

**HOPKINS CITY COUNCIL**

**AGENDA**

**Tuesday, May 19, 2020**

**7:00 pm**

**THIS AGENDA IS SUBJECT TO CHANGE  
UNTIL THE START OF THE CITY COUNCIL MEETING**

**I. CALL TO ORDER**

**II. ADOPT AGENDA**

**III. PRESENTATIONS**

**IV. CONSENT AGENDA**

1. Minutes of the May 5, 2020 City Council Regular Meeting Proceedings
2. Amendment to the 2020 City Council Meeting Schedule; Domeier
3. Second Reading of Ordinance 2020-1148; Domeier
4. Second Reading of Ordinance 2020-1152; Lindahl
5. Resolution Cancelling Collection of Special Assessment on one parcel of Levy No. 20406; Bishop
6. Resolution Approving Adjustment of Special Assessment on one parcel of Levy No. 20406; Bishop

**V. PUBLIC HEARING**

**VI. OLD BUSINESS**

**VII. NEW BUSINESS**

1. Award the Sale of \$8,585,000 General Obligation Bonds, Series 2020A; Bishop
2. First Quarter Financial Report; Bishop

**VIII. ANNOUNCEMENTS**

- Next Regular City Council Meeting: Tuesday, June 2 at 7:00 p.m.

**IX. ADJOURN**

**DUE TO THE COVID-19 HEALTH PANDEMIC, THE CITY COUNCIL'S REGULAR MEETING PLACE IS NOT AVAILABLE. PURSUANT TO MINN. STAT. § 13D.021, CITY COUNCIL MEMBERS WILL PARTICIPATE IN THE MEETING REMOTELY VIA GOTOMEETING. MEMBERS OF THE PUBLIC WHO DESIRE TO MONITOR THE MEETING REMOTELY OR GIVE INPUT OR TESTIMONY DURING THE MEETING CAN FIND INSTRUCTIONS AT [www.hopkinsmn.com/virtualmeetings](http://www.hopkinsmn.com/virtualmeetings) OR BY CALLING CITY HALL AT 952-548-6302 (DURING NORMAL BUSINESS HOURS 8 AM TO 4:30 PM.)**

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 5, 2020**

**CALL TO ORDER**

Pursuant to due call and notice the regular meeting of the Hopkins City Council was held by conference call through GoToMeeting pursuant to Minnesota Statue 13D.021 in response to the COVID-19 emergency on Tuesday, May 5 at 7:04 p.m.

Mayor Gadd called the meeting to order and conducted roll call of City Council participating in the meeting. Council Members present included Beck, Brausen, Halverson and Hunke. Others attending included City Manager Mornson, City Clerk Domeier, Assistant City Manager Lenz, City Planner Lindahl, Director of Planning and Development Elverum, Assistant City Engineer Klingbeil, Director of Public Works Stadler and City Attorney Riggs.

Mayor Gadd provided information on the meeting format and other opening remarks.

**CONSENT AGENDA**

**Motion** by Brausen. **Second** by Beck.

**Motion** to Approve the Consent Agenda.

1. Minutes of the April 21, 2020 City Council Regular Meeting Proceedings
2. Ratify Checks Issued in April 2020; Bishop
3. Accept Bids and Award of Contract 2020 Street Surface Improvements, City Project 2020-004; Klingbeil

Council Member Hunke inquired about the pedestrian walkway and ramps at 9<sup>th</sup> Avenue North and 1<sup>st</sup> Street. Assistant City Engineer Klingbeil stated that upgrades will be made to that intersection including crosswalk markings.

**Ayes: Brausen, Halverson, Hunke, Beck, Gadd.**

**Nays: None. Motion carried.**

**PUBLIC HEARINGS**

**V.1. First Reading: Easement Vacation – 819 Cambridge Street; Lindahl**

City Planner Lindahl provided a summary of Council Report 2020-029 relating to the vacation of an easement over property at 819 Cambridge Street.

Mayor Gadd opened the public hearing at 7:13 p.m. Mayor Gadd questioned if any written comments were received. Mr. Lindahl replied no.

Mayor Gadd asked for a motion to close the public hearing.

**Motion** by Brausen. **Second** by Halverson.

**Motion** to Close the Public Hearing at 7:14 p.m.

**Ayes: Halverson, Hunke, Beck, Brausen, Gadd.**

**Nays: None. Motion carried.**

**Motion** by Hunke. **Second** by Brausen.

**Motion** to adopt Resolution 2020-020, approving the first reading of Ordinance 2020-1152 vacating a utility easement over the property at 819 Cambridge Street.

**Ayes: Hunke, Beck, Brausen, Halverson, Gadd.  
Nays: None. Motion carried.**

## **NEW BUSINESS**

### **VII.1. Legislative Policy Manual Update – Chapter 7 Neighborhood Meetings; Lindahl**

City Planner Lindahl provided a summary of Council Report 2020-031 relating to the City's Legislative Policy for neighborhood meetings.

Council Member Brausen inquired about Section 4 of the policy. He also requested that the policy be posted on the City website. Mr. Lindahl provided information about staff's discretion when deviating from the neighborhood meeting requirements but only during unforeseen circumstances such as the current pandemic.

**Motion** by Brausen. **Second** by Halverson.

**Motion** to approve Resolution 2020-024 Approving Revisions to the Legislative Policy Manual – Chapter 7 Related to Neighborhood Meetings.

**Ayes: Beck, Brausen, Halverson, Hunke, Gadd.  
Nays: None. Motion carried.**

### **VII.2. Detachment and Annexation of Minnetonka Property**

Director of Planning and Economic Development Elverum provided a summary of Council Report 2020-030 requesting concurrent detachment and annexation of certain lands pursuant to Minnesota Statute Section 414.061. The City of Minnetonka is requesting to annex into Minnetonka a portion of the parcel at 2 Shady Oak Road. City of Minnetonka staff Julie Wischnack, Community Development Director and GERALYN BARONE, City Manager were available for questions.

Council Member Beck questioned how the landowner at Excelsior Boulevard has responded to the annexation. Ms. Wischnack stated that the property owner was very amenable to the process. She noted that the property owner will have an increase in property taxes but that Minnetonka is compensating them for the increase.

Council Member Hunke inquired about the access for the Hopkins property as well as the cost sharing element. Ms. Elverum stated that the resolutions outline that Minnetonka is responsible for all costs associated with the resolution including attorney fees. Access to the site will be retained through an easement which is detailed in the resolution.

Mayor Gadd appreciated that staff from both cities worked together on this project. It is a good agreement for both cities.

**HOPKINS CITY COUNCIL  
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MAY 5, 2020**

**Motion** by Brausen. **Second** by Beck.

**Motion** to approve Resolution 2020-022 a Joint Resolution Requesting Concurrent Detachment from Hopkins and Annexation to Minnetonka of Certain Lands Pursuant to Minnesota Statutes 414.061.

**Ayes: Brausen Halverson, Hunke, Beck, Gadd.**

**Nays: None. Motion carried.**

**Motion** by Brausen. **Second** by Halverson.

**Motion** to approve Resolution 2020-023 a Joint Resolution Requesting Concurrent Detachment from Minnetonka and Annexation to Hopkins of Certain Lands Pursuant to Minnesota Statutes 414.061.

**Ayes: Halverson, Hunke, Beck, Brausen Gadd.**

**Nays: None. Motion carried.**

Ms. Barone on behalf of the Minnetonka City Council thanked the City Council for being open to this action. She also thanked City Manager Mornson and Director of Planning and Economic Director Elverum for being helpful in facilitating the action. Ms. Barone added they appreciate the City Council's consideration and being open to different ways of approaching it. Mayor Gadd thanked the Minnetonka City Council as well.

**VII.3. First Reading: Ordinance Amending Chapter 10, Article XIII of the Hopkins City Code Regarding Tobacco Products; Domeier**

City Clerk Domeier provided a summary of Council Report 2020-019 relating to federal law making it illegal to sell tobacco products to anyone under the age of 21. Ms. Domeier noted one typo was found within the ordinance under Section 10-462 (b) (2). The ordinance will be updated to read "cartons and other multipack units may not be offered or sold through open displays acceptable to the public.

Council Member Brausen questioned what can be sold with a tobacco license. City Clerk Domeier clarified that tobacco license holders can sell all types of tobacco and tobacco related products including e-cigarettes and vaping products.

**Motion** by Hunke. **Second** by Brausen.

**Motion** to adopt for first reading Ordinance 2020-1148 An Ordinance Amending Chapter 10, Article XIII of the Hopkins City Code Regarding Tobacco Products.

**Ayes: Halverson, Hunke, Beck, Brausen, Gadd.**

**Nays: None. Motion carried.**

**ANNOUNCEMENTS**

Council Member Brausen appreciated the work done with the City of Minnetonka on the annexation process. Council Member Halverson concurred with Mr. Brausen's comments. She added that residents are supporting Mainstreet Hopkins. Council

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
MAY 5, 2020**

Member Hunke commented on the Minnetonka annexation and provided an update on the zoning regulations update project.

Mayor Gadd stated that staff has been looking at the impacts to the City as a result of the pandemic. Finance Director Bishop will be giving an update at upcoming meetings. He also recognized Deb Vold for 35 years of service to the City. The next City Council meeting will be held on Tuesday, May 19 at 7 p.m.

**ADJOURNMENT**

**Motion** by Brausen. **Second** by Halverson.

**Motion** to adjourn.

**Ayes: All.**

**Nays: None. Motion carried.**

The meeting was adjourned at 7:57 p.m.

Respectfully Submitted,  
Amy Domeier City Clerk

ATTEST:

\_\_\_\_\_  
Jason Gadd, Mayor

\_\_\_\_\_  
Amy Domeier, City Clerk



## **Amendment to the 2020 City Council Meeting Schedule**

### **Proposed Action.**

Staff recommends adoption of the following motion: Move to approve the Amendment to the 2020 City Council Meeting Schedule.

The Amendment would change the HRA and City Council Meetings scheduled for August 3 to August 4.

### **Overview:**

Regular City Council meetings will be held the first and third Tuesday of each month at 7:00 p.m. Work Session meetings will be held the second Tuesday of each month at 6:30 p.m. and/or immediately following the adjournment of regular Council meetings. Occasionally meeting dates are changed to avoid conflicts with holidays or other events.

The HRA Meeting and City Council Meeting were scheduled to be held on Monday, August 3. National Night Out was originally scheduled to Tuesday, August 4. It is anticipated that National Night Out will not occur until October so staff proposes amending the meeting schedule. The HRA Meeting and City Council meetings would be held on a normal meeting night, Tuesday, August 4.

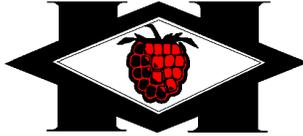
### **Primary Issues to Consider:**

- When creating the calendar staff attempts to foresee all dates and times for meeting, and attempts to address as many potential conflicts as possible; there are times where a special meeting may need to be scheduled during the course of the year.

*Amy Domeier*

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Amy Domeier, City Clerk



**CITY OF HOPKINS**

## **Memorandum**

To: Honorable Mayor and Council Members  
From: Amy Domeier, City Clerk  
Copy: Mike Mornson, City Manager  
Date: May 19, 2020  
Subject: Second Reading of Ordinance 2020-1148

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Staff recommends that the Council approve the following motion: Move that the Hopkins City Council adopt Ordinance 2019-1148 an Ordinance Amending Chapter 10, Article XIII of the Hopkins City Code Regarding Tobacco Products for second reading.

One change has been made to the ordinance since the first reading held on May 5, 2020. Section 10-462 (b) (2) was updated to read “cartons and other multipack units may not be offered or sold through open displays acceptable to the public.

Attachments:  
Ordinance 2020-1148

**CITY OF HOPKINS  
COUNTY OF HENNEPIN**

**ORDINANCE NO. 2020-1148**

**ORDINANCE AMENDING CHAPTER 10, ARTICLE XIII OF THE  
HOPKINS CITY CODE REGARDING TOBACCO PRODUCTS**

**WHEREAS**, on December 20, 2019, the federal government amended the Family Smoking Prevention and Tobacco Control Act, which now prohibits all retailers in the United States from selling tobacco products to anyone under the age of 21; and

**WHEREAS**, Hopkins City Code, section 10-462(a)(1) currently prohibit persons from selling, offering to sell, giving away, furnishing or otherwise delivering any tobacco, tobacco product, or tobacco related device to any person under the age of 18; and

**WHEREAS**, additional provisions within Chapter 10, Article XIII of the Hopkins City Code also currently contain tobacco regulations that relate or apply to persons under the age of 18; and

**WHEREAS**, Hopkins City Code, section 10-462(a)(2) prohibits persons from selling, offering to sell, giving away, furnishing or otherwise delivering any tobacco, tobacco product, or tobacco related device by any other means or to any person in a manner that is prohibited by federal law; and

**WHEREAS**, in light of the recent amendments to the Family Smoking Prevention and Tobacco Control Act, the Hopkins City Council desires to amend Chapter 10, Article XIII of the Hopkins City Code not only to reconcile the aforementioned code provisions, but also to maintain consistency with the new federal tobacco regulations as well as further its efforts to prevent young people from using tobacco products.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HOPKINS  
HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** Section 10-458 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-458. - Purpose.**

This article is intended to regulate the sale, possession, and use of tobacco, tobacco products, and tobacco related devices for the purpose of enforcing and furthering existing laws, to protect ~~minors~~ underage persons against the serious effects associated with the illegal use of tobacco, tobacco products, and tobacco related devices, and to further the official public policy of the state in regard to preventing young people from starting smoking as stated in M.S.A. 144.391.

**SECTION 2.** Section 10-459 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-459. - Definitions.**

Compliance checks means the system the city uses to investigate and ensure that those authorized to sell tobacco, tobacco products, and tobacco related devices are following and complying with the requirements of this article. Compliance checks shall involve the use of minors and underage persons as authorized by this article and required under state law. The term "compliance checks" means the use of minors and underage persons who attempt to purchase tobacco, tobacco products or tobacco related devices for educational, research and training purposes as authorized by state and federal laws. Other units of government for the purpose of enforcing appropriate federal, state, or local laws may also conduct compliance checks and regulations relating to tobacco, tobacco products, and tobacco related devices.

Underage Person means any person who has not yet reached the age of 21 years.

**SECTION 3.** Section 10-462 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-460. - License.**

No person shall sell or offer to sell any tobacco, tobacco products, or tobacco related device without first having obtained a license to do so from the city. A license issued under this section does not permit sampling on the licensed premises.

(1) Application. An application for a license to sell tobacco, tobacco products, or tobacco related devices shall be made on a form provided by the city. The application shall contain full name of the applicant, the applicant's residential and business addresses and telephone numbers, the name of the business for which the license is sought, and any additional information the city deems necessary. Upon receipt of a completed application, the city clerk shall forward the application to the council for action at its next regularly scheduled council meeting. If the clerk shall determine that an application is incomplete, the city clerk shall return the application to the applicant with notice of the information necessary to make the application complete.

(2) Denial. The following shall be grounds for denying the issuance or renewal of a license under this article. The following list is not exhaustive or exclusive:

- a. The applicant is ~~under the age of 18 years~~ an underage person.
- b. The applicant has been convicted within the past five years of a violation of any provisions of this article or a violation of federal, state or local law, ordinance provision, or other regulation relating to tobacco, tobacco products, or tobacco related devices.
- c. The applicant or license holder has had a license to sell tobacco, tobacco products or tobacco related devices revoked within the preceding 12 months of the date of application.
- d. The applicant fails to provide any information required on the city license application, or provides false or misleading information.
- e. The applicant or license holder has outstanding fines, penalties or property taxes owed to the city.

(3) Action. The council may either approve or deny the license, or it may delay action for such reasonable period of time as necessary to complete any investigation of the application or the applicant it deems necessary. If the council shall approve the license, the city clerk shall issue the license to the applicant. If the council denies the license, notice of denial shall

be given to the applicant along with notice of the applicant's right to appeal the council's decision.

(4) Term. All licenses issued under this article shall expire on June 30 of each calendar year.

(5) Revocation or suspension. Any license issued under this article may be revoked or suspended as provided in this section.

(6) Transfers. All licenses issued under this article shall be valid only on the premises for which the license was issued and only for the person to whom the license was issued. No transfer of any license to another location or person shall be valid.

(7) Moveable place of business. No license shall be issued to a moveable place of business. Only fixed location businesses shall be eligible to be licensed under this article.

(8) Display. All licenses shall be posted and displayed in plain view of the general public on the licensed premises.

(9) Training. Every retail business requesting a license under this article shall implement a training program for employees regarding laws relating to the sale of tobacco products. Every licensee shall certify on its annual tobacco application that all employees have been trained to comply with state laws regarding the sale of tobacco products.

(10) Renewals. The renewal of a license issued under this section shall be handled in the same manner as the original application. The request for renewal shall be made at least 30 days but no more than 60 days before the expiration of the current license. The issuance of a license issued under this article shall be considered a privilege and not an absolute right of the licensee and shall not entitle the licensee to an automatic renewal of the license.

(11) ~~Minor~~ Underage persons as employees. Any underage person that is ~~under the age of 18 years and~~ employed by a licensed retail establishment may sell tobacco products provided that the parents or guardians of ~~that a~~ minor, have signed shall sign a written consent allowing the minor to sell tobacco products.

**SECTION 4.** Section 10-462 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-462. – Prohibited Sales**

(a) Prohibited sales. No person shall sell, offer to sell, give away, furnish, or otherwise deliver any tobacco, tobacco product, or tobacco related device:

(1) To any ~~person under the age of 18 years~~ underage person.

(2) By any other means, or to any person, prohibited by federal, state, or other local law, ordinance provisions, or other regulation.

(b) Self-service sales of single packages; restricted.

(1) No person shall offer for sale single packages of cigarettes or smokeless tobacco in open displays, which are accessible to the public without the intervention of a store employee.

(2) Cartons and other multi-pack units may not be offered and sold through open displays accessible to the public.

(3) On the effective date of Federal Regulations pertaining to self-service sales of tobacco products (21 CFR, part 897.16(c)), subsection (b)(2) of this section expires, and is replaced by incorporation of the federal regulations into this Code.

(4) This shall not apply to retail stores, which derive at least 90 percent of their revenue from tobacco, and tobacco-related products and which cannot be entered at any time by ~~persons younger than 18 years of age~~ underage persons.

(5) Prior to offering for sale any single packages of tobacco products by self-service merchandising, a licensee must file with the city clerk a statement from a certified public accountant that shows both total gross sales and total sales from tobacco or related products. Said statement must also be filed with the city clerk yearly on or before the renewal date of the license.

(c) Vending machine sales. It shall be unlawful for anyone licensed under this article to allow the sale of tobacco, tobacco products, or tobacco related devices by the means of a vending machine unless ~~minors~~ underage persons are at all times prohibited from entering the licensed establishment.

**SECTION 5.** Section 10-465 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-465. – Vaping Establishment License**

No person shall operate a business for the sampling and vaping of e-cigarettes without first having obtained a license from the city to do so. A vaping establishment license is required in addition to a tobacco sales license under section 10-460. One vaping establishment license may be granted a year. No vaping establishment license will be issued to any business that allows underage persons ~~under the age of 18 years~~ to enter the establishment. The city will not consider new vaping establishment license applications until a license is available through either relinquishment, nonrenewal, or revocation.

(1) Application. An application for a vaping establishment license shall be made on a form provided by the city. The application shall contain the full name of the applicant, the applicant's residential and business addresses and telephone numbers, the name of the business for which the license is sought, and any additional information the city deems necessary. Upon receipt of a completed application, the city clerk shall forward the application to the council for action at its next regularly scheduled council meeting. If the clerk shall determine that an application is incomplete, the city clerk shall return the application to the applicant with notice of the information necessary to make the application complete.

(2) Denial. The following shall be grounds for denying the issuance or renewal of a license under this article. The following list is not exhaustive or exclusive:

a. The applicant is ~~under the age of 18 years~~ an underage person.

b. The applicant has been convicted within the past five years of a violation of any provisions of this article or a violation of federal, state or local law, ordinance provision, or other regulation relating to tobacco, tobacco products, or tobacco related devices.

c. The applicant or license holder has had a license to sell tobacco, tobacco products or tobacco related devices revoked within the preceding 12 months of the date of application.

d. The applicant fails to provide any information required on the city license application, or provides false or misleading information.

e. The applicant or license holder has outstanding fines, penalties or property taxes owed to the city.

f. The applicant or license holder does not have a tobacco sales license under section 10-460.

(3) Action. The council may either approve or deny the license, or it may delay action for such reasonable period of time as necessary to complete any investigation of the application or the applicant it deems necessary. If the council shall approve the license, the city clerk shall issue the license to the applicant. If the council denies the license, notice of denial shall be given to the applicant along with notice of the applicant's right to appeal the council's decision.

(4) Term. All licenses issued under this article shall expire on June 30 of each calendar year.

(5) Revocation or suspension. Any license issued under this article may be revoked or suspended as provided in section 10-467.

(6) Transfers. All licenses issued under this article shall be valid only on the premises for which the license was issued and only for the person to whom the license was issued. No transfer of any license to another location or person shall be valid.

(7) Moveable place of business. No license shall be issued to a moveable place of business. Only fixed location businesses shall be eligible to be licensed under this article.

(8) Display. All licenses shall be posted and displayed in plain view of the general public on the licensed premises.

(9) Renewals. The renewal of a license issued under this section shall be handled in the same manner as the original application. The request for renewal shall be made at least 30 days but no more than 60 days before the expiration of the current license. The issuance of a license issued under this article shall be considered a privilege and not an absolute right of the licensee and shall not entitle the licensee to an automatic renewal of the license. Upon the expiration of the license that is not renewed, the city may consider applications for the license.

(10) Fees. No license shall be issued under this article until the appropriate license fee shall be paid in full. The fee for a license under this article shall be set by the city council.

(11) Prohibited sampling or vaping. No licensee or employee thereof may permit sampling and vaping of e-cigarettes at a vaping establishment to any underage person ~~under the age of 18 years~~.

(12) Responsibility. All licensees under this article shall be responsible for the actions of their employees in regard to the sampling and vaping of e-cigarettes on the licensed premises, and the sale of such an item or permission to vape or sample such item by an employee shall be considered a sale by the license holder.

**SECTION 6.** Section 10-466 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-466. – Compliance checks and inspections**

All licensed premises (tobacco sales or vaping establishment) shall be open to inspection by the city police or other authorized city official during regular business hours. At least once per calendar year, an unannounced compliance check shall be conducted at each licensed retail establishment. Nothing in this section shall prohibit additional compliance checks at the discretion of law enforcement, or compliance checks authorized by state or federal laws for educational, research, or training purposes, or required for the enforcement of a particular state or federal law.

(1) Use of minor. ~~The~~ At least one annual compliance check shall be conducted by engaging, with written consent of parents or guardians, minors over the age of 15 years but less than 18 years, to enter the licensed premises to attempt to purchase tobacco, tobacco products, or tobacco related devices, or to sample or vape e-cigarettes.

a. ~~Minors~~ All persons used for the purpose of compliance checks shall be supervised by city designated law enforcement officers or other designated city personnel.

b. ~~Minors~~ All persons used for the purpose of compliance checks shall not be guilty of unlawful possession of tobacco, tobacco products, or tobacco related devices when such items are obtained as a part of the compliance check.

c. No ~~minors~~ person used in compliance checks shall attempt to use a false identification misrepresenting the ~~minor's~~ person's age. All ~~minors~~ persons lawfully engaged in a compliance check shall answer all questions about the ~~minor's~~ person's age asked by the licensee, agent or employee and shall produce identification, if in the ~~minor's~~ person's immediate possession, ~~for which the minors is asked.~~

(2) Failure of compliance check. If a retail establishment fails a compliance check, a follow-up, unannounced compliance check shall be made within six months or before the end of the calendar year.

(3) Results of compliance checks. Results of the compliance checks shall be reported to the city council annually.

**SECTION 7.** Section 10-467 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-467. – Violations and penalties**

Unless otherwise provided, the following acts shall be a violation of this article:

- (1) Illegal sales. For any person to sell or otherwise provide any tobacco, tobacco product, or tobacco related device to any ~~minor~~ underage person.
- (2) Illegal sampling/vaping. For any person to allow the sampling or vaping of e-cigarettes by any ~~minor~~ underage person at a licensed vaping establishment.
- (3) Illegal possession. For any ~~minor~~ underage person to have in ~~his~~ their possession any tobacco, tobacco product, or tobacco related device. This shall not apply to ~~minors~~ underage persons lawfully involved in a compliance check.
- (4) Illegal use. For any ~~minor~~ underage person to smoke, chew, sniff, or otherwise use any tobacco, tobacco product, or tobacco related device.
- (5) Illegal procurement. For any ~~minor~~ underage person to purchase or attempt to purchase or otherwise obtain any tobacco, tobacco product, or tobacco related device, and it shall be a violation of this article for any person to purchase or otherwise obtain such items on behalf of ~~a minor~~ an underage person. It shall further be a violation for any person to coerce or attempt to coerce ~~a minor~~ an underage person to illegally purchase or otherwise obtain or use any tobacco, tobacco product, or tobacco related device. This shall not apply to ~~minors~~ underage persons lawfully involved in a compliance check.
- (6) Use of false identification. For any ~~minor~~ underage person to attempt to disguise ~~his~~ their true age by the use of a false form of identification, whether the identification is that of another person or one on which the age of the person has been modified or tampered with to represent an age older than the actual age of the person.
- (7) Violation of state or federal laws and regulations. For any person to commit a violation of state or federal law or regulations related to tobacco, tobacco products, or tobacco-related devices (including, but not limited to, M.S.A. § 144.411, ch. 461, M.S.A. §§ 609.685—609.6855).

**SECTION 8.** Section 10-469 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-469. – Penalties**

- (a) Licensees and employees. Any licensee, and any employee of a licensee, found to have violated this article, shall be charged an administrative penalty as follows:
  - (1) Seventy-five dollars for a first violation of this article;
  - (2) Two hundred dollars for a second violation at the same licensed premises within 24 months of the initial violation;
  - (3) Two hundred and fifty dollars for a third violation at the same location within 24 months of the initial violation, and the license shall be suspended for not less than seven days.
- (b) Other individuals. Other individuals, other than ~~minors~~ underage persons regulated by subsection (c) of this section, found to be in violation of this article, shall be charged an administrative penalty of \$50.00.

(c) ~~Minors Underage persons.~~ Minors Underage persons found in unlawful possession of, or who unlawfully purchase or attempt to purchase tobacco, tobacco products, or tobacco related devices, shall be charged an administrative penalty of \$25.00 per violation.

**SECTION 9.** Section 10-470 of the Hopkins City Code is hereby amended to add the double-underlined language and delete the ~~stricken~~ language as follows:

**Sec. 10-470. – Exceptions and defenses.**

Nothing in this article shall prevent the providing of tobacco, tobacco products, or tobacco related devices to ~~a minor~~ an underage person as part of a lawfully recognized religious, spiritual, or cultural ceremony. It shall be an affirmative defense to the violation of this article for a person to have reasonably relied on proof of age as described by state law.

**SECTION 10.** In accordance with Section 3.03 of the City Charter and Minn. Stat. § 412.191, subd. 4, due to the significant length of this Ordinance, City staff shall have the following summary printed in the official City newspaper in lieu of the complete ordinance:

On May 19, 2020, the Hopkins City Council adopted Ordinance 2020-10148 that amends Chapter 10, Article XIII of the Hopkins City Code. The purpose of the amendment is to modify the City’s tobacco regulations to conform to recently enacted federal legislation which prohibits retailers from selling tobacco products to individuals under the age of 21. The Ordinance replaces all previous City tobacco regulations relating to individuals under the age of 18 with same or similar regulations relating to individuals under the age of 21. Prohibited acts, including the sale, procurement, or giving away of tobacco products to persons under the age of 21, the allowance of persons under 21 to sample or vape e-cigarettes, and the use or possession of tobacco products by persons under the age of 21, are all included in the Ordinance. The Ordinance also expands the City’s ability to conduct compliance checks to include persons under the age of 21 and further ties all of the violation and penalty language in the article to the new regulations contained within the Ordinance.

A printed copy of the ordinance is available for inspection during regular business hours at Hopkins City Hall and is available online at the City’s web site located at [www.hopkinsmn.com](http://www.hopkinsmn.com).

**SECTION 11.** The effective date of this ordinance shall be the date of publication.

First Reading:	May 5, 2020
Second Reading:	May 19, 2020
Date of Publication:	May 28, 2020
Date Ordinance Takes Effect:	May 28, 2020

By: \_\_\_\_\_  
Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk



# MEMO

To: Honorable Mayor and City Council

From: Jason Lindahl, City Planner

Date: May 19, 2020

Subject: Second reading of Ordinance 2020-1152 approving vacation of a utility easement over 819 Cambridge Street and authorizing its publication

---

## **Proposed Action**

Move to adopt Resolution 2020-027 approving the second reading of Ordinance 2020-1152 vacating a utility easement over the property at 819 Cambridge Street and authorizing its publication.

## **Overview**

The petitioner, MD Land, LLC, requests vacation of a sanitary sewer easement that crosses 819 Cambridge Street. Previously, a small lift station and force main contained in the subject easement were necessary to provide sanitary sewer service for 819 Cambridge Street. As part of the reconstruction of Cambridge Street in 2019, gravity sanitary sewer service was provided to 819 Cambridge Street, and the lift station and force main within the easement were rendered obsolete.

Minnesota Statute 412.851 and Section 12.06 of the City Charter empower the City to vacate easements after a public hearing and making a finding that the proposed vacation is in the public interest. Based on the findings detailed in City Council Report 2020-029 dated May 5, 2020, staff finds that there is no continuing public need for this easement and recommends the City Council approve this request.

The City Council adopted a motion to approve the first reading of this item on May 5, 2020. The version of the ordinance before the City Council for the second reading is the same as approved during the first reading. Should the City Council approve the second reading of this ordinance, the easement will be vacated and the city will bear no further responsibility for the lift station and force main.

## **Attachments**

- Resolution 2020-027
- Ordinance 2020-1152
- Vacation Exhibit
- Certificate of Title
- Notice of Completion

**CITY OF HOPKINS  
HENNEPIN COUNTY, MINNESOTA**

**RESOLUTION NO. 2020-027**

**A RESOLUTION ESTABLISHING FINDINGS, APPROVING  
THE SECOND READING OF ORDINANCE 2020-1152 VACATING A UTILITY  
EASEMENT OVER 819 CAMBRIDGE STREET AND  
AUTHORIZING PUBLICATION BY TITLE AND SUMMARY**

**WHEREAS**, MD Land, LLC (the “Petitioner”) petitioned the City of Hopkins to vacate that certain utility easement described in Document No. T891943 filed in the office of the Hennepin County Recorder – Registrar of Titles on October 30, 1967 and depicted on Exhibit A attached hereto (the “Easement”), pursuant to Hopkins City Charter, section 12.06, Minnesota Statutes, sections 462.358, subd. 7, and Minnesota Statutes, section 412.851; and

**WHEREAS**, on May 5, 2020, following all required notices, the Hopkins City Council held a public hearing at its regular City Council meeting where they reviewed City Council Report 2020-029 and all persons present were given an opportunity to be heard regarding the proposed vacation. Following the public hearing, the City Council approved Resolution 2020-020 approving the first reading of Ordinance 2020-1152; and

**WHEREAS**, the City hereby finds that there is no continuing public need for the Easement and that vacating the Easement, as requested, is in the public interest; and

**WHEREAS**, Hopkins City Charter, 3.03, subd. 1 and Minnesota Statutes, section 412.191, subd. 4 collectively authorize the publication of lengthy ordinances by title and summary if it would clearly inform the public of the intent and effect of the ordinance; and

**WHEREAS**, the ordinance is lengthy and the City Council believes that the summary below would clearly inform the public of the intent and effect of the ordinance.

**NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hopkins as follows:**

1. That the above recitals are incorporated into this Resolution as findings as if fully set forth herein.
2. That the City Council hereby approves the second reading of Ordinance 2020-1152 and finds that said ordinance is in the public interest.
3. That the City Clerk shall cause the following summary of Ordinance No. 2020-1152 to be published in the official newspaper in lieu of the entire ordinance:

**Public Notice**

**ORDINANCE NO. 2020-1152  
ORDINANCE VACATING UTILITY EASEMENT**

The City Council of the City of Hopkins has adopted Ordinance No. 2020-1152 - Ordinance Vacating Utility Easement which approves the vacation of that certain utility easement described in Document No. T891943, filed in the office of the Hennepin County Recorder – Registrar of Titles on October 30, 1967. The easement was located on and near the property located at 819 Cambridge Street, Hopkins, Minnesota.

The full text of Ordinance No. 2020-1152, which includes a depiction of the vacated easement, is available for inspection at Hopkins City Hall during regular business hours.

4. That City staff shall keep a copy of Ordinance 2020-1152 at City Hall for public inspection and a full copy of the Ordinance shall be placed in a public location within the City.
5. That following the publication of the summary above, the City Clerk shall execute a notice of completion related to these proceedings, present it to the Hennepin County auditor, and record it with the Hennepin County recorder.

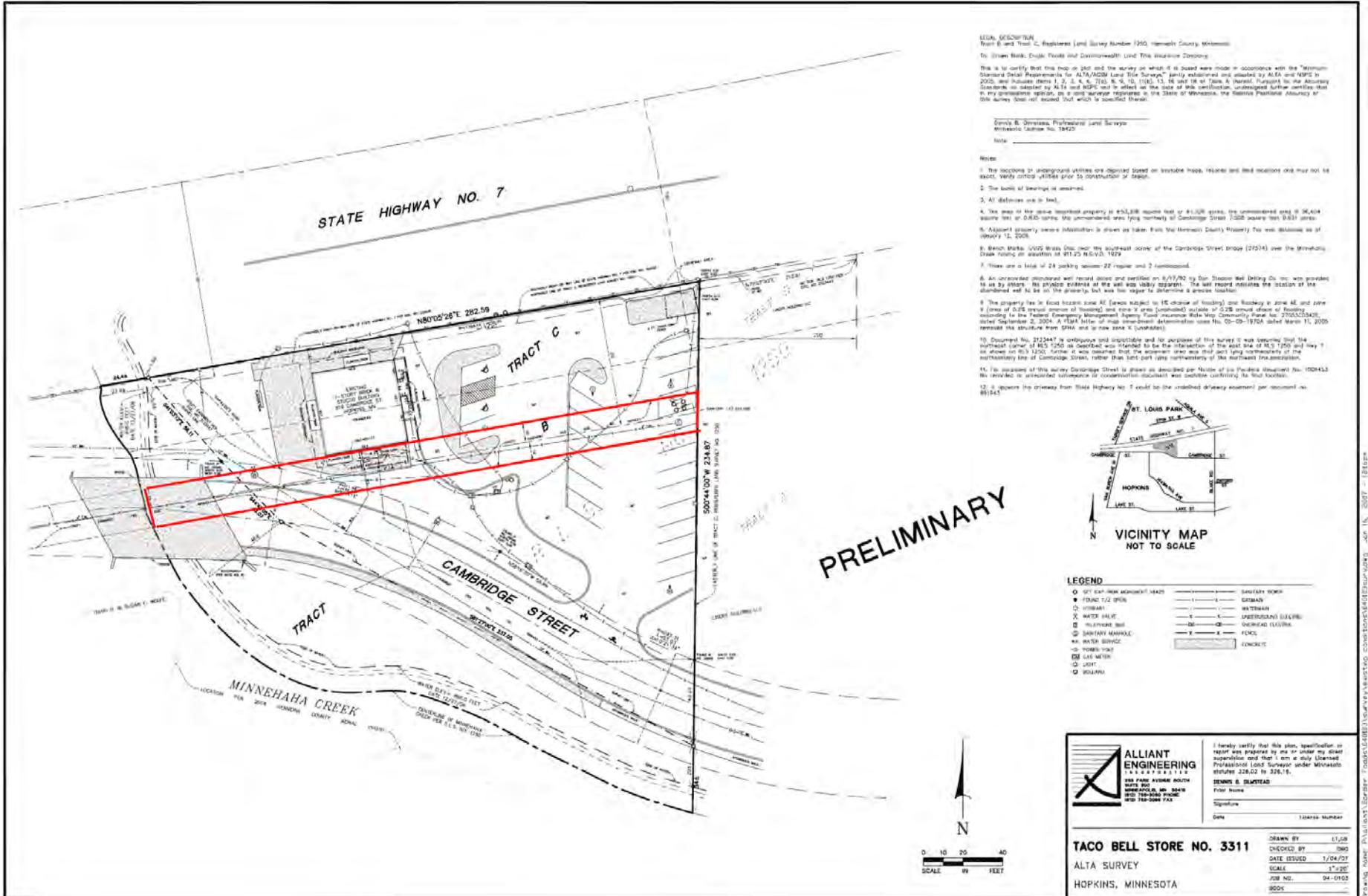
Dated: May 19, 2020

\_\_\_\_\_  
Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk

# EXHIBIT A



**LEGAL DESCRIPTION:**  
 Tract B and Tract C, Redesignated Land Survey Number 1265, Hennepin County, Minnesota.  
 To: State Bank, Double Double and Development, Ltd. This Redesignated Zone.  
 This is to certify that this map is part of the survey on which it is based was made in accordance with the "Minimum Standards Detail Requirements for ALTA/ACSM Land Title Surveys" jointly established and adopted by ALTA and NSPS in 2005, and includes items 1, 2, 3, 4, 5, 7(1), 8, 9, 10, 11(1), 11, 16 and 18 of said Standards. Pursuant to the Accuracy Standards as adopted by ALTA and NSPS, this map is subject to the state of this certification, undersigned further certifies that in my professional opinion, as a land surveyor registered in the State of Minnesota, the location of the boundaries of this survey does not exceed that which is specified therein.

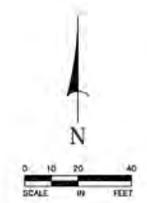
Donna B. Ormiston, Professional Land Surveyor  
 Minnesota License No. 19425  
 Date: \_\_\_\_\_

- Notes:**
- The locations of underground utilities are depicted based on available maps, related test and field locations and may not be exact. Verify critical utilities prior to construction or digging.
  - The limits of bearings is assumed.
  - All distances are in feet.
  - The area of the above described property is 453,238 square feet or 10.328 acres, the uncommissioned area is 36,404 square feet or 0.832 acres. The uncommissioned area lying northwesterly of Cambridge Street (3228 square feet 0.074 acres).
  - Adjacent property owner's information is shown as taken from the Hennepin County Property Tax as was obtained as of January 15, 2008.
  - Block Markers: 1/2005 Brass Disc over the southeast corner of the Cambridge Street bridge (27574) over the Minneapolis Drain rating an elevation of 911.25 M.G.V.D. 1929.
  - There are a total of 24 parking spaces: 22 regular and 2 handicapped.
  - An unrecorded abandoned well record sheet and verified on 8/17/92 by Dan Thoburn Well Drilling Co., Inc. was provided to us by owner. Its precise location at the well was visibly apparent. The well record reflects the location of the abandoned well to be on the property, but was too vague to determine a precise location.
  - The property lies in flood hazard zone AE (areas subject to 1% chance of flooding) and floodway in zone AE and zone V (area of 1% annual chance of flooding) and zone X area (unshaded) outside of 2.2% annual chance of flooding, according to the Federal Emergency Management Agency Flood Insurance Rate Map Community Number for 2703333401, dated September 2, 2004. A flood filler (steel structure) determination case No. CD-09-19704 dated March 11, 2009 prevented the structure from FEMA and is now zone X (unshaded).
  - Document No. 2122447 is unenforceable and its purpose of this survey it was assumed that the southeast corner of M3 1750 as described was intended to be the intersection of the east line of M3 1750 and line 7 as shown on M3 1750. It was assumed that the agreement was that east line northwesterly of the northwesterly line of Cambridge Street, rather than east part only northwesterly of the northwesterly line of Cambridge Street.
  - The purpose of this survey Cambridge Street is shown as described per Notice of Proposed Acquisition No. 100343. It is shown in unrecorded documents of conventional document and neither conforming to that location.
  - It appears the driveway from State Highway No. 7 could be the unrecorded driveway easement per easement no. 811343.



**LEGEND**

○ SET BACK MARK (CONCRETE) MARKS	— SAND/GRASS POWER
● FOUND 1/2 OPEN	— EXHIBITS
○ UTILITY	— WATER
× WATER VALVE	— DISTRIBUTION ELECTRICAL
○ UTILITY POLE	— OVERHEAD ELECTRICAL
○ SANITARY MANHOLE	— FENCE
× WATER SERVICE	— CONCRETE
○ POWER POLE	
○ GAS METER	
○ LIGHT	
○ SIGNAL	



**ALLIANT ENGINEERING**  
 1111 1/2 S. W. 1st St.  
 55115-0001  
 HOPKINS, MN, 55413  
 (952) 789-0000 FAX

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Land Surveyor under Minnesota statute 326.02 to 326.16.

**BRUCE E. STUEBGEN**  
 Title: \_\_\_\_\_  
 Signature: \_\_\_\_\_  
 Date: \_\_\_\_\_

---

**TACO BELL STORE NO. 3311**  
 ALTA SURVEY  
 HOPKINS, MINNESOTA

DRAWN BY: E.L.O.  
 CHECKED BY: SMO  
 DATE ISSUED: 1/04/07  
 SCALE: 1"=20'  
 JOB NO.: 04-0102  
 0001

Drawing Name: P:\Alliant\Library\Projects\GIS\Survey\minnetog\conestoga\GIS\Survey\minnetog\_04\_15\_07.dwg - 1/15/07

**CITY OF HOPKINS  
COUNTY OF HENNEPIN**

**ORDINANCE NO. 2020-1152**

**ORDINANCE VACATING A UTILITY EASEMENT OVER THE PROPERTY AT  
819 CAMBRIDGE STREET**

**THE CITY COUNCIL OF THE CITY OF HOPKINS HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** That the utility easement, as described in Document No. T891943 filed in the office of the Hennepin County Recorder – Registrar of Titles on October 30, 1967 and depicted on Exhibit A attached hereto, be vacated.

**SECTION 2.** The effective date of this ordinance shall be the date of publication.

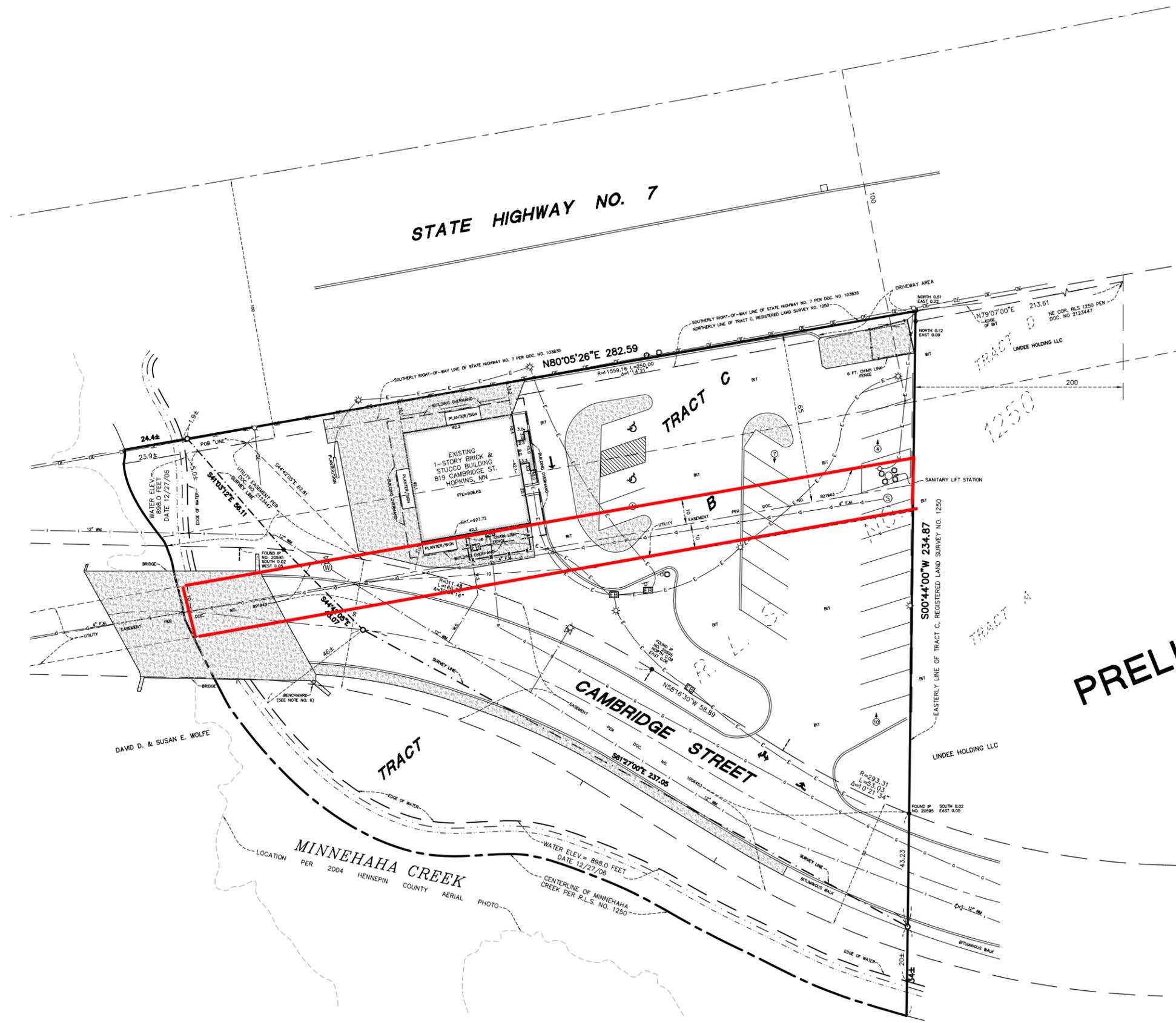
First Reading:	May 5, 2020
Second Reading:	May 19, 2020
Date of Publication:	May 28, 2020
Date Ordinance Takes Effect:	May 28, 2020

By: \_\_\_\_\_  
Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk





LEGAL DESCRIPTION  
 Tract B and Tract C, Registered Land Survey Number 1250, Hennepin County, Minnesota.

To: Crown Bank, Engler Foods and Commonwealth Land Title Insurance Company:

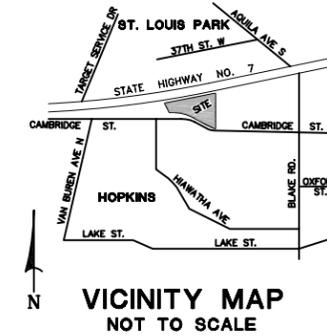
This is to certify that this map or plat and the survey on which it is based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," jointly established and adopted by ALTA and NSPS in 2005, and includes Items 1, 2, 3, 4, 6, 7(a), 8, 9, 10, 11(b), 13, 16 and 18 of Table A thereof. Pursuant to the Accuracy Standards as adopted by ALTA and NSPS and in effect on the date of this certification, undersigned further certifies that in my professional opinion, as a land surveyor registered in the State of Minnesota, the Relative Positional Accuracy of this survey does not exceed that which is specified therein.

Dennis B. Olmstead, Professional Land Surveyor  
 Minnesota License No. 18425

Date: \_\_\_\_\_

Notes:

- The locations of underground utilities are depicted based on available maps, records and field locations and may not be exact. Verify critical utilities prior to construction or design.
- The basis of bearings is assumed.
- All distances are in feet.
- The area of the above described property is ±53,356 square feet or ±1.225 acres; the unmeandered area is 36,404 square feet or 0.835 acres; the unmeandered area lying northerly of Cambridge Street 7,505 square feet 0.631 acres.
- Adjacent property owners information is shown as taken from the Hennepin County Property Tax web database as of January 12, 2006.
- Bench Marks: USGS Brass Disc near the southeast corner of the Cambridge Street bridge (27574) over the Minnehaha Creek having an elevation of 911.25 N.G.V.D. 1929.
- There are a total of 24 parking spaces—22 regular and 2 handicapped.
- An unrecorded abandoned well record dated and certified on 8/17/92 by Don Stodola Well Drilling Co. Inc. was provided to us by others. No physical evidence of the well was visibly apparent. The well record indicates the location of the abandoned well to be on the property, but was too vague to determine a precise location.
- The property lies in flood hazard zone AE (areas subject to 1% chance of flooding) and floodway in zone AE and zone X (area of 0.2% annual chance of flooding) and zone X area (unshaded) outside of 0.2% annual chance of flooding according to the Federal Emergency Management Agency Flood Insurance Rate Map Community Panel No. 27053C0342E, dated September 2, 2004. A FEMA letter of map amendment determination case No. 05-05-1970A dated March 11, 2005 removed the structure from SFHA and is now zone X (unshaded).
- Document No. 2123447 is ambiguous and unplotable and for purposes of this survey it was assumed that the northeast corner of RLS 1250 as described was intended to be the intersection of the east line of RLS 1250 and Hwy 7 as shown on RLS 1250; further it was assumed that the easement area was that part lying northeasterly of the northeasterly line of Cambridge Street, rather than that part lying northwesterly of the northwest line description.
- For purposes of this survey Cambridge Street is shown as described per Notice of Lis Pendens Document No. 1006453. No recorded or unrecorded conveyance or condemnation document was available confirming its final location.
- It appears the driveway from State Highway No. 7 could be the undefined driveway easement per document no. 891943.



**PRELIMINARY**

LEGEND

- SET CAP IRON MONUMENT 18425
- FOUND 1/2 OPEN
- ⊕ HYDRANT
- ⊗ WATER VALVE
- ☒ TELEPHONE BOX
- ⊙ SANITARY MANHOLE
- W.S. WATER SERVICE
- ⊕ POWER POLE
- ⊕ GAS METER
- ⊕ LIGHT
- BOLLARD
- d — d — SANITARY SEWER
- g — g — GASMAIN
- i — i — WATERMAIN
- E — E — UNDERGROUND ELECTRIC
- OE — OE — OVERHEAD ELECTRIC
- X — X — FENCE
- ▨ CONCRETE

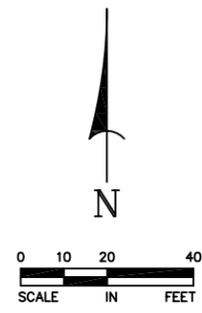
**ALLIANT ENGINEERING**  
 INCORPORATED  
 200 PARK AVENUE SOUTH  
 SUITE 500  
 MINNEAPOLIS, MN 55415  
 (612) 758-9060 PHONE  
 (612) 758-9060 FAX

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Land Surveyor under Minnesota statutes 326.02 to 326.16.

**DENNIS B. OLMSTEAD**  
 Print Name  
 Signature  
 Date License Number

**TACO BELL STORE NO. 3311**  
 ALTA SURVEY  
 HOPKINS, MINNESOTA

DRAWN BY LT,GB  
 CHECKED BY DBO  
 DATE ISSUED 1/04/07  
 SCALE 1"=20'  
 JOB NO. 04-0103  
 BOOK -



# Certificate of Title

Certificate Number: 1441605

Created by Document Number: 5433395

Transfer from: 1441218

Originally registered December 31, 1917 Volume: 51, Certificate No: 16211, District Court No: 1688

State of Minnesota

County of Hennepin



S.S.

Registration

**This is to certify that**

MD Land, LLC, a Minnesota limited liability company, whose address is 5425 Boone Avenue North, New Hope, Minnesota, 55428;

is now the owner of an estate in fee simple

**In the following described land situated in the County of Hennepin and State of Minnesota:**

Tracts B and C, Registered Land Survey No. 1250, Hennepin County, Minnesota.

**Subject to the interests shown by the following memorials and to the following rights or encumbrances set forth in Minnesota statutes**

**chapter 508, namely:**

1. Liens, claims, or rights arising under the laws or the Constitution of the United States, which the statutes of this state cannot require to appear of record;
2. Any real property tax or special assessment;
3. Any lease for a period not exceeding three years, when there is actual occupation of the premises under the lease;
4. All rights in public highways upon the land;
5. Such right of appeal or right to appear and contest the application as is allowed by law;
6. The rights of any person in possession under deed or contract for deed from the owner of the certificate of title;
7. Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17.

Memorials				
Document Number	Document Type	Date of Filing Month Day, Year Time	Amount	Running in Favor Of
<a href="#">T891943</a>	Easement	Oct 30, 1967 9:40 AM		City of Hopkins. Granting an easement for sanitary sewer and other purposes over part of above Tract B
<a href="#">T2123447</a>	Quit Claim Deed	Sep 13, 1990 12:00 PM		City of Hopkins. Granting an easement for utility purposes over pt of above land
<a href="#">T4436075</a>	Amendment	Oct 15, 2007 11:00 AM		Between Engler Development, Inc. (a MN corp) and City of Hopkins. re Doc. No. 2123447
<a href="#">T5292600</a>	Easement	Sep 25, 2015 1:07 PM		Marvin Development IV, LLC Granting an easement for access, maintenance and other purposes over part of above land.

Indexes Verified through 3/16/2017



In Witness Whereof, I have hereunto subscribed my name and affixed the seal of my office this 4th day of April, 2017.

**Martin McCormick**

**Registrar of Titles,**

**In and for the County of Hennepin and State of Minnesota.**

**CITY OF HOPKINS  
HENNEPIN COUNTY, MINNESOTA**

**NOTICE OF COMPLETION OF VACATION PROCEEDINGS**

The undersigned City Clerk of the City of Hopkins does hereby certify:

1. That the Hopkins City Council held a public hearing on May 5, 2020 regarding the vacation of that certain utility easement described in Document No. T891943 filed in the office of the Hennepin County Recorder – Registrar of Titles on October 30, 1967 (the “Easement”).
2. That due notice of the public hearing was given to affected property owners as required by state statute.
3. That due notice was published in the City’s official newspaper and posted at least two weeks prior to the date of the public hearing as required by state statute.
4. That following the public hearing, the Hopkins City Council made all required findings and adopted an ordinance vacating the Easement (the “Vacation Ordinance”).
5. That a true and correct copy of the Vacation Ordinance adopted by the City Council is attached hereto as Exhibit A. The Vacation Ordinance has been duly published and has taken effect pursuant to state and local laws.
6. That the properties affected by the vacation proceedings are described on the attached Exhibit B.
7. That the vacation proceedings complied in all respects with the procedures specified in the Hopkins City Charter and in state statute.

Dated this \_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Amy Domeier, City Clerk

STATE OF MINNESOTA    )  
  ) SS.  
COUNTY OF HENNEPIN    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2020, by Amy Domeier, the City Clerk for the City of Hopkins.

\_\_\_\_\_  
Notary Public

Drafted By:

Kennedy & Graven, Chartered  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402  
(612) 337-9300

Return To:

Amy Domeier  
City of Hopkins  
1010 1st St. S.  
Hopkins, MN 55343

**EXHIBIT A**  
Vacation Ordinance

**CITY OF HOPKINS**  
**COUNTY OF HENNEPIN**

**ORDINANCE NO. 2020-1152**

**ORDINANCE VACATING A UTILITY EASEMENT OVER THE PROPERTY AT  
819 CAMBRIDGE STREET**

**THE CITY COUNCIL OF THE CITY OF HOPKINS HEREBY ORDAINS AS FOLLOWS:**

**SECTION 1.** That the utility easement, as described in Document No. T891943 filed in the office of the Hennepin County Recorder – Registrar of Titles on October 30, 1967 and depicted on Exhibit A attached hereto, be vacated.

**SECTION 2.** The effective date of this ordinance shall be the date of publication.

First Reading:	May 5, 2020
Second Reading:	May 19, 2020
Date of Publication:	May 28, 2020
Date Ordinance Takes Effect:	May 28, 2020

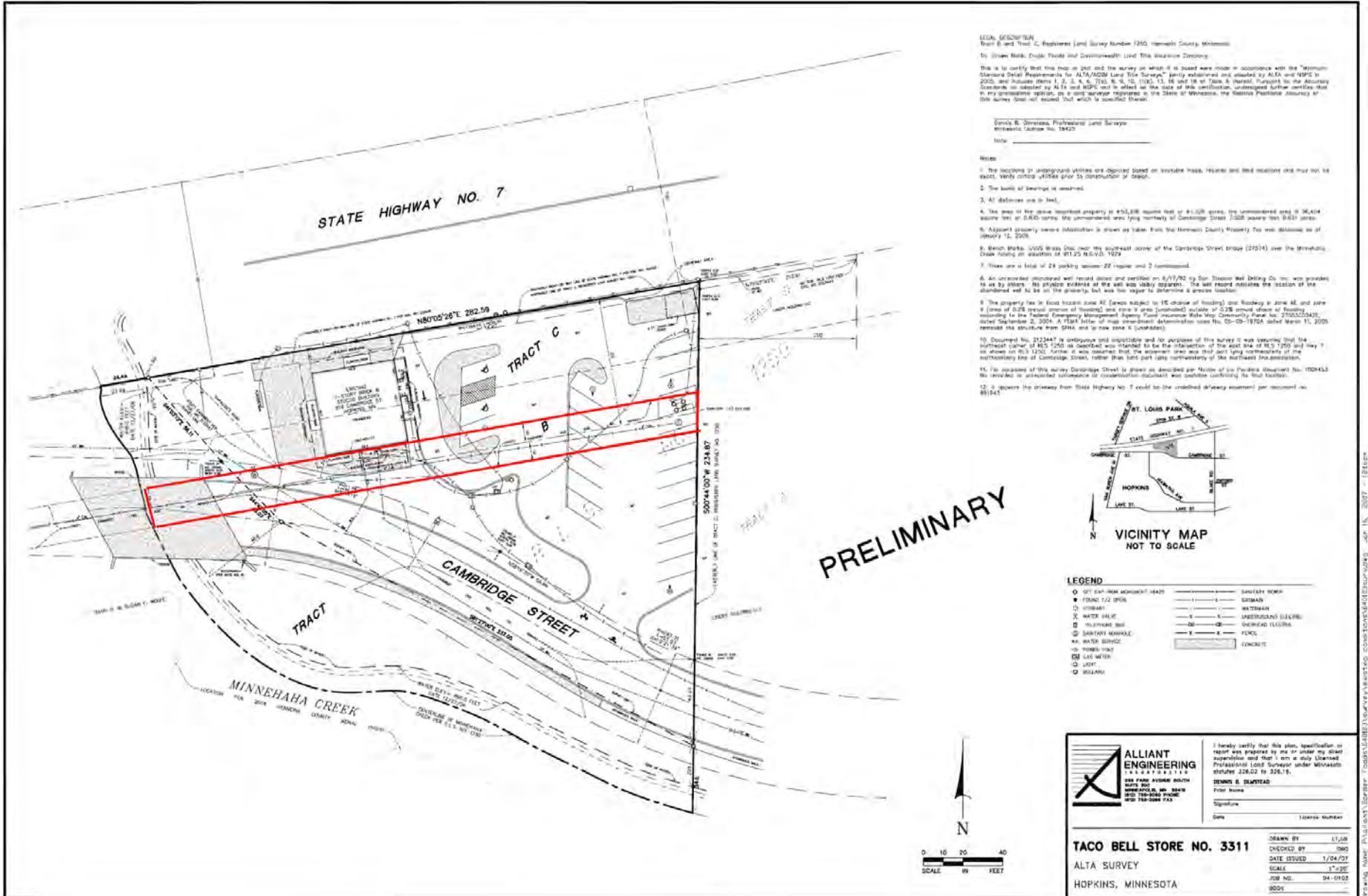
By: \_\_\_\_\_

Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk

# EXHIBIT A



**EXHIBIT B**

Properties Affected

Tracts B and C, Registered Land Survey No. 1250, Hennepin County, Minnesota.

May 19, 2020



Council Report 2020-032

**RESOLUTION CANCELLING COLLECTION OF SPECIAL ASSESSMENT ON ONE  
PARCEL OF LEVY NO. 20406**

**Proposed Action.**

Staff recommends that the Council approve the following motion: Move to adopt Resolution 2020-025 Cancelling Collection of Special Assessment for PID NO. 19-117-21-11-0124, for LEVY NO. 20406.

Adoption of this motion will cancel the special assessment on the property identified.

**Overview:**

The City of Hopkins followed all procedures with regards to the Special Assessment Levy Roll No. 20406; however, a payment for the special assessment for private sewer line repairs was made in full on November 13, 2018. The payment did not get credited to the property and the special assessment was subsequently sent to Hennepin County to be certified to the taxes beginning in 2020.

Property tax statements have been received by Hopkins residents. Hennepin County requires a certified resolution to remove the assessment and reissue a tax statement.

The special assessment cancellation has no financial impact.

**Supporting Information:**

- Resolution 2020-025

A handwritten signature in cursive script, appearing to read 'Melanie Ortiz'.

---

Melanie Ortiz  
Accounting Technician

**CITY OF HOPKINS  
HENNEPIN COUNTY, MINNESOTA**

**RESOLUTION 2020-025**

**RESOLUTION FOR CANCELLING COLLECTION OF SPECIAL ASSESSMENT FOR  
PID NO. 19-117-21-11-0124, LEVY NO. 20406**

**WHEREAS**, during 2018 certain property owners signed agreements petition for repairs to be done to their private water and sewer services; and

**WHEREAS**, Council adopted Resolution No. 2018-083 Approving Special Assessment for Water and Sewer Repairs on Private Property; and

**WHEREAS**, it was determined that this property submitted full payment of special assessment prior to certification,

**NOW THEREFORE BE IT RESOLVED**, that the City Council of the City of Hopkins hereby orders special assessment for PID No. 19-117-21-11-0124 Levy No. 20406 is cancelled

Adopted by the City Council of the City of Hopkins this 19<sup>th</sup> day of May, 2020.

By: \_\_\_\_\_  
Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk

May 19, 2020



Council Report 2020-033

**RESOLUTION APPROVING ADJUSTMENT OF SPECIAL ASSESSMENT ON ONE  
PARCEL OF LEVY NO. 20406**

**Proposed Action.**

Staff recommends that the Council approve the following motion: Move to adopt Resolution 2020-026 Approving Adjustment of Special Assessment for PID No. 19-117-21-11-0009, for LEVY No. 20406.

Adoption of this motion will reduce the special assessment by \$2,500 on the property identified.

**Overview:**

The City of Hopkins followed all procedures with regards to the Special Assessment Levy Roll No. 20406; however, a partial payment for the special assessment for private sewer line repairs was made on August 27, 2018. The payment did not get credited to the property and the full special assessment was subsequently sent to Hennepin County to be certified to the taxes beginning in 2020.

Property tax statements have been received by Hopkins residents. Hennepin County requires a certified resolution to adjust the assessment and reissue a tax statement.

The special assessment adjustment has no financial impact.

**Supporting Information:**

- Resolution 2020-026

A handwritten signature in cursive script, appearing to read 'Melanie Ortiz'.

---

Melanie Ortiz  
Accounting Technician

**CITY OF HOPKINS  
HENNEPIN COUNTY, MINNESOTA**

**RESOLUTION 2020-026**

**RESOLUTION APPROVING ADJUSTMENT OF SPECIAL ASSESSMENT FOR  
PID NO. 19-117-21-11-0009, LEVY NO. 20406**

**WHEREAS**, during 2018 certain property owners signed agreements petition for repairs to be done to their private water and sewer services; and

**WHEREAS**, Council adopted Resolution No. 2018-083 Approving Special Assessment for Water and Sewer Repairs on Private Property; and

**WHEREAS**, it was determined that this property submitted partial payment of special assessment prior to certification,

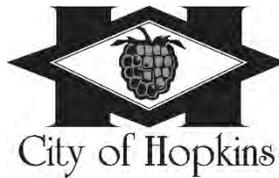
**NOW THEREFORE BE IT RESOLVED**, that the City Council of the City of Hopkins hereby orders special assessment for PID No. 19-117-21-11-0124 Levy No. 20406 to be reduced by \$2,500.

Adopted by the City Council of the City of Hopkins this 19<sup>th</sup> day of May, 2020.

By: \_\_\_\_\_  
Jason Gadd, Mayor

ATTEST:

\_\_\_\_\_  
Amy Domeier, City Clerk



**AWARD THE SALE OF \$8,585,000 GENERAL OBLIGATION BONDS, SERIES 2020A**

**Proposed Action**

Staff recommends approval of the following motion:

Adopt Resolution No. 2020-028 awarding the sale of General Obligation Bonds, Series 2020A, in the original aggregate principal amount of \$8,585,000; fixing their form and specifications; directing their execution and delivery; and providing for their payment.

With this motion the sale of the bonds will be awarded based on the recommendation of Ehlers and Associates, Inc., financial advisor for this project.

**Overview**

The City of Hopkins has the authority to issue GO bonds to pay for streets, mill & overlay and equipment. The 2020A bond issue will fund three projects: a portion of the 2020/2021 street improvement project, mill and overlay in the Central Business District and purchase of equipment. This bond issue will be utilized in the PIR, water, sewer, storm sewer and equipment replacement funds.

The bonds are being issued with a 16 year term with payments to come from a tax levy, utility revenue and special assessments. The special assessments will be levied at 2% over the True Interest Cost or TIC. On May 8, 2020, Standard & Poor’s reaffirmed our AA+ bond rating with a stable outlook.

At the April 21, 2020 Council Meeting, the Council authorized the sale of \$8,585,000 General Obligation Bonds. The bids will be accepted until 10:00 AM on May 19, 2020 at which time they will be reviewed and the recommendation incorporated into Resolution 2020-028

**Primary Issues to Consider**

At this time, there do not appear to be any primary issues relating to the award of the bond sales. Tax-exempt bond rates continue to be very low. Any significant issues affecting the sale will not be known until after the closing of the bids on May 19, 2020.

**Supporting Information**

- Resolution No. 2020-028
- S&P Rating Report

Nicholas Bishop, CPA  
Finance Director

Financial Impact: \$ 8,585,000 bond issue
Budgeted: Y/N <u>Yes</u>
Source: <u>Bond Funds</u>
Related Documents: <u>None</u>

EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY OF HOPKINS, MINNESOTA

HELD: May 19, 2020

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Hopkins, Minnesota was called and held by teleconference on Tuesday, the 19th day of May, 2020, at 7:00 p.m., for the purpose, in part, of awarding the sale of the City's General Obligation Bonds, Series 2020A, and directing their execution and delivery. The teleconference was held in accordance with Minnesota Statutes, Section 13D.021, and pursuant to a declaration made by the Mayor on March 16, 2020.

The following members were present:

and the following were absent:

\* \* \*

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\* \* \*

The Mayor announced that the next order of business was consideration of the proposals which had been received for the purchase of the City's General Obligation Bonds, Series 2020A, to be issued in the original aggregate principal amount of \$8,585,000.

The City Manager presented a tabulation of the proposals that had been received in the manner specified in the Terms of Proposal for the Bonds. The proposals are attached hereto as EXHIBIT A.

After due consideration of the proposals, Member \_\_\_\_\_ then introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

**RESOLUTION NO. 2020-028**

**A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION BONDS, SERIES 2020A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$8,585,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT**

BE IT RESOLVED By the City Council (the “City Council”) of the City of Hopkins, Hennepin County, Minnesota (the “City”) as follows:

Section 1. Sale of Bonds.

1.01. Equipment Certificates.

(a) Pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Sections 410.32 and 412.301, as amended (the “Capital Equipment Act”), the City is authorized to issue its general obligation equipment certificates of indebtedness on such terms and in such manner as the City determines to finance the purchase of items of capital equipment (the “Equipment”), subject to certain limitations contained in the Capital Equipment Act.

(b) The City has purchased and acquired or will purchase and acquire the Equipment described in EXHIBIT B attached hereto, or other items of capital equipment authorized under the Capital Equipment Act, pursuant to the Capital Equipment Act.

(c) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the aggregate principal amount of \$225,000 (the “Equipment Certificates”), pursuant to the Capital Equipment Act, to provide financing for the acquisition of the Equipment.

(d) As required by the Capital Equipment Act:

(i) the expected useful life of the Equipment is or will be at least as long as the term of the Equipment Certificates; and

(ii) the principal amount of the Equipment Certificates to be issued in the year 2020 will not exceed one-quarter of one percent (0.25%) of the estimated market value of taxable property in the City for the year 2020.

1.02. Improvement Bonds.

(a) Certain assessable public improvements within the City, including but not limited to bituminous street removal and reconstruction and turf restoration street reconstruction (the “Assessable Improvements”), which are part of the City’s 2020-2021 Street and Utility Improvements (the “Improvement Project”), have been made, duly ordered or contracts let for the construction thereof pursuant to the provisions of Minnesota Statutes, Chapters 429 and 475, as amended (the “Improvement Act”).

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the aggregate principal amount of \$2,305,000 (the “Improvement Bonds”), pursuant to the Improvement Act, to provide financing for the Assessable Improvements.

(c) The City issued its General Obligation Bonds, Series 2019A (the “Series 2019A Bonds”), on April 30, 2019 in the amount of \$12,185,000. The City has excess bond proceeds in the amount of \$461,000 from the sale of the Series 2019A Bonds. Pursuant to Minnesota Statutes, Section 475.65, the City Council may pledge the excess bond proceeds to another project that is eligible to be financed with bonds. The City Council hereby approves the use of the excess proceeds of the Series 2019A Bonds in the amount of \$461,000 to finance the Assessable Improvements.

#### 1.03. Utility Revenue Bonds.

(a) The City engineer has recommended the construction of various improvements to the City’s sanitary sewer, water, and storm sewer systems (the “Utility Improvements”) as part of the Improvement Project.

(b) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligations in the aggregate principal amount of \$5,580,000 (the “Utility Revenue Bonds”), pursuant to Minnesota Statutes, Chapters 444 and 475, as amended (the “Utility Revenue Act”), to provide financing for the Utility Improvements.

#### 1.04. Abatement Bonds.

(a) The City is authorized by Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the “Abatement Act”), to grant a property tax abatement on specified parcels in order to accomplish certain public purposes, including the acquisition or improvement of public infrastructure and the provision of access to improved roadways and trails for residents of the City.

(b) Pursuant to a resolution adopted by the City Council on April 21, 2020 (the “Abatement Resolution”) following a duly noticed public hearing, the City Council approved a property tax abatement (the “Abatements”) in the maximum amount of \$1,500,000 for certain property in the City (the “Abatement Parcel”) over a period of fifteen (15) years, in an amount sufficient to pay the principal amount of and all or a portion of the interest on one or more series of bonds to be issued to finance certain public infrastructure improvements, including mill and overlay on 1<sup>st</sup> Street North, North Central Business District Avenues, Meaetzold Field Lot, and the Knollwood Neighborhood, the construction of trails within the City, and other similar projects (collectively, the “Abatement Project”).

(c) In the Abatement Resolution, the City found and determined that the Abatement Project benefits the Abatement Parcel and that the maximum principal amount of bonds to be secured by Abatements does not exceed the estimated sum of Abatements from the Abatement Parcel for the term authorized under the Abatement Resolution.

(d) It is necessary and expedient to the sound financial management of the affairs of the City to issue general obligation abatement bonds in the original aggregate principal amount of \$475,000 (the “Abatement Bonds”), pursuant to the Abatement Act, to provide financing for the Abatement Project.

1.05. Issuance of General Obligation Bonds.

(a) The City Council finds it necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Bonds, Series 2020A (the “Bonds”), in the original aggregate principal amount of \$8,585,000, pursuant to the Capital Equipment Act, the Improvement Act, the Utility Revenue Act, and the Abatement Act (collectively, the “Act”), to provide financing for the Equipment, the Assessable Improvements, the Utility Improvements, and the Abatement Project.

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

1.06. Award to the Purchaser and Interest Rates. The proposal of \_\_\_\_\_ (the “Purchaser”) to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$8,585,000 (par amount of \$\_\_\_\_\_, [plus original issue premium of \$\_\_\_\_\_,] [less original issue discount of \$\_\_\_\_\_,] less an underwriter’s discount of \$\_\_\_\_\_), plus accrued interest, if any, to date of delivery for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2023	%	2030	%
2024		2031	
2025		2032	
2026		2033	
2027		2034	
2028		2035	
2029		2036	

True interest cost: \_\_\_\_\_%

1.07. Purchase Contract. The sum of \$\_\_\_\_\_, being the amount proposed by the Purchaser in excess of \$8,499,150, shall be credited to the accounts in the Debt Service Fund hereinafter created or deposited in the accounts of the Project Fund hereinafter created, as determined by the Finance Director of the City in consultation with the City’s municipal advisor. The Finance Director is directed to retain the good faith check of the Purchaser, pending completion of the sale of the Bonds, and to return the good faith checks of the unsuccessful proposers. The Mayor and City Manager are directed to execute a contract with the Purchaser on behalf of the City.

1.08. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act, in the original aggregate principal amount of \$8,585,000, originally dated June 10, 2020, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$	2030	\$
2024		2031	
2025		2032	
2026		2033	
2027		2034	
2028		2035	
2029		2036	

(a) \$225,000 of the Bonds, constituting the Equipment Certificates, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the acquisition of the Equipment:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$	2027	\$
2024		2028	
2025		2029	
2026		2030	

(b) \$2,305,000 of the Bonds, constituting the Improvement Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$	2030	\$
2024		2031	
2025		2032	
2026		2033	
2027		2034	
2028		2035	
2029		2036	

(c) \$5,580,000 of the Bonds, constituting the Utility Revenue Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Utility Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$	2030	\$
2024		2031	
2025		2032	
2026		2033	
2027		2034	
2028		2035	
2029		2036	

(d) The remainder of the Bonds in the principal amount of \$475,000, constituting the Abatement Bonds, maturing on February 1 of the years and in the amounts set forth below, will be used to finance the construction of the Abatement Project:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2023	\$	2030	\$
2024		2031	
2025		2032	
2026		2033	
2027		2034	
2028		2035	
2029		2036	

1.09. Optional Redemption. The City may elect on February 1, 2029, and on any day thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 7 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

**[TO BE COMPLETED IF TERM BONDS ARE REQUESTED: 1.10. Mandatory Redemption; Term Bonds.** The Bonds maturing on February 1, 20\_\_ and February 1, 20\_\_ shall hereinafter be referred to collectively as the “Term Bonds.” The principal amount of the Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bonds credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine. The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:]

Sinking Fund Installment Date

<u>February 1, 20__ Term Bond</u>	<u>Principal Amount</u>
	\$

\_\_\_\_\_  
\* *Maturity*

<u>February 1, 20__ Term Bond</u>	<u>Principal Amount</u>
	\$

\_\_\_\_\_  
\* *Maturity*

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner’s order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints Bond Trust Services Corporation, Roseville, Minnesota, as the initial Registrar. The Mayor and the City Manager are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of the City Council, the Finance Director must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Manager and executed on behalf of the City by the signatures of the Mayor and the City Manager, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Manager will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT C.

3.02. Approving Legal Opinion. The City Manager is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Pledges and Covenants.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Bonds, Series 2020A Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the “Equipment Account,” the “Assessable Improvements Account,” the “Utility Improvements Account,” and the “Abatement Project Account.” Amounts in the Equipment Account are irrevocably pledged to the Equipment Certificates, amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Abatement Project Account are irrevocably pledged to the Abatement Bonds.

(a) Equipment Account. Ad valorem taxes hereinafter levied are hereby pledged to the Equipment Account of the Debt Service Fund. There is also appropriated to the Equipment Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(b) Assessable Improvements Account. Ad valorem taxes hereinafter levied for the Assessable Improvement and special assessments levied against property specially benefited by the Assessable Improvements (the “Assessments”) are hereby pledged to the Assessable Improvements Account of the Debt Service Fund. There is also appropriated to the Assessable Improvements Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(c) Utility Improvements Account. The City will continue to maintain and operate its Sanitary Sewer Fund, Water Fund, and Storm Sewer Fund, to which will be credited all gross revenues of the sanitary sewer system, the water system, and the storm sewer system, respectively, and out of which will be paid all normal and reasonable expenses of current operations of such systems. Any balances therein are deemed net revenues (the “Net Revenues”) and will be transferred, from time to time, to the Utility Improvements Account of the Debt Service Fund, which Utility Improvements Account will be used only to pay principal of and interest on the Utility Revenue Bonds and any other bonds similarly authorized. There will always be retained in the Utility Improvements Account a sufficient amount to pay principal of and interest on all the Utility Revenue Bonds, and the Finance Director must report any current or anticipated deficiency in the Utility Improvements Account to the City Council. There is also appropriated to the Utility Improvements Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price of the Bonds paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

(d) Abatement Project Account. The Finance Director shall timely deposit in the Abatement Project Account of the Debt Service Fund the Abatements from the Abatement Parcel and proceeds of ad valorem taxes hereinafter levied for the Abatement Project are hereby pledged to the Abatement Project Account. There is also appropriated to the Abatement Project Account a pro rata portion of (i) capitalized interest financed from the proceeds of the Bonds, if any; and (ii) amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.07 hereof.

4.02. Project Fund. The City hereby creates the General Obligation Bonds, Series 2020A Project Fund (the "Project Fund"). The City will maintain the following accounts in the Project Fund: the "Equipment Account," the "Assessable Improvements Account," the "Utility Improvements Account," and the "Abatement Project Account." Amounts in the Equipment Account are irrevocably pledged to the Equipment Certificates, amounts in the Assessable Improvements Account are irrevocably pledged to the Improvement Bonds, amounts in the Utility Improvements Account are irrevocably pledged to the Utility Revenue Bonds, and amounts in the Abatement Project Account are irrevocably pledged to the Abatement Bonds.

(a) Equipment Account. Proceeds of the Equipment Certificates, less the appropriations made in Section 4.01(a) hereof, together with any other funds appropriated for the purchase of the Equipment, will be deposited in the Equipment Account of the Project Fund to be used solely to defray the costs of acquiring the Equipment. When the Equipment has been acquired and the cost thereof paid, the Equipment Account of the Project Fund is to be closed and any funds remaining may be deposited in the Equipment Account of the Debt Service Fund.

(b) Assessable Improvements Account. Proceeds of the Improvement Bonds, less the appropriations made in Section 4.01(b) hereof, together with ad valorem taxes and the Assessments and any other funds appropriated for the Assessable Improvements collected during the construction of the Assessable Improvements, will be deposited in the Assessable Improvements Account of the Project Fund to be used solely to defray expenses of the Assessable Improvements and the payment of principal of and interest on the Improvement Bonds prior to the completion and payment of all costs of the Assessable Improvements. Any balance remaining in the Assessable Improvements Account after completion of the Assessable Improvements may be used to pay the cost in whole or in part of any other improvement instituted under the Improvement Act, under the direction of the City Council. When the Assessable Improvements are completed and the cost thereof paid, the Assessable Improvements Account of the Project Fund is to be closed and any subsequent collections of Assessments and ad valorem taxes for the Assessable Improvements are to be deposited in the Assessable Improvements Account of the Debt Service Fund.

(c) Utility Improvements Account. Proceeds of the Utility Revenue Bonds, less the appropriations made in Section 4.01(c) hereof, will be deposited in the Utility Improvements Account of the Project Fund to be used solely to defray expenses of the Utility Improvements. When the Utility Improvements are completed and the cost thereof paid, the Utility Improvements Account of the Project Fund is to be closed and any funds remaining may be deposited in the Utility Improvements Account of the Debt Service Fund.

(d) Abatement Project Account. Proceeds of the Abatement Bonds, less the appropriations made in Section 4.01(d) hereof, together with any other funds appropriated for the Abatement Project collected during the construction of the Abatement Project, will be deposited in the Abatement Project Account of the Project Fund to be used solely to defray expenses of the Abatement Project described herein and in the Abatement Resolution, and the payment of principal

of the Abatement Bonds prior to the completion and payment of all costs of the Abatement Project to be financed with the proceeds of the Abatement Bonds. When the Abatement Project is completed and the cost thereof paid, the Abatement Project Account of the Project Fund is to be closed and any funds remaining may be deposited in the Abatement Project Account of the Debt Service Fund.

4.03. City Covenants with Respect to the Improvement Bonds. It is hereby determined that the Assessable Improvements will directly and indirectly benefit abutting property, and the City hereby covenants with the holders from time to time of the Bonds as follows:

(a) The City will cause the Assessments for the Assessable Improvements to be promptly levied so that the first installment of the Assessable Improvements will be collectible not later than 2022 and will take all steps necessary to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council will cause to be taken with due diligence all further actions that are required for the construction of each Assessable Improvement financed wholly or partly from the proceeds of the Improvement Bonds, and will take all further actions necessary for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the Improvement Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in Assessments and ad valorem taxes, the City Council will levy additional ad valorem taxes in the amount of the current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing receipts and disbursements in connection with the Assessable Improvements, Assessments, and ad valorem taxes levied therefor and other funds appropriated for their payment, collections thereof and disbursements therefrom, monies on hand, and the balance of unpaid Assessments.

(d) The City will cause its books and records to be audited at least annually and will furnish copies of such audit reports to any interested person upon request.

(e) At least twenty percent (20%) of the cost to the City of the Assessable Improvements described herein will be specially assessed against benefited properties.

4.04. City Covenants with Respect to the Utility Revenue Bonds. The City Council covenants and agrees with the holders of the Bonds that so long as any of the Bonds remain outstanding and unpaid, it will keep and enforce the following covenants and agreements:

(a) The City will continue to maintain and efficiently operate the sanitary sewer system, the water system, and the storm sewer system as public utilities and conveniences free from competition of other like municipal utilities and will cause all revenues therefrom to be deposited in bank accounts and credited to the Sanitary Sewer Fund, the Water Fund, and the Storm Sewer Fund, respectively, as hereinabove provided, and will make no expenditures from those accounts except for a duly authorized purpose and in accordance with this resolution.

(b) The City will also maintain the Utility Improvements Account of the Debt Service Fund as a separate account and will cause money to be credited thereto from time to time, out of Net Revenues from the sanitary sewer system, the water system, and the storm sewer system in sums sufficient to pay principal of and interest on the Utility Revenue Bonds when due.

(c) The City will keep and maintain proper and adequate books of records and accounts separate from all other records of the City in which will be complete and correct entries

as to all transactions relating to the sanitary sewer system, the water system, and the storm sewer system and which will be open to inspection and copying by any Bondholder, or the Bondholder's agent or attorney, at any reasonable time, and it will furnish certified transcripts therefrom upon request and upon payment of a reasonable fee therefor, and said account will be audited at least annually by a qualified public accountant and statements of such audit and report will be furnished to all Bondholders upon request.

(d) The City Council will cause persons handling revenues of the sanitary sewer system, the water system, and the storm sewer system to be bonded in reasonable amounts for the protection of the City and the Bondholders and will cause the funds collected on account of the operations of such system to be deposited in a bank whose deposits are guaranteed under the Federal Deposit Insurance Law.

(e) The City Council will keep the sanitary sewer system, the water system, and the storm sewer system insured at all times against loss by fire, tornado and other risks customarily insured against with an insurer or insurers in good standing, in such amounts as are customary for like plants, to protect the holders, from time to time, of the Bonds and the City from any loss due to any such casualty and will apply the proceeds of such insurance to make good any such loss.

(f) The City and each and all of its officers will punctually perform all duties with reference to the sanitary sewer system, the water system, and the storm sewer system as required by law.

(g) The City will impose and collect charges of the nature authorized by Section 444.075 of the Utility Revenue Act, at the times and in the amounts required to produce Net Revenues adequate to pay all principal and interest when due on the Utility Revenue Bonds and to create and maintain such reserves securing said payments as may be provided herein.

(h) The City Council will levy general ad valorem taxes on all taxable property in the City when required to meet any deficiency in Net Revenues.

4.05. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.06. Pledge of Tax Levy. For the purpose of paying all or a portion of the principal of and interest on the Equipment Certificates, the Improvement Bonds, and the Abatement Bonds, there is levied a direct annual irrepealable ad valorem tax (the "Taxes") upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Equipment Account, the Assessable Improvements Account, and the Abatement Project Account of the Debt Service Fund above provided and will be in the years and amounts as set forth in EXHIBIT D attached hereto.

4.07. Certification to Taxpayer Services Division Manager as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Taxes, Assessments, Net Revenues, and Abatements will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levy herein provided is irrepealable until all of the

Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the Taxpayer Services Division Manager of Hennepin County, Minnesota (the “Taxpayer Services Division Manager”) the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the Taxpayer Services Division Manager will thereupon reduce the levy collectible during such year by the amount so certified.

4.08. Registration of Resolution. The City Manager is authorized and directed to file a certified copy of this resolution with the Taxpayer Services Division Manager and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Manager, and the Finance Director are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Mayor, the City Manager, and the Finance Director are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Manager, and the Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Electronic Signatures. The electronic signature of the Mayor, the City Manager, the City Clerk, and/or the Finance Director to this resolution and to any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

5.05. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Old National Bank, Chaska, Minnesota on the closing date for further distribution as directed by the City’s municipal advisor, Ehlers and Associates, Inc.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action

which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

- (a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- (b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2020 will not exceed \$10,000,000; and
- (d) not more than \$10,000,000 of obligations issued by the City during calendar year 2020 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

6.06. Reimbursement. The City has or may have incurred certain expenditures with respect to the Equipment, the Assessable Improvements, the Utility Improvements, and the Abatement Project that were financed temporarily from other sources but are expected to be reimbursed with proceeds of the Bonds. The City hereby declares its intent to reimburse certain costs of the Equipment, the Assessable Improvements, the Utility Improvements, and the Abatement Project from proceeds of the Bonds (the “Declaration”). This Declaration is intended to constitute a declaration of official intent for purposes of the Section 1.150-2 of the Treasury Regulations promulgated under the Code.

## Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.08 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and

assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Manager of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Manager will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC’s Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Mayor and City Manager and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

(The remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Member \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Passed and adopted this 19th day of May, 2020.

---

Jason Gadd, Mayor

Attest:

---

Amy Domeier, City Clerk

**EXHIBIT A**  
**PROPOSALS**

**EXHIBIT B**  
**LIST OF EQUIPMENT**

<u>Equipment</u>	<u>Cost</u>	<u>Expected Life (in Years)</u>
Wheel Loader	\$218,000	20

**EXHIBIT C**

**FORM OF BOND**

No. R-\_\_\_\_\_ UNITED STATES OF AMERICA \$\_\_\_\_\_  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF HOPKINS  
  
GENERAL OBLIGATION BOND  
SERIES 2020A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	June 10, 2020	

Registered Owner: Cede & Co.

The City of Hopkins, Minnesota, a duly organized and existing municipal corporation in Hennepin County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$\_\_\_\_\_ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing February 1, 2021, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Bond Trust Services Corporation, Roseville, Minnesota, as Bond Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2029, and on any day thereafter to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$8,585,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on May 19, 2020 (the "Resolution"), for the purpose of providing money to defray the expenses incurred and to be incurred in acquiring certain capital equipment and making certain assessable local improvements, certain improvements to the sanitary sewer, water, and storm sewer systems of the City, and certain public infrastructure improvements, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended,

Minnesota Statutes, Sections 410.32 and 412.301, as amended, and Minnesota Statutes, Sections 469.1812 through 469.1815, as amended. The principal hereof and interest hereon are payable in part from special assessments levied against property specially benefited by local improvements, from net revenues of the sanitary sewer, water, and storm sewer systems of the City, from abatements collected from certain property in the City, and from ad valorem taxes, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments, net revenues, abatements, and ad valorem taxes pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the sanitary sewer system, water system, and storm sewer system free from competition by other like municipal utilities; that adequate insurance on said system and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Sanitary Sewer Fund, the Water Fund, and the Storm Sewer Fund, into which it will pay all of the gross revenues from the sanitary sewer system, water system, and storm sewer system, respectively; that it will also create and maintain a Utility Improvements Account within the General Obligation Bonds, Series 2020A Debt Service Fund, into which it will pay, out of the net revenues from the sanitary sewer system, water system, and storm sewer system, a sum sufficient to pay principal of the Utility Revenue Bonds (as defined in the Resolution) and interest on the Utility Revenue Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the sanitary sewer system, water system, and storm sewer system.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the

issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, charter, or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Hopkins, Hennepin County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Manager and has caused this Bond to be dated as of the date set forth below.

Dated: June 10, 2020

**CITY OF HOPKINS, MINNESOTA**

\_\_\_\_\_  
(Facsimile)  
Mayor

\_\_\_\_\_  
(Facsimile)  
City Manager

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

**BOND TRUST SERVICES CORPORATION**

By \_\_\_\_\_  
Authorized Representative

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

UNIF GIFT MIN ACT

\_\_\_\_\_ Custodian \_\_\_\_\_

(Cust) (Minor)

TEN ENT – as tenants by entireties

under Uniform Gifts or Transfers to Minors Act, State of \_\_\_\_\_

JT TEN – as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

---

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Notice:           The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the assignee requested below is provided.

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

\_\_\_\_\_

\_\_\_\_\_

**PROVISIONS AS TO REGISTRATION**

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of  
Officer of Registrar

Cede & Co.  
Federal ID #13-2555119

**EXHIBIT D**  
**TAX LEVY SCHEDULES**

**Tax Levy Schedule for Equipment Certificates**

<u>YEAR *</u>	<u>TAX LEVY</u>
2022	\$
2023	
2024	
2025	
2026	
2027	
2028	
2029	

*\* Year tax levy collected.*

**Tax Levy Schedule for Improvement Bonds**

<u>YEAR *</u>	<u>TAX LEVY</u>
2022	\$
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	

*\* Year tax levy collected.*

**Tax Levy Schedule for Abatement Bonds**

<u>YEAR *</u>	<u>TAX LEVY</u>
2022	\$
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	

*\* Year tax levy collected.*

STATE OF MINNESOTA     )  
  )  
COUNTY OF HENNEPIN    ) SS.  
  )  
CITY OF HOPKINS         )

I, being the duly qualified and acting City Clerk of the City of Hopkins, Hennepin County, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on May 19, 2020 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s General Obligation Bonds, Series 2020A, in the original aggregate principal amount of \$8,585,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this \_\_\_\_\_ day of May, 2020.

\_\_\_\_\_  
City Clerk  
City of Hopkins, Minnesota

(SEAL)

**Summary:**

**Hopkins, Minnesota; General  
Obligation**

**Primary Credit Analyst:**

Emily Powers, Chicago + 1 (312) 233 7030; emily.powers@spglobal.com

**Secondary Contact:**

Caroline E West, Chicago (1) 312-233-7047; caroline.west@spglobal.com

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## Summary:

# Hopkins, Minnesota; General Obligation

### Credit Profile

US\$8.585 mil GO bnds ser 2020A dtd 06/10/2020 due 02/01/2036

*Long Term Rating* AA+/Stable New

Hopkins GO

*Long Term Rating* AA+/Stable Affirmed

## Rating Action

S&P Global Ratings assigned its 'AA+' long-term rating to Hopkins, Minn.'s series 2020A general obligation (GO) bonds. At the same time, we affirmed our 'AA+' rating on the city's existing GO bonds. The outlook is stable.

The city's full-faith-and-credit pledge and ability to levy unlimited ad valorem property taxes secure the bonds. Officials intend to pay debt service with special assessments; net revenues of the sewer, water, and storm sewer systems; and pledged tax abatement revenue generated from specific parcels, but the rating is based on the unlimited ad valorem tax pledge. The city's existing GO debt also includes various other pledged revenues such as tax-increment, tax abatement, special assessment revenues, and various enterprise fund revenues, but in each case, we rate to the city's GO pledge. Proceeds will be used to finance various street reconstruction projects, and to purchase capital equipment.

### Credit overview

Hopkins, having maintained a strong history of mostly stable operational performance, complete with very strong available reserves, has placed itself in a positive position to hold steady during uncertain economic times. It maintains sizable general fund receivables, including loans to the Arts Center fund, water fund, and various other governmental funds, and even excluding those amounts from the city's available fund balance, it has been able to maintain very strong reserves. However, if these interfund loans continue to grow, there could be pressure on the city's general fund. Hopkins is backed by a strong management team that has implemented robust policies and practices, helping it maintain stability in operations. The city's debt profile, while somewhat elevated, has been historically managed within its budget and, even given sizable debt service carrying charges, we expect that to continue. Additionally, its other long-term liabilities (pension and other postemployment benefits [OPEBs]) are manageable, further supporting its underlying credit quality.

Given the uncertainty in the current economic environment stemming from the recent spread of coronavirus (COVID-19), and the possible financial repercussions and pressures that could arise, in our view, the city could face pressures similar to those in the last recession, possibly including reductions in property values and state aid receipts, which could lead to decreased revenues over the medium term. However, even given a recession, we believe Hopkins has sufficient financial flexibility to address uncertainties and budget pressures. Generally, our rating outlook timeframe is up to two years; given the current uncertainty around the pandemic, our view of the credit risks to the

city centers on the more immediate budget effects in 2020.

The 'AA+' rating reflects our assessment of the city's:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2018, which closed with operating deficits in the general fund and at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 20% of operating expenditures;
- Very strong liquidity, with total government available cash at 95.3% of total governmental fund expenditures and 4.8x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 20.1% of expenditures and net direct debt that is 249.7% of total governmental fund revenue, but rapid amortization, with 71.6% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

## Stable Outlook

### Downside scenario

We could lower the rating if budgetary pressures outside of the general fund, such as with the enterprise and Arts Center funds, continue to drain general fund resources, and if debt continues to grow.

### Upside scenario

While we don't view this as likely given current macroeconomic conditions, we could raise the rating if the city's balance sheet improves and economic measures, such as its income levels and per capita market values, were to improve to levels commensurate with those of higher-rated peers, all other credit factors remaining equal.

## Credit Opinion

### Very strong economy

We consider Hopkins' economy very strong. The city, with an estimated population of 18,808, is in Hennepin County in the Minneapolis-St. Paul-Bloomington MSA, which we consider to be broad and diverse. It has a projected per capita effective buying income of 123% of the national level and per capita market value of \$114,093. Overall, market value grew by 5.8% over the past year to \$2.1 billion in 2019. The county unemployment rate was 2.5% in 2018.

Hopkins' proximity to the Twin Cities allows easy access to employment and retail opportunities, and will become more easily accessible with the expansion of the Minneapolis METRO light-rail system, which will include three new stops in Hopkins that is currently under development. Hopkins' tax base is composed of primarily residential (39%), and commercial/industrial (35%) valuations. Even given uncertainty among wider macroeconomic factors, the city is

still experiencing steady economic activity, with most businesses still operating and economic and residential development projects continuing to move forward. We expect the city's local economy to remain very strong over the near term, but given that the U.S. economy is currently in a recession, as reported by S&P Global Economics (see "An Already Historic U.S. Downturn Now Looks Even Worse," published April 16, 2020 on RatingsDirect), economic metrics and property values could be pressured over the medium term.

### **Very strong management**

We view the city's management as very strong, with strong financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights of the city's financial practices and policies include:

- Use of at least three years of historical information in the formulation of the upcoming year's revenue and expenditure assumptions with the help of outside sources and a line-by-line approach to budgeting;
- Quarterly reporting of budget-to-actual performance to the council with the ability to make amendments to the budget as needed;
- A five-year, long-term financial plan that projects revenues and expenditures and is updated on an annual basis;
- A rolling five-year, long-term capital plan that addresses capital needs of the city with sources and uses of funds identified;
- Formalized investment management policy with quarterly reporting of investments and holdings;
- Formalized debt management policy that sets guidelines for short-term borrowing, maturity lengths, and minimum allowable coverage on revenue debt; and
- Formalized fund balance policy to maintain 42% of expenditures for cash-flow needs, which the city has mostly been in compliance with, with the exception of 2018, and which we calculate differently than the city given our adjustments to available reserves.

### **Adequate budgetary performance**

Hopkins' budgetary performance is adequate, in our opinion. The city had operating deficits of negative 1.7% of expenditures in the general fund and negative 7.1% across all governmental funds in fiscal 2018.

Current-year performance for fiscal 2020 is tracking closely with the budget, which is calling for a break-even result. Management has already begun assessing potential revenue pressures that could arise given the current recessionary environment, and has already identified \$400,000 in savings that have been or could be implemented into the current and 2021 budgets if substantial decreases in revenues were to occur. We expect the city will continue to manage its overall operating budget to alleviate any potential pressure on the general fund, and ease its reliance on interfund loans. Should interfund loans and negative operations in the other funds rise in such a way that we believe the city's budgetary performance is compromised, it could lead to a weakening in our view of its overall credit quality.

General fund results for fiscal 2018 came out slightly worse than the break-even budget, mainly due to salary and benefit expenses that were higher than expected and some under-budgeted revenues in public safety and general governments. While the deficit was relatively minimal, management has addressed these operational items by looking

more closely at employee salaries and benefits and including higher contingency measures in the current and future budgets. Actual (unaudited) results for fiscal 2019 came out better than budgeted, showing a \$376,000 (or 2.6% of expenditures) increase to fund balance, reflecting positive variances in inspection revenue, rental licensing revenue, and unbudgeted state and county grants.

The general fund benefits from a revenue structure that has historically been stable and predictable, consisting mostly of property taxes (78%), with state aid (referred to as local government aid [LGA] in Minnesota) accounting for 10%. In prior recessionary times, particularly during the Great Recession, management noted that tax collections remained very stable; therefore, it does not expect any substantial reductions in that revenue stream. However, even if property tax receipts or LGA did fall substantially, we believe that the city will manage its budget to maintain mostly balanced operations.

### **Very strong budgetary flexibility**

Hopkins' budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 20% of operating expenditures, or \$2.7 million.

We have reduced the city's available fund balance to account for interfund loans to its Arts Center fund, water fund, and various other governmental funds, which amounted to roughly \$2.7 million in 2018. Even with this portion removed from the available fund balance, the city's reserves have been historically maintained at levels we consider very strong. We note that the interfund loans have increased year over year and if they continue to rise, they could put downward pressure on what we consider the available fund balance.

The Arts Center fund has historically held a deficit fund balance, which amounted to \$1.2 million in fiscal 2018, all of which was marked as a loan from the general fund. The city realizes economic benefits from the Arts Center, so management plans to continue providing financial support for it from the general fund. While the 2019 budget did not account for any improvement in the fund deficit, year-end actual results as reported by management showed a slight decrease in the receivable, to \$1.15 million, which was due to efforts by Arts Center staff to bring in more revenue and lower expenses. The facility is currently closed due to statewide directives in response to COVID-19, but city management does not expect the temporary closure to lead to increased reliance on the city's general fund. Additionally, a direct levy has been implemented for fiscal 2020 that will begin to pay down the receivable owed to the general fund, although given the amount of the approved levy, at \$60,000, there is no specified timeline for when the full receivable will be repaid. The general fund also has receivables from the water fund and various other governmental funds, all of which (including the Arts Center fund receivable) amounted to \$2.7 million in fiscal 2018 and, per management, increased to \$2.85 million in 2019, for which we do not have an audit.

The receivable from the water fund, increased sizably between 2017 and 2018, but only marginally in 2019, to \$1.1 million, as noted by management. Water rate hikes were implemented in January 2020 to pay down the amount owed to the general fund, and while there is no specified timeline for full repayment, management expects it will likely occur within a five-year period. The remainder of the receivable to the general fund, totaling roughly \$464,000 in 2018, is accounted for in various nonmajor governmental funds, the negative balances of which primarily reflect timing of bond proceeds. This portion of the receivable improved from 2017, but an additional loan to the city's HRA fund of \$200,000 increased the amount in 2019; however, this portion will be repaid in 2020.

### **Very strong liquidity**

In our opinion, Hopkins' liquidity is very strong, with total government available cash at 95.3% of total governmental fund expenditures and 4.8x governmental debt service in 2018. In our view, the city has strong access to external liquidity if necessary.

The city's available \$25.6 million in available cash and investments (after removing unspent bond proceeds) were held primarily in federal and municipal securities, money market accounts, and certificates of deposit, which we do not consider aggressive. Based on past issuance of debt, we believe the city has strong access to capital markets to provide for liquidity needs if necessary. It has no direct-purchase or variable-rate debt that we expect could pose a liquidity risk. Even given current recessionary pressures, we believe that the city has sufficient cash levels and will maintain a very strong liquidity profile.

### **Weak debt and contingent liability profile**

In our view, Hopkins' debt and contingent liability profile is weak. Total governmental fund debt service is 20.1% of total governmental fund expenditures, and net direct debt is 249.7% of total governmental fund revenue.

Approximately 71.6% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

We calculate net direct debt (excluding self-supporting GO debt paid from the city's enterprise funds) at \$76.3 million. Management noted that the city plans to issue up to \$12.0 million in new-money GO bonds in the next two years for street reconstruction projects. We believe the debt profile will likely remain weak. While debt service costs make up a considerable portion of the budget, the city has historically managed these costs well, which we expect it will continue to do, even given potential budgetary pressures that could arise from the current recessionary environment.

### **Pensions and other postemployment benefits (OPEBs)**

Hopkins' combined required pension and actual OPEB contributions totaled 4.4% of total governmental fund expenditures in 2018. Of that amount, 3.6% represented required contributions to pension obligations, and 0.7% represented OPEB payments. The city made its full annual required pension contribution in 2018.

We do not believe that pension liabilities represent a medium-term credit pressure, as contributions are only a modest share of the budget, and we believe the city has the capacity to absorb higher costs without pressuring operations. Hopkins participates in two multiple-employer, defined-benefit pension plans that have seen recent improvements in funded status, though plan statutory contributions have regularly fallen short of actuarial recommendations. Along with certain plan-specific actuarial assumptions and methods, this introduces some long-term risk of funding volatility and cost acceleration. Although the city funds its OPEBs on a pay-as-you-go basis, exposing it to cost acceleration and volatility, we expect that medium-term costs will remain only a small share of total spending and, therefore, not a significant budgetary pressure.

The city participates in the following plans:

- Minnesota General Employees Retirement Fund (GERF): 80.2% funded (as of June 30, 2019), with a city proportionate share of the plan's net pension liability of \$4.5 million.
- Minnesota Police and Fire Fund (PEPFF): 89.3% funded (June 30, 2019), with a proportionate share of \$3.1 million.

- A single-employer, defined-benefit OPEB plan: 0% funded with a net OPEB liability of \$1.0 million.

Total contributions to GERF and PEPFF were 89% and 94%, respectively, of our minimum funding progress metric and were slightly above static funding in both cases. Annual contributions are based on a statutory formula that has typically produced contributions lower than the actuarially determined contribution for each plan. In our view, this increases the risk of underfunding over time, if the state legislature does not make adjustments to offset future funding shortfalls. Other key risks include a 7.5% investment rate-of-return assumption (for both plans) that indicate some exposure to cost acceleration as a result of market volatility, and an amortization method that significantly defers contributions through a lengthy, closed 30-year amortization period based on a level 3.25% payroll growth assumption. Regardless, costs remain only a modest share of total spending, and we believe they are unlikely to pressure the city's medium-term operational health.

### Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

## Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

Ratings Detail (As Of May 8, 2020)		
Hopkins GO bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO bnds ser 2017B dtd 07/13/2017 due 02/01/2033		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO imp bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO tax abatement bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO tax increment rev rfdg bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Hopkins GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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Finance

**CITY OF HOPKINS**

## **Memorandum**

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: May 19, 2020

Subject: First Quarter Financial Report

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Attached is the presentation covering first quarter financial results, 2020 budget projections after COVID-19 and the results of the 2021 Budget Survey. If you have any questions in advance please contact me. A full presentation will be given at the council meeting.

# 2020 1<sup>st</sup> Quarter

## Financial Report

*Prepared by Finance Department*



*City of*  
**Hopkins**  
Minnesota

# General Fund Overview

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- At the end of the 1<sup>st</sup> quarter
  - Revenues are at 23.80%
  - Expenditures are at 21.45%



# General Fund Revenues

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Taxes	\$ 12,567,105	\$ 3,145,067	25.03%
Intergovernmental	1,352,946	219,227	16.20%
Licenses, Permits & Fines	775,065	148,154	19.12%
Charges for Services	251,250	54,590	21.73%
Miscellaneous	415,350	88,999	21.43%
<b>Total Revenues</b>	<b>\$ 15,361,716</b>	<b>\$ 3,656,037</b>	<b>23.80%</b>



## General Fund Revenues

Percent of Budget through 1st Qtr



# General Fund Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
General Government	\$ 2,481,743	\$ 669,691	26.98%
Community Services	863,252	176,240	20.42%
Public Safety	7,460,272	1,609,159	21.57%
Public Works	3,442,841	620,671	18.03%
Recreation	783,082	92,866	11.86%
Urban Development	330,525	57,949	17.53%
<b>Total Expenditures</b>	<b>\$ 15,361,715</b>	<b>\$ 3,226,576</b>	<b>21.00%</b>



# General Fund Expenditures

Percent of Budget through 1st Qtr



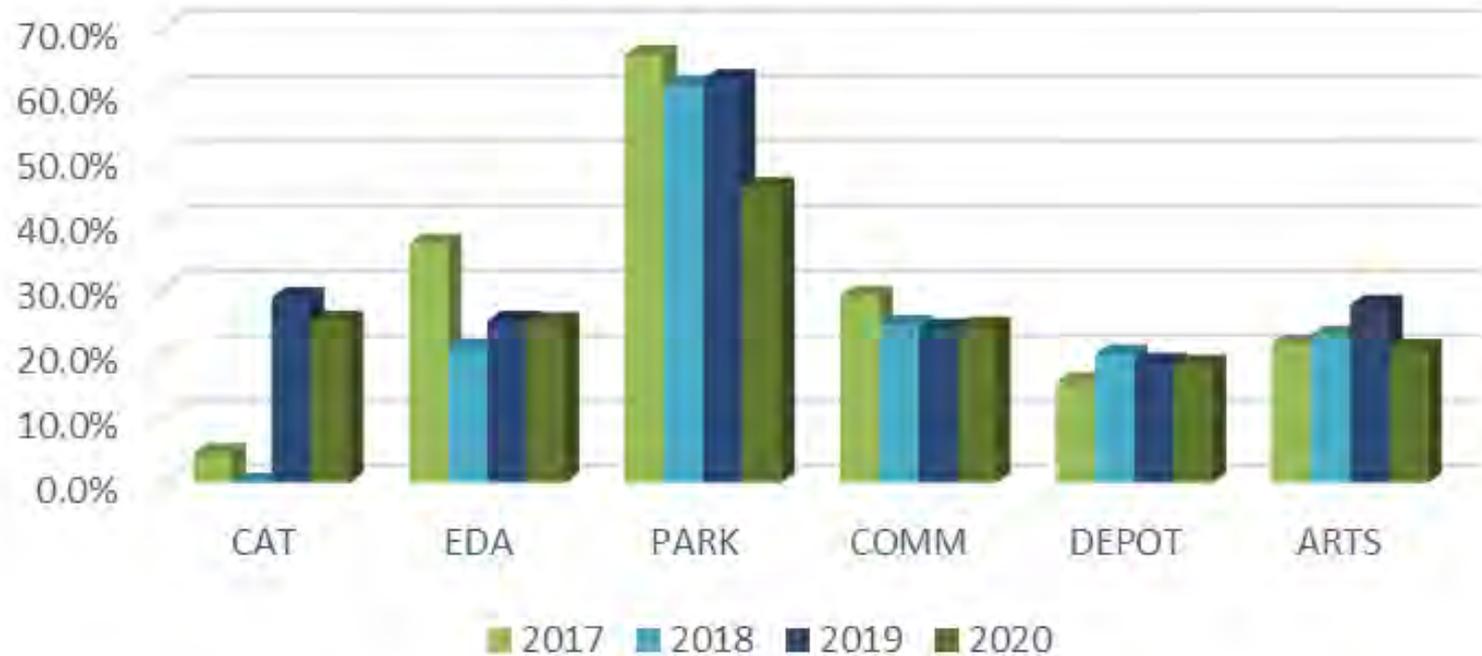
# Special Revenue Funds Revenues

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	<u>Budget</u>	<u>Actual</u>	<u>% of Budget</u>
Chemical Assessment	\$ 65,000	\$ 16,250	25.00%
Economic Development	467,951	115,747	24.73%
Parking	154,524	70,361	45.53%
Communications	238,014	57,160	24.02%
Depot Coffee House	307,412	55,850	18.17%
Art Center	1,185,836	244,164	20.59%



## Special Revenue Fund Revenues Percent of Budget through 1st Qtr



# Special Revenue Funds Expenditures

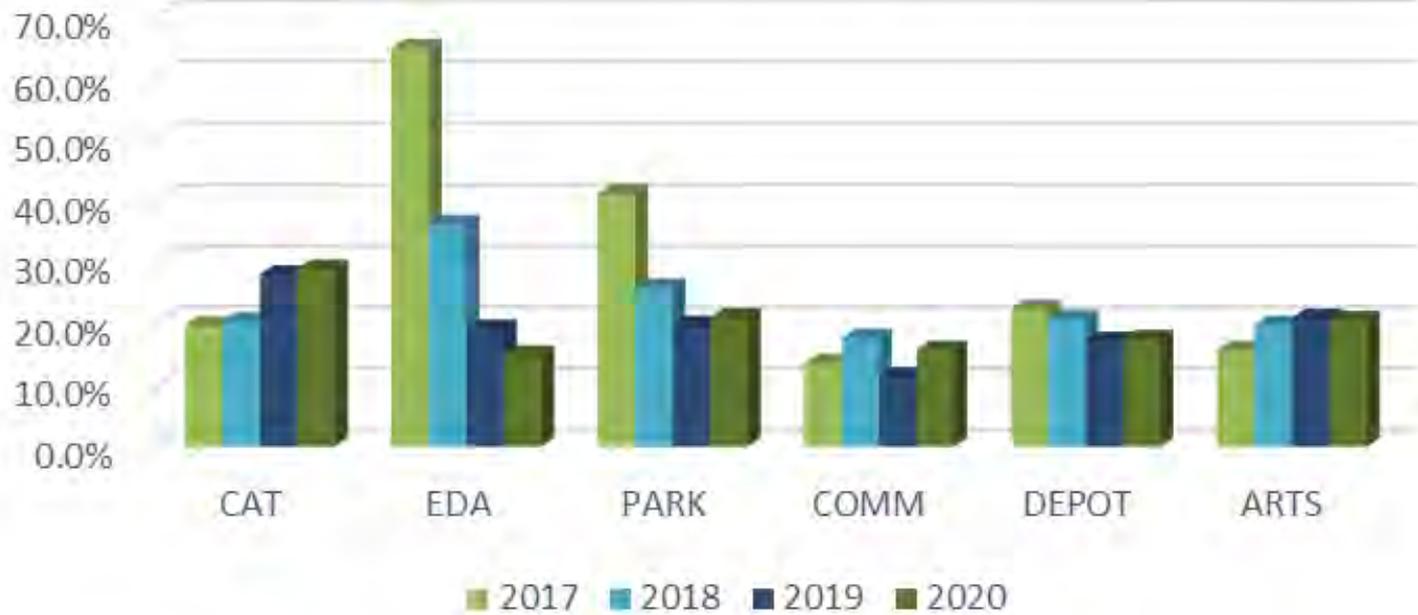
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	<u>Budget</u>		<u>Actual</u>	<u>% of Budget</u>
Chemical Assessment	\$ 65,000	\$	18,780	28.89%
Economic Development	430,345		64,235	14.93%
Parking	150,690		31,630	20.99%
Communications	238,656		37,465	15.70%
Depot Coffee House	307,412		53,691	17.47%
Art Center	1,125,836		231,177	20.53%



## Special Revenue Fund Expenditures

Percent of Budget through 1st Qtr



# Special Revenue Funds Financial Position

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	<u>Revenues</u>	<u>Expenses</u>	<u>Change In Fund Balance</u>	<u>Ending Fund Balance</u>
Chemical Assessment	\$ 16,250	\$ 18,780	\$ (2,530)	\$ (26,386)
Economic Development	115,747	64,235	51,512	4,356,670
Parking	70,361	31,630	38,731	146,967
Communications	57,160	37,465	19,694	350,625
Depot Coffee House	55,850	53,691	2,159	(60,422)
Art Center	244,164	231,177	12,987	(1,143,090)



# Enterprise Funds Revenues

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		<u>Budget</u>		<u>Actual</u>	<u>% of Budget</u>
Water	\$	2,256,004	\$	467,586	20.73%
Sewer		3,052,340		595,297	19.50%
Refuse		1,006,206		239,850	23.84%
Storm Sewer		793,532		203,670	25.67%
Pavilion		781,500		226,271	28.95%



## Enterprise Fund Revenues

Percent of Budget through 1st Qtr



# Enterprise Funds Expenses

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		<u>Budget</u>		<u>Actual</u>	<u>% of Budget</u>
Water	\$	2,235,099	\$	441,038	19.73%
Sewer		3,025,741		598,896	19.79%
Refuse		1,008,049		168,020	16.67%
Storm Sewer		621,945		121,347	19.51%
Pavilion		702,256		281,432	40.08%



# Enterprise Fund Expenses

Percent of Budget through 1st Qtr



# Enterprise Funds Financial Position

		<u>Revenues</u>		<u>Expenses</u>		<b>Net Income (Loss)</b>
Water	\$	467,586	\$	441,038	\$	26,548
Sewer	\$	595,297	\$	598,896	\$	(3,598)
Refuse	\$	239,850	\$	168,020	\$	71,830
Storm Sewer	\$	203,670	\$	121,347	\$	82,323
Pavilion	\$	226,271	\$	281,432	\$	(55,161)

- All funds include depreciation expense



# 2020 Budget Projections after COVID-19

May 19, 2020



*City of*  
**Hopkins**  
Minnesota

# 2020 Budget Projections

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## Known

- Revenue will decline in 2020
- City must rebalance its 2020 Budget

## Unknown

- Severity of decline
- Length of recovery



# Revenue Assumptions

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- Losses of program and rental revenue
  - Facility closures
  - Delayed or cancelled events/programming
  - Reluctance to participate in group activities
- Reduced licenses, permits and charges for services
  - Rental Licensing, Special Events, Liquor Licenses, Business Licenses



# Revenue Assumptions

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- Property Tax Collections
  - Deadline for first half tax payments extended from May 15 to July 15 of eligible taxpayers
  - Will have better information at end of July or early August
  - 2019 Tax Collections were 98.99%



# Revenue Assumptions

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- Scenario 1 (Minor Impact)
  - Tax collections at 98%, decreased by 1% from 2019 results
  - Full amount of LGA collected
  - 5 months of lost revenue in affected categories



# Revenue Assumptions

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- Scenario 2 (Major Impact)
  - Tax collections at 94%, decreased by 5% from 2019 results
  - Full amount of LGA collected
  - 9 months of lost revenue in affected categories (through end of 2020)



# General Fund Revenue (Minor Impact)

	2019 Actual (Unaudited)	2020 Budget	2020 Projection - Minor Impact	
			Amount	% of Budget
Property Taxes	11,736,624.00	12,479,305.00	12,479,305.00	98%
Delinquent Taxes	(118,388.00)	-	(249,586.10)	
Other Taxes (Delinquent Collections, Penalties)	96,448.94	87,800.00	86,044.00	98%
Intergovernmental	1,332,771.01	1,352,946.00	1,352,946.00	100%
Charges for Services	433,854.52	251,050.00	192,652.00	77%
Court Fines & Forfeitures	157,940.38	188,250.00	177,234.38	94%
Licenses	116,934.13	105,615.00	95,976.88	91%
Penalties	21,915.00	9,800.00	7,758.33	79%
Permits	697,029.54	471,400.00	467,642.00	99%
Miscellaneous	385,691.66	415,550.00	328,324.00	79%
<b>Total General Fund Revenue</b>	<b>14,860,821.18</b>	<b>15,361,716.00</b>	<b>14,938,296.48</b>	<b>97%</b>



# General Fund Revenue (Major Impact)

	2019 Actual	2020 Budget	2020 Projection - Major Impact	
	(Unaudited)		Amount	% of Budget
Property Taxes	11,736,624.00	12,479,305.00	12,479,305.00	94%
Delinquent Taxes	(118,388.00)	-	(748,758.30)	
Other Taxes (Delinquent Collections, Penalties)	96,448.94	87,800.00	82,532.00	94%
Intergovernmental	1,332,771.01	1,352,946.00	1,352,946.00	100%
Charges for Services	433,854.52	251,050.00	144,246.00	57%
Court Fines & Forfeitures	157,940.38	188,250.00	155,203.13	82%
Licenses	116,934.13	105,615.00	74,540.25	71%
Penalties	21,915.00	9,800.00	6,125.00	63%
Permits	697,029.54	471,400.00	420,052.00	89%
Miscellaneous	385,691.66	415,550.00	324,203.00	78%
<b>Total General Fund Revenue</b>	<b>14,860,821.18</b>	<b>15,361,716.00</b>	<b>14,290,394.08</b>	<b>93%</b>



# General Fund Revenue

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- Estimate of Revenue shortfall range
  - Minor Impact - \$423,420
  - Major Impact - \$1,071,322



# General Fund Expenditures

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- Have identified \$500,000 of reductions in the general fund
  - Elimination of budget items such as training or travel
  - Delay when filling vacant positions
  - Reduced services at Activity Center



# General Fund Expenditures

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- Have identified \$500,000 of reductions in the general fund
  - Reduced hiring of part time seasonal help
  - Deferring smaller maintenance projects
  - Reductions in Forestry, will not plant trees unless funded by grant



# Additional Expenditures

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- Emergency Protective Measures
  - Eligible for Grants or Reimbursements
- Work From Home Expenditures
  - Minimal compared to overall budget



# Arts Center - Revenue

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- Projecting a closure through July
  - Loss of rental revenue, fundraising, memberships and art sales
- Rescheduled 5 of 5 regularly funded concerts
  - 4 in 2020 and 1 in 2021
- Cancelled grant funded concert
  - State Arts Board will cover administrative expenses, City will return remaining amount



# Arts Center - Revenue

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- Stages Theater Company and Hopkins School District will continue leases



# Art Center - Reduced Expenditures

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- Staffing reductions
- Elimination of budget items such as supplies, marketing and training
- Delay of capital projects



# Arts Center - Projection

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- Budgeted to reduce deficit position by \$60,000
- Projecting a reduction to the deficit of \$20,000 or ability to redeploy that amount to another fund



# Pavilion - Revenue

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- Projecting a Closure through July
- Turf season cancelled March 16 through mid-May (Soccer & Lacrosse)
- Dry floor rental reduced (summer)
- Facility rentals, meeting rooms and party room rentals reduced
- Hopkins School District will continue lease



# Pavilion - Expenses

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- Staff reductions
- Cost savings from reduced utilities



# Pavilion - Projection

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- Projected to lose \$45,000
- Main revenue generator is ice season, scheduled to begin on September 3<sup>rd</sup>



# Depot - Revenue

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- Depot was closed March 16<sup>th</sup> through April 24<sup>th</sup>
- Reopened on April 25<sup>th</sup> for Takeout
- Depot Partners will continue support
  - (Hopkins School District, Three Rivers Park District, Minnetonka & Hopkins)



# Depot - Expenditures

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- Part time staff was furloughed during closure
- Reductions for concession supplies and utilities



# Depot - Projection

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- Still reviewing results based on operating a takeout only model



# Utility Funds

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- Minimal Information Available
  - One month of water and sewer consumption shows a 6% increase same period in 2019
  - Refuse and Storm Sewer revenues are flat
  - Waived Penalties on Utility Bills
    - Budgeted at \$4,500 per month



# Next Steps

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- Continue to evaluate effect COVID-19 will have on 2020 Budget



# Results of 2021 Budget Survey

May 19, 2020



*City of*  
**Hopkins**  
Minnesota

# Budget Survey - Overview

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- Responses from February 23 to May 1<sup>st</sup>
- Limitations
  - COVID-19 may have changed how individuals responded
  - Not a statistically accurate sample
  - Some security, but a determined individual could complete multiple times



# Budget Survey - Overview

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- 351 Responses
- 90% were residents
- 36% involved in community over 21 years



# Budget Survey - Results

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- 69% Agree or Strongly Agree with the City's Mission and Vision
- 64% Agree or Strongly Agree with the City's prioritization of Roads & Street Reconstruction
- 69% Rated the quality of City services Good or Excellent



# Budget Survey - Results

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- Top 5 Valued services
  - Police Protection – 87%
  - Snow & Ice Removal – 83%
  - Fire Protection – 82%
  - Street Maintenance – 76%
  - Parks – 73%



# Budget Survey - Results

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- Bottom 5 Valued Services
  - Hopkins Pavilion – 21%
  - Depot Youth Programming – 23%
  - Recreation Programming – 29%
  - Activity Center – 30%
  - Forestry – 36%



# Budget Survey - Results

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- Mid-Valued Services
  - Elections – 38%
  - Arts Center – 39%
  - Planning & Economic Development – 40%
  - Street Reconstruction – 51%



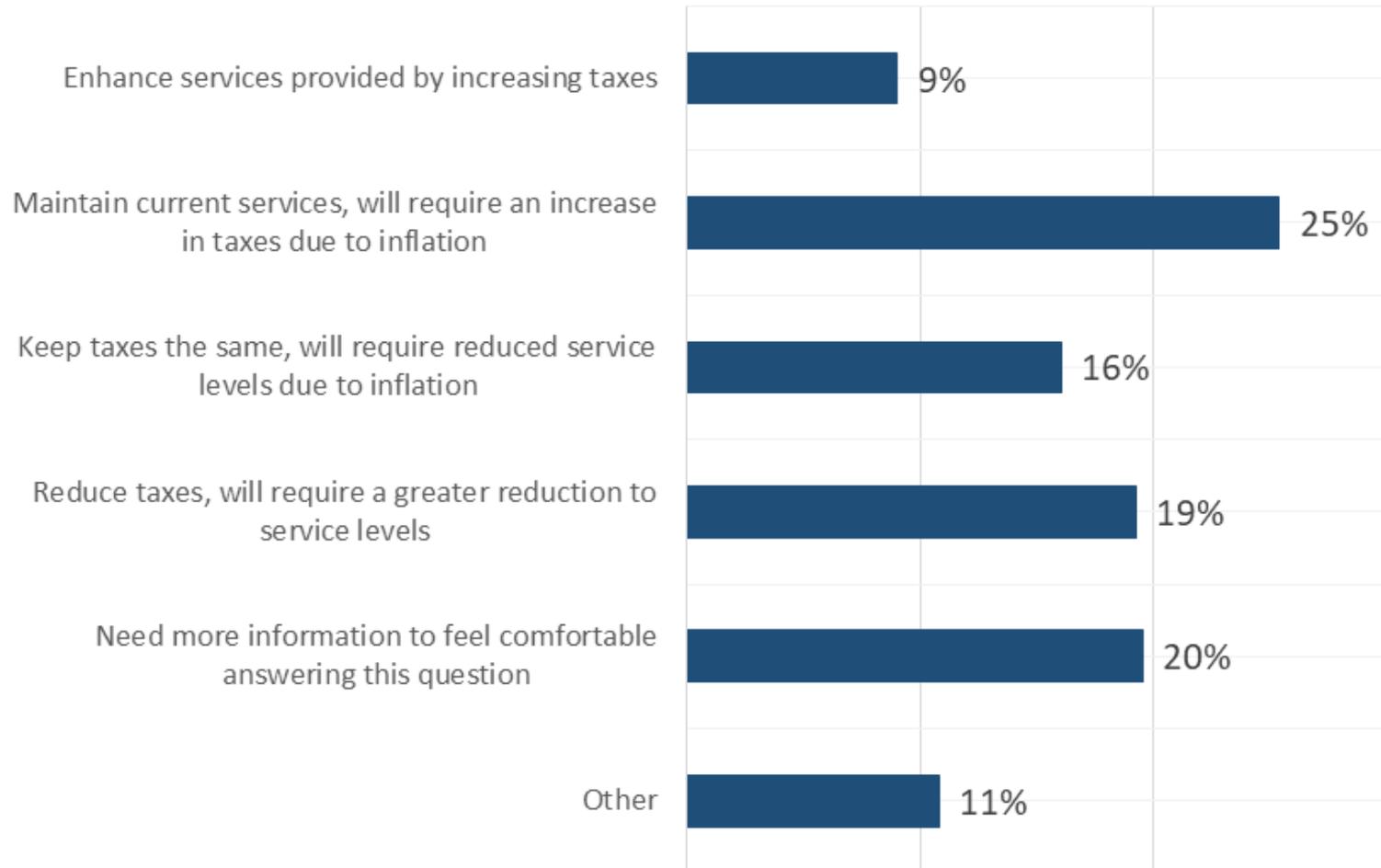
# Budget Survey - Results

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- “Each year the City Council must make difficult decisions to balance the budget. The main options they consider are increasing revenue (taxes) or reducing the current services provided. What option should City Council consider when balancing the 2021 Budget?”
- Responses varied



## What option should City Council consider when balancing the 2021 Budget?



# Next Steps

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- Begin Preparing 2021 Budget

