



# CITY OF GRAND RAPIDS

## Meeting Agenda Full Detail City Council

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Monday, July 8, 2019

5:00 PM

City Hall Council Chambers

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**CALL TO ORDER:** Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council will be held on Monday, July 8, 2019 at 5:00 p.m. in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

### CALL OF ROLL

### MEETING PROTOCOL POLICY

*Please be aware that the Council has adopted a Meeting Protocol Policy which informs attendees of the Council's desire to conduct meetings in an orderly manner which welcomes all civil input from citizens and interested parties. If you are unaware of the policy, copies (orange color) are available in the wall file by the Council entrance.*

### PUBLIC FORUM

### COUNCIL REPORTS

### APPROVAL OF MINUTES

19-0420 Consider approving Council minutes for Monday, June 24, 2019.

**Attachments:** [June 24, 2019 Regular Meeting.pdf](#)

### VERIFIED CLAIMS

19-0437 Consider approving the verified claims for the period June 18, 2019 to July 1, 2019 in the total amount of \$1,110,791.07.

**Attachments:** [COUNCIL BILL LIST 07/08/2019](#)

### CONSENT AGENDA

*Any item on the consent agenda shall be removed for consideration by request of any one Councilmember, City staff, or the public and put on the regular agenda for discussion and consideration.*

1. 19-0421 Consider accepting the 2018 Comprehensive Annual Financial Report, the Report on Internal Controls, and the Report on Compliance with Minnesota Legal Compliance Audit Code.

**Attachments:** [City of Grand Rapids - 2018 Final Issued CAFR](#)  
[City of Grand Rapids - 2018 Final Issued IC](#)  
[City of Grand Rapids - 2018 Final Issued LC](#)  
[City of Grand Rapids 2018 - Final Issued AML](#)

2. [19-0425](#) Consider approving Change Order 3 related to CP 2019-1, Golf Course Road Utility Extension-Great River Acres

**Attachments:** [CO3](#)

3. [19-0430](#) Consider approving Chamber Directory Contract

**Attachments:** [Chamber Contract for PGC](#)

4. [19-0434](#) Consider payment of \$4,000 to Milligan Studio.

### SETTING OF REGULAR AGENDA

*This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Council members present an agenda item.*

### ACKNOWLEDGE BOARDS & COMMISSIONS

5. [19-0439](#) Review and acknowledge minutes for Boards & Commissions.

**Attachments:** [May 29, 2019 Human Rights Commission Minutes.pdf](#)  
[June 4, 2019 Arts & Culture Commission minutes.pdf](#)

### COMMUNITY DEVELOPMENT

6. [19-0435](#) Consider approving a Memorandum of Understanding (MOU) with the Grand Rapids Economic Development Authority (GREDA) conveying City parcels in the plat of Great River Acres.

**Attachments:** [DOCSOPEN-#589141-v1-Memo of Understanding Grand Rapids GREAT RIVER ACRES Final Plat](#)

### ADMINISTRATION DEPARTMENT

7. [19-0429](#) Appointment of Nathan Morlan to the position of Building Official/Building Maintenance Manager.

8. [19-0432](#) Consider an agreement with Aaron Squadroni for the creation of a public sculpture.

**Attachments:** [Squardoni](#)

### PUBLIC HEARINGS

9. 19-0431 Conduct a Public Hearing for proposed Property Tax Abatement.  
**Attachments:** Presale Report.Grand Rapids.2019A

#### FINANCE DEPARTMENT

10. 19-0438 Consider adopting a resolution approving Property Tax Abatement related to Public Improvements in the City of Grand Rapids.  
**Attachments:** Grand Rapids 2019 Abatement Resolution
11. 19-0433 Consider adopting a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.  
**Attachments:** call resolution, series 2019A

#### ADJOURNMENT

*NEXT REGULAR MEETING IS SCHEDULED FOR JULY 22, 2019, AT 5:00 P.M.*

*NOTE: These times are approximate only and are subject to change. If you are interested in a topic of discussion you should appear at least 10 minutes before its scheduled time.*

*Hearing Assistance Available: This facility is equipped with a hearing assistance system.*

*Attest: Kimberly Gibeau, City Clerk*



CITY OF  
GRAND RAPIDS  
IT'S IN MINNESOTA'S NATURE

# CITY OF GRAND RAPIDS

## Text File

File Number: 19-0440

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**Agenda Date:** 7/8/2019

**Version:** 1

**Status:**  
PRESENTATIONS/PROCLAMA  
TIONS

**In Control:** City Council

**File Type:** Agenda Item

**Agenda Number:**

Consider adopting a resolution supporting a plastic free day challenge.

Councilor \_\_\_\_\_ introduced the following resolution and moved for its adoption:

RESOLUTION NO. 19-

A RESOLUTION SUPPORTING A PLASTIC FREE DAY CHALLENGE

WHEREAS, the children of the City of Grand Rapids, Minnesota will inherit the world families, friends and other adults leave behind; and

WHEREAS, they must live with the consequences of that inheritance; and

WHEREAS, they are concerned with the pollution that is caused by single-use plastic that is harming the world and the creatures that share it; and

WHEREAS, they understand that the United States uses 500 million plastic straws each day, enough to fill 125 buses daily; that the average person uses 13 plastic bottles each month and the average American Family uses 1,500 single-use plastic bags each year; and

WHEREAS, they understand that few of those plastic items are recycled, and will exist for hundreds, if not thousands, of years polluting our land, air and water; and

WHEREAS, they are working to reduce the consumption of single-use plastic in Grand Rapids.

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, hereby encourage residents to accept the challenge of a "Plastic-Free Day," choosing at least one day between July 7<sup>th</sup> – 15<sup>th</sup> to participate by shopping with reusable bags, drinking from reusable bottles, and saying No to plastic straws and plastic utensils.

Adopted this 8<sup>th</sup> day of July 2019.

\_\_\_\_\_  
Dale C. Adams, Mayor

Attest:

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

Councilor \_\_\_\_\_ seconded the foregoing resolution and the following voted in favor thereof: \_\_\_\_\_ ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

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**File #:** 19-0420      **Version:** 1      **Name:** Council minutes  
**Type:** Agenda Item      **Status:** Approval of Minutes  
**File created:** 6/25/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider approving Council minutes for Monday, June 24, 2019.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [June 24, 2019 Regular Meeting.pdf](#)

Date	Ver.	Action By	Action	Result
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Consider approving Council minutes for Monday, June 24, 2019.



# CITY OF GRAND RAPIDS

## Minutes - Final - Draft City Council

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Monday, June 24, 2019

5:00 PM

Itasca County Boardroom

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### MEETING LOCATION CHANGE

**CALL TO ORDER:** Pursuant to due notice and call thereof a Regular Meeting of the Grand Rapids City Council was held on Monday, June 24, 2019 at 5:00 p.m. at the Itasca County Courthouse Boardroom, 123 NE 4th Street, Grand Rapids, Minnesota.

### CALL OF ROLL

**Present** 5 - Councilor Dale Christy  
Mayor Dale Adams  
Councilor Rick Blake  
Councilor Tasha Connelly  
Councilor Michelle Toven

### Staff present:

*Tom Pagel, Chad Sterle, Lynn DeGrio, Dale Anderson, Rob Mattei, Barb Baird, Scott Johnson*

### MEETING PROTOCOL POLICY

### PUBLIC FORUM

*None.*

### COUNCIL REPORTS

*Councilor Blake reports that the new pedestrian bridge is very nice. Already experiencing high traffic volume.*

*Mayor Adams expresses appreciation to the United Way for the Day of Action in which they completed many free service projects, both on public and private property throughout the community.*

*Councilor Christy reports that there was a recent meeting of the Comprehensive Plan Committee and there will be a public meeting soon, date to be determined.*

### APPROVAL OF MINUTES

Consider approving Council minutes for Monday, June 10, 2019 Regular meeting.

**A motion was made by Councilor Tasha Connelly, seconded by Councilor**

**Michelle Toven, to approve Council minutes as presented. The motion PASSED by unanimous vote.**

## **VERIFIED CLAIMS**

Consider approving the verified claims for the period June 4, 2019 to June 17, 2019 in the total amount of \$1,415,194.97.

**A motion was made by Councilor Rick Blake, seconded by Councilor Dale Christy, to approve the Verified Claims as presented. The motion carried by the following vote.**

**Aye** 5 - Councilor Dale Christy  
Mayor Dale Adams  
Councilor Rick Blake  
Councilor Tasha Connelly  
Councilor Michelle Toven

## **CONSENT AGENDA**

1. Consider adopting a resolution accepting a donation of a \$300.00 ProScan 700 Pet Microchip Scanner from AKC Reunite for the Animal Control Facility.  
**Adopted Resolution 19-50 by consent roll call**
2. Accept resignation of Aaron Locken from Firefighter Trainee position.  
**Approved by consent roll call**
3. Consider approving amendment to Engineering Technician job description and authorization to re-post the position.  
**Approved by consent roll call**
4. Consider passing a resolution accepting donations to pay for a sign at Bob Streetar Field at American Legion Park.  
**Adopted Resolution 19-51 by consent roll call**
5. Consider approving temporary liquor licenses for MacRostie Art Center First Friday events in July and August 2019.  
**Approved by consent roll call**
6. Consider approving a resolution accepting donations of \$4,125 from the Township of Harris, \$4,125 from the City of Cohasset and \$1,000 from the Blandin Foundation for the Independence Day Fireworks at Pokegama Lake.  
**Adopted Resolution 19-52 by consent roll call**
7. Consider authorizing staff to accept a quote from ESC Systems for panic button equipment and installation related to the current City Hall security project. Consider accepting low quote from Graybar for intercom equipment for the new secured front



door.

**Approved by consent roll call**

8. Consider approving Golf Course Irrigation System Purchase

**Approved by consent roll call**

9. Consider entering into an agreement with an area business for advertising at the IRA Civic Center.

**Approved by consent roll call**

10. Consider authorizing Building Maintenance to solicit quotes and accept low quote for commonly used cleaning and paper products for all city buildings.

**Approved by consent roll call**

11. Consider authorizing the purchase of a 1 ton pick-up for the Grand Rapids Fire Department as per the quote submitted from Lake Woods Chrysler.

**Approved by consent roll call**

12. Consider approving a temporary liquor license for Klockow Brewing Company for the Grand Rapids Car Show.

**Approved by consent roll call**

13. Consider adopting a resolution approving LG230 Off-Site gambling application for Confidence Learning Center.

**Adopted Resolution 15-53 by consent roll call**

14. Consider an Art Loan Agreement with MacRostie Art Center

**Approved by consent roll call**

15. Consider authorizing payment of \$4860.00 to Eck Designs LLC for the installation of a sign at Streetaar Field at American Legion Park.

**Approved by consent roll call**

- 15a. Consider adopting a resolution authorizing an application and acceptance of funds from the MN IRRR Commercial Redevelopment Grant Program for the North Homes Expansion Project.

**Adopted Resolution 19-54 by consent roll call**

### **Approval of the Consent Agenda**

**A motion was made by Councilor Dale Christy, seconded by Councilor Michelle Toven, to approve the Consent agenda as amended. The motion carried by the following vote**

**Aye** 5 - Councilor Dale Christy  
Mayor Dale Adams  
Councilor Rick Blake  
Councilor Tasha Connelly  
Councilor Michelle Toven

#### **SETTING OF REGULAR AGENDA**

**A motion was made by Councilor Michelle Toven, seconded by Councilor Tasha Connelly, setting the Regular agenda as presented. The motion PASSED by unanimous vote.**

#### **ACKNOWLEDGE BOARDS & COMMISSIONS**

16. Review and acknowledge minutes for Boards & Commissions.

##### **Acknowledge Boards and Commissions**

#### **DEPARTMENT HEAD REPORT**

17. Civic Center, Parks & Recreation ~ Dale Anderson

*Dale Anderson, presented report on current activities including updated GIS parks & trails map, pink elephant receiving a "facelift," dry floor activities, ice going back in on July 8, 2019, installation of Bob Streeter sign, Affinity commitment to donate \$8000 for basketball court updates, and playground to be installed at the Grand Rapids Library. A complete report is available in the Administration Office upon request.*

**Received and Filed**

#### **CIVIC CENTER, PARKS & RECREATION**

18. Consider approving the Steering Committee for the IRA Civic Center Project.

*Dale Anderson presented information regarding development of steering committee and purpose moving forward. The following applicants, are recommended for appointment: Anne Campbell & Brad Hyduke for ISD 318; Melissa Swenson & Mindy Nuhring for GR Chamber; Wayne Roskos & Megan Christianson for Visit Grand Rapids; Jeremy Carlson & Sam Johnson for GRAHA; Shannon Wourms for Star of the North Skating Club; Paul Clifton for Adult Hockey; Shantel Dow, Peter Miskovich, Chuck Beck, Spencer Igo, Mark Gothard & Jim Hoolihan representing Members at Large; Tasha Connelly for City Council/Civic Center Park & Recreation & Dale Anderson as City staff Representative*

**A motion was made by Councilor Rick Blake, seconded by Councilor Dale Christy, appointing representatives as recommended. The motion PASSED by unanimous vote.**

#### **ADMINISTRATION DEPARTMENT**

19. Consider appointment of Seth Sondrol to the position of Public Works Maintenance I.

*Lynn DeGrio, Director of HR, presents background on open position and recent application and interview process. After careful consideration, the interview committee is recommending the appointment of Seth Sondrol, with contingencies.*

**A motion was made by Councilor Tasha Connelly, seconded by Councilor Michelle Toven, appointing Seth Sondrol to the position of Public Works Maintenance I as presented. The motion PASSED by unanimous vote.**

#### **ADJOURNMENT**

**A motion was made by Councilor Tasha Connelly, seconded by Councilor Dale Christy, to adjourn the meeting at 5:20 PM. The motion PASSED by unanimous vote.**

*Respectfully submitted:*

*Kimberly Gibeau*  
Kimberly Gibeau, City Clerk



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

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**File #:** 19-0437      **Version:** 1      **Name:** VERIFIED CLAIMS  
**Type:** Verified Claims      **Status:** Verified Claims  
**File created:** 7/2/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider approving the verified claims for the period June 18, 2019 to July 1, 2019 in the total amount of \$1,110,791.07.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [COUNCIL BILL LIST 07/08/2019](#)

Date	Ver.	Action By	Action	Result
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Consider approving the verified claims for the period June 18, 2019 to July 1, 2019 in the total amount of \$1,110,791.07.

### **Requested City Council Action**

Make a motion approving the verified claims for the period June 18, 2019 to July 1, 2019 in the total amount of \$1,110,791.07.

DATE: 07/02/2019  
 TIME: 15:02:26  
 ID: AP443000.CGR

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
-----		
GENERAL FUND		
0300200	CDW GOVERNMENT INC	2,637.03
1800115	RTVISION INC	1,648.00
	TOTAL	4,285.03
CITY WIDE		
0103145	ACCT INC	7,250.00
0113217	AMERICAN DISPOSAL & RECYCLING	13,800.00
0300200	CDW GOVERNMENT INC	12,062.69
0718060	GRAND RAPIDS HERALD REVIEW	402.51
1920240	CHAD B STERLE	2,128.75
	TOTAL CITY WIDE	35,643.95
SPECIAL PROJECTS-NON BUDGETED		
1105530	KENNEDY & GRAVEN	1,200.00
	TOTAL SPECIAL PROJECTS-NON BUDGETED	1,200.00
SPECIAL PROJECTS-BUDGETED		
0920050	ITASCA COUNTY HISTORICAL	10,869.00
	TOTAL SPECIAL PROJECTS-BUDGETED	10,869.00
ADMINISTRATION		
0718060	GRAND RAPIDS HERALD REVIEW	385.25
	TOTAL ADMINISTRATION	385.25
BUILDING MAINTENANCE-CITY HALL		
0113233	AMERIPRIDE SERVICES INC	55.10
0221650	BURGGRAF'S ACE HARDWARE	135.52
0301685	CARQUEST AUTO PARTS	137.07
1405725	NETWORK SERVICES COMPANY	29.04
1801555	RAPID PEST CONTROL INC	66.00
2018680	TRU NORTH ELECTRIC LLC	740.00
	TOTAL BUILDING MAINTENANCE-CITY HALL	1,162.73
ENGINEERING		

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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
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GENERAL FUND		
ENGINEERING		
1800115	RTVISION INC	824.00
	TOTAL ENGINEERING	824.00
FINANCE		
1105530	KENNEDY & GRAVEN	80.00
	TOTAL FINANCE	80.00
FIRE		
0103325	ACHESON TIRE INC	40.55
0113233	AMERIPRIDE SERVICES INC	15.62
0601346	FAIRVIEW HEALTH SERVICES	672.00
0900085	IPMA ~ HR	207.00
1315725	THE MOTOR SHOP LLC	1,597.00
1920555	STOKES PRINTING & OFFICE	66.40
	TOTAL FIRE	2,598.57
INFORMATION TECHNOLOGY		
0300200	CDW GOVERNMENT INC	12,454.27
	TOTAL INFORMATION TECHNOLOGY	12,454.27
PUBLIC WORKS		
0103325	ACHESON TIRE INC	39.00
0113223	AMERICAN DETAILING	500.00
0121721	AUTO VALUE - GRAND RAPIDS	1.09
0221650	BURGGRAF'S ACE HARDWARE	563.97
0301685	CARQUEST AUTO PARTS	159.59
0315455	COLE HARDWARE INC	155.36
0518366	ERICKSON'S ITASCA LUMBER INC	36.05
0601690	FASTENAL COMPANY	48.06
0718032	GRAND RAPIDS GREENHOUSE	6,405.44
0809105	HIBBING CHRYSLER CENTER	3,651.75
1105444	KELLER FENCE COMPANY	1,166.60
1200500	L&M SUPPLY	129.95
1205110	LEASE LANDSCAPING INC	1,617.45
1309091	SUPERONE FOODS SOUTH	17.34
1415479	NORTHERN DRUG SCREENING INC	20.00
1421155	NUCH'S IN THE CORNER	137.01
1421700	NUSS TRUCK GROUP INC	7,240.72

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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
GENERAL FUND		
PUBLIC WORKS		
1618555	PROFESSIONAL TURF & RENOVATION	2,600.00
1621125	PUBLIC UTILITIES COMMISSION	4,099.97
1801610	RAPIDS PLUMBING & HEATING INC	147.60
1801899	RAYS SPORT & CYCLE	161.49
1908248	SHERWIN-WILLIAMS	150.38
1920555	STOKES PRINTING & OFFICE	43.94
2300763	WW THOMPSON CONCRETE PRODUCTS	83.20
TOTAL PUBLIC WORKS		29,175.96
FLEET MAINTENANCE		
0301685	CARQUEST AUTO PARTS	562.86
1201850	LAWSON PRODUCTS INC	413.31
1914101	SNAP-ON TOOLS LLC	151.50
1920555	STOKES PRINTING & OFFICE	6.99
TOTAL FLEET MAINTENANCE		1,134.66
POLICE		
0103325	ACHESON TIRE INC	20.00
0201737	BATTERY WHOLESALE INC	131.45
0301685	CARQUEST AUTO PARTS	272.74
0409501	JOHN P. DIMICH	4,583.33
0718060	GRAND RAPIDS HERALD REVIEW	458.00
1200500	L&M SUPPLY	48.98
1920240	CHAD B STERLE	426.25
2000400	T J TOWING	170.00
2001150	TACTICAL SOLUTIONS	369.00
TOTAL POLICE		6,479.75
CENTRAL SCHOOL		
0218745	ASHLEY BRUBAKER	373.05
0221700	BUSY BEES QUALITY CLNG SVC INC	1,200.00
1405725	NETWORK SERVICES COMPANY	77.73
1415522	NORTHLAND CONSULTING ENGINEERS	810.00
1801555	RAPID PEST CONTROL INC	63.25
1908248	SHERWIN-WILLIAMS	43.34
TOTAL		2,567.37

DATE: 07/02/2019  
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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
AIRPORT		
0221650	BURGGRAF'S ACE HARDWARE	66.98
0315455	COLE HARDWARE INC	126.35
1303039	MCCOY CONSTRUCTION & FORESTRY	769.88
TOTAL		963.21
CIVIC CENTER		
GENERAL ADMINISTRATION		
0113233	AMERIPRIDE SERVICES INC	181.24
0118230	ARENA WAREHOUSE, LLC	1,482.00
0221650	BURGGRAF'S ACE HARDWARE	130.09
0301685	CARQUEST AUTO PARTS	2.87
0315455	COLE HARDWARE INC	128.61
0605652	FERGUSON WOLSELEY IND GROUP	370.64
0701650	GARTNER REFRIGERATION CO	3,581.19
0805640	HERC-U-LIFT INC	321.62
1201730	LATVALA LUMBER COMPANY INC.	37.00
1309328	THE MINNESOTA SCORE LLC	475.00
1405725	NETWORK SERVICES COMPANY	179.32
1801610	RAPIDS PLUMBING & HEATING INC	513.25
TOTAL GENERAL ADMINISTRATION		7,402.83
STATE HAZ-MAT RESPONSE TEAM		
0312110	CLAREY'S SAFETY EQUIPMENT INC	330.24
TOTAL		330.24
ST HAZ-MAT TERRORISM GRANT		
0609650	FIRE INSTRUCTION & RESCUE ED	5,200.00
TOTAL ST HAZ-MAT TERRORISM GRANT		5,200.00
CEMETERY		
0221650	BURGGRAF'S ACE HARDWARE	168.18
0301685	CARQUEST AUTO PARTS	157.50
0612083	FLAGSHIP RECREATION	1,752.75
1200500	L&M SUPPLY	124.33
TOTAL		2,202.76



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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 5

INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
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DOMESTIC ANIMAL CONTROL FAC		
0301685	CARQUEST AUTO PARTS	43.98
TOTAL		43.98
GENERAL CAPITAL IMPRV PROJECTS		
2010-5 MS RIVER PD BRIDGE		
1815125	ROBERT R SCHROEDER CONST INC	160,392.67
TOTAL 2010-5 MS RIVER PD BRIDGE		160,392.67
PARK ACQUISITION & DEVELOPMENT		
NO PROJECT		
1801613	RAPIDS PRINTING	420.00
TOTAL NO PROJECT		420.00
CAPITAL EQPT REPLACEMENT FUND		
CAPITAL OUTLAY-POLICE		
0513233	EMERGENCY AUTOMOTIVE TECH INC	10,653.29
TOTAL CAPITAL OUTLAY-POLICE		10,653.29
GR ARTS & CULTURE CPTL PRJS		
T001220	GOODSPACE MURALS	10,500.00
T001221	MILLIGAN STUDIO	4,000.00
TOTAL		14,500.00
2018 INFRAST/CPT MNT IMP BONDS		
CAPITAL MAINT IMPRV PLAN		
0103145	ACCT INC	4,543.19
0514200	ESC SYSTEMS SOUND & LIFE SAFE	3,604.61
0718105	GRAYBAR ELECTRIC COMPANY INC	3,503.77
TOTAL CAPITAL MAINT IMPRV PLAN		11,651.57
2019 INFRASTRUCTURE BONDS		
2019-1 GLF COURSE RD UTIL EXT		
1105530	KENNEDY & GRAVEN	4,590.50

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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 6

INVOICES DUE ON/BEFORE 07/08/2019

VENDOR #	NAME	AMOUNT DUE
2019 INFRASTRUCTURE BONDS		
2019-1 GLF COURSE RD UTIL EXT		
1205110	LEASE LANDSCAPING INC	7,530.72
2000522	TNT AGGREGATES, LLC	479,331.69
TOTAL 2019-1 GLF COURSE RD UTIL EXT		491,452.91
STORM WATER UTILITY		
0221650	BURGGRAF'S ACE HARDWARE	299.98
0301685	CARQUEST AUTO PARTS	35.45
0801535	HAMMERLUND CONSTRUCTION INC	1,180.00
0920060	ITASCA COUNTY TREASURER	728.29
1621125	PUBLIC UTILITIES COMMISSION	2,200.00
2300763	WW THOMPSON CONCRETE PRODUCTS	83.20
TOTAL		4,526.92
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 818,600.92
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0100053	AT&T MOBILITY	7,053.55
0114210	D. ANDERSON - CHANGE FUND	3,780.00
0305530	CENTURYLINK QC	56.51
0315543	CONSTELLATION NEWENERGY -GAS	1,200.99
0400029	DVS RENEWAL	11.00
0405505	JAMES DENNY	488.60
0503422	ECK DESIGN LLC	4,860.00
0504610	RON EDMINSTER	75.40
0605191	FIDELITY SECURITY LIFE INS CO	71.22
0718015	GRAND RAPIDS CITY PAYROLL	260,638.85
0718070	GRAND RAPIDS STATE BANK	480.64
0809115	HIBBING COMMUNITY COLLEGE	800.00
0815440	HOLIDAY STATIONSTORES LLC	209.00
0900060	ICTV	7,912.24
0920055	ITASCA COUNTY RECORDER	46.00
1225500	CYNTHIA LYMAN	333.80
1309199	MINNESOTA ENERGY RESOURCES	1,089.48
1405550	NEOPOST USA INC	648.00
1503151	ODC - MOTOR VEHICLE	21.75
1601305	THOMAS J. PAGEL	939.34
2000100	TASC	30.60
2000490	TDS Metrocom	698.35
2301700	WASTE MANAGEMENT OF MN INC	105.00
2305825	WEX INC	139.83
T001245	JOEL & CAROLYN ADAMSON	500.00
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 292,190.15
TOTAL ALL DEPARTMENTS		1,110,791.07



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0421      **Version:** 1      **Name:** Accepting the 2018 CAFR  
**Type:** Agenda Item      **Status:** Consent Agenda  
**File created:** 6/25/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider accepting the 2018 Comprehensive Annual Financial Report, the Report on Internal Controls, and the Report on Compliance with Minnesota Legal Compliance Audit Code.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [City of Grand Rapids - 2018 Final Issued CAFR](#)  
[City of Grand Rapids - 2018 Final Issued IC](#)  
[City of Grand Rapids - 2018 Final Issued LC](#)  
[City of Grand Rapids 2018 - Final Issued AML](#)

Date	Ver.	Action By	Action	Result
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Consider accepting the 2018 Comprehensive Annual Financial Report, the Report on Internal Controls, and the Report on Compliance with Minnesota Legal Compliance Audit Code.

**Background Information:**

It has been the past practice for the City Council to accept the Comprehensive Annual Financial Report (CAFR) and other related reports. The City Council met on April 22, 2019 to discuss and review the 2018 draft CAFR, the draft Report on Internal Controls, the draft Report on Compliance with Minnesota Legal Compliance Guide, and the Management Report. Mr. David Mol, Redpath and Company, Ltd., presented an overview of the City's financial health to the City Council at that meeting. The only difference in the draft Report presented then, and this final Report is that the Public Utilities financial information is included on Statements 1 and 2 of the CAFR.

**Staff Recommendation:**

Staff is recommending accepting the 2018 Comprehensive Annual Financial Report, the Report on Internal Controls, and the Report on Compliance with Minnesota Legal Compliance Audit Code.

**Requested City Council Action**

Make a motion accepting the 2018 Comprehensive Annual Financial Report, the Report on Internal Controls, and the Report on Compliance with Minnesota Legal Compliance Audit Code.

## Embedded Secure Document

The file <https://grandrapids.legistar.com/View.ashx?M=F&ID=7516928&GUID=D9BFCBEC-1772-4824-8821-014AD5465414> is a secure document that has been embedded in this document. Double click the pushpin to view.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor, Members of  
the City Council and Management  
City of Grand Rapids, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Grand Rapids, Minnesota's basic financial statements, and have issued our report thereon dated June 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Grand Rapids, Minnesota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency,

or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Grand Rapids, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Grand Rapids, Minnesota's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Grand Rapids, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 17, 2019



## MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the Economic Development Authority (a discretely presented component unit), each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the Public Utilities Commission (a discretely presented component unit), as described in our report on the City of Grand Rapids, Minnesota's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Grand Rapids, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Grand Rapids, Minnesota's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Redpath and Company, etc." in a cursive script.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 17, 2019

**CITY OF GRAND RAPIDS, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2018



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To the Honorable Mayor and  
Members of the City Council  
City of Grand Rapids, Minnesota

We have substantially completed the 2018 audit of the financial statements of the City of Grand Rapids, Minnesota (the City) and the Economic Development Authority (EDA). The Public Utilities Commission (PUC) is considered a “component unit” of the City. As such, the financial statements of the PUC are included in the City’s Annual Financial Report. The audit of the PUC will begin in early May. Therefore, we have issued draft financial statements pending completion of the PUC audit.

Following this introduction letter is a Report Summary and Executive Summary with page references to the areas discussed. Thank you for the opportunity to serve the City. We are available to discuss this report with you.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

April 15, 2019

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**REPORT SUMMARY**

Several reports are issued in conjunction with the audit. The Comprehensive Annual Financial Report (CAFR) and Report on Internal Control and Legal Compliance Report have been issued in draft form. Accounting standards require the financial statements of the Public Utilities Commission be included in the City’s financial statements. At the time of issuance of this Management Letter, the PUC’s audited financial statements were not available. Upon the issuance of the PUC’s financial statements, the City’s financial statements will be updated and issued in final form. A summary is as follows:

<b>Report Name</b>	<b>Elements of Report</b>	<b>Overview</b>
<i>Comprehensive Annual Financial Report (CAFR)</i>	<ul style="list-style-type: none"> <li>• Auditor’s opinion</li> <li>• Management’s Discussion and Analysis</li> <li>• Financial statements</li> <li>• Footnotes</li> <li>• Supplemental information</li> </ul>	<ul style="list-style-type: none"> <li>• It is anticipated that an unmodified (“clean”) opinion will be issued on the Basic Financial Statements</li> </ul>
<i>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</i>	<i>Results of testing</i> <ul style="list-style-type: none"> <li>• Internal controls over financial reporting</li> <li>• Compliance with laws, regulations, contracts and grants</li> </ul>	<ul style="list-style-type: none"> <li>• No findings of noncompliance</li> <li>• No internal control findings</li> </ul>
<i>State Legal Compliance Report</i>	<ul style="list-style-type: none"> <li>• Results of testing certain provisions of Minnesota Statutes</li> </ul>	<ul style="list-style-type: none"> <li>• No findings of noncompliance</li> </ul>
<i>Audit Management Letter</i>	<i>Analysis of financial condition and other issues</i> <ul style="list-style-type: none"> <li>• Comparisons and trend analysis</li> <li>• Policies and procedures</li> <li>• Audit committee communications</li> </ul>	<ul style="list-style-type: none"> <li>• See page 3 of this report for Executive Summary</li> </ul>

**EXECUTIVE SUMMARY**

Several areas highlighted for your reference include the following:

Awards:

- The City of Grand Rapids has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the past 26 years. See page 6

Key Financial Indicators:

- The City’s property tax collection rate in 2018 was over 99%. The special assessment collection rate was 99% for 2018. See page 10
- The fund balance of the City’s General Fund decreased \$51,558 during 2018. The General Fund has met the desired cash flow reserve needs. However, the emergency reserve requirements were not met at December 31, 2018. Page 15
- A comparison of Debt Service Fund assets and outstanding debt is shown herein. Page 25

For the Future:

- We recommend the City continue to monitor actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds. Page 26
- Governmental accounting standards affecting future years are summarized. Page 34

Required auditor communications are included in this report. Page 35

**GOVERNMENT ACCOUNTING VS. PRIVATE SECTOR ACCOUNTING**

The City’s financial statements are presented in a format that is significantly different than financial statements of a private business.

The key differences that impact accounting and financial reporting include the following:

- A. Service motive vs. profit motive
- B. Stewardship vs. return on investment
- C. Appropriated budget vs. financial plan

**Service Motive vs. Profit Motive**

In the private-sector, there generally is a direct relationship between what an individual pays and what that same individual receives. A customer that purchases two rolls of paper from Blandin Paper would expect to pay more than a customer purchasing one roll of paper. This is referred to as an “exchange-type” transaction.

The situation is different for most goods and services provided by the City of Grand Rapids, Minnesota. Generally, there is not a direct relationship between what a resident pays in taxes and the specific services that same resident receives from the City. This is referred to as a “non-exchange” transaction.

**Stewardship vs. Return on Investment**

Users of private-sector financial statements are investors and creditors. Investors interested in financial information that enables them to evaluate a business’s ability to generate a return on their investment. Stock holders are concerned about earnings and earnings per share.

*Governmental Accounting and Financial Reporting*

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Citizens and creditors of the City need financial information that allows them to assess the City's stewardship of the financial resources provided. In other words, the financial statements need to demonstrate accountability. This accountability is a foundation of fund accounting. Maintaining separate funds demonstrates accountability to taxpayers, creditors and grantors.

**Budget vs. Financial Plan**

Budgets are prepared by both private sector businesses and governments. The private-sector budgets often serve as a management tool for financial planning. In a government, a budget serves as authorization to spend resources for the provision of goods and services. For the City of Grand Rapids, there are annual budgets and project budgets. The Annual Budget Report includes the budget for thirteen individual funds. Additionally, the budget process uses multiple internal meetings, several meetings with the City Council, and public meetings.

**Summary**

Financial reporting of budgetary performance serves as an accountability/compliance tool for the City Council and taxpayers.

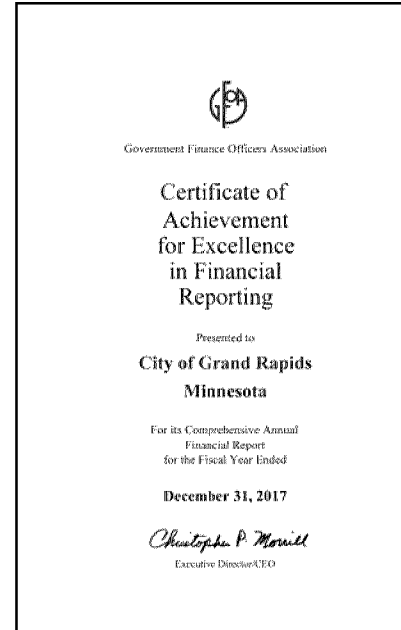
In summary, the City's financial statements serve to demonstrate accountability and compliance to taxpayers, creditors and grantors of council action, regulations, and grant agreements.

**NATIONAL RECOGNITION FOR  
EXCELLENCE IN FINANCIAL REPORTING**

The “Certificate of Achievement for Excellence in Financial Reporting” is an award program offered by the Government Finance Officers Association of the United States and Canada (GFOA). This Award Program has three key objectives:

- Recognize governments that issue a high-quality CAFR.
- Easily readable and understandable Financial Report.
- Providing educational materials, comments, and suggestions for improvements to program participants.

The City of Grand Rapids, Minnesota has been awarded the Certificate of Achievement for Excellence in Financial Reporting for twenty-six consecutive years (every year since 1992).





**FINANCIAL REPORTING ENTITY**

The Governmental Accounting Standards Board (GASB) is the standard setting body for accounting principles and financial reporting. The foundation of financial reporting is the distinction between the *primary government* and *component units*.

A primary government consists of all organizations that make up its legal entity. Characteristics of a primary government are a) it has a separately elected governing body, b) it is legally separate, and c) it is fiscally independent of other governments. All funds, organizations, institutions, agencies and departments that are not legally separate are, for financial reporting purposes, part of a primary government.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

The City's finance department has evaluated all of the entities related to the City. A summary of this analysis is as follows:

<u>Entity</u>	<u>Relationship</u>
Library Board	Part of Primary Government
Arts and Culture Advisory Board	Part of Primary Government
Pokegama Golf Course Board	Part of Primary Government
Civic Center/Park & Recreation Board	Part of Primary Government
Human Rights Commission	Part of Primary Government
Planning Commission	Part of Primary Government
Airport Advisory Board	Part of Primary Government
Public Utilities Commission	Component Unit – included in CAFR
E.D.A.	Component Unit – included in CAFR
H.R.A.	Excluded - Related Organization
Fire Relief Association	Excluded

**ACCOUNT BALANCE ANALYSIS OF THE FUND FINANCIAL STATEMENTS**

**Summary of Financial Activity**

The schedule below presents a condensed financial summary of all funds:

<u>Fund Type</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Interfund Transfers (Net)</u>	<u>Increase (Decrease) in Fund Balance</u>	<u>Fund Balance 12/31/2018</u>	<u>Cash Balance 12/31/2018</u>
<b>General Fund</b>	\$9,244,000	\$8,690,000	(\$606,000)	(\$52,000)	\$6,219,000	\$3,868,000
<b>Special Revenue Funds</b>	2,313,000	2,444,000	115,000	(16,000)	752,000	891,000
<b>Debt Service Funds</b>	3,313,000	6,342,000	305,000	(2,724,000)	7,053,000	7,145,000
<b>Capital Project Funds</b>	5,283,000	4,635,000	156,000	804,000	1,494,000	2,673,000
<b>Enterprise Funds</b>	<u>1,330,000</u>	<u>1,382,000</u>	<u>30,000</u>	<u>(22,000)</u>	<u>2,957,000</u>	<u>346,000</u>
<b>Total</b>	<u>\$21,483,000</u>	<u>\$23,493,000</u>	<u>\$ -</u>	<u>(\$2,010,000)</u>	<u>\$18,475,000</u>	<u>\$14,923,000</u>

Additional detail by fund is presented on the next page.

# City of Grand Rapids, Minnesota

## Audit Management Letter

### Fund Financial Statements

All Funds Financial Summary - 2018						
	Fund	Revenue and Other Sources	Expenditures and Other Uses	Interfund Transfers (Net)	Increase (Decrease) in Fund Balance/ Net Position	Fund Balance Net Position 12/31/18
1	<b>General</b>	\$9,243,653	\$8,689,754	(\$605,457)	(\$51,558)	\$6,219,013
	<b>Special Revenue Funds:</b>					
2	Public Library	937,974	933,714	-	4,260	519,169
3	Central School	57,294	108,142	56,361	5,513	62,384
4	Airport Operations	211,846	261,833	20,000	(29,987)	166,627
4	IRA Civic Center	726,852	728,528	-	(1,676)	(164,709)
5	Recreation Programs	16,486	32,735	14,325	(1,924)	-
6	Haz-Mat	78,829	78,793	-	36	1,009
7	Police Forfeiture	13,221	5,055	-	8,166	71,849
8	Cemetery	234,159	234,917	-	(758)	88,036
9	Domestic Animal Control Facility	36,445	59,984	23,540	1	7,622
	<b>Debt Service Funds:</b>					
10	Debt Service Reserve	52	-	-	52	5,017
11	Equipment Certificates of 2009D	146,275	140,277	-	5,998	208,495
12	Improvement Bonds	1,850,888	3,963,056	(679,177)	(2,791,345)	3,981,412
13	Street Reconstruction Bonds	177,456	880,222	116,661	(586,105)	984,245
14	G.O. State-Aid Street Bonds	320,034	320,718	5,000	4,316	4,681
15	Refunding Bonds	404,792	40,169	862,785	1,227,408	1,231,005
16	Tax Increment 1-6 Old Hospital Housing	58,382	759,080	-	(700,698)	69,397
17	Tax Increment 1-6 Old Hospital Housing Paygo	26,899	24,086	-	2,813	10,065
18	Tax Increment 1-4 Oakwood Terrace	33,422	91	-	33,331	401,237
19	Tax Increment 1-7 Block 37 Redevelopment	16,934	15,268	-	1,666	13,628
20	Tax Increment 1-8 Lakewood Heights	35,703	32,101	-	3,602	17,555
21	Tax Increment 1-9 Majestic Pines	166,738	94,765	-	71,973	95,693
22	Tax Increment 1-10 River Hills	31,560	28,834	-	2,726	5,867
23	Tax Abatement - 1st Ave Condo	43,889	43,551	-	338	24,580
	<b>Capital Project Funds:</b>					
24	General Capital Improvement Projects	539,774	672,002	310,900	178,672	252,039
25	Municipal State Aid	65,203	10,003	-	55,200	225,094
26	Park Acquisition and Development	11,394	26,014	-	(14,620)	19,883
27	Arts and Culture Capital Project	9,534	15,815	36,735	30,454	57,484
28	Capital Equipment Replacement	194,009	313,118	225,004	105,895	(314,657)
29	Infrastructure Bonds	3,514,691	2,692,914	(182,502)	639,275	836,606
30	Airport Capital Fund	854,656	896,811	71,325	29,170	70,816
31	7th Avenue Bridge Rehabilitation	-	-	(300,000)	(300,000)	155,652
32	IRA Civic Center Project	75,193	2,397	-	72,796	(158,666)
33	Permanent Improvement Revolving	18,303	5,816	(5,000)	7,487	349,502
	<b>Enterprise Funds:</b>					
34	Golf Course	615,467	626,550	(3,500)	(14,583)	2,509,157
35	Storm Water	714,973	755,163	33,000	(7,190)	447,802
	<b>Total</b>	<b>\$21,482,980</b>	<b>\$23,492,276</b>	<b>\$0</b>	<b>(\$2,009,296)</b>	<b>\$18,474,589</b>

*Fund Financial Statements***Property Taxes**

Property tax collections (excluding tax increment levies) were as follows for the past four years:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property tax levy	<u>\$6,845,166</u>	<u>\$6,951,560</u>	<u>\$7,258,674</u>	<u>\$7,408,178</u>
Receipts:				
Current year levy	6,774,792	6,847,996	7,169,418	7,249,845
Delinquent (prior year levy)	32,403	63,396	70,312	33,345
Total receipts	<u>6,807,195</u>	<u>6,911,392</u>	<u>7,239,730</u>	<u>7,283,190</u>
Collection rates:				
Collections of current year levy as a percent of levy	<u>98.97%</u>	<u>98.51%</u>	<u>98.77%</u>	<u>97.86%</u>
Total receipts as percent of current year levy	<u>99.45%</u>	<u>99.42%</u>	<u>99.74%</u>	<u>98.31%</u>

**Special Assessments**

Special assessment collections have been as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current portion due	<u>\$607,197</u>	<u>\$525,555</u>	<u>\$512,628</u>	<u>\$453,813</u>
Receipts:				
Current	551,895	514,410	503,676	447,143
Delinquent	<u>30,821</u>	<u>8,963</u>	<u>10,012</u>	<u>5,347</u>
Total receipts	<u>582,716</u>	<u>523,373</u>	<u>513,688</u>	<u>452,490</u>
Collection rates:				
Collection of amounts due	<u>90.9%</u>	<u>97.9%</u>	<u>98.3%</u>	<u>98.5%</u>
Total collections as a percent of amount due	<u>96.0%</u>	<u>99.6%</u>	<u>100.2%</u>	<u>99.7%</u>

As shown above, the City experienced an increase in its collection rates for 2018. We recommend the City continue to monitor the special assessment collection rate and consider the impact on the funding of debt service payments.

**Pension Liability**

In 2015, the City implemented GASB Statement No. 68, which required the reporting of the City of Grand Rapids’s proportionate share of the PERA Net Pension Liability (NPL). During 2018, the City’s share of PERA’s NPL decreased. The schedule below presents the components of the change in NPL. During 2018, the City paid it’s required contribution to the Plan. The required contribution is a percentage of eligible wages.

	General Employees Plan	Police and Fire Plan	Total
Change in net pension liability:			
Change in actuarial assumptions <sup>(1)</sup>	(\$103,252)	(\$47,479)	(\$150,731)
Change in proportion <sup>(2)</sup>	14,364	23,627	37,991
Experience difference <sup>(3)</sup>	3,450	24,091	27,541
Earnings difference <sup>(4)</sup>	(243,154)	(244,129)	(487,283)
Grand Rapids' share of 2017 pension expense	173,169	133,226	306,395
Contributions to the plan by City of Grand Rapids	(264,506)	(227,304)	(491,810)
Contributions to the plan by State of Minnesota	-	(11,979)	(11,979)
Increase in net pension liability	(419,929)	(349,947)	(769,876)
Beginning net pension liability	3,332,414	1,768,656	9,960,516
Ending net pension liability	\$2,912,485	\$1,418,709	\$9,190,640

1. The mortality tables used by the Actuary changed.
2. The City's proportionate share of the total NPL increased.
3. This is the change between expected and actual experience in the measurement of the pension liability.
4. This is the difference between projected and actual earnings on plan investments.

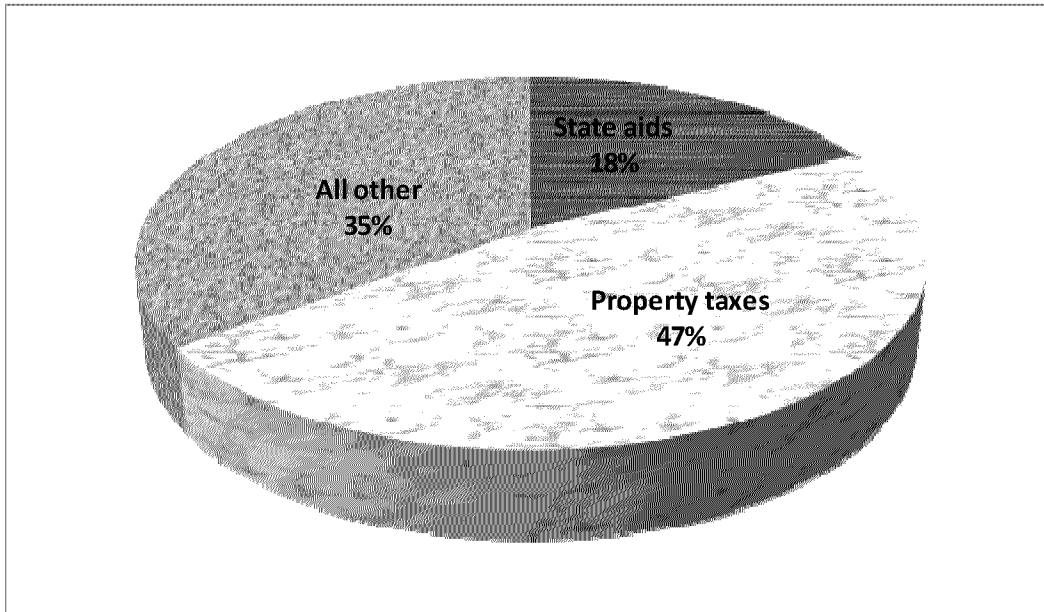
**GENERAL FUND**

The General Fund of the City is maintained to account for the current operating and capital outlay expenditures common to all cities. These basic services include (but are not limited to) public safety, public works, parks, culture and recreation and general government. A summary of the revenue sources of the General Fund of the City of Grand Rapids is as follows:

<b>General Fund Revenue By Source</b>								
Year	Property Taxes		State Tax Relief (LGA, MVHC and Supplemental Aid)		All Other Revenue <sup>(1)</sup>		Total Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
2009	\$3,306,743	44%	\$1,744,986	23%	\$2,413,295	33%	\$7,465,024	100%
2010	3,107,526	46%	1,273,488	19%	2,412,831	35%	6,793,845	100%
2011	3,403,815	46%	1,288,735	18%	2,431,938	36%	7,124,488	100%
2012	3,666,921	46%	1,220,693	16%	2,838,309	38%	7,725,923	100%
2013	3,677,404	46%	1,214,925	16%	2,914,954	38%	7,807,283	100%
2014	3,622,374	44%	1,507,585	18%	3,032,665	38%	8,162,624	100%
2015	3,946,640	47%	1,556,892	18%	2,942,815	35%	8,446,347	100%
2016	4,156,865	48%	1,587,017	18%	2,847,848	34%	8,591,730	100%
2017	4,358,987	48%	1,582,391	18%	3,060,521	34%	9,001,899	100%
2018	4,330,676	47%	1,671,022	18%	3,241,955	35%	9,243,653	100%

<sup>(1)</sup>"All other revenue" includes the PUC payment in lieu of tax.

A chart of 2018 General Fund revenue sources is as follows:





The fund balance of the General Fund decreased by \$51,558 in 2018 as follows:

	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues	\$8,981,000	\$9,189,000	\$208,000
Expenditures	8,329,000	8,690,000	(361,000)
Revenues over (under) expenditure	652,000	499,000	(153,000)
Other sources (uses):			
Sale of capital assets	-	33,000	33,000
Insurance recoveries	-	22,000	22,000
Transfers in	4,000	4,000	0
Transfers out	(568,000)	(609,000)	(41,000)
Total other sources (uses)	(564,000)	(550,000)	14,000
Net change in fund balance	<u>\$88,000</u>	<u>(\$51,000)</u>	<u>(\$139,000)</u>

Detail of the preceding budget variances is presented in Statement 10 of the 2018 Comprehensive Annual Financial Report. A summary of the budget variances is as follows:

Revenue:

**Licenses and permits** – had an unfavorable variance of \$64,000. For 2018, there were a higher number of permits issued, but for a lower valuation.

**Future governmental** – had a favorable variance of \$327,000 due to the receipt of \$300,000 from IRRRB for the Grand Itasca Hospital

Expenditures:

**City-wide** – had unfavorable variance of \$302,000 primarily due to the payment of the IRRRB grant to the EDA.

**Public Works** – the unfavorable variance of \$152,000 is due to crack sealing (\$40,000), street light maintenance (\$29,000), and wages (\$51,000).

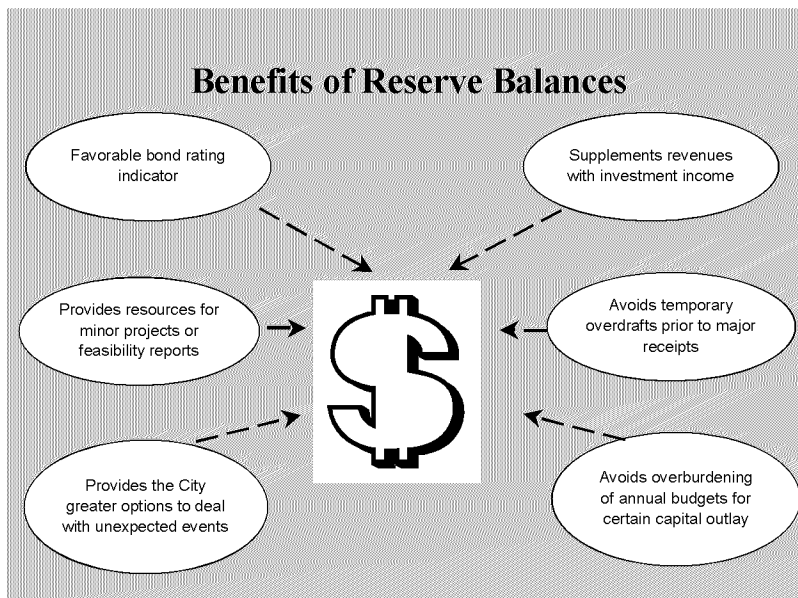
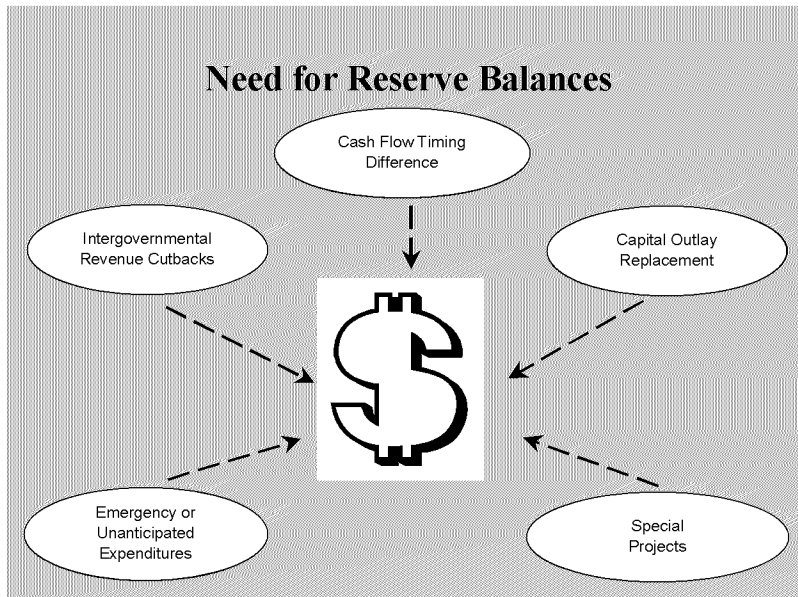
The City's General Fund balance has been as follows for the past ten years:

<b>General Fund Balance</b>		
<u>Year</u>	<u>Amount<sup>(1)</sup></u>	<u>Increase (Decrease)<sup>(1)</sup></u>
2009	4,749,000	(323,000)
2010	4,941,000	192,000
2011	5,021,000	80,000
2012	5,516,000	495,000
2013	5,497,000	(19,000)
2014	5,651,000	154,000
2015	6,001,000	350,000
2016	6,239,000	238,000
2017	6,271,000	32,000
2018	6,219,000	(51,600)

<sup>(1)</sup>Rounded to nearest thousand

The fund balance of a city's general fund is a key financial indicator. Management controls over the level of fund balance is based on a city's philosophy and approach to determining optimum balances.

A summary of the purposes and benefits of General Fund designated balances is as follows:



Summary of General Fund Balance

The City has a policy regarding General Fund Reserve Balances (Resolution 11-110). The City's policy for reserves in the General Fund is:

*Minimum cash flow* – to equal 50% of the following year's General Fund property tax and anticipated local government aids.

*Compensated absences* – equal to the sum of flexible time off and compensatory time for all employees each December 31.

*Emergency or unanticipated expenditures* – equal to 10% of the prior year General Fund annual revenues.

*Neighborhood and economic development* – equal to the principal amount of the sale of the liquor store.

At December 31, 2018, the unassigned fund balance of the General Fund available for reserves was \$4,339,372, compared to its targeted balance of \$5,557,201. See schedule on next page.

In addition, the City has established a specified amount of General Fund balance for revenue stabilization, which is reported as committed fund balance. When sufficient reserves exist, the amount committed is equal to 10% of the prior year annual revenues.

*General Fund*

At December 31, 2018, the fund balance of the General Fund was as follows:

Fund Balance Constraint	Balance 12/31/17	2018		Targeted Balance	Difference
		Increase (Decrease)	Balance 12/31/18		
1 Nonspendable:					
2 Interfund loan	\$1,000,921	\$13,977	\$1,014,898	\$1,014,898	\$ -
3 Prepaid items	107,305	24,118	131,423	131,423	-
4 Restricted:					
5 Cash - Superior USA	12,888	(340)	12,548	12,548	-
6 Donor restrictions	8,789	(1,918)	6,871	6,871	-
7 Committed:					
8 Revenue stabilization	613,922	99,979	713,901	918,892	(204,991)
9 Unassigned (Available for Reserves):					
10 Cash flow	3,451,340	121,928	3,573,268	3,573,268	-
11 Compensated absences	383,351	(15,779)	367,572	367,572	-
12 Emergency / unanticipated	692,055	(293,523)	398,532	918,892	(520,360)
13 Economic development	-	-	-	697,469	(697,469)
14 Unassigned	-	-	-	-	-
15 Total	<u>\$6,270,571</u>	<u>(\$51,558)</u>	<u>\$6,219,013</u>	<u>\$7,641,833</u>	<u>(\$1,422,820)</u>

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are a classification of funds to account for revenues (and expenditures related thereto) segregated by City policy or Federal or State statutes for specific purposes. The City maintained the following Special Revenue Funds during 2018:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2018	Comments
Public Library	\$937,974	\$933,714	\$ -	\$4,260	\$519,169	This fund had a balanced budget for 2018. Revenues exceeded budget by \$41,100 due to donations and expenditures exceeded budget by \$37,000 due to capital outlay.
Central School	57,294	108,142	56,361	5,513	62,384	This fund had a balanced budget for 2018. Transfers in exceed budget by \$30,000.
Airport Operations	211,846	261,833	20,000	(29,987)	166,627	This fund had a balanced budget for 2018. Expenditures exceed budget primarily due to the purchase of a generator.
IRA Civic Center	726,852	728,528	-	(1,676)	(164,709)	The City budgeted an increase in fund balance of \$12,000. Revenues were less than budget by \$61,000.
Recreation Programs	16,486	32,735	14,325	(1,924)	-	This fund was closed during 2018.
Haz-Mat	78,829	78,793	-	36	1,009	Balanced budget for 2018.
Police Forfeiture	13,221	5,055	-	8,166	71,849	Budgeted an increase in fund balance of \$11,000. Expenditures exceeded budget by \$5,500 and revenues were under budget by \$7,500.
Cemetery	234,159	234,917	-	(758)	88,036	Balanced budget for 2018.
Domestic Animal Control Facility	36,445	59,984	23,540	1	7,622	Balanced budget for 2018. Receives budgeted transfer from General Fund.
Totals	\$2,313,106	\$2,443,701	\$114,226	(\$16,369)	\$751,987	

**Public Library**

Approximately 60% of the funding of library operations is from property taxes and state aids which are not received until the second-half of the year. Therefore, like the General Fund, a portion of the fund balance is required for cash flow purposes. In response to this circumstance, the Library Board adopted resolution 2012-12 amending the fund balance policy. A summary of Public Library Fund balance at December 31, 2018 is as follows:

Fund Balance Constraint	December 31, 2018		
	Targeted Balance	Actual Balance	Difference
Nonspendable:			
Prepaid items	\$14,921	\$14,921	\$ -
Committed:			
Cash flow	415,344	415,344	-
Compensated absences	41,263	41,263	-
Emergency/unanticipated expenditures	64,125	47,641	16,484
Major equipment replacement	73,286	-	73,286
Total committed	594,018	504,248	89,770
 Total fund balance	 \$608,939	 \$519,169	 \$89,770

As shown above, the actual fund balance is \$89,770 less than the targeted fund balance at December 31, 2018.

**IRA Civic Center**

A summary of activity of this Fund is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Budget</u>
Revenue	\$700,298	\$849,709	\$716,852	\$721,359	\$760,100
Expenditures:					
Operating	661,270	692,597	749,122	728,528	733,672
Capital outlay	112,406	260,131	158,057	-	-
Revenues over (under) expenditures	(73,378)	(103,019)	(190,327)	(7,169)	26,428
Other sources:					
Insurance recoveries	31,103	7,810	7,000	5,493	-
Sale of capital assets	-	38,000	14,075	-	-
Transfers from other funds	19,554	-	145,067	-	-
Net change in fund balance	(22,721)	(57,209)	(24,185)	(1,676)	26,428
Fund balance (deficit) - January 1	<u>(58,918)</u>	<u>(81,639)</u>	<u>(138,848)</u>	<u>(163,033)</u>	<u>(164,709)</u>
Fund balance (deficit) - December 31	<u><u>(\$81,639)</u></u>	<u><u>(\$138,848)</u></u>	<u><u>(\$163,033)</u></u>	<u><u>(\$164,709)</u></u>	<u><u>(\$138,281)</u></u>

The Fund deficit of (\$164,079) at December 31, 2018 is partially financed by an interfund loan of \$94,879 which is to be repaid over ten years (through 2025).

We recommend the City continue to monitor the financial results of this Fund.



**DEBT SERVICE FUNDS**

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards for fund financial statements do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City's Comprehensive Annual Financial Report, it is located in several separate sections. The following schedule extracts information from the Comprehensive Annual Financial Report to provide an overview analysis of long-term debt and its related funding.

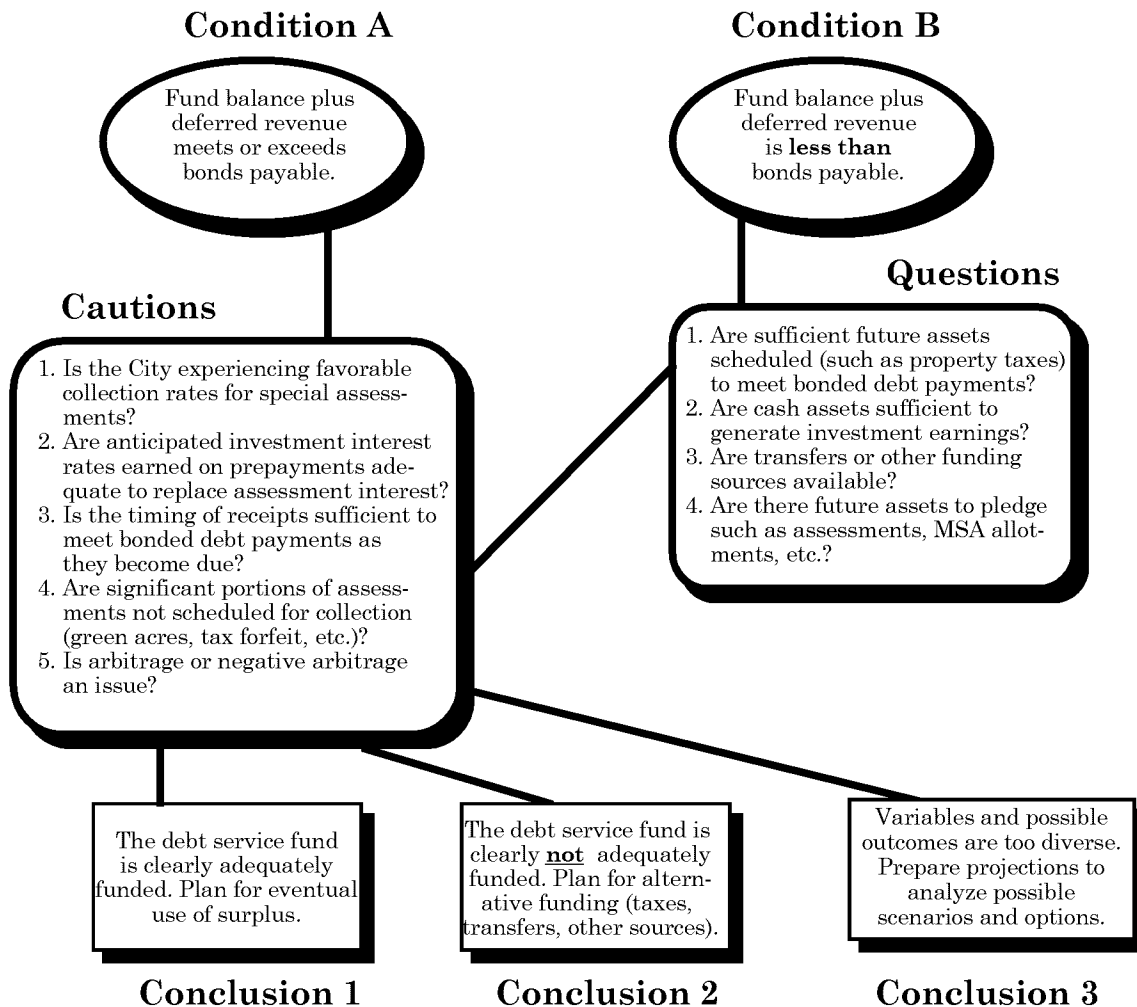
*Debt Service Funds*

The reader is cautioned that 1) future interest revenue from assessments and investments, and 2) future interest expense on bonded debt, is not included in the following schedule.

Fund Description	December 31, 2018			Outstanding Debt	Scheduled Ad-valorem Property Taxes	Final Maturity Date
	Fund Balance	Deferred Revenue	Total			
Special Assessment Debt:						
1 Improvement Bonds of 2009C	786,538	255,033	1,041,571	2,365,000	1,816,948	2/1/2025
2 Improvement Bonds of 2010A	155,324	41,397	196,721	480,000	392,929	2/1/2026
3 Improvement Bonds of 2011B	386,298	215,038	601,336	735,000	459,448	2/1/2027
4 Improvement Bonds of 2012A	847,207	235,802	1,083,009	1,545,000	1,151,625	2/1/2028
5 Improvement Bonds of 2013A	531,183	476,811	1,007,994	570,000	200,137	2/1/2021
6 Improvement Bonds of 2013B	984,245	278,147	1,262,392	2,315,000	2,432,472	2/1/2029
7 Improvement Bonds of 2014A	394,788	94,887	489,675	3,120,000	2,287,233	2/1/2030
8 Improvement Bonds of 2016A	313,146	182,412	495,558	2,055,000	2,296,268	2/1/3032
9 Refunding Bonds of 2017B	1,231,005	364,480	1,595,485	2,215,000	1,324,116	2/1/2034
10 Street Reconstruction Bonds of 2017A	342,965	203,429	546,394	2,130,000	2,370,559	2/1/2033
11 Street Reconstruction Bonds of 2018A	209,483	176,217	385,700	1,960,000	2,559,138	2/1/2034
12 Supplemental levy	-	-	-	-	(457,500)	
13 Total special assessment debt	<u>6,182,182</u>	<u>2,523,653</u>	<u>8,705,835</u>	<u>19,490,000</u>	<u>16,833,373</u>	

(1) These are "Build America Bonds", the interest is subsidized by a federal credit.  
 (2) These TIF districts have "pay-as-you-go" obligations.  
 (3) Does not include future taxincrement levies  
 (4) To be paid by MSA allotments  
 (5) This amount represents decreased levies which were approved to eliminate projected cash surpluses in various Debt Service Funds.

The following decision chart prompts questions to further evaluate a fund's financial position:



We recommend the City continue to compare actual results of the Debt Service Funds with the projected amounts to ensure adequate funding of the Debt Service Funds and/or possibly reduce future tax levies.

**TAX INCREMENT DISTRICTS**

The City of Grand Rapids currently has the following tax increment districts:

- TIF 1-4      Oakwood Terrace
- TIF 1-6      Old Hospital Housing
- TIF 1-7      Block 37 Redevelopment
- TIF 1-8      Lakewood Heights
- TIF 1-9      Majestic Pines
- TIF 1-10     River Hills Apartments

**Tax Increment 1-4 (Oakwood Terrace)**

The final payment on a pay-as-you-go note was made in 2006. The fund no longer has note or debt service payments and is collecting tax increment. Any extra tax increment from this district has been pledged to pay any shortfalls of TIF 1-6 (relating to the 2008A TIF Bonds only). This pledge was made because the owner of Oakwood Terrace is the same owner as the Old Hospital Housing.

**Tax Increment 1-6 (Old Hospital Housing)**

The district is divided into two main parcels:

1. Assisted Living Facility on the East Clinic site:
  - 2008 was the first year tax increment was received relating to this parcel.
  - The tax increment (90%) is used to make debt service payments on the \$850,000 G.O. TIF Bonds, 2008A. This bond issue was refunded by the 2017B Bonds.
2. Old hospital site was redeveloped into low to moderate income housing:
  - The old hospital was demolished in 2008. TIF Bond proceeds financed the demolition costs.
  - The tax increment derived from this site is used to make the debt service payments on the \$307,500 Tax Increment Revenue Notes, 2008B (paygo).
  - The outstanding balance of this note at December 31, 2017 was \$307,500.

The District also has an obligation to pay the \$15,057.57 2008C TIF Note (paygo):

- Payable only from TIF administrative revenues received through the county.
- The administrative portion the City is entitled to keep is 10% of the tax increment.
- Half of this (5% of total) is pledged to repay the 2008C TIF Note.
- Both of the above portions of the District (Funds 371 and 373) made payments towards the 2008C Note.
- The City splits the tax increment revenue by parcel number when it comes in so that the correct amounts go to each fund.
- Each fund contributes its 5% portion (assuming enough increment was received) so that in total, 5% is contributed.
- The obligation ended August 1, 2014.

**Tax Increment 1-7 (Block 37 Redevelopment)**

The tax increment derived from this site is used to pay the \$389,300 2008A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. The outstanding balance of this note was \$389,300 at December 31, 2018.

The District also had an obligation to pay the \$2,010.81 2008D TIF Note (paygo). The note was payable only from TIF administrative revenues received through the County. The obligation ended August 1, 2011.

**Tax Increment 1-8 (Lakewood Heights)**

The tax increment derived from this site are used to pay the \$350,000 2013A TIF Note (paygo). 90% of the increment collected is pledged to pay the note. 2013 was the first year tax increment was received. The outstanding balance of this note was \$278,294 at December 31, 2018.

**Tax Increment 1-9 (Majestic Pines)**

The tax increment derived from this site are used to pay the \$385,355.68 2015A TIF Note. 90% of tax increment collected is pledged to pay the 2015A Note and 5% of tax increment collected is pledged to pay the, \$12,099.69 2015B Note. The administrative portion the City is entitled to keep is 10% of tax increment collected. However, half of this amount is pledged to repay the 2015B TIF Note. The outstanding balance on the 2015A note at December 31, 2018 was \$91,949. The outstanding balance on the 2015B note at December 31, 2018 was \$0. This TIF District was decertified as of December 31, 2018.

**Tax Increment 1-10 (River Hills)**

Tax increment derived from the district are used to pay the \$300,000 2016A TIF Note. 90% of the increment collected is pledged to pay the Note. The outstanding balance of this Note was \$276,188.

**CAPITAL PROJECT FUNDS**

The financial activity of the Capital Project Funds for 2018 was as follows:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2018	Comments
General Capital Improvement Projects	\$539,774	\$672,002	\$310,900	178,672	\$252,039	2018 expenditures include \$529,000 for the MS River Pedestrian Bridge project and \$96,000 for the IRRRB Grand demo reimbursement project.
Municipal State Aid	65,203	10,003	-	55,200	225,094	2018 expenditures was a special assessment payment
Park Acquisition and Development	11,394	26,014	-	(14,620)	19,883	2018 expenditures was primarily for the ADA swing.
Arts and Culture Capital Project	9,534	15,815	36,735	30,454	57,484	
Capital Equipment Replacement	194,009	313,118	225,004	105,895	(314,657)	2018 expenditures include IT equipment (\$36,000); Mower (\$43,000); Backhoe (\$99,000); Police vehicle (\$30,000), Dodge Ram Truck (\$28,000); IRA roof (\$18,000).
Airport Capital Fund	854,656	896,811	71,325	29,170	70,816	2018 expenditures include \$55,000 for the Airport Master plan project and \$838,000 for the Apron Construction.
IRA Civic Center Projects	75,193	2,397	-	72,796	(158,666)	
7th Avenue Bridge Rehabilitation	-	-	(300,000)	(300,000)	155,652	the 2018 transfer was to the General Capital Improvement Projects fund.
Permanent Improvement Revolving	18,303	5,816	(5,000)	7,487	349,502	
2000 Infrastructure - Other	-	425	-	(425)	5,357	
2016 Infrastructure - Bonded	-	-	91,301	91,301	-	
2017 Infrastructure - Bonded	121,379	169,191	(241,568)	(289,380)	-	2018 expenditures include 4th Ave. & 13th St NW; 9th Street NE; 14th St NW Overlay; 8th Ave. NE Storm Water.
2018 Infrastructure - Bonded	3,393,312	2,374,564	(32,235)	986,513	979,983	2018 expenditures were for 2018 NE Improvements and 10th Ave Ne Improvements.
2019 Infrastructure - Bonded	-	148,734	-	(148,734)	(148,734)	2018 expenditures were for the Golf Course Road utility extension and Cohasset Trail
Totals	\$5,282,757	\$4,634,890	\$156,462	\$804,329	\$1,493,753	

**ENTERPRISE FUNDS**

The City maintains two Enterprise Funds, the Pokegama Golf Course and the Storm Water Utility Fund.

**Pokegama Golf Course Fund**

A summary of golf course operations for the preceding four years is as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating revenue	\$588,835	\$569,276	\$567,053	\$582,728
Operating expenses	<u>593,559</u>	<u>634,682</u>	<u>673,732</u>	<u>621,106</u>
Operating income (loss)	(4,724)	(65,406)	(106,679)	(38,378)
Other income (expense) - net	1,472	306	8,921	27,295
Transfers in	-	-	-	-
Transfers out	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>
Change in net assets	<u><u>(\$6,752)</u></u>	<u><u>(\$68,600)</u></u>	<u><u>(\$101,258)</u></u>	<u><u>(\$14,583)</u></u>

The 2018 budget anticipated a net loss of \$63,789. Revenue for 2018 was \$19,000 less than budgeted. Expenditures for 2018 were \$77,000 less than budgeted.



**Storm Water Utility Fund**

This Fund was established in 2004. The transfers out of the Fund are for the storm water utility's portion of infrastructure improvements made during the year.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating revenue	\$561,023	\$559,245	\$590,824	\$699,897
Operating expenses	<u>437,259</u>	<u>669,284</u>	<u>689,836</u>	<u>747,613</u>
Operating income	123,764	(110,039)	(99,012)	(47,716)
Other income (expense) - net	6,311	12,084	4,002	7,526
Transfers in (out)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>33,000</u>
Change in net assets	<u>\$30,075</u>	<u>(\$97,955)</u>	<u>(\$95,010)</u>	<u>(\$7,190)</u>

The transfer out for 2015 was for the 2014 Infrastructure project. For 2018, revenue increased as a result a change in rates and storm water credits.

**ECONOMIC DEVELOPMENT AUTHORITY**

This organization was established and began operations in 1987 pursuant to Minnesota Statute 458C (subsequently amended and recodified). During 1994, the City adopted resolution 94-164 which modified the previous enabling resolution to refer to current statutory authority for EDA's as contained in Chapter 469 of Minnesota Statutes. Among other things, this resolution impacted the financial reporting of the EDA. The EDA is reported as a discrete component unit, similar to the Public Utilities Commission.

Fund balances of EDA funds are as follows:

Fund	Revenue	Expenditures	Change in Fund Balance	Fund Balance 12/31/2018
General	\$16,124	\$13,714	\$2,410	\$28,558
Capital Project	773,278	847,783	(74,505)	713,421
Total	\$789,402	\$861,497	(\$72,095)	\$741,979

Capital Project expenditures for 2018 include the following:

CBIL Loans issued	\$105,000
Grand Itasca IRRRB loan	300,000
MIF Loan	125,000
DEED grant	240,800
Airport South Ind. Park	9,330
Loan repayments	50,602
All other	17,051
Total	<u>\$847,783</u>

*Economic Development Authority*

The EDA has several loans payable. A summary of these loans is as follows:

Payee	Purpose	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Blandin Foundation	Block 20 & 21 soil remediation	\$100,000	\$ -	\$ -	\$100,000
Blandin Foundation	Airport industrial park	315,000	-	17,500	297,500
Blandin Foundation	Commercial building improvement loans	156,734	-	17,600	139,134
IRRRB	Airport Hangar	293,000	-	-	293,000
IEDC	Airport Hangar	81,363	-	8,687	72,676
	Total	<u>\$946,097</u>	<u>\$ -</u>	<u>\$43,787</u>	<u>\$902,310</u>

The EDA also has inventory of Land Held for resale in the amount of \$2,316,696. A summary of these assets are as follows:

Industrial park East	\$274,500
Airport South Industrial Park - Phase 1	162,212
Airport South Industrial Park - Phase 2	197,739
Airport properties	576,344
Manufacturing Hangar	580,000
Block 5	258,601
Blocks 20 and 21	267,300
	<u>\$2,316,696</u>

**ACCOUNTING STANDARDS**

Governmental Accounting Standards Board (GASB) statements that are required to be implemented in future years that may affect the City are as follows:

<u>Upcoming GASB Statements</u>	<u>City Implementation Required By</u>
<b>Statement No. 83</b> <i>Certain Asset Retirement Obligations.</i>	2019
<b>Statement No. 84</b> <i>Fiduciary Activities.</i>	2019
<b>Statement No. 87</b> <i>Leases.</i>	2020
<b>Statement No. 88</b> <i>Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.</i>	2019
<b>Statement No. 89</b> <i>Accounting for Interest Cost Incurred before the End of a Construction Period.</i>	2020
<b>Statement No. 90</b> <i>Majority Equity Interests and ammendment of GASB statements No. 14 and No. 61.</i>	2019

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have substantially completed the audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Minnesota for the year ended December 31, 2018. We did not audit the financial statements of the Public Utilities Commission (a discretely presented component unit). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans for the year ended December 31, 2018. The most significant effect of this standard is that it required the City to record the Actuarial Accrued Liability related to OPEB rather than the Net OPEB Obligation.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were management's estimation of the factors relating to the Actuarial Accrued Liability related to OPEB, and the net pension liability and the pension related deferred inflows and outflows. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosures most likely to be considered sensitive are Note 8 – Defined Benefit Pension Plans.

The disclosures in the financial statements are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements that have an

effect on our opinion on the financial statements. There were no corrected misstatements identified during the audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of the audit.

**Management Representations**

We will be requesting certain representations from management that are included in the management representation letter.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison information, Schedule of Changes in total OPEB Liability and related ratios and The Schedules of Proportionate Share of Pensions Liability and Pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on that RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, statistical section and other information section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the information and use of the City Council and Management of the City of Grand Rapids, Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.





# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0425      **Version:** 1      **Name:** CP 2019-1 Approve Change Order 3  
**Type:** Agenda Item      **Status:** Consent Agenda  
**File created:** 6/26/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider approving Change Order 3 related to CP 2019-1, Golf Course Road Utility Extension-Great River Acres  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [CO3](#)

Date	Ver.	Action By	Action	Result
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Consider approving Change Order 3 related to CP 2019-1, Golf Course Road Utility Extension-Great River Acres

**Background Information:**

Change order 3 includes additional dirt work completed for ISD 318 due to poor soils located under the building footprint. The total amount of this change order will be reimbursed to the City per the developers agreement with ISD 318.

**Staff Recommendation:**

City Staff recommends approving Change Order 3 related to CP 2019-1, Golf Course Road Utility Extension-Great River Acres in the amount of \$238,032.00

**Requested City Council Action**

Make a motion approving Change Order 3 related to CP 2019-1, Golf Course Road Utility Extension-Great River Acres in the amount of \$238,032.00

STATE AID FOR LOCAL TRANSPORTATION  
CHANGE ORDER

City/County of City of Grand Rapids

Change Order No. 3

FEDERAL PROJECT NO.	STATE PROJECT NO.	LOCAL PROJECT NO. GRANR 148347	CONTRACT NO. CP 2019-1
CONTRACTOR NAME AND ADDRESS TNT Aggregates, LLC 40 County Road 63 Grand Rapids, MN 55744		LOCATION OF WORK	
		TOTAL CHANGE ORDER AMOUNT \$238,032.00	

For Additional Dirt Work Completed to Date for the ISD 318 Contract due to poor soils located under the building footprint.  
Due to additional work completed, all milestones shall be considered "reached" within the completion dates assigned.

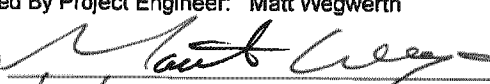

**COST BREAKDOWN**

Item No.	Item	Unit	Unit Price	Quantity	Amount
<b>Funding Category No. 017</b>					
2105.507	TIME & MATERIAL (SELECT GRADING)	LUMP SUM	\$1,927.00	1	\$1,927.00
2105.507	COMMON EXCAVATION	C Y	\$2.50	17784	\$44,460.00
2105.507	SELECT GRANULAR BORROW (CV)	C Y	\$3.50	57924	\$202,734.00
2106.507	EXCAVATION - SUBGRADE 1	CU YD	\$5.00	3352	\$16,760.00
2106.507	EXCAVATION - SUBGRADE	C Y	(\$8.50)	19840	(\$168,640.00)
2106.507	EXCAVATION - SUBGRADE	C Y	\$3.50	40226	\$140,791.00
<b>Funding Category No. 017 Total:</b>					<b>\$238,032.00</b>
<b>Change Order No. 3 Total:</b>					<b>\$238,032.00</b>

\* Funding category is required for federal projects.

**CHANGE IN CONTRACT TIME (check one)**  
Due to this change the Contract Time:

a.  Is Increased by \_\_\_\_\_ Working Days    b.  Is Not Changed  
 Is Decreased by \_\_\_\_\_ Working Days  
 Is Increased by \_\_\_\_\_ Calendar Days    c.  May be revised if work affected the controlling operation  
 Is Decreased by \_\_\_\_\_ Calendar Days

Approved By Project Engineer: Matt Wegwerth	Approved By Contractor: TNT Aggregates, LLC
Signed: 	Signed: 
Date: <u>6/25/19</u> Phone: (218) 326-7601	Date: <u>6/25/2019</u> Phone: 218.326.1881

The State of Minnesota is not a participant in this contract. Signature by the District State Aid Engineer is for FUNDING PURPOSES ONLY and for compliance with State and Federal Aid Rules/Policy. Eligibility does not guarantee funds will be available.

This work is eligible for: \_\_\_\_\_ Federal Funding    \_\_\_\_\_ State Aid Funding    \_\_\_\_\_ Local funds  
 District State Aid Engineer: \_\_\_\_\_ Date: \_\_\_\_\_



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0430      **Version:** 1      **Name:** Chamber Directory Contract Approval  
**Type:** Agenda Item      **Status:** Consent Agenda  
**File created:** 6/27/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider approving Chamber Directory Contract  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Chamber Contract for PGC](#)

Date	Ver.	Action By	Action	Result
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Consider approving Chamber Directory Contract

**Background Information:**

Requesting approval to participate in the Chamber of Commerce Member Directory advertising space and internet link services.

The Fee for the 2020 Directory is \$250 for the Ad Space and \$150 for the Internet Link.

**Staff Recommendation:**

Approve Contract as detailed above

**Requested City Council Action**

Requesting approval to participate in the Chamber of Commerce Member Directory advertising space and internet link services.

The Fee for the 2020 Directory is \$250 for the Ad Space and \$150 for the Internet Link, for a total Contract price of \$400. The expense will be paid for from the Pokegama Golf Course budgeted funds.



"Advocate for a business environment in which our members can prosper"

**GRAND RAPIDS AREA MEMBER DIRECTORY CONTRACT**

**ADVERTISER INFORMATION: [as it should appear in the Member Directory]**

Advertiser: Pokegama Public Golf Course

Contact: X

Category: Golf Courses Telephone: X

Toll Free: X Fax: X

Address: X P.O. Box: X

City: X State: X Zip: X

E-mail: X Web Site: X

**PRODUCTION:**



New Ad

Repeat Ad With No Changes

Revise Ad

**INSTRUCTIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Advertising Space Rate	\$ <u>250.00</u>
<u>1/8th ad</u> Coupon Space Rate	\$ _____
Extra Scan (\$25 per)	\$ _____
Production Charges	\$ _____
Reformat Charges (\$95)	\$ _____
<u>LINK</u>	<u>150.00</u>
<b>TOTAL COST OF AD:</b>	\$ _____
<b>Deposit</b>	\$ _____
<b>Balance Due</b>	\$ <u>400.00</u>

1/2019 -  
5/2019  
786  
VIRAL

<b>PAYMENT OPTION:</b>	
<b>Total Due:</b>	\$ <u>400.00</u>
Months divided by	_____
Amount per month:	\$ _____
First payment date:	_____
Last payment date:	_____
<input checked="" type="checkbox"/> If not paid in full by Oct 1, 2019, \$25 per month handling fee will be charged per month until paid in full.	





# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0434      **Version:** 1      **Name:** Milligan Payment  
**Type:** Agenda Item      **Status:** Consent Agenda  
**File created:** 7/2/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider payment of \$4,000 to Milligan Studio.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
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Consider payment of \$4,000 to Milligan Studio.

**Background Information:**

The City has an agreement with Milligan Studio to create three sculptures. Their total fee is \$30,000. The agreement states that they will get paid \$22,000 upon execution of the agreement and the remaining \$8,000 upon completion of the sculptures. Due to increases in metal and material costs they are requesting \$4,000 of their fee in advance of completion of the project. Their fee is not increases.

**Staff Recommendation:**

City staff is recommending the \$4,000 payment to Milligan Studio.

**Requested City Council Action**

A motion approving the \$4,000 payment to Milligan Studio.



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

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**File #:** 19-0439      **Version:** 1      **Name:** Boards & Commissions  
**Type:** Minutes      **Status:** Approved  
**File created:** 7/3/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Review and acknowledge minutes for Boards & Commissions.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [May 29, 2019 Human Rights Commission Minutes.pdf](#)  
[June 4, 2019 Arts & Culture Commission minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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Review and acknowledge minutes for Boards & Commissions.

## MAY 29, 2019 CITY OF GRAND RAPIDS HUMAN RIGHTS COMMISSION

**CALL TO ORDER:** Pursuant to due notice and call thereof a regular meeting of the Grand Rapids Human Rights Commission was held in Conference Room 2B, Grand Rapids City Hall, Grand Rapids, Minnesota, on Wednesday, May 29, 2019 at 4:00 p.m.

**CALL OF ROLL:** On a Call of Roll, the following members were present: Commissioners Doug Learmont, Deanna Ensley, John Schirber, Alice Moren, Whitney Leming-Salisbury, Paola Lopez-Cortes and Lea Friesen (arrived at 4:15). **Absent:** Commissioner Laurie Turman.

**Staff:** Kimberly Gibeau, Chad Sterle

**CALL TO ORDER:** Chair Moren called the meeting to order at 4:00 p.m.

### **SETTING AGENDA:**

Requested additions to agenda:

- Old Business: 1) Census update; 2) Indigenous Peoples Day
- Calls/Complaints/Inquiries: 1) Juneteenth

**Motion by Commissioner Schirber, second by Commissioner Leming-Salisbury to approve the agenda with additions. Motion passed by unanimous vote.**

**GUEST:** City Attorney Chad Sterle discussed open meeting law, noting that most violations are via electronic communication and unintentional; reviewed Ordinance establishing the Commission and its purpose and responsibilities. Attorney Sterle cautions the Commission against providing any recommendations that may be perceived as legal advice. Instead, the Commission should direct complainants to the Minnesota Department of Human Rights for assistance with charges or accusations of human rights violations.

**PRESENTATION:** Aaron Jordan-Peterson and Liz Branum of Haven provided overview of the LGBTQIA organization, including upcoming events and plans to hold a community festival similar to Pride events held in June. There is a discussion group, open to the public, hosted every Monday at 5:30 PM at the Keisler Wellness Center.

Scott Casper, scheduled to present, is not in attendance.

Commissioner Turman, via phone, disconnected from the meeting at 4:28 pm.

### **APPROVAL OF MINUTES:**

It is noted that the agenda listed the minutes for approval as March 27, 2019, when they are from the April 24, 2019 meeting.

**Motion by Commissioner Leming-Salisbury, second by Commissioner Lopez-Cortes to approve minutes for the April 24, 2019 Regular Meeting. Motion passed by unanimous vote.**

### **FINANCIALS:**

The Commissioners reviewed the financials that were provided in the agenda packet.



**Motion by Commissioner Friesen, second by Commissioner Schirber to approve the financials. Motion passed by unanimous vote.**

**PUBLIC COMMENT/ACCOLADES:**

Commissioner Lopez-Cortez indicated that she works for an attorney in Grand rapids, and while reviewing an audio recording of a Police interview with a client, the Grand Rapids Police Investigator used the term “mexican” when asking questions in reference to a physical description. Commissioner Lopez-Cortez stated that this was very upsetting and offensive. After further discussion, she will write a letter to the Investigator involved with the intention to educate.

**CIRCLE OF HEALING:**

No update at this time.

**BIG VIEW UPDATE:**

Commissioner Moren provided a review of upcoming annual events that will be open to the public, including a film series. There will be two events held in the fall, 1) “Acting Black” on September 10, 2019; and 2) and a meeting centered on LGBTQIA issues on October 17, 2019. A request for financial support from the Commission is noted at \$500 for each event. This request will be on the agenda for the June 26<sup>th</sup> meeting for consideration.

**OLD BUSINESS:**

- 1) Census update: Previously, the Commission discussed assisting in the Census, encouraging indigenous people and immigrants to participate. Would like support in getting information out and promoting the importance of an accurate count.
- 2) Indigenous Peoples Day: Committee will consist of Commissioners Leming-Salisbury, Ensley, Schirber and Friesen. There will be a meeting with Kayla Aubid, at MacRostie Art Center, to discuss collaboration and details.

**NEW BUSINESS:**

- 1) 2020 Work Plan & Budget Discussion: Commissioners Schirber, Learmont and Friesen will work on building a draft work plan and budget, and bring back to the Commission at the June 2019 meeting. Upon approval by Commission, budget request will be submitted to Tom Pagel, City Administrator, to be considered for 2020 budget planning.

**ITEMS FOR NEXT AGENDA:**

- Consider approving sponsorship of Big View events in September & October, 2019 totaling \$1,000.
- 2020 Work plan and budget discussion

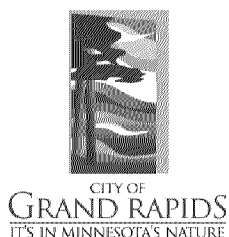
**CALLS/COMPLAINTS/INQUIRIES:**

Commissioner Leming-Salisbury notes that Juneteenth, marking the emancipation of the last remaining enslaved people in the United States, is on June 19<sup>th</sup>. Requesting flags be placed out in remembrance, similar to Memorial Day flags. Referred to Kevin Koetz at Public Works.

**Motion by Commissioner Leming-Salisbury, second by Commissioner Friesen to adjourn the meeting at 5:20 p.m. Motion passed unanimous vote.**

Respectfully submitted:

Kimberly Gibeau, City Clerk



## ARTS AND CULTURE COMMISSION MINUTES

**CALL TO ORDER:** Pursuant to due notice and call thereof the regular meeting of the Grand Rapids Arts and Culture Commission was held in Conference Room 2B of the Grand Rapids City Hall, 420 N. Pokegama Avenue, Grand Rapids, Minnesota on Tuesday, June 4, 2019 at 3:45 PM.

**Call of Roll:** On a call of roll, the following members were present: Kayla Aubid, Kathy Dodge, Harry Smith, Anne-Marie Erickson, Sonja Merrild. Absent: Myrna Peterson, David Marty, Ed Zabinski.

**Others Present:** Tom Pagel, Kim Gibeau

**Setting the Agenda:**

**Motion by Dodge, second by Smith to approve the agenda as presented. Motion passed by unanimous vote.**

**Correspondence:** None.

**Approval of Minutes:**

**Motion by Dodge, second by Aubid to approve minutes of May 7, 2019 as presented. Motion passed by unanimous vote.**

**Financials:** Acknowledged financials, noting that \$300 expenditure for Mayor's Arts Award is not reflected.

**Artist in Residence:** Commissioner Aubid distributed meeting notes from sub-committee assigned to review the program. Extensions will be granted to current residents through August 2019, allowing time for program and guideline development. There has been an indication that some of the artists would like the City to consider an option for permanent residence. Discussed possibility of using Commission budget funds to contract with MacRostie Art center to manage the program. Discussed need for mission statement/purpose of program. Recommended placing a temporary hold, or moratorium, on accepting applications for Artist in Residence.

**Motion by Dodge, second by Smith to place a temporary hold on accepting applications for Artist In Residence program through August 2019. Motion passed by unanimous vote.**

## **Old Business:**

- **AARP Challenge Grant:** Status of award should be known by June 15<sup>th</sup>.
- **Update on Yellowbird Mural Expansion:** Discussed funding, noting possible grant opportunity to assist with mural expansion costs; developing into a community involvement project may strengthen award chances.
- **Utility Box Wrap:** Plan to install wrap on Friday June 7<sup>th</sup>, dependent on weather.
- **Art Placement Plan:** Milligan Studios visited Grand Rapids, noting that all three sculptures will be installed by mid-August. Regarding the mural project, Mr. Nyberg would prefer another mural concept for his property. Commissioner Aubid suggested that the first mural submission from GoodSpace Murals would be well placed on the MacRostie Art Center building and that the 10' x 8' mural panels planned for MacRostie building could be mounted on the Nyberg building. Administrator Pagel will meet with Mr. & Mrs. Nyberg to see if they are open to this idea. Staff will begin the process of an easement with MacRostie Art Center.

**Motion by Aubid, second by Erickson to authorize staff to work with Mr. & Mrs. Nyberg seeking agreement for three 8'x10' panels to be installed on the Chapulsky building and seek an easement with MacRostie Art Center to have GoodSpace Murals original art submission on MacRostie Center building, and recommend approval to Council. Motion passed by unanimous vote.**

- **Public Art Project:**
  1. As part of the "Making It Public" workshop, Commission reviewed proposals by three artists, and conducted a ranking process with highest score going to Nicole Camene and Conch Fungi submission.
  2. Discussed draft art placement plan, referencing GRMN Public Art document and providing feedback to Forecast Public Art. Also discussed GIS integration plan to create art map, and reviewed sample 3-5-7 Plan from Duluth. All agree that there is a need for greater communication with the public. Commission members will review plan, and submit comments and suggestions to City Clerk Gibeau in two weeks. Staff will compile and submit to Ms. Krava.
- **Itasca Waters:** Following up from last meeting, representatives from Itasca Waters are seeking clarity on collaboration with the Commission. The We Art Water exhibit will be open all of August. Will work on schedule connecting community involvement with sculptures and Itasca Waters. August 21, 2019 will host artist talk/presentation, speaker to be determined.
- **Sidewalk Poetry:** Jeff Davies, Special Projects Coordinator, has advised that the poetry panels will be installed in the sidewalk on the west side of Central School in June.

## **New Business:**

- **Review priorities for coming year:** Tabled to July 2<sup>nd</sup> meeting.

**Items for next agenda:**

- AARP Challenge Grant
- Review priorities for coming year
- Mural Projects
- Riverfront Amphitheatre
- Itasca Waters

There being no further business, the meeting adjourned at 5:56 pm.

Respectfully submitted:

Kimberly Gibeau, City Clerk



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0435      **Version:** 1      **Name:**  
**Type:** Agenda Item      **Status:** Community Development  
**File created:** 7/2/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider approving a Memorandum of Understanding (MOU) with the Grand Rapids Economic Development Authority (GREDA) conveying City parcels in the plat of Great River Acres.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [DOCSOPEN-#589141-v1-Memo of Understanding Grand Rapids GREAT RIVER ACRES Final Plat](#)

Date	Ver.	Action By	Action	Result
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Consider approving a Memorandum of Understanding (MOU) with the Grand Rapids Economic Development Authority (GREDA) conveying City parcels in the plat of Great River Acres.

**Background Information:**

The goals and objectives within the City’s Comprehensive Plan encourage the development of a variety of housing along the western Golf Course Road corridor, including within the 45-acre tract of land at the intersection of Co. Rd. 76 acquired by the City through a land exchange with Blandin Paper Company in 2016.

The development of the west elementary school in this location has driven the extension of infrastructure to this area and the subdivision of the City’s 45-acre tract. The subdivision, platted and recorded by the City as Great River Acres, created 15 lots designed for single-family home development, one large lot suitable for multi-family housing and one large lot for the elementary school. All of these lots will be served with sanitary sewer and water and will be accessed by the new streets being constructed. The infrastructure cost will be allocated to all parcels within Great River Acres in accordance with the City’s Special Assessment Policy, with payments deferred until sale and development occurs.

As the economic development agent of the City, GREDA wishes to implement the City’s goal of housing development in Great River Acres. The attached MOU outlines the desired conveyance of the remaining parcels to GREDA for \$1.00. In exchange, GREDA will market the properties for sale, negotiate and carry out all transactions and pay for all transaction expenses. GREDA agrees to apply the sale proceeds toward the special assessments levied on each parcel, up to the amount of those proceeds. If the amount of the special assessments exceed the sale proceeds, GREDA will make good-faith effort to negotiate the assumption of the remaining amount by the buyers. If the amount of the sale proceeds exceed the amount of the special assessments, the excess would retained by GREDA and added to their Capital Projects Fund.

GREDA intends to exercise its power under the EDA Act to sell all properties pursuant to purchase and development agreements that contain a right of reverter clause. This clause ensures that all properties sold will be developed within one year of sale.

Fair market value estimates, to guide the pricing of these parcels, are being prepared. Once those prices are established, and the roads into Great River Acres are opened up to traffic, a development sign with contact information will be installed at the intersection of Golf Course Rd. and 22<sup>nd</sup> Ave. and properties will be listed on the GREDA website. ([www.grandrapidseda.com](http://www.grandrapidseda.com))

**Requested City Council Action**

Consider approving a Memorandum of Understanding (MOU) with the Grand Rapids Economic Development Authority (GREDA) conveying City parcels in the plat of Great River Acres.

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Memorandum”) is made and entered as of \_\_\_\_\_, 2019, by and between the Grand Rapids Economic Development Authority (“EDA”) and the City of Grand Rapids (“City”).

### Recitals

**WHEREAS**, the EDA wishes to acquire certain City-owned residential parcels located within the plat of Great River Acres recently approved by the City and filed of record with Itasca County (each a “Parcel”), for the purpose of developing housing in the City; and

**WHEREAS**, the EDA intends exercise its powers under Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”) to sell each Parcel pursuant to purchase and development agreements containing a right of reverter as authorized by Section 469.105 of the EDA Act; and

**WHEREAS**, the City has incurred significant costs to plat the Parcels and to construct infrastructure improvements in order to prepare the Parcels for development; and

**WHEREAS**, the City is willing to accommodate the EDA’s request to acquire the Parcels on the terms and conditions contained in this Memorandum.

**NOW THEREFORE**, in consideration of the recitals, and other good and valuable consideration, and intending to be legally bound, the EDA and City agree as follows:

1. The City will convey the Parcels to the EDA for \$1. Those Parcels include: Lots 2-8, Block 2, Lots 1-8 Block 3 and Lot 1 Block 1 all in the plat of Great River Acres.
2. The EDA will market and sell the Parcels to one or more private developers for the construction of either single-family owner-occupied homes or of multifamily rental housing facilities, as applicable.
3. The EDA will sell each Parcel at its fair market value, excluding the amount of any special assessments levied or pending against such Parcel (the “Special Assessments”).
4. As soon as practicable following the sale of each Parcel, the EDA will remit to the City the lesser of the total amount of Special Assessments or total net proceeds of the sale of each Parcel.
5. If the amount of Special Assessments exceeds the fair market value, the EDA agrees to use good-faith efforts to negotiate the assumption by the purchaser

of each Parcel (the "Purchaser") of any Special Assessments in excess of the purchase price paid by such Purchaser, payable over a term of years and at an interest rate substantially similar to those certified to Itasca County.

- 6. The City agrees to accept all Special Assessments remitted by the EDA as prepaid Special Assessments, and to promptly notify each Purchaser of the terms of payment of any unpaid balance.
- 7. If proceeds of the sale of any Parcel exceed the amount of Special Assessments against that Parcel, such excess will become the property of the EDA.

**IN WITNESS WHEREOF**, the City and EDA have caused this Memorandum to be duly executed in their name and behalf and their seal to be duly affixed hereto as of the date and year first above written.

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**CITY OF GRAND RAPIDS**

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Executive Director

By: \_\_\_\_\_  
City Clerk



# GREAT RIVER ACRES

Part of the Southwest Quarter of the Southeast Quarter of Section 19, AND  
 Part of the Northwest Quarter of the Northeast Quarter of Section 30, AND  
 Part of the Northeast Quarter of the Northwest Quarter of Section 30,  
 all in Township 55 North, Range 25 West, Fourth Principal Meridian,  
 Itasca County, Minnesota

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Grand Rapids, a municipal corporation, being the owner of the following described property located in the City of Grand Rapids, County of Itasca, State of Minnesota, to wit:

The Northwest Quarter of the Northeast Quarter, in Section 30, Township 55 North, Range 25 West of the Fourth Principal Meridian, Itasca County, Minnesota, LESS the County Road right-of-way, and LESS the North 210 feet of the West 470 feet of the Northwest Quarter of the Northeast Quarter and LESS the South 305 feet of the East 175 feet of the Northwest Quarter of the Northeast Quarter;

AND

The Southwest Quarter of the Southeast Quarter, Section 19, Township 55 North, Range 25 West, Itasca County, Minnesota, LESS the South 210 feet of the West 470 feet and LESS the North 900 feet of the Southwest Quarter of the Southeast Quarter;

AND

That part of the Northeast Quarter of the Northwest Quarter (NE 1/4 of NW 1/4), Section 30, Township 55 North, Range 25 West, Itasca County, Minnesota, lying northeasterly of County Road 76 and southerly of the following described line:

Commencing at the North Quarter Corner of said Section 30; thence South 0 degrees 46 minutes 50 seconds West along the east line of said NE 1/4 of NW 1/4 a distance of 209.89 feet to the POINT OF BEGINNING; thence South 88 degrees 42 minutes 28 seconds West a distance of 32.59 feet; thence South 58 degrees 29 minutes 28 seconds West a distance of 109.62 feet to the northeasterly line of said County Road 76; thence South 51 degrees 15 minutes 01 second West a distance of 50.00 feet to the centerline of said County Road 76 and there terminating.

Has caused the same to be surveyed and platted as GREAT RIVER ACRES and does hereby dedicate to the public for public use the public ways and the drainage and utility easements as created by this plat.

In witness whereof said City of Grand Rapids, a Minnesota municipal corporation, has caused these presents to be signed by its proper officers on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signed: City of Grand Rapids as owner

\_\_\_\_\_  
Dale Adams, Mayor

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

I, Chris A. Larsen, do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota, that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.021, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Chris A. Larsen, Professional Land Surveyor  
Minnesota License No. 45848

STATE OF MINNESOTA  
 COUNTY OF SAINT LOUIS

This Instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, A.D. by Chris A. Larsen, Minnesota License Number 45848.

\_\_\_\_\_  
Michele Hayes, Notary Public  
St. Louis County, Minnesota  
My Commission Expires 01-31-2020

CITY OF GRAND RAPIDS

We do hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ the City of Grand Rapids approved this plat.

Signed: City of Grand Rapids

\_\_\_\_\_  
Dale Adams, Mayor

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

ITASCA COUNTY AUDITOR

I do hereby certify that there are no delinquent taxes on the above described property as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

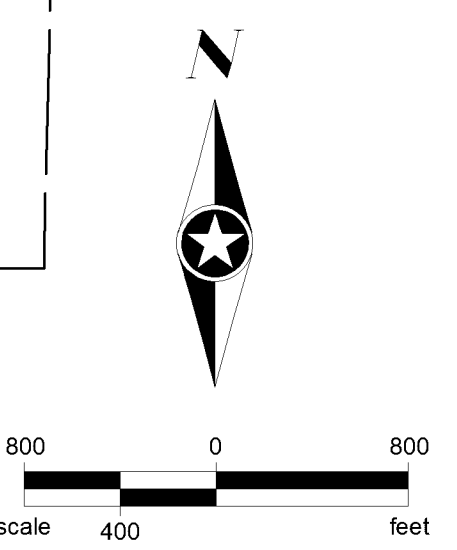
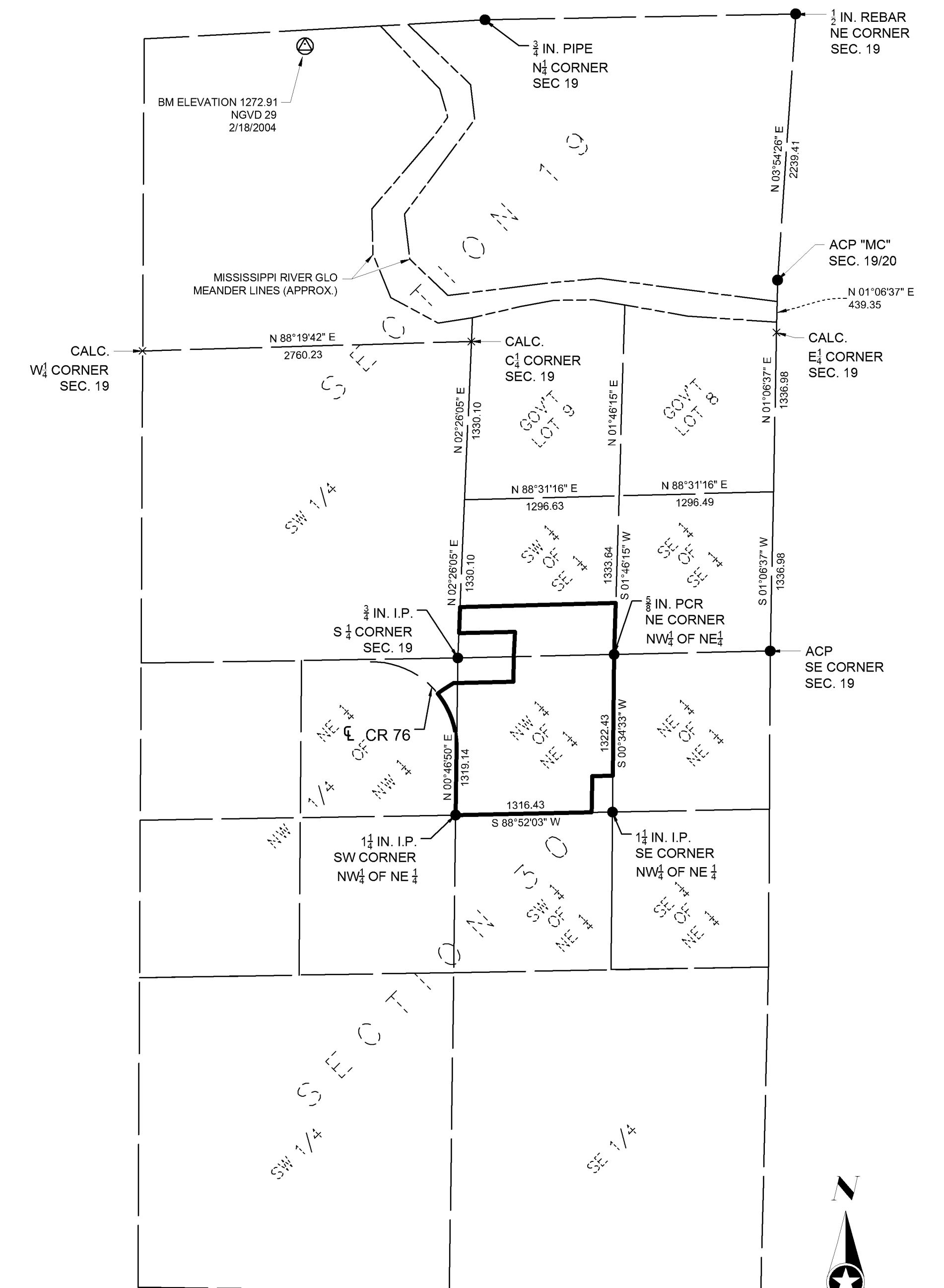
\_\_\_\_\_  
Jeffrey T. Walker  
Auditor / Treasurer  
Itasca County, Minnesota

ITASCA COUNTY RECORDER

I do hereby certify that the within instrument was filed in this office for record this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M as Document Number \_\_\_\_\_.

\_\_\_\_\_  
Nicolle Zuehlke  
Recorder / Registrar  
Itasca County, Minnesota

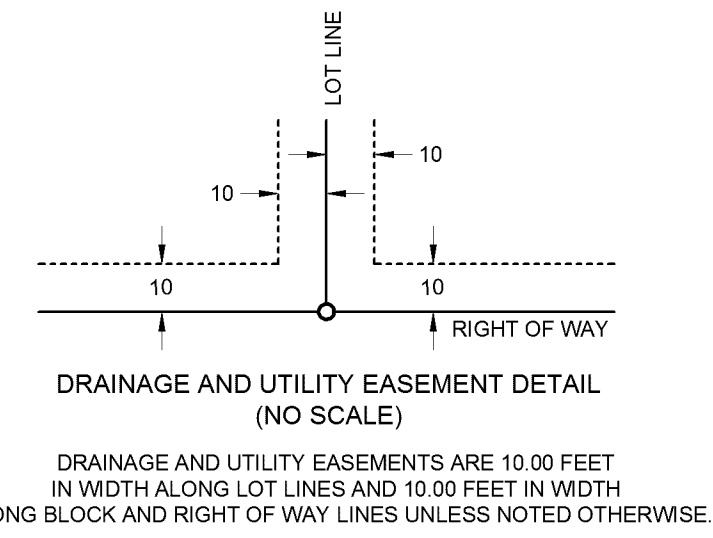
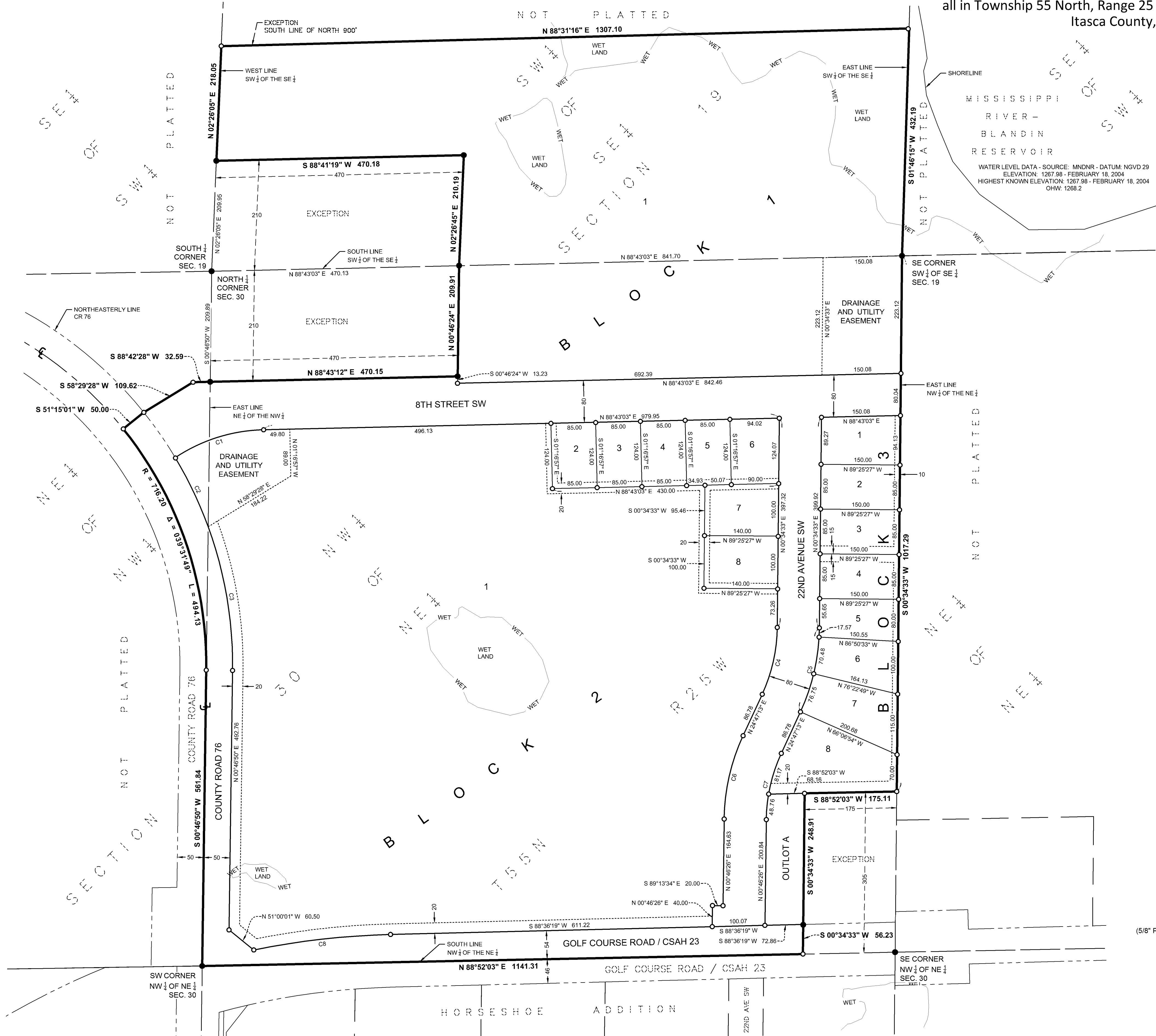
VICINITY MAP  
 SECTIONS 19 AND 30, TOWNSHIP 55 NORTH,  
 RANGE 25 WEST, ITASCA COUNTY, MINNESOTA



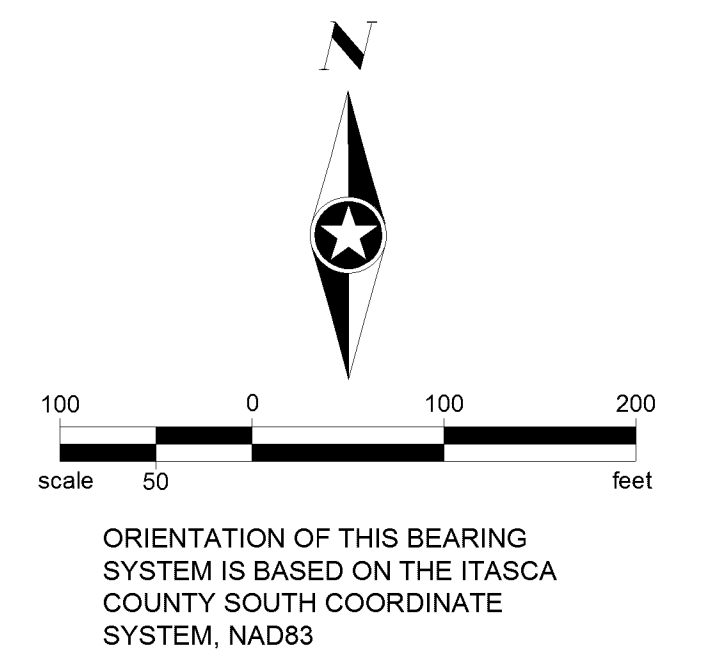
ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE ITASCA COUNTY SOUTH COORDINATE SYSTEM, NAD83

# GREAT RIVER ACRES

Part of the Southwest Quarter of the Southeast Quarter of Section 19, AND  
 Part of the Northwest Quarter of the Northeast Quarter of Section 30, AND  
 Part of the Northeast Quarter of the Northwest Quarter of Section 30,  
 all in Township 55 North, Range 25 West, Fourth Principal Meridian,  
 Itasca County, Minnesota



Curve Table			
Curve	Length	Radius	Delta
C1	178.30	313.84	032°33'04"
C2	145.40	766.20	010°52'23"
C3	278.33	766.20	020°48'48"
C4	130.99	310.00	024°12'40"
C5	164.80	390.00	024°12'40"
C6	163.45	390.00	024°00'47"
C7	129.92	310.00	024°00'47"
C8	261.78	1482.40	010°07'04"



**LEGEND**

- RIGHT OF WAY ————
- DRAINAGE AND UTILITY EASEMENT - - - - -
- LOT LINE ————
- BLOCK LINE ————
- PLAT BOUNDARY ————
- BENCHMARK
- FOUND MONUMENT
- SET MONUMENT
- (5/8" PLASTIC CAPPED REBAR PLS 45848)
- WETLAND ———— WET
- SECTION ————

**SEH**  
 PHONE: 218.322.4500  
 21 NE 5TH ST STE 200  
 GRAND RAPIDS, MN 55744  
 www.sehinc.com



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0429      **Version:** 1      **Name:** Appointment of Nathan Morlan to the position of Building Official/Building Maintenance Manager.  
**Type:** Agenda Item      **Status:** Administration Department  
**File created:** 6/27/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Appointment of Nathan Morlan to the position of Building Official/Building Maintenance Manager.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
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Appointment of Nathan Morlan to the position of Building Official/Building Maintenance Manager.

### **Background Information:**

At the May 29, 2018 City Council meeting, the City Council appointed Nathan Morlan to the position of Interim Building Official until a replacement is appointed. During the past year, Nathan has been working in the capacity of Facilities Maintenance Manager and Interim Building Official. Following discussions, it has been determined that this could be a permanent combined position, but only if we hire an additional Building Maintenance Worker.

We have drafted a combined job description and are recommending appointing Nathan Morlan to the position effective July 9, 2019 at a starting salary of \$80,000.00.

Nathan was hired at the City of Grand Rapids on November 26, 2012 as a Building/Fire Inspector. In 2015, Nathan was appointed to the position of Facilities Maintenance Manager until last year when he became the Interim Building Official. Nathan received his Building Official certification June 24, 2011.

### **Staff Recommendation:**

City Administrator Tom Pagel, Community Development Director Rob Mattei, and Human Resources Director Lynn DeGrio are recommending the appointment of Nathan Morlan to the position of Building Official/Building Maintenance Manager at a starting annual salary of \$80,000.00 beginning July 9, 2019. We are also recommending the City Council grant us approval to begin the process of filling the Building Maintenance Worker position. We will come back to the City Council at a later date with a recommendation for filling that position.

### **Requested City Council Action**

Make a motion to approve the combined job description for Building Official/Building Maintenance Manager and appoint Nathan Morlan to the position at a starting annual salary of \$80,000.00 effective July 9, 2019 and authorize City staff to begin the process of filling the Building Maintenance Worker position.



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0432      **Version:** 1      **Name:** Squadroni Contract  
**Type:** Agenda Item      **Status:** Administration Department  
**File created:** 7/1/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider an agreement with Aaron Squadroni for the creation of a public sculpture.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Squardoni](#)

Date	Ver.	Action By	Action	Result
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Consider an agreement with Aaron Squadroni for the creation of a public sculpture.

**Background Information:**

Getfit Itasca submitted a grant to AARP for public art, two benches, kiosk installation, and education brochures for the Mississippi River pedestrian bridge. They were notified that they were successful with their grant request. The items must be purchased and completed by November 1, 2019. The grant will pay for half of the sculpture.

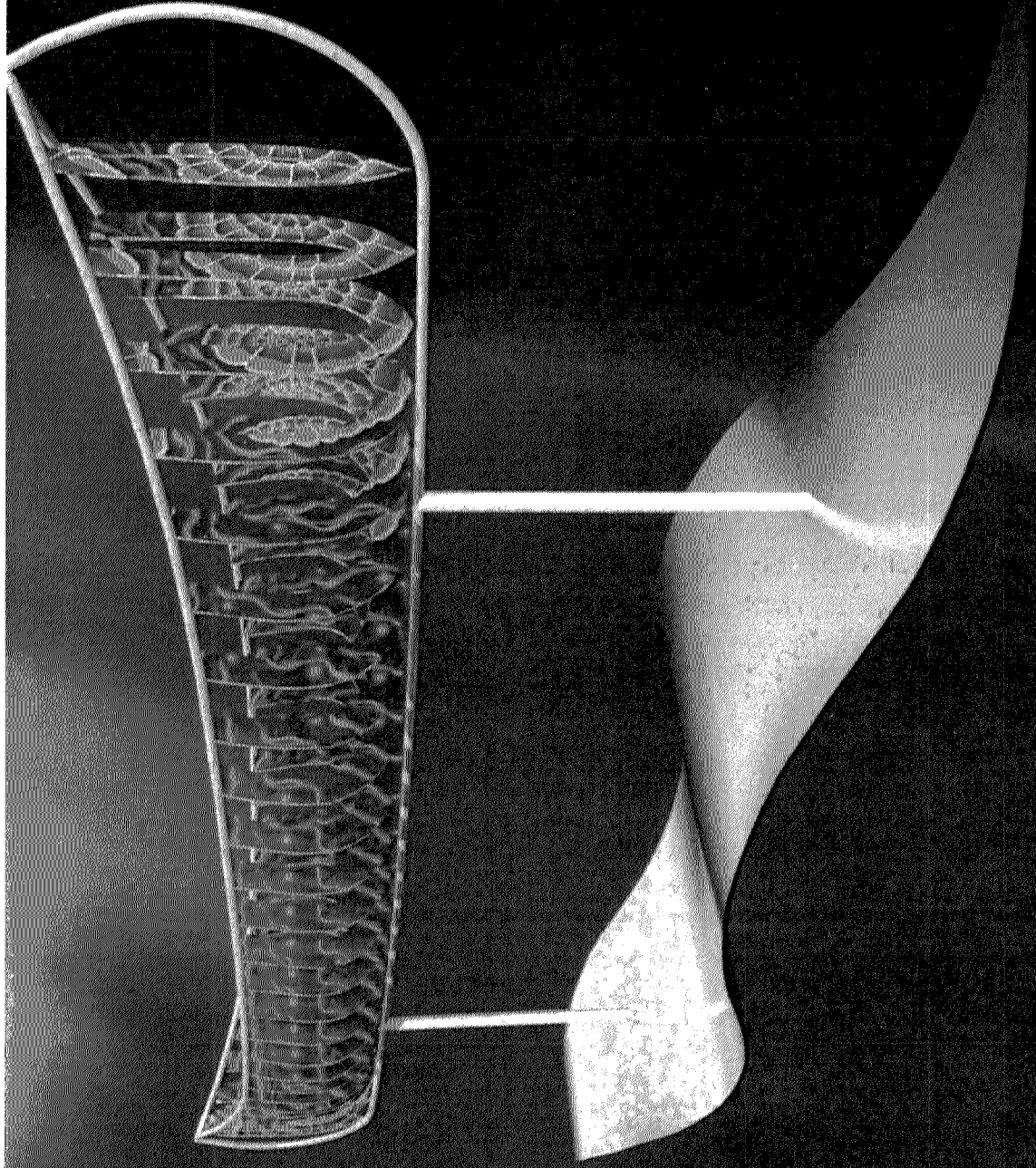
The Arts & Culture Commission is recommending that the City Council enter into an agreement with Aaron Squadroni for the creation of a sculpture canoe. This will be a collaboration with Leah Yellowbird who will paint the internal ribs of the canoe. A picture of the concept is attached. The total cost of the sculpture is \$18,400. The City's responsibility is \$9,200, funded by the the Arts & Culture Capital Projects Account.

**Staff Recommendation:**

City staff is recommending entering into an agreement with Aaron Squadroni for the creation of a public sculpture.

**Requested City Council Action**

A motion entering into an agreement with Aaron Squadroni for the creation of a public sculpture.



DESIGN CONCEPT 1 - POOL



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0431      **Version:** 1      **Name:** Property Tax Abatement  
**Type:** Public Hearing      **Status:** Public Hearing  
**File created:** 7/1/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Conduct a Public Hearing for proposed Property Tax Abatement.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Presale Report.Grand Rapids.2019A](#)

Date	Ver.	Action By	Action	Result
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Conduct a Public Hearing for proposed Property Tax Abatement.

**Background Information:**

Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, the City may grant an abatement of all or part of the taxes levied by the City on real property within its boundaries and issue general obligation bonds to finance public improvements, provided, however, that the City Council first holds a public hearing regarding the proposed Abatement.

The City proposes to issue Abatement Bonds to finance public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

**Staff Recommendation:**

Staff recommends holding a Public Hearing for proposed Property Tax Abatement to finance public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

**Requested City Council Action**

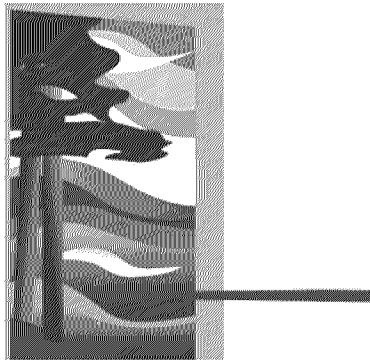
Hold a Public Hearing for proposed Property Tax Abatement to finance public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

July 8, 2019

Pre-Sale Report for

City of Grand Rapids, Minnesota

\$1,585,000 General Obligation Bonds, Series 2019A



CITY OF  
**GRAND RAPIDS**  
IT'S IN MINNESOTA'S NATURE

**Prepared by:**

Rebecca Kurtz, CIPMA  
Senior Municipal Advisor

Nick Anhut, CIPMA  
Senior Municipal Advisor

Todd Hagen, CIPMA  
Senior Municipal Advisor



## Executive Summary of Proposed Debt

Proposed Issue:	\$1,585,000 General Obligation Bonds, Series 2019A
Purposes:	<p>The proposed issue includes financing for the following purposes:</p> <ul style="list-style-type: none"> <li>▪ Great River Acres improvements project. Debt service will be paid from special assessments and taxes.</li> <li>▪ Cohasset Trail Project. Debt service will be paid from tax abatement revenues.</li> </ul>
Authority:	<p>The Bonds are being issued pursuant to Minnesota Statutes, Chapters:</p> <ul style="list-style-type: none"> <li>▪ 429 – Allows issuance of general obligation debt without referendum to fund projects for which the City assesses at least 20% of the cost.</li> <li>• 469.1814 – Allows cities to issue debt after holding a public hearing to establish a tax abatement. Under the Tax Abatement Authority, the amount of property taxes abated in any year for the Bonds, together with any outstanding annual abatements, may not exceed 10% of the City's net tax capacity or \$200,000, whichever is greater.</li> <li>• 475 – General bonding authority</li> </ul> <p>The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.</p>
Term/Call Feature:	<p>The Bonds are being issued for a term of 15 years. Principal on the Bonds will be due on February 1 in the years 2021 through 2035. Interest is payable every six months beginning August 1, 2020.</p> <p>The Bonds will be subject to prepayment at the discretion of the City on February 1, 2028 or any date thereafter.</p>
Bank Qualification:	<p>Because the City is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the City will be able to designate the Bonds as “bank qualified” obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.</p>
Rating:	<p>The City’s most recent bond issues were rated by Standard &amp; Poor’s. The current ratings on those bonds are “AA-.” The City will request a new rating for the Bonds.</p> <p>If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the City’s bond rating in the event that the bond rating of the insurer is higher than that of the City.</p>



<p><b>Basis for Recommendation:</b></p>	<p>Based on our knowledge of your situation, your objectives communicated to us, our advisory relationship as well as characteristics of various municipal financing options, we are recommending the issuance of general obligation bonds as a suitable financing option. It has been the City's practice and policy to finance street and trail projects with general obligation debt. Additionally, the issuance of general obligation bonds provides the most overall cost-effective option while also preserving future prepayment flexibility. The competitive sale approach described below is consistent with the City's historical debt issuance method, as well as best practices published by the Governmental Finance Officers Association.</p>
<p><b>Method of Sale/Placement:</b></p>	<p>We will solicit competitive bids for the purchase of the Bonds from underwriters and banks.</p> <p>We will include an allowance for discount bidding in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.</p>
<p><b>Premium Pricing:</b></p>	<p>In some cases, investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium." The underwriter of the bonds will retain a portion of this reoffering premium as their compensation (or "discount") but will pay the remainder of the premium to the City. The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.</p> <p>For this issue of Bonds, we have been directed to use the net premium to reduce the size of the issue/increase the net proceeds for the project. The resulting adjustments may slightly change the true interest cost of the issue, either up or down.</p> <p>The amount of premium can be restricted in the bid specifications. Restrictions on premium may result in fewer bids but may also eliminate large adjustments on the day of sale and unintended impacts with respect to debt service payment. Ehlers will identify appropriate premium restrictions for the Bonds intended to achieve the City's objectives for this financing.</p>
<p><b>Other Considerations:</b></p>	<p>We have assumed pre-paid assessment revenue of \$2,635,224.</p>
<p><b>Review of Existing Debt:</b></p>	<p>We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time.</p>

	We will continue to monitor the market and the call dates for the City’s outstanding debt and will alert you to any future refunding opportunities.
Continuing Disclosure:	Because the City has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds and has contracted with Ehlers to prepare and file the reports.
Arbitrage Monitoring:	Because the Bonds tax-exempt obligations, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Tax Certificate prepared by your Bond Attorney and provided at closing. We recommend that you regularly monitor compliance with these rules and/or retain the services of a qualified firm to assist you. You have retained Ehlers to assist you with compliance with these rules.
Investment of and Accounting for Proceeds:	In order to more efficiently segregate funds for this project and maximize interest earnings, we recommend using an investment advisor, to assist with the investment of bond proceeds until they are needed to pay project costs. Ehlers Investment Partners, a subsidiary of Ehlers and registered investment advisor, will discuss an appropriate investment strategy with the City.
Other Service Providers:	<p>This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.</p> <p><b>Bond Counsel:</b> Kennedy &amp; Graven, Chartered</p> <p><b>Paying Agent:</b> U.S. Bank, National Association</p> <p><b>Rating Agency:</b> Standard &amp; Poor's Global Ratings (S&amp;P)</p>

<b>Summary:</b>	<p>The decisions to be made by the City Council are as follows:</p> <ul style="list-style-type: none"> <li>• Accept or modify the finance assumptions described in this report</li> <li>• Adopt the resolution attached to this report.</li> </ul>
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This presale report summarizes our understanding of the City’s objectives for the structure and terms of this financing as of this date. As additional facts become known or capital markets conditions change, we may need to modify the structure and/or terms of this financing to achieve results consistent with the City’s objectives.

## Proposed Debt Issuance Schedule

Pre-Sale Review by City Council:	July 8, 2019
Due Diligence Call to review Official Statement:	Week of July 22, 2019
Distribute Official Statement:	Week of July 29, 2019
Conference with Rating Agency:	Week of July 29, 2019
City Council Meeting to Award Sale of the Bonds:	August 12, 2019
Estimated Closing Date:	September 5, 2019

## Attachments

- Estimated Sources and Uses of Funds
- Estimated Proposed Debt Service Schedule
- Resolution Authorizing Ehlers to Proceed with Bond Sale

## Ehlers Contacts

Municipal Advisors:	Rebecca Kurtz	(651) 697-8516
	Nick Anhut	(651) 697-8507
	Todd Hagen	(651) 697-8508
Disclosure Coordinator:	Jen Chapman	(651) 697-8566
Financial Analyst:	Alicia Gage	(651) 697-8551

The Preliminary Official Statement for this financing will be sent to the City Council at their home or email address for review prior to the sale date.

Resolution No. \_\_\_\_\_

Council Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**Resolution Providing for the Sale of  
\$1,585,000 General Obligation Bonds, Series 2019A**

- A. WHEREAS, the City Council of the City of Grand Rapids, Minnesota has heretofore determined that it is necessary and expedient to issue the City's \$1,585,000 General Obligation Bonds, Series 2019A (the "Bonds"), to finance the Great River Acres improvement project and the Cohasset Trail Project in the City; and
- B. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent municipal advisor for the Bonds in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Grand Rapids, Minnesota, as follows:

- 1. Authorization; Findings. The City Council hereby authorizes Ehlers to assist the City for the sale of the Bonds.
- 2. Meeting; Proposal Opening. The City Council shall meet at 5:00 PM on August 12, 2019, for the purpose of considering proposals for and awarding the sale of the Bonds.
- 3. Official Statement. In connection with said sale, the officers or employees of the City are hereby authorized to cooperate with Ehlers 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 motion for the adoption of the foregoing resolution was duly seconded by City Council Member \_\_\_\_\_ and, after full discussion thereof and upon a vote being taken thereon, the following City Council Members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 8<sup>th</sup> day of July, 2019.

\_\_\_\_\_  
City Clerk

# City of Grand Rapids, Minnesota

\$1,585,000 General Obligation Bonds, Series 2019A

Issue Summary

Assumes Current Market BQ AA- Rates plus 30bps

## Total Issue Sources And Uses

Dated 09/05/2019 | Delivered 09/05/2019

	Improvement Project	Abatement Project	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$1,460,000.00	\$125,000.00	\$1,585,000.00
Prepaid Assessments	2,635,224.00	-	2,635,224.00
<b>Total Sources</b>	<b>\$4,095,224.00</b>	<b>\$125,000.00</b>	<b>\$4,220,224.00</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (1.200%)	17,520.00	1,500.00	19,020.00
Costs of Issuance	39,608.83	3,391.17	43,000.00
Deposit to Project Construction Fund	4,034,546.00	120,000.00	4,154,546.00
Rounding Amount	3,549.17	108.83	3,658.00
<b>Total Uses</b>	<b>\$4,095,224.00</b>	<b>\$125,000.00</b>	<b>\$4,220,224.00</b>

# City of Grand Rapids, Minnesota

## \$1,585,000 General Obligation Bonds, Series 2019A

### Issue Summary

Assumes Current Market BQ AA- Rates plus 30bps

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/05/2019	-	-	-	-	-
08/01/2020	-	-	37,245.50	37,245.50	-
02/01/2021	75,000.00	2.100%	20,565.00	95,565.00	132,810.50
08/01/2021	-	-	19,777.50	19,777.50	-
02/01/2022	90,000.00	2.150%	19,777.50	109,777.50	129,555.00
08/01/2022	-	-	18,810.00	18,810.00	-
02/01/2023	90,000.00	2.200%	18,810.00	108,810.00	127,620.00
08/01/2023	-	-	17,820.00	17,820.00	-
02/01/2024	95,000.00	2.300%	17,820.00	112,820.00	130,640.00
08/01/2024	-	-	16,727.50	16,727.50	-
02/01/2025	95,000.00	2.350%	16,727.50	111,727.50	128,455.00
08/01/2025	-	-	15,611.25	15,611.25	-
02/01/2026	105,000.00	2.400%	15,611.25	120,611.25	136,222.50
08/01/2026	-	-	14,351.25	14,351.25	-
02/01/2027	105,000.00	2.450%	14,351.25	119,351.25	133,702.50
08/01/2027	-	-	13,065.00	13,065.00	-
02/01/2028	105,000.00	2.500%	13,065.00	118,065.00	131,130.00
08/01/2028	-	-	11,752.50	11,752.50	-
02/01/2029	110,000.00	2.600%	11,752.50	121,752.50	133,505.00
08/01/2029	-	-	10,322.50	10,322.50	-
02/01/2030	110,000.00	2.750%	10,322.50	120,322.50	130,645.00
08/01/2030	-	-	8,810.00	8,810.00	-
02/01/2031	115,000.00	2.800%	8,810.00	123,810.00	132,620.00
08/01/2031	-	-	7,200.00	7,200.00	-
02/01/2032	120,000.00	2.850%	7,200.00	127,200.00	134,400.00
08/01/2032	-	-	5,490.00	5,490.00	-
02/01/2033	120,000.00	2.900%	5,490.00	125,490.00	130,980.00
08/01/2033	-	-	3,750.00	3,750.00	-
02/01/2034	125,000.00	2.950%	3,750.00	128,750.00	132,500.00
08/01/2034	-	-	1,906.25	1,906.25	-
02/01/2035	125,000.00	3.050%	1,906.25	126,906.25	128,812.50
<b>Total</b>	<b>\$1,585,000.00</b>	<b>-</b>	<b>\$388,598.00</b>	<b>\$1,973,598.00</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$14,207.81
Average Life	8.964 Years
Average Coupon	2.7351022%
Net Interest Cost (NIC)	2.8689723%
True Interest Cost (TIC)	2.8777553%
Bond Yield for Arbitrage Purposes	2.7216728%
All Inclusive Cost (AIC)	3.2403957%

### IRS Form 8038

Net Interest Cost	2.7351022%
Weighted Average Maturity	8.964 Years

# City of Grand Rapids, Minnesota

\$1,460,000 General Obligation Bonds, Series 2019A

Improvement Project

Assumes Current Market BQ AA- Rates plus 30bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/05/2019	-	-	-	-	-
08/01/2020	-	-	34,275.28	34,275.28	-
02/01/2021	70,000.00	2.100%	18,925.00	88,925.00	123,200.28
08/01/2021	-	-	18,190.00	18,190.00	-
02/01/2022	85,000.00	2.150%	18,190.00	103,190.00	121,380.00
08/01/2022	-	-	17,276.25	17,276.25	-
02/01/2023	85,000.00	2.200%	17,276.25	102,276.25	119,552.50
08/01/2023	-	-	16,341.25	16,341.25	-
02/01/2024	90,000.00	2.300%	16,341.25	106,341.25	122,682.50
08/01/2024	-	-	15,306.25	15,306.25	-
02/01/2025	90,000.00	2.350%	15,306.25	105,306.25	120,612.50
08/01/2025	-	-	14,248.75	14,248.75	-
02/01/2026	95,000.00	2.400%	14,248.75	109,248.75	123,497.50
08/01/2026	-	-	13,108.75	13,108.75	-
02/01/2027	95,000.00	2.450%	13,108.75	108,108.75	121,217.50
08/01/2027	-	-	11,945.00	11,945.00	-
02/01/2028	95,000.00	2.500%	11,945.00	106,945.00	118,890.00
08/01/2028	-	-	10,757.50	10,757.50	-
02/01/2029	100,000.00	2.600%	10,757.50	110,757.50	121,515.00
08/01/2029	-	-	9,457.50	9,457.50	-
02/01/2030	100,000.00	2.750%	9,457.50	109,457.50	118,915.00
08/01/2030	-	-	8,082.50	8,082.50	-
02/01/2031	105,000.00	2.800%	8,082.50	113,082.50	121,165.00
08/01/2031	-	-	6,612.50	6,612.50	-
02/01/2032	110,000.00	2.850%	6,612.50	116,612.50	123,225.00
08/01/2032	-	-	5,045.00	5,045.00	-
02/01/2033	110,000.00	2.900%	5,045.00	115,045.00	120,090.00
08/01/2033	-	-	3,450.00	3,450.00	-
02/01/2034	115,000.00	2.950%	3,450.00	118,450.00	121,900.00
08/01/2034	-	-	1,753.75	1,753.75	-
02/01/2035	115,000.00	3.050%	1,753.75	116,753.75	118,507.50
<b>Total</b>	<b>\$1,460,000.00</b>	<b>-</b>	<b>\$356,350.28</b>	<b>\$1,816,350.28</b>	<b>-</b>

## Yield Statistics

Bond Year Dollars	\$13,032.11
Average Life	8.926 Years
Average Coupon	2.7344018%
Net Interest Cost (NIC)	2.8688390%
True Interest Cost (TIC)	2.8775544%
Bond Yield for Arbitrage Purposes	2.7216728%
All Inclusive Cost (AIC)	3.2416775%

## IRS Form 8038

Net Interest Cost	2.7344018%
Weighted Average Maturity	8.926 Years

# City of Grand Rapids, Minnesota

\$125,000 General Obligation Bonds, Series 2019A

Abatement Project

Assumes Current Market BQ AA- Rates plus 30bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/05/2019	-	-	-	-	-
08/01/2020	-	-	2,970.22	2,970.22	-
02/01/2021	5,000.00	2.100%	1,640.00	6,640.00	9,610.22
08/01/2021	-	-	1,587.50	1,587.50	-
02/01/2022	5,000.00	2.150%	1,587.50	6,587.50	8,175.00
08/01/2022	-	-	1,533.75	1,533.75	-
02/01/2023	5,000.00	2.200%	1,533.75	6,533.75	8,067.50
08/01/2023	-	-	1,478.75	1,478.75	-
02/01/2024	5,000.00	2.300%	1,478.75	6,478.75	7,957.50
08/01/2024	-	-	1,421.25	1,421.25	-
02/01/2025	5,000.00	2.350%	1,421.25	6,421.25	7,842.50
08/01/2025	-	-	1,362.50	1,362.50	-
02/01/2026	10,000.00	2.400%	1,362.50	11,362.50	12,725.00
08/01/2026	-	-	1,242.50	1,242.50	-
02/01/2027	10,000.00	2.450%	1,242.50	11,242.50	12,485.00
08/01/2027	-	-	1,120.00	1,120.00	-
02/01/2028	10,000.00	2.500%	1,120.00	11,120.00	12,240.00
08/01/2028	-	-	995.00	995.00	-
02/01/2029	10,000.00	2.600%	995.00	10,995.00	11,990.00
08/01/2029	-	-	865.00	865.00	-
02/01/2030	10,000.00	2.750%	865.00	10,865.00	11,730.00
08/01/2030	-	-	727.50	727.50	-
02/01/2031	10,000.00	2.800%	727.50	10,727.50	11,455.00
08/01/2031	-	-	587.50	587.50	-
02/01/2032	10,000.00	2.850%	587.50	10,587.50	11,175.00
08/01/2032	-	-	445.00	445.00	-
02/01/2033	10,000.00	2.900%	445.00	10,445.00	10,890.00
08/01/2033	-	-	300.00	300.00	-
02/01/2034	10,000.00	2.950%	300.00	10,300.00	10,600.00
08/01/2034	-	-	152.50	152.50	-
02/01/2035	10,000.00	3.050%	152.50	10,152.50	10,305.00
<b>Total</b>	<b>\$125,000.00</b>	<b>-</b>	<b>\$32,247.72</b>	<b>\$157,247.72</b>	<b>-</b>

## Yield Statistics

Bond Year Dollars	\$1,175.69
Average Life	9.406 Years
Average Coupon	2.7428657%
Net Interest Cost (NIC)	2.8704499%
True Interest Cost (TIC)	2.8799867%
Bond Yield for Arbitrage Purposes	2.7216728%
All Inclusive Cost (AIC)	3.2261598%

## IRS Form 8038

Net Interest Cost	2.7428657%
Weighted Average Maturity	9.406 Years





# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0438      **Version:** 1      **Name:** Resolution for Property Tax Abatement  
**Type:** Agenda Item      **Status:** Finance  
**File created:** 7/2/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider adopting a resolution approving Property Tax Abatement related to Public Improvements in the City of Grand Rapids.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Grand Rapids 2019 Abatement Resolution](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution approving Property Tax Abatement related to Public Improvements in the City of Grand Rapids.

**Background Information:**

Pursuant to Section 469.1813, subdivision 1 of the Act, the City may grant an abatement of all or a portion of the taxes imposed by the City on a parcel of property to pay for all or part of the cost of acquisition or construction of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated. The Abatement Property is not located in a tax increment financing district.

The City proposed to issue Abatement Bonds to finance public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

Abatement Property is identified as: 91-592-0210

**Staff Recommendation:**

Staff recommends adopting a resolution approving Property Tax Abatement related to Public Improvements in the City of Grand Rapids for the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

**Requested City Council Action**

Make a motion adopting a resolution approving Property Tax Abatement related to Public Improvements in the City of Grand Rapids for the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63.

**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING PROPERTY TAX ABATEMENT  
RELATED TO PUBLIC IMPROVEMENTS IN THE CITY OF  
GRAND RAPIDS**

BE IT RESOLVED by the City Council (the “Council”) of the City of Grand Rapids, Itasca County, Minnesota (the “City”), as follows:

Section 1. Recitals.

1.01. The City has contemplated granting a property tax abatement in order to help finance certain public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63 (the “Project”), which will benefit certain property in the City, all pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Act”).

1.02. Pursuant to Section 469.1813, subdivision 1 of the Act, the City may grant an abatement of all or a portion of the taxes imposed by the City on a parcel of property to pay for all or part of the cost of acquisition or construction of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated. The Abatement Property is not located in a tax increment financing district.

1.03. The City has one parcel located in the City, identified in EXHIBIT A hereto (the “Abatement Property”), which will be benefitted by the Project and from which the City proposes to abate a portion of the City’s share of taxes to help finance the Project, subject to all the terms and conditions of this resolution.

1.04. The City intends to issue one or more series of general obligation bonds, a portion of which will be designated as tax abatement bonds in the approximate aggregate principal amount of \$177,300 (the “Abatement Bonds”) and will be issued to pay the costs of the Project pursuant to the Act and are expected to be paid primarily through the collection of Abatement revenues (as defined herein).

1.05. On the date hereof, the Council conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard.

Section 2. Findings.

2.01. It is hereby found and determined that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement, because the Abatement will help finance the Project, which is necessary to provide certain public infrastructure in the City, help provide access to services and additional recreation options for residents of the City, help provide an amenity in the City which will help attract and retain citizens, and help increase or preserve tax base by stimulating development and maintaining values in the area.

2.02. The benefits to the City from the Abatements will be at least equal to the costs to the City of the Abatements.

2.03. It is hereby found and determined that the Abatement is in the public interest for the reasons described in Section 2.01 hereof.

Section 3. Actions Ratified; Abatement Approved.

3.01. The Council hereby ratifies all actions of the City's staff and consultants in arranging for approval of this resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the City's share of the real property taxes generated from the improvements on the Abatement Property, in the amounts described in this Section:

(i) The aggregate Abatement paid by the City during the term of this resolution will not exceed the amount necessary to pay 105% of the principal of and all or a portion of the interest on the Abatement Bonds, up to a maximum of \$177,300.

(ii) Notwithstanding anything to the contrary herein, the Abatement payable on any August 1 and subsequent February 1, combined, will not exceed the amount produced by extending the City's total tax rate for the applicable year against the tax capacity of the Abatement Property, as of January 2 in the prior year.

(iii) In accordance with Section 469.1813, subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year, exceed the greater of 10% of the City's net tax capacity for that year or \$200,000 (the "Abatement Volume Cap"). The City may grant any other abatements permitted under the Act after the date of this resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatements under this resolution.

(b) The City will pay the Abatement in semiannual installments over a period of 15 years each February 1 and August 1, commencing February 1, 2020, and continuing through February 1, 2035 or such other dates that correspond to the payment of debt service on the Abatement Bonds over a period not to exceed 15 years. The City will pay the Abatement solely to finance the cost of the Project, through application of Abatement amounts toward debt service payments on the Abatement Bonds (including any bonds issued to refund the initial Abatement Bonds).

(c) This resolution may be modified only with the prior written approval of the City, and any modification is subject to Section 469.1813, subdivision 7 of the Act.

(d) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this resolution.

3.03. The Mayor and City Administrator are authorized and directed to execute and deliver any agreements, certificates or other documents that the City determines are necessary to implement this resolution.

Approved by the City Council of the City of Grand Rapids, Minnesota, this 8<sup>th</sup> day of July, 2019.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

**EXHIBIT A**

**ABATEMENT PROPERTY**

Parcel Identification Number: 91-592-0210



# CITY OF GRAND RAPIDS

## Legislation Details (With Text)

**File #:** 19-0433      **Version:** 1      **Name:** Bond Resolution for Series 2019A  
**Type:** Agenda Item      **Status:** Finance  
**File created:** 7/1/2019      **In control:** City Council  
**On agenda:** 7/8/2019      **Final action:**  
**Title:** Consider adopting a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [call resolution, series 2019A](#)

Date	Ver.	Action By	Action	Result
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Consider adopting a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.

### **Background Information:**

A Public Hearing on the Proposed Property Tax Abatement to finance public improvements consisting of the acquisition and construction of the Grand Rapids/Cohasset connection trail along County Road 63 on July 8, 2019 (tonight). After conducting the Public Hearing, the Council may take action to approve a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.

### **Staff Recommendation:**

Staff recommends approving a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.

### **Requested City Council Action**

Make a motion adopting a resolution providing for the Sale of \$1,585,000 General Obligation Bonds, Series 2019A.

Resolution No. \_\_\_\_\_

Council Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**Resolution Providing for the Sale of  
\$1,585,000 General Obligation Bonds, Series 2019A**

- A. WHEREAS, the City Council of the City of Grand Rapids, Minnesota has heretofore determined that it is necessary and expedient to issue the City's \$1,585,000 General Obligation Bonds, Series 2019A (the "Bonds"), to finance the Great River Acres improvement project and the Cohasset Trail Project in the City; and
- B. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent municipal advisor for the Bonds in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Grand Rapids, Minnesota, as follows:

1. Authorization; Findings. The City Council hereby authorizes Ehlers to assist the City for the sale of the Bonds.
2. Meeting; Proposal Opening. The City Council shall meet at 5:00 PM on August 12, 2019, for the purpose of considering proposals for and awarding the sale of the Bonds.
3. Official Statement. In connection with said sale, the officers or employees of the City are hereby authorized to cooperate with Ehlers 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 motion for the adoption of the foregoing resolution was duly seconded by City Council Member \_\_\_\_\_ and, after full discussion thereof and upon a vote being taken thereon, the following City Council Members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 8<sup>th</sup> day of July, 2019.

\_\_\_\_\_  
Dale Adams, Mayor