



MEMORANDUM

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

DATE: April 26, 2023

TO: Owosso City Council

FROM: Brad Barrett, Finance Director

SUBJECT: Authorizing Publication of Notice of Intent to Issue Bonds
Clean Water State Revolving Fund – Project No. 5711-01

RECOMMENDATION:

Approve an amended authorizing resolution to publish a Notice of Intent to issue revenue bonds to finance a Clean Water State Revolving Fund (CWSRF) (5711-01) project at the Waste Water Treatment Plant.

BACKGROUND:

The City of Owosso has been allocated funding under the state of Michigan revolving loan funds program to make infrastructure improvements to its wastewater treatment plant.

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. A NOI resolution for the WWTP project was approved by City Council in November 2022. Since that time, the engineer has come back with increased project costs and the NOI resolution needs to be amended and published in the local newspaper.

The amended NOI for CWSRF funded Project No. 5711-01 - WWTP nitrogen and roughing towers will authorize a maximum bond principal of \$19,000,000. This amount reflects the total estimated project cost with contingency. The state has agreed to purchase \$12,012,500 of said bond principal with \$5,300,000 being principal forgiveness. Administration will be responsible to contact EGLE and request an additional \$6,987,500 in loan funds.

FISCAL IMPACTS:

CWSRF - Estimated debt payment (\$13,700,000) of \$600,000 over 30 years at 1.875% paid from Fund 599

The adopted 5-year rate study completed by Baker Tilly included a payment of this size in the WWTP Fund. In addition, the city will be responsible for 53% of the payment and the other communities serviced by the treatment plant will be charged the remaining 47% of the payment per an annual debt charge authorized under the 1977 community agreement.

Attachments: Amended Resolution with Notice of Intent – CWSRF – 5711-01

RESOLUTION NO.
AUTHORIZING PUBLICATION
OF AMENDED NOTICE OF INTENT TO ISSUE BONDS

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, replacement of three treatment towers at the City's wastewater treatment plant and all other work, equipment, and site improvements necessary and incidental thereto (the "Project"); and

WHEREAS, the City Council adopted its Resolution Declaring Official Intent to Reimburse Project Expenditures with Bond Proceeds and Authorizing Publication of Notice of Intent to Issue Bonds at its regular meeting November 7, 2022 (the "Original Resolution"); and

WHEREAS, pursuant to Act 94 and the Original Resolution, on November 25, 2022, the City published its notice of intent to issue Bonds in the aggregate principal amount of \$15,600,000 (the "Original Notice") to finance a portion of the costs of the Project; and

WHEREAS, the City has determined in consultation with its engineers that the costs of the Project have increased; and

WHEREAS, an amended notice of intent to issue the Bonds (the "Amended Notice") must be published in order to increase the maximum principal amount of Bonds expected to be issued for the Project by an additional \$3,400,000 and to clarify the source of repayment of the Bonds 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 System improvements described in the preamble hereto.
2. The maximum aggregate principal amount of Bonds expected to be issued for the Project is \$19,000,000.

3. The City hereby reaffirms its official intent to issue the Bonds to finance the costs of the Project, and hereby reaffirms its expectation as announced in the Original Resolution to reimburse the City's advances to the Project as described in the Original Resolution pursuant to the Reimbursement Regulations.

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

5. The Clerk is hereby instructed to publish the following Amended Notice attached hereto as Exhibit A once in a newspaper of general circulation in the City, which Amended Notice shall supersede and replace in its entirety the Original Notice.

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

EXHIBIT A

AMENDED 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 \$19,000,000 for the purpose of defraying the cost of improvements to the City's wastewater treatment system (the "System"), including without limitation, replacement of three treatment towers at the City's wastewater treatment plant and all other work, equipment, and site improvements necessary and incidental thereto, and to pay the costs of issuing the bonds and capitalized interest, if any.

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, statutory, and charter limitations on the taxing power of the City as well as by any other lawfully available funds 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