

SPECIAL MEETING - STURGIS CITY COMMISSION
THURSDAY, JANUARY 4, 2007
CONFERENCE ROOM - CITY HALL

The City Commission met downtown at 5:00 p.m. to review the downtown streetscape.

Mayor Sisson called the meeting to order at 6:00 p.m.

Commissioners present: Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Austermann

Also present: City Manager, Assistant City Manager, Public Safety Director, Deputy Fire Chief, Economic Development Director, City Controller, City Clerk

Mayor Sisson explained that it has been the intent of the City Commission to work with and attempt to accept the wishes of the Sturgis Area Ambulance Committee.

City Manager Michael Hughes explained that it is standard to use a fractile response time system as opposed to averages.

Mayor Sisson appointed Commissioner Richards as an alternate representative of the City to the S.A.A.C.

The Commission discussed the response times experienced by City residents and all S.A.A.C. members and the response times proposed by LifeCare.

Ron Slagle, President of LifeCare, explained that the reason they have not agreed to the same response times that have been experienced under the current contract is because other contracts use the national standard for response times.

The Commission discussed the a "System Status" operation

Sturgis Fire stations an ambulance at football games as a community service and only charges for the boat races in Constantine.

The Commission discussed the appropriateness of a contract between the provider and the City and Townships, with the villages being part of the township.

Exemptions would be debated between SAAC and Lifecare and then if not agreed, a third party would be involved. Response times would be calculated prior to the debate. Mike Hughes asked that response times be modified after SAAC approves an exemption.

The Commission discussed that the subsidy distribution should be based on a combination of population and run call volume over the previous two years.

Moved by Comm. Haas and seconded by Comm. Littman to set a Public Hearing on January 10, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall for consideration of an amendment of the P. A. 425 Agreement between the City of Sturgis and Sturgis Township.

The Commission discussed the downtown streetscape and focused on the double curb that resulted on the south side of Chicago Road. City Manager Michael Hughes explained that MDOT is preparing a formal explanation as to how this happened and will be discussing possible solutions.

The City Commission will host a community planning session with area elected officials at Glen Oaks Community College on February 17, 2007.

The meeting was adjourned at 8:15 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JANUARY 10, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The invocation was given by Rev. Ross Gerber, Grace Christian Fellowship

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Mayor Sisson

Commissioners absent: Vice-Mayor Mayer

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Deputy Police Chief, City Clerk

Planning Board Chairman Keith Waltke provided information on the activities of the board including special land use requests, non-conforming use requests, site plan reviews, ordinance amendments, and the mineral mining operation.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of January 20, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the December 20, 2006 regular meeting as presented.

APPROVAL of the minutes from the January 4, 2007 special meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$878,868.95 as presented.

2. AUTHORIZE the payment of the City Retirement bills in the amount of \$172,022.51 as presented.

3. RATIFY the Hospital bills in the amount of \$1,639,714.29 as presented.

C. Set Public Hearing

Set a Public Hearing at 7:30 p.m. on January 22, 2007 in the Wiesloch Raum of City Hall for consideration of an IFEC to Sturgis Molded Products, Inc.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

EDC Director John Hayes provided information on the process of creating the Economic Development Plan. He explained that the cost of the consultant was divided equally between the City, the EDC, and the SIA. The City Commission had previously approved the portion from the City but a Public Hearing was required for use of Revolving Loan Funds by the EDC.

Mayor Sisson opened the Public Hearing.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Littman to approve the release of \$11,000 from the Revolving Loan Fund for the purpose of economic development strategic planning by the Chesapeake Group.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes provided information on the process of amending the P.A. 425 Agreement between the City of Sturgis and Sturgis Township. He explained that a Corridor Committee was established by the City Commission to negotiate an amendment to an existing P.A. 425 agreement with Sturgis Township. The City of Sturgis, Sturgis Township and LaGrange County have discussed providing sewer infrastructure to the I-9/M-66 Corridor area. He explained that because the sewer would serve a significant portion of Sturgis Township, the City and the Township developed an agreement to provide sewer and in turn property in the Corridor area would transfer to City jurisdictions under certain conditions. The existing P.A. 425 agreement would not require any new development or existing property to transfer to City jurisdiction. He provided details of the agreement provisions.

Mayor Sisson opened the Public Hearing.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Mayor Sisson commented that this agreement was a great example of the cooperation and trust between the City and Township, along with LaGrange County, and is a tremendous accomplishment that will affect the area for years to come.

Moved by Comm. Richards and seconded by Comm. Austermann to approve an amendment to the August 4, 2000 P.A. 425 Agreement with Sturgis Township for the I-9/M-66 Corridor Project.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes explained that as part of the pilot study being conducted to treat the waste from Abbott Labs as part of the SRF sewer project, certain engineering work needs to be completed. These funds will be applied to the grant that was received for this project and any expenditure above the grant maximum will be paid by Abbott.

Moved by Comm. Haas and seconded by Comm. Austermann to approve Task Order #10c in the amount of \$22,425.00 to the Master Agreement for Professional Services between the City of Sturgis and Fleis & VandenBrink Engineering, Inc. and authorize the City Manager to sign the Task Order on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that as part of the disposition of assets to pay off a loan, Century Bank is entitled to take ownership of the liquor license currently held in escrow in the name of MCH Sturgis Corporation. In order to complete this process, the Michigan Liquor Control Commission requires local government approval for all license transfers. This license will then be held in escrow in the name of Century Bank and allow them to sell it to an entity within the county.

Moved by Comm. Austermann and seconded by Comm. Malone to approve the request to transfer ownership of 2006 B-Hotel licensed business with Dance-Entertainment permit, located in escrow at 1300 S. Centerville, Sturgis, MI 49091, St. Joseph County, from MCH Sturgis Corporation to Century Financial Corporation.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that the Commission accepted the resignation of Kevin Waltke back in November and the vacancy was then advertised. Since that time, only two applications had been received. One of the applicants is a resident of Maple Towers and currently Myra Bowser is the resident representative on the Housing Commission.

Moved by Comm. and seconded by Comm. to appoint Lorraine Bolley to fill the unexpired term of Kevin Waltke through May, 2010.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

EDC Director John Hayes explained that Howard Cohn, Chesapeake Group President, will meet with area leaders on January 11, 2007 as part of the creation of the area economic development plan.

The IFEC Committee will meet prior to the Public Hearing on January 22, 2007 at Sturgis Molded Products to review the new building and equipment.

Sturgis Area Chamber of Commerce Director Cathi Abbs commended the Commission and Township officials for their hard work on the P.A. 425 Agreement Amendment.

City Manager Michael Hughes explained that the Recycling Pilot Program will begin in February. Maps and calendars are being included in the utility bills and a media release is being prepared explaining the development of the program.

The Commission commented on the downtown streetscape and emphasized their dissatisfaction with the current configuration. It was explained that the City is waiting for the formal response from MDOT regarding the project.

The meeting was adjourned at 8:35 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
MONDAY, JANUARY 22, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The invocation was given by Lorraine Bolley, Gateway River of Life

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson
Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Public Safety Director, Deputy Fire Chief, Hospital CEO, City Clerk

Manfred Kurz of Wiesloch, Germany provided information on the status and plans for the Sister City program and the upcoming visit of a group to Sturgis from Wiesloch.

Pat Horan of Plante and Moran provided the Sturgis Hospital Audit presentation for fiscal year 2005-2006. Sturgis Hospital CEO Robert LaBarge and CFO Connie Downs provided details on the activities throughout the past year and the outlook for the future.

Sturgis Hospital CEO Robert LaBarge provided the Hospital Board presentation including the expansion of the facility.

Public Safety Director David Northrop presented the Police Department Commendations to Det. Sgt. Luis Rosado, Sgt. Geoff Smith, Sgt. Richard Johnson, Officer Greg Peterson, Officer Matt Monroe, and Officer Damon Knapp for their lifesaving efforts. The Commission thanked them for their tremendous dedication and service to the community.

Mayor Sisson read the following Patriotism Week Proclamation:

WHEREAS, The Benevolent and Protective Order of Elks, through its Constitution, is a Patriotic Order, and

WHEREAS, The Order promotes the ideals that the citizens of this nation live in freedom, won through the great sacrifices and many tribulations which have provided the foundation for a free, prosperous and independent life, and

WHEREAS, We realize that each generation must work to maintain this freedom, otherwise, through carelessness or indifference, the rights and liberties enjoyed may vanish, and

WHEREAS, It is fitting and proper to recognize this freedom and to honor the nation, which provides it.

NOW, THEREFORE, BE IT RESOLVED, that I, Robert C. Sisson, as Mayor of the City of Sturgis, and on behalf of the City Commission, do hereby proclaim February 19-25, 2007, as NATIONAL PATRIOTISM WEEK, during this event, urge all citizens to join with the Benevolent and Protective Order of Elks in expressing gratitude for the privilege of Americanism Citizenship with appropriate celebrations and observances.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of January 22, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the January 10, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,775,508.09 as presented.

2. RATIFY the Hospital bills in the amount of \$1,388,292.11 as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Economic Development Director John Hayes explained the expansion project at Sturgis Molded Products which will provide for larger injection molding equipment.

Mayor Sisson opened the Public Hearing for consideration of an IFEC to Sturgis Molded Products.

The IFEC Committee commended Sturgis Molded Products on their expansion.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Richards and seconded by Comm. Stephens to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$2,000,000.00 to Sturgis Molded Products Company, for a period of twelve (12) years, beginning on January 1, 2008 and an ending date of December 31, 2019.

WHEREAS, Sturgis Molded Products Company in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to Sturgis Molded Products Company, and **WHEREAS**, on September 14, 1983 and June 11, 2003, the City Commission established the Industrial Development District for the industrial property of Sturgis Molded Products Company, and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and representatives of all affected taxing units the opportunity to be heard as required by the statute, and

WHEREAS, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2019.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of Sturgis Molded Products Company for an “Industrial Facilities Exemption Certificate”.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Building Inspector George Musolff provided information on the intent of the design review committee for renovations in the Central Business District.

Moved by Comm. Stephens and seconded by Comm. Richards to consider this the introduction and first reading of an Amendment to Sturgis Zoning Ordinance Article XIII Section 1.1301 (B) (3) pertaining to the Design Review Committee in the Central Business District.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour provided information on the purpose and types of ground power units for use at the airport.

Moved by Comm. Fisher and seconded by Comm. Malone to amend the FY 2006-07 Budget, General Fund, Capital Outlay line item from \$110,000.00 to \$117,555.00.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Austermann to approve the purchase of a Hobart GPU-400 from Aviation Ground Equipment Corp. for an amount not to exceed \$7,555.00.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Fisher to approve the request by City staff to place vehicle #202-95 on E-Bay on-line auction as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes detailed the issues that arose at the previous work session including: Contracting with the proper entity representing LifeCare; an agreement amongst S.A.A.C. members for payment of the subsidy; a provision to hire the current Sturgis Ambulance staff; two consecutive quarters for breach of contract; high volume cannot be caused by LifeCare; the definition of mutual aid; adequate response times; and the necessity for White Pigeon Village to be included in the contract.

Andy Kiss, Sturgis Fire Paramedic Supervisor, asked about the “local authority” control if there is only one bidder which is a private company.

Michael Gay, 1006 Lauri Lane, asked what action the Commission would take if S.A.A.C. approved the contract in its current form. Mayor Sisson explained that that cannot be determined yet.

Lee Fraim, Sturgis Firefighter, encouraged the Commission to extend the current contract and work towards an authority during that time.

Richard Goldman, Sturgis Firefighter, asked who will provide service if LifeCare is in breach of contract.

The City Commission discussed the response times, the quality of the current service, questions about contracting with LifeCare, the need to include all entities in the contract, the future of current personnel and equipment, and other contract provisions.

Moved by Comm. Haas and seconded by Comm. Fisher to direct the City’s SAAC representative to approve the contract with LifeCare Ambulance Service provided there is an internal S.A.A.C. agreement amongst all of the members including White Pigeon Village and including a provision of committing to working towards an ambulance authority, a response time of six minutes and 30 seconds, and several minor provisions indicated by the City Attorney.

Voting yea: Austermann, Mayer, Stephens, Fisher, Haas, Sisson

Voting nay: Richards, Malone, Littman

MOTION CARRIED

Deputy Fire Chief Scott Hopkins reported on the Department’s efforts towards the prevention of fires through Operation Fire Safe with the intent of ensuring that every home has a working smoke detector.

The City Commission will hold a special meeting on Wednesday, January 31, 2007 in the Wiesloch Raum of City Hall at 5:30 p.m.

The meeting was adjourned at 10:00 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

WORK SESSION - STURGIS CITY COMMISSION
MONDAY, JANUARY 22, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 6:30 p.m.

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson
Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, Public Safety Director, Deputy Fire Chief, City Clerk

City Manager Michael Hughes provided details on the negotiations on the proposed contract for ambulance services with LifeCare and Sturgis Area Ambulance Committee. City Attorney Roger Bird detailed the contract provisions. The Commission discussed the provisions of the contract and the response times proposed.

The meeting was adjourned at 7:30 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

SPECIAL MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JANUARY 31, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 5:30 p.m.

Commissioners present: Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Austermann

Also present: City Manager, Assistant City Manager, Economic Development Director, City Engineer, Deputy Fire Chief, City Controller, City Clerk

City Manager Michael Hughes explained that there is interest from a “big box” retail developer to acquire a site on Centerville Road north of Wal-Mart. Currently, the City shares a storm water leaching pond on this site with Burr Oak Tool & Gauge which would need to be relocated in order to allow this or any other development in the future.

Moved by Comm. Littman and seconded by Comm. Haas to approve the resolution authorizing fund allocation for the relocation of a leaching pond and the internal loaning of funds from the electric fund to the general fund as presented.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

City Manager Michael Hughes provided information to the Commission on the recent S.A.A.C. meeting and the mechanisms for determining different response times for service. Ron Slagell, CEO of LifeCare, presented information on historical response times and what his company would be able to achieve in the future. It was explained that the difference in achieving a six minute and thirty second as opposed to a seven minute response time could be based on very few additional calls. The Commission discussed the response times and other items related to the current draft of the S.A.A.C. contract.

Moved by Comm. Haas and seconded by Comm. Fisher to direct the City’s S.A.A.C. representative to approve the current draft of the S.A.A.C. contract with LifeCare ambulance, with a response time of seven minutes in the City, but retain all other previously approved provisions.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Mayor Sisson explained that the Junior Women's League will be holding a charity bingo tournament and needs approval from the City Commission to hold such an event.

Moved by Comm. Malone and seconded by Comm. Littman to approve the local governing body resolution for charitable gaming licenses for the Sturgis Junior Women's League as presented.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Malone to enter into a closed session for the purpose of discussing union contract negotiations.

Voting yea: Richards, Stephens, Fisher, Malone, Haas, Littman, Mayer, Sisson

Voting nay: None Absent: Austermann MOTION CARRIED

Meeting recessed at 6:30 pm

Meeting reconvened at 6:54 pm

City Manager Michael Hughes explained that given the impending contract with LifeCare, there is a need to provide an incentive to current staff in order to retain them through the end of the contract on April 30, 2007.

Moved by Comm. Littman and seconded by Comm. Malone to authorize the City Manager to develop and offer an incentive package for current Sturgis Fire ambulance staff in order to retain their services through the end of the existing contract with S.A.A.C.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes provided information to the Commission on current legislation related to the exemption of new industrial personal property taxes and a delay on the "uncapping" of property after a transfer of ownership.

Economic Development Director John Hayes provided information to the Commission on the status of past due utility bills and revolving loan funds issued to Grav I Flo and transferred to GravCo LLC. Discussion followed.

The Commission requested that the City Manager review the status of the Sturgis Fire rescue service that is being performed outside the City.

The meeting was adjourned at 7:45 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, FEBRUARY 14, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Public Safety Director, Deputy Fire Chief, Hospital CEO, Deputy City Clerk

Jim Liston provided the Airport Advisory Committee presentation. He informed the Commission that the Committee now meets on the third Friday of each month at 7:00 p.m. Mr. Liston also explained the services provided by the businesses that operate from the Airport and the goals that have been set by the Committee. 09

Mary Dresser and LeeAnn McConnell provided the Sturgis Foundation Youth Advisory Council (YAC) presentation. Doug VanMeter, Moria Ulmer, Alex Beach and Kristine Burch, members of the YAC, explained to the Commission the purpose of the Council and the different activities they have performed for the community. 23

Moved by Comm. Littman and seconded by Comm. Austermann to approve the Consent Agenda of February 14, 2007 as presented.

A. Action of Minutes of Previous Meetings

Approval of the minutes from the January 22, 2007 work session as presented. 09

Approval of the minutes from the January 22, 2007 regular meeting as presented.

Approval of the minutes from the January 31, 2007 special meeting as presented.

B. Pay Bills

1. Authorize the payment of the City bills in the amount of \$1,173,463.14 as presented. 12

2. Ratify the Hospital bills in the amount of \$2,254,725.03 as presented.

C. Sturgis Zoning Ordinance Article XIII Amendment

1. Consider this the approval and second reading of an Amendment to Sturgis Zoning Ordinance Article XIII Section 1.1301 (B) (3) pertaining to the Design Review Committee in the Central Business District. 14

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Dave Harvey and Larry Fleis, of Fleis and Vandenbrink, provided a presentation on the S.R.F. Project Management. 11

Discussion followed. 26

George Musolff, Building and Zoning Administrator, presented a request to the Commission to 21

relocate a residential building from 104 S. Jefferson to 105 S. Jefferson.

Discussion followed.

Moved by Comm. Fisher and seconded by Comm. Stephens that the Sturgis City Commission approve the relocation of the residential building from 104 S. Jefferson to the new location of 105 S. Jefferson.

21

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Austermann and seconded by Comm. Malone that the Sturgis City Commission approve the St. Joseph County Ambulance Authority Resolution as follows:

18

Saint Joseph County Ambulance Authority Resolution

Whereas, The units of government in the County of Saint Joseph, State of Michigan feel that an ambulance service is needed for the safety and welfare of the residents of Saint Joseph County, and;

Whereas, the current ambulance services providing that service require a subsidy to operate that service at a level required by those units of government, and;

Whereas, it is felt that a joining of the existing ambulance services can improve the service and reduce the cost to the residents of Saint Joseph County, and;

Whereas, meetings have been held to discuss the creation of an ambulance authority and it appeared there was substantial interest in that endeavor, and;

Whereas, it appears that the next logical step would be to appoint a committee to further explore the creation of an authority and hire a consultant to prepare bylaws and Articles of incorporation for each of the governmental units to consider, and

Whereas, it is estimated that a fee of \$10,000 would be adequate to hire a consultant for that purpose.

Now, therefore be it resolved that the City of Sturgis agrees to join the Saint Joseph County Ambulance Authority Exploratory Committee to explore the creation of an ambulance authority and hire a consultant to prepare bylaws for the authority for each of the governmental units to consider.

Each of the units of government to share in the costs of the committee based on population.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes discussed the contract with LifeCare Ambulance Service to provide ambulance services to the Sturgis Area Ambulance Committee.

Discussion followed.

18

Moved by Comm. Mayer and seconded by Comm. Austermann that the Sturgis City Commission authorize the Mayor to sign the Agreement to Operate Ambulance Service with LifeCare Ambulance Service.

Voting yea: Seven

Voting nay: Littman, Malone

MOTION CARRIED

Moved by Comm. Austermann and seconded by Comm. Stephens that the Sturgis City Commission approve the Sturgis Area Ambulance Committee Inter-Governmental Agreement as follows:

18

STURGIS AREA AMBULANCE COMMITTEE **INTER-GOVERNMENTAL AGREEMENT**

THIS STURGIS AREA AMBULANCE COMMITTEE INTER-GOVERNMENTAL AGREEMENT ("Agreement"), is entered into as of March 1, 2007, between the following municipalities ("Participating Municipalities"): Sturgis Township, City of Sturgis, Fawn River Township, Sherman Township, Burr Oak Township, White Pigeon Township, Mottville Township, Florence Township, Village of Constantine, Constantine Township, Village of White Pigeon and Village of Burr Oak ("Participating Municipalities").

Recitals: The parties acknowledge that the following recitals are accurate and incorporate them as integral provisions of this Agreement:

A. The Participating Municipalities have formed a voluntary authority known as the Sturgis Area Ambulance Committee ("SAAC") consisting of one member from each of the Participating Municipalities.

B. The SAAC desires to procure quality advanced life support services and ambulance transportation for their residents from Battle Creek Area Ambulance d/b/a LifeCare Ambulance Service ("LifeCare"). The services and the transportation is to be provided for the geographic area encompassed by the Participating Municipalities (the "Service Area").

C. The parties hereto desire to enter into a written contract which encompasses all terms and conditions pertaining to the obligations between the Participating Municipalities relating to the providing of services by LifeCare.

Therefore, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. LifeCare Agreement: Each of the Participating Municipalities agree to execute and be bound by the terms and conditions of an Agreement to Operate Ambulance Service dated January 31, 2007 entered into between SAAC and LifeCare ("Ambulance Service Agreement").

2. Meetings of the SAAC: The SAAC shall meet at least quarterly to review the providing of services under this Agreement and to advise LifeCare regarding its operations. The SAAC shall elect officers and establish appropriate Bylaws by its discretion, remaining and operating as an advisory committee or if so decided form an ambulance authority.

3. Term: The initial term of this Agreement shall be for a period of five (5) years commencing at 12:01 a.m. on May 1, 2007, unless terminated earlier pursuant to the provisions of Paragraphs 6 or 7 of this Agreement.

4. Exclusive Rights: During the initial, and any renewal, term of this Agreement, the Participating Municipalities hereby grant LifeCare the exclusive rights to provide ambulance services as provided in the Ambulance Service Agreement within the Service Area in so far as LifeCare is not in default of that Agreement.

5. Financial Subsidy: Each of the Participating Municipalities agrees to pay its relative share of the financial subsidy set forth on Exhibit 4 of the Ambulance Service Agreement as set forth on Exhibit A attached hereto and incorporated herein by reference. (Exhibit "A" will be amended effective as of May 1 of each year during the term of the contract. The respective share of the financial subsidy to be paid by each Participating Municipality shall be computed as follows: 50% of the subsidy share shall be based upon the relative number of calls provided to the Participating Municipality for the two year calendar period ending December 31 prior to the adjustment date and 50% based upon the percentage of population contained within each Participating Municipality compared to the population within the entire service area. For purposes of this Agreement the current national census data shall be

used until new national census data is published following the 2010 national census.) Each of the Participating Municipalities will pay its share of the total financial subsidy without the assistance of any of the other Participating Municipalities, and agrees to indemnify and hold harmless any other Participating Municipality for all, or any portion of, financial subsidy payment that is paid by another Participating Municipality.

6. Ambulance Authority: Each of the Participating Municipalities agrees to negotiate in good faith with respect to the establishment of an Ambulance Authority incorporating all of the Service Area together with such additional areas that are located in municipalities that express an interest in joining any such Ambulance Authority.

7. Early Termination: Each of the Participating Municipalities agrees that in the event SAAC has the right to terminate the Ambulance Service Agreement, as provided in Section 11.3.3 thereof, because of the failure of LifeCare to meet response times occurring solely within the City of Sturgis, then, in such event, all of the Participating Municipalities will vote to terminate the Ambulance Service Agreement at the request of the City of Sturgis. Conversely, in the event SAAC has the right to terminate the Ambulance Service Agreement because of the failure of LifeCare to meet response times occurring solely outside of the City of Sturgis, then, in such event, the City of Sturgis will vote with the majority of the other Participating Municipalities to terminate the Ambulance Service Agreement. In the event the failure to meet response times occurs as a result of the failure to meet the response time within the City of Sturgis for one-quarter and failure to meet the response time outside of the City of Sturgis for one-quarter, the majority vote of the Participating Municipalities will control whether or not the Ambulance Service Agreement will be terminated.

8. Effectiveness of Agreement: This Agreement shall become effective only upon the execution of the Agreement by each of the Participating Municipalities, on or before February 28, 2007. This Agreement may be executed in counter parts.

9. Notices: Any notice specified in this Agreement shall be deemed properly given if delivered in writing personally or by certified mail to the manager/supervisor of the party being notified.

10. Entire Agreement: This Agreement (along with the exhibit) sets forth the entire agreement of the parties with respect to the subject matter of this Agreement, and supersedes any and all prior agreements. Neither this Agreement nor any provision of this Agreement may be modified, except by written agreement between the parties.

11. Severability: If any provisions of this Agreement are determined to be illegal or unenforceable, then the remaining provisions shall nevertheless be binding with the same force and effect as if the illegal or unenforceable provisions(s) were deleted.

12. Headings: The headings contained in this Agreement are for convenience only and are not to define, explain, modify, or aid in interpreting the contents of this Agreement.

13. Governing Law: This Agreement shall be subject to and governed by the laws of the state of Michigan, and the parties consent to jurisdiction of the Michigan courts over this Agreement and over the parties in any proceeding to enforce this Agreement.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

David Northrop, Director of Public Safety, updated the Commission on the City's Local Emergency Operations Support Plan.

Moved by Comm. Richards and seconded by Comm. Littman that the Sturgis City Commission approve the Local Emergency Operations Support Plan as presented. **18**

Voting yea: Nine

Voting nay: None

MOTION CARRIED

EDC Director John Hayes provided a presentation regarding Grav-I-Flo and their outstanding utility bills.

Moved by Comm. Littman and seconded by Comm. Richards to approve the refund of utility bills paid by Grav Co which were accrued by Grav-I-Flo. **16**

Voting yea: Seven

Voting nay: Austermann

Abstaining: Haas
MOTION CARRIED

Moved by Comm. Fisher and seconded by Comm. Littman to approve the amendment of the amortization of the EDC loan with a remaining balance of \$11,286, to restructure the loan, and to waive the accrued interest in the amount of \$104,500 due at the time that GravCo took over Grav-I-Flo. **16**

Voting yea: Eight

Voting nay: None

Abstaining: Haas

MOTION CARRIED

Mayor Sisson appointed Comm. Richards as an alternate member to the Housing Grant Review Committee. **09**

City Manager Michael Hughes discussed the Small Urban Program Funding Sources. **11**
15

The 425 Official Signing for the M-66 Corridor will be held at City Hall on Monday, February 19, 2007 at 11:00 a.m.

The Commissioners expressed their appreciation and gratitude to the city employees for the great job they did clearing the streets after the recent snow storm. **10**

Comm. Haas congratulated City Manager Michael Hughes for receiving special recognition at the United Way Campaign Celebration for the high number of city employees who contributed this year, and in the past years. **23**

The meeting was adjourned at 8:10 p.m.

Mary M. Stoddard, Deputy City Clerk

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, FEBRUARY 28, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Brian Poole, Sturgis Wesleyan Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Richards

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Public Safety Director, Deputy Police Chief, Parks and Recreation Director, Electric Department Superintendent, City Clerk

Mayor Sisson provided a report on the City Employee's Retirement System including the current allocation and performance of investments. 09

A DVD produced by the Michigan Municipal League regarding the status of revenue sharing was presented. 23

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of February 28, 2007 as presented. 09

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the February 14, 2007 regular meeting as presented.

B. Pay Bills 12

1. AUTHORIZE the payment of the City bills in the amount of \$1,546,269.32 as presented.

2. AUTHORIZE the payment of the City Retirement bills in the amount of \$189,668.57 as presented.

3. RATIFY the Hospital bills in the amount of \$1,552,284.96 as presented.

C. Sturgis Neighborhood Program Tax Exemption

SET a Public Hearing on Wednesday, March 14, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall for consideration of a tax exemption for the Sturgis Neighborhood Program at 512 N. Prospect. 16

D. Free Church Park Use Request

APPROVE the use of Free Church Park on Thursday, April 19, 2007 at 7:00 p.m. by the Domestic Assault Shelter Coalition for their "Take Back the Night" march and rally. 23

E. Board Resignation

ACCEPT the resignation of Steve Van Mol from the Economic Development Corporation Board and send a letter of recognition for his services. 27

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Reimbursement Resolution and the Resolution Authorizing of Notice of Intent to Issue Bonds as presented. 04

REIMBURSEMENT RESOLUTION

04

WHEREAS, the City intends to make improvements to its water supply system (the "Project") and desires to finance a portion of the cost of the Project by issuing bonds;

WHEREAS, the City intends to finance a substantial portion of the costs of the Project through the issuance of tax-exempt bonds in a maximum principal amount of \$1,500,000 (the "Bonds"); and

WHEREAS, the City expects to pay certain expenses of the Project prior to the issuance of the Bonds, and to reimburse itself for such expenses from proceeds of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF STURGIS as follows:

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

(a) The City reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of the Bonds.

(b) The expenditures described in this paragraph (b) are for the purpose of defraying the costs of the Project and paying related bond issuance costs, all as described in this resolution.

(c) The Bonds will be issued no later than 18 months after the later of (i) the date the first expenditure to be reimbursed was made; or (ii) the date the Project was placed in service or abandoned, but in no case later than 3 years after the date the first expenditure was made.

(d) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. §1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditures are paid).

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

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENT TO ISSUE BONDS

WHEREAS, the City Commission hereby determines that it is desirable and necessary to make improvements to the City's potable water supply system as described in Exhibit A (the "Project"); and

WHEREAS, the City intends to finance the cost of the Project through the issuance of its revenue bonds pursuant to Act No. 94, Public Acts of Michigan, 1933, as amended (the "Bonds");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF STURGIS as follows:

1. The notice set forth in Exhibit B to this resolution is approved and the Clerk is authorized and instructed to publish the notice once in a newspaper of general circulation within the City.

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

EXHIBIT A

Description of the Project

The project consists of the following improvements to the potable water supply system of the City, along with all related appurtenances thereto and any necessary restoration: approximately 8,700 lineal feet of 8- and 12-inch watermain, hydrants, valves, service leads and an emergency standby generator.

EXHIBIT B

Form of Notice of Intent

**NOTICE OF INTENTION OF CITY OF STURGIS
TO ISSUE REVENUE BONDS
AND OF RIGHT TO PETITION FOR REFERENDUM THEREON
TO ALL ELECTORS OF THE CITY OF STURGIS:**

NOTICE IS HEREBY GIVEN that the City Commission of the City of Sturgis, St. Joseph County, Michigan (the "City") intends to authorize the issuance of revenue bonds (the "Bonds") to finance all or part of the cost of making improvements to its water supply system for the benefit of the City pursuant to the provisions of Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), in anticipation of the receipt of revenues derived from the rates charged for the water distribution system services, including net revenues derived from future improvements. The principal amount of the Bonds to be issued shall not exceed \$1,500,000, the term of the Bonds shall not exceed 30 years from their date of issuance and the Bonds shall bear interest at a rate not to exceed 3.00% per annum. The limited tax full faith and credit of the City may be pledged for the making of payments on the Bonds, but the City shall NOT have any right or obligation to increase taxes above any constitutional, statutory or charter limits to pay such amounts.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors of the City to inform them of the right to petition for a referendum on the question of issuing the Bonds without a vote of the electors thereon, and the Bonds shall not be issued until at least 45 days after publication of this notice. If, within such 45-day period, a petition or petitions requesting a referendum on the question of the issuance of the Bonds signed by not less than 10% of the registered electors of the City has been filed with the City Clerk, then the Bonds shall not be issued unless and until approved by a majority of the electors of the City voting thereon at a general or special election.

This notice is given by order of the City Commission, as required by Act 94. Further information may be obtained at the office of the City Clerk, 130 N. Nottawa, City of Sturgis, Michigan 49091.

Dated: March __, 2007

Kenneth D. Rhodes, City Clerk

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Austermann to approve the purchase of the following list of vehicles as recommended by the Motor Vehicle Committee and authorize the City Controller to sign all necessary documents: Dodge Charger for the Police Department for \$22,028; a Dodge BR2500 for DPS for \$25,522; and a Ford F-350 One-ton Dump Truck for Cemetery and Parks Department for \$26,840 including all equipment. **03**

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Austermann and seconded by Comm. Malone to approve the request to purchase wood poles for stock from Reed City Power Line Supply, Reed City, Michigan in the amount of \$20,171.00. **03**

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Parks and Recreation Director Doug Smith explained the process which was used to determine the recommended consultant to prepare the Recreation Master Plan for the City. **28**

Moved by Comm. Stephens and seconded by Comm. Austermann to approve M.C. Smith Associates and Architectural Group, Inc. to develop the Recreation Master Plan for a cost not to exceed \$13,960 and authorize the City Manager to sign all necessary documents after review by the City Attorney.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Stephens and seconded by Comm. Austermann to approve the fiscal year 2006-07 budget amendment as presented. **12**

Line Item Name	Original Budget	Amended Budget	Increase/(Decrease)
Professional Services - Planning & Zoning 101.401.801000	\$20,000	\$10,000	(\$10,000)
Contributions to Other Funds - General Fund 101.965.999000	\$1,105,000	\$1,118,960	\$13,960
Capital Outlay – Parks 264.751.970000	\$5,000	\$18,960	\$13,960
Total	-	-	\$3,960

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Fisher and seconded by Comm. Stephens to adopt the Poverty Guidelines Resolution as presented. **06
08**

WHEREAS, the adoption of guidelines for poverty exemptions is within the purview of the City Commission; and

WHEREAS, the principle residence of persons who, in the judgment of the Board of Review, by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or part from taxation under Public Act 390, 1994 (MCL 211.7u); and

WHEREAS, pursuant to PA 390, 1994, the City of Sturgis adopts the following guidelines for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including and property tax credit returns, filed in the current or immediately preceding year;

To be eligible, a person shall do all of the following on an annual basis:

- 1) Be an owner of and occupy as a principle residence the property for which the exemption is requested;
- 2) File a claim with the Board of Review, accompanied by federal and state income tax returns for all persons residing in the principle residence, including any property tax credit returns filed in the immediately preceding year or in the current year;
- 3) Produce a valid driver's license or other form of identification if requested;
- 4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested;

- 5) Meet the federal poverty income standards as defined and determined annually by the United States Office of Management and Budget;
- 6) The property for which the exemption is requested cannot have an assessed value over \$75,000;
- 7) The claimant and all persons residing in the household cannot have combined personal assets over \$75,000;
- 8) The application for an exemption shall be filed after January 1, but before the day prior to the last day of the Board of Review.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these are communicated in writing to the claimant.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

The City Commission will hold their annual planning meeting on Tuesday March 27, 2007 at 5:30 p.m. **09**

The City Commission gave consensus to proceed with the sale of the ambulances to LifeCare. **18**

The meeting was adjourned at 8:30 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, MARCH 14, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Steve Clark, Living Hope Foursquare

Commissioners present: Austermann, Richards, Stephens, Malone, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Fisher, Haas

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Deputy Police Chief, Parks and Recreation Director, Electric Department Superintendent, Auditorium Director, City Clerk

John Mikulenas, Chair of the Doyle and Recreation Advisory Board, provided a summary of the board's activities over the past six months. He described the recent Get Fit Challenge, new membership, new equipment, dance lessons, Doyle newsletter, and the five year recreation plan.

Brad Donmyer, Director of the Auditorium, and Dan Tollefson, Chair of the Capital Campaign Committee presented a DVD describing the capital campaign for the Sturges-Young Civic Center and Auditorium and explained the money that has and needs to be raised.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of March 14, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the February 28, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$937,555.74 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$202,475.51 as presented.
3. RATIFY the Hospital bills in the amount of \$1,676,352.52 as presented.

C. Board Resignation

ACCEPT the resignation of Myra Bowser as the resident board member of the Sturgis Housing Commission and send a letter of recognition for her services.

D. Trinity Evangelical Lutheran Church Cross Walk

APPROVE the request from the Trinity Evangelical Lutheran Church to hold their annual Cross Walk on the streets as stated in their application request to be held on Good Friday, April 6, 2007 beginning at noon.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Clerk/Treasurer Kenneth Rhodes explained the history of the legislation related to a tax exemption

for a non-profit housing program.

Mayor Sisson opened the Public Hearing for a tax exemption for Sturgis Neighborhood Program at 512 North Prospect.

SNP Director Monica Smith explained that the property has been purchased for rehabilitation and sale to a low to moderate income homebuyer.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Austermann and seconded by Comm. Stephens to approve the tax exemption request from Sturgis Neighborhood Program for 512 N. Prospect.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Commissioner Malone explained that during the discussion of vehicle purchases during the last meeting, a preference for the Ford over the Dodge ¾ Ton Pickup for DPS was evident but the subsequent motion failed to address the change in recommendation.

Moved by Comm. Malone and seconded by Comm. Littman to approve the purchase of a Ford F250 for DPS for \$25,932.10 in lieu of the Dodge BR2500 for \$25,522 approved on February 28, 2007.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Richards to approve the following fee structure for use of the Ground Power Unit as recommended by the Airport Advisory Committee:

- \$50 per use for a jump start.
- \$50 per hour for an extended use.
- Aircraft based at the airport may have a jump start at no cost during the Airport Manager regular hours.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Moved by Comm. Stephens and seconded by Comm. Malone to approve the request from the Electric Department to purchase twenty-four (24) transformers for stock, in the amount of \$62,826.00 from WESCO, Aurora, Ohio.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Electric Department Superintendent John Griffith explained that a bid was issued for line clearance and tree maintenance for City trees. AEP has performed this service satisfactorily over the past several years and was the low bidder.

Moved by Comm. Austermann and seconded by Comm. Malone to approve the five (5) year contract with American Electric Power for 2007-2011 Tree Maintenance in the amount of \$849,484.30.

Voting yea: Seven Voting nay: None Absent: Fisher, Haas MOTION CARRIED

Mayor Sisson provided information on the history of the Sister City Program between Sturgis and Wiesloch, Germany and recent meetings and discussions between area officials and Manfred Kurz of Wiesloch. As a result of these discussions, Mayor Sisson outlined a shift in policy for the Sister City Committee.

By consensus, the City Commission adopted the following Sister City Policy:

- 1) The City establishes the position of Student Exchange Coordinator who shall be appointed by the Sturgis High School principal, in consultation with the Sister City Committee. Ideally, the person who fills this role will be affiliated with the schools and located at the high school.
 - The role of Student Exchange Coordinator includes being the City's official German American Partnership Program (GAPP) coordinator, recruitment of Sturgis students for participation in the program, management of the selection process, selection of chaperones, coordination with the German counterpart, placement of German exchange students with Sturgis families, and other activities incidental to carrying out the principles of the Sister City program.
 - The Sister City Committee's role in the Student Exchange will be to reasonably support the Student Exchange Coordinator as requested by that individual, assist and advise in fundraising activities, and to help host the German students who travel to Sturgis. A sub-committee formed for this role may be a desirable way for the committee to manage the assistance. The Sister City Committee should maintain regular communication with the Student Exchange Coordinator and work hand-in-hand with him or her.
 - The Sturgis Sister City Committee will perform an oversight function to insure that the Student Exchange Coordinator is actively working to achieve the goals of the Sister City program. All concerns about the activities or lack of activity by the Student Exchange Coordinator should be communicated to the City Manager or Mayor who are ultimately responsible to insure the long-term viability of the program. If issues arise, the City Manager or Mayor will meet with the High School principal and recommend any changes deemed necessary to the City Commission. The Student Exchange Coordinator reports to the High School principal.
- 2) The Sturgis Sister City committee shall pay an annual stipend to the Student Exchange Coordinator of \$1,000. The City Commission has, for many years, allocated \$2,000 per annum to the Sister City program. The Sturgis Sister City Committee may reasonably expect this funding to continue; however, if the Committee so desires to raise funds by other means to pay the stipend and/or for other purposes, it is encouraged to do so.
- 3) The Sturgis Sister City Committee's primary mission is now to focus on adult, cultural, and economic exchanges between the partner cities and work to broaden the connection between Sturgis and Wiesloch.

The meeting was adjourned at 8:36 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, MARCH 28, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Father Richard Altine, Holy Angels Church

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Public Safety Director, Electric Department Superintendent, Auditorium Director, City Clerk

The City Commission added a purchase request from the auditorium to the agenda.

The agenda was then approved by consensus.

Veronica Atkins, Chair of the Sturgis District Library Board, provided information to the Commission on the activities of the Board including the hiring of the new director Todd Reed who introduced himself and presented some of the ideas that will be implemented in the months to come.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of March 28, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the March 14, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,585,196.73 as presented.
2. RATIFY the Hospital bills in the amount of \$2,032,176.58 as presented.

C. Child Abuse Prevention Month

APPROVE the Sturgis Exchange Club's request to place blue ribbons on downtown street poles to raise public awareness for National Child Abuse Prevention Month.

D. Michigan Week Parade Route

APPROVE the Michigan Week Parade Route of South Lakeview beginning at Franks Park to Congress and Congress to the Sturgis High School.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that new State legislation has permitted a uniform franchise agreement which a city must respond to within fifteen days and thus quick action must be taken by city staff.

Moved by Comm. Haas and seconded by Comm. Austermann to adopt the resolution delegating to the City Manager full authority to respond to, complete and approve Uniform Franchise applications, and take all actions related thereto.

WHEREAS, Public Act 480 of 2006 (the "Act") requires video service providers to obtain a franchise from a municipality by means of a Uniform Video Service Local Franchise Agreement ("Uniform Franchise"); and

WHEREAS, the Michigan Public Service Commission ("MPSC") on January 30, 2007 issued an Order that provided a Uniform Franchise form; and

WHEREAS, the Act provides the City of Sturgis (the "Municipality") fifteen (15) business days from the date an application for a Uniform Franchise is filed with the Municipality to respond as to the completeness of the Uniform Franchise; and

WHEREAS, the Act provides the Municipality thirty (30) days from the submission date of a complete application for a Uniform Franchise in which to act to approve the Uniform Franchise; and

WHEREAS, the Municipality has determined that it must designate an official to whom it delegates the authority to respond to, complete, sign and approve Uniform Franchise applications in order to meet the deadlines under the Act, including establishing the video service provider franchise fees and fees to support public, educational and governmental access facilities and services provided for in Uniform Franchises, and taking all actions related thereto; and

WHEREAS, the Municipality desires to provide such official with guidance on such fees; and

WHEREAS, the Municipality does not intend that by approving a Uniform Franchise that it shall be waiving rights, nor does it understand that the Act or the MPSC Order so requires.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the City of Sturgis designates and delegates to the City Manager full authority to respond to, complete and approve Uniform Franchise applications, and take all actions related thereto; and

BE IT FURTHER RESOLVED that such authority includes the City Manager having the authority to determine within the statutory deadlines whether the Uniform Franchise as submitted is complete, and having the authority to sign it indicating approval of the City; and

BE IT FURTHER RESOLVED that a fee of 5% of gross revenues from video service providers is hereby established as the annual video service provider franchise fee, with the City Manager having the authority to modify such fee, if appropriate; and

BE IT FINALLY RESOLVED that no approvals, deemed approvals under the Act or signature of the City Manager on a Uniform Franchise shall be construed or understood to be a waiver by the Municipality of its police powers; rights it may possess under the Act, Michigan law, the Michigan Constitution, or federal law; or right to challenge or modify a Uniform Franchise if the Act in whole or in part is overturned by the courts.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell explained that the former Newport site will be the location of five new homes as part of the neighborhood redevelopment in the area. In order to accomplish this, the area must be rezoned from manufacturing to residential.

Moved by Comm. Austermann and seconded by Comm. Fisher to consider this the introduction and first reading to rezone 301 Jacob Street from M, Manufacturing to R-3, Residential.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

State Senator Cameron Brown presented a Tribute from the State of Michigan to Steve Van Mol, who is leaving as Sturgis' plant manager of Abbott Labs to become the plant manager in Columbus, Ohio. Senator Brown thanked Steve and his wife Laurie for all their volunteerism and contributions to the community and for Steve's dedication to making Abbott a great corporate citizen. Steve explained that he has loved the community and will miss it very much.

City Manager Michael Hughes explained that the City Commission gave direction to negotiate with LifeCare the sale of ambulances and other equipment. LifeCare offered to purchase the City's three (3) ambulances and certain equipment. LifeCare and the City received fair market value prices from Rolland Specialty Vehicles and Products.

Moved by Comm. Richards and seconded by Comm. Malone to approve the sale of three (3) ambulances and equipment as presented and authorize the City Manager to sign all documents necessary to complete the transaction.

2003 Ford E-450 Marque III	77,000 miles	\$33,568.00
2003 Ford E-450 Marque III	98,000 miles	\$32,068.00
2003 Ford E-350 AEV II	34,500 miles	\$25,100.00
LifePack 12	quantity (1)	\$5,500.00
Stryker MX Pro Stretchers	quantity (3)	\$5,550.00

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that as part of the DWRF project, the City Code of Ordinances was reviewed to ensure that the ordinance will clarify that rates established will recover the costs of administration, construction, reconstruction, maintenance of the water system as are necessary to preserve it in good working order, operation and replacement of the system, and also to provide for the payment of any debt service obligations.

Moved by Comm. Fisher and seconded by Comm. Littman to consider this the introduction and first reading of an amendment to the City Code of Ordinances, Article II, Chapter 62, pertaining to the regulation of the City of Sturgis Water System.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the City received a request from Sturgis High School to close certain parking lots to provide valet parking for the Sturgis High School Prom, which will be held at the Sturges-Young Auditorium on Saturday, May 5th. The three (3) parking lots requested for closure include the auditorium lot, the lot on the southeast corner of N. Nottawa and E. West Street, and the lot behind City Hall.

Moved by Comm. Austermann and seconded by Comm. Richards to approve the requested parking lot closures as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Clerk/Treasurer Kenneth Rhodes explained that the City had only one application for the resident board member of the Sturgis Housing Commission. The applicant, Daniel Webb, had previously applied for another vacancy on the Commission.

Moved by Comm. Fisher and seconded by Comm. Malone to appoint Daniel Webb to serve on the Sturgis Housing Commission as its resident board member to fill the unexpired term of Myra Bowser through May, 2011.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Auditorium Director Brad Donmyer explained the water softener at the facility is no longer operational. City Manager Michael Hughes explained that Comm. Malone has offered to procure a unit at cost. This was the lowest of three bids and below the amount necessary to be brought in front of the City Commission. However, because of the fact that the offer is from a Commissioner, it was prudent to bring it before the entire Commission.

Moved by Comm. Littman and seconded by Comm. Austermann to accept the low bid of \$1400.00 from Advantage Water Conditioning for a new water softening unit for the Sturges-Young Auditorium.

Voting yea: Eight

Voting nay: None

Abstain: Malone

MOTION CARRIED

Sturgis Chamber of Commerce Director Cathi Abbs explained that the parade route has been set and because of the construction on U.S. 12, there will be no festival for this year only, but everything else will continue this year, including the dinner, dance, and other related activities.

City Manager Michael Hughes provided information from the Michigan Municipal League Legislative Conference last week including the uncertainties involved in the State's budget process.

The meeting was adjourned at 8:07 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, APRIL 11, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Lorraine Bolley, Gateway River of Life

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Economic Development Director, City Engineer, Deputy Chief of Police, Wastewater Superintendent, Electric Department Superintendent, Auditorium Director, City Controller, City Clerk

Esther Feyes, Chair of the Auditorium Board, provided highlights of the activities of the board including an update of the by-laws, catering, the Best Seat in the House campaign, fundraising video, brunches, and performances.

Michael Wilson, Norman & Paulsen, gave the City of Sturgis Fiscal Year 2005 – 2006 Audit Presentation and explained that the City received a clean opinion and that the General Fund Balance increased by \$91,000.

Linda Price, Surprise Ave, thanked the Police Department for cleaning up her street, asked about new light posts and street signs for her area, the lack of sidewalk on her street, and the poor state of the parking lot of the Salvation Army and whether or not the City could help.

Moved by Comm. Littman and seconded by Comm. Malone to add discussion of the MDOT U.S. 12 reconstruction project to the agenda.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of April 11, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the March 27, 2007 planning meeting as presented.
2. APPROVAL of the minutes from the March 28, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,302,507.57 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$168,872.00 as presented.
3. RATIFY the Hospital bills in the amount of \$1,508,009.83 as presented.

C. 301 Jacob Street Rezoning

CONSIDER this the second reading and adoption to rezone 301 Jacob Street from M, Manufacturing to R-3, Residential.

AMENDMENT TO ZONING ORDINANCE
PERTAINING TO ZONING MAP OF THE CITY OF STURGIS

An Ordinance to amend Article III of the Zoning Ordinance of the City of Sturgis pertaining to the zoning map and to provide for an effective date of this Ordinance.

WHEREAS, the City Commission, upon recommendation from the Planning Board, has determined that it is in the best interest of the residents of the City to modify the Zoning Ordinance with respect to the zoning map to change the zoning designation of certain property from the M-Manufacturing to the R-3 Residential zoning district.

NOW, THEREFORE, the City of Sturgis, St. Joseph County, Michigan ordains:
Article III of the Zoning Ordinance is hereby modified as follows, effective as of May 4, 2007.

Section 1.0302(A), and the zoning map incorporated by reference therein, is hereby modified to provide that the following described property shall be in the R-3 Residential district: Land situate in the City of Sturgis, St. Joseph County, Michigan, with parcel identification number 040 104 00, and described as follows:

That part of Block 13 of H. Jacobs Addition lying West of NYC RR R/W, south of St. Joseph Street, east of Jacob Street and north of W. West Street being Lots 2, 3, 5, & 6 and part of Lots 1, 4, and 7 of the Original Plat of the Village of Sturgis.

D. Water Rate Ordinance Amendment

CONSIDER this the second reading and adoption of an amendment to the City Code of Ordinances, Article II, Chapter 62, pertaining to the regulation of the City of Sturgis Water System.

AMENDMENT TO PART II – ARTICLE II, CHAPTER 62
OF THE ORDINANCES OF THE CITY OF STURGIS

An ordinance to amend Part II – Article II, Chapter 62 of the Ordinances of the City of Sturgis pertaining to the regulation of the City of Sturgis Water System and to provide for an effective date of this Ordinance.

WHEREAS, the City of Sturgis has determined that it is in the best interest of the residents to provide for a method of establishing rates with respect to its water system.

NOW, THEREFORE, the City of Sturgis, St. Joseph County, Michigan, ordains:

Part II – Article II, Chapter 62 is hereby amended by adding: Section 62-32 Establishment of Water Rates; as follows, effective as of May 4, 2007:
Sec. 62-32. Establishment of Water Rates.

(a) Charges for the installation and use of the Water System are hereby established to recover the costs of administration, construction, reconstruction, maintenance of said system as are necessary to preserve the same in good working order, operation and replacement of the system, and to provide for the payment of any debt service obligations of the City as the same becomes due. Such charges shall be made in accordance with the provisions hereinafter set forth and shall be made against all premises which use the Water System.

(b) The rates for water service charges are to be established by resolution of the City Commission, and may be established separately from time to time as necessary to ensure sufficiency of revenues in meeting the expenses of the Water System.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

DDA Director Kim Musolff explained that the roof of the Open Door Gallery is in desperate need of repair along with some other items in the building. She said the DDA will be applying for a grant from the State for some of the funding for this renovation.

Moved by Comm. Haas and seconded by Comm. Fisher to approve the application request by the DDA to the Michigan Council for the Arts and Cultural Affairs and authorize the Mayor to sign all necessary documents on behalf of the City.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that as part of the SRF project to treat the new wastewater from Abbott Laboratories, they have agreed to pay half the costs for a new sewer line west of the City that they will share with the City.

Moved by Comm. Littman and seconded by Comm. Mayer to approve the Conveyance Agreement with Abbott Laboratories and authorize the City Manager to sign on behalf of the City.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the City received bids to remove the diesel generators on U.S. 12 which were either non-responsive or very low in terms of the amount of money the City would receive from their sale. He explained that City staff could remove generators and receive funds from the sale of scrap metal.

Moved by Comm. Fisher and seconded by Comm. Austermann to reject all bids related to the sale of diesel generators 4 and 5.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour explained that there is an agreement between the City and MDOT concerning the ownership, use, operation, maintenance and improvement of the storm sewer system.

Moved by Comm. Richards and seconded by Comm. Malone to approve the contract to perform a drainage study of US-12/M-66 intersection and authorize the Mayor and City Clerk to sign on behalf of the City.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance explained that financing and legal counsel are needed to obtain the bond rating and the necessary legal opinion to issue bonds for the DWRF project and that the related expenses will be reimbursed by the bond proceeds.

Moved by Comm. Littman and seconded by Comm. Malone to approve the proposed legal and financial services of Dykema and ACI Finance, Inc. respectively for the DWRF project.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell explained that the City received bids for mowing City parks and greenspace. There were four options bid out and all came back much higher than what it costs the City for doing it themselves.

Moved by Comm. Fisher and seconded by Comm. Malone to reject all bids at this time and continue to provide lawn maintenance to all City owned parks and green space.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the U.S. 12 reconstruction that will take place from Nottawa to Clay streets on the south side.
Discussion followed.

Moved by Comm. Littman and seconded by Comm. Fisher to accept the proposed reconstruction plans for the downtown sidewalks along U.S. 12 as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided an update on the activities of the St. Joseph County Ambulance Authority Exploratory Committee.

The meeting was adjourned at 9:17 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

WORK SESSION - STURGIS CITY COMMISSION
WEDNESDAY, APRIL 25, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:00 p.m.

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, City Engineer, City Clerk

City Engineer Tom Seymour and City Manager Michael Hughes provided information on the engineering work that has been done on a M-66 bypass including drawings of two different configurations. It was explained that much work still needs to be done, costs of related repaving and property acquisition needs to be reviewed, and discussion needs to occur with MDOT.

City Manager Michael Hughes provided the Commission on the City's policy and procedure related to removal and replacement of terrace trees.

The meeting was adjourned at 7:24 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, APRIL 25, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Doug Carr, Gateway River of Life

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson
Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Public Safety Director, City Engineer, Electric Department Superintendent, City Clerk

Moved by Comm. Littman and seconded by Comm. Austermann to approve the agenda with the removal of the Newport Housing Development item from New Business.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Rick Mahler, Chair of the Cemetery and Parks Board provided information on the activities of the board including the long term recreation plan, the efforts for getting the parks for youth activities, and the desire for continued funding for the parks.

Assistant City Manager Todd Campbell provided information on the Business Development Team which will assist interested individuals in beginning a business in the City.

Superintendent John Griffith presented the Electric Department Annual Report including 2006 highlights and 2007 plans.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of April 25, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the April 11, 2007 work session as presented.
2. APPROVAL of the minutes from the April 11, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,218,673.42 as presented.
2. RATIFY the Hospital bills in the amount of \$1,580,007.18 as presented.

C. Set Public Hearing for OPRA

SET a Public Hearing to consider establishing an Obsolete Property Rehabilitation District for the former Sturgis Foundry property on Wednesday, May 9, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

D. US-12/M-66 Storm Water Agreement

AMEND the motion of April 11, 2007, approving the contract between the City and MDOT to perform a drainage study of US-12/M-66 intersection, to approve the Special Trunkline Storm

Sewer Maintenance Agreement between the City of Sturgis and MDOT, Contract #06-5514.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell explained that Sturgis Rocket Football (Rocket) and Sturgis Youth Soccer Organization (SYSO) have made a formal request to the City of Sturgis to construct a 32' x 24" addition onto the existing City owned pole barn located at Franks Park.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the request from Sturgis Rocket Football and Sturgis Youth Soccer Organization to construct and maintain an addition to the existing pole barn located at Franks Park as presented and authorize the City Manager to sign the proposed lease agreement.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the DDA has agreed to pay \$2,500 for a seasonal maintenance worker who would be primarily dedicated to the downtown.

Moved by Comm. Richards and seconded by Comm. Fisher to amend the Parks and Cemetery budget to allocate funding for a seasonal maintenance worker for the downtown as presented.

Line Item Name	Original Budget	Amended Budget	Increase/ (Decrease)
Contribution to Other Funds 101.965.999000	\$1,118,960	\$1,133,600	\$14,700
Contribution from the General Fund 264.000.699001	\$373,960	\$388,660	\$14,700
Parks – Wages & Benefits 264.751.702000	\$96,022	\$110,722	\$14,700

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Public Safety Director David Northrop provided information on a proposed agreement which would allow for all departments within St. Joseph County to take advantage of a mutually beneficial rendering of assistance by supplementing police protection in the event of special police need above and beyond the capabilities of a single police department.

Moved by Comm. Stephens and seconded by Comm. Richards to approve the St. Joseph County Mutual Police Assistance Agreement Resolution as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the Michigan Municipal League has distributed and is requesting that each community pass “The State Budget Crisis” resolution which summarizes the current State of Michigan financial situation and related cuts to revenue for local governments. The City Commission expressed concern about the effectiveness of the proposed resolution and encouraged the MML to work with fellow local government organizations to develop solutions for the crisis.

Moved by Comm. Malone and seconded by Comm. Littman to approve the State Budget Crisis Resolution as presented.

THE STATE BUDGET CRISIS

WHEREAS, after seven straight years of state budget deficits and four years of budget cuts, we are facing yet another \$3 billion shortfall in state revenue for the current and 2007-08 fiscal years; and

WHEREAS, \$3.6 billion has been cut from the state’s budget over the past four years, and the state is operating with fewer state employees than in the 1970s; and

WHEREAS, funding for local governments has been cut by \$2 billion the last five years resulting in a loss of over 1,600 police officers and 2,000 fire fighters statewide, compromising the safety of our local communities; and

THEREFORE BE IT RESOLVED, that the City of Sturgis cannot sustain further cuts in essential services and that further funding cuts will result in a loss of quality of life for the citizens of our community and this state and an inability to retain and attract new business; and

BE IT FURTHER RESOLVED, that the Michigan Legislature must demonstrate bipartisan leadership by 1) identifying a full replacement for the SBT and, 2) affirming its commitment to finding funding solutions to address the budget deficit in a manner that will move Michigan into a sound economic future and ensure a high quality of life for our residents.

BE IT FURTHER RESOLVED, that the Sturgis City Commission demand that the Michigan Municipal League work with the Michigan Townships Association, the Michigan Counties Association, and other local government associations, to develop and promote solutions, in a coordinated effort, for the problems facing the State of Michigan.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that Daniel Arney and Donald Eaton are the two individuals that submitted applications for the open position on the Economic Development Corporation and Brownfield Redevelopment Authority Board.

Moved by Comm. Austermann and seconded by Comm. Stephens to appoint Daniel Arney to the EDC and BRA boards to fill the unexpired term of Stephen Van Mol through May 2008.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that although new street lights are not currently planned for Surprise Street, the residents can petition to have these lights installed.

Mayor Sisson asked to review open burning, communication with the Mexican community, and the formation of a committee to make recommendations for local governments for their long term viability, at the next Commission meeting

Moved by Comm. and seconded by Comm. to go into closed session for the purpose of discussing the potential purchase of property.

Voting yea: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Mayer, Sisson
Voting nay: None **MOTION CARRIED**

The meeting recessed at 8:50 p.m.

The meeting reconvened at 9:18 p.m.

Mayor Sisson explained that on the fourth Friday of each month, Sturgis residents will have the chance to have “Coffee with the Commission” in the morning at a downtown restaurant.

The meeting was adjourned at 9:23 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, MAY 9, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Brian Poole, Sturgis Wesleyan Church

Commissioners present: Austermann, Richards, Stephens, Fisher, Malone, Haas, Littman, Mayor Sisson

Commissioners absent: Vice-Mayor Mayer

Also present: City Manager, City Attorney, Assistant City Manager, Public Safety Director, City Engineer, Electric Department Superintendent, City Controller, EDC Director, City Clerk

Carol Pierce, Chair of the Sister City Committee provided information on the activities of the board including the current student exchange, the upcoming visit from the contingent from Wiesloch, and next year's trip to Germany.

Cemetery and Parks Supervisor Rick Bir provided information on the Big Hill Road Native Species Pilot Program which will have seed donated by Pheasant's Forever. Eric Eishen provided information on the seed and the history of prairie restoration. Discussion followed.

Moved by Comm. Littman and seconded by Comm. Austermann to approve the agenda as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of May 9, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the April 25, 2007 work session as presented.
2. APPROVAL of the minutes from the April 25, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,185,336.85 as presented.
2. RATIFY the Hospital bills in the amount of \$1,328,832.79 as presented.

C. Electric Department Pole Bids

APPROVE the request from the Electric Department to purchase eighty wood poles from RESCO, Madison, Wisconsin in the amount of \$21,635.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Mayor Sisson opened the Public Hearing for consideration of an Obsolete Property Rehabilitation District for the former Sturgis Foundry property.

EDC Director John Hayes provided information on the Obsolete Property Rehabilitation District application by Jim Ware and his plans for renovation of the site.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Richards to approve the establishment of an Obsolete Property Rehabilitation District for the former Sturgis Foundry property as presented.

WHEREAS, Public Act 146 of 2000 provides an exemption from ad valorem property taxes to commercial property and commercial housing property provided they are located in a qualified local governmental unit and certain other conditions are met, and

WHEREAS, the City of Sturgis, County of St. Joseph, State of Michigan, has been declared a qualified governmental unit under PA 146 of 2000, and

WHEREAS, the City of Sturgis has determined that the area of the proposed district is qualified under the Obsolete Property Rehabilitation Act, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and representatives of all affected taxing units the opportunity to be heard as required by the statute, and WHEREAS, comments on creating the Obsolete Property Rehabilitation District have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the creating of this Obsolete Property Rehabilitation Act District, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby create an "Obsolete Property Rehabilitation Act District" for parcel identification number 75-052-090-007-00.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Engineer Tom Seymour explained that the City received bids for the proposed work related on the Drinking Water Revolving Fund project.

Moved by Comm. Austermann and seconded by Comm. Malone to grant tentative award, contingent on MDEQ issuance of an Order of Award, of the contract to Balkema Excavating, Inc. of Kalamazoo, the low bidder, in the amount of \$919,056.77 for the 2007 Water System Improvements (DWRP Project No. 7206-01) and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Controller Michael Vance explained that the City will be issuing twenty year bonds for the Drinking Water Revolving Fund project. Lee Logan, bond counsel for the project, provided information on the bond process in the State, details of the DWRP process, and the proposed bond resolution.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Resolution to provide for Revenue Bond for water system improvements as presented, and authorize the appropriate City Officials to sign all necessary documents.

BOND AUTHORIZING RESOLUTION

A RESOLUTION TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY PART OF THE COST OF IMPROVING THE WATER DISTRIBUTION SYSTEM IN THE CITY OF STURGIS, INCLUDING ALL RELATED APPURTENANCES AND IMPROVEMENTS; TO PRESCRIBE THE FORM OF THE BONDS; TO INCORPORATE PROVISIONS FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF THE OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO INCORPORATE PROVISIONS FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE SYSTEM; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN THE ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS.

WHEREAS, the City of Sturgis (the "City") desires to issue revenue bonds to improve the City of Sturgis Water Distribution System (the "System"); and

WHEREAS, the City desires these bonds to be payable from the revenues of the System as described in this Resolution;

NOW, THEREFORE, THE CITY OF STURGIS RESOLVES:

Section 1. Definitions. Whenever used in this Resolution, the following terms have the following meanings unless the context clearly indicates that a different meaning is intended:

- (a) "Act 94" means Act No. 94, Public Acts of Michigan, 1933, as amended.
- (b) "Authority" means the Michigan Municipal Bond Authority.
- (c) "Authorized Officer" means any of the Mayor, the City Manager, the City Controller, or the City Clerk/Treasurer.
- (d) "Bond" means the City of Sturgis Water System Improvement Revenue Bond, Series 2007, in the principal amount of not to exceed \$1,500,000 authorized by this Resolution.
- (e) "Bond Registrar" means the City Clerk/Treasurer.
- (f) "City" means the City of Sturgis, St. Joseph County, Michigan.
- (g) "Engineers" means Fleis & Vandenbrink Engineers, the City's consulting engineers for the Project.
- (h) "Project" means the improvement of the water distribution system in the City of Sturgis, including all related appurtenances, improvements and equipment therefor and including, if applicable, the acquisition of and improvement to a site therefor, all as more fully described in the preliminary plans and specifications prepared by the Engineers and approved by this Resolution.
- (i) "Revenues" and "Net Revenues" mean the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues," the earnings derived from the investment and reinvestment of moneys at any time in the various funds and accounts established by this Resolution.
- (j) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to

be fully sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as they come due, whether at stated maturity or upon earlier redemption. Securities representing Sufficient Government Obligations shall be placed in trust with a bank or trust company (which may be the Bond Registrar), and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call such Bonds for redemption shall be given to the Bond Registrar, acting as the paying agent for the Bonds.

(k) "System" means the existing water distribution system of the City and the Project, and all future additions, enlargements, extensions, repairs and improvements to the City's water distribution system.

Section 2. Necessity, Approval of Preliminary Plans and Specifications and Statement of Purpose. It is hereby determined to be a necessary public purpose of the City to acquire and construct the Project in accordance with the preliminary plans and specifications previously prepared by the Engineers and on file with the City. Such preliminary plans and specifications are approved, and the City Clerk/Treasurer shall note the fact of such approval on the copy of the preliminary plans and specifications on file with the City. The City Commission agrees to approve promptly, by appropriate resolution, the final plans and specifications for the Project when submitted by the Engineers.

Section 3. Costs and Useful Life. The total cost of the Project is estimated to not exceed \$1,270,000, including the incidental expenses referred to in Section 4 of this Resolution, and the estimated period of usefulness of the Project is not less than 30 years. Both estimates are approved.

Section 4. Payment of Cost; Bonds Authorized. The City shall borrow not to exceed \$1,500,000 or such lesser amount as determined by an Authorized Officer at the time of sale (the "Principal Amount") and approved by the Michigan Department of Environmental Quality (the "DEQ") and the Authority, and issue the Bond therefor pursuant to Act 94, to pay part of the cost of acquiring and constructing the Project (including all related legal, engineering, financial, financial advisory and other expenses incident to the Project) and the costs of issuance and sale of the Bond.

Section 5. Designation and Bond Details. The Bond shall be designated "City of Sturgis Water System Improvement Revenue Bond, Series 2007 (Limited Tax General Obligation)," and shall, along with other bonds of the City issued on a parity basis, be payable out of the Net Revenues (as more fully provided in Section 22 of this Resolution). The date of original issuance of the Bond shall be as of June 28, 2007, or such other date as shall be designated in writing by an Authorized Officer, and the Bond shall bear interest from its date of original issuance. The Bond shall be in the form of a single, fully registered, non-convertible, non changeable bond of the denomination of the Principal Amount dated as of the date of delivery of the Bond, or such other date as may be determined by an Authorized Officer and approved by the DEQ and the Authority.

Section 6. Payment of Principal and Interest; Record Dates. The principal of and interest on the Bond shall be paid in lawful money of the United States. The Bond shall be payable in not more than twenty (20) annual serial principal installments beginning on October 1, 2008, or on such other dates as may be determined by an Authorized Officer and approved by the DEQ and the Authority. Interest on the Bond shall be paid on each October 1 and April 1, commencing on October 1, 2007, or such later date as shall be designated in writing by an Authorized Officer, until maturity, by check or draft mailed by first-class United States mail to the registered owner of the Bond as of the applicable record date. The record date for each interest payment shall be the 15th day of the month before such payment is due.

Section 7. Redemption. The Bond shall be subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the

Authority.

Section 8. Sale of Bond. The City shall sell the Bond to the Authority at an interest rate of not to exceed two and one-half percent (2.50%) per annum and with a discount of not to exceed 2%. Proceeds of the sale of the Bond shall not be received in one lump sum. Rather, the Authority shall purchase principal installments of the Bond from the City as such purposes are approved by the DEQ. These purchased principal installments shall be deemed to correspond to the serial principal installments contained in the Bond in direct chronological order of said serial principal installments. The City shall have no obligation to repay any serial principal installments for which the City did not receive proceeds from corresponding purchased principal installments of at least a like amount. Interest on the Bond shall only accrue on the purchased installments, and shall accrue based on the amount of and purchase date of such installments. In the event less than the Principal Amount of the Bond is purchased by the Authority, any portion of the Principal Amount is prepaid, or any serial principal payment becomes due before the City has received proceeds from corresponding purchased principal installments of at least a like amount, then the Authority may prepare a new serial principal installment repayment schedule acceptable to the City. The Bond shall be substantially in the following form ("the Bond Form") with such modifications, additions, deletions and other changes as are not inconsistent with this Resolution and as are approved by an Authorized Officer after conferring with bond counsel:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF ST. JOSEPH
CITY OF STURGIS

WATER SYSTEM IMPROVEMENT REVENUE BOND, SERIES 2007
(LIMITED TAX GENERAL OBLIGATION)

The City of Sturgis, St. Joseph County, Michigan (the "City"), acknowledges itself indebted to and for value received promises to pay to the Michigan Municipal Bond Authority (the "Authority") the sum of _____ Dollars (\$ _____) or so much thereof as shall have been advanced to the City pursuant to a Purchase Contract between the Authority and the City and a Supplemental Agreement by and among the City, the Authority and the State of Michigan, acting through its Department of Environmental Quality.

The Principal Amount shall be payable on the dates and in the serial principal installment set forth in Schedule A attached hereto. Interest on the Bond shall accrue at the rate of two and one-eighth percent (2.125%) per annum and shall be payable on October 1, 2007 and semiannually thereafter. Principal and interest are payable in lawful money of the United States of America.

This Bond is a single, fully-registered, non-convertible, self-liquidating bond in the Principal Amount issued by the City under and pursuant to and in full conformity with the Constitution and statutes of the State of Michigan, including Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and a resolution duly adopted by the City Commission on _____, 2007, pursuant to Act 94 ("the Resolution"). The Bond is being issued to defray part of the cost of improving the water distribution system of the City.

For the prompt payment of the principal of and interest on this Bond and other bonds issued by the City on a parity basis with this Bond, the City has irrevocably pledged the revenues of the City's water distribution system (the "System"), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the System ("the Net Revenues"), and a statutory first lien on the Net Revenues of the System is hereby recognized and created. As additional security, the City has irrevocably pledged its limited tax full faith and credit for the

prompt payment, when due, of the principal of and interest on this Bond. If the Net Revenues of the System at any time shall be insufficient for such payment, the principal of and interest on such Bond are payable as a first budget obligation of the City from its general funds. However, the City does not have the power to levy any tax for the making of such payments in excess of constitutional, statutory or charter limitations.

Reference is made to the Resolution for a complete statement of the revenues from which and the conditions under which this Bond are payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues of the System may be issued and the covenants and conditions pursuant to which this Bond was issued.

The City has covenanted in the Resolution, and hereby covenants, to fix and maintain at all times while any bonds payable from the Net Revenues of the System are outstanding, such rates for services furnished by the System as shall be sufficient to provide for the payment of the principal of and the interest on the Bond of this issue and any prior or additional bonds of equal standing as and when they become due and payable, and to create and maintain a bond redemption fund therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance as are necessary to preserve the System in good repair and working order and to provide for such other expenditures and funds for the System as are required by the Resolution.

This Bond is subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This Bond shall be registered as to principal and interest on the books of the City kept by the City Treasurer and may be transferred only upon surrender of this Bond by the registered owner in person, or by the registered owner's attorney duly authorized in writing, to the City Treasurer, together with an assignment executed by the registered owner or his or her duly authorized attorney-in-fact in form satisfactory to the City Treasurer. Upon such transfer, a new registered Bond in the same aggregate principal amount and the same maturity and interest rate, will be issued to the designated transferee(s).

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the City, including the indebtedness represented by the Bond, does not exceed any constitutional, statutory or charter limitation.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at the corporate trust office of The Bank of New York Trust Company, N.A., or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository"); (b) the City agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five (5) business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the City's deposit by 12:00 noon on the scheduled day, the City shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the City and received by the Authority's Depository, at least 40 days prior to the date on which such redemption is to be made.

In the event of a default in the payment of principal or interest hereon when due, whether at

maturity, by redemption or otherwise, the amount of such default shall bear interest (the "Additional Interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The Additional Interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the City's default. Such Additional Interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority), the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this Bond, fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the Authority) of such deficiency as Additional Interest on this Bond.

During the time funds are being drawn down by the City under this Bond, the Authority will periodically provide the City with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the City of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and another amount payable with respect thereto in accordance with the terms of this Bond. IN WITNESS WHEREOF, the City, by its City Commission, has caused this Bond to be signed in the name of the City by the manual signatures of its Mayor and Clerk/Treasurer, all as of June __, 2007.

CITY OF STURGIS

By: _____
Mayor

By: _____
Clerk/Treasurer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____
Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

SCHEDULE I

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the City is repaid. In the

event the Order of Approval issued by the Department of Environmental Quality (the “Order”) approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the City and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the City by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

Principal Installment

Due October 1 Amount

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2021	2022	2023	2024	2025	2026	2027						

Section 9. Approval of Documents.

(a) Each of the Authorized Officers is authorized to execute and to deliver a purchase contract in substantially the form on file as of today’s date with the City Clerk/Treasurer, which form is hereby approved, with interest rates and a discount as determined by an Authorized Officer, provided such interest rate does not exceed 2.50% and the discount does not exceed 2%.

(b) Each of the Authorized Officers is authorized to execute and to deliver the Issuer’s Certificate and the Supplemental Agreement, each in substantially the form on file as of today’s date with the City Clerk/Treasurer, which form is hereby approved.

Section 10. Execution and Delivery of Bonds. The Mayor and the City Clerk/Treasurer are authorized and directed to execute the Bond on behalf of the City by their manual signatures or by causing their facsimile signatures to be affixed, provided in the latter instance, the Bond is thereafter authenticated by the Bond Registrar. When so executed and (if facsimile signatures are used) authenticated, the Bond shall be delivered to an Authorized Officer who thereafter shall deliver it to the Authority upon receipt of the purchase price therefor.

Section 11. Transfer or Exchange of Bonds. Any Bond may be transferred on the bond registration books maintained by the Bond Registrar at any time before the record date preceding an interest payment date upon surrender of the Bond together with an assignment executed by the registered owner of the Bond (or such owner’s duly authorized attorney-in-fact) in form reasonably satisfactory to the Bond Registrar. Upon receipt of a properly assigned Bond, the Bond Registrar shall authenticate and deliver a new Bond or Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee(s) and cancel the Bond presented for transfer. Any Bond likewise may be exchanged before the record date preceding an interest payment date for one or more Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Bond being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond (or such owner’s duly authorized attorney-in-fact) in form reasonably satisfactory to the Bond Registrar. Upon receipt of a Bond with proper instructions, the Bond Registrar shall authenticate and deliver a new Bond or Bonds to the registered owner of the Bond or such owner’s properly designated transferee(s) and cancel the Bond presented for exchange.

The Bond Registrar shall not be required to honor any transfer or exchange of Bonds during the period from the record date for an interest payment to the date of such payment. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid by the City.

However, the Bond Registrar may require payment by a bondholder of an amount sufficient to cover any tax or similar governmental charge payable in connection with such registration, transfer or exchange.

Section 12. Security for Payment of Bonds. The Bond, other bonds issued by the City on a parity basis with the Bond, and the interest thereon shall be payable in the first instance from the Net Revenues, and to secure such payment, there is hereby created in favor of the holders of the Bond a lien (made a statutory lien by Act 94) upon the whole of the Net Revenues. Such lien shall be a first lien and shall continue until payment in full of the principal of and interest on the Bond payable from Net Revenues or until sufficient cash or Sufficient Government Obligations (or a combination of cash and Sufficient Government Obligations) have been deposited in trust for payment in full of all Bonds of a series then outstanding, the principal of and interest on such Bonds to maturity or, if called for redemption, to the date fixed for redemption together with the amount of any applicable redemption premium. Upon deposit of such cash or Sufficient Government Obligations, or both, the statutory lien shall be terminated with respect to that series of Bonds, the holders of the Bonds of that series shall have no further rights under this Resolution (except for the right to receive payment from the cash and/or Sufficient Government Obligations so deposited), and the Bonds of that series shall no longer be considered outstanding under this Resolution.

As additional security for such payment, for the Bond sold to the Authority, and to the extent permitted by Section 7 of Act 94, the City hereby pledges its limited tax full faith and credit for the payment of the principal of and interest on the Bond. In the event the Net Revenues hereby pledged for any reason are insufficient to pay the principal of and interest on the Bond when due, the City shall advance sufficient funds out of its general fund to make up the deficiency. The City does not have the power to levy (and nothing in this Resolution can or does obligate the City to levy) any tax for the payment of the Bond in excess of its constitutional, charter and statutory limits.

Section 13. Bondholders' Rights. The holder or holders of Bonds representing in the aggregate not less than 20% of the entire principal amount of the Bonds then outstanding, by suit, action, mandamus or other proceedings, may protect and enforce the statutory lien on the Net Revenues of the System and enforce and compel performance of all duties of the City, including the duty to fix sufficient rates and to collect and properly segregate and apply the Revenues of the System, provided that such statutory lien shall not be construed to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the Bond, any court having jurisdiction in any proper proceeding may appoint a receiver to administer and operate the System on behalf of the City and under the direction of the court and, with the approval of the court, to perform all of the duties of the officers of the City more particularly set forth in Act 94.

The holder or holders of the Bond shall have all other rights and remedies given by Act 94 and law for the payment and enforcement of the Bond and the security therefor.

Section 14. Management and Fiscal Year. The acquisition, construction and installation of the Project and the operation, repair and maintenance of the System shall be under the supervision and control of the City Commission, and the fiscal year of the System shall commence on October 1 of each year and end on September 30 of the following year. The City, through the Authorized Officers, may employ such person(s) in such capacities as the City Commission deems advisable to carry out the efficient management and operation of the System. The City Commission may make, and revise from time to time, such rules and regulations as it deems necessary or advisable to assure the efficient management and operation of the System.

Section 15. No Free Service or Use. No free service or use of the System, or service or use of the

System at less than the reasonable cost and value thereof, shall be furnished to any person, firm or corporation (public or private) or to any public agency or instrumentality including the City.

Section 16. Rates and Charges. The rates and charges for service furnished by, and for the use of, the System and the methods of collection and enforcement of the collection of such rates and charges shall be those established by resolution of the City Commission, which shall be adjusted from time to time by resolution of the City Commission.

Section 17. Fixing and Revising Rates and Charges. The rates and charges in effect on the date of adoption of this Resolution are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses of maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as they become due and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Resolution. The rates and charges shall be reviewed not less than once each year and shall be fixed and revised from time to time as may be necessary to produce amounts sufficient for the foregoing purposes, and the City hereby covenants and agrees to fix and maintain rates and charges for services furnished by the System at all times sufficient to provide for the foregoing.

Section 18. Penalty for Late Payment. The City shall charge late payment fees and penalties if a user of the System does not timely pay the rates and charges that have been billed for the use of the System. The amount of the late payment fees and penalties, and the times when they shall be imposed, are set forth in Schedule I and may be adjusted from time to time by resolution of the City Commission.

Section 19. Delinquent Rates and Charges. In the event that a user of the System does not timely pay the rates and charges that have been billed to such user, an Authorized Officer shall take the necessary action, in accordance with applicable Michigan statutes, to add such delinquent rates and charges to the user's ad valorem property tax bills.

Section 20. Hardship Deferrals. The City Commission shall have the right, by resolution, to defer the payment of a user's rates and charges, under such conditions as the City Commission may establish from time to time.

Section 21. Continuing Rate Covenant. The City hereby covenants to establish rates and charges each year so as to produce net revenues based on the City's reasonable expectations at least equal to 100% of the debt service requirements on the Bond, and on any other bonds that may be of equal standing with the Bond, for the next fiscal year.

Section 22. Funds and Accounts and Flow of Funds. Commencing on June 28, 2007 all funds belonging to the System shall be transferred as provided in this Resolution and all Revenues shall be set aside as collected and credited to a fund designated WATER SYSTEM RECEIVING FUND (the "Receiving Fund"). In addition, on such date all Revenues in any accounts of the System shall be transferred to the Receiving Fund and credited to the funds and accounts as provided in this Section.

The Revenues in the Receiving Fund are pledged for the purposes of the following funds and shall be transferred or debited from the Receiving Fund periodically and in the order of priority specified in this Section:

A. OPERATION AND MAINTENANCE FUND:

Out of the Revenues credited to the Receiving Fund, there first shall be set aside in or credited to a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund") monthly a sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System and such current expenses for the maintenance of the

System as may be necessary to preserve the System in good repair and working order.

A budget, showing in detail the estimated costs of administration, operation and maintenance of the System for the next operating year, shall be prepared by the City Commission at least 30 days before the commencement of the operating year to which it applies. No payments shall be made to the City from moneys credited to the Operation and Maintenance Fund except for services directly rendered to the System by the City or its personnel.

B. BOND AND INTEREST REDEMPTION FUND:

There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"). The moneys on deposit in the Redemption Fund from time to time shall be used solely to pay the principal of and redemption premium, if any, and interest on the Bond. The moneys in the Redemption Fund shall be kept on deposit with the bank or trust company where the principal of and interest on the Bond, or any series thereof, are payable.

Out of the Revenues remaining in the Receiving Fund after provision for the Operation and Maintenance Fund, there shall be set aside each month commencing July 1, 2007 in the Redemption Fund an amount equal to 1/3 of the interest on the Bond coming due on October 1, 2007, less any amount then in the Redemption Fund representing accrued interest received from the original purchaser of the Bond, and less any capitalized interest included in the Bond proceeds, and less any investment income on amounts on deposit in the Redemption Fund. Commencing October 1, 2007, the amount set aside each month for interest on the Bond shall be 1/6 of the total amount of interest next coming due. The amount set aside each month for principal, commencing October 1, 2007, shall be 1/12 of the amount of principal next coming due.

If there is any deficiency in the amount previously set aside, the full amount of that deficiency shall be added to the next monthly requirements. The amount to be set aside for the payment of principal and interest on any date shall not exceed the amount which, when added to the money on deposit in the Redemption Fund (including investment income), is necessary to pay the principal of and interest on the Bond due on the next succeeding principal payment date.

C. REPLACEMENT AND IMPROVEMENT FUND:

There shall be established and maintained a separate depository account designated REPLACEMENT AND IMPROVEMENT FUND (the "Replacement Fund"). The moneys credited to the Replacement Fund shall be used solely to make repairs, replacements, improvements, enlargements or extensions of the System, including any buildings or other structures related to the System. Out of the Revenues and other moneys, if any, remaining in the Receiving Fund at the end of each month after providing for the required deposits to the Operation and Maintenance Fund and the Redemption Fund, there may be deposited in the Replacement Fund such additional funds, if any, as the City Commission deems advisable. If at any time it is necessary to use any moneys in the Replacement Fund for the purposes for which the Replacement Fund was established, the moneys so used shall be replaced from moneys in the Receiving Fund that are not required by this Resolution to be used for the Operation and Maintenance Fund or the Redemption Fund.

D. SURPLUS MONEYS:

All moneys remaining in the Receiving Fund after satisfying all of the foregoing requirements of this Section at the option of the City Commission may be transferred (a) to the Replacement Fund or (b) to the Redemption Fund and used to purchase Bonds on the open market at not more than their fair market value or to redeem Bonds prior to maturity.

Section 23. Priority of Funds. If the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any

moneys or securities in other funds of the System (other than proceeds from the sale of the Bond and special assessments pledged to other bond issues) shall be credited or transferred, first, to the Operation and Maintenance Fund and, second, to the Redemption Fund.

Section 24. Depository and Funds on Hand. Moneys in the several funds and accounts established by or pursuant to this Resolution (other than moneys in the Redemption Fund and moneys derived from the proceeds of the sale of the Bond) may be kept in one or more bank accounts at a bank or banks designated by resolution(s) of the City Commission, and if kept in one bank account, such moneys shall be allocated on the City's books in the manner and at the times required by this Resolution.

Section 25. Investments. Moneys in the funds and accounts established by or pursuant to this Resolution and moneys derived from the proceeds of the sale of the Bond may be invested by the City in (a) obligations of the United States of America, (b) obligations the principal of and interest on which are fully guaranteed by the United States of America, and (c) certificates of deposit of any bank in which deposits are insured by the federal Deposit Insurance Corporation and which (i) has unsecured, uninsured and unguaranteed outstanding obligations that are rated "A2" or better by Moody's Investor Service or "A" or better by Standard & Poor's Corporation or (ii) is the lead bank of a bank holding company that has outstanding obligations so rated.

Investments of moneys in the Redemption Fund being accumulated for payment of the next maturing principal of or interest on the Bond shall be limited to obligations otherwise permitted by this Section that mature before the date of such payment.

Any securities representing any investment permitted by this Section shall be kept on deposit at the bank or trust company having on deposit the fund or account from which the investments were purchased. Profits realized on interest earned on investments of moneys in the Receiving Fund, the Operation and Maintenance Fund, the Replacement Fund or the Redemption Fund shall be deposited in or credited to the Receiving Fund at the end of each fiscal year.

Section 26. Bond Proceeds. From the proceeds of the sale of the Bond, there immediately shall be deposited in the Redemption Fund an amount equal to the accrued interest and premium (if any) received from the original purchaser(s) of the Bond on delivery. The remainder of such proceeds as received from time to time from the Authority shall be deposited in a bank designated by the City Commission, qualified to act as depository of the proceeds of sale under Section 15 of Act 94, in an account designated CONSTRUCTION FUND (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely for the payment of the cost of acquiring, constructing and installing the Project, including any engineering, legal, financial advisory or other expenses incidental thereto and to the financing thereof. No payment for construction, either on account or otherwise, shall be made until the Engineers shall file with the City Commission a signed statement to the effect that the work has been completed in accordance with the applicable plans and specifications, that such work was performed pursuant to and in accordance with the applicable contract (including any properly authorized change orders), that such work is satisfactory and that such work has not been paid for previously.

Any unexpended balance remaining in the Construction Fund after completion of the project shall be transferred to the Replacement Fund and used for improvements, enlargements and extensions of the System.

Section 27. Special Covenants of the City. The City covenants and agrees with the holder or holders of the Bond that so long as the Bond remains outstanding and unpaid as to either principal or interest:

(a) The City will maintain the System in good repair and working order, will operate the System

efficiently, faithfully and punctually will perform all duties respecting the System as required by the Constitution and laws of the State of Michigan (including in particular Act 94) and this Resolution.

(b) The City will keep proper books of record and account separate from all other records and accounts of the City, in which shall be made full and correct entries of all transactions relating to the System. The City shall have an annual audit of the books of record and account of the System for the preceding operating year by an independent certified public accounting firm, and a copy of the audit shall be mailed to the manager of the syndicate or account originally purchasing any issue of Bonds. The auditor shall comment on the manner in which the City is complying with the requirements of this Resolution respecting the setting aside and investing of moneys and obtaining and maintaining insurance. The audit shall be completed and so made available not more than six months after the close of the operating year that it covers.

(c) The City will obtain and maintain insurance on all physical properties of the System, and liability insurance, against such risks and in such amounts as normally are carried by municipalities engaged in the ownership and operation of sewage disposal system comparable to the System. All moneys received for losses under any policy of such insurance shall be applied solely to the repair, replacement or restoration of property of the System that is damaged or destroyed, and to the extent not so used, shall be used to redeem or purchase Bonds.

(d) The City will not sell, lease or otherwise dispose of the System, in whole or substantial part, until principal of or interest on the Bond have been paid in full or provision for such payment has been made in accordance with this Resolution. The City will operate the System as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order and will not do or permit to be done any act within its control that would affect the System in a way that has a material adverse effect on the security for the Bond.

(e) The City will not operate, or grant any franchise or other rights to any person, firm or corporation to operate, a system that will compete with the System.

(f) The City will cause the Project to be completed promptly and in accordance with the plans and specifications therefor.

Qualification of Bonds. The Bond is NOT designated as a qualified tax-exempt obligation for purposes of Section 265(b) of the Code.

Section 28. Defeasance. If at any time,

(a) the whole amount of the principal of and premium, if any, and interest on all outstanding Bonds shall be paid, or

(b) if sufficient moneys, or Government Obligations not callable prior to maturity, the principal of and interest on which, when due and payable will provide such sufficient moneys, shall be deposited with and held by a trustee for the purpose of paying principal of and premium, if any, and interest on outstanding Bonds, and if all outstanding Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such Bond for redemption shall have been given to such trustee, then the right, title and interest of the holders of the Bond shall thereupon cease, terminate and become void and the City shall be released from the obligations of this resolution and any moneys or other funds held pursuant to this resolution for the purpose of paying the principal of and premium, if any, and interest on the Bond then outstanding (other than the aforementioned funds on deposit with the trustee for redemption of the outstanding Bonds) shall be released from the conditions of this resolution and paid over to the City and considered excess proceeds of the Bonds. All moneys and Government Obligations held by such trustee pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith as provided hereinabove.

The trustee or escrow agent referred to in this Section shall (i) be a bank or trust company permitted by law to offer and offering the required services, (ii) be appointed by an Authorized Officer and (iii) at the time of its appointment and so long as it is serving as such, have at least \$25,000,000 of capital and unimpaired surplus. The same bank or trust company may serve as trustee or escrow agent under this Section and as Bond Registrar so long as it is otherwise eligible to serve in each such capacity.

Section 29. Additional Bonds. Except as hereinafter provided, the City will not issue any bonds of equal or prior standing with the Bond.

The City reserves the right in accordance with Act 94 to issue additional bonds payable from the Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Bond, but only for the following purposes and on the following conditions:

(a) For repairs, extensions, enlargements and improvements to the System or for the purpose of refunding part of the Bonds then outstanding and paying the costs of issuing such additional bonds. Bonds issued for such purposes shall not be issued pursuant to this subsection (a) unless the average actual augmented Net Revenues of the System for the then last two preceding 12-month operating years, or (if lower than such average) the actual or augmented Net Revenues for the last preceding 12-month operating year shall be equal to a least 100% of the average annual amount of principal and interest thereafter coming due in future operating years on the then outstanding Bonds and the additional bonds then being issued. If the additional bonds are to be issued in whole or in part to refund outstanding Bonds, the average annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of the Bonds to be refunded from the proceeds of such additional bonds. For purposes of this subsection (a), the City may elect to use (1) as the last preceding operating year, any operating year ended not more than 16 month from the date of delivery of the additional bonds, and (2) as the next to the last preceding operating year, any operating year ended not more than 28 months from such date of delivery. If the System's rates and charges shall be increased at or before the time the additional bonds are authorized, the Net Revenues for each of the two preceding operating years shall be augmented by an amount reflecting the effect of such increase had the System's billings during such operating years been at the increased rates. In addition, the actual Net Revenues for each of the two preceding operating years may be augmented by the estimated increase in Net Revenues to accrue as a result of the repairs, extensions, enlargements and improvements to be paid in whole or in part from the proceeds of the additional bonds, and the actual Net Revenues may be augmented by an amount equal to the investment income representing interest on investments estimated to be received each operating year from the addition to the Bond Reserve Account to be funded from proceeds of the additional bonds. The determination of the City Commission as to the existence of the conditions that permit the issuance of additional bonds shall be conclusive. No additional bonds of equal standing as to the Net Revenues of the system shall be issued pursuant to the authorization contained in this subsection (a) if the City then shall be in default in making any required payments to the Operation and Maintenance Fund or the Redemption Fund.

(b) For refunding all or a part of the Bonds then outstanding and paying the costs of issuing the additional bonds. No additional bonds shall be issued pursuant to this subsection (b) unless the maximum amount of principal and interest coming due in any operating year, after giving effect to the refunding, shall be less than the maximum amount of principal and interest coming due in any future operating year before giving effect to the refunding.

Section 30. Tax Matters. Notwithstanding any other provision of this Resolution, the Bond Form or

the Bond, the City covenants that it will not at any time:

(a) Permit any proceeds of the Bond or any other funds of the City or under its control to be used directly or indirectly (i) to acquire any securities or obligations, the acquisition of which would cause any Bond to be an “arbitrage bond” as defined in Section 148 of the Code or (ii) in a manner that would result in the exclusion of any Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of such Bond as a “private activity bond” within the meaning of Section 141(a) of the Code or as an obligation guaranteed by the United States of America within the meaning of Section 149(b) of the Code; or

(b) Take any action, or fail to take any action (including failure to file any required information or other returns with the United States Internal Revenue Service or to rebate amounts to the United States, if required, at or before the time or times required), within its control if such action or failure to act would (i) cause the interest on the Bond to be includible in gross income for federal income tax purposes, cause the interest on the Bond to be includible in computing any alternative minimum tax (other than the alternative minimum tax applicable to tax-exempt obligations generally) or cause the proceeds of the Bond to be used directly or indirectly by an organization described in Section 501(c)(3) of the Code or (ii) adversely affect the exemption of the Bond and the interest thereon from State of Michigan income taxation.

Section 31. Publication and Recording. Promptly after its adoption, this Resolution shall be published in full in a newspaper of general circulation in the City that is qualified under State law to publish legal notices, and shall be recorded in the minutes of the Commission and such recording shall be authenticated by the signatures of the Mayor and the City Clerk/Treasurer.

Section 32. Effective Date. This Resolution shall be effective immediately upon its adoption.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Electric Department Superintendent John Griffith provided information on the past practices of the City’s utility department and the proposed formalized policy.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Utility Collection Policy and Fees as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes provided information on the plans for the opening of an equipment rental business and the request to use part of the City’s right of way as an entrance drive.

Moved by Comm. Fisher and seconded by Comm. Richards to approve the Real Estate Lease Agreement for a driveway across City property (Parcel #75-052-777-274-00) and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Engineer Tom Seymour explained the purpose of the creation of a taxiway at the airport to remove the need for a plane to taxi back on the runway.

Moved by Comm. Richards and seconded by Comm. Malone to approve the Agreement for Professional Engineering Services with R.W. Armstrong & Associates, Inc. (RWA J/N 20073080) and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes introduced the City's Airport Advisory Committee and explained the research that has been done on a new Airport Management Agreement and details of the agreement.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Airport Management Agreement with Riley Aviation and authorize the City Manager to sign on behalf of the City.

Voting yea: Seven Voting nay: None Abstain: Haas Absent: Mayer MOTION CARRIED

City Manager Michael Hughes provided information on the City's new responsibility of managing the fuel farm at the airport and the proposed rates.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Airport Fuel Charges as presented subject to the installation of the fuel system and authorize the City Manager to implement the charges.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes provided information on the self-serve fuel system that is proposed to be installed at the airport and that the funds to pay for the system will be taken from the City's Capital Reserve Fund which will be repaid by the charges generated from the sale of the fuel.

Moved by Comm. Richards and seconded by Comm. Malone to approve the purchase and installation of a Fuelmaster Fuel Management System from Syn-Tech Systems, Inc. for a cost of \$14,200 and authorize the City Manager to issue a purchase order.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Austermann and seconded by Comm. Malone to approve retaining J.R. Howell Airport Lighting, LLC to install onsite electrical wiring, communication wiring and concrete pads for an estimated cost of \$10,800 and authorize the City Manager to issue a purchase order.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes provided details on the efforts of the Indiana/Michigan Marketing Group that is working towards the development of the corridor surrounding the I-80 exit south of the City. Discussion followed.

Moved by Comm. Richards and seconded by Comm. Fisher to approve \$4,025 for the City's portion of the development of a Marketing Communications Plan for the I-9/M-66 Corridor Project from Prancing & Ewend.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Public Safety Director David Northrop provided information to the Commission on the proposed emergency services agreement and the efforts towards contacting the affected Townships.

Moved by Comm. Fisher and seconded by Comm. Littman to approve the Fire Department Emergency Service Charges Agreement as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

The Commission agreed that the City would discontinue its emergency services outside the City if the approved agreement is not signed by the Townships after thirty days.

Public Safety Director David Northrop explained that given that the City no longer has an ambulance service it is prudent to now sell, trade, or otherwise dispose of the excess equipment. Discussion followed related to particular pieces of equipment.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the disposal of ambulance equipment, supplies and damaged or unusable items.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Mayor Sisson explained that after reading and understanding the existing ordinance, the City is sufficiently covered in relation to burning in the City.

Mayor Sisson explained that the impetus for discussing the cooperation with the Hispanic community stemmed from the town hall meeting regarding economic development. Mayor Sisson explained that the feedback has been predominately positive and that two residents have volunteered to lead in the efforts.

Moved by Comm. Haas and seconded by Comm. Richards for the establishment of an ad hoc committee to work on the Mayor's proposal to work with the Hispanic population to establish One Community.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Mayor Sisson explained that he will postpone discussion on collaboration of local government services as an effort is being made by the MSU Extension office for this concept.

Assistant City Manager Todd Campbell explained the annual process of reporting on and managing the Sturgis Housing Development Corporation.

Moved by Comm. Richards and seconded by Comm. Malone to adopt the Consent Resolution of Shareholders as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Fisher and seconded by Comm. Malone to recess their regular meeting of May 9, 2007.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Dir. Littman and seconded by Dir. Malone to convene as the Sturgis Housing Development Corporation.

Voting yea: Nine Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Dir. Austermann and seconded by Dir. Malone to adopt the Consent Resolution of Board of Directors as presented.

Voting yea: Nine Voting nay: None Absent: Mayer MOTION CARRIED

Assistant City Manager Todd Campbell reported that there has been no activity with the S.H.D.C. for the previous twelve months.

City Manager Michael Hughes explained that the City has previously discussed the purchase of the railroad right of way property behind the former Ram property for potential construction of the M-66 bypass.

Moved by Dir. Haas and seconded by Dir. Austermann to approve the Real Estate Purchase Agreement for the Morris Leasing Co. Railroad property as presented.

Voting yea: Nine Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Dir. Malone and seconded by Dir. Haas to adjourn the annual meeting.

Voting yea: Nine Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Malone and seconded by Comm. Haas to reconvene its regular meeting of May 9, 2007.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Assistant City Manager Todd Campbell explained the documentation required for and the details on the residential development of the former Newport property.

Moved by Comm. Richards and seconded by Comm. Stephens to approve the Declaration of Restrictions for the Newport Housing Development as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Fisher and seconded by Comm. Richards to approve the Real Estate Development and Purchase Agreement for the former Newport property as presented.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Stephens to approve the budget amendment for environmental mitigation activities related to the Newport Housing Development in the amount of \$26,911.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

City Manager Michael Hughes explained that it is necessary to set a public hearing for the City's millage rate. He further explained that the Commission had previously agreed to lower the millage rate by the amount equal to the general fund contribution to the library fund if the District Library millage passed. This amount currently calculated to a City millage rate of 10.0285.

Moved by Comm. Littman and seconded by Comm. Malone to set a Public Hearing to hear comments on the tax rate for fiscal year 2007-08 in the Wiesloch Raum of City Hall on May 23, 2007 at 7:30 p.m.

Voting yea: Eight Voting nay: None Absent: Mayer MOTION CARRIED

The City Commission will hold their first Coffee With The Commission at the Corner Café on Friday, May 25, 2007 at 8:00 a.m.

The meeting was adjourned at 9:14 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, MAY 23, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Floyd Kunce, St. John's Episcopal Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Richards

Also present: City Manager, City Attorney, Assistant City Manager, Public Safety Director, City Engineer, Electric Department Superintendent, City Controller, EDC Director, City Clerk

Jan Eagan, Chair of the Sturgis Housing Commission, provided information to the City Commission on the new Executive Director Shelly McCarthy who is working hard on preparing for the separation from the City. Ms. Eagan thanked the Commission for the six month extension for the separation process which will end on June 30.

Mayor Sisson introduced the following Proclamation:

Whereas, Diane Moshier is an award winning columnist for the Sturgis Journal and has shared her life in print with her readers for more than ten years; and

Whereas, she has reached higher pinnacles of success as a mother, grandmother, and wife; and

Whereas, she has been waging a personal battle against cancer for several years and has courageously, emotionally, and generously shared her story with the community each week; and

Whereas, we, the citizens of the City of Sturgis, have had the opportunity to grow in spirit, compassion, and love because of Diane words;

Now, therefore, be it resolved that the Commission of the City of Sturgis extends its humble appreciation and gratitude to Diane Moshier and its prayers for Diane and her family.

Mayor Sisson introduced the following Proclamation:

WHEREAS, In 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and

WHEREAS, Arbor Day is now observed throughout the nation and the world, and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce oxygen and provide habitat for wildlife, and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community, and
WHEREAS, trees are a source of joy and spiritual renewal, and
WHEREAS, the City of Sturgis has been recognized as a TREE CITY USA by the National Arbor Day Foundation and desires to continue its tree-planting ways,
NOW, THEREFORE, I, Robert C. Sisson, Mayor of the City of Sturgis, do hereby proclaim Thursday, May 31, 2007 as ARBOR DAY in the City of Sturgis, and I urge all citizens to support efforts to care for our trees and woodlands and to support our City's community forestry program, and
FURTHER, I urge all citizens to plant trees to gladden the hearts and promote the well being of present and future generations.

Video messages from Michigan Governor Granholm and U.S. Representative Upton were shown commending the City's efforts for their Sustainable Energy Conference.

Mayor Sisson removed item 10H related to the Climate Protection Agreement to allow him to meet with the subcommittee on the subject.

The agenda was otherwise approved as presented.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of May 23, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the May 9, 2007 work session as presented.
2. APPROVAL of the minutes from the May 9, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,547,835.72 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$161,924.81 as presented.
3. RATIFY the Hospital bills in the amount of \$2,002,102.40 as presented.

C. Board Resignation

ACCEPT the resignation of Priscilla Hoopingarner from the Sturgis Housing Commission and SEND a letter of recognition for her service.

D. Poppy Sale

ALLOW the American Legion and VFW to sell poppies from the beginning of the Michigan Week festivities through Memorial Day.

E. Set Public Hearing

SET a Public Hearing on June 13, 2007 in the Wiesloch Raum of City Hall for consideration of an Obsolete Property Rehabilitation Certificate to James Ware Real Estate LLC.

F. Farmers' Market

APPROVE the use of the City parking lot at Nottawa and West Streets on Saturdays from 8:00 a.m. through 12:00 p.m. from May through October for a Farmers' Market and placement of sign at the site promoting the event.

Voting yea: Eight

Voting nay: None

Absent: Richards

MOTION CARRIED

City Manager Michael Hughes explained that as part of the District Library millage vote last year, the City Commission committed to lower the City's operating millage rate by an amount equal to the General Fund transfer to the Library if the vote was successful. The corresponding millage rate for this transfer was calculated at 0.7915 which would be deducted from last year's rate of 10.82 mills. He further explained that this would result in the lowest millage rate in at least the past forty years.

Mayor Sisson opened the Public Hearing related to the 2007-2008 City Millage rate.

Mayor Sisson explained that it is a tremendous accomplishment to hold the line on taxes for such a long time and provides the Commission with the flexibility to dedicate additional monies to specific projects in the future.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Littman to set the fiscal year 2007-08 tax rate at 10.0285 mills as presented.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

John Mayer, Chair of the Hospital Board of Trustees, provided information on the new contract for Quorum's management of the hospital. He explained that the contract is basically the same, but the board will now have more involvement in the salary of the hospital CEO. He also mentioned that because of the relationship with Quorum, the hospital saved roughly \$500,000.00 this past year.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the First Amendment for Hospital Management Services with Quorum Health Resources, LLC for Sturgis Hospital management services.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

City Manager Michael Hughes and representatives of Fleis & VandenBrink Engineering, Inc. provided information to the Commission on the next steps to be taken on the SRF Wastewater System improvements.

Moved by Comm. Littman and seconded by Comm. Malone to approve the contract to perform Construction Management Services from F&V Construction Management, Inc. for the Proposed SRF Wastewater System Improvements and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Stephens and seconded by Comm. Austermann to approve Task Order 10d for Engineering services for bid, construction phase and post construction phase of the SRF Wastewater System Improvements from Fleis & VandenBrink Engineering, Inc.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

City Manager Michael Hughes provided information to the process of acquiring easements for the new wastewater pipes that would be installed as part of the improvements.

Moved by Comm. Austermann and seconded by Comm. Malone to authorize the City Manager to acquire the necessary easements for the SRF wastewater system improvements by purchase or condemnation as presented.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Deputy Police Chief David Ives provided information to the Commission on the request of a liquor license transfer to Fiesta Mexicana and explained that the necessary investigation was all positive.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the Resolution for transfer of ownership of the Resort Class C License to Fiesta Mexicana as presented.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

City Controller Michael Vance explained that city and hospital management have been discussing long term planning of employee costs and benefits. As a result of a new Government Accounting Standards Board requirement to report all liabilities including employer contributions in order to understand long term impacts, a Request for Proposal document was used to solicit services to perform a study.

Moved by Comm. Haas and seconded by Comm. Malone to approve the proposal for services from Gabriel, Roeder, Smith & Company to conduct a Defined Contribution Retirement Plan Study for a cost not to exceed \$27,000, and authorize the Sturgis Employees Retirement System Secretary to sign the appropriate documents.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

City Engineer Tom Seymour provided information on the proposed taxiway at the airport and the corresponding documentation.

Moved by Comm. Austermann and seconded by Comm. Stephens to approve Contract No. 2007-0558 for the design of the parallel taxiway for Runway 18/36 (north end) and authorize the City Manager to sign on behalf of the City

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the Terms and Conditions of Accepting Airport Improvement Program Grants and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Richards MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that the Sister City Committee has recommended investigating the possibility of a new relationship with a city in Mexico. The Committee will now have more time because the high school will now be in charge of the annual student exchange.

Moved by Comm. Haas and seconded by Comm. Stephens to direct the Sister City Committee to explore the possibility of a partnership between the City of Sturgis and a city in Mexico and report back to the City Commission.

Voting yea: Eight

Voting nay: None

Absent: Richards

MOTION CARRIED

The Commission gave consensus that all current members who requested reappointment to their respective City board or committee be approved.

Sturgis Area Chamber Director Cathi Abbs expressed her gratitude for all the hard work that City Staff put in to make the Michigan Week parade a success. The Commission echoed her sentiments and praised staff for the great job and highlighted how quickly everything was cleaned up after the parade.

The meeting was adjourned at 8:50 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JUNE 13, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Robert Keim, United Methodist Church

Commissioners present: Richards, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Austermann

Also present: Assistant to the City Attorney, Assistant City Manager, Deputy Police Chief, Deputy Fire Chief, City Engineer, City Controller, EDC Director, Human Resources Director, City Clerk

DDA Board of Directors Chair Robert Keim thanked the City Commission for their partnership and help in promoting and maintaining the downtown area.

Charles Metz, 109½ S. Nottawa, and his father Ronald Metz, provided information on his business plan and ideas for his potential restaurant and the catering business he currently operates.

Chuck VanDeVenter, explained his concerns related to North Street, and the desire to have the street remain two way. Assistant City Manager Todd Campbell provided details on the regulations related to street designations.

Jan Hendricks and Lee Hummel explained that J&L Carriage House has also submitted a request for the liquor license. Mayor Sisson asked about the plans for the façade facing Chicago Road. Mr. Hummel provided information related to the intended renovations.

The City Commission gave consensus to add an item on the agenda related to a gaming license for the Open Door Gallery.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of June 13, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the May 23, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$794,017.50 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$234,513.89 as presented.
3. RATIFY the Hospital bills in the amount of \$1,955,992.07 as presented.

C. Michigan Antique Model Airplane Club - Summer Contest

APPROVE the request from the Michigan Antique Model Airplane Club to hold their 2007 Summer Contest on Saturday, June 16th and Sunday, June 17th subject to the six (6) conditions agreed upon at the Airport Advisory Committee meeting of May 21, 2007.

D. Set IFEC Public Hearing

SET a Public Hearing for consideration of an Industrial Facilities Exemption Certificate to LTI Printing on Wednesday, June 27, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

E. Set Special Assessment Public Hearing

SET a Public Hearing for consideration of establishing a Special Assessment District for the 2007 Sidewalk Repair Program on July 11, 2007 at 7:30 PM in the Wiesloch Raum of City Hall.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Human Resources Director Frank Perez introduced Andrew Kuk who will be the City's Administrative Intern this summer.

Mayor Sisson opened the Public Hearing related to an Obsolete Property Rehabilitation Exemption Certificate to James Ware Real Estate, LLC.

EDC Director John Hayes provided information on the OPRA process and the rehabilitation being performed by James Ware Real Estate, LLC. Mr. Ware provided information on the demolition of the current buildings and the potential tenants that will move into the buildings that remain.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Stephens to adopt the resolution awarding an Obsolete Property Rehabilitation Exemption Certificate to James Ware Real Estate, LLC, for a period of twelve (12) years, beginning on January 1, 2008 and an ending date of December 31, 2019.

RESOLUTION

WHEREAS, the City of Sturgis is a Qualified Local Governmental Unit, and

WHEREAS, the Obsolete Property Rehabilitation District was legally established on May 9, 2007 after a public hearing on the same day as provided by section 3 of P.A. 146 of 2000; and

WHEREAS, the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under P.A. 146 of 2000 and under P.A. 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit; and

WHEREAS, that exceeding 5% will not have the effect of substantially impeding the operation of the City of Sturgis Unit or of impairing the financial soundness of an affected taxing unit; and

WHEREAS, the application was approved at a public hearing as provided by section 4(2) of P.A. 146 of 2000 on June 13, 2007; and

WHEREAS, James Ware Real Estate, LLC is not delinquent in any taxes related to the facility; and

WHEREAS, the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000; and

WHEREAS, James Ware Real Estate, LLC is authorized by the City of Sturgis for completion of the rehabilitation through March 31, 2008; and

WHEREAS, the items described on line 9 under "Instructions"(a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the City of Sturgis by

James Ware Real Estate, LLC; and

WHEREAS, the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District; and

WHEREAS, the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of P.A. 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under P.A. 146 of 2000 to establish such a district; and

WHEREAS, that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to create employment; and

WHEREAS, the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of P.A. 146 of 2000.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of James Ware Real Estate, LLC for an "Obsolete Property Rehabilitation Exemption Certificate".

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Comm. Haas, who also serves as Chair of the St. Joseph County Transportation Authority, provided information and history of the public transportation system in the county. He explained the needs of the current system and the needs in the future and the fact that the Authority cannot continue without the passage of a millage.

Moved by Comm. Haas and seconded by Comm. Richards to approve the Resolution in Support of Maintaining County Public Transportation With a Fractional Millage of .33 as presented.

**RESOLUTION IN SUPPORT OF MAINTAINING COUNTY PUBLIC TRANSPORTATION
WITH A FRACTIONAL MILLAGE OF .33**

WHEREAS, Public Transportation is one of the most essential public services provided by counties throughout the State of Michigan; and

WHEREAS, Public Transportation within St. Joseph County provides a service that take our residents to life sustaining medical treatments, employment, community centers, college, local shopping, and other important economic and community development destinations; and

WHEREAS, without the revenue received from a fractional millage, the St. Joseph County Transportation Authority will cease to exist.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission supports the approval of a .33 millage on the August 7th ballot so that voters can choose to maintain their current county transportation system and assure the successful economic and community development of and all St. Joseph County.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Mayor Sisson explained that the City and many groups have spent the past several years trying to secure a destination restaurant for the downtown area. He explained that last year an RFP was sent out for this purpose but it was unsuccessful. Just recently, the City has received three applicants for the City's new Class C liquor license, which was offered as an incentive for opening a destination restaurant in the downtown. He explained that although the City only has one license granted from an increase in population, the State passed legislation earlier this year that permits additional licenses for restaurants located in a downtown district. He said that the City would do what it can to assist each interested party in securing a license.

Assistant City Manager Todd Campbell provided information on the process that has occurred and explained that the Fantail Brewpub proposal has been presented to the DDA board and they have recommended them for approval.

Stan Longstreet and Michael Smith, owners of the Fantail Brewpub, provided information on the preliminary menu and the work that has been done on the former Elks building. They provided their background in the restaurant business and their hopes for restoring the building to its former glory.

Comm. Stephens explained that the DDA board had concerns about the current menu and wanted to ensure that the food creates the concept of a destination restaurant. Mr. Longstreet explained that the patrons will provide feedback on their desires for the menu. There was also further discussion on the themes of the restaurant and the renovations on the building. DDA Board Chair Robert Keim explained that the board approved of the concept but that the recommendation was contingent on the Fantail Brewpub meeting certain conditions in regards to the restaurant.

Assistant City Manager Todd Campbell provided information on the current recommendation and the contingencies and requirements that must be met before final approval can be sent to the liquor control commission. The Assistant to the City Attorney provided information on how an agreement between the City and the restaurant proprietor would work. Mr. Campbell provided information on the new liquor licenses that are available to downtown district restaurants.

Moved by Comm. Littman and seconded by Comm. Mayer to contingently and conditionally approve the request from The Fantail Brewpub to be awarded the City of Sturgis' new Class C On-Premise liquor license provided by the Michigan Liquor Control Commission for a downtown restaurant to be located at 119 South Nottawa, subject to (i) The Fantail Brewpub ability to meet the parameters of the City of Sturgis Liquor License Policy as adopted Jan. 9, 2002 and (ii) the successful development of a contract between the City and The Fantail Brewpub that (a) requires The Fantail Brewpub to meet certain requirements in connection with its business operation, including requirements pertaining to the type of restaurant and the continuing location of the business at the above-referenced address, (b) contains other requirements as determined in the discretion of the City Manager, and (c) contains such contractual enforcement mechanisms as the City Manager deems prudent and to have such agreement be approved by the City Commission at a future meeting.

Voting yea: Seven
Absent: Austermann

Voting nay: None

Abstain: Haas
MOTION CARRIED

By Consensus the City Commission approved the use of Free Church Park for the Fun Friday's event to be held on Friday evenings from 6:00 p.m to 8:00 p.m. from June 15 through the end of August 2007.

City Engineer Tom Seymour explained that water was extended on a property but did not go through the City process. At this point, the owner is attempting to correct the error and have the assessment spread across five years.

Moved by Comm. Haas and seconded by Comm. Richards to approve spreading the water assessment of \$6,693 for 1179 N. Nottawa Street (Parcel #75-052-777-501-00) over five (5) years at an annual interest rate of 6% and authorize the City Manager to sign on behalf of the City.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

DDA Director Kim Musolff explained that the Open Door Gallery is putting a raffle together to coincide with their July 20 Art BOUNCE. They will be premiering Mike Mort's new movie about the bridges on I-94 on the way to Detroit. They will be raffling off two tickets to a Tiger Baseball game (Go Tigers!) and on overnight stay in Detroit. In order to do this, the City needs to adopt a resolution permitting a charitable gaming license.

Moved by Comm. Malone and seconded by Comm. Haas to approve the Local Governing Body Resolution For Charitable Gaming License for the Open Door Gallery as presented.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Deputy Fire Chief Scott Hopkins provided information on the Department's participation in the national Standown For Safety and Hero to Hero programs.

Moved by Comm. Haas and seconded by Comm. Richards to allow the Sturgis Exchange Club and the Sturgis Area Chamber of Commerce to hold their Ribs on the Runway event at Kirsch Memorial Airport on July 3, 2007 from 5 p.m. to midnight.

Voting yea: Eight Voting nay: None Absent: Austermann MOTION CARRIED

Commissioner Richards explained that he is selling his home in the 2nd precinct and will therefore need to resign from the City Commission effective immediately. He explained that he will be moving to the 4th precinct and intends to run for the position of Commissioner in that precinct in November. Mayor Sisson thanked Comm. Richards for his service and offered his support in his upcoming election.

Mayor Sisson explained that the Ministerial Association intends to provide a day of service and that City Staff should work with them to determine an appropriate project.

The meeting was adjourned at 9:07 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JUNE 27, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Kirk Proctor, Sturgis Wesleyan Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Deputy Fire Chief, City Engineer, City Controller, EDC Director, Human Resources Director, City Clerk

Mayor Sisson explained that the City will be presenting a proclamation to Ralph Levin for his efforts in refurbishing the former granary property.

Mayor Sisson explained that the City will also present proclamations to a number of returning veterans at the Ribs on the Runway event on July 3, 2007.

Mayor Sisson explained that without objection, he will sign the U.S. Mayors Climate Protection Agreement.

EDC Director John Hayes introduced Howard Kohn of the Chesapeake Group who updated the City Commission on the status of the Economic Strategic Plan for the City.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of June 27, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the June 13, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$2,204,720.53 as presented.
2. RATIFY the Hospital bills in the amount of \$1,759,195.43 as presented.

C. July Fourth Children's Parade

APPROVE the request of Isabel Ward to hold the Constitution Ave. July Fourth Children's Parade.

D. Sturgis Toy Run

APPROVE the temporary closing of U.S. 12 and Lakeview Avenue during the Sturgis Toy Run on Saturday, September 8, 2007.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Mayor Sisson opened the Public Hearing for consideration of an IFEC to LTI Printing.

EDC Director John Hayes provided information on the expansion planned at LTI Printing to accommodate warehousing and higher production requirements.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Littman to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$345,000.00 to LTI Printing, for a period of twelve (12) years, beginning on January 1, 2008 and an ending date of December 31, 2019.

WHEREAS, LTI Printing, Inc. in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to LTI Printing, Inc., and

WHEREAS, on April 22, 1987 the City Commission established the Industrial Development District for the industrial property of LTI Printing, Inc., and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and representatives of all affected taxing units the opportunity to be heard as required by the statute, and

WHEREAS, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2019.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of LTI Printing, Inc. for an "Industrial Facilities Exemption Certificate".

Voting yea: Seven

Voting nay: None

Abstain: Haas

MOTION CARRIED

City Manager Michael Hughes explained that the City and representatives of the Fantail Brewing Company have worked on a development agreement related to the downtown restaurant. City Attorney Roger Bird provided details of the agreement.

Moved by Comm. Austermann and seconded by Comm. Malone to approve the Agreement with Respect to Restaurant Development between the City of Sturgis and Fantail Brewing Company and authorize the City Manager to sign the agreement.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Resolution for a new Class C Liquor License to Fantail Brewing Company for the Fantail Brewpub as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Controller Michael Vance explained that bond council has prepared two resolutions necessary to issue revenue bonds for the phase of the SRF project that will move ahead and be funded in the fourth quarter of this year: 1) Resolution Authorizing Publication of Notice of Intent to Issue Bonds, and 2) Reimbursement Resolution.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Reimbursement Resolution and the Resolution Authorizing of Notice of Intent to Issue Bonds as presented.

REIMBURSEMENT RESOLUTION

WHEREAS, the City intends to make certain improvements to its sanitary sewer system (the "Project") and desires to finance a portion of the cost of the Project by issuing bonds;

WHEREAS, the City intends to finance a substantial portion of the costs of the Project through the issuance of tax-exempt bonds in a maximum principal amount of \$4,500,000 (the "Bonds"); and

WHEREAS, the City expects to pay certain expenses of the Project prior to the issuance of the Bonds, and to reimburse itself for such expenses from proceeds of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF STURGIS as follows:

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

(a) The City reasonably expects to reimburse itself for the expenditures described in (b) below with proceeds of the Bonds.

(b) The expenditures described in this paragraph (b) are for the purpose of defraying the costs of the Project and paying related bond issuance costs, all as described in this resolution.

(c) The Bonds will be issued no later than 18 months after the later of (i) the date the first expenditure to be reimbursed was made; or (ii) the date the Project was placed in service or abandoned, but in no case later than 3 years after the date the first expenditure was made.

(d) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. §1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditures are paid).

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

**RESOLUTION AUTHORIZING PUBLICATION
OF NOTICE OF INTENT TO ISSUE BONDS**

WHEREAS, the City Commission hereby determines that it is desirable and necessary for the public health of the City to construct certain improvements to the City's sanitary sewer system as described in Exhibit A (the "Project"); and

WHEREAS, the City intends to finance the cost of the Project through the issuance of its revenue bonds pursuant to Act No. 94, Public Acts of Michigan, 1933, as amended (the "Bonds");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF STURGIS as follows:

1. The notice set forth in Exhibit B to this resolution is approved and the Clerk is authorized and instructed to publish the notice once in a newspaper of general circulation within the City.
2. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

EXHIBIT A - Description of the Project

The project consists of improvements to the wastewater treatment facility of the City, including replacement of the secondary digester cover, replacement of the digester sludge heater recirculation pump, improved digester mixing, and replacement of existing 24-inch effluent sewer with 30-inch.

EXHIBIT B - Form of Notice of Intent

**NOTICE OF INTENTION OF CITY OF STURGIS TO ISSUE REVENUE BONDS
AND OF RIGHT TO PETITION FOR REFERENDUM THEREON
TO ALL ELECTORS OF THE CITY OF STURGIS:**

NOTICE IS HEREBY GIVEN that the City Commission of the City of Sturgis, St. Joseph County, Michigan (the "City") intends to authorize the issuance of revenue bonds (the "Bonds") to finance all or part of the cost of making improvements to its sanitary sewer system for the benefit of the City pursuant to the provisions of Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), in anticipation of the receipt of revenues derived from the rates charged for the sewer system services, including net revenues derived from future improvements. The principal amount of the Bonds to be issued shall not exceed \$4,500,000, the term of the Bonds shall not exceed 30 years from their date of issuance and the Bonds shall bear interest at a rate not to exceed 3.00% per annum. The limited tax full faith and credit of the City may be pledged for the making of payments on the Bonds, but the City shall NOT have any right or obligation to increase taxes above any constitutional, statutory or charter limits to pay such amounts.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors of the City to inform them of the right to petition for a referendum on the question of issuing the Bonds without a vote of the electors thereon, and the Bonds shall not be issued until at least 45 days after publication of this notice. If, within such 45-day period, a petition or petitions requesting a referendum on the question of the issuance of the Bonds signed by not less than 10% of the registered electors of the City has been filed with the City Clerk/Treasurer, then the Bonds shall not be issued unless and until approved by a majority of the electors of the City voting thereon at a general or special election.

This notice is given by order of the City Commission, as required by Act 94. Further information may be obtained at the office of the City Clerk/Treasurer, 130 N. Nottawa, City of Sturgis, Michigan 49091.

Dated: June __, 2007

Voting yea: Eight

Kenneth D. Rhodes, City Clerk/Treasurer

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained the previously considered justifications to retaining one way traffic and adding on street parking to North Street. Discussion followed.

Dick Messner, Sigrist's Furniture, explained that two way traffic under the current configuration would not allow for loading of merchandise at their warehouse.

Lenore Pagels expressed her feelings on the downtown traffic islands.

Chuck VanDeVenter expressed his desire to have the City expand the roadway enough to allow parking, loading, and two way traffic.

Mayor Sisson explained that the City Commission will wait until more information is available regarding the costs and requirements for creating a wider roadway before they decide on a course of action. Until then, North Street will return to a one way street going north at the conclusion of the reconstruction project.

City Attorney Roger Bird explained that the City Charter is silent on the issue of appointment of a Commissioner vacancy and that the Commission has options to fill the position based on State laws. If the Commission were to call a Special Election, the next available election would not be until the regularly scheduled election in November.

Moved by Comm. Mayer and seconded by Comm. Littman to defer on filling the vacancy of the Second Precinct Commissioner and allow the position to be filled at the November 6, 2007 election.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

The meeting was adjourned at 8:28 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

WORK SESSION - STURGIS CITY COMMISSION
WEDNESDAY, JUNE 27, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 6:30 p.m.

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, Assistant City Manager, City Controller, City Clerk

City Manager Michael Hughes provided an update on the efforts towards the formation of a County Ambulance Authority. The Commission reviewed the draft Articles of Incorporation for the Authority.

Assistant City Manager Todd Campbell provided an update on how the recreation program revenues are calculated.

City Manager Michael Hughes provided information on Sturgis School's request to paint the City's fire hydrants in the School colors. They will provide the materials and labor for this effort.

Mr. Hughes also provided information on a proposed music festival that may take place in Oaklawn Park on September 8, 2007. Because this is the same day as the Sturgis Toy Run, that group has been contacted to coordinate planning efforts.

The meeting was adjourned at 7:11 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JULY 11, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Calvin Kolzow Jr., Trinity Lutheran Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Deputy Police Chief, City Engineer, EDC Director, Human Resources Director, Hospital CEO, City Clerk

Economic Development Corporation Board Chair John Wiedlea provided information on the recent activities of the board including the appointments of new members, support of tax abatements, growth in many of the area businesses, and the City's Economic Strategic Plan.

Mayor Sisson recognized the local Sturgis Elks Lodge who recently won the National Ritual Championship in North Carolina.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the agenda as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of July 11, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the June 27, 2007 Work Session as presented.
2. APPROVAL of the minutes from the June 27, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$553,857.62 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$170,180.75 as presented.
3. RATIFY the Hospital bills in the amount of \$1,435,364.70 as presented.

C. 2008 SRF Project Public Hearing

SET a Public Hearing for August 8th, 2007 at 7:30 PM in the Wiesloch Raum of City Hall on a proposed wastewater system improvements project.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour provided information to the City Commission on the City's Sidewalk Repair Program.

Mayor Sisson Opened the Public Hearing for consideration of creation of a Special Assessment District for the 2007 Sidewalk Repair Program.

David Reynolds, 110 Cornelia, inquired as to why a homeowner is required to pay for half of the cost of the sidewalk. It was explained that it is standard practice amongst many municipalities to share the cost of the sidewalk because of the benefit to both the homeowner and public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Austermann and seconded by Comm. Malone to create a Special Assessment District for the 2007 Sidewalk Repair Program as presented; that the City Assessor record the Preliminary Special Assessment Roll and that the City Manager direct that bids be received for construction of the program.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Sturgis Hospital CEO Robert LaBarge explained that the proposed new anesthesia machine and monitoring system will replace an aging unit and bring the hospital's total of new machines to three, one for each of the operating rooms.

Moved by Comm. Littman and seconded by Comm. Stephens to approve the purchase of an Anesthesia Machine and Monitoring System from GE Healthcare, Madison, Wisconsin, in the amount of \$93,468.22.

EDC Director John Hayes explained that it was understood that many individuals in the area are required to travel long distances for kidney dialysis. He explained that the SIA has received a request to construct a dialysis center in Bullard Park, which has met their approval.

Moved by Comm. Haas and seconded by Comm. Mayer to approve the request of The Nephrology Center on behalf of Fresenius Medical Care to purchase Bullard Park lots 1 and 2.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the proposed sidewalk sales that are planned for downtown.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the DSA street closure and banner placement request for sidewalk sales as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the Recycling Committee has met and has begun to evaluate the pilot program initiated earlier in the year in the City. It was recommended to send out a follow-up survey to receive feedback on how the program is working. Discussion followed. There was consensus to add a “No Problems” answer to one question and a question regarding future plans to the survey.

Moved by Comm. Fisher and seconded by Comm. Littman to approve the Curbside Recycling Program Follow-Up Survey as amended.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour explained that Airport Advisory Committee members have reviewed the required five year plan for the airport. Mr. Seymour provided highlights of the plan.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Airport Five-Year Plan for fiscal years 2008 through 2012 as presented and authorize submission to the Michigan Department of Transportation.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour provided details of the current water system improvements.

Frank Perez provided information on an upcoming Latin Festival which will feature a business expo which hopes to encourage spending in the Hispanic community locally.

Moved by Comm. and seconded by Comm. to go into closed session for the purpose of discussing the potential pending litigation.

Voting yea: Austermann, Stephens, Fisher, Malone, Haas, Littman, Mayer, Sisson

Voting nay: None

MOTION CARRIED

The meeting recessed at 8:47 p.m.

The meeting reconvened at 9:20 p.m.

The meeting was adjourned at 9:40 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

WORK SESSION - STURGIS CITY COMMISSION
WEDNESDAY, JULY 11, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 6:30 p.m.

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, Assistant City Manager, Electric Department Superintendent, City Clerk

Electric Department Superintendent John Griffith introduced Jim Weeks of the Michigan Municipal Electric Association who provided information on P.A. 141 which addresses deregulation of electric utilities. Discussion followed.

The meeting was adjourned at p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, JULY 25, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Father Richard Altine, Holy Angels Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Haas, Littman

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Public Safety Director, City Engineer, EDC Director, Human Resources Director, Electric Department Superintendent, City Clerk

Mayor Sisson read the following proclamation:

Whereas, the Sturgis Garden Club has for over fifty years brought together citizens who enjoy the pursuit of gardening; and

Whereas, the club has devoted itself to the beautification of Sturgis by activities such as planting and maintaining the flag display at Memorial Park and recognizing residences once a month from May to September as "Garden of the Month"; and

Whereas, the Sturgis Garden Club has made a generous gift of \$5,000 to the "Best Seat in the House" campaign at Sturges-Young Auditorium to aid in the refurbishment of this important community resource.

Therefore, on this 25th Day of July 2007, the City of Sturgis recognizes the Sturgis Garden Club for their efforts to beautify the City of Sturgis through their hard work and talents and thanks them for **their** generosity in donating to help restore one of the City's most precious resources.

Mark Beauchamp of Utility Financial Solutions presented the findings of the Electric Rate Study. Discussion followed. The City Commission had consensus to direct Utility Financial Solutions to prepare a rate design that will bring rates closer to the actual cost of service.

Tami Smith explained that she has sent a letter which explains that a group is interested in placing a memorial plaque at Frank's Park for Matthew Keyser, who passed away last year and was very involved in youth soccer. The Commission approved of the concept and referred the issue to the Cemetery and Parks Board for their review.

Moved by Comm. Austermann and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Six

Voting nay: None

Absent: Haas, Littman

MOTION CARRIED

Moved by Comm. Malone and seconded by Comm. Austermann to approve the Consent Agenda of July 11, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the July 11, 2007 Work Session as presented.
2. APPROVAL of the minutes from the July 11, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$545,819.66 as presented.
2. RATIFY the Hospital bills in the amount of \$1,673,648.65 as presented.

C. Rocket Football Gaming License

ADOPT the Local Governing Body Resolution For Charitable Gaming License for the Sturgis Area Junior Rocket Football as presented.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

City Manager Michael Hughes provided a brief overview of the 2007-2008 Fiscal Year Budget.

Moved by Comm. Fisher and seconded by Comm. Stephens to set the Fiscal Year 2007-08 Budget Public Hearing for August 8th, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

City Engineer Tom Seymour explained that tenant Doug Currier has requested approval to install an air conditioner condensing unit (AC) within the Pleasant Avenue right-of-way adjacent to the west side of the building at 172 W. Chicago Road, which is owned by John and Roseann Davis.

Moved by Comm. Stephens and seconded by Comm. Austermann to approve the easement agreement between John and Roseann Davis as presented.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

City Manager Michael Hughes explained that a resident has requested to move an existing building within **the** City limits. The Zoning Ordinance requires a review of this request and final approval by the City Commission.

Moved by Comm. Stephens and seconded by Comm. Malone to approve the request for permission to relocate the house currently at 509 S. Orange St. to 403 Enterprise Ave.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Frank Perez and Rey Moralez provided information on the upcoming Latin Festival which will take place on August 25, 2007 which will feature a business expo and a car show. It will be held on August 25, 2007 on the grounds of Sturgis Wesleyan Church. It will have food, music, and kids activities

Moved by Comm. Fisher and seconded by Comm. Mayer to deny the Diamond Sponsor request for the St. Joseph County Latin Festival.

Mr. Perez indicated that a City Commission priority is for cultural diversity. The City Commission cited their previous reductions to other charitable groups as a reason that they were unable to support the group financially.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

City Manager Michael Hughes provided information on the City's Excellence in Neighborhoods Initiative designed on improving the City's housing stock. Monica Smith, Executive Director of the Sturgis Neighborhood Program, explained some of the needs of the community and the opportunities available.

By consensus, the City Commission approved the Excellence in Neighborhoods Initiative as presented.

The meeting was adjourned at 9:28 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, AUGUST 8, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Father Richard Altine, Holy Angels Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman. Vice-Mayor Mayer, Mayor Sisson

Commissioners absent:

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Public Safety Director, City Engineer, EDC Director, Human Resources Director, Electric Department Superintendent, City Clerk

Doug Van Meter, representing the Airport Advisory Committee, provided information to the City Commission on the new Airport Management Agreement, the new fuel system, proposed airport improvements, and maintenance and repair of the facility.

City Controller Michael Vance explained that City Staff has been reviewing health insurance concerns with Group Alternatives, Inc. He explained that the City has been reviewing ways to receive cost savings while maintaining a similar level of service. Possible changes could include separating the City's prescription drug plan or potential self-insurance.

United Way Executive Director Kelly Hostetler provided information to the City Commission on an upcoming event which will include a free donut giveaway in the downtown area.

By Consensus, the Commission gave their support for this effort.

Moved by Comm. Littman and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of August 8, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the July 25, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,740,353.72 as presented.

2. RATIFY the Hospital bills in the amount of \$1,631,677.98 as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith provided details on the proposed electric rates which were created as a result of the recent cost of service study, which was presented to the Commission at the July 25, 2007 meeting.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the electric rates effective for all bills rendered on and after October 1, 2007 as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes presented the 2007-08 City Commission Priorities and highlighted the changes for the upcoming year.

By consensus, the City Commission approved the 2007-08 City Commission Priorities as presented.

City Manager Michael Hughes presented the highlights of the 2007-08 Fiscal Year Budget for the City of Sturgis.

Mayor Sisson opened the Public Hearing on the Fiscal Year Budget for the City of Sturgis.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Littman to adopt the 2007-08 annual City of Sturgis Budget Summary and Appropriation Resolution as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Mayor Sisson opened the Public Hearing for the 2008 SRF Wastewater System Improvements.

David Harvey of Fleis and Vandenbrink provided a detailed review of the 2008 SRF Wastewater System Improvements.

There was no comment from the public.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Stephens and seconded by Comm. Malone to adopt a Resolution for the Final Project Plan For Wastewater System Improvements and Designating an Authorized Project Representative as presented.

A RESOLUTION ADOPTING A FINAL PROJECT PLAN FOR WASTEWATER SYSTEM IMPROVEMENTS AND DESIGNATING AN AUTHORIZED PROJECT REPRESENTATIVE

WHEREAS, the City of Sturgis recognizes the need to make improvements to its existing wastewater treatment and collection system; and

WHEREAS, the City of Sturgis authorized Fleis & VandenBrink Engineering, Inc. to prepare a Project Plan, which recommends upgrading & improving the wastewater interceptor system, Westside Interceptor sewer, Prairie Avenue Interceptor sewer, replace existing Diesel Plant Lift Station forcemain, new Fawn River lift station and forcemain to wastewater treatment facility (WWTF), portable generators, standby power at the proposed Fawn River lift station and WWTF; and

WHEREAS, said Project Plan was presented at a Public Hearing held on August 8, 2007 and all public comments have been considered and addressed;

NOW THEREFORE BE IT RESOLVED, that the City of Sturgis formally adopts said Project Plan and agrees to implement the selected alternative (Alternative F-08-3).

BE IT FURTHER RESOLVED, that the City Manager, a position currently held by Mr. Michael Hughes, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a revolving fund loan to assist in the implementation of the selected alternative.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

David Harvey of Fleis and Vandenbrink provided the details of the 2007 SRF Wastewater System Improvements and the bids that were submitted for the project.

Moved by Comm. Littman and seconded by Comm. Mayer to adopt the Resolution To Tentatively Award A Construction Contract For Wastewater System Improvements as presented.

RESOLUTION TO TENTATIVELY AWARD A CONSTRUCTION CONTRACT FOR WASTEWATER SYSTEM IMPROVEMENTS

WHEREAS, the City of Sturgis wishes to construct improvements to its existing wastewater treatment and collection system; and

WHEREAS, the wastewater system improvements project formally adopted on June 28, 2006, will be funded through State Revolving Fund Program; and

WHEREAS, the City of Sturgis has sought and received construction bids for the proposed improvements and has received bids for ten (10) construction contracts and two (2) equipment purchase orders, summarized in Exhibit A, to be executed in accordance with the Contract Agreement between the City of Sturgis and F&V Construction Management, Inc., dated May 24, 2007 ("Agreement"); and

WHEREAS, Exhibit A of the Agreement has been revised to substitute the previous Engineer's estimates with actual bid values; and

WHEREAS, the project engineer, Fleis & VandenBrink Engineering, Inc., has recommended awarding the contract to the low bidder.

NOW THEREFORE BE IT RESOLVED, that the City of Sturgis tentatively awards the contract for construction of the proposed wastewater system improvements project to F&V Construction Management, Inc., including a completed Exhibit A, contingent upon successful financial arrangements with the State Revolving Fund Program.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

EDC Director John Hayes provided information on the process of the formation of a Local Development Finance Authority and the related project for Americraft Carton.

Moved by Comm. Fisher and seconded by Comm. Austermann to adopt the Resolution Regarding Establishment Of Local Development Finance Authority And Designation Of District as presented. WHEREAS, the City of Sturgis (the "City") is authorized by provisions Act 281, Public Acts of Michigan, 1986, as amended ("Act 281"), to create a local development finance authority; and

WHEREAS, a proposed resolution designating an authority district and incorporating a local development finance authority pursuant to Act 281 has been presented to the City Commission; and WHEREAS, a public hearing in connection with the consideration of such proposed resolution creating a local development finance authority, designating the authority district in which the authority shall have jurisdiction, and setting out certain procedures in connection therewith, as required by Act 281 was held on December 8, 2004 at 7:30 pm, Eastern Standard Time, in the Wiesloch Raum of City Hall.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Commission determines that it is necessary for the best interests of the public to create a local development finance authority pursuant to Act 281 in order to eliminate the causes of unemployment, underemployment and joblessness and to promote economic growth in the City, and the City Commission hereby declares its intention to create and provide for the operation of a local development finance authority pursuant to Act 281.

2. The authority district subject to the jurisdiction of the local development finance authority as provided in Act 281 is hereby tentatively designated to be that district described in the notice set forth in section 3 hereof.

3. **PROPOSED BOUNDARIES**

The boundaries of the proposed district within which the local development finance authority shall exercise its powers as follows:

See Exhibit A

FURTHER INFORMATION may be obtained for the City Manager's Office at (269) 651-2321. This notice is given by order of the City Commission of the City of Sturgis, Michigan.

Kenneth D. Rhodes
City of Sturgis Clerk

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

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes presented the details of the newly developed Curb Addressing Policy.

Moved by Comm. Austermann and seconded by Comm. Stephens to adopt the Curb Addressing Policy as presented.

Curb Address Painting Policy

The painting of house addresses on curbs in right-of-ways held by the City of Sturgis is subject to the restrictions set forth in the following policy. These rules and restrictions pertain to all parties (individual property owners, for-profit business, non-profit agencies, etc.), with the exception of on-duty City of Sturgis employees, unless otherwise expressly indicated.

Requirements for Authorization to Work

1. Work may be completed only on curbs where the owner of the property has given consent.
2. The City will provide no endorsements to citizens of any individual, group, or business above others. Any individual or organization engaged in curb address painting may not misrepresent their work as required or sponsored by the City of Sturgis.

Standards for Curb Address Painting

1. Only numerals corresponding to the address of the property abutting the curb are permitted to be painted. Any other number, symbol, or writing is not permitted and will be required to be removed.
2. The format for curb address will be as follows:
 - a. A background of high-quality reflective white paint in a rectangular shape, extending approximately one inch above and below the numerals (or to the top and bottom of the curb which ever is first) and between one and two inches to either side of the numerals.
 - b. Numerals should be painted in high-quality black paint, preferably reflective. Numbers should be in block form, four inches high and roughly 2 ½ inches wide, with spacing of at least ½ inch and no more than one inch between numerals.
3. Painting may not interfere with or be placed over any existing municipal curb painting such as for handicap access, no parking, or fire lanes.
4. No address painting is permitted in non-residential areas where curb painting work may interrupt traffic flow or be especially hazardous to workers.

Other Requirements and Notices

1. The individual or organization completing curb address painting work is responsible for any and all clean-up, including but not limited to paint spills and the tracking of paint on City streets.
2. The individual or organization is responsible for correcting any mistakes or grievances (including but not limited to incorrect addresses or unacceptable markings) within four business days of notification of the issue.
3. The City is not responsible for any individual engaged in curb address painting in the City's right-of-way.
4. The City of Sturgis is not responsible for any damage to and/or removal of the painted address as a result of activities carried out by the City or an authorized utility. The City is also not responsible to maintain or repair these painted addresses and will not make substantive changes to City operating policy (changes to plowing procedures, no parking provisions, etc.) to protect them.
5. The painting of an address number on the curb of a residence does not fulfill the requirement of Section 46-3 of the City of Sturgis Code of Ordinances regarding building numbering.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

DDA Director Kim Musolff provided information to the City Commission on the State legislation related to liquor licenses designated for downtown areas. This requires establishment of a Downtown Redevelopment Project Area which is to have the same boundaries as the DDA district.

Moved by Comm. Haas and seconded by Comm. Austermann to adopt the City of Sturgis Downtown Redevelopment Project Area as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Public Safety Director David Northrop explained that the Fire Department uses a cascade system which fills SCBA (self contained breathing apparatus) tanks that supply air to our firefighters and the current system is very old and in disrepair.

Moved by Comm. Littman and seconded by Comm. Austermann to approve the purchase of a Cascade System from Air Source One, Inc., Taylor, Michigan, in the amount of \$29,912.52.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes presented the details of the grant writer proposal for St. Joseph County. The City Commission conducted a lengthy discussion including how the time would be distributed, the costs of the proposal, collaboration efforts, benefits of the position, and other similar issues.

Moved by Comm. Haas and seconded by Comm. Stephens to approve the Shared Grant Writer/EDC Support Position Memorandum of Understanding as presented.

Voting yea: Haas, Littman, Stephens, Sisson

Voting nay: Austermann, Fisher, Malone, Mayer

MOTION DEFEATED

City Manager Michael Hughes explained that the Commission's DPS Facility Committee is in need of an additional member given the resignation of Ron Richards.

By Consensus, the Commission appointed Commissioner Littman to the DPS Facility Committee.

City Clerk/Treasurer Kenneth Rhodes explained that the City received a petition circulated by a citizen requesting that "The City of Sturgis To Prohibit The Use Of Taxpayer Dollars To Promote Any Language Other Than English" and "Furthermore, Prohibit Landlords From Renting To Illegal Aliens And Impose The Maximum Fine Allowed Under The Law". He explained that the Commission has the option of adopting the request of this kind of petition or allowing it to go on the next election ballot. Although the required number of signatures was collected, the City Attorney explained that the petition was deficient for several reasons. First, a ballot question must contain only one issue and this had two distinct questions. Secondly, the questions as written are vague and ambiguous. Finally, the City Commission cannot legally pass certain ordinances. Therefore, the City Attorney recommended that the Commission not approve the petition request or place it on an upcoming ballot.

Don Merckle, who circulated the petition, urged the Commission to vote for the initiative despite the City Attorney's recommendation.

No action was taken by the City Commission.

Auditorium Director Brad Donmyer provided information on the department's proposed catering vehicle.

Moved by Comm. Austermann and seconded by Comm. Stephens to approve the purchase of a 2001 Chevy Express Van from Dave Smith, Sturgis, Michigan in the amount of \$8,368.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Haas and seconded by Comm. Mayer to go into closed session for the purpose of discussing the City Manager Review.

Voting yea: Austermann, Stephens, Fisher, Malone, Haas, Littman, Mayer, Sisson

Voting nay: None

MOTION CARRIED

The meeting recessed at 9:55 p.m.

The meeting reconvened at 10:07 p.m.

The Commission commended the City Manager on an excellent annual review.

Moved by Comm. Littman and seconded by Comm. Austermann to increase the City Manager annual salary by 2.5% and allow a City match to his 457 plan of up to 3%.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

The meeting was adjourned at 10:15 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, AUGUST 22, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Floyd Kunce, St. John's Episcopal Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: Assistant to the City Attorney, Assistant City Manager, Deputy Police Chief, City Engineer, EDC Director, City Controller, City Clerk

Assistant City Manager Todd Campbell explained that St. Joseph County EDC Director Cathy Annis provided answers to questions posed at the previous City Commission meeting regarding a grant writer. County Commissioner and County EDC Board Member Monte Bordner provided information to the Commission on the activities of the County regarding grant acquisition. The Commission discussed the time that would be allocated to the various entities. Marcia Saunders provided information regarding the types of reporting that would be done.

Moved by Comm. Stephens and seconded by Comm. Haas to add a discussion of the grant writer position to the agenda under new business.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

County Commissioner and County EDC Board Member Monte Bordner provided information to the City Commission on his intent to seek the seat for the State House of Representatives representing St. Joseph and Cass Counties.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the agenda as previously amended.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of August 8, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the August 8, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,849,601.54 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$213,458.77 as presented.
3. AUTHORIZE the payment of the City Capital Reserve bills in the amount of \$7,175.00 as presented.
4. RATIFY the Hospital bills in the amount of \$1,389,094.58 as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided information to the City Commission on the review by the Cemetery and Parks Board on the request of John and Tammi Smith to place a memorial at Franks Park. Commissioner Haas explained that the death of Matt Keyser last year had a profound effect on him personally and the community as a whole; thus, a memorial like this was justifiable.

Moved by Comm. Haas and seconded by Comm. Stephens to approve the request as described by John and Tammi Smith to place a plaque at Franks Park in memory of Matt Keyser on the fieldstone as described.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that the Liquor Control Commission sent a revised resolution for the Fantail Brewing Company. This resolution adds the designations of "Brew Pub" and "Dance Permit" which is required if these activities will take place at the restaurant.

Moved by Comm. Fisher and seconded by Comm. Malone to adopt the Michigan Liquor Control Commission Resolution for the Fantail Brewing Company (ID# 425145) as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided information to the City Commission regarding the process for issuance of the bonds for the 2007 SRF project.

Moved by Comm. Stephens and seconded by Comm. Malone to adopt the Resolution to provide Revenue Bonds for sanitary sewer system improvements as presented, and authorize the appropriate City Officials to sign all necessary documents.

BOND AUTHORIZING RESOLUTION

A RESOLUTION TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS TO PAY PART OF THE COST OF IMPROVING THE SANITARY SEWER SYSTEM IN THE CITY OF STURGIS, INCLUDING ALL RELATED APPURTENANCES AND IMPROVEMENTS; TO PRESCRIBE THE FORM OF THE BONDS; TO INCORPORATE PROVISIONS FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF THE OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO INCORPORATE PROVISIONS FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES OF THE

SYSTEM; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN THE ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE SYSTEM AND THE BONDS.

WHEREAS, the City of Sturgis (the "City") desires to issue revenue bonds to improve the City of Sturgis Sanitary Sewer System (the "System"); and

WHEREAS, the City desires these bonds to be payable from the revenues of the System as described in this Resolution;

NOW, THEREFORE, THE CITY OF STURGIS RESOLVES:

Section 1. Definitions. Whenever used in this Resolution, the following terms have the following meanings unless the context clearly indicates that a different meaning is intended:

- (a) "Act 94" means Act No. 94, Public Acts of Michigan, 1933, as amended.
- (b) "Authority" means the Michigan Municipal Bond Authority.
- (c) "Authorized Officer" means any of the Mayor, the City Manager, the City Controller, or the City Clerk/Treasurer.
- (d) "Bond" means the City of Sturgis Sanitary Sewer System Improvement Revenue Bond, Series 2007, in the principal amount of not to exceed \$4,500,000 authorized by this Resolution.
- (e) "Bond Registrar" means the City Clerk/Treasurer.
- (f) "City" means the City of Sturgis, St. Joseph County, Michigan.
- (g) "Engineers" means Fleis & Vandenbrink Engineers, the City's consulting engineers for the Project.
- (h) "Project" means the improvement of the sanitary sewer system in the City of Sturgis, including all related appurtenances, improvements and equipment therefor and including, if applicable, the acquisition of and improvement to a site therefor, all as more fully described in the preliminary plans and specifications prepared by the Engineers and approved by this Resolution.
- (i) "Revenues" and "Net Revenues" mean the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues," the earnings derived from the investment and reinvestment of moneys at any time in the various funds and accounts established by this Resolution.
- (j) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which, without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the principal of and interest and redemption premium, if any, on the Bonds as they come due, whether at stated maturity or upon earlier redemption. Securities representing Sufficient Government Obligations shall be placed in trust with a bank or trust company (which may be the Bond Registrar), and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call such Bonds for redemption shall be given to the Bond Registrar, acting as the paying agent for the Bonds.
- (k) "System" means the existing sanitary sewer system of the City and the Project, and all future additions, enlargements, extensions, repairs and improvements to the City's sanitary sewer system.

Section 2. Necessity, Approval of Preliminary Plans and Specifications and Statement of Purpose.

It is hereby determined to be a necessary public purpose of the City to acquire and construct the Project in accordance with the preliminary plans and specifications previously prepared by the Engineers and on file with the City. Such preliminary plans and specifications are approved, and the City Clerk/Treasurer shall note the fact of such approval on the copy of the preliminary plans and specifications on file with the City. The City Commission agrees to approve promptly, by

appropriate resolution, the final plans and specifications for the Project when submitted by the Engineers.

Section 3. Costs and Useful Life. The total cost of the Project is estimated to not exceed \$4,500,000, including the incidental expenses referred to in Section 4 of this Resolution, and the estimated period of usefulness of the Project is not less than 30 years. Both estimates are approved.

Section 4. Payment of Cost; Bonds Authorized. The City shall borrow not to exceed \$4,500,000 or such lesser amount as determined by an Authorized Officer at the time of sale (the "Principal Amount") and approved by the Michigan Department of Environmental Quality (the "DEQ") and the Authority, and issue the Bond therefor pursuant to Act 94, in one or more series, to pay part of the cost of acquiring and constructing the Project (including all related legal, engineering, financial, financial advisory and other expenses incident to the Project) and the costs of issuance and sale of the Bond.

Section 5. Designation and Bond Details. The Bond shall be designated "City of Sturgis Sanitary Sewer System Improvement Revenue Bond, Series 2007 (Limited Tax General Obligation)," and shall, along with other bonds of the City issued on a parity basis, be payable out of the Net Revenues (as more fully provided in Section 22 of this Resolution). The date of original issuance of the Bond shall be as of September 20, 2007, or such other date as shall be designated in writing by an Authorized Officer, and the Bond shall bear interest from its date of original issuance. The Bond shall be in the form of a single, fully registered, non-convertible, non changeable bond of the denomination of the Principal Amount dated as of the date of delivery of the Bond, or such other date as may be determined by an Authorized Officer and approved by the DEQ and the Authority.

Section 6. Payment of Principal and Interest; Record Dates. The principal of and interest on the Bond shall be paid in lawful money of the United States. The Bond shall be payable in not more than twenty (20) annual serial principal installments beginning on April 1, 2009, or on such other dates as may be determined by an Authorized Officer and approved by the DEQ and the Authority. Interest on the Bond shall be paid on each October 1 and April 1, commencing on April 1, 2008, or such later date as shall be designated in writing by an Authorized Officer, until maturity, by check or draft mailed by first-class United States mail to the registered owner of the Bond as of the applicable record date. The record date for each interest payment shall be the 15th day of the month before such payment is due.

Section 7. Redemption. The Bond shall be subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

Section 8. Sale of Bond. The City shall sell the Bond to the Authority at an interest rate of not to exceed one and five-eighths percent (1.625%) per annum and with a discount of not to exceed 2%. Proceeds of the sale of the Bond shall not be received in one lump sum. Rather, the Authority shall purchase principal installments of the Bond from the City as such purposes are approved by the DEQ. These purchased principal installments shall be deemed to correspond to the serial principal installments contained in the Bond in direct chronological order of said serial principal installments. The City shall have no obligation to repay any serial principal installments for which the City did not receive proceeds from corresponding purchased principal installments of at least a like amount. Interest on the Bond shall only accrue on the purchased installments, and shall accrue based on the amount of and purchase date of such installments. In the event less than the Principal Amount of the Bond is purchased by the Authority, any portion of the Principal Amount is prepaid, or any serial principal payment becomes due before the City has received proceeds from corresponding purchased principal installments of at least a like amount, then the Authority may prepare a new

serial principal installment repayment schedule acceptable to the City.

The Bond shall be substantially in the following form ("the Bond Form") with such modifications, additions, deletions and other changes as are not inconsistent with this Resolution and as are approved by an Authorized Officer after conferring with bond counsel:

UNITED STATES OF AMERICA STATE OF MICHIGAN COUNTY OF ST. JOSEPH CITY OF
STURGIS SANITARY SEWER SYSTEM IMPROVEMENT REVENUE BOND, SERIES 2007
(LIMITED TAX GENERAL OBLIGATION)

The City of Sturgis, St. Joseph County, Michigan (the "City"), acknowledges itself indebted to and for value received promises to pay to the Michigan Municipal Bond Authority (the "Authority") the sum of _____ Dollars (\$ _____) or so much thereof as shall have been advanced to the City pursuant to a Purchase Contract between the Authority and the City and a Supplemental Agreement by and among the City, the Authority and the State of Michigan, acting through its Department of Environmental Quality.

The Principal Amount shall be payable on the dates and in the serial principal installment set forth in Schedule A attached hereto. Interest on the Bond shall accrue at the rate of one and five-eighths percent (1.625%) per annum and shall be payable on April 1, 2008 and semiannually thereafter.

Principal and interest are payable in lawful money of the United States of America.

This Bond is a single, fully-registered, non-convertible, self-liquidating bond in the Principal Amount issued by the City under and pursuant to and in full conformity with the Constitution and statutes of the State of Michigan, including Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and a resolution duly adopted by the City Commission on _____, 2007, pursuant to Act 94 ("the Resolution"). The Bond is being issued to defray part of the cost of improving the sanitary sewer system of the City.

For the prompt payment of the principal of and interest on this Bond and other bonds issued by the City on a parity basis with this Bond, the City has irrevocably pledged the revenues of the City's sanitary sewer system (the "System"), after provision is made for reasonable and necessary expenses of operation, maintenance and administration of the System ("the Net Revenues"), and a statutory first lien on the Net Revenues of the System is hereby recognized and created. As additional security, the City has irrevocably pledged its limited tax full faith and credit for the prompt payment, when due, of the principal of and interest on this Bond. If the Net Revenues of the System at any time shall be insufficient for such payment, the principal of and interest on such Bond are payable as a first budget obligation of the City from its general funds. However, the City does not have the power to levy any tax for the making of such payments in excess of constitutional, statutory or charter limitations.

Reference is made to the Resolution for a complete statement of the revenues from which and the conditions under which this Bond are payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues of the System may be issued and the covenants and conditions pursuant to which this Bond was issued.

The City has covenanted in the Resolution, and hereby covenants, to fix and maintain at all times while any bonds payable from the Net Revenues of the System are outstanding, such rates for services furnished by the System as shall be sufficient to provide for the payment of the principal of and the interest on the Bond of this issue and any prior or additional bonds of equal standing as and when they become due and payable, and to create and maintain a bond redemption fund therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance as are necessary to preserve the System in good repair and working order and to

provide for such other expenditures and funds for the System as are required by the Resolution.

This Bond is subject to redemption prior to maturity by the City only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This Bond shall be registered as to principal and interest on the books of the City kept by the City Clerk/Treasurer and may be transferred only upon surrender of this Bond by the registered owner in person, or by the registered owner's attorney duly authorized in writing, to the City Clerk/Treasurer, together with an assignment executed by the registered owner or his or her duly authorized attorney-in-fact in form satisfactory to the City Clerk/Treasurer. Upon such transfer, a new registered Bond in the same aggregate principal amount and the same maturity and interest rate will be issued to the designated transferee(s).

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the issuance of this Bond, existed, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the City, including the indebtedness represented by the Bond, does not exceed any constitutional, statutory or charter limitation.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at the corporate trust office of The Bank of New York Trust Company, N.A., or at such other place as shall be designated in writing to the City by the Authority (the "Authority's Depository"); (b) the City agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five (5) business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the City's deposit by 12:00 noon on the scheduled day, the City shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the City and received by the Authority's Depository, at least 40 days prior to the date on which such redemption is to be made.

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "Additional Interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this Bond but in no event in excess of the maximum rate of interest permitted by law. The Additional Interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the City's default. Such Additional Interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority), the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this Bond, fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the City shall and hereby agrees to pay on demand only the City's pro rata share (as determined by the Authority) of such deficiency as Additional Interest on this Bond.

During the time funds are being drawn down by the City under this Bond, the Authority will

periodically provide the City with a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the City of its obligation to repay the outstanding principal amount actually advanced, all accrued interest thereon, and another amount payable with respect thereto in accordance with the terms of this Bond. IN WITNESS WHEREOF, the City, by its City Commission, has caused this Bond to be signed in the name of the City by the manual signatures of its Mayor and Clerk/Treasurer, all as of September __, 2007.

CITY OF STURGIS

By: _____

Mayor

By: _____

Clerk/Treasurer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto _____ this Bond and all rights hereunder and hereby irrevocably appoints _____ attorney to transfer this Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular.

SCHEDULE I

Based on the schedule provided below unless revised as provided in this paragraph, repayment of principal of the Bond shall be made until the full amount advanced to the City is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the Bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the City and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the City by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the City.

Principal Installment

Due April 1

Amount

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2022	2023	2024	2025	2026	2027	2028						

Section 9. Approval of Documents.

(a) Each of the Authorized Officers is authorized to execute and to deliver a purchase contract in substantially the form on file as of today's date with the City Clerk/Treasurer, which form is hereby approved, with interest rates and a discount as determined by an Authorized Officer, provided such interest rate does not exceed 1.625% and the discount does not exceed 2%.

(b) Each of the Authorized Officers is authorized to execute and to deliver the Issuer's Certificate and the Supplemental Agreement, each in substantially the form on file as of today's

date with the City Clerk/Treasurer, which form is hereby approved.

Section 10. Execution and Delivery of Bonds. The Mayor and the City Clerk/Treasurer are authorized and directed to execute the Bond on behalf of the City by their manual signatures or by causing their facsimile signatures to be affixed, provided in the latter instance, the Bond is thereafter authenticated by the Bond Registrar. When so executed and (if facsimile signatures are used) authenticated, the Bond shall be delivered to an Authorized Officer who thereafter shall deliver it to the Authority upon receipt of the purchase price therefor.

Section 11. Transfer or Exchange of Bonds. Any Bond may be transferred on the bond registration books maintained by the Bond Registrar at any time before the record date preceding an interest payment date upon surrender of the Bond together with an assignment executed by the registered owner of the Bond (or such owner's duly authorized attorney-in-fact) in form reasonably satisfactory to the Bond Registrar. Upon receipt of a properly assigned Bond, the Bond Registrar shall authenticate and deliver a new Bond or Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee(s) and cancel the Bond presented for transfer. Any Bond likewise may be exchanged before the record date preceding an interest payment date for one or more Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Bond being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond (or such owner's duly authorized attorney-in-fact) in form reasonably satisfactory to the Bond Registrar. Upon receipt of a Bond with proper instructions, the Bond Registrar shall authenticate and deliver a new Bond or Bonds to the registered owner of the Bond or such owner's properly designated transferee(s) and cancel the Bond presented for exchange.

The Bond Registrar shall not be required to honor any transfer or exchange of Bonds during the period from the record date for an interest payment to the date of such payment. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid by the City. However, the Bond Registrar may require payment by a bondholder of an amount sufficient to cover any tax or similar governmental charge payable in connection with such registration, transfer or exchange.

Section 12. Security for Payment of Bonds. The Bond, other bonds issued by the City on a parity basis with the Bond, and the interest thereon shall be payable in the first instance from the Net Revenues, and to secure such payment, there is hereby created in favor of the holders of the Bond a lien (made a statutory lien by Act 94) upon the whole of the Net Revenues. Such lien shall be a first lien and shall continue until payment in full of the principal of and interest on the Bond payable from Net Revenues or until sufficient cash or Sufficient Government Obligations (or a combination of cash and Sufficient Government Obligations) have been deposited in trust for payment in full of all Bonds of a series then outstanding, the principal of and interest on such Bonds to maturity or, if called for redemption, to the date fixed for redemption together with the amount of any applicable redemption premium. Upon deposit of such cash or Sufficient Government Obligations, or both, the statutory lien shall be terminated with respect to that series of Bonds, the holders of the Bonds of that series shall have no further rights under this Resolution (except for the right to receive payment from the cash and/or Sufficient Government Obligations so deposited), and the Bonds of that series shall no longer be considered outstanding under this Resolution.

As additional security for such payment, for the Bond sold to the Authority, and to the extent permitted by Section 7 of Act 94, the City hereby pledges its limited tax full faith and credit for the payment of the principal of and interest on the Bond. In the event the Net Revenues hereby pledged

for any reason are insufficient to pay the principal of and interest on the Bond when due, the City shall advance sufficient funds out of its general fund to make up the deficiency. The City does not have the power to levy (and nothing in this Resolution can or does obligate the City to levy) any tax for the payment of the Bond in excess of its constitutional, charter and statutory limits.

Section 13. Bondholders' Rights. The holder or holders of Bonds representing in the aggregate not less than 20% of the entire principal amount of the Bonds then outstanding, by suit, action, mandamus or other proceedings, may protect and enforce the statutory lien on the Net Revenues of the System and enforce and compel performance of all duties of the City, including the duty to fix sufficient rates and to collect and properly segregate and apply the Revenues of the System, provided that such statutory lien shall not be construed to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest on the Bond, any court having jurisdiction in any proper proceeding may appoint a receiver to administer and operate the System on behalf of the City and under the direction of the court and, with the approval of the court, to perform all of the duties of the officers of the City more particularly set forth in Act 94.

The holder or holders of the Bond shall have all other rights and remedies given by Act 94 and law for the payment and enforcement of the Bond and the security therefor.

Section 14. Management and Fiscal Year. The acquisition, construction and installation of the Project and the operation, repair and maintenance of the System shall be under the supervision and control of the City Commission, and the fiscal year of the System shall commence on October 1 of each year and end on September 30 of the following year. The City, through the Authorized Officers, may employ such person(s) in such capacities as the City Commission deems advisable to carry out the efficient management and operation of the System. The City Commission may make, and revise from time to time, such rules and regulations as it deems necessary or advisable to assure the efficient management and operation of the System.

Section 15. No Free Service or Use. No free service or use of the System, or service or use of the System at less than the reasonable cost and value thereof, shall be furnished to any person, firm or corporation (public or private) or to any public agency or instrumentality including the City.

Section 16. Rates and Charges. The rates and charges for service furnished by, and for the use of, the System and the methods of collection and enforcement of the collection of such rates and charges shall be those established by resolution of the City Commission, which shall be adjusted from time to time by resolution of the City Commission.

Section 17. Fixing and Revising Rates and Charges. The rates and charges in effect on the date of adoption of this Resolution are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses of maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Bonds as they become due and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Resolution. The rates and charges shall be reviewed not less than once each year and shall be fixed and revised from time to time as may be necessary to produce amounts sufficient for the foregoing purposes, and the City hereby covenants and agrees to fix and maintain rates and charges for services furnished by the System at all times sufficient to provide for the foregoing.

Section 18. Penalty for Late Payment. The City shall charge late payment fees and penalties if a user of the System does not timely pay the rates and charges that have been billed for the use of the System. The amount of the late payment fees and penalties, and the times when they shall be imposed, may be adjusted from time to time by resolution of the City Commission.

Section 19. Delinquent Rates and Charges. In the event that a user of the System does not timely pay the rates and charges that have been billed to such user, an Authorized Officer shall take the necessary action, in accordance with applicable Michigan statutes, to add such delinquent rates and charges to the user's ad valorem property tax bills.

Section 20. Hardship Deferrals. The City Commission shall have the right, by resolution, to defer the payment of a user's rates and charges, under such conditions as the City Commission may establish from time to time.

Section 21. Continuing Rate Covenant. The City hereby covenants to establish rates and charges each year so as to produce net revenues based on the City's reasonable expectations at least equal to 100% of the debt service requirements on the Bond, and on any other bonds that may be of equal standing with the Bond, for the next fiscal year.

Section 22. Funds and Accounts and Flow of Funds. Commencing on September 20, 2007 all funds belonging to the System shall be transferred as provided in this Resolution and all Revenues shall be set aside as collected and credited to a fund designated SEWER SYSTEM RECEIVING FUND (the "Receiving Fund"). In addition, on such date all Revenues in any accounts of the System shall be transferred to the Receiving Fund and credited to the funds and accounts as provided in this Section.

The Revenues in the Receiving Fund are pledged for the purposes of the following funds and shall be transferred or debited from the Receiving Fund periodically and in the order of priority specified in this Section:

A. OPERATION AND MAINTENANCE FUND:

Out of the Revenues credited to the Receiving Fund, there first shall be set aside in or credited to a fund designated OPERATION AND MAINTENANCE FUND (the "Operation and Maintenance Fund") monthly a sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System and such current expenses for the maintenance of the System as may be necessary to preserve the System in good repair and working order.

A budget, showing in detail the estimated costs of administration, operation and maintenance of the System for the next operating year, shall be prepared by the City Commission at least 30 days before the commencement of the operating year to which it applies. No payments shall be made to the City from moneys credited to the Operation and Maintenance Fund except for services directly rendered to the System by the City or its personnel.

B. BOND AND INTEREST REDEMPTION FUND:

There shall be established and maintained a separate depository fund designated BOND AND INTEREST REDEMPTION FUND (the "Redemption Fund"). The moneys on deposit in the Redemption Fund from time to time shall be used solely to pay the principal of and redemption premium, if any, and interest on the Bond. The moneys in the Redemption Fund shall be kept on deposit with the bank or trust company where the principal of and interest on the Bond, or any series thereof, are payable.

Out of the Revenues remaining in the Receiving Fund after provision for the Operation and Maintenance Fund, there shall be set aside each month commencing October 1, 2007 in the Redemption Fund an amount equal to 1/6 of the interest on the Bond coming due on April 1, 2008, less any amount then in the Redemption Fund representing accrued interest received from the original purchaser of the Bond, and less any capitalized interest included in the Bond proceeds, and less any investment income on amounts on deposit in the Redemption Fund. Commencing April 1, 2008, the amount set aside each month for interest on the Bond shall be 1/6 of the total amount of interest next coming due. The amount set aside each month for principal, commencing October 1,

2007, shall be 1/18 of the amount of principal coming due on April 1, 2009. Commencing April 1, 2009, the amount set aside each month for principal shall be 1/12 of the amount of principal next coming due.

If there is any deficiency in the amount previously set aside, the full amount of that deficiency shall be added to the next monthly requirements. The amount to be set aside for the payment of principal and interest on any date shall not exceed the amount which, when added to the money on deposit in the Redemption Fund (including investment income), is necessary to pay the principal of and interest on the Bond due on the next succeeding principal payment date.

C. REPLACEMENT AND IMPROVEMENT FUND:

There shall be established and maintained a separate depository account designated REPLACEMENT AND IMPROVEMENT FUND (the "Replacement Fund"). The moneys credited to the Replacement Fund shall be used solely to make repairs, replacements, improvements, enlargements or extensions of the System, including any buildings or other structures related to the System. Out of the Revenues and other moneys, if any, remaining in the Receiving Fund at the end of each month after providing for the required deposits to the Operation and Maintenance Fund and the Redemption Fund, there may be deposited in the Replacement Fund such additional funds, if any, as the City Commission deems advisable. If at any time it is necessary to use any moneys in the Replacement Fund for the purposes for which the Replacement Fund was established, the moneys so used shall be replaced from moneys in the Receiving Fund that are not required by this Resolution to be used for the Operation and Maintenance Fund or the Redemption Fund.

D. SURPLUS MONEYS:

All moneys remaining in the Receiving Fund after satisfying all of the foregoing requirements of this Section at the option of the City Commission may be transferred (a) to the Replacement Fund or (b) to the Redemption Fund and used to purchase Bonds on the open market at not more than their fair market value or to redeem Bonds prior to maturity.

Section 23. Priority of Funds. If the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any moneys or securities in other funds of the System (other than proceeds from the sale of the Bond and special assessments pledged to other bond issues) shall be credited or transferred, first, to the Operation and Maintenance Fund and, second, to the Redemption Fund.

Section 24. Depository and Funds on Hand. Moneys in the several funds and accounts established by or pursuant to this Resolution (other than moneys in the Redemption Fund and moneys derived from the proceeds of the sale of the Bond) may be kept in one or more bank accounts at a bank or banks designated by resolution(s) of the City Commission, and if kept in one bank account, such moneys shall be allocated on the City's books in the manner and at the times required by this Resolution.

Section 25. Investments. Moneys in the funds and accounts established by or pursuant to this Resolution and moneys derived from the proceeds of the sale of the Bond may be invested by the City in (a) obligations of the United States of America, (b) obligations the principal of and interest on which are fully guaranteed by the United States of America, and (c) certificates of deposit of any bank in which deposits are insured by the federal Deposit Insurance Corporation and which (i) has unsecured, uninsured and unguaranteed outstanding obligations that are rated "A2" or better by Moody's Investor Service or "A" or better by Standard & Poor's Corporation or (ii) is the lead bank of a bank holding company that has outstanding obligations so rated.

Investments of moneys in the Redemption Fund being accumulated for payment of the next maturing principal of or interest on the Bond shall be limited to obligations otherwise permitted by

this Section that mature before the date of such payment.

Any securities representing any investment permitted by this Section shall be kept on deposit at the bank or trust company having on deposit the fund or account from which the investments were purchased. Profits realized on interest earned on investments of moneys in the Receiving Fund, the Operation and Maintenance Fund, the Replacement Fund or the Redemption Fund shall be deposited in or credited to the Receiving Fund at the end of each fiscal year.

Section 26. Bond Proceeds. From the proceeds of the sale of the Bond, there immediately shall be deposited in the Redemption Fund an amount equal to the accrued interest and premium (if any) received from the original purchaser(s) of the Bond on delivery. The remainder of such proceeds as received from time to time from the Authority shall be deposited in a bank designated by the City Commission, qualified to act as depository of the proceeds of sale under Section 15 of Act 94, in an account designated CONSTRUCTION FUND (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely for the payment of the cost of acquiring, constructing and installing the Project, including any engineering, legal, financial advisory or other expenses incidental thereto and to the financing thereof. No payment for construction, either on account or otherwise, shall be made until the Engineers shall file with the City Commission a signed statement to the effect that the work has been completed in accordance with the applicable plans and specifications, that such work was performed pursuant to and in accordance with the applicable contract (including any properly authorized change orders), that such work is satisfactory and that such work has not been paid for previously.

Any unexpended balance remaining in the Construction Fund after completion of the project shall be transferred to the Replacement Fund and used for improvements, enlargements and extensions of the System.

Section 27. Special Covenants of the City. The City covenants and agrees with the holder or holders of the Bond that so long as the Bond remains outstanding and unpaid as to either principal or interest:

(a) The City will maintain the System in good repair and working order, will operate the System efficiently, faithfully and punctually will perform all duties respecting the System as required by the Constitution and laws of the State of Michigan (including in particular Act 94) and this Resolution.

(b) The City will keep proper books of record and account separate from all other records and accounts of the City, in which shall be made full and correct entries of all transactions relating to the System. The City shall have an annual audit of the books of record and account of the System for the preceding operating year by an independent certified public accounting firm, and a copy of the audit shall be mailed to the manager of the syndicate or account originally purchasing any issue of Bonds. The auditor shall comment on the manner in which the City is complying with the requirements of this Resolution respecting the setting aside and investing of moneys and obtaining and maintaining insurance. The audit shall be completed and so made available not more than six months after the close of the operating year that it covers.

(c) The City will obtain and maintain insurance on all physical properties of the System, and liability insurance, against such risks and in such amounts as normally are carried by municipalities engaged in the ownership and operation of sewage disposal system comparable to the System. All moneys received for losses under any policy of such insurance shall be applied solely to the repair, replacement or restoration of property of the System that is damaged or destroyed, and to the extent not so used, shall be used to redeem or purchase Bonds.

(d) The City will not sell, lease or otherwise dispose of the System, in whole or substantial part, until principal of or interest on the Bond have been paid in full or provision for such payment has

been made in accordance with this Resolution. The City will operate the System as economically as possible, will make all repairs and replacements necessary to keep the System in good repair and working order and will not do or permit to be done any act within its control that would affect the System in a way that has a material adverse effect on the security for the Bond.

(e) The City will not operate, or grant any franchise or other rights to any person, firm or corporation to operate, a system that will compete with the System.

(f) The City will cause the Project to be completed promptly and in accordance with the plans and specifications therefor.

Qualification of Bonds. The Bond is NOT designated as a qualified tax-exempt obligation for purposes of Section 265(b) of the Code.

Section 28. Defeasance. If at any time,

(a) the whole amount of the principal of and premium, if any, and interest on all outstanding Bonds shall be paid, or

(b) if sufficient moneys, or Government Obligations not callable prior to maturity, the principal of and interest on which, when due and payable will provide such sufficient moneys, shall be deposited with and held by a trustee for the purpose of paying principal of and premium, if any, and interest on outstanding Bonds, and if all outstanding Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such Bond for redemption shall have been given to such trustee, then the right, title and interest of the holders of the Bond shall thereupon cease, terminate and become void and the City shall be released from the obligations of this resolution and any moneys or other funds held pursuant to this resolution for the purpose of paying the principal of and premium, if any, and interest on the Bond then outstanding (other than the aforementioned funds on deposit with the trustee for redemption of the outstanding Bonds) shall be released from the conditions of this resolution and paid over to the City and considered excess proceeds of the Bonds. All moneys and Government Obligations held by such trustee pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith as provided hereinabove.

The trustee or escrow agent referred to in this Section shall (i) be a bank or trust company permitted by law to offer and offering the required services, (ii) be appointed by an Authorized Officer and (iii) at the time of its appointment and so long as it is serving as such, have at least \$25,000,000 of capital and unimpaired surplus. The same bank or trust company may serve as trustee or escrow agent under this Section and as Bond Registrar so long as it is otherwise eligible to serve in each such capacity.

Section 29. Additional Bonds. Except as hereinafter provided, the City will not issue any bonds of equal or prior standing with the Bond.

The City reserves the right in accordance with Act 94 to issue additional bonds payable from the Revenues of the System which shall be of equal standing and priority of lien on the Net Revenues of the System with the Bond, but only for the following purposes and on the following conditions:

(a) For repairs, extensions, enlargements and improvements to the System or for the purpose of refunding part of the Bonds then outstanding and paying the costs of issuing such additional bonds. Bonds issued for such purposes shall not be issued pursuant to this subsection (a) unless the average actual augmented Net Revenues of the System for the then last two preceding 12-month operating years, or (if lower than such average) the actual or augmented Net Revenues for the last preceding 12-month operating year shall be equal to a least 100% of the average annual amount of principal and interest thereafter coming due in future operating years on the then outstanding Bonds and the additional bonds then being issued. If the additional bonds are to be issued in whole or in part to

refund outstanding Bonds, the average annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of the Bonds to be refunded from the proceeds of such additional bonds. For purposes of this subsection (a), the City may elect to use (1) as the last preceding operating year, any operating year ended not more than 16 month from the date of delivery of the additional bonds, and (2) as the next to the last preceding operating year, any operating year ended not more than 28 months from such date of delivery. If the System's rates and charges shall be increased at or before the time the additional bonds are authorized, the Net Revenues for each of the two preceding operating years shall be augmented by an amount reflecting the effect of such increase had the System's billings during such operating years been at the increased rates. In addition, the actual Net Revenues for each of the two preceding operating years may be augmented by the estimated increase in Net Revenues to accrue as a result of the repairs, extensions, enlargements and improvements to be paid in whole or in part from the proceeds of the additional bonds, and the actual Net Revenues may be augmented by an amount equal to the investment income representing interest on investments estimated to be received each operating year from the addition to the Bond Reserve Account to be funded from proceeds of the additional bonds. The determination of the City Commission as to the existence of the conditions that permit the issuance of additional bonds shall be conclusive. No additional bonds of equal standing as to the Net Revenues of the system shall be issued pursuant to the authorization contained in this subsection (a) if the City then shall be in default in making any required payments to the Operation and Maintenance Fund or the Redemption Fund.

(b) For refunding all or a part of the Bonds then outstanding and paying the costs of issuing the additional bonds. No additional bonds shall be issued pursuant to this subsection (b) unless the maximum amount of principal and interest coming due in any operating year, after giving effect to the refunding, shall be less than the maximum amount of principal and interest coming due in any future operating year before giving effect to the refunding.

Section 30. Tax Matters. Notwithstanding any other provision of this Resolution, the Bond Form or the Bond, the City covenants that it will not at any time:

(a) Permit any proceeds of the Bond or any other funds of the City or under its control to be used directly or indirectly (i) to acquire any securities or obligations, the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code or (ii) in a manner that would result in the exclusion of any Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of such Bond as a "private activity bond" within the meaning of Section 141(a) of the Code or as an obligation guaranteed by the United States of America within the meaning of Section 149(b) of the Code; or

(b) Take any action, or fail to take any action (including failure to file any required information or other returns with the United States Internal Revenue Service or to rebate amounts to the United States, if required, at or before the time or times required), within its control if such action or failure to act would (i) cause the interest on the Bond to be includible in gross income for federal income tax purposes, cause the interest on the Bond to be includible in computing any alternative minimum tax (other than the alternative minimum tax applicable to tax-exempt obligations generally) or cause the proceeds of the Bond to be used directly or indirectly by an organization described in Section 501(c)(3) of the Code or (ii) adversely affect the exemption of the Bond and the interest thereon from State of Michigan income taxation.

Section 31. Publication and Recording. Promptly after its adoption, this Resolution shall be published in full in a newspaper of general circulation in the City that is qualified under State law to

publish legal notices, and shall be recorded in the minutes of the Commission and such recording shall be authenticated by the signatures of the Mayor and the City Clerk/Treasurer.

Section 32. Effective Date. This Resolution shall be effective immediately upon its adoption.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

EDC Director John Hayes explained that the City has had a previous lease agreement with Penguin, for storage of inventory, which provided a short term solution and has since expired. He explained that a new lease has been developed, which is more conventional.

Moved by Comm. Austermann and seconded by Comm. Stephens to approve the Real Estate Lease between the City of Sturgis and Penguin LLC for the Ram Building as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour explained that the City received bids which varied from \$29,512.70 to \$85,781.63; the Engineer's Estimate was \$38,980.80.

Moved by Comm. Littman and seconded by Comm. Fisher to award the contract for the 2007 Sidewalk Repair Program to Truckey Concrete Construction of Mendon, Michigan, the low bidder, in the amount of \$29,512.70 and authorize the City Manager to sign the contract on behalf of the City.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes explained that there are two vacancies on the Sturgis Housing Commission and there are three applicants for the positions.

Comm. Malone nominated Michael Wilson for the unexpired term of Janet Eagan through May 2009.

By consensus, the Commission appointed Michael Wilson for the unexpired term of Janet Eagan through May 2009 on the Sturgis Housing Commission.

Comm. Littman nominated Rebecca Strang unexpired term of Priscilla Hoopingarner through May 2010.

By consensus, the Commission appointed Rebecca Strang unexpired term of Priscilla Hoopingarner through May 2010 on the Sturgis Housing Commission.

City Clerk/Treasurer Kenneth Rhodes explained that the Elected Officials Compensation Commission met as required to review present compensation on August 9, 2007. Currently, the annual salary for a City Commissioner is \$2,000 and the annual salary for the Mayor is \$2,500. This has been the effective rate since January 1, 2006. The recommended new compensation includes raising the annual salary for a City Commissioner to \$2,100 and the Mayor's to \$2,625. In order for the new compensation rates NOT to become effective, the City Commission must have a 2/3 vote against it.

The Commission took a roll call vote to either Accept or Reject the recommendation of the Compensation Commission:

Voting To Accept: Austermann, Mayer, Haas, Stephens

Voting To Reject: Fisher, Littman, Malone, Sisson

Due to a less than 2/3 vote to reject, the recommendation of the Elected Officials Compensation Commission is effective January 1, 2008.

By consensus, the Commission appointed Commissioner Austermann as the official voting representative and Commissioner Stephens as the alternate voting representative for the City of Sturgis at the 2007 Michigan Municipal League Conference.

Mayor Sisson explained that the grant writer proposal item, which was added to the agenda, is the same as what was presented at the previous meeting. Discussion followed which included an appreciation for the additional information that was presented on the issue.

Moved by Comm. Haas and seconded by Comm. Stephens to approve the Memorandum of Understanding for the Shared Grant Writer/EDC Support Position in St. Joseph County as presented and allocate \$10,000 towards the position.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Mayor Sisson appointed Vice-Mayor Mayer, Comm. Stephens and Comm. Littman to a committee to review the method of City board appointments.

The meeting was adjourned at 9:33 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, SEPTEMBER 12, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Ross Gerber, Grace Christian Fellowship

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Deputy Police Chief, City Engineer, EDC Director, Electric Department Superintendent, DDA Director, City Clerk

John Mikulenas, Chairperson of the Doyle and Recreation, explained that City Staff is doing a fine job with recreation and that revenues are up at the Doyle. He explained that the search is now beginning for a new director for the department.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the agenda as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of September 12, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the August 22, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,603,652.92 as presented.

2. RATIFY the Hospital bills in the amount of \$1,629,422.92 as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the City received sealed bids for pad mounted switchgear, pole mount transformers and pad mount transformers which is equipment that is needed to restock inventory.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the electric department bids as presented: Nine (9) pad mounted transformers from RESCO, Middleton, Wisconsin, in the amount of \$77,380; Six (6) pole mount transformers from Reed City Power Line Supply, Reed City, Michigan in the amount of \$54,636.42; One (1) S&C PMH-9 pad mounted switchgear and one (1) Nordic box pad from HD Supply, Mattoon, IL for a total cost of \$10,709.75.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Engineer Tom Seymour explained that prima facie speed limits did not need to be posted, did not require an engineering study, and were understood and were enforceable. He said that a new State law that bases the speed limit on the number of vehicular access points (VAP) within a 1/2 mile section of street, obviously making it a more complicated issue. Due to the increased costs and difficulty, the City Attorney prepared an amendment to the new law to maintain the current limits.

Moved by Comm. Stephens and seconded by Comm. Malone to propose the amendment to the MCL257.627.2c as presented, “*or residential neighborhoods having characteristics substantially similar to those created under the aforementioned acts*”, and request support from the Michigan Municipal League and State legislators.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

By Consensus, the City Commission approved the street closure requests as presented; Pleasant and North Streets near Chicago Road on Friday September 14, 2007 and Saturday, October 6, 2007.

The meeting was adjourned at 7:48 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, SEPTEMBER 26, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Brian Poole, Sturgis Wesleyan Church

Commissioners present: Austermann, Stephens, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Fisher

Also present: City Manager, Assistant to the City Attorney, Assistant City Manager, Deputy Fire Chief, EDC Director, City Clerk

Moved by Comm. Austermann and seconded by Comm. Malone to approve the agenda as presented with the addition of discussion of the Homecoming Parade route.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

Loren Sprowl, Sturgis High School Homecoming Chair explained the route for the parade which will take place at 6:15 p.m. on Friday, October 5, 2007.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Homecoming Parade route of Clay Street to US 12 to Maple Street to Congress Street and direct City staff to work with the committee on any concerns.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of September 26, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the September 12, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,882,813.49 as presented.

2. RATIFY the Hospital bills in the amount of \$1,218,681.70 as presented.

C. Lakeland Paper IFEC

SET a Public Hearing to consider granting an Industrial Facilities Exemption Certificate to Lakeland Paper Corporation on Wednesday, October 10, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

Mayor Sisson explained that the City Attorney provided a letter regarding political signs in the City. The City Attorney explained that the City cannot limit the duration of a sign prior to an election, but may be able to require removal within a certain amount of time after an election and regulate the size and location.

Assistant City Manager Todd Campbell detailed the proposed changes to the rates and memberships at the Doyle Community Center.

Moved by Comm. Haas and seconded by Comm. Malone to approve the Doyle and Recreation Board rate structure adjustments as presented.

	CURRENT RATE	OCTOBER 2007 RATE	OCTOBER 2008 RATE
ADULT <i>Annually</i>	\$350.00	\$365.50	\$383.78
COUPLES <i>Annually</i>	\$465.00	N/A	N/A
FAMILY <i>One Year</i>	\$525.00	N/A	N/A
FAMILY (NEW) <i>New Proposed Yearly Rate Combines Couples/Family</i>	\$495.00	\$519.75	\$545.74
SENIOR 62 YRS <i>Annually</i>	\$210.00	\$220.50	\$231.53
SENIOR FAMILY <i>Annually</i>	\$305.00	\$320.25	\$336.27
TRACK <i>Annually</i>	\$175.00	\$183.75	\$192.94
STUDENT <i>Annually</i>	\$263.00	\$276.15	\$289.96
FULL SERVICE <i>Annually</i>	\$920.00	\$920.00 <i>No Increase</i>	\$966.00
FULL SERVICE WITH CHILDCARE <i>Annually</i>	N/A	\$1,070.00	\$1,123.50
CHILDCARE <i>Daily</i>	\$2.00 Per Family Max 2 HOURS	\$2.00 Per Child Max 2 HOURS	\$3.00 Per Child Max 2 HOURS

DAY PASSES	CURRENT RATE	NEW RATE	10 VISIT PUNCH CARD
ADULT	\$5.00	\$10.00	\$75.00
SENIOR/STUDENT	\$3.00	\$6.00	\$45.00
TRACK	\$2.00	\$4.00	\$30.00

Note: Senior Citizens will continue to be able to walk the track for free.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

City Controller Michael Vance described the budget amendments for the 2006-07 fiscal year.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the Fiscal Year 2006-07 Budget Amendments as presented.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

	Original Budget As Amended	Increase / (Reduction)	Amended Budget
General Fund 101			
Revenue			
101.000.402000 Property Taxes	\$ 2,727,181.00	\$ 27,000.00	\$ 2,754,181.00
101.000.424000 Payment In Lieu of Tax	\$ 1,420,685.00	\$ 75,000.00	\$ 1,495,685.00
101.000.574000 State Shared Revenue	\$ 1,083,146.00	\$ (30,000.00)	\$ 1,053,146.00
101.000.642002 Airport Fuel Sales	\$ -	\$ 130,000.00	\$ 130,000.00
101.000.664000 Interest	\$ 550,000.00	\$ 100,000.00	\$ 650,000.00
101.000.694000 Misc. Income	\$ 15,000.00	\$ 10,000.00	\$ 25,000.00
101.000.696000 Administrative Reimbursement	\$ 805,984.00	\$ (15,000.00)	\$ 790,984.00
Net Revenue Increase/(Decrease)		\$ 297,000.00	
Expense			
General Government			
101.101.702000 City Commission	\$ 50,254.00	\$ (10,000.00)	\$ 40,254.00
101.172.702000 City Manager	\$ 222,909.00	\$ (12,000.00)	\$ 210,909.00
101.209.956000 Assessor	\$ 57,000.00	\$ (4,000.00)	\$ 53,000.00
101.210.700000 City Attorney	\$ 100,000.00	\$ 10,000.00	\$ 110,000.00
101.253.702000 City Clerk / Treasurer	\$ 208,512.00	\$ 3,000.00	\$ 211,512.00
101.265.956000 City Hall & Grounds	\$ 50,000.00	\$ (10,000.00)	\$ 40,000.00
Fire Department			
101.336.702000 Fire Dept Wages	\$ 699,643.00	\$ 60,000.00	\$ 759,643.00
101.336.702005 Fire Overtime	\$ 75,000.00	\$ 26,000.00	\$ 101,000.00
101.336.930000 Fire Repairs & Maintenance	\$ 8,000.00	\$ 4,000.00	\$ 12,000.00
Property Maintenance			
101.338.702000 Wages	\$ 107,285.00	\$ 1,000.00	\$ 108,285.00
Planning & Zoning			
101.400.801000 Professional Services	\$ 10,000.00	\$ (5,000.00)	\$ 5,000.00
Airport			
101.537.743000 Fuel Expense	\$ -	\$ 125,000.00	\$ 125,000.00
101.537.930000 Repairs	\$ 43,615.00	\$ 5,000.00	\$ 48,615.00
Parking			
101.538.702000 Wages	\$ 20,000.00	\$ (10,000.00)	\$ 10,000.00
Engineering			
101.447.702000 Wages	\$ 169,502.00	\$ 5,000.00	\$ 174,502.00
Information Technology			
101.850.700004 IT Expenses	\$ 60,000.00	\$ (7,000.00)	\$ 53,000.00
Other Public Services			
101.890.700000 Contingencies	\$ 60,000.00	\$ 10,000.00	\$ 70,000.00
101.890.960000 Tax Tribunal Expense	\$ 2,000.00	\$ 28,000.00	\$ 30,000.00
101.890.700011 Ambulance Subsidy	\$ -	\$ 21,000.00	\$ 21,000.00
101.900.970000 Capital Outlay	\$ 117,550.00	\$ (40,000.00)	\$ 77,550.00
101.965.999000 Contributions to Other Funds	\$ 1,133,660.00	\$ (108,060.00)	\$ 1,025,600.00
101.965.999017 Contribution to Ambulance Fund	\$ 171,308.00	\$ 149,000.00	\$ 320,308.00

Net Expense Increase/(Decrease)		\$ 240,940.00	
Local Street Fund 203			
Routine Maintenance			
203.463.702000 Wages	\$ 268,453.00	\$ 10,000.00	\$ 278,453.00
Winter maintenance			
203.478.702000	\$ 48,500.00	\$ (15,000.00)	\$ 33,500.00
Net Expense Increase/(Decrease)		\$ (5,000.00)	
Drug Enforcement Fund 213			
Revenue			
213.000.656005 Drug Forfeitures	\$ -	\$ 15,000.00	\$ 15,000.00
Net Revenue Increase/(Decrease)		\$ 15,000.00	
Expense			
213.000.702000 Wages	\$ 10,000.00	\$ 5,000.00	\$ 15,000.00
Net Expense Increase/(Decrease)		\$ 5,000.00	
Building Department Fund 249			
Revenue			
249.000.451000 (Permits)	\$ 50,000.00	\$ (27,000.00)	\$ 23,000.00
249.000.699001 (General Fund Contribution)	\$ 65,000.00	\$ 6,000.00	\$ 71,000.00
Net Revenue Increase/(Decrease)		\$ (21,000.00)	
Expense			
249.000.702000 Wages	\$ 101,743.00	\$ (4,000.00)	\$ 97,743.00
Net Expense Increase/(Decrease)		\$ (4,000.00)	
Ambulance Fund 505			
Revenue			
505.000.674100 (Contribution from General Fund)	\$ 171,162.00	\$ 68,214.00	\$ 239,376.00
Net Revenue Increase/(Decrease)		\$ 68,214.00	
Expense			
505.000.702000 (Salary & Wages)	\$ 315,536.00	\$ 68,230.00	\$ 383,766.00
Net Expense Increase/(Decrease)		\$ 68,230.00	

Auditorium Director Brad Donmyer and Engineer Lee Kennedy provided information on the current HVAC equipment serving the dining room and the proposed new equipment. Discussion followed.

Moved by Comm. Haas and seconded by Comm. Austermann to approve the purchase of a HVAC unit from Trane at a cost of \$50,794 and contract with Dynamic Engineering for construction management of the HVAC installation in the amount of \$8,400 to be funded by the Capital Reserve Fund.

Voting yea: Seven Voting nay: None Absent: Fisher MOTION CARRIED

County Commissioner John Dobberteen provided information on the report received by the County regarding the participation in the recycling program.

Moved by Comm. Haas and seconded by Comm. Malone to go into closed session for the purpose of discussing the potential purchase of property.

Voting yea: Austermann, Stephens, Malone, Haas, Littman, Mayer, Sisson

Voting nay: None

Absent: Fisher

MOTION CARRIED

The meeting recessed at 8:20 p.m.

The meeting reconvened at 8:53 p.m.

Moved by Comm. Haas and seconded by Comm. Malone to grant the City Manager the authority to negotiate and or purchase the former Arkwright's property based on the terms discussed in the Closed Session.

Voting yea: Seven

Voting nay: None

Absent: Fisher

MOTION CARRIED

The meeting was adjourned at 8:56 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, OCTOBER 10, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Calvin Kolzow Jr., Trinity Lutheran Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Haas, Littman, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, Electric Department Superintendent, City Engineer, EDC Director, Auditorium Director, Deputy Fire Chief, City Clerk

Auditorium Board Chair Esther Feyes provided information on the activities of the board and the auditorium including the Sunday buffet, the seat campaign, the catering van, and the recent performances.

Electric Department Superintendent John Griffith explained that Kenneth Bickle has completed his apprenticeship training program and presented him with a certificate. The City Commission congratulated Mr. Bickle on his accomplishment.

Moved by Comm. Stephens and seconded by Comm. Malone to approve the agenda as presented with the addition of placing the setting of Public Hearing for a Parma Tube Corporation IFEC.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of October 10, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the September 26, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,042,609.45 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$197,555.99 as presented.
3. AUTHORIZE the payment of the City Capital Reserve bills in the amount of \$2,588.64 as presented.
4. RATIFY the Hospital bills in the amount of \$1,450,300.65 as presented.

C. Electric Department Transformer Bid

AWARD the Electric Department bid for purchase of twelve (12) pole mounted transformer for stock from RESCO, Middleton, WI, for low bid of \$38,574.00.

D. Abbott Nutrition IFEC

SET a Public Hearing to consider granting an Industrial Facilities Exemption Certificate to Abbott Nutrition on Wednesday, October 24, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

E. Parma Tube Corporation IFEC

SET a Public Hearing to consider granting an Industrial Facilities Exemption Certificate to Parma Tube Corporation on Wednesday, October 24, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Mayor Sisson opened the Public Hearing for award of an IFEC to Lakeland Paper.

EDC Director John Hayes provided information on a new paperboard sheeter purchase by Lakeland Paper which will create new jobs and retain existing jobs by maintaining a competitive position in the industry. Their estimated investment is \$450,000 and the expansion is expected to create 2 to 6 new jobs in addition to the 41 existing jobs.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Fisher and seconded by Comm. Austermann to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$450,000.00 to Lakeland Paper Corporation, for a period of twelve (12) years, beginning on January 1, 2008 and an ending date of December 31, 2019.

WHEREAS, Lakeland Paper Corporation in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to Lakeland Paper Corporation, and

WHEREAS, on February 28, 1990, the City Commission established the Industrial Development District for the industrial property of Lakeland Paper Corporation, and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and representatives of all affected taxing units the opportunity to be heard as required by the statute, and

WHEREAS, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2019.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of Lakeland Paper Corporation for an "Industrial Facilities Exemption Certificate".

Voting yea: Seven

Voting nay: None

Abstain: Haas

MOTION CARRIED

City Engineer Tom Seymour explained that bids were recently received for the 2007 Street Paving program. He further explained that City Staff reviewed the specifications for the project, made some adjustments to what was required, and contacted each bidder to confirm their pricing based on the new specs. He explained that the milling removed and the asphalt replaced will both be to a depth of 1.5 inches.

Moved by Comm. Stephens and seconded by Comm. Malone to award the contract for the 2007 Street Paving Program to Michigan Paving & Materials Company of Kalamazoo in the amount of \$192,598.06.10 and authorize the City Manager to sign the contract on behalf of the City.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the existing Ronan panel that detects temperature for various system components for hydro units 3 and 4 is no longer supported by the manufacturer and the replacement parts must be supplied by Great Lakes Automation, Battle Creek, in order to be compatible with the existing equipment

Moved by Comm. Littman and seconded by Comm. Stephens to approve a bid waiver to purchase replacement parts and labor for the Resistive Thermal Device in the amount of \$20,000 as presented.

Voting yea: Eight

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the success of the Experience Sturgis festival on October 6. The Commission applauded the efforts of the organizers of the event.

A City Commission Work Session was scheduled for 6:00 p.m. on Wednesday, October 24, 2007 for an update on the Ambulance Authority.

Commissioner Haas explained that this will be his last meeting after eight years on the City Commission. He said that he was proud of many accomplishments during his tenure.

The meeting was adjourned at 8:15 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, OCTOBER 24, 2007
WIESLOCH RAUM - CITY HALL

Mayor Sisson called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Fr. Richard Altine, Holy Angels Church

Commissioners present: Austermann, Stephens, Fisher, Malone, Vice-Mayor Mayer, Mayor Sisson

Commissioners absent: Haas, Littman

Also present: City Manager, City Attorney, Assistant City Manager, Electric Department Superintendent, DPS Supervisor, EDC Director, Deputy Fire Chief, City Controller, City Clerk

Rick Mahler, Parks and Cemetery Board Chair, explained that the board is working on two projects including the search for a new director for the department and the near completion of the five year recreation master plan.

Mayor Sisson explained that there were six proclamations prepared for the organizers of the recent Experience Sturgis festival. Mayor Sisson presented the following presentation to Becky Reeg:

Whereas, the 2007 Experience Sturgis Festival provided residents the opportunity to celebrate the value of both the past and present of the Sturgis community; and

Whereas, Experience Sturgis Committee Member Becky Reeg devoted her time, talent, and effort to the creation and completion of this Festival; and

Whereas, the efforts of the entire Experience Sturgis Committee delivered to citizens a day of interesting, informative, and fun events centered on the heritage of Sturgis.

Therefore, on this 24th Day of October 2007, the City of Sturgis recognizes Becky Reeg for her volunteer service on the Experience Sturgis Committee and thanks her for helping to make this wonderful community event possible.

Vice-Mayor Mayer expressed her deep appreciation for outgoing Mayor Sisson and presented him with a plaque.

Marie Patten, 106 Jerolene, retiree of Sturgis Hospital explained that she has prepared a letter and distributed it to the City Commissioners regarding their loss of health insurance and asked for the Commission's assistance in the matter.

Mayor Sisson explained that the Commission will need to take time to review the matter as they learned about the situation at the same time as the retirees.

City Attorney Roger Bird explained that although the Hospital is one of the largest assets of the City, historically, the City Commission has not gotten involved in the day-to-day activities. Rather, the Commission appoints the members of the Hospital Board of Trustees and receives periodic reports from the Hospital. In 1992, the Hospital Board of Trustees and the City Commission engaged Quorum to handle the management of the Hospital.

Moved by Comm. Mayer and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Moved by Comm. Austermann and seconded by Comm. Fisher to approve the Consent Agenda of October 24, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the October 10, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,687,163.98 as presented.
2. RATIFY the Hospital bills in the amount of \$1,808,644.83 as presented.

C. Board Resignation

ACCEPT the resignation of Lorraine Bolley from the Doyle and Recreation Board and SEND a letter of recognition for her service.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Mayor Sisson opened the Abbott Nutrition IFEC Public Hearing.

EDC Director John Hayes explained that an application for an Industrial Facilities Exemption Certificate was received from Abbott Nutrition. The investment provides for the installation of new filling and packaging equipment with an estimated value of up to \$25,000,000 and refurbishment of drying process assets to eliminate the possibility of production interruptions. Building improvements are estimated at an additional \$1,000,000. The expansion is expected to create 15 new jobs over two years in addition to the 512 existing jobs.

Mayor Sisson closed the Public Hearing

Moved by Comm. Stephens and seconded by Comm. Austermann to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$26,000,000 to Abbott Nutrition, for a period of twelve (12) years, beginning on January 1, 2009 and an ending date of December 31, 2020 and an "under construction" beginning date of January 1, 2008.

WHEREAS, Abbott Nutrition in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to Abbott Nutrition, and

WHEREAS, on June 26, 1991, the City Commission established the Industrial Development District for the industrial property of Abbott Nutrition, and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and representatives of all affected taxing units the opportunity to be heard as required by the statute, and

WHEREAS, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2020.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of Abbott Nutrition for an "Industrial Facilities Exemption Certificate".

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Mayor Sisson opened the Parma Tube IFEC Public Hearing.

EDC Director John Hayes explained that an application for an Industrial Facilities Exemption Certificate was received from Parma Tube Corporation. In order to accommodate their major customers increased order volume, they have added additional equipment in the amount of \$1,315,000 and real property improvements in the amount of \$185,000. The expansion is expected to create 30 new jobs over the next two years in addition to the 70 existing jobs.

Mayor Sisson closed the Public Hearing.

Moved by Comm. Austermann and seconded by Comm. Malone to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$1,500,000.00 to Parma Tube Corporation, for a period of twelve (12) years, beginning on January 1, 2008 and an ending date of December 31, 2019.

WHEREAS, Parma Tube Corporation in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to Parma Tube Corporation, and

WHEREAS, on October 6, 1980, the City Commission established the Industrial Development District for the industrial property of Parma Tube Corporation, and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and

representatives of all affected taxing units the opportunity to be heard as required by the statute, and
WHEREAS, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2019.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of Parma Tube Corporation for an "Industrial Facilities Exemption Certificate".

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

DPS Supervisor Rick Miller explained that the DPS department purchased a new skid steer loader approximately two years ago. He explained that he has been approached with a program to continually replace the unit each year for a relatively minimal cost.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the request to trade the current Bobcat S-185 Skid Steer Loader #667-05 to Truelove Brothers Inc. and purchase from them a new Bobcat S-185 Skid Steer Loader with the upgraded options of 2 speeds and hand operated controls for a total cost not to exceed \$4,995.00.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Deputy Fire Chief Scott Hopkins explained that the USDA provides grant funding for many different projects and that the Fire Department is planning on submitting a proposal for a new Rescue/Pumper truck. The grant is expected to allow for a grant/loan combination of 10%/90% for the project.

Moved by Comm. Stephens and seconded by Comm. Austermann to approve the USDA Grant Application for a grant/loan to purchase a rescue/pumper truck not to exceed \$400,000.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

City Manager Michael Hughes explained that Oscar and Evelyn Ford filed a request to transfer their property currently located in Sturgis Township. Sturgis Township approved the resolution in April of 2004. The City and Sturgis Township have been working for a number of years to clear up islands. The property was included in that discussion, but never transferred.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the Resolution to Transfer Property from Sturgis Township to the City of Sturgis as presented.

RESOLUTION TO TRANSFER PROPERTY FROM STURGIS TOWNSHIP TO CITY OF STURGIS

WHEREAS, the Township of Sturgis ("Township") and the City of Sturgis ("City") entered into an Agreement for Conditional Transfer of Property pursuant to 1984 P.A. 425 dated August 4, 2000

("Agreement"); and

WHEREAS, the Agreement provides that a property owner within District II, as defined in the Agreement, may voluntarily request a transfer of such property to the City by filing a notarized copy of such a request with the City and Township; and

WHEREAS, Oscar and Evelyn Ford are property owners within District II and have filed a request for a transfer to the City of the property described on Exhibit "B" attached hereto and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED that the aforementioned property is hereby transferred to the City.

BE IT FURTHER RESOLVED that the City Manager is authorized and directed to file certified copies of this Resolution with the Township Clerk, the St. Joseph County Clerk and the Office of the Great Seal of the State of Michigan to evidence that the transfer of the aforementioned services with respect to said property has occurred for the records of each such office.

Exhibit B

Sturgis Township Parcel Identification # 75-015-012-006-00

Legal Description of Oscar & Evelyn Ford Property - 108 W. South Street

Commencing at a point 379.46 feet West of Northeast Corner of the Southwest Quarter of Section 12, Township 8 South, Range 10 West, Thence West along the East-West Quarter line 72.46 feet; Thence South 211.125 feet; Thence East 72.46 feet; Thence North 211.125 feet to the Point of Beginning. Excepting therefrom the East 8 feet.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Electric Department Superintendent John Griffith explained that the City received bids for Nottawa St. Street Lights which will replace the deteriorated lights. The new lights will be similar to those installed on U.S. 12.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the recommended Nottawa Street Light bids in the amount of \$82,447.19 as presented: All Phase \$ 799.75; HD Supply \$563.84; Reed City Power Line Supply \$19,781.59; WESCO \$61,302.00.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Electric Department Superintendent John Griffith explained that the current Christmas decorations are in disrepair and need replacement. He explained that \$25,000 is budgeted in the FY 2007-08 Electric Fund for Christmas decorations. The Electric Department considers decorations a specialty item and while other vendors can supply similar displays, Wayne Manufacturing offers more complete displays, high quality materials, competitive prices and excellent service.

Moved by Comm. Mayer and seconded by Comm. Austermann to approve a bid waiver for the purchase of Christmas decorations from Wayne Manufacturing not to exceed \$25,000 and that the decorations remain installed through January 6.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

Electric Department Superintendent John Griffith explained P.A. 141 recommendations related to electric utility deregulation.

Moved by Comm. Austermann and seconded by Comm. Malone to opt-out of a customer choice program at this time according to P.A. 141.

Voting yea: Six Voting nay: None Absent: Haas, Littman MOTION CARRIED

The Coffee with the Commission has been changed from Edmund Montgomerie's to Hescott's Coffee and Donuts on Friday, October 26 at 8:00 a.m.

Mayor Sisson explained that it has been an honor and pleasure to serve the City as Mayor and a Commissioner. He explained that the City is in great condition because of the great work of the City Commission and City Staff.

Commissioner Austermann explained that it has been an interesting and rewarding eight years with many projects begun and completed. He explained that he is impressed with the Commissioners, Staff, and other members of the community that he has had a chance to work with.

The meeting was adjourned at 9:01 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

**ORGANIZATIONAL MEETING
STURGIS CITY COMMISSION
MONDAY, NOVEMBER 12, 2007
WIESLOCH RAUM - CITY HALL**

City Clerk Kenneth Rhodes called the meeting to order at 8:00 p.m.

The Pledge of Allegiance was said by all present.

Commissioners present: Mayer, Carmichael, Stephens, Taulbee, Fisher, Malone, Littman, Walters, Gay

Commissioners absent: None

Also present: City Attorney, City Manager, Assistant City Manager, City Clerk

The results of the November 6, 2007 Sturgis City General Election, as certified by the St. Joseph County Board of Canvassers, was presented by the City Clerk to be recorded as follows:

Candidate	Office Sought	Precinct 1	Precinct 2	Precinct 3	Precinct 4	Total Votes
John Carmichael	1st Prec. Comm.	144				144
Tammy Ehlert	1st Prec. Comm.	60				60
Terry Koehl	1st Prec. Comm.	96				96
Ina Taulbee	2nd Prec. Comm.		56			56
Kurt Esseltine (Write-In)	2nd Prec. Comm.		16			16
Barbara Fisher	3rd Prec. Comm.			97		97
Robert Hile	4th Prec. Comm.				72	72
Suzanne Walters	4th Prec. Comm.				124	124
Lee Austermann	At-Large Comm.	109	24	20	60	213
Michael Gay	At-Large Comm.	100	30	59	82	271
Michael Wilson	At-Large Comm.	91	26	40	57	214

The following received the greatest number of votes and are elected:

John Carmichael	Commissioner - First Precinct	Four Year Term
Ina Taulbee	Commissioner - Second Precinct	Four Year Term
Barbara Fisher	Commissioner - Third Precinct	Four Year Term
Suzanne Walters	Commissioner - Fourth Precinct	Four Year Term
Michael Gay	Commissioner At-Large	Two Year Term

City Clerk Kenneth Rhodes administered the oath of office to all newly elected commissioners.

Moved by Comm. Malone and seconded by Comm. Littman to accept the Sturgis City General Election results as presented.

Voting Yea : Nine

Voting Nay : None

MOTION CARRIED

The City Clerk asked for nominations for the Office of Mayor.

Comm. Malone nominated Comm. Mayer.

Moved by Comm. Malone and seconded by Comm. Littman to close the nominations for the Office of Mayor and cast a unanimous ballot for Comm. Mayer.

Voting Yea : Nine

Voting Nay : None

MOTION CARRIED

Comm. Mayer was seated as the Mayor of the City of Sturgis.

Mayor Mayer asked for nominations for the Office of Vice-Mayor.

Comm. Malone nominated Comm. Littman.

Moved by Comm. Malone and seconded by Comm. Carmichael to close nominations for the Office of Vice-Mayor and cast a unanimous ballot for Comm. Littman.

Voting Yea : Nine

Voting Nay : None

MOTION CARRIED

Comm. Littman was seated as the Vice-Mayor of the City of Sturgis.

Mayor Mayer explained that it would be prudent to postpone the appointment of Commissioners to various boards until the next meeting to allow each Commissioner to provide feedback as to their interests.

City Clerk/Treasurer Kenneth Rhodes provided explanation of some of the provisions of the current General Rules of Order. City Manager Michael Hughes provided information related to the format of staff recommendations. City Attorney Roger Bird provided information on the procedure of the invocation at City Commission meetings. Discussion followed.

Moved by Comm. Carmichael and seconded by Comm. Taulbee to have a moment of silence, in lieu of an invocation, at the beginning of City Commission meetings.

Voting Yea : Eight

Voting Nay : Malone

MOTION CARRIED

Moved by Comm. Malone and seconded by Comm. Carmichael to approve following General Rules of Order for Sturgis City Commission meetings.

Voting Yea : Nine

Voting Nay : None

MOTION CARRIED

I. GENERAL RULES OF ORDER FOR STURGIS CITY COMMISSION MEETINGS

The Mayor, or in the Mayor's absence the Vice-Mayor or appropriate designee, shall preside over the City Commission Meeting. Modern Rules of Order shall govern the conduct of the meeting except as modified pursuant to provisions of the City Charter or special rules adopted by the City Commission.

II. RULES TO GOVERN DEBATE AT A COMMISSION MEETING

1. The maker of the motion is entitled to speak first.
2. A Commissioner may not speak against his or her own motion, but may vote against it.
3. All remarks must be limited to the merits of the subject immediately under discussion.
4. All remarks must be addressed to and/or through the Mayor.
5. Personal comments about other individuals should be avoided.
6. Commissioners are seldom referred to by name; rather by title.
7. No Commissioner may comment adversely on any prior act of the council that is not under consideration.
8. A two-thirds vote is required to close debate.
9. A Commissioner may abstain when there is a conflict of interest. A Commissioner who intends on abstaining must announce his or her intentions to the Mayor. He or she may not debate the issue but may be called upon for information.
10. A Commissioner may bring before the City Commission any business that he or she feels should be elaborated upon by the Commission. These matters need not be specifically listed on the City Commission Agenda, but formal action on such matters should be deferred until a subsequent City Commission meeting, except that immediate action may be taken upon a vote of two-thirds of all members.

III. RULES TO GOVERN DEBATE DURING PUBLIC COMMENTS

The speaker should state name and address before speaking.

Remarks must be confined to the pending issue.

Remarks shall be limited to two minutes.

No person shall speak a second time on an issue as long as another is requesting recognition to speak for a first time on the issue. The cumulative time for remarks shall not exceed four minutes by any one speaker.

Speakers shall not enter into debate with other members of the audience, but shall always address the Mayor.

During open debate, the Mayor shall make an effort to alternate between supporting and opposing arguments.

Rights in regard to debate are not transferable.

Only members of the Commission or City Staff may advance in front of the podium without permission of the Mayor.

These rules may be suspended or modified by the Mayor upon a showing of just cause and shall be suspended or modified upon a two-third (2/3) majority vote of the Commission.

City Clerk Kenneth Rhodes gave a presentation on basic parliamentary procedure. Discussion followed.

City Manager Michael Hughes reviewed the City Commission Procedural Policy which will be updated and approved at a future meeting.

City Attorney Roger Bird provided information on the Open Meetings Act and the roles and responsibilities of the Commission and City Manager.

The meeting was adjourned at 9:17 p.m.

Kenneth D. Rhodes, City Clerk

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, NOVEMBER 14, 2007
WIESLOCH RAUM - CITY HALL

Mayor Mayer called the meeting to order at 7:35 p.m.

The Pledge of Allegiance was said by all present.

The Invocation was given by Rev. Canon Meredith Hunt, St. John's Episcopal Church. RC Hunt provided information regarding practices of invocations.

Commissioners present: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Vice-Mayor Littman, Mayor Mayer
Commissioners absent: None

Also present: City Manager, Assistant City Manager, EDC Director, City Controller, Human Resources Director, Public Safety Director, Electric Department Superintendent, Deputy Fire Chief, City Clerk

City Clerk/Treasurer, as a representative of the Sister City Committee, explained that the student exchange has moved into control of the High School with Bill Dickey as coordinator oversight by the Committee; there are over 20 applicants for next year's trip. The Committee has joined Sister Cities International which will help in the efforts of the possibility of joining with a City in Mexico. Finally, the Committee will hold an informational meeting on Thursday, November 29 at 7:00 pm in the Wiesloch Raum to provide details on the next year's adult trip to Wiesloch, which has an estimated cost for the flight at \$800.

Theo Omo presented information about an upcoming project at Thurston Woods Village. She explained that they will soon be paying off their debt on the nursing facility which will in turn cause a reduction in revenue based on the formula for Medicaid payments. Their plans include a new nursing center with the latest in amenities.

Assistant City Manager Todd Campbell explained that City staff received a Payment In Lieu Of Taxes (PILOT) request for Village Manor Apartments. Representatives of FHC Three, Limited Dividend Housing Association, explained their redevelopment plans for the property and their need for the PILOT. Mr. Campbell explained that a proposed PILOT ordinance would come before the City Commission at a future meeting.

Sturgis Neighborhood Program Director Monica Smith provided additional information on the Excellence in Neighborhoods Initiative. She provided each Commissioner with postcards, depicting Keep Sturgis Beautiful award winners, for them to send to homeowners when they see a property worthy of recognition.

Sandy Baker, an employee of the Sturgis Medical Group, thanked the Commission for their questions and concerns regarding their benefits situation and asked them to continue their research regarding the issue.

Don Lampe, 28501 Fawn River Road, explained that one of his tenants had lost water pressure during the hydrant flushing process and would like the City Commission to direct the City Manager to meet with him again.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Stephens to approve the Consent Agenda of November 14, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the October 24, 2007 work session as presented.

APPROVAL of the minutes from the October 24, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$1,558,444.08 as presented.

2. RATIFY the Hospital bills in the amount of \$2,272,560.30 as presented.

C. Board Resignation

ACCEPT the resignation of Randy Pahls from the Doyle and Recreation Board and SEND a letter of recognition for his service.

D. Rescue/Pumper Truck Public Hearing

SET a Public Hearing concerning the purchase of a rescue/pumper truck on Wednesday, November 28, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the department is requesting a bid waiver for the purchase of terrace trees from a local contractor who has successfully worked with the City for several years.

Moved by Comm. Stephens and seconded by Comm. Malone to approve a bid waiver for the purchase of trees from Idriss Company Nursery & Landscaping, Sturgis, Michigan in the amount of \$15,000.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the department is requesting a bid waiver for Pole Mount Transformers which have been used quite often over the past year and has left the department with none in stock.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve a bid waiver to purchase three pole mounted transformers from T&R Supply Company, Colman, South Dakota in the amount of \$10,838.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the City received a request from a neighboring homeowner to vacate an alley that the City does not currently maintain.

Moved by Comm. Carmichael and seconded by Comm. Stephens to approve the Resolution Approving Vacating of an Alley and schedule a public hearing for January 9, 2008 at 7:30 p.m. in the Wiesloch Raum of City Hall.

RESOLUTION APPROVING VACATING OF ALLEY AND SCHEDULING OF PUBLIC HEARING

WHEREAS, the City Commission of the City of Sturgis, County of St. Joseph and State of Michigan, the same being the legislative body of the said City of Sturgis, deems it advisable and in the best interests of the City of Sturgis that an alley located north of East West Street between North Fourth Street and North Prospect Avenue now situate and being within the City of Sturgis be vacated, subject to the reservation of an easement for utilities, said alley being described as follows, to-wit:

A parcel of land located in St Joseph County, Michigan, Section 1, Sturgis Township, in the City of Sturgis, in Block 52 of Watson's Addition to the Village of Sturgis, according to the Plat of record in the Office of the Register of Deeds for St. Joseph County, Michigan, in Liber 45 of Deeds on Page 197.

More particularly described as:

A 20 foot wide alley running north and south in Block 52 of Watson's Addition to the Village of Sturgis bounded by the north right of way line of East West Street on the south, the east line of Lots 1, 4, 5, 8, 9, 12, 13, and 15 of said addition on the west, the west line of Lots 2, 3, 6, 7, 10, 11, & 16 of said addition on the east, and the north line of said addition on the north, which is also the south line of Drake's Addition to the Village of Sturgis. 0.25 acres.

NOW, THEREFORE, BE IT RESOLVED, that a public hearing to hear objections thereto shall be held at the regularly scheduled meeting of the Sturgis City Commission on Wednesday, January 9, 2008, commencing at 7:30 P.M. in the Wiesloch Raum of City Hall. Any objection to such action may be filed with the City Clerk in writing, and if any such objection is filed the alley located north of East West Street between North Fourth Street and North Prospect Avenue now situate and being within the City of Sturgis shall not be vacated except by a concurring vote of two-thirds (2/3) of the City Commission.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

EDC Director John Hayes explained that Americraft Carton will be expanding onto the former Sutton Tool property. The current and proposed property lies over an existing storm sewer line.

Moved by Comm. Littman and seconded by Comm. Malone to approve the easement agreement with Americraft Carton as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided information on the vehicle purchases that were previously approved as part of the adoption of the 2007-2008 fiscal year budget.

Moved by Comm. Stephens and seconded by Comm. Malone to approve the purchase of the list of vehicles as recommended by the Motor Vehicle Committee and authorize the City Controller to sign all necessary documents: \$38,958.74 for two Dodge Chargers with police package; \$10,510.00 for one Ford Focus; \$11,508.00 for one GMC Canyon.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes explained that the Airport Advisory Committee currently has a vacancy which was advertised. The Committee reviewed the three applications which were submitted and recommended Michael Van Meter for appointment.

Moved by Comm. Fisher and seconded by Comm. Malone to appoint Michael Van Meter to the Airport Advisory Committee for the unexpired term of Brian Hall through May 2008.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Comm. Carmichael explained that he had questions which he would like answered by the Sturgis Hospital CEO before the next meeting.

Comm. Malone explained that at a recent St. Joseph County Traffic Committee has awarded grants of over \$500,000 over the past nine years.

The meeting was adjourned at 9:14 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

WORK SESSION - STURGIS CITY COMMISSION
WEDNESDAY, NOVEMBER 14, 2007
WIESLOCH RAUM - CITY HALL

Mayor Mayer called the meeting to order at 5:30 p.m.

Commissioners present: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Vice-Mayor Littman, Mayor Mayer
Commissioners absent: None

Also present: City Manager, City Attorney, Assistant City Manager, City Controller, City Clerk

The City Commission met with the Recycling Committee to discuss the progress of the current pilot program and the plans for the future. The Committee provided their tentative recommendations for the City Commission to consider at a future meeting.

Sturgis Hospital CEO Robert LaBarge provided an update of the issues facing the hospital. He explained that one of the major challenges is to increase activities at the hospital in order to keep up with costs. Key factors for this are physician recruiting and marketing efforts. Another challenge is the payee mix of Medicare, Medicaid, and Blue Cross Blue Shield which account for 80% of revenue. An additional challenge is the losses experienced at the Sturgis Medical Group (SMG) offices. He addressed the costs related to benefit costs and the recent elimination of retiree health benefits. He provided the Commission with the Annual Progress Review and the Annual Business Plan for Sturgis Hospital.

The City Commission inquired about a number of issues including the decreases in the SMG offices, the credentials of the SMG doctors, the rural health certification, patient referrals, the consolidation of the SMG offices into one location, payee mix of the emergency room and express care, and benefits for current and former employees. Mr. LaBarge was asked to provide answers to a number of questions prior to the next City Commission meeting.

The meeting was adjourned at 7:27 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, NOVEMBER 28, 2007
WIESLOCH RAUM - CITY HALL

Mayor Mayer called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

A moment of silence was held.

Commissioners present: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Vice-Mayor Littman, Mayor Mayer
Commissioners absent: None

Also present: City Manager, Assistant City Manager, EDC Director, City Controller, Human Resources Director, Deputy Police Chief, Electric Department Superintendent, Deputy Fire Chief, City Engineer, Wastewater Superintendent, Auditorium Director, Hospital CEO, City Clerk

Jaime Blasius, Executive Director of Maple Towers and on behalf of the Sturgis Housing Commission, provided information on the activities at the facility.

Marcia Saunders, St. Joseph County Grant Writer, provided information on the activities over the past few months including the Signature Building Program, a Rural Development Revolving Loan Fund, a Police Video System grant, and an EPA grant.

Suzanne Malone, 1102 Meadowlane, presented the City Manager with a set of Christmas lights for his home.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Stephens to approve the Consent Agenda of November 28, 2007 as presented.

A. Action of Minutes of Previous Meetings

1. APPROVAL of the minutes from the November 12, 2007 organizational meeting as presented.
2. APPROVAL of the minutes from the November 14, 2007 work session as presented.
3. APPROVAL of the minutes from the November 14, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$929,297.14 as presented.
2. AUTHORIZE the payment of the City Retirement bills in the amount of \$164,102.63 as presented.
3. AUTHORIZE the payment of the City Capital Reserve bills in the amount of \$613.50 as presented.
4. RATIFY the Hospital bills in the amount of \$ \$1,336,316.92 as presented.

C. Vehicle Purchases

APPROVE the amended purchase price for the two Dodge Charger police cruisers in the amount of

\$48,464.74 previously approved at the November 14, 2007 City Commission meeting.

D. Airport Terminal Roof

APPROVE the reroofing of the Airport Terminal building in the amount of \$5,900 to be paid from the Capital Reserve Fund.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Mayor Mayer opened the Public Hearing for a USDA grant application for the purchase of a new Rescue/Pumper truck for the Fire Department.

Deputy Fire Chief Scott Hopkins explained that it was necessary to hold a Public Hearing for the grant application for purchase of the Rescue/Pumper truck. He explained the related interest rates and the savings that would result from combining the Rescue and Pumper trucks into one vehicle.

There was no comment from the public.

Mayor Mayer closed the Public Hearing.

City Manager Michael Hughes explained that the City Commission Procedural Policy has been updated to reflect the changes in salary and a few other minor changes.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the City Commission Procedural Policy as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Mayor Mayer made the following Commissioner appointments to boards.

BOARD	2007-08 APPOINTEE
Ambulance	Gay
Auditorium	Walters
Bid/Finance	Fisher, Littman, Malone
DPS Facilities Committee	Carmichael, Littman, Mayer
EDC/Brownfield	Mayer
Employee Retirement	Littman, Mayer
Idle Buildings/IFEC	Carmichael, Gay, Malone, Taulbee, Walters
Investment	Carmichael, Fisher, Taulbee
Recycling	Stephens
Sister City	Walters
St. Joseph County Traffic	Malone
St. Joseph County Transportation	Joseph Haas

City Manager Michael Hughes explained that Hospital CEO Robert LaBarge has presented written responses to questions posed by the City Commission at their previous meetings. Mr. Hughes provided recommendations related to the creation of a workgroup for Hospital issues. The Commission discussed the makeup of the proposed workgroup.

Mayor Mayer appointed Commissioners Carmichael, Fisher, Gay, and Malone to a Hospital Review Workgroup along with Hospital Board representatives for the purpose of evaluating current hospital issues.

Hospital CEO Robert LaBarge provided clarification on a number of responses to the Commissioner questions.

City Manager Michael Hughes presented the Recycling Committee recommendations and a history of the current recycling program. The current recommendations include:

- 1) Continue curbside recycling program
- 2) Program should include all residential units if feasible, including large multi-unit apartments
- 3) An additional bin should be distributed depending on cost impact
- 4) Maintain 1st/3rd and 2nd/4th pickup schedule
- 5) Bill monthly charge for services on the utility bill
- 6) Bid multi-year contract (both 3 and 5 years)
- 7) Commission should approve service and fee versus placing on ballot as proposal
- 8) City should pay for service if a gap in service occurs (3 months estimated at \$21,621)
- 9) An extensive educational effort regarding recycling should occur
- 10) A public hearing should be held at the December 12th regular meeting of the City Commission to hear public comment regarding these recommendations prior to the any decision

Recycling Committee Chair Earl Arend provided some details on the recommendations to the Commission.

Moved by Comm. Stephens and seconded by Comm. Gay to set a Public Hearing to hear comments regarding the Recycling Committee recommendations on Wednesday, December 12, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided information on the request for Payment in Lieu of Taxes for the Village Manor residential complex.

Moved by Comm. Littman and seconded by Comm. Malone to consider this the introduction and first reading of an Amendment to the Sturgis Code of Ordinances Part II of Chapter 2 Article IV Section 2-304 pertaining to the providing of tax exemption and fees in lieu of taxes for Village Manor Townhouses.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that the City was advised to augment its protection through a Video Service Provider Right-of-Way Management Ordinance.

Moved by Comm. Stephens and seconded by Comm. Fisher to consider this the introduction and first reading of an Amendment to the City Code of Ordinances Part II of Chapter 54 Article IV Sections 54-201 – 54-213 pertaining to Video Service Provider Right-of-Way Management.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Electric Department Superintendent John Griffith explained that a net metering program is an accounting mechanism that will provide for small amounts of electric generation at an individual home.

Moved by Comm. Taulbee and seconded by Comm. Stephens to direct the City Manager to develop a Net Metering program for review and consideration.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Auditorium Director Brad Donmyer explained that the Dining Room HVAC system has arrived and that bids have been received for the installation.

Moved by Comm. Fisher and seconded by Comm. Stephens to award the HVAC installation to Allied Mechanical Services, Inc., Kalamazoo, Michigan, in the amount of \$50,636 and approve an additional \$8,250 for expenses related to asbestos abatement and air monitoring to be funded by the Capital Reserve Fund.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the Public Event Endorsement Policy. He explained that the City sponsors events occasionally but there was no set policy.

Moved by Comm. Littman and seconded by Comm. Malone to approve the Public Event Endorsement Policy as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Wastewater Superintendent Jeannette Fenner explained that as part of the large SRF project, Abbott Nutrition will be pretreating their waste at their facility. This will require a detailed technical review of the specifications and process to ensure it meets the requirements.

Moved by Comm. Stephens and seconded by Comm. Malone to approve Task Order #14 in the amount of \$38,000.00 for Abbott Nutrition Pretreatment Engineering Review services with Fleis & VandenBrink Engineering, Inc. and authorize the City Manager to sign on behalf of the City.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Carmichael and seconded by Comm. Littman to go into closed session for the purpose of discussing union negotiations.

Voting yea: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Littman, Mayer

Voting nay: None

MOTION CARRIED

The meeting recessed at 8:58 p.m.

The meeting reconvened at 9:39 p.m.

The meeting was adjourned at 9:43 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, DECEMBER 12, 2007
WIESLOCH RAUM - CITY HALL

Mayor Mayer called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

A moment of silence was held.

Commissioners present: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Vice-Mayor Littman, Mayor Mayer
Commissioners absent: None

Also present: City Manager, Assistant City Manager, EDC Director, City Controller, Human Resources Director, Deputy Police Chief, Electric Department Superintendent, Deputy Fire Chief, City Engineer, Wastewater Superintendent, Auditorium Director, Hospital CEO, City Clerk

Robert Keim, Chair of the DDA Board of Directors, expressed his thanks for the community's efforts toward the creation of a new downtown.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Stephens to approve the Consent Agenda of December 12, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the November 28, 2007 regular meeting as presented.

B. Pay Bills

1. AUTHORIZE the payment of the City bills in the amount of \$2,015,814.80 as presented.

2. RATIFY the Hospital bills in the amount of \$ \$2,633,428.65 as presented.

C. Set IFEC Public Hearing

SET a Public Hearing for consideration of an Industrial Facilities Exemption Certificate to LTI Printing on Wednesday, December 19, 2007 at 7:30 p.m. in the Wiesloch Raum of City Hall.

D. Resolution in Support of the Great Lakes, Great Michigan Platform

APPROVE the Resolution in Support of the Great Lakes, Great Michigan Platform: A bipartisan legislative package to protect Michigan's Water for Future Generations as presented.

Resolution in Support of the Great Lakes, Great Michigan Platform: A bipartisan legislative package to protect Michigan's Water for Future Generations

WHEREAS increasing global demand for fresh water will pit in-state water users against water takers; and

WHEREAS Michigan's water resources are a vital part of the state's identity and heritage, a major source of economic wealth, important to tourism, and critical to human health as a source of drinking water; and
WHEREAS the Great Lakes are under increasing pressure from conflicting human uses, invasive species

and climate change; and

WHEREAS all waters should be held in trust for the public, that includes surface water, wetlands, streams and groundwater; all of which are vital to the health of our economy, drinking water supply, recreation and ecosystems; and

WHEREAS protection for water resources must acknowledge that ecosystems function as a unit; their health depends on the interrelationship of streams, lakes, wetlands and groundwater. Therefore, state laws must ensure protection of the system as a whole; and

WHEREAS public participation and input into water use decisions must be elevated. Local actions and voices must figure prominently into decisions; and

WHEREAS large-scale water users should be required to use water efficiently and evaluate conservation measures to protect water resources from the uncertainties of drought, climate change and overuse; and

WHEREAS large-scale water users must be carefully examined to assess their impact on a river or stream. Any new water bottling plant should also be carefully examined, and the impacts on its neighbors studied and approved only if the public is truly protected; and

WHEREAS the Great Lakes will only truly be protected when all users join in efforts to protect it and restore degraded waterways; and

WHEREAS a broad coalition of lakes defenders have proposed strong new measures, known as the *Great Lakes, Great Michigan* platform, to keep Michigan's water from being shipped out of the Great Lakes and protect Michigan's lakes, rivers and streams from the impacts of water withdrawal; and

WHEREAS as the *Great Lakes, Great Michigan* platform calls for comprehensive water use laws that will make Michigan a leader in water conservation by:

- 1) Extending Public Trust Doctrine to all water
- 2) Preventing adverse impacts to Michigan's water and wetlands
- 3) Promoting meaningful conservation
- 4) Strengthening permitting process for water withdrawals
- 5) Supporting greater community involvement
- 6) Investing into Michigan's water through restoration efforts.

NOW, THEREFORE, BE IT RESOLVED that the Sturgis City Commission affirms that the policy reforms set forth by the Great Lakes, Great Michigan Coalition are needed to ensure Michigan plays a leadership role in the protection of the Great Lakes; and

BE IT FURTHER RESOLVED that the Sturgis City Commission supports the Michigan House of Representatives Bi-Partisan Water Protection Package of 2007 as proposed on July 2, 2007, which includes House Bills:

5065 - Amend Definitions to Strengthen Protections

5066 - Water Conservation Measures and Registration and Reporting Changes

5067 - Strengthen Enforcement

5068 - Strengthen Environmental Review and Public Interest Protections

5069 - Authorization of Water Withdrawal Assessment Tool

5070 - Enhance Public Participation in Protecting Water Resources

5071 - Strengthen Environmental and Public Interest Protections for New Municipal Water Supplies

5072 - Strengthen Environmental and Public Interest Protections for Bottled Water

5073 - Provide the Department of Environmental Quality Rule making Authority

4343 - Great Lakes Basin Water Resources Compact

E. Pad Mount Transformers

AWARD the bid for two (2) Pauwels 150 kVA pad mounted transformers for the Electric Department from RESCO, Middleton, WI in the amount of \$16,090.00.

F. Accounts Payable Authorization

AUTHORIZE the Finance Committee to authorize the payment of the City bills and ratification of the Hospital bills, which would normally be prepared for Commission meeting held on the fourth Wednesday of the month, at their next meeting.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Recycling Committee Chair Earl Arend introduced the other members of the committee including Georgia Austermann, Tammy Ehlert, Patricia Jernagan, Patricia Root, Tom Soper, Commissioner Karen Stephens, and City Manager Michael Hughes. Mr. Arend read the recommendations of the Committee:

- 1) Continue curbside recycling program
- 2) Program should include all residential units if feasible, including large multi-unit apartments
- 3) An additional bin should be distributed depending on cost impact
- 4) Maintain 1st/3rd and 2nd/4th pickup schedule
- 5) Bill monthly charge for services on the utility bill
- 6) Bid multi-year contract (both 3 and 5 years)
- 7) Commission should approve service and fee versus placing on ballot as proposal
- 8) City should pay for service if a gap in service occurs (3 months estimated at \$21,621)
- 9) An extensive educational effort regarding recycling should occur
- 10) A public hearing should be held at the December 12th regular meeting of the City Commission to hear public comment regarding these recommendations prior to the any decision

City Manager Michael Hughes provided a history of the recycling efforts in the area. He also provided information on existing legislation related to waste and recycling.

Mayor Mayer opened the Curbside Recycling Public Hearing

Dennis McCall, resident of the northeast side of the City, explained that he felt recycling is a good idea for the community and the children.

Ann Bastin, on Cheshire Drive, supports the current program and would like to move forward now.

Carl Holsinger, 108 E Main, explained that he has long served on the County's Solid Waste Committee and that there is not very much money in the sale of recycled products and that one who recycles can reduce their trash costs.

Tim Peterson, resident on Buckingham Drive and as a member of the County's Conservation Committee, explained that the Pilot program has worked very well and should continue and that there is a tremendous upside to recycling.

Larry Kasuboski, 309 S Maple, commended the City for their efforts.

Lee Fraim, 1101 Tracy Dr, commended the Commission for their leadership.

Carol Rueckert, Cottage and Lakeview, explained that Americans have the ability to come together and reach consensus.

Karen Ruihley, 1325 Rolling Ridge, expressed hope that the program could be expanded to businesses and schools.

City Clerk/Treasurer explained that the City has received many calls regarding the recycling issue and that some landlords were concerned that their tenants were not using the service.

Fay Hart, 1201 N Lakeview, explained that he has recycled for many years and that he would like to see garbage pick up on a specific day.

Mayor Mayer closed the Public Hearing.

Electric Department Superintendent John Griffith provided details on the Video Service Provider Right-of-Way Management Ordinance which will regulate the use and occupation of such right-of-way by Video Service Providers who have a standardized, uniform franchise but who lack a Metro Act Permit from the City.

Moved by Comm. Carmichael and seconded by Comm. Malone to consider this the second reading and adoption of an Amendment to the City Code of Ordinances Part II of Chapter 54 Article IV Sections 54-201 – 54-213 pertaining to Video Service Provider Right-of-Way Management.

AMENDMENT TO PART II – CHAPTER 54 – TELECOMMUNICATIONS
OF THE ORDINANCES OF THE CITY OF STURGIS

An ordinance to amend Part II – Chapter 54 – Telecommunications of the Ordinances of the City of Sturgis pertaining to the regulation of telecommunication systems within the City by adding Article IV Video Service Provider Right-of-Way Management and to provide for an effective date of this Ordinance.

WHEREAS, the City of Sturgis has determined that it is in the best interest of the residents of the City to amend the Ordinances regulating telecommunication services within the City by adding a provision for the management of video service provider use of the public right-of-ways within the City;

NOW, THEREFORE, the City of Sturgis, St. Joseph County, Michigan, ordains:

Part II – Chapter 54 – Telecommunications is hereby amended by adding Article IV Sections 54.201 – 54.213 as follows, effective as of January 1, 2008:

ARTICLE IV. VIDEO SERVICE PROVIDER RIGHT-OF-WAY MANAGEMENT

Sec. 54-201. Purpose:

- (a) Under the Uniform Video Services Local Franchise Act, Video Service Providers may obtain a franchise to provide Video Services in the City using a standardized, uniform form of franchise agreement established by the MPSC. This form includes the right to use the public right-of-way to provide such service but does not contain right-of-way management related provisions.
- (b) Telecommunications providers who obtain such a standardized, uniform form of franchise agreement generally will have previously obtained from the City a permit under the Metro Act to construct and maintain their telecommunications facilities in the Public Right-of-Way. Such Metro Act Permits set forth the terms and conditions for such right-of-way usage, standard forms of such permits were agreed to in a collaborative process between municipalities and providers that was initiated by the MPSC, and such standard forms have since been approved by the legislature and the MPSC.
- (c) Because telecommunications providers typically provide Video Services over combined video and telecommunications facilities, such Metro Act Permits generally provide adequate Public Right-of-Way related protections for the City and the public when such providers are providing Video Services.
- (d) Other Video Service Providers, in particular new providers or existing cable companies, may not have a Metro Act Permit issued by the City.
- (e) The Uniform Video Services Local Franchise Act and the standardized, uniform franchise agreement require Video Service Providers to comply with all valid and enforceable local regulations regarding the use and occupation of public rights-of-way in the delivery of Video Services, including the police powers of the franchising entity, and makes such right-of-way usage subject to the laws of the State of Michigan and the police powers of the franchising entity.
- (f) The Uniform Video Services Local Franchise Act and the standardized, uniform franchise agreement state that franchising entities shall provide Video Service Providers with open, comparable, nondiscriminatory and competitively neutral access to the public right-of-way, and may not discriminate against a Video Service Provider for the authorization or placement of a Video Service or communications

network in public rights-of-way.

(g) The Michigan Constitution reserves reasonable control of their highways, streets, alleys and public places to local units of government.

(h) The purpose of this ordinance is to promote and protect the public health, safety and welfare and exercise reasonable control over the public rights-of-way by regulating the use and occupation of such rights-of-way by Video Service Providers who have a standardized, uniform franchise but who lack a Metro Act Permit from the City. This ordinance does so by setting forth terms and conditions for such usage and occupation from the forms of Metro Act permit approved by the MPSC and approved by the legislature in Section 6(1) of the Metro Act, thus providing open, comparable, nondiscriminatory, and competitively neutral access to the public right-of-way and not discriminating against a Video Service Provider for the authorization or placement of a Video Service or communications network in public rights-of-way.

Sec. 54-202. Consistent Interpretation:

This ordinance shall be interpreted and applied so as to be consistent with the Metro Act and corresponding provisions of the forms of Metro Act permit approved by the MPSC, including applicable MPSC, Metro Authority and court decisions and determinations relating to same.

Sec. 54-203. Definitions:

The following definitions apply to this ordinance, including Sections 201 and 202 above.

(a) Act means the Uniform Video Services Local Franchise Act, being Act 480 of the Public Acts of 2007, MCL 484.3301 and following, as amended from time to time.

(b) City means the City of Sturgis.

(c) Claims shall have the meaning set forth in Section 54-207(a).

(d) Facilities means the lines, equipment and other facilities of a Permittee which use or occupy the Public Right-of-Way in the delivery of Video Services in the City.

(e) Franchise Agreement means the franchise agreement entered into or possessed by a Video Service Provider with the City as required by Section 3(1) of the Act, if it is the standardized, uniform form of franchise agreement established by the MPSC.

(f) Manager means the City's Manager or his or her designee.

(g) Metro Act means the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act, being Act No. 48 of the Public Acts of 2002, MCL 484.3101 and following.

(h) Metro Act Permit means a permit to use the Public Right-of-Way issued by the City under its ordinance implementing the Metro Act after a provider's application for same to the City as set forth in such ordinance. The City's ordinance implementing the Metro Act is contained in Article IV of Chapter 54 of the City Code of ordinances.

(i) Metro Authority shall have the same meaning as "Authority" in the Metro Act.

(j) MPSC means the Michigan Public Service Commission, and shall have the same meaning as the term "Commission" in the Act and the Metro Act.

(k) Permittee means a Video Service Provider with a currently valid Franchise Agreement but without a currently valid Metro Act Permit.

(l) Upon applying to the City for and then obtaining a Metro Act Permit from the City, a Video Service Provider is not a Permittee and is no longer required to comply with this ordinance. A Video Service Provider is also not a Permittee and is not required to comply with this ordinance if it and the City enter into a voluntary franchise agreement as described in Section 54-211(b).

(l) Person means an individual, corporation, association, partnership, governmental entity, or any other legal entity.

(m) Public Right-of-Way shall have the same meaning as in the Act.

- (n) Street Construction and Street Resurfacing shall have the meanings set forth in Section 54-206(i).
- (o) Video Service shall have the same meaning as in the Act.
- (p) Video Service Provider shall have the same meaning as in the Act.

Sec. 54-204. Applicability to Permittees:

(a) Compliance, Insurance Exception. All Permittees shall comply with the following provisions of this ordinance, except that a Permittee need not comply with the insurance provisions of Sections 54-208(a) through 54-206(f) below if it is required by Section II.J of its Franchise Agreement (pertaining to incumbent video providers continuing certain insurance provided under their preceding franchise) to provide certain insurance.

Sec. 54-205 Contacts, Maps and Plans:

(a) Permittee Contacts. Permittee shall provide the Manager with the names, addresses and the like for engineering and construction related information for Permittee and its Facilities as follows:

(1) The address, e-mail address, phone number and contact person (title or name) at Permittee's local office (in or near the City).

(2) If Permittee's engineering drawings, as-built plans and related records for the Facilities will not be located at the preceding local office, the location address, phone number and contact person (title or department) for them.

(3) The name, title, address, e-mail address and telephone numbers of Permittee's engineering contact person(s) with responsibility for the design, plans and construction of the Facilities.

(4) The address, phone number and contact person (title or department) at Permittee's home office/regional office with responsibility for engineering and construction related aspects of the Facilities.

(5) Permittee shall at all times provide Manager with the phone number at which a live representative of Permittee (not voice mail) can be reached 24 hours a day, seven (7) days a week, in the event of a public emergency.

(6) Permittee shall notify the City in writing pursuant to the notice provisions of the Franchise Agreement of any changes in the preceding information.

(b) Route Maps. Within ninety (90) days after the substantial completion of construction of new Facilities in the City, Permittee shall submit route maps showing the location of the Facilities to the City, in the same manner and subject to the same provisions as apply to telecommunications providers under Section 6(7) and 6(8) of the Metro Act, MCL 484.3106(7) and (8).

(c) As-Built Records. Permittee, without expense to the City, shall, upon forty-eight (48) hours notice, give the City access to all "as-built" maps, records, plans and specifications showing the Facilities or portions thereof in the Public Right-of-Way. Upon request by the City, Permittee shall inform the City as soon as reasonably possible of any changes from previously supplied maps, records, or plans and shall mark up maps provided by the City so as to show the location of the Facilities.

Sec. 54-206. Use of Public Right-of-Way:

(a) [Reserved]

(b) Overlapping. Permittee shall not allow the wires or any other facilities of a third party to be overlapped to Permittee's Facilities without the City's prior written consent. The City's right to withhold written consent is subject to the authority of the MPSC under Section 361 of the Michigan Telecommunications Act, MCL § 484.2361.

(c) No Burden on Public Right-of-Way. Permittee, its contractors, subcontractors, and the Facilities shall not unduly burden or interfere with the present or future use of any of the Public Right-of-Way. Permittee's aerial cables and wires shall be suspended so as to not endanger or injure persons or property in or about the Public Right-of-Way. If the City reasonably determines that any portion of the Facilities constitutes an undue burden or interference, due to changed circumstances, Permittee, at its sole expense,

shall modify the Facilities or take such other actions as the City may determine is in the public interest to remove or alleviate the burden, and Permittee shall do so within a reasonable time period. The City shall attempt to require all occupants of a pole or conduit whose facilities are a burden to remove or alleviate the burden concurrently.

(d) No Priority. This ordinance does not establish any priority of use of the Public Right-of-Way by Permittee over any present or future permittees or parties having agreements with the City or franchises for such use. In the event of any dispute as to the priority of use of the Public Right-of-Way, the first priority shall be to the public generally, the second priority to the City, the third priority to the State of Michigan and its political subdivisions in the performance of their various functions, and thereafter as between other permit, agreement or franchise holders, as determined (except as otherwise provided by law) by the City in the exercise of its powers, including the police power and other powers reserved to and conferred on it by the State of Michigan.

(e) Restoration of Property. Permittee, its contractors and subcontractors shall immediately (subject to seasonal work restrictions) restore, at Permittee's sole expense, in a manner approved by the City, any portion of the Public Right-of-Way that is in any way disturbed, damaged, or injured by the construction, installation, operation, maintenance or removal of the Facilities to a reasonably equivalent (or, at Permittee's option, better) condition as that which existed prior to the disturbance. In the event that Permittee, its contractors or subcontractors fail to make such repair within a reasonable time, the City may make the repair and Permittee shall pay the costs the City incurred for such repair.

(f) Marking. Permittee shall mark its Facilities installed after the effective date of this ordinance as follows: Aerial portions of the Facilities shall be marked with a marker on Permittee's lines on alternate poles which shall state Permittee's name and provide a toll-free number to call for assistance. Direct buried underground portions of the Facilities shall have (1) a conducting wire placed in the ground at least several inches above Permittee's cable (if such cable is nonconductive); (2) at least several inches above that, a continuous colored tape with a statement to the effect that there is buried cable beneath; and (3) stakes or other appropriate above ground markers with Permittee's name and a toll-free number indicating that there is buried cable below. Bored underground portions of the Facilities shall have a conducting wire at the same depth as the cable and shall not be required to provide the continuous colored tape. Portions of the Facilities located in conduit, including conduit of others used by Permittee, shall be marked at its entrance into and exit from each manhole and handhole with Permittee's name and a toll-free telephone number.

(g) Tree Trimming. Permittee may, upon compliance with Ordinance Section 66-57, trim trees upon and overhanging the Public Right-of-Way so as to prevent the branches of such trees from coming into contact with the Facilities, consistent with any standards adopted by the City. Permittee shall dispose of all trimmed materials. Permittee shall minimize the trimming of trees to that essential to maintain the integrity of the Facilities. Except in emergencies, all trimming of trees in the Public Right-of-Way shall have the advance approval of the Manager.

(h) Installation and Maintenance. The construction and installation of the Facilities shall be performed pursuant to plans approved by the City. The open cut of any Public Right-of-Way shall be coordinated with the Manager or Manager's designee. Permittee shall install and maintain the Facilities in a reasonably safe condition. If the existing poles in the Public Right-of-Way are overburdened or unavailable for Permittee's use, or the facilities of all users of the poles are required to go underground then Permittee shall, at its expense, place such portion of its Facilities underground, unless the City approves an alternate location. Permittee may perform maintenance on the Facilities without prior approval of the City, provided that Permittee shall obtain any and all permits required by the City in the event that any maintenance will disturb or block vehicular traffic or are otherwise required by the City.

- (i) **Pavement Cut Coordination.** Permittee shall coordinate its construction and all other work in the Public Right-of-Way with the City's program for street construction and rebuilding (collectively "Street Construction") and its program for street repaving and resurfacing (except seal coating and patching) (collectively, "Street Resurfacing").
- (1) The goals of such coordination shall be to encourage Permittee to conduct all work in the Public Right-of-Way in conjunction with or immediately prior to any Street Construction or Street Resurfacing planned by the City.
- (j) **Compliance with Laws.** Permittee shall comply with all valid and enforceable federal and state statutes and regulations; and all valid and enforceable local regulations regarding the use and occupation of the Public Right-of-Way, including the police powers of the City; regarding the construction, installation, and maintenance of its Facilities, now in force or which hereafter may be promulgated. Before any installation is commenced, Permittee shall secure all necessary permits, licenses and approvals from the City or other governmental entity as may be required by law, including, without limitation, all utility line permits and highway permits. The City shall not unreasonably delay or deny issuance of any such permits, licenses or approvals. Permittee shall comply in all respects with applicable codes and industry standards, including but not limited to the National Electrical Safety Code (latest edition adopted by Michigan Public Service Commission) and the National Electric Code (latest edition). Permittee shall comply with all zoning and land use ordinances and historic preservation ordinances as may exist or may hereafter be amended. This section does not constitute a waiver of Permittee's right to challenge laws, statutes, ordinances, rules or regulations now in force or established in the future.
- (k) **Street Vacation.** If the City vacates or consents to the vacation of Public Right-of-Way within its jurisdiction, and such vacation necessitates the removal and relocation of Permittee's Facilities in the vacated Public Right-of-Way, Permittee shall consent to the vacation and remove its Facilities at its sole cost and expense when ordered to do so by the City or a court of competent jurisdiction. Permittee shall relocate its Facilities to such alternate route as the City and Permittee mutually agree, applying reasonable engineering standards.
- (l) **Relocation.** If the City requests Permittee to relocate, protect, support, disconnect, or remove its Facilities because of street or utility work, or other public projects, Permittee shall relocate, protect, support, disconnect, or remove its Facilities, at its sole cost and expense, including where necessary to such alternate route as the City and Permittee mutually agree, applying reasonable engineering standards. The work shall be completed within a reasonable time period.
- (m) **Public Emergency.** The City shall have the right to sever, disrupt, dig-up or otherwise destroy Facilities of Permittee if such action is necessary because of a public emergency. If reasonable to do so under the circumstances, the City shall attempt to provide notice to Permittee. Public emergency shall be any condition which poses an immediate threat to life, health, or property caused by any natural or man-made disaster, including, but not limited to, storms, floods, fire, accidents, explosions, water main breaks, hazardous material spills, etc. Permittee shall be responsible for repair at its sole cost and expense of any of its Facilities damaged pursuant to any such action taken by the City.
- (n) **Miss Dig.** If eligible to join, Permittee shall subscribe to and be a member of "MISS DIG," the association of utilities formed pursuant to Act 53 of the Public Acts of 1974, as amended, MCL § 460.701 et seq., and shall conduct its business in conformance with the statutory provisions and regulations promulgated thereunder.
- (o) **Underground Relocation.** If Permittee has its Facilities on poles of Consumers Energy, Detroit Edison or another electric or telecommunications provider and Consumers Energy, Detroit Edison or such other electric or telecommunications provider relocates its system underground, then Permittee shall relocate its Facilities underground in the same location at Permittee's sole cost and expense.

(p) Identification. All personnel of Permittee and its contractors or subcontractors who have as part of their normal duties contact with the general public shall wear on their clothing a clearly visible identification card bearing Permittee's name, their name and photograph. Permittee shall account for all identification cards at all times. Every service vehicle of Permittee and its contractors or subcontractors shall be clearly identified as such to the public, such as by a magnetic sign with Permittee's name and telephone number.

Sec. 54-207. Indemnification:

(a) Indemnity. Permittee shall defend, indemnify, protect, and hold harmless the City, its officers, agents, employees, elected and appointed officials, departments, boards, and commissions from any and all claims, losses, liabilities, causes of action, demands, judgments, decrees, proceedings, and expenses of any nature (collectively "Claims") (including, without limitation, attorneys' fees) arising out of or resulting from the acts or omissions of Permittee, its officers, agents, employees, contractors, successors, or assigns, but only to the extent such acts or omissions are related to Permittee's use of or installation of Facilities in the Public Right-of-Way and only to the extent of the fault or responsibility of Permittee, its officers, agents, employees, contractors, successors and assigns.

(b) Notice, Cooperation. The City shall notify Permittee promptly in writing of any such Claims and the method and means proposed by the City for defending or satisfying any such Claims. The City shall cooperate with Permittee in every reasonable way to facilitate the defense of any such Claims. The City shall consult with Permittee respecting the defense and satisfaction of such Claims, including the selection and direction of legal counsel.

(c) Settlement. The City shall not settle any Claim subject to indemnification under the preceding two sections without the advance written consent of Permittee, which consent shall not be unreasonably withheld. Permittee shall have the right to defend or settle, at its own expense, any Claim against the City for which Permittee is responsible hereunder.

Sec. 54-208. Insurance:

(a) Coverage Required. Prior to beginning any construction in or installation of Permittee's Facilities in the Public Right-of-Way, Permittee shall obtain insurance as set forth below and file certificates evidencing same with the City. Such insurance shall be maintained in full force and effect until the end of the term of the Franchise Agreement. In the alternative, Permittee may satisfy this requirement through a program of self-insurance, acceptable to the City, by providing reasonable evidence of its financial resources to the City. The City's acceptance of such self-insurance shall not be unreasonably withheld.

(1) Commercial general liability insurance, including Completed Operations Liability, Independent Contractors Liability, Contractual Liability coverage, railroad protective coverage and coverage for property damage from perils of explosion, collapse or damage to underground utilities, commonly known as XCU coverage, in an amount not less than Five Million Dollars (\$5,000,000).

(2) Liability insurance for sudden and accidental environmental contamination with minimum limits of Five Hundred Thousand Dollars (\$500,000) and providing coverage for claims discovered within three (3) years after the term of the policy. Pursuant to the 2006 MPSC decision in Case U-14720, Permittee need not comply with the preceding sentence until such time after the effective date of this ordinance that it decides to place any new or existing Facilities underground within the Public Right-of-Way in the City.

(3) Automobile liability insurance in an amount not less than One Million Dollars (\$1,000,000).

(4) Workers' compensation and employer's liability insurance with statutory limits, and any applicable Federal insurance of a similar nature.

(5) The coverage amounts set forth above may be met by a combination of underlying (primary) and umbrella policies so long as in combination the limits equal or exceed those stated. If more than one

insurance policy is purchased to provide the coverage amounts set forth above, then all policies providing coverage limits excess to the primary policy shall provide drop down coverage to the first dollar of coverage and other contractual obligations of the primary policy, should the primary policy carrier not be able to perform any of its contractual obligations or not be collectible for any of its coverages for any reason during the term of the Franchise Agreement, or (when longer) for as long as coverage could have been available pursuant to the terms and conditions of the primary policy.

(b) Additional Insured. The City shall be named as an additional insured on all policies (other than worker's compensation and employer's liability). All insurance policies shall provide that they shall not be canceled, modified or not renewed unless the insurance carrier provides thirty (30) days prior written notice to the City. Permittee shall annually provide the City with a certificate of insurance evidencing such coverage. All insurance policies (other than environmental contamination, workers' compensation and employer's liability insurance) shall be written on an occurrence basis and not on a claims made basis.

(c) Qualified Insurers. All insurance shall be issued by insurance carriers licensed to do business by the State of Michigan or by surplus line carriers on the Michigan Insurance Commission approved list of companies qualified to do business in Michigan. All insurance and surplus line carriers shall be rated A+ or better by A.M. Best Company.

(d) Deductibles. If the insurance policies required by this ordinance are written with retainages or deductibles in excess of \$50,000, they shall be approved by Manager in advance in writing. Permittee shall indemnify and save harmless the City from and against the payment of any deductible and from the payment of any premium on any insurance policy required to be furnished hereunder.

(e) Contractors. Permittee's contractors and subcontractors working in the Public Right-of-Way shall carry in full force and effect commercial general liability, environmental contamination liability, automobile liability and workers' compensation and employer liability insurance which complies with all terms of this Section 54-208. In the alternative, Permittee, at its expense, may provide such coverages for any or all its contractors or subcontractors (such as by adding them to Permittee's policies).

(f) Insurance Primary. Permittee's insurance coverage shall be primary insurance with respect to the City, its officers, agents, employees, elected and appointed officials, departments, boards, and commissions (collectively "them"). Any insurance or self-insurance maintained by any of them shall be in excess of Permittee's insurance and shall not contribute to it (where "insurance or self-insurance maintained by any of them" includes any contract or agreement providing any type of indemnification or defense obligation provided to, or for the benefit of them, from any source, and includes any self-insurance program or policy, or self-insured retention or deductible by, for or on behalf of them).

Sec. 54-209 Performance Bond or Letter of Credit:

(a) Municipal Requirement. The City may require Permittee to post a bond (or letter of credit), in the amount provided in Section 15(3) of the Metro Act, as amended MCL § 484.3115(3).

Sec. 54-210 Removal:

(a) Removal; Underground. As soon as practicable after the term of the Franchise Agreement expires, Permittee or its successors and assigns shall remove any underground cable or other portions of Permittee's Facilities from the Public Right-of-Way which has been installed in such a manner that it can be removed without trenching or other opening of the Public Right-of-Way. Permittee shall not remove any underground cable or other portions of the Facilities which requires trenching or other opening of the Public Right-of-Way except with the prior written approval of Manager. All removals shall be at Permittee's sole cost and expense.

(1) For purposes of Section 54.210(a), "cable" means any wire, coaxial cable, fiber optic cable, feed wire or pull wire.

(b) Removal; Above Ground. As soon as practicable after the expiration of the term of a Franchise

Agreement, Permittee, or its successor or assigns at its sole cost and expense, shall, unless waived in writing by Manager, remove from the Public Right-of-Way all above ground elements of its Facilities, including but not limited to poles, pedestal-mounted terminal boxes, and lines attached to or suspended from poles.

(c) Schedule. The schedule and timing of removal shall be subject to approval by Manager. Unless extended by Manager, removal shall be completed not later than twelve (12) months following the expiration of the term of the Franchise Agreement. Portions of Permittee's Facilities in the Public Right-of-Way that are not removed within such time period shall be deemed abandoned and, at the option of the City exercised by written notice to Permittee at the address provided for in the Franchise Agreement, title to the portions described in such notice shall vest in the City.

Sec. 54-211. Other Items:

(a) Duties. Permittees shall faithfully perform all duties required by this ordinance.

(b) Different Terms. The Act allows local units of government and Video Service Providers to enter into voluntary franchise agreements that include terms and conditions which are different from those required under the Act or which are different from those in the standardized, uniform form of franchise agreement established by the MPSC. The Metro Act allows municipalities and providers to mutually agree to Metro Act Permit terms differing from those in the standard forms of Metro Act permit approved by the MPSC. Current or prospective Permittees who desire terms different from those in this ordinance, as applied to them, should request such a voluntary franchise agreement or a mutually agreed to Metro Act Permit from the City.

(c) Interpretation and Severability. The provisions of this ordinance shall be liberally construed to protect and preserve the peace, health, safety and welfare of the public, and should any provision or section of this ordinance be held unconstitutional, invalid, overbroad or otherwise unenforceable, such determination/holding shall not be construed as affecting the validity of any of the remaining conditions of this ordinance. If any provision in this ordinance is found to be partially overbroad, unenforceable, or invalid, Permittee and the City may nevertheless enforce such provision to the extent permitted under applicable law.

(d) Violations. A Permittee who violates any provision of this ordinance is responsible for a municipal civil infraction, and shall be subject to a fine of \$500.00 or such other amount as may be specified in any fine schedule compiled, from time to time, by the City and filed with the court or a City agency of competent jurisdiction. Nothing in this Section shall be construed to limit the remedies available to the City in the event of a violation by a Permittee of this ordinance.

(e) Authorized City Officials. The Manager (which includes his or her designee) is hereby designated as the authorized City official to issue municipal civil infraction citations (directing alleged violators to appear in court) or municipal civil infraction violation notices (directing alleged violators to appear at the municipal chapter violations bureau) for violations under this article as provided by this Code.

Sec. 54-212. Repealer:

All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed.

Sec. 54-213. Effective Date:

This ordinance shall take effect on the 4th day of January, 2008.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided information on the USDA Revolving Loan Fund application to establish a Revolving Loan Fund (RLF) for small business start-ups or expansions. The amount of the grant request is \$99,999. Discussion followed.

Moved by Comm. Stephens and seconded by Comm. Fisher to approve the USDA Rural Development Revolving Loan Grant application for the amount of \$99,999.00 as presented and authorize the City Manager to sign all necessary documents.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided information on the proposed Retirement System Ordinance that would allow the Retirement Board, based on the facts in each situation, to make the decision as to recovery of overpayments from an individual's pension.

Moved by Comm. Taulbee and seconded by Comm. Stephens to consider this the introduction and first reading of an Amendment to the City Code of Ordinances Part II – Article III, Division 2 Section 2 -121 pertaining to the City of Sturgis Retirement System.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided information on the Sidewalk Repair Program Budget Amendment which will appropriate funds unspent in the previous fiscal year to the current.

Moved by Comm. Stephens and seconded by Comm. Malone to approve a budget amendment for fiscal year 2007-08 to include an additional appropriation of \$35,000 for the completion of the 2006-07 Sidewalk Repair Program.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided information on the Street Improvement Program Budget Amendment which will appropriate funds unspent in the previous fiscal year to the current.

Moved by Comm. Walters and seconded by Comm. Gay to approve a budget amendment for fiscal year 2007-08 to include an additional appropriation of \$259,000 for the completion of the 2006-07 Street Improvement Program.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided information on the Code Enforcement Budget Amendment which will allow for a new part-time code enforcement position as a supplement to the one full-time code enforcement/animal control officer position.

Moved by Comm. Fisher and seconded by Comm. Stephens to approve the budget amendment to allocate an additional \$13,000 to Planning and Zoning, General Fund for Code Enforcement activities.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes provided an explanation of the proposed Annual Meeting Schedule for City Commission meetings.

Moved by Comm. Littman and seconded by Comm. Malone to adopt the 2008 City Commission meeting schedule as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Clerk/Treasurer Kenneth Rhodes provided an explanation of the proposed Coffee With The Commission Schedule.

Moved by Comm. Stephens and seconded by Comm. Malone to adopt the 2008 Coffee with the Commission schedule as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the proposed Community Movie Program which provides promotional streaming video displayed on municipal websites.

Moved by Comm. Stephens and seconded by Comm. Malone to direct the City Manager to proceed with CGI Communications Inc.'s Community Movie Program.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Attorney Roger Bird provided an extensive report to the City Commission regarding the Open Meetings Act and the Hospital Workgroup. Mr. Bird concluded that his previous opinion, that the current Hospital Workgroup meetings do not fall under the Open Meetings Act, remains the same.

City Manager Michael Hughes provided an update on the agreements related to the I9/M66 Corridor Project.

The meeting was adjourned at 9:00 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer

REGULAR MEETING - STURGIS CITY COMMISSION
WEDNESDAY, DECEMBER 19, 2007
WIESLOCH RAUM - CITY HALL

Mayor Mayer called the meeting to order at 7:30 p.m.

The Pledge of Allegiance was said by all present.

A moment of silence was held.

Commissioners present: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Vice-Mayor Littman, Mayor Mayer
Commissioners absent: None

Also present: City Manager, Assistant City Manager, EDC Director, City Controller, Deputy Police Chief, City Engineer, Hospital CEO, City Clerk

Cathy Annis, St. Joseph County Economic Development Director presented their annual report to the City Commission which included discussion of a number of businesses which have committed jobs and resources to the area.

Sturgis Hospital CEO Rob LaBarge and Pat Horan of Plante & Moran presented the Hospital's FY 2006-07 Audit. They explained that the Hospital had a loss from operations of over \$1,700,000 which was offset by non-operating income which resulted in a decrease of net assets of approximately \$100,000. The Hospital was given a clean unqualified opinion from the auditors who explained that the records are in excellent condition.

Moved by Comm. Fisher and seconded by Comm. Malone to approve the agenda as presented.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Moved by Comm. Littman and seconded by Comm. Malone to approve the Consent Agenda of December 19, 2007 as presented.

A. Action of Minutes of Previous Meetings

APPROVAL of the minutes from the December 12, 2007 regular meeting as presented.

B. Set IFEC Public Hearing

SET a Public Hearing for consideration of an Industrial Facilities Exemption Certificate to VCI, Inc. on Wednesday, January 9, 2008 at 7:30 p.m. in the Wiesloch Raum of City Hall.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes provided information on the County's involvement in recycling and a history of the process related to the curbside recycling program.

Moved by Comm. Fisher and seconded by Comm. Carmichael to direct the City Manager to continue the recycling program and to charge the residents of Sturgis by placing the cost of the service on the property tax bill not to exceed two dollars a month.

Comm. Malone explained that because of the recent cuts and the recommendation that the residents be allowed to vote on the services that they want, he believe the issue of recycling should be placed on the next ballot. He supports the recycling program but he feels the voters should be able to choose because he has heard opposing opinions from many constituents.

Michael Hughes provided information on the State statute, the necessary agreements, and the ability for a referendum. City Attorney Roger Bird provided options related to referenda which allows for an advisory referendum as well as one that may occur after resolution to adopt a recycling program. His belief is that if there is an initial ballot question prior to any Commission resolution, then there would not be an opportunity for a second.

Voting yea: Seven

Voting nay: Malone, Gay

MOTION CARRIED

Michael Hughes explained that he will now prepare the bid specifications for the recycling program. The City Commission then discussed the potential gap in service that may result at the end of the current contract if a new program is not in place. Michael Hughes explained that it will take time to develop bid specifications and get the new program up and running. The estimated cost for the current program is estimated at approximately \$7,000 per month. The Commission discussed the ability to fund this gap and explored funding possibilities.

Mayor Mayer opened the LTI Printing IFEC Public Hearing

EDC Director John Hayes explained that LTI Printing is adding additional equipment in the amount of \$503,760. The investment is expected to create 2 new jobs over the next two years in addition to the 88 existing jobs. Discussion followed.

Moved by Comm. Taulbee and seconded by Comm. Malone to adopt the resolution as presented awarding an Industrial Facilities Exemption Certificate, not-to-exceed \$503,760.00 to LTI Printing, for a period of twelve (12) years, beginning on January 1, 2009 and an ending date of December 31, 2020.

RESOLUTION

WHEREAS, LTI Printing, Inc. in conformity with Act 198 of the Public Acts of 1974, as amended (Act 198) has submitted an application providing all information and requirements necessary for granting of an Industrial Facilities Exemption Certificate by the City of Sturgis, County of St. Joseph, State of Michigan to LTI Printing, Inc., and

WHEREAS, on April 22, 1987 the City Commission established the Industrial Development District for the industrial property of LTI Printing, Inc., and

WHEREAS, the Sturgis City Assessor, and representatives of all affected taxing units were notified by certified mail of the time and place of the hearing on the application, and

WHEREAS, a hearing was held by the Sturgis City Commission providing the Assessor, and

representatives of all affected taxing units the opportunity to be heard as required by the statute, and **WHEREAS**, comments on granting of the Industrial Facilities Exemption Certificate have been heard and considered, and

WHEREAS, it is hereby found and determined by the Sturgis City Commission that the granting of this Industrial Facilities Exemption Certificate, considered together with the aggregate amount of the Industrial Facilities Exemption Certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Sturgis, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Sturgis, and

WHEREAS, the Sturgis City Commission, under Section 16 (1) of Act 198, of the P.A. of 1974 and Act No. 255 of the Public Acts of 1978, as amended, has determined that the length of the Industrial Facilities Exemption Certificate shall remain in force and effect for a period of 12 years with an ending date of December 31, 2020.

NOW, THEREFORE BE IT RESOLVED, that the Sturgis City Commission does hereby approve the application of LTI Printing, Inc. for an “Industrial Facilities Exemption Certificate”.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

Assistant City Manager Todd Campbell provided further information on the Village Manor PILOT Ordinance.

Moved by Comm. Stephens and seconded by Comm. Gay to consider this the second reading and adoption of an Amendment to the Sturgis Code of Ordinances Part II of Chapter 2 Article IV Section 2-304 pertaining to the providing of tax exemption and fees in lieu of taxes for Village Manor Townhouses.

AMENDMENT TO PART II-CHAPTER 2-ADMINISTRATION OF THE ORDINANCES OF THE CITY OF STURGIS

An Ordinance to amend Part II – Chapter 2 – Administration of the Ordinances of the City of Sturgis pertaining in order to provide for a service charge in lieu of taxes for Village Manor Townhouses, a multiple family dwelling project for persons and/or families of low income to moderate income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, by amending Article IV, Finance, and to provide for an effective date of the Ordinance.

WHEREAS, the City has determined that it is in the best interest of the residents of the City to amend the Ordinances to encourage low to moderate income housing within the City by providing tax exemption and a service charge in lieu of taxes for Village Manor Townhouses as provided herein.

NOW, THEREFORE, the City of Sturgis, St. Joseph County, Michigan, ordains that Part II – Chapter 2 – Administration of the Ordinances of the City is hereby amended by adding a new Article IV, Section 2-304 as follows:

Sec. 2-304. Tax Exemption for Village Manor Townhouses and Fee in lieu of Taxes.

(a) Purpose. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income to moderate income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCL Section 125.1401 et. seq.). The City is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such

housing for persons and/or families of low income to moderate income is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The City acknowledges that FHC Three Limited Dividend Housing Association Limited Partnership (the "Sponsor") has offered subject to receipt of a Mortgage Loan from the Michigan State Housing Development Authority, to rehabilitate, own and operate a housing development identified as Village Manor Townhouses located in the City of Sturgis, more particularly described in Exhibit "A" attached hereto, to serve persons and/or families of low and moderate income, and that the Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

(b) Definitions. The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Act means the State Housing Development Authority Act, being Public Act 346 of 1966, of the State of Michigan, as amended.

Authority means the Michigan State Housing Development Authority.

Annual Shelter Rent means the total possible scheduled rent during an agreed annual period from all units of the housing development representing rent or occupancy charges, exclusive of Utilities furnished to the occupants.

City means the City of Sturgis, a Michigan municipal corporation.

Housing Development means a development which contains a significant element of housing for persons and/or families of low to moderate income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low income.

Rehabilitation means that the Sponsor shall spend a minimum of \$3,000,000 for rehabilitating and improving the Housing Development.

Mortgage Loan means a loan to be made by the Authority to the Sponsor for the construction and/or permanent financing of the Housing Development.

Persons and/or Families of Low to Moderate Income means those persons and families, including the elderly, who are determined to be eligible to move into Village Manor Townhomes.

Sponsor means FHC Three Limited Dividend Housing Association Limited Partnership, which has applied to the Authority for a Mortgage Loan to finance a Housing Development.

Utilities mean water and sanitary sewer services which are paid by the Housing Development.

(c) Class of Housing Developments Exempt from Taxation. It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be housing for Persons and/or Families of Low to Moderate Income, which are financed or assisted pursuant to the Act and which are limited as to the number of units allowable by zoning. It is further determined that Village Manor Townhouses is of this class. (Passage of this Ordinance shall not be deemed precedent for other similar PILOT ordinances.)

(d) Establishment of Annual Service Charge. The Housing Development identified as Village Manor Townhouses and the property on which it is constructed shall be exempt from all property taxes from and after the commencement of Rehabilitation. The City, acknowledging that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and

continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor's offer, subject to receipt of a Mortgage Loan from the Authority, to rehabilitate, own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes subject to the requirements of Subsections (g) and (h) hereof. The annual service charge shall be equal to Ten percent (10 %) of the Annual Shelter Rent for the first year, and each year thereafter.

(e) Limitation on the Payment of Annual Service Charge. Notwithstanding Subsection (d) hereof, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt. The term low to moderate income persons or families as used herein means, with respect to any Housing Development that is tax-exempt, any person or family eligible to move into such development.

(f) Contractual Effect of Ordinance. Notwithstanding the provisions of Section 15(a)(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

(g) Verification of Annual Shelter Rent. The Sponsor shall verify Annual Shelter Rent revenues to the City with a Statement of Profit and Loss of the Housing Development as reported to the Authority by an independent certified public accountant or such other form of financial documentation deemed suitable by the City. The Statement of Profit and Loss, or such other form of financial documentation acceptable to the City, together with a statement describing the methodology by which the Sponsor calculated the service charge, shall be submitted to the City Treasurer by April 30 each year.

(h) Duration. This Ordinance shall remain in effect as long as the Mortgage Loan remains outstanding and unpaid and as long as the Housing Development remains subject to income and rent restrictions pursuant to Section 42 of the Internal Revenue Code of 1986, as amended; provided, however, that Rehabilitation of the Housing Development commences within fourteen (14) days from date of the Authority's Mortgage Loan closing and is completed within one (1) year from the date of said Mortgage Loan closing.

(i) Payment of Service Charge. The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the except that the annual payment shall be paid on or before June 1 of each year.

(j) Termination. The tax exemption extended hereunder may be terminated and the property restored to the tax rolls by resolution duly adopted by the City in any of the following events upon notice of default in writing to the Sponsor and the Authority by certified mail return receipt requested or by nationally recognized overnight carrier with receipt acknowledged in writing to the address on file with the Department of Labor and Economic Growth (or any successor department) and a failure by the Sponsor to cure the default within 30 days following delivery of written notice to the Sponsor thereof by the City: (a) failure of the Sponsor or the Development to remain in compliance with the terms of this Ordinance or the Act; (b) failure of the Sponsor to complete Rehabilitation as provided in Subsection (h) hereof; or (c) failure of the Sponsor to provide such reports and documentation as may be required by Subsection (g) hereof. Determinations of the event and continuing existence of default and the sufficiency of actions taken to cure default shall be in the sole judgment of the City.

(k) Severability. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any

section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

(l) Effective Date. This Ordinance shall become effective twenty (20) days after its passage or as otherwise provided in the Charter. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict.

Provided, however, in the event the Sponsor does not commence Rehabilitation on or before September 1, 2008, this ordinance shall be automatically repealed and the payment in lieu of taxes authorization pertaining to the Project in effect immediately prior to enactment of this ordinance shall be automatically reinstated without further action of the City.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided additional information on the proposed Retirement System Ordinance amendment.

Moved by Comm. Littman and seconded by Comm. Stephens to consider this the second reading and adoption of an Amendment to the City Code of Ordinances Part II – Article III, Division 2 Section 2 -121 pertaining to the City of Sturgis Retirement System.

AMENDMENT TO PART II – ARTICLE III, DIVISION 2 OF THE ORDINANCES OF THE CITY OF STURGIS

An ordinance to amend Part II – Article III, Division 2 of the Ordinances of the City of Sturgis pertaining to the regulation of the City of Sturgis Retirement System and to provide for an effective date of this Ordinance.

WHEREAS, the City of Sturgis has determined that it is in the best interest of the residents of the City to amend the Ordinances regulating the Retirement System for the City's employees by giving the Board of Trustees of the City Retirement System discretion as to whether to recover overpayments to retired members based on the facts and circumstances of each situation;

NOW, THEREFORE, the City of Sturgis, St. Joseph County, Michigan, ordains:

Part II – Article III, Division 2 is hereby amended as follows, effective as of January 15, 2008:
Sec. 2-121. Correction of errors.

The board of trustees shall correct errors in the records of the retirement system. The board of trustees may seek to recover overpayments after taking into consideration all of the facts and circumstances, and shall make up underpayments. Recovery of overpayments may be accomplished by reducing the amount of future payments so that the actuarial present value of actual payments to the recipient is equal to the actuarial present value of the payments to which the recipient was correctly entitled.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Controller Michael Vance provided information on a proposed financial and utility billing software upgrade.

Moved by Comm. Carmichael and seconded by Comm. Fisher to approve the purchase of the Creative Microsystems, Inc. software upgrade for the Financial and Utility Billing Software at a cost of \$55,750.00, and the City Controller be authorized to sign all documents necessary after review and approval by the City Attorney.

Voting yea: Nine

Voting nay: None

MOTION CARRIED

City Manager Michael Hughes presented a letter from Keystone Place pertaining to a potential lease of a home in Sturgis to be utilized as a home for a homeless family. Mr. Hughes also provided information on the regulations related to snow emergencies and removal.

Moved by Comm. Littman and seconded by Comm. Fisher to go into closed session for the purpose of discussing a personnel evaluation at employee request.

Voting yea: Carmichael, Stephens, Taulbee, Fisher, Malone, Walters, Gay, Littman, Mayer

Voting nay: None

MOTION CARRIED

The meeting recessed at 9:15 p.m.

The meeting reconvened at 9:35 p.m.

The meeting was adjourned at 9:50 p.m.

Kenneth D. Rhodes, City of Sturgis Clerk/Treasurer