



# City of Ann Arbor

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Ann Arbor, MI 48104  
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## Legislation Text

File #: 13-1094, Version: 2

### Amendment to Ordinance No. 13-19 Authorizing Sewage Disposal System Revenue Refunding Bonds, Series 2013 (**Roll Call Vote - One Reading Only**) (ORD-13-26)

On July 1, 2013, Council approved Ordinance No. 13-19 authorizing the issuance of Sewage Disposal System Revenue Refunding Bonds, Series 2013 in an aggregate principal amount not exceeding \$21,500,000 for the purpose of refunding all or a portion of the City's Sewage Disposal System Revenue Bonds, Series XIX. Section 3 of Ordinance No. 13-19 provided that the bonds shall not be issued unless the refunding of the prior bonds yields a net present value savings of at least 5%. This provision exceeded the requirements of the City's adopted Debt Policy, which states that net present value savings shall be at least 3%.

Long term interest rates have increased since that ordinance was passed, thereby causing the expected savings to be less than 5%. Although the savings are less than anticipated, the City can expect to realize savings of approximately \$900,000 from the issuance of these bonds. It is proposed that such provision be amended to require debt service savings of at least 3%, consistent with the City's debt policy, allowing the City to proceed with issuance.

Prepared by: Matthew V. Horning, Treasurer

Reviewed by: Tom Crawford, Financial & Administrative Services Administrator

Approved by: Steven D. Powers, City Administrator

ORDINANCE NO. ORD-13-26

First Reading : October 7, 2013  
Public Hearing: n/a

Approved: October 7, 2013  
Published: October 10, 2013  
Effective: October 7, 2013

CITY OF ANN ARBOR  
County of Washtenaw, State of Michigan

### AMENDMENT TO ORDINANCE NO. 13-19 AUTHORIZING SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BONDS, SERIES 2013

Minutes of a regular meeting of the City Council of the City of Ann Arbor, County of Washtenaw, State of Michigan, held on Monday, October 7, 2013, at 7:00 o'clock p.m. Eastern Time.

PRESENT: Councilmembers Kailasapathy, Briere, Lumm, Kunselman, Teall, Warpehowski, Anglin and Mayor Hieftje, 8;

ABSENT: Councilmembers Petersen, Taylor and Higgins, 3.

The following preamble and ordinance were offered by Councilmember Teall and supported by Councilmember Briere:

WHEREAS, the City of Ann Arbor, County of Washtenaw, State of Michigan (the "City") on July 1, 2013 approved Ordinance No. 13-19 authorizing the issuance of its Sewage Disposal System Revenue Refunding Bonds, Series 2013

(the "Refunding Bonds"), in an aggregate principal amount not exceeding \$21,500,000 for the purpose of refunding all or a portion of the City's Sewage Disposal System Revenue Bonds, Series XIX maturing in the years 2014 to 2024 (the "Prior Bonds");

WHEREAS, Section 3 of Ordinance No. 13-19 provides that the Refunding Bonds shall not be issued unless the refunding of the Prior Bonds will yield net present value debt service savings of at least 5.0%, with a true interest cost of the Refunding Bonds not in excess of 3.0%, and it is proposed that such provision be amended to require debt service savings of at least 3.0%, consistent with the City's debt policy, with a true interest cost of the Refunding Bonds not in excess of 3.4%, based on interest rates in the current bond market; and

WHEREAS, Ordinance 13-19 further provides that interest on the Refunding Bonds shall first become payable on January 1, 2014, and it is proposed that, based on the current timing for issuance of the Refunding Bonds, interest on the Refunding Bonds shall first become payable on July 1, 2014.

NOW, THEREFORE, BE IT ORDAINED THAT:

1. Amendments Regarding Required Debt Service Savings and Maximum True Interest Cost. Section 3 of Ordinance No. 13-19 is hereby amended in its entirety to read as follows:

"Section 3. Payment of Costs; Bonds Authorized. To pay the costs associated with the refunding of the Prior Bonds to be Refunded, including all financial, legal and other expenses and contingencies incidental thereto and to the issuance and sale of the Bonds and to refund the Prior Bonds to be Refunded, it is hereby determined that the City shall borrow upon the credit of the Revenues of the System, the additional sum of not to exceed Twenty-One Million Five Hundred Thousand Dollars (\$21,500,000), or such lesser amount as determined pursuant to the Sales Order, and that the Bonds be issued therefor, under the provisions of Act 94, the Bonds having equal standing and priority and being equally secured with the Outstanding Bonds. The remaining costs, if any, of refunding the Prior Bonds to be Refunded shall be defrayed from System funds on hand and legally available for such use, including moneys in the debt retirement funds established for the Prior Bonds to be Refunded.

"The Bonds shall not be issued unless the refunding of the Prior Bonds to be Refunded will yield a net present value debt service savings of at least 3.0%, as determined by the Treasurer based upon generally accepted refunding savings analysis methods, with a true interest cost of the Bonds not in excess of 3.4%.

"Except as changed by the provisions of this Ordinance, all the provisions of the Outstanding Ordinances shall apply to the Bonds, the same as though each of said provisions were repeated in this Ordinance, the purpose of this Ordinance being to authorize the issuance of additional Bonds to refund the Prior Bonds to be Refunded, additional bonds of equal standing with the Outstanding Bonds for such purpose being authorized by the provisions of the Outstanding Ordinances, upon the conditions therein stated, which conditions have been fully met."

2. Amendments Regarding First Interest Payment Date. Section 4 (Details of Bonds; Registration and Execution), Section 14 (Bond Form) and Section 17 (Form of Notice of Sale) of Ordinance No. 13-19 are hereby amended to replace all references to "January 1, 2014" with "July 1, 2014", as the date of the first payment of interest on the Refunding Bonds.

3. Savings Clause. Ordinance No. 13-19 shall continue in full force and effect, except as specifically supplemented or altered herein.

4. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision hereof shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Amendment to Ordinance No 13-19. The paragraph headings herein are furnished for convenience of reference only and shall not be considered to be part of this Amendment to Ordinance No. 13-19.

5. Publication and Recordation. This Amendment to Ordinance No. 13-19 shall be published in full in The Washtenaw County Legal News, a newspaper of general circulation in the City, qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the City, and such recording authenticated by the signatures of the Mayor and City Clerk.

6. Effective Date. Pursuant to the provisions of Section 6 of Act 94, Public Acts of Michigan, 1933, as amended, this Amendment to Ordinance No. 13-19 shall be approved on the date of first reading and accordingly this Amendment to Ordinance No. 13-19 shall immediately be effective upon its adoption.

Adopted and signed this 7th day of October, 2013.

Signed \_\_\_\_\_

John Hieftje , Mayor

Signed \_\_\_\_\_

Jacqueline Beaudry, City Clerk

I hereby certify that the foregoing constitutes a true and complete copy of an Amendment to Ordinance duly adopted by the City Council of the City of Ann Arbor, County of Washtenaw, Michigan, at a Regular Meeting held on the 7th day of October, 2013, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Councilmembers were present at said meeting: Councilmembers Kailasapathy, Briere, Lumm, Kunselman, Teall, Warpehowski, Anglin and Mayor Hieftje, (8) and that the following Councilmembers were absent: Councilmembers Petersen, Taylor and Higgins, (3).

I further certify that Councilmember Teall moved adoption of said Amendment to Ordinance, and that said motion was supported by Councilmember Briere.

I further certify that the following Councilmembers voted for adoption of said Amendment to Ordinance: Councilmembers Kailasapathy, Briere, Lumm, Kunselman, Teall, Warpehowski, Anglin and Mayor Hieftje, (8) and that the following Councilmembers voted against adoption of said Amendment to Ordinance: Councilmembers were absent: Councilmembers Petersen, Taylor and Higgins, (3).

I further certify that said Amendment to Ordinance has been recorded in the Ordinance Book and that such recording has been authenticated by the signatures of the Mayor and City Clerk.

Signed \_\_\_\_\_

Jacqueline Beaudry, City Clerk