

June 12, 2007

The Regular meeting of the Otsego County Board of Commissioners was held at the Livingston Township Hall, 3218 Old 27 North, Gaylord. The meeting was called to order at 9:30 a.m. by Chairman Glasser. Invocation by Commissioner Glasser, followed by the Pledge of Allegiance led by Commissioner Bates.

Roll call:

Present: Backenstose, Bates, Beachnau, Liss, Olsen, Glasser, Johnson, Hyde, Bentz.

The Regular meeting minutes of May 22, 2007 with attachments and the Special Board meeting minutes from June 7, 2007 were approved as presented.

Motion by Commissioner Hyde, to approve the Resolution OCR-07-25 honoring Dr. Charles D. Rorie.

Roll Call Vote:

Ayes: Backenstose, Bates, Beachnau, Liss, Olsen, Glasser, Johnson, Hyde, Bentz.

Nays: None.

Motion carried/Resolution adopted. (see attached)

Consent Agenda:

Motion by the Budget and Finance Committee to purchase a Bush-Hog Model #2715-01 from Zaremba Equipment, Inc. with the front and rear chain enclosure option and the deck ring option, for a total cost of \$11,940.00. Motion approved via unanimous consent.

Motion to approve the Dover Township Zoning agreement. Motion approved via unanimous consent. (see attached)

Motion to approve the amended contract with Timothy Bordner. Motion approved via unanimous consent. (see attached)

Motion to approve the Treasurer 2007 budget amendment. Motion approved via unanimous consent. (see attached)

Motion to approve the Courts 2007 budget amendment. Motion approved via unanimous consent. (see attached)

Motion to reappoint Laverne Harden to the Building Authority. Motion approved via unanimous consent.

Motion to approve the RSVP memorandum of understanding. Motion approved via unanimous consent. (see attached)

Motion to approve the legal defense contract. Motion approved via unanimous consent. (see attached)

Administrator's report:

John Burt introduced the new 9-1-1 director, Mike Thompson; Construction at the Alpine Center; Jail food services.

Commissioner Bentz reported that the Appeals Court upheld the smoking ban.

Suzy DeFeyerter gave the Board her quarterly report.

Elizabeth Haus reported on the Village meeting.

Special Presentations:

Judge Patricia Morse reported to the Board the Court projects and programs.

Judge Michael Cooper reported on the child care fund.

Marlene Hopp gave the Board the 2006 Housing Committee and the 2006 Veteran's affairs annual report.

Maureen Derenzy updated the Board on the Otsego County Library.

New Business:

Motion by Commissioner Bentz, to approve Warrant B2007-22 in the amount of \$67,756.89 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Johnson, to approve Warrant B2007-23 in the amount of \$49,167.73 with prepaids in the amount of \$259.30 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Backenstose, to approve Warrant B2007-24 in the amount of \$192,246.68 with prepaids in the amount of \$43,567.48 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Olsen, to approve the oil and gas lease with Savoy Energy. Ayes: Backenstose, Bates, Beachnau, Liss, Olsen, Johnson, Hyde, Bentz. Nay: Glasser. Motion carried. (see attached)

Motion by Commissioner Beachnau, to approve the AIP Grant agreement. Ayes: Unanimous. Motion carried.

Motion by Commissioner Liss, to approve the runway extension construction contract with Reith-Riley. Ayes: Unanimous. Motion carried.

Motion by Commissioner Backenstose, to approve the second amendment to the URS Contract for the project management of the runway extension project. Ayes: Unanimous. Motion carried.

Public Comment:

Maureen Derenzy thanked Erma Backenstose for her involvement with the Library.

Scott Woody reminded the Board of the open house for the Airport on June 22nd and of the Air Fair on Saturday.

Board Remarks:

Commissioner Backenstose: Attended the hearing on elections.
 Attended the Fly in at the County Park.

Commissioner Johnson: Parks and Recreation meeting tonight.

Commissioner Olsen: Attended the NEMSA budget and finance meeting.

Commissioner Hyde: Splash in at the County Park.
 Airport updates.

Commissioner Beachnau: Sportsplex update.
 City Council meeting.

Commissioner Bates: Thanked Livingston Township Hall for hosting the meeting
 today.

Meeting adjourned at 10:51 a.m. at the call of the Chair.

Kenneth R. Glasser, Chairman

Susan I. DeFeyter, County Clerk

**RESOLUTION NO. OCR 07-25
Honoring Dr. Charles D. Rorie**

Otsego County Board of Commissioners
June 12, 2007

WHEREAS, Dr. Charles D. Rorie was appointed president of Kirtland Community College in February 2000; and

WHEREAS, the Otsego County Board of Commissioners wishes to acknowledge Dr. Rorie on his long and distinguished career as a college teacher and administrator; and

WHEREAS, Dr. Rorie helped to implement the M-TEC at Kirtland-Gaylord in order to open higher education to our residents; and

WHEREAS, his career has continually stressed the importance of teaching and for this reason he often continued his college teaching while carrying out his administrative duties, and

WHEREAS, Dr. Rorie is retiring from Kirtland Community College on June 30, 2007; now, therefore, be it,

RESOLVED, that the Otsego County Board of Commissioners honor and thank Dr. Rorie for his outstanding service to our educational community and wish him good health, happiness and enjoyment in his retirement.

THE RESOLUTION WAS DECLARED ADOPTED.

Kenneth R. Glasser, Chairman, Board of Commissioners

Susan I. DeFeyter, County Clerk

CONTRACT FOR MUNICIPAL LAND USE SERVICES ADMINISTRATION
(LAND USE PLANNING, ZONING, ZONING ADMINISTRATION AND
BUILDING CODE COMPLIANCE)

WHEREAS, Otsego County (the County) and Dover Township (the Township) agree that it is in the interest of the Citizens of the County and the Township and the overall development of the County and the Township to centralize administration of Land Use Services, and

WHEREAS, the County and the Township agree that Land Use Services includes Land Use Planning, Zoning and Zoning Administration and Enforcement and Building Code administration, inspections and enforcement, and

WHEREAS, the County and the Township agree that because the County's offices are centrally located and because the County can provide professional and administrative personnel, and office space to the Township so that the land use within the Township can be developed uniformly with joint cooperation and with one location for citizens to go for more efficient service with one set of rules.

Agreements

The County and the Township hereby enter in to this Contract for services. This contract shall be in effect for a period of two (2) years beginning April 1, 2007 and continuing in effect until March 31, 2009.

The County and the Township hereby agree that beginning April 1, 2008 that meetings and negotiations shall begin regarding renewal of the contract to insure that time is provided for the Township to adopt their own ordinances and regulations in the event that this contract is not renewed.

The County and the Township hereby agree that if agreements on a new contract are not reached by September 30, 2008, that the Township may still review and negotiate this contract during the remaining six months of the contract, however, the Township shall also take all steps necessary pursuant to State Statute to insure that the Township will be able to assume the services being provided by the County at the expiration of this contract.

Responsibilities of the County

1. The County shall provide full and complete professional Land Use Planning, to include adoption of a County wide Master Land Use Plan and Future Land Use Map that has been adopted pursuant to the Statutes of the State of Michigan, which Plan shall be the basis for a Zoning Ordinance that the County shall adopt pursuant to the Statutes of the State of Michigan.
2. The County shall provide professional planning personnel on staff to assist Township officials from all Townships within Otsego County, officials from the City of Gaylord, the Village of Vanderbilt, citizens, land owners and developers with Land Use Planning questions and procedures and municipal cooperation.
3. The County shall maintain digital maps for zoning and land use planning purposes.
4. The County shall appoint and operate a County Planning Commission for the purposes of administering the County Plan and the County Zoning Ordinance
5. The County shall appoint and operate a County Zoning Board of Appeals for the purposes of interpreting and ruling on requests involving administration of the Zoning Ordinance.
6. The County shall insure that the Township is informed and advised of any proposed land use changes or proposed ordinance text changes or special land use requests or other similar requests presented to the Planning Commission and any requests presented to the Zoning Board of Appeals involving land within the Township.
7. The County shall provide professional personnel on staff to administer and enforce the zoning ordinance regulations and all other land use regulations.
8. The County shall provide professional and administrative staff to administer, inspect and enforce the Michigan State Construction Code and all other codes and regulations related to residential and commercial construction.

9. The County shall provide an annual report to the Township at the last Township Association meeting each year. The report shall include but is not limited to a financial report showing the expenses of the Planning & Zoning Department, the fee schedule for permits issued, the number and type of permits issued and the revenue received; a financial report showing the expenses of the Building Department, the fee schedule for permits issued, the number and type of permits issued and the revenue received.

The County and the Township agree that State Statutes require that the Building Department be operated and funded solely by the fees collected for construction permits.

The County and the Township agree that any funds received in excess of the expenses needed for operation of the building department will be maintained within a Building Department fund balance account as required by State Statute.

The County and the Township agree that in the event that this contract is not renewed and the Township takes the necessary steps pursuant to State Statute to operate their own Building Departments, that any Building Department Fund Balance held by the County will be refunded to the Township on a percentage basis determined by the number of parcels in the Township.

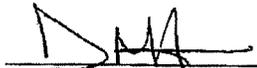
The County and the Township agree that in the event that this contract is not renewed and the Township takes the necessary steps pursuant to State Statute to operate their own Building Departments, that the Township will at their own expense take custody and control of all Building Department files and records that apply to the Township.

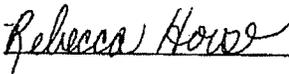
Responsibilities of the Township

1. Dover Township has been designated as a "Small" Township within Otsego County based on Planning and Zoning activity. As one of the five "Small" Townships within Otsego County, Dover Township agrees to provide a total of \$1,760 per year to assist in covering the costs of operation and staffing of the Planning & Zoning Department.
2. The Township will pay the annual contribution amount as noted above by May 1st of each year of this contract.

Entered into this 11th day of April 2007 between Otsego County and ~~2006~~ Dover Township

Witness


Digre M. House

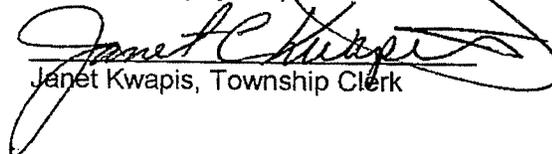


Witness

Dover Township



Thomas Murphy, Supervisor



Janet Kwapis, Township Clerk

Otsego County

John Burt, County Administrator

Suzy DeFeyter, County Clerk

Construction Code Inspection and Enforcement Contract

amendment

Contract AMENDMENT made this 12th day of June 2007, by and between **Otsego County**; a municipal corporation whose address is 225 W. Main Street; Gaylord, Michigan and **Timothy Bordner**, whose address is 607 North Ohio Ave; Gaylord, Michigan, to perform Full-Time Electrical Inspections.

Whereas, the County desires to amend the initial contract that has been entered into with Timothy Bordner to retain his service, to provide technical assistance to the County by performing duties as an Electrical Inspector:

Whereas, Timothy Bordner is currently under contract to perform Electrical Inspections pursuant to *State Registration No.*: 005328

Whereas, Timothy Bordner has qualifications to perform the duties as an Electrical Inspector through training, experience, and State registration; and

Whereas, Timothy Bordner has acquired additional qualifications to perform the duties as an Electrical Plan Reviewer through training, experience, and State registration.

Now, therefore, in consideration of the premises and the covenants and conditions as contained in the initial contract dated 10 February 2006, it is hereby agreed by and between the parties hereto as follows:

1. The initial contract dated 10 February 2006 shall remain in full force and effect.
2. The initial contract shall be hereby amended to show that the County shall make the additional payments to Timothy Bordner within 30 days of the receipt of a month's activities report from Timothy Bordner.

Electrical Plan Reviews \$17 per hour

IN WITNESS WHEREOF the parties hereto have executed this contract by authority of their respective governing boards or other designated controlling authority the day and date first above written.

Signed in the presence of:

Otsego County

John Burt, County Administrator

Timothy Bodner



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: Treasurer

As provided for in the Uniform Budget and Accounting Act of 1978, as amended, and consistent with Otsego County Policy, the Administrator and Finance Director are hereby authorized to record the following adjustments to the budget.

Fund Type: General Special Revenue Debt Service Capital Project Business-Type (Enterprise or Internal Svc)

REVENUE

Account Number	Decrease	Increase
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$	\$

EXPENDITURE

Account Number	Increase	Decrease
101E253 - 930150 - Service Chg	\$	\$ 500 -
101E253 - 703070 - over time	\$ 500 -	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$ 500 -	\$ 500 -

Diana M. Ayford
Department Head Signature

6-5-07
Date

[Signature]
Administrator's Signature

6/5/07
Date

Finance Department
Entered:
By:

Board Approval Date (if necessary) _____

Budget Adjustment # _____

Posting Number _____



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: 131

As provided for in the Uniform Budget and Accounting Act of 1978, as amended, and consistent with Otsego County Policy, the Administrator and Finance Director are hereby authorized to record the following adjustments to the budget.

Fund Type: General Special Revenue Debt Service Capital Project Business-Type (Enterprise or Internal Svc)

EXPENDITURE

ACCOUNT NUMBER	INCREASE	DECREASE
101E130 - 940010 - JNET	\$	\$ 74,166.40
101E131 - 703020 -	\$ 23,655.00	\$
101E131 - 703030 -	\$ 20,520.00	\$
101E131 - 704200 -	\$ 3,379.00	\$
101E131 - 704110 -	\$ 19,790.40	\$
101E131 - 704140 -	\$ 2,347.00	\$
101E131 - 704300 -	\$ 4,475.00	\$
101E131 - 703030 -	\$	\$ 15,971.00
101E131 - 703060 -	\$ 15,971.00	\$
- -	\$	\$
- -	\$	\$
Total	\$ 90,137.40	\$ 90,137.40

 Department Head Signature

 Administrator's Signature

Date 5/31/07
 Date 6/1/07

Finance Department
Entered:
By:

Board Approval Date (if necessary) _____ Budget Adjustment # _____ Posting Number _____



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: 131, 136, 141 & 215E141

As provided for in the Uniform Budget and Accounting Act of 1978, as amended, and consistent with Otsego County Policy, the Administrator and Finance Director are hereby authorized to record the following adjustments to the budget.

Fund Type: General Special Revenue Debt Service Capital Project Business-Type (Enterprise or Internal Svc)

EXPENDITURE

ACCOUNT NUMBER	INCREASE	DECREASE
101E131 - 703010 -	\$	\$ 45,724.00
101E131 - 704110 -	\$	\$ 11,130.00
101E131 - 704300 -	\$	\$ 4,916.17
101E136 - 703010 -	\$ 45,724.00	\$
101E136 - 704110 -	\$ 11,130.00	\$
101E136 - 704300 -	\$ 4,916.17	\$
101E141 - 703020 -	\$	\$ 128,339.45
101E141 - 703030 -	\$ 128,339.45	\$
215E141 - 703020 -	\$	\$ 24,545.25
215E141 - 703030 -	\$ 24,545.25	\$
- -	\$	\$
Total	\$ 214,654.87	\$ 214,654.87

 Department Head Signature

5/31/07

 Date

Finance Department
Entered:
By:

 Administrator's Signature

6/1/07

 Date

 Board Approval Date (if necessary)

 Budget Adjustment #

 Posting Number



**OTSEGO COUNTY
BUDGET AMENDMENT**

FUND/DEPARTMENT: 130

As provided for in the Uniform Budget and Accounting Act of 1978, as amended, and consistent with Otsego County Policy, the Administrator and Finance Director are hereby authorized to record the following adjustments to the budget.

Fund Type: General Special Revenue Debt Service Capital Project Business-Type (Enterprise or Internal Svc)

EXPENDITURE

ACCOUNT NUMBER	INCREASE	DECREASE
101E130 - 940010 - JNET	\$	\$ 38,904.33
101E130 - 703010 -	\$ 9,444.14	\$
101E130 - 703020 -	\$ 9,115.98	\$
101E130 - 703030 -	\$ 2,688.37	\$
101E130 - 704110 -	\$ 11,633.01	\$
101E130 - 704140 -	\$ 169.96	\$
101E130 - 704200 -	\$ 888.69	\$
101E130 - 704300 -	\$ 4,363.69	\$
101E130 - 704500 -	\$ 160.19	\$
101E130 - 704600 -	\$ 216.55	\$
101E130 - 704700 -	\$ 223.75	\$
Total	\$ 38,904.33	\$ 38,904.33

[Signature]
Department Head Signature

5/31/07
Date

[Signature]
Administrator's Signature

6/1/07
Date

Finance Department
Entered:
By:

Board Approval Date (if necessary)

Budget Adjustment #

Posting Number

MEMORANDUM OF UNDERSTANDING

BETWEEN

RETIRED AND SENIOR VOLUNTEER PROGRAM (RSVP) OF OTSEGO COUNTY

AND

Volunteer Station County of Otsego Phone No. (989)731-7520

Address 225 West Main Street, Gaylord, MI 49735

It is agreed that the attached Basic Provisions will guide our working relationship and that the following RSVP representatives will serve as liaisons with the volunteer station:

Tammie Rich, RSVP Director. 989-732-8929 E-mail: tammier@verizon.net

Diana Weier, RSVP Program Coordinator. 989-732-6232, ext. 16 E-mail: rsvpdiana@verizon.net

Nikki McFalda, RSVP Office Manager & Medical Transport. 989-732-6232 E-mail: rsvpnikki@verizon.net

The volunteer station representative who will serve as the liaison with RSVP, and who will be responsible for volunteer orientation and supervision is:

Name Susan Premo Phone No. (989)731-7520

Address 225 West Main Street, Gaylord, MI 49735 FAX No. (989)731-7529

e-mail address spremo@otsegocountymi.gov

This Memorandum of Understanding (MOU) may be amended in writing, at any time with the concurrence of both parties. It will be reviewed annually to permit needed changes.

This document is valid June 12, 2007 through June 11, 2008.

By his/her signature, the following volunteer station representative verifies that this organization/agency has the legal status of public or private non-profit.

FOR VOLUNTEER SERVICES

Tammie Rich
RSVP Director

Signature

Date

Copies: Volunteer Station RSVP file

FOR THE VOLUNTEER STATION

John M. Burt

Printed Name

County Administrator

Title

Signature

06/12/07

Date

BASIC PROVISIONS OF THE MEMORANDUM OF UNDERSTANDING

Retired and Senior Volunteer Program (RSVP)

Volunteer Services will:

- Recruit, interview, and enroll volunteers and refer volunteers to the volunteer stations.
- Provide orientation to the volunteer station staff prior to placement of volunteers and at other times, as the need arises.
- Review acceptability of volunteer assignments.
- Furnish supplementary accident, personal liability, and automobile liability insurance coverage as required by federal policy while the volunteer is traveling to and from the work station and during the volunteer activity. This insurance provides supplementary coverage only; it is not primary insurance.
- In cooperation with the sponsoring agency (Otsego County United Way), provide an appeals procedure to address problems arising between a volunteer, the volunteer station, and/or RSVP.
- Provide or arrange with volunteer stations for transportation of volunteers to and from their work assignments, when possible, if the volunteer does not have his/her own transportation.
- Arrange with the volunteer station, when possible, for a meal if volunteers are on assignment over a meal time.
- Monitor volunteer activities at the volunteer stations periodically to assess and/or discuss needs of the volunteers and the volunteer stations, and
- May conduct basic background checks on potential volunteers.

The volunteer station will:

- Be responsible for interviewing, screening, and making the final decision on accepting the assignment of a volunteer.
- Discuss assignments with individual volunteers referred by RSVP and provide a written job description to each volunteer with a copy to RSVP.
- Implement appropriate orientation, in-service instruction, or special training of volunteers.
- Furnish volunteers with any materials or other items as well as transportation required during the work assignment.
- Provide for adequate safety of volunteers.
- Provide other basic workplace information to the volunteers.
- Validate the volunteer sign-in sheet and any other report or documentation that may be necessary for the volunteer.
- Investigate and report to RSVP any accident/injury involving a volunteer.
- Provide adequate supervision of volunteers on assignments.
- Supply financial vouchers to RSVP to verify non-federal support when lunches or transportation have been provided to volunteers during their work assignments.
- Cooperate in assessing handicap accessibility of the volunteer station, and make reasonable attempts to enable disabled persons access to the facilities and events.
- Not refer volunteers to any assignments which would displace employed workers or impair existing contracts for service.
- Comply with provisions of Title VI of the Civil Rights Act of 1964.
- Specify, either by written information or verbally, that RSVP volunteers are participants in the volunteer station's program in all publicity featuring volunteers.

Other Provisions:

Separation from Volunteer Service. The volunteer station may request the removal of a volunteer at any time, Likewise, the volunteer may withdraw from service at the volunteer station or from RSVP at any time. Discussions of individual separations will occur between RSVP staff, volunteer station staff, and the volunteer in order to clarify the reason(s) for the separation; to resolve conflicts; or to take remedial action which may include placement with another volunteer station if possible.

Organization/Agency Release. The volunteer station understands and agrees that the volunteers referred to its organization/agency by RSVP are provided only as candidates for review and consideration by the organization/agency. The organization/agency voluntarily assumes all risks incident to acceptance of potential volunteers, and releases and discharges the referring agency from any claim, liability, or demand of any kind or cause which may arise as a result of the actions or failure to act of any prospective volunteer referred to the organization/agency.

Special Provisions. (For additional provisions specific to the work station.)

THIS MEMORANDUM OF UNDERSTANDING WILL BE IN EFFECT UPON THE DATED SIGNATURE OF THE ORGANIZATION/AGENCY OFFICIAL AND THE RSVP DIRECTOR.

46TH CIRCUIT TRIAL COURT OTSEGO DEFENSE CONTRACT
August 1st 2007- July 31st 2009

The undersigned agree as follows:

1. That **Gary L. Gelow**, (hereinafter "Contract Administrator") shall provide legal representation to all indigent parties charged with offenses cognizable in the 46th Circuit Trial Court (understood by all parties to include the circuit, district, and probate courts of Otsego County Michigan only) pursuant to MCR 6.101. Further, the Contract Administrator shall provide representation for all minors whose parents or guardians are indigent and who are charged with criminal offenses. Further, the Contract Administrator shall provide legal representation to all parties who are indigent and are involved in a matter or allegation of abuse and/or neglect of a minor child, or who are involved in protective proceedings (DD, MI, LIP, etc.). Legal representation shall be provided by and through the Contract Administrator through a series of subcontracts with various attorneys and/or law firms. The Otsego County Division of the 46th Circuit Trial Court, by and through its Chief Judge, retains the right to approve or reject any of the subcontractors tendered by and through this instant agreement.
2. The Otsego County Division of the 46th Circuit Trial Court, by and through its Chief Judge, does hereby agree that the Contract Administrator, shall be compensated at the rate of **Eleven thousand forty one and 67/100 (11,041.67)** dollars per month for the term of August 1st 2007 through July 31st 2008 for the services provided in # 1 above.
3. The Otsego County Division of the 46th Circuit Trial Court, by and through its Chief Judge, does hereby agree that the Contract Administrator shall be compensated at the rate of **Eleven thousand two hundred fifty and 00/100 (11,250.00)** per month for the term of August 1st 2008 through July 31st 2009 for the services provided in #1 above.
4. The monthly payment shall be made in advance, commencing on or about August 1st 2007 and continuing through each and every month thereafter during the term of the contract, based on Otsego County's warrant (check disbursement) schedule.
5. The Contract Administrator shall accept, without further compensation, representation of five indigent parties who desire to appeal a final disposition of the 46th Circuit Trial Court – Otsego County Division.

6. Court ordered appointments shall, pursuant to the provisions of this contract, apply only to those circumstances where the Michigan Constitution, Michigan statutes, or Michigan Rules of Court require the appointment of counsel, including probation violation charges.
7. Contract attorneys must resolve conflicts to ensure legal representation is present at the scheduled hearing so the hearing can proceed as scheduled.
8. The Contract Administrator has the affirmative obligation to review an indigent defendant's financial status and advise the appropriate presiding judge in the event the Contract Administrator or any attorney determines that a defendant is not entitled to court appointed counsel for lack of indigency.
9. The parties agree that either party to the instant contract may be cancelled without liability upon ninety (90) days written notice.
10. The contract attorneys shall maintain professional liability insurance in the amount of not less than \$100,000.00 per claim and \$300,000.00 aggregate.
11. The Contract Administrator shall serve as liaison to the Chief Judge of the Otsego County Division of the 46th Circuit Trial Court regarding the administration and/or procedural matters involved in the administration of this instant contract.
12. That appointments which are made during the term of this instant contract shall be completed through final disposition without additional compensation irrespective of the cancellation, revocation, or non-renewal of this instant contract.

Dated

4/20/07



Honorable Patricia A. Morse, Chief Judge
46th Circuit Trial Court

Dated

John Burt, Otsego County Administrator

Dated

5-17-07



Gary L. Gelow, Contract Administrator

OIL AND GAS LEASE
(PAID UP)

Dover 1 Prospect

THIS AGREEMENT is made as of the 12th day of March, 2007, by and between

County of Otsego, a Michigan Municipal Corporation

225 West Main Street

Gaylord, MI 49735

hereinafter called Lessor (whether one or more), and Savoy Energy, L.P. whose address is P.O. Box 1560, Traverse City, MI 49685-1560, hereinafter called Lessee.

1. Lessor, for and in consideration of \$10.00 and more, the receipt of which is hereby acknowledged, and the covenants and agreements of the Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land described below, including all interests therein Lessor may acquire by operation of law, reversion or otherwise, (herein called "said land"), exclusively, for the purposes of exploring by geophysical and other methods, drilling, mining, operating for and producing oil and/or gas, together with all rights, privileges and easements useful or convenient in connection with the foregoing and in connection with treating, storing, caring for, transporting and removing oil and/or gas produced from said land or any other land adjacent thereto, including but not limited to rights to lay pipelines, build roads, drill, establish and utilize wells and facilities for disposition of water, brine or other fluids, and for enhanced production and recovery operations, and construct tanks, power and communication lines, pump and power stations, and other structures and facilities. Said land is in the County of Otsego, State of Michigan, and is described as follows:

T31N, R2W, TOWNSHIP OF Dover:

Section 1: SW/4 NE/4

containing 40 acres, more or less, and all lands and interests therein contiguous or appurtenant to the land specifically described above that are owned or claimed by Lessor, or to which Lessor has a preference right of acquisition, including but not limited to all lands underlying all alleys, streets, roads or highways and all riparian or submerged lands along and/or underlying any rivers, lakes or other bodies of water. The term "oil" when used in this lease shall mean crude oil and other hydrocarbons, regardless of gravity, produced at the well in liquid form by ordinary production methods, including condensate separated from gas at the well. The term "gas" when used in this lease shall mean hydrocarbons produced in a gaseous state at the well (not including condensate separated from gas at the well), helium, nitrogen, carbon dioxide and other commercial gases.

2. It is agreed that this lease shall remain in force for a primary term of Three (3) years from the date of this lease, and as long thereafter as operations are conducted upon said land or on lands pooled or unitized therewith with no cessation for more than 90 consecutive days; provided, however, that in no event shall this lease terminate unless production of oil and/or gas from all wells located on said land, or on lands pooled or unitized therewith, has permanently ceased. If operations commenced during the primary term are discontinued less than 90 days before the end of the term, this lease shall not terminate at the end of the primary term if operations are again conducted within 90 days after the discontinuance. Whenever used in this lease the word "operations" shall refer to any of the following and any activities related thereto: preparing location for drilling, drilling, testing, completing, equipping, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil and/or gas, and production of oil and/or gas whether or not in paying quantities.

Lessor's initials: _____

3. Lessee covenants and agrees to pay the following royalties: (a) To deliver to the credit of the Lessor into tank reservoirs or into the pipeline to which Lessee may connect its wells, one-eighth of the oil produced and saved from said land, Lessor's interest to bear one-eighth of the cost of treating oil to render it marketable pipeline oil, or from time to time, at the option of Lessee, Lessee may sell the oil produced and saved from said land and pay Lessor one-eighth of the net amount realized by Lessee, computed at the wellhead, whether the point of sale is on or off said land. (b) To pay Lessor on gas produced from said land (1) when sold by Lessee, whether the point of sale is on or off said land, one-eighth of the net amount realized by Lessee computed at the wellhead, or (2) when used by Lessee, for purposes other than those specified in Paragraph numbered 7 of this lease, the market value, at the wellhead, of one-eighth of said gas. Prior to payment of royalty, Lessor shall execute a Division Order setting forth his interest in production. Lessee may pay all taxes and fees levied upon the oil and gas produced, including, without limitation, severance taxes and privilege and surveillance fees, and deduct a proportionate share of the amount so paid from any monies payable to Lessor hereunder.

4. If any well, capable of producing oil and/or gas, whether or not in paying quantities, located on said land or on lands pooled or unitized with all or part of said land, is at any time shut in and production therefrom is not sold or used off the premises, nevertheless such shut-in well shall be considered a well producing oil and/or gas and this lease will continue in force while such well is shut in, notwithstanding expiration of the primary term. In lieu of any implied covenant to market, Lessee expressly agrees to market oil and/or gas produced from Lessee's wells located on said land or on land pooled or unitized therewith, but Lessee does not covenant or agree to reinject or recycle gas, to market such oil and/or gas under terms, conditions or circumstances which in Lessee's judgment are uneconomic or otherwise unsatisfactory or to bear more than Lessee's revenue interest share of the cost and expense incurred to make the production marketable. If all wells on said land, or on lands pooled or unitized with all or part of said land, are shut in, then within 60 days after expiration of each period of one year in length (annual period) during which all such wells are shut in, Lessee shall be obligated to pay or tender, as royalty, to Lessor, or the Lessor's credit in the Pay direct to Lessor

Bank, et al. at Lessor's address
or its successors, as Lessor's agent, which shall continue as the depository regardless of changes in ownership of royalties, shut-in royalties or other money, the sum of \$1.00 multiplied by the number of acres subject to this lease, provided, however that if production from a well or wells located on said land or on lands pooled or unitized therewith is sold or used off the premises before the end of any such period or if at the end of any such annual period this lease is being maintained in force and effect other than solely by reason of the shut-in well(s), Lessee shall not be obligated to pay or tender said sum of money for that annual period. This shut-in royalty payment may be made in currency, draft or check, at the option of Lessee, and the depositing of such payment in any post office, with sufficient postage and properly addressed to Lessor, or said bank, within 60 days expiration of the annual period shall be deemed sufficient payment as herein provided.

5. If Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall give written notice to Lessee specifically describing Lessee's non-compliance. Lessee shall have 90 days from receipt of such notice to commence, and shall thereafter pursue with reasonable diligence, such action as may be necessary or proper to satisfy such obligation of lessee, if any, with respect to Lessor's notice. Neither the service of said notice nor the doing of any acts by Lessee in response thereto shall be deemed an admission or create a presumption that Lessee has failed to perform all its obligations hereunder. No judicial action may be commenced by Lessor for forfeiture of this lease or for damages until after said 90 day period. Lessee shall be given a reasonable opportunity after a final court determination to prevent forfeiture by discharging its express or implied obligation as established by the court. If this lease is canceled for any cause, it shall, nevertheless remain in force and effect as to (a) sufficient acreage around each well as to which there are operations, so as to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by Lessee in such shape as then existing spacing rules permit and (b) any part of said land included in a pooled or unitized unit on which there are operations. Lessee shall also have such easements on said land as are necessary or convenient for operations on the acreage so retained.

6. If this lease covers less than the entire undivided interest in the oil and gas in said land (whether Lessor's interest is herein specified or not), then the royalties, shut-in royalties and any extension payment pursuant to Paragraph numbered 17 below shall be paid to Lessor only in the proportion which the interest in oil and gas covered by this lease bears to the entire undivided interest herein.

7. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations hereunder, except water from the wells of Lessor. When requested by Lessor, Lessee shall bury Lessee's pipelines below plow depth. No well shall be drilled nearer than 200 feet from the house or barn now on said land without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing and any other downhole equipment and fixtures.

8. Lessee is hereby granted the rights to pool or unitize said land, or an part of said land, with other lands, as to any or all minerals or horizons, to establish units containing not more than approximately 160 acres; provided, however, such units may be established so as to contain not more than approximately 640 acres as to any or all of the following: (a) gas, (b) oil produced from formations below the top of the Glenwood Member of the Black River Group and (c) oil produced from wells classified as gas wells by the regulatory agency having jurisdiction. If, units larger than those permitted above, either at the time established or thereafter, are required or permitted under any governmental rule or order to drill or operate a well at a regular location, to obtain the maximum allowable from any well or for any other reason, then the maximum unit size authorized hereby shall conform to the size required or permitted by such governmental rule or order. Lessee may enlarge the unit to the maximum area permitted herein and may reform said unit to include after-acquired leases within the unit area. Lessee may create, enlarge or reform the unit or units as above provided at any time, and from time to time during the continuance of this lease, either before or after production is obtained. A unit established hereunder shall be effective for all purposes of this lease, whether or not all interests in the lands in the unit are effectively pooled or unitized. Lessee may, but shall not be required to, drill more than one well in each unit. Lessee may reduce or terminate such unit or units at any time prior to the discovery of oil or gas on the pooled or unitized lands, or at any time after discovery subsequent to the cessation of production. Lessee may create, enlarge, reform, reduce, or terminate each unit by recording a written declaration to that effect in the office of the Register of Deeds in the county or counties in which such unit is located. Any operations conducted on any part of the lands pooled or unitized shall be deemed to be on the lands leased herein within the meaning of all provisions of this lease. Production of oil and/or gas from the unit shall be allocated to the lands described herein which are included in the unit in the same proportion as the number of surface acres in the lands described herein which are included in the unit bears to the total number of surface acres in the unit.

9. In addition to the rights to pool or unitize granted to the Lessee in Paragraph numbered 8 above, for the purpose of promoting the development of hydrocarbon production from shallow formations, as hereinafter defined, Lessee is granted the right to pool or unitize the shallow formations in said land, or any part of said land with other lands, to establish a unit or units of any size and shape for the drilling and operation of multiple wells. The unit shall consist of any number of contiguous tracts or parcels of land. The exercise of this right shall be effective only if the required well density (at least one well drilled into the pooled or unitized shallow formation for each 240 acres of the unit) is attained no later than two (2) years after recording of the written declaration of the unit. As used herein, the term "shallow formations" shall mean formations between the surface of the earth and the top of the Traverse Limestone Formation. All provisions of Paragraph numbered 8, including those regarding Lessee's identification of a unit, the effect of operations conducted thereon and the allocation of production from wells thereon, shall apply in the same manner to a unit formed pursuant to this paragraph for production from shallow formations, except to the extent inconsistent with this paragraph. Lessee may expand the unit to include additional lands, provided that the required well density (one well drilled for every 240 acres) is maintained, or is attained by the drilling of an additional well or wells within one (1) year after each such expansion.

10. This lease is subject to laws and to rules, regulations and orders of any governmental agency having jurisdiction, from time to time in effect, pertaining to well spacing, pooling, unitization, drilling or production units, or use of material and equipment.

11. If, after the date hereof, the leased premises shall be conveyed in severally or in separate tracts, the premises shall, nevertheless, be developed and operated as one lease, except that royalties as to any producing well shall be payable to the owner or owners of only those tracts located within the drilling unit designated by the state regulatory agency for such well and apportioned among said tracts on a surface acreage basis; provided, however, if a portion of the leased premises is pooled or unitized with other lands for the purpose of operating the pooled unit as one lease, this paragraph shall be inoperative as to the portion so pooled or unitized.

12. If Lessee is prevented from, or delayed in commencing, continuing, or resuming operations, or complying with its express or implied obligations hereunder by circumstances not reasonably within Lessee's control, this lease shall not terminate and Lessee shall not be liable in damages so long as said circumstances continue (the "period of suspension"). These circumstances include, but are not limited to the following: conflict with federal, state or local laws, rules, regulations and executive orders; acts of God; strikes, lockouts; riots; wars; improper refusal or undue delay by any governmental agency in issuing a necessary approval, license or permit applied for by Lessee; equipment failures; and inability to obtain materials in the open market or to transport said materials. If the period of suspension commences more than 90 days prior to the end of the primary term of this lease, then that period of suspension shall be added to the primary term. If the period of suspension commences less than 90 days prior to the end of the primary term or at any time after the primary term, then this lease shall not terminate if Lessee shall commence or resume operations within 90 days after the end of the period of suspension.

13. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants and provisions of this lease shall extend to such party's heirs, devisees, legal representatives, successors or assigns. Notwithstanding any other actual or constructive knowledge of Lessee, no change in the ownership of land or assignment of royalties or other monies, or any part thereof, shall be binding on Lessee until 45 days after Lessee has received, by certified mail, written notice of such change and the originals or certified copies of those instruments that have been properly filed for record and that shall be necessary in the opinion of Lessee to establish the validity of such change of ownership or division of interest. No change or division in the ownership of said land, royalties or other monies, or any part thereof, however accomplished, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, rights and obligations relating to the location and drilling of wells and the measurement of production. Upon assignment by Lessee, its successors or assigns, the assignor shall be released from, and the assignee shall assume, the responsibility to fulfill the conditions and to perform the covenants of this lease, express or implied, with regard to the interest assigned. Breach of any covenant or failure to fulfill any condition by an owner of any part of the leasehold interest created by this lease shall not defeat or affect the rights of the owner(s) of any other part.

14. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee may at any time pay all or part of any land contract, mortgage, taxes, or other liens or charges with respect to said land, either before or after maturity and be subrogated to the rights of the holder thereof, and that Lessee shall be entitled to reimbursement out of any royalty or other monies payable to Lessor hereunder. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

15. Lessee may at any time surrender this lease as to all or any part of said land, or as to any depths or formations therein, by delivering or mailing a release to Lessor if the lease is not recorded or by placing a release of record in the proper county if the lease is recorded. If this lease is surrendered only as to part of said land, any shut-in royalties which may thereafter be payable hereunder shall be reduced proportionately.

16. All written notices permitted or required by this lease to be given Lessor and Lessee herein shall be at their respective addresses listed herein above, shall be by certified United States mail, and shall identify this lease by date, parties, description and recording data; provided that either party may change such notice address by giving written notice to the other party specifying the new address.

17. This lease may, at Lessee's option, be extended as to all or part of the lands covered hereby for an additional primary term of 2 years commencing on the date that the lease would have expired but for the extension. Lessee may exercise its option by paying or tendering to Lessor an extension payment of \$ \$25.00 per acre for the land then covered by the extended lease, said bonus to be paid or tendered to Lessor in the same manner as provided in Paragraph numbered 4 hereof with regard to the payment of shut-in royalties. If Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term. Lessee's option shall expire on the first to occur of the following: (a) the termination or expiration of this lease or (b) the second anniversary of the expiration of the primary term stated in Paragraph numbered 2 above.

- 18. Notwithstanding the provisions contained herein to the contrary, Lessor's royalty shall be based on the fraction of one-sixth (1/6) rather than the stated one-eighth (1/8th). Anywhere the fraction one-eighth (1/8) appears herein, the fraction one-sixth (1/6) shall apply
- 19. It is expressly agreed between Lessor and Lessee, their heirs, successors and assigns, that Lessee will never locate any wells upon the surface of said land. It is understood that the granting of this lease shall include the right of Lessee to pool or communilize said land with other lands to comprise an oil and gas development unit.

Executed as of the day and year first above written.

LESSOR: COUNTY OF OTSEGO

STATE OF _____)
) ss. (Individual Acknowledgment)
 COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,
 20 07 , by _____

My Commission Expires: _____
 Notary in _____ County, _____ Notary Public
 Acting in _____ County, _____

STATE OF _____)
) ss. (Corporate Acknowledgment)
 COUNTY OF _____)

_____ The foregoing instrument was acknowledged before me this _____ day of _____
 20 _____, by _____, the _____
 of County of Otsego
 a Michigan Municipal _____ corporation, on behalf of the corporation.

My Commission Expires: _____
 Notary in _____ County, _____ Notary Public
 Acting in _____ County, _____

Prepared by B. Parrish of Savoy Energy, L.P., P.O. Box 1560, Traverse City, MI 49685-1560

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