

Michigan Department of Treasury
Instructions for Form 1432
Application for Exemption

Local Unit Basic Information

This area is pre-populated upon login.

Other Filing Information

Although Public Act 34 of 2001, requires the Chief Administrative Officer (CAO) to file the Application for Exemption, that responsibility may be designated to a different individual. The filer will be required to certify that the authority has been designated by the CAO and both parties take responsibility for an accurate filing.

Issuing Information

All required questions on the application are noted with a red asterisk and must be completed in order to submit the application. Dates should be entered as mm/dd/yyyy.

Line by Line Instructions

Title of Security. Provide the designated name of the security.

Amount of Issue Not to Exceed. Indicate the requested amount of issuance. This should match or be less than the amount authorized in the resolution approved by the governing body.

Estimated Issue Date. The date the municipal security will be issued.

Maturity Date. The final date the security will be repaid. Short-term municipal securities should mature in one year or less from the date of issuance. Long-term municipal securities should mature more than one year from the date of issuance. A municipal security issued shall not mature later than the estimated period of usefulness of the property or improvement for which the security is issued, except as otherwise provided for by law or statute.

Structure. Indicate if the structure of the security will be a Bond, Installment Purchase Agreement (IPA), Line of Credit (excludes Counties, Cities, Townships, and Villages), or Note.

Bond

Type of Borrowing. Select the type of bond the municipality proposes to issue:

- Capital Improvement
- Other
- Revenue
- Refunding

Is this a General Obligation Bond or a Revenue Bond?

- A General Obligation bond includes a pledge to levy a property tax to meet debt service requirements.

- A Revenue bond guarantees repayment solely from revenues generated by a specified fund associated with the purpose of the bond.

If this is a *General Obligation* bond, indicate the type of security.

- A Limited Tax bond is payable from ad valorem taxes that are limited by law in rate or amount.
- An Unlimited Tax bond is also payable from ad valorem taxes, but is not limited by law in rate or amount.

Other bonds may be payable from the General Fund or other money available.

IPA (Installment Purchase Agreement)

Refer to the Public Act authorizing the borrowing to confirm if the issuance is subject to Public Act 34 of 2001.

Line of Credit (Excludes Counties, Cities, Townships, and Villages)

Note

Select the type of note anticipated to be issued:

- Bond Anticipation
- Revenue Anticipation
- State Aid
- Tax Anticipation

Type of Exemption. Select one of the following types of exemptions the municipality is requesting. If more than one exemption is desired, a separate application will be needed for each request.

The municipality identified above is applying for an exemption from the following requirement:

Refunding Net Present Value Exception. A municipality may obtain an exception from the requirements of MCL 141.2611(2) if the Department determines a reasonable basis for that exception exists. Select the applicable condition and attach the supporting documentation as required. The supporting documentation should explain the municipality's need to do a refunding at an NPV loss, including the perceived consequences of not refunding at an NPV loss, and should also include the NPV loss calculation.

The security must meet one or more of the following conditions:

- The refunding is required by a state or federal agency. (MCL 141.2611(2)(a))
- The refunding is necessary to reduce or eliminate requirements of ordinances or covenants. (MCL 141.2611(2)(b))

- The refunding is necessary to avoid a potential default on an outstanding security. (MCL 141.2611(2)(c))
- The refunding of a short-term municipal security issued under section 413. (MCL 141.2611(2)(d))

Enter net present value loss. Enter as a positive number.

Enter the percent of loss. This is calculated by dividing the loss amount by the balance of the principal due being refunded. Enter as a positive number.

Rating.

Does the local unit have an outstanding rating?

If Yes,

- Date Obtained: Indicate date rating was obtained.
- Indicated Rating: Select the investment grade rating from a nationally recognized rating agency.
- Enter cost to obtain rating:

Is this a private placement?

If Yes,

- With Whom: Select from the drop box.

The following actions have been done. Select an action that has been taken.

If the municipality does not have an outstanding rating less than 365 days old, and the issuance is not a private placement, and no additional action has been taken, then the rating exemption will be denied.

A draft investment certificate shall be attached. The Department's approval will be contingent on an Investment Certificate being executed in the form of the draft attached with no material changes.

Discount Exceeding 10%. A municipal security may be sold at a discount if one or more specific conditions apply. Select the applicable condition and attach supporting documentation as required. The supporting documentation should explain the municipality's need to issue at a discount exceeding 10%, including the perceived consequences of not issuing at a discount exceeding 10%, and also the calculation of the discount rate.

The security must meet one or more of the following conditions:

- The sale will result in the more even distribution for the municipality of total debt service on proposed and outstanding municipal securities. (MCL.141.2305(3)(a))

- The sale will result in an interest cost savings when compared to the best alternative that does not include a municipal security being sold at a discount exceeding 10% of the principle amount. (MCL 141.2305(3)(b))
- The issuance is based on the availability of specific revenues previously pledged for another purpose and lawfully available for this purpose. (MCL 141.2305(3)(c))
- The municipal security is issued to this state or the federal government to secure a loan or agreement. (MCL 141.2305(3)(d))

Resolution Adopted at a Special Meeting. A regular meeting is one which is held recurrently, like a monthly meeting held on a specific date or day each month. A special meeting is a board meeting outside of the regular timetable.

If held at a special meeting, indicate if any members of the governing body were absent.

If any members were absent, a waiver of notice or proof of call must be uploaded with this application.

- A waiver of notice is a document that waives the right to formal notification.
- A proof of call is a document indicating the member was made aware of the meeting before it took place.

New Entity. A new entity is a municipality that has had 18 months or less of operations and has not been required to file an audit.

If Yes, indicate date when established.

If No, indicate the fiscal year the most recent qualifying statement was filed.

What was the status of the most recently filed qualifying statement?

Indicate the fiscal year the most recent audit was filed.

Authorizing Resolution. A certified copy of the resolution, adopted by the governing body, which authorizes both the request for an exemption and the issuance of the security, shall be attached for all exemptions.

Document Upload

Upload any required supporting documentation. All files must be in the .pdf format. Supporting documentation may include some or all of the following: resolution adopted by the governing body, net present value analysis, even debt distribution, interest savings comparison, special revenue justification, state or federal government sale, copy of bond insurance, credit enhancement description, draft investment certificate, notarized proofs of call, and/or waiver of notice.

When done, select the “Continue” button at the bottom of the screen.

Certification

Provide the Chief Administrative Officer (CAO) name and email address. If applicable, provide the name and email address of the bond attorney, financial consultant, and certified public accountant. Select that the application is complete and accurate in all respects.

Although Public Act 34 of 2001, requires the CAO to file the Application for Exemption Form, that responsibility may be designated to a different individual. The filer will be required to certify that the authority has been designated by the CAO and both parties take responsibility for an accurate filing.

Print a Copy of the Application

Go to the Form Submission page. Under the “Form” column, select “Exemption.” This will open a copy of the application that can be printed.

Application Review

Upon successful submission, the Application for Exemption will be reviewed within 30 business days. The Department of Treasury’s determination will be posted online in the Local Government Financial Services Division Document Search. An email notification will be sent when the determination letter is available online.

If the status has been denied, a municipality may file another application to correct noncompliance issues identified in the denial letter. Any new application must be completed in its entirety with the correct or amended information.

An official statement or preliminary official statement shall not be mailed, or authorized to be mailed, or otherwise distributed as a sales document to prospective purchasers before the issuance of an Order of Approval.