



AGENDA
Committee of the Whole
Monday, March 4, 2019, @ 5:30 p.m.
City Council Chambers, City Hall 10th Floor

Council Member Carol Wood, Chairperson
Council Member Peter Spadafore, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
 - February 25, 2019
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Discussion/Action:**
 - A.) RESOLUTION – 2009 TIFA Bond Refinancing
 - B.) RESOLUTION – 2009 Build America Bond
 - C.) General Fund Status Report; Fiscal Year 2019; Second Quarter & Vacancy Report
 - D.) PLACE ON FILE - Mayor's Executive Order 2019-01; Renaming of Park Land; RE: Rotary Park
 - E.) PLACE ON FILE - Mayor's Executive Order 2019-03; Mayor's Lansing Veterans Commission
 - F.) DISCUSSION – Ordinance Review on Employees Retirement
6. **Other:**
 - Council Annual Training (Recess into Back Conference Room)
7. **Adjourn**

The City of Lansing's Mission is to ensure quality of life by:

- I. Promoting a vibrant, safe, healthy and inclusive community that provides opportunity for personal and economic growth for residents, businesses and visitors
- II. Securing short and long term financial stability through prudent management of city resources.
- III. Providing reliable, efficient and quality services that are responsive to the needs of residents and businesses.
- IV. Adopting sustainable practices that protect and enhance our cultural, natural and historical resources.
- V. Facilitating regional collaboration and connecting communities



5:30 P.M.

DATE March 4, 2019.

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MINUTES **Committee of the Whole** **Monday, February 25, 2019 @ 5:30 p.m.** **City Council Chambers**

CALL TO ORDER

Council Member Wood called the meeting called to order at 5:30 p.m.

PRESENT

Councilmember Kathie Dunbar
Councilmember Jeremy A. Garza
Councilmember Adam Hussain
Council Member Brian T. Jackson
Councilmember Peter Spadafore
Councilmember Patricia Spitzley
Councilmember Jody Washington
Councilmember Carol Wood

OTHERS PRESENT

Sherrie Boak, Council Staff
Samantha Harkins, Mayor Executive Assistant- arrived 5:35 p.m.
Jim Smiertka, City Attorney
Greg Venker, Assistant City Attorney
Eric Brewer, Council Internal Auditor
Angela Bennett, Finance Director
Doug Fleming, Lansing Housing Commission Interim Director
Dr. Joan Jackson Johnson, HRCS
Andy Kilpatrick, Director of Public Service
Angelo Caramagno, Emterra USA
Paulina Leung, Emterra Corporate
Lori Welch
Mayor Schor
Loretta Stanaway
Tonia Olson, Granger
Kerrin O'Brien, Michigan Recycling
Charles Hauser, Granger
Emily Freeman
Felicia Eshragh
Joan Knapp
Chris Hewitt
Randy Dykhuis

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Marshall Clabeux
Anna Fisher

Approval of Minutes

MOTION BY COUNCILMEMBER SPITZLEY TO APPROVE THE MINUTES OF FEBRUARY 11, 2019 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment on Agenda Items

Mr. Dykhuis spoke in support of action to approve funding on a climate action plan.

Council President Wood clarified to the public that the topic was only on the agenda for discussion at this meeting, the Committee on Intergovernmental relations meets on February 27th and after the Committee finishes their work, it will be on the Council agenda March 11, 2019.

Ms. Fisher spoke in support of a climate action plan commitment in \$5,000 for a sustainability manager.

Mr. Clabeux spoke in support of a climate action plan to move the City towards what he believes is compliance, and would also support an office of sustainability.

Ms. O'Brien spoke in support of recycling and establishing a facility in the City to serve the capacity needs.

Ms. Freeman spoke in support of the Emterra project being presented later in the meeting and noted that recently the State launched \$3.7 million to help fund investment into this type of programs.

PRESENTATION

Lansing Housing Commission Final Report w/ Supplemental Information (June, 2018)

Mr. Fleming began outlining details from the report, first noting that the report is being submitted to HUD and the LHC is financially operating the way it is intended to according to the generally accepted accounting practices. At the last meeting there were 28 findings from the 2014 Audit they were working on and those have all been resolved.

Mr. Smiertka stepped away from the meeting at 5:44 p.m.

Mr. Fleming provided updates on the progress that has been performed since the last meeting with the Committee. This included full procurement of the security cameras; a total investment of \$90,000 at the properties. Most of the work on the cameras will begin at S. Washington when the frost leaves the ground because the cameras at that location will be installed outside.

Ms. Harkins stepped away at 5:46 p.m.

Regarding the City inspections that were ongoing, Mr. Fleming stated he meets with the City weekly, and they are done with all the large items, and now addressing any items that needed re-inspections or were small items. The LHC has modified their inspection policies on cleanliness in the units and are working on new policy based on his conversation with Brian McGrain in Economic Development and Planning. This policy will include inspections and if issues are found, a lease violation will be noted and they will re-inspect in 7 days to assure they have met the lease. The policy will also have a 60 day probation period.

Ms. Harkins returned to the meeting at 5:48 p.m.

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Mr. Fleming added that this would be a period for housekeeping and hoarding issues, any building safety issues will be addressed immediately.

Mr. Smiertka returned to the meeting at 5:49 p.m.

Mr. Fleming then announced that LHC has recently be notified by HUD that the participating properties in their REACT Program will get a 2 week notice on any site visits, not a 3-4 month notice, and HUD believes that it will give them a better picture of day to day look of property.

Regarding their Diversion Program, the LHC has applied to move the Lansing Housing Authority into a Section 8 program which will then determine their funding. Currently the program LHC is in is a moving funding number, this will allow for income based on the tenant's income, based on number of residents and this will allow the LHC determine their revenue for the year. The LHC anticipates a total investment of \$30-\$50 million into Lansing neighborhoods in the next 3-5 years.

Recently the LHC Board approved Mr. Fleming to negotiate with a developer and he will resend that agreement to the Board for final approval, and move forward.

There will be two resident meetings and the Board will hold a meeting 2/27/2019 @ 5:30 p.m. at their office on Cherry Street.

Recently an RFP was sent out for a contractor for project work, and after receiving 6 applications, they interviewed 3 and chose Chesapeake Partners. They will work on and do an analysis of all programs.

Regarding the Resident Council, Mr. Fleming stated he has worked with the S. Washington group and drafted their By-Laws, and once they adopt them they will be used as a model for all other properties.

Lastly, Mr. Fleming spoke about programs that will benefit the residents including a housing choice voucher program that was renewed and take any increases in rent due to their income increasing and put into a bank account for them. They have also partnered recently with the City HRCS Department on two programs – Cleaning Life Skills Program and a Financial Empowerment Program.

Council Member Spadafore first acknowledged Mr. Fleming for addressing all 28 points from their audit in a six (6) month time period. He then asked when his term as Interim Director ended. Mr. Fleming confirmed his final day on his contract is 2/27/2019. He noted he however has been in preliminary discussions with the Board and intends to discuss extending the contract for another six (6) months that would get the LHC through the preliminary of all the new programs, and finish out the City inspection process.

Council Member Hussain acknowledged Mr. Fleming for the progress he has made in six (6) months.

Council Member Washington inquired into more details on the funding programs mentioned earlier. Mr. Fleming stated it was FSS – Family Self Sufficient Program, which is a grant program they apply for and this is a renewal for that grant, only for the Housing Choice Program voucher side. Once LHC becomes a RAD member, they will be considered Section 8 for all their property and all residents in their units will be eligible for FSS. Council Member Washington asked Ms. Harkins why LHC was working with HRCS on a financial

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empowerment program, when the City has and employee (Amber Paxton) and their own Financial Empowerment Department and he should be working with them. Ms. Harkins was not aware of the reasoning, and Dr. Joan Jackson Johnson was invited to the table. Dr. Jackson Johnson stated they are utilizing the HRCS financial empowerment program because they can reach more people directly compared to any other.

Council Member Jackson asked how the City inspections and work that was needed, impacted the LHC bottom line for labor and staff. Mr. Fleming answered that there is a building and safety Code the City enforces and they will comply with the code no matter what the impact was. They have moved funds around in their budget, but once they are in the RAD program they will put funds in monthly reserve account to address these future issues.

Council Member Hussain stepped away from the meeting at 6:16 p.m.

Council Member Spitzley asked if Mr. Fleming was introducing all the recently new LHC Board Members to all the properties and offering education classes to them. Mr. Fleming confirmed there are 4 new members in the last 12 months, and they have several options for Board training on housing programs and he hope to get them trained in the next 12 months.

Council Member Hussain returned to the meeting at 6:17 p.m.

Mr. Fleming acknowledged that he has not held a Board meeting at one of the properties yet, but will in the future, and he has encouraged Board Members to go the properties. Council Member Spitzley strongly encouraged him to hold Board meetings at LHC locations, not just their office on Cherry Street.

Council Member Garza inquired into any furnace issues at the properties. Mr. Fleming confirmed that he had a contractor inspect the units and that contractor reported there were 80 with cracked heat exchanges. Mr. Fleming then got a second opinion and it was confirmed there were not 80 cracked heat exchanges. They did go into the units with a carbon dioxide reader and he worked with Consumers and DTE and they installed 83 high efficiency furnaces and 50+ water heaters through their energy programs, at no cost to the LHC. All furnaces that were in doubt were replaced.

Council Member Washington asked Mr. Fleming to update the Council on the RAD program and when they will have public discussions on it.

Council President Wood asked if there were any repeat comments in the recent audit, and Mr. Fleming confirmed there were not. Council President Wood then asked what was in their investment portfolio and retirement pension. Mr. Fleming confirmed it was addressed with the LHC Board and they were \$1.8 million unfunded for healthcare, but fully funded 90% in retirement. Under PA 202 to fund health, they converted to a health savings account and back funded employees for their years of service and now are more portable. With this they were able to reduce from \$1.8 million to under \$800,000, and on 1/1/2019 they made an \$80,000-90,000 payment into the health account.

MOTION BY COUNCIL MEMBER HUSSAIN TO PLACE THE LANSING HOUSING COMMISSION FINAL REPORT WITH SUPPLEMENTAL INFORMATION DATED JUNE, 2018 ON FILE. MOTION CARRIED 8-0.

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DISCUSSION/ACTION

RESOLUTION – ACT-4-2019; Sale of City Property; Townsend Ramp; 221 Townsend Street to the Michigan Senate

Council President Wood pointed out that the approval will include the buy/sell agreement as well, and will be on for action at Council later in the evening.

Council Member Dunbar stepped away from the meeting at 6:26 p.m.

MOTION BY COUNCIL MEMBER SPADAFORÉ TO APPROVE RESOLUTION FOR ACT 4-2019, SALE OF CIT PROPERTY; TOWNSEND RAMP; 221 TOWNSEND STREET TO TH MICHIGAN SENATE. MOTION CARRIED 7-0.

RESOLUTION – Appointment; Joan Elizabeth Knapp; At-Large Member; Board of Review; Term to Expire June 30, 2020

Ms. Knapp stated she was recommended for the position by a current board member who is resigning. She briefly outlined her work experience with supervisory skills and a Bachelor's of Science degree from MSU.

Council Member Dunbar stepped away from the meeting at 6:29 p.m.

MOTION BY COUNCIL MEMBER SPADAFORÉ TO APPROVE THE RESOLUTION FOR THE APPOINTMENT OF JOAN ELIZABETH KNAPP FOR THE BOARD OF REVIEW. MOTION CARRIED BY 8-0.

RESOLUTION - Appointment; Felicia B. Eshragh; At-Large Member; Board of Review; Term to Expire June 30, 2022

Ms. Eshragh provided a brief overview of her work experience and residency in Lansing.

Council Member Dunbar returned to the meeting at 6:30 p.m.

MOTION BY COUNCIL MEMBER SPADAFORÉ TO APPROVE THE RESOLUTION FOR THE APPOINTMENT OF FELICIA B ESHRAGH AS AN AT-LARGE MEMBER TO THE BOARD OF REVIEW. MOTION CARRIED 8-0.

PRESENTATION- Ten Year Recycling Agreement w/Emterra Environmental USA Corp.

Council Member Garza stepped away from the meeting at 6:32 p.m.

Council President referred the Committee to two (2) communications they received prior to the meeting. One from the Chamber of Commerce encouraging the Council to consider local labor and not to act fast. The second communication was from Granger with a list of questions.

Mr. Kilpatrick began the presentation by stating that the Administration, due to their contract for processing expired in 2018 and increased costs, decided to put out a RFQ and RFP to see if there was any interest in establishing a processing center in the City. They received four (4) responses back, one came in only for processing, one was only for hauling and the current contractor submitted two- one to transfer process and haul and one to transfer and haul. Emterra provided a proposal to have processing in the City which would allow the City to stop processing at their current salt shed. Mr. Kilpatrick then referenced a handout that Council had that listed the reasons, proposals and costs based on 2017 data for recyclables transferred by the City (7,212 tons in 305 loads) 80 miles.

Council Member Garza returned to the meeting at 6:36 p.m.

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Mr. Caramagno introduced himself and then introduced Ms. Leung who would go through the presentation. Ms. Leung provided highlights of the presentation that spoke to their 40 years in the businesses beginning with paper recycling, the divisions of the company including recycling, tire recycling and division of liquid waste into ethanol. Included in the presentation was a snap shot of the numbers of employees, locations, fleet, commodities, etc. Also noted were three locations in Michigan which included their head office in Flint, a transfer location in Port Huron and a fleet location and land fill in Bad Axe. She then briefly highlighted climate action details and different recycling. Lastly she stated that with the creation of the processing plant in Lansing they will create 12 new full time jobs, and add seasonal help during those times of year. Their intent is not to only service the City of Lansing, but East Lansing and the tri-counties allowing also access to local haulers.

Council Member Spitzley asked about a breakdown on the \$345,000 and what portion is from “partners”; details on the financial stake of the MRF for the City, Emterra and any regional partners; list any resources anticipated from East Lansing; and a list any resources anticipated from Lansing on the project. Lastly she asked that they clarify in the agreement better what is expected from the City since it currently states vaguely “resources” so what will those specifically be. An inquiry was made by Council into a comparison of Emterra vs. all other bids including cost, services, and commitments; comparison of Emterra vs current City contractor and a comparison on Emterra vs doing it in-house.

Council Member Spadafore asked about any suspension of services, a breakdown on the ACR so clearer understanding and hat is the anticipated increase to the residents with or without this agreement with Emterra. He then asked Mr. Kilpatrick if the fees is using the CPI, during the contract or well beyond the 10 years. Lastly he inquired into if the processing center proposed would be constructed in the City of Lansing, and Mr. Caramagno confirmed it would be located in the City.

Council Member Dunbar inquired with Mr. Kilpatrick if this change would mean they would pick up recycling every week for every resident, since currently it is every other week, but truck go out every week hitting different quadrants. Mr. Kilpatrick admitted they are currently not planning but it would depend on the pricing, and with this agreement they would need to meet 4% on minimal recyclables so they might have to change their practice. Council Member Dunbar inquired in the details in the spreadsheet on cost, and Council Member Wood asked that be addressed at the next meeting since there was time constraint tonight.

Council Member Spitzley asked about what would happen if Emterra does not get regional or partner participation in using their facility, what will be the financial impact on the City as the only user, and also asked for a clear explanation on the financial impact on the City. Council Member Washington added that she would be interested in knowing what Granger offered, and why it would not be cost effective to do in house.

Council Member Jackson asked for the Administrations/Mayor’s position on the agreement, and details on what a processing plant looks like, and on how Emterra addresses odors, noise, and any other nuisances generated by a processing plant.

Council President Wood asked Council members to submit any additional questions to Council Office Manager by March 5th and the discussion will continue at the March 11, 2019 Committee of the Whole meeting. Council Member Spitzley asked if there would be requested action on this agreement at the March 11, 2019 Council meeting and Council President Wood confirmed there would not.

RESOLUTION – Fiscal Year 2018 Budget Carry Forwards

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Council Member Hussain stepped away from the meeting at 7:10 p.m.
Council Member Jackson stepped away from the meeting at 7:11 p.m.

Ms. Bennett noted that the carry forwards are for projects that were not able to be competed, mostly all from the HRCS Department. Council Member Wood added that there was also an item on the resolution from City Council to forward unused Community Funding dollars also.

Dr. Jackson Johnson outlined some projects on the list that were no longer happening, and funds where other organizations have taken them over and those funds are not needed to put into other programs.

Ms. Harkins stepped away from the meeting at 7:14 p.m.
Mayor Schor arrived at 7:14 p.m.
Council Member Jackson returned to the meeting at 7:15 p.m.

Council Member Spadafore asked for details on specific accounts such as Kids Connect, One Church One Family and Human Services Discretionary Fund.

Council Member Hussain returned to the meeting at 7:18 p.m.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE FISCAL YEAR 2018 CARRY FORWARDS. MOTION CARRIED 8-0.

General Fund Status Report; Fiscal Year 2019; Second Quarter
Council President Wood moved the item to a future meeting.

OTHER

DISCUSSION- Committee on Intergovernmental Relations' Resolution for Budget Transfer RE: Climate Action Plan Program

As Chairperson of the Intergovernmental Relations Committee, Council Member Jackson deferred to Council Member Dunbar to explain.

Ms. Harkins returned to the meeting at 7:19 p.m.

Council Member Dunbar acknowledged that in 2018 the Committee and smaller groups met with citizens with various expertise in creating a City Climate Action Plan. The belief from these meetings as that the City needed a specific department with general focus on Climate Action. She continued, that in speaking with the Mayor, his office worked on the contract and it would be a joint project with Council and the Administration. The resolution in front of the Council at this time is to transfer \$2,500 from contractual temporary services and \$2,500 from equipment into the Public Service Contractual Services line item to pay towards Phase 1 of the program. Mayor Schor added that he is in support of the efforts, and comfortable with the contract.

Council President Wood stated to the public that the discussion and resolution for this contract will take place at the Committee on Intergovernmental Relations which meets on February 27, 2019 at 8:30 a.m. She noted to the Committee that the Internal Auditor recommended the two Council accounts the funds could come from, and she did not anticipate any hardships coming from that deduction. She then asked the IGR Committee to make sure they amended the agenda to include the account where the other funds approved by the Mayor would be coming from to cover the total cost of the contract.

Council Member Jackson added to the discussion that in the future Council will need to consider future budgets to address actions.

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Council President Wood referenced the last paragraph of the resolution that noted the deliverable would be presented to IGR and they in turn would be presenting to Council no later than October 1, 2019. This would allow Council to place a need in their Budget Priorities that go to the Mayor in the fall for the Fiscal Year 2020-2021 Budget.

Council Members spoke on being proactive, the need for specifics in costs to be in the plan, an exercise on funding if there will be a full time staff person, what impact on out sourcing would do, and strongly consider the next steps because a plan is no good if there is no funding to implement it.

ADJOURN

The meeting was adjourned at 7:31 p.m.

Respectfully Submitted by,
Sherrie Boak, Recording Secretary
Lansing City Council
Approved by the Committee on

**City of Lansing
Counties of Ingham and Eaton, State of Michigan**

**RESOLUTION REGARDING REFUNDING OF
TAX INCREMENT FINANCE AUTHORITY BONDS**

WHEREAS, the Tax Increment Finance Authority of Lansing (the “TIFA”) established by the City under the provisions of Act 450, Public Acts of Michigan, 1980, as amended (the “TIFA Act”) has previously issued its 1994 Development and Refunding Bond (Limited Tax General Obligation) in the original aggregate principal amount of \$25,108,133.20 (the “1994 Bond”); and

WHEREAS, pursuant to the provisions of the TIFA Act, the TIFA has previously issued its 2009 Refunding Bonds (Limited Tax General Obligation) (Federally Taxable) in the original aggregate principal amount of \$10,410,265.70 (the “2009 Bonds,” and collectively with the 1994 Bond, the “Prior TIFA Bonds”) for the purpose of refunding the 1994 Bond; and

WHEREAS, the TIFA proposes to refund a portion of the 2009 Bonds through issuance of Refunding Bonds (Limited Tax General Obligation) in one or more series in an original aggregate principal amount not-to-exceed \$8,500,000 (the “TIFA Refunding Bonds”) in order to reduce the TIFA’s annual debt service costs; and

WHEREAS, the TIFA Act has been amended to permit a TIFA to issue a qualified refunding obligation if the TIFA refunds a bond, which is refunding bond that is an other protected obligation issued as a capital appreciation bond delivered to the Michigan Municipal Bond Authority on December 21, 1994, or bonds, such as the 2009 Bonds, issued to refund that bond.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. TIFA Refunding Bonds. The City hereby irrevocably pledges its full faith and credit for the payment of the TIFA Refunding Bonds. If at any time the Tax Increment Revenues are insufficient to pay the principal of and interest on the Bonds as the same become due, the City, upon notification by the TIFA, shall as a first budget obligation advance from its general funds an amount to pay said principal and interest, or in the event of insufficiency of the City's general funds, levy ad valorem taxes on all taxable property within the boundaries of the City in an amount to pay said principal and interest, provided that such tax levy shall be within applicable constitutional, statutory and charter tax rate limitations.

The City acknowledges that the City’s underwriter of the TIFA Refunding Bonds has advised that under current market conditions, the refunding will produce net present value savings.

2. Official Statement and Continuing Disclosure. The City hereby agrees to co-operate with the TIFA in preparation of preliminary and final official statements or other marketing circular describing the TIFA Refunding Bonds (collectively, the “Refunding Bonds”), and in any application for bond ratings and municipal bond insurance. The City hereby agrees to

enter into a Continuing Disclosure Undertaking Agreement in order to enable the underwriters of the Refunding Bonds to comply with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

3. Other Actions. The Mayor and City Clerk, Finance Director, Chief Operating Officer and any other officers, administrators, agents and attorneys of the TIFA are authorized and directed to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient to complete the issuance, sale, and delivery of the Refunding Bonds in accordance with this Resolution. The Finance Director or any other officer of the City is hereby authorized to request any approvals or waivers from the Michigan Department of Treasury in support of requests filed by the TIFA in connection with the issuance of the Refunding Bonds.

4. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the City Council of the City of Lansing, Counties of Ingham and Eaton, State of Michigan, at a Regular meeting held on _____, 2019, at __:___ o'clock __.m., prevailing Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting: _____
_____ and that the following Members were absent:
_____.

I further certify that Member _____ moved for adoption of said resolution and that Member _____ supported said motion.

I further certify that the following Members voted for adoption of said resolution:
_____ and that the following Members voted against
adoption of said resolution: _____.

City Clerk

**City of Lansing
Counties of Ingham and Eaton, State of Michigan**

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

A RESOLUTION TO APPROVE:

- Net Present Value Savings through issuing Bonds to refund the Limited Tax General Obligation Capital Improvement Bonds, Series 2009;
- Continued pledge of City's full faith and credit for payment of the 2019 Bonds;
- Finance Director to sell Bonds within parameters of this Resolution without further Council action.

WHEREAS, the City of Lansing (the "City") has previously issued its Limited Tax General Obligation Capital Improvement Bonds, Series 2009 (Taxable Build America Bonds – Direct Payment) (the "Prior Bonds") for the purpose of paying costs of improvements to the City's sanitary sewer system and transportation system, and related streetscape improvements (the "Project"); and

WHEREAS, PFM Financial Advisors LLC (the "Municipal Advisor") has advised the City that it may be able to accomplish a net savings of debt service costs by current refunding all or a portion of the Prior Bonds; and

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") permits the City to issue refunding bonds for the purpose of refunding part of the funded indebtedness of the City, if the refunding would result in net present value savings; and

WHEREAS, the City Council wishes to authorize the Finance Director (the "Finance Director") to sell and deliver and receive payment for the proposed issue of bonds without the necessity of the City Council taking further action.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Bond Details. If, upon the advice of the Municipal Advisor, refunding all or a portion of the Prior Bonds would accomplish a net savings of debt service costs, then Bonds of the City designated as the GENERAL OBLIGATION REFUNDING BONDS (LIMITED TAX), SERIES 2019 (the "Bonds") shall be issued in the aggregate principal amount of not to exceed Seventeen Million Dollars (\$17,000,000), as finally determined by the Finance Director at the time of sale of the Bonds, for the purpose of refunding all or a portion of the Prior Bonds, including payment of legal, financial and other expenses incident thereto.

The Bonds shall mature as serial bonds or term bonds on the dates and in the amounts as shall be determined by the Finance Director at the time of sale of the Bonds. The Bonds shall bear interest at a rate or rates to be determined at the time of sale of the Bonds, but in any event not exceeding the interest rate provided in this resolution.

The Bonds shall consist of bonds registered as to principal and interest of the denominations of any multiple of \$5,000 not exceeding for each maturity the maximum principal amount of the Bonds of that maturity, and numbered consecutively in order of registration or transfer. Principal of and interest on the Bonds will be payable in the manner set forth in the form of Bond shown in this resolution; provided that the date of determination of the registered owner for purposes of payment of interest may be changed by the City to conform to market practice in the future.

The Finance Director is hereby authorized and directed to designate as bond registrar, paying agent and transfer agent (the "Transfer Agent"), a bank or trust company located in the State of Michigan and qualified to carry out such duties under the laws of the State of Michigan. The City may designate a new Transfer Agent by notice mailed to the registered owner of each of the Bonds at such time outstanding not less than sixty (60) days prior to an interest payment date. The Finance Director is hereby authorized to execute an agreement with the Transfer Agent on behalf of the City.

The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York ("DTC") and the Finance Director is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form, and to make such changes in the form of the Bonds within the parameters of this resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Bonds are held in book-entry form by DTC, payment shall be made in the manner prescribed by DTC.

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 City shall execute and the Transfer Agent shall authenticate, if necessary, and deliver a new bond or bonds, in 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.

The Bonds shall be subject to optional redemption prior to maturity as determined at the time of sale of the Bonds. If term bonds are issued, the Bonds shall be subject to mandatory redemption prior to maturity as determined at the time of sale of the Bonds. Unless waived by the registered owner of any bonds to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City and shall conform to the requirements set forth in the form of Bond. 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.

The Bonds shall be executed in the name of the City with manual or the facsimile signatures of the Mayor and the City Clerk and shall have the City's seal or a facsimile thereof affixed thereto or imprinted thereon. If the Bonds are signed by the facsimile signatures of both the Mayor and the City Clerk, then no Bond of this series shall be valid until authenticated by an authorized signature of the Transfer Agent. The Bonds shall be delivered either to the purchaser or to the Transfer Agent who shall authenticate them and deliver them to the purchaser in accordance with instructions from the Finance Director upon payment of the purchase price for the 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.

2. Full Faith and Credit Pledge. The City expressly and irrevocably pledges its full faith and credit for the prompt and timely payment of the principal of and interest on the Bonds. The Bonds shall be payable, as a first budget obligation, from the general fund of the City, and the City shall levy annually ad valorem taxes on all the taxable property in the City which, taking into consideration estimated delinquencies in tax collections, shall be fully sufficient to pay the principal and interest on the Bonds provided, however, that if at the time of making any such tax levy there shall be other legally available funds for the payment of principal of and interest on the Bonds, including but not limited to revenues received from operation of the City's parking system, then credit therefor may be taken against the levy for payment of the Bonds. The levy shall be subject to constitutional, statutory and charter tax rate limitations.

3. Bond Form. The Bonds shall be in substantially the following form with such changes as may be necessary to conform the Bonds to the final terms of sale:

[FORM OF BOND TO BE COMPLETED AFTER BOND SALE]

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON

CITY OF LANSING
GENERAL OBLIGATION REFUNDING BOND
(LIMITED TAX), SERIES 2019

Interest Rate	Date of Maturity	Date of Original Issue	CUSIP
Registered Owner:			
Principal Amount:			

The CITY OF LANSING, Counties of Ingham and Eaton, 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 Date of Maturity 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, until paid, at the Interest Rate per annum specified above, first payable on [date] and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of [transfer agent], [city], Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than sixty (60) days prior to any interest payment date (the “Transfer Agent”). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who or which is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner of record, at the registered address.

This bond is one of a series of bonds of even Date of Original Issue, aggregating the principal sum of \$[amount] for the purpose of refunding certain outstanding bonds of the City. This bond was issued under and in pursuance of the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City Council adopted on [date].

The limited tax full faith, credit and resources of the City are pledged for the payment of the bonds of this issue, and the City has pledged that it shall pay the principal of and interest on the bonds of this issue as they mature as a first budget obligation from its general fund and, after taking into account funds which the City may have legally available for payment of principal of and interest on the bonds of this issue, shall levy annually ad valorem taxes on all taxable property in the City sufficient to pay the principal of and interest on the bonds of this issue subject to applicable constitutional, statutory and charter tax rate limitations.

Bonds of this issue maturing on or prior to [date] are not subject to redemption prior to maturity.

Bonds or portions of bonds in multiples of \$5,000 of this issue maturing on or after [date] shall be subject to redemption prior to maturity at the option of the City, in such order as the City

shall determine and within any maturity by lot, on any date on or after [date], at par plus accrued interest to the date fixed for redemption.

[Insert mandatory redemption provisions if term bonds are issued].

Notice of redemption shall be given by the Transfer Agent to each registered owner of bonds or portions thereof to be redeemed by mailing such notice not less than thirty (30) days prior to the date fixed for redemption to the registered owner at the address of the registered owner as shown on the registration books of the City. Bonds shall be called for redemption in multiples of \$5,000, and bonds of denominations of more than \$5,000 shall be treated as representing the number of bonds obtained by dividing the denomination of the bonds by \$5,000, and such bonds may be redeemed in part. The notice of redemption for bonds redeemed in part shall state that, upon surrender of the bond to be redeemed, a new bond or bonds in the same aggregate principal amount equal to the unredeemed portion of the bonds surrendered shall be issued to the registered owner thereof with the same interest rate and maturity. No further interest on bonds or portions of bonds called for redemption shall accrue after the date fixed for redemption, whether the bonds have been presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem the bonds or portion thereof.

Any bond may be transferred by the person in whose name it is registered, in person or by the Registered Owner's duly authorized attorney or legal representative, upon surrender of the bond to the Transfer Agent for cancellation, together with a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond is surrendered for transfer, the Transfer Agent shall authenticate and deliver a new bond or bonds, in like aggregate principal amount, interest rate and maturity. The Transfer Agent shall require the bondholder requesting the transfer to pay 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 mailing of a notice of redemption of bonds selected for redemption and ending at the close of business on the date of that mailing, 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.

It is hereby certified and recited that all acts, conditions and things required by law to be done, exist and happen, precedent to and in the issuance of this bond and the series of bonds of which this is one, in order to make them valid and binding obligations of the City have been done, exist and have happened in regular and due form and time as provided 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, by its Council, has caused this bond to be signed in the name of the City [by] / [with the facsimile signatures of] its Mayor and its City Clerk and the City seal or a facsimile thereof to be affixed hereto or imprinted hereon, all as of the Date of Original Issue.

CITY OF LANSING

By [definitive bond to be signed]
Mayor

(Seal)

Countersigned:

By [definitive bond to be signed]
City Clerk

[Insert standard forms of certificate of authentication
and assignment at end of bond.]

4. Escrow Fund. The Finance Director shall designate a bank or trust company to serve as escrow trustee (the “Escrow Trustee”). In order to secure payment of the Prior Bonds being refunded, the City will enter into an Escrow Agreement (the “Escrow Agreement”) with the Escrow Trustee which shall provide for the creation of a fund designated as the CITY OF LANSING - GENERAL OBLIGATION REFUNDING BOND [SERIES] ESCROW FUND (the “Escrow Fund”). The Escrow Agreement shall irrevocably direct the Escrow Trustee to hold the Escrow Fund in trust for the payment of the principal of and interest on the Prior Bonds being refunded, and to take all necessary steps to call for redemption of any Prior Bonds specified by the Finance Director upon sale of the Bonds, including publication and mailing of redemption notices, on any date specified by the City on which the Prior Bonds may be called for redemption. The Finance Director is hereby authorized to execute and deliver the Escrow Agreement and to deposit cash and/or escrow securities in an amount sufficient to fund the Escrow Fund. The Finance Director is hereby authorized to purchase, or cause to be purchased, escrow securities, including, but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS) for the Escrow Fund.

The Finance Director is hereby authorized to transfer monies from the debt retirement fund for the Prior Bonds to the Escrow Fund, to be invested as provided in the Escrow Agreement and to be used to pay principal and interest on the Prior Bonds being refunded. The amount to be transferred under this section shall be an amount which will enable the interest on the Bonds and the Prior Bonds to be, or continue to be, excludable from gross income for federal income tax purposes as determined by bond counsel.

5. Debt Retirement Fund. The Finance Director or City Treasurer is authorized and directed to open a separate depository or trust account for the Bonds with a bank or trust company to be designated as the CITY OF LANSING - GENERAL OBLIGATION REFUNDING BOND [SERIES] DEBT RETIREMENT FUND (the “Debt Retirement Fund”). The moneys to be deposited into the Debt Retirement Fund will be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds and, as may be necessary, to rebate arbitrage earnings, if any, to the United States Department of Treasury as required by the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). An amount sufficient to assure timely payment of the principal of and interest on the Bonds shall be transferred each year from the general fund of the City or other funds legally available therefor into the Debt Retirement Fund. Accrued interest and premium received upon delivery of the Bonds shall also be deposited in the Debt Retirement Fund as provided in Section 6 below.

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 at maturity or irrevocable call for earlier redemption, the principal of, premium, if any, and interest on the Bonds, 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, premium, if any, and interest of 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.

The Debt Retirement Fund may be pooled or combined with other debt retirement funds for issues of bonds of like character as provided by Act 34, Public Acts of Michigan, 2001, as amended, or other state law.

6. Deposit of Bond Proceeds. 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 and used to pay interest on the Bonds on the first interest payment date, provided, however, that at the discretion of the Finance Director, all or a portion of any premium received upon delivery of the Bonds may be deposited in the Escrow Fund.

There shall be deposited to the Escrow Fund from Bond proceeds monies which shall be invested only as described in the Escrow Agreement and which shall be used by the Escrow Trustee solely to pay the principal of and interest on the Prior Bonds being refunded. The amount of Bond proceeds to be deposited to the Escrow Fund shall be an amount which, taken together with amounts transferred to the Escrow Fund from the debt retirement fund for the Prior Bonds, and the investment proceeds to be received from monies in the Escrow Fund, will be sufficient, without reinvestment, to pay the principal of and interest on the Prior Bonds being refunded as they become due or upon call for redemption prior to maturity.

The remaining proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds. At the option of the Finance Director, the costs of the issuance may be paid from a fund established for that purpose in the Escrow Agreement. Any monies remaining after payment of costs of issuance and costs of refunding the Prior Bonds shall be transferred to the Debt Retirement Fund.

7. Non-Arbitrage Covenant. The City covenants and agrees with the Registered Owners of the Bonds that as long as any of the Bonds remain outstanding and unpaid as to either principal or interest, the City shall not invest, reinvest or accumulate any moneys deemed to be proceeds of the Bonds or the Prior Bonds pursuant to the Internal Revenue Code in such a manner as to cause the Bonds to be “arbitrage bonds” within the meaning of the Internal Revenue Code. The City hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds, all as more fully set forth in the Non-Arbitrage and Tax Compliance Certificate to be delivered by the City with the Bonds.

8. Municipal Advisor. The City requests PFM Financial Advisors LLC to continue as Municipal Advisor to the City to assist in preparation and planning for the sale of the Bonds.

9. Bond Counsel. The City hereby requests that Miller, Canfield, Paddock and Stone, P.L.C. continue to serve as the City’s bond counsel notwithstanding representation by Miller, Canfield, in matters unrelated to the Bonds, of various underwriting firms and financial institutions which are potential purchasers of the Bonds.

10. Bond Ratings; Bond Insurance. The Finance Director is hereby authorized to apply for bond ratings from such municipal bond rating agencies as deemed appropriate, in consultation with the Municipal Advisor, and, if the Municipal Advisor recommends that the City consider purchase of municipal bond insurance, then the Finance Director is hereby authorized and directed to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Municipal Advisor, to select an insurer and determine which Bonds, if any, shall be insured.

11. Preliminary Official Statement. The Finance Director is authorized to approve circulation of a Preliminary Official Statement describing the Bonds and to deem such Preliminary Official Statement “final” for purposes of compliance with Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”).

12. Competitive Sale of Bonds. Based on the advice of the Municipal Advisor, the City intends to sell the Bonds by competitive sale. The Finance Director is authorized to fix a date for sale of the Bonds in consultation with the Municipal Advisor, and to approve publication of a Notice of Sale of the Bonds (the “Notice of Sale”) in *The Bond Buyer*, New York, New York, or such other newspaper as may fulfill the requirements of Act 34. The Notice of Sale for the Bonds shall be in substantially the following form, with such revisions as the Finance Director may determine to be in the best interests of the City in consultation with the Municipal Advisor and Bond Counsel.

OFFICIAL NOTICE OF SALE

\$_____,000*

*(Subject to adjustment as described below)

CITY OF LANSING

Counties of Ingham and Eaton, State of Michigan

GENERAL OBLIGATION REFUNDING BOND

(LIMITED TAX), SERIES 2019

BID OPENING: Bids for the purchase of the above bonds (the “Bonds”) will be publicly opened and read by an agent of the City of Lansing on [date], until [time] Eastern Time.

SEALED BIDS for the purchase of the Bonds will be received at the office of the Municipal Advisory Council of Michigan, Buhl Building - 535 Griswold, Suite 1850, Detroit, Michigan 48226, or at the Finance Department located on the 8th floor of the Lansing City Hall, 124 W. Michigan Ave., Lansing, Michigan 48933.

FAXED BIDS, signed by the bidder, may be submitted by members of the Municipal Advisory Council of Michigan to MAC at fax number (313) 963-0943 or by any bidder to the City at fax (517) 483-4524, Attention: Finance Director; provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure.

ELECTRONIC BIDS: Electronic bids will be received by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or Client Services, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. If any provision of this Official Notice of Sale shall conflict with information provided by Bidcomp/Parity, as the approved provider of electronic bidding services, this Official Notice of Sale shall control. No change of the dated date will be allowed for the computation of the winning bid.

Bidders may choose any means or location to present bids but a bidder may not present a bid by more than one means or at more than one location. The City will award or reject bids on the date of the bid opening.

BOND DETAILS: The Bonds will be registered bonds of the denomination of \$5,000 or integral multiples thereof up to the principal amount of that maturity, originally dated as of the date of delivery thereof (currently anticipated to be [date]), and will bear interest from their date payable on November 1, 2019, and semiannually thereafter. The Bonds will mature on May 1 of each year, as follows:

YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT	YEAR	PRINCIPAL AMOUNT
2020		2025		2030	
2021		2026		2031	
2022		2027		2032	
2023		2028		2033	
2024		2029		2034	

ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES:

The aggregate principal amount of this issue as shown in this Notice of Sale is believed to be the amount necessary to provide adequate funds to refund a prior issue of bonds and to pay transactional costs. The City reserves the right to increase or decrease the aggregate principal amount of the bonds after receipt of the bids and prior to final award. Such adjustment, if necessary, will be made in increments of \$5,000, and may be made in any maturity. The purchase price of the bonds will be adjusted proportionately to the increase or decrease in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

ADJUSTMENT TO PURCHASE PRICE: Should any adjustment to the aggregate principal amount of the Bonds be made by the City, the purchase price of the Bonds will be adjusted by the City proportionally to the adjustment in principal amount of the Bonds. The adjusted purchase price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and initial reoffering prices.

INTEREST RATE AND BIDDING DETAILS: The Bonds shall bear interest at a rate or rates not exceeding 6.00% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one Bond shall be at one rate only and all Bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rate on the Bonds shall not exceed 3.00% per annum. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE RESPECTIVE PRECEDING YEAR. No proposal for the purchase of less than all of the bonds or at a price less than 99% or more than 110% of their par value will be considered. In submitting a bid for the Bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel.

If no bid results in present value debt service savings acceptable to the City, the City may reject all bids.

OPTIONAL PRIOR REDEMPTION: Bonds of this issue maturing or subject to mandatory redemption in the years 2020 to 2029, inclusive, shall not be subject to redemption prior to maturity at the option of the City. Bonds or portions of Bonds in multiples of \$5,000 of this issue maturing or subject to mandatory redemption in the year 2030 and thereafter shall be subject to redemption prior to maturity at the option of the City in such order of maturity as the City shall determine and within any maturity by lot, on any date on or after May 1, 2029, at par and accrued interest to the date fixed for redemption.

TERM BOND OPTION: Bidders shall have the option of designating the Bonds as term bonds or serial bonds or both. The bid must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made within 1 hour of sale.

If the term bond option is selected, then the principal amount of the term bonds of a maturity to be redeemed on the dates set forth above may be reduced by the principal amount of the term bonds of the same maturity which have been previously redeemed or called for redemption (other than as a result of a mandatory redemption) or purchased or acquired by the City and delivered to the transfer agent. The City may satisfy mandatory redemption requirements by the purchase and surrender of term bonds in lieu of the calling of such term bonds for redemption.

NOTICE OF REDEMPTION PRIOR TO MATURITY: Notice of redemption of any bond or portion thereof shall be given by the transfer agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the transfer agent. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the transfer agent to redeem the bond or portion thereof. 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.

AWARD OF BONDS - TRUE INTEREST COST: The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on November 1, 2019 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to [date] in an amount equal to the price bid. [Date] is the anticipated date of delivery of the Bonds. In the event there is an election to exercise the Term Bond option, true interest cost shall be calculated by applying the interest rate of such Term Bonds to each mandatory sinking fund redemption for such Term Bonds.

BOOK-ENTRY-ONLY OPTION: At the option of the purchaser of the Bonds, the Bonds will be issued in book-entry-only form as one fully registered Bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. If this option is selected, then an authorized agent of DTC will act as securities depository for the Bonds, purchase of the Bonds will be made in book-entry only form, in the denomination of \$5,000 or any integral multiple of \$5,000, and bondholders will not receive certificates representing their interest in Bonds purchased. The book-entry-only system is described further in the preliminary Official Statement for the Bonds. It will be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the designated office of [bank], or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to any interest payment date. As long as The Depository Trust Company or its nominee, Cede & Co., is the bondholder, payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC Participants and Indirect Participants as described in the preliminary official statement for the Bonds. Interest shall be paid by check or draft mailed to

the registered owner of record as shown on the registration books kept by the transfer agent as of the 15th day of the month prior to an interest payment date. The Bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The Bonds are issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City Council for the purpose of current refunding bonds previously issued by the City. The Bonds will pledge the limited tax full faith and credit of the City for payment of the principal and interest thereon, and will be payable as a first budget obligation from the general fund of the City, and from ad valorem taxes, which may be levied against all taxable property in the City, subject to applicable constitutional, statutory, and charter tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of [\$amount] payable to the order of the City Treasurer, will be required of the successful bidder. THE SUCCESSFUL BIDDER IS REQUIRED TO SUBMIT ITS GOOD FAITH DEPOSIT TO THE CITY AS INSTRUCTED BY THE CITY OR THE MUNICIPAL ADVISOR NOT LATER THAN NOON, EASTERN TIME, ON THE NEXT BUSINESS DAY FOLLOWING THE SALE. The good faith deposit will be applied to the purchase price of the Bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the Bonds shall be made at the closing.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants and the issue price rules set forth below, interest on the Bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

NOT BANK QUALIFIED: The Bonds have **not** been designated as qualified tax exempt obligations for purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code.

ISSUE PRICE: The winning bidder will be required to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached either as Appendix [no.] or [no.] of the preliminary Official Statement, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- a. the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- b. all bidders shall have an equal opportunity to bid;
- c. the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- d. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that all of the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City will not require bidders to comply with the “hold-the-offering price rule,” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity, though the winning bidder, in consultation with the City, may elect to apply the “hold-the-offering price rule” (as described below). Bids will not be subject to cancellation in the event the Competitive Sale Requirements are not satisfied. Unless a bidder intends to apply the “hold-the-offering price rule” (as described below), bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% Test (as described below). The winning bidder must notify the City of its intention to apply either the “hold-the-price rule” or the 10% Test at or prior to the time the Bonds are awarded.

If the winning bidder does not request that the “hold-the-offering price rule” apply to determine the issue price of the Bonds, the following two paragraphs shall apply:

- a. The City shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds; and
- b. Until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

If the winning bidder does request that the “hold-the-offering price rule” apply to determine the issue price of the Bonds, then following three paragraphs shall apply:

- a. The winning bidder, in consultation with the City, may determine to treat (i) pursuant to the 10% Test, the first price at which 10% of a maturity of the Bonds is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The winning bidder shall promptly advise the City, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering price rule or both.
- b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of the award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) if the hold-the-offering-price rule applies, agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
 - a. the close of the fifth (5th) business day after the sale date; or
 - b. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public;

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- c. The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its

corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that:

- a. any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and
- b. any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of establishing issue price. Further, for purposes of this Notice of Sale:

- a. “public” means any person other than an underwriter or a related party,
- b. “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);
- c. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are

partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

- d. “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Lansing and Detroit, Michigan. The opinion will be furnished without expense to the purchaser of the Bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C., for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

DELIVERY OF BONDS: The City will furnish executed Bonds to be delivered at its expense to an authorized agent of DTC or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o’clock noon, Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the Bonds shall be made in immediately available funds.

BOND INSURANCE AT PURCHASER’S OPTION: If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser of the insurance. **FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.**

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print CUSIP numbers nor any improperly printed CUSIP numbers shall be cause for the purchaser of the Bonds to refuse to take delivery of and pay for the Bonds. Application for CUSIP numbers will be made by PFM Financial Advisors LLC, municipal

advisor to the City. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the purchaser of the Bonds.

OFFICIAL STATEMENT: A preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from PFM Financial Advisors LLC, municipal advisor to the City, at the address and telephone listed under MUNICIPAL ADVISOR below. PFM Financial Advisors LLC will provide the winning bidder with a final Official Statements in electric only format at no cost to the purchaser within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City will execute and deliver prior to delivery of the Bonds a written continuing disclosure undertaking in order to enable the underwriters of the Bonds to comply with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

MUNICIPAL ADVISOR: Further information relating to the Bonds may be obtained from PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108. Telephone (734) 994-9700. Fax (734) 994-9710.

In submitting a bid for the Bonds, the bidder represents that it is not an "Iran linked business" within the meaning of the Iran Economic Sanctions Act, Act 517 of the Public Acts of Michigan of 2012.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for Refunding Bonds."

Angela Bennett, Finance Director
City of Lansing, Michigan

13. Award of Sale of Bonds at Competitive Sale. The Finance Director is hereby authorized on behalf of the City, subject to the provisions and limitations of this Resolution, to award sale of the Bonds to the bidder whose bid meets the requirements of law and which produces the lowest true interest cost to the City computed in accordance with the terms of the Notice of Sale as published. If fewer than three (3) bids are received from underwriters (as defined by the Internal Revenue Code) at the time set for competitive sale, the City may reject all bids and carry out a negotiated sale to comply with the regulations of Treas. Reg. § 1.148-1(f).

14. Negotiated Sale of Bonds. If in light of current market conditions a negotiated sale would present advantages and opportunities to select and adjust terms for the Bonds, to allow more flexibility in accessing the municipal bond market, and to price and sell the Bonds at the time that is expected to best achieve the most advantageous interest rates and costs to the City and the most favorable price for purchase of securities to be escrowed for payment of the Prior Bonds to be refunded, then, based on the advice of the Municipal Advisor, the Finance Director is hereby authorized on behalf of the City to conduct and pursue a negotiated sale of the Bonds. In the event that a negotiated sale is pursued, then the Finance Director is authorized to select an underwriter or placement agent for the Bonds in consultation with the Municipal Advisor or circulate a request for quotes from financial institutions. The Finance Director is authorized to negotiate and execute a bond purchase agreement with an underwriter, financial institution, or other investor, and take all other necessary actions required to effectuate the negotiated sale and delivery of the Bonds within the parameters authorized in this Resolution.

By adoption of this resolution the City assumes no obligations or liability to the underwriter of the Bonds for any loss or damage that may result to the underwriter of the Bonds from the adoption of this resolution, and all costs and expenses incurred by the underwriter of the Bonds in preparing for sale of the Bonds shall be paid from the proceeds of the Bonds, if the Bonds are issued, except as may be otherwise provided in the purchase agreement or other acceptance of an offer to purchase the Bonds or placement agreement to be signed by the City at the time of sale of the Bonds.

15. Sale Parameters. The Bonds shall only be sold if there shall be net present value savings of at least 2.00% as determined by the Municipal Advisor. The Bonds shall bear interest at a rate or rates not exceeding 6.00% per annum and the true interest cost shall not exceed 4.00%. The purchase price for the Bonds, exclusive of any original issue discount or premium, shall not be less than 99% or more than 110% of the principal amount of the Bonds plus accrued interest if any. In making such determinations the City is authorized to rely upon data and computer runs provided by the Municipal Advisor.

The authorization to the Finance Director to sell the Bonds includes, but is not limited to, determination of original principal amount of the Bonds; the prices at which the Bonds are sold; the date of the Bonds; the schedule of principal maturities and whether the Bonds shall mature serially or as term bonds; the provisions for optional and mandatory redemption of term bonds, if any; the interest rates and payment dates of the Bonds, application of the proceeds of the Bonds; selection of the portion of the Prior Bonds to be refunded; transfer of balances, if any, from the debt retirement fund for the Prior Bonds to the Escrow Fund; and purchase of securities for the Escrow Fund. Approval of the matters delegated to the Finance Director under this Resolution

may be evidenced by execution of a certificate awarding sale of the Bonds, bond purchase agreement or other document agreeing to sell the Bonds, or the final Official Statement.

16. Final Official Statement; Continuing Disclosure. After sale of the Bonds, the Finance Director is authorized to prepare, execute and deliver a final Official Statement and to execute and deliver a written continuing disclosure agreement if necessary to enable the underwriter of the Bonds to comply with the requirements of Rule 15c2-12.

17. Verification Agent. The Finance Director is hereby authorized, at her discretion, to retain an independent certified public accountant to serve as verification agent to verify that the securities and cash to be deposited to the Escrow Fund will be sufficient to provide, at the times and in the amounts required, sufficient moneys to pay the principal of and interest on the Prior Bonds being refunded as they become due.

18. Other Actions. In the event that the Finance Director is not available to undertake responsibilities delegated to her under this resolution, then an officer of the City designated by the Finance Director is authorized to take such actions. The officers, administrators, agents and attorneys of the City are authorized and directed to take all other actions necessary and convenient to facilitate issuance and sale of the Bonds, and to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient in accordance with this resolution, and to pay costs of issuance including but not limited to municipal advisor fees, filing fees, rating agency fees, costs of printing the preliminary and final official statements, escrow trustee fees, transfer agent fees, verification agent fees, bond counsel fees, and any other costs necessary to accomplish sale and delivery of the Bonds.

19. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of City of Lansing, State of Michigan, at a Regular meeting held on _____, 2019 at 7:00 p.m. Eastern Time, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of the meeting were kept and will be or have been made available as required by the Act 267.

I further certify that the following Members were present at the meeting: _____
_____ and that the following Members were absent:
_____.

I further certify that Member _____ moved for adoption of the resolution and that Member _____ supported the motion.

I further certify that the following Members voted for adoption of the resolution: _____
_____ and that the following Members voted against adoption of the resolution: _____.

City Clerk



Chris Swope
Lansing City Clerk

February 8, 2019

President and Council Members
10th Floor City Hall
Lansing, MI 48933

Dear President and Council Members:

My office has received and placed on file this document from the Finance Director:

FY 2019 Second Quarter General Fund Status Report

This document is available for review at the office of the City Clerk or at <http://www.lansingmi.gov/clerk> under the heading of Documents Placed on File.

Sincerely,

A handwritten signature in cursive script that reads "Chris Swope".

Chris Swope, CMC
Lansing City Clerk

City of Lansing
General Fund Status Report – FY 2019 2nd Quarter
Please see accompanying summary detail (page 3)

Summary

For the second quarter of FY 2019, total General Fund revenues were slightly below budgetary targets, and expenditures were within budgetary targets.

Revenues

Revenue collection trends are measured by comparing the percentage of budget collected year-to-date to a three-year average collection rate for the same period of time in the previous three years.

In total, General Fund revenues collected in the second quarter of Fiscal Year 2019 (July – December), as a percent of budget, were slightly below the prior three years' second quarter collection rates, as a percentage of year-end amounts, at 57.7% compared to 58.2%.

- The vast majority of **Property Taxes** are collected in the first month of the fiscal year, however they are subject to tax appeals and other adjustments throughout the year. Collections were on par with previous years as of the second fiscal year quarter-end, at 99.1% compared to the previous years' collection rate of 99.8%.
- As a percentage of budget, **Income Tax** collections, as a percent of budget, were higher than the average collection rate for the past three years, at 34.8% of budget, compared to 32.3%. The adoption of East Lansing's income tax will affect our income tax revenues beginning January 1; however, it is not anticipated that any budgetary adjustment will be needed, as that possibility was factored into the FY 2019 budget projection. It should be noted that income tax revenues can fluctuate from previous trends due to timing differences in remittances.
- **State Revenue Sharing** and Fire Protection/Bad Driver Fees were on target for the second quarter, at 40.8% collected, compared to 40.9%.
- In total, **Licenses and Permits** revenues were lower than the average collection rate of the same period for the last three years as a percentage of year-end totals, at 20.6% of budget, compared to 31.5%, with the prior year collection rate somewhat skewed by medical marijuana application timelines in FY 2018. When medical marijuana revenues are removed from the prior years' trend, the prior years' benchmark becomes 21.3%. Licenses and permits make up only 1.5% of General Fund revenues.
- **Charges for Services** were on par with the average of the same period for the last three years, at 41.6% of budget compared to 42.2% in prior years.

(continued)

City of Lansing
General Fund Status Report – FY 2019 2nd Quarter
Please see accompanying summary detail (page 3)

Revenues (continued)

- Collection rates for **Fines and Forfeiture** for the second quarter were lower as a percentage of year-end totals for the average of the last three years, at 38.9% of the budget compared to 42.4%, due to lesser-than-anticipated penal case revenues.
- The first of two semiannual **Return on Equity** payments from the Board of Water and Light, was slightly lower than previous years' first installment collection percentages, at 49.1%, compared to 51.7%. This return on equity payment is dependent on gross revenues of the Board of Water and Light.
- As a category, **Interest and Rents** higher than previous years' trends. Interest revenue is posted as investments mature, the timing of which varies from year-to- year. While somewhat ahead of budgetary targets as of December 31, at 42.7% compared to 33.7%, interest and rents comprise only 0.2% of the General Fund budget.
- The **Other Revenues** category collection rate was on target as of the second quarter-end, at a 32.2% collection rate compared to 32.7% in the prior three years.

Expenditures

Expenditure trends are measured by comparing the percentage of budget spent year-to-date to expected timing of expenditures, taking into account payroll cycles and other know expenditure trends.

In total, taking into account the vacancy factor, expenditures for General Fund operating departments (excluding debt service and transfers to other funds) were within the budgetary target -- at 46.3% as of December 31, compared to a budgetary target of 48.1%. All departments were within budgetary targets, with the exception of the City Clerk's Office, due to election preparation, and the Human Relations and Community Services Department, due to the timing of programs.

Of note due to the relatively small amount expended in comparison to the budget, General Fund debt service payments are on target for the year, as they are due at the end of the fiscal year.

Of note, year-to-date revenues always exceed expenditures in the second quarter of the year as a result of the collection of the majority of property taxes, comprising 30% of total General Fund revenues, at the beginning of the fiscal year.

General Fund Status Report – FY 2019 2nd Quarter (as of December 31, 2018)

Revenues	Annual Budget	Actual as of 12/31/18	Percent of Budget	Avg. Percent of Year-End Actuals as of December 31 FY 2016 - 2018
Property Taxes	\$ 40,315,000	\$ 39,963,008	99.1%	99.8%
Income Taxes	38,500,000	13,412,494	34.8%	32.3%
Revenue Sharing	19,196,700	7,841,617	40.8%	40.9%
Licenses & Permits	1,677,000	345,211	20.6%	31.5%
Charges for Services	9,027,200	3,751,316	41.6%	42.2%
Fines & Forfeitures	2,456,100	955,168	38.9%	42.4%
Return on Equity	22,500,000	11,042,869	49.1%	51.7%
Interest & Rent	205,000	87,594	42.7%	33.7%
Other Revenue	433,000	139,520	32.2%	32.7%
Total Revenues	<u>\$ 134,310,000</u>	<u>\$ 77,538,797</u>	<u>(1) 57.7%</u>	<u>58.2%</u>

Expenditures	Annual Budget	Actual as of 12/31/18	Percent of Budget	12/31/18 Budgetary Target
Council	\$ 714,000	\$ 303,640	42.5%	46.9%
Internal Audit	194,900	87,879	45.1%	46.7%
Courts	6,605,500	2,770,033	41.9%	47.0%
Mayor's Office	1,296,800	575,036	44.3%	45.8%
Media Center	469,900	184,199	39.2%	46.1%
Clerk's Office	1,197,000	718,519	60.0%	52.8%
Neighborhood & Citizen Engagement	863,500	283,583	32.8%	39.2%
Economic Development & Planning	5,021,300	2,563,185	51.0%	52.7%
Finance	5,471,600	2,118,426	38.7%	46.9%
Human Resources	2,118,000	934,333	44.1%	47.6%
Attorney's Office	2,168,300	832,743	38.4%	46.4%
Vacancy Factor	(500,000)			
Police	43,193,300	20,508,360	47.5%	48.6%
Fire	34,129,900	16,503,604	48.4%	48.9%
Public Service	11,572,500	4,894,986	42.3%	45.2%
Human Relations & Community Service	1,598,300	801,897	50.2%	46.9%
Parks & Recreation	8,301,000	3,480,772	41.9%	47.5%
Subtotal - Departmental Budgets	<u>\$ 124,415,800</u>	<u>\$ 57,561,194</u>	<u>46.3%</u>	<u>48.1%</u>
Human Services & City Supported Agencies	\$ 2,041,400	\$ 711,119	34.8%	
Library Lease	150,000	67,853	45.2%	
Debt Service	1,154,000	-	0.0%	
Transfers	6,548,800	6,349,805	97.0%	
Subtotal - Non-departmental Budgets	<u>9,894,200</u>	<u>7,128,776</u>		
Total General Fund	<u>\$ 134,310,000</u>	<u>\$ 64,689,970</u>	<u>(1)</u>	

Please see Pages 1 and 2 for an explanation of revenues and expenditures.

(1) **Note:** Year-to-date revenue is always greater than expenditures at this time of year as property taxes, accounting for 30% of General Fund revenues, are collected at the beginning of the year. Property taxes include delinquent amounts that will be reimbursed by the counties upon settlement. Property tax collection exceed budget at this time of year, but are subject to tax appeals and other adjustments throughout the year.

(2) General Fund debt service payments are due in the fourth quarter of the fiscal year.



Chris Swope
Lansing City Clerk

February 8, 2019

Lansing City Council Members
10th Floor City Hall
Lansing, MI 48933

Dear Councilmembers:

This is to notify you that my office received on January 22, 2019 Mayor Schor's Executive Order 2019-01, Rotary Park, renaming park land to be placed on file. The Order is attached.

Sincerely,

Chris Swope, CMMC/MMC
Lansing City Clerk

Attachment

Andy Schor
Mayor



City Hall - 9th Floor
124 W. Michigan Avenue
Lansing, MI 48933-1694
PH: 517.483.4141 – FAX: 517.483.6066
Lansing.Mayor@lansingmi.gov

OFFICE OF THE MAYOR
CITY OF LANSING, MICHIGAN

**TO: COUNCIL PRESIDENT, COUNCIL VICE PRESIDENT, MEMBERS OF
LANSING CITY COUNCIL; ALL OFFICERS, EMPLOYEES, AGENCIES,
BOARDS, AUTHORITIES, AND DEPARTMENTS OF THE CITY OF LANSING**

RE: EXECUTIVE ORDER OF INTENT TO NAME "ROTARY PARK"

As Mayor of the City of Lansing, I am charged with the designated responsibility to name public amenities as provided for by Lansing Ordinance #1232.

I am today issuing the following Executive Order in consideration of the expected construction of public park improvements, amenities, and enhancements ("the Improvements") to be made to the area depicted in Attachment A, together with agreement for the future maintenance of the Improvements, all as contracted for in the Development Agreement and Maintenance Agreement, dated December 12, 2018 (collectively "the Improvement Agreements").

EXECUTIVE ORDER 2019-01

I hereby announce my intent to name the area in Attachment A as ROTARY PARK, except for the river trail, to become effective upon completion of the following requirements contained in the Improvement Agreements: Completion of Construction; the Final Project Acceptance; and the Conveyance of the Improvements to the City.

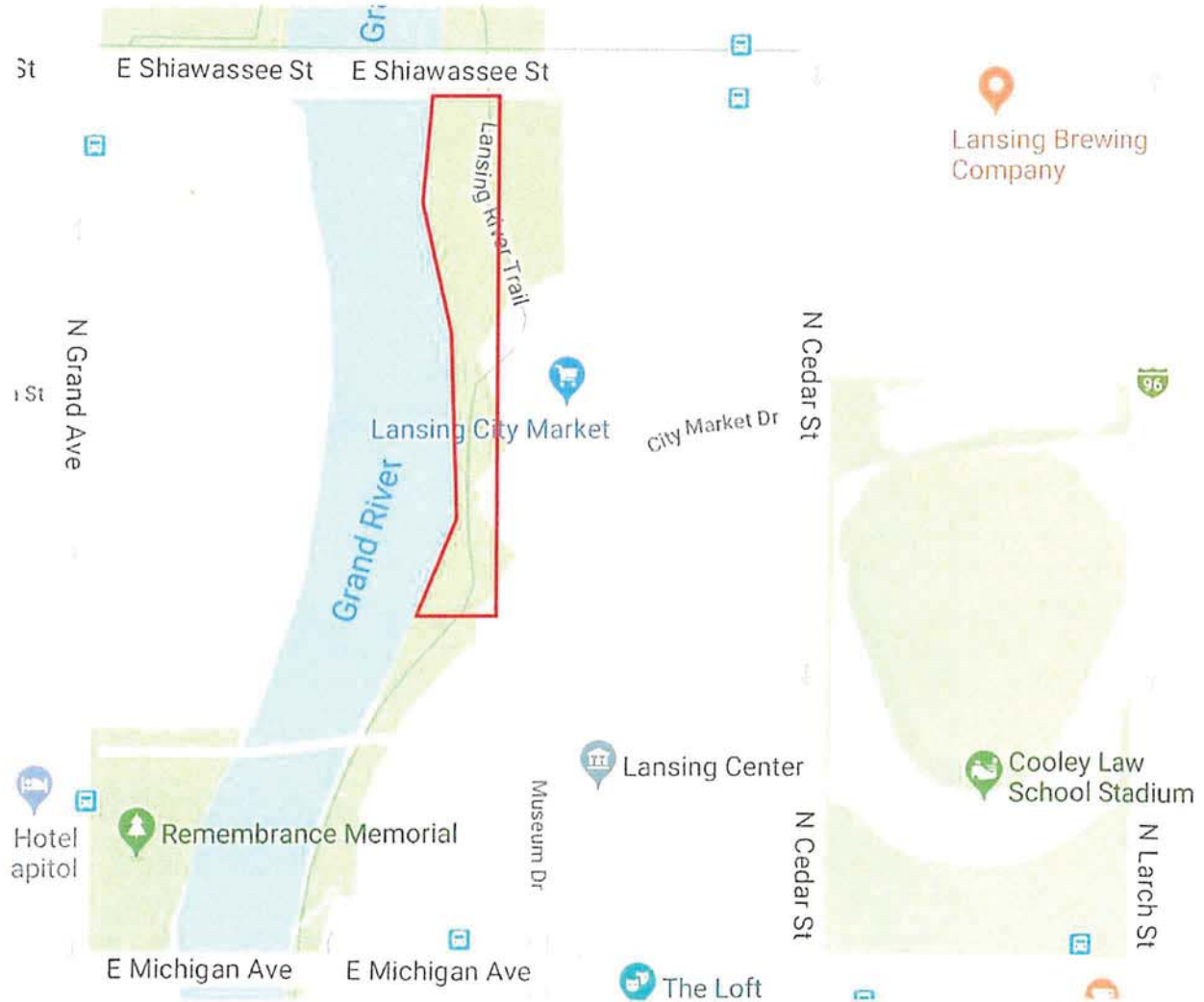
Issued and ordered this 22 day of January, 2019.


**Andy Schor, Mayor of the City of
Lansing, Michigan**

RECEIVED
2019 JAN 22 PM 2:47
LANSING CITY CLERK

ATTACHMENT A

Proposed Rotary Park





Chris Swope
Lansing City Clerk

February 8, 2019

Lansing City Council Members
10th Floor City Hall
Lansing, MI 48933

Dear Councilmembers:

This is to notify you that my office received on February 6, 2019 Mayor Schor's Executive Order 2019-03, Mayor's Lansing Veterans Commission to be placed on file.

The Order is attached.

Sincerely,

Chris Swope, CMMC/MMC
Lansing City Clerk

Attachment

Andy Schor
Mayor



City Hall - 9th Floor
124 W. Michigan Avenue
Lansing, MI 48933-1694
PH: 517.483.4141 – FAX: 517.483.6066
Lansing.Mayor@lansingmi.gov

OFFICE OF THE MAYOR
CITY OF LANSING, MICHIGAN

TO: COUNCIL PRESIDENT, COUNCIL VICE PRESIDENT, MEMBERS OF LANSING CITY COUNCIL; ALL OFFICERS, EMPLOYEES, AGENCIES, BOARDS, AUTHORITIES, AND DEPARTMENTS OF THE CITY OF LANSING

RE: EXECUTIVE ORDER ESTABLISHING THE MAYOR'S LANSING VETERANS COMMISSION 2019-03

-
- 1) In recognition that veterans have a positive impact on the local economy, build community, provide an opportunity for celebration of Lansing's heritage and diversity, and provide opportunities for lifelong learning, as Mayor of the City of Lansing I am hereby establishing a Veterans Commission through this Executive Order.

The following Executive Order shall be effective immediately.

EXECUTIVE ORDER – 2019 - 03

I hereby establish and create an organization to assist me in enhancing the quality of life in the City of Lansing through the promotion of understanding and recognition of those who have served through military service. The organization shall be known as the "Mayor's Lansing Veterans Commission" and will report to me and provide advice and recommendation regarding all such matters within their charge.

To expedite the creation of the Mayor's Lansing Veterans commission, per my direction the City Attorney prepared the attached Charter for the organization's duties, organization, and procedures.

Issued and ordered this 6th of February, 2019.



Andy Schor
Mayor

"Equal Opportunity Employer"



RECEIVED
2019 FEB - 6 AM 10:24
LANSING CITY CLERK

**CHARTER
MAYOR'S LANSING VETERANS COMMISSION
CITY OF LANSING, MICHIGAN**

1. Name. In recognition that veterans have a positive impact on the local economy, build community, provide an opportunity for celebration of Lansing's heritage and diversity, and provide opportunities for lifelong learning, as Mayor of the City of Lansing I am hereby establishing the Lansing Veterans Commission through this Executive Order.

2. Vision. The Vision of the Commission will be to serve Lansing veterans, including services for public education, honors, information, and the facilitation for gaining benefits, employment and services through the following actions:

- Raise the profile of the City of Lansing's commitment to veterans in order to boost attendance and media coverage, and attract support for veterans within the broader community;
- Raise funds for veterans events and carry out the events in concert with City of Lansing resources and support in-kind;
- Contribute time, talent and funding by stakeholders and interested parties;
- Create continuity year-to-year by maintaining contacts, mailing information, and communication with speaker and artists/performers.

3. Statement of Mission. The Mission of the Commission shall be to provide expertise , resources, and support for the following work streams to enable the realization of the Vision:

- Serving as a resource to the Mayor on matters related to Lansing veterans;
- Developing and recommending annual Memorial Day and Veterans Day event plans for the Mayor;
- Developing and recommending ongoing veterans plan performance measures and best practices; and
- Studying and developing proposed additions, deletions, or modifications to this Charter.

4. Membership – Initial, Additions and Withdrawals: The Commission shall consist of “Members” appointed by the Mayor for terms set by the Mayor.

The Commission shall have a Chair, Vice Chair, Treasurer and Secretary, as officers elected annually at a meeting of the Members. The Commission may establish other officer positions, not to exceed 13 members total. The first annual meeting shall be held in 2019.

Vice Presidents, as needed to coordinate program areas or committees, may be elected from the Members at any time.

The initial officers of the Veterans Commission shall be appointed by the Mayor; after the Veterans Commission is established, officers may be selected by the Veterans Commission at any meeting to serve until the next annual meeting.

Officer positions and appointments made by the Veterans Commission shall be invited from the following organizations:

- Veterans service organizations such as the American Legion, Disabled American Veterans, United Service Organizations, Veterans of Foreign Wars, and Vietnam Veterans.
- Community support organizations.
- Educational institutions.
- Business and employers.
- City of Lansing representatives.
- Labor Veterans Liaison.
- City of Lansing residents.

Subsequent to the Effective Date of this Charter and the identification of the Initial Members, other Members may be added, and vacancies filled by the Mayor.

A Member may withdraw from membership upon written notice to the Mayor.

The absence of any Member for three consecutive meetings without valid excuse will result in an automatic removal of the Member from the Veterans Commission.

5. Role of Veterans Commission Members: It is intended that the Commission leverage the experience, expertise, and insight of key individuals at organizations committed to building professionalism in the management of Mission activities. Individual Members may not be directly responsible for managing work stream activities, but will provide support and guidance for those who do. Thus individually, Members should:

- Understand the strategic implications and outcomes of initiatives being pursued through this Charter, its Vision, and its Mission;
- Appreciate the significance of veterans role in the community and their enhancement to the quality of life;
- Be genuinely interested in the work stream initiatives and be an advocate for the outcomes being pursued.

In practice, the above mean that Members should review the status of the activities under this Charter and ensure that the outputs meet the requirements of the Mission in order to realize the Vision. Conflicting priorities and resources should be

balanced. Members should consider all ideas and issues submitted by other Members, provide guidance to the committees established herein, and check adherence to standards of best practices. Further, positive communication both inside and outside of the Commission should be fostered.

6. Officers: The following are the officers of the Commission; however, other officer positions may be created by the Commission, as needed.

The Chair shall guide the Veterans Commission; set goals and objectives; set the calendar, activities, and meeting agendas; follow through on action items; and preside over meetings.

The Vice Chair shall serve as Chair in the absence or disability of the Chair and shall assist in the performance of the duties of the Chair as agreed upon with the Chair.

The Secretary shall keep the minutes and records and assist with communications.

The Treasurer shall track and maintain log of all funding for all Veterans Commission events.

Members shall coordinate program areas, committees, or initiatives.

7. Meetings: Roberts Rules of Order shall be followed in Veterans Commission meetings.

The Members shall adopt a regular meeting schedule; however, special meetings may be called by the Chair, a Vice Chair, or a majority of the Members.

A majority of the duly qualified Members of the Veterans Commission physically present in person, at a meeting is necessary for a quorum. Except as otherwise provided in this Charter, an affirmative majority vote of the Members at a meeting, a quorum being present, is required for approval of any action.

Meetings using electronic or telephonic means is discouraged but may be permitted in limited circumstances.

The Commission is established by the Mayor and is advisory to the Mayor only. It is not a Lansing Charter board or committee; nor, is it established by ordinance or City Council resolution or action of any type. It has no decision or policy making authority; but, is advisory in nature and is established for advice and recommendation to the Mayor only.

Unless altered by a majority vote of a quorum of the Members, the agenda of each meeting shall include:

- Minutes

- Additions to agenda
- Review of previous actions
- Overall Mission and progress status
- Old Business
- New Business
- Milestone review
- Deliverable acceptance
- Accomplishments
- Plans for next period
- Outstanding issues
- Specific requests
- Other
- Next meeting

8. Committees: The following initial Committees are hereby established to support the work streams:

- Veterans Planning
- Education
- Resource and Best Practices Gathering
- Events
- Metrics Development

Committees may be added or eliminated by a majority vote of a quorum of the Members. Each Committee shall be chaired by a Vice Chair. The Chair may create Ad Hoc Committees at any time to last the length of the President's term unless continued by a successor Chair.

9. Annual Meeting Deliverables:

- A Veterans Plan for the Mayor's approval;
- An Education Plan for the Mayor's approval;
- A report on veterans events in Lansing during the preceding year;
- Development of metrics for the Mayor's approval and an annual report on progress using the approved metrics as a guide; and
- Goals, Objectives, and accompanying timelines to support the Mission and achieve the Vision.

10. Measurements:

The success of the Commission will be monitored by metrics developed by the Metrics Development Committee and approved by the Mayor.

11. Miscellaneous:

- An annual report shall be published by the end of March of each year covering the preceding calendar year's activities.
- This Charter may be amended or dissolved by the Mayor at any time.
- With the approval of the Mayor, the organizational structure of the Veterans Commission may be altered by the Mayor to comply with Internal Revenue Service rules and regulations allowing the Veterans Commission to receive grant funds and contributions.

THIS AMENDED CHARTER IS DECLARED EFFECTIVE THIS 6th DAY OF FEBRUARY, 2019 (the "EFFECTIVE DATE").

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

Andy Schor,
Mayor, City of Lansing, Michigan



Andy Schor, Mayor

FINANCE DEPARTMENT

124 W. Michigan Ave., 8th Floor
Lansing, Michigan 48933
(517) 483-4500

CO. W.

LATE ITEM

Memorandum

To: City Council President Carol Wood
From: Dennis R. Parker, Chair, Employees' Retirement System Board
Date: 2/25/2019
Re: Eric Hassett Retirement

The City of Lansing Employees' Retirement System (ERS) Board requests that the City Council review the Ordinance and the action of the ERS pension board in the matter of Mr. Eric Hassett' Retirement.

If you have questions, or need documentation regarding this matter, please contact Karen E. Williams in the Retirement Office at (517) 484-4508 or Karen.williams@lansingmi.gov.

AML GROUP, PLC
(616) 295-8041 | amlgroupmi@gmail.com

TO: Council President Wood and Members of the City Council
Lansing Employees' Retirement System Board of Trustees

FROM: Kenneth P. Lane

DATE: March 1, 2019

RE: Summary memorandum--Eric Hassett

The Lansing Employees' Retirement System (the "ERS") Board of Trustees (the "ERS Board") has asked us to provide the following summary memorandum relating to requests made to the ERS Board by City employee Eric Hassett.

Background

On May 15, 1995, Eric Hassett, a City of Lansing employee, voluntarily transferred from a City position represented by the United Auto Workers (the "UAW") union to a City position represented by the International Brotherhood of Teamsters, Chauffeurs & Warehouseman, Local 580 (the "Teamsters 580"). At the time of his transfer, Mr. Hassett had worked in the UAW position for approximately 18 months (the "UAW Time"). In 1995, the two unions provided for retirement benefits in different pension systems; the UAW was part of the Employees Retirement System (the "ERS") and the Teamsters 580 was part of the City of Lansing's Money Purchase Pension Plan ("the DC Plan"). Because of the different pension system plans bargained for in the UAW and Teamsters 580 collective bargaining agreements at the time of Mr. Hassett's transfer, he was required to leave the ERS and enroll in the DC Plan as his sole pension plan.

Prior to his transfer, Mr. Hassett inquired about the effect his union transfer would have on his retirement benefits under the Teamsters 580 collective bargaining agreement. The ramifications of the proposed union transfer were made known to Mr. Hassett and included in a "pension and post-retirement health care consequences" acknowledgement form (the "Acknowledgement Form"). The form made it clear that Mr. Hassett voluntarily waived the use of any service credit or benefit he had acquired from the UAW Time prior to his transfer to the Teamsters 580 position. On May 8, 1995, Mr. Hassett voluntarily signed the Acknowledgement Form.¹ It is noteworthy that while Mr. Hassett was in the UAW he was not required to make employee contributions into the ERS and did not vest for ERS benefits.

On October 1, 2003, Teamsters 580 members who were members of the DC Plan became members of the ERS pursuant to the unions new collective bargaining agreement. At that time, Mr. Hassett transitioned into the ERS from the DC Plan. The Teamsters 580 collective bargaining agreement

¹ A copy of the form is attached.

made no arrangements to “claw back” forfeited service credits or benefits linked to the UAW Time.

At the time Mr. Hassett mandatorily transitioned into the ERS he claims he was provided a “Retirement Information Sessions Frequently Asked Questions” document (the “FAQ Document”).² In relevant part, the FAQ Document provides: “For retirement eligibility purposes, your “years of service” with the City is based on your City full time hire date and membership in either the Employees Retirement System or the Defined Contribution System.”

In 2012, Mr. Hassett asked the ERS Board of Trustees whether the UAW Time could be applied toward his retirement from the ERS. A general analysis of historic pension changes and a specific analysis of Mr. Hassett’s case was performed. Based upon the analysis, a written legal opinion was prepared. It was concluded by the ERS Board that Mr. Hassett’s time in the UAW position could not be counted toward his retirement from the ERS.³

Recently, Mr. Hassett has asked the ERS Board to revisit whether the UAW Time may be considered for retirement eligibility purposes from the ERS based upon the FAQ Document. Additionally, in accordance with applicable collective bargaining agreement provisions, Mr. Hassett filed a grievance under his Teamsters 580 collective bargaining agreement to determine whether the UAW Time could be considered for retirement eligibility purposes. The grievance resulted in a determination that Mr. Hassett’s months of service with the UAW could not be considered for retirement eligibility purposes from the ERS and the grievance was denied. Mr. Hassett did not appeal that determination or denial and the time for taking an appeal has passed.

February 6 Special Meeting

On February 6, 2019, the ERS Board of Trustees held a special meeting to consider whether it believed the UAW Time could be used for retirement eligibility purposes from the ERS. At the meeting, we provided a legal memorandum to the ERS Board which concluded that the UAW Time could not be considered by Mr. Hassett nor the ERS Board for eligibility to retire based on Mr. Hassett’s signature on the Acknowledgment Form.⁴ After reviewing all the relevant documents, it was our opinion that the FAQ Document did not serve to modify or change the impact of the Acknowledgment Form signed by Mr. Hassett.

After discussing the matter, the ERS Board made the following motion:

“The [ERS] Board confirms that Mr. Hassett does have retirement eligibility for all his full-time work with the City. If the City Attorneys office does not feel that the [ERS] Board has the authority to make this decision, this matter should be moved immediately on to the City Council. Mr. Hassett’s request for regular age and service retirement should be placed on the agenda of the ERS Board’s next regularly scheduled meeting for formal consideration.”

The motion was approved by a 5-4 vote of the ERS Board.

² A copy of the FAQ Document is attached.

³ See, attached June 13, 2012, legal opinion from Clark Hill.

⁴ A copy of the legal memorandum is attached.

February 21 Regular Meeting

At its regular meeting on February 21, 2019, the ERS Board considered the request for regular age and service retirement for Mr. Hassett. For purposes of this request, the UAW Time was used to establish Mr. Hassett's eligibility for retirement. Legal reported to the ERS Board on behalf of the City Attorneys office that the ERS Board did not have the authority to confirm Mr. Hassett's retirement eligibility through use of the UAW Time nor approve his retirement request.

The following items were presented to the ERS Board as the basis for this opinion:

- In accordance with applicable collective bargaining agreement provisions, Mr. Hassett, who is a current City employee, has a grievance determination and denial that decided his years of service with the UAW cannot be considered for retirement eligibility purposes from the ERS. An appeal of the determination and denial has not been filed by Mr. Hassett. The ERS Board is without authority to provide a differing determination on this matter or interfere with the employee grievance process.
- The "FAQ Document" cannot legally modify or change the impact of the Acknowledgement Form signed by Mr. Hassett. The Acknowledgement Form waived "any benefit" from his time with the UAW.
- No provision within City ordinance or state law authorizes the ERS Board to consider Mr. Hassett's time with the UAW solely for eligibility purposes. The ERS Board cannot deviate from applicable ordinance and plan provisions.
- The potential for unintended consequences has not been fully researched. The ERS Board has a fiduciary duty to act in a manner that is neither arbitrary nor discriminatory to other members or retirees.

Pursuant to a request from the ERS Board, we were asked to present sections of the ERS Ordinance that authorize the ERS Board to correct errors. Section 292.46 of the ERS Ordinance was presented to the ERS Board:

"Correction of errors. If any change or error in the records results in any member, retirant or beneficiary receiving from the retirement system more or less than he or she would have been entitled to receive had the records been correct, the Board of Trustees shall correct such error, and, as far as practical, shall adjust the payment in such a manner that the actuarial equivalent of the benefit to which such member, retirant or beneficiary was correctly entitled shall be paid."⁵

After discussing the matter, the ERS Board made the following motion:

"Motion to approve the regular age and service retirement request of Eric Hassett based on Section 292.46 and the Board's prior motion to confirm his eligibly for retirement."

The motion was denied by a 5-3 vote of the ERS Board. Accordingly, Mr. Hassett's retirement request was denied based on the City's position that the ERS Board lacked authority to approve it.

After the denial vote, the ERS Board made the following motion:

⁵ Section 292.46, Lansing Codified Ordinances.

“Motion to send the issue [relating to Mr. Hassett] to the City Council [pursuant to Section 292.15] to determine if the ERS Board acted appropriately in denying Mr. Hassett’s retirement request. If the City Council determines that the ERS Board did not act appropriately, the ERS Board recommends that the City Council amend the ERS Ordinance to make it clear that Mr. Hassett is eligible to retire.”

The motion was unanimously approved by the ERS Board.

Section 292.15 of the ERS Ordinance provides:

“Restoration of credited service in certain cases. Should any member of the retirement system no longer be employed by the City, for any reason other than retirement or death, he or she shall thereupon cease to be a member and his or her credited service at that time shall be forfeited by him or her, unless otherwise provided in this chapter. If he or she is re-employed by the City, he or she shall again become a member. If his or her re-employment occurs within a period of four years from and after the date of his or her last separation from City employment, ***or in other cases of special circumstance upon approval of Council, after review and recommendation by the Board of Trustees***, his or her credited service last forfeited by him or her shall be restored to his or her credit, subject to Section 292.35(e). If a member becomes a retirant, he or she shall thereupon cease to be a member and shall not again become a member, unless otherwise provided in this chapter. If a member dies, he or she shall thereupon cease to be a member.”⁶

Based upon the highlighted language with Section 292.15 above, this matter has been referred to the City Council.

Conclusion

We suggest that this memorandum be provided to the City Council to provide relevant background information and our analysis in this matter. The ERS Board is requesting that the City Council review this matter and make a determination as to whether the ERS Board was correct in denying Mr. Hassett’s retirement request. If the City Council determines that the ERS Board was not correct, the ERS Board is requesting that the City Council amend the ERS Ordinance to make it clear that Mr. Hassett is eligible to retire through use of the UAW Time.⁷

⁶ Section 292.15, Lansing Codified Ordinances (emphasis added).

⁷ Please be aware that an actuarial analysis is a prerequisite to a retirement ordinance amendment that would result in a pension benefit change (1965 PA 314, as amended, Section 20h; MCL 38.1140h).

ACKNOWLEDGEMENT REGARDING PENSION AND
POST-RETIREMENT HEALTH-CARE CONSEQUENCES UPON TRANSFER/PROMOTION
TO A TEAMSTER LOCAL 580 OR OTHER "COVERED" POSITION.
(APPLICABLE TO INDIVIDUALS HIRED AFTER "COVERED
POSITION" EFFECTIVE DATE)

This will acknowledge that I, Eric Hassett, have discussed with the City of Lansing Personnel Services Department certain pension and post retirement health-care consequences, resulting from my possible transfer/promotion into a position covered by the Teamster Local 580 collective bargaining agreement with the City of Lansing, or another "covered" position.

1. I hereby acknowledge being advised that upon my acceptance of a transfer/promotion into a "covered position", and as a condition of my being offered the position, I will become subject to the provisions of the City of Lansing Money Purchase Pension Plan for purposes of any future pension benefit accruals;
2. I hereby acknowledge being provided with a copy of the Summary of Benefits pertaining to the City of Lansing Money Purchase Pension Plan;
3. I hereby acknowledge being advised that I will accrue no additional service credits in the General Employees Retirement Plan if I accept the transfer/promotion;
4. I hereby acknowledge being advised that there does not exist any agreement with the Teamsters Local 580 providing for the transfer of any assets from the General Employees Retirement System to the City of Lansing Money Purchase Pension Plan, nor can I be provided any assurance that an agreement will be reached with the Teamster. I hereby acknowledge and understand that absent a agreement with the Teamsters, except as possibly provided in the next paragraph, I will not become entitled to any portion of the City's contribution to the General Employees Retirement System.
5. I hereby acknowledge being advised that in the absence of an agreement with the Teamsters, the City's contribution to the General employees Retirement System will remain with said system. I also understand that I will not be entitled to any future benefit from said system, except in the event of my future employment with another government agency and satisfaction of the requirements of the Reciprocal Retirement Act, provided I have 30 months or more accrued service credits in the General Employees Retirement System.
6. I hereby acknowledge being advised that there is no post-retirement health-care associated with this position, other than the 1% of compensation contributed to my account in the City of Lansing Money Purchase Pension Plan to defray health-care premiums, or at my option, to be combined with my retirement account (the

City's 5% contribution). I fully understand and acknowledge that this means I will not become eligible for the post-retirement health-care benefits provided for in the collective bargaining agreement with UAW Local 2256, if I accept this position.

7. I hereby acknowledge that I have read the foregoing and understand it.

Dated this 8 day of May, 1995

WITNESS:

Angelia G. Jones,
Personnel Specialist

APPLICANT:

Eric Hassett

Dec 11
2:30 PM
8TH floor
Robin

Doc #6

Retirement Information Sessions Frequently Asked Questions

1) What is the difference between the Defined Contribution Money Purchase Plan (Comerica) and the Defined Benefit Employee Retirement System?

In the Defined Contribution System, the City deposited 6% of your wages into your Comerica account. You were responsible for investing the money according to your risk level and comfort. The amount in your account when you terminated service with the City was how much money you had for your "retirement." You were vested in this plan after 3 years.

In a defined benefit plan, the City is responsible for investing the funds. You, the employee, receive a fixed amount of money (pension) at retirement. You need 8 years of full time service with the City to vest in the Defined Benefit Retirement System. To be eligible to retire (without deferring your retirement), you need to be age 58 with 8 years of service or age 50 with 25 years of service.

* For retirement eligibility purposes, your "years of service" with the City is based on your City full time hire date and membership in either the Employee Retirement System or the Defined Contribution Plan.

Assuming you were not a U.A.W. employee prior to becoming a Teamster employee, your "service credits for the retirement benefit calculation" is the number of years you have worked for the City starting from October 1 2003. You have the option to purchase additional years of service for the time employed by the City prior to October 1 2003.

2) How do you calculate the retirement benefit? How much will my pension be?

To calculate your "straight life" pension benefit in the Defined Benefit System, you need three things:

1) Final Average Compensation (FAC): The average of your highest two consecutive years of income (which includes overtime and longevity).

2) Years of service credits (starting from October 1 2003, unless you buy back additional years)

3) Multiplier: currently at 1.6%. This is a union negotiated or personnel rules item.

For Example Purposes Only: You decided to retire at age 51 with 26 years of service. Of the 26 years of service, the first 10 years were in the Defined Contribution Plan and the final 16 years in the Defined Benefit plan. You **did not** buy any prior years of service. For this example, the average of your highest two consecutive years of compensation (FAC) is \$45,000. The multiplier is 1.6%.

The equation would be: FAC times Years of Eligible Service times Multiplier or $(45000) \times (16) \times (.016) = \$11,520$ annually or \$960 per month.

Example 2: Of the first 10 years that were in the Defined Contribution Plan, you elected to purchase 5 years of prior service. Combined with your 16 years in the Defined Benefit System, you have 21 years of service for the benefit calculation. The multiplier is still 1.6% and the FAC is still \$45,000.

The equation would be $(45000) \times (21) \times (.016) = \$15,120$ annually or \$1,260 per month.

3) What pension benefit options are available for my spouse when I die?

The Defined Benefit Employee Retirement System has three options for a surviving spouse. This decision must be made when the employee retires. The retirement analyst reviews all the options with the employee during the retirement enrollment counseling session.

Benefit Options:

Straight life:

No surviving spousal benefit - no money, no health care upon retiree's death

Option A

Surviving spouse receives same amount as retiree's pension upon death of retiree.

Option B

Surviving spouse receives half of retiree's pension upon death of retiree.

Option A & Option B require a reduction in the retiree's pension to allow for surviving spousal benefit. The reduction is based on age of retiree and surviving spouse. This is not a fixed percentage; it is a case by case basis. It typically is not a large reduction.

4) How does the decision to purchase or not purchase prior years of service affect my 8 year vesting requirement in the Defined Benefit System?

Vesting is a separate issue and is not affected by purchasing prior years of service. Vesting will be determined by the number of full time years worked for the City of Lansing, not including time spent on Worker's Compensation in which the member belonged to either the Employee Retirement System or the Defined Contribution Plan.

The purchase of service credits as described in the letter dated October 17, 2003 relates solely toward the calculation of the benefit received at retirement.

5) Can I purchase a partial year of service credits? How do I calculate how many years of service I can purchase?

To determine how many years of service you can purchase, divide the "1 year cost" of a service credit into the money you have available and round to the second decimal place. The city will not calculate to the number of months and days.

Example:

"1 year cost" = \$5415.00

Money available = \$ 35,000

Maximum eligible service credits 7.25

$35000/5415 = 6.4635$ years, rounded to the second decimal place is 6.46 years of service.

6) I don't know whether or not to purchase any prior years of service. Is there someone at the City that I can speak with to help make this decision?

Representatives from the City of Lansing can not give financial advice. If you have concerns regarding this decision, please contact a financial advisor.

City of Lansing representatives can assist you with more generic questions relating to the retirement system, benefits, transfer of funds, etc. We would prefer to receive and answer these questions in writing. Please e-mail your questions to retirement@ci.lansing.mi.us

7) How do I know how much money I have available in my Comerica account or in my Deferred Compensation accounts?

Comerica: 800.538.2476, <http://retire.comerica.com>
T. Rowe Price: 800.922.9945, www.troweprice.com
ING: Alan VanGorder, 517.351.4400, www.ing.com

If you use money from your Comerica account or your City of Lansing Deferred Compensation accounts, you are responsible for market fluctuations. We suggest that you have the funds you intend to use in the proper accounts that will allow for market fluctuations. The City does not assume responsibility for any changes to your account due to market fluctuation prior to assets transfer from Comerica, ING and T Rowe Price.

8) What happens to the money in the Comerica account if I don't purchase any or all of my eligible service credits or I have money left over?

You do not need to purchase any prior years of service. **It is an option.** If you don't purchase any prior years of service, the money will stay in your Comerica account. You will still be responsible for investing the money. The City will not add any more money to that account and you can not add any money to the account.

You may use your Comerica funds to purchase service credits in the City's Defined Benefit Retirement System or leave it in the Comerica account. You are not allowed a fund distribution or rollover until you retire or otherwise terminate your employment with the City.

9) What happens if I overestimate how much money I will need to purchase my service credits?

The City will refund any cash payment or transfer back any (ING, T Rowe Price or Comerica) overpayment received for authorized purchase of service credits. Overpayments will be refunded or transferred in this order:

- 1) Cash
- 2) T Rowe Price/ING
- 3) Comerica

As a reminder, it is the employee's responsibility to have available balances in accounts for authorized transfers. Please allow for market fluctuations. The City does not assume responsibility for any changes to account balances due to market fluctuation prior to assets transfer from Comerica, ING and T Rowe Price.

10) I realize that I need 8 (eight) years of service to vest in the Defined Benefit Retirement System. If I should terminate my employment prior to vesting, what money in the Defined Benefit Retirement System can be refunded to me or my beneficiaries?

You are entitled to any personal funds contributed to the system. This includes any personal checks, cash or transfer from your City of Lansing 457 deferred compensation accounts utilized to purchase service credits. You are not entitled to any funds contributed by the City. These funds would include the City money transferred from your Comerica account or contributions made by the City to the Defined Benefit Retirement System.

If you intend to borrow money to purchase prior years of service, you must have the money in place and available to you by January 15, 2004. Deferred Compensation transfer forms must be signed and in the retirement office in the Finance Department, 8th Floor City Hall by January 15, 2004. The City will submit the forms to T Rowe Price and ING for you.

11) How do I purchase my prior years of service? Who do I see and in what office?

On or before January 15, 2004 you will need to come to the Finance Department, 8th floor City Hall. You must fill out the proper forms and have any cash payments to the Finance Department on or before January 15, 2004, this is by appointment only due to the large number of requests we anticipate receiving. We will begin scheduling appointments December 2, 2003. Please call Robin Noe at 483-4500 for an appointment.

There will not be a payroll deduction for buying time. You must have cash, certified check or transfer requests from Comerica, ING and/or T Rowe Price to the retirement office by Jan 15 2004 to purchase service credits. This is a limited time offer.



4000-2000

9:30

CLARK HILL

CONFIDENTIAL MEMORANDUM

TO: Ms. Karen Williams
Retirement Analyst
Lansing Employees' Retirement System

FROM: Kenneth P. Lane

DATE: June 13, 2012

SUBJECT: Retirement question; Eric Hassett

BACKGROUND

On May 15, 1995, City public service department employee Eric Hassett voluntarily accepted a promotion and transferred from a City position represented by the United Auto Workers ("UAW") union to a City position in the International Brotherhood of Teamsters, Chauffeurs & Warehousemen, Local 580 ("Teamsters 580"). In 1995 the two unions provided for retirement benefits in two different pension plans; the UAW was part of the City's defined benefit plan, i.e., the Employees' Retirement System (the "ERS"), and the Teamsters 580 was part of the defined contribution plan, i.e., the City of Lansing's Money Purchase Pension Plan (the "Defined Contribution Plan"). Before Mr. Hassett's promotion, he inquired about the effect of his union transfer on his retirement benefits under the Teamsters 580 collective bargaining agreement (the "CBA"). The ramifications of the proposed union transfer were made known to him and included in a "pension and post-retirement health care consequences" acknowledgement form ("Acknowledgement Form"), which he voluntarily signed. (Attachment A). Upon transfer into Teamsters 580, Mr. Hassett terminated his membership in the ERS and became a member of the Defined Contribution Plan. On October 1, 2003, Teamsters 580 members, who were in the Defined Contribution Plan on September 30, 2003, became members of the ERS pursuant to the unions new collective bargaining agreement. At that time, Mr. Hassett transitioned into the ERS from the Defined Contribution Plan. Mr. Hassett is now considering retirement. He has inquired whether his years of service in the UAW may be applied toward his retirement from the ERS. Accordingly, you have asked for our opinion on this issue.

OPINION

In accordance with Mr. Hassett's Acknowledgement Form and the City's history of its Defined Contribution Plan, his years of service in the UAW may not be counted toward his retirement from the ERS.

ANALYSIS

A. Law and Application

Michigan courts have recognized that an employee, who is under a certain collective bargaining agreement and who voluntarily leaves a position for another position with the same employer but a different union, will be governed by the employee benefits and requirements in the new position's collective bargaining agreement. *Crawford v Wayne Co.* 156 Mich App 655 (1986). In the *Crawford* case, the court considered the effect of the change in unions when Wayne County Sheriff officers were promoted from nonsupervisory police officers to supervisory sergeant positions. The court said:

Plaintiff's chose to leave one position as Local 502 members and accept a new position as Local 1917 members. That decision implies that plaintiffs chose to abandon their rights as Local 502 members and accept whatever rights they might have as Local 1917 members.

The application of this legal principle to the issue at hand means that the UAW pension and retirement provisions ceased to apply to Mr. Hassett when he transferred to the Teamsters 580 union on May 15, 1995. An exception would have factually occurred if Mr. Hassett had actually been vested for ERS retirement while a member of the UAW. Had this been the case, he would have been entitled to a deferred UAW pension. However, eligibility for retirement under UAW contract required a minimum of eight years of City service and on May 15, 1995 Mr. Hassett did not meet this threshold requirement.

When Mr. Hassett transferred into the Teamsters 580 union, his pension and retirement rights became governed by the CBA. The CBA provided that his pension and retirement rights would be under the Defined Contribution Plan. The effect of the transfer was presented to the Law Department prior to Mr. Hassett's decision to transfer from UAW to Teamsters 580. Consistent with the *Crawford* case, Mr. Hassett was advised before the transfer to Teamsters 580 that the effect of doing so would mean he would not be entitled to receive "any future benefit" from the ERS (Paragraph 5, Acknowledgement Form).

It is noteworthy that an employee who hired into the Teamsters 580 union position on Mr. Hassett's original date of hire would not have become a member of the ERS. For Teamsters 580 union members hired on or after October 29, 1990, the employee would have automatically become a part of the City's Defined Contribution Plan.

The true impact of the Acknowledgement Form shows that Mr. Hassett knew and accepted that service credits in the ERS prior to the transfer to Teamsters 580 would be lost.

B. Defined Contribution Plan

As you know, the City of Lansing transitioned from its defined benefit plan (the ERS) into a defined contribution plan commencing in October of 1990. Other than employees in the UAW and in Police and Fire Retirement System, all employees eligible to earn retirement pension

benefits and who were hired on or after October 29, 1990 went into the Defined Contribution Plan. This was also true of any employee who transferred into the Teamsters 580 union after October 29, 1990. Moreover, when the Defined Contribution Plan was created, it was contemplated that employees in the Defined Contribution Plan would stay in the plan for pension purposes and never return to the ERS.

At the time Mr. Hassett was considering promotion in 1995, he presented the City with the opportunity to consider a retirement question that apparently had not been contemplated - what would happen to the ERS service credits of a UAW employee, who was not vested or eligible for a deferred retirement, who transferred into Teamsters 580? Upon review of Mr. Hassett's case, the City Attorney staffing the retirement systems concluded that the UAW service credits would effectively be forfeited. The only exception was that credited service could be transferred under the Michigan Reciprocal Retirement Act, which is inapplicable here.¹ The City Attorney concluded that because there was no Teamsters 580 CBA or ERS ordinance provision that mandated the transfer of assets from the defined benefit plan to the Defined Contribution Plan, the UAW service credits would be lost. It should be remembered that when the Defined Contribution Plan was created, Teamsters 580 employees already in the ERS were given a one-time/one-way option to transfer the ERS assets into the Defined Contribution Plan or to stay in the ERS. This same option was not available to UAW members because their collective bargaining agreement did not permit its employees to join the Defined Contribution Plan. It is also important that the Teamsters 580 option to transfer assets from the ERS to the Defined Contribution Plan expired on April 29, 1991.

As you also know on October 1, 2003, Teamsters 580 employees transitioned back into the ERS from the Defined Contribution Benefit Plan. However the CBA made no claw back arrangements for forfeited ERS service credits for an employee's time while in the UAW. For Mr. Hassett, these service credits were already determined to have been lost in 1995. Accordingly, in light of the City's Defined Contribution Plan history and Mr. Hassett's Acknowledgement Form there is nothing that provides for the prior UAW service credits to spring back into existence.

C. Acknowledgment Form

As mentioned above, on May 8, 1995, Mr. Hassett voluntarily signed the Acknowledgement Form (Attachment A). Paragraphs 1, 3 and 5 of that form provide in relevant part:

1. I hereby acknowledge being advised that upon my acceptance of a transfer/promotion into a "covered position", and as a condition of my being offered the position, I will become subject to the provisions of the City of

¹ 1961 PA 88, as amended, MCL 38.1101 *et seq.* As we have previously opined (opinion dated October 4, 2011), the Reciprocal Retirement Act (the "RRA") may not be used to combine years of service earned as a member of the UAW and Teamsters 580. Although such service occurs within two distinct City bargaining units, the underlying employment is solely with the City of Lansing. The RRA may only be used to combine years of service earned while employed in positions for different participating municipal units (cities, townships, etc). Additionally, the RRA cannot be used to qualify (vest) a person for care, survivor or disability retirement benefits.

Lansing Money Purchase Pension Plan for purposes of any future pension benefit accruals;

3. I hereby acknowledge being advised that I will accrue no additional service credits in the General Employees Retirement Plan if I accept the transfer/promotion;

5. ...I also understand that I will not be entitled to any future benefit from said [ERS] system, except in the event of my future employment with another government agency and satisfaction of the requirements of the Reciprocal Retirement Act, provided I have 30 months or more accrued service credits in the General Employees Retirement System." (emphasis added)

Based upon the above provisions, it is clear that Mr. Hassett voluntarily waived the use of any service credits he had acquired prior to his promotion/transfer to the Teamsters 580 position. When Teamsters 580 members were returned to the ERS from the Defined Contribution Plan, it was solely pursuant to membership in the Teamsters 580 union and the pension rights thereunder. Reference in Paragraph 5 of the Acknowledgement Form to the exception under the RRA is inapplicable here because the UAW and Teamsters 580 are part of the same governmental agency. Thus, the ability to use the service accrued prior to May 15, 1995 is not supported by contract or the RRA.

CONCLUSION

Based upon Mr. Hassett's signature on his May 8, 1995, "pension and post-retirement health care consequences" acknowledgement form, Mr. Hassett's years of service in the UAW may not be counted toward his retirement from the ERS.

cc: Lansing Employees' Retirement System Board of Trustees
 Mr. Brigham C. Smith
 Mr. Donald Kulhanek
 Mr. John M. Roberts.
 Ms. Susan Graham

AML GROUP, PLC
(616) 295-8041 | amlgroupmi@gmail.com

TO: Lansing Employees' Retirement System Board of Trustees

FROM: Kenneth P. Lane

DATE: February 6, 2019

RE: Eric Hassett

Background

On May 15, 1995, Eric Hassett voluntarily transferred from a City position represented by the United Auto Workers (the "UAW") union to a City position represented by the International Brotherhood of Teamsters, Chauffeurs & Warehouseman, Local 580 (the "Teamsters 580"). At that time the two unions provided for retirement benefits in different pension systems; the UAW was part of the Employees Retirement System (the "ERS") and the Teamsters 580 was part of the City of Lansing's Money Purchase Pension Plan ("the DC Plan"). Prior to his transfer on May 8, 1995, Mr. Hassett signed a "pension and post-retirement health care consequences" acknowledgement form (the "Acknowledgement Form"). The form made it clear that Mr. Hassett voluntarily waived the use of any service credit or benefit he had acquired from the UAW prior to his transfer to the Teamsters 580 position.

On October 1, 2003, Teamsters 580 members who were members of the DC Plan became members of the ERS pursuant to the unions new collective bargaining agreement. At that time, Mr. Hassett transitioned into the ERS from the DC Plan. The collective bargaining agreement made no arrangements to "claw back" forfeited ERS service credits or benefits linked to Mr. Hassett's previous time with the UAW.

At the time Mr. Hassett transitioned into the ERS, he was allegedly provided a "Retirement Information Sessions Frequently Asked Questions" document (the "FAQ Document"). In relevant part, the FAQ Document provides: "For retirement eligibility purposes, your "years of service" with the City is based on your City full time hire date and membership in either the Employees Retirement System or the Defined Contribution System."

In 2012, Mr. Hassett asked the ERS Board of Trustees whether his years of service in the UAW may be applied toward his retirement from the ERS. Based upon the analysis in a written legal opinion, it was determined by the ERS Board that Mr. Hassett's years of service in the UAW could not be counted toward his retirement from the ERS.¹

Based upon the FAQ Document, Mr. Hassett has recently asked the ERS Board to determine whether his years of service with the UAW may be considered for retirement eligibility purposes from the ERS. Additionally, in accordance with applicable collective bargaining agreement provisions, Mr. Hassett filed a grievance to determine whether his years of service with the UAW may be considered for retirement eligibility purposes. In relation to the grievance, we understand that a determination was made that Mr. Hassett's years of service with the UAW could not be considered for retirement eligibility purposes from the ERS and the grievance was denied. We further understand that Mr. Hassett has not appealed that determination or denial.

Analysis

Mr. Hassett is a current employee of the City that has not applied for retirement from the ERS. Additionally, in accordance with applicable collective bargaining agreement provisions, Mr. Hassett has a grievance determination and denial that decided his years of service with the UAW cannot be considered for retirement eligibility purposes from the ERS. We understand that an appeal of the determination and denial has not been filed by Mr. Hassett. Based on these circumstances, it would seem the ERS Board is without authority to provide an opinion on this matter or interfere with the employee grievance process.

That being said, after reviewing all the relevant documents, we cannot legally determine that the FAQ Document serves to modify or change the impact of the Acknowledgement Form signed by Mr. Hassett. Initially, it is unclear whether Mr. Hassett has the entire FAQ Document, or just some portion of it.² It is also unclear who created the FAQ Document and when it was provided. Furthermore, because Teamsters 580 members who were members of the DC Plan transitioned to the ERS pursuant to the unions new collective bargaining agreement, it is not unreasonable to consider the FAQ Document as simply that, a document that seeks to address common questions rather than a document that should be used or relied upon when making employment or retirement decisions.

As such, we must continue to rely on the analysis provided in the written legal opinion from 2012, which provides that Mr. Hassett's signature on the Acknowledgement Form waived the use of any service credit or benefit he had acquired prior to his transfer in 1995 to the Teamsters 580 position.

Conclusion

Based on Mr. Hassett's signature on the Acknowledgment Form, his year of service in the UAW before 1995 may not be counted toward his eligibility for retirement from the ERS.

¹ See, June 13, 2012, legal opinion from Clark Hill.

² We note that substantially similar "FAQ Documents" prepared and provided by the ERS and the City's Police and Fire Retirement System contain additional pages and disclaimers that state: "Any conflict between the statements contained in this booklet and the provisions of relevant labor agreements or City ordinance will be governed by the provisions of labor agreements and City ordinance." "...For this reason, this booklet is not intended to be relied on solely when planning for your retirement."

The Future of Recycling in Lansing

Committee of the Whole
RFQP/18/027



Andy Schor, Mayor



EMTERRA[®]
Environmental USA

*We're your
hometown choice!*

February 25, 2019

Emterra's Focus is on Recycling



Our Mission

To be a leader in creating and delivering products and services that enable people and businesses to become stewards of the environment and the future.

Our Vision

We shall improve people's lives through regenerative economies and ecosystems.

Emterra Group Divisions



Emterra: By the Numbers

550,000

Recyclables
collected,
processed
and marketed

21

Emterra
locations in
North America

1100+

Number of
employees

58

Communities
served by
Emterra in
Michigan
everyday

100%

Percentage of
employees in
Emterra USA
who are
American

42

Years in
business

\$4.5 Million

Wages and
benefits
annually for all
Emterra USA
staff

550

Trucks &
collection
vehicles in our
fleet

85

Communities
serviced by
Emterra in
Canada
everyday



Enterra Group's Climate Actions

Diverting **7,800** tractor trailer loads of organics from the landfill every year.



11,598,459 tree seedlings would need to be grown for 10 years in order to match the amount of CO₂ mitigated through Enterra's sustainability efforts.



Our CNG Fleet & resource recovery efforts are equivalent to removing **94,535** cars from the road annually.

Material Recovery Facilities (MRFs)

15+

MRFs process and market

550,000

tons of recyclables
annually

6

single stream MRFs



designed to use
less energy, less
water and less
natural
resources

Special Projects

- Pilot project with Stewardship Ontario and Tim Horton's that focuses on **laminated paper cup** recovery from Blue Box programs.
- Pilot project "Blue+2" with Canadian Plastics Industry Association (CPIA) that focuses on **film** and **polystyrene** recovery from Blue Box programs.
- In a multi-year project, Keurig Green Mountain and Emterra developed and implemented studies in BC and Ontario to determine the recoverability of the **polypropylene (PP) #5 plastic K-Cup® pod** in various MRFs.



Windshield washer fluid from liquid waste

- Environmentally-friendly
- Non-toxic
- All-season
- 1,000 litre refillable tote - return empty for a refill - **NO PACKAGING WASTE!**



Closes the recycling loop and contributes to corporate sustainability goals.

Cradle-to-cradle product



ReVital Polymers Inc.

- ReVital Polymers creates high value re-manufactured plastic products for the **commercial, industrial, agricultural** and **automotive** industries.
- ReVital focuses on **increasing the plastics value chain, diversion, energy reduction** and **sustaining our environment**.



If it's not one of
these two bottles,

IT'S NOT RECYCLED



PET & HDPE RECYCLED PLASTIC PRODUCTS

Bottles



Fleece Sweater



Car Seat Fabric



Running Shoes



Patio Furniture



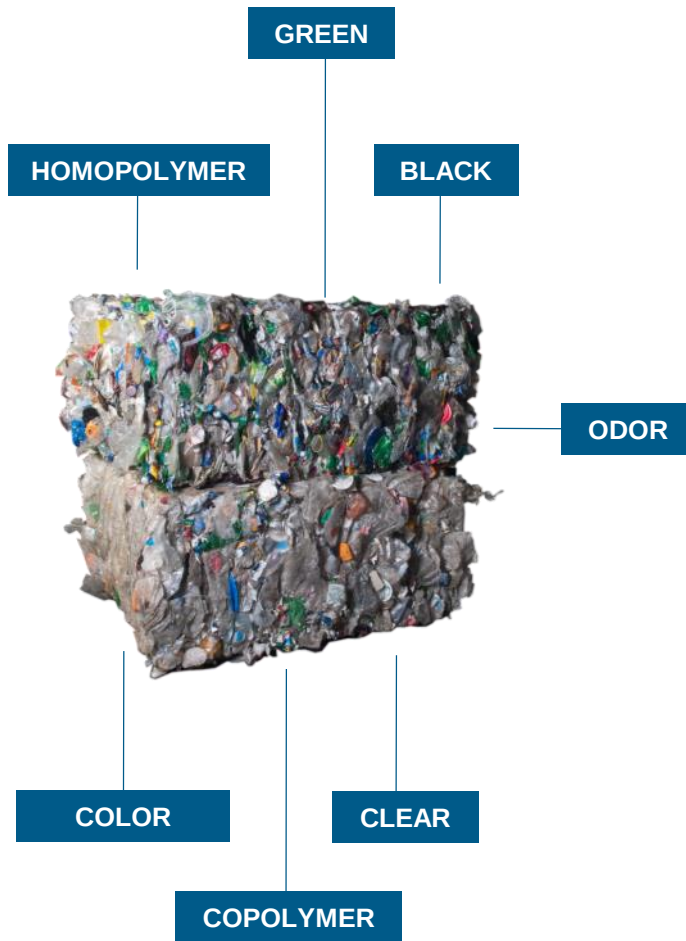


Few facilities are capturing the value in mixed rigid plastic (MRP)
These resins are not being recycled



Non-bottle resin is forgone

Tailor resins





Final Product
Functionally equivalent
to virgin resin

Communities We Service



Emterra Communities

- Service over 70% of St. Clair County, 75% of Genesee County, and 80% of the Northern Thumb Area
- Counties served include: Genesee, Huron, Oakland, Saginaw, Sanilac, St Clair, and Tuscola
- 58+ municipal contracts



Investing in Lansing and Benefits to Lansing



Why Lansing?

- A long history of recycling (since 1991)
- Lack of single stream recycling processing capacity in the region
 - Valuable resources are landfilled if access is limited
- Lansing is strategically located at the center of the State
 - Two-hour drive of 90% of Michigan's population
- Strong multi-modal transportation network

Benefits to Lansing

- Provide affordable access to recycling to local haulers, multi-family buildings and local businesses
- Achieve a more efficient, stable, and fiscally responsible program
- Grow the local green economy through direct and indirect jobs and investments
- Reduce transportation and hauling costs for the City
 - Reduce greenhouse gas emission from these trucks
- Process and produce high quality commodities

Benefits to Lansing

- 12+ new full-time jobs created, including skilled trades
- Business income taxes paid to City
- Real estate taxes paid to City
 - Will increase due to upgrade of the facility

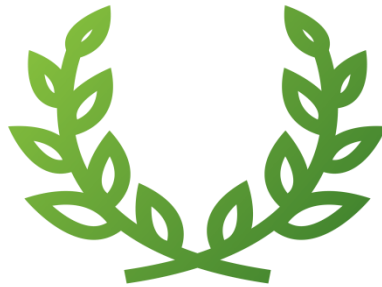
The Location



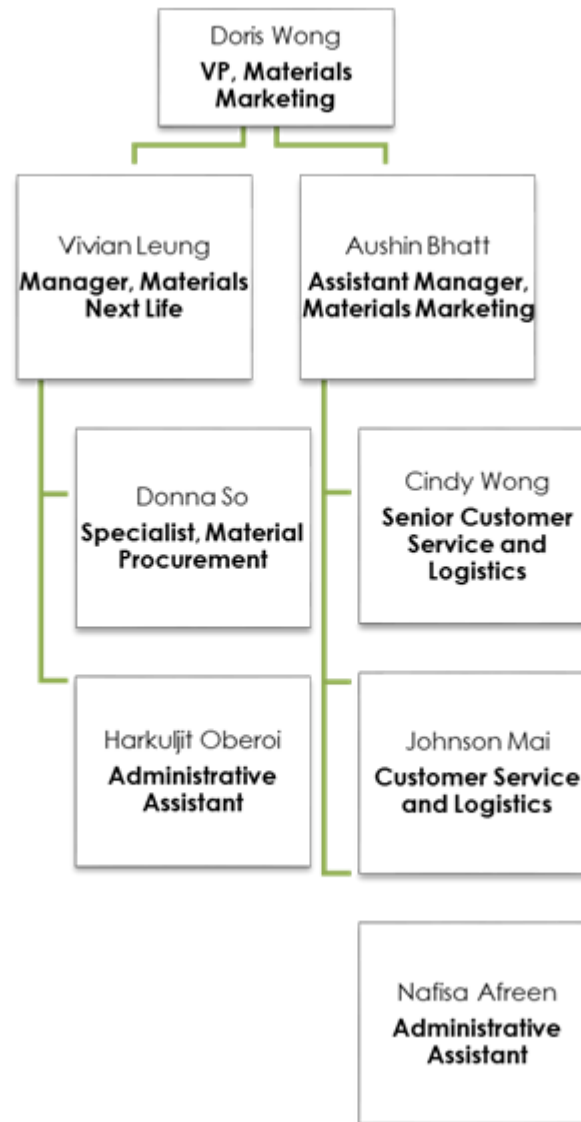
Proposed MRF

- To be located in the City of Lansing
- Multi-million dollar upgrades to long time idled/abandoned facility
 - State of the art recycling system
 - Public education center
 - Public tours
 - Public drop off depot
- 10 year long-term contract is beneficial to City
 - Spreads cost of investment out for lower price for City
 - Provides time for more Tri-County communities to join for lower price for City

Emterra's Marketing Experience, Credentials and Capabilities



Materials Marketing Team



Materials Marketing Experience

- 42+ years
- 425,000 tons marketed each year
- Benefits to the City
 - One of Emterra's most significant strengths is the ability to coordinate the marketing of the City's commodities together with commodities produced across all of our MRFs in Canada.
 - Substantial volume allows Emterra to secure buyers and freight rates, and negotiate terms and pricing unachievable by other recyclers.
 - Emterra will use this power to leverage the best value and terms for the City.

Emterra's Access to Markets, Locally and Globally



Diverse End Markets

- Proposed end markets are geographically diverse, including domestic and overseas markets to hedge for market disruptions affecting one particular region.
 - Domestic markets include USA and Canada (e.g. ReVital Polymers)
 - Overseas markets include Asian countries such as India, Vietnam, Thailand, Malaysia, South Korea, China, and Indonesia.
- Priority will be given to local buyers, wherever possible, all else being equal.

Proposed End Markets

Commodity Produced	Expected end-markets for the recovered recyclable materials	Expected uses for the recovered recyclable materials	Targeted industry standard specification for the commodities that will be marketed
Old Newspaper	American Chung Nam; Pratt Industries WestRock	medium paper, boxboard	ISRI specifications OR end market-specific specifications, as appropriate
Mixed paper	Pratt Industries WestRock	medium paper, boxboard	ISRI specifications OR end market-specific specifications, as appropriate
Old Corrugated Container (cardboard)	Atlantic Packaging WestRock	Kraft liner, medium paper	ISRI specifications OR end market-specific specifications, as appropriate
1-7 Mixed Plastic Containers	Revital Polymers	Plastic pellets for manufacturing (examples: strapping, bottles, piping)	ISRI specifications OR end market-specific specifications, as appropriate
Aseptic containers	Paper Tiger Great Lakes Tissue	Tissue paper	ISRI specifications OR end market-specific specifications, as appropriate
Tin Cans	Ferrous Processing & Trading	Steel sheets and rods	ISRI specifications OR end market-specific specifications, as appropriate
Aluminum cans	Ferrous Processing & Trading; Constellium; Alumisource	Aluminum sheets or cans	ISRI specifications OR end market-specific specifications, as appropriate
Food grade aluminum (e.g. pie plates and pet food cans)	Ferrous Processing & Trading; Gottlieb Inc.	aluminum deox products for steel production	ISRI specifications OR end market-specific specifications, as appropriate
Glass Containers	Canadian Liquid Processors Ltd.; Huron Landfill	Combined with other materials and used as road base	ISRI specifications OR end market-specific specifications, as appropriate

The Crystal Ball

- In last 12 months, domestic paper mills making a resurgence in North America.

Company	Mill Location	Potential Feedstock	Product	Plans
Nine Dragons	Rumford, ME	Mixed paper, ONP, SOP	Coated mechanical/freesheet paper and pulp	Acquired mill from Catalyst and will build new recycled pulp line
Nine Dragons	Biron, WI	Mixed paper, OCC, ONP	Coated mechanical papers	Acquired mill from Catalyst and will build new recycled pulp line; convert existing paper machine to containerboard
Nine Dragons	Fairmount, WV	SOP	Range of products, from packaging to tissue paper	Acquired existing recycled pulp mill from Resolute and will continue using primarily recycled office paper
Nine Dragons	Old Town, ME	OCC	Unbleached kraft pulp	Acquired idle kraft pulp mill to restart in early 2019 with 275,000 tonnes/yr capacity
Shanying International	Wickliffe, KY	Mixed paper, OCC	Coated/uncoated freesheet mill	Convert to pulp & containerboard production
Pratt Industries	Has 4 eastern US mills	Mixed paper, OCC	Containerboard	Indicated they plan to increase waste paper consumption in their existing mills

The Crystal Ball con't

- In last 12 months, domestic paper mills making a resurgence in North America.

Company	Mill Location	Potential Feedstock	Product	Plans
Pratt Industries	Wapakoneta, Ohio	Mixed paper, OCC	Corrugated container	Constructing new mill to use 280k tons/yr of mixed paper by late 2019
Green Bay Packaging	Wisconsin	Mixed paper, OCC	Corrugated container, linerboard	Will replace existing mill with one that consumes much more mixed paper (685,000 tons/yr capacity up from 240,000 tons/yr)
Cascades	Ashland, VA	Mixed paper, OCC	Linerboard, corrugating medium	Acquired idle mill and putting in mixed paper system as part of conversion from newsprint mill to containerboard mill; will use 20% mixed paper (production to 400,000 tons/yr by 2021)
Bio Pappel	Port Angeles mill	Mixed paper, OCC	Linerboard, medium, heavyweight kraft	Will install MWP system in mill conversion; will use 20-30% MWP by fall 2019

Final Impressions



Emterra has designed a flagship material recovery facility for the City and neighboring communities, setting the standard for other facilities to follow in terms using the latest green technologies to maximize recycling.

By selecting Emterra as the City's recycling partner, the City is providing the most cost effective, efficient, and stable recycling program to its residents and local businesses.

Thank you!



EMTERRA[®]
Environmental USA

*We're your
hometown choice!*

www.emterrausa.com



@EmterraUSA

Recycling Proposal Information

Reasons RFQP issued:

- 1) City's agreement for processing expired in 2018 and hauling costs continued to increase
- 2) To determine if a solution that eliminates the need to operate a transfer station exists

The City of Lansing currently operates a transfer station in a building that was construct for salt storage. This requires an employee to operate the station at a cost of approximately \$17,000/month (\$29/ton transferred) and means that salt continues to b3e stored in a building that has deteriorated and could become unusable at any time.

- 3) To determine if a solution that eliminates the need to haul materials exists

Recyclables are currently hauled out of the region for processing at an average cost of \$13,000/month. Hauling costs have been increasing at approximately 6% annually.

Other considerations

- The City of Lansing currently provides recycling services to the City of East Lansing, through an intergovernmental agreement, as well as to Good Earth and Republic
- A regional processing facility could:
 - Increase commercial and multi-family recycling in the area.
 - Increase recycling services for Tri-County residents, businesses and institutions
 - Reduce economic and environmental impact of transporting materials out of the region
 - Provide consistent recycling education and outreach to all citizens in the region
 - Create jobs and revitalize a property
 - Create additional property and income tax revenue

Proposals

Four proposals were received as follows:

- Custom Ecology of Ohio – haul only
- Emterra – Tip and process at material recovery facility (MRF) in the Lansing area
- Granger – Transfer, process and haul (Option 1) or transfer and haul (Option 2)
- Republic – Process only

Costs

Proposal costs were based on 2017 data for recyclables transferred by the City, which are a total of 7,212 tons in 305 trips at a distance of approximately 80 to the processing facility.

When the proposals were reviewed in 2018, processing costs (ACR and thresholds) from 2017 were used. Based on the fluctuating commodity markets, the processing costs have been updated using 2018 costs, as shown below.

Item	2017	CE/Republic	Emterra	Granger Opt 1	Granger Opt 2
Transfer/Tip	COL Actual*	COL Actual*	Included	Included	\$30/ton
	\$209.5k	\$209.5k	\$0	\$0	\$216k
Haul	Appx. \$500/load	\$31/ton	None (local)	Included	\$4/mile
	\$130k	\$224k	\$0	\$0	\$195k
Process	+/- ACR	+/- ACR	+/- ACR	\$100/ton	+/- ACR
Threshold	\$95/ton	\$125/ton	\$134.01/ton	Not Used	\$125/ton
Subtotal	\$5.5k	\$244k**	\$413k	\$721k	\$244k**
Total	\$345k	\$677.5k	\$413k	\$721k	\$655k

Notes: * City costs do not include construction of a new salt shed, est. at \$300k or \$15k/yr if financed

** 2018 Republic processing cost. 2019 costs (to date) are higher than 2018 costs.

Elements of Emterra Proposal

- Recyclables would be dropped off at Emterra's facility (proposed near O&M campus).
- Minimum annual tonnage of 7,500 required (4% increase over 2017 total tonnage)
- City, by contract, would commit to sending single stream recycling to this facility, for a period of 10 years
- Emterra would construct a local processing center, which would create jobs and tax revenue.
- Emterra would partner with the City on a comprehensive education program to increase tonnage and participation.
- A drop-off facility will be provided at the processing facility
- ACR threshold is increased annually based on the CPI
- Other municipalities can join the agreement. Processing costs would decrease as each tonnage threshold (approx. 3,000 tons) is met.

@mtg



TO: Lansing City Council Committee of the Whole

FROM: Steve Japinga, Vice President, Government Relations & Public Policy

DATE: February 25, 2019

RE: ITEM 6. Discussion/Action on ITEM D. Ten Year Recycling Agreement w/Emterra Environmental USA Corp.

We appreciate the city's continued interest in increasing recycling efforts throughout the city. We also appreciate Emterra Environmental of Ontario, Canada and their interest in providing recycling services to the City of Lansing.

As important as it has been for City Council to voice their support for hiring local workers as it relates to development projects, we hope City Council would apply the same consistency for hiring local businesses to work on city initiatives such as its recycling program.

We respectfully ask that City Council not move forward with the ten year recycling agreement until City Council can better understand what the impact would be to city services such as the Capital Area Recycling & Trash (CART) program and how the contract with Emterra Environmental may impact local businesses that provide the same services to commercial and residential customers in the City of Lansing.

500 E. Michigan Avenue, Suite 200
Lansing, MI 48912
p 517.487.6340
f 517.484.6910

www.lansingchamber.org

@mty

Boak, Sherrie

From: Tonia M. Olson <Tolson@grangernet.com>
Sent: Monday, March 4, 2019 11:56 PM
To: Wood, Carol; Spadafore, Peter; City Council
Cc: Kilpatrick, Andrew
Subject: Additional Questions - Recycling Agreement
Attachments: Tri-County Recycling Study Report.pdf; 2017 Lansing RFP RRS Proposed Final v122117.pdf

Council Members,

Thank you for your continued support and interest in recycling. At the February 25, 2019, Committee of the Whole meeting you learned about the recommended recycling material facility contract between the City of Lansing and Emterra. Granger provided questions for this meeting and was mentioned during this discussion.

It is our understanding you are interested in learning more before this item is on your agenda for discussion again on March 11. We build our recycling facility 30 years ago – this is our business. As such, we would like to offer the following background and questions as part of your deliberation.

HISTORY

In late 2013/early 2014 Granger was asked to fund a study to justify funding for a regional recycling facility. As Granger owns and operates such a facility in the region we declined the request.

The City of Lansing staff has participated in and provided organizational leadership for the Regional Recycling Coordinators Committee. This committee commissioned a regional recycling study.

Project overview:

- What are the potential cost savings gained by working together to increase recycling?
- Does a regional MRF make sense for the Lansing area?
- What changes in current recycling programs are needed to reach a critical mass of tonnage?
- Can CGAP funding help cover capital investment for a new facility?

On or about April 25, 2015, a report of findings was released (attached). The study found that all single stream recyclable tonnage from the greater Lansing area would need to be directed to a regional material recovery facility to justify such a facility.

In late 2015, the Regional Recycling Coordinators Committee began recruiting resolutions of support from municipal jurisdictions in the tri-county area. As we understand only three communities in the tri-county region approved the resolution as originally written and just two more, including the City of Lansing, approved a modified resolution.

On September 26, 2016, Lansing City Council approved Resolution #2016-204 to authorize participation in the Regional Recycling Initiative. The resolution acknowledges the findings of the study by including a qualification to the commitment from the city. "As demand warrants, support development of increased capacity to handle regional recycling needs and materials." Council learned about the following considerations before voting for the modified resolution.

- The largely private sector infrastructure and investment already in place and operating.
- Successfully funded (curbside and drop-off) recycling programs in the region collecting continually increasing volumes of recyclables with local processing capacity.

QUESTIONS

- Is the city issued RFQP/18/027 Hauling & Recycling (attached) consistent with City of Lansing Resolution #2016-204?

- Were the response expectations of the RFQP/18/027 Hauling & Recycling clear enough to provide comparable proposals for consideration?

Section V: SCOPE OF SERVICES AND INTRODUCTION

A: SCOPE OF SERVICES BEING SOLICITED

Proposals are being solicited for the purpose of acquiring the most suitable recycling hauling and recycling processing solution for the Cities of Lansing and East Lansing and potentially for additional municipalities in the tri county region, including, but not limited to, the construction of a recycling transfer station for cooperative hauling of single stream recycling.

Section VII: HAULING AND RECYCLING SERVICES

A: INTRODUCTION

The purpose of the RFP is to obtain a qualified contractor to assist the Cities of Lansing and East Lansing in hauling and recycling material collected by the Cities in their single stream curbside and drop-off recycling programs. Qualified proposers are required to submit proposals for the hauling and recycling of these collected recyclables to produce industry acceptable recyclable commodities.

- The RFQP/18/027 indicates the City of Lansing transfers approximately 600 tons of recyclables per month for processing (7,200 tons per year). The City of Lansing volume is estimated at 500 tons per month. How much is the volume for each of the other contributors (City of East Lansing, Republic Services, Good Earth or others)? How is this volume determined?
- The price schedule provided in the Emterra contract appears to set a minimum annual tonnage requirement of 7,500 tons annually at the \$134.31 per ton processing fee. What are the penalties for not reaching the 7,500 annual tonnage requirements?
- What is the Average Commodity Revenue (ACR) has Emterra used in comparable Michigan communities each month for the past three years?
- Can Emterra predict the annual Average Commodity Revenue (ACR) the next three years?
 - The value of recyclable commodities has changed significantly in the last 12-18 months due to changes in exports of these materials to China. Before this time the average ACR rate was as high as \$80 per ton. Since the China changes the ACR rate has been less than \$50 per ton and is currently at \$48 per ton. Given this history and expectations of many industry experts the City of Lansing should not expect to see a revenue share beyond the processing fee as provided in Example 2 of the contract.
- What is the current percentage rate of unacceptable material from recyclable collected from City of Lansing? City of East Lansing?
- Schedule B Materials Acceptance Protocol of the contract appears to include fewer recyclable materials than currently collected curbside in the City of Lansing. Will the city collection need to change?
- What are the specifications of the facility to be built? The contract references the proposal which may contain this information, but it was not included with the online council packet.
- It has been suggested that this project will create economic development opportunities for the region. What type of projects can be expected given Emterra's ties to end market sister companies in other countries?
- Schedule A Pricing Schedule of the Contract include the following provision about benefit or lack of benefit from third-party haulers. Does this mean the cities will only receive a financial benefit if increased volumes are the result of their commitment of resources? What type of commitment of resources would be expected to grow recyclable volumes?

“Multi-family single stream tonnage collected within the borders of Lansing and East Lansing will count toward the Processing fee Schedule under Table 1 only. It is understood that any price benefit will only impact Lansing or East Lansing's price. Third party haulers will not have any pricing benefit, put or pay nor revenue share. Rejected loads from Multi-family will not count towards tonnage. Lansing and East Lansing will commit resources to grow multi-family and commercial recycling to increase tonnage and meet or exceed minimums.”

Improved recycling is a goal we share with the city and the region. We would repeat our suggestion of a regional effort that is focused on building demand to maximize existing infrastructure. To build demand, we should educate recycling generators on how and why to recycle common materials. We can work together to help change the behavior of the waste-generating public from disposal to recycling.

Thank you for your time and attention.

TONIA OLSON

SR. DIRECTOR OF MARKET DEVELOPMENT AND GOVERNMENTAL RELATIONS
GRANGER WASTE SERVICES

D 517-371-9720

C 517-896-9729

www.grangernet.com

From: Tonia M. Olson

Sent: Friday, February 22, 2019 3:16 PM

To: Carol Wood <cwood@lansingmi.gov>; 'peter.spadafore@lansingmi.gov' <peter.spadafore@lansingmi.gov>

Cc: Andrew.Kilpatrick@lansingmi.gov

Subject: Recycling Resolution - Monday, Feb 25 Meeting

Council President Wood and Vice President Spadafore,

I wanted to bring a few questions to your attention related to the Ten-Year Recycling Agreement with Emterra Environmental USA Corp. that is on the Committee of the Whole agenda for Monday, February 25.

1. It does not appear that a location for the recycling material recovery facility has been identified. Is there a timing expectation for the operation to begin that will be applied?
2. Item 9 of the agreement document (inconsistency and paramountcy) lists documents (a) through (h) as attachments to be considered part of the agreement. However, (f) through (h) are not part of the packet provided for review and approval.
3. Granger submitted a proposal for in response to the RFP issued for this project. Based on our experience the fifth whereas statement in the resolution for council approval captures one of the key considerations of the review committee. It is not apparent from the agreement documentation provided how the processor intends to manage the material. Will materials be sent out of the region for processing?
4. Under Item 2 Responsibilities of Generator the opportunity for the generator to collect materials from commercial customers is reserved or allows for contract with Emterra. Could this be interpreted to prohibit other businesses from collecting recyclable materials from commercial customers?
5. The last sentence of the second paragraph of Schedule A Pricing Schedule states that Lansing and East Lansing will commit resources to grow multi-family and commercial recycling to increase tonnage and meet or exceed minimums. What resources do the cities intend to commit?

Granger has followed this process for several years. We appreciate and share the City's interest in increasing recycling. We partner with many greater Lansing communities and businesses on highly successful recycling programs. We expect that the efforts of this agreement will complement the significant investment that is already in place.

Thank you for considering these questions as the council deliberates the proposed resolution. If you have any questions or I can provide any further information please contact me at 517-896-9729.