

**MINUTES OF THE EAST JORDAN CITY COMMISSION REGULAR MEETING HELD
TUESDAY, DECEMBER 5, 2006 AT 7:30 P.M.**

Present: Mayor Postma
Commissioners Symonds, McNitt, Bennett, Timmons, Vollbach and
Klooster

Absent: None

Mayor Postma called the meeting to order at 7:30 p.m. and led the pledge of allegiance.

ITEM #3 Inquiry of Conflicts of Interest

No conflicts of interest were voiced.

CONSENT AGENDA

Treasurer Moreau asked that Item #6 be removed from the consent agenda for discussion. The remainder of the consent agenda was approved as follows:

Motion offered by Symonds, second by McNitt, to approve minutes of the Regular Commission meeting dated November 21, 2006, as submitted.

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

Motion offered by Symonds, second by McNitt, to acknowledge receipt of the Paid Bill List dated November 30, 2006, totaling \$227,734.41.

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

Motion offered by Symonds, second by McNitt, to acknowledge receipt of minutes from the following Boards and Commissions:

- A. DDA, October 2, 2006
- B. DDA, November 13, 2006

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

ITEM #6 Acknowledge Receipt of an Introduction to Ordinance #200A, Fiscal Year
2006/2007 Budget Amendment Ordinance

Treasurer Moreau informed the Commission of additional amendments to the proposed budget amendment. She noted the additional items would be included in the ordinance for adoption at the next regular meeting.

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Motion offered by Symonds, second by Vollbach, to acknowledge receipt of an Introduction to Ordinance #200A, Fiscal Year 2006/2007 Budget Amendment Ordinance with additional amendments.

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

REGULAR AGENDA

**ITEM #8 Resolution #116/2006, Resolution Declaring Intent to Issue Downtown
Development Bonds and Authorize Reimbursement**

City of East Jordan
County of Charlevoix, Michigan

RESOLUTION #116/2006
RESOLUTION DECLARING INTENT TO ISSUE
DOWNTOWN DEVELOPMENT BONDS AND
AUTHORIZE REIMBURSEMENT

Minutes of a regular meeting of the City Commission of the City of East Jordan, County of Charlevoix, Michigan, held in the Commission Chambers in the City Hall on the 5th day of December, 2006, at 7:30 o'clock p.m., Eastern Standard Time.

PRESENT: Mayor Postma, Commissioners Symonds, McNitt, Bennett,
Timmons, Vollbach and Klooster

ABSENT: None

The following preamble and resolution were offered by Commissioner McNitt and supported by Commissioner Symonds:

WHEREAS, the City Commission of the City of East Jordan, County of Charlevoix, Michigan ("the City") intends to authorize the issuance and sale of one or more series of bonds to pay all or part of the cost of certain public improvements within the downtown district consisting generally of the acquisition and construction of parking facilities, together with land acquisition and all infrastructure, utility, site improvements and appurtenances related thereto (the "Project") of the City as set forth more fully in the Development and Tax Increment Financing Plan (the "Plan") of the East Jordan Downtown Development Authority (the "Authority"); and

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WHEREAS, the total amount of bonds to be issued to finance the acquisition and construction of the Improvements shall not exceed Five Hundred Thousand Dollars (\$500,000); and

WHEREAS, the City must either be granted qualified status within the meaning of Act 34 or receive prior approval of the bonds from the Michigan Department of Treasury (the "Department"); and

WHEREAS, a Notice of Intent to Issue Bonds must be published at least forty-five (45) days before issuance of the bonds in order to comply with the requirements of Section 5 of Act 279, Public Acts of Michigan, 1909, as amended; and

WHEREAS, the City desires to make certain 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.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is hereby authorized and directed to publish a Notice of Intent to Issue Bonds in *The Citizens Journal*, a newspaper of general circulation in the City, as a one-quarter page display advertisement prominent in size. The Notice of Intent so published shall be in substantially the form attached to this resolution as Appendix A.

2. The City Commission does hereby determine that the foregoing form of Notice of Intent to Issue Bonds and the manner of publication directed is the method best calculated to give notice to the taxpayers and electors of the City's intent to issue the bonds, the purpose of the bonds, the security for the bonds, and the right of referendum relating thereto, and the newspaper named for publication is hereby determined to reach the largest number of persons to whom the notice is directed.

3. The Mayor and City Administrator each is authorized to annually file a Qualifying Statement with the Department in accordance with Act 34, Public Acts of Michigan, 2001, as amended. In the event that the City is not granted qualified status by the Department, the City Administrator and City Treasurer are each hereby authorized to file for prior approval of the bonds from the Michigan Department of Treasury and to pay the fees relating thereto. The City Administrator and City Treasurer are further authorized to apply for any waivers or other orders from the Department as may be necessary or advisable to issue, sell and deliver the bonds as contemplated herein and to pay any filing fees related thereto.

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

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

within one year of the reimbursement allocation described in (d) above.

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

AYES: Mayor Postma, Commissioners Klooster, Vollbach, Timmons, Bennett,
McNitt and Symonds

NAYS: None

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RESOLUTION DECLARED ADOPTED.

Appendix A

NOTICE TO ELECTORS OF THE CITY OF EAST JORDAN
OF INTENT TO ISSUE GENERAL OBLIGATION BONDS
PAYABLE FROM TAX INCREMENT REVENUES OF THE
EAST JORDAN DOWNTOWN DEVELOPMENT AUTHORITY
AND OF RIGHT OF REFERENDUM RELATING THERETO

PLEASE TAKE NOTICE that the City Commission of the City of East Jordan intends to authorize the issuance and sale of general obligation bonds pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in the principal amount of not to exceed in total Five Hundred Thousand Dollars (\$500,000), for the purpose of paying all or part of the cost of the acquisition and construction of parking facilities, together with land acquisition and all infrastructure, utility, site improvements and appurtenances related thereto within the Development Area of the East Jordan Downtown Development Authority (the "Authority") as more fully described in the Authority's Development and Tax Increment Financing Plan on file with the City.

The bonds will mature in annual installments not to exceed twenty (20) in number, with interest rates to be determined at public sale but in no event to exceed the maximum permitted by law on the unpaid balance from time to time remaining outstanding on said bonds.

SOURCE OF PAYMENT OF BONDS

THE PRINCIPAL OF AND INTEREST ON SAID GENERAL OBLIGATION BONDS shall be payable primarily from the tax increment revenues derived from the Development Area of the Authority received by the City from the Authority.

IN ADDITION, THE FULL FAITH, CREDIT AND RESOURCES OF THE CITY SHALL BE IRREVOCABLY PLEDGED TO THE PAYMENT OF SAID BONDS, and in case of insufficiency of the tax increment revenue payments for the payment of the principal of and interest on the bonds, the City shall be obligated to pay the same as a first budget obligation from its general funds or from any taxes which it may levy within applicable constitutional, statutory, or charter tax limitations.

RIGHT OF REFERENDUM

THE GENERAL OBLIGATION BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A PETITION REQUESTING AN ELECTION ON THE QUESTION OF ISSUING THE BONDS, SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY, IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. If such a petition is filed, the bonds cannot be issued unless approved by the majority vote of the qualified electors of the City voting on the question of their issuance.

THIS NOTICE is given pursuant to the requirements of Section 5 of Act 279, Public Acts of Michigan, 1909, as amended.

ADDITIONAL INFORMATION will be furnished at the office of the City Clerk upon request.

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Lori Campbell
City Clerk
City of East Jordan

ITEM #9 Resolution #117/2006, Resolution Authorizing 2007 General Obligation Capital
Improvement Bonds (Limited Tax)

RESOLUTION #117/2006
RESOLUTION AUTHORIZING
2007 GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS (LIMITED TAX)

City of East Jordan
County of Charlevoix, State of Michigan

Minutes of a regular meeting of the City Commission of the City of East Jordan, County of Charlevoix, State of Michigan (the "Issuer"), held on December 5, 2006, at 7:30 o'clock p.m., prevailing Eastern Time.

PRESENT: Mayor Postma, Commissioners Symonds, McNitt, Bennett,
Timmons, Vollbach and Klooster

ABSENT: None

The following preamble and resolution were offered by Commissioner Symonds and supported by Commissioner McNitt:

WHEREAS, the Issuer does hereby determine that it is necessary to acquire, construct, and install certain street improvements in the City, with all necessary appurtenances and attachments therefore (the "Project"); and

WHEREAS, to finance the cost of the Project, the City Commission deems it necessary to borrow the principal sum of One Hundred Seventy-Five Thousand Dollars (\$175,000) and issue capital improvement bonds pursuant to Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to pay all or part of the cost of the Project; and

WHEREAS, a notice of intent was published in accordance with Act 34 which provides that the capital improvement bonds may be issued without a vote of the electors of the Issuer unless a proper petition for an election on the question of the issuance of the bonds is filed with the City Clerk within a period of forty-five (45) days from the date of publication; and

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WHEREAS, more than 45 days have elapsed since the date of such publication without the filing of a petition for referendum thereon.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Bonds of the Issuer designated 2007 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS (LIMITED TAX) (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed One Hundred Seventy-Five Thousand Dollars (\$175,000) for the purpose of paying the costs of the Project, including the costs incidental to the issuance, sale and delivery of the Bonds. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, numbered consecutively in order of registration, dated as of January 1, 2007. The Bonds shall bear interest, mature, and be payable at the times and in the manner set forth in Sections 6 and 7 hereof.

The Bonds shall be sold at public sale at a price not less than 98.5% of the principal amount thereof.

The Bonds shall be subject to redemption prior to maturity in the manner and at the times and prices set forth in Sections 6 and 7 hereof.

Interest shall be payable to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Issuer to conform to market practice in the future. Interest shall be payable to the registered owner of record as of the 15th day of the month preceding the payment date for each interest payment. The principal of the Bonds shall be payable at a bank or trust company as a registrar and transfer agent for the Bonds to be selected by the City Administrator or Treasurer (the "Transfer Agent").

The Bonds may be issued in book-entry only form through The Depository Trust Company in New York, New York ("DTC") and the City Administrator and Treasurer are each authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Bonds in book-entry only form and to make such changes in the Bond Form within the parameters of this resolution as may be required to accomplish the foregoing.

2. Execution of Bonds. The Bonds of this issue shall be executed in the name of the Issuer with the facsimile signatures of the Mayor and Clerk of the Issuer and shall have the seal of the Issuer, or a facsimile thereof, printed or impressed on the Bonds. No Bond shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in accordance with instructions from the City Administrator or Treasurer of the Issuer upon payment of the purchase price for the Bonds in accordance with the bid

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therefor when accepted.

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

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

The Treasurer is authorized and directed to open a depository account with a bank or trust company designated by the City Commission, to be designated 2007 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS (LIMITED TAX) DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity or irrevocable call for earlier optional redemption, the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Construction Fund; Proceeds of Bond Sale. The Treasurer is authorized and directed to open a separate depository account with a bank or trust company designated by the City Commission, to be designated 2007 GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS (LIMITED TAX) CONSTRUCTION FUND (the "Construction Fund") and deposit into said Construction Fund the proceeds of the Bonds less accrued interest and premium, if any, which shall be deposited into the Debt

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Retirement Fund. The moneys in the Construction Fund shall be used solely to pay the costs of the Project and the costs of issuance of the Bonds.

6. Bond Form. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF CHARLEVOIX

CITY OF EAST JORDAN
2007 GENERAL OBLIGATION
CAPITAL IMPROVEMENT BOND (LIMITED TAX)

Interest <u>Rate</u>	Maturity <u>Date</u>	Date of <u>Original Issue</u>
<u>CUSIP</u>	June 1, _____	January 1, 2007

Registered Owner:

Principal Amount: Dollars

The City of East Jordan, County of Charlevoix, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid prior thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on June 1, 2007 and semiannually thereafter. Principal of this bond is payable at the designated office of _____, _____, Michigan, or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the Issuer kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the Issuer are hereby irrevocably pledged.

This bond is one of a series of bonds aggregating the principal sum of \$175,000, issued for the purpose of paying all or part of the cost of certain capital improvements for the Issuer. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended, the Issuer's Charter, and a duly adopted resolution of the Issuer.

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[Insert Term Bond provisions if applicable]

Bonds of this issue maturing in the years 2007 to 2017, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds of this issue in multiples of \$5,000 maturing in the years 2018 and thereafter shall be subject to redemption prior to maturity, at the option of the Issuer, in any order of maturity and by lot within any maturity, on any date on or after June 1, 2017, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the Transfer Agent, upon presentation of the bond called in part for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the Transfer Agent to redeem said bond or portion thereof.

This bond is transferable only upon the registration books of the Issuer kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

This bond, including the interest thereon, is payable as a first budget obligation from the general funds of the Issuer, and the Issuer is required, if necessary, to levy ad valorem taxes on all taxable property in the Issuer for the payment thereof, subject to applicable constitutional, charter and statutory tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law, and that the total indebtedness of the Issuer, including this bond, does not exceed any constitutional, statutory or charter debt limitation. This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the Issuer, by its City Commission, has caused this bond to be signed in the name of the Issuer by the facsimile signatures of its Mayor and

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City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF EAST JORDAN
County of Charlevoix
State of Michigan

By _____

Its Mayor

(SEAL)

By _____

Its Clerk

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By _____
Authorized Signatory

[Bond printer to insert form of assignment]

7. Notice of Sale. The City Administrator and Treasurer are each authorized to fix a date of sale for the Bonds and to publish a notice of sale of the Bonds in **The Bond Buyer**, New York, New York, which notice of sale shall be in substantially the following form:

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OFFICIAL NOTICE OF SALE

\$175,000
CITY OF EAST JORDAN
COUNTY OF CHARLEVOIX, STATE OF MICHIGAN
2007 GENERAL OBLIGATION
CAPITAL IMPROVEMENT BONDS (LIMITED TAX)

SEALED BIDS for purchase of the above bonds will be received by the undersigned at the Offices of the City Clerk of the City of East Jordan (the "City") located at 201 Main Street, East Jordan, Michigan 49727 on _____, the ____ day of _____, 2007 until ____ p.m., prevailing Eastern Time at which time and place said bids will be publicly opened and read.

SEALED BIDS for the purchase of the above bonds will also be received on the same date and until the same time at the offices of the Municipal Advisory Commission of Michigan (the "MAC"), 1445 First National Building, 600 Woodward Ave., Detroit, Michigan 48226, when, simultaneously, the bids will be opened and read.

FAXED BIDS: Signed bids may be submitted by fax to the City at fax number (231) 536-3383, Attention: City Clerk or to the MAC at (313) 963-0943; provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure and the GOOD FAITH DEPOSIT MUST BE MADE AND RECEIVED as described in the section contained "GOOD FAITH" below.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or Client Services, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. NO ELECTRONIC BID WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND OR A CERTIFIED OR CASHIERS CHECK IN THE AMOUNT DESCRIBED IN THE SECTION CAPTIONED "GOOD FAITH" BELOW. If any provisions of this Notice of Sale shall conflict with information provided by Bidcomp/Parity, as the approved provider of electronic bidding services, this Notice of Sale shall control.

Bidders may choose any means or location to present bids but a bidder may not present a bid in more than one location or by more than one means.

BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of January 1, 2007, numbered in order of registration, and will bear interest from their date payable on June 1, 2007, and

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semiannually thereafter.

The bonds will mature on the 1st day of June in each of the years, as follows:

<u>Year</u>	<u>Amount (\$)</u>	<u>Year</u>	<u>Amount (\$)</u>
2007	5,000	2015	15,000
2008	5,000	2016	15,000
2009	5,000	2017	15,000
2010	5,000	2018	15,000
2011	10,000	2019	15,000
2012	10,000	2020	20,000
2013	10,000	2021	20,000
2014	10,000		

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. THE INTEREST BORNE BY BONDS MATURING IN ANY ONE YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR. The difference between the highest and lowest interest rates bid shall not exceed two percent (2%) per annum. No proposal for the purchase of less than all of the bonds or at a price less than 98.5% of their par value will be considered. In submitting a proposal for the bonds, the bidder agrees to the representation of the Township by Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel.

TERM BOND OPTION: Bidders shall have the option of designating any one or more maturities from June 1, 2018 through June 1, 2021 as serial bonds, or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2018 through 2021, inclusive, represents a serial maturity or a mandatory redemption requirement of a term bond maturity.

PRIOR REDEMPTION OF BONDS: The bonds of this issue maturing in the years 2007 to 2017, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the years 2018 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after June 1, 2017, at par and accrued interest to the date fixed for redemption.

Amounts of the maturities which are aggregated in a designated term bond shall be subject to mandatory redemption on June 1 of the years and in the amounts set forth in the foregoing maturity schedule at a redemption price of par, plus accrued interest to the date of mandatory redemption.

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Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the date fixed for redemption provided funds are on hand with the transfer agent to redeem said bond or portion thereof.

BOOK-ENTRY ONLY: The bonds may be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the principal corporate trust office of _____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day prior to an interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds are authorized for the purpose of paying all or part of the cost of acquiring, constructing and installing certain capital improvements in the City. The bonds will be a first budget obligation of the City, payable as a first budget obligation from the general funds of the City including the collection of ad valorem taxes on all taxable property in the City subject to applicable constitutional, charter and statutory tax rate limitations. The rights or remedies of bondholders may be affected by bankruptcy insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a Financial Surety Bond, in the amount of \$3,500, and payable to the order of the Treasurer of the City is required for each bid as a guaranty of good faith on the part of the bidder, to be forfeited as a portion of the City's damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such Bond must be submitted to the MAC prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser (the "Purchaser") is required to

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submit its good faith deposit to the City in the form of a cashier's check (or wire transfer such amount) as instructed by the City not later than Noon, prevailing Eastern Time, on the next business day following the award. If such good faith deposit is not received by that time, the Financial Surety Bond may be drawn upon by the City to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check and checks of the unsuccessful bidders will be returned to each bidder's representative or by overnight delivery. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on June 1, 2007 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment date to _____, 2007, in an amount equal to the price bid, excluding accrued interest.

TAX MATTERS: In the opinion of bond counsel, assuming compliance with certain covenants, interest on the bonds is excluded from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The successful bidder will be required to furnish, prior to the delivery of the bonds, a certificate in a form acceptable to bond counsel as to the "issue price" of the bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986.

"QUALIFIED TAX EXEMPT OBLIGATIONS": The City has designated the bonds as "qualified tax exempt obligations" for purposes of deduction of interest by financial institutions.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

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DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser at New York, New York, or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw his proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

NO OFFICIAL STATEMENT: The City will not provide an official statement with respect to the bonds.

NO CONTINUING DISCLOSURE: The City will not provide a continuing disclosure undertaking with respect to the issue of these bonds.

ADDITIONAL INFORMATION: Further information concerning the bond issue may be obtained from the City's bond counsel, Miller, Canfield, Paddock and Stone, PLC, 150 W. Jefferson, Suite 2500, Detroit, Michigan 49226. Telephone: (313) 496-7509.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for 2007 General Obligation Capital Improvement Bonds (Limited Tax)."

Lori Campbell
City Clerk
City of East Jordan

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

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9. Tax Covenant; Qualified Tax Exempt Obligations. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds. The City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

10. Authorization of Other Actions. The City Administrator, City Treasurer and City Clerk are each hereby authorized to adjust the final Bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing are authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, Public Acts of Michigan, 2001, as amended, including but not limited to, determinations regarding aggregate principal amount, interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters, provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this resolution, the interest rate per annum on the Bonds shall not exceed six percent (6%), and the Bonds shall mature in not more than fifteen (15) years. The City Administrator, City Treasurer and City Clerk are each authorized and directed to take all other actions necessary or advisable, and to make such other filings with any parties, including the Michigan Department of Treasury, to enable the sale and delivery of the Bonds as contemplated herein.

11. Award of Sale of Bonds. The Bonds will be awarded pursuant to a resolution by the City Commission or a Sale Order executed by either the City Administrator or the City Treasurer. The City Administrator and the City Treasurer are each hereby authorized on behalf of the City to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which produces the lowest true interest cost to the City computed in accordance with the terms of the Official Notice of Sale as published.

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

AYES: Mayor Postma, Commissioners Symonds, McNitt, Bennett,
Timmons, Vollbach and Klooster

NAYS: None

RESOLUTION DECLARED ADOPTED.

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ITEM #10 DDA Update

Mayor Postma informed the Commission that the DDA has received a donation to place lights on the trees on Main Street for an additional block.

ITEM #11 Administrator's Report

ADMINISTRATOR'S REPORT
DECEMBER 5, 2006

1. The hotel project continues to move forward. I am working with the Northern Lakes Economic Alliance to secure \$675,000 in state funding for the Public Infrastructure. A special commission meeting on December 12th at 7:30 p.m. is needed to have a public hearing on the request for funding and to adopt various plans and resolutions so the grant request can be submitted by December 15th. There is a rush on applying for this funding as the funds will come from unused 2006 dollars of which there is already a demand for. No formal dates have been set for either ground breaking or to start construction. The project timeline does state that both will occur very soon after the first of the year.
2. A request for bids for demolition of the old 4 Corner Market building has been sent out and published. The City will open the bids on December 14, 2006 at 2:00 p.m. and then will be reviewed by staff for a recommendation to the Commission. It is my goal if the cost of demolition is within range to have the building down by April 1st. A copy of the bid notice has been placed in your mail boxes.
3. I am happy to report our new plow truck has arrived and I am also very happy we have not had to use it yet. The vehicle will be a great asset to our DPW fleet and will serve the city for many years to come.
4. The City has received an offer to purchase, remove and have degassed the furnace/AC unit at the old market building. The offer is for \$100.00 plus the purchasers will pay the total cost. The furnace is being purchased to go in the newly remodeled building across the street. I would recommend this sale as the value of the equipment is minimal. Removal of this piece of equipment will also lower the demolition costs since it will not need to be removed by the demolition contractor.
5. A vehicle has been located to replace the EMS E-car. It is a 2006 Ford Expedition from Bob Mathers Ford of Boyne City. The cost of the vehicle is \$30,349.48. The state purchasing contract was also looked at and the price for a 2007 Expedition is \$26,575.00 with a delivery date of spring 2007. I would recommend purchase of the 2006 from Bob Mathers Ford with the funds to be borrowed from the Rehab Fund for the short term. Should the

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commission agree with this recommendation, a motion to waive the bid requirement and purchase from Bob Mathers Ford with funding from the Rehab would be needed. I would be happy to address any questions the commission may have.

Commission discussed the options on the vehicle and the 2007 State purchase program.

Commissioner Bennett questioned the additional cost to purchase last year's model versus purchasing a 2007 through the State purchase program for less.

EMS Director Peck stated the 2006 at Bob Mathers is a new vehicle and a vehicle through the 2007 State purchase program would not be available until the spring of 2007.

Motion offered by Symonds, second by McNitt, to authorize the purchase of a 2006 Ford Expedition from Bob Mathers Ford in the amount of \$30,349.48 and a loan from the Rehab Fund to be repaid by the Ambulance Fund.

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

Administrator White presented the Commission with a request from the Bandshell Committee to transfer \$3,000 to the EJ & S Station Bandshell maintenance fund at the Charlevoix County Community Foundation.

Motion offered by McNitt, second by Symonds, to transfer \$3,000 from the Bandshell fund to the EJ & S Station Bandshell maintenance fund at the Charlevoix County Community Foundation.

MOTION CARRIED ALL AYES
BY ROLL CALL VOTE

EMS Director Peck and Firefighter Breakey presented the Commission with the details of a proposed new fire and EMS building.

White stated that the USDA has indicated that the project is highly fundable at a low interest rate loan and the committee has selected an architect and engineer for the project. He informed the Commission that the committee was seeking approval from the Commission to proceed with the project.

Consensus of the Commission was for the committee to continue working on the project.

ITEM #12 Mayor's Report

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No items to report.

ITEM #13 Attorney's Report

No items to report.

ITEM #14 Commissioners

Commissioner Klooster questioned the status of the property on Main Street that was sold with a contingency of a deadline that it be developed.

Administrator White stated that the purchaser of the property in question had until July of 2007.

ITEM #15 Speaker Requests

Mary Haasch discussed the options for property on Division Street. She stated that she had discussed the issue with DPW Superintendent Breakey and he intended to budget to extend the sewer to the property. She wanted assurance from the City that a decision would be made prior to April 2007 so they would know if they should install a septic system.

Mayor Postma asked that Ms. Haasch work with Administrator White and informed her that the budget would be finalized in the spring with a decision regarding the sewer extension.

Mayor Postma adjourned the meeting at 8:05 p.m.

Respectfully,

Mark Postma
Mayor

Lori M. Campbell, CMC
City Clerk