

**CITY OF MASON
REGULAR CITY COUNCIL MEETING
MINUTES OF APRIL 20, 2009**

Naeyaert called the meeting to order at 7:30 p.m. in the Council Chambers at 201 W. Ash Street, Mason, Michigan. Ferris led the Pledge of Allegiance and offered the invocation.

Present: Councilmembers: Bruno, Ferris, Naeyaert, Johnson, Tornholm, Waltz
Absent: Councilmember: Clark
Also present: Martin Colburn, City Administrator
Eric Smith, Finance Director/Treasurer
Dennis McGinty, City Attorney
Deborah Cwierniewicz, Deputy City Clerk

APPROVAL OF MINUTES: April 6, 2009 Regular Meeting and April 13, 2009 Special Meeting

The regular meeting Minutes of April 6, 2009 and special meeting Minutes of April 13, 2009 were approved as submitted.

APPROVAL OF BILLS

MOTION by Waltz, second by Ferris,
to approve the payment of bills in the amount of \$109,459.67 as submitted.
MOTION APPROVED UNANIMOUSLY

PEOPLE FROM THE FLOOR

None.

REGULAR BUSINESS

First Reading – Ordinance No. 171 - An Ordinance to Amend Article II, Planning Commission, of Chapter 50, Planning, of the Code of the City of Mason to Conform the Provisions of the Planning Code to the Michigan Planning Enabling Act

The Michigan Legislature consolidated the County, Township and Cities and Villages Planning Acts into a single planning enabling act in 2008. The purpose of the consolidation was to make planning law in the State easier to understand, user friendly, and uniform across different levels of government. Ordinance Nos. 171 and 172 reflect compliance with the Michigan Planning Enabling Act., and Ordinance No. 176 reflects compliance with the Michigan Zoning Enabling Act.

MOTION by Waltz, second by Bruno,
to introduce and consider Ordinance No. 171 read for the first time.
MOTION APPROVED UNANIMOUSLY

First Reading - Ordinance No. 172 – An Ordinance to Amend Sections 74-76 and 74-78 of Article II, Subdivisions, of Chapter 74, Subdivisions and Other Divisions of Land of the Code of the City of Mason to Conform the Provisions of the Subdivision Code to the Michigan Planning Enabling Act

MOTION by Bruno, second by Johnson,
to introduce and consider Ordinance No. 172 read for the first time.
MOTION APPROVED UNANIMOUSLY

First Reading - Ordinance No. 176 – An Ordinance to Amend Sections 94-101, 94-361 and 94-397 and to Add New Section 94-231 of Chapter 94, Zoning, of the Code of the City of Mason to Conform the Mason Zoning Ordinance to the Recent Amendments to the Michigan Zoning Enabling Act

MOTION by Johnson, second by Bruno,
to introduce and consider Ordinance No. 176 read for the first time.
MOTION APPROVED UNANIMOUSLY

Resolution No 2009-17 - A Full Faith and Credit General Obligation Limited Tax Contract of Lease between the City of Mason and the Mason Building Authority to Construct a City Hall/Police Station, and Approval of Notice of Intent

Tom Traciak of ACI Finance Inc. summarized the Full Faith and Credit General Obligation Limited Tax Contract of Lease between the City and the Building Authority to construct a city hall/police station and the requirement to publish a notice of intent.

MOTION by Johnson, second by Waltz,
to consider Resolution No. 2009-17 as read.
MOTION APPROVED UNANIMOUSLY

Resolution No. 2009-17 was introduced by Ferris and seconded by Johnson. A brief discussion was held regarding the timing of the City Hall/Police Department project, specifically whether it would be financially prudent to defer the project or to proceed.

**CITY OF MASON
INGHAM COUNTY, MICHIGAN
CITY COUNCIL RESOLUTION NO. 2009-17
A FULL FAITH AND CREDIT GENERAL OBLIGATION LIMITED TAX CONTRACT OF
LEASE BETWEEN THE CITY OF MASON AND THE MASON BUILDING AUTHORITY TO
CONSTRUCT A CITY HALL/POLICE STATION, AND APPROVAL OF NOTICE OF INTENT
April 20, 2009**

A regular meeting of the City Council (the "City Council") of the City of Mason, Ingham County, Michigan (the "City"), was held in the City Hall, 201 West Ash Street, Mason, Michigan, on Monday, the 20th day of April, 2009, at 7:30 p.m..

WHEREAS:

1. The City Council has determined that it is necessary to acquire, construct, equip and furnish a city hall and police station building, together with necessary and related site improvements and related appurtenances (the "Project"), and that title to the Project will held by the City of Mason Building Authority (the "Authority"), and that the City will lease the Project from the Authority for its municipal purposes; and

2. Pursuant to the provisions of the Michigan Building Authorities Act, Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "Act"), this City Council has caused a Full Faith and Credit General Obligation - Limited Tax Contract of Lease (the "Contract") to be prepared and negotiated with the Authority, by the terms of which Contract the Authority will acquire the Project and lease the same to the City pursuant to the terms and conditions of the Contract, which Contract is attached hereto and incorporated herein as **Attachment A**; and

3. Pursuant to the provisions of Section 8b of the Act, this City Council may, by majority vote of its elected members, authorize the execution of a Full Faith and Credit General Obligation - Limited Tax Contract of Lease with the Authority, which contract shall not become effective until sixty (60) days after such notice of intent of entering into the contract has been published in a newspaper of general circulation within the City, provided no valid petition for referendum has been filed with the City within forty-five (45) days of publication; and

4. The Act further provides and requires the notice of intent to be published in a newspaper reaching the largest number of electors and taxpayers within the City and to state certain specific information therein; and

5. This City Council desires to reach the greatest number of electors and taxpayers of the City as possible by publication and is of the opinion that the Ingham County Community News is a newspaper of sufficient circulation to accomplish this objective; and

6. The Contract, in accordance with the authorization contained in the provisions of the Act, authorizes the issuance of bonds of the Authority in the aggregate principal sum of Five Million Five Hundred Thousand Dollars (\$5,500,000) in anticipation of the Full Faith and Credit General Obligation - Limited Tax contractual commitments of the City under said Contract to finance all or a portion of the costs of said Project.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Council hereby approves the Contract in its substantial form as provided in **Attachment A**, with such final modifications to the Contract that are approved and authorized by the City Clerk, which modifications shall not materially alter the terms of the Contract. The Mayor and City Clerk are hereby authorized and directed to execute the Contract.

2. The Contract shall not become effective until sixty (60) days after the latest publication date of the Notice of Intent in the Ingham County Community News, a newspaper published within and of general circulation in the City of Mason, provided no valid petition of referendum has been filed within forty-five (45) days of publication.

3. The Notice hereby directed to be published by the City Clerk shall be in substantially the form as provided in **Attachment B** to this resolution.

4. The Notice shall be published as a display ad in a size not less than one-quarter (1/4) page of the newspaper in which published.

5. A copy of the resolution and the Contract are hereby directed to be placed on file in the office of the City Clerk, and the City Clerk is further instructed to make the Contract available for examination to the public during normal business hours.

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

Yes (5) Ferris, Johnson, Naeyaert, Tornholm, Waltz

No (1) Bruno

Absent (1) Clark

RESOLUTION APPROVED

ATTACHMENT A
CITY OF MASON BUILDING AUTHORITY
CITY OF MASON
FULL FAITH AND CREDIT GENERAL OBLIGATION - LIMITED TAX
CONTRACT OF LEASE

THIS FULL FAITH AND CREDIT GENERAL OBLIGATION - LIMITED TAX CONTRACT OF LEASE IS MADE AND EXECUTED as of this 20th day of April, 2009 (the "Effective Date"), by and between the CITY OF MASON BUILDING AUTHORITY, a public corporation organized and existing under the authority of the Michigan Building Authorities Act, Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "AUTHORITY"), and the CITY OF MASON, a municipal corporation organized and existing under the Constitution and laws of the State of Michigan (the "CITY").

WITNESSETH:

WHEREAS, the AUTHORITY has been incorporated under and pursuant to the provisions of the Michigan Building Authorities Act, Act 31, Public Acts of Michigan, 1948 (First Extra

Session), as amended (the "Act"), for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and/or maintaining a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use by the CITY; and

WHEREAS, the CITY desires to acquire, construct, equip and furnish a city hall and police station building, together with necessary and related site improvements (which is herein sometimes called "Project"), and the AUTHORITY is willing to acquire the Project and lease the same to the CITY; and

WHEREAS, the site upon which the Project will be located is a certain parcel of land in the CITY, more completely described in **Exhibit A**, attached hereto and made a part hereof by reference, unencumbered fee simple title to which is held by the CITY and all or a portion of the same will be acquired by the AUTHORITY pursuant to this Full Faith and Credit General Obligation - Limited Tax Contract of Lease (the "Contract"); and

WHEREAS, the acquisition of the Project by the AUTHORITY for use by the CITY is necessary for the public health, safety and welfare of the CITY, and the use of the AUTHORITY to accomplish such acquisition represents the most practical means to that end at the lowest cost to the CITY; and

WHEREAS, the total cost of the Project is estimated to be in the sum of Five Million Five Hundred Thousand Dollars (\$5,500,000), which will include architect's fees, legal, bond issuance, and financing costs, investment income, and contingencies; and

WHEREAS, the CITY and the AUTHORITY have determined that all or a portion of the cost of the Project should be paid by the authorization and issuance of bonds (the "Bonds") by the AUTHORITY in anticipation of the full faith and credit general obligation limited tax contractual commitments of the CITY under this Contract, pursuant to the provisions of the Act, in the principal amount of not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000); and

WHEREAS, as a prerequisite to the authorization and issuance of the Bonds, it is necessary for the parties hereto to enter into this Contract, whereby the AUTHORITY will lease the Project to the CITY and the CITY will hire the same from the AUTHORITY for a period extending beyond the last maturity date of said Bonds, but not to exceed a period of fifty (50) years; and

WHEREAS, this Contract has been executed by the CITY pursuant to a resolution of the City Council of the CITY, adopted on April 20, 2009, and notice thereof has been published in a newspaper of general circulation in the CITY, and this Contract shall become effective after sixty (60) days have elapsed following such publication, if no valid petition for referendum on the effectiveness of this Contract has been filed with the City Clerk of the CITY within forty-five (45) days of the publication or, in the event the City Council shall submit the question of approval of execution of the Contract to the electors, upon approval of the electors of the CITY.

IT IS, THEREFORE, AGREED BY AND BETWEEN THE PARTIES HERETO, for and in consideration of the agreement and covenants of each other and moneys to be paid out to the other, as follows:

1. (A) The CITY currently owns the parcel of land described in **Exhibit A** and shall convey and transfer to the AUTHORITY unencumbered fee simple title or its interest in all or a portion of that parcel of land for use by the AUTHORITY solely as a site for the Project. Such conveyance or transfer shall be made in a form and manner approved by the City Attorney of the CITY.

(B) The AUTHORITY will, on or before August 1, 2009, but in no event before the sale of the Bonds, enter into a final contract or contracts for the construction of the Project (except for equipment and furnishings therefor) and shall further thereafter cause the Project to be constructed promptly in accordance with the plans to be submitted by the AUTHORITY to the CITY and approved by the CITY, said Project to be available for the use of the CITY, in whole or in part, as of the date of Contract completion, but not later than November 30, 2010.

2. In consideration of the rentals, and terms and conditions herein specified, the AUTHORITY does hereby let and lease the Project to the CITY and the CITY does hereby let and lease the Project from the AUTHORITY, TO HAVE AND TO HOLD for a term commencing on the

date of possession of the Project to be delivered hereunder pursuant to Section 14 hereof and ending on a day fifty (50) years from the date hereof, or such lesser period as may be authorized by the provisions of this Contract.

3. The CITY hereby covenants and agrees to pay to the AUTHORITY cash rental for the use of the Project (hereinafter referred to as the "Cash Rental" or "Cash Rentals") in the amount based upon the AUTHORITY's debt service requirements on the Bonds, the principal maturities of which shall be set forth in **Exhibit B**. The Bonds shall be payable in not more than thirty (30) annual maturities, the first maturity of which shall come due not later than five (5) years after the Effective Date, and the last maturity of which shall come due not later than thirty-five (35) years after the Effective Date.

The CITY will pay to the AUTHORITY, commencing on October 1, 2010, and annually on October 1 of each year thereafter so long as Bonds are outstanding, Cash Rentals in an amount corresponding to the principal amount of Bonds maturing on the next succeeding November 1.

The CITY acknowledges also that the Bonds will be issued at a maximum interest rate of not to exceed seven percent (7.0%) per annum, and that so long as Bonds remain outstanding, such interest will accrue on the outstanding principal balance semi-annually. Therefore, the CITY further covenants and agrees that it shall pay to the AUTHORITY on or before April 1, 2010, such sum as shall be necessary to pay interest on the Bonds on May 1, 2010, and to pay the AUTHORITY, as part of Cash Rentals, semi-annually on each April 1 and October 1 of each year thereafter, so long as Bonds are outstanding, such additional sums as shall be necessary to pay all principal and interest due on the Bonds before the next succeeding semi-annual Cash Rental payment date.

It is understood and agreed by the parties hereto that the CITY's minimum Cash Rental obligation hereunder shall be the semi-annual payment of such amounts as shall equal the debt service requirements on the Bonds falling due before the next Cash Rental payment date. However, the CITY shall retain the unrestricted right and privilege to prepay at any time whatever amounts of Cash Rentals it may choose in order to fully or partially retire the Bonds and any interest then due thereon or in order to provide for such retirement at a specified future date. The total aggregate obligation of the CITY hereunder for Cash Rentals shall at any given point in time be equal to the sum of Cash Rentals yet to be paid to retire outstanding principal of the Bonds, plus interest accrued thereon since the last Cash Rental payment at the rate borne by the Bonds. The CITY warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of the CITY will not cause its obligations under this Contract to exceed any constitutional, statutory or charter debt limitation applicable to the CITY.

The AUTHORITY shall, within thirty (30) days after the delivery of the Bonds, furnish the CITY with a complete schedule of maturities of principal and interest thereon, and the AUTHORITY shall also, at least thirty (30) days before each semi-annual Cash Rental due date, advise the CITY, in writing, of the exact amount of Cash Rental due on said date, and the CITY shall pay such amount on the next following rental date.

4. The CITY, at its own expense during the term of this Contract, shall operate, maintain and keep in repair the completed portions of the Project, and the total expense in connection therewith shall be borne and paid by the CITY in addition to all other rentals herein required. Operation and maintenance shall include any and all costs and expenses of operation and maintenance and such costs and expenses of repairs and maintenance as are necessary to keep the Project in good repair and working order, and shall include, but not to the exclusion of any other items not herein specified, lighting, heating, snow and debris removal, painting and such other repair and maintenance items as are necessary to provide for efficient operation of the Project, and to keep the same in good repair and working order, such attendants and janitorial service as may be necessary, as well as proper insurance coverage. Further, the CITY shall pay, as a part of the operation and maintenance expense, upon written notification by the AUTHORITY, and within thirty (30) days after receipt thereof, such amounts as shall be required to meet all reasonable administrative costs and operating expenses of the AUTHORITY, including paying agent fees, Bond registration fees and any other costs or expense of the AUTHORITY, incidental to the issuance and payment of the Bonds or attributable to the Project.

5. It is understood and agreed by and between the parties hereto that the Bonds will be issued by the AUTHORITY in anticipation of the CITY's contractual Cash Rental obligation, as stated in Section 3 hereof. The CITY, pursuant to authorization of Section 8a of the Act, hereby recognizes and affirms that its contractual obligations expressed in Section 3 and 4 hereof are full

faith and credit limited tax general obligations of the CITY.

The CITY expressly and irrevocably pledges its full faith and credit for the prompt and timely payment of the Cash Rentals pledged for Bond payments as expressed in this Contract, and the semi-annual Cash Rentals constitute a full faith and credit limited tax general obligation of the CITY and, under the provisions of the Act, the CITY is required to provide sufficient moneys in its annual budget for the payment thereof and, if necessary, levy ad valorem taxes on all taxable property within its boundaries, but not in an amount or at a rate exceeding that necessary to pay such Cash Rentals, such levy being for the purpose of providing funds to meet the contractual obligations of the CITY in anticipation of which the Bonds are issued. Nothing herein contained shall be construed to prevent the CITY from using any, or any combination of, the means and methods provided in Section 8a of the Act for the purpose of providing funds to meet its obligations under this Contract, and if at the time of making any annual tax levy there shall be other funds on hand earmarked and set aside for the payment of the contractual obligation due before the next tax collection period, then such annual tax levy may be reduced by such amount. Any such tax levies, however, are subject to existing charter, statutory and constitutional tax rate limitations.

6. The CITY will, if necessary, amend its budget for the fiscal year commencing July 1, 2009, and shall include it in its budget for each fiscal year thereafter, an amount sufficient to pay the total obligations under this Contract coming due in each such fiscal year. Annually before finalization of its budget for the next ensuing fiscal year the CITY shall prepare and transmit to the AUTHORITY a statement of the moneys to be included in the budget for payment of all costs of the Project. The AUTHORITY shall have the right to communicate directly with the City Council of the CITY regarding any items in the budget relative to the Project which might be disputed and, in any event, the budget shall be reasonably adequate to cover all obligations of the CITY herein contained in this Contract.

7. The CITY may at any time pay in advance any of the obligations required to be paid by this Contract, in which event the AUTHORITY shall credit the CITY with advance payment on future-due payments to the extent of such advance payment.

8. The CITY may install in the Project such additional equipment or fixtures not furnished within the construction budget as it may desire, but shall not make any permanent alterations to the Project without the written consent of the AUTHORITY.

9. The CITY covenants and agrees that it will not permit the use of the Project in any manner that will result in a violation of local, state or federal laws, rules or regulations now or hereafter in force and applicable thereto and shall keep the AUTHORITY and the members of its Commission harmless and indemnified at all times against any loss, cost, damage or expenses by any accident, loss, casualty or damage resulting to any person or property through any use, misuses, or nonuse of the Project, or by reason of any act of things done or not done on, in or about the Project or in relation thereto. The CITY further covenants and agrees that it will promptly, and at its own expense, make and pay for any and all changes and alterations in or about the Project which during the term of this Contract may be required to be made at any time by reason of local, state or federal laws and to save the AUTHORITY harmless and free from all costs or damage in respect thereto.

10. To carry out the acquisition and improvement of the Project and the financing thereof in accordance with the provisions of the Act, the following actions shall be taken by the AUTHORITY.

- (A) The AUTHORITY will immediately upon the execution of this Contract enact the necessary resolution or ordinance to authorize the issuance of the Bonds in anticipation of the Cash Rentals to be paid by the CITY hereunder. The AUTHORITY will offer for sale and take such other necessary legal procedures as may be necessary to sell the Bonds as soon as (i) this Contract becomes effective, (ii) final construction bids have been received (the bids to be held for final acceptance pending sale of the Bonds), and (iii) all other steps required to be taken before sale of the Bonds have been accomplished.
- (B) The AUTHORITY will immediately upon the sale of the Bonds, but before the delivery thereof, enter into and execute contracts for the completion of the Project in accordance with the plans and specifications therefor prepared and approved by the AUTHORITY and the CITY. No changes in the plans and specifications shall be made by the AUTHORITY without the consent of the

CITY. The AUTHORITY shall not execute any contract in connection with the completion of the Project until the same has been approved by the City Council of the CITY.

- (C) The AUTHORITY will require and secure from any contractor undertaking any work to be performed on the Project necessary and proper bonds in such amounts and in such forms as may be approved by the City Attorney of the CITY.
- (D) The AUTHORITY will immediately upon receipt of the proceeds of sale of the Bonds comply with all requirements provided for in the ordinance or resolution relative to the disposition and use of such proceeds.
- (E) The AUTHORITY may invest any bond proceeds or other funds held by it as permitted by law and investment income shall accrue to and be a part of the fund producing such income.

11. In the event that it should be determined that for any reason there are not sufficient funds to complete the Project or if repair, replacement or alteration of the Project should be required to make the Project usable for its originally intended purpose, and additional funds become necessary therefore, it is agreed by the parties hereto that this Contract may be supplemented or amended to provide for the issuance of additional bonds by the AUTHORITY to provide sufficient funds to complete, repair, replace or alter the Project and also to increase the Cash Rental by an amount fully sufficient to pay all principal of and interest on the Bonds herein referred to and such additional bonds when due.

In the event such determination of insufficient funds should be made after the letting of contracts for completion of the Project, but before completion thereof, the AUTHORITY shall be authorized, on its own motion, to issue such additional bonds as may be necessary to provide sufficient funds to complete the Project or to make necessary repairs, replacement or alteration therein, and the Cash Rental to be paid by the CITY shall automatically be increased by an amount fully sufficient to pay all principal of and interest on the Bonds herein referred to and such additional bonds when due. In the event any additional bonds are issued, the duties and obligations of the AUTHORITY and the CITY as expressed and set forth this Contract shall be applicable to such additional bonds as well as the Bonds herein referred to, it being at all times fully recognized and agreed that the Cash Rentals to be paid by the CITY, as specified in Section 3 of this Contract, shall be based upon the total amount of debt service on the bonds issued to pay the costs of the Project. Any such additional bonds shall mature serially on November 1, as shown in Section 3, shall be increased by the principal amount of such additional bonds maturing on said November 1, plus the additional interest payable thereon on said November 1 and the succeeding May 1. All of the provisions of this Contract shall be applicable to said increased amounts. Immediately upon the issuance of such additional bonds, the AUTHORITY shall furnish and supply the CITY documentation specifying the new schedule of Bond payments and Cash Rentals, increased as herein authorized, which shall be substituted and take the place of the schedules herein specified. In the event additional bonds are issued, all references herein to the Bonds shall be deemed to include such additional bonds.

In lieu of the issuance of additional bonds, the AUTHORITY and the CITY may enter into any other mutually agreeable arrangement to meet increased costs or bring such costs within the amount of funds available for construction of the Project.

12. In the event, by reason of favorable construction bids received, or for any other reason, it is not necessary to issue the Bonds in the full amount presently anticipated, the AUTHORITY shall be authorized, after consultation with the CITY, to reduce the amount of Bonds to such lesser principal amount as may be necessary to pay the cost of the Project and also to reduce the Cash Rental of the CITY so that the Cash Rental payment due on April 1 and October 1 of each year shall be sufficient to pay the principal of and interest on the Bonds the next succeeding November 1 and May 1. All the provisions of this Contract shall be applicable to the reduced amounts the same as though such Bonds and Cash Rentals were originally in the reduced amounts. In such event, the AUTHORITY shall furnish and supply to the CITY documentation specifying the new schedule of Bond payments and Cash Rentals, reduced as herein authorized, which shall be substituted and take the place of the schedules herein specified.

13. After completion of the Project and payment of all costs thereof, any unexpended balance remaining from the proceeds of sale of Bonds shall be used by the AUTHORITY, upon request made by resolution of the City Council of the CITY and with the approval of the Local Audit

and Finance Division of the Michigan Department of Treasury or its successor state agency for improvements to or enlargement of the Project or for any other projects of the AUTHORITY leased to the CITY. Any balance remaining after such use shall be applied to debt service requirements of the Bonds next coming due and the CITY shall receive a credit against the next due Cash Rentals to the extent of such application.

14. The AUTHORITY shall deliver immediate possession of the completed portions of the Project to the CITY. The Project shall be completed pursuant to the negotiated construction schedule but not later than November 30, 2010. In the event that for any reason whatsoever the Project is not completed by that date, the obligation of the CITY for the payment of the Cash Rentals and other costs of the Project and the performance of its other commitments under this Contract shall in any event remain in full force and effect in order to provide for the payment of principal and interest on the Bonds and other costs in connection therewith.

15. The CITY shall provide (A) liability insurance to the extent necessary to protect the AUTHORITY and the CITY against loss on account of damage or injury to persons or property imposed by reason of the ownership of the Project or resulting from any act of omission or commission on the part of the AUTHORITY or the CITY, their agents, officers and employees, in connection with the operation, maintenance or repair of said Project or the furnishing of any service to the CITY; (B) casualty insurance against such risks and in such amounts as are usually carried on projects of similar size and nature; and (C) a sufficient fidelity bond from any person handling the funds of the AUTHORITY.

16. Any funds received by the AUTHORITY or the CITY from any insurance policies, or otherwise, because of casualty or damage to the Project shall be used promptly to restore the Project to a condition satisfactory to the CITY. If such funds are not sufficient to so restore the Project, the CITY may provide sufficient additional funds therefore in such amounts as the CITY and the AUTHORITY may agree upon, or restoration, in which event the provisions of Section 11 hereof with respect to additional bonds and increased Cash Rentals shall apply. If in the judgment of the AUTHORITY, concurred in by the CITY, the funds received from any insurance policies, or otherwise, by the AUTHORITY or the CITY shall be insufficient to restore the Project to a condition satisfactory to the CITY, and if additional CITY funds are not made available or additional bonds are not authorized to make proper restoration, then, in that case, the AUTHORITY shall hold and/or invest the funds paid to it by reason of such loss for the benefit of the holders of the Bonds, and when upon receipt of sufficient Cash Rentals from the CITY which, together with the proceeds of the issuance and other available funds, will be sufficient to pay the principal and interest upon the Bonds, the moneys shall be deposited by the AUTHORITY, in trust, for the benefit of the bondholders and used to pay the principal and interest on the Bonds as they mature or as the Bonds become callable.

17. The leasehold rights, duties and obligations of the CITY as specified in this Contract shall not be assigned nor sublet, in whole or in part, during the term of this Contract or while any of the Bonds are outstanding and unpaid, except to the extent that such assignment or sublease benefits and serves a legitimate public purpose of the CITY, in which event the CITY shall be authorized to assign this Contract or sublet the Project, or any part thereof, but only to the extent and in the manner that the CITY could assign or sublet if it were the owner of the Project. In no event shall any assignment or subletting relieve the CITY of its primary obligation to pay the Cash Rentals and operation and maintenance costs of the Project hereunder or perform any of its other obligations hereunder. For purposes of this agreement, employment of a manager, management firm, or any operating agreement with a third party shall not be deemed an assignment or subletting.

18. The CITY shall have, and is hereby granted, the right to require the AUTHORITY to release from the terms and restrictions hereof any unimproved part of the site for the Project, or any interest therein, at any item and from time to time while the CITY is not in default hereunder, without cost to the CITY, provided that the CITY furnishes the AUTHORITY with:

- (A) A notice, in writing, containing an adequate legal description of that portion of the site with respect to which such right is to be exercised, together with a survey thereof; and
- (B) A certificate signed by an engineer or architect stating (i) that no part of the improvements constituting the Project (other than landscaping, roads, walkways, sewer, water, gas, electric and communication lines and other utilities, and the like, which shall be specified in such certificate) is located on the portion of the

site with respect to which such right is exercised; and (ii) that the severance of such portion of the site from the Project will not impair the operating unity or materially alter the character of the Project.

From and after the consummation of any release effected by the CITY pursuant to the provisions of this section, any reference herein to the Project shall be deemed to refer to the real property described herein, less and except any portion or interest therein released to the CITY under this section and any part theretofore released to the CITY under this section. No release effected by the CITY under the provisions of this section shall entitle the CITY to any abatement or diminution of the Cash Rentals or other obligations payable hereunder.

19. The AUTHORITY, its agents, servants or employees, shall have the right at all times of entering upon the Project for the purpose of acquiring, constructing, renovating, restoring and inspecting the same pursuant to its commitments hereunder and conditions herein contained are being complied with.

20. The CITY covenants and agrees that it will continue to pay to the AUTHORITY, in accordance with the terms of this Contract, the Cash Rentals at the times and in the manner herein established, without reduction or abatement for any cause or reasons whatsoever, including, but not limited to, casualty which results in the Project being untenable or the failure to have the Project restored under Section 16 hereof, and without right of set off or recoupment, until the principal of and interest on all Bonds are paid in full or adequate funds are available and held in trust for the benefit of the holders of the Bonds for that purpose.

21. The CITY covenants and agrees that if, before the Bonds have been retired, default shall at any time be made by the CITY in payments of the Cash Rentals as herein required, or in the performance of any of its obligations hereunder, the AUTHORITY shall have the right to use all the remedies provided by law to correct the default. Such remedies include those specifically set forth in the Act and the ordinance or resolution to be enacted by the AUTHORITY providing for the issuance of the Bonds. In the event of any such default, the holder or holders of the Bonds may, to the extent permitted by law, exercise and enforce the rights of the AUTHORITY hereunder.

22. The AUTHORITY and the CITY each recognize that the Bonds are to be issued in anticipation of the Cash Rentals to be paid by the CITY hereunder and that the holders from time to time of the Bonds will have contractual rights in this Contract, and it is, therefore, covenanted and agreed by each of them that so long as any of the Bonds shall remain outstanding and unpaid the provisions of this Contract shall not be subject to any alteration or revision which would in any manner unfavorably affect either the security of the bonds or the prompt payment of principal or interest thereon. The AUTHORITY and the CITY further covenant and agree that they will each comply with their respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth and will not suffer to be done and act which would in any way impair the Bonds, the security therefore, or the prompt payment of principal and interest thereon. The CITY may, in writing, waive strict compliance by the AUTHORITY with any dates set out herein for the entering into of final construction contracts and for completion of the Project, and such dates may be altered upon mutual agreement by the parties hereto.

23. Any notice necessary or proper to be given to any of the parties hereto may be served in the following manner:

- (A) If to the AUTHORITY, by delivering the same to any member of the Commission thereof.
- (B) If to the CITY, by delivering the same to the City Administrator, City Clerk or a deputy thereof.

24. This Contract shall terminate on the payment in full of all principal of and interest on all of the Bonds. When the Bonds have been retired and the Contract terminated, the AUTHORITY shall convey the Project to the City, without consideration, by quit claim deed and appropriate bills of sale in such form and manner as may be approved by the City Attorney of the CITY. Upon termination of this Contract in the manner set forth above, the AUTHORITY shall promptly pay over to the CITY any and all funds held by it pertaining to the aforesaid Bonds or in any other manner relating to the Project.

25. The AUTHORITY covenants that the CITY, upon compliance with the terms of this Contract, shall and may peacefully and quietly have and hold and enjoy the Project for the term herein provided.

26. Nothing herein contained shall in any way be construed to prevent additional financing under the provisions of the Act, or any other law, for any of the purposes set out in the Articles of Incorporation of the AUTHORITY.

27. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the CITY OF MASON BUILDING AUTHORITY, by its Commission, and the CITY OF MASON, by its City Council have each caused its name to be signed to this instrument by its duly authorized officers, and its seal to be affixed hereto as of the Effective Date.

In the presence of:

CITY OF MASON
BUILDING AUTHORITY

By _____
Chairman of Its Commission

By _____
Secretary of Its Commission

[Authority]
[Seal]

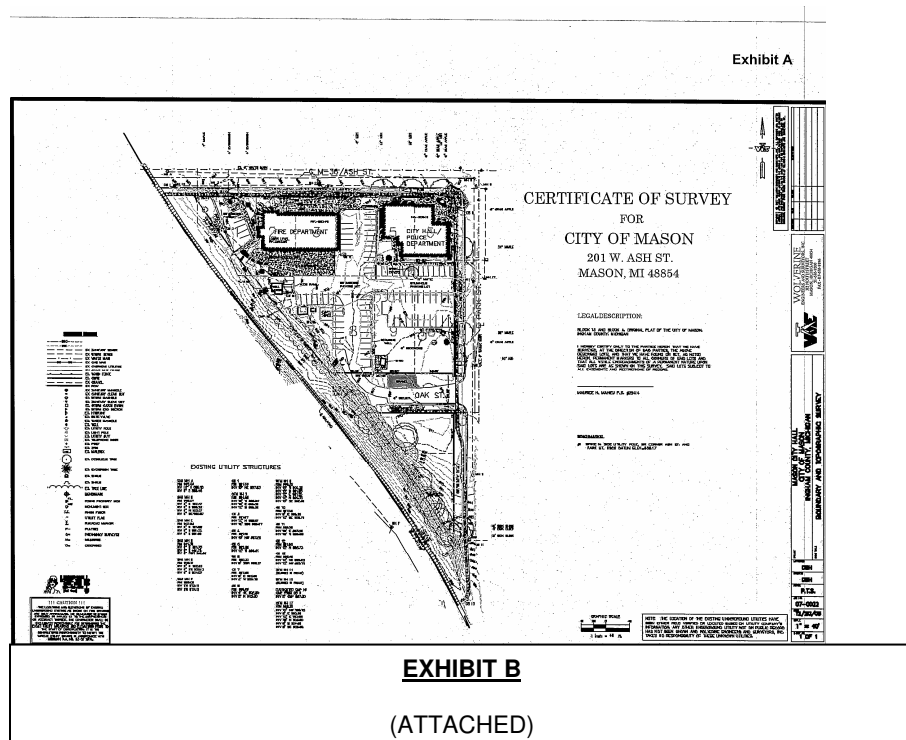
In the presence of:

CITY OF MASON

By _____

[City]
[Seal]

EXHIBIT A



ATTACHMENT B

**NOTICE OF INTENT TO EXECUTE A FULL FAITH
AND CREDIT GENERAL OBLIGATION - LIMITED TAX
CONTRACT OF LEASE BETWEEN THE
CITY OF MASON
AND
CITY OF MASON BUILDING AUTHORITY
NOTICE TO THE ELECTORS AND TAXPAYERS OF THE CITY OF MASON
AND
NOTICE OF RIGHT OF REFERENDUM**

TAKE NOTICE THAT the City Council of the City of Mason intends to enter into a Full Faith and Credit General Obligation - Limited Tax Contract of Lease with the City of Mason Building Authority by the terms of which the City of Mason Building Authority (the "Building Authority") has agreed to acquire, construct, equip and furnish a city hall and police station building, together with necessary and related site improvements and related appurtenances (the "Project"), and to lease the same to the City of Mason for a period of not to exceed fifty (50) years.

The total cost of the Project is estimated to be Five Million Five Hundred Thousand Dollars (\$5,500,000). The Building Authority will be authorized to issue bonds in the principal amount of not to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000) to mature over a period of not to exceed thirty (30) years to pay a portion of the cost of the Project, which bonds shall bear interest at a rate or rates to be determined upon public sale, but not to exceed seven percent (7.0%). The City of Mason will be obligated to make semi-annual cash rental payments to the Building Authority to enable the Building Authority to meet its annual principal and semi-annual interest requirements on the bonds.

**PLEDGE OF FULL FAITH AND CREDIT AND SOURCE OF
PAYMENT OF RENTAL OBLIGATION**

The Contract obligates the City of Mason to expressly and irrevocably pledge its full faith and credit for the prompt and timely payment of the semi-annual cash rental payments, and the semi-annual cash rental payments constitute full faith and credit general obligations of the City of Mason. Under the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, the City of Mason is required to provide sufficient moneys in its annual budget for the payment thereof, and if necessary, levy ad valorem taxes on all taxable property within its boundaries. Any such levies, however, must be subject to existing charter, statutory and constitutional tax rate limitations. The cash rentals are not subject to set off or abatement for such cause, including but not limited to, casualty or any conditions that might cause the lease property to be partially or wholly untenable.

The City of Mason is authorized to use any, or any combination of, methods provided in Act 31, as amended, for the purpose of providing funds to meet its obligations under this Contract; and, if at the time of making any annual tax levy, there shall be other funds on hand earmarked and set aside for the payment of contractual obligations due prior to the next tax collection period, the tax levy may be reduced by such amount.

The cash rental payments will be budgeted annually within the City of Mason's general fund. It is not anticipated that any tax increase will be required to service the contractual payments to be owed to the Building Authority.

RIGHT OF REFERENDUM

TAKE FURTHER NOTICE THAT THE CONTRACT SHALL NOT BECOME EFFECTIVE UNTIL SIXTY (60) DAYS AFTER THIS NOTICE OF INTENT HAS BEEN PUBLISHED AND IF NO PETITION FOR REFERENDUM REQUESTING AN ELECTION ON THE CONTRACT HAS BEEN FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER THIS NOTICE IS PUBLISHED. IF A REFERENDUM PETITION IS FILED, SIGNED BY NOT LESS THAN TEN PERCENT (10%) OF THE REGISTERED ELECTORS OF THE CITY, A REFERENDUM ELECTION SHALL BE CALLED PURSUANT TO THE PETITION AND THE CONTRACT SHALL NOT BECOME EFFECTIVE UNLESS A MAJORITY OF THE ELECTORS VOTING THEREON AT A GENERAL OR SPECIAL ELECTION APPROVE THE AUTHORIZATION OF THE CONTRACT,

A COPY OF THE CONTRACT IS ON FILE IN THE OFFICE OF THE CITY CLERK AND AVAILABLE FOR PUBLIC EXAMINATION DURING NORMAL BUSINESS HOURS.

The number of registered voters of the City of Mason as of April 16, 2009 is 5,784.

Martin A. Colburn, City Clerk
City of Mason

Resolution No. 2009-18 - Resolution Authorizing Payments of Expenses for the City Hall/Police Station Project be Reimbursed with Proceeds of General Obligation Bonds

MOTION by Johnson, second by Ferris,
to consider Resolution No. 2009-18 as read.
MOTION APPROVED UNANIMOUSLY

Resolution No. 2009-18 was introduced by Johnson and seconded by Ferris.

**CITY OF MASON
INGHAM COUNTY, MICHIGAN
CITY COUNCIL RESOLUTION NO. 2009-18
A RESOLUTION AUTHORIZING PAYMENTS OF EXPENSES FOR
THE CITY HALL/POLICE STATION PROJECT BE REIMBURSED
WITH PROCEEDS OF GENERAL OBLIGATION BONDS
APRIL 20, 2009**

A regular meeting of the City Council (the "City Council") of the City of Mason, Ingham County, Michigan (the "City"), was held in the City Hall, 201 West Ash Street, Mason, Michigan, on Monday, the 20th day of April, 2009, at 7:30 p.m..

WHEREAS:

1. The City intends to issue its bonds, or cause the issuance of bonds by the City of Mason Building Authority, for the purpose of financing all or a portion of the cost of acquiring, constructing, equipping and furnishing a city hall and police station building, together with necessary and related site improvements (the "Project"); and
2. The Internal Revenue Service authorizes, by regulation, the allocation of bond proceeds to reimburse expenditures previously made by an issuer of bonds, being Section 1.150-2; and
3. In anticipation of and preparation for the Project, the City and/or the Building Authority may incur certain expenses in advance of the receipt of bond proceeds; and
4. Payments of any such expenses for the Project made by the City Council or the Commission of the Building Authority are an advance from the General Fund to be repaid upon the approval and receipt of bond proceeds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. All of the payments of expenses for the Project initially to be made with funds other than proceeds of the Bonds and then to be reimbursed by the City and/or the Building Authority from proceeds of the Bonds will be for costs of a type properly chargeable to the capital account of the Project under general income tax principles, non-recurring working capital expenditures (of a type not customarily payable from current revenues), or costs of issuing the Bonds. Other than any preliminary expenditures for architectural, engineering, surveying, soil testing, costs of issuing the Bonds, or similar purposes that may have been paid more than sixty (60) days prior to the date of this resolution, all such expenditures have been paid not more than sixty (60) days earlier than the date of this resolution or will be paid on or after the date of this resolution.
2. The payments of expenses for the Project and the purposes of said payments are hereby approved, and the monies are authorized to be advanced from monies on hand in the

General Fund, which monies will be repaid to the General Fund from the Bond proceeds when received. The debt service for the Bonds will be paid from the City's tax revenues.

3. The City and/or the Building Authority shall reimburse the General Fund not earlier than the date on which the expenses for the Project are paid and not later than the latter of:

- (a) the date that is eighteen (18) months after the expenses are paid, or
- (b) the date the Project, or any portion thereof, is placed in service or abandoned, but in no event more than three (3) years after the expenses are paid.

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

Yes (5) Ferris, Johnson, Naeyaert, Tornholm, Waltz

No (1) Bruno

Absent (1) Clark

RESOLUTION APPROVED

Resolution No 2009-19 – Appointment to the Planning Commission

MOTION by Ferris, second by Johnson,
to consider Resolution No. 2009-19 as read.

MOTION APPROVED UNANIMOUSLY

A brief discussion ensued.

MOTION by Ferris, second by Johnson,
to defer the Planning Commission appointment to allow public notice of the vacancy.

ROLL CALL VOTE:

Yes (2) Bruno, Tornholm

No (4) Ferris, Naeyaert, Johnson, Waltz

MOTION FAILED

Resolution No. 2009-19 was introduced by Johnson and seconded by Ferris.

**CITY OF MASON
CITY COUNCIL RESOLUTION NO. 2009-19
MAYORAL APPOINTMENT TO THE PLANNING COMMISSION
April 20, 2009**

WHEREAS, a resignation created a vacancy on the Planning Commission;

BE IT HEREBY RESOLVED that the Mayor, with confirmation by the City Council, does hereby appoint John Sabbadin to the Planning Commission of the city to fill the remainder of the unexpired term, commencing April 20, 2009 and expires on December 31, 2010.

ROLL CALL VOTE:

Yes (4) Ferris, Naeyaert, Johnson, Waltz

No (2) Bruno, Tornholm

RESOLUTION APPROVED

MOTION – Tree Commission Recommendation to Relocate Donated Tree

Mason property owner Jan Bernath has requested that the City of Mason accept the donation of a Blue Spruce tree sited on her property located at 104 East Oak. The tree is obstructing the traffic sight distance at the corner of West Oak and Jefferson Streets. Three options to remedy the obstruction have been discussed; Ms. Bernath could trim the lower branches to a height of eight (8)

feet from the ground to meet ordinance requirements or she could have the tree removed. The third option would be that the City would accept the donation and relocate the tree to an appropriate public location.

Several landscape companies were contacted, but only Anderson-Fischer of Mason would quote removal/relocation of a tree this size. The City would be responsible for all additional costs related to this project.

The total cost of relocation could be greater than \$1,500.00 and there would be no guarantee that the tree would survive transplantation to its new location. Staff concluded that this would not be a sound investment. However, the Tree Commission met Tuesday, April 7, 2009, and took action to recommend to the City Council that funds be expended to relocate the Blue Spruce tree. Bruno, ex officio Tree Commission member, stated that the Tree Commission discussed relocating this tree last year due to its excellence as well as the value of obtaining a 16' Blue Spruce.

MOTION by Bruno, second by Waltz,
to approve the expenditure of funds necessary to relocate the donated Blue
Spruce tree located at 104 East Oak Street to a city park.
MOTION APPROVED UNANIMOUSLY

Motion – Mason Lions Club – Use of Public Right-of-Way for White Cane Drive

The Mason Lions Club is requesting permission to use the public right-of-way for the annual White Cane Drive on the sidewalks of Mason Friday, April 24th and Saturday, April 25th

Motion by Johnson, second by Bruno,
to approve the Mason Lions Club's request to use the public right-of-way for their
annual White Cane Drive on the sidewalks of Mason Friday, April 24th and
Saturday, April 25th as requested in the submitted letter.
MOTION APPROVED UNANIMOUSLY

Proclamation – Arbor Day

Each year, a mayoral proclamation is presented to Council proclaiming the observance of Arbor Day for the City of Mason, the fourth Friday in April. The City of Mason has been named a Tree City USA by The National Arbor Day Foundation in cooperation with the National Association of State Foresters and the USDA Forest Service. It is the eighteenth year Mason has received this national recognition. The City of Mason has made a commitment to further the health and welfare of the community forestry program by becoming a Tree City USA. The Tree City USA program is sponsored by The National Arbor Day Foundation in cooperation with the USDA Forest Service and the National Association of State Foresters. To maintain "Tree City" status, four of the six category standards set by the Foundation must be met each year. Officially recognizing Arbor Day meets one of the criterions.

UNFINISHED BUSINESS

Bruno asked why brake repair was contracted for truck #25 rather than being repaired by the city mechanic. Colburn stated that the city mechanic is not certified and the city does not have the necessary equipment.

NEW BUSINESS

Bruno informed Council that this year's Arbor Day celebration will be held Friday, April 24, 2009 at

noon. Honoree Deborah Powers requested that a Katsura shade tree will be planted along the Hayhoe Riverwalk. Also, he informed Council regarding legislation recently passed permitting municipalities to adopt a resolution allowing the use of off-road recreational vehicles (ORV). He requested review of the legislation for Council's consideration. Attorney McGinty will report at the next meeting regarding the new law.

Ferris informed Council that Spring Fling and the library book sale will be held the weekend of May 2, 2009.

Naeyaert welcomed Neal Johnson to the Council. Also, she stated that Mayor Clark is in Washington D.C. with Public Works Director Rolland Olney. She and Administrator Colburn will be leaving tomorrow to join them in meeting with the Michigan Congressional Delegation to continue urging them to support funding for the Water Treatment Plant.

CORRESPONDENCE

Distributed.

LIAISON REPORTS

Discussion was held to appoint a Traffic Commission ex officio member at the next meeting. Naeyaert informed Council regarding current Planning Commission business.

ADMINISTRATOR'S REPORT

Colburn informed the Council regarding current city business.

PEOPLE FROM THE FLOOR

None.

ADJOURNMENT

The meeting adjourned at 8:57 p.m.

Martin A. Colburn, City Clerk

Leon Clark, Mayor