

RESOLUTION NO. 23- 074
RILEY PURGATORY BLUFF CREEK WATERSHED DISTRICT
BOARD OF MANAGERS

AUTHORIZING REQUEST FOR LONG-TERM FINANCING
FROM HENNEPIN COUNTY FOR
SPRING ROAD CONSERVATION PROJECT

Manager _____ offered the following resolution and moved its adoption, seconded by
Manager _____:

WHEREAS, the District has undertaken months of deliberation to consider an unanticipated opportunity to acquire three contiguous parcels on Spring Road in Eden Prairie for conservation purposes; the District’s acquisition of the Spring Road properties (Project) will complete a contiguous corridor following Riley Creek from Lake Riley to the Minnesota River; the District has identified a series of location, topography, ecological and other benefits for the watershed through conservation of this site; the District engineer scored the proposed acquisition using the prioritization scoring method presented in the Plan, and in comparison to proposed development of the site, the conservation acquisition renders a prioritization score of 35-39 points; accordingly it is appropriate under Section 9.13 of the Plan to proceed with a plan amendment for the Project;

WHEREAS, the Board of Managers has approved a proposed assignment agreement that provides for the District to acquire the subject property following a feasibility period, in order for the Board of Managers to consider comments on a proposed plan amendment and on whether to order the Project; this agreement anticipates closing in December 2023 or January 2024;

WHEREAS, on November __, the Board of Managers, having duly considered comments at the public hearing, approved the proposed plan amendment and ordered the Project;

WHEREAS, while the District intends to obtain short-term financing through its own debt authority pursuant to Minnesota Statutes section 103D.335, subdivision 1, to address the Project financing need from December 2023 through at least September 2024; the Board of Managers finds that it is reasonable and prudent to request long-term financing of the Project from Hennepin County pursuant to Minnesota Statutes section 103B.251, subdivisions 6 and 7; such financing is anticipated to be available in later 2024;

NOW THEREFORE BE IT RESOLVED that the Board of Managers hereby requests Hennepin County to provide long-term financing for the Project in the total amount of \$5,875,000 and authorizes the administrator with the advice of legal counsel to submit this resolution and any pertinent information requested by Hennepin County related to this request;

BE IT FURTHER RESOLVED that the Board of Managers pledges to utilize the District's full faith, credit and taxing powers to repay the amount financed to the County.

The question was on the adoption of the resolution and there were _____ yeas and _____ nays as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
CRAFTON				
DUEVEL				
KOCH				
PEDERSEN				
ZIEGLER				

Upon vote, the president declared the resolution _____.

Dated: November ____, 2023.

Dorothy Pedersen, Secretary

* * * * *

I, Dorothy Pedersen, secretary of the Riley Purgatory Bluff Creek Watershed District, do hereby certify that I have compared the above resolution with the original thereof as the same appears of record and on file with the District and find the same to be a true and correct transcription thereof.

IN TESTIMONY WHEREOF, I set my hand this _____ day of _____, 2023.

Dorothy Pedersen, Secretary

TO: David Hough, County Administrator

Cc: Commissioner Debbie Goettel
Kathy Kardell, Office of Budget and Finance

FROM: Terry Jeffery, Administrator
Riley Purgatory Bluff Creek Watershed District

DATE: November 17, 2023

RE: Information Submitted to Hennepin County in Support of Request for Long-Term Financing of Spring Road Conservation Project

The following information is presented pursuant to ongoing discussions with Hennepin County over the past few months and in response to your request.

1. A description of the property to be acquired (the Project) and how it is intended to be used. For example, will all of the parcels be subject to a permanent conservation easement? Does the District expect to maintain ownership of all of the land acquired for at least the term of any financing the County may provide? Please elaborate.

The property to be acquired (approximately 27.52 acres) is 9955 and 9875 Spring Rd, Eden Prairie, MN and PID 28-116-22-32-0005. The District will actively seek partners for educational opportunities at the site. The District intends to preserve and restore sensitive natural areas on the site, and to explore the possibility of an interpretive center and District office within the existing homestead building area. The District could partner with the City of Eden Prairie and others to continue the trail that is in the Prairie Bluffs Conservation Area and to connect it to the Hennepin County and Three Rivers trail system. The site also presents the opportunity for the District to intensively study the water-quality and soil-health benefits of native vegetation and prairie habitat.

The District is currently discussing a permanent conservation easement with Hennepin County over most of the property, touching all three parcels. Such an easement would be consistent with the District's plans for the property. The District expects to maintain ownership over all of the land acquired for at least the term of any financing the County may provide.

2. A description of the environmental benefits that will accrue to residents of the District as a result of completion of the Project.

The District's acquisition of the Spring Road properties will result in permanent protection of identified natural areas, and complete a contiguous corridor following Riley Creek from Lake Riley to the Minnesota River. The project aligns with several of the District's goals identified in its watershed management plan:

- **Protect, manage, and restore water quality of District lakes and creeks to maintain designated uses;**
- **Preserve and enhance the quantity, as well as the function and value of District wetlands;**
- **Preserve and enhance habitat important to fish, waterfowl, and other wildlife;**
- **Protect and enhance the ecological function of District floodplains to minimize adverse impacts; and**
- **Limit the impact of stormwater runoff on receiving waterbodies.**

Location: In addition to its significance as the final link in a continuous green corridor from Lake Riley to the Minnesota River, this property was included in the Minnesota Department of Natural Resources (MN DNR) 2008 Regional Ecological Corridor Plan. As noted, the Frederick Miller Spring, located immediately adjacent to the property, is an amenity recognized and utilized by citizens not only from adjacent areas, but the entire state. The property is also immediately adjacent to the Prairie Bluff Conservation Area. This 60-acre prairie has been restored and is managed by Hennepin County and the City of Eden Prairie.

Topography: The area is dominated by steep slopes, ranging from 6 percent to well over 30 percent. Most of the site is characterized by slopes of 18 percent slopes or greater. A portion of the property has been identified by the District as an area at high risk for erosion. This results not only from its steep slopes, but also from its sandy soils. The site also provides one of the few undeveloped scenic vistas of the river valley within the metro area. Public ownership of this land would allow for public enjoyment of this attribute. There are hundreds of seeps within the lower valley. The District has begun inventorying those within the District boundaries and will continue to do so.

Ecology: The MN DNR County Biological Survey has identified Dry-prairie (sand-gravel subtype) on or in the near vicinity of the property. This is an imperiled community, 99 percent of which has been lost since white settlement of the area. The MN DNR Natural Heritage Database indicates that kitten-tail, a threatened plant species, can be found in the area, and kitten-tail has been found on the property. The Natural Heritage Database also lists patella evening primrose, a special-concern plant, in the area. The area is a high-potential zone for rusty patched bumble bee. The properties are part of the MN DNR 2008 Regionally Significant Ecological Area, and are considered a site of biodiversity significance. Riley Creek, an impaired water, and a flood plain wetland are located on the property. The District's long-term plan for this site includes restoration of natural habitat.

3. A specific statement of what the District is requesting the County to do with respect to the Project, as well as the statutory references that support the request. If the District is requesting the County to provide financing, describe the amount of financing requested, the proposed term of such financing (not to exceed 20 years), and the desired timeline for the County to provide such funding. What measures has the District undertaken to assure that you would be able pay debt service on an obligation in 2024?

The District is requesting the County to provide financing for the project pursuant to Minnesota Statutes Section 103B.251. The District's request is for \$5,875,000 for a term of 20 years. NOTE: it is possible that the County's \$500,000 contribution for a conservation easement, expected to be paid early next year, could reduce the amount of this request accordingly. The District has also marked \$500,000 in its 2024 budget for debt service payment for this project. Depending upon the terms of the District's short-term financing, and the timing of when the County issues the debt in late in 2024 and when it would expect the first debt service payment, the principal amount could be further reduced accordingly.

4. A complete schedule of actions to be taken by the District to include the Project in its capital improvement plan and request funding.

October 15: Initiated notices of public hearings on plan amendment and proposed project ordering

October 26- November 8: publication of public hearings notices

November 1: Board of Managers review of draft funding request documentation

November 2: Submittal of documentation and funding request resolution to Hennepin County

November 16: Public hearings on plan amendment and project ordering; Board action to adopt plan amendment and order project

November 17: Communication to Hennepin County on plan amendment and project ordering actions, confirmation of funding request.

5. The total Project budget (including legal, closing, consulting costs and any other costs associated with the Project). How will costs other than the amount of any County financing be funded?

The total Project budget is \$5,875,000 including legal, closing, and consulting costs for the acquisition phase of the project. Any subsequent phases such as interpretive center, trails, etc. are to be planned and budgeted in the future. The total costs for this phase, other than the amount of County financing, will be funded through the potential Hennepin County conservation easement payment, and the District's current budget.

6. A description of how the cost of the Project will be apportioned between Hennepin and Carver counties.

The cost would be apportioned between Hennepin and Carver counties ad valorem.

Approximately 75.6% of the District's property tax base is in Hennepin, 24.4% in Carver.

7. The estimated sources and uses of all funds (including the desired County financing), as well as the anticipated timing of the receipt of all funds. If the District is successful in receiving funding from the Hennepin County Land Conservation Program (in conjunction with the Minnesota Land Trust), how will those funds be used?

See above. The Hennepin County Land Conservation Program funds will be used to reduce the principal borrowed from Hennepin County.

8. A proposed schedule of other actions, if any, that will need to be taken to secure any additional funding, identification of how such additional funds will be used, and a description of mitigation measures to be taken if the funding does not materialize.

Not applicable. All funding sources identified above.

In support of this request, the District shall also provide:

1. A certified copy of a resolution of the District's Board of Managers if requesting Hennepin County to provide financing of the Project; stating the total amount of financing requested; and pledging to utilize the District's full faith, credit and taxing powers to repay the amount financed to the County.

This resolution will be provided to the County following action by the Board of Managers on November 16.

2. An opinion of counsel to the District that the Project is included in the capital improvement portion of the District's Watershed Management Plan and that no further plan amendments are required.

This legal opinion will be provided following action by the Board of Managers on November 16.

3. A statement of the facts relevant to a determination of whether any interest on any County obligations that may be issued to fund the Project would be exempt from federal and Minnesota income taxation.

The purposes of the acquisition and expected uses of the property are described in response to Questions 1 and 2 on page 1. These consist of conservation and environmental protection, with possible future uses of portions of the property for an interpretive center and district offices, all to be owned and operated by the District. It is not reasonably expected that any portion of the property will be used or available for private use. Further, no private payments are expected to be used or available for the payment of debt service.

4. Information about the status of the litigation mentioned in the assignment agreement. Does the proposed Project "solve" that litigation?

The plaintiffs in the litigation mentioned in the assignment agreement have proposed a stay pending closing of the property acquisition, at which time the litigation would be dismissed. The specific terms of such a stay and potential dismissal are currently being discussed by the parties.

5. An executed purchase agreement for the property included in the Project.

Attached, provided also on October 16.

DRAFT