Agenda
Minnetonka City Council
Regular Meeting, Monday, May 9, 2016
6:30 P.M.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Allendorf-Acomb-Wiersum-Bergstedt-Wagner-Ellingson-Schneider
4. Approval of Agenda
5. Approval of Minutes: April 25, 2016 LBAE meeting
6. Special Matters: None
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda
9. Bids and Purchases:
   A. Purchase of fire turnout gear equipment
      Recommendation: Authorize the purchase and amend the Capital Improvements Program (CIP) (5 votes)
10. Consent Agenda - Items Requiring a Majority Vote:
    A. Resolutions providing for the issuance and sale of:
       1) $10,000,000 General Obligation Utility Revenue Refunding Bonds, Series 2016A; and
       2) aggregate $10,000,000 General Obligation Bonds, Series 2016B (Utility Revenue and Open Space)
11. Consent Agenda - Items Requiring Five Votes: None
12. Introduction of Ordinances: None

Minnetonka City Council meetings are broadcast live on channel 16.
Replays of this meeting can be seen during the following days and times: Mondays, 6:30 p.m., Wednesdays, 6:30 p.m., Fridays, 12 p.m., Saturdays, 12 p.m. The city’s website also offers video streaming of the council meeting.
For more information, please call 952.939.8200 or visit eminnetonka.com
13. Public Hearings:

A. Items concerning Field Day Ridgedale, LLC, 12259 Wayzata Boulevard:

1) Resolution approving a conditional use permit for Field Day, by Good Earth, a restaurant at Ridgedale Center at 12259 Wayzata Boulevard; and

2) On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for Field Day Ridgedale, LLC, 12259 Wayzata Boulevard

Recommendation: Adopt the resolution approving the conditional use permit and hold the public hearing and grant the license (5 votes)

B. Resolution authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds; Adopting a Housing Program; and Authorizing the Execution and Delivery of the Bonds and Related Documents

Recommendation: Hold the public hearing and adopt the resolution (4 votes)

14. Other Business: None

15. Appointments and Reappointments: None

16. Adjournment
1. **Call to Order**

Schneider called the meeting to order at 6:02 p.m.

2. **Roll Call**

Council Members Bob Ellingson, Patty Acomb, Brad Wiersum, Tim Bergstedt, Tony Wagner and Mayor Terry Schneider were present. Dick Allendorf was excused.

3. **Introductory Report**

City Assessor Colin Schmidt gave the staff report.

4. **Appeals to the board of review:**

   **A. Valuation recommendations being brought by the City Assessor to the Local Board of Appeal and Equalization for action**

Schneider read the following into the record:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1) St Pauls Evan Luth Church (Mes Amis French School) 13207 Lake St Extension Minnetonka, MN 55305 22-117-22-42-0010</td>
<td>$N/A</td>
<td>$106,000</td>
<td>$55,000</td>
</tr>
<tr>
<td>2) Bakal Tziyon 5562 Bimini Dr Minnetonka, MN 55343 35-117-22-11-0552</td>
<td>$192,700</td>
<td>$216,900</td>
<td>$216,900</td>
</tr>
<tr>
<td>3) Owen Moen Diane Moen 17845 Powderhorn Dr Minnetonka, MN 55345 19-117-22-14-0049</td>
<td>$255,100</td>
<td>$269,300</td>
<td>$269,300</td>
</tr>
<tr>
<td>4) Robert Hovelson Marilyn Hovelson 14800 Minnehaha PI Wayzata, MN 55391 16-117-22-11-0068</td>
<td>$470,000</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

Wiersum moved, Bergstedt seconded a motion to accept the assessors’ recommendations. All voted “yes.” Motion carried.
B. Petitions to the Local Board of Appeal and Equalization requiring advisors’ recommendation:

Schneider read the following into the record:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1) Xiwen Zhao Yuqing Chen 17080 Creek Ridge Tr Minnetonka, MN 55345 32-117-22-33-0041</td>
<td>$362,000</td>
<td>$369,500</td>
<td>$362,000</td>
</tr>
<tr>
<td>2) William Ogram Jr Mary Ogram 6102 Creek Ridge Ct Minnetonka, MN 55345 32-117-22-34-0045</td>
<td>$779,700</td>
<td>$823,500</td>
<td>$750,000</td>
</tr>
<tr>
<td>3) Sandra Cronin 6110 Concord Hill La Minnetonka, MN 55345 31-117-22-34-0071</td>
<td>$297,000</td>
<td>$324,400</td>
<td>$280,000</td>
</tr>
<tr>
<td>4) Thomas Johnson Jill Johnson 15001 Tammer La Wayzata, MN 55391 04-117-22-43-0032</td>
<td>$434,500</td>
<td>$468,600</td>
<td>$460,000</td>
</tr>
<tr>
<td>5) WN Webster Inc 13508 Smith Dr Minnetonka, MN 55305 22-117-22-13-0003</td>
<td>$203,400</td>
<td>$164,700</td>
<td>$125,000</td>
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<tr>
<td>6) Bruce Wollenberg Ruth Wollenberg 5100 Prescott Dr Minnetonka, MN 55345 27-117-22-31-0044</td>
<td>$273,500</td>
<td>$318,900</td>
<td>$318,900</td>
</tr>
<tr>
<td>7) Leo Hendrickson Ann Hendrickson 9701 Cedar Lake Rd Minnetonka, MN 55305 12-117-22-41-0068</td>
<td>$199,900</td>
<td>$162,700</td>
<td>$100,000</td>
</tr>
<tr>
<td>8) Calm Bay LLC 16502 Grays Bay Blvd Wayzata, MN 55391 08-117-22-42-0014</td>
<td>$1,475,000</td>
<td>$1,500,000</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>9) Mary Nelson 5721 High Park Dr Minnetonka, MN 55345 32-117-22-24-0011</td>
<td>$260,400</td>
<td>$265,800</td>
<td>$260,400</td>
</tr>
<tr>
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</tr>
</tbody>
</table>
| 10) John Hinnenthal  
Joann Hinnenthal  
2410 Bantas Point Rd  
Wayzata, MN 55391  
08-117-22-13-0023 | $200,000 | $222,000 | $150,000 |
| 11) Jerry Heine  
Patricia Heine  
16233 Adeline La  
Wayzata, MN 55391  
08-117-22-11-0051 | $156,700 | $195,000 | $195,000 |
| 12) Benjamin Johnson  
Michelle Johnson  
4736 Gaywood Dr  
Minnetonka, MN 55345  
27-117-22-21-0036 | $368,400 | $388,400 | $375,000 |
| 13) Elaine Kaehler  
4163 Hull Rd  
Minnetonka, MN 55305  
22-117-22-14-0014 | $250,700 | $261,500 | $250,700 |

Wagner moved, Acomb seconded a motion to accept the advisors’ recommendations. All voted “yes.” Motion carried.

5. Adjourn

Bergstedt moved, Wiersum seconded a motion to adjourn the meeting at 6:10 p.m. All voted “yes.” Motion carried.
City Council Agenda Item #9A
Meeting of May 9, 2016

Brief Description: Purchase of fire turnout gear equipment

Recommended Action: Authorize the purchase and amend the Capital Improvements Program (CIP)

Background

On November 17, 2010, the city council approved an amended and revised joint powers agreement (JPA) to allow participating organizations the ability to purchase or lease the same structural firefighting turnout gear, to be tested and maintained by the manufacturer, resulting in increased interoperability and life safety. The agreement authorizes one city to act as the lead agency in obtaining bids, but each city would enter into its own contract with the company for the number of units that they need. The JPA operating committee again chose Minnetonka to act as the lead agency for obtaining bids last year for firefighting turnout gear, and effective November 1, 2015, the city signed a contract for the winning bid with Honeywell / Morning Pride.

The Minnetonka fire department now seeks to acquire its replacement equipment under the JPA contract, and the contract allows either a purchase or a lease of the equipment. The city’s finance director has determined that the city has sufficient cash to purchase the equipment using balances in the Public Safety Fund, in part due to the fire department’s realignment of its equipment and fleet structures in recent years. Purchasing the equipment is more cost effective than leasing the equipment, because it will save the cost of financing and reserve the city’s 2016 bank qualified credit, which provides a more economical rate, for the sale of the city’s utility revenue bonds. Because the city previously leased the equipment, the fire department’s general fund operating budget had anticipated the cost of one year of leasing, which was below the threshold for council approval and did not require a CIP amendment. Those funds will also be used for this purchase.

Staff recommends the purchase of 78 sets of structural firefighting turnout gear for the city of Minnetonka off this contract. The cost would be $159,396.90, which is $2,043.55 each. National firefighting standards currently require that this type of equipment be replaced approximately every five years.

Recommendation

Staff recommends that the council 1) authorize the purchase of 78 sets of structural firefighting turnout gear from Honeywell/Morning Pride through its distributor, Jefferson Fire & Safety, at a cost of $159,396.90 per the JPA and 2) amend the CIP to
accommodate the purchase using the city’s Public Safety Fund for $131,000 of that cost.

Submitted through:
  Geralyn Barone, City Manager
  Perry Vetter, Assistant City Manager

Originated by:
  John Vance, Fire Chief
  Merrill King, Finance Director
Brief Description: Resolutions providing for the issuance and sale of
1) $10,000,000 General Obligation Utility Revenue
   Refunding Bonds, Series 2016A, and
2) aggregate $10,000,000 General Obligation Bonds,
   Series 2016B (Utility Revenue and Open Space)

Recommended Action: Adopt the resolutions

Background

Water & Sewer Utility Revenue Bonds. Over the last two years, council has
deliberated over a financial blueprint and taken actions to ensure the city’s aging water
and sewer infrastructure will continue to serve the city well into the future. The city’s
management plan for its water and sewer utilities now incorporates needed capital
improvements for the utility enterprise along with estimated user rates with the intention
to sell city obligations to finance the work over the next 15 years. The first part of the
plan began in 2015 and 2016, and $15.5 million in capital improvements were adopted
as part of the city’s Capital Improvement Program (CIP) for those years.

Refunding bonds. The city always seeks to meet its objectives regarding debt and
secure the lowest cost for borrowing by securing bank qualification (“BQ”) status
whenever possible. Therefore, on December 7, 2015, the council acted and the city
subsequently sold $10 million in General Obligation temporary utility notes, which are to
be refunded before December 1, 2016. The first action proposed this evening is to
issue General Obligation (G.O.) utility revenue refunding bonds for those purposes.
The title for this first debt is Series 2016A.

New G.O. utility revenue bonds. The cost of municipal bonding is now historically low.
With another $5.5 million in borrowed funds needed for the remaining capital utility
projects in 2016, and because costs requiring additional borrowing are anticipated in
2017, our financial advisor recommends that the city sell a total of $7.5 million in new
utility revenue bonds up to the remaining city allowance for BQ bond issuance this year.
Depending upon actual progress of the capital construction financed by the new debt,
the city may also save by potentially delaying the next planned bond issuance in 2017.
This second utility debt is included within the bonds titled Series 2016B.

Open Space Bonds. In September 2001, Minnetonka voters approved a $15 million
parks renewal and open space preservation bond referendum. Implementation plans
rolled out over a five-year period were developed and approved by the park board and
city council. Three initial bond sales for $5 million, $5 million and $2.5 million were
approved by the council in June 2002, July 2004, and May 2008, respectively.
To date, all 42 park renewals have been completed, seven properties in the Minnehaha Creek Preserve have been purchased, one open space easement has been acquired, and the city has invested in conversion of current city property to open space as well as stewardship improvements to city-owned land. In 2004, the city also used these funds to buy an option to purchase a 30-acre parcel owned by Ann Cullen Smith, which has both a high ecological value and a diversity of habitat.

In March 2015, the city completed that last final purchase at a cost of approximately $2.5 million. Costs of the transaction were temporarily cash flowed through the use of the city’s special assessment construction fund. As part of that action last year, the council adopted a resolution declaring its intent to pay back this internal loan with the issuance of the city’s final $2.5 million bond referendum authority. The second debt action this evening, titled Series 2016B, includes authority to bond for these purposes.

**Recommendation**

Staff recommends the city council adopt the attached resolutions providing for the issuance and sale of 1) approximately $10 million General Obligation Utility Revenue Refunding Bonds, Series 2016A, and 2) in aggregate approximately $10 million General Obligation Bonds for both water and sewer system improvement ($7.5 million) and open space purchases ($2.5 million).

Submitted through:
- Geralyn Barone, City Manager
- Perry Vetter, Assistant City Manager

Originated by:
- Merrill King, Finance Director
Resolution No. 2016-

Resolution providing for the issuance and sale of General Obligation Utility Revenue Refunding Bonds, Series 2016A, in the proposed aggregate principal amount of $10,000,000

Be it resolved by the City Council (the “Council”) of the City of Minnetonka, Minnesota (the “City”) as follows:

Section 1. Authorization.

1.01. On December 29, 2015, the City issued its General Obligation Temporary Utility Revenue Note, Series 2015 (the “Temporary Note”), in the original aggregate principal amount of $10,000,000, pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (the “Act”). The Temporary Note was issued by the City to evidence a loan made by U.S. Bank National Association (the “Bank”) to the City in the principal amount of $10,000,000, pursuant to a Loan Agreement, dated as of December 1, 2015 (the “Loan Agreement”), between the City and the Bank, to provide temporary financing for the construction of improvements to the City’s water system and sanitary sewer system, including but not limited to distribution and collection, water storage, system equipment, capital system efficiency requirements and facilities (the “Project”). The Temporary Note matures on December 1, 2016.

1.02. The City is authorized by Section 475.67, subdivision 3 of the Act to issue and sell its general obligation bonds to refund obligations and the interest thereon before the due date of the obligations, if consistent with covenants made with the holders thereof, when determined by the Council to be necessary or desirable for the reduction of debt service costs to the City or for the extension or adjustment of maturities in relation to the resources available for their payment.

1.03. In order to refund the Temporary Note and provide permanent financing for the Project, it is necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Utility Revenue Refunding Bonds, Series 2016A (the “Bonds”), in the proposed aggregate principal amount of $10,000,000, pursuant to the Act, including Section 475.67, subdivision 3.

1.04. The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent financial advisor in connection with such sale. The actions of the City staff and the City’s municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.
Section 2. **Sale of Bonds.** The Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue the Bonds in the proposed aggregate principal amount of $10,000,000, pursuant to the Act, in order to provide permanent financing for the Project. The Bonds will be issued, sold, and delivered in accordance with the Terms of Proposal attached hereto as EXHIBIT A (the “Terms of Proposal”).

Section 3. **Authority of Municipal Advisor.** Springsted Incorporated is authorized and directed to negotiate the Bonds in accordance with the Terms of Proposal. The Council will meet at 6:30 P.M. on Monday, June 6, 2016, to consider proposals on the Bonds and take any other appropriate action with respect to the Bonds.

Section 4. **Authority of Bond Counsel.** The law firm of Kennedy & Graven, Chartered, as bond counsel for the City, is authorized to act as bond counsel and to assist in the preparation and review of necessary documents, certificates and instruments relating to the Bonds. The officers, employees and agents of the City are hereby authorized to assist Kennedy & Graven, Chartered in the preparation of such documents, certificates, and instruments.

Section 5. **Covenants.** In the resolution awarding the sale of the Bonds the Council will set forth the covenants and undertakings required by the Act.

Section 6. **Official Statement.** In connection with the sale of the Bonds, the officers or employees of the City are authorized and directed to cooperate with Springsted Incorporated and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

(The remainder of this page is intentionally left blank.)
Adopted by the City Council of the City of Minnetonka, Minnesota, on May 9, 2016.

________________________
Terry Schneider, Mayor

Attest:

________________________
David E. Maeda, City Clerk

**Action on this resolution:**

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on May 9, 2016.

________________________
David E. Maeda, City Clerk
THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$10,000,000*

CITY OF MINNETONKA, MINNESOTA
GENERAL OBLIGATION UTILITY REVENUE REFUNDING BONDS, SERIES 2016A

(Book Entry Only)

Proposals for the Series 2016A Bonds will be received on Monday, June 6, 2016, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Series 2016A Bonds will be by the City Council at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2016A Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of proposal. Neither the City, its agents nor PARITY® shall have any duty or Series 2016A Bond to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2016A Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of proposal conflict with information provided by PARITY®, this Terms of proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

*Preliminary; subject to change.
 DETAILS OF THE SERIES 2016A BONDS

The Series 2016A Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2017. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2016A Bonds will mature February 1 in the years and amounts* as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2018</td>
<td>$275,000</td>
</tr>
<tr>
<td>2019</td>
<td>$385,000</td>
</tr>
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<td>2020</td>
<td>$445,000</td>
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<td>2035</td>
<td>$650,000</td>
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<tr>
<td>2036</td>
<td>$670,000</td>
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</table>

* The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2016A Bonds or the amount of any maturity in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2016A Bonds as that of the original proposal. Gross spread is the differential between the price paid to the City for the new issue and the prices at which the securities are initially offered to the investing public.

Proposals for the Series 2016A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2016A Bonds will be issued by means of a book entry system with no physical distribution of Series 2016A Bonds made to the public. The Series 2016A Bonds will be issued in fully registered form and one Series 2016A Bond, representing the aggregate principal amount of the Series 2016A Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Series 2016A Bonds. Individual purchases of the Series 2016A Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2016A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2016A Bonds, will be required to deposit the Series 2016A Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2025, and on any day thereafter, to prepay Series 2016A Bonds due on or after February 1, 2026. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2016A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.
SECURITY AND PURPOSE

The Series 2016A Bonds will be general Series 2016A Bonds of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City’s water and sewer utility funds. The proceeds will be used to refund the City’s General Obligation Temporary Utility Revenue Note, Series 2015, dated December 29, 2015.

BIDDING PARAMETERS

Proposals shall be for not less than $10,115,000 plus accrued interest, if any, on the total principal amount of the Series 2016A Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Series 2016A Bonds is adjourned, recessed, or continued to another date without award of the Series 2016A Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Series 2016A Bonds of the same maturity shall bear a single rate from the date of the Series 2016A Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the lowest bidder is required to submit a good faith deposit to the City in the amount of $100,000 (the “Deposit”) no later than 1:30 P.M., Central Time on the day of sale. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the City, or (ii) a wire transfer. The lowest bidder shall be solely responsible for the timely delivery of their Deposit whether by check or wire transfer. Neither the City nor Springsted Incorporated have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the City if it is made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St Paul, Minnesota 55101 by the specified time.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Springsted Incorporated following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the lowest bidder (the “purchaser”) will be retained by the City and no interest will accrue to the purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2016A Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City’s computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2016A Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.
CUSIP NUMBERS

If the Series 2016A Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2016A Bonds, but neither the failure to print such numbers on any Series 2016A Bonds nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Series 2016A Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about July 6, 2016, the Series 2016A Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2016A Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2016A Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2016A Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser’s obligation to purchase the Series 2016A Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2016A Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2016A Bonds, and said Preliminary Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-5000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts and interest rates of the Series 2016A Bonds, together with any other information required by law. By awarding the Series 2016A Bonds to an underwriter or underwriting syndicate, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the sole underwriter or to the senior managing underwriter of the syndicate (the "Underwriter" for purposes of this paragraph) to which the Series 2016A Bonds are awarded up to 25 copies of the Final Official Statement. The City designates the Underwriter of the syndicate to which the Series 2016A Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Such Underwriter agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Series 2016A Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated May 9, 2016

BY ORDER OF THE CITY COUNCIL

/s/ David Maeda
City Clerk
Resolution No. 2016-

Resolution providing for the issuance and sale of General Obligation Bonds, Series 2016B, in the proposed aggregate principal amount of $10,000,000

Be it resolved by the City Council (the “Council”) of the City of Minnetonka, Minnesota (the “City”) as follows:

Section 1. Utility Revenue Bonds.

1.01. The City engineer has recommended the construction of various improvements to the City’s water and sewer systems (the “Utility Improvements”), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (collectively, the “Utility Revenue Act”).

1.02. In order to finance the construction of the Utility Improvements, it is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of $7,495,000 (the “Utility Revenue Bonds”), pursuant to the Utility Revenue Act.

Section 2. Open Space Bonds.

2.01. At a duly called and regularly held special election on September 11, 2001, the voters of the City approved the issuance and sale by the City of general obligation bonds in an aggregate principal amount not to exceed $15,000,000, pursuant to Minnesota Statutes, Chapter 475, as amended (the “Municipal Debt Act”).

2.02. The purpose of the Bonds as approved by the voters is to provide financing for a parks renewal and open space preservation program (the “Parks Program”), including the construction of park improvements and the acquisition of conservation easements and other interests in real property for parks and open space.

2.03. The City has previously issued the following general obligations for the purpose of financing the Parks Program: (i) General Obligation Open Space and Park Improvement Bonds, Series 2002A, dated as of August 1, 2002, in the original aggregate principal amount of $5,000,000 (which were refunded by the City’s General Obligation Open Space and Park Improvement Refunding Bonds, Series 2010A, dated as of December 15, 2010, in the original aggregate principal amount of $2,620,000); (ii) General Obligation Open Space and Park Improvement Bonds, Series 2004A, dated as of September 1, 2004, in the original aggregate principal amount of $5,000,000 (which were refunded by the
City’s General Obligation Refunding Bonds, Series 2012A, dated as of March 1, 2012, in the original aggregate principal amount of $4,415,000; and (iii) General Obligation Open Space and Park Improvement Bonds, Series 2008B, dated as of July 1, 2008, in the original aggregate principal amount of $2,490,000.

2.04. The City has determined a need to finance a portion of the Parks Program (the “Park Improvements”), pursuant to the Municipal Debt Act and the authority conferred by the voters.

2.05. In order to finance the Park Improvements, it is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the proposed principal amount of $2,505,000 (the “Open Space Bonds”), pursuant to the Municipal Debt Act.

Section 3. Sale of Bonds.

3.01. The Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue the General Obligation Bonds, Series 2016B (the “Bonds”), in the proposed aggregate principal amount of $10,000,000, pursuant to the Utility Revenue Act and the Municipal Debt Act (collectively, the “Act”), to provide financing for the Utility Improvements and the Park Improvements. The Bonds will be issued, sold, and delivered in accordance with the Terms of Proposal attached hereto as EXHIBIT A (the “Terms of Proposal”).

3.02. The City is authorized by Section 475.60, subdivision 2(9) of the Act to negotiate the sale of the Bonds, it being determined that the City has retained an independent financial advisor in connection with such sale. The actions of the City staff and the City’s municipal advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

Section 4. Authority of Municipal Advisor. Springsted Incorporated is authorized and directed to negotiate the Bonds in accordance with the Terms of Proposal. The Council will meet at 6:30 P.M. on Monday, June 27, 2016, to consider proposals on the Bonds and take any other appropriate action with respect to the Bonds.

Section 5. Authority of Bond Counsel. The law firm of Kennedy & Graven, Chartered, as bond counsel for the City, is authorized to act as bond counsel and to assist in the preparation and review of necessary documents, certificates and instruments relating to the Bonds. The officers, employees and agents of the City are hereby authorized to assist Kennedy & Graven, Chartered in the preparation of such documents, certificates, and instruments.
Section 6. **Covenants.** In the resolution awarding the sale of the Bonds the Council will set forth the covenants and undertakings required by the Act.

Section 7. **Official Statement.** In connection with the sale of the Bonds, the officers or employees of the City are authorized and directed to cooperate with Springsted Incorporated and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

(The remainder of this page is intentionally left blank.)
Adopted by the City Council of the City of Minnetonka, Minnesota, on May 9, 2016.

__________________________
Terry Schneider, Mayor

Attest:

__________________________
David E. Maeda, City Clerk

**Action on this resolution:**

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on May 9, 2016.

__________________________
David E. Maeda, City Clerk
EXHIBIT A

TERMS OF PROPOSAL
THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$10,000,000*

CITY OF MINNETONKA, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2016B

(Book Entry Only)

Proposals for the Series 2016B Bonds will be received on Monday, June 27, 2016, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Series 2016B Bonds will be by the City Council at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2016B Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

**OR**

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of proposal. Neither the City, its agents nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2016B Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of proposal conflict with information provided by PARITY®, this Terms of proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* Preliminary; subject to change.
DETAILS OF THE SERIES 2016B BONDS

The Series 2016B Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2017. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2016B Bonds will mature February 1 in the years and amounts* as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>2018</td>
<td>$450,000</td>
</tr>
<tr>
<td>2019</td>
<td>$570,000</td>
</tr>
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<td>2020</td>
<td>$580,000</td>
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<td>2031</td>
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</tr>
<tr>
<td>2032</td>
<td>$440,000</td>
</tr>
<tr>
<td>2033</td>
<td>$455,000</td>
</tr>
</tbody>
</table>

* The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2016B Bonds or the amount of any maturity in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2016B Bonds as that of the original proposal. Gross spread is the differential between the price paid to the City for the new issue and the prices at which the securities are initially offered to the investing public.

Proposals for the Series 2016B Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2016B Bonds will be issued by means of a book entry system with no physical distribution of Series 2016B Bonds made to the public. The Series 2016B Bonds will be issued in fully registered form and one Series 2016B Bond, representing the aggregate principal amount of the Series 2016B Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Series 2016B Bonds. Individual purchases of the Series 2016B Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2016B Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Series 2016B Bonds, will be required to deposit the Series 2016B Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2025, and on any day thereafter, to prepay Series 2016B Bonds due on or after February 1, 2026. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2016B Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.
SECURITY AND PURPOSE

The Series 2016B Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City’s water and sewer utility funds for repayment of a portion of the Series 2016B Bonds. The proceeds will be used to finance (i) water and sewer utility improvements; and (ii) open space improvements.

BIDDING PARAMETERS

Proposals shall be for not less than $10,000,000 (Par) plus accrued interest, if any, on the total principal amount of the Series 2016B Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Series 2016B Bonds is adjourned, recessed, or continued to another date without award of the Series 2016B Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Series 2016B Bonds of the same maturity shall bear a single rate from the date of the Series 2016B Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the lowest bidder is required to submit a good faith deposit to the City in the amount of $100,000 (the “Deposit”) no later than 1:30 P.M., Central Time on the day of sale. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the City; or (ii) a wire transfer. The lowest bidder shall be solely responsible for the timely delivery of their Deposit whether by check or wire transfer. Neither the City nor Springsd Incorporated have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the City if it is made payable to the City and delivered to Springsd Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101 by the specified time.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Springsd Incorporated following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the lowest bidder (the “purchaser”) will be retained by the City and no interest will accrue to the purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2016B Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City’s computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2016B Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.
CUSIP NUMBERS
If the Series 2016B Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Series 2016B Bonds, but neither the failure to print such numbers on any Series 2016B Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Series 2016B Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT
On or about July 27, 2016, the Series 2016B Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2016B Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2016B Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser’s non-compliance with said terms for payment.

CONTINUING DISCLOSURE
In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2016B Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser’s obligation to purchase the Series 2016B Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2016B Bonds.

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Dated May 9, 2016

BY ORDER OF THE CITY COUNCIL

/s/ David Maeda
City Clerk

- iv -
City Council Agenda Item #13A1
Meeting of May 9, 2016

Brief Description
Resolution approving a conditional use permit for Field Day, by Good Earth, a restaurant at Ridgedale Center at 12259 Wayzata Boulevard

Recommendation
Adopt the resolution approving the request

Proposal
In 2014, General Growth and Nordstrom began construction of Phase 2 of the Ridgedale Mall master development plan. The connection to the new Nordstrom store from the existing mall included a two-story 88,000 square foot mall addition.

Field Day, by Good Earth, a new restaurant concept owned by Parasole Restaurant Holdings, is proposing to occupy space on the first floor of the new Nordstrom wing. The proposed restaurant would be approximately 2,800 square feet in size with seating for up to 50 guests.

The proposal requires a conditional use permit to allow a restaurant use, exceeding 1,200 square feet in size, within a retail center.

Planning Commission Hearing
The planning commission considered the request on April 14, 2016. The staff report from that meeting is attached and various plans and documents describing the proposed project may be found on pages A1–A6. At that meeting, a public hearing was opened to comment. No comments were received.

Planning Commission Recommendation
On a 7-0 vote, the commission recommended that the city council approve the permit. Meeting minutes may be found on pages A11.

Since Planning Commission Hearing
There have been no changes to the proposal or additional information received since the planning commission’s meeting on this item.

Staff Recommendation
Recommend the city council adopt the resolution on pages A7–A10, approving the conditional use permit.
Meeting of May 9, 2016

Subject: Field Day, by Good Earth, at Ridgedale Center

Through:
Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originator: Ashley Cauley, Senior Planner
IntroduCtiOn

Field Day Ridgedale, LLC is a new restaurant concept owned by Parasole Restaurant Holdings, Inc. Headquartered in Minneapolis. Parasole Restaurant Holdings operates a number of restaurants in and around the metro area. Their restaurant portfolio includes Salut Bar Americain in Edina and St. Paul; Burger Jones in Burnsville; Chino Latino and Libertine in Uptown; Manny’s Steakhouse and The Living Room & Prohibition Bars at the W Minneapolis – The Foshay in downtown Minneapolis; Muffuletta Café in St Paul; and Good Earth Restaurants in Edina and Roseville.

proposAl

In 2014, General Growth and Nordstrom began construction of Phase 2 of the Ridgedale Mall master development plan. To connect the new Nordstrom store to the existing mall, Phase 2 included a two-story 88,000 square foot mall addition. Since the construction wrapped up late last year, several tenants have already occupied the mall addition.

Field Day Ridgedale, LLC is requesting a conditional use permit to operate a restaurant within the first floor of the new Nordstrom wing. The restaurant would have seating for up to 50 guests and would be approximately 2800 square feet in size. The applicant has applied for a liquor license which will be reviewed separately by the city council.

The hours of operation, consistent with the mall’s hours, would be 10:00 a.m. – 9:00 p.m. Monday through Saturday and 11:00 – 6 p.m. on Sundays.

The proposal requires a conditional use permit to allow a restaurant use, exceeding 1,200 square feet in size, within a retail center. (See pages A2–A6.)

staff Analysis

Staff finds that the proposed restaurant is reasonable:
• The parking demands and traffic associated with the restaurant can be accommodated within the existing site without the need for any additional traffic improvements.

• The restaurant use would be complimentary to existing uses within the mall.

• The restaurant would meet all conditional use permit standards outlined in the zoning ordinance for restaurants.

**Staff Recommendation**

Recommend the city council adopt the resolution on pages A7–A10, which approves the conditional use permit for a restaurant in Ridgedale Center at 12401 Wayzata Boulevard.

Originator: Ashley Cauley, Senior Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Project No.**
03046.16a

**Property**
12401 Wayzata Boulevard

**Applicant**
Field Day Ridgedale, LLC

**Planning**
Guide Plan designation: Mixed Use
Zoning: PID, Planned I394 District

**CUP Standards**
The proposal would meet the general conditional use permit standards as outlined in City Code §300.31 Subd.4(b)2:

1. The use is in the best interest of the city;
2. The use is compatible with other nearby uses;
3. The use is consistent with other requirements of this ordinance.

The proposal would meet the general conditional use permit standards as outlined in City Code §300.31 Subd. 4(b)2(o):

1. must be in retail multiple tenant centers only and conform to the architecture of a specific center;

   **Finding:** The restaurant would be interior to the mall. As an interior tenant, Field Day would apply their trade dress to their interior entrance. The design and material choice of the trade dress would be regulated by Ridgedale. There would be no evidence of the restaurant on the exterior of the mall.

2. will not be permitted when traffic studies indicate significant impacts on the levels of service as defined by the Institute of Traffic Engineers on the roadway system;

   **Finding:** The traffic within the Ridgedale area has been studied extensively. The traffic associated with the restaurant can be accommodated within the existing roadway system and on-site parking areas.

3. outdoor seating areas will be approved only subject to the following:
a) must be located in a controlled or cordoned area with at least one opening to an acceptable pedestrian walk. When a liquor license is involved, an enclosure is required and the enclosure shall not be interrupted; access must be only through the principal building;

b) must be setback at least 300 feet and screened from any adjacent property designated in the comprehensive plan for residential use;

c) must be located and designed so as not to interfere with pedestrian and vehicular circulation;

d) must be located next to an entrance to the main use;

e) must be equipped with refuse containers and periodically patrolled for litter pick-up;

f) must not have speakers or audio equipment that is audible from adjacent residential properties; and

g) must meet building setback requirement.

**Finding:** The proposal does not include an outdoor eating area.

4. drive-up windows and related stacking spaces will be approved only subject to the following:

a) public address system must not be audible from any residential parcel; and

b) stacking for a maximum of six cars per aisle must be provided subject to applicable parking lot setbacks.

c) must be setback at least 100 feet and screened from any adjacent property designated in the comprehensive plan for residential use.

**Finding:** The proposal does not include a drive-up window.

5. Restaurants or fast-food restaurants with less than 1,200 square feet gross floor area, designed capacity not exceeding 25, having no drive-up window and located in retail multiple tenant centers are exempt from the requirements of this section and are considered to be a
For tenants with accessory fast-food restaurants, the 1,200 square-foot calculation will include the total gross floor area of all restaurants and fast-food restaurants within the tenant space.

**Finding:** The restaurant would exceed 1,200 square feet. As such, the requirements of this section would apply to the proposal.

<table>
<thead>
<tr>
<th>Approving Body</th>
<th>The planning commission makes a recommendation to the city council, which has final authority to approve or deny the request. (City Code §300.06 Subd. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood</td>
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<tr>
<td>Comments</td>
<td>The city sent notices to 424 area property owners and received no comments to date.</td>
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<tr>
<td>Deadline for</td>
<td>July 12, 2016</td>
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<tr>
<td>Decision</td>
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Location Map

Project: Good Earth Concept (Parasole)
Applicant: Field Day Ridgedale, LLC
Address: 12401 Wayzata Blvd
Project No. 03046.16a
City of Minnetonka  
Liquor License Application  
Field Day  
Business Plan  
March 4, 2016  

1. Staffing – Field day will have a manager or lead employee on duty during all business hours and be staffed by full and part-time employees

2. Alcohol - Managers and alcohol serving staff will complete an alcohol training class. We are committed to workplace and public safety by ensuring responsible and legal sale of alcohol in the restaurant. All guests appearing under 35 years of age will be required to present a valid government ID for age verification. Field Day will participate in the City of Minnetonka’s Best Practices Program “Project Smart Choice”

3. Food to Liquor Ratio – alcohol sales are estimated at less than 3%

4. Hours of Operation – 10:00 A.M. to 9:00 P.M. every day except Sunday. Sunday hours are 11:00 A.M. to 6:00 P.M.

5. Entertainment – None

6. Menu – Draft menu attached

7. Orderly Appearance and Operation – The restaurant is entirely within Ridgedale Mall. Restaurant staff will ensure there is no graffiti or refuse within or on the restaurant leased premises. Rubbish and trash will be deposited in a central collection point provided by Ridgedale Mall

8. Noise Management - The restaurant is entirely within Ridgedale Mall. There will be background music within the leased premises
Greens

**Sesame Salmon**
Gently cooked sustainable Norwegian salmon with avocado, Napa cabbage, watercress, sesame wakame, chia & sesame seeds, ginger and tahini-yogurt vinaigrette

**Thai-Style Beef Cobb Salad**
Grass-fed braised beef, romaine, watercress, carrot, avocado, cucumber, egg, sprouted beans, peanuts and peanut-sweet chili vinaigrette

**Chicken & Kale Caesar**
Miso glazed organic chicken with baby kale and romaine, organic, cage-free eggs and ancient grains crumble. Tossed in a miso-kefir vinaigrette.

**Mediterranean Market Veggie**
Romaine, watercress, arugula, cucumber, ripe tomatoes, red onion, red peppers, quinoa tabbouleh, pepperoncini, feta, Kalamata olives and lemon-oregano vinaigrette

**Fresh Mozzarella**
Fresh mozzarella, ripe tomatoes, arugula, pesto chickpeas, fresh basil, Tuscan olive oil & balsamic vinegar

**Superfood Energy**
Baby kale, watercress and arugula, tossed with blueberries, apple, raw beet, chia & pumpkin seeds, toasted quinoa, ginger and avocado, with a green tea-kefir vinaigrette

**Cashew Chicken Salad**
A Good Earth classic. Slow roasted organic chicken, butter lettuce, tomato, cucumber, sprouted beans, avocado, toasted cashews, egg & Kalamata olives

Sandwiches & Wraps

**Cashew Chicken**
Our classic Cashew chicken salad made with chicken breast and cholesterol-free mayonnaise, topped with cashews on whole grain bread

**Bahn Mi Wrap**
Red curry braised beef, carrots, daikon, cucumber, cilantro, hummus on spinach tortilla

**5-Spice Turkey Meatball Pita**
Our house-made meatballs with tomato, avocado, cucumber, arugula, and sesame yogurt on low carb flatbread

**Thai Chicken Wrap**
Grilled chicken, jasmine rice, Napa slaw and spicy peanut sauce wrapped in a spinach tortilla

**Garden Vegetable Hummus Wrap**
Avocado, baby spinach, sprouts, cucumber, ripe tomato, Indian spices hummus on a spinach tortilla

Grain Bowls

**Ancient Grains**
Powerhouse grains including quinoa, amaranth, Kamut, farro & chia, tossed with Mediterranean vegetables, kale, arugula, Kalamata olives and feta. Finished with a lemon-cilantro vinaigrette and spicy pumpkin seeds

**Bombay Vegetable**
Ancient Grains flavored with tahini yogurt and Indian spices. Tossed with baby spinach, arugula, watercress, sprouted beans, chickpeas and lots of fresh veggies

**Energy Bowl**
Green tea infused quinoa, amaranth & chia seeds with power greens, apple, avocado, blueberries, raw beets, ginger and sprouted beans

**Miso-Sesame Salmon**
Sustainable Norwegian salmon with quinoa, sesame wakame, ginger, edamame, kale, avocado, raw vegetables and Chia & sesame seeds

**Lemongrass Beef**
Spicy braised beef with jasmine rice, farro, peanut sauce, kale, cucumber, edamame & vegetables, finished with a cooling cilantro yogurt

**Kung Pao Turkey Meatballs**
Teriyaki glazed turkey meatballs, with Kamut, spicy chickpeas, Napa cabbage, red peppers, edamame, roasted peanuts and sesame

**Quinoa Chicken Bibimbap**
Grilled organic chicken with ginger quinoa, baby greens, edamame, sesame wakame, kimchi, lightly pickled raw vegetables, sesame seeds and soft poached egg
Tea & Coffee
- Iced Tea#1
- Iced Tea#2
- Iced Tea#3
- Hot Tea#1
- Hot Tea#2
- Hot Tea#3
- Hot Tea#4
- Hot Tea#5
- Hot Tea#6
- Coffee#1
- Coffee#2
- Coffee#3
- Coffee#4
- Coffee#5

Juice
- Field Day Juice Blend#1
- Field Day Juice Blend#2
- Field Day Juice Blend#3
- Field Day Juice Blend#4
- Field Day Juice Blend#5
- Field Day Juice Blend#6
- Field Day Juice Blend#7
- Field Day Juice Blend#8

Organic Sodas & Water
- Water, flat
- Water, sparkling
- Pop#1
- Pop#2
- Pop#3
- Pop#4
- Pop#5
- Pop#6

Wine
- Pinot Grigio
- Sauvignon Blanc
- Chardonnay
- Malbec
- Pinot Noir
- Cabernet Sauvignon

Beer
- Beer#1
- Beer#2
- Beer#3
- Beer#4
- Beer#5
- Beer#6
- Beer#7
Resolution No. 2016-
Resolution approving a conditional use permit for Field Day, by Good Earth, a restaurant at Ridgedale Center at 12401 Wayzata Boulevard

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 Field Day Ridgedale, LLC has requested a conditional use permit for a restaurant. (Project 03046.16a)

1.02 The property is located at 12401 Wayzata Boulevard. It is legally described as: TRACT E, REGISTERED LAND SURVEY NO. 1826

1.03 On April 14, 2016, the planning commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the permit.

Section 2. Standards.

2.01 City Code §300.31 Subd. 4(b)2 outlines the general standards that must be met for granting a conditional use permit. These standards are incorporated into this resolution by reference.

2.02 City Code §300.31 Subd. 4(b)2(o) outlines the following specific standards that must be met for granting a conditional use permit for restaurants located on property designed for retail use:

1. Must be in retail multiple tenant centers only and conform to the architecture of a specific center;

2. Will not be permitted when traffic studies indicate significant impacts
on the levels of service as defined by the Institute of Traffic Engineers on the roadway system;

3. Outdoor seating areas will be approved only subject to the following:
   a) Must be located in a controlled or cordoned area with at least one opening to an acceptable pedestrian walk. When a liquor license is involved, an enclosure is required and the enclosure shall not be interrupted; access must be only through the principal building;
   b) Must be setback at least 200 feet and screened from any adjacent property designed in the comprehensive plan for residential use;
   c) Must be located and designed so as to not interfere with pedestrian and vehicular circulation;
   d) Must be located next to an entrance to the main use;
   e) Must be equipped with refuse containers and periodically patrolled for litter pick-up;
   f) Must not have speakers for audio equipment that is audible from adjacent residential parcels; and
   g) Must meet building setback requirements.

4. Drive-up windows and related stacking spaces will be approved only subject to the following:
   a) Public address systems must not be audible from any residential parcel; and
   b) Stacking for a minimum of six cars per aisle must be provided subject to applicable parking lot setbacks.
   c) Must be setback at least 100 feet and screened from any adjacent property designated in the comprehensive plan for residential use.

5. Restaurants or fast-food restaurants with less than 1,200 square feet gross floor area, designed seating capacity not exceeding 25, having no drive-up window and located in retail multiple tenant centers are
exempt from the requirements of this section and are considered to be standard retail use. For tenants and accessory fast-food restaurants, the 1,200 square foot calculation would include the total gross area of all restaurants and fast-food restaurants within the tenant space.

Section 3. Findings.

3.01 The proposal meets the general conditional use permit standards outlined in City Code §300.31 Subd.4(b)2.

3.02 The proposal meets all but one of the specific conditional use permit standards outlined in City Code §300.31 Subd. 4(b)2(o).

1. The restaurant would be interior to the mall. As an interior tenant, Field Day would apply their trade dress to their interior entrance. The trade dress of the entrance would be regulated by the Ridgedale. There would be no evidence of the restaurant on the exterior of the mall.

2. The traffic within the Ridgedale area has been studied extensively. The traffic associated with the restaurant can be accommodated within the existing roadway system and on-site parking areas.

3. The proposal does not include an outdoor eating area.

4. The proposal does not include a drive-up window.

5. The restaurant would exceed 1,200 square feet. As such, the requirements of this section would apply to the proposal.

Section 4. City Council Action.

4.01 The above-described conditional use permit is approved, subject to the following conditions:

1. Subject to staff approval, the restaurant must be developed and maintained in substantial conformance with the following plans, except as modified below:

   • Lease plan submitted March 14, 2016
   • Floor plan submitted March 14, 2016

2. Prior to issuance of a building permit this resolution must be recorded
with Hennepin County.

3. The restaurant must obtain all applicable food and liquor licenses from the city.

4. The city council may reasonably add or revise conditions to address any future unforeseen problems.

5. Any change to the approved use that results in a significant increase in traffic or significant change in character would require a revised conditional use permit.

Adopted by the City Council of the City of Minnetonka, Minnesota, on May 9, 2016.

________________________________________________________________________

Terry Schneider, Mayor

Attest:

________________________________________________________________________

David E. Maeda, City Clerk

Action on this resolution:


I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on May 9, 2016.

________________________________________________________________________

David E. Maeda, City Clerk
The next planning commission meeting will be May 5, 2016.

The boards and commissions workshop will be April 27, 2016 at 6:15 p.m. with the speaker starting at 7 p.m.

6. Report from Planning Commission Members

A few commissioners attended a comprehensive guide plan workshop. Calvert said that the information was useful and it was helpful to make new contacts with people from other agencies. It helped her understand how much work goes into comprehensive guide plans.

Chair Kirk attended the Shady Oak neighborhood meeting and thought it was a great opportunity for neighbors to respond to options before a developer makes a presentation. It will be a balancing act for the city to develop the property.

7. Public Hearings: Consent Agenda

Item 7B was removed from the consent agenda for discussion and separate action.

_odland moved, second by O'Connell, to approve the following item listed on the consent agenda as recommended in the respective staff report as follows:_

**A. Conditional use permit for Field Day at Ridgedale, LLC, at 12401 Wayzata Boulevard.**

Recommend the city council adopt the resolution on pages A7-A10 of the staff report which approves the conditional use permit for a restaurant in Ridgedale Center at 12401 Wayzata Boulevard.

_Powers, Calvert, Hanson, Knight, O'Connell, Odland, and Kirk voted yes. Motion carried and the item on the consent agenda was approved as submitted._

Item 7A is tentatively scheduled to be reviewed by the city council at its April 25, 2016 meeting.

**B. Side yard setback variance for a garage and living space addition at 14524 Idylwood Road.**

Chair Kirk introduced the proposal and called for the staff report.
City Council Agenda Item #13A2
Meeting of May 9, 2016

Brief Description
On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for Field Day Ridgedale, LLC, 12259 Wayzata Boulevard

Recommendation
Continue the public hearing and grant the licenses

Background
The city has received applications from Field Day Ridgedale, LLC, for on-sale wine and on-sale 3.2 percent malt beverage liquor licenses, for use at a new restaurant at Ridgedale. Field Day, by Good Earth, is a new restaurant concept owned by Parasole Restaurant Holdings, Inc. (See pages A1-A5.)

Headquartered in Minneapolis, Minnesota, Parasole Restaurant Holdings operates Salut Bar Americain in Edina and St. Paul, Burger Jones in Burnsville and in the Lake Calhoun area of Minneapolis; Chino Latino and Libertine in Uptown; Manny’s Steakhouse, The Living Room & Prohibition at the W Minneapolis – The Foshay in downtown Minneapolis; Pittsburgh Blue Steakhouse in Edina and Maple Grove; Muffuletta Café in St. Paul’s Como Park neighborhood; the Good Earth Restaurants in Edina and Roseville; and Mozza Mia Pizza Pie & Mozzarella Bar in Downtown Edina. Parasole created Buca di Beppo Italian restaurant and the Oceanaire Seafood Room which were subsequently spun-off from Parasole.

Business Ownership
Parasole was founded in 1979 by Phil Roberts and Peter Mihajlov. Kevin Kuester joined the company, as a partner, in 2003 after working closely with Parasole for over two decades. Together, they oversee operation of Parasole Restaurant Holdings, the Parasole Bakery, and Idein, LLC, a consulting service for restaurant and retail clients nationwide.

Field Day Ridgedale, LLC is a privately held corporation. The ownership structure includes three owners in excess of ten percent ownership, Philip Roberts (36.4%), Peter Mihajlov (33.7%), and Kevin Kuester (12%). The remaining ownership is comprised of various owners with less than ten percent. The owners have extensive experience in the restaurant business. Donna Fahs will serve as the general manager at the Ridgedale location. Donna resides in Eden Prairie and meets the metro-area residency requirements of the city’s liquor ordinance.
**Business Operations**

The establishment will be located on the first floor of Ridgedale in the Nordstrom wing. The restaurant will seat approximately 50 guests. Since the restaurant is a new facility, larger than 1,200 square feet, a conditional use permit is required. The anticipated opening date is in September.

Hours of operation will be 10:00 am – 9:00 pm Monday thru Saturday and 11:00 am – 6:00 pm on Sunday. Projected sales from wine and beer are expected to be less than three percent.

Parasole Restaurant Holdings owns numerous establishments which have experienced some failed compliance tests over the years. In the event that a restaurant fails a compliance check, the server/bartender is immediately terminated and the general manager is suspended for a period of time, without pay. The company continuously trains and retrains. They also promote as a pre-shift reminder, the importance of checking IDs. Parasole has expressed interest in participating in the Best Practices Program in Minnetonka.

**Application Information**

Application information and license fees have been submitted. The police department’s investigative report is complete and will be forwarded to the council separately.

**Recommendation**

The public hearing was opened on March 28 and continued to April 25, but the police department requested an extension for more time to complete the background check. The April 25 agenda item was continued to May 9.

Staff recommends that the city council continue the public hearing from April 25 and grant the licenses.

Submitted through:
  - Geralyn Barone, City Manager
  - Julie Wischnack, AICP, Community Development Director

Originated by:
  - Kathy Leervig, Community Development Coordinator
1. Staffing – Field day will have a manager or lead employee on duty during all business hours and be staffed by full and part-time employees

2. Alcohol - Managers and alcohol serving staff will complete an alcohol training class. We are committed to workplace and public safety by ensuring responsible and legal sale of alcohol in the restaurant. All guests appearing under 35 years of age will be required to present a valid government ID for age verification. Field Day will participate in the City of Minnetonka’s Best Practices Program “Project Smart Choice”

3. Food to Liquor Ratio – alcohol sales are estimated at less than 3%

4. Hours of Operation – 10:00 A.M. to 9:00 P.M. every day except Sunday. Sunday hours are 11:00 A.M. to 6:00 P.M.

5. Entertainment – None

6. Menu – Draft menu attached

7. Orderly Appearance and Operation – The restaurant is entirely within Ridgedale Mall. Restaurant staff will ensure there is no graffiti or refuse within or on the restaurant leased premises. Rubbish and trash will be deposited in a central collection point provided by Ridgedale Mall

8. Noise Management - The restaurant is entirely within Ridgedale Mall. There will be background music within the leased premises
**Greens**

**Sesame Salmon**
Gently cooked sustainable Norwegian salmon with avocado, Napa cabbage, watercress, sesame wakame, chia & sesame seeds, ginger and tahini-yogurt vinaigrette

**Thai-Style Beef Cobb Salad**
Grass-fed braised beef, romaine, watercress, carrot, avocado, cucumber, egg, sprouted beans, peanuts and peanut-sweet chili vinaigrette

**Chicken & Kale Caesar**
Miso glazed organic chicken with baby kale and romaine, organic, cage-free eggs and ancient grains crumble. Tossed in a miso-kefir vinaigrette.

**Mediterranean Market Veggie**
Romaine, watercress, arugula, cucumber, ripe tomatoes, red onion, red peppers, quinoa tabbouleh, pepperoncini, feta, Kalamata olives and lemon-oregano vinaigrette

**Fresh Mozzarella**
Fresh mozzarella, ripe tomatoes, arugula, pesto chickpeas, fresh basil, Tuscan olive oil & balsamic vinegar

**Superfood Energy**
Baby kale, watercress and arugula, tossed with blueberries, apple, raw beet, chia & pumpkin seeds, toasted quinoa, ginger and avocado, with a green tea-kefir vinaigrette

**Cashew Chicken Salad**
A Good Earth classic. Slow roasted organic chicken, butter lettuce, tomato, cucumber, sprouted beans, avocado, toasted cashews, egg & Kalamata olives

**Sandwiches & Wraps**

**Cashew Chicken**
Our classic Cashew chicken salad made with chicken breast and cholesterol-free mayonnaise, topped with cashews on whole grain bread

**Bahn Mi Wrap**
Red curry braised beef, carrots, daikon, cucumber, cilantro, hummus on spinach tortilla

**5-Spice Turkey Meatball Pita**
Our house-made meatballs with tomato, avocado, cucumber, arugula, and sesame yogurt on low carb flatbread

**Thai Chicken Wrap**
Grilled chicken, jasmine rice, Napa slaw and spicy peanut sauce wrapped in a spinach tortilla

**Garden Vegetable Hummus Wrap**
Avocado, baby spinach, sprouts, cucumber, ripe tomato, Indian spices hummus on a spinach tortilla

**Grain Bowls**

**Ancient Grains**
Powerhouse grains including quinoa, amaranth, Kamut, farro & chia, tossed with Mediterranean vegetables, kale, arugula, Kalamata olives and feta. Finished with a lemon-cilantro vinaigrette and spicy pumpkin seeds

**Bombay Vegetable**
Ancient Grains flavored with tahini yogurt and Indian spices. Tossed with baby spinach, arugula, watercress, sprouted beans, chickpeas and lots of fresh veggies

**Energy Bowl**
Green tea infused quinoa, amaranth & chia seeds with power greens, apple, avocado, blueberries, raw beets, ginger and sprouted beans

**Miso-Sesame Salmon**
Sustainable Norwegian salmon with quinoa, sesame wakame, ginger, edamame, kale, avocado, raw vegetables and Chia & sesame seeds

**Lemongrass Beef**
Spicy braised beef with jasmine rice, farro, peanut sauce, kale, cucumber, edamame & vegetables, finished with a cooling cilantro yogurt

**Kung Pao Turkey Meatballs**
Teriyaki glazed turkey meatballs, with Kamut, spicy chickpeas, Napa cabbage, red peppers, edamame, roasted peanuts and sesame

**Quinoa Chicken Bibimbap**
Grilled organic chicken with ginger quinoa, baby greens, edamame, sesame wakame, kimchi, lightly pickled raw vegetables, sesame seeds and soft poached egg

A4
Tea & Coffee

Iced Tea#1
Iced Tea#2
Iced Tea#3

Hot Tea#1
Hot Tea#2
Hot Tea#3
Hot Tea#4
Hot Tea#5
Hot Tea#6

Coffee#1
Coffee#2
Coffee#3
Coffee#4
Coffee#5

Juice

Field Day Juice Blend#1
Field Day Juice Blend#2
Field Day Juice Blend#3

Field Day Juice Blend#4
Field Day Juice Blend#5
Field Day Juice Blend#6
Field Day Juice Blend#7
Field Day Juice Blend#8

Organic Sodas & Water

Water, flat
Water, sparkling

Pop#1
Pop#2
Pop#3
Pop#4
Pop#5
Pop#6

Wine

Pinot Grigio
Sauvignon Blanc

Chardonnay
Malbec

Pinot Noir
Cabernet Sauvignon

Beer

Beer#1
Beer#2

Beer#3
Beer#4
Beer#5

Beer#6
Beer#7

DRAFT
City Council Agenda Item #13B  
Meeting of May 9, 2016

Brief Description:  Resolution authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds; Adopting a Housing Program; and Authorizing the Execution and Delivery of the Bonds and Related Documents

Recommended Action:  Hold the public hearing and adopt the resolution

Background

In 2015, the city approved the Music Barn Apartment project. The project included 27 new affordable apartment units to be located at 5750 Shady Oak Road, the rehabilitation of 46 existing affordable townhomes located at 5400 Smetana Drive (Elmbrooke) and the rehabilitation of 8 existing affordable townhome units in Golden Valley.

To finance this project, Community Housing Corporation of America is requesting that the city issue multifamily housing revenue bonds, in one or more series, as taxable or tax-exempt obligations in the estimated aggregate principal amount not to exceed $11,500,000. This bond does not affect the city’s bank qualified bonding capacity. Attached is a memo from the city’s bond counsel that explains the procedure and actions necessary for this request. (See pages A10-A11).

At the city council meeting on April 11, 2016, the council called a public hearing and granted preliminary approval for the issuance of revenue bonds to finance the costs of the project. This action is the final step to approve the issuance, sale, and delivery of the bonds; adopt a housing program; and authorize the execution and delivery of the bonds and related documents.

Recommendation

Staff recommends the city council hold the public hearing and adopt the attached resolution. (See pages A1-A9).

Submitted through:  
  Geralyn Barone, City Manager  
  Julie Wischnack, Community Development Director

Originated by:  
  Alisha Gray, Economic Development and Housing Manager
Resolution No. 2016-____

Resolution Authorizing the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds; Adopting a Housing Program; and Authorizing the Execution and Delivery of the Bonds and Related Documents

Be it resolved by the City Council (the “Council”) of the City of Minnetonka, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City is a home rule city duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota.

1.02. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the City is authorized to issue revenue bonds to provide funds to finance multifamily rental housing developments located within the City.

1.03. Minnesota Statutes, Section 471.656, as amended, authorizes a municipality to issue obligations to finance the acquisition or improvement of property located outside of the corporate boundaries of such municipality if the obligations are issued under a joint powers agreement between the municipality issuing the obligations and the municipality in which the property to be acquired or improved is located. Pursuant to Minnesota Statutes, Section 471.59, as amended, by the terms of a joint powers agreement entered into through action of their governing bodies, two municipalities may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised and the joint powers agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units.

1.04. CHC Minnetonka Affordable Housing LLC, a Minnesota limited liability company, or any of its affiliates (collectively, the “Borrower”), has proposed that the City issue its multifamily housing revenue bonds in the approximate aggregate principal amount of $11,500,000, in one or more series, as taxable or tax-exempt obligations (the “Bonds”), for the benefit of the Borrower for the purposes of (i) financing the acquisition, construction, and equipping of approximately twenty-seven (27) new affordable apartment units to be located at 5750 Shady Oak Road in the City (the “Music Barn Apartments”); (ii) financing the substantial rehabilitation of forty-six (46) existing affordable townhome units located at 5400 Smetana Drive in the City (the “Elmbrooke Apartments”);
(iii) financing the substantial rehabilitation of eight (8) existing affordable townhome units on scattered sites located at 2100 Douglas Drive North and 3354 Lilac Drive North in the City of Golden Valley, Minnesota (the “Golden Valley Townhomes,” and collectively with the Music Barn Apartments and the Elmbrooke Apartments, the “Project”); (iv) funding of one or more reserve funds to secure the timely payment of the Bonds, if necessary; (v) paying interest on the Bonds during the construction of the Project, if necessary; and (vi) paying the costs of issuing the Bonds.

1.05. In accordance with the Act, the City has prepared a housing program (the “Housing Program”) to authorize the issuance by the City of the Bonds to finance the acquisition, construction, and equipping by the Borrower of the Project. The Housing Program was prepared and submitted to the Metropolitan Council for its review and comment.

1.06. On April 11, 2016, the Council adopted Resolution No. 2016-026, authorizing the submission of an application to the office of Minnesota Management & Budget for an allocation of bonding authority with respect to the Bonds to finance the Project in accordance with the requirements of Minnesota Statutes, Chapter 474A, as amended, and providing preliminary approval for the sale and issuance of the Bonds.

1.07. A notice of public hearing (the “Public Notice”) was published in the Lakeshore Weekly News, the official newspaper of and a newspaper of general circulation in the City, with respect to the required public hearing under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and Section 462C.04, subdivision 2 of the Act.

1.08. The Public Notice was published at least fifteen (15) days before the regularly scheduled meeting of the Council of the City, and on the date hereof, the Council conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views, both orally and in writing.

1.09. The Council has been presented with a form of Cooperative Agreement (the “Cooperative Agreement”) to be entered into between the City and the City of Golden Valley, Minnesota (the “City of Golden Valley”), pursuant to which the City of Golden Valley consents to the issuance of the Bonds to finance, in part, the substantial rehabilitation of the Golden Valley Townhomes, all in accordance with Minnesota Statutes, Sections 471.59 and 471.656, as amended.

Section 2. Housing Program. The Housing Program, in the form substantially on file with the City, is hereby approved.
Section 3. The Bonds.

3.01. The Borrower has requested that the City issue, sell, and deliver the Bonds in one or more series, as taxable or tax-exempt obligations, in an approximate aggregate principal amount of $11,500,000. The Bonds are expected to be issued in at least two series and are proposed to be sold publicly and underwritten by Dougherty & Company LLC, a Delaware limited liability company (the “Underwriter”).

3.02. A portion of the Bonds (the “Series 2016A Bonds”) is proposed to be issued pursuant to this resolution, the Act, and a Trust Indenture, to be dated after the date hereof (the “Series 2016A Indenture”), between the City and U.S. Bank National Association, as trustee (the “Trustee”), and a portion of the Bonds (the “Series 2016B Bonds”) is proposed to be issued pursuant to this resolution, the Act, and a Trust Indenture, to be dated after the date hereof (the “Series 2016B Indenture,” and together with the Series 2016A Indenture, the “Indentures”), between the City and the Trustee.

3.03. The proceeds derived from the sale of the Series 2016A Bonds will be loaned by the City to the Borrower pursuant to the terms of a Loan Agreement, to be dated after the date hereof (the “Series 2016A Loan Agreement”), between the City and the Borrower, and the proceeds derived from the sale of the Series 2016B Bonds will be loaned by the City to the Borrower pursuant to the terms of a Loan Agreement, to be dated after the date hereof (the “Series 2016B Loan Agreement,” and together with the Series 2016A Loan Agreement, the “Loan Agreements”), between the City and the Borrower.

3.04. The Bonds and the interest on the Bonds (i) shall be payable solely from the revenues pledged therefor under the Loan Agreements and additional sources of revenue provided by or on behalf of the Borrower; (ii) shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation; (iii) shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers; (iv) shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the City other than the City’s interest in the Loan Agreements; and (v) shall not constitute a general or moral obligation of the City.

3.05. The loan repayments to be made by the Borrower under the Loan Agreements will be fixed so as to produce revenue sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. Such loan repayments will be assigned to the Trustee under the terms of the Indentures. To secure its obligations under the Series 2016A Loan
Agreement, the Borrower is expected to obtain an FHA Insured Mortgage Loan on the Project from a separate lender, the proceeds of which will pay in full the loan repayments to come due under the Series 2016A Loan Agreement. To secure its obligations under the Series 2016B Loan Agreement, the Borrower is expected to pledge a portion of equity installments attributable from low-income housing tax credits for the Project and various partnership interests. Additionally, the Borrower will cause one or more guaranties to be delivered to secure the Borrower’s obligations under the Series 2016B Loan Agreement.

3.06. The City acknowledges, finds, determines, and declares that the issuance of the Bonds is authorized by the Act and is consistent with the purposes of the Act and that the issuance of the Bonds, and the other actions of the City under the Indentures, the Loan Agreements, and this resolution constitute a public purpose and are in the interests of the City. In authorizing the issuance of the Bonds for the financing of the Project and the related costs, the City’s purpose is and the effect thereof will be to promote the public welfare of the City and its residents by providing multifamily housing developments for low or moderate income residents of the City and otherwise furthering the purposes and policies of the Act.

3.07. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Bonds in the approximate aggregate principal of $11,500,000. The Subordinate Bonds shall bear interest at the rates, shall be designated, shall be numbered, shall be dated, shall mature, shall be in the aggregate principal amount, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the respective Indentures, substantially in the forms now on file with the City, with the amendments referenced herein. The City hereby authorizes all or a portion of the Bonds to be issued as “tax-exempt bonds,” the interest on which is not includable in gross income for federal and State of Minnesota income tax purposes.

All of the provisions of the Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Series 2016A Bonds shall be substantially in the form in the Series 2016A Indenture on file with the City and the Series 2016B Bonds shall be substantially in the form in the Series 2016B Indenture on file with the City, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of the Bonds, the stated maturities of the Bonds, the interest rates on the Bonds and the terms of redemption of the Bonds) as the Mayor and
the City Manager, in their discretion, shall determine. The execution of the Bonds with the manual or facsimile signatures of the Mayor and the City Manager and the delivery of the Bonds by the City shall be conclusive evidence of such determination.

3.08. The Bonds shall be special, limited obligations of the City payable solely from the revenues provided by the Borrower pursuant to the Loan Agreements and other funds pledged pursuant to the Indentures.

All of the provisions of the Indentures, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Indentures shall be substantially in the forms on file with the City, which are hereby approved, with such necessary and appropriate variations, omissions and insertions as do not materially change the substance thereof, and as the Mayor and the City Manager, in their discretion, shall determine, and the execution thereof by the Mayor and the City Manager shall be conclusive evidence of such determination. The Mayor and the City Manager are hereby authorized and directed to execute the Indentures, and to deliver the Indentures to the Trustee, and hereby authorizes and directs the execution of the Bonds in accordance with the terms of the Indentures, and hereby provides that the Indentures shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Bonds, the City and the Trustee as set forth therein.

3.09. The Mayor and the City Manager are hereby authorized and directed to execute and deliver the Loan Agreements, the Cooperative Agreement, and a Bond Purchase Agreement, to be dated after the date hereof (the “Bond Purchase Agreement”), between the City, the Borrower, and the Underwriter. All of the provisions of the Loan Agreements, the Cooperative Agreement, and Bond Purchase Agreement, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Loan Agreements, the Cooperative Agreement, and Bond Purchase Agreement shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, and as the Mayor and the City Manager, in their discretion, shall determine, and the execution thereof by the Mayor and the City Manager shall be conclusive evidence of such determinations.

3.10. To ensure compliance with certain rental and occupancy restrictions imposed by the Act and Section 142(d) of the Code, and to ensure
compliance with certain restrictions imposed by the City, the Mayor and City Manager are also hereby authorized and directed to execute and deliver one or more Regulatory Agreements, to be dated after the date hereof (the “Regulatory Agreements”), between the City, the Borrower, and the Trustee. All of the provisions of the Regulatory Agreements, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Regulatory Agreement shall be substantially in the forms on file with the City which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Mayor and the City Manager, in their discretion, shall determine, and the execution thereof by the Mayor and the City Manager shall be conclusive evidence of such determination.

3.11. The City will not participate in the preparation of the Preliminary Official Statements or the Official Statements relating to the offer and sale of the Bonds (collectively, the “Official Statements”) and will make no independent investigation with respect to the information contained therein, including the appendices thereto, except for the information set forth under the headings “THE ISSUER” and “NO LITIGATION – The Issuer,” and the City assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the City hereby consents to the distribution and the use by the Underwriter of the Official Statements in connection with the offer and sale of the Bonds. The Official Statements are the sole material consented to by the City for use in connection with the offer and sale of the Bonds.

Section 4. Additional Findings and Certifications.

4.01. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the City or the Council by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the City or by such members of the Council, or such officers, board, body or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the Council of the City, or any officer, agent or employee of the City in that person’s individual capacity, and neither the Council of the City nor any officer or employee executing the Bonds shall be personally liable on the
Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant or agreement contained in the aforementioned documents, the Bonds, or in any other document relating to the Bonds, and no obligation therein or herein imposed upon the City or the breach thereof, shall constitute or give rise to a general or moral obligation of the City or any pecuniary liability of the City or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the City has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreements which are to be applied to the payment of the Bonds, as provided therein.

4.02. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied is intended or shall be construed to confer upon any person or firm or corporation, other than the City, any holder of the Bonds issued under the provisions of this resolution, any right, remedy or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents, and all of their provisions being intended to be and being for the sole and exclusive benefit of the City, and any holder from time to time of the Bonds issued under the provisions of this resolution.

4.03. In case any one or more of the provisions of this resolution, other than the provisions contained in the first sentence of Section 3.08 hereof, or of the aforementioned documents, or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Bonds, but this resolution, the aforementioned documents, and the Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

4.04. The Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.
4.05. The officers of the City, Bond Counsel, other attorneys, engineers, and other agents or employees of the City are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Bonds, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this resolution. If for any reason the Mayor or the City Manager is unable to execute and deliver the documents referred to in this resolution, such documents may be executed by any member of the Council or any officer of the City delegated the duties of the Mayor or the City Manager with the same force and effect as if such documents were executed and delivered by the Mayor or the City Manager.

4.06. The Borrower shall pay the administrative fee of the City on the date of issuance of the Bonds in the amount of one-eighth of one percent (0.125%) of the outstanding principal amount of the Bonds. The Borrower will also pay, or, upon demand, reimburse the City for payment of, any and all costs incurred by the City in connection with the Project and the issuance of the Bonds, whether or not the Bonds are issued, including any costs for attorneys’ fees.

Section 5. **Effective Date.** This resolution shall be in full force and effect from and after its approval. The approvals contained in the resolution are effective for one year after the date hereof.
Adopted by the City Council of the City of Minnetonka, Minnesota this 9th day of May, 2016.

________________________________________
Terry Schneider, Mayor

ATTEST:

________________________________________
David E. Maeda, City Clerk

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on May 9, 2016.

________________________________________
David E. Maeda, City Clerk
May 2, 2016

Julie Wischnack  
Community Development Director  
City of Minnetonka  
14600 Minnetonka Boulevard  
Minnetonka, MN  55345-1502

Re: Resolution approving the issuance of multifamily housing revenue bonds by the City of Minnetonka

Dear Julie,

As you know, CHC Minnetonka Affordable Housing LLC, a Minnesota limited liability company (the “Borrower”), is working with the City of Minnetonka (the “City”) and the City of Golden Valley, Minnesota (“Golden Valley”) to (i) finance the acquisition, construction, and equipping of approximately twenty-seven (27) new affordable apartment units to be located at 5750 Shady Oak Road in the City (the “Music Barn Apartments”); (ii) finance the substantial rehabilitation of forty-six (46) existing affordable townhome units located at 5400 Smetana Drive in the City (the “Elmbrooke Apartments”); and (iii) finance the substantial rehabilitation of eight (8) existing affordable townhome units on scattered sites located at 2100 Douglas Drive North and 3354 Lilac Drive North in Golden Valley (the “Golden Valley Townhomes,” and collectively with the Music Barn Apartments and the Elmbrooke Apartments, the “Project”). To finance this Project, the Borrower is requesting that the City issue multifamily housing revenue bonds, in one or more series, as taxable or tax-exempt obligations (the “Bonds”), in the estimated aggregate principal amount not to exceed $11,500,000.

The Bonds, if issued, will be considered “housing bonds” issued pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”). Section 146 of the Internal Revenue Code of 1986, as amended (the “Code”), requires that this type of housing bond receive an allocation of bonding authority of the State of Minnesota. An application for this allocation has been made pursuant to Minnesota Statutes, Chapter 474A, as amended. In addition, the City is required to prepare a housing program providing the information required by Section 462C.03, subdivision 1a of the Act (the “Housing Program”) and conduct a public hearing as required under the Section 147(f) of the Code and Section 462C.04, subdivision 2 of the Act. The public hearing will be held on May 9, 2016. Following the public hearing, the City Council will be asked to consider the enclosed resolution, which provides final approval to the issuance of the Bonds, the Housing Program, and the execution of loan documents and related documents.

If the City agrees to issue the Bonds, the Bonds will be conduit revenue bonds, which are expected to be issued in two series. The Borrower is required to pay all debt service on the proposed Bonds and any
other fees or expenses of the City incurred in relation to the Bonds, including but not limited to legal expenditures, publication costs, the City’s administrative fee, costs of future modifications, and costs related to any audits by the State of Minnesota or the Internal Revenue Service.

The Bonds will be secured solely by the revenues derived from one or more loan agreements to be executed by the Borrower and from other security provided by the Borrower and its affiliates. The Bonds will not constitute a general or moral obligation of the City and will not be secured by or payable from any property or assets of the City (other than the interests of the City in the loan agreements) and will not be secured by any taxing power of the City. The Bonds will not be subject to any debt limitation imposed on the City, and the issuance of the Bonds will not have any adverse impact on the credit rating of the City, even in the event that the Borrower encounters financial difficulties with respect to the Project to be financed with the proceeds of the Bonds.

The Bonds, if issued, will be “private activity bonds” within the meaning of Section 141(a) of the Code but will be “exempt facility bonds” the net proceeds of which are to be used to provide a “qualified residential rental project” within the meaning of Sections 142(a)(7) and 143(d) of the Code and will not affect the City’s ability to designate up to $10,000,000 in tax-exempt bonds as “qualified tax-exempt obligations” (or “bank-qualified bonds”) for calendar year 2016.

At its City Council meeting on May 9, 2016, the City Council is asked to hold a public hearing and consider a resolution that provides final approval for the issuance of the Bonds and the documents related to the Bonds. Our firm has drafted the documents related to the Bonds. It is our opinion that the City may approve the issuance of the Bonds and the related documents and that the documents are acceptable for the City to execute.

The Borrower will agree to pay the out-of-pocket expenses of the City with respect to this transaction as well as the City’s administrative fee.

My colleague Gina Fiorini will be attending the City Council meeting on May 9, 2016 and can answer any questions that may arise during the meeting. Please contact me with any questions you may have prior to the City Council meeting.

Sincerely,

Julie A. Eddington
Pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Housing Act”), the City of Minnetonka, Minnesota (the “City”) is authorized to develop and administer programs to finance the acquisition, construction, rehabilitation, and equipping of multifamily housing developments under the circumstances and within the limitations set forth in the Housing Act. Section 462C.07 of the Housing Act provides that such programs for multifamily housing developments may be financed by revenue bonds issued by the City.

The City has received a proposal that it approve a program providing for (i) the acquisition, construction, and equipping of approximately twenty-seven (27) new affordable apartment units to be located at 5750 Shady Oak Road in the City (the “Music Barn Apartments”); (ii) the substantial rehabilitation of forty-six (46) existing affordable townhome units located at 5400 Smetana Drive in the City (the “Elmbrooke Apartments”); and (iii) the substantial rehabilitation of eight (8) existing affordable townhome units on scattered sites located at 2100 Douglas Drive North and 3354 Lilac Drive North in Golden Valley, Minnesota (the “Golden Valley Townhomes,” and collectively with the Music Barn Apartments and the Elmbrooke Apartments, the “Project”). The acquisition, construction, rehabilitation, and equipping of the Project is to be funded in part through the issuance by the City of one or more series of revenue bonds, as taxable or tax-exempt obligations, in the approximate aggregate principal amount not to exceed $11,500,000 (the “Bonds”), the proceeds of which will be loaned to CHC Minnetonka Affordable Housing LLC, a Minnesota limited liability company, or any of its affiliates (collectively, the “Borrower”). It is expected that all or a portion of the dwelling units of the Project will be subject to occupancy limits imposed by federal income tax law and regulations such that only persons and families within designated income limits will be permitted to occupy such units.

The City, in establishing this multifamily housing program (the “Program”), has considered the information contained in the City’s comprehensive plan. The Project will be constructed in accordance with the requirements of Section 462C.05, subdivisions 1 and 2 of the Housing Act. Additionally, the City is authorized and empowered, pursuant to the Housing Act and Minnesota Statutes, Sections 471.59 and 471.656, as amended, to issue the Bonds to finance, in part, the rehabilitation of the Golden Valley Townhomes. At the request of the Borrower, the City and the City of Golden Valley, Minnesota (the “City of Golden Valley”) propose to enter into a cooperative agreement pursuant to which the City of Golden Valley will consent to the issuance of the Bonds by the City to finance the rehabilitation of the Golden Valley Townhomes.

Section A. Definitions. The following terms used in this Program shall have the following meanings, respectively:

“Bonds” shall mean the revenue bonds to be issued by the City to finance the Project.

“Borrower” shall mean CHC Minnetonka Affordable Housing LLC, a Minnesota limited liability company, or any of its affiliates (collectively, the “Borrower”).

“City” shall mean the City of Minnetonka, Minnesota.

“Housing Act” shall mean Minnesota Statutes, Chapter 462C, as currently in effect and as the same may be from time to time amended.
“Housing Unit” shall mean any one of the dwelling units financed with the Bonds, each located in the Project, occupied by one person or family, and containing complete living facilities.

“Land” shall mean the real property upon which the Project is situated.

“Program” shall mean this housing program for the financing of the Project pursuant to the Housing Act.

“Project” shall mean, collectively, the approximately twenty-seven (27) new affordable apartment units to be located at 5750 Shady Oak Road in the City to be acquired, constructed, and equipped by the Borrower, the forty-six (46) existing affordable townhome units located at 5400 Smetana Drive in the City to be substantially rehabilitated by the Borrower, and the eight (8) existing affordable townhome units on scattered sites located at 2100 Douglas Drive North and 3354 Lilac Drive North in the City of Golden Valley to be substantially rehabilitated by the Borrower.

Section B. Program for Financing the Project. It is proposed that the City establish this Program to provide financing for the acquisition, construction, rehabilitation, and equipping of the Project at a cost and upon such other terms and conditions as are set forth herein and as may be agreed upon in writing between the City, the initial purchaser(s) of the Bonds, and the Borrower. The City expects to issue the Bonds in one or more series as soon as the terms of the Bonds have been agreed upon by the City, the Borrower, and the initial purchaser(s) of the Bonds. The proceeds of the Bonds will be loaned to the Borrower to finance the acquisition, construction, rehabilitation, and equipping of the Project, to fund required reserves, if any, to pay interest on the Bonds during construction of the Project, and to pay the costs of issuing the Bonds.

It is anticipated that all series of Bonds will have a maturity of approximately forty (40) years or less. It is expected that the Bonds will bear interest at fixed rates, consistent with the market at the time of issuance.

The City will hire no additional staff for the administration of the Program. Insofar as the City will be contracting with underwriters, legal counsel, bond counsel, trustees, purchasers, and others, all of whom will be reimbursed from bond proceeds and revenues generated by the Program, no administrative costs will be paid from the City’s budget with respect to this Program. The Bonds will not be general obligations of the City or the City of Golden Valley but will be issued as conduit revenue obligations of the City to be paid only from loan repayments by the Borrower and revenues generated by the property pledged to the payment thereof, which may include additional security such as additional collateral, insurance or a letter of credit.

Section C. Standards and Requirements Relating to the Financing of the Project Pursuant to the Program. The following standards and requirements shall apply with respect to the operation of the Project by the Borrower pursuant to this Program:

(1) Substantially all of the proceeds of the sale of the Bonds will be applied to the acquisition, construction, rehabilitation, and equipping of the Project, the payment of the costs of issuing the Bonds, the payment of interest on the Bonds during the construction of the Project, and the funding of any required reserves. The proceeds of the Bonds will be made available to the Borrower pursuant to the terms of one or more loan agreements (or other revenue agreements) which will include certain covenants to be made by the Borrower to the City regarding the use of proceeds and the character and use of the Project.
(2) The Project qualifies as a “multifamily housing development” within the meaning of the Housing Act, since it is comprised of an apartment facility, including an apartment or unit described in Minnesota Statutes, Chapter 515, 515A, or 515B, or a cooperative, or a group of townhouses, which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence, or a building or buildings which include one or more dwelling units, each to be rented by a person or family for use as a residence. The Project may include new construction or the acquisition and rehabilitation of an existing building and site or the rehabilitation of and discharge of any interest or lien in an existing building and site.

(3) The Borrower, and any subsequent owner of the Project, will not arbitrarily reject an application from a proposed tenant because of race, color, creed, religion, national origin, sex, marital status, or status with regard to public assistance or disability.

(4) At least forty percent (40%) of the Housing Units will be held for occupancy by families or individuals with adjusted gross income not in excess of sixty percent (60%) of median family income, adjusted for family size. This set aside will satisfy the low-income occupancy requirements of Section 462C.05, subdivision 2 of the Housing Act.

Section D. Evidence of Compliance. The City may require from the Borrower at or before the issuance of the Bonds evidence satisfactory to the City of compliance with the standards and requirements for the financing established by the City, as set forth herein; and in connection therewith, the City or its representatives may inspect the relevant books and records of the Borrower in order to confirm such ability, intention and compliance. In addition, the City may periodically require certification from either the Borrower or such other person deemed necessary concerning compliance with various aspects of this Program.

Section E. Issuance of Bonds. To finance the Project the City will by resolution authorize, issue and sell the Bonds, in one or more series, as taxable or tax-exempt obligations, in the approximate aggregate principal amount not to exceed $11,500,000. The Bonds will be issued pursuant to Section 462C.07, subdivision 1 of the Housing Act, and will be payable primarily from the revenues of the Project. If the costs of the Project, including capitalized interest, costs of issuance of the Bonds, and required reserve funds, if any, exceed the principal amount of the Bonds, the Borrower will contribute to the Project the difference between the total costs of the Project and the principal amount of the Bonds available to finance the Project. The costs of the Project may change between the date of preparation of this Program and the date of issuance of the Bonds. The Bonds are expected to be issued in spring or summer 2016.

Section F. Severability. The provisions of this Program are severable and if any of its provisions, sentences, clauses or paragraphs shall be held unconstitutional, contrary to statute, exceeding the authority of the City or otherwise illegal or inoperative by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

Section G. Amendment. The City shall not amend this Program, while Bonds authorized hereby are outstanding, to the detriment of the holders of such Bonds.

Section H. State Ceiling.

(1) An application for an allocation of a portion of the annual volume cap for private activity bonds to be issued to provide “qualified residential rental projects,” within the meaning of Sections 142(a)(7) and 142(d) of the Internal Revenue Code of 1986, as amended (the
“Code”), will be made to the office of Minnesota Management & Budget, pursuant to Section 146 of the Code and Minnesota Statutes, Chapter 474A, as amended (the “Allocation Act”).

(2) Pursuant to the terms and requirements of the Allocation Act: (i) the Project will meet the requirements of Section 142(d) of the Code regarding the incomes of the occupants of the Project; and (ii) the maximum rent for at least twenty percent (20%) of the Housing Units will not exceed the area fair market rent or exception fair market rents for existing housing, if applicable, as established by the United States Department of Housing and Urban Development.

(3) Prior to the issuance of the Bonds, the Borrower will enter into one or more agreements with the City (collectively, the “Regulatory Agreement”) that specifies the maximum rental rates of twenty percent (20%) of the Housing Units and the income levels of the residents of the Project occupying the income-restricted units. Such rental rates and income levels must be within the limitations established in accordance with the preceding paragraph (2). The Borrower will be required to annually certify to the City over the term of the agreement that the rental rates for the rent-restricted units are within the limitations under the preceding paragraph (2). The City may request individual certification of the income of residents of the income-restricted units of the Project. The office of Minnesota Management & Budget may request from the City a copy of the annual certification prepared by the Borrower. The office of Minnesota Management & Budget may require the City to request individual certification of all residents of the income-restricted units of the Project.

(4) The City will monitor Project compliance with the rental rate and income level requirements established under the preceding paragraph (2). The City may issue an order of noncompliance if the Project is found by the City to be out of compliance with the rental-rate or income-level requirements established under the preceding paragraph (2). The Borrower shall pay a penalty to the City equal to one-half of one percent (0.5%) of the total amount of the tax-exempt Bonds issued under the Housing Act for the Project if the City issues an order of noncompliance. For each additional year the Project is out of compliance, the annual penalty must be increased by one-half of one percent (0.5%) of the principal amount of the tax-exempt Bonds issued under the Housing Act for the Project. The City may waive insubstantial violations.

(5) The City will enter into the Regulatory Agreement with the Borrower with a term of at least fifteen (15) years in order to ensure that the Project satisfies the requirements of this Program, Section 142(d) of the Code, the Housing Act, and the Allocation Act.