Riemer  
Diana Lund  
Kurt Ulrich

**Reviewed By**  
Grant Riemer  
Diana Lund  
Kurt Ulrich

**Date**  
05/22/2013 03:19 PM  
05/22/2013 03:43 PM  
05/23/2013 04:07 PM

Form Started By: Bill Goodrich

Started On: 05/22/2013 11:55 AM

Final Approval Date: 05/23/2013

**Meeting Date:** 05/28/2013**Submitted For:** Kurt Ulrich**By:** Jo Thieling, Administrative Services**Title:**

Consider City Participation in Game Fair 2013

**Background:**

The purpose of this discussion is to determine Council's interest in participation in the Game Fair event for 2013.

For the past couple of years, the City has rented booth space and staffed it for both weekends of the event. There is a cost to rent the booth space as well as a cost for staff participation. Mr. DeLaney of Armstrong Kennels has contacted staff to inquire about the interest in participation for 2013.

In the past couple of years, the EDA and HRA budgets have paid for two-thirds of the police coverage at the event and Armstrong Kennels has paid the other one-third. two-thirds of the police cost totaled \$5,472. Costs for staff participation have been taken out of the individual department budgets and would be a little more difficult to come up with an exact cost. Staff was directed to take equal time off for time served at the Game Fair. Exempt staff, commissioner volunteers and elected officials all filled various hours.

Consensus of staff is that the Game Fair is a valuable and unique local event that brings positive exposure to the City. However, the value of having a booth staffed for the whole event to distribute information may not be the best use of resources. Generally, the majority of the visitors to the Game Fair are more interested in the vendors dealing with outdoor type things - hunting - dog training - etc., and connections to community information and/or economic development opportunities are not targeted well to this group.

An option for some City participation/recognition may be a large entry banner which would include the City's website address and telephone number, welcoming the visitors to the City of Ramsey and Game Fair. There would be an expense to the banner; however, it could be reused and would not equal nearly the amount spent on booth rental and staff time.

The City would continue to offer a discount on the Police patrol for this event, would allow temporary placement of signs along Highway 10, newsletter and web site information on the event, and some spots on the Community display sign on Highway 10. Game Fair will continue to list the City of Ramsey logo on it's outdoor advertising and print publications. This event clearly promotes the City and brings visitors to the community that help the local economy.

**Notification:****Observations/Alternatives:**

The City may choose to continue to staff a booth for the event for the 6 days as in the past two years. This is a fairly staff intensive event for the six day (12 hours per day) event, in addition to preparation and take-down time.

An alternative staffing a booth would be a large "welcome to the City of Ramsey" banner. Staff would would consider different locations for this type of signage.

**Recommendation:**

Staff is recommending Council determine participation in the Game Fair booth is not necessary, however, staff recommends an allocation toward signs that would welcome event participants and would work with Game Fair in regard to possible locations for a welcome to the City of Ramsey banner. It is recommended that Game Fair's allocation of Police be increased to 50% (from the current 30%). The total for Police last year was about \$8200.

**Funding Source:**

There are currently no funds earmarked from the HRA budget for participation in the Game Fair. Funding for a banner and participation in Police expenses could be allocated from EDA marketing dollars for 2013.

**Council Action:**

Eliminate a Game Fair booth presence in favor of assisting in some promotional banners and displays that will promote Game Fair in the City of Ramsey.

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**Form Review**

**Inbox**

Kurt Ulrich

**Reviewed By**

Kurt Ulrich

**Date**

05/23/2013 03:07 PM

Form Started By: Jo Thieling

Started On: 05/21/2013 01:41 PM

Final Approval Date: 05/23/2013

## CC Work Session

2. 4.

**Meeting Date:** 05/28/2013

**Submitted For:** Patrick Brama

**By:** Patrick Brama, Administrative Services

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### **Title:**

Discuss Economic Development Prospect Foxtrot

### **Background:**

Prospect Foxtrot is an economic development prospect interested in locating their operations to the City of Ramsey. Prospect Foxtrot is a manufacturing business located in northwest region of the Twin Cities, they currently employ 24 people and have a 25,000 square foot manufacturing facility. The current host City of Prospect Foxtrot does not have adequate space available to allow for expansion.

Prospect Foxtrot is interested in relocation of their business as soon as possible, as they have recently reached an agreement to sell their current facility. The ideal situation for Prospect Foxtrot is a 12 acre site, that is pad ready. Prospect Foxtrot would like to complete their expansion in phases. The first phase would include a new 77,000 square foot facility, with 50 total employees. The second phase would include a 48,000 square foot expansion (125,000 total) and significant additional job growth.

Unfortunately, the City of Ramsey does not have any 12 acre sites available today that are zoned correctly (i.e. employment district). However, because the prospect can complete their project in phases, the City was able to identify a solution--the City's current Public Works campus. Please review the 'observations' section for more information on the proposed solution.

### **Purpose of Case**

- Introduce Prospect Foxtrot to Council
- Review Concept Plan (proposed solution)
- Review Timeline
- Provide Staff with general input regarding the proposed project
- Provide Staff with preliminary input regarding economic development assistance
- Authorize Staff to introduce Sale Ordinances (5/28/2013 Regular Session)
- Authorize Staff to introduce ordinance to Vacate Right of Way (6/11/2013 Regular Session)

### **Observations/Alternatives:**

The City's current Public Works campus and an adjacent City-owned parcel has been identified by Staff as a solution for Prospect Foxtrot's desired project. The public works campus consists of five separate parcels totaling over 13 acres in size (see reference map).

Today, the two eastern lots are heavily used by the City's Public Works Department, the south central lot is moderately used and the north central and western lots are vacant (see availability map).

It is Staff's assumption the Public Works campus will be vacated over the coming decade since the City has acquired land immediately to the east (i.e., Bury and Carlson) for that purpose. With that in mind, and because Prospect Foxtrot is willing to complete their project in phases, Staff has developed a proposed project solution (see proposed project map).

The proposed solution would require a number of different agreements/transactions in order to meet the needs of Prospect Foxtrot. In general, listed below are the required steps.

- Sell the western three parcels
- Lease back a portion of the south central parcel (salt shed) for five years

- Place an option to purchase agreement on the two eastern parcels for ten years (which would allow for phase II of the proposed project--see phase II map)

Prospect Foxtrot, the EDA, the State and City Staff have reviewed the proposed solution and support moving the project forward.

Because the Prospect Foxtrot would like to vacate their current location as soon as possible, the City of Ramsey will need to efficiently respond to the proposed project/prospect. A number of items need to happen in order to move the proposed project forward quickly; please reference the attached timeline. Therefore, Staff will be requesting Council authorization to begin a number of processes on May 28.

Lastly, Prospect Foxtrot has indicated interest in City financial assistance for the proposed project (known as a "Business Subsidy). Staff is working with the prospect now to attain detailed information on said request. It is likely Prospect Foxtrot will be requesting a land write down (reduced land sale price).

It is not uncommon practice for City's to financially assist economic development projects in some fashion. The City of Ramsey recruited a majority of its larger employers (located in Ramsey's Industrial Parks) utilizing business subsidies; specifically, TIF land write downs. Staff would like to discuss this topic with the City council. Staff needs to understand if the City Council has an appetite to receive a request for a business subsidy from prospect Foxtrot. The City has adopted policies on businesses subsidies; which Staff intends to utilize (see attached business subsidy policy). Receiving a request does not obligate the City Council to a business subsidy. NOTE: The EDA *briefly* reviewed this case on May 16 and invited Prospect Foxtrot to submit a formal request for a business subsidy.

### **Recommendation:**

Staff had a chance to meet with Prospect Foxtrot representatives and tour their existing facility. It is Staff observation Prospect Foxtrot is a quickly growing successful business with a strong outlook. Prospect Foxtrot can provide new tax base, new jobs and a quality business campus for the City of Ramsey. Additionally, it is possible to structure an economic development agreement to provide a partial funding source for the future public works campus. Lastly, a number of the Public Works campus parcels were identified as surplus City owned land in 2012; and are currently tax exempt. Developing the Public Works campus would partially achieve a previous Council strategic goal--reduce the inventory of surplus City owned land.

Because Prospect Foxtrot's timeline (phased approach) matches with the City's timeline to vacate the current public works campus (may require discussion), Staff believes the proposed solution is logical/beneficial and should be considered by the City Council for approval as outlined below.

1. Provide Staff with general direction regarding the proposed project
2. Provide Staff with general direction regarding economic development assistance
3. Authorize Staff to introduce Sale Ordinances (5/28/2013 Regular Session)\*\*
4. Authorize Staff to introduce ordinance to vacate right -of -way (6/11/2013 Regular Session)\*\*

\*\*If the proposed project doesn't move forward, the City is *NOT* put in a compromising position by passing ordinances now. Said ordinances do not obligate the City to sell land or vacate ROW; they simply *ALLOW* the City to do so. Prospect Foxtrot will need to enter into a formal purchase agreement with the City and complete a formal vacation of ROW application before either action is can move forward. The Council will have a chance to review/approve both items. However, waiting to begin the ordinance process will push the project timeline out; and could potentially make the proposed Ramsey solution unrealistic for the prospect.

**Funding Source:**

NA

**Council Action:**

1. Provide Staff with general direction regarding the proposed project
2. Provide Staff with general direction regarding economic development assistance
3. Authorize Staff to introduce Sale Ordinances
4. Authorize Staff to introduce ordinance to vacate right-of -way

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**Attachments**

Availability Map

Reference Map

Proposed Solution (Project)

Phase II

Business Subsidy Policy

Foxtrot Timeline

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**Form Review**

| <b>Inbox</b>                   | <b>Reviewed By</b> | <b>Date</b>                     |
|--------------------------------|--------------------|---------------------------------|
| Tim Gladhill                   | Tim Gladhill       | 05/23/2013 06:58 AM             |
| Kurt Ulrich                    | Kurt Ulrich        | 05/23/2013 04:33 PM             |
| Form Started By: Patrick Brama |                    | Started On: 05/22/2013 07:21 PM |

Final Approval Date: 05/23/2013

# Availability Map



Total Available Land 13.17 acres (more if road vacated)

# Reference Map (City Owned Properties)



Total Available Land 13.17 acres (more if road vacated)

# Proposed Project 2.0 (5/22/2013)





- Purchase Today ●
- Lease Back 5 yr ⊘
- Option 10 yr ●
- Water ●
- Sewer ●

- 77,000 sq ft phase 1
- 48,000 sq ft phase 2 (125,000 total)
- 24 employees today
  - 35 within 1 year
  - 50 within 5 years
- Need to be moved in by the end of the year (2013)

**Green:** about 8.7 acres (+ROW) **Red:** about 77,000 square feet **Gray:** about 24,000 square feet of parking

# Phase II Map



|       |   |
|-------|---|
| Water |  |
| Sewer |  |

**Green:** about 8.7 acres (+ROW) **Red:** about 77,000 square feet **Gray:** about 24,000 square feet of parking

The Economic Development Authority and City of Ramsey, Minnesota

**Business Subsidy Policy  
Tax Abatement Policy  
Tax Increment Policy**

**Dated January 13, 2009**

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## 1. City and EDA of Ramsey Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "City" means the City of Ramsey. The term "project" means the property with respect to which the business subsidy is provided.

### A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to 70% of the most recent median wage figure for the Twin City 7 County Metro County as published by the Minnesota Department of Employment and Economic Development or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.
5. Minimum Subsidy Amount: Financial assistance in the form of a business subsidy of \$25,000 or more; and business loans and guarantees of \$75,000, must be reported to the Department of Employment and Economic Development. A public hearing is only required if the business subsidy is greater than \$150,000.

### B. POLICY

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces of influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:

- a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
  - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
  - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
  - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

### **C. PROJECT EVALUATION CRITERIA**

The project review and evaluation criteria are the following:

1. Jobs and Wages
  - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
  - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the second anniversary date of the estimated benefit date.
2. Tax Base
  - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the second full year of operation.

3. Land Use
  - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is compatible with the comprehensive plan and permitted uses for the property.
  - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
  - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.
4. Impact on Existing and Future Public Investment
  - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
  - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
5. Economic Development
  - a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
  - b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

- c. *Growth Potential*. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.
6. Quality of Life
    - a. *Community Services*. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
    - b. *Natural Environment*. Whether the project will add to, or detract from, the environment. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.
  7. Other
    - a. *Other Factors*. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

#### **D. ADDITIONAL CONSIDERATIONS**

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.

4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

#### **E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY**

The following forms of financial assistance are not a business subsidy as per Minnesota Statutes, §§116J.993, Subd.3 and therefore do not require a public hearing:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section [116J.552](#), subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section [469.174](#), subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;

11. Workers' compensation and unemployment insurance;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section [469.174](#), subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$150,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Adopted by: Ramsey EDA / City Council

Date of Adoption: 11-13-08/1-13-09

Date of Public Hearing: 1-13-09

## 2. City and EDA of Ramsey Tax Abatement and Tax Increment Financing Policy

### A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement (§§469.1812 through §§469.1815) and Tax Increment Financing (§§469.174 through §§469.1799) (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes 2008 as cited. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided. Further information related to the States business assistance programs and links to State Statutes can be found at [www.state.mn.us](http://www.state.mn.us).

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

### B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To encourage redevelopment of priority sites within the City as determined by the City Council and EDA.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.

6. To assist in creating environmental sustainability.
7. To provide a diversity of family housing and alternative housing choices.
8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
  - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

### **C. POLICY POSITIONS**

1. Business assistance shall be provided in a form that minimizes the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources may require personal guarantees of the developer. These requests shall be addressed on a case by case basis.
3. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.
4. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
5. Assistance will be provided based on \$25,000 per qualified job created as referenced in Section 1.A.2 in the Business Subsidy Policy unless a waiver is provided by the City Council.

### **D. PROJECT REQUIREMENTS**

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but-for the use of Revolving Loan Fund, Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116j.993 through 116j.995, as amended (Business Subsidies).

3. That the business assistance request complies with all provisions set forth in Minnesota Statutes 2008 chapters 469.1812 through 469.1815 as amended (Tax Abatement), and chapters 469.174 through 469.1799 as amended (Tax Increment Financing).
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

#### **E. APPLICATION PROCESS**

1. Applicant submits a Business Assistance Application (Exhibit A) to the EDA and/or City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B).
3. Staff uses results of the Worksheet to inform the EDA/City.
4. EDA reviews proposal, provides comments, and makes an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.





**C. PUBLIC PURPOSE OBJECTIVES**

It is the policy of the City and EDA of Ramsey that the business assistance should result in a public benefit as identified in items 1-10 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To create housing opportunities.
- 7. To provide a diversity of housing.
- 8. To provide a variety of family housing ownership alternatives and housing choices.
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
  - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

**D. SOURCES & USES OF FUNDS**

**Attach additional information as Part 8**

| <u>SOURCES</u>               | <u>AMOUNT</u>   |
|------------------------------|-----------------|
| Bank Loan                    | \$ _____        |
| Other Loans                  | \$ _____        |
| Owner Equity                 | \$ _____        |
| Fed Grant/Loan               | \$ _____        |
| State Grant/Loan             | \$ _____        |
| Industrial Development Bonds | \$ _____        |
| Tax Increment Financing      | \$ _____        |
| Tax Abatement                | \$ _____        |
| Revolving Loan Fund          | \$ _____        |
| Other                        | \$ _____        |
| <b>TOTAL</b>                 | <b>\$ _____</b> |

| <u>USES</u>                    | <u>AMOUNT</u>   |
|--------------------------------|-----------------|
| Land Acquisition               | \$ _____        |
| Site Development               | \$ _____        |
| Construction                   | \$ _____        |
| Machinery & Equipment          | \$ _____        |
| Architectural/Engineering Fees | \$ _____        |
| Debt Service Reserve           | \$ _____        |
| Contingencies                  | \$ _____        |
| Other                          | \$ _____        |
| <b>TOTAL</b>                   | <b>\$ _____</b> |

Total Amount of business assistance requested from either Revolving Loan Fund, Abatement, Tax Increment Financing or another source: \$ \_\_\_\_\_

**E. ADDITIONAL DOCUMENTATION AND CHECKLIST**

Applicants will also be required to provide the following documentation.  
All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns. (If requested.)
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of up to \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
  - \_\_\_\_\_ Part 1 – Corporation/Partnership Description
  - \_\_\_\_\_ Part 2 – List of Shareholders/Partners
  - \_\_\_\_\_ Part 3 – Description of Project
  - \_\_\_\_\_ Part 4 – *But For* Analysis
  - \_\_\_\_\_ Part 5 – List of Prospective Lessees (If requested)
  - \_\_\_\_\_ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
  - \_\_\_\_\_ Part 7 – Public Purpose Narrative
  - \_\_\_\_\_ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

**EXHIBIT B**  
**BUSINESS ASSISTANCE REVIEW WORKSHEET**  
**FOR COMMERCIAL/INDUSTRIAL PROJECTS**  
TO BE COMPLETED BY APPLICANT AND CITY STAFF

**A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:**

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
  - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

**B. Ratio of Private to Public Investment in Project:**

|          |   |               |          |
|----------|---|---------------|----------|
| \$ _____ | Private Investment                      | 5:1           | <u>5</u> |
| \$ _____ | Public Investment                       | 4:1           | <u>4</u> |
| _____    | <b>Ratio Private : Public Financing</b> | 3:1           | <u>3</u> |
|          |   | 2:1           | <u>2</u> |
|          |   | Less than 2:1 | <u>1</u> |

**C. Job Creation:**

|       |  |                |          |
|-------|--|----------------|----------|
|       | Net <i>new</i> jobs (minimum 40 hours per week) or<br>fulltime equivalents | <b>Points:</b> | _____    |
| _____ |  | 50+            | <u>5</u> |
|       |  | 20+            | <u>4</u> |
|       |  | 10+            | <u>3</u> |
|       |  | 5+             | <u>2</u> |
|       |  | Less than 2    | <u>1</u> |

**D. Wage Level of jobs created:**

|  |                          |                 |          |
|--|--------------------------|-----------------|----------|
|  | Average hourly wage      | <b>Points:</b>  | _____    |
|  | Of <i>new</i> jobs _____ | Over \$21/hour  | <u>5</u> |
|  |                          | \$18-21/hour    | <u>4</u> |
|  |                          | \$14-17/hour    | <u>3</u> |
|  |                          | \$10-13/hour    | <u>2</u> |
|  |                          | Under \$10/hour | <u>1</u> |

|  |                           |
|--|---------------------------|
| <b>E. Ratio Of Business Assistance To New Jobs Created:</b>        | <b>Points:</b>            |
| \$ _____ Business assistance requested                             | \$5,000 or less <u>5</u>  |
| _____ Number of net <i>new</i> jobs created                        | \$15,000 or less <u>4</u> |
| \$ _____ <b>of business assist. per net <i>new</i> job created</b> | \$25,000 or less <u>3</u> |
|  | \$50,000 or less <u>2</u> |
|  | Over \$75,000 <u>1</u>    |

|  |                        |
|--|------------------------|
| <b>F. Project size:</b>  | <b>Points:</b>         |
| The project will result in the construction of _____ square feet | 75,000+ <u>5</u>       |
|  | 50,000+ <u>4</u>       |
|  | 25,000+ <u>3</u>       |
|  | 10,000+ <u>2</u>       |
|  | 5,000 or less <u>1</u> |

|                                       |                |
|---------------------------------------|----------------|
| <b>G. Type of Project:</b>            | <b>Points:</b> |
| _____ 100% Owner Occupied             | <u>5</u>       |
| _____ Mix Owner Occupied & Investment | <u>3</u>       |
| _____ Investment Property             | <u>1</u>       |

|  |                |
|--|----------------|
| <b>H. Likelihood that the project will result in unsubsidized, spin-off development:</b> | <b>Points:</b> |
| _____ High   | <u>5</u>       |
| _____ Moderate   | <u>3</u>       |
| _____ Low  | <u>1</u>       |

I. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Sub-Total Points \_\_\_\_\_ of a possible 35 points.**

|  |                      |
|--|----------------------|
| <b>Bonus Points</b>                                      | <b>Bonus Points:</b> |
| The project will be 100% <i>pay-as-you-go</i> financing. | <u>3</u>             |
| The project is a redevelopment project.                  | <u>3</u>             |

**Total Points: \_\_\_\_\_**

|                           |              |           |
|---------------------------|--------------|-----------|
| Overall project analysis: | High         | 35 points |
|                           | Moderate     | 25 points |
|                           | Low          | 15 points |
|                           | Not Eligible | 5 points  |

**APPENDIX I**  
**Business Subsidy Statute 2008**

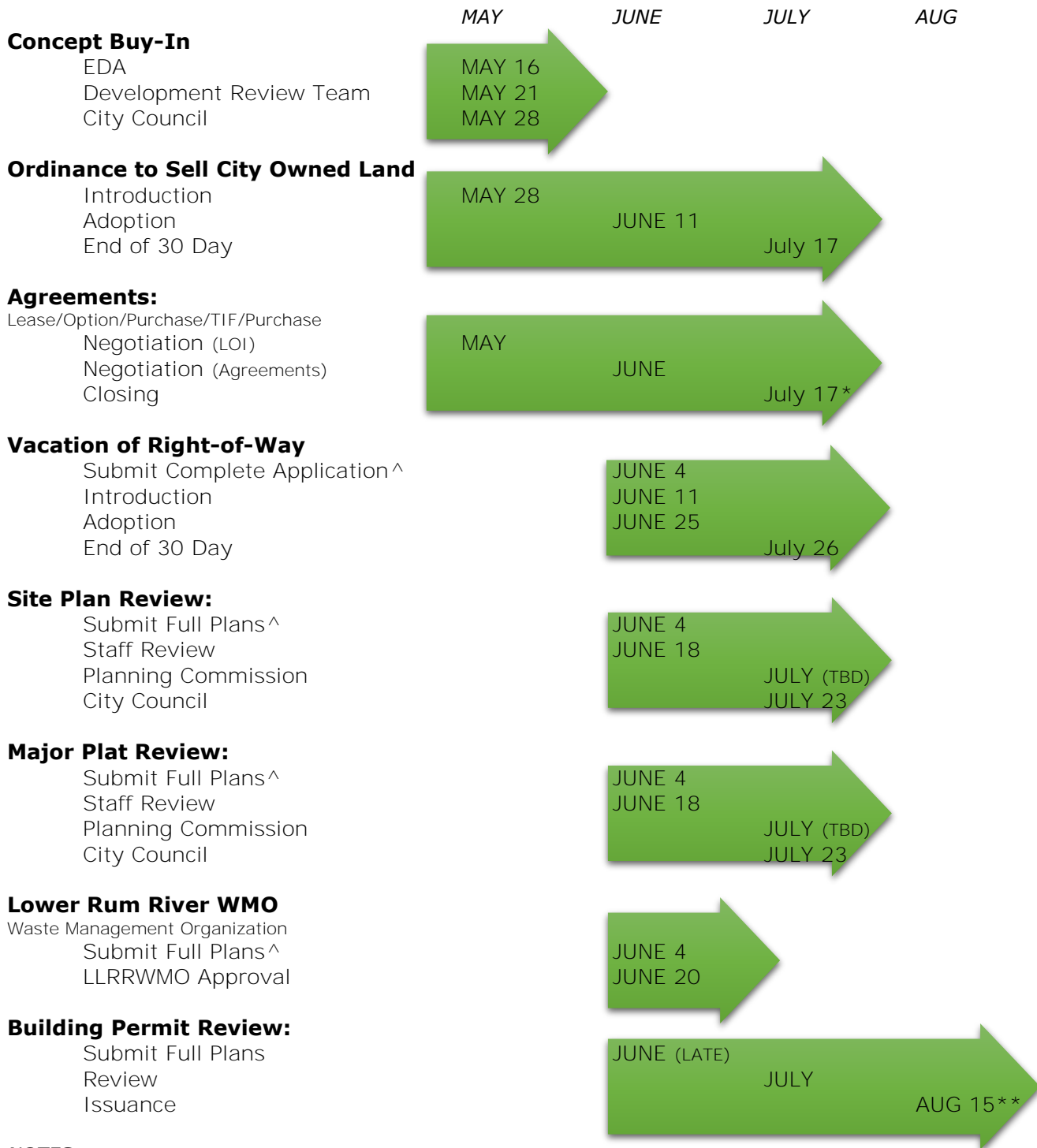
**APPENDIX II**  
**Sample Business Subsidy Agreement**

**APPENDIX III**  
**Business Subsidy Reporting Form**



# PROJECT TIMELINE: PROJECT FOXTROT

*Expedited*



**NOTES:**

\*Depends on speed of negotiation process/what tools are used. This is the minimum time required to pass a land sale ordinance.

\*\*Potentially could be 1-2 weeks sooner (early August). This depends on a few factors; the City will make a good faith effort to get a building permit approved ASAP.

^The speed of a review process is much quicker/efficient if the City receives full plans/information up front. It is suggested contractors work closely with City staff *up front (potentially before application)* to ensure any issues/concerns/questions are addressed; and do not slow down the approval process.

This timeline is meant to provide a frame of reference. Dates are subject to change. 5/21/2013

**CC Work Session**

**2. 5.**

**Meeting Date:** 05/28/2013

**Submitted For:** Kurt Ulrich

**By:** Jo Thieling, Administrative Services

**Title:**

Innovative Financing for Advancement of MnDOT Projects - The Tinklenberg Group

**Background:**

Elwyn Tinklenberg of The Tinklenberg Group, has put together an alternative financing proposal for public infrastructure that he is proposing as a way to leverage available state and local dollars via private equity financing for the construction of large public infrastructure projects such as Highway 10 and the Armstrong Blvd. project. Mr. Tinklenberg has requested time on the agenda to explain the proposal and answer any questions the Council may have.

**Notification:**

**Observations/Alternatives:**

The purpose of this case is informational only.

**Recommendation:**

**Funding Source:**

Not applicable.

**Council Action:**

The purpose of this case is informational only.

**Attachments**

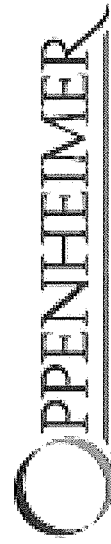
Innovative Financing Document

**Form Review**

|                              |                    |                                 |
|------------------------------|--------------------|---------------------------------|
| <b>Inbox</b>                 | <b>Reviewed By</b> | <b>Date</b>                     |
| Kurt Ulrich                  | Kurt Ulrich        | 05/24/2013 03:47 PM             |
| Form Started By: Jo Thieling |                    | Started On: 05/24/2013 03:06 PM |
|                              |                    | Final Approval Date: 05/24/2013 |



# **Innovative Financing For Advancement of MNDOT Projects**



**The Tinklenberg  
Group**

**March 2013**

## IMPORTANT DISCLOSURE

The purpose of the material contained herein is specifically designed to provide information to select prospective clients of the Oppenheimer Project Finance Group.

This presentation, in whole or in part, is not intended to, and may not be made available for general distribution.

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# OPPENHEIMER

## About Oppenheimer & Co.

Oppenheimer & Co. Inc. ("Oppenheimer"), tracing its roots back to 1881, is a highly competitive securities firm that provides a full array of financial products and services. Oppenheimer is one of the fastest growing, full-service investment firms in the United States. Oppenheimer, headquartered at 85 Broad Street, New York, New York, is a member of the New York Stock Exchange (under the ticker symbol "OPY") as well as all other principal stock and futures exchanges.

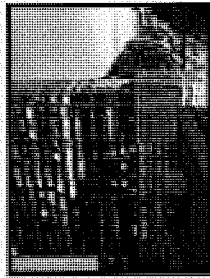
Oppenheimer ranks in the top 10 investment banks nationally. Oppenheimer has 94 offices in 22 states with offices in five foreign countries.

### Capital Position

Oppenheimer distinguishes itself by its outstanding capital position relative to other firms in its peer group, as the majority of similar sized firms have much less capital. Oppenheimer's capital is more than sufficient to manage an issue of virtually any size that our clients would sell, now and in the future. The following table contains a financial summary of Oppenheimer & Co. Inc.'s capital position.

| Oppenheimer Capital History |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|
| MEASURE                     | 12/31/2009      | 12/31/2010      | 12/31/2011      |
| Equity Capital              | \$461,012,000   | \$507,362,000   | \$513,403,000   |
| Net Capital                 | \$157,800,000   | \$170,800,000   | \$144,400,000   |
| Excess Net Capital          | \$134,800,000   | \$146,300,000   | \$121,800,000   |
| Mini Underwriting Limit     | \$1,925,714,286 | \$2,090,000,000 | \$1,740,000,000 |

For more information, see [www.opco.com](http://www.opco.com).



*"Our mission is to be the leading national investment boutique serving our investment and banking clients alike with independent financial insights, tailored solutions and responsive service."*

-Albert G. Lowenthal  
Chairman of the Board  
Oppenheimer Holdings,  
Inc.

**Oppenheimer Public Finance.** Oppenheimer's Public Finance offices have grown into a national practice that offers our clients a full range of financial services. Oppenheimer's public finance offices serve as originating centers for public finance transactions initiated throughout the country. The Firm has 30 public finance bankers operating out of seven offices and maintains eight municipal bond trading desks (New York, Providence, Philadelphia, Chicago, Kansas City, Los Angeles, Minneapolis and Fort Lauderdale) with over 30 adjacent public finance sales and trading professionals. Public finance clients benefit from Oppenheimer's expertise in bond underwriting, financial advisory services, mergers and acquisitions advisory, asset monetization, advanced refunding structuring, reinvestment programs, arbitrage rebate analysis, tax increment financing and tax incentive advisory services. Oppenheimer provides services to healthcare providers, non-profit organizations, higher education institutions, governmental issuers, development issuers, developers, corporations and partnerships.

**Oppenheimer Investment Banking.** The company is a leading independent, mid-sized investment bank that executes transactions from start to finish in four distinct areas: Public Financings, Private Placements, Mergers & Acquisitions and Advisory Services. The Investment Banking Group is able to provide emerging growth and middle market corporate clients with creative, cost-effective solutions, knowledgeable advice and efficient execution in the raising of capital and the implementation of strategic and financial plans.


**Oppenheimer Capital Markets.** The institutional business units of Oppenheimer Capital Markets include the award-winning Equity Research Department, Institutional Equity Sales & Trading, Mortgage-Backed Securities trading desk, and the Municipal and Taxable Fixed Income Departments.

**Commitment to Municipal Finance.** Oppenheimer is strongly committed to the municipal finance business. The full resources of the Firm are devoted to all our municipal clients and we believe our commitment, our personnel and our record of achievement define our superior qualifications in serving our clients:

- An investor profile ideally suited to the distribution of municipal bonds and private placements.
- Seasoned municipal finance professionals with experience in virtually all types of municipal financings.
- A retail sales force renowned for their ability to market and distribute municipal bonds.
- A veteran institutional sales force actively covering accounts throughout the United States.
- Extensive experience in underwriting healthcare and higher education issues on a negotiated and competitive basis and commitment to maintaining a secondary market for these same securities.

## Sales and Distribution Capabilities

Oppenheimer provides a balanced distribution capability, focused on both retail and institutional investors. Given our relationships with retail and institutional investors, our ability to obtain accurate pricing feedback and our ability to access all pockets of demand, Oppenheimer has established a strong track record in the marketing, pricing and distribution of municipal securities.



### International Reach and Presence

Oppenheimer Financial Advisors serve their clients from over 90 offices located in major cities and local communities throughout the United States and two foreign countries along with Investment Banking operations in the United Kingdom, Asia and Israel.

|  |   |   |   |
|--|---|---|---|
| <b>Arizona</b><br>Scottsdale   | <b>Illinois</b><br>Chicago  | <b>Minnesota</b><br>Minneapolis   | <b>Ohio</b><br>Cincinnati<br>Beachwood  |
| <b>California</b><br>Los Angeles<br>Irvine<br>Mill Valley<br>Newport Beach<br>San Francisco  | <b>Kansas</b><br>Hutchinson<br>Lawrence<br>Topeka<br>Wichita  | <b>Missouri</b><br>Chesterfield<br>Jefferson City<br>Kansas City<br>Springfield<br>St. Louis        | <b>Pennsylvania</b><br>Berks<br>Bloomington<br>York<br>Yorktown<br>North Wales<br>Pittsburgh<br>Pittsburgh<br>Warminster    |
| <b>Colorado</b><br>Denver<br>Eftex Park  | <b>Maryland</b><br>Baltimore*   | <b>New Hampshire</b><br>Portsmouth  | <b>Rhode Island</b><br>Providence   |
| <b>Connecticut</b><br>Chester<br>Farmington<br>Madison<br>Southbury<br>Stamford<br>Torrington  | <b>Massachusetts</b><br>Boston<br>Fall River  | <b>New Jersey</b><br>Elizabeth Park<br>Princeton<br>Red Bank<br>Saddle Brook                        | <b>Texas</b><br>Austin<br>Dallas<br>Fort Worth<br>Houston<br>The Woodlands  |
| <b>Florida</b><br>Boca Raton<br>Scottsdale<br>Fort Lauderdale<br>Fort Myers<br>Lakeland<br>Naples<br>Palm Beach Gardens<br>Sarasota<br>Tampa | <b>Michigan</b><br>Ann Arbor<br>Birmingham<br>East Lansing<br>Farmington<br>Grand Blanc<br>Grand Rapids<br>Holland<br>Kalamazoo<br>Lapeer<br>Livonia<br>Port Huron<br>Sterling Heights<br>Trenton | <b>New York</b><br>Gene Cove<br>Hauppauge<br>Jericho<br>Melville<br>Northwestern Valley<br>New York | <b>Virginia</b><br>Richmond   |
| <b>Georgia</b><br>Alpharetta<br>Atlanta  | <b>North Carolina</b><br>Asheville<br>Charlotte<br>Greensboro   | <b>Washington</b><br>Bellevue<br>Seattle  | <b>Caracas, Venezuela</b><br><b>Buenos Aires, Argentina</b><br><b>Asia**</b><br><b>United Kingdom**</b><br><b>Israel***</b> |

\* Institutional Sales Office Only  
 \*\* Investment Banking Office Only  
 \*\*\* Institutional Sales and Investment Banking Office

# Goals of the Innovative Financing Program

- Significantly Accelerate Projects - State Transportation Improvement Program
- Create Jobs Now – Economic Stimulus
- Construction costs locked at today's pricing
- Projects completed more quickly - allow public usage faster

# Similar Oppenheimer Client Applications

- \$38,655,000 Space Coast Infrastructure Agency (I-95 Brevard County DBF Project)
  - \$118,370,000 Total Project Cost
- \$59,110,000 Florida Municipal Loan Council (9B Design Build Finance Project)
  - \$90,259,000 Total Project Cost
- \$150,000,000 (Estimated) Ohio DOT DBF Bridge Project
- Under Discussion:
  - State of Indiana – IDOT
  - Washington DC – DDOT
  - State of Georgia GDOT

# Challenges to Traditional Design Build Finance

- Bank Financing, if available, is difficult for Contractors
  - Requires Recourse to Contractor Balance Sheet
  - Problems with Surety Providers – No Step in Rights
  - Bank Financing is an expensive alternative compared to Tax-Exempt Bonds
  - Small to Medium Size Contractors – Pushed out of Bank Financing
- Contractors have Limited Resources to Bid on Projects
  - Recourse diminishes future project bidding capacity
  - Contractors desire to remain on Qualified Lists

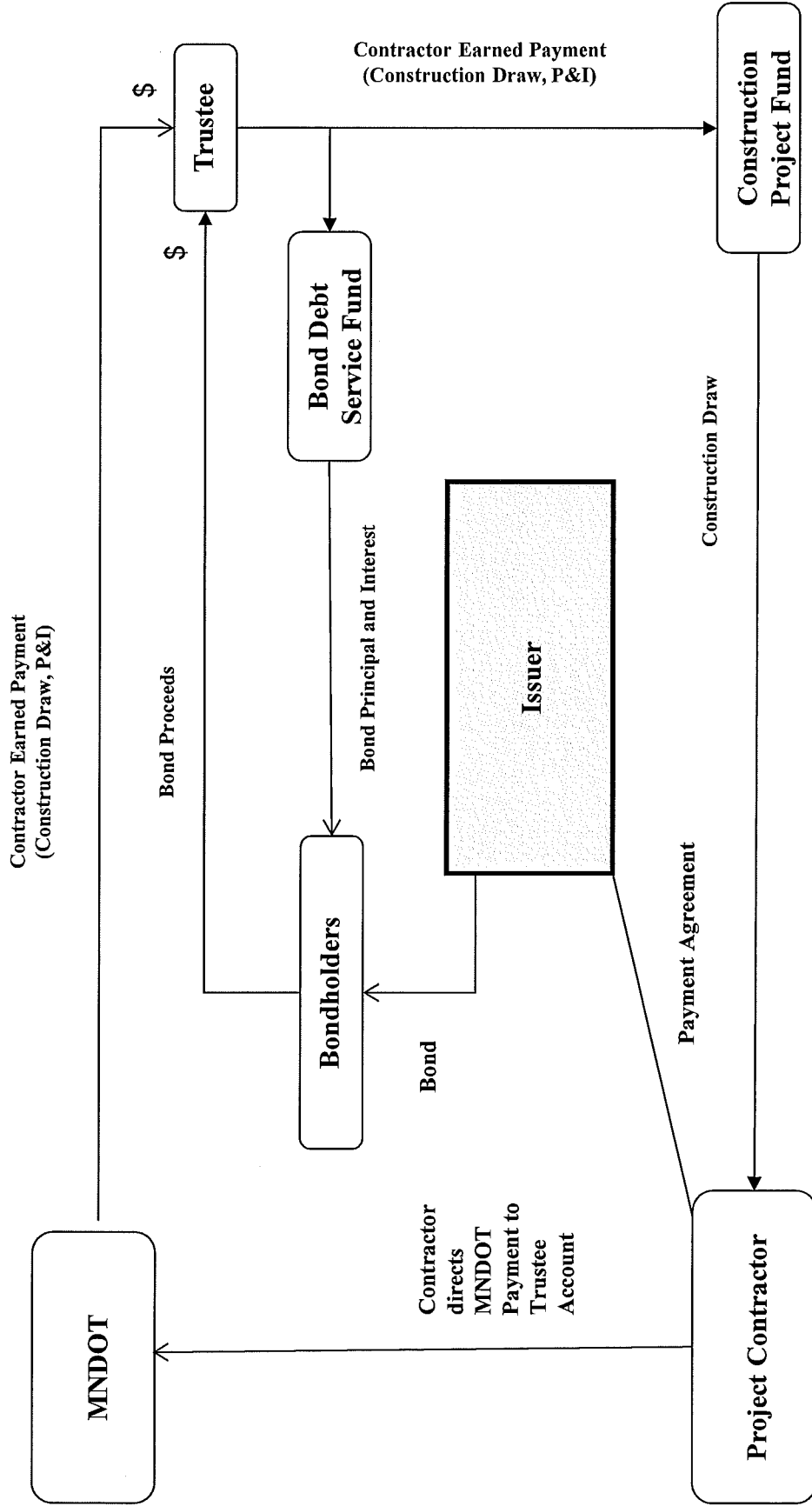
# Design Build Finance Details

- Contractors have open opportunity – regardless of size or location
- Eligible Contractors are on MNDOT Approved List
- D-B-F Procurement Process is structured to give all approved Contractors equal access to Financing – Contractors can focus on Creative Designs
- Contractor Short List is established through MNDOT Process
- Competitive RFP process stimulates creativity and lowers costs – Savings from Finance Pricing goes back to State
- MNDOT is in Total Control of Process

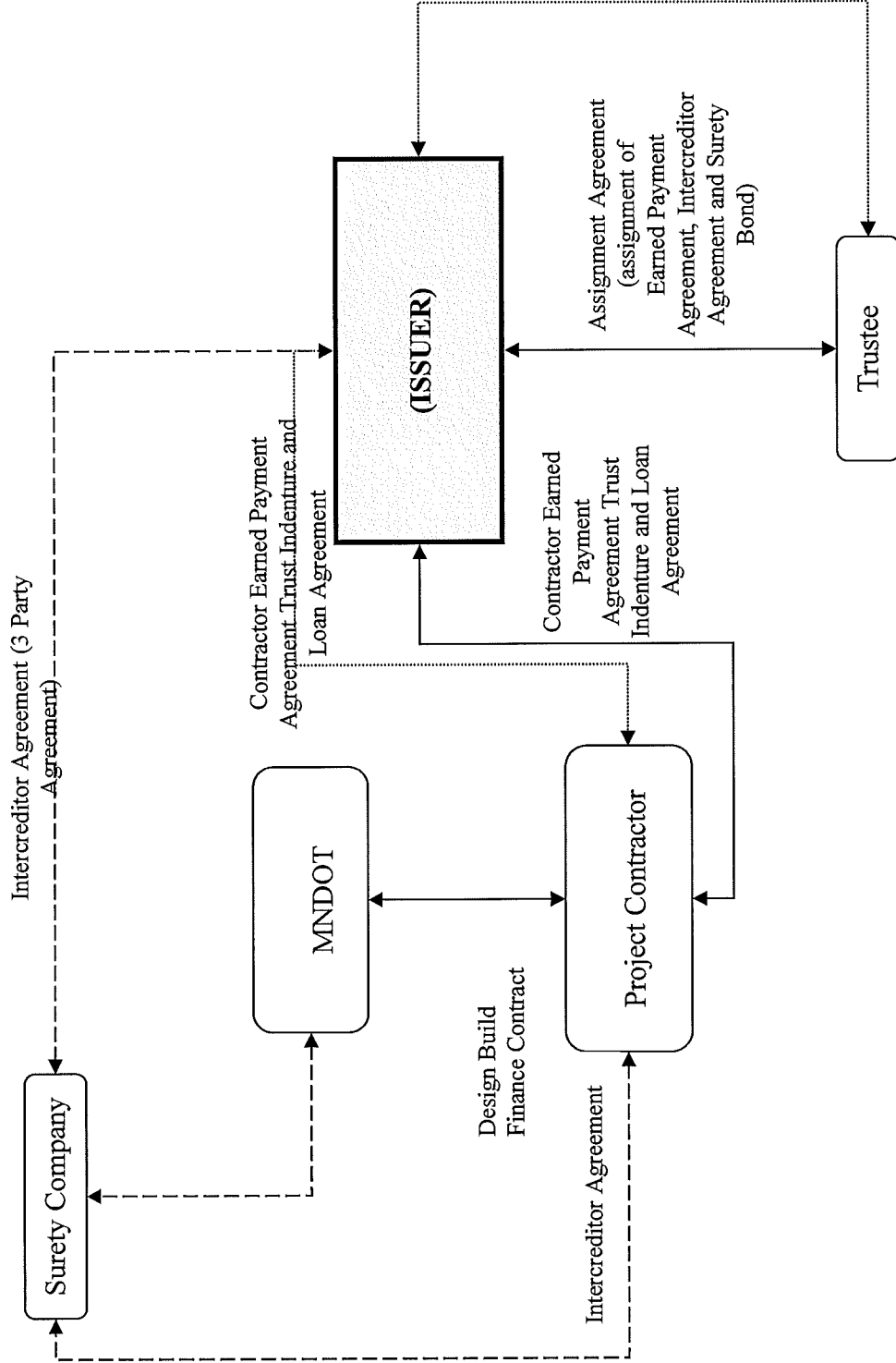
# Innovative Design Build Financing Solution

- Tax-Exempt Bond Program made available to the Project – Low Cost Alternative
- Offered to All MNDOT Approved Contractors
- Local/State Conduit Issuer (Not State or MNDOT)
- Contractor must be Pre-Qualified as to Type and Size of Project
- Contractor must provide a 100% Surety Bond
- Non-Recourse to MNDOT and State of Minnesota
- Savings go to State from Bond Pricing
- Non-Recourse to the Contractor
- Credit for Bonds is Contract Obligation, subject to Future Appropriation
- Credit Rating – Based on Strength of Contract

# Flow of Funds



# Contracts/Agreements



# Risk Mitigation – Project Delivery

- Contractor Pre-Qualified by MNDOT for the type/amount of work and selected via MNDOT managed competitive process
- Fixed Price Design-Build Contract
- 100% Performance Bond from Contractor to ensure the work is accomplished – ie: Zurich, Liberty Mutual, CNA, Travelers, Fidelity
- MNDOT Oversight of the Design-Build Project
- Flexible Repayment by MNDOT on DBF Contract Terms – Designed to Meet MNDOT Repayment Schedule
- MNDOT Maintains Control of Entire Process

# Summary

- No Legislation Required to Implement
- Bond Opinions and Documents are in Place (Examples)
- Preserves and Protects Competitive Process
- Tax-Exempt Bond Program:
  - Advances Projects, resulting in major economic activity – Provide Jobs NOW!
  - Provides Innovative Financing at the lowest cost possible – Non-Recourse to MNDOT or State – Any Savings from Pricing – Returned to State
  - Ensures maximum competition – All Contractors approved by MNDOT eligible – Equal Access to Financing
  - Bonds backed by future MNDOT Payment Schedule, subject to appropriation
  - Project delivery guaranteed by Performance Bond with Step in Rights
  - Can be used to advance more projects in the future

**NEW ISSUE – BOOK ENTRY ONLY**

**RATINGS:** (See "RATINGS" herein.)

*In the opinion of Bryant Miller Olive P.A., Bond Counsel, assuming compliance by the Agency (as defined herein) with certain covenants, under existing statutes, regulations and judicial decisions, interest on the Bonds (as defined herein) will be excludable from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.*

**\$38,655,000**

**SPACE COAST INFRASTRUCTURE AGENCY<sup>(1)</sup>  
INFRASTRUCTURE IMPROVEMENT REVENUE BONDS  
(I-95 BREVARD COUNTY DBF PROJECT), SERIES 2012**

**Dated: Date of Delivery**

**Due: June 15 and December 15, as shown on inside cover**

The Space Coast Infrastructure Agency (the "Agency" or the "Issuer") is issuing its Infrastructure Improvement Revenue Bonds (I-95 Brevard County DBF Project), Series 2012 (the "Bonds") as fully registered bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as holder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through DTC Participants (as defined herein), in the principal amount of \$5,000 or any integral multiple thereof, and purchasers of the Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owner (as defined herein) of the Bonds. See "THE BONDS – Book Entry System" herein.

The Agency has been created by an interlocal agreement entered into on May 1, 2012 (the "Interlocal Agreement") by Brevard County, Florida (the "County") and the North Brevard Development District (the "District").

The Bonds are being issued under a Trust Indenture dated as of August 1, 2012 (the "Indenture") between the Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds shall be dated their date of delivery, and shall bear interest payable quarterly on March 15, June 15, September 15, and December 15, commencing December 15, 2012.

Pursuant to Section 334.30(1), Florida Statutes, the Florida Department of Transportation ("FDOT") is accelerating the I-95 road widening project within portions of the County and Volusia County (as further described herein, the "Project"). See "THE PROJECT" herein. The Lane Construction Corporation (the "Contractor") has been selected by FDOT as the general contractor for the Project pursuant to a competitive selection process. The Contractor will enter into a Design-Build-Finance Contract (the "DBF Contract") with FDOT prior to delivery of the Bonds. The DBF Contract will describe the duties and responsibilities of the Contractor and FDOT.

Pursuant to the DBF Contract, the Contractor will provide a 100% performance surety bond (the "Surety Bond") to FDOT to be jointly and severally issued by Liberty Mutual Insurance Company, Fidelity and Deposit Company of Maryland and Zurich American Insurance Company (collectively, the "Surety Bond Provider"). See "SURETY" herein. The Surety Bond will insure the completion of performance by the Contractor under the DBF Contract. **THE SURETY BOND WILL NOT INSURE PAYMENT OF PRINCIPAL OR INTEREST ON THE BONDS.**

The Bonds are being issued to provide a portion of the funds for the Contractor to construct the Project. See "BACKGROUND," and "THE PROJECT," herein. The Contractor will enter into a Funding Agreement dated as of August 1, 2012 (the "Funding Agreement") with the Agency and Trustee prior to the delivery of the Bonds for the term of the Bonds whereby the Contractor will assign all of its rights to payments under the DBF Contract to the Trustee.

**NEITHER THE CONTRACTOR NOR THE SURETY BOND PROVIDER IS OBLIGATED TO MAKE ANY PAYMENTS OF PRINCIPAL OR INTEREST ON THE BONDS. DEBT SERVICE PAYMENTS ON THE BONDS WILL BE A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM AMOUNTS PAID BY FDOT PURSUANT TO THE DBF CONTRACT THAT ARE ASSIGNED BY THE CONTRACTOR UNDER THE FUNDING AGREEMENT TO THE TRUSTEE. TO DATE, APPROXIMATELY \$78 MILLION OF THE TOTAL PROJECT COST OF APPROXIMATELY \$118 MILLION HAS BEEN APPROPRIATED BY THE STATE. THE APPROXIMATELY \$40 MILLION REMAINING FUNDS FOR THE PROJECT COST, WHICH WILL BE USED TO PAY THE DEBT SERVICE ON THE BONDS, IS SUBJECT TO APPROPRIATION BY THE STATE OF FLORIDA (LEGISLATURE AND GOVERNOR) AND IS NOT EXPECTED TO BE AVAILABLE UNTIL THE 2015-16 FISCAL YEAR (BEGINNING JULY 1, 2015). THE FAILURE BY THE STATE TO APPROPRIATE THE**

**REMAINING COST OF THE PROJECT WILL HAVE AN ADVERSE EFFECT ON THE ISSUER'S ABILITY TO PAY THE DEBT SERVICE ON THE BONDS. SEE "RISK FACTORS" HEREIN.**

The Bonds are not subject to optional redemption prior to maturity, but will be subject to mandatory and extraordinary mandatory redemption as described herein. See "REDEMPTION" herein.

**THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE FDOT CONTRACT PAYMENTS AND AMOUNTS HELD IN THE FUNDS AND ACCOUNTS UNDER THE INDENTURE. THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY ARE NOT A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE BONDS, ANY INTEREST THEREON, OR ANY OTHER OBLIGATIONS IN CONNECTION THEREWITH EXCEPT FROM AMOUNTS HELD BY THE TRUSTEE IN THE FUNDS PLEDGED THEREFOR IN THE INDENTURE IN THE MANNER PROVIDED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE ISSUER, NOR FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE DISTRICT, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR ANY OTHER OBLIGATION OF THE ISSUER UNDER THE INDENTURE OR THE BONDS. NEITHER THE COUNTY, THE DISTRICT, NOR THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATED TO LEVY ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE ISSUER'S OBLIGATIONS UNDER THE INDENTURE OR THE BONDS. THE ISSUER HAS NO TAXING POWER.**

*Investment in the Bonds is subject to certain risks. See "RISK FACTORS" and "SUITABILITY FOR INVESTMENT" herein.*

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors are directed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if delivered to the Underwriter, subject to prior sale, withdrawal or modification of the offer without any notice, and to the approval of legality by Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the Agency by its counsel Scott Knox, Esq., who is the County Attorney for Brevard County. Certain legal matters will be passed on for the Contractor by Robinson & Cole LLP, Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by its counsel, GrayRobinson P.A., Tampa, Florida. Clary Consulting, LLC, Tallahassee, Florida, is acting as financial advisor to the Agency in connection with the Bonds. It is expected that the Bonds in definitive form will be available for delivery on or about August 15, 2012.*

## **OPPENHEIMER & CO. INC.**

Dated: July 11, 2012

(1) A provisional patent application was filed by Lowell Clary with the U.S. Patent Office on April 20, 2012. The patent is a methods patent that covers the method of structuring and financing design-build-finance gap construction projects in advance of their scheduled funding dates.

# FitchRatings

## **FITCH RATES BREVARD COUNTY, FL SPACE COAST INFRASTRUCTURE AGENCY INFRA IMPRVMT REVS 'A'**

Fitch Ratings-New York-31 July 2012: Fitch Ratings assigns an 'A' rating to approximately \$38.7 million in Space Coast Infrastructure Agency (the Agency) Infrastructure Improvement Revenue Bonds (I-95 Brevard County DBF Project), Series 2012. The Outlook on the bonds is stable.

The bonds are expected to close on August 15th and the proceeds will be used to finance a portion of costs of the Florida Department of Transportation's (FDOT) approximately 29 mile widening of I-95 from four lanes to six lanes in Brevard and Volusia Counties (the project).

### **KEY RATING DRIVERS**

**SOLID ABILITY & WILLINGNESS OF FDOT TO MEET OBLIGATIONS:** Bond payments are derived from statutorily authorized payments to be made by the Florida Department of Transportation (FDOT), subject to appropriation, pursuant to a design build finance (DBF) contract. Pursuant to section 334.30 of Florida Statutes, FDOT can enter into DBF contracts and other public private partnerships for projects included in FDOT's work program.

Payments by FDOT can be made over time, as long as obligations for such payments in total do not exceed 15% of total federal and state funding for the State Transportation Trust Fund (STTF). Fitch views the credit quality of the statutorily authorized payments to be made by FDOT pursuant to the DBF contract as 'A.' This rating will drive the rating on the bonds. Failure of FDOT to appropriate during the principal repayment period or failure to include the project in future work programs would lead to a payment default.

**STRUCTURED ARRANGEMENT LIMITS COMPLETION RISK:** The bonds are structured similar to a receivable financing, with the bondholder isolated from the risk of the contractor failing to perform. The bonds are structured to have 1.0 times (x) coverage. Bond proceeds are only drawn down for FDOT approved work, ensuring that at any time the combination of bond proceeds, contract payments due from FDOT for approved work and structured liquidity is equal to the par amount of the bonds. A termination of the DBF contract and certain other events would lead to a mandatory tender of the bonds but there is no premium should these occur, meaning that available resources should always be sum sufficient to cover debt service.

**INTERESTS OF FDOT & CONTRACTOR ALIGNED:** While the structure of the transaction isolates the bondholder from completion risk, the statutes that allow FDOT to enter into DBF contracts and FDOT's construction risk mitigation procedures indicate that the interests of all parties are aligned. The DBF approach allows for project acceleration without a short-term impact to FDOT's cash outlay. In addition, this particular financing structure includes a waiver of offsets by FDOT once work has been approved, minimizing leverage on the DBF contractor's balance sheet. In conjunction with these benefits, FDOT does require a surety bond sized to 100% of the contract price and will only be required to pay for work approved. In addition, FDOT runs an annual qualification process for contractors and surety providers, and also has clearly defined contractual arrangements. While bondholders are not exposed to contract frustration or contract default, the proper alignment of interests between FDOT and the DBF contractor provides comfort.

### **WHAT COULD TRIGGER A RATING ACTION**

--Change in the credit quality of FDOT's Statutorily Authorized Obligations.

### **SECURITY**

The bonds are secured by FDOT Contract payments and all funds held by the Trustee pursuant to the indenture, including the Project Fund and the Bond Fund, which includes the reserve account

and capitalized interest account. The contractor will also be providing a \$2 million letter of credit (LOC) in favor of the Agency and the Trustee that can be used to cover administrative expenses and other items in the event of a mandatory tender. The Bonds are not secured by payments made by the Surety.

#### TRANSACTION SUMMARY

Pursuant to 334.30(1), Florida Statutes, FDOT is accelerating the I-95 road widening project within Brevard County and also in a portion of Volusia County. Total project costs are estimated at \$118 million, of which approximately \$78 million have been appropriated and are included in FDOT's 5-year work plan. The remaining \$40 million will be provided near-term with \$38.9 million in premium bonds that generate \$2.6 million in premium and \$37.9 million in proceeds. The bonds will be repaid by future appropriations, beginning in 2015.

To accelerate projects, FDOT has allowed contractors to procure their own financing. However, the financial crisis significantly increased the cost of obtaining funding for contractors, slowing down progress. In addition, the gap between project completion and FDOT payment has also increased, making the cost to contractors prohibitive. To help alleviate this issue, FDOT will enter into a DBF agreement with the contractor that commits to a set payment schedule subject to the amount being earned by the contractor and to future appropriation by the Florida Legislature where the project is scheduled in future years. The Agency has agreed to advance funds to the project via the bond issue through the Funding Agreement with the contractor that pledges the future payments from FDOT in the Design-Build-Finance Agreement.

As long as the contractor fulfills its obligations to construct the project pursuant to a fixed price date certain design build contract, then FDOT agrees to pay FDOT Contract Payments pursuant to an agreed upon schedule, subject to appropriation. Bond maturities are structured to match this schedule. The contractor is required to have a surety bond that covers 100% of the project cost plus a cushion for a 25% increase.

Pursuant to the contract, the DBF contractor submits monthly draws to FDOT. Upon acceptance of the work and approval of the draw by FDOT, FDOT will make a Contract Payment pursuant to an agreed upon schedule in the trust indenture and funding agreement. The scheduled payments are such that FDOT Contract Payments will first be used for interest payments and then to fund Contractor draws for work completed. The gap in the schedule will be covered by bond proceeds and then FDOT Contract Payments will commence again and retire the bonds. Separately, the Capitalized Interest account will be used to cover interest on the bonds during the period when FDOT is not providing contractor payments.

A slow-down in construction progress will slow down FDOT payments while accelerated work will only be approved at a level equal to FDOT's Cash Availability Schedule. Pursuant to sections 4.01 and 5.01 of the indenture, a default by the contractor and surety will result in a tender of the bonds, as will a reduction in the contract price exceeding \$250,000 or 15 consecutive or cumulative months of failed FDOT work certifications. A LOC equal to \$2 million will be provided to cover the use of bond proceeds for issuance costs, administrative expenses, and interest costs during the delay should this situation occur.

Bondholders are isolated from contractor risk through several features of the DBF contract, which includes by reference State of Florida DB specifications and also the DBF RFP issued by FDOT. In particular, the trustee will not disburse funds in the FDOT Contract Payment account or the Bond Proceeds account of the Project Fund without an FDOT engineering certification that the work meets FDOT standards and has been accepted. There is no retainage under this framework as FDOT normally retains funds in the final quarter of payment. However, in the DBF arrangement, project completion will have already occurred well before. In addition, pursuant to the RFP which becomes part of the final DBF contract, FDOT indicates that once an approval has been granted, no offsets can be made against that payment. It can only be applied to the approval of future payments. Thus the Trustee will only disburse funds for approved work and pursuant to the RFP, section 337.145 of the State of Florida Statutes regarding offsetting payments is not applicable.

The project is relatively straightforward and consists of adding one lane in each direction on I-95 in

Brevard County and in a section of Volusia County. The existing lanes also need to be milled and overlaid and all interchanges need to be upgraded as well. Delay risk is likely tied to inclement weather. All right of way and permitting requirements are currently in hand. All the contractor needs to do is to handle permit expiration and a few modifications.

Lane Construction Corporation (the contractor) is a large infrastructure contractor that has been involved with numerous highway and rail projects. Lane is currently involved in the Fluor-Lane JV constructing the Capital Beltway HOT lanes and is also involved in the Fluor-Lane JV for the I-95 HOT lanes project, both located in northern Virginia. The DB Contractor currently has a score of over 100 as assigned by FDOT to reflect past performance on FDOT projects. Ultimately, the bonds are not exposed to completion risk as the combination of bond proceeds, the reserve account, capitalized interest account, pending payments for work accepted by DOT and the LOC should always be sufficient to cover debt service payments or a mandatory tender.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:

- 'Rating Criteria for Infrastructure and Project Finance' (June 12, 2012);
- 'Tax Supported Rating Criteria' (Aug. 15, 2011);
- 'US State Government Tax-Supported Rating Criteria' (Aug. 15, 2011).

Applicable Criteria and Related Research:

Rating Criteria for Infrastructure and Project Finance  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=682867](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=682867)  
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**NEW ISSUE – BOOK ENTRY ONLY**

**SEE "RATINGS" HEREIN**

*In the opinion of Bryant Miller Olive P.A., Bond Counsel, assuming compliance by the Issuer (as defined herein) with certain covenants, under existing statutes, regulations and judicial decisions, interest on the Bonds (as defined herein) will be excludable from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.*

**\$59,110,000**

**FLORIDA MUNICIPAL LOAN COUNCIL  
INFRASTRUCTURE IMPROVEMENT REVENUE BONDS, SERIES 2012  
(9B DESIGN-BUILD-FINANCE PROJECT)**

**Dated: Date of Delivery**

**Due: February 15 and August 15 as shown on inside cover**

The Florida Municipal Loan Council (the "Issuer") is issuing its Infrastructure Improvement Revenue Bonds, Series 2012 (9B Design-Build-Finance Project) (the "Bonds") as fully registered bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as holder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through DTC Participants (as defined herein), in the principal amount of \$5,000 or any integral multiple thereof, and purchasers of the Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owner (as defined herein) of the Bonds. See "THE BONDS – Book Entry System" herein.

The Bonds are being issued under a Trust Indenture dated as of September 1, 2012 (the "Indenture") between the Issuer and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"). The Bonds shall be dated their date of delivery, and shall bear interest payable quarterly on November 15, February 15, May 15, and August 15, commencing November 15, 2012.

Pursuant to Section 334.30(1), Florida Statutes, the Florida Department of Transportation ("FDOT") is accelerating the construction of State Road 9B from I-95 to U.S. 1 in Duval County, Florida (as further described herein, the "Project"). See "THE PROJECT" herein. Infrastructure Development Partners (the "Contractor"), a joint venture between Superior Construction Company Southeast, LLC and Signet-Superior Infrastructure, LLC has been selected by FDOT as the general contractor for the Project pursuant to a competitive selection process. The Contractor will enter into a Design-Build-Finance Contract (the "DBF Contract") with FDOT prior to delivery of the Bonds. The DBF Contract will describe the duties and responsibilities of the Contractor and FDOT.

Pursuant to the DBF Contract, the Contractor will provide a 100% performance surety bond (the "Surety Bond") to FDOT issued by Continental Casualty Company, or an entity affiliated therewith ("CNA" or the "Surety Bond Provider"). See "SURETY" herein. The Surety Bond will insure the completion of performance by the Contractor under the DBF Contract. **THE SURETY BOND WILL NOT INSURE PAYMENT OF PRINCIPAL OR INTEREST ON THE BONDS.**

The Bonds are being issued to provide a portion of the funds for the Contractor to design and construct the Project. See "BACKGROUND," and "THE PROJECT," herein. The Contractor will enter into a Funding Agreement dated as of September 1, 2012 (the "Funding Agreement") with the Issuer and Trustee prior to the delivery of the Bonds for the term of the Bonds whereby the Contractor will assign all of its rights to all future payments under the DBF Contract to the Trustee.

**NEITHER THE CONTRACTOR NOR THE SURETY BOND PROVIDER IS OBLIGATED TO MAKE ANY PAYMENTS OF PRINCIPAL OR INTEREST ON THE BONDS. DEBT SERVICE PAYMENTS ON THE BONDS WILL BE A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM AMOUNTS HELD UNDER THE INDENTURE AND AMOUNTS PAID BY FDOT PURSUANT TO THE DBF CONTRACT THAT ARE ASSIGNED BY THE CONTRACTOR UNDER THE FUNDING AGREEMENT TO THE TRUSTEE. TO DATE, NONE OF THE TOTAL PROJECT COST OF APPROXIMATELY \$95 MILLION HAS BEEN APPROPRIATED BY THE STATE. FUNDING FOR THE PROJECT COST, WHICH WILL BE USED TO PAY THE DEBT SERVICE ON THE BONDS, IS SUBJECT TO APPROPRIATION BY THE FLORIDA LEGISLATURE AND APPROVAL BY THE GOVERNOR OF THE STATE OF FLORIDA AND IS NOT EXPECTED TO BE AVAILABLE UNTIL THE 2013-14 FISCAL YEAR (BEGINNING JULY 1, 2013). THE FAILURE BY THE STATE TO APPROPRIATE FUNDS FOR THE FDOT'S WORK PLAN THAT INCLUDES THE PROJECT WILL HAVE AN ADVERSE EFFECT ON THE ISSUER'S ABILITY TO PAY THE DEBT SERVICE ON THE BONDS. SEE "RISK FACTORS" HEREIN.**

The Bonds are not subject to optional redemption prior to maturity, but will be subject to mandatory and extraordinary mandatory redemption as described herein. See "REDEMPTION" herein.

**THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE FDOT CONTRACT PAYMENTS AND AMOUNTS HELD IN THE FUNDS AND ACCOUNTS UNDER THE INDENTURE. THE BONDS AND THE OBLIGATIONS EVIDENCED THEREBY ARE NOT A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR MUNICIPAL CORPORATION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR MUNICIPAL CORPORATION THEREOF. THE ISSUER SHALL NOT BE OBLIGATED TO PAY THE BONDS, ANY INTEREST OR PREMIUM THEREON, OR ANY OTHER OBLIGATIONS IN CONNECTION THEREWITH EXCEPT FROM AMOUNTS HELD BY THE TRUSTEE IN THE FUNDS PLEDGED THEREFOR IN THE INDENTURE IN THE MANNER PROVIDED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT OF THE MEMBERS OF THE ISSUER, NOR THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR MUNICIPAL CORPORATION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR ANY OTHER OBLIGATION OF THE ISSUER UNDER THE INDENTURE OR THE BONDS. NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR MUNICIPAL CORPORATION THEREOF SHALL BE DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATED TO LEVY ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE ISSUER'S OBLIGATIONS UNDER THE INDENTURE OR THE BONDS. THE ISSUER HAS NO TAXING POWER.**

*Investment in the Bonds is subject to certain risks. See "RISK FACTORS" and "SUITABILITY FOR INVESTMENT" herein.*

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors are directed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if delivered to the Underwriters, subject to prior sale, withdrawal or modification of the offer without any notice, and to the approval of legality by Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on for the Issuer by its counsel Kraig A. Conn, Esq., Tallahassee, Florida. Certain legal matters will be passed upon for the Contractor by its counsel, Vezina, Lawrence & Piscitelli, P.A., Ft. Lauderdale, Florida and for the Underwriters by their counsel, Nabors, Giblin & Nickerson P.A., Tampa, Florida. Public Resources Advisory Group, St. Petersburg, Florida, is acting as financial advisor to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in definitive form will be available for delivery on or about September 7, 2012.*

**WELLS FARGO SECURITIES**

**OPPENHEIMER & CO. INC.**

Dated: August 7, 2012

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND  
INITIAL CUSIP NUMBERS**

**\$59,110,000**

**FLORIDA MUNICIPAL LOAN COUNCIL  
INFRASTRUCTURE IMPROVEMENT REVENUE BONDS, SERIES 2012  
(9B DESIGN-BUILD-FINANCE PROJECT)**

\$8,960,000 1.50% Term Bonds due August 15, 2015, Yield 1.50%, Price 100.00, CUSIP: 34282BAB9<sup>†</sup>  
\$41,550,000 1.75% Term Bonds due August 15, 2016, Yield 1.75%, Price 100.00, CUSIP: 34282BAC7<sup>†</sup>  
\$8,600,000 1.95% Term Bonds due February 15, 2017, Yield 1.95%, Price 100.00, CUSIP: 34282BAA1<sup>†</sup>

<sup>†</sup> The Issuer is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

# Fitch Ratings

## Fitch Rates Florida Municipal Loan Council Infrastructure Improvement Revenue

**Bonds 'A'** Ratings Endorsement Policy  
17 Aug 2012 12:38 PM (EDT)

Fitch Ratings-New York-17 August 2012: Fitch Ratings assigns an 'A' rating to approximately \$59.1 million in Florida Municipal Loan Council (FMLC) infrastructure improvement revenue bonds, series 2012 (9B Design Build Finance Project). The Rating Outlook on the bonds is Stable.

The bonds are expected to close on Sept. 7, and the proceeds will be used to accelerate the SR 9B road project within Duval County to connect US 1 to I-95 via an extension of SR 9B (the project).

### KEY RATING DRIVERS

**SOLID ABILITY & WILLINGNESS OF FDOT TO MEET OBLIGATIONS:** Bond payments are derived from statutorily authorized payments to be made by the Florida Department of Transportation (FDOT), subject to appropriation, pursuant to a design build finance (DBF) contract. Pursuant to section 334.30 of Florida Statutes, FDOT can enter into DBF contracts and other public private partnerships for projects included in FDOT's work program. Payments by FDOT can be made over time, as long as obligations for such payments in total do not exceed 15% of total federal and state funding for the State Transportation Trust Fund (STTF). Fitch views the credit quality of the statutorily authorized payments to be made by FDOT pursuant to the DBF contract as 'A.' This rating will drive the rating on the bonds. Failure of FDOT to appropriate during the principal repayment period or failure to include the project in future work programs would lead to a payment default.

**STRUCTURED ARRANGEMENT LIMITS COMPLETION RISK:** The bonds are structured similar to a receivable financing, with the bondholder isolated from the risk of the contractor failing to perform. The bonds are structured to have 1.0 times (x) coverage. Bond proceeds are only drawn down for FDOT approved work, ensuring that at any time the combination of bond proceeds, contract payments due from FDOT for approved work and structured liquidity is equal to the par amount of the bonds. A termination of the DBF contract and certain other events would lead to a mandatory tender of the bonds, but there is no premium should these occur, meaning that available resources should always be sum sufficient to cover debt service.

**INTERESTS OF FDOT & CONTRACTOR ALIGNED:** While the structure of the transaction isolates the bondholder from completion risk, the statutes that allow FDOT to enter into DBF contracts and FDOT's construction risk mitigation procedures indicate that the interests of all parties are aligned. The DBF approach allows for project acceleration without a short-term impact to FDOT's cash outlay. In addition, this particular financing structure includes a waiver of offsets by FDOT once work has been approved, minimizing leverage on the DBF contractor's balance sheet. In conjunction with these benefits, FDOT does require a surety bond sized to 100% of the contract price and will only be required to pay for work approved. In addition, FDOT runs an annual qualification process for contractors and surety providers, and also has clearly defined contractual arrangements. While bondholders are not exposed to contract frustration or contract default, the proper alignment of interests between FDOT and the DBF contractor provides comfort.

### WHAT COULD TRIGGER A RATING ACTION

--Change in the credit quality of FDOT's Statutorily Authorized Obligations.

### SECURITY

The bonds are secured by FDOT Contract payments and all funds held by the Trustee pursuant to the indenture, including the Project Fund and the Bond Fund, which includes the reserve account and capitalized interest account. The contractor will also be providing a \$2.6 million letter of credit (LOC) in favor of the FMLC and the Trustee that can be used to cover administrative expenses and other items in the event of a mandatory tender. The bonds are not secured by payments made by the Surety.

### TRANSACTION SUMMARY

Pursuant to 334.30(1), Florida Statutes, FDOT is accelerating the 9B extension project within Duval County. Total project

costs (including financing) are estimated at \$94.9M, all of which fall in FDOT's adopted five-year (2012-2016) work plan. Most of the FDOT funding will be provided beginning in 2015, requiring \$59.1 million in bonds that generate \$56 million in proceeds. The bonds will be repaid by future appropriations, beginning in 2015.

To accelerate projects, FDOT has allowed contractors to procure their own financing. However, the financial crisis significantly increased the cost of obtaining funding for contractors, slowing down progress. In addition, the gap between project completion and FDOT payment has also increased, making the cost to contractors prohibitive. To help alleviate this issue, FDOT will enter into a DBF agreement with the contractor that commits to a set payment schedule subject to the amount being earned by the contractor and to future appropriation by the Florida Legislature where the project is scheduled in future years. The FMLC has agreed to advance funds to the project via the bond issue through the Funding Agreement with the contractor that pledges the future payments from FDOT in the Design-Build-Finance Agreement. As long as the contractor fulfills its obligations to construct the project pursuant to a fixed price date certain design build contract, then FDOT agrees to pay FDOT Contract Payments pursuant to an agreed upon schedule, subject to appropriation. Bond maturities are structured to match this schedule. The contractor is required to have a surety bond that covers 100% of the project cost plus a cushion for a 25% increase.

Pursuant to the contract, the DBF contractor submits monthly draw requests to the Trustee. Upon FDOT acceptance of the work and certification of the earned amount, FDOT will make a Contract Payment pursuant to an agreed upon schedule in the trust indenture and funding agreement. The gap in the schedule will be covered by bond proceeds. The flow of funds requires FDOT Contract Payments to first be used for interest payments and then to fund Contractor draws for work completed. The gap in the schedule, which in this case occurs early on, will be covered by bond proceeds and the capitalized interest account (first seven interest payments). FDOT Contract Payments will commence in 2013, covering interest payments and supplementing bond proceeds for contractor draws. FDOT payments from 2015 onward will be used to retire the bonds.

A slow-down in construction progress will slow down FDOT payments while accelerated work will only be approved at a level equal to FDOT's Cash Availability Schedule. Pursuant to sections 4.01 and 5.01 of the indenture, a default by the contractor and surety will result in a tender of the bonds, as will a reduction in the contract price exceeding \$250,000 or 15 consecutive or cumulative months of failed FDOT work certifications. A LOC equal to \$2.6 million will be provided to cover the use of bond proceeds for issuance costs, administrative expenses, and interest costs during the delay should this situation occur.

Bondholders are isolated from contractor risk through several features of the DBF contract, which includes by reference State of Florida DB Specifications and also the DBF RFP issued by FDOT. In particular, the trustee will not disburse funds in the FDOT Contract Payment account or the Bond Proceeds account of the Project Fund without an FDOT engineering certification that the work meets FDOT standards and has been accepted. There is no retainage under this framework as FDOT normally retains funds in the final quarter of payment. However, in the DBF arrangement, project completion will have already occurred well before. In addition, pursuant to the RFP which becomes part of the final DBF contract, FDOT indicates that once an approval has been granted, no offsets can be made against that payment. It can only be applied to the approval of future payments. Thus the Trustee will only disburse funds for approved work and pursuant to the RFP, section 337.145 of the State of Florida Statutes regarding offsetting payments is not applicable.

The project is relatively straightforward and consists of connecting US 1 to I-95 via an extension of SR 9B from US 1 to I-95. The project also includes adding final interchanges between SR 9B and US 1 that were not part of the Phase I project. The completed project will provide full connectivity to both US 1 and I-95. Delay risk is likely tied to inclement weather.

Infrastructure Development Partners (the DB Contractor) is a JV comprised of Superior Construction Company Southeast, LLC and Signet Enterprises. Superior is a Florida Licensed General Contractor headquartered in Gary, Indiana and specializes in bridges, highways, major earthwork, concrete and asphalt paving. Superior has been doing work in FDOT district 2 for 25 years and has worked on over \$400 million in FDOT contracts in the last five years. Signet is a firm with project finance/development expertise Superior Construction currently has a score of 99.1 as assigned by FDOT to reflect past performance on FDOT projects. Ultimately, the bonds are not exposed to completion risk as the combination of bond proceeds, the reserve account, capitalized interest account, pending payments for work accepted by DOT and the LOC should always be sufficient to cover debt service payments or a mandatory tender.

For additional information related to the credit quality of the FDOT contract payments, please see Fitch's press release 'Fitch Rates Florida DOT 9B Payment Obligation 'A' dated Aug. 17, 2012 and available at '[www.fitchratings.com](http://www.fitchratings.com)'.

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Applicable Criteria and Related Research:  
--'Tax Supported Rating Criteria' (Aug. 14, 2012);  
--'US State Government Rating Criteria' (Aug. 14, 2012).

**Applicable Criteria and Related Research:**  
Tax-Supported Rating Criteria  
U.S. State Government Tax-Supported Rating Criteria

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## CC Work Session

2. 6.

**Meeting Date:** 05/28/2013

**By:** Colleen Lasher, Administrative Services

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### **Title:**

Discussion Regarding a Conflict of Interest Policy and Disclosure Form

### **Background:**

As part of the City's recent strategic planning, City Council and staff discussed many possibilities for improving the future for the City of Ramsey and its residents; i.e. "A New Day - A New Beginning". One of the outcomes of this process included a set of Guiding Principals listed below.

As a means to achieve these guiding principals, it is critical that elected officials, appointed commission members and staff understand how their outside actions and affiliations may or may not influence the City. The City may wish to establish a policy and procedure (disclosure form) as a guide to follow in order to declare and monitor conflicts of interest as they may arise. The intent is to develop a sound policy with disclosure form to identify and disclose conflicts of interest, avoiding pit-falls (conflicts of interest) that ultimately deter or prevent the City's responsiveness to the public; alignment of goals and resources; success of the City; operating with clear roles, responsibilities, authority, accountability, and transparency; "win-win" strategic thinking; avoiding personal agendas; and taking action based upon objective analysis of the facts.

Staff spoke with the League of Minnesota Cities HR staff and Susan Hansen, of Madden, Galanter, and Hansen, LLP (the City's employment law attorney) regarding such a policy. Both sources expressed that it is critical, from an employment perspective, that terms and conditions of City employment remain unchanged and that conditions or circumstances that may exist are evaluated cautiously. Staff will provide additional detail as part of the discussion at the worksession.

### **Notification:**

#### OUR GUIDING PRINCIPLES

The elected officials, appointed commission members and staff will:

1. Ensure responsiveness to the public (residents, business owners, taxpayers) that fosters an atmosphere of communication within and outside the organization.
2. Ensure alignment of goals and resources.
3. Take personal ownership for the success of the City of Ramsey.
4. Operate with clear roles, responsibilities, authority, and accountability.
5. Operate in a transparent environment.
6. Strive for "win-win" strategic thinking and planning under which interests and objectives of the city, commissions, and departments are considered; avoid personal agendas and department and commission turf protection.
7. Take action based upon objective analysis of the facts.

### **Observations/Alternatives:**

City Attorney Bill Goodrich will provide the City Council with his insight and advice regarding the best and legally defensible approach to such a policy and disclosure form. He will reference the applicable laws that must be followed and offer his comments related to the pros and cons of the various options.

There are several attachments for review and discussion; staff will be prepared to discuss the pros and cons of each.

### **Recommendation:**

To consider the best approach to protect the City against conflicts of interests while maintaining rights to privacy and adhering to all State and Federal laws.

**Funding Source:**

There is no funding required.

**Council Action:**

Future action will be based on discussion; no action is necessary at this time.

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**Attachments**

A New Day COI Draft Policy

LMC Model Statement of Values

Sample from Willmar

Sample from Woodbury

Sample from Bloomington

SHRM C.O.I. Outside Interests

SHRM C.O.I. Disc. Form

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**Form Review**

**Inbox**

Kurt Ulrich

**Reviewed By**

Kurt Ulrich

**Date**

05/23/2013 04:38 PM

Form Started By: Colleen Lasher

Started On: 05/23/2013 10:21 AM

Final Approval Date: 05/23/2013



## City Conflict Of Interest Policy

### **Introduction**

City of Ramsey Policy Concerning Conflict of Interest and Divided Allegiance

The City Council and the City Administrator of the City of Ramsey ~~the "City" are~~ committed to governing the City organization in a manner that is free of personal conflicts. For the purposes of this Policy, ~~the term~~ "conflicts" ~~shall mean~~ both "conflicts of interest" as they are defined under applicable state and federal law, and "divided allegiances," as they are defined in this Policy.

The purpose of this Policy is to inform ~~City of Ramsey~~ elected officials, appointed commissioners ~~members~~, and staff of the ~~City's of Ramsey~~ broad definitions of Conflicts and to establish procedures ~~for elected officials, appointed commissioners, and staff~~ to follow to declare and monitor conflicts as they arise. The City Council requires each elected official, appointed commissioner ~~members~~ and staff member to be advised of this Policy, and ~~each of said persons are to be~~ provided a copy of this Policy, immediately upon assuming their ~~City's of Ramsey~~ duties or relationship. All individuals subject to this Policy are responsible for knowing and observing the Policy.

### **Background**

This Policy addresses how the ~~City of Ramsey~~ approaches actual or perceived conflicts. The definitions that apply cover more than the specific conflict of interest scenarios addressed by state government or federal tax laws. This Policy recognizes that a conflict of interest may exist, from a practical perspective, whenever the personal or professional interests of an elected official, appointed commissioners or staff member are potentially at odds with ~~City's of Ramsey's~~ interest(s). Since the City Council is responsible for ensuring that the organization's management serves the ~~City's of Ramsey~~ best interests, over and above the interests of any insider, this Policy broadly defines potential conflicts of interest to include all instances when a person within the organization may be able to exert his or her authority, influence, or bias on any issue in which he or she may have divided allegiances.

The City Council recognizes that conflicts may exist not only when an individual has a financial interest in a transaction, but also when his or her nonfinancial interests are involved. In all cases, the City Council is committed to ensuring that whenever a dual interest between an individual's personal, business, organizational or professional affiliations and the position and interests of the City of Ramsey exists, disclosure of such conflict is given and the resulting decision-making is fairly and appropriately managed. Furthermore, this Policy's procedures apply not only when an actual conflict is demonstrated, but also when the interests or concerns of another party to which one has allegiance may reasonably be seen as competing with ~~City's of Ramsey's~~ interests or concerns. The decision of the City Council to effect a level of higher scrutiny and procedures when an elected official, appointed commissioner, or staff member of the City of Ramsey appears to have a conflict acknowledges the public's increasing sensitivity to self-dealing and/or lax management by elected officials, appointed commissioners, and staff. The City Council and City Administrator appreciate that this Policy will both satisfy the legal responsibility and protect the ~~City of Ramsey~~ from poor public relations, including the possibility of elected officials, appointed commissioners or staff members being exposed to third-party actions.

The three types (or "Tiers") of conflicts defined in the Policy are not mutually exclusive. Rather, they can be viewed as increasingly wider concentric circles.

### **Conflict of Interest and Divided Allegiances, Definitions**

Tier 1 -- Direct conflict: A direct conflict exists whenever there is any proposed transaction or action of the City of Ramsey in which an elected official, appointed commissioner, or staff member has any direct involvement or interest. These transactions are subject to the highest scrutiny.



### City Conflict Of Interest Policy

Tier 2 -- Indirect conflict: An elected official, appointed commissioner or staff member has an indirect involvement or interest in a proposed transaction or action of the City of Ramsey whenever:

- a) any other party to the transaction or party affected by the action is a "family member" (i.e., a relative<sup>1</sup>) of the elected official, appointed commissioner, or staff member,
- b) any other party to the transaction or party affected by the action is an entity in which the elected official, appointed commissioner or staff member has a material financial interest<sup>2</sup>), or
- c) the elected official, appointed commissioner or staff member is an officer, director, trustee, staff member or partner of any other party to the transaction or party affected by the action.

Conflicts involving more immediate "family members" should generally be subject to a higher level of scrutiny by the City of Ramsey than those involving relatives who are removed, although each situation involves individual circumstances to be weighed by the City Council and City Administrator.

<sup>1</sup> The City of Ramsey intends to define "relative" to include all of the following individuals: spouses, domestic-partners-in-fact, parents, children, children's spouses or children's domestic-partners-in- fact, siblings, spouses or domestic-partners-in-fact of siblings, aunts, uncles, first cousins, step-parents and step-children. ["Domestic-partner-in-fact" is used with respect to those designated as the intended life partner of an individual or otherwise identified as being related to that individual through intended long term ties of love, affection, responsibility, and commitment common to those undertaken in marriages recognized by the State, regardless of whether such relationship is defined by or otherwise recognized by any governmental authority.]

<sup>2</sup> A "material financial interest" exists when an individual or their relative has rights (whether or not yet vested) to be paid compensation, employee or retiree benefits, dividends, or profit-sharing, or to have their expenses reimbursed or obligations or other liabilities repaid, etc. The term is intended to include any and all remunerative expectations.

Tier 3 -- Potential conflict or the appearance of conflict: elected official, appointed commissioner and staff members should follow the disclosure procedures of this Policy when the interests or concerns of any elected official, appointed commissioner or staff member, or of any of those individual's relatives, or any other individual group or organization to which such person has allegiance, may reasonably be seen as competing with the interests or concerns of the City of Ramsey.

#### **Procedure When Elected Official or Appointed Commissioner has a Conflict**

1. Each elected official or appointed commissioner of the City of Ramsey has a duty to disclose to the City Council (and to any applicable committee of the City that one is addressing) the material facts of any proposed transaction or action of the City of Ramsey in which such elected official or appointed commissioner has any conflict(s).
2. The disclosure required under #1 (above) must be made, to the extent possible, prior to any consideration of such proposed transaction or action by the elected body or by any applicable board/committee of the City of Ramsey. If an elected official or appointed commissioner does not recognize the existence of a conflict prior to the Board's a decision regarding the transaction, the elected official or appointed commissioner has a duty to disclose the material facts of the conflict as soon as the conflict is recognized.



City Conflict Of Interest Policy

3. The elected official or appointed commissioner having a conflict shall not participate in the deliberation or decision regarding the matter under consideration and shall retire from the room during deliberations except to the extent he or she has been invited by the City Council or board/committee to participate, after consideration of the significance to ~~the City of Ramsey~~ of the disclosed conflict. The City Council or board/committee may also request that ~~he or she~~ the interested person provide ~~the City of Ramsey~~ with any relevant information known to the ~~individual director~~ regarding the matter.

**Procedure When Staff has a Conflict**

1. Each staff member has a duty to disclose to the City Administrator, Finance Director and/or Human Resources Manager of ~~the City of Ramsey~~ the material facts of any proposed transaction of ~~the City of Ramsey~~ in which such person has ~~any~~ conflict(s).

2. The disclosure required under #1 (above) is to be made immediately, and to the extent possible, before any consideration of such proposed transaction by ~~the City of Ramsey~~. If a staff member does not recognize the existence of a conflict prior to ~~a City of Ramsey's~~ decision regarding the transaction, the staff member has a duty to disclose the material facts of the conflict as soon as it is recognized.

3. A staff member having a conflict shall not participate in the deliberation or decision by ~~the City of Ramsey~~ regarding the transaction under consideration, unless invited by the City Administrator, Finance Director, and/or Human Resources Manager of ~~the City of Ramsey~~ to do so, after consideration of the significance to ~~the City of Ramsey~~ of the disclosed conflict. The City Administrator, Finance Director, and/or Human Resources Manager of ~~the City of Ramsey~~ may also request that he or she provide ~~the City of Ramsey~~ with any relevant information regarding the matter.

4. The City Administrator, Finance Director and/or Human Resources of ~~the City of Ramsey~~ shall take such additional action as may be required to ensure that the conflict is properly noticed to management and that appropriate steps are employed as the transaction and its terms are brought forth for decision-making and/or implementation. Furthermore, the City Administrator, Finance Director, and/or Human Resources Manager of ~~the City of Ramsey~~ shall maintain a record of the existence, procedures employed in managing, and resolution of the conflict.

5. When there is any doubt as to whether a conflict exists, the matter shall be resolved by the City Attorney.

~~5.6. Gift Ban~~ ~~The City's of Ramsey's~~ elected officials, appointed commissioners, staff, and consultants, shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, donors, grantees or parties to sub-agreements (with the exception that unsolicited gifts of nominal value may be accepted).

Formatted: Bullets and Numbering

I ~~have read the above City Conflict of Interest Policy and agree to its terms~~ agree with and will adhere to the above policy.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name

Adopted April 2013



City Conflict Of Interest Policy



# Model Statement of Values

## Preamble

The proper operation of democratic government requires that decision-makers be independent, impartial, and accountable to the people they serve. The City of \_\_\_\_\_ has adopted this Statement of Values to promote and maintain the highest standards of personal and professional conduct in the City's government. All (*select*: elected and appointed officials, City employees, and volunteers) are required to subscribe to this statement, understand how it applies to their specific responsibilities, and practice its (*number*) core values in their work. Because we seek public confidence in the City's services and public trust of its decision-makers, our decisions and our work must meet the most demanding ethical standards and demonstrate the highest levels of achievement in following this statement.

## The Values

As a Representative of the City of \_\_\_\_\_,

1. I serve the public interest.
2. I fulfill the duties and responsibilities of holding public office.
3. I am ethical.
4. I am professional.
5. I am fiscally responsible.
6. I am conscientious.
7. I communicate effectively.
8. I am collaborative.
9. I am forward thinking.
10. I am \_\_\_\_\_.

## Value examples/expressions

1. **I serve the public interest. In practice this value means that:**
  - a. I provide courteous, equitable, and prompt service to everyone.
  - b. I am attuned to, and care about, the needs and issues of citizens, public officials, and city workers.
  - c. I am interested, engaged, and responsive in my interactions with constituents.
  - d. I recognize and support the public's right to know the public's business.
2. **I fulfill the duties and responsibilities of holding public office. In practice this value means that:**
  - a. I observe the highest standards of integrity in my official acts and undertake my responsibilities for the benefit of the greater public good.
  - b. I faithfully discharge the duties of my office regardless of my personal considerations, recognizing that the public interest is my primary concern.
  - c. I uphold the Constitution of the United States and the Constitution of the State of Minnesota and carry out impartially the laws of the nation, state, and municipality and thus foster respect for all government.

- d. I comply with both the letter and the spirit of the laws and policies affecting operations of the City.
  - e. I recognize my obligation to implement the adopted goals and objectives of the City in good faith, regardless of my personal views.
  - f. I conduct myself in both my official and personal actions in a manner that is above reproach.
  - g. I do not use my position to secure for others or myself special privileges or exemptions that are different from those available to the general public.
  - h. I understand and abide by the respective roles and responsibilities of elected and appointed officials and city staff and will not undermine them in their work.
  - i. I am independent, impartial, and fair in my judgment and actions.
- 3. I am ethical. In practice this value means that:**
- a. I am trustworthy, acting with the utmost integrity and moral courage.
  - b. I am truthful, do what I say I will do, and am reliable.
  - c. I am accountable for my actions and behavior and accept responsibility for my decisions.
  - d. I make impartial decisions, free of influence from unlawful gifts, narrow political interests, and financial and other personal interests that impair my independence of judgment or action.
  - e. I am fair, distributing benefits and burdens according to consistent and equitable criteria.
  - f. I oppose all forms of harassment and unlawful discrimination.
  - g. I extend equal opportunities and due process to all parties in matters under consideration.
  - h. I show respect for confidences and confidential information.
  - i. I avoid giving the appearance of impropriety and of using my position for personal gain.
- 4. I am professional. In practice this value means that:**
- a. I apply my knowledge and expertise to my assigned activities and to the interpersonal relationships that are part of my job in a consistent, confident, competent, and productive manner.
  - b. I approach my job and work-related relationships with a positive attitude, contributing to a supportive, respectful, and non-threatening work environment.
  - c. I keep my professional knowledge and skills current and growing.
  - d. I am respectful of all city staff, officials, volunteers, and others who participate in the City's government.
- 5. I am fiscally responsible. In practice this value means that:**
- a. I make decisions after prudent consideration of their financial impact, taking into account the long-term financial needs of the City, especially its financial stability.
  - b. I demonstrate concern for the proper use of City assets (e.g., personnel, time, property, equipment, funds), follow established procedures, and do not use public resources for personal gain.
  - c. I make decisions that seek to preserve the financial capacity of the City to provide programs and services for City residents.
  - d. I provide full disclosure of any potential financial or other private conflict of interest. I abstain from participating in the discussion and vote on these matters.

- e. I prevent misuse of public funds by establishing, maintaining, and following strong fiscal and management controls.
  - f. I report any misuse of public funds of which I am aware.
- 6. I am conscientious. In practice this value means that:**
- a. I act in an efficient manner, making decisions and recommendations based upon research and facts, taking into consideration short and long-term goals.
  - b. I follow through in a responsible way, keeping others informed, and responding in a timely fashion.
  - c. I am respectful of established City processes and guidelines.
  - d. I prioritize my duties so that the work of the City may move forward.
  - e. I prepare for all meetings by reviewing any materials provided ahead of time. When I have materials to contribute, I make sure all others involved have ample time to review these materials prior to the meeting.
- 7. I communicate effectively. In practice this value means that:**
- a. I convey the City's care for and commitment to its citizens.
  - b. I communicate in various ways that I am approachable, open-minded, and willing to participate in dialog.
  - c. I engage in effective two-way communication by listening carefully, asking questions, and responding appropriately which adds value to conversations.
  - d. I do not interfere with the orderly conduct of meetings by interrupting others or making personal comments not germane to the business at hand.
  - e. I follow up on inquiries in a timely manner.
  - f. I encourage and facilitate citizen involvement in policy decision-making.
  - g. I am respectful in disagreements and contribute constructively to discussions on the issue.
- 8. I am collaborative. In practice this value means that:**
- a. I act in a cooperative manner with groups and other individuals, working together in a spirit of tolerance and understanding to accomplish common goals.
  - b. I share information with others in a timely manner so that, together, we can make informed decisions.
  - c. I work towards consensus building and gain value from diverse opinions.
  - d. I accomplish the goals and responsibilities of my individual position, while respecting my role as a member of a team.
- 9. I am forward thinking. In practice this value means that:**
- a. I promote intelligent, proactive, and thoughtful innovation in order to advance the City's policy agenda and provide City services while considering the broader regional, statewide, national, and international implications of the City's decisions and issues.
  - b. I maintain consistent standards, but am also sensitive to the need for compromise, creative problem solving, and making improvements when appropriate.
  - c. I am open to new ideas and processes, adopting them as they conserve resources and provide efficient and effective service.
  - d. I consider the potential long-term consequences and implications of my actions and inactions.

# Template Code of Conduct

## \_\_\_\_.01. Purpose.

The city council of the City of \_\_\_\_\_ determines that a code of conduct for its members, as well as the members of the various boards and commissions of the City of \_\_\_\_\_, is essential for the public affairs of the city. By eliminating conflicts of interest and providing standards for conduct in city matters, the city council hopes to promote the faith and confidence of the citizens of \_\_\_\_\_ in their government and to encourage its citizens to serve on its council and commissions.

## \_\_\_\_.02. Standards of Conduct.

Subd. 1. No member of the city council or a city board or commission may knowingly:

- a. Violate the open meeting law.
- b. Participate in a matter that affects the person's financial interests or those of a business with which the person is associated, unless the effect on the person or business is no greater than on other members of the same business classification, profession, or occupation.
- c. Use the person's public position to secure special privileges or exemptions for the person or for others.
- d. Use the person's public position to solicit personal gifts or favors.
- e. Use the person's public position for personal gain.
- f. Except as specifically permitted pursuant to Minn. Stat. 471.895, accept or receive any gift of substance, whether in the form of money, services, loan, travel, entertainment, hospitality, promise, or any other form, under circumstances in which it could be reasonably expected to influence the person, the person's performance of official action, or be intended as a reward for the person's official action.
- g. Disclose to the public, or use for the person's or another person's personal gain, information that was gained by reason of the person's public position if the information was not public data or was discussed at a closed session of the city council.
- h. Disclose information that was received, discussed, or decided in conference with the city's legal counsel that is protected by the attorney-client privilege unless a majority of the city council has authorized the disclosure.
- i. *Represent private interests before the city council or any city committee, board, commission or agency. (optional)*

Subd. 2. Except as prohibited by the provisions of Minn. Stat Sec. 471.87, there is no violation of subdivision 1 b. of this section for a matter that comes before the council, board, or commission if the member of the council, board, or commission publicly discloses the circumstances that would violate these standards and refrains from participating in the discussion and vote on the matter. Nothing herein shall be construed to prohibit a contract with a member of the city council under the circumstances described under Minn. Stat. Sec. 471.88, if proper statutory procedures are followed.

### **\_\_\_03. Complaint, Hearing.**

Any person may file a written complaint with the city clerk alleging a violation of the standards of conduct in section \_\_02. The complaint must contain supporting facts for the allegation. The city council may hold a hearing after receiving the written complaint or upon the council's own volition. A hearing must be held only if the city council determines (1) upon advice of the city attorney, designee, or other attorney appointed by the council, that the factual allegations state a sufficient claim of a violation of these standards or rise to the level of a legally-recognized conflict of interest, and (2) that the complaint has been lodged in good faith and not for impermissible purposes such as delay. The city council's determination must be made within 30 days of the filing of the allegation with the city clerk. If the council determines that there is an adequate justification for holding a hearing, the hearing must be held within 30 days of the city council's determination. At the hearing, the person accused must have the opportunity to be heard. If after the hearing, the council finds that a violation of a standard has occurred or does exist, the council may censure the person, refer the matter for criminal prosecution, request an official not to participate in a decision, or remove an appointed member of an advisory board or commission from office.

**CITY OF WILLMAR, MINNESOTA**

**PERSONNEL POLICY**

**AND**

**PROCEDURES**

**JULY 1, 1987**

**Revised: 2011**

## 2.9. Conflict of Interest

It is the responsibility of every employee to be constantly vigilant to perceive the dangers inherent in situations that give rise to a conflict of personal interests with the public interests of the City. Perfect avoidance of all conflicts of interest is not possible, but Willmar citizens expect and deserve the kind of loyalty and ethical consciousness that will motivate employees to recognize conflict situations when they occur, disclose them immediately, and endeavor to resolve them.

The following sections include representative examples of conflict of interest situations which may occur in public employment. Since all possible situations may not be anticipated, it is the responsibility of every employee to exercise careful judgment and to discuss questionable situations with supervisors.

2.9.1. Personal Gain No employee of the City shall use or attempt to use his/her employment position to secure or accept benefits, privileges, exemptions or advantages for themselves, their family, or an organization with which they are associated.

2.9.2. Outside Employment The City recognizes that it is neither proper or desirable that there be any interference with the private or personal business of employees during off-work hours. However, in order to insure that conflicts of interest with outside employment do not arise, such situations shall require prior disclosure to supervisors by the employee and investigation by the proper City authority to determine if a conflict does exist.

2.9.3. Self Dealing No employee of the City shall engage in any activity, become employed or affiliated for personal gain with any agency or organization which is or may become subject to the control, regulation, inspection, review, audit, or enforcement authority of the City by that individual; nor may that individual approve or execute a purchase obligation on behalf of the City with any firm or organization with which they are affiliated.

2.9.4. Acceptance of Gifts No employee of the City shall directly or indirectly receive or agree to receive any payment, compensation, gift, reward, gratuity, favor, service, employment, promise of future employment, or other benefit from any source other than the City for services or any activity which is part of the normal duties of that official or employee. Any such gifts or compensation shall be disclosed to supervisors for

consideration of an exception. Exceptions to this provision may include: personal gifts of nominal value; plaques or similar mementos recognizing individual service such as to a charitable cause; payment of expenses for travel or meals, not to exceed actual expenses, which are not reimbursed by the City; and honoraria or expense reimbursement for papers, presentations, or appearances made by officers or employees on their own time for which they are not compensated by the City.

2.9.5. Use of Confidential Information No appointed official or employee of the City shall use or allow the use of confidential information obtained in their normal employment capacity to further their own or other private interests, and shall not accept outside employment or involvement in a business or activity that will require use or disclosure of such information.

2.9.6. Use of City Property No appointed official or employee of the City shall use or allow the use of work time, supplies, equipment or other City property to further their own private interest or in any capacity not in the interests of the City.

Supervisory Responsibility Supervisors and Department Directors should be constantly aware of conflicts, potential conflicts, and the appearance of conflicts, and are responsible to insure that all employees are made aware of this policy and are advised of its requirements. Questions of conflict of interest should be submitted immediately to supervisors.

Employee Responsibility All appointed officials and employees are responsible to conduct themselves in accordance with this policy; to develop and maintain an attitude of awareness of those situations in which an appearance of a conflict of interest might arise; and to strive at all times to avoid not only actual conflicts, but also the appearance thereof. Conflict of interest situations, actual and apparent, shall be disclosed to superiors immediately upon discovery.

## ARTICLE V. PERSONNEL\*

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**\*Editor's note**--It should be noted that following Ord. No. 1708, adopted Oct. 11, 2000, the following was set out "The **City of Woodbury** is subject to Title II of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability by public entities. The City is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provisions of the Americans with Disabilities Act is available from the City Administrator's office at 651-714-3500. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, at 651-714-3500 (TDD 714-3568) to make arrangements."

**Note**--See the editor's footnote to Art. III of this chapter.  
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### DIVISION 1. GENERALLY

#### **Sec. 2-190. City administrator's responsibility.**

The city administrator shall be responsible for carrying out the provisions of this policy with the exception that he/she may designate responsibility to other suitable city employees as appropriate.

(Ord. No. 1708, 10-11-2000)

#### **Sec. 2-191. Definitions.**

The following words, terms and phrases, when used in this article, shall have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning.

*Benefits* means privileges granted to an employee in the form of vacation leave, sick leave, holiday leaves, military leave, military induction pay, insurance, or unused sick leave pay.

*Classification plan* means an orderly plan under which positions, on the basis of duties and responsibilities, are grouped into classes, each class designated by a descriptive title and defined by a class specification.

*Demotion* means the movement of an employee to either a class having a lower pay grade or to a lower step in his/her existing pay grade.

*Department director* means the director of a department, namely the community development director, finance director, administration and human resources director, park and recreation director, public safety director, or public works director.

*Division director* means the director or supervisor of a division or work group, namely the senior planner, chief building official, accounting supervisor, ~~assistant finance director, city assessor, assistant to the city administrator,~~ communications and environmental education coordinator, recreation supervisor, parks supervisor, ice arena manager, golf course manager, deputy public safety director, fire services manager, ~~police operations manager,~~ public works superintendent, streets supervisor, utilities supervisor, or fleet management specialist.

*Employee* means a person legally holding a position in the city service.

law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, or any step relations of the preceding.

The provisions of this policy shall not apply to relatives of the city, elected officials of the city, the city administrator, or confidential employees of the city who are employed by the city prior to October 14, 1993, the effective date of this policy. This policy shall not apply to relatives of elected officials who are elected after the employee has been hired by the city.  
(Ord. No. 1708, 10-11-2000)

**Editor's note**--At the city's instruction, Ord. No. 1708, adopted Oct. 11, 2000, replaced § 2-204 which derived from Ord. No. 1597, § 1597.01, adopted Aug. 11, 1993. Formerly, § 2-204 pertained to retirement.

**Sec. 2-205. Physical examination for continued employment.**

A condition of employment for every employee is the employee's ability to perform the duties of the position satisfactorily. Every employee shall demonstrate his physical, mental, and emotional fitness to perform his/her work. The employer may require a yearly or periodical physical and/or psychological examination. If a physical examination is ordered by the city for an employee the city will pay for the examination.

(Ord. No. 1597, § 1597.01, 8-11-93)

**Sec. 2-206. Layoffs.**

Fourteen (14) calendar days after written notice, the city administrator, following approval by the city council, may lay off regular employees because of shortage of work or funds, abolition of positions, or other reasons. The city administrator may lay off or terminate temporary or seasonal employees with no prior notice and without city council approval.

(Ord. No. 1597, § 1597.01, 8-11-93)

**Sec. 2-207. Regular work day and week.**

Except for certain sworn employees in the police department and full-time firefighters, the full-time regular work week shall be forty (40) hours, generally with at least two (2) consecutive days off each week and the regular day generally shall be eight (8) working hours. Supervisors may require their employees to work overtime in situations where it is required in order to ensure the orderly and efficient operation of the government. Employees designated as exempt from overtime according to the provisions of the Fair Labor Standards Act may require additional working hours as needed to complete the responsibilities of the position.

(Ord. No. 1597, § 1597.01, 8-11-93)

**Sec. 2-208. Activities incompatible with employment--Generally.**

- (a) A city employee shall not engage in any employment, activity or enterprise which is inconsistent, incompatible or in conflict with his/her duties as a city employee, or with the duties, functions and responsibilities of the department by which he is employed.

- (b) The following activities shall be considered inconsistent, incompatible or in conflict with city employment:
- (1) Any employment, activity or enterprise which involves the use for private gain or advantage of the city's time, facilities, equipment or supplies, prestige or influence of a city office or employment.
  - (2) Involves the receipt or acceptance by the officer or employee of any money or other consideration from anyone other than the city for the performance of an act which the officer or employee would be required or expected to render in the regular course of his/her city employment or a part of his/her duties as a city officer or employee.
  - (3) Involves the performance of an act in other than his/her capacity as a city officer or employee which may later be subject directly or indirectly, to the control, inspection, review, audit or enforcement by such officer or employee or the department by which he/she is employed.
  - (4) Involves so much of the employee's time that it impairs his/her attendance or efficiency in the performance of his duties as a city officer or employee.

(Ord. No. 1597, § 1597.01, 8-11-93)

**Sec. 2-209. Same--Political activity.**

- (a) ~~No employee shall directly or indirectly, during his/her hours of employment solicit or receive funds or at any time use his/her authority or official influence to compel any employee to apply for membership or become a member of, pay or promise to pay any assessment, subscription, or contribution, or to take part in any political activity. Any employee found guilty of violating any provision of this subsection is automatically separated from service as per Minnesota Statutes Section 210A.081. No employee shall participate in activities that involve the public employee's use of his or her official authority or influence to compel a person to apply for membership in or become a member of a political organization, to pay or promise to pay a political contribution, or to take part in political activity.~~
- (b) Employees are free to engage in any political activity of their choice provided it does not conflict with subsection (a).

(Ord. No. 1597, § 1597.01, 8-11-93)

**Sec. 2-210. Same--Outside employment.**

Employees may not engage in outside employment which would conflict with their job or might in any way hinder their objective and impartial performance of their public duties, embarrass the city government, or impair their efficiency on the job.

(Ord. No. 1597, § 1597.01, 8-11-93)

**Secs. 2-211--2-119. Reserved.**

DIVISION 2. PAY PLAN AND COMPENSATION



CITY OF  
**BLOOMINGTON**  
MINNESOTA

# EMPLOYMENT RULES

Approved by the Merit Board: February 28, 2005

Approved by the City Council: March 28, 2005

general public, or as a member of a select group, the majority of which are not public employees.

3. Informational materials of unexceptional value.
4. Food or beverage given at a reception, meal, or meeting away from the normal place of work by an organization before whom the employee is appearing to make a speech, or as a panelist to answer questions as part of a program which specifically includes your participation.
5. Usual or customary gift giving among employees during the holiday season; birthdays, retirements, weddings, baby showers; rolls, cookies, flowers, etc., provided by co-workers.
6. Gifts from a family member.

#### ***Section 20.4*** **Conflicts of Interest**

Employees are prohibited from engaging in any activity, either directly or through an immediate family member, or other person acting on their behalf which will conflict, or may reasonably be viewed as conflicting with the employees' obligations and responsibilities to the City. An employee shall not use the City's name, information, or goodwill for personal gain.

Employees shall disclose to the employee's immediate supervisor any personal financial interest in the buying or selling of goods or service for the City of Bloomington. Purchase orders, contracts or service agreements shall not be given to an employee of the City or to a partnership or corporation in which an employee is a major stockholder or principal.

Employees shall not use their authority or City position for the purpose of personal financial gain from any holdings in the City of Bloomington bonds or notes. No employee shall enter into a relationship with a vendor where the employee's actions are, or could reasonably be viewed as, not in the best interests of the City. If an employee becomes involved in a possible conflict situation, the employee shall disclose the nature of the possible conflict to the employee's supervisor and to the City Manager. The City Manager will promptly notify the individual in writing of an approval or disapproval of the activity. If disapproved, the employee shall remove himself or herself from the conflict situation.

In order to prevent any conflict of interest, probationary and regular employees shall hold no other regular full-time or part-time employment without the express approval of the Department Head and the Human Resources Director. However, the Department Head may assign employees to outside work such as police duty at private or public functions.

#### ***Section 20.5*** **Endorsements**

Employees shall not endorse commercial products by agreeing to use the employee's photograph, endorsement, or quotation in paid advertisements, unless the endorsement is for a public purpose, is approved in writing by the City Manager and the member receives no compensation. Examples of public purposes include economic development for local government, the sale of local government products and other similar purposes.

#### ***Section 20.6*** **Honoraria**

Employees may accept honoraria if received in connection with services provided on employee's own personal leave or vacation time. If the employee is on City time, the honorarium shall become property of the City.

#### ***Section 20.7*** **Nepotism**

Employment in the City service shall be based on merit and fitness and appointments shall be made by the procedures established in the Employment Rules. No position shall be granted and no appointment shall be made to an immediate family member of a current City employee if the appointment is clearly inconsistent with the City's Merit System and the Employment Rules.

Regular full-time and regular part-time City positions in the classified service shall be noticed in the designated City newspaper in order to allow all eligible persons to apply. Final selection of employees shall be approved by the Human Resources Director or City Manager.

**Agreement: Conflict of Interest Agreement**

**Outside Interest:**

In order to safeguard the activities and assets of {enter company name}, employees of {enter company name} should not have interests in outside businesses which conflict or appear to conflict with their ability to act and make independent decisions in the best interest of {enter company name}.

An employee is considered to have an interest in an outside business if the employee or any member of his/her immediate family holds any ownership in the business or its property; furnishes goods or services to the business; is a creditor, employee, agent, officer, director, or consultant of the business. Outside businesses include any person, firm, corporation, or government agency that sells or provides a service to, purchases from, or competes with {enter company name}.

At the time of hire, and periodically thereafter as requested, all employees will be required to complete an Agreement concerning ethical standards of conduct & conflict of interest. Periodic checks will be conducted by the Human Resources Department to determine changes that have occurred; however, all employees are expected to exercise good judgment and discretion in evaluating a particular activity so as to avoid any actual, or apparent, conflict of interest. If there is a doubt, the employee should discuss it with his/her supervisor and/or the Director of Human Resources.

Excluded are investments in the securities of a bank, public utilities, and transportation companies subject to regulations by government authority or a mutual fund or investment company registered under the Investment Company Act. Also excluded are securities listed on a national securities exchange or customarily bought and sold at least once a week in the over-the-counter market or in which the employee and/or his or her family have less than \$10,000 invested, at cost or market value, or hold less than one percent of such outstanding securities.

**Ethical Standards:**

{Enter company name} expects its employees to observe the highest standards of business ethics.

No employee should take any action on behalf of the Company that they know, or reasonably should know, violates any applicable law or regulation. This obviously includes such activities as bribery, kickbacks, falsehoods, and misrepresentation.

{Enter company name} prohibits all employees from accepting gifts, gratuities, or entertainment from individuals and firms with whom {enter company name} does business. It is also a violation to give gifts to individuals or firms with whom {enter company name} does business. Excluded from this prohibition is the exchange of normal business courtesies such as luncheons or dinners, when they are proper and consistent with regular business practice. Also excluded are advertising or promotional materials and holiday or other gifts, which are of nominal value (less than \$25.00).

Failure to comply with the aforementioned provisions may result in corrective action, up to and including termination of employment.

**A. Do you or any member of your immediate family hold any "interest" in an "outside business" in such terms as defined above (check only one)?**

YES    NO

If YES, please describe:

**B. Do you have any other relationships that might reasonably be regarded as creating a possible conflict of interest (check only one)?**

YES    NO

If YES, please describe:

I certify that I have read, understand and will comply with the {enter company name} position on Conflict of Interest.

\_\_\_\_\_

DATE                                      EMPLOYEE NAME                                      EMPLOYEE SIGNATURE

**Agreement: Conflict of Interest Disclosure**

7/12/2010

**Name:****Position Title:****Department:**

Circle one:

Yes No 1. Did **you**, in a private capacity, provide consulting, advisory or outreach services to an entity or persons outside the company that might, in your good faith judgment, present or appear to present a conflict of commitment with your company obligations (especially within the past twelve (12) months)?

Yes No 2. Did any of your immediate family members have an employment, consulting, or other financial relationship with (especially within the past twelve (12) months):

a) A company that does business with [Company name]?

b) An outside organization contributing gift funds to [Company Name] that are under your control or of direct benefit to your work activities?

Yes No 3. Did you or any members of your immediate family, acquired "significant financial interests\*" (especially within the past twelve (12) months):

a) That directly affect or reasonably appear to affect your work or company business; or

b) In entities whose financial interests directly or reasonably appear to affect your work or company business.

**\*Significant financial interests:** *Financial interests valued in excess of \$5,000 or which equal or exceed 5% ownership (i.e. as the actual or beneficial owner of more than five percent (5%) of the voting stock or controlling interest), for any one enterprise or entity when aggregated for you and your immediate family.*

**If you have answered "yes" to any of the above questions, please attach a statement identifying the entity or entities involved and a description of the relevant activities. Please describe any other relationships, commitments, or activities that you or any members of your immediate family have that might present or reasonably appear to present a financial conflict of interest in your employment with [Company Name].**

**NOTE:** This form must be updated and submitted to Human Resources within 60 days of any change in status of financial interests (i.e. when financial interests in an entity increase to the \$5,000/5% threshold) as well as provide an update annually.

**Certification:**

In signing and submitting this form, I certify that the above information is true to the best of my knowledge, and that I am in compliance, to the best of my knowledge, with federal law, state law and all company policies related to conflicts of interest.

**Signature:****Date:**

**CC Work Session**

2. 7.

**Meeting Date:** 05/28/2013**Submitted For:** Kurt Ulrich**By:** Jo Thieling, Administrative Services

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**Title:**

Council Committee Utilization

**Background:**

During the strategic planning sessions, there was some discussion relating to streamlining processes as well as holding less meetings, if possible.

Currently, Council Committees consist of the Personnel Committee, Finance Committee, and Public Works Committee. All of these Committees consist of three Councilmembers who make recommendations to the full Council for action. Staff brings the items to the following Council meeting for formal action under the Consent (unless otherwise directed by the committee or if there is a split vote) in the form of a "report from" the committee.

Occasionally, time is of the essence, and an item is forwarded to the Council that same evening as the Committee meeting. This results in two "report from" cases for one Committee meeting. Staff discussed writing one case for all of Council instead and either referring to the report by reference (e.g., "see Item 4.5" on the Council Agenda") or bypassing the Committee on many items. It should be noted that neither the Charter nor the City Code specifically calls for or names standing Committees of Council.

Staff wanted to discuss the current use of Council Committees and whether the process could be streamlined and/or revised to be more responsive to the needs of the Council.

**Notification:****Observations/Alternatives:**

Omitting the Committee meetings every Tuesday will free up more time for work session item discussions if necessary, or it could eliminate the 5:30 p.m. start time, or one entire Tuesday meeting (the third Tuesday is Public Works). This will free up staff time because of having to write and present only one case per item - and will save money on secretarial services for minute taking. It may also save money on food expenditures if a later start time is implemented.

The alternatives include:

- Reducing or combining Council Committees
- Utilizing Committees only to address policy issue - possibly just one or two meetings during the year; or
- Status Quo

Staff believes that the Council Committees work best if they met only to consider policy issues on a limited basis. Staff proposes that more project decisions be made at a staff level and/or brought directly to the Council for consideration at either a work session or a Council meeting.

Currently, the Public Works and Personnel Committees meet monthly and the Finance committee has met as needed, maybe 2-3 times per year.

Committees have the advantage of making more efficient use of Council Member's time by having only three Council Members assigned to go through the details of the particular issue, meet with residents, etc.

**Recommendation:**

**Funding Source:**

This is not a new budgetary item and funding for the current operation of Council Committees is provided.

A reduced work session schedule will result in cost savings of staff and Council time, minutes, and administrative costs.

**Council Action:**

Based upon discussion.

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**Form Review**

**Inbox**

Kurt Ulrich

**Reviewed By**

Kurt Ulrich

**Date**

05/23/2013 03:51 PM

Form Started By: Jo Thieling

Started On: 05/22/2013 09:56 AM

Final Approval Date: 05/23/2013

## CC Work Session

4. 1.

**Meeting Date:** 05/28/2013

Submitted For: Patrick Brama

By: Patrick Brama, Administrative Services

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Title:

**RECEIVE INFORMATION & UPDATE:** 15153 Nowthen Blvd Property Development

Background:

### **General Background**

The City was approached by Connexus Energy in the fall of 2012 regarding the development of City owned land located at 15153 Nowthen Boulevard; known as the Old Municipal Center Site ("Subject Property"). The Subject Property is 21.24 acres in size and is currently zoned Public/Quasi-Public.

The City is considering two general development scenarios for the Subject Property: data center and single family residential. The City completed a feasibility study on said development scenarios in early 2013.

The next step in the process to develop the Subject Property is to consider the appropriate land use and zoning. Staff was directed to conduct a public open house regarding a potential zoning amendment and future development of the Subject Property in April 2013.

### **Purpose of Case**

- Receive feedback from the April public open house (including other public input)
- Receive updated site concept plans and feasibility study (mitigated to address public input)
- Receive EDA input regarding the future development of the Subject Property
- Receive timeline from Staff (see attached)

### **Detailed Background**

Connexus Energy identified the Subject Property as the best available data center site in the entire County of Anoka in the fall of 2012; and, proposed the City partner with their organization to pursue development of the Subject Property for a data center user(s).

Previous to receiving Connexus Energy's proposal, the City Council identified the Subject Property as surplus City owned land; as it is unneeded for current or future City functions (summer of 2012).

Both the EDA and City Council directed Staff to pursue the proposed partnership with Connexus Energy in the fall of 2012. However, a number of key development issues would need to be resolved before either the EDA or City Council were able to pledge their full support for a data center development. Major items included: a feasibility study (cost-benefit analysis) and Zoning/Comprehensive Plan Amendment for the Subject Property. The EDA and City Council were both interested in how the proposed data center use would fit in with surrounding properties.

### **Feasibility Study**

In early 2013, the EDA and City Council reviewed a feasibility study for the development of the Subject Property. Said study compared three general development scenarios: a single data center user, two data center users and a single family residential development. In summary, said study identified a data center development to be considerably more beneficial to the City than a single family residential development from a financial standpoint. The following sections of this case will discuss compatibility with surrounding properties from a land use perspective. Additionally, a data center development provided the City with a funding source for the City's new Fire Station #2. NOTE: Fire Station #2 is temporarily located on Subject Property. Attached to this case is the feasibility study.

Upon review of said feasibility study, Staff was directed to move forward with identifying a zoning solution for the Subject Property. Staff was directed to conduct an open house prior to formally bringing forward a zoning

amendment for the Subject Property; as the EDA and City Council were interested in feedback from surrounding property owners. This was an important step in determining any issues the neighborhood would have with a Zoning and Comprehensive Plan Amendment.

### Public Open House

On April 18, 2013 the City hosted an (“Open House”) regarding the future development of the Subject Property. Nearly 250 surrounding property owners were contacted via direct mailings.

Comments were received from Open House attendees as well as written and verbal comments received outside of the Open House. In total, the City received twenty-six (26) comments. Of those that responded, twenty-three (24) preferred the residential concept (92%) and three (2) preferred the data center (8%). A detailed analysis is included in the attached Power Point. Staff received a petition in opposition of a data center development, and in support of a residential development, from surrounding property owners on April 26. Said petition included 69 signatures and has not been reviewed or analyzed by Staff.

General common inquiries included, but were not limited to the use of the site as a school, park, or renovated Fire Station #2 in place. There were also multiple inquiries as to whether the data center could be sited elsewhere in the community. It should be noted that the Anoka-Hennepin School District does not currently have plans to develop the site as a school for the foreseeable future. The Parks and Recreation Commission has reviewed park needs for the area in the past, and has focused on safe pedestrian connections to other recreation areas in close proximity. The City continues to review future trail and safe pedestrian connection needs for the area.

For those opposed to the data center concept, common comments included concerns with decrease in property value, presence and view of data center being undesirable, compatibility with the character of surrounding properties, noise, and long term risk/potential re-use of the site.

For those accepting of a data center, common comments include traffic impacts for residential uses being undesirable as well as residential development reducing the privacy of surrounding property owners (hours of operation).

Attached to this case is extensive information attained through the public input process.

### Data Center Prospect Update

Over the past few months, Staff has received inquiries from national developers/builders, commercial real estate agents, Connexus Energy and the State of Minnesota regarding the development of the Subject Property for a data center user(s). Although Staff has not worked directly with a data center prospect, the market remains active and interest in the Subject Property remains significant.

### Observations:

Upon completion of the public open house in April, Staff analyzed input received from surrounding property owners and attempted to address common concerns raised in relation to the proposed data center development. The purpose of the information below is to (A) identify concerns that were raised; and, (B) attempt to provide the Council with a options to mitigate said concerns.

This information is broken down into two sections. The first section (open house) outlines specific concerns with specific mitigation options. The second section (revised feasibility and concept maps) includes updated analytical information based the mitigation options presented by Staff.

## **SECTION 1: OPEN HOUSE**

Concerns listed below were raised at the public Open House regarding the development of the Subject Property for a data center user(s).

### Noise

A number of residents raised concerns regarding the noise generators and air conditioning units would create.

Data centers do require significantly sized backup power generators. Additionally, data centers create a significant level of heat due to the extensive use of computer servers; therefore, significant use of air-conditioning units is required. Both types of equipment, generators and air conditioning units, do create noise pollution.

Noise pollution concerns can be resolved with proper land use regulations. For example, increased building setbacks, requiring enclosed/indoor storage of generators, requiring air conditioning units to be located at the center of building rooftops and establishing noise restrictions on the Subject Property.

For example, the Cities of Anoka and Chaska have noise decibel (dB) restrictions; 65Db and 55dB respectively. The City of Ramsey could consider adopting a noise decibel (dB) restriction on the Subject Property of 55dB. 55dB is often compared to office noise, normal conversation, living room in suburban area, typical business office, library, moderate sound and a quiet house. It should be noted that the City currently has dB restrictions within the existing City Code that are fairly close to the above samples. The City could choose to establish site-specific noise regulations through a number of tools.

It is important to note, generators will only be operational in situations where regular power supply is lost/threatened and during monthly testing. Generators are not run regularly.

### **Visual/Aesthetics**

A number of residents raised concerns regarding the “look” and “presence” of a data center facility. Further, it has been stated a data center building would be an "eye sore."

At full build out, a data center structure would be significantly sized when compared to surrounding single family residential structures. It is staff’s estimation the site could sustain a maximum 195,000 square foot building.

Visual/Aesthetic concerns can be mitigated through land use regulations. For example, the City could require larger building setbacks, dictate a maximum building height, require a high standard of building materials and mandate proper screening (e.g. landscaping, berming plantings, etc.). In addition, the City has the ability to establish architectural standards in addition to the above bulk standards to make the architecture more conducive of a residential surrounding.

It is important to note, the City can mitigate the visual/aesthetic effect of a data center development; however, it cannot not eliminate said concern.

### **Traffic**

A number of residents raised concerns regarding traffic. Some residents were concerned that busy employees would drive carelessly through surrounding neighborhoods and decrease safety.

At full build out, a data center development would have significantly lower traffic impact on surrounding properties than would a residential development. It is estimated a data center development would create 48 vehicle trips per day and a residential development create 470 trips per day (at full build out). It is proposed, a data center development would attain road access exclusively from Nowthen Boulevard; and that a residential development would attain road access to Helium Street.

The City did receive a response from the Anoka County Highway Department on the preliminary sketches. Anoka County's response was that they desire to eliminate the access onto Nowthen Boulevard, as the current alignment interferes with future turn lanes and restricted turn movements.

### **Spot Zoning**

Several residents indicated using the Subject Property for a data center would be considered “spot zoning.” NOTE: “spot zoning” is not addressed in State Statute; it is a part of case law and planning literature. Therefore, even if the City were “spot zoning” it is not explicitly illegal (based on State Statute).

Staff had a chance to review the Subject Property with the League of Minnesota Cities, the City’s Planning Division, and the City Attorney. Considering the follow factors, Staff does not believe the City is in violation of

"Spot zoning": large size of the Subject property, the City is using the property for a rational use, there is a public purpose for developing the Subject Property, the previous/anticipated use of the subject property was for either a school/municipal center complex and the City would enforce strict land use regulations to ensure a data center use would transition/be compatible with surrounding properties.

### **Property Values**

Nearly all residents indicated the establishment of a data center development would reduce the value of their homes; and therefore is undesirable.

It is possible the establishment of a data center development could reduce the value of surrounding properties. However, it is also possible the establishment of a data center development could sustain or even increase the value of surrounding properties; depending on the quality of the project and the required screening/land use regulations (when compared to the alternative). This item is subjective.

Staff had a chance to review the Subject Property with the League of Minnesota Cities and the City Attorney. Most case law indicates this conclusion is subjective and unclear.

Staff would recommend the City update their comprehensive plan to reflect the desired zoning before moving forward with either development scenario (residential or data center). This was already contemplated by the Planning Division as part of the Zoning Amendment and Open House process, although not expressly stated.

### **Risk/Market Failure**

A number of residents are concerned that a data center development will eventually fail; and that another type of user would eventually take over. Said user may not work well with surrounding properties.

Like any business, the risk of a data center development failing is real. The City does not have the ability to mitigate this risk. However, in the event a data center user failed, the City does have the ability to regulate the next user. It is likely, an office type reuse would fit in best with surrounding properties. The City has the ability to control the use of the Subject Property through land use regulations; in this case, a Planned Unit Development (PUD) or an Overlay District. A PUD would be the preferred tool if a specific user and site plan were identified. An Overlay District would be the preferred tool if a specific user or site plan was not identified, but the City chose to move forward with the *Shovel-Ready* Certification.

### **Use of Subject Property for a Park**

Several residents indicated the City should develop the entire Subject Property into a park.

Over the course of the last decade, as new single family homes and town-home developments have been platted near the Subject Property, the Park and Recreation Commission has examined the need for recreational amenities and associated trail connections. Finding that there is adequate recreation and open space in the larger vicinity of the former Municipal Center, the City has focused on trail development; and, this part of Ramsey now has the most comprehensive trail and connected trail system within the entire City.

A summary of park amenities nearby the Subject Property includes the two community parks of Elmcrest and Alpine; and play equipment at Alpine, Woodland Green, Solstice and the school. Athletic fields at Alpine, Elmcrest, the school, Solstice, Woodland Green and Bear Park. Open space at all of the above, plus Sunfish Lake Park and the scout camp as well as other city-owned lands. In addition to the common recreational amenities at these parks, at Alpine there is a concrete skate park, free canoes and kayaks at Sunfish Lake, and ice skating and a warming house at the 60-acre Ramsey Elementary immediately west of the former Municipal Center.

### **Better Locations**

Residents at the public open house indicated there are "better locations" for a data center in Ramsey; and that the Subject Property should not be considered.

Considering the requirements of a data center development, the Subject Property is the only substantial available site in the City of Ramsey. Requirements include: redundant fiber, redundant electricity, city utilities, minimum

distance from city services, minimum distance from train tracks, minimum distance from a river, minimum distance from an electrical substation and a substantially sized site.

### **Anoka Hennepen School District Use**

Several residents indicated the Subject Property should be used for an Anoka Hennepen School District school campus. Staff made contact with the School District and has received word their organization is not interested in the Subject Property now or into the foreseeable future.

## **SECTION 2: REVISED FEASIBILITY STUDY/CONCEPTS**

As a result of the public input process, staff made a number of revisions to the proposed data center development scenarios as follows:

### **Building setbacks**

Building setbacks are proposed to be increased from 125' to 200'; which is over three times the distance normally required by City Zoning Code. Increased building setbacks help mitigate noise, safety, visual/aesthetics and compatibility concerns.

### **Placement of generators and air conditioning units**

It is proposed all generators be enclosed or placed within a data center facility. It is also proposed air conditioning units be enclosed or located at the center of data center facility roof tops. Proper location of generators and air conditioning units help mitigate noise and visual/aesthetics concerns.

### **Establish 55dB noise regulations**

It is proposed the City establish noise regulations making 55dB the maximum decibel of noise allowed from the Subject Property (similar to Chaska). Noise regulations help mitigate noise concerns.

### **Provide public open space**

It is proposed the City utilize land located in the northeast corner of the Subject Property as public open space. Various options exist for utilization of the proposed open space. Public open space mitigates safety and compatibility concerns.

### **Other Updates**

Staff was able to attain updated employment estimations and parking requirements for a data center development. In both cases data center needs are less than previously stated. It is estimated 6-12 employees would work at a data center; and that an estimated 60 parking stalls would be required. Reduction of employment numbers mitigates traffic and safety concerns.

### **Updated Feasibility Study & Concept Maps**

As a result of revisions to the site map concepts (reviewed above), and a recent market value appraisal for the Subject Property, Staff made a number of revisions to the feasibility study for the development of the Subject Property.

In summary, results of the revised feasibility study are similar to the the original feasibility study: a data center development is significantly more beneficial to the City (financially) than a residential development. Estimated City tax revenues from a data center development range from \$213,108 to \$202,503 annually; whereas, a residential development is estimated to produce \$28,263 annually. Other taxing jurisdictions would also benefit proportionately. The estimated market value of the Subject Property was slightly reduced for data center scenarios (\$1,350,000 to \$1,275,000); and the estimated market value of the Subject Property for a residential development was drastically reduced (\$1,350,000 to \$650,000).

Attached to this case are the original and revised site concept maps and feasibility studies.

### **EDA Input**

On May 16 the EDA reviewed information collected from the April public input meeting and the revised (mitigated) site plan concepts and feasibility study. The EDA had the following comments to provide the City Council:

- Considering the mitigated data center site plan, the EDA is in favor of pursuing a zoning amendment to allow for a data center user.
- The mitigated site plan is a compromise with surrounding property owners; it addresses most concerns raised during the public input process.
- The EDA believes the data center concept is in line with Council and EDA goals.
- The EDA would like to remain transparent and open with surrounding property owners. The EDA would like a mailing sent to surrounding property owners before the City Council directs Staff (and the Planning Commission) to either move forward/not move forward with a zoning amendment; said letter would be an invite to submit comments and attend said Council meeting.
- The EDA would like a webpage set up for this project.
- The EDA is also in favor of the residential site plan concept; and would be in favor of pursuing zoning to allow for said use. However, the EDA would recommend the City pursue a data center user first.
- In general, the EDA is not interested in a nonprofit entity utilizing the subject property. However, if the data center and residential concepts do not gain traction, they would be willing to consider.
- Considering the data center concept, the City Council should strongly consider the proposed open space; as it would be very important to surrounding property owners.
- *One* EDA member was opposed to moving forward with a data center development.
- *One* EDA member indicated it would be wrong to push something through given the current level of opposition. Said member later indicated the mitigated data center site plan was sufficient.

Funding Source:

NA

Staff Recommendation:

*NO ACTION -- Receive Information Only*

*Action will be requested at the 06/11/2013 regular City Council meeting. The public will be notified of said meeting; Staff expects a strong attendance.*

Action:

*NO ACTION -- Receive Information Only*

*Action will be requested at the 06/11/2013 regular City Council meeting. The public will be notified of said meeting; Staff expects a strong attendance.*

---

#### Attachments

[OLD Concept Maps](#)

[NEW Concept Maps](#)

[OLD Feasibility Study](#)

[NEW Feasibility Study](#)

[Site Location Map](#)

[REF MAP](#)

[Public Open House Invite Letter](#)

[Public Open House Petition](#)

[Public Open House Attendees Maps All](#)

[Public Open House Phone Calls and Emails Received](#)

TIMELINE

Example Data Centers (Building Set Backs)

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Form Review

| <b>Inbox</b>                    | <b>Reviewed By</b> | <b>Date</b>            |
|---------------------------------|--------------------|------------------------|
| Tim Gladhill                    | Tim Gladhill       | 05/23/2013 06:54 AM    |
| Kurt Ulrich                     | Kurt Ulrich        | 05/23/2013 03:25 PM    |
| Patrick Brama                   | Patrick Brama      | 05/23/2013 03:29 PM    |
| Kurt Ulrich                     | Kurt Ulrich        | 05/23/2013 04:24 PM    |
| Form Started By: Patrick Brama  |                    | Started On: 05/22/2013 |
| Final Approval Date: 05/23/2013 |                    |                        |

















## Cost/Benefit: Annual Cash Flow

|   | <b>Concept 1</b><br><i>One Data Center User</i> |                      | <b>Concept 2</b><br><i>Two Data Center Users</i> |                      | <b>Concept 3</b><br><i>Sing. Fam. Resd. Devel.</i> |                     |
|---|---|----------------------|--|----------------------|--|---------------------|
| <b>VALUATION (market value)</b>                           |   |                      |  |                      |  |                     |
| Data Center Building(s):                                  |   |                      |  |                      |  |                     |
| Square Feet   | \$  | 250,000.00           | \$   | 200,000.00           |  |                     |
| Valuation (per sq ft)                                     | \$  | 120.00               | \$   | 120.00               | \$   | 30,000.00           |
| Total Building Valuation                                  | \$  | 30,000,000.00        | \$   | 24,000,000.00        | \$   | 153,153.00          |
| Land:   |   |                      |  |                      | \$   | 183,153.00          |
| Northern Parcel   | \$  | 810,300.00           | \$   | 810,300.00           | \$   | (20,750.00)         |
| Southern Parcel   | \$  | 540,000.00           | \$   | 540,000.00           | \$   | 162,403.00          |
| Total Land Valuation                                      | \$  | 1,350,300.00         | \$   | 1,350,300.00         |  |                     |
| <b>VALUATION (market value)</b>                           | <b>\$</b>                                       | <b>31,350,300.00</b> | <b>\$</b>  | <b>25,350,300.00</b> | <b>\$</b>  | <b>7,632,941.00</b> |
| <b>REVENUE (taxes/city only)</b>                          |   |                      |  |                      |  |                     |
| Tax Capacity Rate (commercial)                            |   |                      |  |                      |  | 1.00%               |
| First \$150,000   |   | 1.50%                |  | 1.50%                |  |                     |
| Sub total   | \$  | 2,250.00             | \$   | 2,250.00             | \$   | 76,329.41           |
| After \$150,000   |   | 2.00%                |  | 2.00%                |  | 44.19%              |
| Sub total   | \$  | 624,006.00           | \$   | 504,006.00           |  |                     |
| Total Tax Capacity  | \$  | 626,256.00           | \$   | 506,256.00           |  |                     |
| Tax Rate (Ramsey Only)                                    |   | 44.19%               |  | 44.19%               |  |                     |
| <b>REVENUE (taxes/city only)</b>                          | <b>\$</b>                                       | <b>276,742.53</b>    | <b>\$</b>  | <b>223,714.53</b>    | <b>\$</b>  | <b>33,729.97</b>    |
| <b>EXPENSES (&gt; residential development)</b>            |   |                      |  |                      |  |                     |
| Operating Expenses  | \$  | -                    | \$   | -                    | \$   | 1,000.00            |
| Snow Removal  | \$  | -                    | \$   | -                    | \$   | 383.00              |
| Street Sweeping   | \$  | -                    | \$   | -                    | \$   | 883.00              |
| Seal Coating (\$10,600/12yr)                              | \$  | -                    | \$   | -                    | \$   | 3,200.00            |
| Future Overlay (\$64,000/20yr)                            | \$  | -                    | \$   | -                    | \$   | 5,466.00            |
| Annual Operating Expenses                                 | \$  | -                    | \$   | -                    | \$   |                     |
| Increased Demand for Services (> residential development) |   |                      |  |                      |  |                     |
| Police  | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Fire  | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Other   | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Services Subtotal   | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| <b>EXPENSES (&gt; residential development)</b>            | <b>\$</b>                                       | <b>-</b>             | <b>\$</b>  | <b>-</b>             | <b>\$</b>  | <b>5,466.00</b>     |
| <b>NET ANNUAL CASH FLOW (City)</b>                        | <b>\$</b>                                       | <b>276,742.53</b>    | <b>\$</b>  | <b>223,714.53</b>    | <b>\$</b>  | <b>28,263.97</b>    |

\*Important Note: Commercial & Industrial taxes are effected by a program known as "fiscal disparities." This program takes a portion of taxes collected from each property in the metro, and places them into one pot. Then, said monies are redistributed by the State based on a complex formula. Ramsey typically is a beneficiary of this program. Therefore, the revenue number listed in the above estimate can change, depending on how the fiscal disparity number comes out. However, it is very likely Ramsey would receive the provided tax revenue number.

## Cost/Benefit: Land

|                                   | <b>Concept 1</b><br><i>One Data Center User</i> |              | <b>Concept 2</b><br><i>Two Data Center Users</i> |              | <b>Concept 3</b><br><i>Sing. Fam. Resd. Devel.</i> |              |
|-----------------------------------|---|--------------|--|--------------|--|--------------|
| <b>Land Proceeds</b>              |   |              |  |              |  |              |
| Land Value                        | \$  | 1,350,300.00 | \$   | 1,350,300.00 | \$   | 1,350,300.00 |
| Expected Sale Price               | \$  | -            | \$   | -            | \$   | 1,000,000.00 |
| Total Land Proceeds               | \$  | -            | \$   | -            | \$   | 1,000,000.00 |
| <b>Expenses</b>                   |   |              |  |              |  |              |
| Business Subsidy, Land Write Down |   |              |  |              |  |              |
| Total Value of Subsidy            | \$  | 1,350,300.00 | \$   | 1,350,300.00 | \$   | -            |
| Annual Pay Back Capacity          | \$  | 276,742.53   | \$   | 223,714.53   | \$   | -            |
| Pay Back Period (years)           |   | 4.88         |  | 6.04         | \$   | -            |

\*\*Given the state of the market, it would be challenging to sell this property for a residential development. If the City could, it is very likely a developer would take the land down in portions (not all at once). Lastly, it is likely the City would not get an offer at the appraised value of this property.

## Cost/Benefit: Annual Cash Flow

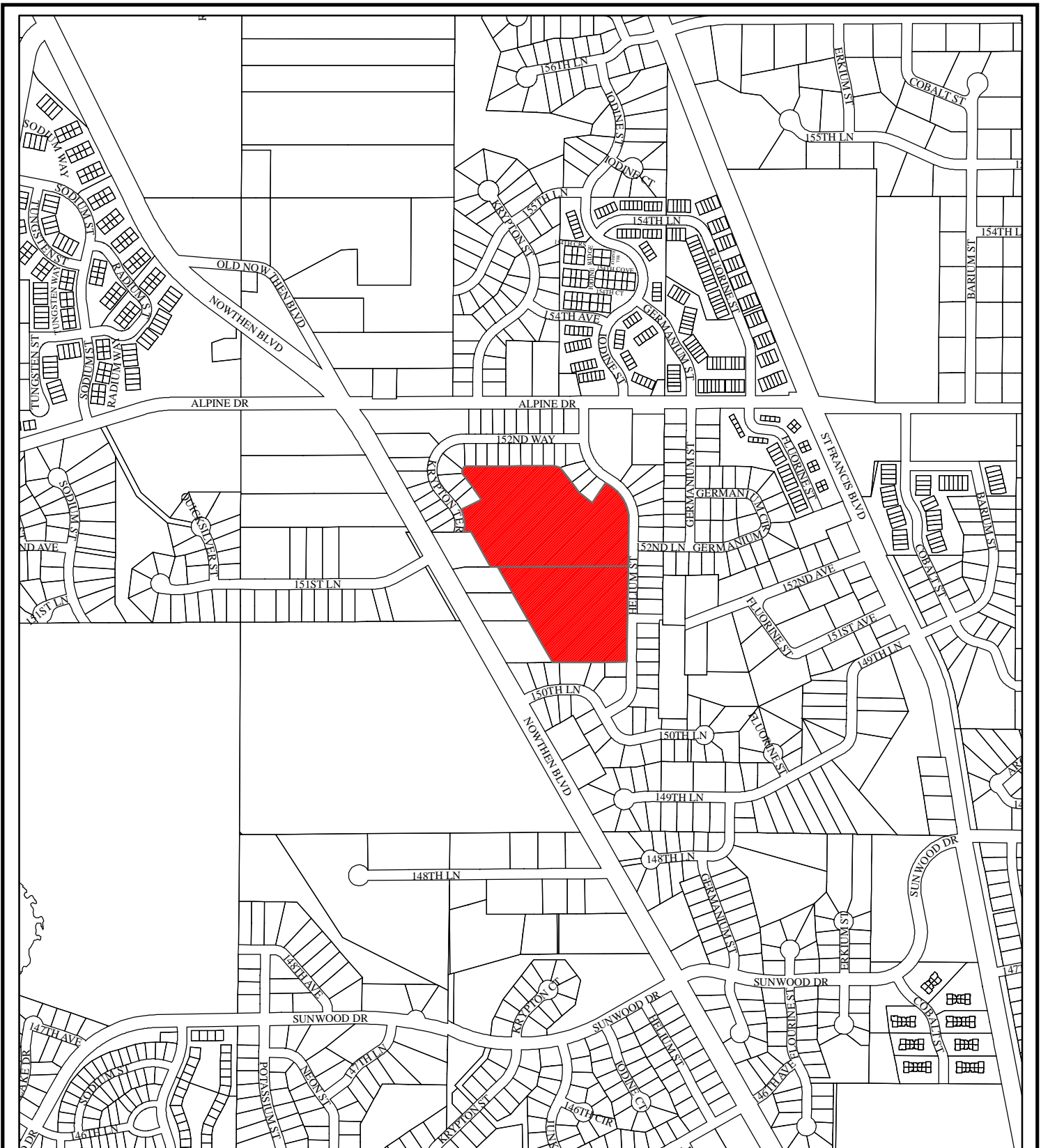
|   | <b>Concept 1</b><br><i>One Data Center User</i> |                      | <b>Concept 2</b><br><i>Two Data Center Users</i> |                      | <b>Concept 3</b><br><i>Sing. Fam. Resd. Devel.</i> |                     |
|---|---|----------------------|--|----------------------|--|---------------------|
| <b>VALUATION (market value)</b>                           |   |                      |  |                      |  |                     |
| Data Center Building(s):                                  |   |                      |  |                      |  |                     |
| Square Feet   | \$  | 190,000.00           | \$   | 180,000.00           |  |                     |
| Valuation (per sq ft)                                     | \$  | 120.00               | \$   | 120.00               | \$   | 30,000.00           |
| Total Building Valuation                                  | \$  | 22,800,000.00        | \$   | 21,600,000.00        | \$   | 153,153.00          |
| Average Valuation, before MVE                             |   |                      |  |                      | \$   | 183,153.00          |
| (Market Value Exclusion)                                  |   |                      |  |                      | \$   | (20,750.00)         |
| Average Valuation, after MVE                              |   |                      |  |                      | \$   | 162,403.00          |
| Land:   |   |                      |  |                      |  |                     |
| Northern Parcel   | \$  | 810,300.00           | \$   | 810,300.00           |  |                     |
| Southern Parcel   | \$  | 540,000.00           | \$   | 540,000.00           |  |                     |
| Total Land Valuation                                      | \$  | 1,350,300.00         | \$   | 1,350,300.00         |  |                     |
| <b>VALUATION (market value)</b>                           | <b>\$</b>                                       | <b>24,150,300.00</b> | <b>\$</b>  | <b>22,950,300.00</b> | <b>\$</b>  | <b>7,632,941.00</b> |
| <b>REVENUE (taxes/city only)</b>                          |   |                      |  |                      |  |                     |
| Tax Capacity Rate (commercial)                            |   |                      |  |                      |  | 1.00%               |
| First \$150,000   |   | 1.50%                |  | 1.50%                |  |                     |
| Sub total   | \$  | 2,250.00             | \$   | 2,250.00             | \$   | 76,329.41           |
| After \$150,000   |   | 2.00%                |  | 2.00%                |  |                     |
| Sub total   | \$  | 480,006.00           | \$   | 456,006.00           |  |                     |
| Total Tax Capacity  | \$  | 482,256.00           | \$   | 458,256.00           |  |                     |
| Tax Rate (Ramsey Only)                                    |   | 44.19%               |  | 44.19%               |  | 44.19%              |
| <b>NOTE: Estimate Does Not Include:</b>                   |   |                      |  |                      |  |                     |
| Anoka County  |   | 45.45%               |  | 45.45%               |  | 45.45%              |
| Anoka Hennipen ISD 11                                     |   | 26.75%               |  | 26.75%               |  | 26.75%              |
| Special Taxing Districts                                  |   | 4.15%                |  | 4.15%                |  | 4.15%               |
| Minnesota   |   | 53.00%               |  | 53.00%               |  | 53.00%              |
| Fiscal Disparaties (bottom of page*)                      |   | NA                   |  | NA                   |  | NA                  |
| <b>Estimated Total Tax Revenue</b>                        | <b>\$836,907.06</b>                             |                      | <b>\$795,257.46</b>                              |                      | <b>\$92,013.58</b>                                 |                     |
| <b>REVENUE (taxes/city only)</b>                          | <b>\$</b>                                       | <b>213,108.93</b>    | <b>\$</b>  | <b>202,503.33</b>    | <b>\$</b>  | <b>33,729.97</b>    |
| <b>EXPENSES (&gt; residential development)</b>            |   |                      |  |                      |  |                     |
| Operating Expenses  | \$  | -                    | \$   | -                    |  |                     |
| Snow Removal  | \$  | -                    | \$   | -                    | \$   | 1,000.00            |
| Street Sweeping   | \$  | -                    | \$   | -                    | \$   | 383.00              |
| Seal Coating (\$10,600/12yr)                              | \$  | -                    | \$   | -                    | \$   | 883.00              |
| Future Overlay (\$64,000/20yr)                            | \$  | -                    | \$   | -                    | \$   | 3,200.00            |
| Annual Operating Expenses                                 | \$  | -                    | \$   | -                    | \$   | 5,466.00            |
| Increased Demand for Services (> residential development) |   |                      |  |                      |  |                     |
| Police  | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Fire  | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Other   | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| Services Subtotal   | \$  | -                    | \$   | -                    |  | NA, likely higher   |
| <b>EXPENSES (&gt; residential development)</b>            | <b>\$</b>                                       | <b>-</b>             | <b>\$</b>  | <b>-</b>             | <b>\$</b>  | <b>5,466.00</b>     |
| <b>NET ANNUAL CASH FLOW (City)</b>                        | <b>\$</b>                                       | <b>213,108.93</b>    | <b>\$</b>  | <b>202,503.33</b>    | <b>\$</b>  | <b>28,263.97</b>    |

\*Important Note: Commercial & Industrial taxes are effected by a program known as "fiscal disparities." This program takes a portion of taxes collected from each property in the metro, and places them into one pot. Then, said monies are redistributed by the State based on a complex formula. Ramsey typically is a beneficiary of this program. Therefore, the revenue number listed in the above estimate can change, depending on how the fiscal disparity number comes out. However, it is very likely Ramsey would receive the provided tax revenue number.

## Cost/Benefit: Land

|                                   | <b>Concept 1</b><br><i>One Data Center User</i> |              | <b>Concept 2</b><br><i>Two Data Center Users</i> |              | <b>Concept 3</b><br><i>Sing. Fam. Resd. Devel.</i> |                   |
|-----------------------------------|---|--------------|--|--------------|--|-------------------|
| <b>Land Proceeds</b>              |   |              |  |              |  |                   |
| Land Value                        | \$  | 1,275,000.00 | \$   | 1,275,000.00 | \$   | 650,000.00        |
| Expected Sale Price               | \$  | -            | \$   | -            | \$   | 650,000.00        |
| Total Land Proceeds               | <b>\$</b>                                       | <b>-</b>     | <b>\$</b>  | <b>-</b>     | <b>\$</b>  | <b>650,000.00</b> |
| <b>Expenses</b>                   |   |              |  |              |  |                   |
| Business Subsidy, Land Write Down |   |              |  |              |  |                   |
| Total Value of Subsidy            | \$  | 1,275,000.00 | \$   | 1,275,000.00 | \$   | -                 |
| Annual Pay Back Capacity          | \$  | 213,108.93   | \$   | 202,503.33   | \$   | -                 |
| Pay Back Period (years)           |   | <b>5.98</b>  |  | <b>6.30</b>  | \$   | -                 |

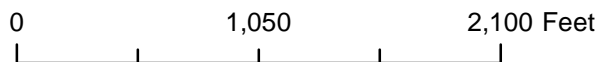
\*\*Given the state of the market, it would be challenging to sell this property for a residential development. If the City could, it is very likely a developer would take the land down in portions (not all at once). Lastly, it is likely the City would not get an offer at the appraised value of this property.



15153 Nowthen Blvd. NW

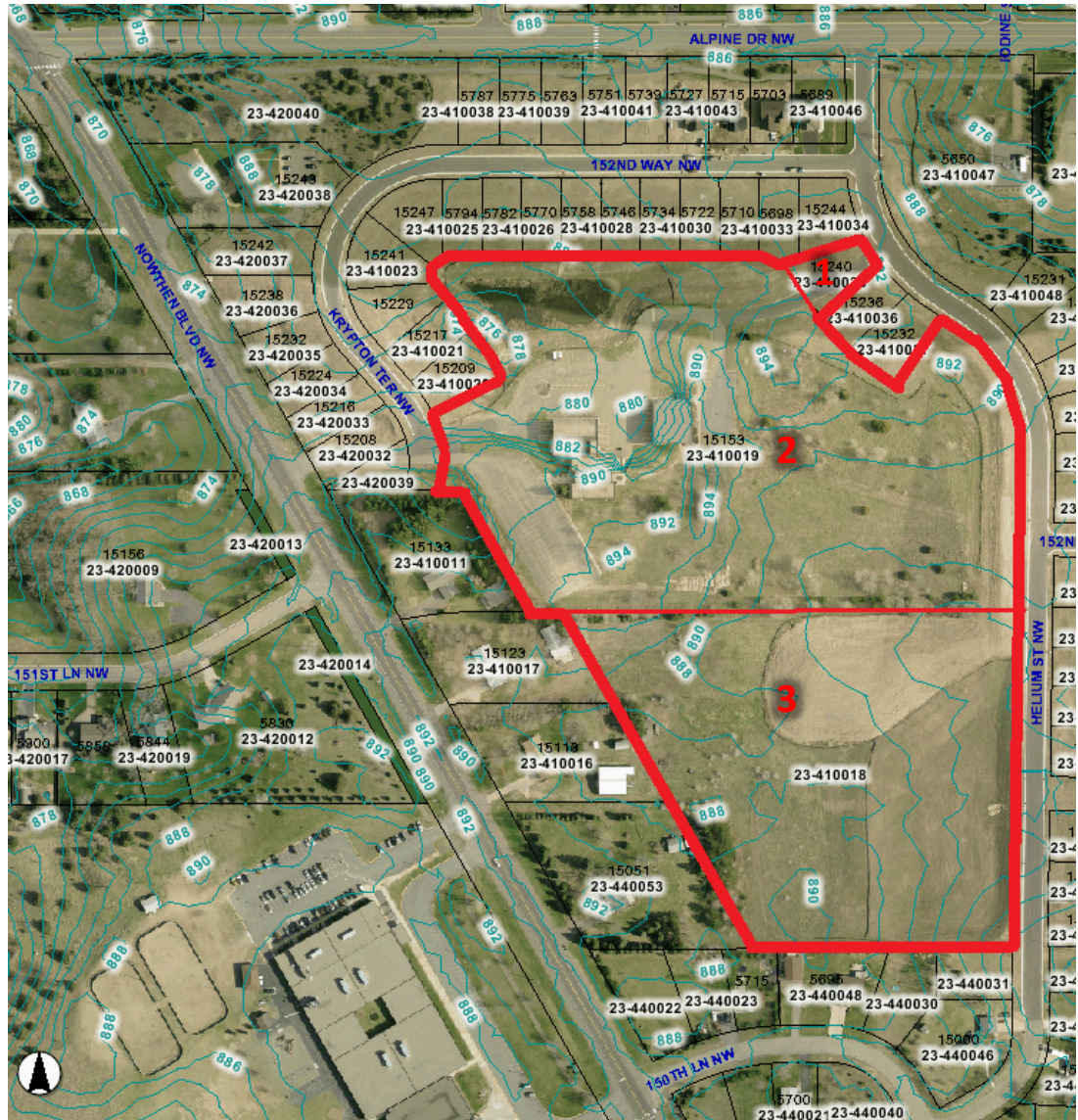
**Legend**

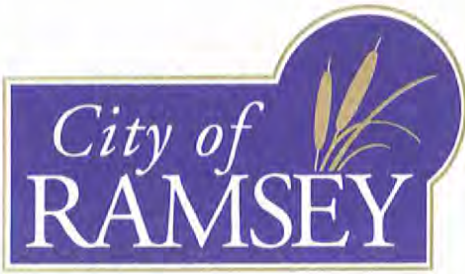
- Site
- Parcels



# PROPERTY PROFILE: CITY OF RAMSEY

**NUMBER:** 06  
**ADDRESS:** 15240 HELIUM ST NW, 15153 NOWTHEN BLVD NW, NA  
**PID:** 233225410035, 233225410019, 233225410018 (Three separate parcels—listed from the top down).  
**LEGAL:** Lots 4, 5, 21, Block 1, Meadow, Anoka County, Minnesota  
**ACRES:** 20.86  
**VALUATION:** \$1,501,769  
**ZONING:** Public/Quasi Public and PUD (Planned Unit Development)  
**MUSA:** Yes  
**GIS IMAGE:**





7550 Sunwood Drive NW • Ramsey, Minnesota 55303  
City Hall: 763-427-1410 • Fax: 763-427-5543  
www.cityoframsey.com

March 27, 2013

Name, Name  
Address  
City, MN

Resident Name:

You are being contacted regarding the property known as the *Former Municipal Center Complex* described below and outlined in the enclosed reference map. The City is in the process of considering the future development of the Subject Property; and would like to invite you to attend an open house to discuss this potential development.

*Old Municipal Center Complex:* (the "Subject Property"): 15153 Nowthen Boulevard, two parcels, PID 23-32-25-41-0019 and 23-32-25-41-0018, 21.28 acres, City of Ramsey ownership.

## **BACKGROUND**

The City of Ramsey completed a municipal owned land inventory exercise in in early 2012. The purpose of this exercise was to identify a list of surplus City owned properties which are no longer needed for current or future City functions. The City reviews said list of surplus properties for consideration of sale. The ultimate goal of this process is to reduce the number tax exempt properties in the City of Ramsey.

The Subject Property was identified as unneeded for current and future City functions; and therefore has been determined as surplus City owned land. The Subject Property is currently zoned Public/Quasi Public.

City offices moved from the Subject Property in 2006. Today, the City's Fire Station #2 is temporarily located on the Subject Property. The size of the Subject Property and the layout/condition of existing buildings are inadequate (or excessive) for the operations of Fire Station #2. The City is planning to construct a new, smaller, Fire Station #2 northeast of the Subject Property on the south side of Alpine Drive.

## **BACKGROUND Q&A**

### **TABLE 1**

**(Q1)** Why does the City want to reduce the number of exempt properties?

**(A1)** Reducing the quantity of tax exempt properties within the City increases the overall tax base; which reduces the tax burden on individual property owners.

**(Q2)** Why does the City want to sell and develop this particular property?

**(A2)** In addition to answer above, the City is in need of a new fire station. The sale of this property may provide a funding source for a new fire station; and will reduce the impact of a new fire station on individual tax payers.

The Subject Property is no longer needed for public works, public safety, administrative facilities, drainage and utilities, public right of way, parks/trails, etc.

## DEVELOPMENT SCENARIOS

Generally, three options have been considered for the future development of the Subject Property. Please reference the attached development scenarios.

1. **Public Use** (*Public Quasi/Public Zoning District*)

Public use includes parks, trails, facilities, right-of-way, schools, wetlands, etc. The Subject Property is unneeded for any public use now or in the foreseeable future. As indicated, the Subject property has been identified as surplus City owned land.

2. **Single Family Residential** (*R1 MUSA Zoning District*)

Considering the existing parcels surrounding the Subject Property, one option for future development is single family residential. It is estimated the Subject Property could sustain forty-seven (47) single family homes. Said development would require an estimated 1,920 lineal feet of public roadway. The City could also consider a higher density residential development if desired.

3. **Quiet Industrial Development** (*Overlay District*)

Considering surrounding land uses, the Subject Property would be unfit for high traffic or high noise producing retail, commercial or industrial uses. With that in mind, the Subject Property may be fit for a quiet, low traffic, targeted industrial user.

In particular, the City is targeting a *data center development* for the Subject Property. Please see Table 2 for background information on data centers.

The Subject Property could sustain, at a maximum, one (1) 250,000 square foot or two (2) 100,000 square foot data center buildings.

In order to protect surrounding property owners from undesired users (i.e. high traffic, loud or significant noise pollution), the City is proposing a zoning tool known as an Overlay District for the Subject Property.

### OVERLAY DISTRICT

An overlay district is a zoning tool that allows the City to address land use and design standards unique to a particular geographic area, while protecting the compatibility of the surrounding area. Unlike standard zoning districts, an overlay district also allows the City to develop a customized set of land use standards and regulations. For example, larger building and parking lot setbacks from property lines than what is normally required. Or, noise, traffic and light pollution standards.

#### DATA CENTER DEVELOPMENT Q&A TABLE 2

(Q1) What is a data center development?

(A1) A data center is a form of warehouse that is used for the storage of computer servers. In other words, a large building containing a vast number of computers.

(Q2) What product/service does a data center provide customers?

(A2) Computer memory space accessible via the internet. Most major corporations store data (known as computer files) on computer servers; which are often times located in data centers.

(Q3) What does a data center look like?

(A3) Attached are some examples. In general, a data center looks similar to an industrial warehouse.

Considering Ramsey zoning standards, a data center would likely look similar to newer buildings located in Ramsey's industrial parks. For example, Anderson Dahlen, Diamond Graphics and MultiSource

(Q4) In comparison to a residential development, how will a data center development effect my home and my lifestyle?

(A4) Please see the attached development scenarios comparison chart.

Finally, and overlay district allows the City to establish appropriate screening and transition requirements.

Considering the parcels surrounding the Subject Property are single family residential, the City is committed to developing a set of zoning standards that best fit neighboring properties.

### **MOVING FORWARD**

In order for any development scenario to move forward, zoning on the Subject Property would need to be altered from its existing designation (Public Quasi/Public) to allow for a new use. The Planning Commission and City Council would like your feedback and input regarding the proposed Residential and Data Center Development scenarios. Additionally, the City would like to provide you with time to ask questions and request information to ensure you are informed.

It is important to note, today, the City is considering a data center development for the Subject Property. However, your input and feedback is needed before the City moves forward.

The following options exist for you to provide input, ask questions and gather additional information:

- **Neighborhood Open House**  
On April 18, 2013 the City will be hosting an open house regarding the proposed development scenarios. The open house will be located at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Council Chambers, 6:00 p.m-9:00 p.m. This is an opportunity to meet with various City Staff, to view illustrations and figures, to ask questions and gather additional information.
- **Contact the City Outside of Open House**  
If you cannot make the open house, the City is still interested in your input and would welcome your comments. If you are interested in setting up a meeting, sending an email/letter or having a phone conversation, please contact Patrick Brama, [pbrama@ci.ramsey.mn.us](mailto:pbrama@ci.ramsey.mn.us), 763-433-9903.

The City appreciates your time, input and consideration regarding this manner.

Best regards,



Patrick J. Brama

Assistant to the City Administrator, City of Ramsey

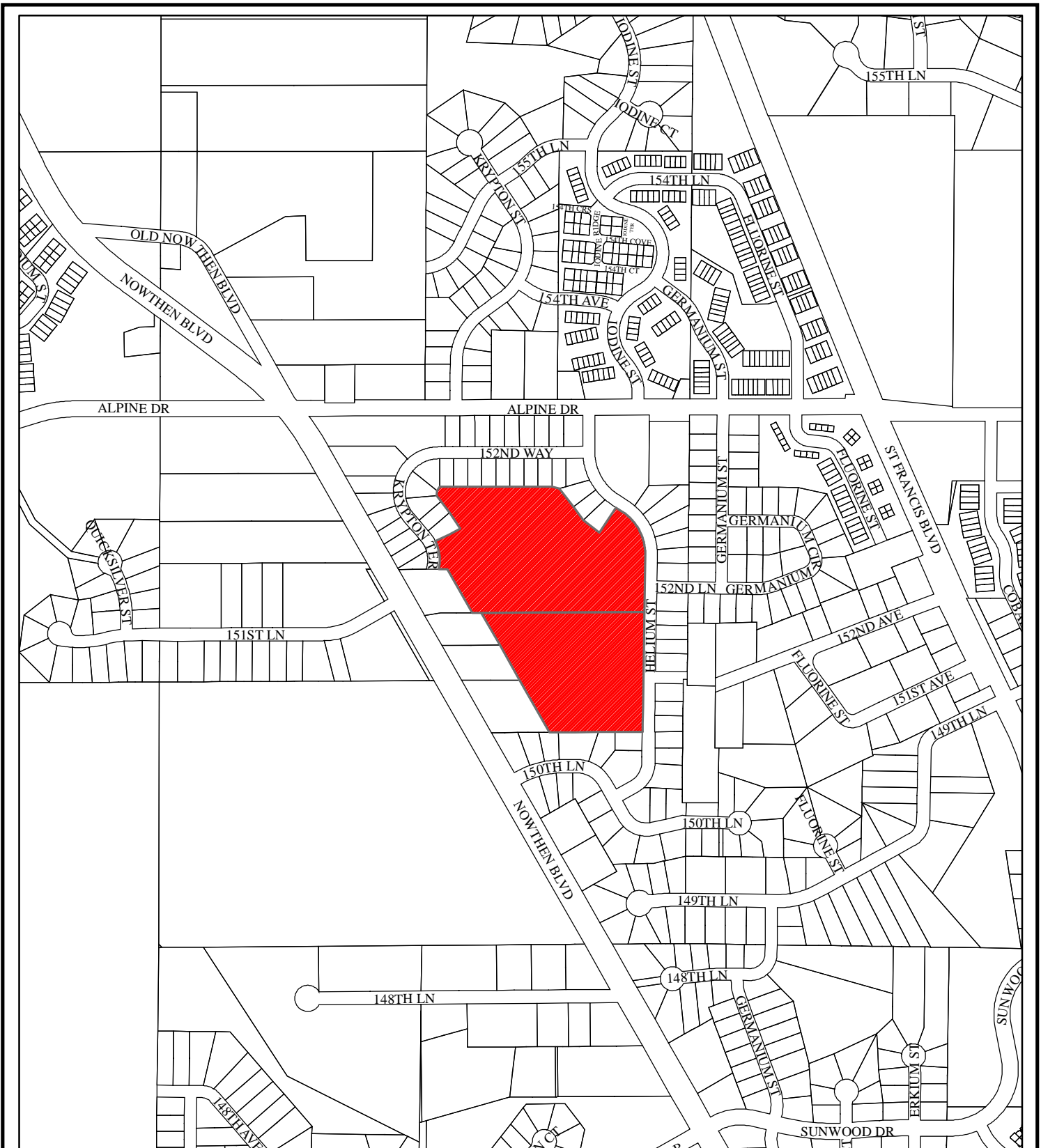
OFFICE: (763) 433-9903 EMAIL: [pbrama@ci.ramsey.mn.us](mailto:pbrama@ci.ramsey.mn.us)

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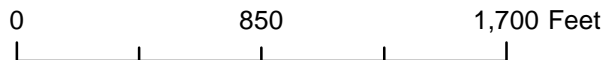
Enclosures (5)



Data Center Parcels

Legend

-  Site
-  Parcels









## Development Scenarios Comparison Chart

*Information displayed below are unofficial estimations only.*

|  | Residential Development   | Data Center Development   |
|--|---|---|
| <b>Maximum Size</b>  | 47 Single Family Homes  | One (1) 250,000 square foot or two (2) 100,000 square foot buildings  |
| <b>Residential Population</b>  | Approximately 150 persons   | ---   |
| <b>Employees</b>   | ---   | 30-80 persons   |
| <b>Based on zoning, does this scenario fit the character of surrounding properties?</b>          | Best Fit.<br>Most compatible; and anticipated.  | Acceptable.<br>Partially compatible with appropriate transitions.   |
| <b>Traffic</b>   |   |   |
| <b>Primary entrance</b>  | Helium Street<br>(from Alpine, Krypton Terrace, 150 LN NW)  | Nowthen Boulevard, subject to approval of Anoka County  |
| <b>Road type</b>   | Public  | Private   |
| <b>Weekday traffic per day</b>   | Medium<br>(estimated 470)<br>based on 10 trips per household  | Medium<br>(estimated 240)<br>based on 60 employees  |
| <b>Weekend traffic per day</b>   | Medium  | Very Low  |
| <b>Minimum Setbacks Distances (from your property line)</b>                                      | 10-30 feet  | 150 feet<br>(pending zoning amendment as proposed)  |
| <b>Screening or berming to block view of neighboring use.</b>                                    | ---   | Required<br>(vegetation and/or berming)   |
| <b>Noise and light pollution risk</b>  | <u>VARIABLE</u><br>Depends on individual property owners.   | <u>PRESENT</u><br>Data centers have backup generators and like any business, have security lights. City would require strict light and noise pollution standards to mitigate/ minimize effect on surrounding properties.  |
| <b>Effect on overall tax levy for the City; and ability to contribute to a new fire station.</b> | <u>MINOR</u><br>Provides an incomplete funding solution for a new fire station (15 year bond).  | <u>SIGNIFICANT</u><br>Provides a complete funding solution for a new fire station (15 year bond).   |
| <b>Market Failure Risk: development fails and a new user steps forward</b>                       | <u>LOW</u><br>If a single family residential development failed, that would mean a majority of buildable lots remain vacant. Given Ramsey's population growth trends and projections, it is unlikely a single family residential development would not succeed. | <u>SHORT TERM: LOW</u><br>There is a strong interest in the market today to use the subject property for a data center.<br><br><u>LONG TERM: UNKNOWN (FAIR)</u><br>Data centers, or this specific site, could conceivably become obsolete someday. Meaning, no market demand for a data center. In which case, the City would be requested to make this site compatible for a different user (office, warehouse, etc.). |

## Data Center Images (1 of 2)



Target Data Center, Brooklyn Park

Source: ReliableResources.com

Retrieved March 19, 2013 < <http://www.relres.com/case/59/target-technology-center> >



Target Data Center, Elk River

Source: Ryan Companies

Retrieved March 19, 2013 < <http://www.ryancompanies.com/projects/target-technology-center-ttce/> >

## Data Center Images (2 of 2)



Involta Data Center, Duluth

Source: Minnesota Power, An Allete Company

Retrieved March 19, 2013 < <http://mnpower.com/Company/EconomicDevelopment> >



United Health Group, Chaska

Source: Finance and Commerce

Retrieved March 19, 2013 < <http://finance-commerce.com/2012/11/after-the-election-businesses-may-still-get-some-love/> >

JoDell Seaman Dropped these off on 4-26-13 Callahan

**Petition to reject the City of Ramsey's plan to rezone the former Municipal Center Complex at 15153 Nowthen Blvd. and then sell the property and allow 1 or 2 Data Centers to be built on the property.**

|   |   |
|---|---|
| <p><b>Petition summary and background</b></p> | <p>The City of Ramsey notified several residents via mail on March 27, 2013 that they are considering a data center development for this property. This area is surrounded by single family homes. Data centers consume an enormous amount of energy. They generate a lot of heat requiring constant air conditioning, which in turn causes noise pollution. In addition they require constant energy supply- resorting to diesel powered generators in the event of power outage- thus increasing air pollution. Light pollution is also a concern due to the requirement of security lights. Traffic on County Road 5/Nowthen Blvd. will also increase with the addition of a data center(s). Traffic is already an issue on this road in front of the elementary school.</p> |
| <p><b>Action petitioned for</b></p>           | <p>Industrial buildings in a residential area lower property values. Homeowners do not want to lose value on their property.</p> <p>We, the undersigned, are concerned citizens who urge our leaders to act now to remove this development scenario from their plans. If this property must be developed we agree with the city's own statement in their comparison chart that residential development of 47 single family homes is the "best fit" and "most compatible."</p>   |

| Printed Name      | Signature | Address                     | Comment  | Date    |
|-------------------|-----------|-----------------------------|--|---------|
| Emily Woodward    |           | 15521 Basalt St NW Ramsey   | Need more parking                                | 4-22-13 |
| Craig Woodward    |           | 15521 Basalt St NW Ramsey   | No Energy Data Center                            | 4/22/13 |
| Ellen Butorac     |           | 14310 Tungsten St NW Ramsey | we do not need the traffic                       | 4/22/13 |
| JoDell Seaman     |           | 15131 Helium St NW Ramsey   | we don't need the traffic noise                  | 4-22-13 |
| Annette Grabowska |           | 15170 Oneida St NW Ramsey   | No Data Center<br>No Traffic, low Property value | 4-22-13 |
| Leigh Scarborough |           | 15170 Oneida St NW Ramsey   | No Data Center                                   | 4-22-13 |

| Printed Name        | Signature           | Address               | Comment  | Date      |
|---------------------|---------------------|-----------------------|--|-----------|
| Lois Bach           | Lois Bach           | 14801 Radium ST NW    |  | 4/22/13   |
| Frank DeMan         | Frank DeMan         | 18069 Helium St NW    |  | 4/22/13   |
| Dawn Rusled         | Dawn Rusled         | 15091 Helium St. NW   |  |           |
| hell Gieschele      | hell Gieschele      | 15247 Germania St NW  |  | 4/22/13   |
| Nicole Jansen       | Nicole Jansen       | 51031 140th AVE NW    | MORE PARKS!!<br>We do not need more traffic, Low, value down | 4/22/13   |
| Mitchell Belenovich | Mitchell Belenovich | 15121 Helium St. NW   |  | 4/22/13   |
| Kimberly Jacobs     | Kimberly Jacobs     | Works at Ramsey Elem. |  | 4/23/13   |
| Leslie Bure         | Leslie Bure         | 15201 Helium St NW    | Keep Residential   | 4/23/13   |
| Stew Bure           | Stew Bure           | 15201 Helium St. NW   | This is a neighborhood. Let's keep it that way!              | 4/23/13   |
| Stacey Cunningham   | Stacey Cunningham   | 15211 Helium St NW    | Keep Residential!  | 4/23/13   |
| Leah Van Gorp       | Leah Van Gorp       | 5689 152nd way NW     | Absolutely <u>no</u> data center                             | 4/24/13   |
| Andy Kilsyth        | Andy Kilsyth        | 15225 Helium St NW    |  | 4/25/13   |
| JENNIFER KUSNER     | JENNIFER KUSNER     | 15225 Helium St NW    | No Data Center! Parks <sup>not</sup> Residential             | 4/25/2013 |
| Tiffany Pearson     | Tiffany Pearson     | 5710 152nd Way NW     | NO!!! Property value!  | 4/25/13   |
| AIME LEAVELL        | AIME LEAVELL        | 5096 152nd way NW     | NO!!! Traffic  | 4/25/13   |
| DAVID WALTERS       | DAVID WALTERS       | 5763 152nd way NW     | NO PROP VALUE  |           |

703-218-8826

| Printed Name      | Signature                | Address                   | Comment | Date    |
|-------------------|--------------------------|---------------------------|---------|---------|
| SCOTT MERRILL     | <i>Scott Merrill</i>     | 5787 152 <sup>nd</sup> NW |         | 4/25    |
| Johnnie Jamkowski | <i>Johnnie Jamkowski</i> | 15209 Krypton Terrace NW  |         | 4/25/13 |
| Peter Jankowski   | <i>Peter Jankowski</i>   | 15209 Krypton Terrace NW  |         | 4/25/13 |
| Donna McLain      | <i>Donna McLain</i>      |                           |         | 4-25-13 |
| Jeff McLain       | <i>Jeff McLain</i>       | 15133 NORTHERN BLVD NW    |         | 4-25-13 |

Jeffery McLain  
 Chad Chapman  
 Diane Dalby  
 David Hickey  
 David Hickey  
 David Peterson  
 Amanda Peterson  
 Jennifer Nissen  
 Greg Nissen

15051 Northern Blvd  
 5435 152<sup>th</sup> St  
 5635 150<sup>th</sup> Lane NW  
 5590 150<sup>th</sup> St  
 5570 150<sup>th</sup> Lane NW  
 5600 150<sup>th</sup> Lane NW  
 5550 150<sup>th</sup> Lane NW  
 5550 150<sup>th</sup> Lane NW

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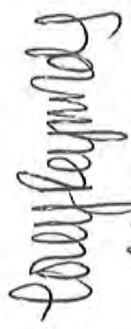

JoDee Saman Dropped these off on 4-26-13 Colleen Laaker 04-26-13

## Petition to reject the City of Ramsey's plan to rezone the former Municipal Center Complex at 15153 Nowthen Blvd. and then sell the property and allow 1 or 2 Data Centers to be built on the property.

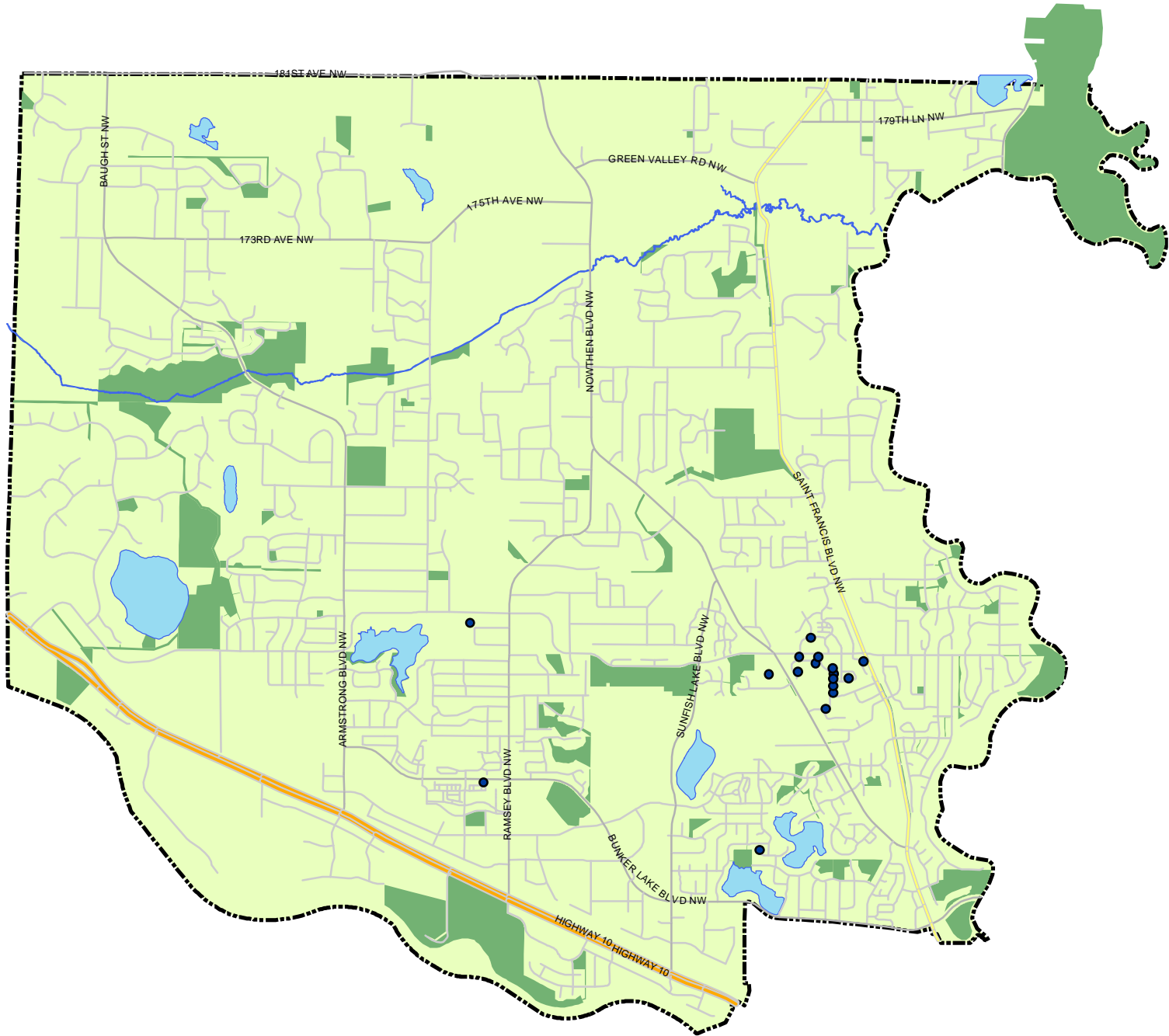
|  |  |
|--|--|
| <b>Petition summary and background</b> | <p>The City of Ramsey notified several residents via mail on March 27, 2013 that they are considering a data center development for this property. This area is surrounded by single family homes. Data centers consume an enormous amount of energy. They generate a lot of heat requiring constant air conditioning, which in turn causes noise pollution. In addition they require constant energy supply- resorting to diesel powered generators in the event of power outage- thus increasing air pollution. Light pollution is also a concern due to the requirement of security lights. Traffic on County Road 5/Nowthen Blvd. will also increase with the addition of a data center(s). Traffic is already an issue on this road in front of the elementary school.</p> <p>Industrial buildings in a residential area lower property values. Homeowners do not want to lose value on their property.</p> |
| <b>Action petitioned for</b>           | <p>We, the undersigned, are concerned citizens who urge our leaders to act now to remove this development scenario from their plans. If this property must be developed we agree with the city's own statement in their comparison chart that residential development of 47 single family homes is the "best fit" and "most compatible."</p>   |

| Printed Name    | Signature              | Address                                       | Comment  | Date    |
|-----------------|------------------------|---|--|---------|
| Michele Murphy  | <i>Michele Murphy</i>  | 15228 Germanium Cr. NW<br>Ramsey              | agree w/ above statement.<br>Not a good fit for area.                                    | 4/22/13 |
| Susan Trombicy  | <i>Susan Trombicy</i>  | 15143 Helium St. NW<br>Ramsey                 | agree with above state-<br>ment, the value of a 47<br>unit, of our properties is<br>good | 4/22/13 |
| Rick Helmsick   | <i>Rick Helmsick</i>   | 15224 Germanium Cr. NW<br>Ramsey              | I Agree  | 4/23/13 |
| Barbara Gaudier | <i>Barbara Gaudier</i> | 15337 Germanium Circle<br>Ramsey MN 55303     | I agree  | 4/23/13 |
| Melissa Hill    | <i>Melissa Hill</i>    | 15337 Germanium Circle NW<br>Ramsey, MN 55303 | I agree  | 4/23/13 |
| Brian Wilson    | <i>Brian Wilson</i>    | 15337 Germanium Cr. NW<br>Ramsey MN 55303     | I agree  | 4-23-13 |
| Melissa Hornell | <i>Melissa Hornell</i> | 15332 Germanium Circle NW<br>Ramsey MN 55303  | AGREE!   | 4-23-13 |
| Richard Myer    | <i>Richard Myer</i>    | 15123 Nowthen Blvd NW<br>Ramsey MN 55303      | Agree  | 4-24-13 |
| Sheryl Fischer  | <i>Sheryl Fischer</i>  | 15113 Nowthen Blvd<br>Ramsey MN 55303         | Agree  | 4/25/13 |

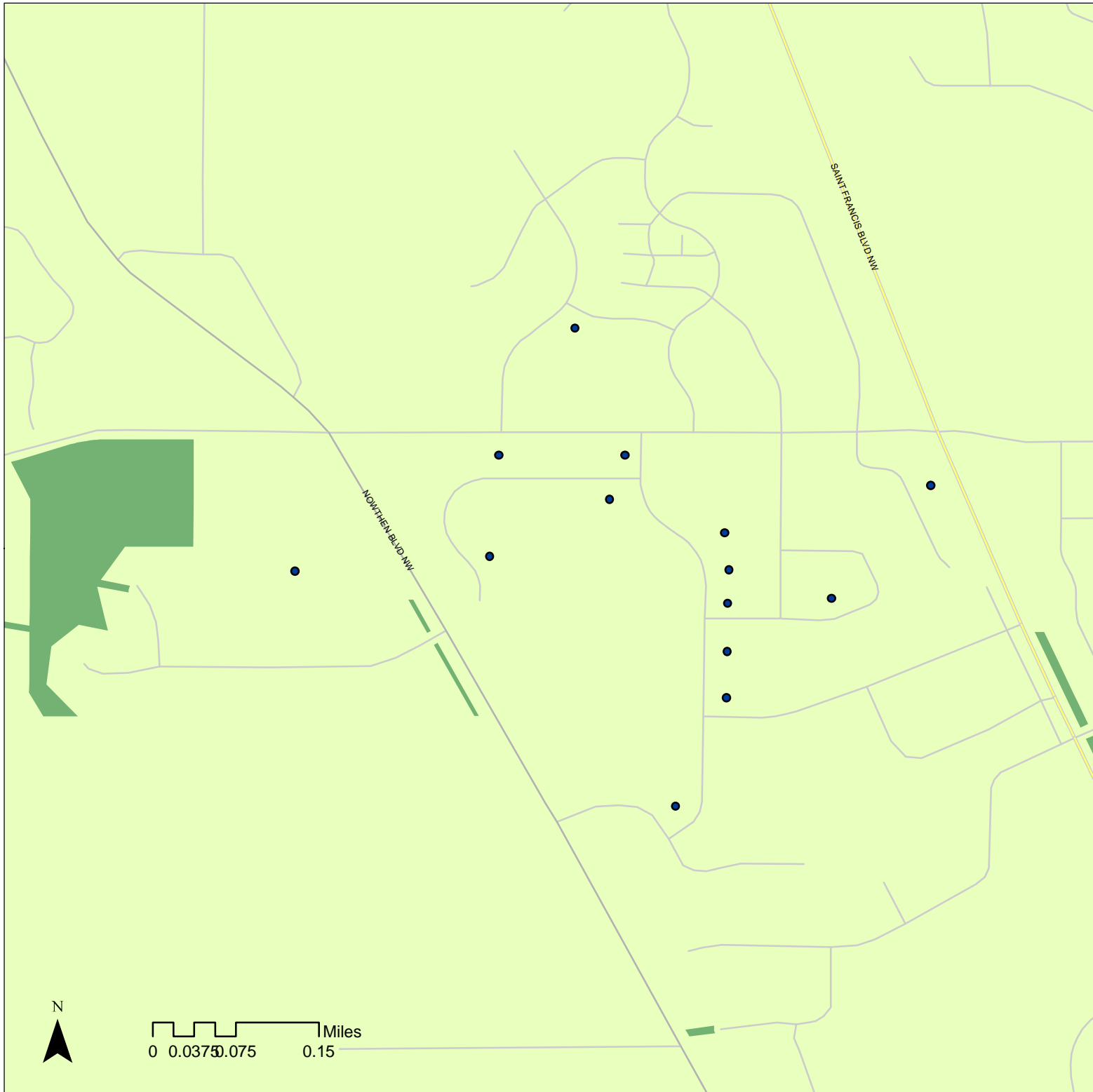
| Printed Name     | Signature       | Address                          | Comment          | Date    |
|------------------|-----------------|----------------------------------|------------------|---------|
| ASHELY STANBURY  | ASHLEY STANBURY | 15237 Germanium Cir NW<br>CIRCLE | 1524 went in     | 4/23/13 |
| Lance Soby       | [Signature]     | 15241 Germanium Cir NW           | Against it       | 4/23/13 |
| Phil Kolver      | [Signature]     | 15240 Germanium Cir NW           |                  | 4/23/13 |
| Joel Klover      | [Signature]     | 15248 Germanium Cir NW           | Against          | 4/23/13 |
| Amy Klover       | [Signature]     | 15248 Germanium Cir NW           | Against          | 4/23/13 |
| Jana Tait        | [Signature]     | 15227 Germanium Cir NW           | Against          | 4/24/13 |
| Ron Prosper      | [Signature]     | 15220 Germanium Cir              | Against          | 4/24/13 |
| Jana Rife        | [Signature]     | 15220 Germanium Cir              | Against          | 4/24/13 |
| Jeremy James     | [Signature]     | 15221 Germanium Cir              | Against          | 4-24-13 |
| Rt O'Connell     | [Signature]     | 15590 152nd Way NW               | Against          | 4-24-13 |
| Christina Byrne  | [Signature]     | 15210 Germanium St NW            | Against          | 4-24-13 |
| Lisa Dahlager    | [Signature]     | 15251 Germanium Cir NW           | Against          | 4/24/13 |
| Mike Dahlager    | [Signature]     | 15251 Germanium Cir NW           | Against          | 4/24/13 |
| Nonnie Murrup    | [Signature]     | 15208 Germanium Cir              | Against          | 4/24/13 |
| DATTA YANG       | [Signature]     | 5715 152nd Way NW                | Against          | 4/25/13 |
| Jo Van Stanbury  | [Signature]     | 5751 152nd Way NW                | Against          | 4-25-13 |
| William A. Romeo | [Signature]     | 5758 152nd Way NW                | Strongly against | 4/25/13 |
| Susan Romeo      | [Signature]     | 5758 152nd Way NW                | Strongly against | 4/25/13 |

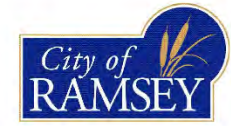
Matthew Krohn  5698 152nd way NW | Agree 4-25-13  
Phillip van Corp  5689 152nd way NW NO DATA center 4/25/13  
Torey Reynolds  5098 152nd way NW NO Data Center! 4/26/13  
 15131 Helium st NW No Data Center  
Parks, Residential 4-26-13

**Former  
Municipal Center**  
*Land Use Open House  
Attendees*



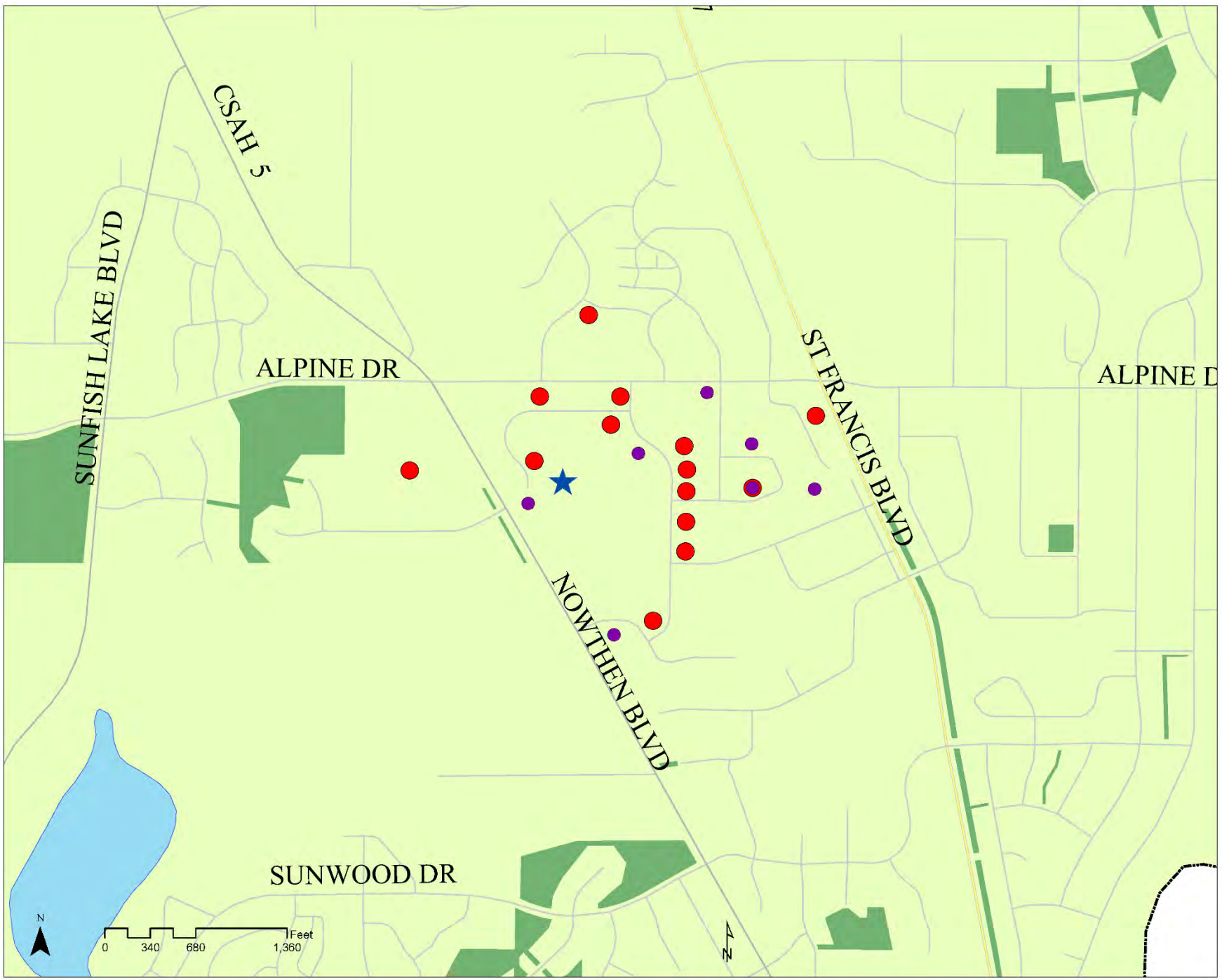
**Former  
Municipal Center**  
*Land Use Open House  
Attendees*





**Former  
Municipal Center**  
*Land Use Open House  
Attendees*

- ★ Former Municipal Center
- Submitted Comments
- Attended Open House



This map has been compiled using information gathered from various government offices and other sources and is to be used for reference purposes only. It is neither a legally recorded map nor a survey and is not intended for use as one. The Geographic Information System (GIS) data used to develop this map is not warranted by the City as being error-free. The City does not represent that the GIS data can be used for exact measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found, please contact: (763) 427-1410.

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## PUBLIC VERSION: CONTACT INFORMATION HIDDEN

**EMAIL: 01**

Good Afternoon,

I am contacting you on behalf of a letter I received from the city regarding Old Municipal Center Complex off of Nowthen Blvd and the possibility of building a data center on this subject property. I will be unable to make the open house meeting, but wanted to address a few concerns/inquiries I have.

My knowledge of data centers is fairly more extensive than the average consumer as my employer treats data centers, specifically the cooling towers which are imperative to data center operation. My concerns surround where the cooling towers will be placed and the treatment of those towers.

In some situations, the cooling towers can be placed at ground level surrounded by concrete parameters or inside the facility itself, which would render my concern invalid if this is the case. However, should the cooling towers be placed on the roof of the data center and be improperly treated, the risk of Legionella and Legionnaire's disease, though minimal since it is rare, would be a concern that I have. This disease has the potential to be lethal and can be carried over small distances by wind if the cooling tower(s) is placed on the roof of the building – putting the surrounding homes at risk for exposure. If properly treated, the risk can be monitored and diminished substantially. However, with some facilities that are newly built, the belief is that since the cooling towers are new, they will not need to be treated. This is a falsehood. All cooling towers should have some level of water management, new or old.

I am not opposed to the data center project, but I do urge you to address these two issues with the firm that may be building this facility on the subject property should this project move forward for the safety of the current residents.

Thank you for your time, and should you have any information or questions, please do not hesitate to let me know. I can be reached at the below information, or on my mobile phone at 763-221-2479.

## EMAIL: 02

My first comment regarding the subject property notice is that there is a major error in all the drawings and photos. They all fail to show the extension of 152nd Avenue to Helium Street. That has a major impact on what to do with the property in question.

The idea of housing in that area would put an unbelievable amount of pressure on the 152nd Avenue entry onto Hwy 47. There is a stop sign on 152nd at the frontage road which nobody coming down 152nd stops for now. I can see traffic backing up from 47 totally blocking the intersection at the frontage road. I see cars now pulling out into traffic on 47 when they shouldn't even be thinking about it. It would get much worse after they have waited to get to the highway. Besides that, home coming traffic would all have to use the south entrance to the frontage road which isn't wide enough to handle that kind of traffic. When someone parks a vehicle on the roadway now it barely leaves room to get by. Sometimes vehicles park on both sides which really makes it difficult.

I am definitely in favor of the data center plans. There would be lots fewer vehicles and they would all be contained in the development area. The photos show an attractive campus for the data centers.

Unfortunately I won't be able to attend the April 18th meeting. We will be out of town.

## EMAIL: 03

We received the letter about the property known as the Former Municipal Center Complex and its possible future development. We will not be able to make it to the open house, so we are sending an email.

Our opinion and what we would strongly support and recommend is for the land to be used for public use, specifically a park, and a nice park that is. When we go to other cities, we see that they have beautiful, colorful, big parks in actual neighborhoods. We've always wished there was a great park that Ramsey was known for.

For example, Eden Prairie has many trails and parks. Brooklyn Center, Brooklyn Park, and Maple Grove have many parks. Andover is known for the park on Bunker Lake. What about Ramsey? Ramsey is like a city for business, buildings, and warehouses.

We would even prefer residential homes over a data center. There are other lands where a data center can be at in Ramsey, not in this neighborhood please. The neighborhood is surrounded by homes and town homes. A park would fit right in the neighborhood, not quiet industrial development or a data center. It just doesn't go together. Put the data center elsewhere where it would fit in with other big buildings.

There are many children living in the area. We see children walking around every day and see many school bus stops around our area. We think a park would be great for the community and children here.

There is no close park nearby. We would love a park within walking distance for the neighborhood children as well as our children.

## EMAIL: 04

TO: City of Ramsey

As a 27 year Ramsey resident, I am appalled to hear that the City is contemplating putting an industrial “data center” in a neighborhood of residential property and in my backyard. I cannot believe that one of you would be happy with this type of development in your backyards!!!! We have lived with the City Hall being behind us for as long as we have lived there. However, after discussing this matter with an appraiser, we have been told that a data center will have a much stronger negative impact on our property. A public building like the Ramsey City Hall that only operates 8:00 to 4:30 every day (and basically not at all now) and other than an occasional fire truck or police car, is generally quiet at night is much different than an industrial data center (or whatever other industrial use it would be in the event of the data center becoming “obsolete”). He compared it to 1 train track by your property and now they want to slap 3 train tracks in with more traffic, more noise pollution, etc. Obviously, he said, it will have an impact on the values of the property and lifestyles of the people in the affected neighborhood. This is a building that the City admits will have “noise pollution” issues. See City Council Work Session on February 26, 2013. “Council member Backous (thank you Randy for bringing that up) noted the buildings will require a lot of cooling, which can include fan noise, and asked how sound will be dampened. Management Analyst Brama agreed that noise pollution will be a major component that needs to be addressed through the planning process.” That certainly does not sound like any guarantee that noise would not be a factor. Values would be impacted significantly not only by the noise pollution, the eyesore of the building, but there would also be an increase of traffic on County Road 5 and an entrance next to my property of 30-80 employees, delivery trucks, etc. on a road that is already probably running at capacity.

The appraiser, who is familiar with the area, also stated that there are plenty of opportunities in the City of Ramsey for industrial type buildings. He also stated if this was a private developer asking to do this, the City would laugh them out of the meeting, but because the City owns it and wants to make a ton of money off of the sale of it so they can pay for their fire department, this seems to be okay. This is a dramatic change in use versus the residential area that surrounds the property. There is no other industrial use like that along the entire corridor of County Road 5 other than the school (which is more public than industrial, as was the City Hall), which has been there for 30 years. There is especially no industrial in the middle of a residential area. We have plenty of industrial sites in the City of Ramsey that I can see!!

He said to show him one published article that states that high intensity property next to a low density property (residential) will not have an impact on the residential. My own research also indicates that data centers should be located in non-residential areas. “Locations should be away from residential neighborhoods or other individuals that may be sensitive to noise.” Noise for these climate controlled buildings includes exhaust fan noise, diesel engines running generators in the occasion of a power outage, increased traffic, especially with a road around the perimeter of the building that would bring the traffic next to the residential areas.

My visit to the Elk River facility portrayed in the letter sent to us, shows a much different scenario there. This building is primarily in an industrial area. Everything to the east of the building is industrial (i.e. the Sherburne County Courthouse, Metal Craft business warehouse, Allina Medical Facility, and another warehouse next to this building that has gated access. Houses nearest to it are on a small golf course (Pinewood) and are across a County Road from the building. It is certainly not surrounded by residential property. Not to mention that it is one very huge building, with small pine trees that are about 20 feet apart from each other which could hardly be considered a buffer by any means. And I don't believe that there would be any amount of trees that would buffer your property from the eyesore and the noise pollution of this building.

In addition, a person that I know that lives in Elk River about a ½ of a mile from the data center says her husband can hear the mechanicals (air conditioners and generators) running in the middle of the night. The Ramsey “data center” would be a heck of a lot closer than that to the surrounding residential properties (many of which have just moved into the neighborhood). The Brooklyn Park facility is also a much different scenario. It is on a main highway and is in the middle of nowhere.

I am very concerned with the impact a data center would have on the value of my property and the properties surrounding this area. From my count, there would be at least 46 properties that would be immediately adjacent or looking at the building, with an additional 15 or so that would also be immediately across the street from the adjacent houses with a large majority of them in a new residential development that Ramsey had the influence on where that was built. Many (if not all of them) were shown a drawing, which I have seen, that said there could be a “future middle school” in this location. Ball fields and close location to your kid’s school is a lot different proposal than a huge, industrial, noise polluting warehouse. If one of you voting on this proposal would like to buy our house and live next to the data center, please feel free to contact us. It would be great to get out before our house loses all of its value!!

We cannot attend the open house meeting on April 18<sup>th</sup>, 2013, due to travel arrangements. Believe me, if I could be there, I would! I have heard that there are other people in the neighborhood riled up about this, so hopefully they will make a presence. I may try to remind them to do that.

## EMAIL: 05

I am writing to you in regards to this evenings meeting on the proposed Data Center on County Road 5 in Ramsey. I am unable to attend this meeting but still want my opinion heard.

We purchased our home in 2002 on the premise that this was a residential area and a great place to raise a family. With the elementary school only blocks away from our home, and plans for a middle school on the opposite side of Cty Rd. 5 this was the ideal neighborhood for us. I do NOT approve of re-zoning, or 'spot zoning' of this property!

"Spot Zoning" - the illegal singling out of a small parcel of land within the limits of an area zoned for particular uses and permitting other uses for that parcel for the special benefit of its owners and to the detriment of the other owners in the area and not as a part of a scheme to benefit the entire area. (<http://www.merriam-webster.com/dictionary/spot%20zoning> )

I am appalled to see that the city is even considering putting an industrial building in the middle of a residential neighborhood. This is completely inappropriate! From the research I've done on Data Centers I have learned that they take a considerable amount of electricity to run as well as keep cool. I've learned that backup generators used in a power outage typically run on diesel fuel which in turn adds air pollution to our area. Also, I have heard that Data centers put off a considerable amount of noise pollution. In addition to all of this we are all very well aware that this will drop our property values considerably. A residential neighborhood is NOT the place for an industrial building. The proposed site literally has houses around the entire perimeter- and houses are still being built! If the city believes a data center is necessary they need to look into areas that are NOT residential. There is an industrial park on Sunwood- wouldn't looking at an area like that, or an area near highway 10 make more sense?

If Ramsey goes forward with such an absurd plan it will show that Ramsey is NOT a family orientated community- but a community of greed- selling property to make a quick buck with no regard to the families it will negatively effect. To the city this may seem like the ideal plan to generate revenue- but again, this is inappropriate. Property values will fall, families will move out of the area, and ultimately the city of Ramsey will suffer the consequences of such a ridiculous plan. I have already heard of several neighbors meeting with relators as they WILL NOT live near such a property. Additionally, I have heard others talking of simply walking away from their homes and letting them go into foreclosure as they know they will never recover the loss of value to their homes. We all know what happens to an area overcome with foreclosures. The city of Ramsey does not need this! I know personally I will begin planning to sell my home if this plan is not rejected and taken off the table immediately! I live in a great neighborhood, with great neighbors, but that will all be over if this plan moves forward. I will not only leave my current home but I will leave Ramsey completely- I do not want to live in a city that has such ill-regard for the families living here.

Thank you for your time and please let me know what has been decided after this evenings meeting, as I will want to move forward with my plans as well.

## EMAIL: 06

As a new resident of Ramsey, and having just moved into the Meadow Creek neighborhood, I was upset at learning that the proposed use for the fire station property is to build a data center. We were informed when shopping for and purchasing a new house in the area that the City's plans for the fire station were a middle school or residential properties. I strongly prefer and support both of those options to the proposed data center.

It is also my understanding that the proposed re-zoning of the fire station property meets the definition of "spot zoning" (see League of Minnesota Cities Information Memo: Zoning Guide for Cities, 2012, pp. 35-36). It also seems reasonable to expect that the value of my property will significantly diminish if a data center is built. As per state regulations, "substantial diminution of value of property may be considered a form of regulatory taking of private property without compensation. In these rare instances, a property owner may be entitled to compensation for damages related to a legislative rezoning" (League of Minnesota Cities Information Memo: Zoning Guide for Cities, 2012, p. 36). It is hard for me to imagine that city council members would support an illegal practice and face potential legal action over their decision.

It also seems that the primary motivation for supporting this proposal is the funding solution for a new fire station. While on the surface this may seem to justify the re-zoning (i.e., furtherance of public welfare), it is difficult to see how reduced residential property values and the lowered quality of life (significant noise and traffic that will be generated by the data center and the eye sore that the building will be) for those in the neighborhood living next to the data center are in the public welfare. I highly doubt any of the city council members would like to have a data center in their backyard for the same reasons of lowered property values and reduced quality of life. It is also hard to imagine how residential zoning isn't preferable and supportive of the public welfare, particularly over the long term.

We were very excited to move into Ramsey, and were excited about establishing Ramsey as our new community. In less than a week of living here, we are confronted with the possibility of facing reduced property values due to the significant noise and traffic that will be generated by the data center and the eye sore that the building will be in the neighborhood. I therefore ask city council members to vote against the proposed data center and consider zoning the property as residential.

## **EMAIL: 07**

I am unable to attend the meeting this evening regarding the absurd planning of placing a data center in the middle of a residential neighborhood.

Obviously I am against such an idiotic idea. I chose to live in Ramsey because of the NEIGHBORHOOD not to live next to a warehouse or any other type of facility. There is not one resident in this area who believes this to be a good idea. If such planning proceeds you can be assured that we will fight this with every legal means necessary.

Please feel free to take these plans and place them next to your house or the house of any other "decision maker" in our city. What would you do then? Would you enjoy the fact that your property values would drop significantly or that families would be leaving this city in droves in a "get out while you can" mentality? That is exactly what is going to happen.

The only logical plan is to build additional residential housing in what is a RESIDENTIAL neighborhood.

### **PHONE CALL/MESSAGE: 01**

Against a data center due to the long term risk and diminishing effect on property values.

### **PHONE CALL/MESSAGE: 02**

Lives just NE of the site. Does not want a data center. Desires a park—thinks the area is underserved. Would choose residential over data center.

### **PHONE CALL/MESSAGE: 03**

For a data center over residential in general. However, does have concerns about noise; and would like to learn more before making a decision.

### **PHONE CALL/MESSAGE: 04**

Called on behalf of his son who lives on east side of Helium facing the site. His son is opposed to a data center and would be in favor of a residential development.

# TIMELINE

1. **5/24/2013** Notification letter sent to surrounding property owners
2. **5/28/2013** City Council work session receive information (no action)
3. **6/11/2013** City Council regular meeting discussion (direction requested)
  - Direction requested: should the City move forward with rezoning the Subject Property for a data center and/or residential development?
  - The public will be invited to attend this meeting via the 5/24/2013 notification letter; Staff anticipates strong attendance
4. **7/11/2013** July Planning Commission review of comp plan/zoning amendment
  - Depending on Council direction, this could be for a data center user and/or residential development.
5. **7/9/2013** City Council Adopt Comp Plan Resolution/Introduce Zoning Ordinance Amendment
  - Depending on Council direction, this could be for a data center user and/or residential development.
6. **8/13/2013** City Council Adopt Zoning Ordinance Amendment
  - Depending on Council direction, this could be for a data center user and/or residential development.

Elk River and Chaska are perhaps the only two cities in the State pursuing data centers. The purpose of this document is to show how other communities have established minimum building setbacks to residential properties (for a data center development).

**ELK RIVER**  
Zoning: 30' set back (in practice minimum 200')



CHASKA  
Zoning: 300' set back



ANOKA  
140' set back  
(In practice—existing building)

