

CITY OF CHARLEVOIX
REGULAR CITY COUNCIL MEETING MINUTES
Monday, February 1, 2016 – 7:00 p.m.
210 State Street, City Hall, Council Chambers, Charlevoix, MI

The meeting was called to order at 7:00 p.m. by Mayor Gabe Campbell.

I. Pledge of Allegiance

II. Roll Call of Members Present

Mayor: Gabe Campbell
City Manager: Mark Heydlauff
City Clerk: Joyce Golding
Members Present: Councilmembers Shane Cole, Shirley Gibson, Aaron Hagen, Luther Kurtz, Leon Perron, Bill Supernaw
Absent: None

Mayor Campbell called for a moment of silence out of respect for the tragedy on Round Lake.

III. Inquiry Regarding Possible Conflicts of Interest

None.

IV. Consent Agenda

The following items were approved and filed:

- A. Approval of Minutes – January 18, 2016 Regular Meeting Minutes
- B. Special Accounts Payable Register – January 21, 2016
- C. Regular Accounts Payable Check Register – February 2, 2016
- D. ACH Payments – January 19, 2016–January 29, 2016
- E. Tax Disbursement – February 2, 2016
- F. Payroll Check Register – January 29, 2016
- G. Payroll Transmittal – January 29, 2016
- H. Mayor Campbell accepted Ms. Joni Olach's letter of resignation from the Housing Commission.

V. Public Hearings

None.

VI. Reports

City Manager Heydlauff noted changes regarding the capital budget approval process. In accordance with the Michigan Planning/Zoning Enabling Act, he recommended that Council receive the capital budget at the February 15th meeting and refer it to the Planning Commission, who will then approve a capital improvement plan and return it to Council for final approval. He stated that an updated fee schedule will be forwarded later in the week.

City Manager Heydlauff expressed his appreciation to the first responders involved on January 29th under challenging circumstances. He also thanked Bo Boss and his team at Mt. McSauba as well as Charlevoix Township for their partnership.

VII. Requests, Petitions and Communications and Actions Thereon

A. Long Term Capacity Purchase

Electric Superintendent Swem stated that the City's future power supplies are controlled by the Michigan Public Power Agency's (MPPA) Risk Management Policy, a consortium of 14 public utilities. To fill gaps left after using what we own, the City purchases contracts for future power supplies to fit our future load predictions. Electric Superintendent Swem indicated that the price of future contracts for capacity are on the rise and MPPA recommended the purchase of up to 2,300 KW of capacity for June 1, 2020 to May 31, 2030. He indicated that it is difficult to predict future prices with any certainty.

Motion by Councilmember Cole, second by Councilmember Gibson, to approve the purchase up to a maximum of 2,300 KW of capacity covering the time period from June 1, 2020 to May 31, 2030 at a price not to exceed \$4.00 per KW-month (or a total of \$1,104,000).

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

B. ACAT Global Expansion-Electric Service

Electric Superintendent Swem stated that ACAT Global located at 05339 M-66 North discussed future expansion plans with Staff which required an additional 500 DVZ transformer. He provided ACAT with an estimate of \$15,500 to do the upgrade and ACAT asked for a discount on the installation cost. ACAT spends \$47,000 a year for electricity, and will be increasing that significantly (approximately \$15,000 annually) in the coming years. Staff recommended a discount of 50% of the installation cost or \$7,750. This discount helps ACAT Global with their expansion and at the same time assures a future steady load that will help keep costs under control for the rest of our customers.

Electric Superintendent Swem confirmed for Councilmember Cole that the original work done at ACAT was at full price. He stated that he has issued discounts to other companies in the past, but not at this magnitude.

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Motion by Councilmember Perron, second by Councilmember Kurtz, to approve a \$7,750 discount to ACAT Global for their electric service upgrade and authorize City Staff to execute any other related agreements to this proposal.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

C. Revision of the Recreation Advisory Board Bylaws

Recreation Director Kirinovic stated that the Recreation Advisory Board and Staff identified areas within the bylaws that need to be updated to reflect the needs of the Recreation Advisory Board. He indicated that the proposed changes include adding additional committee members, setting a regular meeting schedule, and adding an additional student member to the Committee.

Councilmember Gibson stated she liked the changes to the bylaws.

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Motion by Councilmember Gibson, second by Councilmember Kurtz, to approve the revised Recreation Advisory Board bylaws [as presented].

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

Mayor Campbell requested that Recreation Director Kirinovic recommend members for the new vacancies on the Board.

D. Parks and Recreation Master Plan Bid Acceptance

Recreation Director Kirinovic stated that every five years, the Recreation Department must submit a Parks and Recreation Master Plan to the Michigan Department of Natural Resources (DNR) if the City wishes to pursue grant opportunities. Staff recommended the use of an outside resource to write the master plan. The City distributed a request for proposals and these bids were evaluated by the Recreation Department and the Recreation Advisory Board Chairman as to whether they met certain important criteria. It was determined that the Spicer Group, Saginaw, was the best candidate. The Spicer Group has implemented numerous parks and recreation master plans throughout the state, in addition to working closely with the DNR and has experience with universal design (handicapped accessibility.)

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Motion by Councilmember Kurtz, second by Councilmember Cole, to accept the proposal from the Spicer Group for the preparation of the City of Charlevoix's Parks and Recreation Master Plan for a cost not to exceed \$11,500.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

E. Discontinuing Lifeguards at Lake Michigan Beach

Recreation Director Kirinovic stated that it has become increasingly difficult staff an appropriate lifeguard crew at Michigan Beach. Last summer 40% of the lifeguard staff left before the end of summer for similar jobs that paid more and provided better hours.

In the summer of 2014, we spent roughly \$18,000 on wages for lifeguards and spent about \$11,000 in the shortened summer of 2015. The City Manager, Police Chief and Recreation Director recommended shifting resources toward a third full-time seasonal police officer who would patrol the beaches and pier as part of his/her responsibilities. The seasonal officer would not be lifeguard certified and signs would be posted that no lifeguards are on duty.

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Motion by Councilmember Gibson, second by Councilmember Cole, to authorize Staff to seek a third seasonal police officer and not post for lifeguards.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

F. Concession Stands/Food Truck Discussion

City Manager Heydlauff recalled that at the January 18th Council meeting, there was discussion on whether to conduct a request for proposal for the City-owned concession stands at Lake Michigan Beach, Ferry Beach, and the Carpenter Avenue ball fields. The Food Truck Committee also had discussion on using the beach areas for food truck parking and service.

Recreation Director Kirinovic and the City Manager met with Anne and Jack Russell who have operated the City's concession stands over the past few years and discussed their ideas for the future. Staff suggested working with the Russells for at least one more year offering them the ability to vary their menu options and their business hours. City Manager Heydlauff stated that Ms. Russell also requested the opportunity to serve on the Food Truck Committee.

Mayor Campbell stated that Council owes the Russells an apology for not considering them when the Food Truck Committee was created.

Councilmember Gibson felt that the Russells have done a great job and recommended a three year contract. Councilmember Perron stated that the City is fortunate to have someone so dedicated to all three venues.

Motion by Councilmember Gibson, second by Councilmember Supernaw, to appoint Anne Russell to the Food Truck Committee.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

Councilmember Kurtz commented that the direction to Staff to create an RFP for concessions should be postponed so the Russells contract could be extended for another year. Recreation Director Kirinovic felt that a three year contract with the Russells would be beneficial for both the City and the Russells. Councilmember Kurtz felt that the Food Truck Committee recommendations should be considered before granting a three year contract.

Councilmember Gibson commented that operating the concession stands has nothing to do with the Food Truck Committee. She stated that withholding a three year contract from the Russells is "anti-business". Councilmember Kurtz stated that it seemed "shortsighted" to offer a contract to the Russells without listening to concession ideas from the Food Truck Committee first. He also stated that he was not against the Russells and thinks they are doing a great job.

When questioned, Ms. Russell stated that she would like a three year contract. Councilmember Gibson clarified that the Food Truck Committee was not in charge of the concession contract. Councilmember Hagen questioned whether having a food truck on the beaches would weigh in on the Russell's desire to have a three year contract and Ms. Russell responded that it would not. The

specifics of the Russell's current contract as well as a proposed contract were discussed and questions from Council were answered.

Councilmember Perron stated that the hardest part of owning a food business is to supply and train staff. This takes time, and the effort the Russells have taken to train their staff should be taken into consideration. He was in favor of a three year contract.

Councilmember Kurtz stated that he did not have a problem with a three year contract. He is concerned that Council is making a "knee-jerk reaction" to a discussion that is happening at the Food Truck Committee. Mayor Campbell felt that there was "not really an overlap because they [Russells] are in the three places and they've been building their business".

Debate continued whether to issue a contract or wait for the Food Truck Committee recommendations.

Recreation Director Kirinovic advised Council that not all days have good concession revenue. He wondered if food trucks would be willing to stay open at the beaches when the weather was not conducive to a good customer turnout.

Mayor Campbell opened the item to public comment.

Maureen Owens, Food Truck Committee member, agreed with the three year contract but stated that it would be disingenuous of the City to give the Russells a contract but, not be willing to back them financially for future repairs.

Mary Eveleigh, 1st Ward, felt that food trucks are a good idea, but that concession stands should stay.

Discussion continued with the Russells regarding the repairs needed on the concession buildings, their licensing by the Health Department and their preferred contract language. More debate was heard regarding whether food trucks and concessions were related and whether a decision regarding a three year contract should occur at this meeting.

The item was closed to the public.

Councilmember Kurtz stated that the Russells were doing a great job and was impressed with their menus. He would like to see longer hours of operation and include outdoor dining. He explained that his comments were not intended to be negative.

Motion by Councilmember Hagen, second by Councilmember Supernaw, to [have Council] review the [Russell concessions] lease that the City Manager and the Russells work out with any changes they would like.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

G. Approve Service Agreements with AT&T

City Manager Heydlauff stated that the City uses numerous AT&T services for its phone and communication needs. The previous contract from 2014, used rates established through the State of Michigan MiDEAL program. Since the State of Michigan MiDEAL contract for this service ended, the City needed to renew the Service Agreement, as outlined in section 4.2 of the agreement. Without a contract for this service, AT&T would charge \$8,000 per month. Under the 36 month contract, the charge would be \$465 per month - similar to the previous MiDEAL charge.

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Motion by Councilmember Gibson, second by Councilmember Perron, to approve the AT&T service agreement as proposed and authorize the Mayor and Clerk to sign all necessary documents.

Yeas: Gibson, Cole, Supernaw, Hagen, Kurtz, Perron
Nays: None
Absent: None

H. Sale and Refunding of Bonds

City Manager Heydlauff recalled that Council approved a Resolution of Intent to issue up to \$3.6 million in Capital Improvement Bonds last fall and the plan for this work was approved at the January 18th meeting. Staff requested authorization to proceed with the bond sale, which will occur after bid figures for the project are received. The bonds for the summer infrastructure work will not exceed \$3.6 million.

At the same time the City issues this new debt, it would refinance the 2006 Marina debt on behalf of the Downtown Development Authority. With the issue, the interest rate would be lowered on the remaining 10 years of debt, saving approximately \$300,000 in reduced debt service. Additionally, since we would issue both bonds simultaneously, we would save on legal fees and issuance expenses.

Mayor Campbell opened the item to public comment. There was no comment, and the item was closed.

Action by Resolution.

I. Mayor Appointment

With the resignation of Joni Olach from the Housing Commission, Mayor Campbell appointed Laurene Crandall.

Motion by Councilmember Gibson, second by Councilmember Perron, to appoint Laurene Crandall to the Housing Commission, term expiring April 2018.

Yeas: Gibson, Cole, Hagen, Kurtz, Perron
Nays: None
Absent: None
Abstain: Supernaw

VIII. Introduction and Initial Actions Relating to Ordinances or to Resolutions That Require Publication or Hearings Prior to Final or Further Action
None.

IX. Resolutions

A. Sale and Refunding of Bonds

Motion by Councilmember Cole, second by Councilmember Gibson, to approve Resolution 2016-02-01 Resolution Authorizing 2016 Capital Improvement and Refunding Bonds and authorize the Mayor and City Clerk to sign all necessary documents, as follows:

**CITY OF CHARLEVOIX
RESOLUTION NO. 2016-02-01
RESOLUTION AUTHORIZING 2016 CAPITAL IMPROVEMENT AND REFUNDING BONDS
(LIMITED TAX GENERAL OBLIGATION)**

CITY OF CHARLEVOIX
County of Charlevoix, Michigan

Minutes of a regular meeting of the City Council of the City of Charlevoix, County of Charlevoix, State of Michigan, held in the City Hall on the 1st day of February, 2016 at 7:00 p.m., prevailing Eastern Time.

PRESENT: Members Shane Cole, Shirley Gibson, Aaron Hagen, Luther Kurtz, Leon Perron, Bill Supernaw

ABSENT: None

The following preamble and resolution were offered by Member Cole and supported by Member Gibson.

WHEREAS, the City of Charlevoix, Michigan (the "City") has determined that it is necessary to pay all or part of the cost to acquire and construct road and street reconstruction improvements, including water, sanitary sewer system, storm sewer, utility, curb and gutter and all related improvements (the "Project"); and

WHEREAS, the cost of the Project is estimated to be approximately Three Million Six Hundred Thousand Dollars (\$3,600,000); and

WHEREAS, a notice of intent for bonds was published in accordance with Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") which provides that 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 as of this date no petition has been filed with the Clerk; and

WHEREAS, the City Council deems it necessary to borrow the principal amount of not to exceed Three Million Six Hundred Thousand Dollars (\$3,600,000) and issue limited tax general obligation bonds pursuant to Act 34 to pay the cost of the Project; and

WHEREAS, the City has previously issued its Limited Tax General Obligation Development Bonds, Series 2006, dated as of August 29, 2006, in the original principal amount of \$5,500,000 (the "Prior Bonds") for the purpose of financing the cost of certain public improvements within the City; and

WHEREAS, Act 34 authorizes the City to refund or advance refund all or any part of its outstanding securities, including the Prior Bonds; and

WHEREAS, the City desires to issue refunding bonds pursuant to Act 34, in an aggregate principal amount of not to exceed Four Million Three Hundred Thousand Dollars (\$4,300,000) for the purpose of refunding or advance refunding all or a portion of the Prior Bonds in order to achieve interest cost savings for the benefit of the City and its taxpayers; and

WHEREAS, because the security for the bonds will be the same and to reduce the cost of issuance and administration, the City determines that it makes practical and economic sense to combine the bond issues for the Project and the refunding into a single series; and

WHEREAS, the City desires to negotiate the sale of the Bonds to Hutchinson, Shockey Erley & Co. (the "Underwriter") within the parameters established by this Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Bonds of the City designated **2016 CAPITAL IMPROVEMENT AND REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION)** (the "Bonds") are hereby authorized to be issued in the aggregate principal amount of not to exceed Seven Million Nine Hundred Thousand Dollars (\$7,900,000), for the purpose of (a) refunding all or a portion of the Prior Bonds, (b) paying the costs of the Project, and (c) paying costs incidental to the issuance, sale and delivery of the Bonds.

The Bonds shall consist of bonds registered as to principal and interest of the denomination of \$5,000 or multiples of \$5,000 not exceeding for each maturity the aggregate principal amount of such maturity, dated as the date of delivery, or such other date as determined by the City Manager, City Treasurer or City Clerk (each, an "Authorized Officer"), numbered as determined by the Transfer Agent (hereinafter defined), and maturing or subject to mandatory redemption on October 1st in the years 2016 to 2030, inclusive, or such other dates as shall be determined at the time of sale and in the amounts as determined by an Authorized Officer. The Bonds shall bear interest at a rate or rates to be determined at the time of sale thereof, but in any event not exceeding 6.00% per annum, payable on October 1, 2016 (or such other date as determined at the time of sale thereof), and semi-annually thereafter by check or draft mailed by the Transfer Agent to the registered owner of record as of the 15th day of the month prior to the payment date for each 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 Bonds shall be payable at the designated office of U.S. Bank National Association, Detroit, Michigan, as registrar and transfer agent for the Bonds (the "Transfer Agent"). The Bonds may be subject to optional or

mandatory redemption prior to maturity as determined at the time of sale.

Unless waived by any registered owner of Bonds 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 redemption date; the redemption price or premium; the place where Bonds called for redemption are to be surrendered for payment; and that interest on Bonds 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.

The Bonds may be issued in book entry only form through the Depository Trust Company in New York, New York ("DTC") and the Authorized Officers are each authorized to execute such custodial or other agreements with DTC as may be necessary to accomplish the issuance of the Bonds in book entry only form and to make such change in the Bond Form within the parameters of this Resolution as may be required to accomplish the foregoing.

2. Execution of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the Mayor and City Clerk and shall have the facsimile seal of the City printed on the Bonds. No Bond signed by facsimile signature shall be valid until authenticated by an authorized signatory of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by it to the purchaser in accordance with instructions from the Treasurer upon payment of the purchase price for the Bonds. Executed blank bonds for registration and issuance to transferees shall simultaneously, and from time to time thereafter as necessary, be delivered to the Transfer Agent for safekeeping.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond 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 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Transfer Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

4. Security for Bonds; Limited Tax Pledge; Defeasance of Bonds. The City hereby pledges its limited tax full faith and credit for the prompt payment of the principal and interest on the Bonds. The City shall, each year budget the amount of the debt service coming due in the next fiscal year on the principal of and interest on the Bonds and shall advance as a first budget obligation from its general funds available therefor, or, if necessary levy taxes upon all taxable property in the City subject to applicable constitutional, statutory and charter tax rate limitations, such sums as may be necessary to pay such debt service in said fiscal year.

The City Treasurer is authorized and directed to open a separate fund with a bank or trust company designated by the City Treasurer as the 2016 CAPITAL IMPROVEMENT AND REFUNDING BONDS DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited in the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature.

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 the principal of and interest on the Bonds when due, shall be deposited in trust and irrevocably held for the payment and discharge of the Bonds, this Resolution shall be defeased and the owners of the Bonds shall have no further rights under this Resolution except to receive payment of the principal of and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Construction Fund; Bond Issuance Fund; Escrow Account. The City Treasurer is authorized and directed to open a separate depository account with a bank or trust company or to create a separate account on the books of the City, to be designated 2016 CAPITAL IMPROVEMENT AND REFUNDING BONDS CONSTRUCTION FUND (the "Construction Fund"), and to deposit into said Construction Fund that portion of the proceeds of the Bonds issued for the purpose of paying the costs of the Project less the accrued interest, if any, which shall be deposited in the Debt Retirement Fund for the Bonds. Any net original issue premium received on sale and delivery of the Bonds shall be deposited in the appropriate account consistent with State and federal law, and if required by State or federal law, may be used to reduce the principal amount of Bonds issued, as determined by the Authorized Officers. Moneys in the Construction Fund shall be used solely to pay the costs of the Project and issuance costs for the Bonds.

From the proceeds of the Bonds there shall next be set aside a sum sufficient to pay the costs of issuance of the Bonds in a fund designated 2016 CAPITAL IMPROVEMENT AND REFUNDING BONDS ISSUANCE FUND (the "Bond Issuance Fund"), which may be established by the City or by the Escrow Agent (hereinafter defined). Moneys in the Bond Issuance Fund shall be used solely to pay expenses of issuance of the Bonds. Any amounts remaining in the Bond Issuance Fund after payment of issuance expenses shall be transferred to the Construction Fund for the Bonds.

The balance of the proceeds of the Bonds, together with other available funds provided by the City, if any, shall be deposited in an escrow fund (the "Escrow Fund") consisting of cash and investments in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing (the "Escrow Securities") and used to pay the principal of and interest on all or a portion of the Prior Bonds as determined by any of the Authorized Officers at the time of sale (the portion of the Prior Bonds being refunded are the "Refunded Bonds"). The Escrow Fund shall be held in trust by U.S. Bank National Association, Detroit, Michigan, as escrow agent (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") which shall irrevocably direct the transfer agent for the Refunded Bonds to take all necessary steps to pay the principal of, interest and redemption premium on the Refunded Bonds being refunded when due, and to call the Refunded Bonds being refunded for redemption as specified by the City. The investments held in the Escrow Fund shall be such that the principal and interest payments received thereon will be sufficient, without reinvestment, to pay the principal of, interest and redemption premium, if any, on the Prior Bonds as they become due pursuant to maturity or the call for redemption required by this

paragraph. Following establishment of the Escrow Fund, any amounts remaining in the debt retirement funds for the Prior Bonds shall be transferred to the Debt Retirement Fund for the Bonds. The Authorized Officers are each authorized and directed to purchase or cause to be purchased, Escrow Securities, including United States Treasury Obligations – State and Local Government Series (SLGS), in an amount sufficient to fund the Escrow Fund.

6. Bond Form. The Bonds shall be in substantially the following form with such changes as may be required to conform the Bond to the final terms of the Bonds established by the Sale Order:

UNITED STATES OF AMERICA

STATE OF MICHIGAN
COUNTY OF CHARLEVOIX

CITY OF CHARLEVOIX

**2016 CAPITAL IMPROVEMENT AND REFUNDING BOND
(LIMITED TAX GENERAL OBLIGATION)**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	October 1, 20__	_____, 2016	

Registered Owner:

Principal Amount: _____ Dollars

The City of Charlevoix, County of Charlevoix, State of Michigan (the “City”), 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, 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 of Original Issue specified above or such later date to which interest has been paid, at the Interest Rate per annum specified above, payable on October 1, 2016 and semiannually thereafter. Principal of this bond is payable upon presentation and surrender of this bond at the designated office of U.S. Bank National Association, Detroit, Michigan, or such other transfer agent as the City may hereafter designate (the "Transfer Agent") by notice mailed to the registered owner not less than sixty (60) days prior to an interest payment date. Interest on this bond is payable to the person or entity which is the registered owner of record as of the 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 by the Transfer Agent to the registered owner of record at the registered address.

This bond is one of a series of bonds aggregating in the principal sum of \$_____, issued pursuant to Act 34, Public Acts of Michigan, 2001, as amended, and a resolution duly adopted by the City Council of the City for the purpose of (a) paying all or part of the cost of certain capital improvements for the City, (b) paying all or part of the cost of refunding a certain outstanding prior bond issue of the City; and (c) paying the costs of issuance of the bonds of this issue.

Bonds maturing in the years 2016 to 20__, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the year 20__ and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after October 1, 20__, at par and accrued interest to the date fixed for redemption.

Notice of redemption of any bond shall be given by the Transfer Agent at least thirty (30) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. No further interest on a bond or portion thereof called for redemption shall accrue after the date fixed for redemption, whether presented for redemption or not, provided funds are on hand with the Transfer Agent to redeem this bond.

This bond 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 bond 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 bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

It is hereby certified and recited that all acts, conditions and things required to be done, exist and happen, precedent to and in the issuance of this bond in order to make it a valid and binding obligation of said City have been done, exist and have happened in regular and due form and time as provided by law, and that the total indebtedness of said City, including this bond, does not exceed any constitutional, statutory or charter limitation.

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

CITY OF CHARLEVOIX
County of Charlevoix
State of Michigan

By: _____
Its Mayor

By: _____
Its Clerk

7. Useful Life of Project. The estimated period of usefulness of the Project is hereby declared to be not less than fifteen (15) years.

8. Negotiated Sale. The City has considered the option of selling the Bonds through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34, based on the advice of its financial advisor, determines that a negotiated sale of the Bonds will allow more flexibility in accessing the municipal bond market, and to price and sell the Bonds at the time that is expected to best achieve the most advantageous interest rates and costs to the City, and will provide the City with greater flexibility in structuring bond maturities and adjusting terms for the Bonds.

9. Bond Purchase Agreement; Delegation to Authorized Officer; Sale Order. The Authorized Officers are each hereby authorized to negotiate the sale of the Bonds with the Underwriter, negotiate and execute a Bond Purchase Agreement, execute a Sale Order specifying the final terms of the Bonds and take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this resolution.

10. Adjustment of Bond Terms; Bond Parameters. The Authorized Officers are each hereby authorized to adjust the final bond details as set forth herein to the extent necessary or convenient to complete the sale of the Bonds and in pursuance of the forgoing is each authorized to exercise the authority and make the determinations pursuant to Sections 315(1)(d) of Act 34, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, date of issuance, interest payment dates, redemption rights and other matters within the parameters established by this resolution; provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this resolution, the interest rate per annum on the Bonds shall not exceed 6.00% per annum, the underwriter's discount shall not exceed 0.60% of the par amount of the Bonds and the refunding of the Prior Bonds shall result in net present value savings to the City.

11. 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 each issue of the Bonds 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 Bond proceeds and moneys deemed to be Bond proceeds. The City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to Section 265(b)(3) of the Code.

12. Continuing Disclosure Undertaking. The City covenants to enter into a continuing disclosure undertaking for the benefit of the holders and beneficial owners of the Bonds in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, and the Authorized Officers are each hereby authorized to execute such undertaking prior to delivery of the Bonds.

13. Bond Counsel. The appointment of the law firm of Miller, Canfield, Paddock and Stone, P.L.C. of Detroit, Michigan, as Bond Counsel for the Bonds is hereby confirmed, notwithstanding the periodic representation by Miller, Canfield, Paddock and Stone, P.L.C., in unrelated matters of the Underwriter and potential parties to the issuance of the Bonds.

14. Financial Advisor. Robert W. Baird & Co. is retained as the financial advisor to the City in connection with the issuance of the Bonds.

15. Authorization of Other Actions. The Authorized Officers are each authorized and directed to (a) approve the circulation of a preliminary official statement describing the Bonds and to deem the preliminary official statement "final" for purposes of Rule 15c2-12 of the SEC; (b) approve the circulation of a final official statement describing the Bonds and to execute the same on behalf of the City; (c) solicit bids for and approve the purchase of a municipal bond insurance policy for the Bonds; and (d) do all other acts and take all other necessary procedures required to effectuate the sale, issuance and delivery of the Bonds.

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

AYES: Members Gibson, Cole, Supernaw, Hagen, Kurtz, Perron

NAYS: None

RESOLUTION DECLARED ADOPTED

X. Ordinances
None.

XI. Miscellaneous Business

Councilmember Supernaw noted the passing of several locals over the weekend, but he explained that he was occupied with a Petoskey News Review article regarding the innuendo that he may have received per diem payment for four ineligible meetings. He stated that he was asked to attend 3 of the 4 meetings in question. Councilmember Supernaw indicated that he would pay \$200 back to the City and would make arrangements with the City Treasurer. Mayor Campbell agreed.

Councilmember Supernaw commented that he attended 12-14 meetings as a Board of Review member and Volunteer Fire/EMS Staffing Review Committee member. In looking at his annual compensation, if these meetings were deleted, Councilmember Supernaw's compensation would be in line with other members of Council.

Mayor Campbell stated that if a council member is appointed to a committee or required to go to a meeting, he is paid per diem. He indicated that there is no pay for attending a meeting without being a member of that committee. Councilmember Supernaw then questioned why he and Councilmember Gibson were paid for a Housing Commission meeting in Petoskey and Councilmember Gibson responded that the City requested their attendance. Councilmember Perron cited ambiguity when he first started on Council and he suggested that written guidelines may help clarify what is compensated.

Councilmember Supernaw felt that “this was a hit job” because his integrity was questioned. He discussed perceived “back stabbing” and cliques on Council. Councilmember Supernaw stated “that it is hardly worth sitting up here with stuff like this going on, so that is what my decision is going to be in the next two weeks”. He indicated that he didn’t want constituents to beg him to stay on Council, but asked that if constituents wanted him to leave, that they “say it to his face.” Mayor Campbell responded that he “was amazed that you are making a big to-do about a misunderstanding”.

Councilmember Kurtz invited the public to join Council to sled on Friday, February 5th at 6pm to kick off Groundhog Shadow Fest.

Councilmember Kurtz presented the idea of holding an informal Meet and Greet with the School Board and Charlevoix Township to build relationships.

Councilmember Cole commented that the City Manager was the special guest speaker at the Chamber Annual Meeting on February 5th.

XII. Audience - Non-agenda Input (written requests take precedent)
None.

XIII. Adjourn
It was generally agreed to adjourn. Meeting adjourned at 8:20 p.m.

Joyce M. Golding	City Clerk	Gabe Campbell	Mayor
Special Accounts Payable – 01/21/2016			
AT&T	16,583.01	METLIFE SMALL BUSINESS CENTER	768.73
AT&T LONG DISTANCE	28.77	PRIORITY HEALTH	44,082.05
AT&T MOBILITY	72.90	VERIZON WIRELESS	56.72
CHARLEVOIX STATE BANK	2,711.80	VISION SERVICE PLAN	532.44
DELTA DENTAL	4,121.40		
GREAT LAKES ENERGY	291.22	TOTAL	69,249.04
Regular Accounts Payable – 02/02/2016			
AIRGAS USA LLC	146.13	JONES & BARTLETT LEARNING	167.03
ALL-PHASE ELECTRIC SUPPLY CO.	253.87	KIWANIS CLUB OF CHARLEVOIX	39.00
AMERICAN PUBLIC WORKS ASSN	360.00	KSS ENTERPRISES	231.31
AMERICAN TOTAL SECURITY INC	281.53	LAKESHORE TIRE & AUTO SERVICE	541.80
AMERICAN WASTE INC.	2,138.36	MDC CONTRACTING LLC	553.63
ARCADIA BENEFITS GROUP INC	50.00	MI ASSOC OF AIRPORT EXECUTIVES	70.00
BELLEROC TIRE/GAYLORD	1,180.00	MICHIGAN GOVERNMENT	104.00
BILL'S FARM MARKET	350.00	MICHIGAN MUNICIPAL ELECTRIC	10,056.00
BIOMEDICAL SOLUTIONS	1,525.00	MICHIGAN POLICE EQUIPMENT	85.00
BOB MATHERS FORD	292.00	Michigan Public Power Agency	17,838.79
BOYNE AREA MEDICAL CENTER	100.00	MICHIGAN WATER ENV ASSOC	130.00
BULBS.COM	224.90	MITCHELL GRAPHICS INC.	922.00
CCP INDUSTRIES INC	427.18	MYER, ELIZABETH A.	63.07
CENTRAL DRUG STORE	20.44	NORTHERN CREDIT BUREAU	2,113.70
CHARLEVOIX AREA CHAMBER	210.00	NORTHERN SAFETY CO INC	136.67
CHARLEVOIX DISTRICT LIBRARY	6,201.48	OLSON BZDOK & HOWARD	4,201.90
CHAR GROUNDHOG SHADOW FEST	1,000.00	PLUNKETT & COONEY	1,076.27
CHARLEVOIX SCREEN MASTERS INC	638.00	POLYDYNE INC	379.50
CHARTER COMMUNICATIONS	925.58	POWER LINE SUPPLY	203.30
CINTAS CORPORATION	156.92	PRO WEB MARKETING LLC	20.00
CINTAS CORPORATION #729	37.87	ROTARY CLUB OF CHARLEVOIX	37.50
CIVIC SYSTEMS	9,354.00	RTI LABORATORIES INC.	274.00
CROW, ALAN & LISA	126.50	S&W HEALTHCARE CORPORATION	130.13
CZAR, RON & LYNN	43.98	SOUND ENVIRONMENTS	435.00
DAVIS, JEAN	214.00	STATE OF MICHIGAN	541.64
DEWILDT, AMANDA	132.00	STATE OF MICHIGAN	30.00
DIXON, MARY	180.00	STEVENS, KRISTIE	39.81
ECONO SIGNS LLC	1,380.00	STOLT, GLEN	22.00
EJ EQUIPMENT INC	893.44	SYSTEMS SPECIALISTS INC	362.00
EJ USA INC.	273.60	TERMINAL SUPPLY CO	56.23
ELLSWORTH FARMER'S EXCHANGE	853.65	THOMAS ELECTRICAL SERVICES LLC	450.00
EMERGENCY MEDICAL PRODUCTS INC	210.16	TRUCK & TRAILER SPECIALTIES	1,874.65
EMMET BRICK & BLOCK	51.75	UP NORTH PROPERTY SERVICES LLC	224.00
ETNA SUPPLY	500.00	UPPER CASE PRINTING INK.	1,094.24
FASTENAL COMPANY	89.76	VILLAGE GRAPHICS INC.	189.59
FAYER, CHRIS	31.96	VOSS LIGHTING	1,908.00
FLETCH'S	312.60	WHITLEY, ANDREW	14.00
GINOP SALES INC	327.14	WINDER POLICE EQUIPMENT	125.70
GROUNDWORK	100.00	WOLTERS KLUWER LAW & BUSINESS	525.00
GRP ENGINEERING INC.	161.06	WOOD, BARRY	66.88
HABERMAN, SAMUEL	65.50	WORK & PLAY SHOP	44.32
HERBERT, BRUCE	158.05	ZBIERAJEWSKI, MICHAEL	191.50
IDEXX DISTRIBUTION INC.	146.56		
JERRY'S TIRE	651.72	TOTAL	80,345.85
ACH Payments – 01/19/2016 – 01/29/2016			
MI PUBLIC POWER AGENCY	15,282.43	STATE OF MI (WITHHOLDING TAX)	4,094.76
MI PUBLIC POWER AGENCY	11,663.85	VANTAGEPOINT (401 ICMA PLAN)	686.22
MI PUBLIC POWER AGENCY	262,066.08	VANTAGEPOINT (457 ICMA PLAN)	13,212.25
IRS (PAYROLL TAX DEPOSIT)	28,498.62	MERS (DEFINED BENEFIT PLAN)	25,731.26
ALERUS FINANCIAL (HCSP)	420.00	TOTAL	361,655.47

Tax Disbursement – 02/02/2016			
CHARLEVOIX COUNTY TREASURER	425.31	CHARLEVOIX PUBLIC SCHOOLS	278.13
CHARLEVOIX COUNTY TREASURER	93,550.32	CHARLEVOIX PUBLIC SCHOOLS	60.12
CHARLEVOIX DISTRICT LIBRARY	34,338.13	CITY OF CHARLEVOIX - TAXES DUE	23,928.22
CHARLEVOIX PUBLIC SCHOOLS	5,412.65	HART, RICHARD & MICHELLE	379.52
CHARLEVOIX PUBLIC SCHOOLS	571.32	RECREATIONAL AUTHORITY	6,260.70
CHARLEVOIX PUBLIC SCHOOLS	27.05	TOTAL	165,231.47

PAYROLL: NET PAY			
Pay Period Ending 01/23/2016 – Paid 01/29/2016			
WELLER, LINDA JO	1,648.61	BROWN, STEPHANIE C.	1,037.84
HEYDLAUFF, MARK L.	2,079.77	ELLIOTT, PATRICK M.	1,738.94
GOLDING, JOYCE M.	1,063.96	SCHWARTZFISHER, JOSEPH L.	1,407.38
DEROSIA, PATRICIA E.	936.24	WELLS JR., DONALD E.	1,254.29
DOYLE, ANNE E.	1,362.36	BRADLEY, KELLY R.	1,505.36
LOY, EVELYN R.	1,046.75	JONES, ROBERT F.	1,530.47
KLOOSTER, ALIDA K.	1,441.35	DORAN, JUSTIN J.	1,857.08
GOLOVICH, KAREN J.	991.10	KIRINOVIC, THOMAS F.	588.98
SPENCLEY, PATRICIA L.	1,302.39	BITELY, KATHERINE A.	420.20
PANOFF, ZACHARY R.	1,027.00	MURPHY IV, MICHAEL J.	141.41
MILLER, FAITH G.	27.96	RAMSEY, MADISON L.	102.37
LEESE, MERRI C.	173.92	BERTINELLI, DAVID P.	870.74
MCGINN, KELLY A.	1,456.33	BOSS, BEAU J.	372.55
DOAN, GERARD P.	1,514.92	BARNEVELD, VLADIMIR R.	141.41
SHRIFT, PETER R.	1,198.95	FICHTNER, KRISTIE S.	212.40
SCHLAPPI, JAMES L.	990.72	HEID, THOMAS J	1,244.10
UMULIS, MATTHEW T.	1,250.87	MYER, ELIZABETH A.	1,623.20
HANKINS, SCOTT A.	1,465.98	VANLOO, JOSEPH G.	587.44
ORBAN, BARBARA K.	1,278.76	WYMAN, MATTHEW A.	988.29
TRAEGER, JASON A.	1,098.76	SCHRADER, LOU ANN	521.64
MATELSKI, KIMBERLY A.	1,134.50	BOSS, RYDER S.	330.77
ROLOFF, ROBERT P.	1,415.41	MILLER, WILLIAM S.	941.42
RILEY, DENISE M.	408.67	SWEM, DONALD L.	1,790.16
LOPER II, GARY D.	660.12	WHITLEY, ANDREW T.	1,528.50
TEUNIS, STEVEN L.	1,664.99	MORRISON, KEVIN P.	1,464.45
WURST, RANDALL W.	1,227.86	HODGE, MICHAEL J.	1,590.19
MAYER, SHELLEY L.	1,420.93	JOHNSON, STEVEN P.	1,440.34
HILLING, NICHOLAS A.	1,394.64	BOSS JR, DALE E.	1,116.49
MEIER III, CHARLES A.	779.12	STEBE JR, JOHN M.	387.18
ZACHARIAS, STEVEN B.	1,207.51	BOSS, SHERRY M.	392.37
NISWANDER, JOSEPH F.	1,396.02	BEHAN, DEAN T.	280.69
EATON, BRAD A.	1,689.34	STEBE, CATHERINE M.	262.10
WILSON, TIMOTHY J.	2,073.79	HOLM, ARTHUR R.	783.44
LAVOIE, RICHARD L.	1,693.52	STEVENS, JEFFREY W.	282.71
STEVENS, BRANDON C.	2,059.50	MATTER, DAWSON K.	123.34
DRAVES, MARTIN J.	1,688.41	TOTAL	76,131.27

PAYROLL: TRANSMITTAL – 01/29/2016			
4FRONT CREDIT UNION	248.46	CHEMICAL BANK	150.00
AMERICAN FAMILY LIFE	166.74	MI STATE DISBURSEMENT UNIT	323.45
AMERICAN FAMILY LIFE	311.88	PRIORITY HEALTH	2,073.09
CHAR EM UNITED WAY	54.00		
CHARLEVOIX STATE BANK	2,286.16	TOTAL	5,613.78