



MEMORANDUM

301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 ▪ WWW.CI.OWOSSO.MI.US

DATE: December 15, 2021

TO: City Council

FROM: Brad Barrett, Finance Director

SUBJECT: Resolutions Authorizing Publication of Notice of Intent to Issue Bonds
Drinking Water Revolving Fund – Project No. 7555-01
Drinking Water Revolving Fund – Project No. 7458-01
Clean Water State Revolving Fund – Project No. 5710-01

RECOMMENDATION:

Approve two authorizing resolutions to publish Notices of Intent to issue revenue bonds to finance two Drinking Water Revolving Fund (DWRF) projects (7555-01 and 7458-01) and one Clean Water State Revolving Fund (CWSRF) (5710-01) project.

BACKGROUND:

The City of Owosso has been allocated funding under the state of Michigan revolving loan funds to complete infrastructure improvements to its wastewater treatment plant and water distribution system.

A Notice of Intent (NOI) to issue revenue bonds is necessary for each project per Public Act 94 of 1933. Such notice will begin a 45-day referendum period during which voters have the right to petition for a vote on the bonds.

The NOI for CWSRF funded Project No. 5710-01 - WWTP Solids Handling Project will authorize a maximum bond principal of \$4,885,000. This amount reflects the total estimated project cost, with contingency, at this time. The state has agreed to purchase \$3,060,000 of the said bond principal. Efforts will be taken by administration to see if additional funding is available from the state for the remaining \$1,825,000. If no additional funding from the state is available, other city funds will have to be used.

The NOI for the two DWRF funded projects, Project No. 7555-01 - Lead & Galvanized Service Line Replacement Project & Project No. 7458-01 - Center Street Water Main Replacement Project/Water Distribution Tanks Rehabilitation Project, will authorize a maximum bond principal of \$7,200,000. This amount reflects the estimated cost for the two projects combined, plus a contingency. The state has agreed to purchase \$1,345,000 of said bond principal for Project No. 7458-01, of which \$403,500 is a drinking water infrastructure grant and \$225,960 as principal forgiveness. The state has also agreed to purchase \$3,000,000 of the remaining principal for Project No. 7555-01, of which the entire amount is designated for principal forgiveness. The state has informed administration there is no additional funding available under this program and the remaining balance, estimated at \$2,855,000, will have to be paid with other city funds.

FISCAL IMPACTS:

CWRLF - Estimated debt payment (\$3.06 mill) of \$270,000 over 20 years at 1.875% paid from Fund 599
DWRF – Estimated debt payment (\$1.345 mill) of \$81,000 over 20 years at 1.875% paid from Fund 591

Attachments: (1) Resolution with Notice of Intent – CWRLF – 5710-01
(2) Resolution with Notice of Intent – DWRF – 7555-01 & 7458-01

DWRF 2022 Project Nos. 7555-01 & 7458-01

**RESOLUTION DECLARING OFFICIAL INTENT TO REIMBURSE PROJECT
EXPENDITURES WITH BOND PROCEEDS AND AUTHORIZING
PUBLICATION OF NOTICE OF INTENT TO ISSUE BONDS**

At a regular meeting of the City Council of the City of Owosso, Shiawassee County, Michigan, held on December 20, 2021.

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____ and seconded by _____:

WHEREAS, the City of Owosso (the “City”) proposes to issue its revenue bonds, in one or more series (the “Bonds”) under Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”), to finance improvements to the City’s water supply system (the “System”), consisting of the replacement of water service lines and watermain repairs and replacements, including, but not limited to, replacement of the Center Street watermain, rehabilitation of System water distribution storage tanks, standpipes, booster stations, an elevated storage tank, and related facilities, as well as the restoration of property, streets, rights-of-way and easements affected by the improvements, and all other work necessary and incidental to these improvement (the “Project”); and

WHEREAS, it is anticipated that the City will advance a portion of the costs of the Project prior to the issuance of the Bonds, to be repaid from proceeds of the Bonds upon the issuance thereof; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the “Reimbursement Regulations”) specifies conditions under which a reimbursement allocation may

be treated as an expenditure of bond proceeds, and the City intends by this resolution to qualify amounts advanced by the City to the Project for reimbursement from proceeds of the Bonds in accordance with the requirements of the Reimbursement Regulations; and

WHEREAS, a notice of intent to issue the Bonds must be published in order to comply with the requirements of Section 33 of Act 94.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan, as follows:

1. The Project shall consist of the water supply system improvements described in the preamble hereto.

2. The maximum principal amount of Bonds expected to be issued for the Project is \$7,200,000.

3. The City hereby declares its official intent to issue the Bonds to finance the costs of the Project, and hereby declares that it reasonably expects to reimburse the City's advances to the Project as described in the preamble and as anticipated by this resolution.

4. The Bonds shall be authorized by proper proceedings subsequent to this resolution.

5. The Clerk is hereby instructed to publish the following notice attached hereto as Exhibit A once in a newspaper of general circulation in the City.

6. All prior resolutions and parts of resolutions insofar as they may be in conflict with this resolution are hereby rescinded.

RESOLUTION DECLARED ADOPTED.

Yeas _____

Nays _____

STATE OF MICHIGAN)
) SS
COUNTY OF SHIAWASSEE)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council of the City of Owosso, Shiawassee County, Michigan, held on December 20, 2021, the original of which is on file in my office. I further certify that notice of the meeting was given pursuant to and in compliance with the Open Meetings Act, as amended.

Amy K. Kirkland, CMC, City Clerk
City of Owosso

EXHIBIT A

NOTICE OF INTENT TO ISSUE BONDS BY THE CITY OF OWOSSO, MICHIGAN

NOTICE IS HEREBY GIVEN, that the City of Owosso, Michigan, intends to issue revenue bonds, in one or more series, in the principal amount of not to exceed \$7,200,000 for the purpose of defraying the cost of improvements to the City's water supply system (the "System"), consisting of the replacement of water service lines and watermain repairs and replacements, including, but not limited to, replacement of the Center Street watermain, rehabilitation of System water distribution storage tanks, standpipes, booster stations, an elevated storage tank, and related facilities, as well as the restoration of property, streets, rights-of-way and easements affected by the improvements, and all other work necessary and incidental to these improvements.

The bonds will mature in not to exceed forty (40) years after the date of original issuance, and will bear interest from their date at a rate or rates to be determined at the time of sale thereof but in no event to exceed such rates as may be permitted by law.

The bonds will be issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and a resolution of the City Council and will be payable from the net revenues of the System and any improvements, enlargements and extensions thereto, and a statutory lien on said revenues will be established by said resolution. The City of Owosso will covenant and agree to fix and maintain at all times while any of the bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System and of the principal of and interest on the bonds when due and to provide for such other expenditures and funds for the System as are required by the resolution authorizing the issuance of bonds. In addition, the bonds may be secured by the full faith and credit of the City as limited by applicable constitutional and statutory limitations on the taxing power of the City.

RIGHT TO PETITION FOR REFERENDUM

This notice is given, by order of the City Council of the City of Owosso, to and for the benefit of the electors of the City of Owosso in order to inform them of their right to petition for a referendum upon the question of the issuance of the aforesaid bonds. The bonds will be issued, without submitting such a question to a vote of the electors, unless within 45 days after the date of publication of this notice a petition requesting a referendum upon such question, signed by not less than 10% or 15,000 of the registered electors in the City of Owosso, whichever is the lesser, shall have been filed with the undersigned City Clerk. In the event that such a petition is filed, the bonds will not be issued unless and until the issuance thereof shall have been approved by the vote of a majority of the electors of the City of Owosso qualified to vote and voting thereon at a general or special election.

FURTHER INFORMATION

Further information relative to the issuance of said bonds and the subject matter of this notice may be secured at the office of the City Clerk of the City of Owosso, 301 West Main Street, Owosso, Michigan 48867.

This notice is given pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

Amy K. Kirkland, CMC
City Clerk
City of Owosso

CWSRF 2022 Project No. 5710-01

**RESOLUTION DECLARING OFFICIAL INTENT TO REIMBURSE PROJECT
EXPENDITURES WITH BOND PROCEEDS AND AUTHORIZING
PUBLICATION OF NOTICE OF INTENT TO ISSUE BONDS**

At a regular meeting of the City Council of the City of Owosso, Shiawassee County, Michigan, held on December 20, 2021.

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____ and seconded by _____:

WHEREAS, the City of Owosso (the “City”) proposes to issue its revenue bonds, in one or more series (the “Bonds”) under Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”), to finance improvements to the City’s wastewater treatment system (the “System”), including without limitation, solids handling improvements at the City’s wastewater treatment plant (the “WWTP”), including without limitation, the acquisition, construction, and installation of two new screw presses for sludge dewatering, sludge storage and pumping equipment, a new roof and other structural, mechanical, and electrical equipment and improvements to WWTP buildings and facilities, as well as all other work and equipment necessary or incidental to these improvements (the “Project”); and

WHEREAS, it is anticipated that the City will advance a portion of the costs of the Project prior to the issuance of the Bonds, such advance to be repaid from proceeds of the Bonds upon the issuance thereof; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the “Reimbursement Regulations”) specifies conditions under which a reimbursement allocation may be treated as an expenditure of bond proceeds, and the City intends by this resolution to qualify amounts advanced by the City to the Project for reimbursement from proceeds of the Bonds in accordance with the requirements of the Reimbursement Regulations; and

WHEREAS, a notice of intent to issue the Bonds must be published in order to comply with the requirements of Section 33 of Act 94.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan, as follows:

1. The Project shall consist of the sewage disposal system improvements described in the preamble hereto.

2. The maximum principal amount of Bonds expected to be issued for the Project is \$4,885,000.

3. The City hereby declares its official intent to issue the Bonds to finance the costs of the Project, and hereby declares that it reasonably expects to reimburse the City’s advances to the Project as described in the preamble and as anticipated by this resolution.

4. The Bonds shall be authorized by proper proceedings subsequent to this resolution.

5. The Clerk is hereby instructed to publish the following notice attached hereto as Exhibit A once in a newspaper of general circulation in the City.

6. All prior resolutions and parts of resolutions insofar as they may be in conflict with this resolution are hereby rescinded.

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Yeas _____

Nays _____

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The bonds will mature in not to exceed forty (40) years after the date of original issuance, and will bear interest from their date at a rate or rates to be determined at the time of sale thereof but in no event to exceed such rates as may be permitted by law.

The bonds will be issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and a resolution of the City Council and will be payable from the net revenues of the System and any improvements, enlargements and extensions thereto, and a statutory lien on said revenues will be established by said resolution. The City of Owosso will covenant and agree to fix and maintain at all times while any of the bonds shall be outstanding such rates for service furnished by the System as shall be sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System and of the principal of and interest on the bonds when due and to provide for such other expenditures and funds for the System as are required by the resolution authorizing the issuance of bonds. In addition, the bonds may be secured by the full faith and credit of the City as limited by applicable constitutional and statutory limitations on the taxing power of the City.

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of a majority of the electors of the City of Owosso qualified to vote and voting thereon at a general or special election.

FURTHER INFORMATION

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