

City of Corunna
Regular Council Meeting
Monday, February 7, 2011

Present: Kerridge, Mehig, Sarrazin, Johnson, Reichert.

Absent: Jessen (excused), Haskins (excused).

Guests: Judy Horton; Donna Kerridge; Helen Granger, The Independent; Tim Crawford, Superintendent of Public Works; Merilee Lawson, City Assessor/Planner; Chief Kim Williams, Police Department; Gary Arnold, C2AE; Lt. Jim Wolf; Arnie Dunchock; and Jack Johnson.

The meeting was called to order in the council chambers of Corunna City Hall by Mayor Kerridge at 7:00 p.m.

MINUTES OF THE PREVIOUS REGULAR MEETING: Johnson moved, Reichert seconded to approve the previous regular meeting minutes dated January 18, 2011 as presented.

Roll call vote:

Yes: Johnson, Reichert, Mehig.

No: None.

Abstain: Sarrazin.

Motion CARRIED

AGENDA APPROVAL: Johnson moved, Sarrazin seconded to approve the agenda by moving Item No. 1 to 1B and adding Item No. 1) Consider Excusal of Councilperson Jessen From the February 7, 2011 Council Meeting, Item No. 1A) Consider Excusal of Councilperson Haskins From the February 7, 2011 Council Meeting and removing Item No. 13) Consider Request From Property Owner at 706 N. Shiawassee Street.

Roll call vote:

Yes: Sarrazin, Johnson, Reichert, Mehig.

No: None.

Motion CARRIED

APPROVAL OF VENDOR DISBURSEMENTS: Sarrazin moved, Johnson seconded to approve the vendor disbursements dated January 21, 2011 and February 4, 2011 as presented.

Roll call vote:

Yes: Johnson, Reichert, Mehig, Sarrazin.

No: None.

Motion CARRIED

CALL TO AUDIENCE: Jack Johnson, 215 E. State Street, stated he is the owner of River Rock Music and was at the meeting to protest the weed/grass ordinance the city has. He believes it is insensitive and opportunistic. The ordinance says six inches and people typically grow their grass four to six inches. He checked around other places in Michigan and most of them allow 12 inches and it is enforced in the fall, but in Corunna, it is enforced in the spring. In

his case, he has Scott's lawn service fertilize the grass in the spring. The instruction he received was not to mow until it rains or there is a good dew. He further stated he hired a person in town to mow his grass, but when he got ready to mow it, he saw that it already had been mowed. He thought one of his relatives had mowed it but found out the city had mowed it. He sent the city manager a thoughtful email that he thought might be shared with the council for them to consider. Things are hard for everyone right now including the city who cannot cut their own grass. He went around town and took pictures of the park and other lots. If the city is having trouble mowing their property, he thought it is insensitive and opportunistic to make people mow theirs. The ordinance also states the property owner will be noticed and there was nothing on his door and everyone that went in and out of his office never saw anything either. If he had, he would have mowed it rather than getting a \$330 bill, which has now been placed on his taxes. This is an abuse of power and is bullying. Now, he does not have any other recourse other than going to the tax tribunal, which seems like a bad way to go. This is a small town and the government is supposed to be accessible and support each other. The city should be helping its citizens out and make the city grow and be prosperous again. He stated he would appreciate any consideration.

Arnie Dunchock, 223 N. Shiawassee Street, stated he was invited by Mr. Johnson to come to the meeting today, but was speaking for himself and not for Mr. Johnson. He agrees with Mr. Johnson and is concerned about the various fees for grass or snow removal that end up on his tax bill. In fairness to Ms. Lawson, he has not taken the opportunity to speak with her about it. He joined with Mr. Johnson because he is concerned about this indirect form of taxation whether it is for grass or snow removal for anyone who has an enterprise here. He asked what could be done to reduce this. When things are not done, they have to be taken care of by the city. His point is there should be some kind of communication developed so the city is not placed in the position that they have to do it. Mr. Johnson's focus is on grass while his focus is on snow removal. He has the same concern as Mr. Johnson as to the extent that something needs to be done to alleviate this problem. He advised he will contact Ms. Lawson soon to talk things over.

CONSIDER EXCUSAL OF COUNCILPERSON ARNIE JESSEN FROM THE FEBRUARY 7, 2011 COUNCIL MEETING: Johnson moved, Reichert seconded to excuse Councilperson Arnie Jessen from the February 7, 2011 council meeting due to illness.

Roll call vote:

Yes: Reichert, Mehig, Sarrazin, Johnson.

No: None.

Motion CARRIED

CONSIDER EXCUSAL OF COUNCILPERSON DOUG HASKINS FROM THE FEBRUARY 7, 2011 COUNCIL MEETING: Johnson moved, Reichert seconded to excuse Councilperson Doug Haskins from the February 7, 2011 council meeting due to illness.

Roll call vote:

Yes: Reichert, Mehig, Sarrazin, Johnson.

No: None.

Motion CARRIED

CONSIDER PARMENTER INDUSTRIAL PLATT ADDITION, PARK AND ROAD NAMES: Mr.

Sawyer advised Gary Arnold is anxious to get the plat submitted to the State of Michigan. Generic names have been submitted by Councilperson Sarrazin and Reichert such as Industrial Drive, Enterprise Drive, Production Drive, Development Drive, Middlebelt Drive, Discovery Lane, Opportunity Lane, Production Way, Commerce Drive, and Progress Drive. Mr. Sawyer further advised three names and two alternate names are needed. The state tries not to allow duplicate names in locations near each other. He believes Central Dispatch is the authority in Shiawassee County. There is an Industrial Drive in Owosso, which might be a reason to remove it from the table. Councilperson Sarrazin stated he had no sentimental attachment to any of the names he presented. He suggested putting all of the names in a hat and draw out the names. Mr. Sawyer asked if they should be named Drives, Streets, or Lanes. Mayor Kerridge advised most industrial names are Drives. Johnson moved, Mehigh seconded to submit Production Drive, Opportunity Drive, Development Drive, Enterprise Drive and Progress Drive as names for the industrial platt.

Roll call vote:

Yes: Johnson, Reichert, Mehigh, Sarrazin.

No: None.

Motion CARRIED

Johnson moved, Reichert seconded to name the industrial park Parmenter Road Industrial Park.

Roll call vote:

Yes: Reichert, Sarrazin, Mehigh, Johnson.

No: None.

Motion CARRIED

MAYORAL VETO OF RESOLUTION NO. 011811-04: Mayor Kerridge advised he vetoed Resolution No. 011811-04 that was adopted at the last meeting at the request of the city manager. Mr. Sawyer stated it was vetoed at his request because the federal government will not allow the city to increase the sewer project amount. Since there is no need for the notice of intent, he asked the mayor to veto the resolution to avoid the expense of publishing something that the city cannot do.

CONSIDER RURAL DEVELOPMENT SEWER DELETIONS: Mr. Sawyer advised the sanitary sewer on Dutcher Street has been removed. Originally, the project was budgeted to reimburse the city all of the engineering fees that have been already been paid but that has been removed. The sanitary sewer lateral repairs on McArthur Street between Kingsley Street and Dutcher Street have been removed. These changes bring the project into budget which is \$1,725,000.00. He asked council if they had any concerns with the deletions on the sewer project. No concerns were expressed by council.

CONSIDER RURAL DEVELOPMENT WATER MAIN ADDITIONS: Mr. Sawyer advised the water project came in under budget. The water main work that was originally on the sewer project list has been shifted to the water project. The city has received approval to add other

water projects per the original loan commitment. The water main on W. McNeil Street between Norton and Shiawassee will be replaced as well as the water main on W. Mack Street between Bachus and Norton.

CONSIDER RURAL DEVELOPMENT ENGINEERING AGREEMENT AMENDMENT: Gary

Arnold advised there were a lot of changes made to the original design on the sanitary sewer project. When the original agreement for North Shiawassee Street was done, it was assumed the lines would be placed behind the poles and outside of the road right-of-way, but the sewer is being placed in the road so there is more design engineering that has to be done.

Councilperson Sarrazin stated there was a not to exceed to start with but the construction time was going to exceed because of soil borings. He questioned whether the engineer was aware of that before the not to exceed proposal was given to the city. Mr. Arnold advised the original proposal did not include soil borings. Mr. Sawyer stated time and material has worked in the past and it is a rare exception that a project exceeds the proposal. Mr. Arnold stated the contract was written and approved before anything was started. Councilperson Sarrazin asked who screwed up on the contractor staking. Mr. Arnold advised the city is still going to have to pay for it no matter who does it and the standard Rural Development language has the engineer doing it. Johnson moved, Sarrazin seconded to approve the Rural Development Engineering Service Agreement Amendment No. 1.

Roll call vote:

Yes: Johnson, Reichert, Mehig, Sarrazin.

No: None.

Motion CARRIED

CONSIDER AWARDING BID FOR RURAL DEVELOPMENT SEWER AND WATER

IMPROVEMENTS: Johnson moved, Sarrazin seconded to tentatively award the Water System Improvement Project to Pamar Enterprises in the amount of \$889,043.50, subject to receipt of Rural Development funding and loan closing.

Roll call vote:

Yes: Mehig, Sarrazin, Johnson, Reichert.

No: None.

Motion CARRIED

Johnson moved and Reichert seconded to tentatively award the Sanitary Sewer Improvement Project to Pamar Enterprises in the original bid amount of \$1,651,260.30, subject to receipt of Rural Development funding and loan closing and the execution of Change Order No. 1, concurrent with the execution of the contract, to reduce the contract amount to \$1,508,845.30.

Roll call vote:

Yes: Mehig, Sarrazin, Johnson, Reichert.

No: None.

Motion CARRIED

CONSIDER RESOLUTION NO. 020711-01, USDA WATER RESOLUTION: Sarrazin moved, Johnson seconded to approve the following Resolution No. 020711-01, USDA Water Loan Resolution:

RESOLUTION NO. 020711-01

LOAN RESOLUTION
(Public Bodies)

CITY OF CORUNNA
(Shiawassee County, Michigan)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORUNNA 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 WATER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of Corunna (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of ONE MILLION FOUR HUNDRED SEVENTY-FIVE THOUSAND AND XX / 100 DOLLARS (1,475,000.00) pursuant to the provisions of Act 279 of 1909; and

WHEREAS, the Association intends to obtain assistance from 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 legally 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 contractor 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 USDA. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.

12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____ under the terms offered by the Government; that City Mayor and City Clerk of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Roll call vote:

Yes: Reichert, Mehigh, Sarrazin, Johnson.

No: None.

Motion CARRIED

CONSIDER RESOLUTION NO. 020711-02, USDA SEWER RESOLUTION: Sarrazin moved, Johnson seconded to approve the following Resolution No. 020711-02, USDA Sewer Loan Resolution:

RESOLUTION NO. 020711-02

LOAN RESOLUTION
(Public Bodies)
CITY OF CORUNNA
(Shiawassee County, Michigan)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORUNNA 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 SEWER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of Corunna (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of ONE MILLION TWO HUNDRED SEVENTY THOUSAND AND XX / 100 DOLLARS (1,270,000.00) pursuant to the provisions of Act 94 of 1933, as amended; and

WHEREAS, the Association intends to obtain assistance from 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 legally 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 contractor 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 USDA. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.

12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$355,000 under the terms offered by the Government; that City Mayor and City Clerk/Treasurer of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Roll call vote:

Yes: Johnson, Sarrazin, Reichert, Mehigh.

No: None.

Motion CARRIED

CONSIDER RESOLUTION NO. 020711-03, USDA SEWER RESOLUTION: Sarrazin moved, Johnson seconded to approve the following Resolution No. 020711-03, USDA Sewer Loan Resolution:

RESOLUTION NO. 020711-03

LOAN RESOLUTION
(Public Bodies)

CITY OF CORUNNA
(Shiawassee County, Michigan)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORUNNA 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 SEWER FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of Corunna (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of ONE HUNDRED THOUSAND AND XX / 100 DOLLARS (100,000) pursuant to the provisions of Act 94 of 1933, as amended; and

WHEREAS, the Association intends to obtain assistance from 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 legally 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 contractor 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 USDA. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance and fidelity bond coverage as may be required by

the Government.

12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed _____ under the terms offered by the Government; that City Mayor and City Clerk/Treasurer of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Roll call vote:

Yes: Sarrazin, Mehigh, Johnson, Reichert.

No: None.

Motion CARRIED

CONSIDER N. SHIAWASSEE STREET ADDITIONAL CURB WIDTH: Mr. Sawyer advised no action was needed on this item. If the full curb width is put back where it is now, the additional cost would be \$55,846.50. The city might want to consider doing this at a future point because it never hurts to have additional street width.

CONSIDER FINANCIAL ADVISOR AGREEMENT FOR SWQIF PROJECT: Mr. Sawyer advised this is the money that will be available to city residents to replace their sewer laterals. Johnson moved, Reichert seconded to approve the Financial Advisor Agreement for SWQIF Project to Mesirow Financial.

Roll call vote:

Yes: Sarrazin, Reichert, Mehig, Johnson.

No: None.

Motion CARRIED

CONSIDER RESIGNATION OF CINDY LIVINGSTON FROM THE FOURTH OF JULY COMMISSION: Johnson moved, Reichert seconded to accept the resignation of Cindy Livingston from the Fourth of July Commission with regret.

Roll call vote:

Yes: Mehig, Sarrazin, Johnson, Reichert.

No: None.

Motion CARRIED

CALL TO AUDIENCE: Judy Horton advised she brought goodies to share since it was her birthday.

Ms. Frederick stated her plumber has been asking if any plans had been drawn up for bringing sewer and water lines down to her property. Mr. Sawyer asked Ms. Frederick if she was most interested in the sewer line. Ms. Frederick advised yes. Gary Arnold advised the water lines will be coming by her property. The sewer line will be installed about 400 feet away from her property.

ROUNDTABLE DISCUSSION: Councilperson Reichert advised he had nothing to discuss.

Councilperson Johnson advised during Christmas she had to travel to Florida because her father-in-law had a stroke and he is doing better every day. She further advised she will be unable to attend council meetings scheduled for Tuesday because of work conflicts.

Councilperson Sarrazin advised he played on the sled hill this past weekend. The twisty ties are breaking and asked if the city still had some. Mr. Sawyer advised yes. Councilperson Sarrazin stated he is sure there are volunteers who would be willing to do it. He also stated there were people from Owosso sledding because the one in Owosso had dirt sticking up and was really rough and dangerous. The warming hut is moving slowly and the steel he was going to use had lead in it so he has to get some steel that does not have it in it.

Councilperson Mehigh advised he had nothing to discuss.

Mayor Kerridge advised there is a business in Corunna that has been in business for 35 years. Councilperson Johnson asked who that was. Mayor Kerridge advised Donna Kerridge. He reported things are going well in the community center and wished he could put things back together because he is tired of looking at things coming apart. He congratulated the department of public works employees for the work they did last week.

ADJOURN: Johnson moved, Sarrazin seconded to adjourn.

Roll call vote:

Yes: Johnson, Reichert, Sarrazin, Mehigh.

No: None.

Motion CARRIED Time was 8:21 p.m.

Charles Kerridge, Mayor

Nichole L. Cowdrey, Clerk/Treasurer