

MINUTES OF THE MEETING OF THE COMMITTEE-OF-THE-WHOLE OF THE CITY OF GROSSE POINTE WOODS HELD ON MONDAY, OCTOBER 13, 2014, IN THE CONFERENCE ROOM OF THE MUNICIPAL BUILDING, 20025 MACK AVENUE, GROSSE POINTE WOODS, MICHIGAN.

PRESENT: Mayor Novitke
Council Members Bryant, Granger, Ketels, Koester, McConaghy, Shetler

ABSENT: None

ALSO PRESENT: City Administrator Fincham
Treasurer/Comptroller Irby
City Clerk Hathaway
Director of Public Services Ahee
City Engineer Lockwood

Also in attendance at tonight's meeting were the Municipal Finance Advisor Bobby Bendzinski from Bendzinski & Co., and Bond Counsel Pat McGow from Miller Canfield.

Mayor Novitke called the meeting to order at 7:30 p.m.

Motion by Granger, seconded by Ketels, that all items on tonight's agenda be received, placed on file, and taken in order of appearance.

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Koester, McConaghy, Novitke, Shetler

No: None

Absent: None

The purpose of tonight's meeting was to discuss **road construction and bonding**. The Mayor provided a brief overview and stated attention needed to be paid to arbitrage rules. The Treasurer/Comptroller recommended two, \$5 million bonds, and have all work completed within 6 years.

Mr. McGow stated the bond issue approved by voters was for \$10 million with repayment of no more than ten years. Estimates are based upon two, \$5 million bond issues spread three years apart. With arbitrage rules for tax exempt bonds, we expect to spend money within three years from the date of issuance. If money is not spent due to delays, that is okay, and may require refunding any excess earnings to the Internal Revenue Service.

Mr. Bendzinski discussed cost implications of going out for \$3.3 million in three sets of bonds versus two sets at \$5 million each. He stated it would cost \$12,952,000 to borrow two sets of \$5 million for five years; versus the three set scenario costing \$14.8 million and an additional four years of tax levy. He discussed the Combined Schedule of Principal and Interest Requirements on a Fiscal Year Basis and the two scenario's

presented. The two set scenario versus three saves costs including interest as well as issuance costs.

The Mayor felt there is a problem with completing construction in four years, and suggested a minimum of six years; doing approximately \$2 million per year.

Mr. Bendzinski stated rates are at their lowest right now and would save money to bond twice at \$5 million.

The Mayor asked how much money there will be for construction. Mr. Bendzinski stated probably about \$9.6 million after costs. The City Engineer stated we would not know costs for sure until construction bids are received.

Following Committee discussion, the Committee concurred to proceed with the plan as presented.

Motion by Shetler, seconded by Bryant, that the Committee-of-the-Whole recommend the City Council authorize two (2), \$5 million bonds to be issued, and to proceed with the construction over four (4) years in accordance with the priority list presented (2015-2018 Suggested Road Program.)

Motion carried by the following vote:

Yes: Bryant, Granger, Ketels, Koester, McConaghy, Novitke, Shetler
No: None
Absent: None

Road construction and bonding is to remain on the Committee-of-the-Whole.

The Chair declared a recess at 8:45 p.m., and reconvened at 8:51 p.m.

Hearing no objections, the following items were discussed:

- The Mayor discussed the Library Board appointment – Rebecca Rider resigned and her term is up June 2016. In a communication, Vicki Bloom recommended Quin Smith serve as Grosse Pointe Woods' representative. Following discussion, the Mayor stated the Council could appoint Mr. Smith or could publish and accept applications for 30 days. There was a concurrence of the Committee to ask Ms. Bloom to publish the vacancy for 30 days and then conduct interviews.
- The City Administrator discussed financing vehicles for police, Lake Front Park, Building, Administration, and Public Works. Financing is with Comerica at 2.63% interest. The total amount is \$417,868.00 for vehicles and equipment. Annual payments at 2.63% interest is \$111,500.00. \$114,628.00 is the total cost for three police vehicles. Vehicles come with a three-year warranty, the City Administrator is not recommending purchasing an extended warranty. There was a concurrence of the Committee of the need to lease/purchase the Department of Public Safety vehicles.

Discussion ensued regarding Public Works vehicles, the Committee agreed there needs to be further discussion. Concerns voiced included the number of vehicles, administration's use of vehicles and why two vehicles are needed for the Building Dept. Consideration needs to be given to purchasing used vehicles. Administration was asked to provide more information such as reasoning for Administration and Lake Front Park vehicles. Additional information is needed on Paving Machine including longevity, and cost comparison on cold patch versus this new material. Administration is to provide information on which current vehicles will be removed from the fleet, or used elsewhere. The Mayor suggested using a truck without a plow for Lake Front Park, and asked how many miles are put on the vehicle per day and their uses, as well as the Administration vehicles mileage. Administration is to provide a secondary strategy for non-critical, lesser used vehicles and provide pricing on some used vehicles. What would the financing costs be for only Public Safety and Public Works vehicles. This item is to be placed on a Committee-of-the-Whole agenda for October 27, 2014.

Motion by McConaghy, seconded by Shetler, that the meeting of the Committee-of-the-Whole be adjourned at 9:40 p.m. PASSED UNANIMOUSLY.

Respectfully submitted,

Lisa Kay Hathaway
City Clerk