

Regular Board Meeting

November 27, 2018 - 2:00 p.m.

380 St. Peter Street, Suite 850 | Saint Paul, MN 55102

Minutes

Approval of Minutes from the October 23, 2018 Annual Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Administrative Committee

1. Resolution No. 4638 - Energy Park Utility Company Franchise Approval of Rates
2. Resolution No. 4639 - Certification of Tax Levy
3. Approval of 2019 Budget
4. Acceptance of September 2018 Year-to-Date Financial Statements

General Matters

1. Such Other Business That May Come Before the Board

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE ANNUAL BOARD MEETING
OCTOBER 23, 2018**

The annual meeting of the Port Authority Board was held on October 23, 2018 at 2:19 p.m. in the Board Room of the Saint Paul Port Authority located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102.

The following Board Members were present:

John Bennett	Paul Williams	Don Mullin
John Marshall	Dai Thao	Dan Bostrom
Nneka Constantino		

Also present were the following:

Lee Krueger	Laurie Hansen	Monte Hilleman
Pete Klein	Michael Linder	Andrea Novak
George Hoene	Laurie Siever	Dana Krueger
Ann Kosel	Deb Forbes	
Eric Larson, General Counsel, City of Saint Paul		
Bryan George, University of Minnesota		

APPROVAL OF MINUTES

Commissioner Bostrom made a motion to approve the minutes of the August 28, 2018 Board meeting. The motion was seconded by Commissioner Marshall, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

There were no conflicts of interest with any items on the agenda.

NEW BUSINESS

ADMINISTRATION

ELECTION OF OFFICERS

Commissioner Mullin made a motion to nominate the following Commissioners for the 2018/2019 officer positions:

- Chair, John Bennett
- Vice Chair, Paul Williams
- Secretary, Don Mullin
- Treasurer, John Marshall
- Assistant Treasurer, Chief Financial Officer of the Saint Paul Port Authority
- Assistant Secretary, General Counsel of the Saint Paul Port Authority

The motion was submitted to a vote and carried unanimously.

Chair Bennett approved the following committee chairs:

- Credit Committee, Paul Williams
- Administrative Committee, John Marshall

There being no further business, the meeting was adjourned at 2:23 p.m.

By _____

Its _____

/amk

MEMORANDUM

To: BOARD OF COMMISSIONERS

Meeting Date: November 27, 2018

From: Peter M. Klein 

Subject: ENERGY PARK UTILITY COMPANY FRANCHISE APPROVAL OF RATES
RESOLUTION NO. 4638

Action Requested:

Approval of Schedule A – Energy Park Utility Company (EPUC) Rates effective January 2, 2019.

Background:

The EPUC Franchise Ordinance Section 6(e) requires the Port Authority Board to approve any changes in the schedule of rates and charges. The rates typically change each year based on the budgeted costs of operating EPUC. The customers of EPUC acknowledged the Franchise Agreement and the periodic change in rates in the First Amendment to the Hot and Chilled Water Service Agreement. The rates effective January 2, 2019 reflect the budgeted costs for 2019.

Proposal:

Attached please find the Schedule A, which includes a complete list and the methodology for establishing the new rates effective January 2, 2019. In summary, new rates will be:

	<u>Current Charges</u>	<u>Proposed Charges 01/02/2019</u>	<u>% Change</u>
Demand Charge (\$/MMBtu/Mo):			
Heating Demand Charge	\$1,629.00	\$1,678.00	3.00%
Chilled Water Demand Charge	\$1,712.00	\$1,763.00	3.00%
Hot Water Commodity Charge Base (\$/MMBtu)	\$ 3.80	\$ 3.80	0.00%
Chilled Water Commodity Charge Base (\$/MMBtu)	\$ 3.73	\$ 3.73	0.00%
Fuel Adjustment Charge – Difference Between Actual Cost and Base Variable Cost (\$/MMBtu)		Varies	

Rate increases from 2013 – 2018 have ranged from 2.75% to 4.2% with an average increase of 3.48%.

Recommendation:

We recommend approval of the Schedule A - Rates and Charges.

Attachments: Schedule A
Resolution

SCHEDULE A (AMENDED)
to
ENERGY PARK UTILITY COMPANY FRANCHISE
granted to the
SAINT PAUL PORT AUTHORITY
by the
CITY OF SAINT PAUL
(Ordinance No. 10-59, adopted January 12, 2011 and amended June 22, 2016)

COMPANY CHARGES: Pursuant to the Energy Park Utility Company Franchise, the following rates shall be effective beginning January 2, 2019 and shall remain in effect until superseded:

FIXED CUSTOMER CHARGE: Customer Charge \$100.00 per month per Customer.

DEMAND CHARGE: Beginning on January 2, 2019, the Demand Charge portion of the Hot Water and Chilled Water rate schedules shall be as follows:

i)	Budgeted Operating Expenses (1/2/19 to 1/2/20)	\$995,821
ii)	All Debt Service Costs and Requirements	659,388
iii)	Fixed Reimbursement	<u>170,000</u>
	Subtotal	\$1,825,209
	Multiplied By	1
iv)	Budgeted demand revenues before Reserve for Repairs, Replacements, Modifications, and Expansions	\$1,825,209
	Divided By	<u>93.43%</u>
	Budgeted Total Demand Revenues	\$1,953,558
	Divided by Budgeted Cooling Energy Demand (Total MMBtuh)	<u>613.851</u>
	Chilled Water Demand Charge (\$ per MMBtuh per Month)	\$1,763.00
	Divided by Budgeted Heating Energy Demand (Total MMBtuh)	<u>519.126</u>
	Heating Demand Charge (\$ per MMBtuh per Month)	\$1,678.00

COMMODITY CHARGE: The Hot Water Commodity Charge is \$3.80 per MMBtu, and the Chilled Water Commodity Charge is \$3.73 per MMBtu.

FUEL ADJUSTMENT CHARGE: The commodity portion of the Hot Water and Chilled Water rate schedules will be adjusted upward or downward each month based on the difference between actual variable costs and base variable costs. (The base variable costs built are \$3.80 per MMBtu for Hot Water and \$3.73 per MMBtu for Chilled Water.) Actual variable costs will be computed each month by dividing the cost of fuel (electricity, gas, oil, propane and any other fuel) plus water treatment expenses to operate the central energy plant by sales made during the corresponding month. The fuel adjustment charge applied to each customer's bill will be the difference between actual variable costs and base variable costs (expressed dollars per MMBtu) multiplied by that customer's heating or cooling energy use during the corresponding month. Actual variable costs for the current month will not be known at the time of billing; and, therefore, for the purpose of computing the fuel adjustment charge, actual variable costs shall be deemed to be the average monthly actual variable costs over the preceding twelve (12) months.

ADMINISTRATIVE SERVICES CHARGE: The Administrative Services Charge shall be established pursuant to the Energy Park Utility Company Franchise.

BILLING ADMINISTRATIVE SERVICE CHARGE: The Billing Administrative Service Charge is that part of the rate schedule to be paid by Customers who desire to have their total monthly bill subdivided and billed directly to tenants based on allocation factors or submeters. The Billing Administrative Service Charge is \$75.00 per month per bill.

LATE FEE: The Company may charge a late payment penalty of five (5) percent of the total amount due which may be added to bills which are not paid within twenty-one (21) days of the billing date.

SURCHARGE: All rates for providing Chilled Water and Hot Water services will be subject to the City of Saint Paul franchise fee and other appropriate state and local taxes. Residential, commercial and industrial bills shall be subject to separate charges.

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[ENERGY PARK UTILITY COMPANY FRANCHISE – 2019 RATE SCHEDULE]

WHEREAS, the City of Saint Paul granted the Port Authority of the City of Saint Paul, doing business as Energy Park Utility Company, a franchise for providing hot and chilled water in the Energy Park Industrial District in 1982; and

WHEREAS, the Energy Park Utility Company franchise ordinance requires the Port Authority Board to approve any changes in the schedule of rates and charges; and

WHEREAS, Port Authority staff has proposed a new rate structure reflecting the proposed 2019 budget as set forth in Schedule A attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the rates for the Energy Park Utility Company as set forth in Schedule A are hereby adopted effective January 2, 2019; and

BE IT FURTHER RESOLVED, that the President on behalf of the Port Authority is hereby authorized and directed to file the proposed rate schedule with supporting information with the City Clerk of the City of Saint Paul for approval of the rates pursuant to the Energy Park Utility Company franchise ordinance.

Adopted: November 27, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: BOARD OF COMMISSIONERS
From: Laurie J. Hansen 
Subject: **CERTIFICATION OF TAX LEVY
RESOLUTION NO. 4639**

Meeting Date: November 27, 2018

Action Requested:

Approval of the final Truth in Taxation Certification.

Background:

Minnesota Truth in Taxation Law provides that special taxing districts (including port authorities), counties, municipalities, and school districts must certify to the County Auditor by December 28, 2018, the proposed tax levy for taxes levied in 2019.

The recommended 2018 tax levy payable in 2019 is:

1. General Obligation Bond Debt Service	\$3,175,000
2. Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$2,006,700
3. Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6. Pledged to industrial redevelopment	<u>\$ 105,000</u>
TOTAL 2019 TAX LEVY	<u>\$5,286,700</u>

Recommendation:

We recommend approval of the final Truth in Taxation Certification.

Attachments: Comparison of Tax Levy
Resolution

PORT AUTHORITY OF THE CITY OF SAINT PAUL
COMPARISON OF TAX LEVY

TAX LEVY PAYABLE

	<u>2019</u>	<u>2018</u>	<u>2017</u>
G.O. Bonds	\$3,175,000	\$3,222,700	\$3,218,100
Mandatory Levy	2,006,700	1,856,700	1,706,700
Discretionary Levy	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
TOTAL	\$5,286,700	\$5,184,400	\$5,029,800

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

[CERTIFICATION OF TAX LEVY]

WHEREAS, pursuant to Minnesota Statutes section 275.065, all taxing districts are required to certify the levy they may impose for the current tax year payable 2019 prior to December 28, 2018.

NOW, THEREFORE, BE IT RESOLVED, that the Port Authority adopts the following as its maximum tax levy for taxes payable in 2019 as follows:

1. General Obligation Bond Debt Services	\$3,175,000
2. Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$2,006,700
3. Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6. Pledged to industrial redevelopment.	<u>\$ 105,000</u>
 TOTAL 2019 TAX LEVY	 <u><u>\$5,286,700</u></u>

Adopted: November 27, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____


ATTEST:

By _____
Its _____

MEMORANDUM

To: BOARD OF COMMISSIONERS

Meeting Date: November 27, 2018

From: Laurie J. Hansen 

Subject: APPROVAL OF 2019 BUDGET

Action Requested:

Approval of 2019 Budget for Port Authority Operations.

Background:

Attached please find the 2019 budget. The Administrative and Development budget covers the revenue and expenses of the Port Authority's daily operations.

The variances shown on this report are from the comparison of the 2018 budget to the 2019 budget.

Total revenues are expected to increase \$108,900 and expenses are budgeted to increase \$73,200, resulting in a net operating income of \$68,600, an increase from the 2018 budget of \$35,600.

Revenue Variances

Variance

Tax Revenues

\$165,400

Tax revenues are budgeted to increase by \$165,400. The increase is primarily due to a \$150,000 increase in the mandatory levy.

Interest on Loans

(\$111,700)

Interest on loans is expected to decrease \$111,700. This is due to the assumption that the Trillion BTU loan fund will not be fully utilized and repayment of interfund loans from TIF will be applied to principal now that interest has been recovered and recorded as income.

Direct Labor

\$46,000

The increase in direct labor is due to the reimbursement to the Port Authority from CCP for staff time spent supporting joint ventures, in particular, Treasure Island Center.

Expense Variances

Variance

Personnel Costs

\$54,800

Personnel costs are budgeted to increase \$54,800. The increase is due to a budget proposal of 3% merit increases and \$50,000 for grade level adjustments.

Professional Services

\$21,000

The \$21,000 increase in professional services is the result of an estimated increase in audit fees of \$1,700, City Attorney costs of \$5,000, and \$14,300 from all other consultants which includes the final payment to the search firm for the CFO position.

Insurance \$33,000

Insurance costs increased by \$33,000 due to a premium increase of 3% and assumes new cybersecurity coverage which we have not previously carried.

General and Administrative \$22,400

General and administrative expenses are projected to increase \$22,400 due to:

Tuition reimbursement	\$ 7,000
Travel budget	\$ 2,700
Dues	\$ 3,800
Seminars	\$ 7,000
All other	<u>\$ 1,900</u>
	\$22,400

Tuition reimbursement increase is due to an additional employee utilizing the benefit and an increase in the maximum reimbursement from \$3,000 to \$5,000 per year.

Dues increase of \$3,800 is due to numerous cost increases and the addition of MN DEED.

Travel and seminars are budgeted higher to ensure funding is available to take advantage of appropriate opportunities.

Equipment Maintenance \$12,000

Equipment maintenance is \$12,000 higher due to increased GIS software and maintenance as more of that work will be done in house by Port staff. We have increased costs in several other areas including new phone system maintenance and additional costs related to new websites.

Development Expenses \$24,000

Development expenses are expected to increase \$24,000. The increase is due to the increased projected spending in various development activities, particularly investigating new sites.

Interest Expense (\$106,500)

Interest expense decreases \$106,500 as offset by interest income due to less recovery from TIF receipts and RLF loans.

Property Maintenance \$15,000

Property maintenance increases \$15,000 due to sign maintenance including updating the logo on the monument signs.

Operating Reserve Cash Flow Projection

The attached operating reserve cash flow shows an operating reserve balance ranging from \$3.1 - \$4.4 million through 2022.

Development Cash Flow Projection

The attached development cash flow shows the cash balance growing to \$5.1 million by year-end 2022.

Recommendation:

We recommend approval of the 2019 Budget for Port Authority Operations.

Attachments: 2019 Budget
 Operating Reserve Cash Flow
 Development Cash Flow

2019 Managerial Budget
Administrative and Development Operations

	2018 Budget	2018 Projection	2019 Budget	Budget Change Increase/(Decrease)
REVENUES:				
Tax revenues	\$ 1,547,500	\$ 2,071,318	\$ 1,712,866	\$ 165,366
Fiscal and administrative fees	815,450	784,651	818,018	2,568
Interest on loans	1,415,026	1,704,799	1,303,300	(111,726)
Direct labor	4,000	29,860	50,000	46,000
Other operating revenue	85,939	85,939	87,586	1,647
Interest on investments	27,000	59,188	32,000	5,000
CCP Grant income	1,150,000	1,150,000	1,150,000	-
Total Revenues	<u>5,044,915</u>	<u>5,885,754</u>	<u>5,153,770</u>	<u>108,855</u>
EXPENSES:				
Personnel costs	2,812,599	2,591,452	2,867,428	54,829
Professional services:				
Audit fees	57,000	57,000	58,710	1,710
Attorney costs	287,038	289,640	292,057	5,019
Other professional fees	228,100	263,495	242,400	14,300
Total professional services	<u>572,138</u>	<u>610,135</u>	<u>593,167</u>	<u>21,029</u>
Other general costs:				
Office rent	244,003	236,217	246,818	2,815
Insurance	99,509	95,843	132,430	32,921
General & administrative expenses	211,285	175,390	233,640	22,355
Equipment maintenance	88,678	87,967	100,466	11,788
Depreciation	116,426	110,526	110,945	(5,481)
Marketing	106,000	105,835	106,500	500
Development	521,000	375,614	545,000	24,000
Interest expense	190,901	560,964	84,435	(106,466)
Property Maintenance	49,400	23,981	64,330	14,930
Total other general costs	<u>1,627,202</u>	<u>1,772,337</u>	<u>1,624,564</u>	<u>(2,638)</u>
Total Expenses	<u>5,011,939</u>	<u>4,973,924</u>	<u>5,085,159</u>	<u>73,220</u>
Net Operating Income	<u>32,976</u>	<u>911,830</u>	<u>68,611</u>	<u>35,635</u>
OTHER REVENUES(EXPENSES):				
Total Other Revenue (Expense)	<u>-</u>	<u>20,572</u>	<u>-</u>	<u>-</u>
Net Income (Loss) from Administrative & Development Operations	<u><u>32,976</u></u>	<u><u>932,403</u></u>	<u><u>68,611</u></u>	<u><u>35,635</u></u>

Saint Paul Port Authority
Operating Reserve Cashflow Projection

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning Balance	\$ 4,413,358	\$ 3,227,649	\$ 3,108,326	\$ 3,616,138	\$ 4,003,976
Sources:					
Loan Administrative Fees	632,955	673,014	714,264	680,794	613,196
Consulting & Other Fees	50,000	145,000	-	-	-
Land Leases	85,939	87,586	89,111	90,637	92,162
Interest on Trillion Btu Loans	183,861	262,390	260,000	260,000	260,000
Interest on Investments	16,000	16,000	18,000	20,000	22,000
Tax Levy Revenues	1,050,000	1,200,000	1,350,000	1,350,000	1,350,000
Grant Receipts - CCP	1,150,000	1,150,000	1,950,000	1,950,000	2,100,000
	<u>3,168,755</u>	<u>3,533,991</u>	<u>4,381,376</u>	<u>4,351,430</u>	<u>4,437,358</u>
Other Sources:					
Recoveries - TIF Districts	-	-	-	-	-
Direct Labor Reimbursement from CCP	100,000	250,000	250,000	250,000	250,000
EP Utility Company	170,000	170,000	170,000	170,000	170,000
Transfer from Development	-	400,000	250,000	250,000	250,000
	<u>270,000</u>	<u>820,000</u>	<u>670,000</u>	<u>670,000</u>	<u>670,000</u>
Total Sources	<u>3,438,755</u>	<u>4,353,991</u>	<u>5,051,376</u>	<u>5,021,430</u>	<u>5,107,358</u>
Uses:					
General and Administrative less Office Rent	3,651,622	4,033,631	4,114,304	4,196,590	4,280,521
Prior Year Payables	70,940				
Office Rent	236,217	257,353	263,660	270,103	276,691
Business Center Maintenance Expenses	23,981	64,330	65,600	66,900	68,200
Funding Trust	600,000	-	-	-	-
	<u>4,582,761</u>	<u>4,355,314</u>	<u>4,443,564</u>	<u>4,533,593</u>	<u>4,625,413</u>
Other Uses:					
Capital Expenditures	<u>41,703</u>	<u>118,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Uses	<u>4,624,464</u>	<u>4,473,314</u>	<u>4,543,564</u>	<u>4,633,593</u>	<u>4,725,413</u>
Ending Balance	<u>\$ 3,227,649</u>	<u>\$ 3,108,326</u>	<u>\$ 3,616,138</u>	<u>\$ 4,003,976</u>	<u>\$ 4,385,921</u>

**Saint Paul Port Authority
Development Cashflow Projection**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Beginning Balance	\$ 1,789,918	\$ 3,157,672	\$ 1,393,511	\$ 2,383,539	\$ 3,795,825
Sources:					
Interest on Loans	779,494	617,680	744,656	336,725	263,269
Interest Earned on Investments	16,000	7,000	12,000	19,000	25,000
Program Earnings	4,500	4,500	4,500	4,500	4,500
Land Sales	1,111,314	-	-	-	-
	<u>1,911,308</u>	<u>629,180</u>	<u>761,156</u>	<u>360,225</u>	<u>292,769</u>
Uses:					
Development Expenses	374,764	545,000	360,000	360,000	365,400
Prior Year Development Payables	113,420				
Capital Expenditures (1510-12000-XXX)	815,000	125,000	55,000	30,000	30,000
Business Center Assessments (SSSC & ROW)	25,000	25,000	25,000	25,000	25,000
Monument Signs		130,000	130,000		
	<u>1,328,184</u>	<u>825,000</u>	<u>570,000</u>	<u>415,000</u>	<u>420,400</u>
Other Sources/(Uses):					
Recoveries - TIF Districts	797,132	417,829	1,048,873	1,717,062	1,667,247
Use of TIF Recoveries	-	(1,581,170)			
EPA Revolving Loan Funds Available - Interest	585,964	168,795	296,073	99,411	51,533
EPA Revolving Loan Funds Available - Principal	2,169,350	204,071	1,624,265	38,089	550,685
EPA Revolving Loan Repayment - 2003 (TIF)	(69,000)	(112,500)	(112,500)	(112,500)	(112,500)
EPA Revolving Loan Repayment - 2006 (Development only)	(308,230)	-	-	-	-
EPA Revolving Loan Repayment - 2008 (TIF & Development)	(2,328,083)	(210,366)	(639,434)	-	-
EPA Revolving Loan Repayment - 2009 (Development only)	(25,000)	(25,000)	(1,143,403)	-	-
EPA Revolving Loan Repayment - 2012 (Development only)	(25,000)	(25,000)	(25,000)	(25,000)	(489,718)
EPAR Closed Grant Utilized	(12,500)	(5,000)	-	-	-
Transfer to Operating		(400,000)	(250,000)	(250,000)	(250,000)
	<u>784,632</u>	<u>(1,568,340)</u>	<u>798,873</u>	<u>1,467,062</u>	<u>1,417,247</u>
Income(draw) on Development Fund	<u>1,367,756</u>	<u>(1,764,160)</u>	<u>990,029</u>	<u>1,412,287</u>	<u>1,289,616</u>
Ending Balance	<u>\$ 3,157,672</u>	<u>\$ 1,393,511</u>	<u>\$ 2,383,539</u>	<u>\$ 3,795,825</u>	<u>\$ 5,085,440</u>

ST. PAUL PORT AUTHORITY
Managerial Report
Statement of Administrative and Development Operations
Year to Date as of September 30, 2018

	Actual	Budget	Variance	Notes
REVENUES:				
Tax revenues	\$ 1,585,945	\$ 967,500	\$ 618,445	(1)
Fiscal and administrative fees	493,903	492,754	1,149	
Interest on loans	1,115,853	395,157	720,696	(2)
Reimbursed direct labor	29,860	4,000	25,860	
Other operating revenue	200,942	266,723	(65,781)	
Interest on investments	15,604	20,250	(4,646)	
CCP Grant income	450,000	700,000	(250,000)	(3)
Total Revenues	<u>3,892,107</u>	<u>2,846,384</u>	<u>1,045,723</u>	
EXPENSES:				
Personnel costs	1,811,097	2,001,721	(190,624)	
Professional services:				
Audit fees	57,000	57,000	-	
Attorney costs	101,157	214,250	(113,093)	
Other professional fees	138,921	171,072	(32,151)	
Total professional services	<u>297,078</u>	<u>442,322</u>	<u>(145,244)</u>	
Other general costs:				
Office rent	197,078	203,298	(6,220)	
Insurance	71,348	71,352	(4)	
General & administrative expenses	106,170	164,849	(58,679)	
Equipment maintenance	60,443	66,510	(6,067)	
Depreciation	73,424	87,318	(13,894)	
Marketing	46,090	79,497	(33,407)	
Development	232,749	390,753	(158,004)	
Interest expense	560,964	190,901	370,063	(2)
Property Maintenance	15,026	20,806	(5,780)	
Total other general costs	<u>1,363,292</u>	<u>1,275,284</u>	<u>88,008</u>	
Total Expenses	<u>3,471,467</u>	<u>3,719,327</u>	<u>(247,860)</u>	
Net Operating Income (Loss)	<u>420,640</u>	<u>(872,943)</u>	<u>1,293,583</u>	
OTHER REVENUES(EXPENSES):				
Net Grants	237,893	-	237,893	
Other nonoperating expenses	28,042	-	28,042	
Total Other Revenue (Expense)	<u>265,935</u>	<u>-</u>	<u>265,935</u>	
Net Income (Loss) from Administrative & Development Operations	<u>686,575</u>	<u>(872,943)</u>	<u>1,559,518</u>	

Notes (Explanations are provided for variances over \$200,000 and 10% of the YTD Budget:

- (1) Tax levy recoveries to Development were greater than the budgeted amount.
- (2) Interest on internal revolving loans of \$844,312. Interest revenue in Operating with related interest expense in Development.
- (3) Variance is due to timing. Annual expenses expected to be at the budgeted amount.