

Worksession
September 16, 2009
6:30 p.m.

DRAFT

Present: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

Absent: None

Also present: Police Chief Mike Beaudoin and DPW Director Doug Hayrynen.

Reviewed and Discussed:

1. Greg Fish, Manager at PLWSA resigned and is back in L'Anse.
2. Gail Ross - Housing Foundation.
 - 3.6 million buy back tax credits MSHDA
 - Mattila may be doing the foundation work on the building this year
3. Water/Navy Street Brushing.
 - Hired Keweenaw Tree to top the trees
4. Dikeman Lawsuit
 - Court date was for 9-29 has been delayed
5. Parade of Nations 9-19 Saturday
6. Justus Randolph from Jasberg Street may be at tonight's meeting.
 - Jukuri house zoning at 151 Birch Street
7. HUD Lead Application is still being processed \$956,000
8. Scott Bldg. Update
 - has a problem with job creation
 - already has had a 2 year extension through 9-30-09 to finish up project
 - may ask for another extension
9. MTU upgrading the old Lahti Bldg. at 1051 Ethel Avenue.
 - will submit a site plan for an addition
10. Design sign Welcome to Hancock - colors need to be changed.
11. Airport Issues update
 - letter 3 flights per day, DOT said NO
 - DOT asked for community input
 - special joint meeting Wednesday, 9-23-09
12. MDOT will not pave Santori's corner.
13. Quincy and Hancock Streets paving in 2011.
14. County Fair horseshoe team was rained out.
15. Mike Lahti is putting 2 homes on the old cash and carry lot on Hancock Street this year and 2 homes next year.
16. HBPA - discussion to alternative to parking meters
17. Electric bills are up about \$1.05 month UPPCO renewable energy.
18. Sewer pumps at the campground need work. The pumps are OK but the blades are shot. Repair costs \$2700.00 plus labor.
19. Ron Studer is done for the summer season. Cleaned, painted around City Hall and is in the process of doing historical pictures.
20. State Budgets 1.2 million cut or the State may shutdown. 10-1-09
21. Transit Meeting - Manager will be attending a meeting in Ironwood
22. Holiday Gas Station is getting a facelift.
23. The DDA is touring the old Gartner's Bldg. Monday 10-5. Sale price \$180,000.00.
24. Studio Pizza will open next week.
25. Personnel Committee should schedule a meeting for next week.
26. DPW monthly report for August, 2009 (Doug Hayrynen)
Blacktop holes and cuts, Mike Lahti water line across Hancock Street, Vollwerth's wants a 6" line, Monticello's cabin water/sewer line. OHM sewer project planning, sewer study, sewer locations, televising sewer system (must be cleaned first). Disposal of sewer catch basin material will be at the end of Birch Street (temporary dump site). Catch basins on Hancock Street are completed (hired Siler Contract) under a TWA state contract. Eight more to be done on M203. Need a name for the new street located on the old DPW site. DPW site work 90% complete with storm sewer, grass planting, road grade, called Payne and Dolan for blacktop. Equipment Distributor (McQueen) stated that there may be grant money available for a SnoGo. City needs a sewer camera, cost is \$9245.00 Jack Doheny
- 27 Police monthly report for August, 2009 (Mike Beaudoin)

246 complaints: 2 medical, one was a five month old baby died, one mental issues sent down to Marquette, 1 driving with no license, 1 DD, 6 larcenies, 5 assaults, 3 domestics, 1 NSF, 9 medical assists, 3 outstanding warrants and 11 traffic accidents.

Regular Meeting
September 16, 2009
7:30 p.m.

The regular meeting of the Hancock City Council was held in the Council Chambers on Wednesday, September 16, 2009 at 7:30 p.m. with Mayor William Laitila presiding. The United States Flag was honored by all in attendance with the following duly qualified Councilors being present. Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

Absent: None

Moved by Councilor Hainault and seconded by Councilor Belej approving the September 16, 2009 Agenda as amended as follows:

Add #11. Consider adopting resolution of notice of intent for the water project.

#12. Consider adopting resolution of notice of intent for the sewer project.

#13. Consider approval of the sewer agreement for Portage Township with the City of Houghton and PLWSA. and #14. Consider approval of adopting amendment #1 to the Cities drug and alcohol policy.

Yes: All

No: None

Motion Carried.

correspondence

Letter from Jack Doheny Supplies, Inc. re: sewer camera

Petition by Navy Street Residents to the City of Hancock for purpose of curtailing tree cutting on slope between snowmobile trail and water street.

Letter from Miller Canfield re: City Hall project

Letter from Miller Canfield re: final approving opinion \$500,000 bonds

Letter from the Copper Country United Way "United We Care"

Moved by Councilor McKenzie and seconded by Councilor Freeman to acknowledge the correspondence as presented and place them on file.

Yes: All

No: None

Motion Carried

guests

Public Comment:

1. Susan Burack, 103 Quincy Street.

-Thank you for the cleanup at the Bridge School parking lot (CCISD)

-Traffic Patterns (Hancock Street a two-way?)

-Tori Vendors requesting a new tent or a permanent structure. (What about the structure down by the Beach Club, which is for sale)

2. Justus Randolph, 1232 Jasberg Street.

-concerns regarding the zoning procedures followed for the Dave Jukuri house being constructed at 151 Birch Street. (see his argument summary dated 9-16-09 in council packet)

-zoning violation and lose of property value to his home (\$5000.00)

City should adjust his SEV value and pay for legal services and be compensated for loss.

3. Jan Perry, 1220 Jasberg Street.

City should be more concerned about long-term residents with older homes instead of new construction.

4. Lisa Curnard, 1203 Portage Drive.

Concerns with speeding on Portage Drive. Maybe a speed bump should be installed or Children at Play signs installed in both directions. Busy time is 7-9 a.m. and 4-6 p.m.

5. John Hessler, Portage Drive.

Concerns with speeding on Portage Drive. Need more police presence.

6. Ray Gerhart, Northern Consultants

-Application Listing for home owner occupied and rental. Project each has \$137,500 to work with. NSP demolition grant has \$150,000. Amendment request for Bell Tower Suite Project \$280,000 11 units (only 7 would be eligible). HUD Lead Grant 1.13 million.

minutes approval

Moved by Councilor Belej and seconded by Councilor McKenzie approving the minutes of the August 19, 2009 worksession and regular meeting as presented.

Yes: All

No: None

Motion Carried.

reports

June 30, 2009 Revenue and Expense Report all funds

June 30, 2009 Cash Report

June 30, 2009 Interest Earned Report

June 30, 2009 Due to/from Report

Moved by Councilor McKenzie and seconded by Councilor Belej to acknowledge the financial reports as presented and place them on file.

Yes: All

No: None

Motion Carried.

Planning Commission minutes of August 24, 2009

PLWSA minutes of July 14, 2009

Hancock Housing Commission minutes of July 22, 2009

US41/M203 Corridor minutes of August 18, 2009

Moved by Councilor McKenzie and seconded by Councilor Gemignani to acknowledge the reports as presented and place them on file.

Yes: All

No: None

Motion Carried.

administrative report

1. DOT Essential Air Service Bids for CMX.

-Mesaba (Delta)

-SkyWest (United)

-Joint meeting 9-23-09 at 6:00 p.m. MTU Memorial Ballroom

2. Parade of Nations, Saturday, September 19th

3. Art Center October presentation.

-October Speaker Presentation (Sustainability Experts)

-Oct. 7th, 8th and 10th

4. Sister City Visit update.

-Glenn and Ted

5. YTD Campground Operations Update

-Usage is up

6. Houghton County Medical Care Facility parking lot expansion project update.

7. Hancock Post Officer Carriers reassigned to Houghton.

- 9-25-09 carriers will be working out of Houghton.

-City will have a postmaster in Hancock for at least two years

8. Web Site Upgrade.

-Web site is up and running (Opus)

9. Zoning Permits

-Zoning Administrator has issued 20 zoning permits this year.

10. Plat of Pleasant Ridge.

-six lots are still available

11. Project Updates:

- Transit Facility Design (on going)
- 08/09 Water Project, Vivian Street main replacement completed with paving next week.
- Campus Dr. Small Urban Design (Poplar to Elevation Street)
OHM is surveying and working on design
received \$90,000.00 stimulus money to complete project.
- 2010 Sewer and Water Design update.
OHM is working on this
- Last day for the Tori will be October 10th
- KNHPA will have tours for City residents 10-3 in lieu of a \$5000 contribution
- Planning Commission will be 9-28 along with MDOT to review traffic study.

old business
116 quincy street

Moved by Councilor Belej and seconded by Councilor Gemignani to accept the Northend Excavating bid to remove debris from the fire damaged building at 116 Quincy Street as approved and accepted by the property owner Derek Bradway in the amount of \$75,000.00

Yes: All

No: None

Motion Carried.

Moved by Councilor Hainault and seconded by Councilor Freeman to authorize payment for the above project as follows:

\$20,000.00 to Derek Bradway for advance to Northend Excavating 1/3

\$5,000.00 to Northend Excavating when project is 2/3 complete

\$25,000.00 to Northend Excavating when project 3/3 complete

Contractor must have documentation and glass windows on the 1st floor of the building

Roll Call Vote:

Yes: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

No: None

Motion Carried.

*Note: This is not City money. The City is holding approximately \$81,000.00 in escrow from an insurance settlement.

new business
august, 2009 a/p

Moved by Councilor McKenzie and seconded by Councilor Hainault approving the August, 2009 accounts payable in the amount of \$144,439.09 and authorize payment as follows as funds become available:

General	\$36,713.07
Major	653.61
Local	214.47
Transit	3,102.31
Sewer	47,486.92
Water	42,326.54
MV	12,742.17
<u>DDA</u>	<u>1,200.00</u>
Total	\$144,439.09

and

Approving the additional checks typed in the month of August, 2009 in the amount of \$3,228,573.72 as follows:

Expenses \$105,489.45

Transfers 3,123,084.27

Total \$3,228,573.72

Roll Call Vote:

Yes: Councilors Gemignani, McKenzie, Freeman, Laitila, Belej, Slivon and Hainault

No: None

Motion Carried.

spruce haven lot#3

Bid:

Spruce Haven Lot #3

Thomas Snyder Bid \$16,000.00 10%down \$1600.00
for 1st United Methodist Church

Moved by Councilor Belej and seconded by Council Freeman accepting the bid from Thomas Snyder (1st United Methodist Church) for lot #3 Spruce Haven in the amount of \$16,000.00.

Roll Call Vote:

Yes: Councilor Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

No: None

Motion Carried.

upcco agreement
spruce haven

Moved by Councilor McKenzie and seconded by Councilor Belej approving an UPPCO Agreement to supply power to Lots 1, 2, 3, 4, 5 and 6 on Portage Drive in Spruce Haven at a cost not to exceed \$14,000.00 and authorize the City Manager to execute the document.

Roll Call Vote:

Yes: Councilors Gemignani, McKenzie, Freeman, Laitila, Belej, Slivon and Hainault.

No: None

Motion Carried.

resolution #16-09

Moved by Councilor Hainault and seconded by Councilor McKenzie adopting Resolution #16-09 as follows:

CITY OF HANCOCK

RESOLUTION #16 - 09

PROJECT AUTHORIZATION RESOLUTION

WHEREAS, this resolution shall approve execution of the revised Project Authorization No. Z3/R1 with the Michigan Department of Transportation which it issues under Agreement No. 2007-0219, Project No. 103677.

NOW, THEREFORE, be it resolved that Glenn Anderson, City Manager and Karen Haischer, City Clerk of the City of Hancock are authorized to enter into and execute on behalf of the City of Hancock, the revised Project Authorization No. Z3/R1 with the Michigan Department of Transportation for Federal Operating Funds related to Section 5309 Funds for FY 2008.

Roll Call Vote:

Yes: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

No: None

Motion Carried.

thank you to fu students

Moved by Councilor McKenzie and seconded by Councilor Freeman directing the City Manager to send a letter of appreciation to Finlandia University for painting the buildings down at the Beach on August 22nd.

Yes: All

No: None

Motion Carried.

ohm bill for transit facility

Moved by Councilor Belej and seconded by Councilor Hainault approving a payment to OHM in the amount of \$4,980.00 for professional services rendered through 8-30-09 and authorizing payment as funds become available.

Roll Call Vote:

Yes: Councilors Gemignani, McKenzie, Freeman, Laitila, Belej, Slivon and Hainault.

No: None

Motion Carried.

chain and blade quotes

Blades

20 - 3/4 x 8x7' grader blades

20 - 3/4 x 8x6' grader blades

6 - 7/8 x 5x4' sander blades

Bidders:

1. Nortrax \$5380.66 (low bid)

2. D.A. MacPherson Inc. \$5882.00

3. Midstate Blade and Chain \$5647.70

Chain

200 - 9/0 side chain

200 - 9/0 x 16 claw cross chain

100 - J-hook swivel #40

Bidders:

1. Reedsburg Hardware Inc. \$3467.00 (low bid)

2. Midstate Blade and Chain \$3721.00

Moved by Councilor Hainault and seconded by Councilor Belej to take the recommendation of the DPW Director and award the blade bid to Nortrax in the amount of \$5,380.66 and the chain bid to Reedsburg Hardware Inc. in the amount of \$3467.00. Both were low bidders.

Roll Call Vote:

Yes: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

No: None

Motion Carried.

Parade of Nations
donation \$500

Moved by Councilor Freeman and seconded by Councilor Belej approving a donation to the Parade of Nations in the amount of \$500.00. Budgeted Item.

Yes: All

No: None

Motion Carried.

special meeting

Moved by Councilor Freeman and seconded by Councilor Hainault to schedule a special joint meeting with the Cities of Hancock, Houghton and the County Board of Commissioners for Wednesday, September 23, 2009 at 6:00 p.m. at the MTU Memorial Ballroom. Purpose: DOT Essential Air Service for CMS citizen comments.

Yes: All

No: None

Motion Carried.

Moved by Councilor Hainault and seconded by Councilor McKenzie to excuse Councilor Gemignani from the special 9-23-09 meeting.

Yes: All

No: None

Motion Carried.

mjo and ohm water payment

Moved by Councilor Freeman and seconded by Councilor McKenzie approving a 2008 water construction payment to OHM in the amount of \$4794.51 for services rendered through 8-30-09 and a payment to MJO in the amount of \$78,008.67 as funds become available.

Roll Call Vote:

Yes: Councilors Gemignani, McKenzie, Freeman, Laitila, Belej, Slivon and Hainault.

No: None

Motion Carried.

resolution #18-09 water

Moved by Councilor Hainault and seconded by Councilor McKenzie adopting Resolution #18-09 and authorizing the notice of intent to be published in the Mining Gazette as follows:

RESOLUTION #18-09
RESOLUTION AUTHORIZING NOTICE OF INTENT TO ISSUE
REVENUE BONDS AND DECLARATION OF INTENT TO REIMBURSE
(WATER SUPPLY SYSTEM IMPROVEMENTS)

CITY OF HANCOCK
County of Houghton, State of Michigan

Minutes of a regular meeting of the City Council of the City of Hancock, County of Houghton, State of Michigan, held on the 16th day of September, 2009, at 7:30 p.m., prevailing Eastern Time.

PRESENT: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

ABSENT: None

The following preamble and resolution were offered by Member Hainault and supported by Member McKenzie:

WHEREAS, the City of Hancock, County of Houghton, State of Michigan (the "City"), intends to issue and sell bonds, pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) for the purpose of paying part of the cost to acquire, construct, furnish and equip improvements, extensions and enlargements to the City's existing water supply system, consisting generally of water transmission mains, pressure reducing stations, and water distribution looping, together with interests in land and all related sites, structures, equipment, appurtenances and attachments thereto (the "Project"); and

WHEREAS, the City expects to sell the aforesaid bonds to the U. S. Department of Agriculture's Rural Development program; and

WHEREAS, a notice of intent to issue bonds must be published before the issuance of the aforesaid bonds in order to comply with the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended; and

WHEREAS, the City intends at this time to state its intentions to be reimbursed from proceeds of the bonds for any expenditures undertaken by the City for the Project prior to issuance of the bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is hereby authorized and directed to publish a notice of intent to issue bonds in the *Daily Mining Gazette*, a newspaper of general circulation in the City.

2. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form:

NOTICE TO TAXPAYERS AND ELECTORS OF THE
CITY OF HANCOCK AND THE USERS OF THE
CITY'S WATER SUPPLY SYSTEM OF INTENT TO ISSUE BONDS
AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Hancock, County of Houghton, State of Michigan (the "City"), intends to issue and sell revenue bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000), in one or more series as shall be determined by the City Council, for the purpose of paying part of the cost to acquire, construct, furnish and equip improvements, extensions and enlargements to the City's existing water supply system, consisting generally of water transmission mains, pressure reducing stations, and water distribution looping, together with interests in land and all related sites, structures, equipment, appurtenances and attachments thereto.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS SHALL BE PAYABLE solely from the revenues received by the City from the operations of said water supply system. Said revenues will consist of rates and charges that may from time to time be revised to provide sufficient revenues to provide for the expenses of operating and maintaining the system, to pay the principal of and interest on said bonds, payment of outstanding bonds, and to pay other obligations of the system.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed forty (40) in number and will bear interest at the rate or rates to be determined at a private sale to the U.S. Government but in no event to exceed five percent (5%) per annum on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS OF THE CITY UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 33, Act 94, Public Acts of Michigan, 1933, as amended.

3. The City Council of the City does hereby determine that the foregoing form of Notice of Intent to Issue Bonds and the manner of publication directed is the method best calculated to give notice to the water supply system's users and the electors residing in the boundaries of the City of this City's intent to issue the bonds, the purpose of the bonds, the security for the bonds and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

4. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) As of the date hereof, the City reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of debt to be incurred by the City.

- (b) The expenditures described in this paragraph (b) are for the costs of acquiring and constructing the Project which were paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the bonds from the water fund and/or the general fund of the City.
- (c) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$1,500,000.
- (d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Project to reimburse the City for a capital expenditure made pursuant to this resolution.
- (e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).
- (f) No proceeds of the borrowing paid to the City in reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (d) above.

Expenditures for the Project to be reimbursed from the proceeds of the borrowing for purposes of this resolution do not include (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. § 1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation and similar costs incident to commencement of construction).

5. The City hereby retains the law firm of Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel in connection with the financing of the proposed Project.

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

AYES: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

NAYS: None

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Hancock, County of Houghton, State of Michigan, at a

regular meeting held on the 16th day of September, 2009, 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.

resolution #17-09 sewer

Moved by Councilor Freeman and seconded by Councilor Hainault adopting Resolution #17-09 and authorizing the notice of intent to be published in the Mining Gazette as follows:

**RESOLUTION #17-09
RESOLUTION AUTHORIZING NOTICE OF INTENT TO ISSUE
REVENUE BONDS AND DECLARATION OF INTENT TO REIMBURSE
(SANITARY SEWER SYSTEM IMPROVEMENTS)**

CITY OF HANCOCK
County of Houghton, State of Michigan

Minutes of a regular meeting of the City Council of the City of Hancock, County of Houghton, State of Michigan, held on the 16th day of September, 2009, at 7:30 p.m., prevailing Eastern Time.

PRESENT: Councilors Hainault, Slivon, Belej, Laitila, Freeman, McKenzie and Gemignani.

ABSENT: None

The following preamble and resolution were offered by Member Freeman and supported by Member Hainault:

WHEREAS, the City of Hancock, County of Houghton, State of Michigan (the "City"), intends to issue and sell bonds, pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed Two Million Three Hundred Thousand Dollars (\$2,300,000) for the purpose of paying part of the cost to acquire, construct, furnish and equip improvements, extensions and enlargements to the City's existing sanitary sewage system, consisting generally of the replacement of existing sanitary sewers, lining sanitary sewers, reconstructing sanitary sewer manholes, and the separation of sanitary and storm sewer lines in the 100 block of Quincy street in the City, together with interests in land and all related sites, structures, equipment, appurtenances and attachments thereto (the "Project"); and

WHEREAS, the City expects to sell the aforesaid bonds to the U. S. Department of Agriculture's Rural Development program; and

WHEREAS, a notice of intent to issue bonds must be published before the issuance of the aforesaid bonds in order to comply with the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended; and

WHEREAS, the City intends at this time to state its intentions to be reimbursed from proceeds of the bonds for any expenditures undertaken by the City for the Project prior to issuance of the bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is hereby authorized and directed to publish a notice of intent to issue bonds in the *Daily Mining Gazette*, a newspaper of general circulation in the City.

2. Said notice of intent shall be published as a one-quarter (1/4) page display advertisement in substantially the following form:

NOTICE TO TAXPAYERS AND ELECTORS OF THE
CITY OF HANCOCK AND THE USERS OF THE
CITY'S SANITARY SEWER SYSTEM OF INTENT TO ISSUE BONDS
AND THE RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City of Hancock, County of Houghton, State of Michigan (the "City"), intends to issue and sell revenue bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, in an amount not to exceed Two Million Three Hundred Thousand Dollars (\$2,300,000), in one or more series as shall be determined by the City Council, for the purpose of paying part of the cost to acquire, construct, furnish and equip improvements, extensions and enlargements to the City's existing sanitary sewage system, consisting generally of the replacement of existing sanitary sewers, lining sanitary sewers, reconstructing sanitary sewer manholes, and the separation of sanitary and storm sewer lines in the 100 block of Quincy street in the City together with interests in land and all related sites, structures, equipment, appurtenances and attachments thereto.

SOURCE OF PAYMENT OF REVENUE BONDS

THE PRINCIPAL OF AND INTEREST ON SAID REVENUE BONDS SHALL BE PAYABLE solely from the revenues received by the City from the operations of said sanitary sewer system. Said revenues will consist of rates and charges that may from time to time be revised to provide sufficient revenues to provide for the expenses of operating and maintaining the system, to pay the principal of and interest on said bonds, payment of outstanding bonds, and to pay other obligations of the system.

BOND DETAILS

SAID BONDS will be payable in annual installments not to exceed forty (40) in number and will bear interest at the rate or rates to be determined at a private sale to the U.S. Government but in no event to exceed five percent (5%) per annum on the balance of the bonds from time to time remaining unpaid.

RIGHT OF REFERENDUM

THE REVENUE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS OF THE CITY UNLESS A PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. IF SUCH PETITION IS FILED, THE BONDS MAY NOT BE ISSUED WITHOUT AN APPROVING VOTE OF A MAJORITY OF THE QUALIFIED ELECTORS RESIDING WITHIN THE BOUNDARIES OF THE CITY VOTING THEREON.

THIS NOTICE is given pursuant to the requirements of Section 33, Act 94, Public Acts of Michigan, 1933, as amended.

3. The City Council of the City does hereby determine that the foregoing form of Notice of Intent to Issue Bonds and the manner of publication directed is the method best calculated to give notice to the sanitary sewer system's users and the electors residing in the boundaries of the City of this City's intent to issue the bonds, the purpose of the bonds, the security for the bonds and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

4. The City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

- (a) As of the date hereof, the City reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of debt to be incurred by the City.
- (b) The expenditures described in this paragraph (b) are for the costs of acquiring and constructing the Project which were paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the bonds from the sewer fund and/or the general fund of the City.
- (c) The maximum principal amount of debt expected to be issued for the Project, including issuance costs, is \$2,300,000.
- (d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Project to reimburse the City for a capital expenditure made pursuant to this resolution.
- (e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).
- (f) No proceeds of the borrowing paid to the City in reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in (d) above.
- (g) Expenditures for the Project to be reimbursed from the proceeds of the borrowing for purposes of this resolution do not include (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. § 1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation and similar costs incident to commencement of construction).

5. The City hereby retains the law firm of Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel in connection with the financing of the proposed Project.

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

AYES: Councilors Gemignani, McKenzie, Freeman, Laitila, Belej, Slivon and Hainault.

NAYS: None

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Hancock, County of Houghton, State of Michigan, at a regular meeting held on the 16th day of September, 2009, 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.

portage, houghton, hancock
plwsa agreement

Moved by Councilor McKenzie and seconded by Councilor Hainault approving a forty one (41) year agreement starting September 1, 2009 between the Township of Portage, Houghton County, Michigan, The City of Houghton, a municipal corporation, Houghton County, Michigan, The City of Hancock, a municipal corporation, Houghton County, Michigan and the PLWSA, Houghton County, Michigan. (signed copy on file)

Yes: All

No: None

Motion Carried.

drug and alcohol amendment #1
transit

Moved by Councilor Belej and seconded by Councilor Freeman approving the following amendment to the Transit Drug and Alcohol Testing Policy:

**CITY OF HANCOCK
AMENDMENT #1
TO THE DRUG & ALCOHOL
TESTING POLICY ORIGINALLY
ADOPTED SEPTEMBER 17, 2008**

SECTION O. Return-To-Duty Testing

Add the following language onto the end of the existing section O:

Return to duty testing will be conducted in accordance with 49 CFR 40, Subpart O, including requiring an observed specimen collection.

SECTION P. Follow-up Testing

Add the following language onto the end of the existing section P:

Follow-up testing will be conducted in accordance with 49 CFR 40, Subpart O, including requiring an observed specimen collection.

This policy amendment #1 to the Drug & Alcohol Testing Policy originally adopted on September 17, 2008 was amended and adopted by the Hancock City Council at a regularly scheduled Council meeting held on September 16, 2009.

Yes: All

No: None

Motion Carried.

Moved by Councilor Freeman and seconded by Councilor Hainault that this regular meeting of the Hancock City Council be adjourned. Time: 9:46 p.m.

Yes: All

No: None

Motion Carried.

William Laitila, Mayor

Karen Haischer, CMC City Clerk