

**CHARTER TOWNSHIP OF COMMERCE
TOWNSHIP BOARD QUARTERLY DISCUSSION MEETING
2009 Township Drive
Commerce Township, MI 48390
Tuesday, January 26, 2016, 7:00 p.m.**

CALL TO ORDER: Supervisor Zoner called the meeting to order at 7:00 p.m.

ROLL CALL: Present: Thomas K. Zoner, Supervisor
Vanessa Magner, Clerk
Molly Phillips, Treasurer
Robert Long, Trustee
Rick Sovel, Trustee
John Hindo, Trustee

Absent: Bob Berkheiser, Trustee

Also Present: Phillip Adkison, Township Attorney

ITEM 1: Bond Refunding Opportunities

Tom Traciak from Umbaugh & Associates (bond financial advisor) discussed his history with the Township's bond issues, and the current opportunities in today's market for significant savings through refunding the fixed rate debt of the Township and DDA. This proposal was first brought to (then) Township Treasurer, Sue Gross in September 2014 but was placed on hold. Since that time the savings have dramatically increased because of the lower amount of non-callable debt outstanding. Non-callable debt is defined as bond maturities that are within the 10 year provision of the original issue.

Because of the favorable interest rates in the bond market, the Township can potentially refund the 2009A and 2009B Capital Improvement Bonds into one new issue. The new issue will neither extend or shorten the terms of the original bonds. It is currently projected, however, to generate average savings of approximately \$150,000 per year over the next 22 years, or a total (NPV) of \$2.37 million dollars. The refunding results in no current year additional cash outlay than what was contractually due under the original debt, and will not adversely affect the budget requirements in any year.

Additionally, he went on to say that the structure of this debt was such that once the refunding bonds were issued, the old debt would be defeased. This means it would no longer show as debt to the Township. Only the new refunding issue would. This refunding would not adversely affect the Township's bond rating, either – and could actually benefit the rating. Finally, the structure proposed is a negotiated sale, not a competitive sale, so it allows the underwriter to choose, within a window of opportunity, the most beneficial time to enter the market. It is not a set date and rate.

(Item 1: Bond Refunding Opportunities cont.)

Tom then introduced Mike Gormely from Hutchinson, Shockey & Erley (underwriter) to discuss the actual calculations of the savings to the Township and the DDA. The "net present value as a percentage of the par refunded calculation" is an indicator of whether it is cost-effective to refund bonds at any given point in time. The industry standard for moving ahead with this process is 3% or more. The Township bonds generate approximately 9.9% and the main DDA bonds generate 7.1%. He discussed selling the new bonds at a premium so that the Township can cover more current principal with less future principal.

The fees associated with this refunding program were also discussed, and it was again noted that these amounts would be rolled into the new debt, much like refinancing a mortgage. The final proposal is to issue 3 new refunding bonds. One for the Township 2009A and 2009B Capital Improvement Bond combination, one for the DDA 2008 and 2008A Tax-exempt Bonds, and one for the DDA 2008B taxable bonds. There needs to be three due to the nature (taxable vs. tax-exempt) of the bonds, and the security for the bonds (DDA TIF revenues vs. Township LTGO tax revenue).

Bowden Brown from Dykema (bond counsel) was also in attendance and discussed the resolutions he would have prepared for the next Township Board Meeting in February so that the proposed time line for issuance could be met.

MOTION by Sovel, supported by Phillips, to authorize Bond Council to move forward and prepare required Bond Resolutions for Township Board approval.

MOTION CARRIED

ITEM 2: Optional Debt Redemption – DDA Bonds

Molly Phillips addressed the Board explaining that, in accordance with the restrictive covenants in the PNC Bank Letter of Credit Agreement, there was \$100,000 escrowed from the Shapiro sale in December to be held to pay the next required maturity on the 2010 DDA Refunding Bonds. That maturity is scheduled for October 1, 2016 and we are paying a variable rate of interest of 0.27% per month. The escrowed funds are earning 0.29% interest in the account, so there is very little benefit to the Township holding the funds based purely on interest in/out. The savings for paying the maturity early (and without penalty within the PNC agreement) comes by removing that principal from the calculation of the Letter of Credit Quarterly Fees.

MOTION by Phillips, supported by Long, to authorize an early call on the DDA 2008 Refunding Bonds through paying agent US Bank.

MOTION CARRIED

ITEM 4: Byers

Tom Zoner stated the Friends of Byers are still interested in actually using the house. According to the building official and Fire Marshall it is unsafe to do so at this point.

ITEM 5: Sale of Property

Tom Zoner stated there are a couple of township owned properties that could possibly be for sale in the future. He would like to see a policy or procedure created to sell township properties.

ITEM 6: Policies

No Discussion

ITEM 7: Library Millage

Tom Zoner stated without knowing the costs of operating or a budget for the new library it will be hard to put a proposal on the ballot.

Rick Sovel asked Connie Ozinga, Library Director, to do some research of libraries in Michigan that are comparable in size to the new library, find out what their budgets are and bring back some numbers to the board.

ITEM 8: Parks and Recreation

Tom Zoner stated there are two bridges in Mill Race Park that are in need of repair or replacing.

ITEM 9: Wise Road Property

Tom Zoner addressed Chris Haney from CW3 Soccer. He is interested in having soccer fields located on the Wise Road property. According to the study done by Living Lab it would be around 3.5 million for 10 soccer fields, using an estimated 30 acres of park land. The original plan for the soccer fields would not change the landscape of the park at all. The 10 fields being discussed are in addition to the existing fields they currently use at other parks in the township.

Mr. Haney stated it would be a benefit for his organization to apply for the grant as opposed to the township as it would, for lack of better words, give them more control of the fields. He would also like an agreement with the township regarding use of the fields.

Township Attorney, Phil Adkison asked what type of agreement and how long of a term he would be asking for.

Chris stated the agreement would be a First Right of Refusal and a term of 50-100 years. He also stated some of the money would be from private grants or donations.

(Item 9: Wise Road Property continued)

Rob Long urged the board to proceed with caution and be prepared for other organizations to want the same treatment.

ITEM 10: Rails to Trails

Tom Zoner stated they are close to a closing date on the property. They are waiting for an analysis from the DNR and MDOT to determine how much funds would be needed from each community. Walled Lake passed their resolution this week and Wixom is meeting tonight as well. After the closing, Grants can be applied for and the project can begin to move forward. He is not sure at this point if the grants are reimbursable.

ITEM 11: Other Matters

Trustee Sovel asked Chief Schornack how the new positions at the Fire Department were working.

Chief Schornack stated it is going good. They are currently working on job descriptions.

Clerk Magner asked if everyone would be available for a Special Meeting on February 9th at 6:00 p.m. for the purpose of a public hearing for Cooley Lake Inn Liquor License Renewal.

Long stated he would not be available.

Magner spoke to the board regarding the liquor license transfer for the Cooley Lake Inn. Explaining the current owners have outstanding issues with the Oakland County Health Department, State of Michigan Treasury, Michigan Liquor Control Commission, and a case at the 52-1 District Court. The deadline to submit a letter of recommendation to the MLCC for non-renewal is March 31, 2016.

ITEM 3: Closed Session – Purchase of Property

MOTION by Magner, supported by Sovel, to enter into Closed Session for the discussion of Purchase of Property.

ROLL CALL VOTE:

AYES: Magner, Sovel, Phillips, Hindo, Long, Zoner

NAYS: None

ABSENT: Berkheiser

MOTION CARRIED UNANIMOUSLY

Entered into Closed Session at 8:53 p.m.

Returned to Regular Session at 9:10 p.m

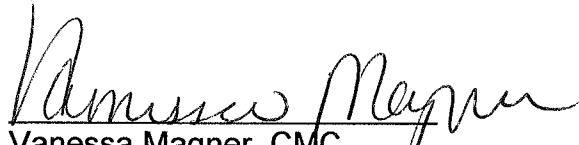
(Item 3: Closed Session-Purchase of Property cont.)

MOTION by Magner, supported by Phillips, to adjourn from Closed Session and approved Closed Session Minutes.

MOTION CARRIED

MOTION by Phillips, supported by Magner, to adjourn the meeting at 9:13 p.m.

MOTION CARRIED


Vanessa Magner, CMC
Clerk, Charter Township of Commerce