

The regular meeting of the Greenville City Council was called to order by Mayor Hoppough, in the Council Chambers, in the Municipal Complex, located at 415 S. Lafayette Street, Greenville, MI 48838 at 7:30 p.m.

Present: Mayor Hoppough; Councilpersons Cunliffe, Lehman, Schuleit, Moss and Scoby; City Manager Bosanic; Assistant City Manager VanWyngarden; and Clerk-Treasurer Hool.

Absent: None.

Councilperson Lehman MOVED: The Consent Agenda be approved as presented. Councilperson Cunliffe supported. Unanimously adopted.

The Consent Agenda consisted of the following:

1. Approval of minutes for the regular City Council meeting held January 17, 2012.
2. Approval of special payroll report for pay period ending December 31, 2011 in the amount of \$23,887.12. Approval of payroll report for pay period ending January 8, 2012 in the amount of \$130,751.68. Approval of payroll report for pay period ending January 22, 2012 in the amount of \$121,134.28. Approval of accounts payable report for period ending January 25, 2012 in the amount of \$123,169.01.
3. Approval of minutes for the regular Planning Commission meeting held December 8, 2011; minutes for the regular DDA meeting held December 13, 2011; and minutes for the regular Planning Commission meeting held January 12, 2012.

Council considered the approval of a resolution from the Michigan Liquor Control Commission in connection with a Brew Pub Liquor License request.

Councilperson Scoby RESOLVED: That the request from J.R.'s Roller Castle, Ltd. for new Brew Pub license, to be held in conjunction with 2011 Resort Class C license, issued under MCL 436.1531(4), with Dance-Entertainment Permit, located at 1310 W. Washington, Greenville, MI 48838, Montcalm County be approved as presented. Councilperson Lehman supported. Unanimously adopted.

Council considered the adoption of a resolution to authorize issuance of 2012 Downtown Development Refunding Bonds.

Councilperson Moss RESOLVED: WHEREAS, the City of Greenville has established and created a Downtown Development Authority pursuant to Act 197, Public Acts of Michigan, 1975, as amended and

WHEREAS, the Board of the DDA has previously prepared its 1997 Downtown Development and Tax Increment Financing Plan which was approved by the City Council of the City; and

WHEREAS, the City has previously issued its Downtown Development Bonds, Series 2002 (Limited Tax General Obligation), dated April 1, 2002, which were issued to finance the development program in the Development Area; and

WHEREAS, the Prior Bonds maturing on or after April 1, 2013, are subject to redemption prior to maturity at the option of the City, on any interest payment date, on or after April 1, 2012, at par plus accrued interest to the date of redemption; and

WHEREAS, Act 197 and Act 34, Public Acts of Michigan, 2001, as amended, permit the City to refund all or part of the Prior Bonds; and

WHEREAS, the City has requested proposals from local financial institutions for the purchase of refunding bonds to refund the Prior Bonds; and

WHEREAS, the City has received a proposal from Chemical Bank to purchase refunding bonds of the City at a true interest cost of 2.041%; and

WHEREAS, the City has received a savings report from Hutchinson, Shockey, Erley & Co., which shows that refunding the portion of the Prior Bonds maturing on and after April 1, 2013, will provide a substantial savings in interest costs to the City and the DDA, and that it is in the best interest of the City and the DDA to issue refunding bonds in the amount of not to exceed \$3,193,000; and

WHEREAS, the City Council determines that it is in the best interest of the City to refund all or a portion of the Prior Bonds, since the savings may enable the DDA to finance projects included in the Plan that cannot be financed with current resources and, since a reduction in debt service would reduce the amount of debt that is secured by a pledge to the City's limited tax, full faith and credit; and

WHEREAS, the DDA recommends that the City issue its 2012 Downtown Development Refunding Bonds (General Obligation Limited Tax) in order to refund all or a portion of the Prior Bonds, if such refunding would accomplish a net savings of debt service costs; and

WHEREAS, the DDA by resolution of January 10, 2012, has prepared, approved, and submitted to the City Council a Schedule of the estimated tax increment revenues to be captured by the DDA and available for payment of the principal of and interest on the Refunding Bonds.

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1. DEFINITIONS. Whenever used in this Resolution or in the Bonds to be issued hereunder, except when otherwise indicated by context, the following definitions shall apply:

- (a) Act 197" means Act 197, Public Acts of Michigan, 1975, as amended.
- (b) "Act 34" means Act 34, Public Acts of Michigan, 2001, as amended.
- (c) "Acts" means Act 197 and Act 34.
- (d) "Authorized Officer" means the Mayor and the Mayor Pro Tem or any one of them acting alone.
- (e) "Bank" means Chemical Bank.
- (f) "Bondholder" or "Bondholders" means the holder or holders of the Bonds.
- (g) "Bonds" means the City's 2012 Downtown Development Refunding Bonds (General Obligation Limited Tax), authorized and issued pursuant to the Acts and this Resolution, in a principal amount of not to exceed \$3,193,000.
- (h) "City" means the City of Greenville, Michigan.
- (i) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated or proposed there under.

- (j) “Council” means the City Council of the City.
- (k) “DDA” means the Downtown Development Authority of the City of Greenville, a public body corporate.
- (l) “Development Area” means the development area, as defined by Act 197 and designated in the Plan, and the area from which Tax Increment Revenues will be generated as set forth in the Plan.
- (m) “Escrow Agreement” means an Escrow Agreement to be executed between the City and the Escrow Trustee providing for deposit of the proceeds of the Bonds with the Escrow Trustee for the purpose of investment and administration.
- (n) “Escrow Fund” means the Escrow Fund established pursuant to the Escrow Agreement for the purpose of paying principal and interest on the Prior Bonds being redeemed.
- (o) “Escrow Trustee” means The Bank of New York Mellon Trust Company, N. A., Detroit, Michigan, or such other trustee selected by the Authorized Officer to act as the Escrow Trustee under the Escrow Agreement, to administer the Escrow Fund pursuant to the terms of the Escrow Agreement.
- (p) “Government Obligations” means any bonds or other obligations not callable at the option of the Issuer thereof, which as to principal and interest constitute direct obligations of the United States of America, or obligations the principal of and interest on which is fully guaranteed by the United States of America, including U.S. Treasury Trust Receipts, or any other obligations permitted under the terms of the Escrow Agreement.
- (q) “Issuance Fund” means the City of Greenville 2012 Refunding Bonds Cost of Issuance Fund established pursuant to the Escrow Agreement.
- (r) “Order” shall mean an order signed by an Authorized Officer with respect to the Bonds.
- (s) “Paying Agent” means The Bank of New York Mellon Trust Company, N. A., Detroit, Michigan, or such other as such other paying agent as shall be appointed by the Authorized Officer to serve as paying agent, registrar and transfer agent for the Bonds.
- (t) “Plan” means the 1997 Downtown Development and Financing Plan of the DDA for the Development Area.
- (u) “Prior Bonds” means the Downtown Development Bonds, Series 2002 (Limited Tax General Obligation), dated April 1, 2002.
- (v) “Refunded Bonds” means the Prior Bonds maturing on and after April 1, 2013 or such of the Prior Bonds that the Authorized Officer determines to refund pursuant to an Order.
- (w) “Resolution” means this resolution and all amendments hereto.
- (x) “Tax Increment Revenues” means all tax increment revenue received by the DDA pursuant to the Plan and Act 197, and “Estimated Tax Increment Revenues” means the Estimated Tax Increment Revenues attached to this resolution as Exhibit A.

Section 2. APPROVAL OF ESTIMATED TAX INCREMENT REVENUE. The City Council, by a majority vote of the Council Members, hereby approves and adopts the Schedule of Estimated Tax Increment Revenues submitted by the DDA and attached hereto as Exhibit A.

Section 3. ISSUANCE OF BONDS. The Bonds are authorized to be issued, in the

anticipation of the collection of Tax Increment Revenues, in the aggregate principal amount of not to exceed

Section 4. \$3,193,000, as finally determined by the Authorized Officer in the Order, for the purpose of refunding the Refunded Bonds, and to pay the legal and financial expenses and all other expenses incidental to the issuance of the Bonds.

Section 5. PERIOD OF USEFULNESS. The estimated remaining period of usefulness of the Project is determined to be in excess of ten (10) years.

Section 6. BOND TERMS. The Bonds shall be issued in fully registered form as to both principal and interest, in minimum denominations of \$100,000 or any multiple of \$1,000 above that amount. The Bonds shall be numbered consecutively in the order of their registration, shall be dated the date of delivery or such other date determined by the Authorized Officer in an Order, and shall mature serially on April 1 and bear interest as follows:

| MATURITY DATE | INTEREST RATE | PAR AMOUNT |
|--------------------------|--------------------------|-----------------------|
| 04/01/2013 | 0.85% | \$289,000 |
| 04/01/2014 | 1.10% | 300,000 |
| 04/01/2015 | 1.30% | 301,000 |
| 04/01/2016 | 1.55% | 307,000 |
| 04/01/2017 | 1.75% | 313,000 |
| 04/01/2018 | 1.90% | 319,000 |
| 04/01/2019 | 2.05% | 325,000 |
| 04/01/2020 | 2.25% | 336,000 |
| 04/01/2021 | 2.40% | 346,000 |
| 04/01/2022 | 2.45% | 357,000 |

Interest on the bonds shall be paid semiannually on the first (1st) day of April and October of each year, commencing October 1, 2012.

Section 7. PAYMENT OF PRINCIPAL AND INTEREST. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the person appearing on the Bond registration books as the registered owner thereof. Payment of principal on the Bonds shall be made at the principal office of the Paying Agent, upon surrender of the Bonds. Payment of interest on the Bonds shall be paid to the registered owner at the address as it appears on the registration books as of the Determination Date. Initially, the Determination Date shall be the date as of the fifteenth (15th) day of the month prior to the payment date for each interest payment; however, the Determination Date may be changed by the City to conform to market practice.

SECURITY FOR BONDS. The City hereby pledges its limited tax, full faith and credit, general obligation for the prompt payment of the principal of and interest on the Bonds as and when due. In the event there are insufficient moneys for the payment of the principal of and interest on the Bonds, the City shall levy a tax on all taxable property in the City for prompt payment of principal of and interest on the Bonds, which tax shall be limited as to rate and amount by applicable charter, constitutional and statutory limitations on the taxing power of the City. The pledge by the City shall be a first lien on the budget of the City in the event of insufficient moneys. As additional security, the Bonds shall be payable from the Tax Increment Revenues. Such portion of the Tax Increment Revenues as is required for payment of the

principal of and interest on the Bonds as and when due is hereby pledged for the payment of the principal of and interest on the Bonds. The rights or remedies of Bondholders may be affected by bankruptcy laws or other creditors' rights legislation now existing or hereafter enacted.

Section 8. PRIOR REDEMPTION. The Bonds shall not be subject to optional redemption prior to maturity.

Section 9. PAYING AGENT AND REGISTRATION.

(a) Appointment of Paying Agent. From time to time the Authorized Officer shall designate and appoint a paying agent, which shall also act as transfer agent and bond registrar. The initial paying agent for the Bonds shall be The Bank of New York Trust Company, N.A., Detroit, Michigan, or such other Paying Agent designated by the Authorized Officer. In the event of a change in the Paying Agent, notice shall be given in writing, by certified mail, to each Registered Owner not less than sixty (60) days prior to the next interest payment date. The Paying Agent shall keep the official books for the recordation of the Registered Owners of the Bonds.

(b) Book Entry Eligible. At the option of the initial purchaser of the Bonds, 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; if this option is selected, DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in the minimum denominations of \$100,000 or any integral multiple of \$1,000 above that amount, and purchasers will not receive certificates representing their interest in Bonds purchased.

(c) Registration of Bonds. While the Bonds are held in book-entry-only form, the Bonds shall be transferred in accordance with the procedures established by DTC. In the event the book-entry-only system is not selected or is discontinued, the following provisions would apply to the Bonds. Registration of the Bonds shall be recorded in the registration books of the Township to be kept by the Paying Agent. Bonds may be transferred only by submitting the same to the Paying Agent, together with a satisfactory instrument of transfer signed by the Registered Owner or his legal representative duly authorized in writing, after which a new Bond or Bonds shall be issued by the Paying Agent to the transferee (new registered owner) in minimum denominations of \$100,000 or any integral multiple of \$1,000 above that amount, in the same aggregate principal amount as the Bond submitted for transfer. No transfer of Bonds shall be valid unless and until recorded on the bond registration books in accordance with the foregoing. The person in whose name any bond is registered may for all purposes, notwithstanding any notice to the contrary, be deemed and treated by the Township and the Paying Agent as the absolute owner thereof, and any payment of principal and interest on any Bond to the Registered Owner thereof shall constitute a valid discharge of the Township's liability upon such Bond to the extent of such payment. No Bond shall be transferred less than fifteen (15) days prior to an interest payment date nor after the Bond has been called for redemption. If the Bonds are held in book entry only form, then the transfer agent shall act as paying agent only, and the Bonds shall be transferred in accordance with the procedures established by DTC.

Section 10. BOND FORM. The Bonds shall be substantially in the form attached hereto as Exhibit B, and incorporated herein, with such changes as are recommended by the City's Bond Counsel and approved by the officers of the City signing the Bonds.

Section 11. EXECUTION OF BONDS. The Mayor or the Mayor Pro Tem, and the Clerk or Deputy Clerk of the City are hereby authorized and directed to sign the Bonds, either manually or by facsimile signature, on behalf of the City. Upon execution, the Bonds shall be delivered to the purchaser thereof upon receipt of the purchase price, plus the accrued interest, if any, to the date of delivery.

Section 12. BOND PAYMENT FUND. For payments of principal of and interest on the Bonds, there shall be established and maintained a fund for the Bonds designated the 2012 DOWNTOWN DEVELOPMENT REFUNDING BONDS BOND PAYMENT FUND (the "Bond Payment Fund"). The accrued interest, if any, and capitalized interest, if any, received at the time of delivery of the Bonds shall be placed into the Bond Payment Fund. The City shall budget annually a sufficient amount to pay the annual principal of and interest on the Bonds, including amounts of Tax Increment Revenues to be received from the DDA, and deposit such amount in the Bond Payment Fund as needed to make payments of principal of and interest as they become due. The obligation of the City to pay the principal of and interest on the Bonds will be a first budget obligation. Moneys in the Bond Payment Fund shall be expended solely for payment of principal of and interest on the Bonds which first come due. Any moneys remaining in the Bond Payment Fund after the annual payments of principal of and interest on the Bonds shall be transferred to the DDA or the General Fund and shall no longer be pledged hereunder.

Section 13. INVESTMENT OF FUNDS. Moneys in the funds and accounts established herein may be invested by the City as allowed by law, subject to the provisions of the Acts, and subject to the limitations imposed by arbitrage regulations and Section 148 of the Code.

Section 14. DEPOSITORY AND FUNDS ON HAND. Monies in the several funds and accounts maintained pursuant to this Resolution may be kept in one or more accounts at financial institutions designated by resolution of the City, and if kept in one account, the monies shall be allocated on the books and records of the City in the manner and at the times provided in this Resolution.

Section 15. BOND PROCEEDS; ESCROW AGREEMENT. The proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds and to secure payment of the Refunded Bonds, as follows:

(a) Any accrued interest received upon delivery of the Bonds shall be deposited in the Bond Payment Fund.

(b) Proceeds of the Bonds in the amount designated by the Authorized Officer at the time of delivery of the Bonds, together with any monies transferred by the City from the debt retirement fund for the Prior Bonds and any other funds the City makes available shall be deposited in the Escrow Fund, to be used pursuant to the terms of the Escrow Agreement to pay principal, interest, and redemption premiums on the Refunded Bonds.

(c) The balance of the proceeds of the sale of the Bonds shall be deposited in the Issuance Fund to be used solely to pay legal, financing or other expenses incidental to issuance of the Bonds.

The Escrow Fund shall be held in trust by the Escrow Trustee pursuant to the Escrow Agreement, which agreement shall irrevocably direct the Escrow Trustee to take all necessary steps to call for redemption the Refunded Bonds, including publication and mailing of redemption notices, on the first call date on which the Refunded Bonds may be called for redemption. Notwithstanding any other provision of this Resolution, the proceeds of the Bonds to be deposited in the Escrow Fund shall be invested in deposits of cash and/or Government Obligations. The investments held in the Escrow Fund shall be such that the

principal will be sufficient, without reinvestment, to pay the principal and interest on the Refunded Bonds as they become due at their maturity or at the call for redemption required by this section. The Escrow Trustee shall serve as Trustee under the Escrow Agreement. The Authorized Officer is hereby authorized and directed to select the Escrow Trustee and to negotiate, approve and execute the Escrow Agreement for and on behalf of the City.

Section 16. ADDITIONAL BONDS. In accordance with the provisions of Act 197, the City reserves the right to issue additional bonds payable from the Tax Increment Revenues, which shall be of equal standing and priority with the Bonds.

Section 17. CONTRACT WITH BONDHOLDERS. The provisions of this Resolution shall constitute a contract between the City and the Bondholders from time to time, and after the issuance of any of such Bonds, no change, variation or alteration of the provisions of this Resolution may be made which would lessen the security for the Bonds. The provisions of this Resolution shall be enforceable by appropriate proceedings taken by the Bondholders, either at law or in equity.

Section 18. SALE OF BONDS. The Authorized Officer is hereby authorized to negotiate the sale of the Bonds to the Bank or such other financial institution as the Authorized Officer shall determine. The City determines that a negotiated sale is in the best interest of the City because its relationship with local banking institutions will provide a low interest rate while also saving on the costs of issuance for the Bonds.

Section 19. AUTHORIZED OFFICER. Notwithstanding any other provision of this Resolution, the Authorized Officer is authorized within the limitations of this Resolution to negotiate the details of the Bonds, including the title of the Bonds, the interest rates, amount of discount, amount of maturities, principal amount (not to exceed the principal amount stated in this Resolution), amount of good faith deposit, if any, denominations, dates of issuance, dates of maturities, interest payment dates, optional and mandatory redemption rights, and term bond options, and other terms and conditions relating to the Bonds and the sale thereof; provided, however, the last annual principal installment shall be due not more than eleven (11) years from the date of issuance of the Bonds. These matters shall be finally determined by the Authorized Officer in the Order.

The Authorized Officer is hereby authorized for and on behalf of the City, without further Council approval, to do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds.

Approval by the City of the matters delegated in this section or any other sections may be evidenced by execution or approval of such documents by the Authorized Officer. The Authorized Officer, or any one or more of them, are authorized to execute any documents or certificates necessary to complete the transaction, including, but not limited to, applications or requests for waivers to the Michigan Department of Treasury, including specifically an Application for State Treasurer's Approval to Issue Long-Term Securities, any certificates, receipts, orders, agreements, instruments, and any certificates relating to federal or state securities laws, rules or regulations.

Section 20. DEFEASANCE. In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional or mandatory redemption, the principal of, premium, if any, and interest on the bonds, shall be deposited in trust, this Resolution shall be defeased and the owners of the bonds shall have no further rights under this Resolution except to receive payment of the

principal of, premium, if any, and interest on the bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange bonds as provided herein.

Section 21. INTERNAL REVENUE CODE. The City has consulted with its attorney and understands that the Code contains certain requirements on (i) the expenditure of proceeds from the sale of the Bonds, (ii) the investment of the proceeds from the issuance of the Bonds and (iii) the rebate of interest earned on the investment of the proceeds of the Bonds under certain circumstances. The City hereby covenants to comply with such requirements.

Section 22. FINANCIAL ADVISOR/PLACEMENT AGENT. Hutchinson, Shockey, Erley & Co. is employed to act as placement agent for the issuance of the Bonds.

Section 23. BOND COUNSEL. Clark Hill PLC is hereby employed to act as bond counsel for the Bonds.

Section 24. BONDS MUTILATED, LOST OR DESTROYED. If any Bond shall become mutilated, the City, at the expense of the Bondholder, shall execute, and the Paying Agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the Paying Agent of the mutilated Bond. If any Bond issued under this Resolution shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the Paying Agent and, if this evidence is satisfactory to both the City and the Paying Agent and indemnity satisfactory to the Paying Agent shall be given, the City, at the expense of the owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like tenor, which shall bear the statement required by Act 354, Public Acts of Michigan, 1972, as amended, 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 Paying Agent may pay the same without surrender thereof.

Section 25. QUALIFIED TAX-EXEMPT OBLIGATION. The City reasonably anticipates that the amount of qualified tax-exempt obligations which will be issued by the City and the DDA and all subordinate entities during the calendar year 2012 shall not exceed \$10,000,000. The City hereby designates the Bonds in their total principal amount as "qualified tax-exempt obligations" for purposes of Code Section 265(b)(3)(B).

Section 26. RESOLUTION SUBJECT TO MICHIGAN LAW. The provisions of this Resolution are subject to the laws of the State of Michigan.

Section 27. SECTION HEADINGS. The section headings in this Resolution are furnished for convenience of reference only and shall not be considered to be a part of this Resolution.

Section 28. SEVERABILITY. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 29. CONFLICT. Except as provided above, all resolutions or parts thereof, insofar as the same may be in conflict herewith, are hereby repealed; provided, that the foregoing shall not operate to repeal any provision thereof, the repeal of which would impair the obligation on the Bonds.

Council considered the approval of a donation from the Ash Foundation.

Councilperson Schuleit MOVED: To accept the donation from the Ash Foundation in the amount of \$15,000 for cultural programming as presented. Councilperson Moss supported. Unanimously adopted.

Council considered appointing a city resident to the vacant seat on the City Council.

Councilperson Cunliffe MOVED: Brian Greene be appointed to fill the vacant seat on Council. Councilperson Schuleit supported. Mayor Hoppough, Councilpersons Cunliffe, Lehman, Schuleit and Scoby concurred. Councilperson Moss did not concur.

Councilperson Lehman MOVED: To set aside the previous vote and cast a unanimous vote for Brian Greene. Councilperson Moss supported. Unanimously adopted.

Councilperson Moss MOVED: The meeting be adjourned. Councilperson Cunliffe supported. Unanimously adopted.

Meeting adjourned at 8:03 p.m.

John M. Hoppough
Mayor

Bradley S. Hool
Clerk-Treasurer

