



CITY COUNCIL

December 7, 2020

A regular meeting of the City of Petoskey City Council was held from virtual locations on Monday, December 7, 2020. 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
Kate Marshall, City Councilmember
Suzanne Shumway, City Councilmember
Brian Wagner, City Councilmember
Lindsey Walker, City Councilmember

Absent: None

Also in attendance were City Manager Rob Straebel, Clerk-Treasurer Alan Terry, City Attorney James Murray and Executive Assistant Sarah Bek.

Consent Agenda - Resolution No. 19475

Following introduction of the consent agenda for this meeting of December 7, 2020, City Councilmember Marshall moved that, seconded by City Councilmember Wagner adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the November 16, 2020 regular 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 November 16, 2020 for contract and vendor claims at \$1,205,532.42, intergovernmental claims at \$48,115.26, and the November 25 payroll at \$199,757.55, for a total of \$1,453,405.23 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Hear Public Comment

Mayor Murphy asked for public comments and the Mayor read a letter from a citizen opposing Mayor and Councilmembers wage increases and urged the Council to reject the recommendations approved by the Compensation Commission.

Mayor and Councilmembers responded that State law and guidelines were used to form the Compensation Commission; that the City accepted applications for several weeks and only five were submitted; that the five Compensation Commission members are those who applied and were ultimately appointed; that the community had ample opportunity to attend and engage in meetings; and everyone learned a lot from the process.

Hear City Manager Updates

The City Manager reported that the City Planner will be working with the Sign Committee starting this week to complete a full review of the City's political sign regulations and make recommendations for changes to the Planning Commission that will then move forward to City Council for possible approval; reviewed that DMB approved three downtown studies that will be completed in 2021 including a streetscape study, a sidewalk snowmelt system in the downtown area and a downtown lighting study; that the DMB voted to establish curbside pickup areas for downtown businesses and to not charge meter fees in the downtown parking lots to better support downtown businesses during the latest MDHHS order; that winter street parking regulations started December 1 continuing to April 1; that Baird Engineering along with Beckett and Raeder and City staff will be looking into both shoreline repair options and potential programming changes to the areas around the leftfield and centerfield fence line and playground in Bayfront Park; that staff is also working with Baird for an initial engineering inspection to the damage on Pier A; that health experts are expecting a surge in COVID cases both locally, state-wide and nationally as a result of family celebrations and travel for the Thanksgiving holiday and he implored all residents to abide by social distancing guidelines, wear face coverings, wash hands frequently and stay at home when sick during this critical time in our fight against the virus; and expressed that what we all do now will impact COVID spread through Christmas, New Years and well into 2021.

City Councilmembers commented that the DMB should weigh in on political sign regulations and the importance in the Central Business District.

Approve Board Appointments – Resolution 19476-19478

Mayor Murphy reviewed that City Council consider the following reappointments.

City Councilmember Walker moved that, seconded by City Councilmember Marshall adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Marnie Duse, 429 Pearl Street, to the Downtown Management Board for a four-year term ending December 2024.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

City Councilmember Marshall moved that, seconded by City Councilmember Wagner adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Dan Harris, 695 Harbor View Lane, to the Downtown Management Board for a four-year term ending December 2024.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

City Councilmember Wagner moved that, seconded by City Councilmember Walker adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby approves the reappointment of Brittany McNeil, 308 Howard Street, to the Downtown Management Board for a four-year term ending December 2024.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Approve 2021 Annual Budget – Resolution No. 19479

The City Manager reviewed that at the last City Council meeting on November 16, 2020, a public hearing was held to receive comments on the proposed 2021 Annual Budget and proposed mill levy rates and there were no public comments; that Council directed staff to incorporate pay raises for the Mayor and Councilmembers in the proposed 2021 budget per the recommendation of the Compensation Commission; that the salary increases amount to annual pay for the Mayor of \$4,827 (currently \$575) and annual pay for Councilmembers \$3,605 (currently \$330) that would begin on January 1, 2021 as proposed; and that General Government Services expenses increased by \$19,000 to account for the salary increases which was the only change made to the resolution since the last meeting.

City Councilmember Marshall moved that, seconded by City Councilmember Wagner adoption of the following resolution:

WHEREAS, as required of City Charter provisions, the City Manager has presented to the City of Petoskey City Council the City's proposed annual budget for 2021; and

WHEREAS, as also is required of City Charter provisions, the City Council on November 16, 2020, conducted a public hearing to receive comments concerning these proposed budgets for the City's various funds:

General Fund

January 1, 2021 Fund Balance	\$ 5,818,484
Revenues	<u>8,582,000</u>
Expenditures:	
General Governmental Services	1,849,600
Public Safety	3,371,000
Public Works	665,900
Recreation and Cultural	<u>3,021,400</u>
Total Expenditures	<u>8,907,900</u>
December 31, 2021 Fund Balance	\$ <u>5,492,584</u>

Major Street Fund

January 1, 2021 Fund Balance	\$ 864,675
Revenues	709,700
Expenditures	<u>578,300</u>
December 31, 2020 Fund Balance	\$ <u>996,075</u>

Local Street Fund

January 1, 2021 Fund Balance	\$ 831,910
Revenues	1,103,500
Expenditures	<u>1,169,700</u>
December 31, 2021 Fund Balance	\$ <u>765,710</u>

General Street Fund

January 1, 2021 Fund Balance	\$ 1,350,744
Revenues	1,455,700
Expenditures	<u>1,439,300</u>
December 31, 2021 Fund Balance	\$ <u>1,367,144</u>

Tax Increment Finance Authority Fund

January 1, 2021 Fund Balance	\$ 894,155
Revenues	397,500
Expenditures	<u>643,000</u>
December 31, 2021 Fund Balance	\$ <u>648,655</u>

Library Fund

January 1, 2021 Fund Balance	\$ 977,840
Revenues	1,489,700
Expenditures	<u>1,486,900</u>
December 31, 2021 Fund Balance	\$ <u>980,640</u>

Downtown Management Fund

January 1, 2021 Fund Balance	\$ 122,467
Revenues	186,300
Expenditures	<u>186,200</u>
December 31, 2021 Fund Balance	\$ <u>122,567</u>

Downtown Parking Fund

January 1, 2021 Retained Earnings	\$ 896,258
Revenues	833,900
Expenses	<u>563,700</u>
December 31, 2021 Retained Earnings	\$ <u>1,166,458</u>

Right-of-Way Fund

January 1, 2021 Fund Balance	\$ 836,127
Revenues	1,786,100
Expenditures	<u>1,702,000</u>
December 31, 2021 Fund Balance	\$ <u>920,227</u>

Electric Fund

January 1, 2021 Retained Earnings	\$ 25,412,323
Revenues	11,336,100
Expenses	<u>11,567,400</u>
December 31, 2021 Retained Earnings	<u>\$25,181,023</u>

Water and Sewer Fund

January 1, 2021 Retained Earnings	\$ 26,525,394
Revenues	6,241,200
Expenses	<u>5,952,800</u>
December 31, 2021 Retained Earnings	<u>\$ 26,813,794</u>

Motor Pool Fund

January 1, 2021 Retained Earnings	\$ 5,170,376
Revenues	1,188,800
Expenses	<u>1,077,700</u>
December 31, 2021 Retained Earnings	<u>\$ 5,281,476</u>

Building Authority Marina Improvements Bond Fund

January 1, 2021 Fund Balance	\$ 28,228
Revenues	117,400
Expenditures	<u>116,500</u>
December 31, 2021 Fund Balance	<u>\$ 29,128</u>

Building Authority Bear River Valley Improvements Bond Fund

January 1, 2021 Fund Balance	\$ 121,331
Revenues	237,300
Expenditures	<u>235,400</u>
December 31, 2021 Fund Balance	<u>\$ 123,231</u>

WHEREAS, following the public hearing to receive comments concerning the proposed 2021 Annual Budget and its consideration of the proposed budget, the City Council wishes to approve the proposed budgets of these various City funds; and

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 2021 Annual Budget as presented by the City Manager and as summarized in this resolution; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to declare certain obsolete City owned personal property as surplus and to arrange for its sale or disposal; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to make adjustments among line item appropriations so long as the total expenditure budget for the assigned fund is not exceeded; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to negotiate with and establish certain rates for electric-utility customers as might be deemed appropriate in response to on-going utility-industry restructuring efforts; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to continue the City's participation in the various feasibility studies that are conducted by the Michigan Public Power Agency or to join in with other studies, service committees, or projects that would be established by the Agency, such as those related to power-supply issues, or those that would meet municipal electric-system needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work with other municipally-owned electric utilities to study the feasibilities of satisfying short- and long-term power-supply needs; and

BE IT FURTHER RESOLVED that the City Manager be and is hereby authorized to work through Michigan Public Power Agency to identify and enter into power purchase agreements or transactions to satisfy power supply needs, consistent with the Energy Services Risk Management Policy as adopted by the City of Petoskey; and

BE IT FURTHER RESOLVED the rates and charges for services, fees, permits, licenses and the like and as listed in the City's Schedule of Rates and Charges and as attached to this resolution are approved and authorized to be charged and collected as applicable; and

BE IT FURTHER AUTHORIZED that the City Manager receives a 2% increase to his rate of pay.

BE IT FURTHER RESOLVED that the various parts, sections, and clauses of this resolution are hereby declared to be severable. If any part, sentence, paragraph, section, or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of the resolution shall not be affected thereby.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Approve MMERS Plan Addendums – Resolution No. 19480

The Director of Finance reviewed that the City provides defined benefit and contribution plan retirement benefits through the Michigan Municipal Employees' Retirement System (MMERS), which covers three separate groups of employees, nonunion, DPW union and Public Safety union; that MMERS is requiring all employers to verify and update plan provisions for certain areas including employee eligibility within each division, what qualifies as service credit in determining years of service and defining what is included in compensation used in determining contributions; that provisions for these three areas are included with the Plan Adoption Agreement Addendums and an Addendum has been completed for each division to mirror benefits currently in effect; and that there are various new options within service credit and compensation which the City has excluded from the agreement.

City Councilmember Wagner moved that, seconded by City Councilmember Walker adoption of the following resolution:

WHEREAS, the City is a participating governmental unit in the Michigan Municipal Employees' Retirement System (MMERS), as authorized by 1996 PA 220; and

WHEREAS, in accordance with MMERS requirement to restate certain plan provisions related to defining participant eligibility, service credits and compensation:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby approves the 5 Defined Benefit Plan Adoption Agreements for the following divisions; 01 General Teamsters, 02 Public Safety Officers, 10 General Nonunion, 11 Public Safety Lieutenants and 20 Public Safety Officers hired after 1/1/12; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City of Petoskey City Council does and hereby approves the 2 Defined Contribution Plan Adoption Agreements for the following divisions; 0444 General Teamsters hired after 12/31/16 and 0445 General Nonunion hired after 12/31/16; and

BE IT FURTHER RESOLVED that the City of Petoskey City Council does and hereby authorizes the City Manager and Director of Finance to sign the Plan Adoption Agreement Addendums, as stated above, with MMERS.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Approve Refunding of Building Authority Library Refunding Bonds – Resolution No. 19481

The Director of Finance reviewed that in 2012 the City of Petoskey Building Authority issued \$3,520,000 in General Obligation Refunding Bonds as part of financing a new Library facility; that based on current market conditions, Bendzinski & Co., Detroit, the City's financial advisors on bond matters, informed the City that refunding of Library bonds is estimated to save \$58,000 in interest over the remaining 7 years of the bonds; that the refinancing would proceed as a negotiated sale to provide the optimal structure of the bond issue and timing of the sale based on current market conditions; and that the refinancing will be issued by the City instead of the Building Authority, since changes in laws make it more efficient for the issue to be refunded directly through the City.

City Councilmember Marshall moved that, seconded by City Councilmember Wagner adoption of the following resolution:

**RESOLUTION AUTHORIZING ISSUANCE OF
2021 REFUNDING BONDS
(LIMITED TAX GENERAL OBLIGATION)**

CITY OF PETOSKEY

County of Emmet, State of Michigan

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), authorizes the City of Petoskey, County of Emmet, Michigan (the "City") to refund or advance refund all or any part of its outstanding securities; and

WHEREAS, the Building Authority of the City of Petoskey, County of Emmet, State of Michigan (the "Authority") has previously issued its Building Authority Refunding Bonds, Series 2012, dated July 26, 2012, in the original principal amount of \$3,520,000 (the "Prior Bonds") which were issued to refund a portion of the Authority's 2003 Building Authority Bonds which were originally issued to finance the cost of acquiring, constructing, furnishing and equipping a library building together with all appurtenances and attachments thereto; and

WHEREAS, the City and the Authority have entered into a certain Refunding Contract dated June 1, 2012 (the "Contract"), by which the City has agreed to pay contractual payments to the Authority in amounts sufficient to pay the debt service on the Prior Bonds, and has pledged the City's limited tax full faith and credit therefor; and

WHEREAS, the Prior Bonds and the Contract are “outstanding securities” of the City within the meaning of Act 34; and

WHEREAS, the City has been advised that it may be able to accomplish a net savings of debt service costs by refunding all or a portion of the outstanding Prior Bonds (the portion of the Prior Bonds to be refunded are hereinafter referred to as the “Prior Bonds To Be Refunded”) through the issuance of refunding bonds by the City; and

WHEREAS, the City desires to issue refunding bonds pursuant to Act 34, in an aggregate principal amount of not to exceed One Million Nine Hundred Fifty Thousand Dollars (\$1,950,000) for the purpose of paying all or part of the cost of refunding all or part of the Prior Bonds To Be Refunded in order to achieve interest cost savings for the benefit of the City and its taxpayers; and

WHEREAS, the City desires to negotiate the sale of the Bonds to Huntington Securities, Inc. (the “Underwriter”) within the parameters established by this Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Details. Bonds of the City shall be issued in the aggregate principal amount of not to exceed One Million Nine Hundred Fifty Thousand Dollars (\$1,950,000), as finally determined upon sale thereof, to be designated 2021 REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) (the “Bonds”), for the purpose of paying the cost of refunding the Prior Bonds To Be Refunded and issuance costs of the Bonds.

The Bonds shall consist of bonds registered as to principal and interest of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the aggregate principal amount of such maturity, dated as of the date of delivery, or such other date as determined by the City Manager or City Clerk/Treasurer/Director of Finance (each an “Authorized Officer”), numbered as determined by the Transfer Agent (hereinafter defined), and maturing or subject to mandatory redemption on October 1 in the years 2021 to 2028, inclusive, or such other dates as shall be determined at the time of sale and in the amounts as determined by an Authorized Officer. The Bonds shall bear interest at a rate or rates to be determined at the time of sale thereof, payable semi-annually on April 1 and October 1, first payable as determined by an Authorized Officer at the time of sale, *provided that* the interest rate on the Bonds shall not exceed 5.00% per annum and the Bonds shall be sold at a price not less than 98.00% of their par value. The Bonds may be issued as serial or term bonds or both and may be subject to redemption prior to maturity as determined at the time of sale.

The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. The principal of the Bonds shall be payable at the designated corporate trust office of a Michigan bank or trust company selected by an Authorized Officer at the time of sale to act as registrar and transfer agent for the Bonds (the “Transfer Agent”), provided that in the event that the Bonds are purchased by a single institutional investor the City may act as its own Transfer Agent.

Interest on the Bonds shall be paid by check drawn on the Transfer Agent mailed to the registered owner of the Bonds at the registered address, as shown on the registration books of the City maintained by the Transfer Agent. Interest shall be payable to the registered owner of record as of the fifteenth day of the month prior to the payment date for each interest payment. The date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future.

2. Execution of Bonds; Book-Entry Only Form. The Bonds shall be signed by the manual or facsimile signatures of the Mayor and the City Clerk and shall have the facsimile seal of the City printed on the Bonds. No Bond executed by facsimile signature shall be valid until authenticated by an authorized representative of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by it to the purchaser in accordance with instructions from the City Treasurer upon payment of the purchase price for the Bonds in accordance with the offer therefor when accepted. Executed blank certificates for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

The Bonds may be issued in book entry only form through the Depository Trust Company in New York, New York ("DTC") and the Authorized Officers are authorized to execute such custodial or other agreements with DTC as may be necessary to accomplish the issuance of the Bonds in book entry only form and to make such change in the Bond Form within the parameters of this Resolution as may be required to accomplish the foregoing.

Unless waived by any registered owner of Bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. Such notice shall be dated and shall contain at a minimum the following information: original issue date; maturity dates; interest rates; CUSIP numbers, if any; certificate numbers (and in the case of partial redemption) the called amounts of each certificate; the redemption date; the redemption price or premium; the place where Bonds called for redemption are to be surrendered for payment; and that interest on Bonds or portions thereof called for redemption shall cease to accrue from and after the redemption date.

In addition, further notice shall be given by the Transfer Agent in such manner as may be required or suggested by regulations or market practice at the applicable time, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed herein.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond may be transferred upon such registration books by the registered owner of record, 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 City 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 the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

4. Security for Bonds; Limited Tax Pledge; Defeasance of Bonds. The City hereby pledges its limited tax full faith and credit for the prompt payment of the principal and interest on the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year. The City Treasurer is authorized and directed to open a separate fund with a bank or trust company designated by the City Council to be known as the 2021 REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature. Into said fund there shall be placed the accrued interest, if any, received at the time of delivery of the Bonds.

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 the principal of and interest on the Bonds when due, 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 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.

5. Issuance Fund; Escrow Account; Proceeds of Bond Sale. Proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds and to secure payment of the Prior Bonds To Be Refunded as provided in this paragraph. Upon receipt of the proceeds of sale of the Bonds, the accrued interest and premium, if any, shall be deposited in the Debt Retirement Fund for the Bonds. From the proceeds of the Bonds there shall next be set aside a sum sufficient to pay the costs of issuance of the Bonds in a fund designated 2021 REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) BOND ISSUANCE FUND (the "Bond Issuance Fund"), which may be established by the City or an escrow agent. The moneys in the Bond Issuance Fund shall be used solely to pay the costs of issuance of the Bonds. Any amounts remaining in the Bond Issuance Fund after payment of issuance expenses shall be transferred to the Debt Retirement Fund for the Bonds.

The balance of the proceeds of the Bonds, together with other available funds of the City, if any, shall be deposited in an escrow fund (the "Escrow Fund") consisting of cash or cash and investments in direct obligations of or obligations the principal of and interest on where are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing (the "Escrow Securities") and used to pay the principal of and interest on all or a portion of the Prior Bonds To be Refunded as determined by an Authorized Officer at the time of sale. The Escrow Fund shall be held by an escrow agent (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") which shall irrevocably direct the Escrow Agent to take all necessary steps to call the Prior Bonds To Be Refunded for redemption on the first date such Prior Bonds To Be Refunded may be called for redemption. Each Authorized Officer is authorized and directed to appoint an Escrow Agent and execute the Escrow Agreement on behalf of the City. The amounts held in the Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient without reinvestment to pay the principal of and interest on the Prior Bonds To Be Refunded when due at maturity or call for redemption as required by this section. Each Authorized Officer is authorized and directed to purchase or cause to be purchased, Escrow Securities, including but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS), in an amount sufficient to fund the Escrow Fund.

6. Bond Form. The Bonds shall be in substantially the following form with such changes as may be required to conform to the final terms of the Bonds established by the Sale Order:

UNITED STATES OF AMERICA
 STATE OF MICHIGAN
 COUNTY OF EMMET
CITY OF PETOSKEY
 2021 REFUNDING BOND
 (LIMITED TAX GENERAL OBLIGATION)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	October 1, 20__	_____, 2021	

Registered Owner:
 Principal Amount: _____ Dollars

The City of Petoskey, County of Emmet, State of Michigan (the "City"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified 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 specified above or such later date to which interest has been paid, at the Interest Rate per annum specified above, payable on _____ 1, 2021 and semiannually thereafter. Principal of this bond is payable upon presentation and surrender of this bond at the designated corporate trust office of _____, Michigan, or such other transfer agent as the City may hereafter designate (the "Transfer Agent") by notice mailed to the registered owner not less than sixty (60) days prior to an interest payment date. Interest on this bond is payable to the person or entity which is the registered owner of record as of the 15th day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent, by check or draft mailed by the Transfer Agent to the registered owner of record at the registered address.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the City, and the City is required, if necessary, to levy ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

This bond is one of a series of bonds aggregating the principal sum of \$_____, issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and a resolution duly adopted by the City Council of the City for the purpose of paying all or part of the cost of refunding certain outstanding securities of the City.

[Insert term bond provisions, if applicable]

Bonds maturing in the years 20__ to 20__, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 20__ 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 _____, 20__, 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.

This bond is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record 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 upon the payment of the charges, if any, prescribed in the resolution authorizing this bond, 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 resolution authorizing this bond. Neither the City nor the Transfer Agent shall be required to transfer or exchange this bond or portion of this bond either during the period of fifteen (15) days immediately preceding the date of the mailing of any notice of redemption or (except as to the unredeemed portion, if any, of this bond) after this bond or any portion of this bond has been selected for redemption.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

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 signed in the name of the City by the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF PETOSKEY
County of Emmet
State of Michigan

By: _____
Its Mayor

(SEAL)
By: _____
Its City Clerk

7. Negotiated Sale; Placement or Sale of Bonds. The City Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale, and pursuant to the requirements of Act 34, based on the advice of its financial advisor, determines that a negotiated sale of the Bonds to the Underwriter will result in the most efficient and expeditious means of selling the Bonds and will result in the lowest interest cost to the City and hereby approves the Underwriter as the purchaser of the Bonds. However, if it is determined that a private placement is financially more advantageous to the City, based upon the advice of the City's financial advisor, the Authorized Officers are authorized to sell the Bonds through a private placement and Huntington Securities, Inc. shall act as placement agent for the Bonds.

8. Bond Purchase Agreement; Delegation to Authorized Officer; Sale Order. The Authorized Officers are each hereby authorized to negotiate the sale of the Bonds with the Underwriter, negotiate and execute a Bond Purchase Agreement, execute a Sale Order specifying the final terms of the Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this Resolution.

9. 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 Bonds and in pursuance of the foregoing is each authorized to exercise the authority and make the determinations pursuant to Section 315(1)(d) of Act 34, 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 Resolution; *provided* that the principal amount of Bonds issued shall not exceed the principal amount authorized in this Resolution, the interest rate per annum on the Bonds shall not exceed 5.00%, the maximum Underwriter's discount on the Bonds shall not exceed 0.70% of the par amount of the Bonds, the Bonds shall be sold at a price not less than 98.00% of their par value, and the refunding of the Prior Bonds To Be Refunded shall result in present value savings to the City.

10. Tax Covenant; Qualified Tax-Exempt Obligations. If the Bonds are issued on a tax-exempt basis as determined at the time of sale of the Bonds, the City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on each issue of the 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 Bond proceeds and moneys deemed to be Bond proceeds. If the Bonds are issued on a tax-exempt basis as determined at the time of sale of the Bonds, each Authorized Officer is authorized to designate the Bonds as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to Section 265(b)(3) of the Code.

11. Continuing Disclosure Undertaking. 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 the Authorized Officers are each authorized to execute such undertaking prior to delivery of the Bonds.

12. Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C., as Bond Counsel for the Bonds is hereby confirmed, notwithstanding the periodic representation by Miller, Canfield, Paddock and Stone, P.L.C., in unrelated matters of the Underwriter and other parties and potential parties to the issuance of the Bonds.

13. Financial Advisor. Bendzinski & Co. Municipal Finance Advisors is retained as the registered municipal advisor to the City in connection with the issuance of the Bonds.

14. Authorization of Other Actions. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the 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 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 for the Bonds; (d) obtain ratings for the Bonds; (e) pay costs of issuance including but not limited to transfer agent fees, escrow agent fees, verification agent fees, municipal advisor fees, bond counsel fees, rating agency fees, costs of printing the Bonds and the preliminary and final official statements, publication costs, and any other costs necessary to accomplish sale and delivery of the Bonds; and (f) do all other acts, take all other necessary procedures, and make such filings with any parties, including the Michigan Department of Treasury, necessary or desirable to effectuate the sale, issuance and delivery of the Bonds.

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

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Adopt Ordinance 780 Approving Water and Sewer Bond Refunding – Resolution No. 19482

The Director of Finance reviewed that in 2011 the City issued \$11,235,000 in Revenue Refunding Bonds as part of financing for continued improvements to the Wastewater Treatment Plant (WWTP), \$2,755,000 and refinancing of two existing bonds, one for Water Supply \$2,150,000 and one for the WWTP \$6,330,000; that the \$2,150,000 water supply bond was paid off in 2017; that based on current market conditions, Bendzinski & Co., Detroit, the City's financial advisors on bond matters, informed the City that sufficient enough savings would result from refinancing the remaining portion of the Series 2011 bonds; that interest savings on the refunding are estimated at \$570,000 over the remaining life of the two bonds; and that the refinancing would proceed as a negotiated sale to provide the optimal structure of the bond issue and timing of the sale based on current market conditions.

City Councilmember Walker moved that, seconded by City Councilmember Marshall adoption of the following ordinance:

AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BONDS TO PAY THE COST OF REFUNDING ALL OR PART OF THE CITY OF PETOSKEY WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2011; 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; TO PROVIDE AN ADEQUATE RESERVE FUND FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS.

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 the Mayor, City Manager, or City Clerk/Treasurer/Finance Director.
- (c) "Bonds" mean the Series 2021 Bonds, the Outstanding Bonds and any additional Bonds presently of equal standing or hereafter issued.
- (d) "Escrow Agent" means a bank or trust company appointed to serve as Escrow Agent pursuant to an escrow agreement.
- (e) "Issuer" or "City" means the City of Petoskey, County of Emmet, State of Michigan.
- (f) "Outstanding Bonds" means the Series 2011 Bonds and the Series 2017 Bonds.
- (g) "Outstanding Ordinances" means Ordinance Nos. 650, 683 and 757 of the City.
- (h) "Refunded Bonds" means all or a portion of the Series 2011 Bonds as shall be finally determined pursuant to the Sale Order referred to herein, but preliminarily refers to those Series 2011 Bonds maturing in the years 2022 to 2031, inclusive, aggregating the principal amount of Four Million Four Hundred Thirty Thousand Dollars (\$4,430,000).
- (i) "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.
- (j) "Sale Order" means the Sales Order to be executed by one or more authorized officers of the Issuer respecting the sale of the Series 2021 Bonds.
- (k) "Series 2011 Bonds" means the Issuer's Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds, Series 2011, dated June 29, 2011, in the outstanding principal amount of Five Million Thirty-Five Thousand Dollars (\$5,035,000).
- (l) "Series 2017 Bonds" means the Issuer's Water Supply and Sewage Disposal System Revenue Bonds, Series 2017, dated June 13, 2017, in the outstanding principal amount of Four Million Six Hundred Thirty Thousand Dollars (\$4,630,000).
- (m) "Series 2021 Bonds" means the Water Supply and Sewage Disposal System Revenue Refunding Bonds, Series 2021, of the Issuer authorized pursuant to this Ordinance.

(n) "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.

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

(p) "Transfer Agent" means a bank or trust company selected to serve as transfer agent for the Series 2021 Bonds.

(q) "Underwriter" means Huntington Securities, Inc. as the purchaser of the Series 2021 Bonds.

Section 2. Necessity; Public Purpose; Estimated Cost. It is hereby determined to be a necessary public purpose of the Issuer to refund all or part of the Refunded Bonds. The estimated cost of refunding the Refunded Bonds, including legal and financing expenses, in an amount of not to exceed Nine Million Two Hundred Fifty Thousand Dollars (\$9,250,000), is hereby approved and the estimated cost of acquiring and constructing the Project, including contingencies, engineering, legal and financing expenses, in an amount not to exceed Four Million Seven Hundred Thousand Dollars (\$4,700,000) is hereby approved.

Section 3. Payment of Cost; Bonds Authorized. To pay the costs associated with the refunding of the Refunded Bonds, including legal, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2021 Bonds, the Issuer shall borrow the sum of not to exceed Four Million Seven Hundred Thousand Dollars (\$4,700,000), as finally determined in the Sale Order and issue the Series 2021 Bonds therefor 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, including moneys in the bond and interest redemption fund and bond reserve account established for the Refunded Bonds.

Section 4. Bond Details. The Series 2021 Bonds shall be designated WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM REVENUE REFUNDING BONDS, SERIES 2021, shall be payable solely and only out of the Net Revenues, as set forth more fully herein, 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 authentication, and shall mature or be subject to mandatory redemption on February 1st in the years 2022 to 2031, inclusive, or such other years and in such amounts as shall be determined in the Sale Order.

The Series 2021 Bonds shall bear interest at a rate or rates determined on the sale thereof, but in any event not exceeding 5% per annum, payable on February 1 and August 1 of each year, commencing August 1, 2021, or such later date as determined in the Sale Order, by check 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 2021 Bonds shall be payable at the principal office of the Transfer Agent. The Series 2021 Bonds shall be sold at a price not less than 98.5% of their par value.

The Series 2021 Bonds may be subject to redemption prior to maturity at the times and prices and in the manner finally determined in the Sale Order.

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 2021 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 executed by facsimile signature shall be valid until authenticated by an authorized signer of the Transfer Agent. The Series 2021 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 Treasurer of the Issuer upon payment of the purchase price for the Series 2021 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 Issuer shall give the Transfer Agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The Transfer Agent shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2021 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 Series 2021 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 Series 2021 Bonds in book-entry-only form and to make such changes in the Bond form with the parameters of this ordinance as may be required to accomplish the foregoing.

Section 7. Payment of Series 2021 Bonds; Security. The Series 2021 Bonds and the interest thereon shall be payable solely and only from the Net Revenues, and to secure such payment, there is hereby recognized a statutory lien 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 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 Series 2021 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 2021 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 2021 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 2021 Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2021 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; Rate Covenant. 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 Series 2021 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 Series 2021 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. Funds and Accounts; Flow of Funds; Bond Reserve Fund. The funds and accounts established by the Outstanding Ordinances are hereby continued, the flow of fund established by the Outstanding Ordinances is hereby continued, and the applicable sections of the Outstanding Ordinances relating to funds and accounts and flow of funds are incorporated herein by reference as if fully set forth.

The 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 2021 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 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 or from proceeds of the Series 2021 Bonds prior to or concurrently with the delivery of the Series 2021 Bonds so that the Bond Reserve Account is fully funded as of the delivery of the Series 2021 Bonds.

Section 13. Bond Proceeds; Escrow Fund. First, from the proceeds of the sale of the Series 2021 Bonds there shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest, if any, received on the delivery of the Series 2021 Bonds.

Second, certain of the proceeds of the Series 2021 Bonds and, if deemed necessary or advisable by the Issuer, moneys on hand in the Bond and Interest Redemption Fund and/or Bond Reserve Account for the Refunded Bonds, if any, shall be deposited in an escrow fund or funds (the "Escrow Fund") consisting of cash and investments in direct obligations of or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing not redeemable at the option of the Issuer in amounts fully sufficient to pay the principal, interest and redemption premiums on all of the Refunded Bonds, which are to be refunded hereunder and shall be used only for such purposes. The Escrow Fund shall be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which shall irrevocably direct the Escrow Agent to take all necessary steps to pay the principal of and interest on the Refunded Bonds when due and to call the Refunded Bonds for redemption on the first call date, as specified by the Issuer. The amounts held in the Escrow Fund shall be such that the cash and investments and income received thereon will be sufficient without reinvestment to pay the principal, interest and redemption premiums on the Refunded Bonds when due at maturity or by call for redemption as required by the Sale Order. The remaining proceeds of the Series 2021 Bonds shall be used to pay the costs of issuance of the Series 2021 Bonds. Any proceeds in excess of the proceeds deposited in the Escrow Fund or required to pay costs of issuance shall be deposited in the Bond and Interest Redemption Fund and used to pay interest on the Series 2021 Bonds on the next available interest payment date. The Authorized Officers are each authorized to select and appoint an Escrow Agent, and negotiate and enter into an Escrow Agreement on behalf of the Issuer.

Section 14. Bond Form. The Series 2021 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF EMMET
CITY OF PETOSKEY

**WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM
REVENUE REFUNDING BOND, SERIES 2021**

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Date of</u> <u>Original</u> <u>Issue</u>	<u>CUSIP</u>
	February 1, ____	_____, 2021	

REGISTERED OWNER:
PRINCIPAL AMOUNT:

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, payable on _____ 1, 2021, and semiannually thereafter. Principal of this bond is payable upon surrender of this bond at the office of _____, _____, 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 \$_____, issued pursuant to Ordinances Nos. 650, 683 and ___ of the Issuer, duly adopted by the City Council of the Issuer (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 refunding certain of the Issuer's outstanding Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds, Series 2011.

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 above-described 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 Bonds, Series 2017 (the "Outstanding Bonds").

[Insert redemption provisions, if any.]

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

Certificate of Authentication

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

_____, 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 2021 Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 7a(1)(c) 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, designation as qualified tax-exempt obligations and other matters within the parameters established by this Ordinance.

Section 16. Authorization for Negotiated Sale. The City has considered the option of selling the Series 2021 Bonds through a competitive sale and a negotiated sale and determines that a negotiated sale of the Series 2021 Bonds will allow more flexibility in accessing the municipal bond market and to price and sell the Series 2021 Bonds at the time that is expected to best achieve the most advantageous interest rates and costs to the City, and will provide the City with greater flexibility in structuring bond maturities and adjust terms for the Series 2021 Bonds.

Section 17. Bond Purchase Agreement and Award. The Authorized Officers are each hereby authorized on behalf of the City to negotiate and execute a bond purchase agreement with the Underwriter, to execute a Sale Order evidencing the final terms for the Series 2021 Bonds, and to take all other necessary actions required to effectuate the sale, issuance and delivery of the Series 2021 Bonds within the parameters authorized in this Ordinance; *provided that* the principal amount of the Series 2021 Bonds shall not exceed the principal amount authorized in this Ordinance, the interest rate per annum on the Bonds shall not exceed 5.00%, the maximum Underwriter's discount on the Bonds shall not exceed 0.70% of the par amount of the Bonds, the Bonds shall be sold at a price not less than 98.00% of their par value, and the refunding of the Refunded Bonds shall result in present value savings to the City.

Section 18. Tax Covenant. 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 2021 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 2021 Bond proceeds and moneys deemed to be Series 2021 Bond proceeds.

Section 19. Continuing Disclosure. The City covenants to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Series 2021 Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and the Authorized Officers are each hereby authorized to execute such undertaking prior to delivery of the Series 2021 Bonds.

Section 20. Other Matters. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the Series 2021 Bonds and to deem the preliminary official statement "final" for purposes of Rule 15c2-12 of the SEC; (b) solicit bids for and approve the purchase of a municipal bond insurance policy for the Series 2021 Bonds; (c) apply for ratings on the Series 2021 Bonds; (d) pay costs of issuance including but not limited to transfer agent fees, escrow agent fees, verification agent fees, municipal advisor fees, bond counsel fees, rating agency fees, costs of printing the Bonds and the preliminary and final official statements, publication costs, and any other costs necessary to accomplish sale and delivery of the Bonds; and (e) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Series 2021 Bonds.

Section 21. Savings Clause. The Outstanding Ordinances shall continue in effect, except as specifically supplemented or altered herein.

Section 22. 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 23. 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 24. 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.

Said ordinance was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Approve Grant Submission for Solanus Mission Beach Improvements – Resolution No. 19483

The Parks and Recreation Director reviewed that in 2019 the City was awarded a planning grant through the Coastal Management Program that assisted with covering the costs of a feasibility study, community engagement and other partner’s services; that staff along with Beckett and Raeder have taken the results of the planning process and developed a plan for the implementation of a low impact project at Solanus Mission Beach; reviewed conceptual plans; that the shoreline will have native plantings natural to a beach environment; that there will be interpretive signage that promotes the “living shoreline”; that the Capital Improvement Plan earmarked \$500,000 from the TIFA fund for development of this project in 2022; that the Parks and Recreation Commission held an advertised virtual public meeting to receive comment as required by grant guidelines; and that the Parks and Recreation Commission at their November 9, 2020 meeting adopted a formal recommendation in support of the project and requested that City Council adopt a resolution in support of the submission of the grant application to Michigan Coastal Management Program in the amount of \$225,000 and commit to the project match not to exceed \$112,500.

City Councilmembers inquired if it was ok to proceed with project due to high water issues the City is experiencing and Director Klingensmith addressed their concerns.

City Councilmember Marshall moved that, seconded by City Councilmember Walker adoption of the following resolution:

WHEREAS, the City of Petoskey desires to improve Solanus Mission Beach area; and

WHEREAS, the undeveloped portion of Solanus Mission Beach is not accessible to the public and is in need of passive recreational opportunities; and

WHEREAS, the Solanus Mission Beach contributes to the goals and objectives identified in the 2018-2022 City of Petoskey’s Parks and Recreation Master Plan, outlining the need and the desire to improve water accessibility; and

WHEREAS, funding is available from the U.S. Department of Commerce through the Coastal Management Program; and

WHEREAS, request that the City Council consider committing up to 50% local match, that being \$112,500, toward the low cost construction grant which is estimated at \$225,500; and

WHEREAS, the City of Petoskey Parks and Recreation Commission supports the submission of the grant through the Coastal Management Program to improve access to the Solanus Mission Beach area and commit to undertake this project, if funded, and commit to the project match and authorize Robert Straebel, City Manager, or his designee to serve as the City’s representative for this project:

NOW, THEREFORE, BE IT RESOLVED, that the City of Petoskey City Council authorizes Robert Straebel, City Manager, or his designee to serve as the City's representative for this project, authorize the submission of the application and request that Coastal Management grant program consider approval for low cost construction of Solanus Mission Beach improvement project and provide grant funding in the amount of \$225,000 of which 50% will be from the City of Petoskey and 50% from the Coastal Management Program.

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Approve 2021 Meeting Schedule and Revised City Council Virtual Meetings General Information Policy – Resolution No. 19484

The City Manager reviewed the proposed City Council meeting schedule for 2021 and noted three cancellations due to the same timing as Petoskey School's spring break and Fourth of July and Labor Day holidays; noted that dates were flexible if any Councilmembers had concerns; reviewed language that was included in the proposed resolution that may affect in-person and remote meetings based on statutes/orders by the State Legislature, the Governor and/or the Health Department due to the ongoing COVID-19 pandemic; and that the City Council Virtual Meetings General Information Policy was revised to include changes effective January 1, 2021.

City Councilmember Wagner moved that, seconded by City Councilmember Marshall adoption of the following resolution:

WHEREAS, Section 4.4 of the City Charter governing City Council meetings requires the City Council to meet regularly, preferably in the City Council Chambers in the City Hall, on the first and third Mondays of each month; and

WHEREAS, the State Legislature, the Governor and/or Health Department may disseminate statutes/orders affecting in-person and remote meetings based on the current COVID-19 pandemic; and

WHEREAS, pursuant to PA 228 of 2020, new regulations regarding public meetings will commence starting January 1, 2021 requiring revisions to the City Council Virtual Meetings General Information Policy; and

WHEREAS, due to the holidays certain scheduling conflicts preclude the City Council from holding meetings on the first and third Mondays of each month; and

WHEREAS, the City Council desires to establish a regular meeting schedule in accordance with the requirements of Section 4.4 of the City Charter for the 2021 calendar year:

NOW, THEREFORE, BE IT RESOLVED that the City Council adopt the revised City Council Virtual Meetings General Information Policy and shall hold its regular meetings in the City Council Chambers in the City Hall on the following dates in 2021:

Monday, January 4
Monday, January 18
Monday, February 1
Monday, February 15
Monday, March 1
Monday, March 15
Monday, April 5 (No Meeting)
Monday, April 19
Monday, May 3

Monday, May 17
Monday, June 7
Monday, June 21
Monday, July 5 (No Meeting)
Monday, July 19
Monday, August 2
Monday, August 16
Monday, September 6 (No Meeting)
Monday, September 20
Monday, October 4
Monday, October 18
Monday, November 1
Monday, November 15
Monday, December 6
Monday, December 20

Said resolution was adopted by the following vote:

AYES: Marshall, Shumway, Wagner, Walker, Murphy (5)

NAYS: None (0)

Council Comments

Mayor Murphy asked for Council comments and Councilmember Wagner commented that the Petoskey Chamber was hosting Breakfast for Champions virtually tomorrow and thanked Councilmember Shumway for her leadership and support. Councilmember Marshall commented that many citizens have installed Christmas lights early this year and encouraged everyone to get outside and see them. Mayor Murphy also encouraged community members to get out and see the holiday lights.

There being no further business to come before the City Council, this December 7, 2020, meeting of the City Council adjourned at 7:50 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer