



Rochester Hills Minutes Building Authority

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Chairperson Johannes Buiteweg

Members: Frank Cosenza, Michael Kaszubski, Michael McGuire, Michael McGunn

Staff Members: Kurt Dawson, Keith Sawdon

Wednesday, May 16, 2012

5:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

Chairperson Buiteweg called the Building Authority meeting to order at 5:00 p.m. Michigan Time.

ROLL CALL

Present 4 - Johannes Buiteweg, Michael Kaszubski, Michael McGuire and Michael McGunn
Absent 1 - Frank Cosenza

Others Present:

*Kurt Dawson, Building Authority Treasurer, City Treasurer
Keith Sawdon, City Finance Director*

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

2012-0171 Approval of Meeting Minutes - May 18, 2011

Attachments: [051811 Draft Minutes.pdf](#)
[0171 Resolution.pdf](#)

A motion was made by Kaszubski, seconded by McGuire, that the Minutes of the Building Authority meeting of May 18, 2011 be Approved as Amended to correct the Next Meeting Date listed to May 16, 2012. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that the Minutes of the May 18, 2011 meeting of the Building Authority be approved as amended to correct the Next Meeting Date listed to May 16, 2012.

NEW BUSINESS

2012-0172 Election of Chairperson

Attachments: [0172 Resolution.pdf](#)

Michael Kaszubski nominated *Johannes Buiteweg* as Chairperson of the Building Authority for 2012.

A motion was made by Kaszubski, seconded by McGunn, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that Johannes Buiteweg is Chairperson of the Building Authority for 2012.

2012-0173 Election of Treasurer

Attachments: [0173 Resolution.pdf](#)

Johannes Buiteweg nominated *Kurt Dawson* as Treasurer of the Building Authority for 2012.

A motion was made by Buiteweg, seconded by McGunn, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that Kurt Dawson is Treasurer for the Building Authority for 2012.

2012-0174 Election of Secretary

Attachments: [0174 Resolution.pdf](#)

Johannes Buiteweg nominated *Michael Kaszubski* as Secretary of the Building Authority for 2012.

A motion was made by Buiteweg, seconded by McGunn, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that Michael Kaszubski is Secretary of the Building Authority for 2012.

2012-0175 Annual Audit by Plante & Moran, PLLC

Attachments: [2011 Audit Review.pdf](#)

Keith Sawdon, Director of Finance, noted that his report highlights the portion of the Comprehensive Annual Financial Report (CAFR) that pertains to Building Authority activities. He pointed out that the letter from Plante & Moran (PM)

stated that in PM's opinion, the financial records fairly represent in all material aspects the financial condition of the City. He mentioned that both the CAFR and the Citizen's Financial Summary are available on the City's website for review. He highlighted the debt funds pertaining to the Building Authority, and noted that the Municipal Bond Series 2002 Fund debt was refunded (refinanced). He stated that 2011 was the last year of payment on the Series 2002 bonds. He mentioned that there was one position in that offering that did not meet the requirements of the Debt Management Policy and was not refunded. He noted that the refunded debt now appears as Municipal Building Refunding Bond Series 2010.

He highlighted pages 96 through 103 of the CAFR noting Debt Service Funds, and pointed out that the Series 2002 total liabilities and total fund balance at December 31, 2011 is zero; and the Series 2010 Refunding Bonds show total assets of \$5,050. He noted the last payment made for Series 2002 in 2011 included \$400,000 for principal, \$8,600 in interest, and \$138 in paying agent fees. The Series 2010 bond showed a first principal payment of \$100,000 and interest of \$222,426. He mentioned that the maturity dates were not extended.

Chairperson Buiteweg questioned how interest rates have trended.

Mr. Sawdon responded that interest rates have actually decreased; however, due to many municipalities that have experienced great financial troubles, these lowered rates have not transferred to municipal refinancing. He pointed out that while the City has a great balance sheet, these outside influences do not necessarily transfer to additional savings.

Mr. Buiteweg questioned whether some communities have been downgraded to the point where they cannot issue any bonds.

Mr. Sawdon responded that this is most likely true. He moved on to note the Auditor's Footnote that pertains to the City's long-term debt and highlighted Building Authority bonds. The auditors noted that the Series 2002 bonds have been paid off; and the Series 2010 bonds will have a \$545,000 payment due in 2012. He drew the members' attention to page 145 of the CAFR which highlighted the debt load of the City in relation to its population and to its taxable value. He pointed out that on a per capita basis, the City's total debt is equivalent to \$449.09 per City resident. Debt is approximately one percent of taxable value. He pointed out that taxable value has dropped, driving up that ratio nine-tenths of one percent over 2010; and he stated that other communities easily saw this ratio climb by much greater percentages. He commented that overall the debt load of the City is relatively good in comparison to surrounding communities and like communities in the State.

Kurt Dawson, City Treasurer noted that the taxable value drop of the Assessment Roll for 2010, affecting fiscal year 2011 was approximately 11.6 percent, or approximately \$500 million.

Mr. Sawdon mentioned that the City also does not have either expensive assets, nor those that are deteriorating. He explained that items financed include an almost-new DPS Building and a relatively new City Hall. The Older Persons'

Commission facility is also relatively new, and a refunding was done on OPC bonds as well. He noted that the Administration follows the City's Debt Management Policy in determining which bonds to refund, and stated that refunding must achieve a net present value of two percent and result in at least \$100,000 in net savings after all costs.

He pointed out that of the one percent of taxable value that the City's debt represents, 75 percent of that one percent relates to general obligation bonds, or approximately \$320 per resident. He mentioned that the City has the ability to issue debt up to ten percent of State Equalized Value. As of December 31, 2011, the City had the ability to issue \$302 million in debt; it has roughly \$30 million in debt, or approximately one-tenth of what is available within State law.

Mr. Buiteweg questioned whether the City's assets are depreciated.

Mr. Sawdon noted that assets related to an enterprise operation are depreciated. He stated that the full DPS Yard is owned by Water and Sewer and portions are rented out to other City functions such as Roads. As Water and Sewer is an Enterprise Fund, it does recognize depreciation of its assets. He explained that the City does an appraisal of its properties every five years, mostly for insurance reasons.

He summarized the audit report noting that the City has managed through this economic downturn relatively well by using its financial forecasting model. The end of the City-wide taxable value erosion is nearing and the City has not had to dip too much into its fund balances or cut back on police or fire services substantially. He noted that the auditing firm stated that Rochester Hills is most likely in the top one percent of its communities and has not suffered drastically from the downturn.

A motion was made by Buiteweg, seconded by McGunn, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that the Rochester Hills Building Authority accepts the report from the Finance Director of the audit conducted by Plante & Moran, PLLC for the 2011 fiscal year.

2012-0176 Approval of 2013 Debt Payment

Attachments: [2013 DEBT SCHEDULE.pdf](#)
[0176 Resolution.pdf](#)

Mr. Sawdon reviewed the upcoming debt schedule for the Building Authority and noted that \$740,050 will be needed for next year, which includes both principal and interest, and costs to pay the agent to disburse the debt and destroy the bonds as they are returned. He explained that Huntington National Bank's Trust Department is the City's paying agent as they were the low bidder on the paying agent fees.

A motion was made by McGunn, seconded by Kaszubski, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that the Rochester Hills Building Authority approves and authorizes the payment of Seven Hundred Forty Thousand and Fifty (\$740,050.00) Dollars, the total amount of interest and principal due plus Pay Agent and Cremation costs of Two Hundred Fifty (\$250.00) Dollars on the City of Rochester Hills Building Authority Bonds, Series 2010, during Fiscal Year 2013.

2012-0177 2013 Proposed Budget for Building Authority Commission

Attachments: [279=Building Authority Tech Appendix \(2013-2015\).pdf](#)
[0177 Resolution.pdf](#)

Mr. Sawdon noted that the proposed Budget for the Building Authority for 2013 is the same as it was for Fiscal Year 2012. Three meetings are budgeted for; however, they will not be held if they are not necessary.

A motion was made by McGuire, seconded by Kaszubski, that this matter be Approved. The motion carried by the following vote:

Aye 4 - Buiteweg, Kaszubski, McGuire and McGunn

Absent 1 - Cosenza

Resolved, that the Rochester Hills Building Authority hereby approves the proposed 2013, projected 2014 and projected 2015 Budgets for the Building Authority under the General Fund as presented in the amount of One Thousand Ten and 00/100 (\$1,010.00) Dollars.

2012-0178 Cancellation of Remaining Scheduled Meetings for Fiscal Year 2012

Attachments: [0178 Resolution.pdf](#)

Mr. Sawdon noted that the Building Authority has completed its business requirements for 2012. He stated that a meeting could be scheduled later in the year if the need arises.

Whereas, the Rochester Hills Building Authority has determined that with the conclusion of its May 16, 2012 meeting the Building Authority has addressed all the business requiring Building Authority action for Fiscal Year 2012, and

Whereas, being there is no remaining business requiring Rochester Hills Building Authority action, and

Now Therefore Be It Resolved, that the Rochester Hills Building Authority has determined that the need to hold their remaining meetings in 2012 is not necessary, and

Be it Further Resolved, that the Rochester Hills Building Authority hereby cancels its remaining meetings scheduled for Fiscal Year 2012.

ANY OTHER BUSINESS

None

NEXT MEETING DATE

- May 15, 2013

ADJOURNMENT

There being no further business to discuss, Chairperson Buiteweg adjourned the meeting at 5:35 p.m.

Minutes prepared by Mary Jo Pachla.

Minutes were approved as presented at the May 15, 2013 Regular Building Authority Meeting.

Johannes Buiteweg, Chairperson