CITY OF BURTON
COUNCIL OF THE WHOLE MEETING MINUTES
JUNE 5, 2013 AT 5:00 P.M., COUNCIL CHAMBERS
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The Special Council Meeting was called to order by President Tom Martinbianco at 5:10 p.m.

MEMBERS PRESENT: Martinbianco, O'Keefe, Smith, Wells, Ellenburg, and Heffner.

MEMBERS ABSENT: Haskins.

OTHERS PRESENT: Mayor P. Zelenko, G. Kray, DPW Director, G. Burke-Miller, Controller, D. Bingaman and J. Anderson, Clerk/Typist.

PURPOSE OF THE MEETING: Discussion regarding Road Repairs and a Presentation from Bond Counsel on possible Funding Options.

PRESENTATION:

Mayor Zelenko said they have bond council there to answer any questions. The Council has been thinking very hard about the road repairs that are needed and participated in the bus tour. We had received documents early on about options for the road repairs. We tried Mr. O'Keefe's idea and tried to put it all on one spreadsheet to make it easier to read. Mr. Kray is here to answer any questions or concerns. The Treasurer and the Controller are here for financial questions.

Robert Bendszinski, 615 Griswald Suite 1225, Detroit, MI 48226, said he is not bond counsel, he is a financial advisor. He said you can fund road improvements with cash. Obviously the City does not have the cash which is bonding is an option. The City should specially assess for this by creating special assessment districts, which is not the easiest. Greg has given him a list that shows the City shares $12.8 million for discussion purposes, which is slightly lower than $22.5. They talked about issuing a series of bonds, figuring out two years of funding at a time. Recommended voting the bond issue, levy a tax for whatever debt service you needed on an annual basis. Every voter will get a portion of the bond over 5 to 10 years' time or so. We have used 15 year Bond issues in all the assumptions and in 2014 we used a 3.75 % interest rate, in 2016 we used 5% in 2018 we used 6% and in 2020 we used 7%.

Mr. Kray referenced the map that shows the road projects.

AUDIENCE PARTICIPATION: None.

COUNCIL DISCUSSION:

Mr. O'Keefe asked Mr. Kray why Belsay Rd. is so expensive.

Mr. Kray replied because it is 5 lanes of concrete and a lot of removal cost. Included is a new storm sewer system for the area.

Mr. O'Keefe asked if we did the project and prepaid for it, would we get the local share if we completed it early.

Mr. Kray said yes the advance construct, when the program rolls around to the year it is funded we would get the Federal money given back to the City at that time.

Mrs. Ellenburg asked if there was a downfall.

Mr. Kray said depending on the year we put the project in it is going to spread our resources a little bit thin. The drawback could be that would have to hire out Engineering that we normally do in house.

Mr. O'Keefe asked about the mils.

Mr. Bendszinski said we ran the scenario where by we pushed all these bond issues into one big schedule. The millage rate ranges from 1.47 to a high of about 3.6 mills in 2018 when you have 3 outstanding bond issues. The average millage rate on $22.5 million based on the assumptions we've discussed was 2.8423 over a 20 year period because the last millage would be levied in 2034 because of the 15 year bond issues being done every 2 years.

Mr. O'Keefe asked if the ballot language would list all of that information.

Mr. Bendszinski said the ballot language would not list the projects, it would say "for street improvements in the City of Burton and related appurtenances."

Mr. Wells asked if the bonds have to be sold in two year increments.

Mr. Benzdsinski replied they would be sole in two year increments. We try to program two years of expenditures and issue bonds every two years. You may be able to build in three years.

Jason Nordberg of the Genesee County Planning Commission, 8319 Millpoint Ct., Goodrich, MI said he works with local units on allocating money for repairs on the roads.

Mrs. Ellenburg asked if the grant money was guaranteed.

Mr. Nordberg replied it is guaranteed, as they will make a commitment for funds if they chose to have forward with us and can come to an agreement.

Mr. Heffner asked if we could swap projects on when they would be completed.

Mr. Nordberg replied there is a significant difference in cost and base the decision on that. The City would have to make an amendment to Metropolitan Alliance, but they frown on the projects plan being changed but it is not out of the question.

Mr. Smith asked looking at the projected road projects and revenue/expenditures report, do we have monies available to help with these projects.

Mrs. Burke-Miller said she would not go that route because these monies are being used for other things and is not guaranteed in the future.

Mr. Martinbianco asked if there is a market for bonds right now.

Mr. Bendszinski replied there is a market for bonds.

Meeting adjourned at 6:18 p.m.

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