

June 28, 2011

The Regular meeting of the Otsego County Board of Commissioners was held in the County Building at 225 West Main Street, Room 100. The meeting was called to order at 9:30 a.m. by Chairman Paul Beachnau. Invocation by Commissioner Ken Borton, followed by the Pledge of Allegiance led by Commissioner Richard Sumerix.

Roll Call:

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

Absent: Bruce Brown.

Motion by Commissioner Clark Bates, to approve the Regular minutes of June 14, 2011 with corrections. The minutes were corrected to read, *Roberta Tholl updated the Board on the Road Commission*. Ayes: Unanimous. Motion carried.

Consent Agenda:

Motion to approve the Sheriff/Jail budget amended. Ayes: Unanimous. Motion carried. (see attached)

Motion to authorize the Alpenfest Committee to control the Courthouse lawn area for the purpose of event staging during Alpenfest on Jul 12-16. Ayes: Unanimous. Motion carried.

Motion to approve the FY 2012 budget calendar. Ayes: Unanimous. Motion carried. (see attached)

Special Presentation:

Det. Lt. Ken Mills, Unit Commander presented the 2010 S.A.N.E report.

Commissioner Bruce Brown arrived at 9:35 a.m.

Committee Reports:

Motion by Commissioner Lee Olsen, to purchase trees, shrubs, and perennial shrubs for Exit 282 as part of the Gateway to Gaylord project in the amount of \$3,500 to be funded from Contingency. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to fund 50% of the start-up cost for the 211 phone system in Otsego County, provided the remaining 50% can be secured, not to exceed \$1,756. Funds to come from Contingency. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to adopt Resolution OCR 11-15 to recommend to the Building Authority to issue bonds to fund the Road Commission salt storage building.

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)

Motion by Commissioner Lee Olsen, to award BID 2011-10 for the Cross Street Carpeting and Tile to Bouma in the amount of \$15,870 to be paid from the Capital Projects Fund (499). Ayes: Unanimous. Motion carried.

Motion by Commissioner Paul Liss, to approve the Otsego County Bus System seat belt policy as amended. Ayes: Unanimous. Motion carried.

Motion by Commissioner Paul Liss, to approve the updated County owned vehicle policy. Ayes: Unanimous. Motion carried.

Mary Sanders announced the Michigan Township Association meeting is July 19, 2011 at 6:00 p.m.

Elizabeth Haus reported on the Village of Vanderbilt.

Roberta Tholl updated the Board on the Road Commission.

Correspondence:

Chairman Paul Beachnau received a notice of the public hearing of the Village of Vanderbilt DDA; Letter received on behalf of Deputy Tim Hogan; Letter of Appreciation for EMS training provided.

New Business:

Motion by Commissioner Richard Sumerix, to approve the June 21, 2011 Warrant in the amount of \$137,381.03 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Douglas Johnson, to approve the June 28, 2011 Warrant in the amount of \$592,741.86 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Clark Bates, to approve OCR-11-16 Ron Chavey Recognition.

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)

Other Business:

Motion by Commissioner Bruce Brown, to approve the loan of up to \$298,000 to the Otsego County Emergency Medical Services for the purchase of a rescue truck from the Public Improvement Fund (Fund 245) with repayment over 72 months at a 4.0% interest rate. Ayes: Unanimous. Motion carried.

Motion by Commissioner Erma Backenstose, to approve BID 2011-13 Medical Examiner Vehicle. Ayes: Unanimous. Motion carried.

Motion by Commissioner Ken Borton, to proceed with planning the 2012 Wings Over Gaylord Air Show with authority given to the County Administrator to enter into agreements related to the Air Show. Ayes: Unanimous. Motion carried.

Public comment:

Lorraine Manry from United Way announced the retirement gathering for Ron Chavey on June 30, 2011 at the United Way Building.

Board Remarks:

Commissioner Clark Bates: Ron Chavey recognition on June 30th.
Kathy Franckowiak from the City retiring on June 30th.

Commissioner Erma Backenstose: Tour of the Groen property.

Commissioner Lee Olsen: Attended Air Show.
Thanked Matt Barresi.
Thanked Susan Premo for the golf outing.

Commissioner Richard Sumerix: Attended the air show.

Commissioner Paul Liss: Attended the air show.

Chairman Paul Beachnau: Alpenfest Honors luncheon July 12th.

Meeting adjourned at 10:44 a.m.

Paul M. Beachnau, Chairman

Susan I. DeFeyter, Otsego County Clerk



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: General Fund/Jail

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 To reclassify wage budget dollars to part time to cover staffing shifts in the jail.

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

EXPENDITURE

Account Number	Increase	Decrease
101-351-703.030 Hourly Wages	\$	\$908
101-351-703.060 Part Time Wages	\$908	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$908	\$908

Department Head Signature _____

Date _____

Administrator's Signature _____

Date _____

6/28/11

Board Approval Date (if necessary) _____

Budget Adjustment # _____

Posting Number _____

Finance Department
Entered: _____
By: _____



FISCAL YEAR 2012 BUDGET CALENDAR

2011

- June 28 Board approve calendar
- July 8 Finance Director prepares budget packets for distribution to departments. Management Team members also asked to complete narratives, strategic plans, staff justification forms, and equipment request lists using designated format.
- August 12 Departments submit completed budget requests, narratives, strategic plans, staff justification forms, and equipment lists to the Finance Director.
- August 24-26 Administration staff conduct initial review of department budgets with department heads and elected officials as necessary.
- September 1 Component Units Budgets Due to Finance Director
(Parks, Library, U Ctr, EMS, Road Cmsn, Cmsn on Aging, Bus, Sportsplex, M-TEC)
- September 30 Departmental budgets submitted to Board of Commissioners.
- October 4 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- October 11 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- October 18 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- October 25 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- November 1 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- November 8 Budget & Finance Cmt Meeting, Budget Workshop- 1:30 p.m., Room 212
- November 12&16 Public Hearing notices published in Gaylord Herald Times
- November 22 Board holds Truth-in-Taxation hearing and Public Hearing on the Budget. Adopts General Appropriations Act resolution.

All Budget Work Sessions will be conducted in Room 212 of the downtown Courthouse, 225 West Main, Gaylord, MI 49735. In compliance with the Americans with Disabilities Act, persons requiring assistance to fully participate in the meeting should contact the County Administrator's office 12 hours prior to the meeting.



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: General Fund

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 To purchase trees and perennials for Exit 282 landscaping.

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

EXPENDITURE

Account Number	Increase	Decrease
101-941-999.000 Contingency	\$	\$3,500
101-101-940.010 Outside Contracted Services	\$3,500	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$3,500	\$3,500

Department Head Signature _____

Date _____

Finance Department
Entered:
By:

Administrator's Signature _____

Date _____

6/28/11

Board Approval Date (if necessary) _____

Budget Adjustment # _____

Posting Number _____

COUNTY OF OTSEGO

OCR 11-15

At a _____ meeting of the Board of Commissioners of the County of Otsego, Michigan, held on the ____ day of _____, 2011, at ____:____.m., Eastern Daylight Savings Time, in the Otsego County _____ Building in Gaylord, Michigan there were:

PRESENT: _____

ABSENT: _____

The following preambles and resolution were offered by _____ and seconded by _____.

**RESOLUTION TO APPROVE PLANS, COST ESTIMATE,
ESTIMATE OF THE PERIOD OF USEFULNESS
AND LEASE CONTRACT**

WHEREAS, there have been prepared and presented to the Board of Commissioners (the "Board") of the County of Otsego, Michigan (the "County"), preliminary plans to construct and equip a salt storage building for use in connection with its maintenance of the County roads and an above-ground storage tank (the "Project"), all as more fully described in EXHIBIT A to the Lease Contract (as hereinafter defined), and a proposed Lease Contract between the County and the Otsego County Building Authority (the "Authority") dated as of July 1, 2011 (the "Lease Contract"), pursuant to which the Authority will construct and equip the Project as contemplated by the terms of Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended ("Act 31"), and lease the Project to the County for a term not to exceed 50 years as permitted by Act 31; and

WHEREAS, it has been estimated that the period of usefulness of the Project to be not less than 25 years and that the total cost of constructing and equipping the Project (as defined in the Lease Contract) in an amount not to exceed \$1,000,000 which will be provided by the proceeds from the sale of bonds by the Authority pursuant to Act 31; and

WHEREAS, the County proposes to undertake the Project and to request the Authority to incur taxable or tax-exempt debt (the "Reimbursement Obligations") to finance all or a portion of the costs of the Project;

WHEREAS, the County may make certain expenditures for said Project prior to issuance of the Reimbursement Obligations and may wish to use the proceeds of the Reimbursement Obligations to reimburse all or a portion of said expenditures.

WHEREAS, it is in the public interest and for the public benefit that the County designate an authorized officer for the purposes of declaring official intent of the County with respect to expenditures;

WHEREAS, there has been prepared and attached hereto as APPENDIX I a form of Lease Contract and as APPENDIX II a form of notice entitled "NOTICE OF INTENTION OF THE COUNTY OF OTSEGO TO ENTER INTO A LEASE CONTRACT WITH THE OTSEGO COUNTY BUILDING AUTHORITY AND NOTICE OF RIGHT TO PETITION FOR REFERENDUM THEREON" (the "Notice of Intention");

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF OTSEGO, MICHIGAN, as follows:

1. The preliminary plans and estimates relating to the Project and identified in EXHIBIT A to APPENDIX I hereto are hereby approved and ordered filed with the County Clerk.

2. The Lease Contract in the form of APPENDIX I hereto is hereby approved, and the Chairperson of the Board of Commissioners and the County Clerk are hereby authorized and directed to execute and deliver the same for and on behalf of the County.

3. It is hereby determined that the Notice of Intention provides information sufficient to adequately inform the electors and taxpayers of the County of the nature of the contractual obligations to be undertaken by the County in the Lease Contract and of their right under Act 31 to file a petition requesting a referendum election on the Lease Contract.

4. The form and content of the Notice of Intention are hereby approved, and the County Clerk is hereby authorized and directed to cause the Notice of Intention to be published once in *The Gaylord Herald Times*, Gaylord, Michigan, a newspaper of general circulation within the County which is hereby determined to be the newspaper reaching the largest number of electors and taxpayers of the County. The Notice shall be at least one quarter page in size.

5. The Administrator of the County is hereby authorized to declare official intent of the County with respect to reimbursement.

6. Each declaration of official intent shall be substantially in the form set forth in APPENDIX III attached hereto and by this reference incorporated herein, and said form may be modified from time to time on the advice of bond counsel

to the County and as necessary to conform to requirements of our reimbursement regulations as the same may be adopted by the Internal Revenue Service or amended from time to time, or with the requirements of applicable rulings or regulations relating to tax-exempt borrowings.

7. The Administrator is hereby directed to file each declaration of official intent in the office of the Otsego County Clerk, which location constitutes the customary location of the records of the Authority which are available to the general public.

8. The Otsego County Clerk is further directed to assure that each declaration of intent is continuously available during normal business hours of the County on every business day of the period beginning the earlier of 10 days after the date of execution of said declaration of intent and ending on the date of issuance of the Reimbursement Bonds.

9. The Chief Administrative Officer of the County, if necessary, is authorized to apply to the Department of Treasury ("Treasury") for approval to issue the bonds, to pay the related fee, and to execute and deliver such other documents as may be requested by the Treasury.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YES:

NO:

ABSTAIN:

THE RESOLUTION WAS DECLARED ADOPTED.

las.rl-ots31

APPENDIX I

LEASE CONTRACT

THIS FULL FAITH AND CREDIT GENERAL OBLIGATION LEASE CONTRACT ("Lease") made as of July 1, 2011, by and between the OTSEGO COUNTY BUILDING AUTHORITY (the "Authority"), a building authority organized and existing under and pursuant to the provisions of Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended ("Act 31"), and the COUNTY OF OTSEGO, a County of the State of Michigan (the "County"),

W I T N E S S E T H :

WHEREAS, the Authority has been incorporated by the County pursuant to Act 31 for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining a building or buildings, automobile parking lots or structures, recreational facilities and stadiums, and the necessary site or sites therefor, for the use of the County; and

WHEREAS, the County desires to undertake a project consisting of the financing of the constructing and equipping of a salt storage building for use in connection with its maintenance of the County roads and an above-ground storage tank, as more fully described in EXHIBIT A to this Lease (the "Project"), and it is proposed that the Authority undertake the Project; and

WHEREAS, it is proposed that the Authority finance all or part of the total cost of the Project by the issuance of building authority bonds payable from cash rental payments to be made by the County to the Authority pursuant to this Lease and Act 31; and

WHEREAS, a description of the Project, and estimate of the period of usefulness thereof and an estimate of the total cost of the Project, all as set forth on EXHIBIT A to this Lease, have been reviewed and approved by the Board of Commissioners of the County; and

WHEREAS, in order to make possible the issuance of building authority bonds to finance a portion of the total cost of the Project, it is necessary under Act 31 for the parties to enter into this Lease;

THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERTAKINGS AND AGREEMENTS SET FORTH BELOW, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES TO THIS LEASE AS FOLLOWS:

1. Authorization and Issuance of Bonds. As soon as practicable after the effective date of this Lease, the

Authority shall proceed to authorize and issue one or more series of its building authority bonds in the aggregate principal amount of not to exceed \$1,000,000 (the "Bonds"), pursuant to and in accordance with provisions of Act 31, for the purpose of constructing and equipping the Project. The Authority shall pledge for the payment of the principal of and interest on the Bonds the receipts from the cash rental payments described and required to be paid by the County pursuant to this Lease. The Bonds of any series shall be dated August 1, 2011 or the first day of any later month in 2011 or 2012 as the Authority shall approve in the resolution authorizing issuance of the Bonds (the "Bond Resolution"). The Bonds shall bear interest at a rate or rates that will result in a net interest cost not exceeding 8% per annum. Interest shall be payable semi-annually and shall begin as specified in the Bond Resolution until maturity of the bonds and shall mature in accordance with the Debt Retirement Schedule set forth on EXHIBIT B to this Lease. Each date on which any payment of principal of and/or interest on any bond is due is referred to herein as a "Bond Payment Date." The Bonds may be payable on the first day of a different month, if necessary, to match rental income paid to the County.

The County and the Authority recognize and acknowledge that (a) such Debt Retirement Schedule is based upon an assumed interest rate and date of issuance of the Bonds and upon assumed Bond Payment Dates, all as set forth in EXHIBIT B, (b) the Bond Payment Dates will be specified in the Bond Resolution, (c) the date and amount of each payment of cash rental required under this Lease will be determined (subject to the limitations expressed in the preceding paragraph of this Section) when the Bond Resolution is adopted by the Authority and the Bonds are sold, by application of the rate or rates of interest (that will result in a net interest cost not exceeding 8% per annum) actually borne by the Bonds.

The Bonds may be sold subject to redemption prior to maturity at the option of the Authority with such redemption premiums and upon such terms as shall be set forth in the Bond Resolution.

Upon receipt of the proceeds of the sale of the Bonds, all premium, capitalized interest, if any, and accrued interest received from the purchaser or purchasers of the Bonds shall be transferred to a bond and interest redemption fund, and the balance of such proceeds shall be deposited into an construction fund, each of which shall be established by the Bond Resolution and maintained as a separate depository account of the Authority. The money in the construction fund shall be used to pay costs of the Project, and upon payment of all such costs, any excess money in the construction fund will be used as provided in Section 4.

In the event that for any reason after the date upon which this Lease is executed, but before the Bonds have been issued, it appears to the County and the Authority that the part of the Project to be paid by bond proceeds can be equipped for less than \$1,000,000, or the County shall be able to make payment in advance on the cash rental payments payable pursuant to this Lease, the Authority may reduce the amount of bonds to be issued in multiples of \$5,000 and reduce the annual maturities or the years of maturities as the County shall direct.

2. Transfer of Title to and Completion of Project. As soon as practicable after the Bonds have been sold, the Authority shall construct the Project. The plans, cost estimate and estimated period of usefulness for the Project, all of which have been filed with the County Clerk and the Secretary of the Authority, are hereby approved and adopted. The Project shall be implemented in substantial accordance with such plans which are incorporated as part of (but not attached to) this Lease. No major changes in such plans shall be made without the written approval of both the County and the Authority.

3. Increased Project Costs. In the event that it shall appear, upon taking the necessary bids for the constructing and equipping of the Project and after issuance of the Bonds, that the Project cannot be completed at the estimated cost, the Authority shall immediately so notify the County. The County may elect to pay the increased cost in cash to the Authority in which event the amount of such cash payment shall be deposited in the construction fund for the Project and the Authority shall proceed to construct and complete the Project. In the alternative, the County and the Authority may agree, by an amendment to this Lease, that additional bonds shall be issued by the Authority in an amount sufficient to pay the increased Project costs. If, after the sale and issuance of the Bonds, it shall become necessary to raise additional funds to pay for an increase in the Project costs and this Lease cannot be amended to provide for the issuance of additional bonds, or if for any other reason additional bonds cannot be issued, the County shall pay to the Authority in cash an amount which will be sufficient to enable the Authority to complete the Project in accordance with the plans of the Project.

4. Funds Remaining After Completion. Any unexpended balance of the proceeds of the sale of the Bonds remaining after completion of the Project may be used to improve or enlarge the Project or for other projects of the Authority provided that such use of the funds in the construction fund has been approved by the Municipal Finance Division of the Michigan Department of Treasury, if necessary, and the County. Any unexpended balance not so used shall be paid into the bond and interest redemption fund, and the County shall receive a credit against the cash rental payments next due under this Lease to the extent of the moneys so deposited in the manner provided in the Bond Resolution.

5. Insurance Requirements. The Authority shall require any contractor or contractors for the Project to furnish all necessary bonds guaranteeing performance and all labor and material bonds and all owner's protective, workers' compensation and liability insurance required for the protection of the Authority and the County. Such bonds and insurance, and the amounts thereof, shall be subject to approval of the County on the advice of its counsel. The Authority also shall require a sufficient fidelity bond from any person handling funds of the Authority.

6. Lease Term; Possession; Reconveyance. (a) The Authority does hereby lease the Project to the County for a term commencing on the effective date of this Lease (determined as provided in Section 22) and ending on December 31, 2034, or such earlier or later date as the principal of and premium, if any, and interest on the Bonds, the fees and expenses of the paying agent for the Bonds and all amounts owing hereunder have been paid in full, but in any event the term of this Lease shall not exceed 50 years. Possession of the Project shall vest in the County upon the execution of the Lease. At the end of the term of this Lease, the Authority shall convey to the County all of its right, title and interest in and to the Project and any lands, easements or rights-of-way appertaining thereto, and upon such conveyance, this Lease shall terminate, and the Authority shall have no further interest in, or obligations with respect to, the Project.

(b) The County shall, upon the terms and conditions set forth in this Lease, acquire and convey to the Authority all lands, buildings, tenements, hereditaments, easements and rights-of-way necessary to enable the Authority to construct and equip the Project.

7. Cash Rental; Pledge of Full Faith and Credit. The County hereby agrees to pay to the Authority as cash rental for the Project such periodic amounts as shall be sufficient to enable the Authority to pay the principal of and interest on the Bonds as such principal and interest shall become due, whether at maturity or by redemption. For so long as any bonds are outstanding, the County shall pay to the Authority, on the Bond Payment Date, an amount sufficient to pay the principal and/or interest due on the Bonds on such Bond Payment Date.

The County hereby pledges its full faith and credit for the payment of the cash rental when due and agrees that it will levy each year such ad valorem taxes as shall be necessary for the payment of such cash rental, which taxes, however, will be subject to applicable constitutional and statutory limitations on the taxing power of the County, and which shall not be in an amount or at a rate exceeding that necessary to pay its contractual obligation pursuant to this Lease. If the County, at the time prescribed by law for the making of its annual tax

levy, shall have other funds on hand which have been set aside and earmarked for payment of its obligations under this Lease for which a tax levy would otherwise have to be made, then the tax levy shall be reduced by the amount of such other funds. Such other funds may be raised from any lawful source. The obligation of the County to make such cash rental payments shall not be subject to any set-off by the County nor shall there be any abatement of the cash rental payments for any cause, including, but not limited to, casualty that results in the Project being untenable.

8. Expenses of Issuing and Payment of Bonds. The Authority shall pay from the proceeds of the sale of any series of the Bonds all expenses incurred with respect to the issuance of the Bonds. The County agrees to pay to the Authority, in addition to the cash rental provided for in Section 7, all expenses incurred with respect to the issuance and payment of the Bonds, to the extent not so paid from the proceeds from the sale of the Bonds. The obligation of the County to make such payments shall be a general obligation of the County.

9. Prior Expenses of the County. Upon the sale of the Bonds, the County shall give the Authority a full and complete accounting of the costs and expenses incurred on or before that date by the County in connection with the Project, and the Authority shall thereupon reimburse the County for such costs and expenses to the extent that such costs and expenses were included in the portion of the total cost of the Project to be paid from bond proceeds.

10. Maintenance and Repairs. The County shall, at its own expense, operate and maintain the Project and shall keep the same in good condition and repair. Operation and maintenance shall include (but not be limited to) the providing of all personnel, equipment and facilities, all light, power, heat, water, sewerage, drainage and other utilities, and all properties and services of whatever nature, as shall be necessary or expedient in the efficient and lawful operation and maintenance of the Project. Premiums for insurance required to be carried upon or with respect to the Project or the use thereof and taxes levied upon either party hereto on account of the ownership or use of the Project, or on account of rentals or income from the Project, shall likewise be deemed operation and maintenance expenses. The obligation of the County to pay all costs and expenses of the operation and maintenance of the Project shall be a general obligation of the County.

11. Property Insurance and Insurance Proceeds. The County shall provide, at its own expense, fire and extended coverage insurance in an amount which is at least equal to the amount of bonds outstanding from time to time or to the amount of the full replacement cost of the Project if that amount be less than the amount of bonds outstanding. Such insurance shall be payable to the County and the Authority as their interests may appear and

shall be made effective from the date of commencing construction of the Project. In the event of the partial or total destruction of the Project during or after construction, or if the Project is for any reason made unusable, the cash rental payments provided in Section 7 shall continue unabated. The County shall have the option to use the proceeds of insurance, in the event of loss or damage to the Project, for the repair or restoration of the Project. If the County shall determine not to use the proceeds of insurance for the repair or restoration of the Project, the amount of such insurance proceeds shall be held by the County until it is paid to the Authority and deposited in the bond and interest redemption fund (as required by Paragraph 1), and the County shall receive appropriate credits on future cash rental payments due under this Lease.

12. Liability Insurance. The County shall provide and maintain during the term of this Lease adequate liability insurance protecting the County and the Authority against loss on account of damage or injury to persons or property, imposed by reason of the ownership, possession, use, operation, maintenance or repair of the Project and the site of the Project, or resulting from any acts of omission or commission on the part of the County or the Authority or their respective officers, employees or agents in the connection with the Project and shall indemnify, hold harmless and defend the Authority, its officers, employees or agents against any and all claims for any such damage or injury. Such insurance shall be made effective from the date construction of the Project commences.

13. No Unlawful Use Permitted. The Project shall not be used or permitted to be used in any unlawful manner or in any manner which would violate the provisions of any contract or agreement between the County or the Authority and any third party. The County shall hold the Authority harmless and keep it fully indemnified at all times against any loss, injury or liability to any persons or property by reason of the use, misuse or non-use of the Project or from any act or omission in, on or about the Project. The County shall, at its own expense, make any changes or alterations in, on or about the Project which may be required by any applicable statute, charter, ordinance or governmental regulation or order and shall save the Authority harmless and free from all costs or damages with respect thereto.

14. Alterations of Project. The County, in its sole discretion, may install or construct in or upon, or may remove from the Project, any equipment, fixtures or structures, and may make any alterations to or structural changes in, the Project as the County may desire.

15. Right of Inspection. The Authority, through its officers, employees, or agents, may enter upon the Project at any reasonable time during the term of this Lease for the purpose of inspecting the Project and determining whether the

County is complying with the covenants, agreements, terms and conditions of this Lease.

16. Contractual Rights of Bondholders. Inasmuch as this Lease, and particularly the obligation of the County to make cash rental payments to the Authority, provides the security for payment of the principal of and interest on the Bonds, it is hereby declared that this Lease is made for the benefit of the holders from time to time of the Bonds as well as for the benefit of the parties and that such holders shall have contractual rights under this Lease. In the event of any default under this Lease on the part of the County, the Authority and the holders of the Bonds shall have all rights and remedies provided by law, including in particular all rights and remedies provided by Act 31. The parties further agree that they will not do, or permit to be done, any act, and that this Lease will not be amended in any manner, which would impair the security of the Bonds or the rights of the holders of the Bonds. An amendment of this Lease to authorize the issuance of additional bonds and providing the payment of additional cash rentals for the payment of such bonds shall not be deemed to impair the security of the Bonds or the rights of the holders of the Bonds.

17. Appurtenant Facilities. The site on which this Project is to be located includes, or will include, roadways, walks, drives, parking areas and landscaping which are of benefit to and necessary to the full use and enjoyment of the Project, and it is hereby agreed that so long as any bonds remain outstanding and unpaid, such appurtenant facilities will be maintained in good repair and condition by the County or by its lessees and available to the users and occupants of the Project.

18. Successors and Assigns. This Lease shall inure to the benefit of, and be binding upon, the respective parties hereto and their successors and assigns, provided, however, that no assignment shall be made in violation of the terms of this Lease nor shall any assignment be made which would impair the security of the Bonds or the rights of the holders of the Bonds.

19. Abandonment of Project. In the event the Bonds to finance the Project cannot be or are not issued by the Authority on or before December 1, 2012, the Project shall be abandoned, the County shall pay from available funds all expenses of the Authority incurred to the date of abandonment, and neither party shall have any further obligations under this Lease.

20. Consents, Notices, Etc. The right to give any consent, agreement or notice required or permitted in this Lease shall be vested, in the case of the County, in its Board of Commissioners, and in the case of the Authority, in its Commission. Any notice required or permitted to be given under this Lease shall be given by delivering the same, in the case of

the County, to the County Clerk, and in the case of the Authority, to any member of its Commission.

21. Changes in Law or Corporate Status. In the event there shall occur changes in the Constitution or statutes of the State of Michigan which shall affect the organization, territory, powers or corporate status of the County, the terms and provisions of this Lease shall be unaffected thereby insofar as the obligation of the County to make the cash rental payments is concerned. The proceeds of any sale or other liquidation of any interest of the County or the Authority in the Project are hereby impressed with a first and prior lien for payment of any outstanding bonds or other obligations of the Authority incurred by reason of the Project or any additions or improvements thereto.

22. Effective Date of Lease. This Lease shall become effective on the 61st day after publication of a Notice of Intention in *The Gaylord Herald Times*, a newspaper published in Gaylord, Michigan, as required by Act 31, provided that if a petition for a referendum is filed as provided in (and meeting all requirements of) Section 8b of Act 31, then this Lease shall not become effective unless and until approved by a majority of the electors of the County voting thereon at a general or special election.

23. Undertaking to Provide Continuing Disclosure. For the Bonds and any refunding bonds issued pursuant to paragraph 24, the County and the Authority hereby covenant and agree, for the benefit of the beneficial owners of the Bonds, to enter into a written undertaking (the "Undertaking") required by SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The undertaking shall be in the form attached to the official statement for the Bonds. This Undertaking shall be enforceable by the beneficial owners of the Bonds or by the Purchaser(s) on behalf of such beneficial owners (provided that the Purchaser(s) right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the obligations hereunder and any failure by the County and the Authority to comply with the provision of this Undertaking shall not be an event of default with respect to the Bonds).

The County Administrator and the Chairperson or Treasurer of the Authority, or other officer of the County or Authority charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the County's and Authority's Undertaking.

24. Refunding and Advance Refunding. In the event it appears advantageous in the opinion of the Authority to issue bonds to refund any series of bonds issued by the Authority pursuant to this Lease (including advance refunding bonds), the County consents to such refunding as long as:

(1) In the case of any refunding bonds and the first issue of advance refunding bonds, there is a net overall saving to the County in its remaining payments to the Authority of at least 5% or \$25,000, whichever is less.

(2) In the case of any refunding not covered in subparagraph (1), the County consents to such refunding.

IN WITNESS WHEREOF, the OTSEGO COUNTY BUILDING AUTHORITY, by its Commission, and the COUNTY OF OTSEGO, by its Board of Commissioners, have caused this Lease to be signed by their duly authorized officers, and their seals to be affixed hereto, all as of the day and year first above written.

WITNESSES TO SIGNATURES
OF AUTHORITY OFFICERS:

OTSEGO COUNTY BUILDING AUTHORITY

By: _____
Chairperson of its Commission

By: _____
Secretary of its Commission

WITNESSES TO SIGNATURES
OF COUNTY OFFICERS:

COUNTY OF OTSEGO

By: _____
Chairperson, Board of Commissioners

By: _____
County Clerk

las.r1-ots31

EXHIBIT A to LEASE CONTRACT

PROJECT DESCRIPTION

The project will consist of the construction of a new 14,000 sq. ft. salt storage building at the Otsego County Road Commission property at 669 W. McCoy Road in Gaylord, Michigan. The facility will be used to store salt used on local roads. In addition to the salt storage building, a 15,000 gallon above-ground storage tank for use in the treatment of the Road Commission's waste water will be installed.

TOTAL ESTIMATED PROJECT COSTS

Construction and Equipment Costs, Financing Costs, Bond Discount, Contingency and Other Costs	\$1,000,000
---	-------------

las.r1-ots31

EXHIBIT B
to
LEASE CONTRACT

OTSEGO COUNTY BUILDING AUTHORITY PROJECT
SCHEDULE OF PRINCIPAL AND INTEREST

DUE

AMOUNT

TOTAL

\$ _____

APPENDIX II

NOTICE OF INTENTION OF THE COUNTY OF OTSEGO TO ENTER INTO A LEASE CONTRACT WITH THE OTSEGO COUNTY BUILDING AUTHORITY AND NOTICE OF RIGHT TO PETITION FOR REFERENDUM THEREON

TO ALL ELECTORS AND TAXPAYERS OF
THE COUNTY OF OTSEGO:

NOTICE IS HEREBY GIVEN that the Board of Commissioners of the County of Otsego, Michigan (the "County"), has authorized the execution of a full faith and credit general obligation lease contract (the "Lease") between the County and the Otsego County Building Authority (the "Authority"). The Lease provides, among other things, for the following purposes: See Exhibit A, to be located at: See Exhibit A (the "Project"). The Lease provides further that the Authority will finance all or a portion of the total cost of the Project by the issuance of one or more series of building authority bonds (the "Bonds") pursuant to the provisions of Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended ("Act 31"), in anticipation of the receipt of cash rental payments to be made by the County to the Authority pursuant to the Lease. The maximum amount of bonds to be issued in one or more series shall not exceed \$1,000,000, the term of the Lease shall not exceed 25 years and the Bonds shall bear interest at a rate or rates that will result in a net interest cost of not more than 8% per annum.

FULL FAITH AND CREDIT AND TAXING POWER OF THE COUNTY OF OTSEGO WILL BE PLEDGED

NOTICE IS FURTHER GIVEN that in the Lease the County will obligate itself to make cash rental payments to the Authority in amounts sufficient to pay the principal of and interest on the Bonds. The full faith and credit of the County will be pledged for the making of such cash rental payments. Pursuant to such pledge of its full faith and credit, the County will be obligated to levy such ad valorem taxes upon all taxable property in the County as shall be necessary to make such cash rental payments, which taxes, however, will be subject to applicable statutory and constitutional limitations on the taxing power of the County. In addition to its obligation to make cash rental payments, the County will agree in the Lease to pay all costs and expenses of operation and maintenance of the Project and all expenses of the Authority incidental to the issuance and payment of the Bonds, to the extent such expenses are not payable from the proceeds of the Bonds.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN to the electors and taxpayers of the County to inform them of the right to petition for a

referendum on the question of entering into the Lease. The County intends to enter into the Lease without a vote of the electors thereon, but the Lease shall not become effective until 60 days after publication of this notice. If, within 45-days after publication of this notice, a petition for referendum requesting an election on the Lease, signed by not less than 10% or 15,000 of the registered electors of the County, whichever is less, has been filed with the County Clerk, the Lease shall not become effective unless and until approved by a majority of the electors of the County voting thereon at a general or special election.

This notice is given by order of the Board of Commissioners pursuant to Act 31. Further information may be obtained at the office of the Otsego County Clerk, 225 W. Main, Gaylord, Michigan 49735.

EXHIBIT A

PROJECT DESCRIPTION

The project will consist of the construction of a new 14,000 sq. ft. salt storage building at the Otsego County Road Commission property at 669 W. McCoy Road in Gaylord, Michigan. The facility will be used to store salt used on local roads. In addition to the salt storage building, a 15,000 gallon above-ground storage tank for use in the treatment of the Road Commission's waste water will be installed.

TOTAL ESTIMATED PROJECT COSTS

Construction and Equipment Costs,	
Financing Costs, Bond Discount,	
Contingency and Other Costs	\$1,000,000

Susan I. DeFeyter
Otsego County Clerk

DATED: [Date of Publication]

las.r1-ots31

APPENDIX III

FORM OF DECLARATION
OF OFFICIAL INTENT

I, the undersigned _____ of the County of Otsego, Michigan, do hereby certify as follows:

1. I am an officer of the County authorized to declare official intent of the County to reimburse expenditures made, prior to the issuance of debt, from the proceeds of said debt.

2. This Declaration relates to the following expenditures (the "Expenditures"):

<u>Amount</u>	<u>General Purpose</u>
---------------	------------------------

3. The Expenditures are with respect to property (the "Property") having:

(A) the following general character, type or purpose:

_____;

(B) the following size, quantity or cost: _____

_____ ; and

(C) a reasonably expected economic life at least one (1) year.

4. I understand that a substantial deviation between the above description of the Property for which the Expenditures are being made and the actual Property which is acquired or constructed will invalidate this declaration of official intent with the result that any proceeds of tax-exempt debt which are used to reimburse for the Expenditures will not be deemed to have been expended upon such reimbursement.

5. The County intends to reimburse the Expenditures by incurring taxable or tax-exempt debt (the "Reimbursement Obligations").

6. The expected source of funds that will be used to pay the Expenditures is as follows: issuance of up to \$_____ of Building Authority Bonds by the Otsego County Building Authority.

7. The expected source of funds to be used to pay debt service on the Reimbursement Obligation is as follows: payment made by the Otsego County _____ through the Otsego County General Fund.

8. This declaration of intent is consistent with the budgetary and financial circumstances of the County as of the date hereof in that there are no funds which are now or are reasonably expected to be, (A) allocated on a long-term basis, (B) reserved or (C) otherwise available pursuant to the County's budget, to pay the Expenditure.

9. The County does not have a pattern of failure to reimburse expenditures for which official intent has been declared in that at least seventy-five percent (75%) of all expenditures made after _____, for which the County has declared an intent to reimburse from the proceeds of taxable or tax-exempt debt have been, or are expected to be, so reimbursed.

10. I acknowledge that in the event that the County fails to use the proceeds of Reimbursement Obligations issued within three (3) years of the date hereof to reimburse expenditures the same may adversely affect the ability of the County to use the proceeds of tax-exempt obligations in the future to reimburse for expenditures made prior to the issuance of such obligations.

11. I further acknowledge that unless the Expenditures constitute preliminary expenditures (in the nature of architect services and soil testing but excluding land acquisition) for the Property not in excess of ten percent (10%) of the expected cost of the project of which the Property constitutes a part, the Expenditures will be paid within not in excess of two (2) years following the date hereof or, as an alternative, this declaration of intent will be renewed.

12. I further acknowledge that it is expected that the proceeds of Reimbursement Obligations will be used for reimbursement of each Expenditure not later than (A) the date that is one (1) year after the date on which such Expenditure is paid or (B) the date that is one (1) year after the date on which the Property is placed in service.

13. I further acknowledge that I will assure that the allocation referenced in item 12 (A) will be evidenced by an entry on the records of the County maintained with respect to the Reimbursement Obligations, (B) will specifically identify the Expenditure being reimbursed, and (C) on the advice of the appropriate counsel will be sufficient to relieve the allocated proceeds of the Reimbursement Obligations covered by such entry from any restrictions under the relevant legal documents and applicable state law that apply only to unspent proceeds of Reimbursement Obligations.

14. I further acknowledge that I will assure that except as referenced in item 15 the proceeds of the Reimbursement Obligations that are used to reimburse the Expenditures will not be used, directly or indirectly, (A) to pay debt service on an issue of tax-exempt obligations, (B) to create or increase the balance in a sinking fund established for the payment of debt service on the Reimbursement Obligations or another issue of tax-exempt obligations of the County or to replace funds that have been, are being, or will be so used for reserve or replacement fund purpose, or (D) to reimburse any expenditures or any payment with respect to financing of an expenditure that was originally paid with proceeds of any tax-exempt obligations of the County to any person or entity other than the County.

15. I understand that item 14 does not prohibit the use of those proceeds of the Reimbursement Obligations that are used to reimburse the Expenditures for (A) deposit in a bona fide debt service fund (that is, a fund established to pay debt service on any tax-exempt obligation of the County, other than the Reimbursement Obligation, which is depleted annually except for a reasonable carry over amount not in excess of one (1) year's interest earnings on said fund or one-twelfth (1/12th) of annual debt service), (B) to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of the County, other than the Reimbursement Obligations, or (C) to reimburse for expenditures originally made from the proceeds of a tax-exempt obligation of the County which were not reasonably expected by the County, on the date of issue of such obligation, to be used for such expenditure.

IN WITNESS WHEREOF, the undersigned has executed this declaration of official intent this _____ day of _____.

County _____

las.r1-ots31

OTSEGO COUNTY ROAD COMMISSION

At a regular meeting of the Board of County Road Commissioners, County of Otsego, Michigan, held on the 21st day of June, 2011, at 1:00 p.m., Eastern Time, in the Otsego County Road Commission Building in Gaylord, Michigan there were:

PRESENT: Commissioners Deming, Holewinski, and Tholl

ABSENT: None

The following preambles and resolution were offered by Commissioner Tholl and seconded by Commissioner Holewinski.

**RESOLUTION REQUESTING THE COUNTY OF OTSEGO
TO CONSTRUCT AND EQUIP A SALT STORAGE BUILDING
THROUGH THE OTSEGO COUNTY BUILDING AUTHORITY FOR SUBLEASE
TO THE OTSEGO COUNTY ROAD COMMISSION**

WHEREAS, the Otsego County Road Commission (the "Road Commission") wishes to construct and equip a salt storage building for use in connection with its maintenance of the County roads within the County of Otsego (the "County") as described in the project description attached hereto (the "Project"); and

WHEREAS, the County has the power to enter into a full faith and credit lease contract with the Otsego County Building Authority (the "Authority") to construct and equip the Project; and

WHEREAS, the Road Commission will appropriate funds annually to pay the County for the sublease of the Project from monies available in the road fund provided for by Act No. 51 of the Michigan Public Acts of 1951, as amended (the "Road Fund").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY ROAD COMMISSIONERS OF THE COUNTY OF OTSEGO, as follows:

1. The Road Commission will agree to enter into a sublease with the County for the Project and will agree to permit the Otsego County Treasurer to make semi-annual payments to the County from the Road Fund.

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

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YES: Commissioners Deming, Holewinski, and Tholl

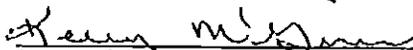
NO: None

ABSTAIN: None

THE RESOLUTION WAS DECLARED ADOPTED.

CERTIFICATION

The undersigned, being the duly qualified and acting Secretary of the Board of County Road Commissioners, County of Otsego, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the Board of County Road Commissioners at its regular meeting held on the 21st day of June, 2011, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the Board. I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, and that minutes of such meeting were kept and will be or have been made available as required thereby.



Secretary

DATED: June 21, 2011

PROJECT DESCRIPTION

Salt Storage Building & Above Ground Storage Tank

The project will consist of the construction of a new 14,000 sq. ft. salt storage building at the Otsego County Road Commission property at 669 W. McCoy Road in Gaylord, Michigan. The facility will be used to store salt used on local roads. In addition to the salt storage building, a 15,000 gallon above-ground storage tank for use in the treatment of the Road Commission's waste water will be installed.

OCR 11-16
Recognition of Roland (Ron) Chavey
Otsego County Board of Commissioners
June 28, 2011

WHEREAS, Roland (Ron) Chavey has served the Gaylord community since moving here full time in 1987 after his retirement from General Motors in Flint, Michigan; and

WHEREAS, Ron became one of the busiest retirees on record in Otsego County; and

WHEREAS, Ron serves and has served on many boards and committees; Otsego County Housing Committee; RSVP; FEMA; Otsego County United Way; Otsego County Community Foundation; Rotary Club; Salvation Army; Big Brothers/Big Sisters; Community Food Pantry; Otsego National Ski Patrol; Northern Michigan National Ski Patrol; Chamber of Commerce; Friendship Shelter; Alpine Regional Educational Center; Otsego Lake Association; Northwest Michigan Community Health Agency; Goodwill Industries; Volunteer Center of Otsego County; and

WHEREAS, Ron served as an Otsego County Commissioner representing District VI for several years; and

WHEREAS, in addition to the several boards and committees that Ron has served over the years he still found time to offer his assistance to the State of Michigan Association of Counties-Human Services Committee; Michigan Governor's Task Force for Human Services; St. Mary's Athletic Association; Michigan Department of Social Services Advisory-Otsego County; Michigan Heart Association; Society of Die Cast Engineers; American Electroplaters Society; American Cancer Society; Voluntary Action Center-Genesee & Lapeer Counties; Michigan Blood Council board and advisory representative for American Blood Commission; Goodwill of Mid-America Board of Directors and Industrial Advisory Council; and

WHEREAS, over the past several years Ron has been bestowed upon him many awards and commendations; and

WHEREAS, Ron was named 1998 der Buergermeister; and

WHEREAS, although Ron has decided to retire from the Salvation Army he will continue to be a beacon in our community; now, therefore, be it

RESOLVED, that Roland (Ron) Chavey be remembered by fellow Otsego County colleagues and the public for the giving of his time and talents to make Otsego County a better place to live, work and play; and be it further

RESOLVED, that the Otsego County Board of Commissioners commend and honor Ron for his outstanding service to our community, and wish him the best in his future endeavors.



OTSEGO COUNTY BUDGET AMENDMENT

FUND/DEPARTMENT: Equipment Fund

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 To purchase a used van for the Medical Examiner.

Account Number	Decrease	Increase
266-050-400.001 Budgeted Use of Fund Balance	\$	\$11,000
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$	\$

EXPENDITURE

Account Number	Increase	Decrease
266-901-970.420 Property - Vehicles	\$11,000	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
- -	\$	\$
Total	\$11,000	\$11,000

Department Head Signature

Date

Finance Department
Entered:
By:

Administrator's Signature

Date

6/28/11
Board Approval Date (if necessary)

Budget Adjustment #

Posting Number