

Crystal Falls, Michigan

September 14, 2009

A regular meeting of the Council for the City of Crystal Falls was held in the Council Chambers of the City Hall on Monday, September 14, 2009 at 5:00 P.M. Central Time.

Roll Call: Mayor Hendrickson, Councilors Hagglund, Burke, Bicigo, and Smokevitch.

Absent: None

Also Present: City Manager Nordeman, City Attorney Lawrence, and City Clerk/Treasurer Olson.

Visitors: Gary Gollakner, Scott McNeilis, Gail Dalpra, Robb Anderson, Pete Nocerini, and Dave Graff.

Mayor Hendrickson led the reciting of the Pledge of Allegiance.

Councilor Burke seconded by Councilor Hagglund moved that the items on the Consent Agenda be approved as noted below:

1. The minutes of the regular meeting of August 10, 2009, and special meetings of August 10, 2009 and August 18, 2009 as written.
2. The following reports for the month of August 2009:
 - A. Joint Fire Authority report, as submitted by Fire Chief Ahola, indicating answering two (2) fire calls; spending approximately 13 man-hours fighting fires; and holding two (2) practice and training sessions.
 - B. Police report, as submitted by Police Chief Robert Sherwin, indicating 215 complaints, of which 7 were closed by arrest, and logging of 2,257 miles on patrol duty.
 - C. Public Works Department activity report as submitted by Foreman Kelly Stankewicz.
 - D. Treasurer's Revenue Report as submitted by Clerk/Treasurer Dorothea Olson.
3. Payrolls and disbursements in the amount of \$517,552.98 be approved, and instruct the City Clerk to draw checks on the City Treasury in payment of same.

Ayes: Mayor Hendrickson Councilors Hagglund, Smokevitch, Burke and Bicigo. Nays: None

Motion carried.

Gary Gollakner of 612 n. 6th Street addressed the Council with a complaint about the recreation trail across the road that creates a lot of dust that drifts onto his home. He asked if there was something the Council can do to protect his property. Noting that the trail is not a designated public recreation trail and it is

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located on private property, Mayor Hendrickson suggested that Mr. Gollakner contact the property owner for a solution.

Councilor Hagglund seconded by Councilor Smokevitch moved to approve the annual support of the Iron County EDC in the amount of \$3,582.00 with 50% paid by the City and 50% by the DDA funds.

Motion carried.

Mayor Hendrickson seconded by Councilor Burke moved to approve the re-appointment of Ken Santi to the DDA for an additional 3 year term that will expire November 30, 2012

Motion carried.

Councilor Burk seconded by Councilor Hagglund moved to re-appoint Dave Sherby to the DDA for an additional 3 year term that will expire November 30, 2012.

Motion carried.

Mayor Hendrickson temporarily adjourned the meeting to conduct a public hearing on Ordinance No. 1.12.

Meeting temporarily adjourned at 5:24 p.m.

PUBLIC HEARING on Ordinance No. 1.12:

City Attorney Geoffrey Lawrence explained how the amended ordinance was adopted as an emergency ordinance at the August meeting of the City Council and that emergency ordinances expire after 60 days per the charter. It was therefore necessary to revisit the amended ordinance and adopt it. He noted that the only amendment was to delete the language in Section 10, Acknowledgement.

Public comments: None

Council comments: None

Public Hearing adjourned at 5:27 p.m.

Mayor Hendrickson reconvened the regular meeting at 5:27 p.m.

Councilor Burke seconded by Councilor Hendrickson moved to adopt Ordinance No. 1.12 as amended.

Motion carried.

(A complete copy of this ordinance is on file in the City Clerk's office and available upon request.)

The following preamble and resolution were offered by Councilor Hagglund and supported by Councilor Burke:

**RESOLUTION AUTHORIZING ISSUANCE OF
BOND ANTICIPATION NOTES**

CITY OF CRYSTAL FALLS
County of Iron, State of Michigan

WHEREAS, pursuant to Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), the City of Crystal Falls, County of Iron, State of Michigan (the "City") intends to make certain improvements to its City's water supply system, including replacing and upgrading water mains and pipes, and replacing the existing water storage tank and/or upgrading the water supply system's water storage capacity, together with related structures, equipment and appurtenances (the "Project"); and WHEREAS, the cost of the Project is estimated to be Five Million Three Hundred Seven Thousand Dollars (\$5,307,000); and

WHEREAS, the City Council (the "Council") intends to borrow an amount not to exceed Five Million Three Hundred Seven Thousand Dollars (\$5,307,000) and issue bonds (the "Bonds") pursuant to Act 94, to pay the cost of the Project; and

WHEREAS, a notice of intent was published in accordance with Act 94 which provides that the Bonds may be issued without a vote of the electors of the City unless a proper petition for an election on the question of the issuance of the Bonds is filed with the City Clerk within a period of forty-five (45) days from the date of publication; and

WHEREAS, forty-five (45) days have elapsed since the date of publication of the aforementioned notice of intent, and no petition has been filed with the City Clerk in connection therewith; and

WHEREAS, the City Council deems it necessary to borrow the principal amount of not to exceed One Hundred Fifty Thousand Five Hundred Dollars (\$150,500) in installments and issue notes pursuant to the provisions of Section 413 of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), in anticipation of the issuance of the Bonds to pay part of the costs of the Project.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Necessity For Notes; Authorization of Notes; Note Terms. The Council declares that it is necessary to issue its notes in anticipation of the issuance of the Bonds in order to pay part of the cost of the Project, to reimburse the City for expenditures made with respect to the Project prior to issuance of the Notes, to pay the costs of professional design and engineering services, and to pay the costs of issuance of the Notes.

Notes of the City designated 2009 GENERAL OBLIGATION LIMITED TAX NOTE (the "Note" or "Notes") are authorized to be issued in the aggregate principal sum of One Hundred Fifty Thousand Five Hundred Dollars (\$150,500) to be delivered in installments in anticipation of the issuance of the Bonds. The Note shall be issued as a single note in fully-registered form dated the date of delivery of the initial delivery installment. The Note shall bear interest at a rate not to exceed six percent (6%) per annum. The Notes shall be payable in the principal amount and with accrued interest on July 27, 2010.

The Notes shall be sold in the manner set forth in Section 7 of this resolution.

The Notes shall be subject to redemption prior to maturity at the option of the City, at any time in whole or in part at par and accrued interest to the date fixed for redemption, upon not less than ten (10) days notice to the holder.

Interest on the Notes shall be payable to the registered owner of record as of the 15th day of the month prior to the payment date for the interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future. The principal of the Notes shall be payable upon presentation and surrender to the Transfer Agent (as defined below).

A bank or trust company qualified to serve as registrar, paying agent and transfer agent or the City Treasurer (the "Transfer Agent") for this issue shall be appointed by the Mayor, City Manager, City Clerk or City Treasurer (the "Authorized Officers"). The City reserves the right to replace the Transfer Agent at any time upon written notice to the registered owners of record of the Notes not less than sixty (60) days prior to the interest payment date.

2. Execution of Notes. The Notes shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and the Clerk of the City, and shall have the seal of the City, or a facsimile thereof, impressed or printed on the Notes. Notes bearing facsimile signatures shall not be valid until authenticated by an authorized officer or representative of the Transfer Agent.

3. Transfer of Notes. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Note may be transferred upon such registration books by the registered owner of record, in person or by the registered owner's duly authorized attorney, upon surrender of the Note for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Note or Notes shall be surrendered for transfer, the City shall execute and the Transfer Agent shall authenticate and deliver a new Note or Notes, for like aggregate principal amount. The Transfer Agent shall require the payment by the noteholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

Unless waived by any registered owner of Notes to be redeemed, official notice of redemption shall be given by the Transfer Agent on behalf of the City. 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 place where the Notes called for redemption are to be surrendered for payment; and that interest on the Notes 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.

4. Payment and Security for the Notes; Debt Retirement Fund; Defeasance of Notes. The City hereby pledges the proceeds of the Bonds for prompt payment of the principal of and interest on the Notes as authorized by Section 413(2) of Act 34. As additional security for the Notes, the City hereby pledges to pay the Notes, principal and interest, when due from the general funds of the City and, if necessary, and subject to applicable constitutional, statutory and charter tax rate limitations, to levy ad valorem taxes on all taxable property in the City to make the payment.

The Treasurer is hereby authorized and directed to open a depository account with a Michigan bank or trust company or to create an account on the books of the City to be designated 2009 GENERAL OBLIGATION LIMITED TAX NOTES DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Notes as they come due.

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 optional redemption, the principal of, premium, if any, and interest on the Notes, shall be deposited in trust, this resolution shall be defeased and the owners of the Notes shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Notes from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Notes as provided herein.

5. Construction Fund; Proceeds of Note Sale. The Treasurer is hereby authorized and directed to open a separate depository account with a Michigan bank or trust company, or to establish a separate account on the books of the City, to be designated 2009 GENERAL OBLIGATION LIMITED TAX CONSTRUCTION FUND (the "Construction Account") and deposit into the Construction Account the proceeds of the Notes, less the premium, if any, which shall be deposited into the Debt Retirement Fund. The moneys in the Construction Account shall be used solely to pay the costs of the Project and the costs of issuance of the Notes.

6. Note Form. The Notes shall be in substantially the following form, with such changes as are necessary to conform the Notes to the terms established at the time of sale of the Notes:

R-1
UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF IRON

CITY OF CRYSTAL FALLS
2009 GENERAL OBLIGATION LIMITED TAX NOTE

Interest Rate	Maturity Date	Date of Original Issue
_____ %	July 27, 2010	, 2009

Registered Owner:

Principal Amount: One Hundred Fifty Thousand Five Hundred Dollars

The City of Crystal Falls, County of Iron, State of Michigan (the "City"), hereby 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, to be received by the City in delivery installments in lawful money of the United States of America, on the Maturity Date 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 the City receives each delivery installment as set forth on the registration grid attached hereto, until paid, at the Interest Rate per annum specified above. Interest is payable on July 27, 2010 at the designated office of _____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to the interest payment date (the "Transfer Agent"). Interest on this note is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For the prompt payment of this note, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged. The principal payment required herein shall not exceed the total of the delivery installments drawn by the issuer.

This note is issued in the principal sum of \$150,500 for the purpose of paying part of the cost of improvements to the City's water supply system, including replacing and upgrading water mains and pipes, and replacing the existing water storage tank and/or upgrading the water supply system's water storage capacity, together with related structures, equipment and appurtenances (the "Project"). This note is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a duly adopted resolution of the City.

This note shall be subject to redemption prior to maturity at the option of the City, at any time in whole or in part at par and accrued interest to the date fixed for redemption, upon not less than ten (10) days notice to the holder.

In case less than the full amount of an outstanding note is called for redemption, the Transfer Agent, upon presentation of the note called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new note in the principal amount of the portion of the original note not called for redemption.

Notice of redemption shall be given to the registered owner of any note or portion thereof called for redemption by mailing of such notice not less than ten (10) days prior to the date fixed for redemption to the registered address of the registered owner of record. A note or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said note or portion thereof.

This note is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this note together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered note or notes in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefore as provided in the resolution authorizing this note and upon the payment of the charges, if any, therein prescribed.

This note, including the interest thereon, is payable from the proceeds of bonds to be issued by the City to pay the costs of the Project and to redeem the notes of this issue. This note, including the interest thereon, is also payable as a first

budget obligation from the general funds of the City, including, if necessary, the levy of ad valorem taxes on all taxable property in the City for the payment thereof, subject to applicable constitutional, statutory and charter tax rate limitations. It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this note and the series of notes of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the City, including this note, does not exceed any constitutional or statutory debt limitation.

[This note is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this note has been executed by the Transfer Agent.]

IN WITNESS WHEREOF, the City, by its Council, has caused this note to be signed in the name of the City by the facsimile signatures of its Mayor and Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF CRYSTAL FALLS
County of Iron
State of Michigan

By _____
Mayor

(SEAL)

By _____
Clerk

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This note is one of the Notes described in the within-mentioned resolution.

Michigan Transfer Agent
By _____
Authorized Signatory

REGISTRATION GRID
NOTHING TO BE WRITTEN HEREON EXCEPT
BY THE CITY

Date of Delivery Installment	Holder of Note	Amount of Installment Delivered	Signature of City Mayor or Clerk

7. Negotiated Sale Pursuant to Proposals. Pursuant to Section 309(1) of Act 34, this Council determines to sell the Notes at a negotiated sale at a price not less than 100% of the principal amount thereof. The Authorized Officers are each individually authorized to solicit proposals from and negotiate the sale of the Notes to a financial institution or underwriter of municipal securities and, if necessary, to execute and deliver an agreement to deliver the Notes to the purchaser. The City hereby determines that a negotiated sale of the Notes will enable the City to obtain a flexible payment schedule and term and redemption provisions and to avoid the delay resulting from the trial and error offering of the Notes using a conventional notice of sale. Such negotiation by the Authorized Officers heretofore is hereby ratified, approved and confirmed.

8. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than forty (40) years.

9. Tax Covenant; Qualified Tax Exempt Obligations. The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Note proceeds and moneys deemed to be Note proceeds. The City hereby designates the Notes as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

10. Additional Actions Authorized. The Authorized Officers are each individually hereby authorized to execute and deliver all other agreements, documents and certificates and to take all other actions necessary to complete the issuance and delivery of the Notes in accordance with this resolution, and to pay costs of issuance including bond counsel fees and expenses, transfer agent fees, costs of printing and delivering the Notes, and any other costs necessary to accomplish the sale and delivery of the Notes. The Authorized Officers are each authorized and directed to take all other actions necessary or advisable to enable the sale, issuance and delivery of the Notes as contemplated herein.

11. Adjustment of Note Terms. The Authorized Officers are each authorized to adjust the final Note details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, including, but not limited to, determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series, and other matters, provided that the principal amount of Notes issued shall not exceed the principal amount authorized in this resolution (\$150,500), the interest

rate per annum on the Notes shall not exceed six percent (6%), and the Notes shall mature not later than 60 days after the expected date of issuance of the Bonds.

12. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

RESOLUTION DECLARED ADOPTED.

Councilor Hagglund seconded by Councilor Burke moved to approve the amendment to the water agreement with Crystal Falls Township (Section 500) to extend the agreement and authorize the Mayor and Clerk/Treasurer to execute said amendment.

Motion carried.

Councilor Hagglund seconded by Councilor Burke moved to approve the closing documents relating to the Michigan Municipal Bond Authority's Clean Water Revolving Fund Program (CWRP), for the Sewage Disposal System Junior Lien Revenue Bond, Series 2009, including: The Supplemental Agreement; the MMBA Closing Certificate; The Bond; the Non-Arbitrage and Tax Compliance Certificate; the No Referendum Certificates; and IRS Form 8038-G.

Motion carried.

Discussion regarding the Fire Authority agreement and the possibility of a joint meeting with Crystal Falls Township led to the consensus that upon receipt and review of a draft agreement from the Fire Authority Board said meeting will be considered. Mayor Hendrickson seconded by Councilor Bicigo moved to approve the Intergovernmental Contract for the Michigan Municipal Liability & Property Pool.

Motion carried.

Electric Department Supervisor David Graff and WPPI representative Ben Dickson presented the idea of the City's potential participation in WPPI Energy's Joint Smart Grid Stimulus Grant project application.

Councilor Burke seconded by Councilor Smokevitch moved to authorize City manager to finalize the letter of commitment required by WPPI for the smart metering grant/loan project provided that:

1. The total cost does not exceed \$1,000,000.
2. 50% of the total project costs shall be covered by the grant.
3. Remaining 50% of total project costs shall be covered by WPPI's 0% loan with payback over the course of 10 years with savings from the project.
4. The smart metering technology proposed will be proven to work in Crystal

Falls prior to full scale implementation.

- 5. The smart metering technology proposed will communicate and integrate properly with the existing Sensus SR-2 water meters with the Itron Ert modules.
- 6. Software assistance will be provided to ensure that Crystal Falls metering data is completely compatible and works properly with our existing billing/accounting system.
- 7. If Crystal Falls receives notification that the MEDC will award the city the AMR grant money, Crystal Falls will be able to open up the WPPI stimulus grant/loan proposal and adjust the scope and the amounts to meet the remaining needs of a smart metering project. The hope is that the two projects will be integrated into one.

Ayes: /Councilors Burke, Smokevitch, and Hagglund

Nays: Mayor Hendrickson and Councilor Bicigo.

Motion carried.

Action on the retransmission consent agreement with Barrington Marquette LLC (WLUC-TV) was postponed to a future date.

Councilor Hendrickson seconded by Councilor Burke moved to meet in closed session pursuant to P. A. 1976, No. 267, Open Meetings Act, 15.268, Section 8 (c) to discuss strategy for union negotiations.

Motion carried.

Meeting temporarily adjourned at 7:25 p.m.

Meeting reconvened at 8:25 p.m.

Councilor Hendrickson seconded by Burke moved to adjourn this meeting.

Motion carried.

Meeting adjourned at 8:28 p.m.

PRESIDING OFFICER _____

PRESIDING CLERK _____