

Crystal Falls, Michigan

May 21, 2009

A special meeting of the Council for the City of Crystal Falls was held in the Council Chambers at the City Hall on Thursday, May 21, 2009 at 8:00 a.m. Central Time.

Present: Mayor Hendrickson, Councilors Burke, and Bicigo.

Absent: Councilors Smokevitch and Hagglund.

Also present were: City Manager Nordeman, and City Clerk/Treasurer Olson.

The purpose of this special meeting was to:

1. Consider a Notice of Intent Resolution for the sewer project.
2. Introduce an amendment to Ordinance No.4 - Zoning, Section 6- Signs, 6.4 - Commercial District.

Mayor Hendrickson led the reciting of the Pledge of Allegiance.

The following preamble and resolution were offered by Councilor Bicigo and supported by Councilor Burke:

WHEREAS, the City of Crystal Falls, County of Iron, State of Michigan (the "City") intends to issue and sell bonds, pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed Three Hundred Seventy Five Thousand Dollars (\$375,000) for the purposes of paying all or part of the cost of improvements to the City's sanitary sewer system, including the construction of a lift station to replace the existing Western Lift Station, the construction and installation of a wet well, pumps, controls, and electrical improvements, together with the construction and installation of an additional gravity sewer main to the new lift station, a new force main under the Paint River, and related site improvements, structures, equipment and appurtenances (the "Project"); and

WHEREAS, a notice of intent to issue bonds must be published before the issuance of the aforesaid bonds in order to comply with the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended; 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 said bonds; and

WHEREAS, the City wishes at this time to state its intention to be reimbursed from proceeds of said bonds for any expenditures undertaken by the City for the Project prior to issuance of said bonds; and

WHEREAS, the City must either be granted qualified status within the meaning of Act 34, Public Acts of Michigan, 2001, as amended or receive prior approval from the Michigan Department of Treasury (the "Department") before said bonds may be issued.

NOW, THEREFORE, BE IT RESOLVED THAT:

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

2. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form, as the same

may be modified or amended by the City Manager or the City Clerk upon the advice of the City's bond counsel, provided that the principal amount of bonds may not be increased without the approval of the Council:

NOTICE TO TAXPAYERS AND ELECTORS OF THE
CITY OF CRYSTAL FALLS, COUNTY OF IRON, MICHIGAN,
AND THE USERS OF THE CITY'S SANITARY SEWER SYSTEM
OF INTENT TO ISSUE BONDS AND THE
RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Crystal Falls, County of Iron, State of Michigan (the "City"), intends to issue and sell revenue bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed Three Hundred Seventy Five Thousand Dollars (\$375,000), in one or more series for the purpose of paying all or part of the cost of improvements to the City's sanitary sewer system, including the construction of a lift station to replace the existing Western Lift Station, the construction and installation of a wet well, pumps, controls, and electrical improvements, together with the construction and installation of an additional gravity sewer main to the new lift station, a new force main under the Paint River, and related site improvements, structures, equipment and appurtenances, to serve the users of the system.

SAID BONDS will be payable in annual installments not to exceed forty (40) in number and will bear interest at the rate or rates to be determined at a public or private sale but in no event to five percent (5.0%) per annum on the balance of the bonds from time to time remaining unpaid.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS SHALL BE PAYABLE solely from the revenues received by the City from the operations of said sanitary sewer system. Said revenues will consist of rates and charges that 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 said bonds and to pay other obligations of the system.

ALTERNATE SOURCE OF PAYMENTS IN THE EVENT BONDS

ARE ADDITIONALLY SECURED BY THE LIMITED TAX

FULL FAITH AND CREDIT OF THE CITY

IN THE EVENT THAT THE CITY COUNCIL DEEMS IT DESIRABLE TO SELL SAID BONDS TO THE MICHIGAN MUNICIPAL BOND 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 Authority or a trustee, and such funds may be pledged for the payment of the bonds.

IN ADDITION TO THE FOREGOING, IN CASE OF INSUFFICIENCY OF SAID REVENUES, OR IN CERTAIN OTHER CIRCUMSTANCES IN WHICH THE CITY MAY PLEDGE AS ADDITIONAL SECURITY FOR THE BONDS THE LIMITED TAX FULL FAITH AND CREDIT OF THE CITY, THE PRINCIPAL OF AND INTEREST ON THE BONDS MAY BE PAYABLE FROM THE GENERAL FUNDS OF THE CITY OR, IF NECESSARY, FROM AD VALOREM TAXES LEVIED UPON ALL TAXABLE PROPERTY IN THE CITY, SUBJECT TO APPLICABLE CHARTER, STATUTORY AND CONSTITUTIONAL 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 RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK OF THE CITY, 401 SUPERIOR AVENUE, CRYSTAL FALLS, MICHIGAN 49920, 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 33, Act 94, Public Acts of Michigan, 1933, as amended.

Dorothea Olson, City Clerk
City of Crystal Falls

3. The Council does hereby determine that the foregoing form of notice of intent to issue said bonds and the manner of publication directed is the method best calculated to give notice to the City's taxpayers and electors of the Council's intent to issue the bonds, the purpose of the bonds, the security 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. Each of the officers of the City is hereby authorized and directed to execute and deliver such applications, documents, instruments and certificates with the Department in support of an application of the City for "qualified status" or, in the alternative, for prior approval to issue the bonds described in this Resolution, and to file for such waivers as may be necessary or advisable with respect to said bonds.

5. 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 itself 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, constructing, and equipping 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 \$375,000.
- (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.

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: Mayor Hendrickson, Councilors Burke and Bicigo.

NAYS: None

Abstain: None

RESOLUTION DECLARED ADOPTED.

Manager Nordeman explained the need to amend the City's Zoning Ordinance, Section 6 - Signs, as it pertains to the Commercial Districts. The ordinance language currently restricts signs outside of the Central Business District to regulations that don't make sense for other commercial areas.

Councilor Bicigo seconded by Councilor Burke moved to set a public hearing date of June 8, 2009 at 5:00 p.m. for the proposed amendment to Section 6 - Signs, 6.4 - Commercial District and instructed Clerk Olson to publish required notices for said hearing.

Motion carried.

Councilor Burke seconded by Councilor Bicigo moved to adjourn this special meeting of the City Council.

Motion carried.

Meeting adjourned at 8:20 a.m.

Presiding Officer

Presiding Clerk