

PROCEEDINGS OF THE BOARD OF ESTIMATE & TAXATION

The regular meeting of August 12, 2015 was held in room 317 of City Hall.

Meeting called to order by President Tabb at 4:00 p.m.

Present were: Johnson (Barbara Johnson, President of the City Council); Quincy (John Quincy, Chair of the Ways & Means Committee of the City Council). Wheeler (David Wheeler, Elected Member); Becker (Carol J. Becker, Elected Member) Tabb (Anti Tabb, Representative of the Park and Recreation Board)

Absent: Hodges (Betsy Hodges, Mayor of Minneapolis);

Wheeler moved to adopt the proposed agenda, seconded by Becker
Adopted on voice vote.

The Secretary reviewed the Board's current appointed compensation policy (The "ABCD range approach). The City Council's changes from its ABCD range approach to an annual 2% increment approach and market rate adjustments to reach 2014 mid-market comparable levels was reviewed. Becker moved effective January 11, 2015 that the Board revise its appointed compensation plan so that the Start Rate (Year 1) and the Job Rate (Year 2) are the same as the A and B ranges of the current plan and starting at the beginning of Year 3 there be six 2% annual increments with transition of current employee to the corresponding year on the new schedule and that a market adjustment of 6.09% effective October 4, 2015 be made to the schedule. Seconded by Wheeler the motion was adopted. Yeas –. Nays – none. As follows; Yeas- Johnson, Quincy, Wheeler, Becker, Tabb – 5 Nays – none.

The Secretary presented the following requests from the Minneapolis City Council for additions to the Board's requested not yet issued Assessment Bonding Program along with the supporting request letters submitted to the City Council Committees.

**RESOLUTION 2015R-256 by Reich and Quincy
Requesting that the Board of Estimate and Taxation incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$336,325 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$336,325, the proceeds of which are to be used for the purpose of paying the portion of the assessed costs street improvements for the Hennepin/Lyndale (Franklin Ave W to Dunwoody Blvd) Street Reconstruction Project, Special Improvement of Existing Street No 672, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) successive annual installments, Levy 01026 Project 6726C, payable in the same manner as real estate taxes. Adopted 6/19/2015

Wheeler moved the following

RESOLVED BY THE BOARD of ESTIMATE & TAXATION of THE CITY of MINNEAPOLIS;

That pursuant to the request of the City Council of the City of Minneapolis and subject to compliance with the City Charter as to review by the City Planning Commission, and receipt of individual estimated cash out flow schedule for the project the bonds requested be added to the Board's listing of Assessment Bonds requested not yet issued for the Hennepin/Lyndale (Franklin Ave W to Dunwoody Blvd) Street Reconstruction Project, Special Improvement of Existing Street No 672, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in twenty (20) successive annual installments, Levy 01026 Project 6726C, payable in the same manner as real estate taxes for \$336,32 as requested by City Council resolution 2015R-256. Seconded by Wheeler. Following questions and discussion the motion was adopted. Yeas –. Nays – none. As follows; Yeas- Johnson, Quincy, Wheeler, Becker, Tabb – 5 Nays – none.

RESOLUTION 2015R-308 by Reich and Quincy

Requesting that the Board of Estimate and Taxation incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$90,290 for certain purposes other than the purchase of public utilities.

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$90,290, the proceeds of which are to be used for the purpose of paying the portion of the assessed costs improvements for the 2015 Alley Resurfacing Program Project No AL015, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five (5) successive annual installments, Levy 01013 Project AL015, payable in the same manner as real estate taxes. Adopted 7/24/2015

Wheeler moved the following

RESOLVED BY THE BOARD of ESTIMATE & TAXATION of THE CITY of MINNEAPOLIS;

That pursuant to the request of the City Council of the City of Minneapolis and subject to compliance with the City Charter as to review by the City Planning Commission, and receipt of individual estimated cash out flow schedule for the project the bonds requested be added to the Board's listing of Assessment Bonds requested not yet issued for the 2015 Alley Resurfacing Program, Project No AL015, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in five (5) successive annual installments, Levy 01013 Project AL015, payable in the same manner as real estate taxes for \$90,290 as requested by City Council resolution 2015R-308. Seconded by Wheeler. Following questions and discussion the motion was adopted. Yeas –. Nays – none. As follows; Yeas- Johnson, Quincy, Wheeler, Becker, Tabb – 5 Nays – none

**RESOLUTION 2015R-310 by Reich and Quincy
Requesting that the Board of Estimate and Taxation incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$44,051 for certain purposes other than the purchase of public utilities.**

Resolved by The City Council of The City of Minneapolis:

That the Board of Estimate and Taxation be requested to authorize the City to incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$44,051, the proceeds of which are to be used for the purpose of paying the portion of the assessed costs improvements for the 2015 Unpaved Alley Program, 28th St E and 33rd Ave S Alley Construction Project No 2289, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in ten (10) successive annual installments, Levy 01014 Project 2289C, payable in the same manner as real estate taxes. Adopted 7/24/2015

Wheeler moved the following

RESOLVED BY THE BOARD of ESTIMATE & TAXATION of THE CITY of MINNEAPOLIS;

That pursuant to the request of the City Council of the City of Minneapolis and subject to compliance with the City Charter as to review by the City Planning Commission, and receipt of individual estimated cash out flow schedule for the project the bonds requested be added to the Board's listing of Assessment Bonds requested not yet issued for the 2015 Unpaved Alley Program, 28th St E and 33rd Ave S Alley Construction Project No 2289, to be assessed against benefited properties as estimated by the City Council, which assessments shall be collectible in ten (10) successive annual installments, Levy 01014 Project 2289C, payable in the same manner as real estate taxes for \$44,051 as requested by City Council resolution 2015R-310. Seconded by Wheeler. Following questions and discussion the motion was adopted. Yeas –. Nays – none. As follows; Yeas- Johnson, Quincy, Wheeler, Becker, Tabb – 5 Nays – none.

The following Reports were reviewed with the Board\

1. The revised City Council Policy for setting of assessment interest rates adopted June 19, 2015.
2. CHANGES made to Minneapolis' closed pension funds:
 - A. The Minneapolis Police Relief Association (MPRA). Changed investment rate assumption from 8.50% to 8.00%, overall result is change in annual amortization payment from \$7,612,423 to \$8,890,272 for a total change for the period 2016>>2031 of \$20,445.590.
 - B. The Minneapolis Fire Relief Association(MFRA) Changed investment rate assumption from 8.50% to 8.00%, overall result is change in annual amortization payment from \$3,921,787 to \$4,757,458 for a total change for the period 2016>>2031 of \$13,370.728.

C. The Minneapolis Employee Relief Association (MERF).

MERF reached the 82% funding level at the close of the fiscal year June 30, 2014. As a result effective January 1, 2015 MERF was fully merged into the PERA General account and is no longer a segregated separately managed account within PERA. This means that the 2031 employer's "true up" obligation of MN Stat 353.50 Subdiv (7g) no longer exists.

The following is taken from the July 16, 2015 meeting of the City Council's Intergovernmental Relations Committee agenda item 4 "State Legislative end of session update"

OMNIBUS PENSIONS BILL (CHAPTER 68, SF 1398) SIGNED 5/22/15

The Legislative Commission on Pensions and Retirement is a 14-member commission charged with oversight of the state's public pension funds. The Commission usually adopts an annual Omnibus Pension bill. The bill contains policy regarding the Minnesota state pension funds, as well as provisions correcting errors, updating statutes and approving provisions for individuals.

The Legislature rarely modifies the Commission's recommended bill. However, during the regular session, the House modified the Commission's recommendations on the state/local funding split for the Minneapolis Employee Retirement Fund (MERF). The Commission's recommendations included an annual state contribution of \$16 million, and an annual local contribution of \$21 million. This recommendation was made based on an actuarial report completed in April 2015, and it resulted in a \$14 million decrease in the annual required contribution.

The House agreed with the \$14 million total contribution decrease, but they modified the Commission's recommendation to further decrease the state's contribution amount to \$6 million, while not changing the local employers' current contribution amount of \$31 million. Local employers include the City of Minneapolis, the Minneapolis Public Schools, the Minneapolis Park and Recreation Board, Hennepin County, and the Metropolitan Airports Commission. The end result was a compromise between the Commission's recommendations and the House modifications.

The Omnibus Pension bill includes a state and local contribution split for MERF of \$6 million and \$31 million respectively for calendar year 2015 and 2016. In subsequent years, the state will contribute \$16 million and the local employers, including the City of Minneapolis, will contribute \$21 million. The contributions are to end in 2031.

The Omnibus Pension Bill also repealed the additional annual employer contribution to MERF of \$3.9 million.

Direction was given to staff to adjust the Board's 2015 appropriation and the 2016 preliminary budget request for 2016 based on the actions taken today with the understanding that the Board's requested 2016 property tax levy request remains at the \$170,000 level as previously presented.

Wheeler moved to adjourn, seconded by Johnson.

The meeting was adjourned.