HISTORICAL FINDINGS – POWER OPTIONS/GENERAL FUND TRANSFER
1951 to 1956 – (Condensed with historical documentation references)

May 31, 1951	City of Escanaba talks about "Energy" problem and sets up a meeting with a Power Company (Alger/Delta) officials to discuss. (Page 21 of Book P)
September 18, 1952	Escanaba delegation approved to go to Washington DC to attend a conference on the future of the electrical situation in Escanaba. (Page 228, Book P)
October 15, 1953	Discussions with Alger Delta electrical contract commence. (Page 356-57, Book P)
November 5, 1953	First Electrical Advisory Committee created (5 members/citizens). Mission – Determine the Electrical Needs of the City. (Page 374-75, Book P)
February 18, 1954	Alger-Delta Cooperative Electric Association suggests City resolve the question of whether or not ADCEA will sell power to the community. Talk about "new" plant – to be in operation in 1956 starts. Construction must be started by Spring 1954 for a 1956 opening. (Page 397, Book P)
March 4, 1954	Electrical Advisory Committee recommends City Council: Hire a consultant to determine what it will cost the City to produce its own power using (a). A municipal plant with two 5 kw turbines and (b). A municipal plant with one 10kw turbine. Basing the above type plants on the same basis of interchange power with Mead Corporation that is being made available to the proposed ADCEA plant. (Page 402, Book P).
May 28, 1954	Phase II of the Electrical Study was presented to Council. The report was accepted. (Page 440, Book P).
June 1, 1954	UPPCO granted permission to investigate the electrical needs of the City. Plant siting locations were discussed. (Page 441, Book P).
June 1, 1954	Estimate to build a new Power Plant pegged at $2.5 million. City Council ordered plant feasibility study of a City-owned plant. (Page 442, Book P).
June 23, 1954	City receives 6 proposals from vendors to complete feasibility study. (Page 454, Book P)

June 29, 1954	Minutes refer to an August 1, 1939 contract for furnishing of electric energy to the City. (Escanaba Paper, Light and Power). Note: Supplemental contract was approved August 7, 1941 and ran through August 1, 1959. (Page 454, Book P).
July 1, 1954	UPPCO asked for and was granted a 2 week extension to complete its survey of the electrical problem for the City. (Page 457, Book P).
August 24, 1954	Feasibility Study Engineers have interviews with City Council (Page 472, Book P).
September 1, 1954	A bit of a disagreement between the City Council and Electrical Advisory Committee about the distribution of facts was discussed. RE: Study differences between Alger-Delta and UPPCO. (Page 473. Book P)
September 1, 1954	Engineering firm Pfeifer & Schultz retained for the purpose of conducting an analytical survey of the City's electrical problem (Page 473, Book P).
September 9, 1954	Alger-Delta proposal reviewed. Alger Delta proposes to furnish power to City by constructing a new $4,350,000 steam electric power plant and selling power and energy to City until April 1, 1966. Referred to Electrical Advisory Committee for recommendation. (Page 481, Book P).
December 1, 1954	Pfeifer & Schultz presented to City Council their findings. Main points 1) Electric utility is most profitable fund in City. 2) City can no longer continue to operate the utility as it has in the past since its present supplier of electricity has insufficient generating capacity to supply the growing electrical loads 3) City is left with a primary problem (a) Should the City sell the Electric Utility and have the electric requirements of the City supplied by a power company, (b) Should the City secure a new source of electricity and continue to operate the utility. Additionally, the report highlighted the following offers: UPPCO offered to purchase the City Electric Utility for $1 million, construct a new steam plant, and tie the existing plant in with the balance of the company's system. If this offer was accepted and the $1 million invested, the interest received, plus the taxes to be collected, will provide an income of $70k annually. The proposal set forth no rate schedules and the City would have no control over its rates in the future.

ALGER-DELTA proposed to build a steam plant in the City adequate to supply their own needs. Initially, the plant would have excess capacity and it was proposed to use this excess capacity to supply the electrical requirements of the City. As long as capacity was available, they would supply to the City. After that, the City would be faced with the same supply problem, since the cooperative cannot use Rural Electrification Administration funds to build power plants to supply the City directly.

CITY SYSTEM proposed an alternative whereby the City could construct its own steam-electric generating plant. Taking advantage of the power pool arrangements available with the City of Gladstone and the Escanaba paper Company. Under this scenario, it was stated it could be possible for the City to operate the plant, pay for it and allow a transfer of at least $250,000 per year to the General Fund.

It was the opinion of the consultant that the City construct and operate its own plant and that the operation of the Electric Utility would provide the greatest profit to the City. (Page 505-06, Book P)

December 30, 1954 — UPPCO submits amendment to proposal embracing the following points 1) offer to purchase distribution system for $1.2 million 2) a rate schedule, and 3) no rate increases for at least 3 years, 4) guaranteed offer of employment to present City employees and 5) construct a new 12,500 kw plant in Escanaba. (Page 514, Book P).

January 6, 1955 — City Council discussed doing a general informational campaign covering utility profits, charter requirements (voting/referendum) (Page 515-16, Book P).

January 20, 1955 — City Council conducts public hearing on UPPCO offer (December 30, 1954) calling for the electors of the City to answer the question of approving the UPPCO offer for the March 1, 1955 ballot. The City Council resolved that the proposal of UPPCO be rejected. Ayes 2, Nays 3. The second motion was a resolution submitting the proposition to a vote of the people. Ayes 3, Nays 2. (Pages 520-21, Book P).

March 2, 1955 — UPPCO submits a "Statement to the City of Escanaba – Reference: Power Problem. Rates were discussed as well as the relationship with Mead Corporation. (Page 535-36, Book P).

March 17, 1955 — Electrical Advisory Committee dissolved (page 544, Book P).

April 7, 1955	UPPCO sends letter to City of Escanaba stating distribution system was inadequate for the current load. (Page 550, Book P). City Council resolves the date of May 16 be set as the date on which the citizens cast an advisory ballot on whether they desire a city-owned plant or the Alger-Delta Plant.
April 27, 1955	City Council rescinds advisory election slated for May 16, 1955. Reason: Problems presented by the Rural Electrification Administration. (Page 559, Book P).
June 23, 1955	Miller Canfield retained to review agreement between City of Escanaba and UPPCO for the leasing by the Company of a municipally-owned electric generating plant. (page 587, Book P).
August 17, 1955	City Council considered the UPPCO offer to operate the Power Plant. In the agreement, UPPCO would operate the plant as the agent of the City; the City will have the first call on all of the power produced at a rate of one cent per kw and UPPCO will purchase all of the surplus power. Additionally, UPPCO would pay the bonds and interest. Miller Canfield was retained to review the contract and Kenover, MacArthur & Company was retained as financial consultants. (Page 600, Book P)
September 17, 1955	UPPCO asked to submit, in final form, the proposed contract between the City and UPPCO. (Page 610, Book P)
October 6, 1955	City Council makes plea to public about the arrangement with UPPCO, the contract and details of the Miller Canfield review as they pertain to state law and Charter requirements. (Page 616-617, Book P.)
January 4, 1956	City Council approves Ordinance #300, an ordinance to provide for extending, enlarging and improving the existing Electric Utility system of the City. This also approved the contract with UPPCO.

A special meeting of the City Council was held in the City Hall at 3:30 P.M. in the afternoon of the above named date.

Present: Mayor Peter N. Logan, Councilmen Nevin J. Reynolds, Sam R. Wickman, Guy W. Knutson and Robert E. LeMire, City Manager A. V. Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn. Absent: None.

Ordinance No. 219 was given its second reading; as follows:

ORDINANCE NO. 219
AN ORDINANCE TO MAKE APPROPRIATIONS FOR THE YEAR ENDING JUNE 30, 1952.

The City of Escanaba Ordains:

Section 1. That there is hereby appropriated by the City of Escanaba to various departments and funds and for specific purposes, the several amounts set forth in the following tabulation, to be expended in accordance with the budget as approved, except that the City Manager is hereby empowered to transfer appropriations between activities and objects of expenditure subject to the limitation imposed by Chapter VIII, Section 8 of the City Charter. The appropriations set forth are for the fiscal year ending June 30, 1952.

GENERAL FUND:		
City Affairs - Council	$27,414.60	
City Manager's Office	6,517.52	
Assessor and Clerk	15,495.13	
Department of Finance	5,796.89	
Treasurer's Office	1,327.24	
Purchasing and Stock	4,056.47	
Engineering	12,596.84	
Police	73,072.27	
Fire	81,583.95	
Health	892.24	
Library	22,273.10	
Sewage	27,094.53	
Sanitary Sewers	4,832.09	
Garbage	31,084.53	
Parks & Forestry	14,720.05	
Recreation	26,891.58	
Area Development	7,455.00	
Yacht Harbor & Municipal Dock	2,266.52	
Water Front Development	17,596.57	
Band	4,391.00	
Industrial Buildings & Property	11,700.59	
City Buildings & Property	11,452.03	
Civic Advancement	4,225.69	
Planning	4,426.19	
Civilian Defense	1,500.00	
Bond Redemption and Interest	15,000.00	
Welfare	874.58	
Airport	12,908.74	
Loans & Contracts Payable	16,605.47	
Additions to Current Surplus	40,000.00	
Highway	160,389.79	
Contingent	34,716.00	
Total General Fund		$701,156.20
UTILITIES:		
Electric	425,709.72	
Gas	130,451.77	
Water	137,232.71	
Steam	90,219.42	
Total Utilities		783,613.62
TOTAL - ALL FUNDS		$1,484,769.82

Section 2. Validity. If any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

Section 3. This ordinance shall be in full force and effect ten days after its passage and

publication.

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By Councilman Reynolds, supported by Councilman Knutson:

RESOLVED, that Ordinance No. 219, as read, be and it is hereby adopted and that it be published in accordance with requirements of the City Charter.

Ayes: Councilmen Reynolds, Wickman, Knutson, LeMire and Mayor Logan (5). Nays: None.

Ordinance No. 220 was given its second reading, as follows:

ORDINANCE NO. 220

AN ORDINANCE TO LEVY SUCH TAXES AS MAY BE NECESSARY TO MEET THE APPROPRIATIONS MADE AND ALL SUMS REQUIRED BY LAW TO BE RAISED TO DEFRAY THE DEBTS, EXPENDITURES AND LIABILITIES OF SAID CITY FOR THE FISCAL YEAR ENDING ON THE 30TH DAY OF JUNE, 1952, AND REQUIRING AN AUTHORIZED LEVY ON THE DECEMBER 1951 GENERAL TAX ROLL OF RETURNED DELINQUENT UNPAID SPECIAL ASSESSMENTS, TOGETHER WITH SUCH PENALTIES THEREON AS IS PROVIDED BY THE CITY CHARTER.

The City of Escanaba Ordains:

Section 1. That there shall be raised by taxation upon all of the taxable property in the City of Escanaba at the next general city (or July, 1951) tax levy the sum of Two Hundred thirty-one thousand one hundred nineteen and 72/100 ($231,119.72) Dollars for the purpose of defraying debts, expenditures and liabilities of said City of Escanaba for the fiscal year ending on the 30th day of June, 1952, in accordance with the 1951-1952 budget of said City as submitted by the Manager, as amended by the Council, and approved.

Section 2: That there shall be raised by taxation over and above the estimated revenue of the City from other sources at the next general city (or July, 1951) tax levy of the City of Escanaba for general city purposes, based upon the budget of said city for the year 1951-52, as approved, amended and finally adopted by the Council, the following amount, viz: One hundred fifty-one thousand seven hundred twelve and 30/100 ($151,712.30) Dollars.

Section 3: That there shall be raised by taxation over and above the estimated revenue of the City from other sources at the next general city (or July, 1951) tax levy of the City of Escanaba for debt service, based upon the budget of said City for the year 1951-52 as approved, amended and finally adopted by the Council, the following amount, viz: Fifteen thousand and no/100 ($15,000.00) Dollars.

Section 4: That there shall be raised by taxation over and above the estimated revenue of the City from other sources at the next general city (or July, 1951) tax levy of the City of Escanaba, to defray the debts, expenditures and liabilities thereof for the purpose of collecting and disposing of garbage within the platted portion of the City of Escanaba for the fiscal year ending June 30, 1952, as approved and amended and adopted by the Council, the following amount, viz: Twenty-six thousand six hundred seventy-three and 96/100 ($26,673.96) Dollars.

Section 5: That there shall be raised by taxation over and above the estimated revenue of the City from other sources, at the next general city (or July, 1951) tax levy of the City of Escanaba to defray the debts, expenditures and liabilities thereof, for the purpose of maintaining and providing for the City of Escanaba a municipal band, under the provisions of Act No. 230 of Public Acts of 1923, the following amount, viz: Four thousand three hundred ninety-one and no/100 ($4,391.00) Dollars.

Section 6: That there shall be raised by taxation over and above the estimated revenue of the City from other sources, at the next general city (or July, 1951) tax levy of the City of Escanaba to defray the debts, expenditures and liabilities thereof for the purpose of working upon, improving and repairing, and cleaning the streets of the street district, which for the purposes of this ordinance constitutes the entire City of Escanaba, for the fiscal year ending June 30, 1952, based upon the budget of said City for

the fiscal year ending June 30, 1952, as approved and amended and finally adopted by the Council, the following amount, viz: Thirty-three thousand three hundred forty-two and 46/100 ($33,342.46) Dollars.

Section 7: That said sum of Two hundred thirty-one thousand one hundred nineteen and 72/100 ($231,119.72) Dollars for the payment of all of the foregoing debts, expenditures and liabilities hereinbefore mentioned be appropriated for the several funds for the said City of Escanaba for the fiscal year ending June 30, 1952, and that the same be forthwith certified by the Clerk of said City of Escanaba to the City Assessor of said City, and the same shall be levied and collected upon the assessed valuation of all taxable property within the said City of Escanaba in accordance with the provisions of the City Charter and the laws of the State of Michigan for the levying and collection of taxes.

Section 8: That the Clerk of the City shall report on November 30, 1951, to the City Assessor, the amounts of all the several delinquent special tax assessments returned unpaid by the City Treasurer on said date for all public improvements heretofore levied and assessed, with a description of such lots and premises and the amount of assessment levied upon each, together with the name of the owner or occupant against whom such assessment was made, as contained in the special assessment roll prepared therefor, and on file in the office of the City Treasurer, and the City Assessor is hereby authorized and directed to levy and spread said sums so assessed, together with the penalties fixed by law, in the December, 1951, tax levy against the persons and property charged therewith in such special assessment roll in accordance with the provisions of the City Charter of the City of Escanaba.

Section 9: Validity. If any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

Section 10: This ordinance shall be duly published as required by the Charter and shall be in full force and effect ten days after the date of its publication.

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By Councilman Wickman, supported by Councilman Reynolds:

RESOLVED, that Ordinance No. 220, as read, be and it is hereby adopted and that it be published in accordance with the City Charter.

Ayes: Councilmen Reynolds, Wickman, Knutson, LeMire and Mayor Logan (5). Nays: None.

City Manager Aronson informed the Council that the funds from the sale of the water and gas bonds are now being held on deposit at Harris Trust Co. in Chicago. Mr. Aronson told the Council that the sum of $115,000 will be required for the next 60 days to meet contemplated expenditures at the water plant.

By Councilman Reynolds, supported by Councilman Wickman:

RESOLVED, that the City Manager be and he is hereby authorized to invest water utility and gas utility bond funds not required for the next sixty days in United States Government treasury bills which mature at par in ninety days.

Ayes; Councilmen Reynolds, Wickman, Knutson, LeMire and Mayor Logan (5). Nays: None.

The matter of engaging an auditing firm for the fiscal year 1950-51 was discussed. The Clerk was directed to communicate with several outside firms to secure further information.

A letter from the Upper Peninsula Power and Light Company was read in which the company requested an informal meeting with the Council. The Council set Thursday, June 7, 1951, at 4:00 P.M. as the date

for the meeting.

Quotations on the City Treasurer's bond in the amount of $25,000 was read. Everett Cole, representing Lumberman's Mutual, quoted the sum of $704.00 for a five-year term. The other quotation was received from a syndicate of local insurance agents and the sum was $880.00 leas an annual 15% credit upon the filing of a certified public accountant's audit.

By Councilman Knutson, supported by Councilman Wickman:

RESOLVED, that the low bid of Everett Cole, representing Lumberman's Mutual, in the amount of $704.00 for a five-year period for the bond of the City Treasurer in the amount of $25,000 be and it is hereby accepted.

Ayes: Councilmen Reynolds, Wickman, Knutson, LeMire and Mayor Logan (5). Nays: None.

There being no further business and the time being 5:30 P.M., it was moved by Councilman Knutson, supported by Councilman Wickman:

RESOLVED, that the meeting be adjourned.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Mayor.

September 15, 1953 to October 15, 1953.

Ayes: Unanimous.

The Council then considered the agreement on the utility collection station with Norman Dahlke. City Controller Lawrence reported that Mr. Dahlke has had difficulty in complying with the agreement since the insurance companies do not write the requested coverage. The Council indicated that the city should be protected and the City Controller was instructed to discuss these matters with Mr. Dahlke in an effort to reach a satisfactory agreement and to report at the next meeting.

The terms of Msgr. Melican, Rev. Jos. Dickson and John Bartel on the Recreation Board have expired. Inasmuch as Rev. Dickson was filling an unexpired term, Mayor LeMire reappointed him for a full term. The Mayor appointed Rev. Fr. Schneider to serve as a representative of the Catholic clergy. The names of Cleve Moore and Howard Dufour were presented for consideration; however, the appointment was deferred until the next regular meeting in order that the persons under consideration could be contacted on the matter.

The Council then considered a recommendation regarding paying for the parking meters, thereby realizing a 5% discount, rather than abiding by the contract in which 50% of the revenues are returned to the company until the meters are paid for. All terms of contract, including use on a trial basis, would be continued. In reply to Councilman Knutson's query as to whether or not the money was available, the City Controller replied that it was. Because the meters are operating on a trial basis, Councilman Hansen felt that the city should continue the meter operation under the contract.

A request from the Library Board and the Michigan Bell Telephone Company for 15-minute parking at these institutions was considered. Because such restrictive parking would be created by ordinance, the Council felt that the Safety Advisory Committee should study the matter from a city-wide standpoint. It was so moved by Councilman Knutson, supported by Councilman Cox.

Motion received unanimous approval.

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that a petition for curbing and paving South 15th Street between 10th Ave. South and 11th Ave. South be accepted and referred to the City Engineer for plans and estimates.

Ayes: Unanimous.

A request for an SDM license for Sandberg's Restaurant, 1216 Ludington Street, was, upon motion of Councilman Cox, supported by Councilman Bink, granted.

Motion carried unanimously.

A letter from the Delta Broadcasting Company was received, in which they state that they are terminating their lease on the radio station located in Ludington Park, and asking the City whether or not they wish to purchase the building on which the City has first option, as provided for in the lease.

By Councilman Knutson, supported by Councilman Hansen:

RESOLVED, that the communication be accepted, and

RESOLVED, FURTHER, that this matter be referred to the City Manager and the City Engineer for an investigation and a report at the next meeting.

Ayes: Unanimous.

City Manager Aronson reported present at this time.

The City Manager informed the Council that the Alger-Delta Cooperative was forwarding a proposed electrical contract for consideration by the city and the City Manager requested permission to engage the

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engineering firm of Consoer, Townsend & Associates to review the proposed contract at a cost of $600.00. Mayor LeMire expressed the opinion that the contract should be approved in Washington before the city expends money to review the contract. The Mayor felt that the contract could be approved locally but might not be approved in Washington. Mayor LeMire stated that he would want authentic assurance that the Federal government would make the loan before any consideration is given to a firm reviewing the proposed contract. The Council agreed that a meeting should be held in the near future between the Council and the Alger-Delta Cooperative at which time the contract and other pertinent matters could be discussed.

Consoer, Townsend & Associates, consulting engineers on the water plant, recommended that final payment be made to the Pearson Construction Company, with the City retaining $5,000 pending adjustment of operating controls.

By Councilman Knutson, supported by Councilman Cox:

RESOLVED, that the City Manager be and he is hereby authorized to pay the Pearson Construction Company all monies due on the water filtration plant contract except the sum of $5,000 which is to be retained until the Council formally accepts the completed plant.

Ayes: Councilman Bink, Hansen, Cox, Knutson and Mayor LeMire (5). Nays: None.

Paul Johnson, engineer from Consoer, Townsend & Associates, appeared before the Council to recommend that the City purchase a de-humidifier to control humidity in the new plant at an estimated cost of $7,000. Water condensation has been causing difficulty in the electrical controls at the plant, he stated. Such an installation has been developed within recent years, Johnson pointed out. The matter was tabled for further study.

The Council discussed at length the policy of the city in regard to charging a four percent penalty or interest charge on special assessments after the assessment has been confirmed and a due date set. Objections had been voiced to paying the interest before the project had been completed. The City Attorney pointed out that the charter requires levying an interest of not exceeding six percent. Several residents of North 22nd Street appeared to object to paying interest when the project has not been completed.

The Council requested that the Planning Commission reconsider the platting of city-owned property on Lake Shore Drive south of the John Erickson residence and the advisability of the sale of said land.

The City Attorney recommended that the property the city had deeded to the DeCock Bottling Company be advertised for public sale. Mr. DeCock has not complied with the terms of sale as outlined in the deed, and the City has been unsuccessful in efforts to re-claim title.

By Councilman Knutson, supported by Councilman Cox:

RESOLVED, that the recommendation of the City Attorney be followed and the City Manager be authorized to advertise for sale to the highest bidder the North 32.5 ft. Lot 4 and Lot 5, Block 1, Assessor's Plat No. 4.

The City Manager reported that the State Inspector of Jails had authorized the city to continue the use of the jail and that the jail is being put into the condition required under law.

Councilman Knutson suggested that signs be erected along the Lake Shore indicating a scenic route through the city for the tourists.

Club to 23rd Street. Upon motion of Councilman Bink, supported by Councilman Hansen, the petition was referred to the Electric Department for plans and estimates.

Motion carried unanimously.

A communication from Harold Meiers was read in which he requested the Council to rezone Lots 21 & 22, less the south 50 feet, Block 29, I. Stephenson Co's. 1st Addition. The communication was accepted upon Councilman Cox, supported by Councilman Bink, and referred to the Planning Commission for a recommendation. Motion received unanimous approval.

The Planning Commission informed the Council in writing that it recommends that the half-block alley running east from South 15th Street between 10th and 11th Avenues should not be vacated.

Upon motion of Councilman Knutson, supported by Councilman Cox, the recommendation was accepted and placed on file.

Motion carried.

Councilman Knutson brought up the problem of the city in regard to the future electrical needs. Councilman Knutson cited a similar problem in Kalamazoo and pointed out that the Kalamazoo council appointed an advisory committee of representative citizens to assist the Kalamazoo council in its determination of electrical needs. The remaining members of the Council concurred with Councilman Knutson in the thought that such a group of Escanabans would be of great help to this body in the power problem facing the city. Thereupon, it was moved by Councilman Bink, supported by Councilman Cox, that a five-member Citizens' Advisory Committee be appointed to assist the City Council on the electrical power problem.

Motion carried unanimously.

Upon motion of Councilman Knutson, supported by Councilman Hansen, the Council recessed for ten minutes to select members of the aforesaid committee.

Mayor LeMire re-convened the meeting and announced the membership of the newly created advisory committee. They were: Todd Gayeff, Chairman; Hugh Grow; Edwin Kositzky; Robert Losse and Erwin Zuehlke. Named as ex-officio members were the City Manager, the Superintendent of the Electrical Department and the Superintendent of Steam.

The Clerk was instructed to address a communication of notification to each appointee.

Edwin Martenson, Emil Perow and Mr. and Mrs. Frank McLaughlin appeared to discuss the alley running east from South 15th Street between 10th and 11th Avenues. Mr. Martenson protested the alley while the others approved of same.

There being no further business and the time being 10:30 P.M., it was moved by Councilman Knutson, supported by Councilman Cox;

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Hansen
City Clerk

Approved:

Robert E. LeMire
Mayor

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At the call of three members of the Council a special meeting was held at 11:00 A.M. on the above named date for the purpose of further considering the Citizens' Advisory Committee recently appointed on the electrical problem and the functions of said committee.

Present: Mayor Robert LeMire, Councilmen Jacob Bink, Wesley Hansen, Edward Cox, Guy W. Knutson, and City Manager A. V. Aronson. Absent: City Attorney Denis McGinn, because of illness.

Because a fire had damaged the building occupied by the Northern Motor Rebuilders the Council at this time heard a report from the City Engineer on preliminary estimates for the restoration of the building. An estimated $35,000.00 would be required to erect a new roof, new wiring, heating and replacements of doors and windows as well as clearing the debris.

Upon motion of Councilman Cox, supported by Councilman Knutson, the Council pledged the cooperation of the city in assisting the Northern Motor Rebuilders to resume production as soon as is possible, by restoring the building that was destroyed by fire on this date.

Upon a roll call vote, the resolution received unanimous approval.

Councilman Cox suggested that the Citizens' Advisory Board, appointed at the last regular meeting to study the electrical power problem, be increased frim five members to nine members in order that a wider representation of citizens would serve on said committee. Upon motion of Councilman Cox, supported by Councilman Hansen, the advisory committee was increased from five members to nine members.

Motion received unanimous approval.

Councilman Cox expressed the view that this committee should analyze the various phases of the electrical problem and report its findings, without recommendation, to the Council, and select its chairman. Councilman Cox presented the names of Fred Fisher, Henry Wylie, Bruce Brackett and Andrew Skaug for the council's consideration. The Council concurred and these citizens were appointed to serve on the study committee.

The Council set forth four phases of the electrical problem for consideration by the Committee. They are:

(1) A contract with the R.E.A.

(2) A municipally-owned plant

(3) Private power

(4) The possibility of the Upper Michigan Power and Light Company reconsidering since Gladstone's plant will relieve the load somewhat.

The Council discussed the proposed fluoridation of city water. A congressional sub-committee report on fluoridation was received. In view of the congressional sub-committee report, it was moved by Councilman Cox, supported by Councilman Knutson, that the matter of the fluoridation of city water be placed upon the ballot for an advisory vote at the April, 1954 election.

The motion carried unanimously.

There being no further business and the time being 1:00 P.M., it was moved by Councilman Knutson, supported by Councilman Hansen:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved: Robert G. LeMire
Mayor

Motion carried unanimously.

Herewith Ordinance No. 272, as adopted:

ORDINANCE NO. 272

AN ORDINANCE TO APPROVE AND ADOPT A DETAILED AND PRECISED PLAT OF THE AREA WEST OF THE GOULAIS LAKESIDE ADDITION ($SW\frac{1}{4}$ of the $SW\frac{1}{4}$ of Section 31), AND TO PRESCRIBE REGULATIONS RESTRICTING THE ERECTION OF BUILDINGS OR STRUCTURES WITHIN THE AREA OF SAID PLAT, AND TO OTHERWISE LIMIT THE USE OF LAND THEREIN.

(For full text of ordinance, see Ordinance Record "D", page 327)

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The insurance committee for fire insurance coverage on city buildings submitted a report and a recommendation. The committee consists of Councilmen Bink and Knutson, City Manager Aronson and City Assessor Chas. Schmidt, and A. J. Goulais and Nevin J. Reynolds.

By Councilman Bink, supported by Councilman Cox:

RESOLVED, that the recommendation of the committee on insurance for fire insurance coverage on city buildings be and they are approved and the report be placed on file for future reference.

Ayes: Unanimous.

Appointments to the Recreation Board were tabled until the next regular meeting.

Mr. Robert Morris appeared before the Council to explain the workings of a community television antenna at an estimated cost of $131,000.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the matter of a community television antenna be tabled indefinitely.

Ayes: Unanimous.

By Councilman Cox, supported by Councilman Knutson:

RESOLVED, that the Skerbeck Amusement Co. be and they are hereby permitted to show in this city May 19 to 23, inclusive.

Ayes: Unanimous.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that an SDM license for Cliff's Cash Market be and it is hereby approved.

Ayes: Councilmen Bink, Hansen, Cox and Mayor LeMire (4). Nays: Councilman Knutson (1).

The following communication was read:

"February 9, 1954

Mr. George M. Harvey, City Clerk
City of Escanaba
Escanaba, Michigan

Dear Mr. Harvey:

For many months we have been discussing with city officials the proposal of Alger Delta Cooperative Electric Association to sell power to the City of Escanaba.

A loan application to the Rural Electrification Administration has been approved and the loan documents have been signed by our officers. We are now ready to proceed with this development to help relieve the power situation in the Escanaba area.

It is therefore desirable that we quickly resolve the question of whether or not Alger Delta Cooperative is to sell power to the City of Escanaba. This question must be answered before we can intelligently proceed with plans for construction. In order that the plant may be in operation by early 1956, it is necessary that construction be started in the spring of 1954.

We therefore desire to continue contract negotiations with the City officials at your earliest convenience. We will be glad to meet with your Council and discuss the matter further.

Will you kindly bring this request to the attention of the Council at its next meeting.

Yours very truly

By W. Nieuwenkamp, Manager"

The City Engineer and the Director of Public Safety discussed with the Council the various means available for traffic control and recommended a traffic light at Tenth Street and Ludington Street.

By Councilman Knutson, supported by Councilman Hansen:

RESOLVED, that the recommendation of the Safety Director be accepted, and

RESOLVED, FURTHER, that the City Manager be and he is hereby authorized to install a traffic light at Tenth Street and Ludington Street, and

RESOLVED, FURTHER, that the City Manager be and he is hereby authorized to expend the sum of approximately $700.00 for said traffic light, said expenditure to be charged to the Contingent Fund.

Ayes: Councilmen Bink, Hansen, Cox, Knutson and Mayor LeMire (5). Nays: None.

Ordinance No. 273 was given its first reading.

By Councilman Cox, supported by Councilman Knutson:

RESOLVED, that Ordinance No. 273, given its first reading at this meeting, be introduced on the records of this meeting by title, and be taken up for public hearing and final adoption at a meeting to be held April 1, 1954.

Ayes: Unanimous.

Herewith Ordinance No. 273, recorded by title:

ORDINANCE NO. 273
AN ORDINANCE VACATING CERTAIN ALLEYS LOCATED IN GLASER'S ADDITION TO THE CITY OF ESCANABA.

.....

The City Manager reported that the state legislature was considering a bill to permit the fire and police personnel to retire at age 55 with twenty-five years of service.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the Clerk be instructed to communicate to the state legislature members an expression of opposition to the proposed legislation.

Ayes: Unanimous.

Mrs. Oliver Fuller submitted a letter of resignation from the Safety Advisory Committee.

By Councilman Bink, supported by Councilman Knutson:

RESOLVED, that the letter of resignation of Mrs. Oliver Fuller as a member of the Citizens' Safety Advisory Committee be and it is hereby accepted and that a letter of appreciation and thanks be directed to Mrs. Fuller for her service on this committee.

Ayes: Unanimous.

The following communication was received from the Electrical Power Advisory Committee:

"March 4, 1954

To the Honorable Mayor and Members of the Escanaba City Council
Escanaba, Michigan

Gentlemen:

At our meeting of February 15, 1954 of the Escanaba Power Committee, the following motion was passed:

Mr. Wylie: "I move that we suggest to the City Council that a firm of electrical consultants be retained to determine what it will cost the City of Escanaba to produce our own electrical power using:

1. a municipal plant with two 5,000 kilowatt turbines (steam or Diesel); or,

2. a municipal plant using one 10,000 kilowatt turbines (steam or Diesel); basing the above type plants on the same basis of interchange of power with Mead Corporation that is being made available to the proposed Alger-Delta plant."

Sincerely yours
(Signed) Hugh Grow, Secretary
Escanaba Power Committee"

Hugh Grow, Secretary of the Power Advisory Committee, presented to each councilman a report on Phase II of the electrical study made by said committee. Upon motion of Councilman Hansen, supported by Councilman Bink, the report was accepted.

Motion carried.

City Manager Aronson recommended that the wage brackets for police chief and fire chief be adjusted from $4100 - $4600 for police chief to $4500 - $5,000; and for fire chief from $4100 - $4500 to $4620-$4900. Upon motion of Councilman Hansen, supported by Councilman Cox, the wage brackets of $4500-$5000 for the police chief and $4620-$4900 for the fire chief were approved.

Upon a roll call vote the motion received unanimous approval.

Upon motion of Councilman Bink, supported by Councilman Cox, all library employees were granted a two (2%) percent salary increase. The roll call vote was unanimous.

The City Manager was authorized to remove nine (9) meters from the city hall parking lot. The motion for this action was made by Councilman Hansen, supported by Councilman Bink, and carried unanimously.

The following communication from Perkins & Will was read:

"Chicago, Illinois
May 24, 1954

Mr. George M. Harvey
City Clerk
City of Escanaba, Mich.

Dear Mr. Harvey:

I have your letter of May 21st advising of the action of the City Council in authorizing a 6% fee for the design of the band shell.

The 8% fee we have quoted to you is lower than we would customarily quote for such a job and reflected our sincere desire to continue to serve the best interests of Escanaba in the development of a lake front park. In fairness to you and to ourselves we cannot further reduce the fee and therefore will be unable to accept your offer.

Sincerely yours

PERKINS & WILL
(Signed) Lee Cochran "

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that the communication be accepted and placed on file.

Ayes: Unanimous.

There being no further business and the time being 1:15 P.M., it was moved by Councilman Hansen, supported by Councilman Bink:

RESOLVED, that this meeting stand adjourned.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Hansen
Mayor

AIA2884

At the call of Mayor Yelland, the Council convened in special session in the council chambers at 7:30 P.M. on the above named date for the purpose of a discussion and a review of the electrical study with the Power Advisory Committee and the Planning Commission.

Present: Mayor Yelland, Councilmen Jacob Bink, Edward J. Cox, Wesley Hansen and Robert E. LeMire, City Manager Aronson and City Attorney Denis McGinn. Absent: None.

The Council reconsidered its action of May 28th relative to the acquisition of the H. W. Gasman property at the west end of the airport. It was explained that the sale price for said property was stated erroneously as $350.00 for the land rather than $400.00. Upon motion of Councilman Cox, supported by Councilman Bink, the City Manager was authorized to purchase the $NW\frac{1}{4}$ of the $NE\frac{1}{4}$, Section 2, T 38 N., R 23 W. for the sum of $400.00 with timber rights reserved by the owner.

Upon a roll call vote approval was unanimous.

Mayor Yelland reviewed the events that have brought about this meeting with the Planning Commission and the Power Advisory Board.

The Clerk read a communication, addressed to the City Manager, from J. H. Warden, President of the Upper Peninsula Power Company, of Houghton, Michigan, in which Mr. Warden requested permission of the city administration to make an investigation of the electrical problem of the city and to make records available to them for this purpose.

By Councilman Bink, supported by Councilman Cox:

RESOLVED, that the Upper Peninsula Power Company, of Houghton, Michigan, be and they are hereby granted permission to make an investigation of the electrical needs of this City; provided, however, that the investigation be limited to a thirty-day period.

Ayes: Unanimous.

The Council then discussed the Alger-Delta Coop. proposal which is Phase I of the study of the Power Advisory Committee. Before a final proposal can be submitted by the Alger-Delta Coop. to the City, four questions must be answered for Alger-Delta Coop. by the City. They are:

1. Land Site for Proposed Plant.
2. An easement or a Franchise for the Alger-Delta Coop. Transmission lines through the City.
3. Consideration of Alger-Delta on Taxes Payable.
4. Provisions for future plant expansion.

The Council discussed the problem of a land site for the proposed plant. Todd Gayeff, of the Power Advisory Committee, pointed out other possible plant sites, namely, the Reiss Company Coal Dock and the C. & N. W. R.R. properties. The consensus of the Council was that the Planning Commission should have an opportunity to study the various sites and report to the Council on same. Thereupon Councilman Hansen moved that, after a study and a report from the Planning Commission on suitable sites for a generating plant, the City will agree to a site for such a plant; said site to be mutually agreed to by the City and the Alger-Delta Cooperative.

Motion supported by Councilman Cox.

Ayes: Unanimous.

Max Stanley, of the Stanley Engineering firm, pointed out the necessity for an easement or a franchise through the city. If there were no legal points involved, the Council agreed to this request. It was so moved by Councilman Cox, supported by Councilman Hansen, and received unanimous approval.

Mr. Stanley advised that the Alger-Delta Cooperative would pay county and school taxes but sought relief from the municipal tax should the plant be erected within the city limits. Mr. Nieuwenkamp, of

the Alger-Delta Cooperative, suggested that the problem might be approached from the viewpoint of collecting the taxes and then refunding all or a portion if that is permissible.

By Councilman LeMire, supported by Councilman Cox:

RESOLVED, that the City Attorney be and he is hereby instructed to furnish a written opinion as to the legality of the waiving of municipal taxes on an Alger-Delta Cooperative plant located within the city.

Ayes: Unanimous.

Considerable discussion was given to the future expansion of such a plant, and the City becoming a part of the operation at such a time. The Council agreed that the proposals of the Alger-Delta Cooperative in regard to future expansion should be submitted by the Alger-Delta Cooperative to the City Attorney so that he could study same and report his findings to the Council. The City Attorney was asked to study the plan of finance that could be used by the City at that time.

The Council asked the Power Advisory Committee to release to the Planning Commission the study it has made on the Alger-Delta Cooperative proposal and on a municipal plant in order that the Planning Commission might be in a position to determine the economical problems of each site.

At this time Councilman LeMire asked to be excused.

The Council then turned to Phase II of the Power Committee study. The estimated cost of a municipal plant would be about $2,500,000.00. Said report recommended the advisability of engaging a competent firm to study this problem. The recommendation of the Power Advisory Committee reads:

"In view of our findings we feel that it would be prudent for the City to engage unbiased and qualified specialists to make a survey of the feasibility of a city-owned plant. These specialists should be well versed in actual performance data and actual costs of plants in operation. This study should approach the problem from a standpoint of giving average conditions based on actual performance records rather than purely theoretical cost estimates. Another factor supporting our congention that the study is advisable is the divergence of opinion as to when the City will need to get additional capacity above what the Alger-Delta Coop. has proposed to give the City. With the facts obtained in such a study we believe the Council would be able to evaluate intelligently as to whether the City should build its own plant immediately or whether a plant should be built at some later date."

By Councilman Hansen, supported by Councilman Bink:

RESOLVED, that the recommendation of the Power Advisory Committee be and it is hereby accepted, and the City Manager is authorized to engage unbiased and qualified specialists to undertake a survey to verify the data presented.

Ayes: Councilmen Bink, Cox, Hansen & Mayor Yelland (4). Nays: None.

There being no further business and the time being 9:30 P.M., it was moved by Councilman Cox, supported by Councilman Hansen:

RESOLVED, that this meeting stand adjourned.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Mayor

At the call of the Mayor, a special meeting of the City Council was held in the City Hall at 11:45 A.M. on the above named date for the purpose of discussing with the City Attorney matters in regard to the forthcoming electrical rate hearing to be held before the Public Service Commission.

Present: Mayor Harlan J. Yelland, Councilman Jacob Bink, Wesley Hansen and Edward J. Cox, City Engineer Loren W. Jenkins and City Attorney Denis McGinn.

Absent: Councilman Robert E. LeMire, because of business, and City Manager A. V. Aronson, who was out of the city.

City Attorney Denis McGinn advised the Council of the electrical rate hearing to be held before the Public Service Commission on June 30th, and reviewed the actions which have led to this hearing. The City Attorney directed the attention of the Council to various parts of the power contract and recommended that the attention of the Power Company be called to Section 19 of said contract by resolution of the Council.

By Councilman Cox, supported by Councilman Hansen:

WHEREAS a contract for electric energy was entered into between the City and the Upper Michigan Power and Light Company on August 1, 1939, for the furnishing of electric energy to the City for a period of fifteen years from August 1, 1939, and

WHEREAS a supplemental contract was entered into between the City and the Upper Michigan Power and Light Company on August 7, 1941, for the furnishing of electric energy to the City until August 1, 1959; and

WHEREAS both contracts are now in full force and effect and electric energy has been furnished by the Upper Michigan Power & Light Company to the City under said contracts since August 1, 1939 up to the present time;

WHEREAS the contract of August 1, 1939 contained the following provision:

> "NINETEENTH: The Company hereby gives and grants to the City an option and right in the City whereby the Company will continue to furnish the electric current herein specified to the City for two years under the same conditions and terms as in this agreement stated, and this agreement may, at the option of the City, be continued in full force and effect for the period of two years, being the period from August 1, 1954 to August 1, 1956."

NOW, THEREFORE, BE IT RESOLVED, that the City in accordance with said paragraph NINETEENTH notify Upper Michigan Power and Light Company of the election of the City to exercise its option to have the Company furnish electric current to the City from August 1, 1954 to August 1, 1956, in accordance with said paragraph and contract.

That such election is not to be construed as a waiver of the rights of the City under the terms of the supplemental contract of August 7, 1941.

BE IT FURTHER RESOLVED, That a copy of this resolution be given to the Upper Michigan Power and Light Company.

Ayes: Unanimous.

Attention of the Council was called to a recent action of the State Board of Aeronautics in which $15,000 in state funds have been made available to the City if the City will match said funds for airport improvement.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the City Manager be and he is hereby authorized to transmit the sum of $15,000 to the State Board of Aeronautics for airport improvement; said sum of $15,000 to be matched with state funds.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

The following petition was read:

2610 ft. of 15" pipe at $.45 per foot and 300 ft. of 10" pipe at $.64 per foot be and the same is hereby accepted.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

Bids on 700 cu. yds. of ready-mix concrete were:

Escanaba Concrete Co.	-	$12.50 per yd.
C. J. Brown Concrete Co.	-	12.50 per yd.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the bids of the Escanaba Concrete Co. and C. J. Brown Concrete Company be accepted and that a contract for 350 yds. of ready-mix concrete be awarded to each bidder.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

Bids on 3,000 cu. yds. of top soil were:

Leo DeGrand	-	$1.40 per yd.
Geo. DeGrand	-	1.43 per yd.
Steve Marvic	-	1.39 per yd.

By Councilman Cox, supported by Councilman Bink:

RESOLVED, that the bids be and they are hereby referred to the City Engineer and the City Forester for an analysis and recommendation.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

Bids on 1500 tons and 2500 tons of steam plant coal were:

		1500 tons	2500 tons
Cleveland Cliffs Iron Co.	-	$8.62	$9.12
C. Reiss Coal Co.	-	8.24	8.94) two bids 9.48

The bids were referred to the Superintendent of the Steam Plant for an analysis and a report at a special meeting to be held on July 6th.

Bids on liquefied petroleum gas were:

	Flat price per gal.	Flat Summer & Winter Price	Summer Price	Next Winter's Market Price
Falley Petroleum Co.	3¼¢	3-1/8¢ (Aug. Sept.,Oct.,Nov., March & April)		4¢ (Dec.,Jan., Feb.)
Warren Petroleum Co.	2-7/8¢ (duration of contract)			
Sid Richardson Gas Co.	One-quarter cent below market of Warren, Phillips & Sinclair)			
Shell Oil Co.	2½¢ (Aug.Sept.,Oct.,Apr.)		3½¢	Nov.Dec.Jan.Feb.Mar.
Skelly Oil Co.	3½¢			
Phillips Petroleum Co.	3¢			
Cities Service Oil Co.	2-3/4¢ (Aug.,Sept.,April)		3-3/4¢	(Oct.Nov.,Dec., Jan.,Feb.,Mar.)

The bids were referred to the Superintendent of the Gas Department for analysis and a report at a special meeting to be held on July 6th.

Upon motion of Councilman LeMire, supported by Councilman Bink, consideration of courtesy parking envelopes was tabled indefinitely.

The motion received unanimous approval.

A communication from the Upper Peninsula Power Company was read in which the company sought a two-week extension in order that the company could complete its survey on the electrical problem of the city.

Upon motion of Councilman Hansen, supported by Councilman Cox, the Upper Peninsula Power Company was

At the call of the City Manager, the Council of the City of Escanaba convened in special session in the council chambers at 7:30 P.M. on the above named date for the purpose of opening and considering quotations from electrical engineering concerns on the three proposals of the electrical problem; and to further consider the contract with the J. L. Jacobs & Company for an administrative survey.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn. Absent: None.

The Council considered the conditions under which a firm of consultants would be engaged. It was agreed that the engineering firm whose proposal is accepted may be precluded from future work on the electrical problem.

Seven proposals were opened and found to be:

Sanderson & Porter	$5,500.00
Gates, Weiss & Kramer	4,250.00
John G. Hoad & Associates	$6.00 per hour together with the payroll cost of the time spent by staff employees on the work, plus 75% of these amounts to cover overhead and a reasonable profit. Out-of-pocket expenses for travel and living expenses on necessary trips from Ann Arbor will be charged, car mileage being figures at 8¢ per mile.
Ford, Bacon & Davis	1,000.00
Mead & Hunt	Cost plus, not to exceed $8,000
Sumner Sollitt Co.	Per diem fee basis, with cost not to exceed $8,500.
Pfeifer & Schultz	2,450.00

The representatives of interested firms were each given a period of fifteen minutes to discuss further the proposal of his concern. After which, it was moved by Councilman LeMire, supported by Councilman Hansen, that the City Manager be instructed to obtain all information concerning the firms of Gates, Weiss & Kramer, Sumner Sollitt Co. and Pfeifer & Schultz and that the matter be tabled until a special meeting to be held at 7:30 P.M. on Wednesday evening, September 1st, at which time the Council will make a decision.

The motion received unanimous approval.

Upon motion of Councilman Cox, supported by Councilman Hansen, the Mayor and Clerk were authorized to execute a contract with J. L. Jacobs & Company of Chicago for an administrative survey of the city. Upon a call of the roll, the vote was unanimous.

There being no further business and the time being 9:30 P.M., it was moved by Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Yelland
Mayor

Pursuant to a resolution of the City Council, the legislative body met in special session in the council chambers at 7:30 P.M. on the above named date for the purpose of selecting a firm of engineering consultants to further analyze the electrical problem of the city.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and City Attorney Denis McGinn.

Absent: None.

Mayor Yelland stated the purpose for which this meeting was called but because of recent developments, the Mayor announced that before any decision was reached on an engineering firm, it would be advisable to resolve the differences that exist between the Power Committee and the Council in regard to the scope of the power problem to be handled by the consulting engineers.

Mayor Yelland referred to a press release of August 31st issued by the chairman of the Power Committee in which it was inferred that the City Council had been withholding facts regarding this matter. Mayor Yelland stated that to the best of his knowledge there was no truth to this statement, and he asked members of the Power Advisory Committee who were in attendance at this meeting if they would clarify the contents of the newspaper release.

The members of the Power Committee informed the Council that at a meeting of said body several weeks ago they had been advised by a representative of the city administration that the statistics they were using in comparing the Alger-Delta proposal with the other phases of the electrical problem were not up-to-date figures. The committee stated that this information lead them to believe that a new proposal had been offered by Alger-Delta and because of this, they felt that they were not being kept up-to-date.

The City Manager informed the Council that about three weeks ago the Alger-Delta met with his sub-committee and considered several minor amendments to the contract as recommended by the Power Committee. The Alger-Delta requested a meeting with the City Council at which time these recommended changes would be presented to the Council. The City Manager stated that he has not seen a copy of the contract as proposed since that time.

Several members of the Committee informed the Council that they had no knowledge of the press release but that it had been their understanding that this meeting tonight with the City Council would clear up any misunderstandings that they might have.

The chairman of the power committee apologized to the Council for any implications that might have been misinterpreted through the press release, and the Chairman stated that he did not mean to imply any criticism.

A motion by Councilman Cox that the Committee be recessed received no support.

An informal meeting of the Council held on the evening of August 10th at which time the Upper Peninsula Power Company submitted a proposal to the City Council was reviewed. At that meeting the proposal of the private power company was referred to the Power Advisory Committee for study.

The Power Advisory Committee requested the Council to arrange a meeting with the Upper Peninsula Power Company in order that the committee could discuss the proposal of private power further.

Upon motion of Councilman LeMire, supported by Councilman Hansen, the Power Advisory Committee was instructed to continue its study of the three phases of the electrical problem and upon completion of this study, to submit its recommendation to the City Council.

The motion carried with Councilman Cox dissenting.

AIA284

Pursuant to a resolution of the City Council, the legislative body met in special session in the council chambers at 7:30 P.M. on the above named date for the purpose of receiving additional information from Alger-Delta relative to the proposal they have submitted on furnishing power to this city.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn.

Absent: None.

The members of the Citizens' Power Advisory Committee were also in attendance.

In transmitting the proposal to the Council, Wynand Nieuwenkamp, Manager of the Alger-Delta Cooperative, offered these proposals:

1. Construct a $4,350,000.00 steam electric generating plant within the city limits of Escanaba.
2. Sell electrical power and energy to the City for a period beginning with the initial operation of the plant until April 1, 1966 at an average cost of $1.06 of a cent per kilowatt hour.

Mr. Nieuwenkamp recited these benefits to the City: (a) dependable service; (b) low cost power; (c) City retains its distribution system; (d) eliminates need for power plant investment; (e) allows for future expansion; (f) future interconnection; (g) increased employment and business; and (h) increased taxes.

Max Stanley, Engineering Consultant for the Cooperative, then presented a comparative study of the three phases now under consideration by the city.

A discussion period followed at which time the councilmen sought further information.

It was moved by Councilman LeMire, supported by Councilman Bink, that the proposal of the Cooperative be referred to the Power Committee for study and a report to the Council.

The motion received unanimous approval.

Councilman Cox suggested that the City's consulting engineers, Pfeifer & Schulz, be furnished with copies of this proposal.

There being no further business and the time being 9:30 P.M., it was moved by Councilman LeMire, supported by Councilman Bink:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Hansen
City Clerk

Approved:

Harlan J. Yelland
Mayor

AHA284

At the call of the Mayor, the City Council convened in special session at 8:00 P.M. on the above named date for the purpose of receiving the report on the electrical problem from Pfeifer & Shultz, engineers engaged by the Council for that purpose.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Engineer Loren W. Jenkins and City Attorney Denis McGinn.

Absent: City Manager A. V. Aronson, who was out of the city.

E. O. Shultz, of the firm of Pfeifer and Shultz, presented the highlights of said report. Mr. Shultz summarized the analysis in these words:

"The operation of the City's Electric Utility, supplying the electrical requirements of the City, is the most profitable of all of the services offered by the City. This operation has paid into the General Fund during the past 16-year period over two and one-quarter million dollars, and in each of the last three years the payments have exceeded $230,000.00. The physical assets of the property now have a book value of $870,000.00."

The City can no longer continue to operate the Utility as it has in the past since its present supplier of electricity has insufficient generating capacity to supply the growing electrical loads. The City is now faced with a primary problem, either to sell its Electric Utility and have the electric requirements of the City supplied by a power company, or to secure a new source of electricity and continue to operate its Utility.

The Upper Peninsula Power Company has offered to purchase the City's utility for $1,000,000.00, construct a steam generating plant in the City, and tie this plant in with the balance of the Company's system. If this offer is accepted and the $1,000,000.00 is invested, the interest received, plus the taxes to be collected, will provide an income of $70,000.00 annually. The proposal sets forth no rate schedules and the City will have no control over its rates in the future.

Rather than selling the Electric Utility, the City can continue to operate it as in the past, except obtain a new source of electricity. Two solutions are proposed to supply the new source of electricity.

The Alger-Delta Cooperative Association, a rural cooperative, proposes to build a steam generating plant in the City adequate to supply their own needs. Initially, the plant will have excess capacity and it is proposed to use this capacity to supply the electrical requirements of the City. As long as this capacity is available, they can supply the City. After that, the City is again faced with the same problem, since the Cooperative cannot use Rural Electrification Administration funds to build power plants to supply the City directly. At the smallest rate of growth estimated, this source will provide electricity to 1965; at a more rapid rate of growth, the time will be reduced and might easily extend only to 1960, or a few years after the proposed plant is placed in operation. The rate proposed for electricity is 10.6 mills per kilowatthour, based on the purchase of 30,000,000 kilowatthours. The present rate is 9 mills, so that the cost of electricity will be 1.6 mills per kilowatthour higher, or $48,000.00 for this year.

As an alternate to the above source of electricity, the City may construct its own steam-electric generating plant. A combination steam heating and electrical generating plant will be the most economical to operate and, further, it will place the Steam Heating Utility on a more profitable basis. Taking advantage of the power pool arrangements available with the City of Gladstone and the Escanaba Paper Company, it is possible to operate this plant, pay for it, and transfer a minimum of $250,000 per year to the

General Fund. As the electric loads continue to grow, the capacity of the plant can be increased and larger amounts transferred to the General Fund. The operation of the Electric Utility will thus remain the most profitable of the Municipal Services.

In our opinion, the solution to the City's electric problem is to construct and operate its own Municipal Steam Heating and Electric Generating Plant. This solution, of the three proposed, will provide the greatest profit to the City."

.....

The Power Advisory Committee will study the report as to the municipal ownership of a plant, and report its findings to the Council. The engineers agreed to meet with members of the Council and the Advisory Committee in the near future to discuss the problem further.

The engineering firm was commended for the thorough analysis and, upon motion of Councilman LeMire, supported by Councilman Bink, the report of Pfeifer & Shultz was accepted.

The motion received unanimous approval.

There being no further business and the time being 9:45 P.M., it was moved by Councilman LeMire, supported by Councilman Hansen:

RESOLVED, that the meeting be adjourned.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Yeremed
Mayor

At the call of the Mayor, the Council of the City of Escanaba convened in special session to receive a written proposal from the U. P. Power Company in regard to furnishing power to the city. The meeting was held on the above named date at 7:30 P.M. in the council chambers.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox, City Manager A. V. Aronson and City Attorney Denis McGinn.

Absent: Councilman Robert E. LeMire, who was absent because of the illness of his wife.

Mayor Yelland announced that in conformance with charter and statute, it is necessary that any proposals be in contract form should it be necessary to submit same to the electorate. Mr. Worden of the U. P. Power Company presented a contract embracing these points: purchase price of $1,200,000 for the distribution system; a rate schedule the same as now prevails in Escanaba; no increase in rates for at least three years; guaranteed offer of employment to present city employees in electrical department and construction of a 12,500 K.W. generating plant within the city limits.

Mr. Worden advised the Council that suggested revisions would be incorporated in the proposal and would be presented to the Council next week.

Full transcription of this meeting is on file in the office of the Clerk.

By Councilman Hansen, supported by Councilman Cox:

WHEREAS, the Public Service Commission on December 23, 1954 decided that it had jurisdiction to consider the petition of the Upper Michigan Power and Light Company to increase electric rates to the city, and

WHEREAS, the Commission was in error in making such a determination;

RESOLVED, THEREFORE, that the City Attorney be instructed to ask the Public Service Commission for a re-hearing of its petition.

Ayes: Unanimous.

There being no further business and the time being 9:00 P.M., it was moved by Councilman Hansen, supported by Councilman Bink:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:
Harlan J. Yelland
Mayor

The Council of the City of Escanaba convened in regular session in the council chambers at 8:00 P.M. on the above named date.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and City Attorney Denis McGinn.

Absent: None.

By Councilman Cox, supported by Councilman Hansen:

RESOLVED that, inasmuch as a copy of the minutes of the last regular meeting and of the special meeting held on December 30, 1954 have been furnished to each councilman, and have been broadcast, and as there are no objections or corrections, the minutes of those meetings be approved without reading at this time.

Ayes: Unanimous.

By Councilman LeMire, supported by Councilman Cox:

RESOLVED, that the payment of the 1954 county and school taxes be extended from January 10th to February 15th, without the 4% penalty.

Ayes: Unanimous.

Mayor Yelland, with the Council concurring, announced the following appointments:

Board of Appeals - Emil Zitner.

Board of Library Trustees - Mary Walch and Chas. Follo

Planning Commission - T. D. Vinette, Jos. Ivens and Austin Stegath.

A request for the furnishing of electricity to the Tourist Information Lodge was considered. Upon motion of Councilman Bink, supported by Councilman Hansen, the City Manager was authorized to furnish electricity to the Tourist Information Lodge in an amount not to exceed $5.00 monthly from the first of May through Labor Day.

Upon a call of the roll, the vote was unanimous.

By Councilman Cox, supported by Councilman Bink:

RESOLVED, that the City Manager be and he is hereby authorized to continue the fire insurance coverage on city buildings with the Escanaba Insurance Association for another four years in order that the City may avail itself of the lower premium.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

A request of Chester Johnson for a dance permit for his tavern was tabled until the next meeting upon motion of Councilman LeMire, supported by Councilman Cox.

Motion received unanimous approval.

Councilman Cox presented a resolution to authorize the City Manager to inform the people as to what is being done with the profits from the electrical utility. Mayor Yelland felt that this should be undertaken under a general information campaign covering more than utility profits. Councilman LeMire stated that the Council must take a stand on the problem before any sponsorship of an educational program. Councilman Bink asserted that the city has every right, just as the Power Company and R.E.A., to acquaint the people with the problem. Councilman Hansen declared that the Council should meet in executive session to discuss this problem, pointing out that throughout this matter, none of the councilmen have had an opportunity to exchange views. Councilman Cox asked the City Attorney whether or not he was prepared to outline procedures necessary relative to this problem. The City Attorney reported that there will be a delay of two weeks in receiving the Power Company proposal because the proposed franchise did not comply

with terms of the City Charter. City Attorney McGinn advised that the Council, after receiving the final proposition, may, by a majority vote, submit it to the people for a vote. Should the electors approve by a three-fifths majority of those voting thereon, a franchise ordinance is then considered and must be approved by a four-fifths vote of the Council before presentation to the electorate. If the franchise ordinance goes to the people for a vote, it must receive a three-fifths majority vote of the people voting thereon. The matter was tabled to be discussed at a meeting in the near future.

The following resolution was presented by Councilman LeMire, who moved its adoption. Councilman Bink supported and it was adopted unanimously.

WHEREAS, the members of the City Council are shocked to learn of the untimely passing of Eddie Coplan, a member of the Police Department for a quarter of a century, and

WHEREAS, as a police officer, Eddie Coplan served his fellow citizens with a deep concern for their welfare; earning the respect and the confidence of his fellow officers and of the people of this city for his ability and his integrity, and

WHEREAS, it is the feeling of all who knew Eddie Coplan that here was a man who merited the encomium "well done, good and faithful servant," now,

THEREFORE, BE IT RESOLVED, that the City Council hereby expresses its appreciation for a life of modest public service and its sympathy to the family for the loss sustained, and be it further

RESOLVED, that a copy of this resolution be transmitted to the family of Eddie Coplan.

Upon motion of Councilman Cox, supported by Councilman Bink, the Clerk was instructed to address a letter of thanks to Mrs. Barbara Semer for her years of service on the Board of Library Trustees.

Motion received unanimous consent.

The following letter was read:

"Honorable Mayor and members
of the Escanaba City Council

Gentlemen:

At the December meeting, the Civil Service Commission advised Local 443, International Ass. of Fire Fighters, to bring to the Council the following.

We of Local 443 propose that seniority should prevail for promotional purposes within the Escanaba Fire Dept.

Yours truly

(Signed) Walter Lenis, Sec. & Treas.
Local 443"

Peter Hirn appeared in behalf of the firemen to present the request. In order to give each councilman an opportunity to study the request, the matter was postponed until the next regular meeting. The City Manager was instructed to hold in abeyance the examination for fire lieutenant until the seniority question has been settled.

The Council was informed that efforts are underway to establish a clinic for the vaccination of dogs as a convenience for those who must show a certificate of vaccination of a dog prior to the issuance of a dog license pursuant to provisions of the city ordinance.

Ovid Provo appeared before the Council in regard to city employment. The matter was left to the City Manager and the Recreation Department Director to endeavor to work out an agreeable solution.

The Upper Peninsula Power Company wishes, at this time to present a final proposal which will solve the electric power supply problem of the City of Escanaba, and surrounding territory. This supplements our proposal of August 10, 1954.

At our meeting of December 30, 1954, we presented a preliminary draft of a contract wherein our company set forth its proposals in contract form. We planned to submit at this meeting tonight a final contract containing revisions agreed upon at the December 30th meeting. We prepared such a contract, but were advised that because of the provisions in the Escanaba City Charter such a contract could not be signed by the Council until it was voted on by the electors, rather, that a final proposition should be presented in lieu of the contract.

This final proposal is similar to the preliminary contract, but contains several revisions, including those suggested at the meeting of December 30, 1954.

We hope that this final proposal will be favorably received by your body, and if so, we will be pleased to assist in preparation for submitting the required resolutions to the electors, and will pay the necessary expenses in connection with the election, or elections.

Very truly yours
UPPER PENINSULA POWER COMPANY
(Signed) J. H. Warden, President

.....

"January 20, 1955

Honorable Mayor and City Council
City or Escanaba
Escanaba, Michigan

Gentlemen:

In accordance with the proceedings before the City Council tonight with respect to our proposition and offer to purchase the City's electric distribution system and facilities, we herewith confirm the following modifications to said proposition and offer:

(1) Because the City presently has no existing transferrable franchises pertaining to its electric distribution system, the word "franchises" shall be deleted from Section 1 of the supplementary proposition of January 14, 1955.

(2) There shall be excepted from the properties and facilities proposed to be acquired the building known as the "City Light Plant" and the parcel of land upon which said building is located at 120 North Eighth Street, Escanaba, Michigan; provided, however, that the switching equipment and all other electric facilities now located in said building are to be sold and purchased and that the Company shall, until the removal of same from said building within three years from the date of acquisition thereof, have the joint use of said building with the City as the same may be necessary or convenient to its proposed operations.

Very truly yours

UPPER PENINSULA POWER COMPANY
(Signed) J. H. Warden, President"

.....

Attached to the letters is the final proposal of the Upper Peninsula Power Company for the solution of the electrical problem of the city. The entire proceedings of this portion of the meeting are on file in the office of the City Clerk.

The following resolution was presented:

WHEREAS, Upper Peninsula Power Company, a Michigan Corporation, having its principal office at Houghton, Michigan, has submitted to the City of Escanaba its written proposition and offer to purchase, for the sum of one million two hundred thousand dollars ($1,200,000), the City's electric distribution system, including pole lines, transformers, services, meters, easements, grants, rights of way, transportation equipment, tools, supplies and all other items used and necessary in connection with supplying electric services to the City's customers; and

WHEREAS, said proposition and offer is required, by the provisions of the City's Charter, Chapter XVI, Sec. 7, to be submitted to the qualified electors of the City; and

WHEREAS, the City Council has considered said proposition and offer and said requirements of the City Charter with respect thereto;

AHA284

NOW, THEREFORE, BE IT RESOLVED that a special election be and the same hereby is called in said City to be held on Tuesday the first day of March A. D. 1955 for the purpose of submitting to a vote of the electors of said City the question of approval of the said proposition and offer of Upper Peninsula Power Company to purchase the City's distribution system and facilities for the sum of one million two hundred thousand dollars ($1,200,000) according to the terms and conditions of said proposition and offer, and that printed ballots be prepared by the City Clerk and kept at the polling place or places in said City for the use of the electors and that the said ballots be in substantially the following form:

OFFICIAL BALLOT

"Shall the City accept the proposition and offer of Upper Peninsula Power Company to purchase, for the sum of one million two hundred thousand dollars ($1,200,000), the City's electric distribution system, including pole lines, transformers, services, meters, easements, grants, rights of way, transportation equipment, tools, supplies and all other items used and necessary in connection with supplying electric services to the City's customers, excluding the building known as the City Light Plant, situated at 120 North 8th Street, Escanaba?"

☐ YES

☐ NO

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that the proposal of the Upper Peninsula Power Company be and it is hereby rejected.

Ayes: Councilmen Cox and Hansen (2).
Nays: Councilmen Bink, LeMire and Mayor Yelland (3).

By Councilman Bink, supported by Councilman LeMire:

RESOLVED, that the resolution submitting the proposition to a vote of the people be and it is hereby adopted.

Ayes: Councilmen Bink, LeMire and Mayor Yelland (3).
Nays: Councilmen Cox and Hansen (2).

Councilman Cox re-stated his position that the Council authorize the City Manager to expend a sum of money to acquaint the people as to what use has been made of the electric utility profits.

By Councilman Cox, supported by Councilman Bink:

RESOLVED, that the City Manager be and he is hereby authorized to expend the sum of $500.00 to conduct a campaign in which the people will be advised as to what use has been made of the profits from the electric utility, and

RESOLVED, FURTHER, that, if the need arises, the City Manager may request the Council for supplemental funds.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

There being no further business and the time being 10:00 P.M., it was moved by Councilman LeMire, supported by Councilman Cox:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Yelland
Mayor

AHA2284

At the call of the Mayor, the Council of the City of Escanaba convened in special session in the City Hall at 4:30 P.M. on the above named date for the purpose of receiving from the Upper Michigan Power and Light Company a proposal to revise the power charges from the company to the city.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and City Attorney Denis McGinn.

Absent: None.

Also in attendance were representatives of the Upper Michigan Power and Light Company and legal counsel for the company.

Mayor Yelland opened the meeting by reviewing events of the past year, and asked whether the company had a proposal.

E. G. Bennett, President of the company, presented the following proposal:

Upper Michigan Power & Light Co. 3-1-55

Statement to the City of Escanaba re their Power Problem

The present arrangement for the supply of power to the City by the Upper Michigan Power and Light Co. is unprofitable to the latter and economically unsound. The reasons for this are shown in detailed evidence presented in the recent hearing before the Michigan Public Service Commission. The City has a complete copy of the data presented to the Commission. The evidence shows that the City's billing should be increased by more than $200,000 per year, or to an average rate of over $.016 per KWH in order to furnish an adequate return on the book value of the Upper Michigan Power & Light Co.'s assets. The increase necessary for an adequate return on the fair value of the Upper Michigan Power and Light Co's. assets would be far greater.

In order to offer a partial remedy in the situation in respect to the inadequate power charges to the City, and to give the City time to secure a new source of supply, we are willing to enter into an arrangement with the City on the following terms:

Proposed New Schedule of Power Charges by Upper Michigan Power & Light Co. to the City of Escanaba

Demand Charges

Peaks up to 6,000 KW - No charge
Peaks in excess of 6,000 KW but less than 6,500 KW - $1.00 per KW per Mo.
Peaks in excess of 6,500 KW but " " 7,000 KW - $3.00 " " " " additional
Peaks in excess of 7,000 KW $5.00 per KW per month additional.

Energy Charges

First year -	1st 2,500,000 KWH		$.014 per KWH
	2nd 2,500,000 KWH		.013 " "
	5,000,000 "	to 30,000,000	.012 " "
	30,000,000 "	" 35,000,000	.014 " "
	Over	35,000,00	.015 " "
Second year -	1st 2,500,000 KWH		.015 per KWH
	2nd 2,500,000 KWH		.014 " "
	5,000,000 to 30,000,000 KWH		.013 " "
	30,000,000 to 35,000,000 "		.015 " "
	Over	35,000,000 "	.016 " "
Third year -	1st 2,500,000 KWH		.016 " "
	2nd 2,500,000 KWH		.015 " "
	5,000,000 to 30,000,000 KWH		.014 " "
	30,000,000 to 35,000,000 "		.016 " "
	Over	35,000,000 "	.017 " "

Fuel Clause

If cost of fuel delivered to Escanaba Paper Company's boiler house rises above $.36 per million BTU's or drops below $.34 per million BTU's, the above energy charges shall be adjusted by an amount of $.00015 per KWH for each $.01 change in the cost of fuel above or below $.36 or $.34 per million BTU's.

With the City's consumption averaging 30,000,000 KWH per year and peak demand 6,400 KW, the City's billing under the present arrangement would compare as follows with the above schedule:

	Yearly Billing	
	Amount	per KWH
Present Arrangement	$204,000	$.0088
Proposed Schedule		
First Year	372,000	.0124
Second Year	402,000	.0134
Third Year	432,000	.0144

In this proposal the first year's billing is at a lower rate, far below the level needed to bring in an adequate return on the book value of the Power Company's assets, followed by ascending rates in the next two years, to bring it nearer to the return we should have.

This would preserve a considerable part of the profit the City now makes from their distribution system and make the transition from the present false situation easier for the City.

It will also give the City time to plan and obtain a new source of power supply.

In order to facilitate the City's use of any one of the three possible new sources of supply, we have already agreed tentatively with the REA to furnish them with emergency standby power and to buy off peak power from them, and indicated our willingness to make similar arrangements with a City plant. We have also offered to sell our rural distribution system at less than its book value to either REA or the Upper Peninsula Power Company, if either one takes over the City load.

The present situation also prevents further expansion and improvement in the Paper Mill. Mr. Pringle, vice-president of the Mead Corporation in charge of paper mills said last August:

"The Escanaba mill is one of the most important mills in the Mead Corporation system." Mr. Pringle said. "We have a strong demand for white paper such as that produced here in Escanaba but we cannot proceed until the power problem is solved."

"The action of the City of Gladstone in starting construction of their municipal power plant, which will release a considerable block of power when completed for use by the Paper Company, will make it possible for the Paper Company to undertake a minor part of the construction program that is being planned," Mr. Pringle said.

The Upper Michigan Power and Light Co., subsidiary of the Escanaba Paper Co., now provides electricity to the City of Gladstone. Under the terms of a contract negotiated by the City of Gladstone and Mead Corporation, parent company of both the Upper Michigan Power and Light Co. and Escanaba Paper Co., the Power Company will be relieved of its obligation to provide power to Gladstone and the Escanaba Paper Co. will, in turn, utilize part of the production of the Gladstone municipal plant.

The major bottleneck to the Paper Company's expansion program, however, is the electric problem of the City of Escanaba, company officials explained.

"The greater part of the expansion program cannot be undertaken until the City of Escanaba obtains its power from a new source, "Pringle said, "either by contracting for its power from the Upper Peninsula Power Co., or the Alger-Delta Co-operative, or by constructing its own power plant, thus releasing power for use in the expanded operation of the Paper Mill."

.....

Attorney J. Jos. Herbert, counsel for the Upper Michigan Power Company, stated that because the company now has a petition before the Public Service Commission for a rate increase, this proposition is being made without prejudice to the rights of either party.

Upon motion of Councilman Bink, supported by Councilman LeMire, the proposal was taken under advisement. The motion was approved, with Councilman Cox dissenting.

Within the immediate future the Council will meet to study the offered proposal, after which an answer will be forwarded to the Upper Michigan Power and Light Company.

There being no further business and the time being 5:30 P.M., it was moved by Councilman LeMire, supported by Councilman Bink:

RESOLVED, that the meeting be adjourned.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Herbert J. Gerrard
Mayor

amount set up to establish an insurance fund on the gas plant, and

RESOLVED, FURTHER, that the City Manager be and he is hereby authorized to invest said funds each year.

Ayes: Unanimous.

Attorney James R. Fitzharris, representing the City Attorney, reported to the Council on the title of the land in the 300 block of Ludington Street. He reported that additional time would be needed to clear the title on Lot 8, Block 11, Original Plat and that the title would be cleared on same.

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that authority is hereby granted to proceed with the construction of the office building.

The motion carried with Councilman LeMire dissenting in view of the defect in title.

The City Manager reported that the city has a credit of $582.84 with the Michigan Department of Aeronautics. The City Manager was instructed to leave this amount with the Aeronautics Board as a credit on future improvements.

The Planning Commission recommended the following changes in a precise plat numbered No. 3 which was adopted by the Council on December 17, 1953:

(a) Eliminate the proposed South 21st Street from 21st Ave. to 25th Ave. South and instead open South 20th Street through to 25th Ave. South.

(b) Eliminate the proposed extension of South 19th Street.

(c) Relocate one block of 20th Ave. So. and one block of 23rd Ave. South.

The Planning Commission also recommended vacating South 19th Street in the Kurz Bros. Addition to the city.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the recommendation of the Planning Commission with regard to Precise Plat No. 3 and the vacation of South 19th Street in the Kurz Bros. Addition be and it is hereby accepted.

Ayes: Unanimous.

By Councilman LeMire, supported by Councilman Bink:

RESOLVED, that the application of the Stone House for a 1955 tourist license be and it is hereby approved.

Ayes: Unanimous.

A communication from Robert Losse, Chairman of the Power Advisory Committee, requesting that the Power Committee be dissolved since it had completed its task, was read by Mayor Yelland.

Upon motion of Councilman LeMire, supported by Councilman Cox, the Power Advisory Committee was dissolved. After a unanimous vote on the motion, the Clerk was instructed to communicate to each member the appreciation and thanks of the Council.

Mayor Yelland explained the probable negotiations between the City and Upper Michigan Power and Light Company in view of the litigation now pending. Councilman Cox stated that he believed the present contract to be valid in view of the opinion of the late Attorney General H. J. Rushton and the late Supreme Court Justice Louis H. Fead. Councilman Bink felt that no meeting should be scheduled until after the April 4th election. Council concurred.

There being no further business and the time being 9:00 P.M., it was moved by Councilman LeMire, supported by Councilman Bink:

AHA284

The Council convened in special session in the council chambers at 8:00 P.M. on the above named date to confer with R.E.A. officials from Washington, D. C.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and City Attorney Denis McGinn.

Representing R.E.A. from Washington, D. C. was Ralph Foreman, a special assistant to the R.E.A. Administrator, Anchor Nelson, W. Nieuwenkamp, Wm. VanEffen and Attorney Clair Hoehn, representing the Alger- Delta Cooperative.

The Council and the representatives of R.E.A. discussed the proposal at length. The full transcript of this meeting is on file in the office of the City Clerk.

The Alger-Delta Cooperative submitted a revised proposal which contains the same provision as to rates and term of contract. Upon motion of Councilman LeMire, supported by Councilman Hansen, said contract was referred to the City Attorney for a legal opinion.

Motion received unanimous approval.

By Councilman Hansen, supported by Councilman Bink:

RESOLVED, that the election scheduled for May 16th which was to have been an advisory ballot, be and it is hereby postponed because of recent developments in the matter of the power problem, and

RESOLVED, FURTHER, that a resolution adopted on April 7th setting forth the aforementioned election be and it is hereby rescinded.

Ayes: Unanimous.

Upon motion of Councilman Bink, supported by Councilman Cox, the bid of Dr. F. C. Anderson in the amount of $3,060.00 for Lot 15 of Block 1 of Proposed Assessor's Plat No. 6 was accepted.

Motion carried unanimously.

By Councilman Hansen, supported by Councilman Cox:

RESOLVED that the bid of the Falley Petroleum Co. in an amount of $.0279 per gal. for liquefied petroleum gas for the coming year be and it is hereby accepted.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: Nome.

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that the bid of the Standard Oil Co. in an amount of $14,150.00 for asphalt paving materials be and it is hereby accepted, and

RESOLVED, FURTHER, that the bid of the Great Lakes Asphalt Company in an amount of $1,311.00 for 10,000 gals. of emulsified oil be and it is hereby accepted.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

There being no further business and the time being 10:00 P.M., it was moved by Councilman LeMire, supported by Councilman Bink:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Yelland
Mayor

A11A284

At the call of the Mayor the Council convened in special session for the purpose of selecting a specialized firm of legal consultants to examine a proposed contract between the City and the Upper Peninsula Power Company for the leasing by the Company of a municipally-owned electric generating plant. Mayor Yelland convened the meeting at 11:30 A.M. on the above named date with all councilmen in attendance. Also in attendance were City Manager Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn.

The City Manager presented the Council with the names of legal firms that had been recommended to do the work. Upon motion of Councilman Bink, supported by Councilman LeMire, the legal firm of Miller, Canfield, Paddock & Stone of Detroit, Michigan, was engaged to examine a proposed contract between the City and the Upper Peninsula Power Co. for the leasing by the Company of a municipally-owned electric generating plant.

The motion received unanimous support.

There being no further business and the time being 12:00 noon, it was moved by Councilman LeMire, supported by Councilman Hansen:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Mayor

At the call of the City Manager, the Council met in special session in the council chambers at 7:30 P.M. on the above named date for the purpose of receiving a report from Atty. John Nunnelly of the legal firm of Miller, Canfield, Paddock & Stone on the status of a proposal for a source of electrical energy and the consideration of engaging financial consultants; as well as any other business that might come before the Council.

Present: Mayor Harlan J. Yelland, Councilmen Jacob Bink, Wesley Hansen, Edward J. Cox and Robert E. LeMire, City Manager A. V. Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn. Also in attendance were members of the Power Contract Study Committee.

Mayor Yelland called upon Atty. John Nunnelly who informed the Council that a contract between the City and the Upper Peninsula Power Company has been prepared for the consideration of the Council. Mr. Nunnelly stated that the City will construct and will own the plant, and the Company will operate the plant as the agent of the City; the City will have first call on all of the power produced at a rate of one (1) cent per K.W. and the Company will purchase all of the surplus power. The Company will pay the bonds and interest. In answer to a query from Councilman Cox as to what control the Council would have on governing the rates, Mr. Nunnelly replied that under the law the bond ordinance must contain a covenant which will provide authority to the Council for rate adjustments.

City Manager Aronson questioned the provision in the state constitution where a city is prohibited from selling more than 25% of its generated power outside of its corporate limits. Mr. Nunnelly emphasized that the entire proposal was being presented with the thought of presentation to the State Supreme Court as a test case on that particular question. Mr. Nunnelly detailed the necessary procedures to bring the matter before the Court. To proceed further with the proposal, Mr. Nunnelly recommended that financial consultants be engaged.

By Councilman Cox, supported by Councilman Hansen:

RESOLVED, that the firm of Miller, Canfield, Paddock & Stone be and it is hereby engaged as the legal consultants of the city in the matter of a proposal between the City and the Upper Peninsula Power Company for a supply of electric energy.

Ayes: Unanimous.

By Councilman Bink, supported by Councilman Cox:

RESOLVED, that the Council of the City of Escanaba does herewith retain the firm of Kenover, MacArthur & Company as financial consultants in the proposed agreement between the City and the Upper Peninsula Power Company for a source of electric energy.

Ayes: Unanimous.

Upon motion of Councilman Cox, supported by Councilman Hansen, the proposal was referred to the Power Contract Study Committee with the request that the committee compare the contracts to determine whether the contents are basically the same.

Motion received unanimous approval.

Upon motion of Councilman Cox, supported by Councilman LeMire, the firm of Miller, Canfield, Paddock & Stone was retained as of counsel for the pending rate hearing before the Public Service Commission.

Ayes: Unanimous.

The Council discussed the problem of pedestrian safety near the new schools and agreed that sidewalks are necessary to protect the children. Upon motion of Councilman LeMire, supported by Councilman Cox, the Council established as policy that in any block in the city that is 25% or more occupied, the

The Council convened in special session in the City Hall at 11:45 A.M. on the above named date for the purpose of considering a proposal of the Upper Peninsula Power Company for a solution to the power problem.

Present: Mayor Harlan J. Yelland, Councilman Jacob Bink, Edward J. Cox, Wesley Hansen and Robert E. LeMire, City Manager A. V. Aronson and Attorney James R. Fitzharris, representing City Attorney Denis McGinn. Absent: None.

The Power Contract Study Committee has completed its work on the proposal submitted to the City by the Upper Peninsula Power Company. The Committee suggested that the contract be placed in final form embodying the recommendations of the Committee for submission to the Council.

By Councilman Bink, supported by Councilman Cox:

RESOLVED that the Upper Peninsula Power Company be and it is hereby requested to submit to the City Council, in final form, the proposed contract between the City and the Upper Peninsula Power Company.

Ayes: Councilmen Bink, Hansen, Cox, LeMire & Mayor Yelland (5). Nays: None.

It was suggested that the Council meet with its legal counsel, Attorney Nunnelly, after receipt of the contract.

City Manager Aronson informed the Council that the stoker coal bids had been analyzed and the bid of the Delta Coal & Dock Company was recommended.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED that the bid of the Delta Coal & Dock Company in the amount of $12.25 per ton for 85 tons of stoker coal be and it is hereby accepted.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

Walter Zimmerman appeared before the Council to request favorable consideration of the Council in granting a lease to him on the city-owned building commonly referred to as the Venus Building, so that he might be able to continue its operation. Mr. Zimmerman stated that he would require one-half of the building and offered a monthly rental of $25.00 under a year's lease to be renegotiated at the end of the year. Mr. Zimmerman informed the Council that there were arrangements that he would have to complete before he could definitely commit himself. He requested that the building be held until October 6th at which time he would have an answer. The Council agreed to hold the building until such date.

There being no further business and the time being 1:00 P.M., it was moved by Councilman LeMire, supported by Councilman Hansen:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Harvey
City Clerk

Approved:

Harlan J. Yelland
Mayor

reimburse Mr. and Mrs. Roy Costley in an amount of $50.00 for damages incurred to their property at 1929-7th Ave. South.

Upon a call of the roll, the vote was unanimous.

A request for permission to purchase 3000# of used weatherproof copper wire from the Moss Tie Co. at 34¢ per pound was presented. The Council requested that the Superintendent of the Electric Department appear before the Council for an explanation. Until the explanation, the matter was tabled upon motion of Councilman Hansen, supported by Councilman Cox, and approved unanimously.

By Councilman LeMire, supported by Councilman Cox:

WHEREAS, on September 15, 1955, Miss Belle Harvey retired as Treasurer of the City of Escanaba after thirty-seven years of continuous service to the citizens of Escanaba, during nine years of which time she served as City Treasurer, and

WHEREAS, said Belle Harvey, throughout the years, has given ungrudgingly of her time and best efforts in all that she has been called upon to do and has rendered valuable service to the citizens of Escanaba willingly and beyond the call of duty, now therefore

BE IT RESOLVED, that the City Council, speaking for all of the citizens of Escanaba, does herewith express its appreciation to Miss Harvey for her thirty-seven years of faithful and conscientious service to all of us, and

BE IT FURTHER RESOLVED, by the Council of the City of Escanaba, that this body recognize the public service rendered by Miss Harvey and express to her from all of its citizens our sincerest best wishes, and

RESOLVED, FURTHER, that a copy of this resolution be transmitted to Miss Harvey.

Ayes: Unanimous.

A petition to vacate a portion of 8th Avenue South from Lake Shore Drive to the shore line, was, upon motion of Councilman LeMire, supported by Councilman Hansen, referred to the Planning Commission.

Motion received unanimous approval.

A request from the Lake View Cemetery Association for permission to place a fence at the east end and at the south end of their property was granted upon motion of Councilman Hansen, supported by Councilman Cox and approved unanimously.

By Councilman Bink, supported by Councilman Hansen:

RESOLVED, that the Mayor and the Clerk be and they are hereby authorized to execute a license with the Chicago & North Western Railway Company whereby the City receives the right to construct a water main and storm sewer upon the property and under the tracks of the railroad company.

Ayes: Unanimous.

Ronald Koth appeared to request permission to install a ramp over the curb on South 22nd Street west of his A&W Drive-In restaurant. Upon motion of Councilman LeMire, supported by Councilman Bink, permission was granted. Motion carried unanimously.

Mayor Yelland, with the Council concurring, made the following statement:

"It might be well at this time to make a brief statement for the benefit of the people of Escanaba in regard to the electrical problem that we are facing.

I believe it is common knowledge that a proposal was made by the Upper Peninsula Power Company that the City build an electrical energy plant, and that at that time the Council indicated to the Power Company that they would consider such a proposal and asked them to submit their proposal in final legal form. This was done and with the consent of the Council I appointed a committee to study this proposed

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contract and to negotiate with the Power Company any changes that the Committee might deem necessary and advisable.

The Committee spent several hundred hours of work in studying and negotiating the proposed contract with the Power Company. They met several times a week and usually between the hours of 7:00 and 9:30 A.M. It was a tremendous task.

This Committee concluded its negotiations and recommended to the Council that the final form of the contract be submitted to a law firm who specializes in municipal affairs of this nature. Miller, Canfield, Paddock and Stone of Detroit were retained by the Council and Mr. Nunneley of that firm has been in contact with and representing the City since that time.

After studying the contract, Mr. Nunneley considered that certain parts of the contract were illegal in that the City was without the power to enter into some phases of the proposal. Mr. Nunneley suggested certain changes to conform with the laws of the State of Michigan and the Charter of Escanaba. The Power Committee and the Council went over the revised form of the contract in the same manner and method that was used by the Power Committee in its long study of the original proposal. The proposal was then returned to the Power Company for reprinting. Today twenty (20) copies of this proposed contract have been received by the City and distribution has been made to the members of the Power Committee and the Council.

Arrangements have been tentatively completed for a meeting of the Power Committee, the Council and Mr. Nunneley for this coming week to make the final approval of the contract as to form and contents. This does not mean in any sense that the Council is going to sign this contract this coming week.

The Council is unanimous in the feeling that the contents of the proposed contract shall be fully disclosed to the citizens of Escanaba and that copies of the contract shall be made available to those individuals or groups who wish to have it. Because of the limited number of copies, there must be some organization in the method of distributing it. It is my thought that several copies will be left at the Public Library for those who wish to obtain it. Other sources will be planned for its distribution. However, it must be borne in mind that copies of it are limited and we urge you not to be promiscuous for the number of copies requested.

I want to also point out that up to this time the Council has had nothing of a definite nature which it could disclose to the citizens of Escanaba and it will have nothing until after the final meeting with Mr. Nunneley as to its legality and purpose of content.

I want to assure the citizens of Escanaba that they will be fully informed as to the proposed contract and as to its meansing and effect to us.

There is also one other matter which is related to the electrical proposal which will be discussed at the same time the proposed contract is made available.

In passing I might say that this has been a long tedious matter and no one will ever know how much time has been spent by the Power Committee and by your Council in considering the matter. To have made any attempts to make detailed intermittent reports would have been useless and a waste of valuable time on both the part of the public and those who accepted the responsibility of negotiating and concluding a contract in its final form.

If there are any suggestions that citizens of Escanaba may have in regard to a plan of information, I would suggest that they either contact the City Manager's office of the City Clerk's office."

There being no further business, and the time being 9:45 P.M., it was moved by Councilman LeMire,

The "billing" provisions under Section 9 were revised in accordance with the present billing methods.

Mr. Pochelon emphasized that rates cannot be reduced until the requirements of the Reserve fund have been satisfied.

Mrssrs. Nunneley and Pochelon called to the attention of the Council the provision in said ordinance where all or any part of the system could not be sold while there is a bonded indebtedness, as noted under sub-section (f) of Section 17.

The ordinance and the contract were revised so that the Company would commence the monthly installment payments on the first day of each calendar month beginning with the calendar month next after the date the plant is completed and accepted by the city, rather than the last day of the month.

Mr. Nunneley and Mr. Pochelon explained the Bond Reserve which requires $40,000 per year for ten years, or until the Bond Reserve Account has reached the sum of $400,000.00. Also explained was the Replacement Fund requiring $5,000 yearly for ten years, or the total of $50,000.00. The Improvement and Extension Fund must be set up, but it is optional to exercise said fund.

The last sentence under Section 15 was deleted.

Having concluded discussions on the proposed ordinance, the group directed its attention to the proposed contract.

Councilman Cox directed several questions to Atty. Nunneley. Councilman Cox referred to Part One, "Conditions Precedent", Section One, sub-sections (a), (b) and (c) and inquired if each of these must be met and what would happen if one or the other party did not or could not comply.

Mr. Nunneley answered that under (a) and (b) the City will comply with all requirements before proceeding and under (c) the Company is required to obtain approval from the Public Service Commission, the Securities and Exchange or any other public agency; the Company must also have purchased the distribution facilities of the Upper Michigan Power and Light Company. Mr. Nunneley assured the Council that before any steps are taken on behalf of the city, all of these matters would be cleared to the satisfaction of the legal and financial consultants. Councilman Cox then queried as to the Company having a legal opinion from its counsel approving the matter as provided in Section 43. Mr. Nunneley stated that would be a requisite in this matter. Under Section 36 of the contract, Councilman Cox was informed that the Company has purchased the lines of the Upper Michigan Power and Light Co. and that Mr. Worden of the Company would submit evidence of same to the Council when the Company representatives appear later in the meeting.

Under the 25% limitation clause of the State Constitution, Councilman Cox queried of Atty. Nunneley whether or not this entire matter would be thrown up in the air should this ever get to a court. Atty. Nunneley replied in the negative, stating that whoever brought it to court would have to show damage to himself and he cited probabilities and what damages could be proved. Assuming that a court of competent jurisdiction were to prohibit or to deny by decree or by order the Company's right to the use of the surplus power under the act of minitations, Councilman Cox asked of Mr. Nunneley whether or not Section 36, or any part thereof, would become inoperative. Mr. Nunneley replied in the negative, stating that the Company would be bound to continue the operation.

Councilman Cox queried as to the contract with Black & Veatch that if any of the provisos previously cited became operative and the City and/or the Company were unable to continue this arrangement, the sum of services to the engineers would be $2500.00. In other words, Councilman Cox wants it understood that there will be no money spent on engineering and bonding until all factors in the contract and

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ordinance have been complied with to the satisfaction of all concerned.

The Council was informed that in the event of atomic power, the ordinance would be operative for improvements, extensions, additions, etc.

At this time Messrs. Worden, Powell and Veeser of the Upper Peninsula Power Co. and Atty. Carl Conley, legal consultant for the company, joined the meeting.

In reply to Councilman Cox's question on Section 1 (c) in regard to the Company having to obtain approval of the Public Service Commission, Mr. Worden stated that approval would be needed from that public body and assured the Council that immediate steps would be taken to secure this approval.

Mr. Worden informed the Council that the purchase of the Upper Michigan distribution system had been completed and the executed documents were in escrow awaiting the execution of the contract between the City and the Company.

Mr. Worden agreed to a request from the Council to change the date of payment by the Company as outlined in Section 36 from the last day of the month to the first day of the month.

The following resolution was offered by Councilman Bink, and supported by Councilman LeMire:

RESOLUTION AUTHORIZING EXECUTION OF CONTRACT WITH UPPER PENINSULA POWER COMPANY

WHEREAS, the City of Escanaba is a municipal corporation of the State of Michigan, and since the year 1895 has lawfully owned and operated an Electric Utility System for the purpose of furnishing light and power to its inhabitants;

AND WHEREAS, the City's requirements of electric energy for sale and distribution are growing rapidly, the City is without an electric generating plant of its own, and the City will shortly be unable to obtain an adequate supply of electric energy from its present supplier, the Upper Michigan Power and Light Company;

AND WHEREAS, the City, to assure itself of an adequate supply of electric energy for its present and reasonably anticipated future needs, deems it necessary and in the interest of the City to construct and acquire a steam electric generating plant as an addition and improvement to the Electric Utility System of the City;

AND WHEREAS, the consulting engineers retained by the City, Black and Veatch of Kansas City, Missouri, have recommended the installation of two generating units in the plant each having a preferred standard rating output of 12,650 KW or equivalent, and have estimated the cost of the entire project, including engineering, legal and financing expenses, contingencies and interest during construction at Seven Million ($7,000,000.00) Dollars;

AND WHEREAS, the City proposes to finance the cost of said project by the issuance of Electric Utility Revenue Bonds, said bonds to be payable solely and only out of the net revenues of said utility under and in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended, and to that end proposes to adopt the necessary ordinance authorizing the issuance of said bonds and providing other details necessary for their security in accordance with the requirements of said Act;

AND WHEREAS, the Upper Peninsula Power Company is a Michigan corporation duly authorized as a public utility to engage in the business of acquiring, constructing, leasing, owning and operating plants for the manufacture, sale and distribution of electric energy, and in the generation, purchase, sale and distribution of electric energy in the State of Michigan, and said Company is fully qualified and experienced in the operation and maintenance of a steam electric generating plant of the type the City

proposes to acquire;

AND WHEREAS, the said Company has offered to operate the proposed new steam electric generating plant for and on behalf of the City as its agent for an operating fee initially fixed at One (1¢) Cent per kilowatt hour of power taken by the City, to provide relay for one of the generating units in said plant at all times, to provide all the power necessary within the capability of the plant for the needs of the City, and to pay to the City a fee for the right of the Company to utilize for its purposes the surplus capacity of the plant over and above the City's needs;

AND WHEREAS, after an extensive period of study and negotiation by the City Council, a special committee appointed by the City Council, and the Company, over a period in excess of one year the City and the Company have agreed upon the terms of a contract embodying in substance the offer of the Company, and other details in connection therewith and necessary to the effectiveness thereof, which contract is for a term of ten (10) years from the date the plant is completed and accepted, with the option on the part of the City to renew said contract for two (2) additional ten (10) year periods, which contract has been prepared and copies thereof now filed in the office of the City Clerk;

AND WHEREAS, in the judgment of the City Council said contract offers the following specific benefits and advantages, among others, to the City, to-wit:

(a) It provides for expert and experienced operation and maintenance of the plant for and on behalf of the City, at a lower cost than the City could operate it through its own personnel;

(b) It provides for a firm and dependable supply of electric energy for the City, in that the Company is committed to provide relay for one of the generating units in said plant at all times;

(c) It provides for the most efficient and economical operation of the plant in that it will be operated at approximately full load capacity at all times;

(d) It provides for additional revenues available for the payment of the revenue bonds from the fee paid by the Company for the right to utilize the surplus capacity of the plant, which is in an amount sufficient so that existing distribution rates in the City will not have to be increased in order to provide sufficient revenues to pay the bonded indebtedness;

(e) It preserves to the City all the rights and benefits attendant upon municipal ownership of the plant at the lowest cost, and provides an assured source of power to take care of the present and reasonably anticipated needs of the City in the future;

AND WHEREAS, the City Council deems it to be in the interest of the public health, safety and welfare of the City and its inhabitants to enter into said contract with the Upper Peninsula Power Company;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Said contract and all its terms are hereby ratified, confirmed and approved.

2. The Mayor and City Clerk are hereby authorized and directed to execute and sign said contract for and in behalf of the City, and the City Clerk is authorized and directed to affix the seal of the City thereto.

3. Said contract shall become fully effective and binding on the City in accordance with its terms and provisions, upon the filing of a fully executed copy thereof in the office of the City Clerk.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5).

Nays: None.

The contract between the City and the Upper Peninsula Power Company was then executed by the President and Assistant Secretary of the Company and by the Mayor and the Clerk of the City.

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The following ordinance was introduced and read in full:

ORDINANCE NO. 300

AN ORDINANCE TO PROVIDE FOR EXTENDING, ENLARGING AND IMPROVING THE EXISTING ELECTRIC UTILITY SYSTEM OF THE CITY OF ESCANABA; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS UNDER THE PROVISIONS OF ACT 94, PUBLIC ACTS OF MICHIGAN, 1933, AS AMENDED, TO DEFRAY THE COST THEREOF; TO PROVIDE FOR THE RETIREMENT AND SECURITY OF THE BONDS TO BE ISSUED HEREUNDER; AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO SAID SYSTEM AND SAID BONDS.

It was then moved by Councilman Cox, supported by Councilman Hansen that the requirement of Section 3 of Chapter V of the city charter that no ordinance shall be finally passed on the day it is introduced be waived by reason of the fact that the necessity for the extension, enlarging and improving of the existing electric utility system creates an emergency making it necessary for the immediate preservation of the public peace, health and safety that the ordinance be adopted at this meeting and take immediate effect.

The motion was adopted by the unanimous vote of all members of the Council.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

The ordinance was then brought up for final passage. Whereupon, pursuant to motion made by Councilman Cox, supported by Councilman Hansen, it was adopted by the following vote:

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

The ordinance was thereupon signed by the Mayor and Clerk, was ordered published immediately in the Escanaba Daily Press, the official city newspaper, and was declared to be effective immediately.

The ordinance is as follows:

ORDINANCE NO. 300

AN ORDINANCE TO PROVIDE FOR EXTENDING, ENLARGING AND IMPROVING THE EXISTING ELECTRIC UTILITY SYSTEM OF THE CITY OF ESCANABA; TO PROVIDE FOR THE ISSUANCE AND SALE OF REVENUE BONDS UNDER THE PROVISIONS OF ACT 94, PUBLIC ACTS OF MICHIGAN, 1933, AS AMENDED, TO DEFRAY THE COST THEREOF; TO PROVIDE FOR THE RETIREMENT AND SECURITY OF THE BONDS TO BE ISSUED HEREUNDER; AND TO PROVIDE FOR OTHER MATTERS RELATIVE TO SAID SYSTEM AND SAID BONDS.

WHEREAS, the City of Escanaba, Delta County, Michigan, pursuant to a more than three-fifths vote of its qualified electors at a special election held on August 17, 1895, and pursuant to constitutional and statutory authority then existing, did acquire by purchase an electric light plant for the purpose of supplying the citizens and inhabitants of the City with electric lights and power;

AND WHEREAS, the City since said time has continuously owned and operated a municipal electric utility, extensions and improvements having been added thereto from time to time and financed out of the earnings of the utility;

AND WHEREAS, the City has in recent years purchased the electric energy it has required from the Upper Michigan Power and Light Company, and distributed it through its municipal electric distribution system;

AND WHEREAS, the City's requirements of electric energy for sale and distribution are growing rapidly, and the present supplier of said electric energy will shortly be unable to supply sufficient electric energy to supply the City's current and future needs, which necessitates the City acquiring an electric generating plant as an extension and improvement to the existing municipal utility;

AND WHEREAS, to assure itself of an adequate supply of electric energy it is deemed necessary and in the interest to the City to construct and acquire a steam electric generating plant to provide the City's present and anticipated future requirements of electric energy;

AND WHEREAS, it is deemed necessary and advisable in order to meet the City's present and reasonably anticipated requirements of electric energy to install two generating units in said electric

generating plant each having a preferred standard rating output of 12,650 KW or equivalent;

AND WHEREAS, to finance the cost thereof, it is deemed advisable and necessary to issue revenue bonds to provide for the cost thereof under the provisions of Act 94, Public Acts of Michigan, 1933, as amended; the latest amendment, to-wit: Act 136, Public Acts of Michigan, 1954, permitting the financing of enlargements, extensions and improvements to existing electric utilities in public corporations having less than one hundred sixty thousand (160,000) population by the issuance of revenue bonds under its provisions;

AND WHEREAS, the population of the City of Escanaba, Delta County, Michigan, according to the latest federal decennial census (1950) was fifteen thousand one hundred seventy (15,170);

AND WHEREAS, all things necessary to the authorization and issuance of said bonds under the provisions of the Constitution and laws of the State of Michigan, and particularly Act 94, Public Acts of Michigan, 1933, as amended, have been done, and the City Council of the City of Escanaba is now empowered and desires to authorize the issuance and sale of such bonds:

THE CITY OF ESCANABA ORDAINS:

Section 1. It is hereby determined to be necessary for the public health, safety and welfare of the City of Escanaba, Delta County, Michigan, to extend, enlarge and improve its existing municipal electric utility by acquiring and constructing a steam electric generating plant consisting of two generating units having a preferred standard rating output of 12,650 KW or equivalent, together with necessary appurtenances, equipment, and housing, in accordance with plans and specifications therefor prepared by Black and Veatch, consulting engineers of Kansas City, Missouri.

Section 2. The cost of said extension, enlargement and improvement to the existing municipal electric utility has been estimated by Black and Veatch, consulting engineers, to be Seven Million ($7,000,000.00) Dollars, including engineering, legal and financing costs, supervision and contingencies, and interest for a period of approximately one and one-half (1-1/2) years during construction (interest to and including January 1, 1958), which estimate of cost is hereby approved and confirmed, and the period of usefulness of said extensions, enlargements and improvements is estimated to be not less than forty (40) years.

Section 3. To provide funds to pay the cost of acquiring and constructing the steam electric generating plant hereinbefore referred to, with the necessary appurtenances, equipment and housing, and the other expenses referred to in Section 2 hereof, it is hereby determined that the City of Escanaba, Delta County, Michigan, shall borrow the sum of Seven Million ($7,000,000.00) Dollars, and that revenue bonds be issued therefor under the provisions of Act 94, Public Acts of Michigan, 1933, as amended, which bonds are sometimes hereinafter referred to in this Ordinance as "the bonds."

Wherever the word "project" is hereafter used in this Ordinance, it shall be understood to mean the steam electric generating plant, appurtenances, equipment and housing therefor to be acquired and constructed under the provisions of this Ordinance as an extension, enlargement and improvement to the existing municipal electric utility of the City of Escanaba.

Wherever the words "the System" or "System" are used in this Ordinance, they shall be understood to mean the complete municipal electric utility of the City of Escanaba, including, but not by way of limitation, the project and all distribution facilities, plants, works, instrumentalities and properties used or useful in connection therewith, or any which may be acquired or constructed in the future.

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Wherever the words "revenues" and "net revenues" are used in this Ordinance, they shall be understood to have the meaning defined in Section 3 of Act 94, Public Acts of Michigan, 1933, as amended.

Section 4. Said bonds shall be designated ELECTRIC UTILITY REVENUE BONDS, and shall be, not general obligations of the City of Escanaba, but revenue bonds, payable out of the net revenues of the System after provision has been made for payment of expenses of operation and maintenance, and shall consist of 7000 bonds of $1,000.00 each, dated as of March 1, 1956, numbered and maturing serially as follows:

Bond Nos. Inclusive	Principal Amount	Maturity Date
1/125	$ 125,000.00	January 1, 1959
126/250	125,000.00	January 1, 1960
251/400	150,000.00	January 1, 1961
401/550	150,000.00	January 1, 1962
551/715	165,000.00	January 1, 1963
716/890	175,000.00	January 1, 1964
891/1065	175,000.00	January 1, 1965
1066/1255	190,000.00	January 1, 1966
1256/1445	190,000.00	January 1, 1967
1446/1645	200,000.00	January 1, 1968
1646/1855	210,000.00	January 1, 1969
1856/2065	210,000.00	January 1, 1970
2066/2280	215,000.00	January 1, 1971
2281/2505	225,000.00	January 1, 1972
2506/2735	230,000.00	January 1, 1973
2736/2975	240,000.00	January 1, 1974
2976/3220	245,000.00	January 1, 1975
3221/3470	250,000.00	January 1, 1976
3471/3725	255,000.00	January 1, 1977
3726/4000	275,000.00	January 1, 1978
4001/4275	275,000.00	January 1, 1979
4276/4575	300,000.00	January 1, 1980
4576/4875	300,000.00	January 1, 1981
4876/5200	325,000.00	January 1, 1982
5201/5530	330,000.00	January 1, 1983
5531/5890	360,000.00	January 1, 1984
5891/6250	360,000.00	January 1, 1985
6251/6625	375,000.00	January 1, 1986
6626/7000	375,000.00	January 1, 1987

Said bonds shall bear interest at a rate or rates not exceeding four (4%) per cent per annum, payable on January 1, 1957, and semi-annually thereafter on July 1st and January 1st of each year, both principal and interest to be payable at a qualified bank or trust company to be designated by the manager or managers of the account purchasing the bonds.

Bonds maturing subsequent to the year 1966 (Nos. 1256 to 7000, both inclusive) shall be subject to redemption prior to maturity, as a whole, at the option of the City, on any interest payment date on or

after January 1, 1966, but only for the purpose of refunding in connection with a program wherein additional financing is deemed necessary to provide further extensions, enlargements and improvements to the System.

Bonds numbered 5201 to 7000, both inclusive, maturing in the years 1983 to 1987, both inclusive, may be redeemed prior to maturity from surplus revenues, in inverse numerical order, at the option of the City, on any interest payment date on or after January 1, 1970.

Bonds redeemed prior to maturity, as a whole, or in part, shall be redeemed at par and accrued interest plus a premium as follows:

$40.00 on each bond so redeemed on or after January 1, 1966, but prior to January 1, 1970.
$30.00 on each bond so redeemed on or after January 1, 1970, but prior to January 1, 1974.
$20.00 on each bond so redeemed on or after January 1, 1974, but prior to January 1, 1977.
$10.00 on each bond so redeemed on or after January 1, 1977, but prior to January 1, 1983.
No premium shall be paid on bonds redeemed prior to maturity on or after January 1, 1983.

Notice of call of any bonds for redemption shall be given by thirty days' notice by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

Said bonds may be registered as to principal only in the manner and with the effect set forth on the face thereof, as hereinafter provided.

Said bonds shall be signed by the Mayor and countersigned by the City Clerk, and shall have interest coupons attached bearing the facsimile signatures of said Mayor and City Clerk, and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons.

Section 5. Said bonds and the attached coupons shall not be a general obligation or indebtedness of the City of Escanaba, but shall be payable solely from the net revenues derived from the operation of the System; and to secure such payment there is hereby created a statutory first lien upon the whole of the net revenues of said System, to continue until the payment in full of the principal and interest on said bonds.

Section 6. The holder or holders of said bonds or coupons representing in the aggregate not less than twenty (20%) per cent of the entire issue then outstanding, may either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the revenues of said System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the City of Escanaba, including the fixing of sufficient rates, the collection of revenues, the proper segregation of the revenues of the System and the proper application thereof: Provided, However, that the statutory lien upon said revenues shall not be construed to compel the sale of the System.

If there be any default in the payment of the principal of or interest upon any of said bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate said System on behalf of the City, and under the direction of said court, and by and with the approval of said court to perform all of the duties of the officials of said City more particularly set forth herein and in Act 94, Public Acts of Michigan, 1933, as amended.

The holder or holders of any such bonds or any coupons therefrom shall have all other rights and remedies given by said Act 94, Public Acts of Michigan, 1933, as amended, for the collection and

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enforcement of said bonds and the security therefor.

Section 7. The System shall be operated on the basis of an operating year commencing on July 1st and ending on June 30th.

Section 8. The acquiring and construction of the project, and supervision and management thereof, shall remain and be under the immediate supervision and control of the City Manager, subject to the powers in relation thereto remaining with the City Council under the provisions of the City Charter. To provide expert and efficient operation and maintenance of the project for the benefit of the City, the City has on the 4th day of January, 1956, entered into a contract with the Upper Peninsula Power Company, a Michigan corporation, whereby said Company will manage, operate and maintain said project for and on behalf of the City as its agent, which contract provides for an initial management fee based upon One (1¢) Cent per kilowatt hour of power delivered to the City. The term of said contract is for a period of ten (10) years from and after the date of completion and acceptance of the project, with the option on the part of the City to renew said contract for two (2) additional ten (10) year periods, if adjustments in the management fee and other details specified in the contract are satisfactory to it at the time. It is the judgment and determination of the City Council that said contract is to the best interest of the City in that it provides for expert and experienced management and operation of the project for its benefit, at the lowest possible cost, and at the same time preserves all the benefits and privileges attendant upon municipal ownership and operation of said utility.

Section 9. The rates to be charged users of electric energy furnished through the municipal distribution facilities of the System shall be as prescribed by the City Council subject to the limitations and covenants contained in this Ordinance. The initial rates shall be as follows:

RESIDENTIAL RATES

First	50 KWHs/Month	4.0¢/KWH
Next	25 KWHs/Month	3.0¢/KWH
Next	225 KWHs/Month	2.0¢/KWH
Over	300 KWHs/Month	1.5¢/KWH

COMMERCIAL RATES

First	40 KWHs/Month	5.0¢/KWH
Next	60 KWHs/Month	4.5¢/KWH
Next	400 KWHs/Month	4.0¢/KWH
Next	1500 KWHs/Month	2.5¢/KWH
Next	3000 KWHs/Month	2.0¢/KWH
Over	5000 KWHs/Month	1.5¢/KWH

Minimum bill or service charge per month (Urban)	$ .60/Month
Minimum bill or service charge per year (Suburban)	12.00/Year

SMALL POWER RATES
(Low Voltage)

First	100 KWHs/Month	4.5¢/KWH
Next	400 KWHs/Month	3.5¢/KWH
Next	500 KWHs/Month	3.0¢/KWH
Next	6000 KWHs/Month	2.0¢/KWH
Over	7000 KWHs/Month	1.5¢/KWH

Service Charge	$ .60/Month
Minimum bill per HP per month	.50/Month

NOTE: Small power users are those located within the City Limits and having a monthly average use of 5000 KWHs or less, or a demand of less than 50 KWHs provided that no consumer has a connected load of 3 HP or more.

INDUSTRIAL RATES
(High Voltage)

Energy Charge:

First	50,000 KWHs/Month	1.5¢/KWH
Next	150,000 KWHs/Month	1.25¢/KWH
Over	200,000 KWHs/Month	1.15¢/KWH

Demand Charge:

First	100 KWs/Month	$ 2.00/KW
Next	150 KWs/Month	1.75/KW
Over	250 KWs/Month	1.10/KW

NOTE: Industrial power users are those who have a demand of 50 KWs or more, or a guaranteed average consumption of more than 500 KWHs per month for the year.

SPECIAL RATES

1.5¢ per KWH plus service charge of 60¢ per meter per month.

NOTE: This rate applies to the Escanaba Public and Parochial Schools and the City of Escanaba.

OFF-PEAK WATER HEATING RATES

1.25¢ per KWH per customer per month.

Service Charge (Urban)	60¢/Month/Meter
Service Charge (Suburban)	$1.00/Month/Meter and minimum annual bill of $12.00

BILLING

Meters of all customers shall be read monthly.

A five percent (5%) penalty charge will be made on all bills unpaid after date indicated on bill, provided that the penalty charged shall not exceed five dollars ($5.00) if paid within thirty (30) days after due date.

ENFORCEMENT

The charges for services furnished by the System which are under the provisions of Section 21, Act 94, Public Acts of Michigan, 1933, as amended, made a lien on all premises served thereby, unless notice is given that a tenant is responsible, are hereby recognized to constitute such lien and whenever any such charge against any piece of property shall be delinquent for six (6) months, the City official or officials in charge of the collection thereof shall certify annually on June 1st of each year to the tax-assessing officer of the City, the fact of such delinquency, whereupon such charge shall be by him entered upon the next tax roll as a charge against such premises and shall be collected and the lien thereof enforced in the same manner as general City taxes against such premises are collected, and the lien thereof enforced: Provided, However, where notice is given that a tenant is responsible for such charges and service as provided by said Section 21, no further service shall be rendered such premises until a cash deposit of not less than Ten ($10.00) Dollars shall have been made as security for payment of such charges and service.

In addition to other remedies provided, the City shall have the right to shut off and discontinue the supply of electric power to any premisss for the non-payment of the rates when due. If such charges and rates are not paid within sixty (60) days after the due date thereof, then electric power service to such premises shall be discontinued. Electric power service so discontinued shall not be restored until all sums then due and owing shall be paid, plus an additional charge of Two ($2.00) Dollars for restoration of the service.

The above rates shall be hereinafter referred to as "service rates," and wherever said term is hereinafter used it shall be understood to mean the above-described rates, or any revision thereof lawfully made.

The Upper Peninsula Power Company, pursuant to the provisions of the contract hereinbefore mentioned in Section 8 hereof, has covenanted and agreed to pay to the City during the term of said contract, and any extensions thereof, the sum of Three Hundred Eighty Thousand Five Hundred Ninety-nine ($380,599.00) Dollars annually (subject to adjustment as provided in the contract at the time the cost of the project is finally determined upon completion thereof, and the interest rate on the bonds is determined after sale thereof), in monthly installments, each such installment to be paid on the first day of each calendar

month beginning with the calendar month next after the date the plant is completed and accepted by the City, for the privilege of utilizing the surplus capacity of the plant, after the requirements of the City are met. Said rate is fixed and determined for the period of the contract, and is in an amount sufficient to provide funds for the payment of principal of and interest upon the bonds as they mature. Said payments are determined and agreed to be a part of the revenues of the System, and are hereinafter sometimes referred to as the "contract rate."

Section 10. No free service shall be furnished by said System to any person, firm or corporation, public or private, or to any public agency or instrumentality. Any such services furnished the City shall be charged against the City at the established rates, and shall be paid for monthly as the services accrue, from current funds or from the proceeds of taxes which the City is authorized and required to levy in an amount sufficient for that purpose.

Section 11. The service rates now in effect, as hereinbefore set forth, when supplemented by the contract rate, are estimated to be sufficient to provide for the payment of the interest upon and principal of all bonds as and when the same become due and payable, to provide for the payment of the expenses of administration and operation and such expenses for maintenance of said System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for said System as this Ordinance may require. Such service rates shall be fixed and revised from time to time as may be necessary, when supplemented by the contract rate, if any, to produce these amounts, and it is hereby covenanted and agreed at all times to fix and maintain such service rates as shall be sufficient to provide for the foregoing.

Section 12. From and after the effective date of this Ordinance, the revenues of the System shall be set aside, as collected, and deposited in the Escanaba National, First National and State Banks of Escanaba, Michigan, in an account to be designated ELECTRIC UTILITY SYSTEM RECEIVING FUND (hereinafter referred to as the "Receiving Fund"), and said revenues so deposited are pledged for the purposes of the following funds and shall be transferred from the Receiving Fund periodically in the manner, and at the times hereinafter specified.

(A) OPERATION AND MAINTENANCE FUND:

Out of the revenues in the Receiving Fund there shall be first set aside, monthly, into a separate depositary account designated OPERATION AND MAINTENANCE FUND, a sum sufficient to provide for the payment of the next month's current expenses of administration and operation of the System and such current expenses for the maintenance thereof as may be necessary to preserve the same in good repair and working order.

The management fee of One (1¢) Cent per kilowatt hour provided for in the contract with the Upper Peninsula Power Company or any contractual revision thereof, is determined and specified to be an expense of administration, operation and maintenance of the System.

The City Council, not less than thirty (30) days prior to the commencement of each operating year, shall adopt a budget covering the foregoing expenses for the next ensuing operating year, and a copy of said budget shall be sent to the manager of the account purchasing the bonds.

(B) BOND AND INTEREST REDEMPTION FUND:

There shall next be established and maintained a separate depositary account designated BOND AND

INTEREST REDEMPTION FUND, the moneys from time to time on hand in said fund to be used solely for the purpose of paying the principal of and the interest upon the bonds hereby authorized. The moneys in the Bond and Interest Redemption Fund (including the Bond Reserve Account hereinafter established) shall be kept on deposit with the bank or trust company where the principal and interest on the bonds herein authorized are currently payable.

Out of the revenues remaining in the Receiving Fund after provision has been made for expenses of operation and maintenance of the System, there shall next be set aside, monthly, in the Bond and Interest Redemption Fund, a sum proportionately sufficient to provide for the payment of the principal of and interest upon all outstanding bonds payable from the revenues of the System, as and when the same become due and payable. Interest due to and including January 1, 1958, has been capitalized and an amount sufficient therefor will be paid into the Bond and Interest Redemption Fund out of the proceeds of the sale of the bonds. Commencing January 1, 1958, the amount so set aside out of the Receiving Fund for interest each month shall be not less than one-sixth (1/6) of the interest next becoming due and payable, and not less than one-twelfth (1/12) of the principal of said bonds next becoming due and payable. If there be any deficiency in the amount previously required to be set aside, then the amount of such deficiency shall be added to the current requirements.

There is hereby established in the Bond and Interest Redemption Fund, a separate account to be known as the Bond Reserve Account, into which account there shall be set aside, in equal monthly installments, after provision has been made for the current requirements of the Operation and Maintenance Fund and the Bond and Interest Redemption Fund, not less than Forty Thousand ($40,000.00) Dollars by the end of each of the operating years commencing July 1, 1958 to and including the operating year commencing July 1, 1967, so that at the end of the operating year commencing July 1, 1967, the moneys in said Bond Reserve Account shall total Four Hundred Thousand ($400,000.00) Dollars. The moneys in said Bond Reserve Account shall be used solely for the payment of the principal and interest on the bonds as to which there would otherwise be default.

If, at any time, it shall be necessary to use moneys in the Bond Reserve Account for such payment, then the moneys so used shall be replaced from the next revenues first received thereafter which are not required by this Ordinance to be used for operation and maintenance or for current principal and interest requirements: Provided, However, that such Bond Reserve Account shall not be regarded as moneys otherwise appropriated or pledged for the purpose of determining the sufficiency of funds available for redemption of callable bonds.

No further payments need be made into the Bond and Interest Redemption Fund after enough of the bonds have been retired so that the amount then held in said fund (including the Bond Reserve Account) is equal to the entire amount of principal and interest which will be payable at the time of maturity of all the bonds then remaining outstanding.

(C) REPLACEMENT FUND:

There shall next be established and maintained a separate depositary account designated REPLACEMENT FUND, the moneys on deposit therein from time to time to be used solely and only for the purpose of making major repairs and replacements to the System when necessary. There shall be deposited into said account, in equal monthly installments, after provision has been made for the current requirements of the Operation and Maintenance Fund and the Bond and Interest Redemption Fund (including the Bond Reserve Account), not less than Five Thousand ($5,000.00) Dollars by the end of each of the operating

years commencing July 1, 1958 to and including the operating year commencing July 1, 1967, so that at the end of the operating year commencing July 1, 1967, the moneys in said Replacement Fund shall total Fifty Thousand ($50,000.00) Dollars. If, at any time, it shall be necessary to use moneys in said fund for such purpose, the moneys so used shall be replaced from the revenues in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund or the Bond and Interest Redemption Fund (including the Bond Reserve Account).

(D) IMPROVEMENT AND EXTENSION FUND:

There shall next be established and maintained a separate depositary account to be designated IMPROVEMENT AND EXTENSION FUND. Out of the revenues remaining in the Receiving Fund after providing for the requirements of the Operation and Maintenance Fund, the Bond and Interest Redemption Fund (including the Bond Reserve Account), and the Replacement Fund, there shall be deposited into the Improvement and Extension Fund, in any month, such sum as the City Council may deem advisable to be used for improvements, enlargements, extensions or repairs to the System.

(E) SURPLUS FUND:

Moneys remaining in the Receiving Fund at the end of any operating year after satisfying the requirements of the above-described funds, may, in the discretion of the City Council, be transferred to a separate depositary account designated as the SURPLUS FUND. Moneys from time to time on hand in the Surplus Fund may, at the option of the City Council, be transferred to any other fund or funds of the System established by the provisions of this Ordinance, or may be used for any other purpose permitted by the Constitution and laws of the State of Michigan or the Charter of the City of Escanaba: Provided, However, that if there should be any deficit in the Operation and Maintenance Fund, the Bond and Interest Redemption Fund (including the Bond Reserve Account), or the Replacement Fund, then transfers shall be made from the Surplus Fund to such funds in the priority and order named, to the extent of such deficits.

Section 13. In the event the moneys in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Bond and Interest Redemption Fund, any moneys and/or securities in other funds of the System shall be transferred first, to the Operation and Maintenance Fund, and second, to the Bond and Interest Redemption Fund to the extent of any deficit therein.

Section 14. Revenues of the System on hand on the effective date of this Ordinance shall, not later than March 1, 1956, be transferred to the Receiving Fund and become subject to the provisions of this Ordinance relative to the disposition thereof.

Section 15. Moneys in the Bond and Interest Redemption Fund over and above those being accumulated for the payment of principal and interest next maturing, and moneys in any other fund except the Receiving Fund and the Operation and Maintenance Fund may be invested in obligations of the United States of America. In the event such investments are made, the securities representing the same shall be kept on deposit with the bank or trust company having on deposit the fund or funds from which such purchase was made.

Section 16. The Escanaba National, the First National and the State Banks of Escanaba, Michigan, Federal Reserve System member banks, each being insured with the Federal Deposit Insurance Corporation, are hereby designated depositaries of the proceeds of the sale of said bonds. From said proceeds there shall

first be deposited in the Bond and Interest Redemption Fund any premium and accrued interest paid to the City by the purchaser of the bonds, and an amount sufficient to pay the interest on said bonds to and including January 1, 1958. The balance of the proceeds shall be applied and used solely to pay the cost of the project and expenses incident thereto. Any unexpended balance of the proceeds of sale remaining after completion of the project may, and to the extent of fifteen (15%) per cent of the amount of the issue representing the cost of the project, be used for further improvements, enlargements and extensions of the System, provided that at the time of such expenditure, such use be approved by the Municipal Finance Commission. Any remaining balance after such expenditure shall be paid into the Bond and Interest Redemption Fund. Moneys from time to time on hand derived from the proceeds of the sale of bonds may be invested in accordance with the provisions of Section 15 and Section 24 of Act 94, Public Acts of Michigan, 1933, as amended.

Section 17. The City of Escanaba covenants and agrees with the successive holders of the bonds and coupons that so long as any of the bonds remaining outstanding and unpaid as to either principal or interest - -

(a) The City will maintain the System in good repair and working order and will operate the same efficiently and will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Michigan, including the making and collecting of sufficient service rates for electric power service rendered by the System, and the segregation and application of revenues of the System in the manner provided in this Ordinance.

(b) The City will fix and collect service rates and charges for all electric power service supplied by the System in order to obtain revenues which, when supplemented by the contract rate, will be fully sufficient to provide for the payment of expenses of administration, operation and maintenance of the System, to provide for the payment of interest on and the principal of all obligations payable therefrom, including the bonds herein authorized, as and when the same become due and payable, and to create the Bond Reserve Account and provide for the Replacement Fund. Such rates shall be fixed and revised from time to time as may be necessary to produce these amounts. The initial rates now in effect and set forth in Section 9 of this Ordinance shall in any event not be reduced until such time as the Bond Reserve Account and the Replacement Fund have been established in their full required amount.

(c) The City will not permit free electric power service to be supplied by the System to the City or any department or agency thereof, or to any person, firm or corporation, public or private or to any public agency or instrumentality. The reasonable cost and value of all electric power service rendered to the City and ite various departments shall be charged against the City and shall be paid as the service accrues. All payments so made shall be considered revenues of the System, and shall be applied in the manner herein provided for the application of the revenues of the System.

(d) The City will maintain and keep proper books of record and account, separate from all other records and accounts, in which shall be made full and correct entries of all transactions relating to the System. Not later than three (3) months after the close of each operating year, the City Council will cause to be prepared on forms furnished by the Municipal Finance Commission, if such forms be available, a statement in reasonable detail, sworn to by its chief accounting officer, showing the cash income and disbursements of the System during such operating year, the assets and liabilities of the System at the beginning and close of the fiscal year, and such other information as is necessary to enable any taxpayer, user of the service furnished, or any holder or owner of the bonds or anyone acting

in their behalf to be fully informed as to all matters pertaining to the financial operation of the System during such year. A certified copy of such statement shall be filed with the Municipal Finance Commission, and such statement and books of record and account shall at all reasonable times be open to inspection by any taxpayer, user of the service or holder or holders of any bonds or anyone acting in their behalf. A copy of such statement shall be sent to the original purchaser of the bonds at the same time it is filed with the Municipal Finance Commission. The said City Council will also cause an annual audit of such books of record and account for the preceding operating year to be made by a recognized independent certified public accountant, and will furnish a copy of such audit to any bondholder on payment of the actual cost of such copy. Any such audit shall be in such reasonable detail as will present the full financial condition of the System to the holders of bonds and shall include auditor's comments on the manner in which the City has complied with the provisions of this Ordinance in respect to the several funds of the System.

(e) The City will cause to be maintained and carried insurance on all physical properties of the System, of the kinds and in the amounts normally carried by public utility companies and municipalities engaged in the operation of electric power utilities. All moneys received for losses under any such insurance policies shall be applied solely to the replacement and restoration of the property damaged or destroyed, and to the extent not so used, shall be deposited in the Bond and Interest Redemption Fund.

(f) The City will not sell, lease or dispose of the System or any substantial part thereof until all of the bonds have been paid in full, both as to principal and interest. The City, further, will cause the operation of the System to be carried on as economically as possible, will cause to be made to the System all repairs and replacements necessary to keep the same in good repair and working order, and will not do or suffer to be done any act which would affect the System in such a way as to impair or affect unfavorably the security of the bonds.

(g) The City will not operate any competing electric power utility and so far as permitted by law, the City will not grant any franchise to a competing electric power utility so long as any of the bonds issued hereunder remain outstanding and unpaid.

Section 18. The right is reserved, in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended, to issue additional bonds payable from the revenues of the System, which shall be of equal standing with the bonds herein authorized for the following purposes:

(a) For the completion of the project in the event the funds realized from the sale of the bonds herein authorized prove to be insufficient.

(b) For subsequent enlargements, extensions and improvements to the System: Provided, that no such additional bonds shall be issued unless the average annual net revenues for the last two (2) preceding operating years shall be equal to at least one and one-third (1-1/3) times the average annual requirements for principal and interest thereafter maturing on the bonds herein authorized, on any then previously issued bonds of equal standing with those herein authorized, and on such additional bonds then being issued. Permission of the Municipal Finance Commission (or such other State body having jurisdiction over the issuance of municipal bonds) to issue such additional bonds shall constitute a conclusive presumption of the existence of conditions permitting the issuance thereof.

Except as herein authorized, no additional bonds having equal standing with the bonds of this issue shall be authorized or issued.

Section 19. The said bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MICHIGAN

COUNTY OF DELTA

CITY OF ESCANABA

ELECTRIC UTILITY REVENUE BOND

No._____ $1,000.00

KNOW ALL MEN BY THESE PRESENTS that the CITY OF ESCANABA, Delta County, Michigan, for value received, hereby promises to pay to the bearer, or if registered, to the registered holder hereof, but only out of the revenues of the Electric Utility System of the City of Escanaba, including all extensions, enlargements and improvements thereto, the sum of

ONE THOUSAND DOLLARS

on the first day of January, A. D., 19_____, with interest thereon from the date hereof until paid at the rate of _____ per cent per annum, payable on January 1, 1957, and semi-annually thereafter on the first day of July and January of each year, on presentation and surrender of the proper interest coupons hereto annexed as they severally become due. Both principal of and interest on this bond are payable in lawful money of the United States of America at _____, and for the prompt payment thereof, the gross revenues of said Electric Utility System, including all extensions, enlargements and improvements thereto, after provision has been made for reasonable and necessary expenses of operation, administration and maintenance, are hereby irrevocably pledged, and a statutory first lien thereon is hereby created.

This bond is one of a series of seven thousand (7000) bonds of even date and like tenor except as to date of maturity _____, aggregating the principal sum of $7,000,000.00, numbered consecutively in direct order of maturity from 1 to 7000, both inclusive, issued pursuant to an Ordinance duly adopted by the City Council on _____, 1956, and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of constructing a steam electric generating plant as an extension and improvement to the existing Electric Utility System of the City of Escanaba.

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the above-described ordinance.

Bonds of this issue maturing subsequent to the year 1966 (Nos. 1256 to 7000, both inclusive) are subject to redemption prior to maturity, as a whole, at the option of the City, on any interest payment date on or after January 1, 1966, but only for the purpose of refunding in connection with a program wherein additional financing is deemed necessary to provide further extensions, enlargements and improvements to the System.

The right is reserved of redeeming bonds numbered 5201 to 7000, both inclusive, maturing in the years 1983 to 1987, both inclusive, from surplus revenues, in inverse numerical order, at the option of the City, on any interest payment date on or after January 1, 1970.

Bonds redeemed prior to maturity as a whole, or in part, are redeemable at par and accrued interest plus a premium as follows:

$40.00 on each bond so redeemed on or after January 1, 1966, but prior to January 1, 1970;
$30.00 on each bond so redeemed on or after January 1, 1970, but prior to January 1, 1974;
$20.00 on each bond so redeemed on or after January 1, 1974, but prior to January 1, 1977;
$10.00 on each bond so redeemed on or after January 1, 1977, but prior to January 1, 1983.
No premium is payable on bonds redeemed prior to maturity on or after January 1, 1983.

Notice of call of any bonds for redemption shall be given by thirty days' notice by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

This bond is a self-liquidating bond and is not a general obligation of the City of Escanaba, and does not constitute an indebtedness of the City of Escanaba within any constitutional or statutory limitation, and is payable, both as to principal and interest, solely from the revenues of said Electric Utility System of the City. The principal and interest on this bond are secured by the statutory first lien hereinbefore mentioned.

The City of Escanaba has covenanted and agreed, and does hereby covenant and agree, to maintain at all times while any of said bonds are outstanding, such rates for service furnished by said Electric Utility System as shall be sufficient to provide for the payment of expenses of administration and operation and such expenses for maintenance of said System as may be necessary to preserve the same in good repair and working order, to provide for the payment of interest upon and the principal of all bonds payable therefrom as and when the same become due and payable, and for the creation of a reserve therefor, and to build up a reserve for major repairs and replacements which may become necessary.

This bond and the interest thereon are exempt from any and all taxation whatsoever by the State of Michigan or by any taxing authority within said State.

This bond may be registered as to principal only on the books of the City Treasurer in the name of the holder, and such registration noted on the back hereof by the City Treasurer, after which no transfer shall be valid unless made on the books and noted on the back hereof in like manner, but transferability by delivery may be restored by registration to bearer. Such registration shall not affect the negotiability of the interest coupons.

It is hereby certified and recited that all acts, conditions and things required by law precedent to and in the issuance of this bond and the series of which this is one have been done and performed in regular and due time and form as required by law.

IN WITNESS WHEREOF, the City of Escanaba, Delta County, Michigan, by its City Council, has caused this bond to be signed in the name of said City by its Mayor and countersigned by its City Clerk, and the corporate seal of the City to be affixed hereto, and the coupons hereto attached to be signed by the facsimile signatures of said Mayor and City Clerk, as of the first day of March, A. D. 1956.

CITY OF ESCANABA

(Seal)

By Harlow J. Yellend
Mayor

Countersigned:

George M. Harvey
City Clerk

(Form of Coupon)

No._____ $_____

On the first day of _____, A. D., 19____, unless the bond to which this coupon pertains shall have been called for redemption, the CITY OF ESCANABA, Delta County, Michigan, will pay to the bearer the sum of _____ Dollars, in the manner and out of the revenues described in said bond, at _____, being the semi-annual interest due that date on its Electric Utility Revenue Bond, dated March 1, 1956, No._____.

This coupon is not a general obligation of the City of Escanaba, but is payable from certain revenues as set forth in the bond to which it pertains.

_____
Mayor

_____
City Clerk

REGISTRATION
NOTHING TO BE WRITTEN HEREON EXCEPT BY
THE CITY TREASURER

Date of Registration	Name of Registered Owner	Registrar

Section 20. The City Clerk is hereby authorized and directed to make application to the Municipal Finance Commission for authority to issue and sell said bonds, and for approval of the form of notice of sale of said bonds in accordance with the provisions of Act 202, Public Acts of Michigan, 1943, as amended, and of Act 94, Public Acts of Michigan, 1933, as amended.

Section 21. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 22. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 23. This Ordinance shall be recorded in the minutes of the meeting of the City Council at which it is adopted, as soon as practicable after its passage, which record shall be authenticated by the signatures of the Mayor and City Clerk of said City, and shall be published once in the Escanaba Daily Press, a newspaper of general circulation within said City within one (1) week after its passage. This Ordinance shall become effective immediately upon its adoption.

Harlan J. Yellowe
Mayor

Attest:
George M. Harvey
City Clerk

.....

By Councilman Cox, supported by Councilman Bink:

WHEREAS, by Ordinance No. 300, adopted by the City Council on January 4, 1956, the City of Escanaba has authorized the issue of $7,000,000.00 Electric Utility Revenue Bonds, dated March 1, 1956;

IT IS HEREBY RESOLVED, that the City Clerk cause Notice of Sale of said bonds to be published in The Bond Buyer of New York, New York, as soon as the form of said Notice is approved by the Municipal Finance Commission, setting the date of sale for a regular or special meeting of the City Council occurring more than fourteen (14) days after such publication;

RESOLVED, FURTHER, that said Notice of Sale be in substantially the following form, subject to any changes which may be required by the Municipal Finance Commission:

NOTICE OF SALE

$7,000,000.00

CITY OF ESCANABA, COUNTY OF DELTA,
MICHIGAN

ELECTRIC UTILITY REVENUE BONDS

Sealed Bids for the purchase of Electric Utility Revenue Bonds of the City of Escanaba, County of Delta, Michigan, of the par value of $7,000,000.00, will be received by the undersigned at the City Hall in the City of Escanaba, until _____, the _____ day of _____, 1956, at _____ o'clock p.m., Eastern Standard Time, at which time and place they will be publicly opened and read.

The bonds will be dated March 1, 1956, and will mature serially as follows:

$125,000.00 January 1st of each of the years 1959 and 1960;
$150,000.00 January 1st of each of the years 1961 and 1962;
$165,000.00 January 1, 1963;
$175,000.00 January 1st of each of the years 1964 and 1965;
$190,000.00 January 1st of each of the years 1966 and 1967;
$200,000.00 January 1, 1968;
$210,000.00 January 1st of each of the years 1969 and 1970;
$215,000.00 January 1, 1971;
$225,000.00 January 1, 1972;
$230,000.00 January 1, 1973;
$240,000.00 January 1, 1974;
$245,000.00 January 1, 1975;
$250,000.00 January 1, 1976;
$255,000.00 January 1, 1977;
$275,000.00 January 1st of each of the years 1978 and 1979;
$300,000.00 January 1st of each of the years 1980 and 1981;
$325,000.00 January 1, 1982;
$330,000.00 January 1, 1983;
$360,000.00 January 1st of each of the years 1984 and 1985;
$375,000.00 January 1st of each of the years 1986 and 1987.

Said bonds shall be coupon bonds, registrable as to principal only, of the denomination of $1,000.00 each, numbered consecutively in the direct order of their maturity from 1 to 7000, both inclusive, and shall bear interest from their date at a rate or rates not exceeding four (4%) per cent per annum, expressed in multiples of 1/4 of 1%, said interest to be payable on January 1, 1957, and semi-annually thereafter on July 1st and January 1st of each year, both principal and interest to be payable at a qualified bank or trust company to be designated by the manager or managers of the account purchasing the bonds. Accrued interest to the date of delivery of said bonds must be paid by the purchaser at the time of delivery. The interest rate for each coupon period on any one bond shall be at one rate only.

Bonds of this issue maturing subsequent to the year 1966 (Nos. 1256 to 7000, both inclusive) shall be subject to redemption prior to maturity, as a whole, at the option of the City, on any interest payment date on or after January 1, 1966, but only for the purpose of refunding in connection with a program wherein additional financing is deemed necessary to provide further extensions, enlargements and improvements to the System.

Bonds numbered 5201 to 7000, both inclusive, maturing in the years 1983 to 1987, both inclusive, may be redeemed prior to maturity from surplus revenues, in inverse numerical order, at the option of the City, on any interest payment date on or after January 1, 1970.

Bonds redeemed prior to maturity as a whole, or in part, shall be redeemed at par and accrued interest plus a premium as follows:

$40.00 on each bond so redeemed on or after January 1, 1966, but prior to January 1, 1970;
$30.00 on each bond so redeemed on or after January 1, 1970, but prior to January 1, 1974;
$20.00 on each bond so redeemed on or after January 1, 1974, but prior to January 1, 1977;
$10.00 on each bond so redeemed on or after January 1, 1977, but prior to January 1, 1983.
No premium shall be paid on bonds redeemed prior to maturity on or after January 1, 1983.

Notice of call of any bonds for redemption shall be given by thirty days' notice by publication in a paper circulated in the State of Michigan which carries, as part of its regular service, notices of sale of municipal bonds, and in case of registered bonds, thirty days' notice shall be given by mail to the registered address. Bonds so called for redemption shall not bear interest after the date fixed for redemption, provided funds are on hand with the paying agent to redeem said bonds.

No proposal for the purchase of less than all of the bonds, or less than their par value will be considered.

Said bonds are to be issued under Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of constructing a steam electric generating plant as an extension and improvement to the existing Electric Utility System of the City of Escanaba.

Said bonds are not a general obligation of the City but are payable solely from the revenues of the Electric Utility System of the City, subject only to payment of expenses of administration, operation and maintenance, and a statutory first lien thereon has been created. For the purpose of awarding the bonds, the interest cost of each bid will be computed by determining, at the rate or rates specified therein, the total dollar value of all interest on the bonds from (Here insert the first day of the month next following the date of receiving bids or the date of the bonds, whichever is later) to their maturity and deducting therefrom any premium. The bonds will be awarded to the bidder whose bid on the above computation produces the lowest interest cost to the City of Escanaba.

A certified or cashier's check in the amount of $140,000.00 drawn upon an incorporated bank or trust company and payable to the order of the Treasurer of the City of Escanaba must accompany each bid as a guaranty of good faith on the part of the bidder, to be forfeited as liquidated damages if such bid is accepted and the bidder fails to take up and pay for the bonds. No interest shall be allowed on the good faith checks and checks of unsuccessful bidders will be promptly returned to each bidder's representative or by registered mail.

Bids shall be conditioned upon the unqualified opinion of Miller, Canfield, Paddock and Stone, attorneys of Detroit, Michigan, which opinion shall be furnished without expense to the purchaser of the bonds, prior to the delivery thereof, approving the legality of the bonds. The City shall furnish bonds ready for execution at its expense. Bonds will be delivered at Chicago, Illinois, or New York, New York.

Additional bonds of equal standing with the bonds of this issue may be issued, but only for the purpose and on the terms and conditions expressed in the authorizing Ordinance.

The right is reserved to reject any and all bids.

Envelopes containing the bids should be plainly marked "Proposal for Bonds."

_____
City Clerk

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Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5).
Nays: None.

By Councilman LeMire, supported by Councilman Cox:

RESOLVED, that the written legal opinion rendered by Atty. John Nunneley of Miller, Canfield, Paddock and Stone be accepted and recorded in the proceedings of this meeting.

Ayes: Unanimous.

Herewith the opinion referred to above:

MILLER, CANFIELD, PADDOCK AND STONE

Detroit 26, Mich.

January 4, 1956

The Honorable Mayor and City Council
Escanaba, Michigan

Gentlemen:

We have been working for and on behalf of the City of Escanaba for a period covering approximately the last six months on the program relative to the financing of the proposed new steam electric generating plant for the City. As the result of many meetings and extended negotiations, the following documents have been prepared and are now ready for action by the City Council:

1. Contract between the City and the Upper Peninsula Power Company providing for the operation of the new plant by the Company, as agent of the City, at a fee fixed in the contract, providing for relay for one of the generating units in said plant, providing for a fee to be paid by the Company to the City for its right to utilize surplus capacity of the plant after taking care of the City's needs, and providing many other details which you are familiar with and are embodied in said contract as a result of extended negotiations.

2. Revenue bond ordinance which we have prepared, authorizing the issuance of electric utility revenue bonds of the City of Escanaba in the aggregate principal amount of $7,000,000.00 to finance the cost of the newsplant.

3. Resolution adopting form of notice of sale of said bonds.

We have carefully reviewed these completed documents and the law relative to the same, and are of opinion as follows:

1. The City is fully authorized and empowered to acquire and construct said new steam electric generating plant as an addition and improvement to its present municipal electric system, and to issue revenue bonds to finance the cost thereof under the provisions of Act 94, Public Acts of Michigan, 1933, as amended.

2. The revenue bond ordinance submitted complies in all respects with the provisions of said Act 94, Public Acts of Michigan, 1933, as amended.

3. That the City has the right to provide for the operation and management of its proposed plant in the manner which will in the judgment of the City Council be in the best interests of the City. To that end, it has the right and power to enter into the proposed contract with the Upper Peninsula Power Company, and when said contract has been duly and properly executed by the Mayor and City Clerk pursuant to proper resolution of the City Council, and by the officials of the Power Company pursuant to authorization of its Board of Directors, it will constitute a legally binding and valid contract in accordance with its terms and provisions.

Yours very truly,

MILLER, CANFIELD, PADDOCK AND STONE

By (Signed) John H. Nunneley
John H. Nunneley

JHN hd

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Mr. Nunneley reiterated his statement that before the bonds are sold all conditions set forth in the contract and in the ordinance must be met and he reassured the Council that this would be looked after.

Mr. Oliver pointed out that some material is scarce and it is a year before delivery is made. His concern has undertaken the necessary work to speed this up. In reply to a query from Councilman Cox relative to the use of local labor, Mr. Oliver stated that he was certain that the contractor would use local labor with the exception of a few key staff-men.

John L. Greene of the First National Bank appeared before the Council in regard to an assignment of a lease with the Harnischfeger Corportion, but the matter was tabled for further information.

City Manager Aronson reported on the bids that had been received for an adjustable aerial ladder and recommended the bid of the Electric Service Manufacturing Company in the amount of $963.04.

By Councilman Cox, supported by Councilman LeMire:

RESOLVED, that the recommendation of the City Manager be accepted and the bid for an adjustable aerial ladder be awarded to the Electric Service Mfg. Co. in the amount of $963.04.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

Upon motion of Councilman LeMire, supported by Councilman Hansen, the public hearing on Ordinance No. 301 which was to be held this date was continued to January 19, 1956.

Motion received unanimous approval.

Upon motion of Councilman LeMire, supported by Councilman Hansen, the date for the payment of the 1955 county and school taxes without the 4% penalty charge was extended, by unanimous consent, from January 10, 1956 to February 15, 1956.

The City Manager informed the Council that alternators had to be installed in the police cars because of the heavy use of the police car radios. Cost of said alternator installation is $530.00. Upon motion of Councilman Bink, supported by Councilman Cox, the City Manager was authorized to expend the sum of $530.00 for the installation of alternators on police cars.

Upon a call of the roll, the vote was unanimous.

The Clerk reviewed the negotiations that have taken place in regard to the acquisition of land for airport expansion. The Council was informed that the City has negotiated for the property of Mrs. Julia Sullivan consisting of ten acres with 1300 ft. frontage on the highway, and having been improved further by the extension of the water main to same. The water main extends 835 ft. along the property. Total cost of entire property is $8235.59. The City will be able to re-sell about 600 ft. x 300 ft. of said property.

Another parcel of property to be acquired is owned by Wm. Steinhausen and has a frontage of 600 ft. on the highway. This property is needed in its entirety for airport purposes so there would be no part for re-sale. The value as set by a recognized appraiser is $1500.00.

Another parcel of land on the east end of the runway to be acquired is owned by Mr. & Mrs. Shiner. The City has offered the Shiner's the sum of $750.00, but the Shiners are asking the sum of $900.00.

Upon motion of Councilman Bink, supported by Councilman Cox, the City Manager was authorized to purchase, from the Contingent Fund, the following described properties for airport purposes:

East 10 acres of $SE\frac{1}{4}$ of $NE\frac{1}{4}$ Sec. 1 T 38 N, R 23 W from Mrs. Julia Sullivan for the sum of $8235.59;
A parcel in the $NE\frac{1}{4}$ of $NE\frac{1}{4}$ of Sec. 1 T 38N, R 23W from Wm. Steinhausen for the sum of $1,500.00.

Upon a call of the roll, the vote was unanimous.

The Clerk was instructed to return to the Shiner's and reiterate the offer of $750.00.

Upon motion of Councilman Hansen, supported by Councilman Bink, the House of Ludington management was granted permission to landscape eastward along the curb strip to the end of their property.

Motion received unanimous approval.

The Clerk reported that the Automatic Voting Machine Corporation had submitted the following proposal:

1-4-56

"December 30, 1955

Mr. George M. Harvey
City Clerk
City of Escanaba
Escanaba, Michigan

Dear Mr. Harvey:

Thank you for your letter of December 23rd advising us that a decision has been reached to equip your larger voting precincts with voting machines on a trial basis. It is our understanding that you are considering the installation of voting machines in your 2nd, 4th, 5th, 6th and 9th precincts. Based on the registration figures included in your report of August 1, 1955, to your Mayor and members of your City Council, the installation of voting machines in these precincts would require a total of 12 machines. Based on the same registration figures, 21 machines would adequately equip your entire City.

To enable a thorough trial of Automatic Voting Machines at your City Election in April 1956, we invite your consideration of the following proposal:

We would rent to the City 12 Automatic Voting Machines of the 9 party row, 40 office column size, manually operated, Michigan type, for a period of one year at the rental price of $150.00 per machine, F.O.B. Jamestown, New York. This would equip the larger precincts mentioned above. In order that the remaining precincts of the City could be equipped to enable a thorough citywide trial of the machines, we would loan the City an additional 9 machines with the understanding that the City would pay the transportation charges on such loaned machines from Jamestown, New York to Escanaba, Michigan. The City would be granted the option to purchase all 21 machines on or before March 1, 1957 at the price of $1368.00 per machine, F.O.B. Jamestown, New York, and all rental paid would be applied to the purchase price. The balance of the purchase price could be paid by means of equal annual installments over a period of not to exceed 10 years with interest on the unpaid balances at the rate of 3% per annum. In the event that the purchase option is not exercised, the machines cou could be returned to us, F.O.B. Jamestown, New York, and the City relieved of further obligation.

We would be pleased to discuss other plans of acquiring Automatic Voting Machines to enable their thorough trial by your voters.

Delivery of machines can be made on or before March 1, 1956, which would allow sufficient time for the instruction of your election officials in the operation of the machines and for demonstration of the machines to your voters.

We would furnish your City with one of our service representatives prior to the first two elections at which the machines are used to assist in the installation of the machines. The duties of this representative would be as follows:

(a) To meet with your local printer to assist in the arrangements for the printing of voting machine ballot labels, sample ballots and return sheets.

(b) To assist in the preparation of machines. A smooth functioning system of machine preparation, machine checking and transporting would be put into action. At this time employees of the City may receive first hand experience in machine preparation under the supervision of our factory representative.

(c) To train your precinct judges and clerks at evening meetings. Your election officials would be instructed in the method of conducting elections on voting machines.

Also, at no charge to the City, we would furnish the necessary seals, instruction cards, election officers instruction booklets as necessary for the first two elections at which the m machines are used. We will also furnish with each machine, at no charge, a mechanical model, which is a duplicate of a portion of the face of the machine, to facilitate the instruction of your voters.

The machines which we would furnish would be of the same type and carry the same guarantees as the Automatic Voting Machines used in more than 200 Michigan communities and in more than 7,000 other communities in 33 States from coast-to-coast.

We would be pleased to furnish you with any further detailed information concerning the matter which you may require. Please do not hesitate to contact us.

Sincerely,

(Signed) Raymond C. Anderson, Sales Department

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By Councilman LeMire, supported by Councilman Bink:

RESOLVED, that the recommendation of the City Clerk that the city rent voting machines for a period of one year on a trial basis be accepted.

RESOLVED, FURTHER, that the Mayor and Clerk are herewith authorized to execute a contract with the Automatic Voting Machine Corporation for the rental of voting machines for a trial period of one

year.

Ayes: Councilmen Bink, Hansen, Cox, LeMire and Mayor Yelland (5). Nays: None.

The problem of restricted parking on the half blocks north and south of Ludington Street during the evening hours was discussed briefly. The matter was to be brought up at the next council meeting.

There being no further business and the time being 7:00 P.M., it was moved by Councilman Bink, supported by Councilman LeMire:

RESOLVED, that the meeting adjourn.

Ayes: Unanimous.

George M. Hansen
City Clerk

Approved:

Harlan J. Yelland
Mayor