CITY OF BURTON
SPECIAL COUNCIL MEETING MINUTES
SEPTEMBER 14, 1998, 7:00 P.M., COUNCIL CHAMBERS

The Special Meeting was called to order by President Ted Hammon AT 7:05 P.M.

MEMBERS PRESENT: Centilli, Cox, Cross, Hammon, Martinbianco, Walls and Zelenko.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor Charles Smiley; J. Major, DPW Director; S. Perez, Purchasing Agent; Dennis Neiman, Bond Counsel; Robert Bendzinski, Financial Advisor and G. Webster, City Clerk.

PURPOSE OF THE MEETING: Acceptance of Low Bid and Award the Sale for $1,440,000.00 of "Special Assessment Limited Tax Bonds Series II, 1998" and the printing thereof for Districts P-98-5, W-98-1 and SS-98-1 Maplewood Meadows Subdivision #3.

PRESENTATION:

Dennis Neiman, Bond Counsel, Miller, Canfield, Paddock and Stone, PLC., presented a list of four excellent bids that reflected the improved credit rating of the City of Burton and the favorable status of the bond market. All the bids were in good form and complied with the sale. It was his recommendation to accept the winning bid of Payne Webber at an interest rate of 4.3970%. The special assessment district will be charged 1% above that, as required by state law.

Robert Bendzinski, Municipal Financial Advisor, Bendzinski & Company, said this was an excellent bid. The city would be borrowing money at 4.3970% for fifteen years. This is lower than the Federal Reserve discount rate. All four bids complied and were excellent bids. He recommended the city accept the bonds. These bonds were rated BBB+ by Standard & Poor's Corporation. Mr. Bendzinski said Moody's Investors Service recently upgraded Burton's financial status. He read a few highlights from the press release. The upgrade was on limited tax debt as well as unlimited tax debt. They have assigned a BAA-1 rating to the City of Burton's $1.44 million 1998 special assessment limited tax bond series II. The general obligation unlimited tax debt was upgraded to A-3 from BAA-1. This very favorable rating was due to the expectation of continued valuation growth and management's proven commitment to control expenditures and maintain reserves. Moody's expected the city's debt position to remain moderate, as result of rapid repayment and manageable future borrowing needs. Also, Standard & Poor and Moody have both upgraded Genesee County. He thinks the administration should be commended for their dedication in this endeavor.

AUDIENCE PARTICIPATION:

None.

COUNCIL DISCUSSION:

Mr. Martinbianco asked about the interest rates as compared to the earlier bond sale this year. Also, he wanted to know if Mr. Neiman and Mr. Bendzinski would advise against a sale, if conditions were unfavorable at the time.

A brief discussion followed in regards to this issue.

Mr. Neiman said these rates were even lower than the good rates received earlier this year. The market was lower today. Earlier this year the bonds were lower than market value, very acceptable and affordable at that time. Also, the money was available for this construction period. He said the market is very hard to predict. It could have very easily gone up or down. He would advise the city to favorable or unfavorable sale conditions. These were excellent bids that reflect 1% below federal rates.

Mr. Bendzinski concurred with Mr. Neiman, about the Market conditions being favorable today. We can't predict rates from one day to the next. This sale was better than yesterday and last week. The city did very well compared to the national bond market.

COUNCIL ACTION:

Zelenko moved and Martinbianco seconded the following motion:

1. Approve and authorize the acceptance of the low bid for the $1,440,000.00 Limited Tax Bonds Series II, 1998, for various public improvements for Special Assessment Districts P-98-5, W-98-1 and SS 98-1 Maplewood Meadows Subdivision #3, to Paine Webber and Company with an effective interest rate of 4.3970%.

Motion carried 7-0.

Zelenko moved and Cross seconded the following motion:

2. Approve and authorize the sale of $1,440,000.00 Special Assessment Limited Tax Bonds, Series II, 1998, for Special Assessment Districts P-98-5, W-98-1 and SS-98-1 Maplewood Meadows Subdivision #3, to Paine Webber and Company with an effective interest rate of 4.3970%, and the printing thereof.

Motion carried 7-0.

Meeting Adjourned at 7:25 P.M.

Gayle Webster
Burton City Clerk

GW/cml