



CITY OF GROSSE POINTE WOODS
20025 Mack Plaza Drive
Grosse Pointe Woods, Michigan 48236-2397

(313) 343-2440
Fax (313) 343-2785

**NOTICE OF MEETING
AND
AGENDA**

COMMITTEE-OF-THE-WHOLE

Mayor Robert E. Novitke has called a meeting of the City Council, meeting as a Committee-of-the-Whole, for **Monday, April 23, 2012, at 7:30 p.m.** The meeting will be held in the Conference Room of the Municipal Building, 20025 Mack Plaza, 20025 Mack, Grosse Pointe Woods, MI 48236 and is accessible through the Municipal Court doors. In accordance with Public Act 267, the meeting is open to the public and the agenda items are as follows:

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. State Revolving Fund Sewer Project
 - A. Letter 04/17/12 – Miller, Canfield, Paddock and Stone PLC
 - B. Notice of Intent Resolution - Water Supply and Sewage Disposal System Revenue Bonds
5. Discussion: Proposed Water/Sewer Budget
6. New Business
7. Adjournment

Alfred Fincham
City Administrator

IN ACCORDANCE WITH PUBLIC ACT 267 (OPEN MEETINGS ACT)
POSTED AND COPIES GIVEN TO NEWSPAPERS

The City of Grosse Pointe Woods will provide necessary, reasonable auxiliary aids and services, such as signers for the hearing impaired, or audio tapes of printed materials being considered at the meeting to individuals with disabilities. All such requests must be made at least five days prior to a meeting. Individuals with disabilities requiring auxiliary aids or services should contact the City of Grosse Pointe Woods by writing or call the City Clerk's office, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 (313) 343-2440, Telecommunications Device for the Deaf (TDD) 313 343-9249, or e-mail the City Clerk at cityclk@gpwmi.us.

cc:
Council – 7
Berschback
Fincham
Hathaway
Rec. Secretary

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File

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

PATRICK F. MCGOW
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April 17, 2012

Via email and U.S. Mail

Ms. DeeAnn Irby
Treasurer/Comptroller
City of Grosse Pointe Woods
20025 Mack Plaza Drive
Grosse Pointe Woods, MI 48236-2397

Re: City of Grosse Pointe Woods - State Revolving Fund Sewer Project
Water Supply and Sewage Disposal System Revenue Bonds, Series 2012

Dear DeeAnn:

As we discussed at our meeting earlier this month, I have enclosed a Notice of Intent Resolution for consideration by the Committee of the Whole on April 23rd and approval by the City Council at its meeting on May 7th. This Resolution authorizes the publication of a Notice of Intent relating to the City's bonds to be issued through the Michigan Finance Authority's ("MFA") State Revolving Fund Program. The bonds will be sold to MFA and issued in 20 principal installments at an interest rate of 2.50%. This is a similar financing program to the Drinking Water Revolving Fund that the City used in 2010 to finance water system improvements.

The enclosed Resolution and Notice indicates the City's intent to issue Water Supply and Sewage Disposal System Revenue Bonds in an amount not to exceed \$4,900,000 to pay the cost to acquire, construct, furnish and equip sewage disposal system improvements for the City, including sewer system rehabilitation, lining and replacement of existing sewer lines, together with all related appurtenances and attachments (the "Project").

The proceeds of the Bonds may be used to pay for the construction of the Project as well as reimburse the City for the engineering, design and other preliminary costs related to the Project. The Bonds will also be used to pay issuance costs related to the Bonds. The Notice provides that the City will pledge the net revenues of the water

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supply and sewage disposal system as security for the Bonds. The Bonds will be junior in standing to the City's outstanding Water Supply and Sewage Disposal System Revenue Bonds, Series 2003 which were issued in June 2003. In addition, the City has the ability to pledge its limited tax full faith and credit as security for the Bonds, if necessary, in order to satisfy MFA's investment grade credit requirements. The City intends to pay the debt service solely from the user charges of the City's sewage disposal system.

The size of the Bond issue will be reduced at the time of issuance to the amount that is required based on the actual bids and final costs. The City can reduce the amount of the Bonds for this project from the amount indicated in the notice, but the City would not be able to increase the size of the Bonds for this project over the amount in the notice without republishing a new notice for the increased amount. The MDEQ will require the bonds to be sized based on the actual bids and costs after the bids have been received.

The Revenue Bond Act requires the City to notify the electors of the City of its intent to issue the bonds by publishing a notice which gives the voters a referendum right on the issuance of the bonds. The bonds can be issued without a vote of the City electors unless a petition is filed with the City Clerk within 45 days of publication of the notice signed by at least 10% of the registered electors of the City. The form of Notice of Intent is included in the Resolution as Exhibit A. The Notice of Intent must be published as a display advertisement at least one-quarter (1/4) page in size in a newspaper of general circulation in the City.

Paragraph 4 of the Resolution contains language which authorizes the City to reimburse itself from bond proceeds for certain costs relating to the project incurred prior to issuance of the bonds, including costs for engineering and design. The language of the Resolution is taken from the IRS regulations and, not surprisingly, it therefore reads as tax jargon. This is intended to provide you with flexibility relating to the use of the Bond proceeds if you spend money on project costs before the bond closing.

If approved by Council and the Notice of Intent is published shortly thereafter, the 45 day referendum period will expire in late June. The City is currently included in the SRF 4th Quarter Financing Pool which requires construction bids to be received in July in anticipation of MDEQ approval in August with the loan closing in September. The City Council would be asked to approve a bond authorizing in ordinance in July or August around the time of the receipt of bids for the Project.

We would appreciate receiving three (3) certified copies of the Resolution upon adoption by the City Council as well as three (3) Affidavits of Publication from the

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Ms. DeeAnn Irby

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newspaper in which the Notice of Intent is published. Please remind the newspaper that the Notice must be a quarter page ad.

I plan on attending the Committee of the Whole meeting on April 23rd to answer any questions from the City Council relating to the Resolution or the issuance of the Bonds. If you have any questions, please do not hesitate to contact me.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By:



Patrick F. McGow

Enclosures

Cc: (w/ Encl.)

Robert J. Bendzinski, Bendzinski & Co.

Scott Lockwood, AEW

Donald Berschback, Esq.

Donald Keim, Esq.

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice contained in this document and its attachments, if any, may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties. Advice that complies with Treasury Circular 230's "covered opinion" requirements (and thus, may be relied on to avoid tax penalties) may be obtained by contacting the author of this document.

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**NOTICE OF INTENT RESOLUTION
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS**

**CITY OF GROSSE POINTE WOODS
COUNTY OF WAYNE, STATE OF MICHIGAN**

Minutes of a regular meeting of the City Council of the City of Grosse Pointe Woods, County of Wayne, State of Michigan, held on the 7th day of May, 2012, at 7:00 o'clock p.m. prevailing Eastern Time.

PRESENT: Members _____

ABSENT: Members _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS, the City of Grosse Pointe Woods, County of Wayne, State of Michigan (the "City"), has determined that it is necessary for the public health, safety and welfare of the City to acquire, construct, furnish and equip sewage disposal system improvements for the City, including sewer system rehabilitation, lining and replacement of existing sewer lines, together with all related appurtenances and attachments (the "Project"); and

WHEREAS, the City has been advised by the Michigan Department of Environmental Quality ("MDEQ") that financial assistance to accomplish the acquisition and construction of the Project is available through the State Revolving Fund ("SRF") Loan Program administered by the Michigan Department of Environmental Quality (the "MDEQ") and the Michigan Finance Authority (the "MFA"); and

WHEREAS, the City has made application for participation in the SRF loan program; and

WHEREAS, the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), provides a means for financing the purchase, acquisition, construction, improvement, enlargement, extension, and repair of public improvements such as the Project through the issuance of revenue bonds; and

WHEREAS, the issuance of bonds payable from revenues of the Water Supply and Sewage Disposal System (the "System") under Act 94 in a total amount not to exceed Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the "Bonds") for the purpose of financing all or part of the Project represents the most practical means to that end; and

WHEREAS, a notice of intent to issue revenue bonds must be published before the issuance of the Bonds in order to comply with the requirements of Section 33 of Act 94; and

WHEREAS, the City intends at this time to state its intentions to be reimbursed from proceeds of the Bonds for any expenditures undertaken by the City for the Project prior to issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is hereby authorized and directed to publish a notice of intent to issue the Bonds in the *Grosse Pointe News*, a newspaper of general circulation in the City.

2. The notice of intent shall be published as a **display advertisement not less than one-quarter (1/4) page in size** in substantially the form attached to this Resolution as Exhibit A.

3. The City Council does hereby determine that the foregoing form of Notice of Intent to Issue Bonds, and the manner of publication directed, is adequate notice to the electors of the City and users of the System, and is the method best calculated to give them notice of the City's intent to issue the Bonds, the purpose of the Bonds, the security for the Bonds, and the right of referendum of the electors with respect thereto, and that the provision of forty-five (45) days within which to file a referendum petition is adequate to insure that the City's electors may exercise their legal rights of referendum, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

4. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- a) As of the date hereof, the City reasonably expects to reimburse the City for the expenditures described in (b) below with proceeds of debt to be incurred by the City.
- b) The expenditures described in this paragraph (b) are for the costs of acquiring and constructing the Project which were or will be paid subsequent to sixty (60) days prior to the date hereof.
- c) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$4,900,000.
- d) A reimbursement allocation of the expenditures described in b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Project to reimburse the City for a capital expenditure made pursuant to this resolution.

- e) The expenditures described in b) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).
- f) No proceeds of the borrowing paid to the City in reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in d) above.

5. The City hereby confirms the appointment of Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel for this issue.

6. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members _____

NAYS: Members _____

RESOLUTION DECLARED ADOPTED.

Lisa K. Hathaway
City Clerk

Approved as to form:

Miller, Canfield, Paddock and Stone, P.L.C.

By _____
Patrick F. McGow, Esq.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Grosse Pointe Woods, County of Wayne, State of Michigan, at a regular meeting held on May 7, 2012, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of the meeting were kept and will be or have been made available as required by the Open Meetings Act.

Lisa K. Hathaway
City Clerk

EXHIBIT A

NOTICE TO TAXPAYERS AND ELECTORS OF THE CITY OF GROSSE POINTE WOODS AND TO USERS OF THE CITY'S WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM OF INTENT TO ISSUE REVENUE BONDS AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City Council of the City of Grosse Pointe Woods, Wayne County, Michigan, intends to issue and sell revenue bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in one or more series in a total amount not to exceed Four Million Nine Hundred Thousand Dollars (\$4,900,000), for the purpose of paying the cost to acquire, construct, furnish and equip sewage disposal system improvements for the City, including sewer system rehabilitation, lining and replacement of existing sewer lines, together with all related appurtenances and attachments.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON THE REVENUE BONDS SHALL BE PAYABLE from the revenues received by the City from the operations of the water supply and sewage disposal system except as provided below in the case of bonds sold to the Michigan Finance Authority in connection with the State of Michigan's State Revolving Fund program. The revenues will consist of rates and charges billed to the users of the system, a schedule of which is presently on file in the office of the City Clerk. The rates and charges may from time to time be revised to provide sufficient revenues to provide for the expenses of operating and maintaining the system, to pay the principal of and interest on the bonds and to pay other obligations of the system and to provide reserves therefor.

BOND DETAILS

THE REVENUE BONDS will be payable in annual installments not to exceed twenty (20) in number and will bear interest at the rate or rates to be determined at public or private sale but in no event to exceed such rates as may be permitted by law on the unpaid balance from time to time remaining outstanding on said bonds.

ADDITIONAL SOURCES OF PAYMENTS FOR BONDS SOLD TO MICHIGAN FINANCE AUTHORITY

IN THE EVENT THAT THE REVENUE BONDS ARE SOLD TO THE MICHIGAN FINANCE AUTHORITY, THE CITY MAY PLEDGE FOR THE PAYMENT OF THE BONDS MONEY RECEIVED OR TO BE RECEIVED BY THE CITY DERIVED FROM IMPOSITION OF TAXES BY THE STATE AND RETURNED OR TO BE RETURNED TO THE CITY AS PROVIDED BY LAW, except for money the use of which is prohibited for such purposes by the State Constitution. The City may enter into an agreement providing for the payment of taxes, which taxes are collected by the State and returned to the City as provided by law, to the Michigan Finance Authority or a trustee, and such funds may be pledged for the payment of the revenue bonds.

IN THE EVENT THAT THE REVENUE BONDS ARE SOLD TO THE MICHIGAN FINANCE AUTHORITY, THE CITY MAY PLEDGE ITS LIMITED TAX FULL FAITH AND CREDIT AS SECURITY FOR THE REVENUE BONDS, IN WHICH EVENT DEBT SERVICE ON THE BONDS SHALL BE PAYABLE EITHER FROM REVENUES OF THE SYSTEM OR FROM AD VALOREM TAXES THAT MAY BE LEVIED ON ALL TAXABLE PROPERTY IN THE CITY, SUBJECT HOWEVER, TO CONSTITUTIONAL, STATUTORY AND CHARTER TAX RATE LIMITATIONS.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS OF THE CITY VOTING THEREON. If such petition is filed and the electors of the City voting thereon approve the issuance of the bonds, then the bonds may be payable from revenues or from ad valorem taxes that may be levied on all taxable property in the City without limitation as to rate or amount.

THIS NOTICE is given pursuant to the requirements of Section 33, Act 94, Public Acts of Michigan, 1933, as amended.

ADDITIONAL INFORMATION will be furnished at the office of the City Clerk upon request.

Lisa K. Hathaway
Clerk, City of Grosse Pointe Woods

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