

AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission
From: Steven J. Kingsbury, MBA, CPFA, MiCPT
Treasurer, Finance and Technology Director
Date: April 26, 2016
Regarding: North Industrial Park/Infrastructure Build Project - Final Bond Draw

For the Agenda of May 2, 2016

Background The City's North Industrial Park and Infrastructure Extension Project has been completed and we are in the process of closing the \$2,680,870 EDA Grant that was awarded to the City for this project. With all contractor applications for payment processed, paid and submitted to the EDA for reimbursement we also simultaneously submitted them to Rural Development to draw funds from the three bonds issued for the project.

The \$335,000 Sewer and \$560,000 Water bonds were fully drawn during the project and therefore the advance period has been closed. However, the full \$565,000 amount of the General Infrastructure Bond was not needed for the project and there remains \$38,000 available. Rural Development requires that bond be fully drawn and in the case of the General Infrastructure Bond they have requested that we draw the remaining available funds and then immediately issue a principal reduction payment to Rural Development on that bond.

Financial Impact With the approval of the City Commission we will request the final \$38,000 be advanced from the General Infrastructure Bond and then simultaneously we will issue a payment to Rural Development in this same amount to pay down the bond. Effectively there will be no impact to the City for this transaction.

Recommendation We recommend that the City Commission approve resolution 2016-046 authorizing the final \$38,000 to be drawn from the General Infrastructure Bond. We also recommend that the City Commission authorize the payment of \$38,000 to Rural Development to be applied to the General Infrastructure Bond.

Attachments

1. City of Clare Resolution 2016-046.

RESOLUTION 2016-046

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE FINAL NORTH INDUSTRIAL PARK AND INFRASTRUCTURE EXTENSION PROJECT BOND DRAW AND CONCURRENTLY A PAYMENT TO RURAL DEVELOPMENT ON THE SAME BOND.

WHEREAS, the City of Clare, Counties of Clare and Isabella, State of Michigan (the "City") undertook in 2014 a capital improvement project to construct a new North Industrial Park and to extend public utilities to provide service to the property; and

WHEREAS, this capital improvement project was funded by a \$2.7 million Grant from the United States Economic Development Administration; a \$560,000 water revenue bond, a \$335,000 sewer revenue bond and a \$565,000 capital improvement bond each of which were purchased by the United States Department of Agriculture Rural Development; along with existing funds from the sewer and water funds; and

WHEREAS, the entire project has now been successfully and fully completed; and

WHEREAS, the City has submitted the final closing documents to both the EDA and Rural Development; and

WHEREAS, the sewer and water bonds were fully drawn during the project, however the full amount of the general infrastructure bond was not needed for the project leaving an available balance of \$38,000; and

WHEREAS, Rural Development requires that the bonds be fully drawn during the construction period prior to them going into repayment and has requested that the City request a draw of the final available balance and then issue payment back to Rural Development to be applied to the General Infrastructure Bond.

NOW THEREFORE BE IT RESOLVED THAT the Clare City Commission hereby approves the final General Infrastructure Bond draw in the amount of \$38,000; and

BE IT FURTHER RESOLVED THAT the Clare City Commission hereby authorizes the payment of \$38,000 to Rural Development from said bond draw to be applied to the General Infrastructure Bond as a principal payment.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 2nd day of May 2016.

Diane Lyon, Clare City Clerk