

**ANN ARBOR CITY COUNCIL MINUTES
SPECIAL SESSION - DECEMBER 17, 1998**

BOND SALES PRESENTATION

Finance Director Allen D. Moore reported that the City had very successful refunding bond sales over the last two days, with rates in the 4% range, resulting in a reduction of the City's future interest costs by \$2,514,000. He stated that most of the savings will benefit the general fund's debt service levy, with an average savings of \$130,000 per year.

Mr. Moore introduced Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, who were available to answer questions of Council.

CALL TO ORDER / ROLL CALL OF COUNCIL

The special session of the Ann Arbor City Council was called to order at 5:54 p.m. in the City Hall Council Chamber by Mayor Ingrid B. Sheldon.

PRESENT : Councilmembers Tobi Hanna-Davies, Joseph Upton, Jean Carlberg, Heidi Cowing Herrell, Christopher Kolb, Mayor Ingrid B. Sheldon, 6.

ABSENT : Councilmembers Patricia Vereen-Dixon, David Kwan, Stephen C. Hartwell, Patrick A. Putman, Elisabeth L. Daley, 5.

NOTICE OF CALL OF SPECIAL SESSION

The certification and notice of call of special session was read and ordered placed on file with the City Clerk.

PUBLIC COMMENTARY - RESERVED TIME

None.

APPROVAL OF AGENDA

AGENDA APPROVED WITH CHANGES

Councilmember Kolb moved that the agenda be approved with the following changes:

MOTIONS AND RESOLUTIONS

Correct Resolution to Approve **UNLIMITED TAX** General Obligation **ENVIRON-**
Title: **MENTAL** Refunding Bond Sale (Finance)

Correct Resolution to Approve <~~Downtown Development Authority~~>
Title: **GENERAL OBLIGATION LIMITED TAX DEVELOPMENT** Refunding
Bond Sale (Finance)

Add: Resolution Approving Amendment to Limited Tax Full Faith and Credit
General Obligation Contract of Lease (Finance)

On a voice vote the Mayor declared the motion carried.

MOTIONS AND RESOLUTIONS

R-530-12-98 APPROVED

RESOLUTION TO APPROVE UNLIMITED TAX GENERAL
OBLIGATION ENVIRONMENTAL REFUNDING BOND SALE
\$11,420,000

Whereas, Wednesday, December 16, 1998, at 11:30 o'clock a.m., Eastern Standard Time, has been set as the date and time for opening bids for the purchase of the City's Unlimited Tax General Obligation Environmental Refunding Bonds, Series 1998 (the Bonds);

Whereas, Said bids have been publicly opened and read;

Whereas, The bids attached hereto as Exhibit A (on file in the City Clerk's Office) have been received;

Whereas, It is appropriate for the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which has been determined to produce the lowest interest cost to the City; and

Whereas, It is necessary for the City to designate a qualified transfer agent and paying agent (the Transfer Agent), for the Bonds.

RESOLVED, as follows:

1. Award. The bid of Dain Rauscher, Inc., attached hereto as part of Exhibit A (on file in the City Clerk's Office), is determined to produce the lowest interest cost to the City, and the bid is hereby approved and accepted:

2. Return of Good Faith Checks. Checks received from the unsuccessful bidders shall be returned to each bidder's representative or by registered mail or overnight courier as set forth in the Official Notice of Sale as published.

3. Terms of the Bonds. The Bonds shall be dated, shall be in the principal amount of \$11,420,000, shall mature, bear interest and otherwise conform in all respects to the terms set forth in the Official Notice of Sale published with respect to the Bonds.

4. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

5. Escrow Agreement. The Finance Director of the City is authorized to execute and deliver an Escrow Agreement (the Escrow Agreement) between the City and Michigan National Bank, Farmington Hills, Michigan (the Escrow Agent) for the purpose of providing for the payment of the principal of and interest and redemption premiums, if any, on the portion of the Prior Bonds being refunded from the proceeds of the Bonds.

6. Transfer of Funds. The City authorizes the transfer of funds from the debt retirement fund for the Prior Bonds, in an amount determined by the Finance Director in consultation with the financial advisor and the verification agent, to the Escrow Fund created under the Escrow Agreement, to be invested as provided in the Escrow Agreement and used to pay principal and interest on the Prior Bonds.

7. Transfer Agent. The City hereby designates Michigan National Bank, Farmington Hills, Michigan, as the Transfer Agent.

8. Continuing Disclosure Undertaking. The City hereby covenants to comply

with the requirements of Rule 15c2-12 of the Securities and Exchange Commission regarding continuing disclosure as more fully set forth in the form of the Continuing Disclosure Undertaking set forth in the Appendix B of the Official Statement.

9. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Councilmember Upton moved that the resolution be adopted.

With unanimous consent, Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, answered questions of Council.

The question being the resolution as presented, on a voice vote the Mayor declared the motion carried.

R-531-12-98 APPROVED

RESOLUTION TO APPROVE GENERAL OBLIGATION LIMITED
TAX DEVELOPMENT REFUNDING BOND SALE
\$4,040,000

Whereas, Wednesday, December 16, 1998, at 11:00 o'clock a.m., Eastern Standard Time, has been set as the date and time for opening bids for the purchase of the City=s General Obligation Limited Tax Development Refunding Bonds, Series 1998 (the ABonds=);

Whereas, Said bids have been publicly opened and read;

Whereas, The bids attached hereto as Exhibit A (on file in the City Clerk=s Office) have been received;

Whereas, It is appropriate for the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which has been determined to produce the lowest interest cost to the City; and

Whereas, It is necessary for the City to designate a qualified transfer agent and paying agent (the ATransfer Agent=), for the Bonds.

RESOLVED, as follows:

1. Award. The bid of First of Michigan, attached hereto as part of Exhibit A (on

file in the City Clerk's Office), is determined to produce the lowest interest cost to the City, and the bid is hereby approved and accepted.

2. Return of Good Faith Checks. Checks received from the unsuccessful bidders shall be returned to each bidder's representative or by registered mail or overnight courier as set forth in the Official Notice of Sale as published.

3. Terms of the Bonds. The Bonds shall be dated, shall be in the principal amount of \$4,040,000, shall mature, bear interest and otherwise conform in all respects to the terms set forth in the Official Notice of Sale published with respect to the Bonds.

4. Purpose. The Bonds shall be issued for the purpose of refunding all or a portion of the City's 1990 General Obligation Limited Tax Development Bonds, dated June 1, 1990 and its General Obligation Limited Tax Development Refunding Bonds, dated December 30, 1992. The definition of the term "Prior Bonds" in the resolution adopted by the City on July 6, 1998 authorizing the issuance of the Bonds is hereby amended to provide the "Prior Bonds" shall mean all or a portion of the City's 1990 General Obligation Limited Tax Development Bonds, dated June 1, 1990 and the City's General Obligation Limited Tax Development Refunding Bonds, dated December 30, 1992. The Finance Director or Clerk is authorized to make application to the Department of Treasury, if necessary, to provide for an amended order of approval regarding the above-referenced amendment.

5. Escrow Agreement. The Finance Director of the City is authorized to execute and deliver an Escrow Agreement (the "Escrow Agreement") between the City and Michigan National Bank, Farmington Hills, Michigan (the "Escrow Agent") for the purpose of providing for the payment of the principal of and interest and redemption premiums, if any, on the portion of the Prior Bonds being refunded from the proceeds of the Bonds.

6. Transfer of Funds. The City authorizes the transfer of funds from the debt retirement fund for the Prior Bonds, in an amount determined by the Finance Director in consultation with the financial advisor and the verification agent, to the Escrow Fund created under the Escrow Agreement, to be invested as provided in the Escrow Agreement and used to pay principal and interest on the Prior Bonds.

7. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

8. Transfer Agent. The City hereby designates Michigan National Bank, Farmington Hills, Michigan, as the Transfer Agent.

9. Continuing Disclosure Undertaking. The City hereby covenants to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission regarding continuing disclosure as more fully set forth in the form of the Continuing Disclosure Undertaking set forth in the Appendix E of the Official Statement.

10. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Councilmember Upton moved that the resolution be adopted.

With unanimous consent, Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, answered questions of Council.

The question being the resolution as presented, on a voice vote the Mayor declared the motion carried.

R-532-12-98 APPROVED

RESOLUTION TO APPROVE WATER SUPPLY SYSTEM
REFUNDING AND CONSTRUCTION BOND SALE
\$6,750,000

Whereas, Thursday, December 17, 1998, at 10:30 o'clock a.m., Eastern Standard Time, has been set as the date and time for opening bids for the purchase of the City's Water Supply System Revenue and Revenue Refunding Bonds, Series W (the Bonds);

Whereas, Said bids have been publicly opened and read;

Whereas, The bids attached hereto as Exhibit A (on file in the City Clerk's Office) have been received;

Whereas, It is appropriate for the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which has been determined to produce the lowest interest cost to the City; and

Whereas, It is necessary for the City to designate a qualified transfer agent and paying agent (the Transfer Agent), for the Bonds.

RESOLVED, as follows:

1. Award. The bid of ABN AMRO, Incorporated, attached hereto as part of Exhibit A (on file in the City Clerk=s Office), is determined to produce the lowest interest cost to the City, and the bid is hereby approved and accepted.

2. Return of Good Faith Checks. Checks received from the unsuccessful bidders shall be returned to each bidder=s representative or by registered mail or overnight courier as set forth in the Official Notice of Sale as published.

3. Terms of the Bonds. The Bonds shall be designated AWater Supply System Revenue and Revenue and Revenue Refunding Bonds, Series W≡ and shall be dated, shall be in the principal amount of \$6,750,000, shall mature, bear interest and otherwise conform in all respects to the terms set forth in the Official Notice of Sale published with respect to the Bonds.

4. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

5. Escrow Agreement. The Finance Director of the City is authorized to execute and deliver an Escrow Agreement (the AEscrow Agreement≡) between the City and Michigan National Bank, Farmington Hills, Michigan (the AEscrow Agent≡) for the purpose of providing for the payment of the principal of and interest and redemption premiums, if any, on the portion of the Prior Bonds being refunded from the proceeds of the Bonds.

6. Transfer of Funds. The City authorizes the transfer of funds from the debt retirement fund for the Prior Bonds, in an amount determined by the Finance Director in consultation with the financial advisor and the verification agent, to the Escrow Fund created under the Escrow Agreement, to be invested as provided in the Escrow Agreement and used to pay principal and interest on the Prior Bonds.

7. Transfer Agent. The City hereby designates Michigan National Bank, Farmington Hills, Michigan, as the Transfer Agent.

8. Continuing Disclosure Undertaking. The City hereby covenants to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission regarding continuing disclosure as more fully set forth in the form of the Continuing Disclosure Undertaking set forth in the Appendix G of the Official Statement.

9. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Councilmember Upton moved that the resolution be adopted.

With unanimous consent, Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, answered questions of Council.

The question being the resolution as presented, on a voice vote the Mayor declared the motion carried.

R-533-12-98 APPROVED

RESOLUTION TO APPROVE SEWAGE DISPOSAL SYSTEM
REFUNDING AND CONSTRUCTION BOND SALE
\$8,900,000

Whereas, Thursday, December 17, 1998, at 11:00 o=clock a.m., Eastern Standard Time, has been set as the date and time for opening bids for the purchase of the City=s Sewage Disposal System Revenue and Revenue Refunding Bonds, Series XVIII (the ABonds=);

Whereas, Said bids have been publicly opened and read;

Whereas, The bids attached hereto as Exhibit A (on file in the City Clerk=s Office) have been received;

Whereas, It is appropriate for the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which has been determined to produce the lowest interest cost to the City; and

Whereas, it is necessary for the City to designate a qualified transfer agent and paying agent (the Transfer Agent), for the Bonds.

RESOLVED, as follows:

1. Award. The bid of A.G. Edwards, attached hereto as part of Exhibit A (on file in the City Clerk's Office), is determined to produce the lowest interest cost to the City, and the bid is hereby approved and accepted.

2. Return of Good Faith Checks. Checks received from the unsuccessful bidders shall be returned to each bidder's representative or by registered mail or overnight courier as set forth in the Official Notice of Sale as published.

3. Terms of the Bonds. The Bonds shall be designated Sewage Disposal System Revenue and Revenue Refunding Bonds, Series XVIII and shall be dated, shall be in the principal amount of \$8,900,000, shall mature, bear interest and otherwise conform in all respects to the terms set forth in the Official Notice of Sale published with respect to the Bonds.

4. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from adjusted gross income for general federal income tax purposes under the Internal Revenue Code of 1986, as amended, including, but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

5. Escrow Agreement. The Finance Director of the City is authorized to execute and deliver an Escrow Agreement (the Escrow Agreement) between the City and Michigan National Bank, Farmington Hills, Michigan (the Escrow Agent) for the purpose of providing for the payment of the principal of and interest and redemption premiums, if any, on the portion of the Prior Bonds being refunded from the proceeds of the Bonds.

6. Transfer of Funds. The City authorizes the transfer of funds from the debt retirement fund for the Prior Bonds, in an amount determined by the Finance Director in consultation with the financial advisor and the verification agent, to the Escrow Fund created under the Escrow Agreement, to be invested as provided in the Escrow Agreement

and used to pay principal and interest on the Prior Bonds.

7. Transfer Agent. The City hereby designates Michigan National Bank, Farmington Hills, Michigan, as the Transfer Agent.

8. Continuing Disclosure Undertaking. The City hereby covenants to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission regarding continuing disclosure as more fully set forth in the form of the Continuing Disclosure Undertaking set forth in the Appendix C of the Official Statement.

9. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Councilmember Upton moved that the resolution be adopted.

With unanimous consent, Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, answered questions of Council.

The question being the resolution as presented, on a voice vote the Mayor declared the motion carried.

R-534-12-98 APPROVED

RESOLUTION APPROVING AMENDMENT TO LIMITED TAX FULL FAITH AND CREDIT GENERAL OBLIGATION CONTRACT OF LEASE (\$10,100,000)

Whereas, the City of Ann Arbor (the City) and the Ann Arbor Building Authority (the Authority) have entered into a Limited Tax Full Faith and Credit General Obligation Contract of Lease dated as of July 1, 1998 (the Contract of Lease) for the purpose of issuing bonds to pay for the costs of acquiring a new parking structure and to demolish and replace the existing structure located at Fourth and Washington Streets, together with necessary and related appurtenances, all as described in the Contract of Lease; and

Whereas, the City and the Authority desire to amend certain provisions of the Contract of Lease.

RESOLVED, That:

- 1. This City Council hereby approves the Amendment to Limited Tax Full Faith

and Credit General Obligation Contract of Lease (the Amendment) as presented to the City (on file in the City Clerk's Office).

2. The Mayor and the City Clerk are authorized to execute immediately and deliver to the Authority the Amendment approved by this resolution. Said Amendment shall become binding and effective upon the approval thereof by resolution of the Board of Commissioners of the Authority and the execution thereof.

3. All resolutions and parts of resolutions insofar as the same conflict with the provisions of this resolution be and the same hereby are rescinded.

Councilmember Upton moved that the resolution be adopted.

With unanimous consent, Paul Stauder, of Stauder Barch and Associates, and Tom Colis, of Miller Canfield, bond counsel, answered questions of Council.

The question being the resolution as presented, on a voice vote the Mayor declared the motion carried.

REPORTS FROM COUNCIL COMMITTEES

None.

COUNCIL PROPOSED BUSINESS

None.

COMMUNICATIONS FROM THE MAYOR

None.

COMMUNICATIONS FROM THE CITY ADMINISTRATOR

None.

COMMUNICATIONS FROM THE CITY ATTORNEY

None.

COMMUNICATIONS FROM COUNCIL

COUNCILMEMBER KOLB

Councilmember Kolb stated that the proposed revisions to the Non-Discrimination Ordinance, scheduled for second reading on December 21, may be postponed for further input from various sources.

PUBLIC COMMENTARY - GENERAL

None.

ADJOURNMENT

There being no further business to come before Council, the Mayor declared the meeting adjourned at 6:04 p.m.

W. Northcross
Clerk of the Council

Janet L. Chapin
Recording Secretary