



Request for City Council Committee Action from the Minneapolis Park & Recreation Board

Date: April 12, 2010

To: Ways & Means/Budget Committee

Referral to: Board of Estimate & Taxation

Subject: Self-Supporting General Obligation Bonding for Minneapolis Park & Recreation Board – McKinstry Energy Efficiency Project

Recommendation: That the City Council approve a resolution requesting the Board of Estimate and Taxation to issue \$450,000 of Self-Supporting General Obligation Bonds for the Minneapolis Park & Recreation Board to finance the McKinstry Energy Efficiency Project.

Previous Directives:

Department Information

Prepared by: Eric Rehm, Maintenance Project Coordinator – Minneapolis Park & Recreation Board

Approved by: Don Siggelkow, Secretary of the Board, Minneapolis Park & Recreation Board

Presenters in Committee: Eric Rehm, Maintenance Project Coordinator – Minneapolis Park & Recreation Board

Financial Impact *(delete all lines not applicable to your request)*

- Action requires an appropriation increase to the Capital Budget or Operating Budget
 Dept Name: _____
 Fund Name: _____
 Project Name & Number (if capital budget): _____ - _____
 Amount: \$ _____
- Action provides increased revenue for appropriation increase
 Dept Name: _____
 Fund Name: _____
 Project Name & Number (if capital budget): _____ - _____
 Amount: \$ _____
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Request provided to the Finance Department

Community Impact

- City Goals
- Comprehensive Plan
- Other

Supporting Information

The Minneapolis Park & Recreation Board 2007 – 2020 Comprehensive Master Plan mission succinctly states “the MPRB shall permanently preserve, protect, maintain, improve and enhance its natural resources, parkland and recreational opportunities for current and future generations.” This mission clarifies for MPRB staff a direction to be taken in developing action plans that result in the organization operating in a sustainable manner.

To that end, in October, 2008 the Minneapolis Park & Recreation Board (MPRB) entered into a service agreement with McKinstry Essention, Inc. (Energy Servicing Company) to conduct a Directed Engineering Study to assess energy efficiency improvement opportunities at five (5) MPRB Community and Recreation Centers (Logan and Nokomis Community Centers, Matthews, McRae and Pershing Recreation Centers). The results of the Directed Engineering Study assessment data validate energy conservation potential exists in the daily operation at these five MPRB facilities.

The MPRB Board of Commissioners further incorporated this information into the “2013 Sustainability Report” adopted in September, 2009 which outlines “making building energy efficient and reducing carbon emissions” as its’ top priority.

Therefore, the MPRB is requesting authorization from the City Council and Board of Estimate and Taxation to support the MPRB in securing Self-Supporting General Obligation Bonds (GOB) to finance the McKinstry Energy Efficiency project. The McKinstry Energy Efficiency Project implementation plan is consistent with State of Minnesota Statute: 471.345 Subd. 13 – Uniform Municipal Contracting Law – Energy Efficiency Projects

The proposed project is for the MPRB to enter into a “Guaranteed Savings Performance Contract” (GSPC) with McKinstry Essention, Inc. that contractually stipulates that the energy savings generated through the implementation of building physical infrastructure improvements (HVAC, Lighting, Temperature Controls, Building Envelope, and Vending Machine Miser) will result in guaranteed energy savings. In turn, the “guaranteed” energy savings reduce the annual utility (electrical, natural gas and water) costs at each facility, which will be used to finance the debt service payments incurred by the MPRB resulting from the Self-Supporting General Obligation Bond payments.

The MPRB Board of Commissioners is requesting that the City Council and Board of Estimate and Taxation approve its request to secure \$441,465 in Self-Supporting General Obligation Bonds for a period of 15 years to finance the McKinstry Energy Efficiency Project per the attached Park Board resolution 2010-101. The MPRB has established a project fund - 910AP520 to secure and monitor the “guaranteed” savings and debt payment. The project fund shall require an annual fund balance of approximately \$40,000 to be used for debt service payments.

The MPRB Board of Commissioners is requesting that the City Council and Board of Estimate and Taxation approve its request to secure \$450,000 in Self-Supporting General Obligation Bonds for a period of 15 years to finance the McKinstry Energy Efficiency Project per the attached Park Board resolution 2010-101 to ensure that \$441,465 of bond proceeds can be made available for project expenditures. The resolution adopted April 7th, 2010 includes a formal guarantee that the MPRB will reimburse the City 100% of the annual debt service fee regardless of whether the energy savings generated by the project are sufficient to service the debt.

Attached is the associated bonding resolution for City Council approval.

Minneapolis Park & Recreation Board

RESOLUTION NO. 2010-101

REQUESTING THE BOARD OF ESTIMATE AND TAXATION TO ISSUE AND SELL SELF SUPPORTING GENERAL OBLIGATION BONDS IN THE AMOUNT OF \$450,000 TO FINANCE THE MINNEAPOLIS PARK AND RECREATION BOARD'S MCKINSTRY ENERGY EFFICIENCY PROJECT

WHEREAS, the Minneapolis Park and Recreation Board supports incurring debt to finance the McKinstry Energy Efficiency Project with locations of the energy efficiency improvements including Logan Community Center, Lake Nokomis Community Center, Matthews Recreation Center, McRae Recreation Center and Pershing Recreation Centers.

NOW, THEREFORE, BE IT RESOLVED that the Minneapolis Park and Recreation Board will finance improvements through the issuance of City of Minneapolis general obligation bonds in the amount of \$450,000 to complete the proposed energy efficiency improvements outlined in the McKinstry Energy Efficiency Project "Guaranteed Savings Performance Contract," in accordance with State of Minnesota Statute 471.345 Uniform Municipal Contracting Law. The energy savings incurred from the physical infrastructure improvements shall be used to support payment for the incurred debt.

BE IT FURTHER RESOLVED that the Minneapolis Park & Recreation Board commits to make timely and full payment on the bonds issued for the McKinstry Energy Efficiency Project, including all principal, interest and bond issuance costs incurred during the 15 year amortization period of the bonds.

BE IT FURTHER RESOLVED that the Minneapolis Park & Recreation Board has established Project Fund #910AP520 to track, monitor and ensure funds are sufficiently encumbered to make scheduled debt service payments during the indebted period.

PASSED AND ADOPTED BY THE MINNEAPOLIS PARK & RECREATION BOARD OF COMMISSION
THIS _____ DAY OF _____, 2010.

JOHN ERWIN, BOARD PRESIDENT

DON SIGGELKOW, BOARD SECRETARY

R.T. RYBAK, MAYOR

W&M/Budget - Your Committee recommends passage of the accompanying resolution requesting the issuance of \$450,000 of General Obligation Self Supporting Bonds for the Minneapolis Park & Recreation Board's McKinstry Energy Efficiency Project.

RESOLUTION 2010R-____
By Hodges

Requesting that the Board of Estimate and Taxation incur indebtedness and issue and sell City of Minneapolis General Obligation Self Supporting Bonds in the amount of \$450,000 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 incur indebtedness and issue and sell City of Minneapolis bonds in the amount of \$450,000, the proceeds of which are to be used for the Minneapolis Park & Recreation Board's 2010 McKinstry Energy Efficiency Project. Debt service for these bonds will be paid for using energy cost savings achieved and other Minneapolis Park & Recreation Board funds as necessary.