

March 5, 2012  
Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Thomas Winarski at 5:00 p.m.

Present: Alward, Caffrey, Crawford, Hindman, Jungman, Mienk, Rowley, Smith

Absent: None

Staff Present: Bob Moffit, Shannon Greaves, Lauren Essenmacher

Also Present: Mayor Thomas Winarski, Dan Svetcos, Nancy Bodnar, Sarah Kile, Bob Wenzel, Attorney Doug Jacobson, Commissioner Bill Rhode, Pastor John Johnston

The Pledge of Allegiance was led by Mayor Winarski and the invocation was given by Pastor John Johnston.

Minutes of the February 20, 2012 were approved as presented.

Motion by Council Member Alward, supported by Council Member Jungman to approve Warrant 12-24 in the amount of \$223,134.47, Warrant 12-25 in the amount of \$45,479.08 and payroll for pay period ending February 19, 2012 in the amount of \$50,535.70. All ayes. Motion carried.

#### Hearing of Delegations

County Commissioner Bill Rhode gave updates on Gladwin County issues.

Housing Director Lauren Essenmacher presented brochures regarding the upcoming senior and transit millage renewals that will be on the ballot in August.

Motion by Council Member Jungman, supported by Council Member Alward to approve the agenda with the following addition: New Business – (d) Taunt Electric – Invoice #2855 – Airport LED Project. All ayes. Motion carried.

Motion by Council Member Alward, supported by Council Member Crawford to approve the consent agenda as follows: Communications – (i) Administrator Updates; Meetings – Fair Board – January 24, 2012, Parks Commission – February 27, 2012. All ayes. Motion carried.

#### New Business

CITY OF GLADWIN  
COUNTY OF GLADWIN  
STATE OF MICHIGAN

RESOLUTION APPROVING PURCHASE CONTRACT,  
NOTE AGREEMENT AND RELATED MATTERS

Minutes of a regular meeting of the City Council of the City of Gladwin, County of Gladwin, State of Michigan, held on the 5th day of March, 2012, at 5:00 p.m., Eastern Standard Time.

PRESENT: Members Alward, Caffrey, Crawford, Hindman, Jungman, Mienk, Rowley, Smith

ABSENT: None

The following preamble and resolution were offered by Member Jungman and supported by Member Caffrey:

WHEREAS, the City Council of the City of Gladwin, County of Gladwin, State of Michigan (the "Municipality"), determines it to be necessary for the public health, safety and welfare of the Municipality and its residents to acquire and construct improvements to the property described on Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, under the provisions of Act No. 99, Public Acts of Michigan, 1933, as amended ("Act 99"), the City Council is authorized to enter into any contracts or agreements for the cost to acquire and construct improvements to the Property to be paid for in installments over a period of not to exceed the useful life of the Property acquired as determined by resolution of the City Council; and

WHEREAS, the outstanding balance of all purchases by the Municipality under Act 99, exclusive of interest, shall not exceed one and one quarter percent (1-1/4%) of the equalized assessed value of the real and personal property in the Municipality at the date of such contract or agreement; and

WHEREAS, the cost to acquire and construct improvements to the Property pursuant to an installment purchase agreement will not result in the outstanding balance of all such purchases in excess of the limitation contained within Act 99 as set forth above; and

WHEREAS, the Municipality has received a proposal from the United States Department of Agriculture, Rural Development (the "U.S.A.") respecting the financing of the improvements to the Property; and

WHEREAS, the City Council has received an offer from Sugar Construction, Inc. (the "Vendor"), for the acquisition and construction of the improvements to the Property, which proposal has been reviewed by the City Council and the City Council has concluded that the offer of the Vendor is in the best interest of the Municipality and said offer has been approved; and

WHEREAS, the City Council has reviewed (1) the form of Purchase Contract (the "Purchase Contract"), setting forth the terms and provisions of the acquisition and construction of the improvements to the Property and the payment by the Municipality therefor, (2) the form of the Assignment of Purchase Contract from the Vendor (the "Assignment"), and (3) a form of Note Agreement between the Municipality and the U.S.A. (the "Note Agreement"), and it is the desire of the City Council to approve the acquisition and construction of improvements to the Property and to approve the general terms of the financing thereof as set forth in the Purchase Contract, the Assignment and the Note Agreement and the execution thereof, subject to the completion of negotiations with the Vendor and the U.S.A. on the timing of the sale and purchase.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Purchase Contract in the form attached as Exhibit B hereto is hereby approved, ratified and confirmed.
2. The Assignment in the form attached as Exhibit C is acknowledged.
3. The Note Agreements are hereby approved substantially in the form attached as Exhibit D-1 and Exhibit D-2 hereto with such additions, changes and modifications as shall be approved by the City Manager and/or the City Clerk of the Municipality. The City Manager and the City Clerk are hereby authorized and directed to execute the Note Agreement, when in final form, and deliver it to the U.S.A.
4. The useful life of the improvements to the Property are hereby determined to be not less than fifteen (15) years.
5. The Mayor, the City Manager and the City Clerk/Treasurer each are hereby directed and authorized to execute such additional documentation as shall be necessary to effectuate the closing contemplated by the Purchase Contracts and the Note Agreement.
6. The Municipality hereby agrees to include in its budget for each year, commencing with the 2012-2013 fiscal year, a sum which will be sufficient to pay the principal installment of and the interest coming due under the Note Agreement before each following fiscal year. In addition, the Municipality hereby pledges to levy ad valorem taxes on all taxable property in the Municipality each year in an amount necessary to make its debt service payments under the Note Agreement, subject to applicable constitutional, statutory and charter tax rate limitations.
7. The Municipality covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of the interest component of the payments due under the Agreement from adjusted gross income for general federal income tax purposes under the Internal

Revenue Code including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable.

8. The acquisition and construction of the improvements to the Property and the approval of the Purchase Contract and the Note Agreement hereby are found and declared to be for a valid public purpose and in the best interest of the health and welfare of the residents of the Municipality.

9. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded to the extent of such conflict.

AYES: Members Alward, Caffrey, Crawford, Hindman, Jungman, Mienk, Rowley, Smith

NAYS: None

RESOLUTION DECLARED ADOPTED.

*Position 5*

USDA Form RD 1942-47 (Rev. 12-97)	LOAN RESOLUTION (Public Bodies)	FORM APPROVED OMB NO. 0575-0015
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A RESOLUTION OF THE \_\_\_\_\_ CITY OF GLADWIN \_\_\_\_\_  
OF THE CITY OF GLADWIN  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING  
A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS  
POLICE DEPARTMENT  
FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the \_\_\_\_\_ THE CITY OF GLADWIN \_\_\_\_\_  
(Public Body)  
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of  
\$142,000 & \$84,000  
pursuant to the provisions of PUBLIC ACT NO. 99 \_\_\_\_\_; and

WHEREAS, the Association intends to obtain assistance from the Rural Housing Service, Rural Business - Cooperative Service, Rural Utilities Service, or their successor Agencies with the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U. S. C. 1983 (c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$ 10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contract or agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by the Government. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



Bob Wenzel inquired as to the amount of increase in jet traffic.

Council Member Rowley stated that there will be a Big Brothers Big Sisters Arts and Goods Auction at the Doherty Hotel on March 14<sup>th</sup> that starts between 6 p.m. and 6:30 p.m.

Council Member Smith stated that on March 27<sup>th</sup>, the SPARKS bowls will be displayed.

Council Member Hindman stated that he attended the Souper Challenge this past Saturday and also thanked Sarah Kile for her assistance with collection of prescription drugs.

Administrator Moffit stated purchases of empty buildings in Gladwin and the new businesses that will be in them.

Administrator Moffit thanked everyone that attended the Souper Challenge this past weekend.

Motion by Council Member Jungman, supported by Council Member Alward to adjourn. All ayes. Motion carried.

Meeting ended at 5:32 p.m.

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Thomas L. Winarski, Mayor

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Shannon Greaves, City Clerk