

July 23, 2013

The Regular meeting of the Otsego County Board of Commissioners was held at the Alpine Center Complex, Multi-Purpose Room at 800 Livingston Blvd. The meeting was called to order at 9:34 a.m. by Chairman Lee Olsen. Invocation by Commissioner Ken Borton, followed by the Pledge of Allegiance led by County Commissioner Clark Bates.

Roll call:

Present: Clark Bates, Paul Beachnau, Paul Liss, Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton, Bruce Brown.

Motion by Commissioner Paul Liss, to approve the regular minutes of July 9, 2013 with attachments. Ayes: Unanimous. Motion carried.

Consent Agenda:

Motion to place Ron Stahlbuck at Step 2 on the Park Ranger Non-Union pay scale beginning on the next payroll cycle after his July 27 anniversary date, along with the associated budget amendment. Ayes: Unanimous. Motion carried. (see attached)

Motion to approve FY 2013 Jail budget amendment as presented. Ayes: Unanimous. Motion carried. (see attached)

Motion to approve FY 2013 Air show budget amendment as presented. Ayes: Unanimous. Motion carried. (see attached)

Administrator's Report:

John Burt reported on Equalization department move; Hayes road parking lot paving; Planning Commission training request; Hospital finance authority.

Motion by Commissioner Erma Backenstose, to approve the Land Use paving budget amendment in the amount of \$33,000 with \$16,500 to come from the general fund contingency fund and \$16,500 to come from the building inspection fund being fund 249. Ayes: Unanimous. Motion carried. (see attached)

Motion by Commissioner Ken Borton, to approve Land Use training budget amendment of \$1,250.00 as presented. Ayes: Unanimous. Motion carried. (see attached)

Motion by Commissioner Doug Johnson, to suspend the Board rules and amend the agenda by moving OCR 13-17 Hospital Finance Authority to immediately follow the Administrator's report. Ayes: Unanimous. Motion carried.

Peter Eckland and Tom Lemon addressed the board regarding the hospital finance Authority.

Motion by Commissioner Bruce Brown to adopt Resolution OCR13-17 creating the County of Otsego Hospital Finance Authority as presented.

Roll Call Vote:

Ayes: Clark Bates, Paul Beachnau, Paul Liss, Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton, Bruce Brown.

Nays: None.

Motion carried/Resolution adopted. (see attached)

Special Presentation:

Marilyn Kaczanowski reported on the Friendship Housing Center.

The following citizens spoke either supporting or opposing the proposed millage for the Friendship Housing Center: Rev. Susan Webeler, Vicky Rigney, Marty Storing, Dana Bensinger, Tom Decarlo, Cindy Pushman, Carol Leser, Diane Purgiel, Matthew Soderquist, Roxanne Morin, Amanda Weber, Melissa Tillotson, Bob Mammel, Greg Nelson, Carol Houston, Robert Huta, Robin Bradley-Jones, Larry Corell, James Flint, Jenny Gadberry, Sil Mazella, Eric Mason, Tony Sharkey, Karen Brown, Chris Holborn, Leonard Skop, Joseph McGuire, Jackie Smith, George Plummer, Ron Smith, Mary Sanders, Margaret Albert, Troy Huff, Scott Johnston, Don Storing, Randy Stults, Diane Dubie, Larry Nowak, Molly Stewart, Kathleen Arndt, Henry Mason, Amy Corell, Mike Turnbull.

City Liaison, Township and Village Representatives- None.

Correspondence:

The June financial reports were presented.

Chairman Lee Olsen ruled that the motion to reconsider OCR 13-12 was an improper motion.

New Business:

Motion by Commissioner Richard Sumerix to rescind the motion concerning resolution OCR 13-12 passed at the June 25, 2013 Board of Commissioners meeting, seconded by Commissioner Erma Backenstose.

Roll Call Vote:

Ayes: Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton.

Nays: Clark Bates, Paul Beachnau, Paul Liss, Bruce Brown.

Motion carried. **Resolution OCR 13-12 is rescinded.**

Motion by Commissioner Paul Beachnau, to approve the July 16, 2013 Warrant in the amount of \$99,200.56 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Paul Liss, to approve the July 23, 2013 Warrant in the amount of \$351,722.54 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Clark Bates to go into closed session to consult with our attorneys regarding settlement strategy in connection with the case of Cavanaugh v James D. McBride, Matthew J. Nowicki, and Otsego County, File No: 1:12-cv-15463-TLL-CEB pending in the United States District Court for the Eastern District of Michigan-Northern Division pursuant to Section 8(e) of the Open Meetings Act since discussion in an open meeting will have a detrimental financial effect of the litigating position of the County.

Roll Call Vote:

Ayes: Clark Bates, Paul Beachnau, Paul Liss, Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton, Bruce Brown.

Nays: None.

Motion carried

Public Comment:

Randy Stults thanked the Board for supporting the training for the Planning Commission.

Entered into closed session at 11:55 a.m.

Returned to open session at 12:35 p.m.

Motion by Commissioner Paul Beachnau, to appoint John Burt to serve as representative to Otsego County and authorized accordingly to terms discussed in closed session on July 23. Ayes: Unanimous. Motion carried.

Meeting adjourned at 12:35 p.m.

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Lee F. Olsen, Chairman

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Susan I. DeFeyter, Otsego County Clerk











**OCR 13-17**  
**RESOLUTION ADOPTING THE ARTICLES OF INCORPORATION OF THE COUNTY OF**  
**OTSEGO HOSPITAL FINANCE AUTHORITY, PURSUANT TO ACT 38,**  
**PUBLIC ACTS OF 1969, AS AMENDED.**

Otsego County Board of Commissioners  
July 23, 2013

**WHEREAS, THE BOARD OF COMMISSIONERS OF THE COUNTY OF OTSEGO, MICHIGAN, HEREBY RESOLVES AS FOLLOWS:**

Section 1. The County of Otsego has determined that it is in the best interests of the County to incorporate a local hospital authority, pursuant to Act 38, Public Acts of 1969, as amended.

Section 2. The authority shall be known as the "County of Otsego Hospital Finance Authority".

Section 3. The following Articles of Incorporation of the County of Otsego Hospital Finance Authority are hereby adopted:

ARTICLES OF INCORPORATION  
COUNTY OF OTSEGO HOSPITAL FINANCE AUTHORITY

These Articles of Incorporation of the County of Otsego Hospital Finance Authority are adopted by the County of Otsego, Michigan, for the purpose of creating a local authority (the "Authority") under the provisions of Act No. 38 of the Public Acts of Michigan of 1969, as amended (the "Act").

ARTICLE I

NAME

The name of this corporation and authority is the "County of Otsego Hospital Finance Authority".

ARTICLE II

INCORPORATING UNIT

The incorporating unit creating the Authority is the County of Otsego, Michigan.

ARTICLE III

PURPOSE

The Authority is incorporated for the purpose of constructing, acquiring, reconstructing, remodeling, improving, adding to, enlarging, repairing, owning and leasing hospital facilities within the boundaries of the County of Otsego for the use of any hospital (as defined in the Act); lending money to hospitals for those purposes; refunding or refunding in advance obligations of the Authority; or refinancing the indebtedness of hospitals.

ARTICLE IV

POWERS AND DUTIES

Section 1. The Authority shall be a public body corporate with power to sue and be sued in its own name in any court of the State of Michigan.

Section 2. The Authority may adopt and amend by-laws for the regulation of its affairs and the conduct of its business.

Section 3. The Authority may adopt an official seal and alter its official seal at its discretion.

Section 4. The Authority may maintain offices at such places as its Commission may hereafter designate.

Section 5. The Authority shall have power to construct acquire by gift, purchase, lease, reconstruct, remodel, improve, add to, enlarge, repair, own and lease hospital facilities and to acquire additional sites therefor. The Authority shall not have the power of condemnation.

Section 6. The Authority shall have power to issue revenue bonds to finance all or any part of the project costs of any hospital facilities or to refinance any outstanding indebtedness of a hospital if the Authority determines that the refinancing is necessary to realize the objectives and purpose of the Act.

Section 7. The Authority shall have power to enter into lease or lease-purchase agreements with any hospital for the use of the hospital facilities. Any such agreement shall provide that the rents to be charged for such use shall be fixed and revised from time to time so as to produce income and revenues sufficient to pay promptly, when due, the interest upon and the principal of all bonds issued payable therefrom after provision has been made for the payment of operation and maintenance costs.

Section 8. The Authority shall have the power to mortgage the hospital facilities in favor of the holders of the bonds issued therefor, and to pledge and create a lien in favor of the bondholders on all or part of the funds which are available for payment of principal and interest on the bonds.

Section 9. The Authority shall have the power to sell and convey the hospital facilities and its site, or any part thereof, subject to the approval of the State Authority, including, without limitation, the sale and conveyance thereof, subject to a mortgage, for such price and at such time as the Authority may determine. No sale or conveyance shall be made in any manner as to impair the rights or interests of the holders of any bonds.

Section 10. The Authority shall have the power to make loans; participate in the making of loans; undertake commitments; make loans and mortgages; sell loans and mortgages at public or private sale; modify or alter loans and mortgages; discharge loans and mortgages; foreclose on a mortgage or commence an action to protect or enforce a right conferred upon it by law, mortgage, loan, contract, or other agreement; bid for and purchase property which was the subject of a mortgage at a foreclosure or other sales and acquire or take possession of the property and in that event complete, administer, pay the principal and interest on any obligations incurred in connection with the property; and dispose of and otherwise deal with the property in any manner necessary or desirable to protect the interests of the Authority in the property. The loans made by the Authority may be secured by mortgages or not, as the Authority determines.

Section 11. The Authority shall have the power to loan money to hospitals for the purpose of refinancing outstanding indebtedness of a hospital if the Authority determines that the refinancing is necessary to realize the objectives and purposes of the Act.

Section 12. The Authority shall have the power to lend money to hospitals for the payment of project costs. A hospital loan shall not be made unless the Authority is reasonably satisfied that there will be made available to the hospital from the loan and other sources all the funds necessary to pay the project cost; that the hospital facility and other revenues pledged will produce sufficient revenues to meet the principal and interest on the loan, other costs, expenses and charges connected with the loan, and other charges or obligation of the hospital which may be prior or equal to the loan promptly as they become due; and the hospital is otherwise soundly financed. A hospital loan may be secured by a mortgage of hospital property, including the hospital facility, and may provide for the appointment of a receiver to operate the hospital facilities in case of default.

Section 13. The Authority shall have power to employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendents, managers and such other employees and agents as may be necessary in its judgment and fix their compensation.

Section 14. The Authority shall have the power to receive and accept from any public or private agency loans or grants for or in aid of any project undertaken, or any portion thereof, and receive and accept loans, grants, aid or contributions from any source of either money, property, labor, or other things of value, to be held, used and applied only for the purposes for which such loans, grants, aid and contributions are made.

Section 15. The Authority shall have the power to charge, impose and collect fees and charges in connection with its loans, including reimbursement of costs of financing by the Authority, service charges, insurance premiums, and an allocable share of the operating expenses of the Authority. The Authority shall have the power to charge and collect fees and charges from the lessees of the hospital facilities sufficient to meet operation and maintenance expenses of the Authority.

Section 16. The Authority shall have the power and authority to borrow money and issue its negotiable obligations for the purpose of defraying the project costs of hospital facilities, refinancing outstanding indebtedness of hospitals, or refunding in advance obligations of the Authority. The principal of and interest on such bonds shall be payable solely from the net revenues derived from the hospital facilities, from gifts or grants, from amounts derived from the disposition of hospital facilities mortgaged or otherwise pledged as security for payment of the bonds or from investment earnings or profits on any of these sources. No bond or coupon issued by the Authority shall be a general obligation of or constitute a debt of the County of Otsego.

Section 17. The Authority shall have all the powers necessary to carry out the purposes of its incorporation and the incidental powers thereto and no enumeration of the powers of the Authority in these Articles of Incorporation shall in any way limit or restrict the power of Authority.

#### ARTICLE V GOVERNING BODY OFFICERS

Section 1. The Authority shall be directed and governed by a Board of Commissioners (the "Commission") of three (3) members, each to be confirmed by the Governing Body of the County of Otsego.

Section 2. The terms of the Commissioners constituting the first Commission shall be: for the first Commissioner, Clark Bates, one (1) year; the second Commissioner, Diann Axford, two (2) years; the third Commissioner, John Burt, three (3) years; . The terms of succeeding commissioners shall be for five (5) years. The initial terms of each commissioner shall commence upon acceptance of appointment and shall terminate on the 30<sup>th</sup> day of June following the specified term, and terms of succeeding commissioners shall commence on July 1<sup>st</sup>.

Section 3. The Commission shall designate one of its members as chairperson, one of its members as secretary, and one of its members as treasurer, each to be designated for such term in office as may be fixed by its by-laws.

Section 4. The Commission may adopt and amend by-laws and rules of procedure in accordance with the provisions of the Act.

Section 5. The Commission shall adopt a corporate seal.

Section 6. The chairperson shall preside at meetings of the Commission and shall sign and execute all authorized bonds, contracts, checks and other obligations in the name of the Authority when so authorized by the Commission. He/she shall do and perform such other duties as may be fixed by the by-laws and from time to time assigned to him/her by the Commission.

Section 7. The secretary shall keep the minutes of all meetings of the Commission, and all committees thereof, in books provided for that purpose. The secretary shall attend to the giving, serving and receiving of all notices or process of or against the Authority. The secretary may sign with the chairperson in the name of the Authority all contracts and bonds authorized by the Commission, and when so ordered, the secretary shall affix the seal of the Authority thereto. The secretary shall have charge of all books and records of the Authority, which shall at all reasonable times be open to inspection and examination by the Commission, or any member thereof, the incorporating unit and any lessee or borrower hospital, and in general perform all the duties incident to the office of secretary. The secretary shall preside at meetings of the Commission in the absence of the chairperson.

Section 8. The treasurer shall have custody of all the funds and securities of the Authority which may come into possession of the Authority. When necessary or proper, the treasurer shall endorse, on behalf of the Authority for collection, checks, notes and other obligations which shall be deposited to the credit of the Authority in a designated bank or depository. The treasurer shall sign all receipts and vouchers for payments made to the Authority. The treasurer shall jointly, with such other officer as may be designated by the Commission, sign all checks, promissory notes, or other obligations of the Authority, when so ordered by the Commission.

The treasurer shall enter regularly in the books of the Authority to be kept by the treasurer for this purpose full and accurate accounts of all moneys received and paid by the treasurer on account of the Authority, and shall at all reasonable times exhibit such books and accounts to the Commission, or any member thereof, the incorporating unit, and any lessee hospital, when so required. The treasurer shall perform all acts incidental to the position of treasurer fixed by the by-laws and as assigned to the treasurer from time to time by the Commission. The treasurer shall be bonded for the faithful discharge of his duties as treasurer, the premium to be paid by the Authority.

Section 9. Annual compensation, if any, for the members of the Commission shall be fixed by the Commission when approved by the governing body of the incorporating unit.

Section 10. Vacancies occurring in the office of the Commission shall be filled in the same way that the original appointment is made, and shall be filled for the period of the unexpired term.

Section 11. By an affirmative vote of a majority of the members, the Board of Commissioners of the County of Otsego may remove any or all of the members of the Commission of the Authority for malfeasance, misfeasance, mental incompetency, physical disability or other good cause.

Section 12. The books and records of the Authority and of the Commission, officers and agents thereof shall be open to inspection and audit by the County of Otsego at all reasonable times.

## ARTICLE VI PUBLICATION

Section 1. The County Clerk for the County of Otsego, Michigan, shall cause a copy of these Articles of Incorporation to be published once in the Gaylord Herald Times, being a newspaper of general circulation within the County of Otsego, and to be filed as provided by the Act.

## ARTICLE VII

## AMENDMENTS

Section 1. Amendments may be made to these Articles of Incorporation as provided in Section 25 of Act No. 38 of the Michigan Public Acts of 1969, as now existing or hereafter amended.

### ARTICLE VIII LOCATION OF OFFICE

Section 1. The location of the initial office for the conduct of the business of the Authority and the post office address of the Authority is: Otsego County Building, 225 W. Main Street, Gaylord, Michigan, 49735.

### ARTICLE IX EFFECTIVE DATE

Section 1. These Articles of Incorporation shall become effective and be in full force and effect on their publication and filing as required by the Act.

### ARTICLE X TERM

The term of the Authority shall be perpetual.

### ARTICLE XI MEANING OF WORDS AND TERMS

Unless the context or use indicates another meaning or intent, the words and terms defined in the Act and used in these Articles of Incorporation shall have the same meaning as defined in the Act.