

SUMMARY REPORT TO MANAGER
For City Council Meeting of July 14, 2008

SUBJECT: Budget amendment to recognize the sale of judgment bonds, and the tax refund payment to the Midland Cogeneration Venture for the tax appeal settlement for the tax years 2001 – 2007.

INITIATED BY: David A. Keenan, Director of Fiscal Services

RESOLUTION SUMMARY:

This resolution amends the General Fund's 2008-09 budget to include the receipt of \$17,677,757 in Tax Limited General Obligation Judgment Bond issue proceeds, the related bond issue costs of \$121,743, and the subsequent tax refund payment of \$34,139,227 to the Midland Cogeneration Venture (MCV) as ordered by the *Consent Judgment* from the Michigan Tax Tribunal dated April 18, 2008 as final resolution of the tax appeal for the tax years 2001 through 2007.

ITEMS ATTACHED:

- 1. Letter of Transmittal
- 2. Resolution

CITY COUNCIL ACTION:

3/5 affirmative vote required for adoption



 David A. Keenan, Fiscal Services Director



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TO: Jon Lynch, City Manager

FM: David A. Keenan, Director of Fiscal Services

DT: July 9, 2008

RE: Resolution to Amend the 2008-09 General Fund Budget

Attached hereto is a proposed Council resolution which, if approved, would amend the General Fund 2008-09 budget to reflect the activity relating to the issuance of Tax Limited General Obligation Judgment Bonds (Bonds), and the subsequent tax refund payment to the Midland Cogeneration Venture (MCV) as ordered by the *Consent Judgment* from the Michigan Tax Tribunal dated April 18, 2008 as final resolution to the tax appeal for the tax years 2001 through 2007.

On July 17, 2008 the City will refund to MCV \$36,301,727. Of this refund, \$18,745,713 is from existing funds within the General Fund, and the Major Street Construction Fund. The remaining balance of \$17,556,014 will be funded by the Bonds previously mentioned.

To facilitate the budgetary authorization of the transactions relating to the issuance of the bonds, as well as the subsequent tax refund to MCV, it will be necessary to amend the General Fund 2008-09 budget as follows:

Tax roll adjustment MCV – expenditure	\$ 34,139,227
Bond issue costs – expenditure	121,743
Bond issue proceeds - revenue	<u>17,677,757</u>
Reduction to fund balance	\$ 16,583,213

The reduction to fund balance is funded by two sources. The first is the fund balance reserved for tax appeal contingencies totaling \$15,009,077. This reserve will have a zero balance after the MCV refund. The second source is from the Midland Township revenue sharing tax appeal reserve, which after final accounting had a balance due back to the City of \$1,574,136. This will be recognized as an increase to the ending fund balance in 2007-08, and will be carried forward into 2008-09.



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BY COUNCILMAN

WHEREAS, in accordance with Sections 5.11, 11.4 and 11.6 of the Charter of the City of Midland, and after having given proper legal notice, and having conducted a public hearing on July 14, 2008 on the proposal to amend the General Fund's 2008-09 budget to include the receipt of \$17,677,757 in Tax Limited General Obligation Judgment Bond issue proceeds, the related bond issue costs of \$121,743, and the subsequent tax refund payment of \$34,139,227 to the Midland Cogeneration Venture (MCV) as ordered by the *Consent Judgment* from the Michigan Tax Tribunal dated April 18, 2008 as final resolution of the tax appeal for the tax years 2001 through 2007; now, therefore

RESOLVED, that the General Fund's 2008-09 budget be amended to include the receipt of \$17,677,757 in Tax Limited General Obligation Judgment Bond issue proceeds, the related bond issue costs of \$121,743, and the subsequent tax refund payment of \$34,139,227 to the Midland Cogeneration Venture (MCV) as ordered by the *Consent Judgment* from the Michigan Tax Tribunal dated April 18, 2008 as final resolution of the tax appeal for the tax years 2001 through 2007.

YEAS:

NAYS:

ABSENT:

I, Selina Tisdale, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yea vote of all of the Councilmen present at a regular meeting of the City Council held Monday, July 14, 2008.

Selina Tisdale, City Clerk