



CITY COUNCIL

April 17, 2017

A regular meeting of the City of Petoskey City Council was held in the City Hall Council Chambers, Petoskey, Michigan, on Monday, April 17, 2017. This meeting was called to order at 7:00 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call then determined that the following were

Present: John Murphy, Mayor
Izzy Lyman, City Councilmember
Grant Dittmar, City Councilmember
Jeremy Wills, City Councilmember

Absent: Kate Marshall, City Councilmember

Also in attendance were City Manager Robert Straebel, Clerk-Treasurer Alan Terry and Public Safety Director Matthew Breed.

Resolution No. 19053
Approve Consent Agenda Items

Following introduction of the consent agenda for this meeting of April 17, 2017, City Councilmember Wills moved that, seconded by City Councilmember Dittmar adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the March 20, 2017 regular-session and March 28, 2017 special session City Council meeting be and are hereby approved; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since March 20 for contract and vendor claims at \$827,122.68, intergovernmental claims at \$205,178.82, and the March 23 and April 6 payrolls at \$391,276.05, for a total of \$1,423,577.55 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Hear Public Comment

Mayor Murphy asked for public comments and Steve May, 311 Lawrence Street, commented that there are numerous items in the neighborhood including cars, boats and a motorhome that belong to people that don't live in the neighborhood; that he has been calling City staff since December regarding the matter; and feels there is a loophole in ordinance regulating this type of activity. Reg Smith, Stafford's Hospitality, also commented on water and sewer bonds and utility rates.

City Councilmembers discussed looking at an ordinance amendment to control situation and some had concerns that since it isn't a jarring instance and targeting an amendment to one particular property.

The City Manager reported that there is an increase in

Hear City Manager Updates

graffiti and that signs of graffiti should be reported to City staff so it can be removed; that City Council received the Citizens Research Council of Michigan presentation document which shows a summary of the financial challenges of Michigan municipalities to recoup lost property valuations since the Great Recession and addresses some strategies to grow back the tax losses; that the Public Safety Department received a \$500 donation from the owner of a Bay Harbor home that recently burned earlier this year; that the first draft of an Employee Handbook is being reviewed by Plunkett Cooney Attorney Laura Dinon with hopes to have it completed by early summer; that the Public Works Department completed drainage improvements under the Bridge Street Bridge; and that beginning in May, DTE Energy will be installing a new larger gas main in the City road right-of-way.

City Councilmembers inquired on the status of Bayfront Drive and Emmet Street projects. The City Manager responded that Bayfront Drive is on schedule with hopes to pave in two weeks, and Emmet Street improvements just began with no knowledge of any delays.

Resolution No. 19054 – 19057
Confirm Appointments

Mayor Murphy reviewed that City Council consider possible appointments to the Tax Increment Finance Authority (TIFA), Zoning Board of Appeals and Board of Review.

City Councilmember Wills moved that, seconded by City Councilmember Lyman adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Gary Hunter, 616 Lockwood Avenue, to the Tax Increment Finance Authority (TIFA) for a four-year term ending April 2021.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)
NAYS: None (0)

Resolution No. 19055

City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Michael Karr, 608 East Mitchell Street, to the Zoning Board of Appeals for a three-year term ending April 2020.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)
NAYS: None (0)

Resolution No. 19056

City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Lori Pall, 603 East Lake Street, to the Zoning Board of Appeals for a three-year term ending April 2020.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)
NAYS: None (0)

Resolution No. 19057

City Councilmember Lyman moved that, seconded by City Councilmember Wills adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Mark Gaylord, 211 Summit Street, as the alternate to the Board of Review for a three-year term ending April 2020.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)
NAYS: None (0)

Resolution No. 19058
Adopt Ord. 757 - Bond Ordinance
for WWTP Improvements

The Finance Director reviewed that City Council approved a Notice of Intent to Issue Water and Sewer Revenue Bonds at the October 3, 2016 Council meeting. Council also approved at the same meeting the Capital Improvement Plan for 2017-2022, which includes the third and final phase of renovations for the Wastewater Treatment Plant that is over 50 years old. Improvements include replacement of the primary tank mechanisms, upgrades to the aeration tank and secondary process, renovations to the laboratory and administration building, new drainage system and improvement to the disinfection building. These components were left out of work performed in 2001 and 2011 due to financial considerations and have now out lived their useful life.

The 2011 Refunded Water and Sewer Bonds matured on February 1, 2017 and are completely paid off. With completion of the 2011 bond issue repayment, there will be sufficient funds available, at the current water and sewer rates, to meet the expected bond debt requirements for the 2017 Water and Sewer bond issue. Therefore, there is no need to adjust rates for the new bond issue.

A preconstruction meeting occurred on March 30, 2017 with potential contractors in attendance to review the project and tour the facilities. Construction bid packets were made available to contractors, with construction bids due on April 25, 2017. Bids will be reviewed by City staff and Consultants and a recommendation will be presented to City Council at the May 15, 2017 meeting. With construction costs known and acceptable to the City, the bonding process may then proceed.

The City's 2017 Annual Budget includes \$4,478,600 of capital improvements for these replacements with funding for this project contingent upon the issuance of bonds. The bonding process began when City Council approved the Bond Issue Notice Resolution, as required by State law, which confirmed the City's intent to issue revenue bonds. Council was provided with an ordinance that would authorize a public sale of up to \$5,000,000 in bonds, which is expected to occur on May 23, 2017. No further action would be required by Council, as part of the bonding process, since the bond ordinance authorizes issuance of the bonds, based on receiving a favorable interest rate from the purchaser. The bond closing is expected to take place on June 6, 2017.

City Councilmember Wills moved that, seconded by City Councilmember Lyman adoption of the following ordinance:

Ordinance No. 757

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS TO PAY THE COST OF ACQUIRING, CONSTRUCTING AND EQUIPPING IMPROVEMENTS TO THE WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM OF THE CITY; TO PRESCRIBE THE FORM OF THE BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND CERTAIN OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS AND OUTSTANDING BONDS OF THE SYSTEM.

THE CITY OF PETOSKEY ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

- (a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.
- (b) "Authorized Officers" means either the City Manager or the Director of Finance.
- (c) "Bonds" means the Series 2017 Bonds, the Outstanding Bonds and any additional Bonds of equal standing hereafter issued.
- (d) "Issuer" or "City" means the City of Petoskey, County of Emmet, State of Michigan.
- (e) "Outstanding Bonds" means the Series 2011 Bonds.
- (f) "Outstanding Ordinances" means Ordinances Nos. 650 and 726 of the City.
- (g) "Project" means the improvements to the System of the City, including wastewater treatment plan upgrades and improvements and lift station upgrades, together with all necessary appurtenances and attachments.
- (h) "Revenues" and "Net Revenues" mean the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues", the earnings derived from the investment of moneys in the various funds and accounts established by the Outstanding Ordinances and this Ordinance.
- (i) "Sale Order" means the Sales Order to be executed by an Authorized Officer of the Issuer respecting the sale of the Series 2017 Bonds.
- (j) "Series 2011 Bonds" mean the Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds, Series 2011, dated June 29, 2011, in the outstanding principal amount of Six Million Five Hundred Twenty-Five Thousand Dollars (\$6,525,000).
- (k) "Series 2017 Bonds" means the Water Supply and Sewage Disposal System Revenue Bonds, Series 2017, authorized pursuant to this ordinance.
- (l) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the Bonds as it comes due whether on the stated maturity date or upon earlier

redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the paying agent.

(m) "System" means the entire Water Supply and Sewage Disposal System of the City as defined in the Outstanding Ordinances.

(n) "Transfer Agent" means The Huntington National Bank, Grand Rapids, Michigan.

Section 2. Necessity; Public Purpose; Estimated Cost and Life of Project. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project. The estimated cost of acquiring and constructing the Project, including capitalized interest, contingencies, engineering, legal and financing expenses, in an amount not to exceed Five Million Dollars (\$5,000,000), is hereby approved. The Issuer does hereby estimate the period of usefulness of the Project to be at least twenty (20) years.

Section 3. Payment of Cost; Bonds Authorized. To pay the costs associated with acquiring and constructing the Project, including all capitalized interest, legal, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2017 Bonds, the Issuer shall borrow the sum of not to exceed Five Million Dollars (\$5,000,000), as finally determined in the Sale Order and issue the Series 2017 Bonds pursuant to the provisions of Act 94. The remaining costs, if any, shall be defrayed from System funds on hand and legally available for such use.

Except as amended by or expressly provided to the contrary in this Ordinance, all of the provisions of the Outstanding Ordinances shall apply to the Series 2017 Bonds issued pursuant to this Ordinance, the same as though each of said provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of revenue bonds of equal standing with the Outstanding Bonds to pay the costs of the Project; such purpose being authorized by the provisions of the Outstanding Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 4. Bond Details, Registration and Execution. The Series 2017 Bonds shall be designated WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2017, shall be payable solely and only out of the Net Revenues, as set forth more fully herein and in the Outstanding Ordinances, shall consist of bonds of the denomination of \$5,000, or integral multiples of \$5,000 not exceeding in any one year the amount maturing in that year, dated as of the date of delivery or such other date as shall be determined in the Sale Order, numbered in order of registration, and shall mature on February 1st in the years and amounts as follows, or such other years of maturity and principal amounts as shall be determined in the Sale Order:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$180,000	2029	\$265,000
2020	190,000	2030	280,000
2021	195,000	2031	290,000
2022	205,000	2032	300,000
2023	210,000	2033	315,000
2024	220,000	2034	325,000
2025	230,000	2035	340,000
2026	240,000	2036	350,000

2027	245,000	2037	365,000
2028	255,000		

The Series 2017 Bonds shall bear interest at the rate specified in the Sale Order, but not to exceed 5.00% per annum, payable on February 1 and August 1 of each year, commencing February 1, 2018, or such later date as shall be determined in the Sale Order, by check or draft mailed by the Transfer Agent to the person or entity which is, as of the 15th day of the month preceding the interest payment date, the registered owner at the registered address as shown on the registration books of the Issuer maintained by the Transfer Agent. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. The principal of the Series 2017 Bonds shall be payable at the designated corporate trust office of the Transfer Agent. The Series 2017 Bonds shall be sold at a price not less than 99% of their par value.

Bonds maturing in the years 2019 to 2027, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2028 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after February 1, 2027, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding Bond is called for redemption, the Transfer Agent upon presentation of the Bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption. Notice of redemption shall be given in the manner specified in the form of the Bonds contained in Section 14 of this Ordinance.

Section 5. Execution of Bonds. The Series 2017 Bonds shall be executed in the name of the Issuer with the manual or facsimile signatures of the Mayor and the City Clerk and shall have a facsimile of the Issuer's seal printed on them. No Bond shall be valid until authenticated by an authorized signer of the Transfer Agent. The Series 2017 Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser thereof in accordance with instructions from the Director of Finance of the Issuer upon payment of the purchase price for the Series 2017 Bonds in accordance with the bid therefor when accepted. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

Section 6. Registration and Transfer. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Transfer Agent shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Bonds contained in Section 13 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2017 Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Transfer Agent shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the Transfer Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Transfer Agent of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Transfer Agent and, if this evidence is satisfactory to both and indemnity satisfactory to the Transfer Agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the Transfer Agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the Transfer Agent may pay the same without surrender thereof. The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any officer of the City is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the Bond form with the parameters of this resolution as may be required to accomplish the foregoing.

Section 7. Payment of Series 2017 Bonds; Security. The Issuer hereby pledges the Net Revenues of the System for the prompt payment of the Series 2017 Bonds. The Series 2017 Bonds and the interest thereon shall be payable solely and only from the Net Revenues, and to secure such payment, there is hereby created a lien, made a statutory lien by Section 8 of Act 94, upon the whole of the Net Revenues which shall be a first lien to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or, until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of all Bonds of a series then outstanding, principal and interest on such Bonds to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. The statutory first lien referred to herein shall be of equal standing and priority with the City's Outstanding Bonds. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to that series of Bonds, the holders of that series shall have no further rights under this Ordinance except for payment from the deposited funds, and the Bonds of that series shall no longer be considered to be outstanding under this Ordinance.

Section 8. Bondholders' Rights; Receiver. The holder or holders of the Series 2017 Bonds representing in the aggregate not less than twenty percent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof. If there is a default in the payment of the principal of or interest on the Series 2017 Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94. The holder or holders of the Series 2017 Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2017 Bonds and the security therefor.

Section 9. Rates and Charges. The rates and charges for service furnished by and the use of the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date hereof, as the same shall be increased from time to time.

Section 10. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished by the System to any

person, firm or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 11. Fixing and Revising Rates. The rates presently in effect in the City are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, the rates shall be set from time to time so that there shall be produced Net Revenues in an amount equal to 110% of the principal of and interest on the Bonds coming due in each fiscal year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amounts, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all times sufficient to provide for the foregoing

Section 12. Bond Reserve Fund. The Bond Reserve Account in the Bond and Interest Redemption Fund, as established by the Outstanding Ordinances, shall be adjusted in such amounts, so that upon issuance of the Series 2017 Bonds, the Bond Reserve Account shall total a sum equal to the lesser of (a) the maximum annual principal and interest requirements on the Bonds outstanding after issuance of the additional Bonds, (b) 125% of the average annual debt service on the Bonds after issuance of the additional Bonds, or (c) an amount equal to 10% of the principal amount of the Bonds. In the event that the amount in said Bond Reserve Account is greater than such largest annual debt service requirement, such excess amount shall be transferred to the Bond and Interest Redemption Fund described herein. If it is necessary to increase the amount in the Bond Reserve Account, the City shall deposit a sum from the moneys on hand in the System prior to delivery of the Bonds so that the Bond Reserve Account is fully funded as of the delivery of the Bonds.

Section 13. Disposition of Bond Proceeds. There is hereby established in a bank insured by the Federal Deposit Insurance Corporation to be selected by an Authorized Officer, a separate depository account to be designated "Water Supply and Sewage Disposal System Revenue Bonds Series 2017 Construction Fund", the moneys from time to time on deposit to be used solely to pay the cost of the Project and the incidental costs set forth in Section 4 of this Ordinance. The proceeds of sale of the Series 2017 Bonds shall be allocated and used as follows, or as set forth in the Sale Order: First, any premium, accrued interest and the amount necessary to fund capitalized interest for the Series 2017 Bonds, if any, shall be deposited into the Bond and Interest Redemption Fund established by the Outstanding Ordinances. Second, an amount necessary to fully fund the Bond Reserve Account shall be deposited into the Reserve Account in the Bond and Interest Redemption Fund. Third, the amount of funds necessary to pay the costs of the Project and the costs of issuance of the Series 2017 Bonds, as set forth in the Sale Order, shall be deposited in the Water Supply and Sewage Disposal System Revenue Bonds Series 2017 Construction Fund. Moneys in the Construction Fund shall be applied solely in payment of the cost of the acquisition and construction of the Project, including any engineering expenses incident thereto. Any payments for construction, either on account or otherwise, shall not be made unless the registered engineer in charge of such work shall file with the City Council a signed statement to the effect that the work has been completed in accordance with the plans and specifications therefor; that it was done pursuant to and in accordance with the contract therefor (including properly authorized change orders), that the work is satisfactory and that any such work has not been previously paid for. The investment of the Bonds shall be limited as may be required by federal law. Any unexpended balance of the proceeds of sale of the Bonds remaining after completion of the Project in the Construction Fund shall in the discretion of the City Council be used either for further improvements, enlargements and extension to the System, if, at the time of such expenditures, such use is approved by the Michigan Department of Treasury, if such permission is then required by law. Any remaining balance after such expenditure, or in the event no such expenditure is made, the entire unexpended balance shall be paid into the Bond and Interest Redemption Fund and used for the redemption or purchase of callable Bonds or

for any other purpose permitted by Act 94. The proceeds of sale of said bonds may be invested in whole or in part in the manner provided by Act 94.

Section 14. Bond Form. The Series 2017 Bonds shall be in substantially the following form with such changes as may be approved by an Authorized Officer and Bond Counsel:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF EMMET

**CITY OF PETOSKEY
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BOND, SERIES
2017**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	_____, 2017	

REGISTERED OWNER: _____

_____ Dollars (\$_____)

The City of Petoskey, County of Emmet, State of Michigan (the "Issuer"), for value received, hereby promises to pay, solely and only out of the hereinafter described Net Revenues of the Issuer's Water Supply and Sewage Disposal System (hereinafter defined) the Principal Amount shown above in lawful money of the United States of America to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue shown above or such later date to which interest has been paid, until paid, at the Interest Rate per annum shown above, first payable on February 1, 2018, and semiannually thereafter. Principal of this bond is payable upon surrender of this bond at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan (the "Transfer Agent") or such other Transfer Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than 60 days prior to any interest payment date. Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who is, as of the 15th day of the month preceding the interest payment date, the registered owner of record, at the registered address as shown on the registration books of the Issuer kept by the Transfer Agent. For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply and Sewage Disposal System of the Issuer (the "System"), including all appurtenances, extensions and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory first lien thereon is hereby recognized and created.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of Five Million Dollars (\$5,000,000), issued pursuant to Ordinances Nos. 650, 726 and ____ of the Issuer, duly adopted by the City Council of the Issuer (together, the "Ordinances"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying the cost of acquiring and constructing additions, extensions and improvements to the System.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinances. The bonds of this issue are of equal standing and priority of lien as to the Net Revenues with the Issuer's Water Supply and Sewage

Disposal System Revenue and Revenue Refunding Bonds, Series 2011 (together the "Outstanding Bonds").

Bonds of this issue maturing in the years 2019 to 2027, inclusive, are not subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2028 and thereafter may be redeemed at the option of the Issuer, in such order as the Issuer shall determine and within any maturity by lot, on any date on or after February 1, 2027 at par and accrued interest to the date fixed for redemption.

[insert any mandatory redemption or extraordinary redemption provisions]

In case less than the full amount of an outstanding bond is called for redemption the Transfer Agent upon presentation of the bond called in part for redemption shall register, authenticate and deliver to the registered owner a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption of any bond or portion thereof shall be given by the Transfer Agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. Bonds shall be called for redemption in multiples of \$5,000 and any bond of a denomination of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bond by \$5,000 and such bond may be redeemed in part. Notice of redemption for a bond redeemed in part shall state that upon surrender of the bond to be redeemed a new bond or bonds in aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bond or portion thereof.

This bond is a self-liquidating bond and is not a general obligation of the Issuer and does not constitute an indebtedness of the Issuer within any constitutional, statutory or charter debt limitation of the Issuer but is payable solely and only, both as to principal and interest, from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory lien hereinbefore mentioned.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the interest on and the principal of the bonds of this issue, the Outstanding Bonds and any additional bonds of equal standing as and when the same shall become due and payable, and to create and maintain a bond redemption fund (including a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Ordinances.

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinances authorizing the bonds, and the Outstanding Bonds, and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City of Petoskey, County of Emmet, State of Michigan, by its City Council, has caused this bond to be executed with the facsimile signatures of its Mayor and its City Clerk and a facsimile of its corporate seal to be printed on this bond, all as of the Date of Original Issue.

CITY OF PETOSKEY

By: _____
Mayor

(Seal)

Countersigned:

City Clerk

**[FORM OF TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION]
CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the within-mentioned Ordinances.

THE HUNTINGTON NATIONAL BANK, Grand Rapids, Michigan
Transfer Agent

By: _____
Authorized Signatory
Date of Registration: _____

Section 15. Adjustment of Bond Terms. The Authorized Officers are each hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Series 2017 Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 7a(1)(c)(i) and (v) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights, and other matters within the parameters established by this Ordinance.

Section 16. Notice of Sale; Sale Order; Award of Sale of Series 2017 Bonds. The Authorized Officers are each hereby authorized to fix a date of sale for the Series 2017 Bonds and to publish a notice of sale of the Series 2017 Bonds in The Bond Buyer, New York, New York, which notice of sale shall be in the form as recommended by the City's Bond Counsel. The Authorized Officers are each hereby authorized on behalf of the City to award the sale of the Series 2017 Bonds to the bidder whose bid meets the requirements of law and the terms of the Official Notice of Sale as published.

The Authorized Officers are each hereby authorized on behalf of the City to execute a Sale Order evidencing the final terms of the Series 2017 Bonds, and to take all other necessary actions required to effectuate the sale, issuance and delivery of the Series 2017 Bonds within the parameters authorized in this Ordinance.

Section 17. Tax Covenant; Qualified Tax Exempt Obligations. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Series 2017 Bonds from gross income for federal income tax purposes under the Internal

Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Series 2017 Bond proceeds and moneys deemed to be Bond proceeds and to prevent the Series 2017 Bonds from becoming "private activity bonds" as that term is used in Section 141 of the Code. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions.

Section 18. Continuing Disclosure. The City covenants to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and each Authorized Officer is hereby authorized to execute such undertaking prior to delivery of the Series 2017 Bonds.

Section 19. Authorization of other Actions. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the Series 2017 Bonds and to deem the preliminary official statement "final" for purposes of Rule 15c2-12 of the SEC; (b) approve the circulation of a final official statement describing the Series 2017 Bonds and to execute the same on behalf of the City; (c) solicit bids for and approve the purchase of a municipal bond insurance policy and a surety bond insurance policy for the Series 2017 Bonds; (d) obtain ratings on the Series 2017 Bonds; (e) make any necessary filings or applications with the Michigan Department of Treasury in connection with the issuance of the Series 2017 Bonds; and (f) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Series 2017 Bonds.

Section 20. Appointment of Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Bonds is hereby confirmed, notwithstanding the periodic representation in unrelated matters of parties or potential parties to the transaction contemplated by this resolution, including the purchaser.

Section 21. Municipal Advisor. Bendzinski & Co. Municipal Finance Advisors is hereby appointed as the Registered Municipal Advisor with respect to the Bonds.

Section 22. Savings Clause. The Outstanding Ordinances shall continue in effect, except as specifically supplemented or altered herein.

Section 23. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 24. Publication and Recordation. This Ordinance shall be published in full in the ***Petoskey News Review***, 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 Issuer and such recording authenticated by the signatures of the Mayor and City Clerk.

Section 25. Effective Date. Pursuant to the provisions of Section 6 of Act 94, this Ordinance shall be approved on the date of first reading and accordingly this Ordinance shall immediately be effective upon its adoption.

Adopted and signed this 17th day of April, 2017.

Said ordinance was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Resolution No. 19059 – Adopt Notice
of Sale for WWTP Improvements

The Finance Director further reviewed that the Notice of Sale resolution was prepared by Miller, Canfield, Paddock and Stone, P.L.C., the City's special legal counsel for financial matters. The Notice of Sale resolution

authorizes the sale of the bonds and includes procedures for the sale. Proposed maximum limits would include a dollar amount not to exceed \$5,000,000.

City Councilmember Dittmar moved that, seconded by City Councilmember Wills adoption of the following resolution:

**NOTICE OF SALE RESOLUTION
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2017**

CITY OF PETOSKEY
COUNTY OF EMMET, STATE OF MICHIGAN

Minutes of a regular meeting of the City Council of the City of Petoskey, County of Emmet, State of Michigan, held in said City on the 17th day of April, 2017 at 7:00 o'clock p.m., prevailing Eastern Time.

WHEREAS, the City of Petoskey, County of Emmet, State of Michigan (the "City"), has by an Ordinance duly adopted as of the date hereof (the "Ordinance"), authorized the issuance and sale of Five Million Dollars (\$5,000,000) principal amount of the City's Water Supply and Sewage Disposal System Revenue Bonds, Series 2017 (the "Bonds"); and

WHEREAS, it is necessary to authorize and approve the publication of a notice of sale in accordance with the Ordinance.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization to Fix Date of Sale. The City Manager and Director of Finance of the City are each hereby authorized and directed to fix the date for the sale of the Bonds.
2. Publication of Notice of Sale. The City Clerk shall cause an official Notice of Sale of the Bonds to be published in the Bond Buyer, New York, New York at least seven (7) full days before the date fixed for sale.
3. Form of Notice of Sale. The Notice of Sale of the Bonds shall be in substantially the following form:

OFFICIAL NOTICE OF SALE
\$5,000,000
(Preliminary, subject to change)
CITY OF PETOSKEY
COUNTY OF EMMET, STATE OF MICHIGAN
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2017

SEALED BIDS: Sealed bids for purchase of the above bonds will be received at the offices of Bendzinski & Co. Municipal Finance advisors, located at 615 Griswold, Suite 1225, Detroit, Michigan 48226 on _____, the _____ of _____, 2017 until _____ a.m./p.m., prevailing Eastern Time at which time and place said bids will be publicly opened and read.

FAXED BIDS: Signed bids may be submitted by fax to Bendzinski & Co. Municipal Finance Advisors at fax number (313) 961-8220, provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES,

1359 Broadway, Second Floor, New York, New York 10010, (212) 849-5021. IF ANY PROVISION OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE SHALL CONTROL.

Bidders may choose any means or location to present bids but a bidder may not present a bid in more than one location or by more than one means.

BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of the date of delivery, numbered in order of registration, and will bear interest from their date payable on February 1, 2018, and semiannually thereafter.

The bonds will mature on the 1st day of February in each of the years, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2019	\$180,000	2029	\$265,000
2020	190,000	2030	280,000
2021	195,000	2031	290,000
2022	205,000	2032	300,000
2023	210,000	2033	315,000
2024	220,000	2034	325,000
2025	230,000	2035	340,000
2026	240,000	2036	350,000
2027	245,000	2037	365,000
2028	255,000		

ADJUSTMENT TO MATURITY: The City reserves the right to increase or decrease the amount of any principal maturity of the bonds after receipt of the bids and prior to the final award. Such adjustment, if necessary, will be made in increments of \$5,000.

TERM BOND OPTION: Bidders shall have the option of designating the bonds as serial bonds, or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2019 through 2037, inclusive, represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule for the years 2019 through 2037, inclusive, shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION OF BONDS: Bonds maturing in the years 2019 to 2027, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 2028 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after February 1, 2027, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver

to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem said bond or portion thereof.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at rate or rates not exceeding 5% per annum, to be fixed by the bids therefor, expressed in any multiples of 1%. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates bid shall not exceed two percent (2%) per annum. No proposal for the purchase of less than all of the bonds or at a price less than 99% of their par value will be considered.

BOOK-ENTRY ONLY: The bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the corporate trust office of The Huntington National Bank, Grand Rapids, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day prior to an interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are issued under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and certain Ordinances of the City, for the purpose of paying all or part of the cost of acquiring, constructing and equipping improvements to the City's Water Supply and Sewage Disposal System (the "System"). The bonds are payable solely and only from the Net Revenues of the System and any additions thereto, and a statutory first lien on said Net Revenues has been established by said Ordinances. The bonds and said lien are of equal standing and priority of lien as to said Net Revenues with the City's Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds, Series 2011, in the outstanding principal amount of \$6,525,000 (the "Outstanding Bonds"). The City has covenanted and agreed to fix and maintain at all times while any of such 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, to produce net revenues equal to one-hundred ten percent (110%) of the annual principal and interest on all of said bonds when due, to maintain a bond reserve account therefor, and to provide for such other expenditures and funds for the System as are required by said Ordinances.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

ADDITIONAL BONDS: For the terms upon which additional bonds of equal standing with the bonds of this issue and the Outstanding Bonds as to the Net Revenues of the System may be issued, reference is made to the above described Ordinances.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$50,000 payable to the order of the Treasurer of the City will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the City as instructed by the City not later than Noon, prevailing Eastern Time, on the next business day following the sale. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS-TRUE INTEREST COST: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on February 1, 2018 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to _____, 2017 in an amount equal to the bid price, excluding accrued interest, if any. For the purpose of computing the true interest cost, the bonds shall be deemed to become due in the principal amounts and at the times set forth above, whether the bonds are serial bonds or mandatory sinking fund redemptions for such term bonds. Each bidder shall state in its bid the true interest cost to the City, computed in the manner specified above.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants, interest on the bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The successful bidder will be required to furnish, at delivery of the bonds, a certificate in a form acceptable to bond counsel as to the "issue price" of the bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"). Such certificate will include (i) for those maturities where 10% of each such maturity of the bonds has been sold to members of the general public (excluding underwriters, brokers and dealers) prior to delivery of the bonds, the price at which the first 10% of each such maturity was sold to members of the general public, and (ii) for those maturities where 10% of such maturity has not been sold to members of the general public (excluding underwriters, brokers and dealers) prior to delivery of the bonds, an agreement by the successful bidder to provide bond counsel with the prices at which the first 10% of each such maturity is ultimately sold to members of the general public.

QUALIFIED TAX EXEMPT OBLIGATIONS: The City has designated the bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C., as bond counsel.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for

delivery by twelve o'clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

OFFICIAL STATEMENT: A preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from Bendzinski & Co., Municipal Finance Advisors to the City, at the address and telephone listed under REGISTERED MUNICIPAL ADVISORS below. Bendzinski & Co., Municipal Finance Advisors, will provide the winning bidder with 100 final Official Statements within 7 business days from the date of sale to permit the underwriter to comply with Securities and Exchange Commission Rule 15c2-12. Additional copies of the Official Statement will be supplied by Bendzinski & Co. upon request and agreement by the underwriter to pay the cost of additional copies. Request for additional copies should be made to Bendzinski & Co. within 24 hours of the date of sale.

BOND INSURANCE AT PURCHASER'S OPTION: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Bonds. Any and all increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that if the City has requested and received a rating on the Bonds from a rating agency, the City shall pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, or prior to the last day of the sixth month after the end of each fiscal year commencing with the fiscal year ended December 31, 2016, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

REGISTERED MUNICIPAL ADVISORS: Bendzinski & Co. Municipal Finance Advisors, Detroit, MI, (the "Municipal Advisor") is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the City to provide certain financial advisory services relating to the planning, structuring and issuance of the Bonds. The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities and fees arise solely as a Registered Municipal Advisor to the City and it has no secondary obligation or other responsibility. Further information relating to the bonds may be obtained from Bendzinski & Co. Municipal Finance Advisors, 615 Griswold Street, Suite 1225, Detroit, MI. Telephone (313) 961-8222.

BIDDER CERTIFICATION: NOT "IRAN-LINKED BUSINESS" By submitting a bid, the bidder shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 517 Michigan Public Acts of 2012, being MCL 129.311 et. seq.

ENVELOPES containing the bids should be plainly marked "Proposal for Water Supply and Sewage Disposal System Revenue Bonds, Series 2017."

THE RIGHT IS RESERVED TO REJECT ANY AND ALL BIDS.

Alan Terry
City Clerk
City of Petoskey

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

RESOLUTION DECLARED ADOPTED.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Hear Public Safety 2016 Annual
Report Presentation

Public Safety Director Matthew Breed gave a brief presentation concerning the department's 2016 annual statistics. Mr. Breed reviewed the annual report, noted some instances and answered questions.

Resolution No. 19060 – Approve Local
Revenue Sharing Board Application for
Public Safety Equipment

The City Manager reviewed that the Emmet County Local Revenue Sharing Board (LRSB) was accepting applications from local governmental units for funds to be used for lawful governmental purposes. The Department of Public Safety is submitting a request in conjunction with the Resort Bear Creek Fire Department in the amount of \$22,500. The funds would assist in the purchase of 23 MSA air bottles, 25 bottle racks and two Rapid Intervention Team (RIT) packs. The current cascade system that is being bused by both fire departments are no longer adequate for filling the updated air bottles which have a larger air capacity. Adding air bottles is a more cost effective way to correct the issue than replacing the cascade system. An additional 23 bottles and 25 bottle brackets would take care of the need for spare bottles at fire scenes.

The National Fire Protection Association (NFPA) requires that you establish a RIT Team on all structure fires where firefighters have to enter the building. A RIT team is used for emergencies within the structure, most often a lost or injured firefighter. A RIT pack contains equipment needed by the RIT team. Putting these teams together enables the department to meet NFPA and MIOSHA requirements. Total project funding is proposed at \$22,500 from LRSB and \$10,000 from Family of Christ Church donation.

City Councilmember Wills moved that, seconded by City Councilmember Lyman adoption of the following resolution:

WHEREAS, the City of Petoskey, operates a Department of Public Safety that contains Public Safety Officers that perform firefighting duties; and
WHEREAS, the current air cascade system cannot effectively fill our updated air bottles; and

WHEREAS, the Public Safety Department needs a Rapid Intervention Team (RIT) equipped with a RIT pack at all structural fire scenes in order to be compliant with National Fire Protection Association (NFPA); and

WHEREAS, the City strives to meet NFPA standards and wishes to provide fire fighters with an adequate number of air bottles in an effort to make fire scenes as safe as possible:

NOW, THEREFORE, BE IT RESOLVED, that the City of Petoskey City Council does hereby support and authorizes the submission of this grant application in conjunction with the Resort Bear Creek Fire Department to the Emmet County Local Revenue Sharing Board in the amount of \$22,500 for the purchase of air bottles, bottle racks and RIT packs.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Resolution No. 19061
Authorize Vehicle Purchase

The City Manager reviewed that the City's 2017 Annual Budget and Capital Improvements Plan allocated funds within the Motor Pool Fund to purchase certain vehicles and equipment. Capital expenditures for this year

included a staff vehicle replacement for the Director of Parks and Recreation.

City Councilmember Wills moved that, seconded by City Councilmember Dittmar to purchase a latest-production Ford Explorer from Gorno Ford Fleet Sales, Woodhaven, at a cost not to exceed \$26,899.

Said motion was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Resolution No. 19062
Support Great Lakes Restoration
Initiative Funding

The City Manager reviewed that the Great Lakes Restoration Initiative was launched in 2010 to accelerate efforts to protect and restore the largest system of fresh surface water in the world, the Great Lakes. Restoration Initiative funds strategically target the biggest threats to

the Great Lakes and to accelerate progress towards long term goals for this important ecosystem. Major focus areas of the Initiative include cleaning up Great Lakes areas of concern; preventing and controlling invasive species; reducing nutrient runoff that contributes to harmful algae blooms; and restoring habitat to protect native species. Currently, there are efforts at the Federal government level to reduce or remove \$300,000,000 in funding for the Great Lakes Restoration Initiative. Removal of these funds would not only compromise the long term environmental sustainability of the Great Lakes, but potentially could damage a \$7 billion Great Lakes fishery industry supporting 75,000 jobs in the region.

City Councilmember Dittmar moved that, seconded by City Councilmember Lyman adoption of the following resolution:

WHEREAS, the Great Lakes Restoration Initiative was launched in 2010 to protect and restore the largest system of fresh surface water in the world – the Great Lakes; and
WHEREAS, federal funding for the Great Lakes Restoration Initiative have been used to clean up the Great Lakes, reduce nutrient runoff and harmful algae blooms and to restore habitat to protect native species; and

WHEREAS, a major focus of Restoration Initiative has been to prevent and control invasive species, specifically the threat of Asian carp in the Great Lakes; and

WHEREAS, due to their voracious appetites for plankton (also consumed by native fish), their rapid rate of reproduction, and their relatively large size, Asian carp have had devastating impacts on native fish populations; and

WHEREAS, today, Asian/silver/bighead carp are the dominant fish species in the Illinois River, which connects the Mississippi River to Lake Michigan; and

WHEREAS, there is concern that if these carp species enter the Great Lakes, they may cause significant ecosystem damage; and

WHEREAS, in addition to ecosystem damage, the threat may devastate the Great Lakes fisheries, currently valued at \$7 billion per year supporting 75,000 jobs in the region; and

WHEREAS, proposed cuts in President Trump's first budget would eliminate federal support for Great Lakes restoration efforts that have made a tremendous difference in the health and vitality of this worldwide resource, threatening not only funding to combat the Asian Carp menace, but also threatening the world's largest surface water supply of fresh water; and

WHEREAS, our Great Lakes are too important to our Nation to divest at the Federal level in the hopes that local and state government and non-profit entities will find the means to effectively protect this irreplaceable treasure:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Petoskey urges Congress to restore all funding for the Great Lakes Restoration Initiative; and

BE IT FURTHER RESOLVED that our representatives in Washington are implored to place the highest level of importance on the protection of our water resources as we rely on these waters for our very existence.

Said resolution was adopted by the following vote:

AYES: Lyman, Dittmar, Wills, Murphy (4)

NAYS: None (0)

Hear Council Comments

Mayor Murphy asked for Council comments and Councilmember Lyman commented that citizens are happy with customer service.

There being no further business to come before the City Council, this April 17, 2017, meeting of the City Council adjourned at 8:20 P.M.

John Murphy, Mayor

Alan Terry, City Clerk-Treasurer