

## City of Bloomington, Minnesota

### Voluntary Disclosure Impacts of the Coronavirus (COVID-19) Pandemic

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#### CUSIP Base 094780

<u>Dated Date</u>	<u>Issue</u>
11/04/2010	\$6,235,000 Taxable General Obligation Permanent Improvement Revolving Fund Bonds of 2010, Series 44 (Build America Bonds – Direct Pay)
11/04/2010	\$5,900,000 General Obligation Capital Improvement Plan Bonds, Series 2010A
11/15/2011	\$3,095,000 General Obligation Tax Increment Refunding Bonds, Series 2011B
11/15/2011	\$7,545,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2011, Series 45
06/15/2012	\$5,900,000 General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2012A
06/15/2012	\$5,615,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2012, Series 46
11/15/2013	\$4,180,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2013, Series 47
11/15/2013	\$5,135,000 General Obligation Permanent Improvement Revolving Refunding Bonds, Series 2013A
12/18/2014	\$7,465,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2014, Series 48
10/27/2015	\$5,355,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2015, Series 49
12/08/2016	\$6,115,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50
12/08/2016	\$2,045,000 Taxable General Obligation Tax Increment Bonds, Series 2016A
12/08/2016	\$1,610,000 General Obligation Arts Center Refunding Bonds, Series 2016B
12/08/2016	\$3,730,000 General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C
05/04/2017	\$1,420,000 General Obligation Charter Bonds, Series 2017A
05/04/2017	\$1,170,000 General Obligation Water Utility Bonds, Series 2017B
12/06/2017	\$4,970,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2017, Series 51
06/21/2018	\$1,020,000 General Obligation Charter Bonds, Series 2018A
06/21/2018	\$920,000 Taxable General Obligation Housing Improvement Bonds, Series 2018B
12/05/2018	\$5,270,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2018, Series 52
12/05/2018	\$10,805,000 General Obligation Storm Water Utility Bonds, Series 2018D (Green Bonds)
05/30/2019	\$1,645,000 Taxable General Obligation Charter Bonds, Series 2019A
11/26/2019	\$2,105,000 General Obligation Charter Bonds, Series 2019B
11/26/2019	\$4,095,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2019, Series 53

#### CUSIP Base 094808

<u>Dated Date</u>	<u>Issue</u>
10/27/2015	\$7,150,000 Taxable General Obligation Tax Increment Bonds (Lennar Apartments Parking Ramp), Series 2015 (Issued by the Port Authority of the City of Bloomington, Minnesota)

#### CUSIP Base 09478P

<u>Dated Date</u>	<u>Issue</u>
9/18/2018	\$5,150,000 Taxable Lease Revenue Bonds, Series 2018C (Issued by the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota)

Dated: September 1, 2020

## Disclosures

The purpose of this voluntary notice is to provide an overview of information that may affect the City and to describe the actions being considered and underway as a result of the Coronavirus (COVID-19) pandemic. No assurance can be given regarding events or impacts that may occur after the date of this notice, as any actions or events are unpredictable, unknowable at this time, and outside the control of the City. The City will continue to monitor events as they occur, especially those that may have a significant impact on the City's overall financial and operating position, and will provide updated information to the marketplace as it deems necessary. The provision of updated information is voluntary and may be discontinued at any time, as circumstances change, or as updated information becomes less meaningful. This voluntary disclosure is not intended to create any ongoing commitment or obligation on the part of the City and should not be interpreted by investors as such.

This information is subject to change without notice. This voluntary notice only speaks as of its date and does not imply there has been any change in any other information relating to the City or any of its outstanding bonds. Nothing contained in this voluntary notice is, or should be construed as, a representation by the City that the information included in this voluntary notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any bonds issued by the City. Although the City may provide additional information from time to time regarding the matters described in this voluntary notice, it is not required to do so.

Certain statements contained in this voluntary disclosure reflect either historical facts or information that may constitute "forward-looking statements." No assurance can be given that the information discussed herein will be achieved, and actual results may differ materially from any forecasts described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe," "budget" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements in this voluntary disclosure are expressly qualified in their entirety by the cautionary statements set forth above. The financial information set forth herein is unaudited. Estimates are based on information available at the time of such estimates and are subject to risks and uncertainties which may cause results to differ materially from the information set forth herein.

**The City does not anticipate that any of the information or potential impacts discussed herein will affect its ability to pay debt service on its outstanding debt obligations.**

## Background

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization ("WHO") declared the COVID-19 outbreak to be a "public health emergency of international concern." On January 31, 2020, the U.S. Health and Human Services Secretary declared a public health emergency for the United States to aid the nation's healthcare community in responding to COVID-19 and, on March 11, 2020, WHO declared COVID-19 to be a pandemic.

On March 13, 2020, the Governor of the State of Minnesota (the "Governor") declared a Peacetime State of Emergency and activated the State Emergency Operations Center in order to facilitate the State of Minnesota's (the "State") response to COVID-19. Additional information regarding the State's COVID-19 Response and Preparation efforts, as well as subsequent actions issued by the Governor, can be found here: <https://mn.gov/governor/covid-19/>.

## City Financial Impacts

The City appointed a Community Budget Advisory Committee (the “Committee”) in May 2020, which consists of nine members with knowledge of municipal budgets and the City government. The Committee will review the City’s budget and services and engage community members in discussions to provide recommendations to the City Council to ensure that budget discussions are reflective of the community’s preferences. Additional information regarding the Committee can be found on the City’s website here: <https://www.bloomingtonmn.gov/cob/community-budget-advisory-committee>.

The City has identified fund balances available to draw upon, incorporated cost-cutting service reductions, identified capital projects that can be delayed or deferred, and utilized fund reserves to help mitigate the economic strain on several of its revenue sources, such as property, lodging, and admission taxes.

*General Fund and Budget.* The City has a fund balance policy that strives to maintain a General Fund working capital balance in the 35-40% range of the following year’s total budgeted revenues. As of December 31, 2019, the General Fund working capital balance was \$36.5 million or 46% of the City’s 2020 budgeted revenues. As of June 30, 2020, the General Fund working capital balance was \$32.3 million or 41% of the City’s 2020 budgeted revenues.

*Mall of America.* Triple 5, the owner of the Mall of America (the “Mall”) property, according to media reports has not made its April, May, or June mortgage payments on the main Mall parcel. In addition, Triple 5 has not paid property taxes on a number of their properties within the City, including the main Mall parcel.

*Property Taxes.* The City received 92% of the expected first-half property taxes payable in 2020. Approximately 7.2% of the 8% shortfall is attributable to the Triple 5 Mall parcels discussed herein. Second-half property taxes are payable in October 2020, and the City will continue to monitor the activity with respect to property taxes on an ongoing basis.

*Lodging and Admission Taxes.* Lodging and Admission tax collections dropped by 82% during March through May. Estimates are that a shortfall in the range of \$5.6 to \$7 million in 2020 may be realized in the General Fund. It is anticipated that the City may utilize general fund and other available fund balances to cover expenditures, if deemed necessary.

*CARES Act Funding.* On July 3, 2020, the City received \$6,754,556 of funding from the Federal CARES Act. In addition, the City, along with the Three Rivers Park District and several other cities within Hennepin County, has received funding of \$363,000 for 16 recreational programs. The City may apply some of this funding to Public Safety and front-line employee expenses.

At the Federal level, legislation is being debated and negotiated that would provide additional funding and grants for local governments related to the pandemic. The existing CARES funding cannot be used for revenue shortfalls based on current law; however, it is possible that the new Federal law, if enacted, could provide the ability for local governments (such as the City) to use existing CARES funding for this purpose. The overall impact on financial statement after factoring in lower local tax revenues and increased federal and pass-through state revenues from stimulus packages has been and will continue to be monitored by the City Council and the Community Budget Advisory Committee.