



MARQUETTE CITY COMMISSION AGENDA

MONDAY, November 28, 2011

Meeting Called to Order at 7:00 p.m.

Pledge of Allegiance to the Flag

Roll Call

Note of Agenda Changes

Approval of Agenda

ANNOUNCEMENTS

1. **PRESENTATION** – Andrew Bek, Sister City Visit to Higashiomi, Japan
2. **PUBLIC HEARING** – Zoning Ordinance Amendments: 01 through 06-ZOA-10-11
3. **PUBLIC HEARING** – Parks & Recreation Five-Year Master Plan
4. **BOARDS AND COMMITTEES**

Appointments

- Commissioner Robert Niemi to the Marquette County Central Dispatch Policy Board (as a Marquette City Designee), term ending 12-31-14
- Carrie Ann Biolo, Arts & Culture Advisory Committee, term ending 06-01-14
- Cynthia Prosen, Peter White Public Library Board of Trustees, term ending 05-01-14
- Emily Coyne, Marquette Housing Commission, term ending 01-25-15

Reappointments

- K. Michael Skytta, Downtown Development Authority, term ending 01-01-16

PUBLIC COMMENT - Comments may not exceed three minutes per person. Citizens may reserve time to speak on agenda items. This may result in the item being moved up on the agenda, at the Mayor's discretion.

5. CONSENT AGENDA

- A. Approve the minutes of the November 14, 2011 Commission meeting.
- B. Approve the total bills payable in the amount of \$452,540.24.
- C. Decrease the current special assessment interest rate of 5.50% to 4.50% for the period of December 1, 2011 to May 31, 2012.
- D. Concur with the Request from the Michigan Liquor Control Commission and hold a Public Hearing on December 12, 2011 for a new micro brewer license at 114 W. Spring Street, Marquette.
- E. Approve the Trail Access Permit for the January 29, 2012 Noquemanon Ski Marathon, contingent upon receiving the group's certificate of insurance; and authorize the Mayor and Clerk to sign the permit.

- F. Approve the Trail Access Permit for the February 17-19, 2012 Sled Dog Races, contingent upon receiving the group's trail maps and certificate of insurance; and authorize the Mayor and Clerk to sign the permit.
- G. Approve the In-Home Senior Services contract, and authorize the Mayor and Clerk to sign the contract.

UNFINISHED BUSINESS

6. REPORT AND RECOMMENDATION from the City Manager
RE: Lakeview Arena - United Way Lease Agreement
7. REPORT AND RECOMMENDATION from the City Manager
RE: Sale of 100 Acres of City-owned Property Located in the Heartwood Forestland Area

NEW BUSINESS

8. REPORT AND RECOMMENDATION from the City Manager
RE: MGH Refunding Bond
9. REPORT AND RECOMMENDATION from the City Manager
RE: Charter Commission Compensation and Preliminary Budget
10. REPORT AND RECOMMENDATION from the City Manager
RE: Internet Service Agreement with Peninsula Fiber Network (PFN) LLC
11. REPORT AND RECOMMENDATION from the City Manager
RE: Marquette Junior Hockey Corporation Ice Time
12. REPORT AND RECOMMENDATION from the City Manager
RE: Marquette Junior Hockey Corporation Locker Room Lease
(Former NMU Locker Room)
13. REPORT AND RECOMMENDATION from the City Manager
RE: Marquette Junior Hockey Corporation Locker Room Lease
(Former Marquette Rangers Locker Room)
14. REPORT AND RECOMMENDATION from the City Manager
RE: Figure Skating Contract
15. REPORT AND RECOMMENDATION from the City Manager
RE: BP11-37, Two New 2012 Police Vehicles
16. REPORT AND RECOMMENDATION from the City Manager
RE: BP11-38, New 2012, One-Ton Pickup Truck
17. REPORT AND RECOMMENDATION from the City Manager
RE: BP11-40, New 2012, Police SUV Patrol Vehicle

18. REPORT AND RECOMMENDATION from the City Manager

RE: BP11-41, New Half-Ton Super Cab Pickup Truck

19. REPORT AND RECOMMENDATION from the City Manager

RE: BP11-42, New 2012, Half-Ton Regular Cab Pickup Truck

PUBLIC COMMENT Comments should be limited to five minutes per person.

Any comments the City Commissioners wish to bring before the meeting.

Any comments the City Manager wishes to bring before the meeting.



David J. Bleau, City Clerk



MARQUETTE CITY COMMISSION
AGENDA SUPPLEMENT
November 28, 2011 – Regular Meeting

MM/11

Public Hearing Presentation Consent Unfinished Business ► New Business

TO: Mayor and City Commission

SUBJECT: **Marquette General Hospital Refunding Bond**

RECOMMENDATION: Approve a Resolution for Marquette General Hospital to Refund Bonds in an Aggregate Principal Amount Not to Exceed \$43,500,000 via the Marquette Hospital Finance Authority

BACKGROUND: The Hospital Finance Authority (the Authority) was established by the City of Marquette on October 12, 1976 to issue tax-exempt financing to construct, acquire, reconstruct, remodel, improve, add to, enlarge, own and lease hospital facilities within the boundaries of the City for the use of any non-profit hospital.

Although the tax-exempt financing is not an obligation of the City and is solely the responsibility of the non-profit hospital (Marquette General Hospital), the Authority may only issue or refund tax-exempt bonds with the approval of the City Commission.

Should MGH at some time no longer be classified as a non-profit hospital (due to acquisition, merger, or some other reason) the tax-exempt bonds issued via the Authority would have to be refinanced and reissued under some other appropriate mechanism.

FISCAL EFFECT: None to the City. The bond repayment and all issuance expenses are solely the responsibility of MGH.

RECOMMENDATION: Approve a resolution for Marquette General Hospital to refund bonds in an aggregate principal amount not to exceed \$43,500,000 via the Marquette Hospital Finance Authority.

ALTERNATIVES: As determined by the Commission.

At a regular meeting of the City Commission of the City of Marquette, Michigan, held at 7:00 o'clock p.m., Michigan Time, on November 28, 2011.

Present: _____

Absent: _____

The following preamble and resolution were offered by _____ and supported by _____;

WHEREAS, the City of Marquette Hospital Finance Authority (the "Authority") intends to issue City of Marquette Hospital Finance Authority hospital revenue refunding bonds (the "Bonds") in one or more series in the aggregate principal amount of not to exceed \$43,500,000 to provide funds to loan to Marquette General Hospital, Inc. (the "Hospital") to be used together with other available funds of the Hospital to discharge existing indebtedness of the Hospital to the Michigan Finance Authority, successor to the Michigan State Hospital Finance Authority; and

WHEREAS, the Bonds will be limited obligations of the Authority and will not constitute general obligations or debt of the Authority, the City of Marquette, the State of Michigan or any political subdivision thereof within the meaning of any constitutional, charter or statutory limitation; and

WHEREAS, on November 28, 2011 at 11 o'clock a.m. at the MGH Conference Center located in Marquette, Michigan, the Authority held a public hearing after notice was published as provided in, and in satisfaction of the applicable public hearing requirements of, the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Authority has requested that this City Commission approve the issuance of the Bonds in one or more series; and

WHEREAS, this City Commission desires to express its approval of the issuance of the Bonds in one or more series by the Authority.

IT IS HEREBY RESOLVED BY THE CITY COMMISSION OF THE CITY OF MARQUETTE, AS FOLLOWS:

1. Solely for the purpose of fulfilling the public approval requirements of the Code, the City Commission of the City of Marquette, Michigan, hereby approves the issuance, sale and delivery of not to exceed \$43,500,000 in aggregate principal amount of the Bonds in one or more series.

2. The Bonds shall not be an obligation or debt of the City of Marquette.

3. The Bonds shall be issued on or before December 31, 2011.

4. The City Clerk is hereby directed to provide three (3) certified copies of this resolution to the Secretary of the Authority.

YEAS

NAYS

ABSTENTIONS

RESOLUTION DECLARED ADOPTED

STATE OF MICHIGAN)
) SS.
COUNTY OF MARQUETTE)

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Commission of the City of Marquette, Michigan, held on the 28th day of November, 2011, and that the minutes of said meeting are on file in the office of the County Clerk and are available to the public. Public notice of said meeting was given pursuant to and in compliance with Act 267, Public Acts of Michigan, 1976.

City Clerk

LANSING 90071-5 460437v3

CITY OF MARQUETTE

Hospital Finance
Authority
Report to the City
Commission
November 29, 2011

BACKGROUND

Name	Position	Date of Appointment	Term Expiration
Mark Canale	Vice Chair	August 2007	July 2012
Fred Taccolini	Secretary	October 2008	July 2013
Carol Johnson	Member	December 2010	July 2014
B. Peter Trembl	President	July 2010	July 2015
Jerry Irby	Member	June 2011	July 2016

- Meetings are held annually to review fiscal year-end operational results with administrators of Marquette General Hospital.
- Additional meetings are scheduled when bond issuance activity requires.
- One member had an excused absence in 2010; otherwise, all members attend scheduled meetings.

PURPOSE AND GOALS

- The City of Marquette Hospital Finance Authority was established on October 12, 1976 pursuant to Act 38, Michigan Public Acts, 1969, as amended.
- Stated purpose: To construct, acquire, reconstruct, remodel, improve, add to, enlarge, repair, own and lease hospital facilities within the boundaries of the City of Marquette for the use of any non-profit hospital.
- Tax-exempt entities do not have authority to issue tax-exempt bonds, which must be issued by a public body.
- The main reason to establish a local authority is to enable tax-exempt entities within the municipality's borders to act promptly and efficiently to achieve tax-exempt bond financing.

REPAYMENT OF DEBT

- Neither the Authority nor the municipality is obligated to repay the debts of the tax-exempt entity.
- While the Authority will enter into a loan agreement regarding the financing, the Authority's obligation to repay the debt is limited to the monies received by the Authority.
- Since the Authority will assign its right to receive payment to the Bank, it receives no monies and has no repayment obligation.
- Bond repayment is the sole responsibility of the tax-exempt entity.

ACCOMPLISHMENTS FOR PAST CALENDAR YEAR

- No bonds issued by Authority were outstanding in calendar year 2010.
- New issuance planned for December 2011 on Marquette General Hospital's behalf to refund outstanding Michigan Finance Authority issuance.
 - Purpose of bank-qualified tax-exempt bond
 - Changes variable rate debt to fixed rate debt
 - Terminates an interest rate SWAP
 - Terminates bond insurance obligation
 - Pays costs of new issuance
 - No fiscal impact on City
 - City had already reached its limit regarding such issuance, so no impact regarding City's ability to borrow.

GOALS FOR UPCOMING YEAR

- No new bond issuance currently planned for calendar year 2012

MARQUETTE GENERAL HOSPITAL STATISTICS

Category	Fiscal Year 2011 (July 1, 2010 thru June 30, 2011)
Employees (full-time equivalents)	2,184
Annual Salary & Wage Expense	\$ 126,539,000
Admissions	10,535
Outpatient Registrations	268,307
Net Operating Revenue	\$ 317,120,000
Total Expense	\$ 307,891,000
Operating Margin	\$ 9,230,000
Bad Debt	\$ 13,686,000
Charity Care	\$ 2,775,000
Other Community Benefit	\$ 25,364,000

QUESTIONS?



MARQUETTE GENERAL HOSPITAL

The hospital's fiscal year ended June 30, 2011 has been audited by an independent accounting firm.

A "clean" unqualified opinion was received.

BOND COVENANT REQUIREMENTS

- The hospital has the following bond covenant requirements measured at June 30, 2011:
 - Operating Margin Covenant excluding affiliate (U.P. Health Plan) Income: 1.0% or higher
 - Days Cash on Hand: 75 days or more
 - Debt to Capitalization: 65% or less
 - Debt Service Coverage Ratio: 1.35% or higher
 - Average Days of Trade Accounts Payable: 90 days or less
- For fiscal year ended June 30, 2011, all bond covenants have been met.

**MARQUETTE GENERAL HOSPITAL
SERIES 2011 TAX EXEMPT BOND ISSUE
TO BE ISSUED BY CITY OF MARQUETTE HOSPITAL FINANCE
AUTHORITY
DECEMBER 2011**

**Hospital Finance
Authority
Report to the City
Commission
November 28, 2011**

TAX-EXEMPT BONDS: THE ROLE OF THE AUTHORITY

- Tax-exempt bonds are obligations of a state or local governmental unit. IRC §103
- Tax-exempt hospitals cannot directly issue debt that qualifies as tax-exempt bonds.
- To comply with the requirements of IRC §103 conduit financing, frequently through a special purpose governmental unit organized for this specific purpose, issues the bonds.

TAX-EXEMPT BONDS: THE ROLE OF THE AUTHORITY

- The Authority, as the Issuer of the tax-exempt bonds, sells the tax-exempt bonds to bondholders and enters into the Loan Agreement.
- The Issuer is the *nominal borrower*—nominal because the Issuer's liability to repay the bonds is limited to payments received by the Issuer from the conduit borrower (the hospital) under the Loan Agreement.
 - While the Authority will enter into a loan agreement regarding the financing, the Authority's obligation to repay the debt is limited to the monies received by the Authority
 - Since the Authority will assign its right to receive payment to the Bank, it receives no monies and has no repayment obligation

TAX-EXEMPT BONDS: TEFRA RULES

- Tax-exempt bonds are a taxpayer funded subsidy, so public comment is required by IRC §147(f).
- The public hearing must be held pursuant to notice, which is published in a newspaper of general circulation at least 14 days prior to the meeting.
- Notice was published Saturday, November 12.
- The TEFRA hearing occurred November 28 at 11:00 a.m.

TAX-EXEMPT BONDS: ROLE OF THE CITY COMMISSION

- **The Authority is the Issuer, but the TEFRA rules require that an elected body approve the issuance.**
- **The City Commission, as the elected body, has the authority to approve the issuance.**
- **The Authority recommended approval of the issuance by the City Commission.**