

The Special Council meeting was called to order on **January 6, 2014** by Mayor Hafften at 7:00 p.m. in the Council Chambers of City Hall. The purpose of the special meeting was to review the purchase agreement, and financing for the acquisition for the Rockford Mall located at 8900 Walnut Street, Rockford, MN.

Roll Call

Roll call was taken and the following members were present: Graner, Hafften, Martinson and Wenz. Absent: Kesanen. Also in attendance were: Financial Consultant Shannon Sweeney from David Drown and Associates and Administrator Carswell.

Review Purchase Agreement

This item was tabled as the city attorney is still working on the agreement with the owners.

Review Finance Information for Mall

Shannon Sweeney reviewed the \$2,555,860 proposed budget for acquiring the mall property and also for the build out of city hall, event center, and council chambers space. Mr. Sweeney noted that budget assumptions have changed since the last discussion as project costs are higher and cash contribution is lower and as result of these changes mall space needs to be leased as soon as possible and outlots should be marketed for sale.

The project will be financed by two different bond issues, a taxable G.O. Tax Abatement Bond as well a tax exempt Capital Improvement bond for the area that will serve as city hall and the council chambers. Preliminary bond schedules were presented for both bonds.

The issuance of the **tax abatement bond** requires a public hearing with a 10 day notice. It also requires identification of properties from which the property taxes will be pledged as a source of repayment for the bonds. The bond schedule can be extended from the proposed 15 years to 20 years if the city sends a letter to the Rockford School district asking them if they want to participate and if they don't the city can extend the bond to a 20 year payment schedule which will lower the annual payments. However, it was noted that if the city issues a bond with a 20 year payment schedule that the interest will increase from an average interest rate of 3.8% to possibly 4.5%. It was also noted that this project would use a significant portion of the capacity available to the city for issuance of tax abatement.

The issuance of the **Capital Improvement bond** is a longer process as it requires a 14 day notice in the newspaper but not more than 28 days. The bonds must be approved by an affirmative vote of three-fifths of the members of the city council. If a petition of 5% of the voters in the last election petition within 30 days after the public hearing the city must then hold a referendum to authorize the issuance of this bond issue. Also as part of this process the city must adopt a 5 year capital improvement plan related to the use of CIP bonds.

There was some discussion about the use of a general contractor and how the rehabilitation of the site is handled to make sure that the city is not charged tax and gets the lowest bid for all products and also includes bidding out for some used equipment.

There was also discussion about the management of the property which the event center committee will review at an upcoming meeting along with some of the other aspects of the event center project.

Snow plowing of the parking lot was discussed by council and it was noted that the city can save \$10,000 per year if the public works department plows the parking lot.

The council wants to make sure the bonds have an early call date so the city has the option to pay it off early if cash flow allows.

Resolution 14-01 Calling a Public Hearing For Tax Abatement Bond/Acquisition and Improvement of the Rockford Mall Property

Motion was made by Graner, seconded by Martinson to adopt Resolution 14-01 to call for a Public Hearing for a Tax Abatement Bond in connection with acquisition and improvement of the Rockford Mall Property.

Motion carried-voting in favor: Graner, Hafften, Martinson and Wenz.

Resolution 14-02 Calling a Public Hearing on Intent to Issue GO CIP Bonds and the Proposal to Adopt a CIP Plan

Motion was made by Graner, seconded by Wenz to adopt Resolution 14-02 Calling a public hearing on Intent to issue GO CIP Bonds and the proposal to adopt a CIP Plan.

Motion carried-voting in favor: Graner, Hafften, Martinson and Wenz.

Adjourn

Motion to adjourn was made by Graner, seconded by Martinson.

Motion carried-voting in favor: Graner, Hafften, Martinson and Wenz.

Mayor Hafften adjourned the meeting at 7:45 p.m.

Renee Hafften, Mayor

Attest:

Nancy Carswell, Administrator