



Rochester Hills

Minutes - Draft

City Council Regular Meeting

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

*Greg Hooper, Nathan Klomp, Adam Kochenderfer, James Rosen, Mark Tisdel,
Michael Webber and Ravi Yalamanchi*

Vision Statement: The Community of Choice for Families and Business

Mission Statement: "Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."

Monday, July 30, 2012

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hooper called the Regular Rochester Hills City Council Meeting to order at 7:02 p.m. Michigan Time.

ROLL CALL

Present 7 - Greg Hooper, Nathan Klomp, Adam Kochenderfer, James Rosen, Mark Tisdel, Michael Webber and Ravi Yalamanchi

Others Present:

Ed Anzek, Director of Planning and Development

Bryan Barnett, Mayor

Jim Breuckman, Manager of Planning

Jane Leslie, City Clerk

Keith Sawdon, Director of Finance

Allan Schneck, Director of DPS/Engineering

John Staran, City Attorney

Francesca Tiberio, Rochester Hills Government Youth Council Representative

Pam Valentik, Manager of Economic Development

PLEDGE OF ALLEGIANCE

*Mr. Tisdel introduced **Lauren Guzzardo**, Development Assistant, Meadowbrook Hall. He announced that Meadowbrook Hall was awarded designation as a National Historic Landmark on March 6 of this year, one of fewer than 2,500 designated landmarks in the country, and one of only 35 in Michigan. He noted that the designation process took seven years, and extended appreciation on behalf of Council to Ms. Guzzardo, and to Dr. Paula Mohr, Consultant, who completed the 100-plus page application, Geoff Upward, the Hall's Executive Director, and Kim Zelinski, Director of Museum Operations and Advancement.*

Ms. Guzzardo led the Pledge of Allegiance.

APPROVAL OF AGENDA

A motion was made by Webber, seconded by Kochenderfer, that the Agenda be Approved as Presented. The motion carried by the following vote:

Aye 7 - Hooper, Klomp, Kochenderfer, Rosen, Tisdell, Webber and Yalamanchi

PUBLIC COMMENT

Lee Zendel, 1575 Dutton Road, stated that although property owners make their Summer Tax payments to the City, not one dime of the Summer Tax stays with the City. He commented that the City should have considered the Simplicity Cobalt lawn mower in addition to its recent specification and purchase of Ferris lawn equipment. He mentioned that residents should carefully review their RecycleBank statements as he found that he was credited for a recent pickup while he was out of town, and was not credited for several pickup dates where he did place his recycling at the curb.

The following individuals requested Council consider the placement of a Human Rights Ordinance on a future Council agenda to address protection against discrimination of LGBT individuals in the city.

- **Bob Gauthier**, 2970 Hillendale
- **Roland Leggett**, 1424 Kentfield Drive, Rochester
- **Kathryn LeBlanc**, 1349 Sandy Ridge
- **Lisa Schein**, 1737 N. Fairview
- **Linda Davis Kirksey**, 1337 N. Acre Drive
- **Joshua Lee**, 1741 Old Homestead Drive
- **Joanna Hill**, 23304 Cayuga, Hazel Park
- **Bruce Fealk**, 1474 Oakstone Drive
- **Christine Hughes**, 1408 New Life Lane
- **Brian Kirksey**, 425 Sunlight
- **Tim Maurer**, 854 Ravine Terrace
- **Nicholas Rinehart**, 1174 Valley Stream Court

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hooper encouraged voters to participate in the Primary Election on August 7th and become informed on the ballot issues, including the Police Ballot Initiative brought forward by the Police and Road Funding Technical Review Committee. He stated that information is available on the City's website at www.rochesterhills.org. In response to Public Comment, he recapped Council's consideration of House Bill 5039. He stated that he does not support the consideration of a Human Rights Ordinance by Council as it is his belief that it is a Federal and State issue, as enforcement belongs at that level. He pointed out that House Bill 5039 has not made it out of committee consideration at the State. He

stated that while he welcomes everyone's comments tonight, their focus should be directed to the State. He noted that he has spoken one-on-one with each Council member and there is no majority support for consideration of an Ordinance.

Mr. Webber *stated that while he has met with individuals wishing Council's consideration of a Human Rights Ordinance, he does not support enacting such an Ordinance. He commented that this issue should be dealt with at the State level, noting that if a company or housing development is currently reported to be in violation of protected classes listed in the Elliott Larsen Civil Rights Act, the State investigates those claims. He suggested individuals collect signatures toward a ballot initiative. He stated that whether the City has such an Ordinance or not, Rochester Hills is an inclusive community and will continue to be an inclusive community.*

Mr. Klomp *stated that while he has not received any email or information from anyone opposed to a Human Rights Ordinance, he would agree that consideration should be at the State level. He mentioned that he would like dialogue to continue on what role the City may have in this area.*

Mr. Kochenderfer *thanked those in attendance and those individuals who have taken the time to meet with him regarding concerns over a Human Rights Ordinance. He noted that he cannot think of another group of individuals he has met more with since he was elected and commented that this is one of the reasons why individuals choose to live in Rochester Hills. He commented that it will take a vote of four Council members for further consideration. He mentioned that opinions on this issue seem to vary between those over 35 and under 35 years of age.*

Mr. Tisdell *noted that in consideration of a Human Rights Ordinance, Council is being asked to create new civil rights protections based on sexual orientation. He questioned whether Council has the authority to act in this regard, citing from the Oath of Office and the City Charter which specifically identify the powers of the City and its officers. He pointed out that by voter referendum, the residents reduced Council's powers relative to municipal park property. He mentioned that creating a new claim-right would affect property rights, and quoted from John Locke, Thomas Jefferson, John Adams and James Madison. He pointed out that the Michigan Constitution very specifically grants Civil Rights authority to the State Legislature and commented that this is where concerned individuals should direct their efforts. He stated that he would not support an Ordinance as it would represent a new, liberally-construed Rochester Hills claim-right to be enforced at the expense of endowed and unalienable property rights.*

Mr. Yalamanchi *commented that he is supportive of a Human Rights Ordinance and stated that discrimination happens every day. He stated that the community should come together to demonstrate that no discrimination would be tolerated. He encouraged the residents to continue their efforts and stated that a message should be sent to State and Federal authorities.*

Francesca Tiberio, Rochester Hills Government Youth Council (RHGYC) Representative, *reported that the 2011-2012 RHGYC is wrapping up a busy year, after a successful 5K Run/Walk and Youth Summit. She mentioned that*

RHGYC officers will present a year-end report and new members will be sworn-in at the August 13th Regular City Council Meeting.

Mayor Barnett expressed his appreciation for residents' comments on Human Rights issues, stating that he is aware that it is a passionate issue. He commented that he while he does not run all businesses in Rochester Hills, he is responsible for the City's operations; and he stated that the City does not ask anyone's sexual orientation, nor treat anyone differently when considering building permits, employment, or use of City facilities. He commented that regardless of Council's action, the actions of the City itself will not change. He stated that it is his personal belief that the issue may be solved in a more holistic approach at the State level. He read Council's resolution passed on February 13th by a six-to-one vote reaffirming its support for the human rights and civil liberties of all people in Rochester Hills.

He made the following announcements:

- *Work has begun on the Crooks Road Project this morning. Crooks will be closed south of Bonnie Brae starting August 11th, and additional intermittent closures will last for three months.*
- *The Avon Road Bridge is now open; the Livernois Road Bridge is closed for reconstruction. Projects should be completed by November 1st.*
- *There has been much commercial growth in the City in the last 30 days. Taco Bell, 7-11 and Tim Horton's will be adding new locations in the City.*
- *The Rochester Hills Museum at Van Hoosen Farm hosts Wet and Wild Wednesdays from noon to 2:00 p.m. Over 1,100 individuals attended the first Wednesday and over 1,400 attended the second.*
- *Over 6,000 absentee ballots have been sent out for the August 7th Primary Election; 50 percent of those have been returned to date.*
- *Two Rochester Hills residents are representing the United States at the Summer Olympics. Peter Vanderkaay captured a Bronze Medal in swimming in the Men's 400 meter men's individual competition. It is his fourth Olympic medal; he earned three in the 2008 Olympics.*

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

PRESENTATIONS

- 2007-0468** Update from FormFab L.L.C. regarding their progress since the approval of a Tax Abatement in August 2007

Attachments: [Agenda Summary.pdf](#)
[Presentation.pdf](#)
[081507 Agenda Summary.pdf](#)
[Application.pdf](#)
[Letter Dawson 080107.pdf](#)
[Development Agreement.pdf](#)
[Company Overview.pdf](#)
[Financial Analysis-Personal.pdf](#)
[Financial Analysis-Real.pdf](#)
[080807 Agenda Summary.pdf](#)
[080807 Resolution.pdf](#)
[081507 Resolution.pdf](#)

Pam Valentik, Manager of Economic Development, introduced **Norman Caetano**, President, FormFab LLC. She provided a brief summary of how FormFab came to locate in Rochester Hills and how Council granted the company a five-year Real Property Tax abatement of \$1 million and a Personal Property Tax abatement of \$100,000 in 2007. She explained that at the time, FormFab was looking for a larger, more-permanent facility than their facility in Auburn Hills and preferred to own instead of lease. Fifteen jobs were relocated to a newly-constructed industrial building on Research Drive, along with five new jobs.

Mr. Caetano stated that FormFab is a full-service supplier for the tubing industry, and highlighted how he started the firm in 1998, hiring his first employee ten months into the new venture. He gave the following presentation on FormFab's Rochester Hills operations:

What We Do:

- We are a full service supplier for the tubing industry. Our services include
 - * Inspection Fixtures
 - * Tube Fabrication (Developmental and Short Run Pre-Production Support)
 - * Endform Development (Design and Build)
 - * CMM Tube Layout Inspection

Other Services:

- Generation of Full Scale Tube Cad Layouts
- Component Fabrication (Brackets and Other Components)
- Production Feasibility Assessment
- Fluid Systems Engineering Design Consulting
- Reverse Engineering of Fluid Systems Routing and Components

Company History:

- Company founded in November 1998
- January 1999 - Moved into a 1,600 square foot industrial unit in Auburn Hills
- Operation consisted of producing Tube Contour Inspection Fixtures for the Automotive Turing Industry
- August 2000 - Expanded into a second unit with a square footage total of 3,200 to begin fabrication of small diameter tubing prototypes for the Automotive Tubing Industry
- January 2003 - Company moves to a new stand alone 8,800 square foot facility located in Auburn Hills providing jobs for six full-time employees

- June 2003 - Company purchases Machining Center to expand capabilities and provide full contour production gauges
- December 2005 - Company purchases an additional CNC tube bender to support increased order volumes
- Employment increases to nine employees
- April 2006 - Company continues to expand its product offerings with the acquisition of larger capacity CNC Tube Benders
- June 2006 - Company begins low volume production of HVAC assemblies for the aftermarket
- Employment increased to 14 by the end of 2006
- July 2007 - Company moves into a new 16,000 square foot facility located in Rochester Hills Executive Park
- June 2009 - Company begins to see increased business activity due to economic turndown and fallout in the supplier base
- March 2010 - New Director of Sales joins the organization
- June 2010 - FormFab introduces new logo and website at www.formfabllc.com
- April 2011 - FormFab is awarded first direct to OEM production job
- December 2011 - FormFab employment reaches 31 full time jobs

Future Development:

- Continued expansion into low volume Aftermarket, Aerospace and Defense Industries
- Expansion of Inspection Fixture customer base
- Continued expansion into related products and services that compliment and offer value to our new and existing customers

Mr. Caetano explained that by the spring of 2007, FormFab had outgrown its facility in Auburn Hills and was in the market for a new location. The firm considered Auburn Hills, Orion, Oxford, Lapeer and Rochester Hills. He mentioned that in the seven years that the firm had done business in Auburn Hills, no one from Auburn Hills had ever made contact with them regarding business development. He stated that Rochester Hills' development team was available when the firm first inquired about a Rochester Hills location and demonstrated that the City is a very business-friendly environment, allowing a decision to make a \$1.3 million investment in property, finding a facility which could be custom-tailored to their needs, in a location convenient to its customers. He noted that the tax abatement helped the firm weather the economic downturn.

He displayed a chart with new equipment expenditures, noting that a total of \$626,000 in equipment investment has been made since 2007. He displayed a graph showing employment over time, and noted that they have provided more than triple the original number of new jobs promised when the abatement was granted. He mentioned that FormFab estimates it will have 36 to 40 employees by the end of this year.

Mr. Caetano displayed a graph showing an increase in sales. He commented that the firm looks forward to continued growth and could be looking for another facility in the near future.

Ms. Valentik pointed out that the firm was only incentivized to make an investment of \$100,000 in Personal Property.

Council Discussion:

President Hooper congratulated Mr. Caetano for FormFab's success, and stated that the City stands ready to help the firm find another location in Rochester Hills.

Mr. Yalamanchi congratulated Mr. Caetano, noting there is hard work in entrepreneurship. He questioned how the firm's future business trends look.

Mr. Caetano responded that business is currently strong, and the firm faces challenges in finding qualified employees. He expressed his hopes that the economy will not slow, noting that while the industry is presently looking good, and pressure is being put on suppliers to perform, there is still some hesitation in taking the next step to expand to another building.

Mr. Yalamanchi requested Planning staff prepare an update on tax incentives.

Mr. Webber stated that it is important to see these success stories. He commented that when the City granted a tax abatement five years ago, it entered into a partnership with the firm. He stated that it is good to show the taxpayers this success.

Mayor Barnett stated that the City is very proud of FormFab's success. He mentioned that eight out of ten firms in the City are hiring; however, it is difficult to find qualified individuals.

Presented.

(Mr. Kochenderfer exited at 8:08 p.m. and re-entered at 8:13 p.m.)

2012-0276 Update on new State Brownfield and Economic Development Initiatives; Ed Anzek, Director of Planning and Economic Development, and James Breuckman, Manager of Planning, presenters

Attachments: [Agenda Summary.pdf](#)
[Presentation.pdf](#)

Ed Anzek, Director of Planning and Development, stated that staff was in attendance to provide an overview of how the State Economic Development Incentive Programs are changing. He pointed out that the City has not granted any tax abatements in the last year-and-a-half, as Governor Rick Snyder set the original Michigan Economic Growth Authority (MEGA) Program aside and a new program is evolving. He mentioned that the Brownfield Redevelopment Authority has not had a meeting in over a year, as staff is waiting for the State to determine how the current program will be changing.

Jim Breuckman, Manager of Planning, gave the following presentation:

*STATE ECONOMIC DEVELOPMENT INCENTIVE UPDATE**State Incentives:*

- *Public Acts 250 through 254 of 2011 created two new programs*
- *Michigan Business Development Program*
 - * *Replaces MEGA credits*
- *Michigan Community Revitalization Program*
 - * *Replaces Brownfield and Historic tax credits.*

He noted that the programs will be administered through the Michigan Strategic Fund and share funding.

Shared Funding:

- *Total Funding: \$100 million*
- *Per Project Cap*
 - * *25% of eligible investment or \$10 million for loans*
 - * *1 million for grants*
- *Less money = fewer projects*
- *Requires local municipality to make staff, financial or economic commitment*
 - * *Implementation of local support still uncertain*

He mentioned that the focus of tonight's presentation will not be on the successor to the MEGA program, but will review the Community Revitalization Program.

Community Revitalization Program:

- *Eligible Investment*
 - * *Demolition, construction, rehabilitation of buildings*
 - * *Site improvements*
 - * *Machinery, equipment, fixtures*
 - * *Architecture, engineering, surveying fees*

Notable Criteria:

- *Extent of reuse of vacant buildings, historical buildings, and redevelopment of blighted property*
- *Project increases the density of the area*
- *Promotes mixed-use and walkable communities*
- *Promotes sustainable development*

Placemaking:

- *New State development policy*
- *Coordinating among many State departments*
- *Focus on downtowns and commercial cores*

Mr. Breuckman noted that the MiPlace initiative is spearheaded by the Michigan State Housing Development Authority (MSHDA). He mentioned a publication, The Economics of Place: The Value of Building Communities Around People, published by the Michigan Municipal League, which details "placemaking".

What is Placemaking?

- Human Scale Design
- Walkability versus driveability
- Complete Streets
- Green Space
- Education

He noted that Complete Streets looks to take streets from a traffic moving function to include all modes of transportation, including walking and biking.

Why Placemaking?

- Entrepreneurialism
 - * Ideas are the currency of today's economy
 - * Quality of place = talent driver
- Cultural amenities and tourism
- Under-served market

He commented that surveys show that between one-third and one-half of individuals want to live somewhere walkable. He displayed photos of various locations, and noted that the Village of Rochester Hills commercial development constitutes a "place" with a great value.

Our Position Today:

- Today
 - * Parks and Nature
 - * Green Space
 - * Predominantly driveable
- Tomorrow
 - * Build value
 - * Diversify
 - * Increase draw

Our Placemaking Strategies:

- In-place:
 - * 2007 Master Land Use Plan
 - * 2009 Zoning Ordinance
 - * 2012 M-59 Corridor Plan
 - * Value/acre study
- Future Efforts
 - * REC zoning district
 - * Small area plans
 - * Master Thoroughfare Plan

Mr. Breuckman noted that a review of the Master Thoroughfare Plan will afford a great opportunity to look toward an incorporation of Complete Streets into Rochester Hills.

Mr. Anzek stated that the City began several years ago putting placemaking standards into play, and commented that the efforts have paid off. He thanked

Council for its teamwork in making the City business-friendly, and noted that Ms. Valentik has made over 160 business calls in the past year. He highlighted Rochester Hills' five percent unemployment rate, along with its eight percent vacancy rate in its industrial and business parks, and commented that the City is doing extremely well. He mentioned that the City's inventory is lacking in the 80,000 to 100,000 square foot commercial spaces as most of its vacancies are 30,000 to 40,000 square feet.

Council Discussion:

President Hooper questioned whether the State incentive program is limited to only \$100 million.

Mr. Anzek responded that this amount was approved for one year, and mentioned that the project cap is \$10 million for loans and \$1 million for grants. He commented that these are not tax credits and he has not yet seen an application package of how to begin applying for funds.

Ms. Valentik commented that a couple of companies have begun receiving funding. She noted that \$50 million is dedicated toward Michigan business development, and the other \$50 million is split between historic and brownfield projects. She stated that two Oakland County firms have received funding. She pointed out that the MEGA program was considered a credit, while the new programs are cash up front financing to make a project select an area.

Mr. Webber questioned how funding for the city's brownfield sites can be attained going forward.

Mr. Anzek responded that staff has had meetings with the principal property owners of brownfield sites. He commented that the new law is strong in supporting existing structures, core cities, and older urban areas and staff believes that opportunities exist. He stated that providing jobs is a good reason to request a grant or a loan. He noted that while there will not be enough money to provide funding for two of the city's contaminated sites, a short term loan could be beneficial. He commented that there needs to be a company interested in building something on the sites and suggested that many companies are looking in the area. He mentioned that many firms are holding off until they see what happens with Personal Property Tax.

Mr. Webber stated that it is a dilemma, noting that the sites need to be cleaned up to be workable; however, the State wants to know what will ultimately be on the sites. He commented that cities do not have funds within their budgets to clean up sites.

Mr. Yalamanchi questioned whether the new programs are limited to commercial or manufacturing or if they can include retail or mixed-use development.

Mr. Breuckman responded that the programs can include other mixed-use development.

Mr. Yalamanchi questioned whether any redevelopment is planned for Bordines or for the Hampton (Target) commercial development and if this type of development could benefit from these programs.

Mr. Anzek responded that staff has not had discussions with Bordines in six or seven years. Their development proposal at that time was a victim of the economy, a major anchor tenant pulled out of the project, and financing was unavailable. He commented that Bordines is doing extremely well right now and has not proceeded with plans. He mentioned that staff meets with the representatives of the Hampton commercial complex every six months or so.

Mr. Rosen noted the number of brownfield sites that currently have consent judgments and questioned how they will expire or whether they will remain under their original orders.

Mr. Anzek responded that it is belief that consent judgments will run with the land. He noted that the property that was formerly Suburban Softball generates a minimal amount of tax revenue yearly. He commented that the original tax credits were based on the old tax structure.

Presented.

NOMINATIONS/APPOINTMENTS

2012-0236 Nomination/Appointment to the Historic Districts Commission to fill the unexpired term of Micheal Kilpatrick ending December 31, 2012

Attachments: [Agenda Summary.pdf](#)
[Appointment Form.pdf](#)
[Davidson CQ.pdf](#)
[Deel CQ.pdf](#)
[Granthen CQ.pdf](#)
[073012 Agenda Summary.pdf](#)
[Nomination Form.pdf](#)
[HDC Appt Memo 2012.pdf](#)
[Booth CQ.pdf](#)
[Cobb CQ.pdf](#)
[Golden CQ.pdf](#)
[Marries CQ.pdf](#)
[Miller CQ.pdf](#)
[Raschke CQ.pdf](#)
[Shurkus CQ.pdf](#)
[Notice of Vacancy.pdf](#)
[061812 Agenda Summary.pdf](#)
[Kilpatrick Resignation Letter.pdf](#)
[061812 Resolution.pdf](#)
[Resolution.pdf](#)

Public Comment:

David Marries, 1873 Meadowdale Court, requested Council's consideration for the vacancy on the Historic Districts Commission (HDC). He noted that his

family has lived in Rochester Hills for over 50 years and he wished to be appointed as an opportunity to help the City preserve its historic districts. He stated that he is a current member of the Cemetery Citizens Advisory Committee.

Julie Granthen, 1527 Northumberland, stated that she is a 46-year resident of Rochester Hills and currently serves as Vice Chair of the Historic Districts Study Committee. She commented that as she has been to training for both committees, and attends most of the HDC meetings, she would have a short learning curve if appointed.

Ryan Deel, 704 Bliss Drive, noted that he and his wife first moved to Rochester Hills in 2003 and bought their second home in the City in 2008. He stated that the City is doing things right, has a great sense of community, and a deep and rich cultural history dating back to early settlers. He requested consideration for the nomination.

President Hooper explained that if more than one nomination was made, a vote would be set over to the August 13, 2012 meeting. **He Opened the Floor for Nominations.**

Mr. Yalamanchi nominated Julie Granthen.

Mr. Klomp nominated Ryan Deel.

Mr. Rosen nominated William Davidson.

Seeing no other nominations, President Hooper Closed the Floor for Nominations.

President Hooper noted that this item would be set over to August 13th.

Discussed; Nominated William Davidson, Ryan Deel and Julie Granthen.

NEW BUSINESS

2012-0082 Request for Purchase Authorization - DPS/ENG: Approval of Contract for the Avon and Livernois Road Enhancement Project in the amount not-to-exceed \$138,330.00; Michigan Department of Transportation, Lansing, MI

Attachments: [Agenda Summary.pdf](#)
[MDOT Contract.pdf](#)
[031912 Agenda Summary.pdf](#)
[Conditional Commitment.pdf](#)
[031912 Resolution.pdf](#)
[Resolution.pdf](#)

Allan Schneck, Director of DPS/Engineering, stated that Council gave approval for a conditional commitment for the project on March 19th. Renderings were displayed which were used to apply for the grant award. He thanked Mayor Barnett and staff members Tara Presta, Chief Assistant, Paul Davis, Deputy Director of DPS/Engineering, Paul Shumejko, Transportation Engineer, Kim Murphey, Administrative Coordinator-DPS; along with Vince Ranger of the Michigan Department of Transportation (MDOT) and the Friends of the Clinton River Trail

for their efforts in securing the grant funding. He explained that granting approval tonight will allow the City to enter into the formal funding agreement with MDOT.

President Hooper noted that the City's share of the project is 40 percent. The grant will fund 60 percent of the cost. He pointed out that funding for the project was included in the Second Quarter Budget Amendment.

A motion was made by Yalamanchi, seconded by Webber, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 7 - Hooper, Klomp, Kochenderfer, Rosen, Tisdell, Webber and Yalamanchi

Enactment No: RES0155-2012

Resolved, that the Rochester Hills City Council hereby authorizes a Contract with the Michigan Department of Transportation for the Avon and Livernois Road Enhancement Project in the amount not-to-exceed \$138,330.00 and any additional share of the costs to complete the project and further authorizes the Mayor to execute the contract on behalf of the City.

2012-0275 Request for Authorization to refund all or part of the outstanding County issued Rochester Hills Water Supply and Sewage Disposal System Bonds, Series 2005

Attachments: [Agenda Summary.pdf](#)
[Estimated Savings.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, explained that approval of this request will authorize the County to move forward to refund bonds they issued in 2005 on behalf of the City for Extension Number Five. He noted that the City must achieve at least \$100,000 in net savings along with a minimum two percent Net Present Value savings. He pointed out that as of the date of the request, the City would achieve \$116,000 in savings and a Net Present Value savings of almost six percent. He stated that the savings will meet both the City's and the County's criteria for refunding.

A motion was made by Yalamanchi, seconded by Webber, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 7 - Hooper, Klomp, Kochenderfer, Rosen, Tisdell, Webber and Yalamanchi

Enactment No: RES0156-2012

Whereas, pursuant to the provisions of Act No. 342, Public Acts of Michigan, 1939, as amended ("Act 342"), the City of Rochester Hills (the "City") and the County of Oakland (the "County"), acting by and through its Drain Commissioner as county agency, have entered into the Oakland County Water Supply and Sewage Disposal Systems for Rochester Hills - Extension No. 5A Project Contract, dated May 1, 2005 (said contract hereinafter referred to as the "Contract"); and

Whereas, the County has issued its Oakland County Rochester Hills Water Supply and Sewage Disposal System Bonds, Series 2005, dated December 1, 2005 in the original principal amount of \$3,800,000 (the "Prior Bonds"). The Prior Bonds were issued to defray part of the cost of acquiring and constructing water supply and sewage disposal facilities to improve, enlarge and extend the Oakland County Water Supply and Sewage Disposal Systems for Rochester Hills to serve the County and the City; and

Whereas, the Prior Bonds remain outstanding in the aggregate principal amount of

\$1,950,000, mature in various principal amounts in the years 2013 through 2022 and bear interest at rates per annum which vary from 4.00% to 4.40%; and

Whereas, the City has been advised that conditions in the bond market have now improved from the conditions which prevailed at the time the Prior Bonds were sold and that all or part of the callable Prior Bonds could be refunded at a considerable savings to the City; and

Whereas, it is the determination and judgment of this City Council that all or part of the callable Prior Bonds should be refunded to secure for the City the anticipated savings.

Therefore, Be It Resolved that:

1. The County is requested and authorized to issue its refunding bonds in the aggregate principal amount of not to exceed \$2,150,000 (the "Refunding Bonds") pursuant to the provisions of Act No. 34, Public Acts of Michigan, 2001, amended, for the purpose of refunding all or part of the outstanding Prior Bonds (as shall be determined by the County Water Resources Commissioner as County Agency) and paying the costs of issuing the Refunding Bonds.
2. The proceeds of the Refunding Bonds shall be sufficient, together with other available funds to be contributed by the City, if any, to pay the costs of issuing the Refunding Bonds and to pay the principal of, redemption premiums, if any, and the interest on the Prior Bonds that are refunded.
3. The City covenants and agrees to continue to make payments to the County in accordance with the requirements of the Contract, said payments to be in amounts sufficient to pay the principal of and interest on the Refunding Bonds and any of the Prior Bonds that are not refunded as the same shall become due and all paying agency fees and other expenses and charges (including the county agency's administrative expenses) that are payable on account of the Refunding Bonds and those Prior Bonds that are not refunded. The City acknowledges and agrees that its obligations as set forth in the Contract shall continue for the Refunding Bonds and the County shall have all rights and remedies set forth in the Contract to enforce the obligations of the City with respect to the Refunding Bonds in the same manner and to the same extent that such rights and remedies are available with respect to the Prior Bonds.
4. The City specifically (but not by way of limitation) reaffirms its pledge of its full faith and credit for the payment of its obligations with respect to the Refunding Bonds and its obligation to levy taxes for the payment of the principal of and interest on the Refunding Bonds in accordance with the provisions of the Contract.
5. The Mayor, Clerk and Director of Finance are each authorized, if necessary, to file an application for the State Treasurer's approval to issue the Refunding Bonds.
6. The Mayor, Clerk and Director of Finance are each authorized to approve the circulation of a preliminary and final official statement for the Refunding Bonds, to cause the preparation of those portions of the preliminary and final official statement that pertain to the City, and to do all other things necessary for compliance with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended (the "Rule"). The Mayor, Clerk and Director of Finance are each authorized to execute and deliver such documents and certificates and to do all other things necessary to effectuate the sale and delivery of the Refunding Bonds.

7. The Mayor, Clerk and Director of Finance are each authorized to execute a certificate of the City, constituting an undertaking to provide ongoing disclosure about the City for the benefit of the holders of the Refunding Bonds as required under paragraph (b)(5) or (d)(2) of the Rule, as applicable, and amendments to such certificate from time to time in accordance with the terms of the certificate (the certificate and any amendments thereto are collectively referred to herein as the "Continuing Disclosure Certificate"). The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

8. All resolutions and parts of resolutions, insofar as the same may be in conflict herewith, are hereby rescinded.

COUNCIL COMMITTEE REPORTS

Liquor License Technical Review Committee:

Mr. Webber reported that the Liquor License Technical Review Committee will bring its findings to Council on August 13, 2012.

Older Persons Commission (OPC):

Mr. Yalamanchi reported that the OPC Board adopted its budget for 2013. The seven members present for that meeting were in favor of adopting the budget by a seven-zero vote. He noted that the budget incorporates changes for future budget preparations, and the process was reduced from ten steps to five steps. He commented that the changes will give the Director and the Board the opportunity to review positions every year. He mentioned that the OPC has approximately 100 employees, with 84 part-time and only 14 full-time. A substantial amount of manpower is provided by volunteers. He reported that it is a balanced budget and noted that the OPC will have approximately \$1.8 million in reserve at the end of 2012. He mentioned that the budget was submitted to the three communities last Friday.

Mr. Webber thanked Mr. Yalamanchi for his efforts as Treasurer of the OPC Board.

ANY OTHER BUSINESS

Mr. Rosen commented that he has seen several Segways traveling on City pathways and questioned whether they are permitted under the City's regulations.

John Staran, City Attorney, responded that the City does prohibit motorized vehicles on its pathways. He stated that he will look into whether a Segway is considered prohibited for use on pathways.

Mr. Rosen commented that the City might wish to consider providing for the use of Segways on the pathways.

NEXT MEETING DATE

Regular Meeting - Monday, August 13, 2012 - 7:00 p.m.

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 9:00 p.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARY JO WHITBEY
Administrative Secretary
City Clerk's Office*

Approved as presented at the (insert date, or dates) Regular City Council Meeting.