

February 16, 2015

Mayor Jenkins opened the Special Joint Meeting of the Gaylord City Council and Downtown Development Authority (DDA) at 7:00 p.m. on Monday, February 16, 2015, in the City Council Chambers, located in the Gaylord City Hall, 305 East Main Street, Gaylord, Michigan.

City Council Members Present: Campbell, Duczowski, Jenkins, Johnson, Mankowski, Sharrard and Wishart. Members Absent: None.

DDA Members Present: Burns, Burt, Church, Hofweber, Jenkins (Mayor), McNamara, Reynolds, Sevenski, Shafto and Thompson. Members Absent: Edwards.

Motion by Burt, supported by Thompson, WHEREAS, the Board of the Gaylord Downtown Development Authority (the "DDA") pursuant to Act 197, Public Acts of Michigan, 1975, as amended (the "Act"), and pursuant to the provisions of the Development Plan and Tax Increment Financing Plan of the DDA (the "Plan"), approved by the City Council of the City of Gaylord (the "City"), has determined that it is necessary to pay part of the costs of acquiring, constructing, furnishing and equipping downtown streetscape and infrastructure improvements, including street, sidewalk, curb and gutter, landscaping and related utility improvements (the "Streetscape Improvements") in the Development Area (the "Development Area"); and, WHEREAS, in order to obtain the lowest financing cost for the Streetscape Improvements, the City has indicated its intent to issue its 2015 Capital Improvement Bonds (Limited Tax General Obligation) (the "Bonds") pursuant to Act 34, Public Acts of Michigan, 2001, as amended, to pay part of the cost of the Streetscape Improvements; and, WHEREAS, the DDA will pay the City for the portion of the debt service on the Bonds attributable to the Streetscape Improvements from its Tax Increment Revenues; and, WHEREAS, the DDA has determined that the estimated available annual tax increment revenues of the DDA derived from the captured assessed value of the Development Area will be sufficient to pay its portion of the debt service on the Bonds.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The DDA hereby requests the City to issue the Bonds in an amount sufficient to finance the Streetscape Improvements for the benefit of the DDA, which is currently estimated to be an amount not to exceed \$800,000, and the DDA hereby agrees to pay to the City from the Tax Increment Revenues received by the DDA the amounts necessary to pay principal of and interest on the Bonds attributable to the Streetscape Improvements as they come due; provided, however, that to the extent the City determines that it is in the best interest of the City to redeem all or any portion of the Bonds prior to maturity the DDA may, but shall not be required to, prepay its portion of the obligations authorized herein. In the event the Tax Increment Revenues and any other funds of the DDA are insufficient to pay the DDA's share of principal of and interest on any Bonds as they become due, and the City pays such sums from its own funds, the DDA agrees to reimburse the City in whole for such payments from funds of the DDA as the same are received. The DDA further agrees to reimburse the City its share for any costs not financed from the proceeds of the Bonds, including, if necessary, the costs of issuance of the Bonds, any publication costs or other costs incurred by the City with respect to the Streetscape Improvements.

2. The DDA hereby acknowledges that the City will issue its Bonds in reliance upon the agreement and promise of the DDA to pay to the City all of its available Tax Increment Revenues derived

from the captured assessed value of the Development Area up to the amounts necessary to pay the principal of and interest on the Bonds attributable to the Streetscape Improvements.

3. The DDA hereby certifies to the City that the estimated Tax Increment Revenues derived from the captured assessed value of the Development Area are sufficient to pay the DDA's share of the principal of and interest on the Bonds.

4. Within thirty (30) days after issuance of the Bonds, the Finance Director of the City shall provide the Secretary of the DDA with a schedule showing the DDA's share of principal and interest coming due on the Bonds.

5. The Secretary of the DDA is hereby authorized and directed to deliver a certified copy of this resolution to the City Clerk.

6. All resolutions and parts of resolutions in conflict with the provisions of this resolution are hereby repealed or amended to the extent of such conflict.

Ayes: Burns, Burt, Church, Hofweber, Jenkins, McNamara, Reynolds, Sevenski, Shafto and Thompson.

Nays: None. Resolution declared adopted.

City Manager Joseph Duff explained the scope of the proposed Streetscape Project and funding sources. Warren Creamer of Baird and Associates, financial advisor for the City, was in attendance to provide information and answer questions regarding the proposed bond issue. Mr. Creamer explained that the bonds would be supported by the full faith and credit of the City and would not affect any revenues received by the school.

Following is a summary of comments and questions from those in attendance.

Jim Flint, 217 East Sheldon Street, commented that the bonds would be Capital Improvement Bonds and not sure why. Mr. Flint also stated that he understood that the DDA was pledging their revenue stream towards payment of the bonds and asked under what statute the bonds would be issued. Mr. Flint also asked why the DDA aren't issuing bonds in their name.

Mary Yager, Bagley Township Treasurer, asked if funds from the DDA calculated to pay the bonds reflected the reduction in personal property tax revenues.

James Rhode, stated that the DDA was told if they raised a specific amount of money the State would match funds for the project. Mr. Rhode stated that they had done what was asked.

Amy Corell, asked if there are federal and state funds available for the infrastructure.

Joanne Sveen, Do South 106 and 110 West Main Street, stated she is concerned about the water and sewer problems.

Karen Beyer, Saturn Booksellers 133 West Main Street, stated new businesses coming downtown would help.

Henry Mason, stated there are two bills in the legislature about unfunded liabilities and asked how that would affect the ability to bond.

Julie Powers-Gehman, County Commissioner District 1, stated she can remember when Gaylord started to grow and would like to bring young people back.

Barry Owens, Treetops Resort, stated this project is critical to the future success of Gaylord and taxes are not going to increase. There is a need to act now. An organization he is part of contributed \$25,000 to the project.

Motion by Wishart, supported by Duczowski, WHEREAS, the City of Gaylord, County of Otsego, State of Michigan (the "City") intends to issue general obligation limited tax bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), in an aggregate principal amount of not to exceed Eight Hundred Thousand Dollars (\$800,000) (the "Bonds"), for the purpose of paying part of the costs of acquiring, constructing, furnishing and equipping downtown streetscape and infrastructure improvements, including street, sidewalk, curb and gutter, landscaping and related utility improvements (the "Project"); and, WHEREAS, a notice of intent to issue the Bonds must be published before the issuance of the Bonds in order to comply with the requirements of Section 517 of Act 34; 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 authorized and directed to publish a notice of intent to issue bonds in the *Gaylord Herald Times*, 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 the method best calculated to give notice to the City's electors and taxpayers residing in the boundaries of the City of the City's intent to issue the Bonds, the maximum amount of the Bonds, the purpose of the Bonds, the source of payment for the Bonds and the right of referendum relating thereto, 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) The City reasonably expects to reimburse itself with proceeds of the Bonds for certain costs of the Project which were paid or will be paid from funds of the City subsequent to sixty (60) days prior to today.
- (b) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$800,000.

- (c) A reimbursement allocation of the capital expenditures described above with the proceeds of the Bonds 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 Bonds to reimburse the City for a capital expenditure made pursuant to this resolution.

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

#### EXHIBIT A

#### NOTICE TO TAXPAYERS AND ELECTORS

OF THE CITY OF GAYLORD

OF INTENT TO ISSUE BONDS

#### AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Gaylord, County of Otsego, State of Michigan (the "City"), intends to issue and sell its general obligation limited tax bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in an aggregate principal amount of not to exceed Eight Hundred Thousand Dollars (\$800,000), for the purpose of paying part of the costs of acquiring, constructing, furnishing and equipping downtown streetscape and infrastructure improvements, including street, sidewalk, curb and gutter, landscaping and related utility improvements.

#### SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID BONDS SHALL BE PAYABLE from the general funds of the City lawfully available for such purposes including property taxes levied within applicable constitutional, statutory and charter tax rate limitations. The City intends to pay debt service on the bonds from tax increment revenues of the Gaylord Downtown Development Authority.

#### BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed fifteen (15) in number for each issue and will bear interest at the rate or rates to be determined at a public or private sale but in no event to exceed the maximum rate permitted by law on the balance of the bonds from time to time remaining unpaid.

#### RIGHT OF REFERENDUM

THE 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 RESIDING WITHIN THE BOUNDARIES 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 RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 517, Act 34, Public Acts of Michigan, 2001, as amended.

Rebecca Curtis

City Clerk, City of Gaylord

Ayes: Duczkowski, Jenkins, Mankowski, Sharrard and Wishart.

Nays: Campbell and Johnson. Resolution declared adopted.

Motion to adjourn.

Meeting adjourned at 7:56 p.m.

Rebecca Curtis, City Clerk

John Jenkins, Mayor