



CITY COUNCIL MEETING AGENDA

1st and 3rd Thursday of the Month

Marc D. Tall, Mayor
Ronald J. Beauchamp, Mayor Pro-Tem
Patricia A. Baribeau, Council Member
Ralph B. Blasier, Council Member
Michael R. Sattem, Council Member

James V. O'Toole, City Manager
Robert S. Richards, CMC, City Clerk
Ralph B.K. Peterson, City Attorney

City Council Chambers located at: City Hall - 410 Ludington Street - Room C101 - Escanaba, MI 49829

The Council has adopted a policy to use a Consent Agenda, when appropriate. All items listed with an asterisk (*) are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

Regular Meeting

Thursday, June 19, 2014, at 7:00 p.m.

CALL TO ORDER

ROLL CALL

INVOCATION/PLEDGE OF ALLEGIANCE -
APPROVAL/CORRECTION(S) TO MINUTES -

City Clerk Robert S. Richards
Special Meeting - May 29, 2014
Regular Meeting June 5, 2014

APPROVAL/ADJUSTMENTS TO THE AGENDA

CONFLICT OF INTEREST DECLARATION

BRIEF PUBLIC COMMENT

PUBLIC HEARINGS

- 1. Public Hearing - Industrial Facilities Exemption Certificate - Bell's Brewery, Inc. - 3525 Airport Road**
Explanation: Bell's Brewery, Inc., an eligible business, is requesting an IFT exemption for new construction and personal property pursuant to PA 198 of 1974 for their property located at 3525 Airport Road.
- 2. Approval - Ordinance No. 1153 - Appropriations Ordinance Amendment.**
Explanation: Administration is recommending the City Council amend the current Appropriations Ordinance for the fiscal year ending June 30, 2014. An amendment is needed to balance out over and under expenditures within various departmental budgets for the 2013-14 fiscal year. This action is mandated by State law and adjusts budget accounts to help ensure that no individual line items are overrun.

NEW BUSINESS

- 1. Approval - Request to Reserve Ludington Park Band Shell for Summer Concerts.**
Explanation: Blues for a Cause is seeking Council approval to utilize the Ludington Park Band Shell for a series of summer concerts on Mondays from July 7th to August 4th from 6:00 p.m. to 9:00 p.m. Administration is recommending approval provided 1) proper insurance is provided to the City naming the City of Escanaba as an additional insured and 2) event sponsors provide all labor material and clean up at the conclusion of the event.

2. **Approval - Service Contract for Menards Tax Tribunal Representation - Assessor's Office**
Explanation: Administration is seeking Council approval to retain Mr. Miles Anderson to assist in an upcoming Michigan Tax Tribunal hearing involving the Menards store located within the City limits of Escanaba.

3. **Approval - Street Paving - Department of Public Works.**
Explanation: On May 12, 2014, four (4) invitations to submit bids for street paving were sent out to area vendors. Additionally, a request for bid was advertised in the Escanaba Daily Press. A bid opening was conducted on May 29, 2014, with one (1) received. After review and consideration by the Administration, the bid from Payne and Dolan, of Gladstone, Michigan, is being recommended for approval at the given unit prices. This work has been budgeted in the upcoming fiscal year budget.

4. **Approval - Worker's Compensation Third Party Administrator Renewal.**
Explanation: Administration is requesting authorization to renew the City's Service Agreement with Comprehensive Risk Services, Inc. of Novi, MI as outlined in their submitted renewal agreement.

5. **Update - Sale of the Power Plant - City Manager's Office.**
Explanation: Administration will update the Council and public on the latest developments related to the sale of the Escanaba generating facility.

APPOINTMENTS
BOARD, COMMISSION, AND COMMITTEE REPORTS
GENERAL PUBLIC COMMENT
ANNOUNCEMENTS
ADJOURNMENT

Respectfully Submitted



James V. O'Toole
City Manager



CITY COUNCIL ADDENDUM MEETING AGENDA

1st and 3rd Thursday of the Month

Marc D. Tall, Mayor
Ronald J. Beauchamp, Mayor Pro-Tem
Patricia A. Baribeau, Council Member
Ralph B. Blasier, Council Member
Michael R. Sattem, Council Member

James V. O'Toole, City Manager
Robert S. Richards, CMC, City Clerk
Ralph B.K. Peterson, City Attorney

City Council Chambers located at: City Hall - 410 Ludington Street - Room C101 - Escanaba, MI 49829

The Council has adopted a policy to use a Consent Agenda, when appropriate. All items listed with an asterisk (*) are considered routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member or citizen so requests, in which event the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

Meeting Agenda Addendum

Thursday, June 19, 2014

6. Reaffirm – Council Actions of City Council and Electrical Advisory Committee.

Explanation: Administration is requesting Council reaffirm their approval to retain Power System Engineering of Minneapolis, Minnesota, to continue assistance in completing such things as load forecasting, power purchasing option analysis and other technical services as needed. Additionally, Administration is requesting Council reaffirm their approval to enter into an SSR Agreement with MISO for the period of June 15, 2014, through June 14, 2015.

The City of Escanaba will provide all necessary, reasonable aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting to individuals with disabilities at the meeting/hearing upon a five day notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling City Hall at (906) 786-9402.

Respectfully Submitted

A handwritten signature in black ink, appearing to read 'J. O'Toole', is written over a horizontal line.

James V. O'Toole
City Manager

**OFFICIAL PROCEEDINGS
CITY COUNCIL
PLANNING COMMISSION
DOWNTOWN DEVELOPMENT AUTHORITY
HISTORIC DISTRICT COMMISSION
CITY OF ESCANABA, MICHIGAN
Special Council Meeting
Thursday, May 29, 2014**

Pursuit to a special meeting notice posted May 2, 2014, the meeting was called to order by the Honorable Mayor Marc D. Tall at 6:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Mayor Pro Tem Ronald J. Beauchamp, Council Members Patricia A. Baribeau, Ralph B. Blasier, and Michael R. Satterm.

Absent: None

Planning: Chairperson Thomas Warstler, Commission Members Patrick Connor, Roy Webber, Brian Black, and Kelvin Smyth.

Absent: Todd Milkiewicz, Christine Williams, James Hellermann

DDA: Chairperson Sue Parker, DDA Trustees Dan Bender, Mary Finlan, Andy Crispigna, Tara Deno (arrived at 6:18), Mitch Taylor, and James O'Toole.

Absent: Jeffrey Slagstad

Historic: Chairperson Don Curran, Commissioners Judith Fouts, Ellie O'Donnell, Suzell Eisenberger, Karen Lindquist, and Monte Morrison.

Absent: One Vacancy

Also Present: City Manager James V. O'Toole, Robert S. Richards City Clerk, City Attorney Ralph B.K. Peterson, DDA Director Ed Legault, Library Director Carolyn Stacey, City Code Enforcement Blaine DeGrave, Media, Jessica Flores (who was Skyped) from the State Historic Preservation Office (SHPO) and members of the public.

ADJUSTMENTS TO THE AGENDA

Administration asked to move Agenda Items 3-5 to be first on the agenda, and to change agenda item 2, to agenda item 4, and move agenda item 1, to agenda item 5.

Blasier moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as amended.

CONFLICT OF INTEREST DECLARATION – None

NEW BUSINESS

Discussion – City of Escanaba National Register of Historic Places Listing.

Administration led a discussion, with Jessica Flores of the State Historic Preservation Office, on the City of Escanaba downtown being among the most recent listings to the National Register of Historic Places. Ms. Flores stated the listing on the National Register would enable the owners of income-producing properties to apply for Federal Historic Preservation Tax Credits for the rehabilitation of their buildings, thereby encouraging potential investment in downtown Escanaba. The following was reviewed:

- This designation not only recognizes the architectural features in Escanaba's buildings but also was "enticing" for developers;
- Through the historic places program, income-producing properties were eligible for a 20 percent tax credit for renovations of the owner's choice. If federal funds were used, specific renovation requirements were required;
- The next step was to be synced up with the projects taking place downtown.

Update – Michigan (MEDC) Redevelopment Ready Communities Program (RRC).

Administration, with Jessica Flores State Historic Preservation Office, provided an update on the City of Escanaba's selection into the Michigan Economic Development Corporation Redevelopment Ready Communities Program (RRC). The RRC Program is a statewide program that certifies communities as "development ready" based on effective policies, efficient processes and broad community support. The following was reviewed:

- Ms. Flores provided a broad overview of the MEDC Program;
- RRC Program would allow the City to obtain a comprehensive review of City Master and Development Plans, and would also assess the City's business and residential opportunities, parking, downtown corridors, public input, targeted investments, redevelopment plans, and other economic practices;
- Ms. Flores advised an RRC really elevates Escanaba's presence in the state, and shows the City has an open door policy for development.

Discussion – Certified Local Government Status (CLG).

Administration, with Jessica Flores State Historic Preservation Office, led a discussion on the possibility of Escanaba becoming a "Certified Local Government" which, if approved, could provide financial assistance and technical assistance for specific projects that would enhance and promote historic neighborhoods and commercial districts in the City by identifying specific preservation projects. The following was reviewed:

- Ms. Flores provided a basic overview of the program;
- Manager O'Toole noted the City and DDA master plans helped make Escanaba eligible to apply for the CLG program.

Update – City of Escanaba and Downtown Development Authority Facade Incentive Program 2014-15.

Ed Legault, DDA Director, provided an update on the 2014-15 Facade Incentive Program funded through the Community Development Block Grant (CDBG) Downtown Facade Improvement Program. The program was structured to provide commercial/mixed use building facade improvement funds to sustain and minimize deterioration of the downtown area. The following was reviewed:

- Provided a history of the program;
- Program has received \$350,000 from State Grants, \$200,000 from the DDA, and \$75,000 from Local Matches;
- Updated current status of the program;
- Reviewed proposed current Façade Improvement Program properties.

Discussion – City of Escanaba Historical Facade Design Guideline.

Administration led a discussion on the proposed Historical Facade Design Guideline which when adopted will provide guidance to property owners undertaking work within an established Historic District that is subject to review by the Historic District Commission or facade work undertaken as part of the downtown Facade Incentive Program. Those in attendance were asked to review the proposed document for recommendations. Ultimately, the Council would approve the document after review.

GENERAL PUBLIC COMMENT – None

COMMISSION/STAFF COMMENT AND ANNOUNCEMENTS

The studies conducted by the City of Escanaba over the years have led to the opportunities the City has today.

Hearing no further business or public comment, the meeting adjourned at 7:07 p.m.

Respectfully submitted,

Robert S. Richards, CMC
City Clerk

Approved: _____
Marc. D. Tall, Mayor

**OFFICIAL PROCEEDINGS
CITY COUNCIL
CITY OF ESCANABA, MICHIGAN
Regular Council Meeting
Thursday, June 5, 2014**

The meeting was called to order by the Honorable Mayor Marc D. Tall at 7:00 p.m. in the Council Chambers of City Hall located at 410 Ludington Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ronald J. Beauchamp, and Michael R. Sattem

Absent: Ralph B. Blasier

Moved by Council Member Beauchamp, seconded by Council Member Sattem, **CARRIED UNANIMOUSLY**, to excuse Council Member Blasier.

Also Present: City Manager James V. O'Toole, City Department Heads, media, and members of the public.

Reverend Scott White, of Presbyterian Church, gave the invocation and led Council in the Pledge of Allegiance.

Beauchamp moved, Baribeau seconded, **CARRIED UNANIMOUSLY**, to approve Regular Meeting Minutes from May 15, 2014, and Special Meeting Minutes from May 14, 2014, May 19, 2014, and June 2, 2014, as submitted.

ADJUSTMENTS TO THE AGENDA

Beauchamp moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve the City Council Agenda as submitted.

CONFLICT OF INTEREST DECLARATION – None

RETIREMENT PROCLAMATION

A Certificate of Appreciation and a Proclamation declaring June 5, 2014, was made for Stephen J. LaBonte, Jr. upon his retirement from the City of Escanaba. Council Members wished him the best in his retirement.

BRIEF PUBLIC COMMENT – None

UNFINISHED BUSINESS – None

PUBLIC HEARINGS

Public Hearing – Second Reading and Adoption – Ordinance No. 1152 – An Ordinance to Amend Chapter 18, Section 18-212, of the City Of Escanaba Code Of Ordinances.

Council conducted the second reading of Ordinance No. 1152, an Ordinance to amend Chapter 18, Section 18-212 of the City of Escanaba Code of Ordinance as it relates to the sale, discharge, storage, possession, transportation and distribution of consumer fireworks within the City limits.

This being a public hearing, Mayor Tall asked if there was any public comment.

Hearing no public comment, Mayor Tall closed the public hearing.

PH-1 "By Council Member Sattem, seconded by Council Member Baribeau;

Resolved, That Ordinance No. 1152, an Ordinance to amend Chapter 18, Section 18-212 of the City of Escanaba Code of Ordinance as it relates to the sale, discharge, storage, possession, transportation and distribution of consumer fireworks within the City limits, given its second reading and public hearing at this meeting, be and it is hereby adopted, and that it be published in accordance with the requirements of State law and the City Charter."

Upon a call of the roll, the vote was as follows:

Ayes: Sattem, Baribeau, Beauchamp, Tall

Nays: None

RESOLUTION DECLARED ADOPTED.

Herewith Ordinance No. 1152, adopted by title:

**AN ORDINANCE TO AMEND CHAPTER 18, SECTION 18-212,
OF THE CITY OF ESCANABA CODE OF ORDINANCES
IN ORDER TO REGULATE THE SALE, DISCHARGE,
STORAGE, POSSESSION, TRANSPORTATION AND
DISTRIBUTION OF FIREWORKS**

Full text in Ordinance Record "K."

NEW BUSINESS

Approval – Banking Service Contract.

On May 9, 2014, invitations to submit proposals for banking services were sent out to area banks. A proposal opening was conducted on May 23, 2014, with five (5) proposals being received. After review of all proposals, administration recommended approval of the M-Bank (Escanaba) proposal which included a 1.5% fixed rate on deposits with minimal fees and charges.

Escanaba City Treasurer Robert Valentine provided a brief overview of the proposed City Banking Services contract with M-Bank of Escanaba.

NB-1 Beauchamp moved, Sattem seconded, to approve a Banking Service Contract proposal from M-Bank (Escanaba) for City of Escanaba banking services which includes a 1.5% fixed rate on deposits with minimal fees.

Upon a call of the roll, the vote was as follows:

Ayes: Beauchamp, Sattem, Baribeau, Tall

Nays: None

MOTION CARRIED.

Approval – Tennis Court Resurfacing Project – City of Escanaba and Escanaba Area Schools.

On April 30, 2014, invitations to submit bids for tennis court resurfacing were sent out to five (5) vendors. On May 20, 2014, a bid opening was conducted with five (5) bids received. After review of all bids, administration recommended the contract be awarded to Tennis Courts Unlimited of Watervliet, Michigan, (pending MDNR's approval) in the amount of \$48,286. Of the contract amount, \$31,486 will be allocated by the City to upgrade the City of Escanaba's courts. The remaining \$16,800 would be the responsibility of the Escanaba School system for upgrading their courts.

NB-2 Baribeau moved, Sattem seconded, to approve a Tennis Court Resurfacing Bid contract to Tennis Courts Unlimited of Watervliet, Michigan, (pending MDNR's approval) in the amount of \$31,486 to upgrade the City of Escanaba's courts. The remaining \$16,800 would be the responsibility of the Escanaba School system for upgrading their courts.

Upon a call of the roll, the vote was as follows:

Ayes: Baribeau, Sattem, Beauchamp, Tall

Nays: None

MOTION CARRIED.

Approval – New Brewer License - Bell's Brewery, Inc. - 3525 Airport Road.

The Michigan Liquor Control Commission (MLCC) required local governmental approval of a new Brewer License for the newly constructed Upper Hand Brewery located at 3525 Airport Road. On May 21, 2014, the City of Escanaba Liquor Review Board recommended Council approval. Administration recommended approval.

NB-3 Resolved by Council Member Sattem, seconded by Council Member Beauchamp, to recommend to the Michigan Liquor Control Commission a new Brewer License for the newly constructed Upper Hand Brewery located at 3525 Airport Road.

Ayes: Sattem, Beauchamp, Baribeau, Tall
Nays: None
Absent: Blasier

RESOLUTION DECLARED ADOPTED.

Approval – Setting of Public Hearing - Industrial Facilities Exemption Certificate – Bell’s Brewery, Inc. - 3525 Airport Road.

Bell’s Brewery, Inc. (Upper Hand Brewery), 3525 Airport Road requested a tax abatement for real/and or personal property they own or control at their newly constructed brewing facility. Council was asked to set June 19, 2014, as a public hearing date on their application.

NB-4 Baribeau moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to set June 19, 2014, as a public hearing date on Bell’s Brewery, Inc. (Upper Hand Brewery), 3525 Airport Road, application for a tax abatement for real/and or personal property they own or control at their newly constructed brewing facility.

Approval - Naming of Baseball Field - Veteran's Park - South 14th Street and 8th Avenue South.

Administration sought Council approval to name the baseball field at Veteran's Park the "Kevin Tapani Field at Veteran's Park". Mr. Tapani was raised in Escanaba. He quarterbacked the Escanaba Eskymos to the 1981 MHSAA Class "A" State Football Championship and went on to play Major League Baseball pitching for the New York Mets, Minnesota Twins, Los Angeles Dodgers, Chicago White Sox and Chicago Cubs. In 1991 while pitching for the Minnesota Twins, the Twins won the World Series. On May 13, 2014, the Recreation Advisory Board met and recommended Council approval.

NB-5 Baribeau moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve to name the baseball field at Veteran's Park the "Kevin Tapani Field at Veteran's Park".

Update – Sale of the Power Plant – City Manager’s Office.

Manager O’Toole updated the Council and public on the latest developments related to the sale of the Escanaba generating facility. He stated Escanaba Green Energy (EGE) made final arrangements for closing. Proof of funds would be forwarded to EGE from an Escrow agency stating when the funds would be available to complete

the loan. Information would be forwarded to the City when information was received.

Discussion – Resolution to Reinstate State Shared Revenue.

Council discussed a resolution which requested the State Legislature and Governor to fully reinstate state revenue sharing to all cities, counties and townships in the State of Michigan before any “Grand Bargain” appropriations were approved and distributed to the City of Detroit. Senator Casperson’s representative Marty Fittante was in attendance and also provided details of the Detroit bailout and each discussed the following:

- Detroit bailout was finalized;
- Senator Casperson’s Office did receive various feedback regarding this issue from the Senator’s district;
- Senator Casperson voted No on the bill other than oversight portion;
- Would need to discuss with the Michigan Municipal League to see if there was support to reinstate the State Shared Revenues from the State of Michigan;
- Portions of the City’s proposed resolution was reviewed with Mr. Fittante and Mr. Fittante stated many of the same points were debated down in Lansing. He advised State needed a healthy Detroit for a healthy Michigan;
- Council Members questioned why the City of Detroit was handed \$195 million in State Funds to help with their city employee pension fund when other communities were suffering and had their State Revenue Funds withheld;
- The City of Escanaba should go on record stating disapproval with the Grand Bargain for Detroit. Other Upper Peninsula communities had experienced economic failure and didn’t receive help from the state to keep them going;
- The City of Escanaba had played by the rules, made sacrifices in personnel and made other budget cuts because of the reduced State Shared Revenue.

After further discussion, the following resolution was made:

NB-7 “By Council Member Beauchamp, seconded by Council Member Baribeau;

RESOLUTION

“WHEREAS, the economy in Michigan has not recovered and is still in recession, especially in the Upper Peninsula; and

WHEREAS, the State of Michigan has withheld State revenue sharing funds from local communities; and

WHEREAS, local communities have to impose a heavier tax burden on its citizens and/or cut services; and

WHEREAS, the State Legislature has appropriated \$195,000,000 for the City of Detroit as part of the “Grand Bargain.”

NOW THEREFORE BE IT RESOLVED that the City of Escanaba ask the State Legislature to fully reinstate State revenue sharing to all cities, counties and townships.

BE IT FURTHER RESOLVED that a copy of the resolution be transmitted to all state representatives and state senators representing the Upper Peninsula of Michigan, Senate Majority Leader Randy Richardville, Speaker of the House James “Jase” Bolger and Governor Rick Snyder.

Upon a call of the roll, the vote was as follows:

Ayes: Beauchamp, Baribeau, Sattem, Tall
Nays: None

RESOLUTION DECLARED ADOPTED.”

APPOINTMENT(S) TO CITY BOARDS, COMMISSIONS, AND COMMITTEES

Mayor Tall, with Council consensus made the following appointments:

- Steve Buckbee to the City Planning Commission, term ending June 2016;
- Maggie Murphy-Pomery to the Recreation Advisory Board, term ending June 2016;
- Nathan Gauss to the City Board of Appeals, term ending June 2016.

BOARD, COMMISSION, AND COMMITTEE REPORTS

Council Members reviewed City Board and Commission meetings each attended since the last City Council Meeting.

GENERAL PUBLIC COMMENT

Steve Parks, Delta County Prosecutor, briefly spoke about his efforts of getting the word “Yooper”, into the Merriam Webster dictionary. He stated Emily Brewster, of Merriam Webster Dictionary, would be at the Upper Peninsula State Fair as a guest of Senator Casperson, and at that time a small ceremony would be conducted. Mr. Parks wished to present Ms. Emily Brewster something of significance for all of her work.

After discussion, the following resolution was made:

By Council Member Beauchamp, seconded by Council Member Baribeau;

RESOLUTION
CITY OF ESCANABA



CERTIFICATE
OF
HONORARY MEMBERSHIP

WHEREAS, Emily Brewster of Merriam-Webster in recognition for her services in adding the word "Yooper" to the Merriam-Webster Dictionary, we present this Certificate of Honorary Membership.

NOW THEREFORE BE IT RESOLVED, That Emily Brewster of Merriam-Webster is hereby given Honorary Membership into the Yooper Fellowship and is therefore vested with all rights, benefits and privileges of the Yooper Fellowship, including, but not limited to, the right to refer to herself as an

"HONORARY YOOPER."

IN WITNESS WHEREOF, I Marc D. Tall, Mayor of the City of Escanaba, hereunto set my hand and caused the Seal of the City of Escanaba to be affixed this ___ day of August, 2014.

Marc D. Tall, Mayor

Ayes: Beauchamp, Baribeau, Sattem, Tall
Nays: None

RESOLUTION DECLARED ADOPTED.

ANNOUNCEMENTS

- Rock the Dock this Saturday June 7th at the Municipal Dock.

Hearing no further public comment, the Council adjourned at 7:49 p.m.

City Council Minutes
June 5, 2014 – cont.

Respectfully submitted

Robert S. Richards, CMC
City Clerk

Approved: _____
Marc D. Tall, Mayor

OFFICIAL PROCEEDINGS
CITY COUNCIL
ELECTRICAL ADVISORY COMMITTEE
CITY OF ESCANABA, MICHIGAN
Special Joint Meeting
Wednesday, June 11, 2014

Pursuit to a meeting notice posted June 6, 2014, and meeting location notice posted on June 11, 2014, the meeting was called to order by the Mayor Marc D. Tall at 6:00 p.m. in the main conference room of the Catherine Bonifas Civic Center located at 225 North 21st Street.

Present: Mayor Marc D. Tall, Council Members, Patricia A. Baribeau, Ronald J. Beauchamp, Ralph B. Blasier (arrived at 6:05 p.m.) and Michael R. Sattem.

Absent: None

Present: Electrical Advisory Committee (EAC) Members: Chairperson Wilson, Larry Arkens, Ann Bissell (arrived at 6:04 p.m.), and Glendon Brown

Absent: John Anthony, Two vacancies, and Power Plant Liaison.

Also Present: City Manager James V. O'Toole, Electric Superintendent Mike Furmanski, City Controller Michael Dewar, City Attorney Ralph B.K. Peterson, Jack Scott of Pro Energy Services, Inc., Charles DeTiege of Escanaba Green Energy (EGE), members of the public and media.

Baribeau moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to approve the agenda as submitted.

UNFINISHED BUSINESS – None

CONFLICT OF INTEREST – None

PUBLIC HEARING – None

NEW BUSINESS

Update - Electric Department –General Operations.

Electrical Superintendent Mike Furmanski updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the current departmental activities.

- Outage at Hospital, located fault and was repaired;
- Working at OSF Rehab Building;
- Working out at the fairgrounds, more Campsites are being put in;
- Continued Annual Pole Replacement Program.

Update– Operation and Maintenance of Power Plant – Pro Energy Services, Inc.

Jack Scott Pro Energy Services, Inc. updated the City Council, Electrical Advisory Committee and Citizens of Escanaba on the status of the operation and maintenance of the power plant.

- No accidents or injuries were reported in May;
- No Air Monitoring deviations in the month of May;
- Reviewed dates and hours Power Plant Units ran in May;
- Reported no repairs with the Combustion Turbine.

Approval – Professional Services – Power System Engineering.

Administration sought Council approval to continue the professional services agreement with Power System Engineering of Minneapolis, MN for continued assistance in completing such things as load forecasting, power purchasing option analysis and other technical services as needed.

NB-3 Beauchamp moved, Baribeau seconded, to approve to continue the professional services agreement with Power System Engineering of Minneapolis, MN for continued assistance on an as needed basis for one year, ending June 2015, to complete such things as load forecasting, power purchasing option analysis and other technical services as needed.

Upon a call of the roll, the vote was as follows:

Ayes: Beauchamp, Baribeau, Sattem, Tall
Nays: None
Abstain: Blasier

MOTION CARRIED.

Approval – SSR Agreement.

Administration sought Council approval to enter into an SSR agreement with MISO for the period of June 15, 2014 through June 14, 2015.

NB-4 Blaiser moved, Sattem seconded, **CARRIED UNANIMOUSLY**, to enter into an SSR agreement with MISO for the period of June 15, 2014 through June 14, 2015.

Update – Power Plant Purchase Agreement/Sale.

Charles Detiege of EGE updated Council and the Electrical Advisory Committee on the sale of the Power Plant. Mr. DeTiege advised they expect to close on the loan next

week where EGE will then forward the proof of funds to the City at which time a closing date will be provided.

GENERAL PUBLIC COMMENT – None

COUNCIL/COMMITTEE, STAFF REPORTS – None

ADJOURNMENT

Hearing no further public comment, or further reports from the Electrical Advisory Committee or Council, the meeting adjourned at 6:11 p.m.

Due to a potential meeting notice posting error, action taken at this meeting will be reaffirmed.

Respectfully submitted,

Tammy Weissert
City Deputy Clerk

Approved: _____
Marc D. Tall, Mayor

CC- P.H. # 1
6/19/14

City of Escanaba Assessor

MEMORANDUM

To: Jim O'Toole, Manager
CC: Robert Richards, Clerk
From: Daina Norden, Assessor
Date: 06/11/2014
Re: Council Agenda Item Request (6/19/14)

Agenda Item Request - PUBLIC HEARING - Bell's Brewery Inc. - PA 198 Request

Please place the following on the agenda for the June 19, 2014, council meeting:

Public hearing to Consider Industrial Facility Tax Exemption - Bell's Brewery, Inc, an eligible business, is requesting an IFT exemption for new construction and personal property as pursuant to PA 198 of 1974 for their property located at 3525 Airport Road, Escanaba, MI, parcel number 051-420-3501-300-019.

This property is located in an Industrial Development District created by City Council 10/17/13. The exemption requested is for 12 years which is the maximum years allowed. This would give them 50% reduction of taxes on only the new construction added to their property and the personal property added to their business.

This property is currently located in a Renaissance Zone. The Renaissance Zone exemption currently exempts all taxes except for debt millages. This is scheduled to expire completely by 2018. Beginning in 2015 properties in the Renaissance Zone will pay 25% of all taxes and 100% of debt millages, which will increase to 50%, then 75%, until 100% in 2018. The IFT would run concurrently with the Renaissance Zone giving them a 50% exemption on all taxes including debt millages. I have calculated the tax rates which would result from the combined exemptions for those three years and calculated a savings for the 12 years applied for.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk 	Date received by Local Unit May 19th 2014
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION
All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) Bell's Brewery, Inc.	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 312120	
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 3525 Airport Road, Escanaba, MI 49829	1d. City/Township/Village (indicate which) Escanaba	1e. County Delta
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	3a. School District where facility is located Escanaba Area Public Schools	3b. School Code 21010
4. Amount of years requested for exemption (1-12 Years) 12 Years		

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

Construction of a facility to house a craft brewery. Equipment includes a brewhouse, fermentation tanks, packaging and other support equipment.

6a. Cost of land and building improvements (excluding cost of land)	▶ <u>\$1,770,000.00</u>
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures	▶ <u>\$1,800,000.00</u>
* Attach itemized listing with month, day and year of beginning of installation, plus total	Personal Property Costs
6c. Total Project Costs	▶ <u>\$3,570,000.00</u>
* Round Costs to Nearest Dollar	Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶	10/22/13	6/30/14	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	5/31/14	9/30/14	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

9. No. of existing jobs at this facility that will be retained as a result of this project. 10. No. of new jobs at this facility expected to create within 2 years of completion.
5 to 7

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	_____
b. TV of Personal Property (excluding inventory)	_____
c. Total TV	_____

12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit)
10/17/13

12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Patrick F. Gray	13b. Telephone Number [REDACTED]	13c. Fax Number [REDACTED]	13d. E-mail Address [REDACTED]
14a. Name of Contact Person Patrick F. Gray	14b. Telephone Number [REDACTED]	14c. Fax Number [REDACTED]	14d. E-mail Address [REDACTED]
▶ 15a. Name of Company Officer (No Authorized Agents) Larry J. Bell, President			
15b. Signature of Company Officer (No Authorized Agents) <i>[Signature]</i>		15c. Fax Number [REDACTED]	15d. Date 5/5/14
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 8690 Krum Avenue, Galesburg, MI 49053		15f. Telephone Number [REDACTED]	15g. E-mail Address [REDACTED]

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Bell's Brewery, Inc.
Bell's Properties, LLC

	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
Building		1,700,000	
A/E		70,000	
Equipment			
Brewhouse	120,000		
Ferm tanks	230,000		
Keg line	300,000		
Bottling line	200,000		
Other equipment	500,000		
Installation	250,000		
Furniture and technology	100,000		
A/E	100,000		
	<u>1,800,000</u>	<u>1,770,000</u>	<u>3,570,000</u>



DELTA COUNTY ZONING & BUILDING DEPT.
310 LUDINGTON STREET, ESCANABA, MICHIGAN 49829
PHONE (906) 789-5189 FAX (906) 789-5188

Issued: 10/22/2013



00013741

Occupancy Group: B, F2, S2

Edition of Code: MBC 2009

Site Information 3525 AIRPORT ROAD ESCANABA MI 49829 Lot: Plat/Sub:	Permit Type: Commercial Building Permit Number PBL-2013-000257 Parcel: 051-420-3501-300-019 Expires: 10/22/2014
--	---

APPLICANT	OWNER	CONTRACTOR
GUNDLACH CHAMPION, INC. 180 TRADERS MINE ROAD Iron Mountain MI 49801 Phone: (906) 779 2303 Fax:	DELTA COUNTY AIRPORT 310 LUDINGTON STREET ESCANABA MI 49829 Phone: Fax:	WEBSTER, BRYAN DAVID 487 PORTAGE STREET Kalamazoo MI 49007 Phone: (269) 381 6170 Fax: (269) 381 6176

Work Description: MICRO BREWERY, BREWING PROCESS WITH SHIPPING, RECEIVING, COLD STORAGE, STORAGE, SUPPORT OFFICE AND LIMITED TESTING
 PARCEL NUMBER PER KEVIN DUBORD IS 051-421-3501-300-021
 OWNER TO BE: BELL'S BREWERY, INC.

Stipulations:

Zoning Front Setback 0.00 Rear Setback 0.00 Right Setback 0.00 Left Setback 0.00

Permit Item	Work Type	Fee Basis
Other Construction - \$100000+	Standard Item	1,432,461.00 4,429.00

Post in a Conspicuous Place

Fee Total: \$4,429.00
 Amount Paid: \$4,429.00
 Balance Due: \$0.00

Applicant Responsible for meeting setback requirements

I understand and hereby agree that the work for which this permit is issued shall be performed according to: (1) The conditions of this permit, (2) The approved plans and specifications, (3) The applicable County approvals, Ordinances, and Codes, (4) the State Adopted Code. I agree this permit is for only the work described and does not grant permission for additional or related work which requires separate permits. I understand that this permit will expire, and become null and void if work is not started within 180 days, or if work is suspended or abandoned for a period of 180 days any time after the work has commenced, and, that I am responsible for assuring all required inspections are requested in conformance with the State Adopted Building Code. I hereby certify that I am the owner of record or his/her authorized agent.



Permittee Signature

Daniel J. Menacher

Issued By

SEPARATE PERMITS REQUIRED FOR WORK OTHER THAN DESCRIBED ABOVE



**CITY OF ESCANABA INDUSTRIAL FACILITIES
EXEMPTION AGREEMENT**

This Agreement is entered into by and between the CITY OF ESCANABA, a municipal corporation, with its principal place of business at 410 Ludington Street, PO Box 948, Escanaba, Michigan 49829, hereinafter referred to as "Escanaba", and Bell's Brewery, Inc., a Michigan Corporation, with its principal place of business at 8690 Krum Avenue, Galesburg, Michigan 49053 hereinafter referred to as "Applicant.

RECITALS

1. The Applicant has requested that Escanaba approve its request for an Industrial Facilities Exemption Certificate from the State of Michigan Tax Commission.
2. The Applicant currently exists within an Industrial Development district.
3. Prior to Escanaba's recommending approval of the Industrial Facilities Exemption Certificate, Applicant and Escanaba must enter into a written agreement regarding said certificate which shall be filed with the Michigan Department of Treasury.
4. Escanaba is willing to recommend the approval of an Industrial Facilities Exemption Certificate.
5. The two pages enclosed shall be the "written agreement" for this application

The Applicant and City of Escanaba further state that no payment of any kind in excess of the fee allowed by Act 198 of 1974, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate application.

IN WITNESS WHEREOF, this Agreement has been executed on this ____ day of _____, 2014

City of Escanaba

Bell's Brewery, Inc.

By: Marc D. Tall

Its: Mayor

By:

Its:

Mission Statement:



Enhancing the enjoyment and livability of our community by providing quality municipal services to our citizens.
The City of Escanaba is an equal opportunity employer and provider.

City of Escanaba Industrial Facilities
Exemption Agreement

STATE OF MICHIGAN)
COUNTY OF DELTA) SS

The foregoing instrument was acknowledged before me on _____ by Marc D. Tall, the mayor of the **City of Escanaba** a Municipal Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

Robert S Richards, Notary Public
Delta County, Michigan
My Commission expires: 12/29/2017

STATE OF MICHIGAN)
COUNTY OF DELTA) SS

The foregoing instrument was acknowledged before me this _____ by _____, the _____ of **Bell's Brewery, Inc.** a Michigan Corporation, on behalf of said corporation.

WITNESS my hand and official seal.

, Notary Public
My Commission expires: _____



Excerpt of the minutes of a regular meeting of the Escanaba City Council held on October 17, 2013, at the Council Chambers of City Hall, 410 Ludington Street, Escanaba, Michigan, at 7:00 p.m.

PRESENT: Mayor Leo J. Evans, Council Members, Walter A. "Pete" Baker, Patricia A. Baribeau, Ronald J. Beauchamp, and Marc D. Tall.

ABSENT: None

PH-1 "By Council Member Beauchamp, seconded by Council Member Baker;

RESOLUTION TO ESTABLISH BELL'S INDUSTRIAL DEVELOPMENT DISTRICT

- Whereas, Pursuant to P.A. 198 of 1974, as amended, this City Council has the authority to establish one or more Industrial Development Districts within the City of Escanaba; and
Whereas, The City of Escanaba desires to encourage industrial development within certain areas of its corporate limits; and
Whereas, Construction, acquisition, alteration, or installation of a proposed facility had not commenced at the time the applicant requested the establishment of this district; and
Whereas, Written notice has been given by mail to all owners of real property located within the district and to the public by newspaper advertisement in the Daily Press and/or public posting of the hearing on establishment of the proposed district; and
Whereas, On October 17, 2013, a public hearing was held at which all of the owners of real property within the proposed Industrial Development District and all residents and taxpayers of the City of Escanaba were afforded an opportunity to be heard thereon; and
Whereas, The Escanaba City Council deems it to be in the public interest of the City of Escanaba to establish City Industrial Development District, as proposed;

Now, Therefore, Be It Resolved by the City Council of the City of Escanaba the following described parcel of land situated in the City of Escanaba, Delta County, and State of Michigan, to wit:

Bell's Industrial Development District - FROM THE NE CORNER OF NW1/4 OF SW1/4 OF SECTION 1 T.38N,R.23W. THENCE MEASURE S.89°55'21"W. ALONG THE NORTH LINE OF SAID NW1/4 OF SW1/4 A DISTANCE OF 710.30 FEET, THENCE MEASURE S.00°41'57"W. PARALLEL WITH THE WEST LINE OF SAID NW1/4 OF SW1/4 A DISTANCE OF 86.33 FEET TO THE SOUTH RIGHT-OF-WAY LINE OF AIRPORT ROAD AND THE POINT OF BEGINNING OF THE LAND HEREIN DESCRIBED. THENCE S.89°08'02"E. ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 135.50 FEET TO THE WESTERLY LINE OF A WETLANDS AREA, THENCE S.09°20'13"E. A DISTANCE OF 36.99 FEET, THENCE S.28°48'04"E. A DISTANCE OF 80.56 FEET, THENCE S.77°29'10"E. A DISTANCE OF 106.93 FEET, THENCE N.61°47'07"E. A DISTANCE OF 35.82 FEET, THENCE S.43°43'24"E. A DISTANCE OF 41.59 FEET, THENCE S.36°45'14"E. A DISTANCE OF 85.24 FEET, THENCE S.15°17'47"E. A DISTANCE OF 35.35 FEET, THENCE S.21°31'28"W. A DISTANCE OF 84.55 FEET, THENCE S.43°53'55"E. A DISTANCE OF 64.64 FEET, THENCE N.89°47'34"E. A DISTANCE OF 66.98 FEET, THENCE S.76°06'20"E. A DISTANCE OF 45.69 FEET, THENCE S.42°53'58"E. A DISTANCE OF 87.77 FEET, THENCE S.62°06'28"E. A DISTANCE OF 48.71 FEET, THENCE S.09°29'02"E. A DISTANCE OF 58.89 FEET, THENCE S.16°23'59"E. ALL BEING ALONG SAID WESTERLY LINE A DISTANCE OF 26.28 FEET, THENCE N.89°08'02"W. PARALLEL WITH SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 657.05 FEET, THENCE N.00°41'57"E. PARALLEL WITH SAID WEST LINE A DISTANCE OF 544.00 FEET TO THE POINT OF BEGINNING. CONTAINING 5.10 ACRES. (3525 AIRPORT ROAD)

Be and hereby is established as the Bell's Industrial Development District pursuant to the provisions of P.A. 198 of 1974.

Upon a call of the roll, the vote was:

Ayes: Beauchamp, Baker, Baribeau, Tall, Evans
Nays: None

RESOLUTION DECLARED ADOPTED."

STATE OF MICHIGAN)
COUNTY OF DELTA)

I the undersigned, being duly qualified and acting City Clerk of the City of Escanaba, do hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Escanaba City Council of the City of Escanaba, County of Delta, Michigan, at a regular City Council Meeting held on October 17, 2013, and that said meeting was conducted and public notice was given pursuant to and in full compliance with the Open Meetings Act, Act 267, Public Acts of Michigan, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Robert S. Richards, CMC, City Clerk

Mission Statement:



Enhancing the enjoyment and livability of our community by providing quality municipal services to our citizens.
The City of Escanaba is an equal opportunity employer and provider.

Bell's Brewery, Inc. Real Property IFT Exemption Calculations

6/10/2014

prepared by: Daina Norden, Assessor City of Escanaba

Property No: 051-420-3501-300-019

Site Address: 3525 Airport Road, Escanaba, MI 49829

NOTE: This property is located in a Renaissance Zone until 2018. It will be phasing out of the Renaissance Zone beginning with a 25% millage starting 2015 then 50% in 2016, 75% in 2017, and 100% in 2018. Renaissance Zone properties pay 100% of debt millage. If approved for an Industrial Facilities Tax Exemption Certificate this would run concurrently with the Ren Zone thereby reducing the millages accordingly.

**The SET millage could be waived during the IFE process by the State of Michigan. There is a possibility that tax would either be reduced or exempt.

These valuations are estimates based on known information.

The millages used are based on 2013 millage rates and could fluxuate each year.

	2% Increase Schedule	TRUE CASH VALUE	TAXABLE VALUE	Summer & Winter Combined Rates ESTIMATED ANNUAL TAX												TOTAL
				CITY	Collg Debt	Collg	County	ISD	911	Sheriff	Comm Act	DATA	SCH Debt	SCH Oper	**SET	
Year 1 2015	100.00%	1,770,000		2.1250	0.5000	0.2884	0.6290	0.2982	0.0375	0.1125	0.0750	0.0750	2.3750	2.2500	1.5000	10.2656
	102.00%	1,805,400	902,700	\$1,918	\$451	\$260	\$568	\$269	\$34	\$102	\$68	\$68	\$2,144	\$2,031	\$1,354	\$9,267
Year 2 2016				4.2500	0.5000	0.5770	1.2579	0.5962	0.0750	0.2250	0.1500	0.1500	2.3750	4.5000	3.0000	17.6561
	104.00%	1,840,800	920,400	\$3,912	\$460	\$531	\$1,158	\$549	\$69	\$207	\$138	\$138	\$2,186	\$4,142	\$2,761	\$16,251
Year 3 2017				6.3750	0.5000	0.8654	1.8869	0.8944	0.1125	0.3375	0.2250	0.2250	2.3750	6.7500	4.5000	25.0467
	106.00%	1,876,200	938,100	\$5,980	\$469	\$812	\$1,770	\$839	\$106	\$317	\$211	\$211	\$2,228	\$6,332	\$4,221	\$23,496
Year 4 2018				End of Ren Zone Exemption			End of Ren Zone Exemption			End of Ren Zone Exemption						
	108.00%	1,911,600	955,800	8.5000	0.5000	1.1538	2.5159	1.1926	0.1500	0.4500	0.3000	0.3000	2.3750	18.0000	6.0000	41.4373
Year 5 2019	110.00%	1,947,000	973,500	\$8,124	\$478	\$1,103	\$2,405	\$1,140	\$143	\$430	\$287	\$287	\$2,270	\$17,204	\$5,735	\$39,606
Year 6 2020	112.00%	1,982,400	991,200	\$8,275	\$487	\$1,123	\$2,449	\$1,161	\$146	\$438	\$292	\$292	\$2,312	\$17,523	\$5,841	\$40,339
Year 7 2021	114.00%	2,017,800	1,008,900	\$8,425	\$496	\$1,144	\$2,494	\$1,182	\$149	\$446	\$297	\$297	\$2,354	\$17,842	\$5,947	\$41,073
Year 8 2022	116.00%	2,053,200	1,026,600	\$8,576	\$504	\$1,164	\$2,538	\$1,203	\$151	\$454	\$303	\$303	\$2,396	\$18,160	\$6,053	\$41,806
Year 9 2023	118.00%	2,088,600	1,044,300	\$8,726	\$513	\$1,184	\$2,583	\$1,224	\$154	\$462	\$308	\$308	\$2,438	\$18,479	\$6,160	\$42,540
Year 10 2024	120.00%	2,124,000	1,062,000	\$8,877	\$522	\$1,205	\$2,627	\$1,245	\$157	\$470	\$313	\$313	\$2,480	\$18,797	\$6,266	\$43,273
Year 11 2025	122.00%	2,159,400	1,079,700	\$9,027	\$531	\$1,225	\$2,672	\$1,267	\$159	\$478	\$319	\$319	\$2,522	\$19,116	\$6,372	\$44,006
Year 12 2026	124.00%	2,194,800	1,097,400	\$9,177	\$540	\$1,246	\$2,716	\$1,288	\$162	\$486	\$324	\$324	\$2,564	\$19,435	\$6,478	\$44,740
Total				\$90,345	\$6,000	\$12,264	\$26,741	\$12,676	\$1,594	\$4,783	\$3,189	\$3,189	\$28,501	\$178,814	\$63,773	\$431,870

CITY TAXES FOREWENT

IF GRANTED 12-YR ABATEMENT \$90,345

TOTAL ESTIMATED TAX SAVINGS

OVER 12-YEAR PERIOD \$431,870

Bell's Brewery, Inc. Personal Property IFT Exemption Calculations

6/10/2014

prepared by: Daina Norden, Assessor City of Escanaba

Property No: TBD

Site Address: 3525 Airport Road, Escanaba, MI 49829

NOTE: This property is located in a Renaissance Zone until 2018. It will be phasing out of the Renaissance Zone beginning with a 25% millage starting 2015 then 50% in 2016, 75% in 2017, and 100% in 2018. Renaissance Zone properties pay 100% of debt millage. If approved for an Industrial Facilities Tax Exemption Certificate this would run concurrently with the Ren Zone thereby reducing the millages accordingly.

These valuations are estimates based on known information. Personal Property Tax Legislation could alter these valuations if passed this summer.

The millages used are based on 2013 millage rates and could fluxuate each year. Beginning in 2008 Industrial & IFT Personal Property is exempt from 18 mills of School Operating and 6 Mills of State Education Tax.

		Depreciation	TRUE CASH	TAXABLE	Summer & Winter Combined Rates ESTIMATED TAX										
		Schedule	VALUE	VALUE	CITY	Collg Debt	Collg	County	ISD	911	Sheriff	Comm Act	DATA	SCH Debt	TOTAL
Year 1	2015	100.00%	1,800,000		2.1250	0.5000	0.2884	0.6290	0.2982	0.0375	0.1125	0.0750	0.0750	2.3750	6.5156
		89.00%	1,602,000	801,000	\$1,702	\$401	\$231	\$504	\$239	\$30	\$90	\$60	\$60	\$1,902	\$5,219
Year 2	2016	76.00%	1,368,000	684,000	4.2500	0.5000	0.5770	1.2579	0.5962	0.0750	0.2250	0.1500	0.1500	2.3750	10.1561
					\$2,907	\$342	\$395	\$860	\$408	\$51	\$154	\$103	\$103	\$1,625	\$6,947
Year 3	2017	67.00%	1,206,000	603,000	6.3750	0.5000	0.8654	1.8869	0.8944	0.1125	0.3375	0.2250	0.2250	2.3750	13.7967
					\$3,844	\$302	\$522	\$1,138	\$539	\$68	\$204	\$136	\$136	\$1,432	\$8,319
					End of Ren Zone Exemption			End of Ren Zone Exemption			End of Ren Zone Exemption				
Year 4	2018	60.00%	1,080,000	540,000	8.5000	0.5000	1.1538	2.5159	1.1926	0.1500	0.4500	0.3000	0.3000	2.3750	17.4373
					\$4,590	\$270	\$623	\$1,359	\$644	\$81	\$243	\$162	\$162	\$1,283	\$9,416
Year 5	2019	54.00%	972,000	486,000	\$4,131	\$243	\$561	\$1,223	\$580	\$73	\$219	\$146	\$146	\$1,154	\$8,475
Year 6	2020	49.00%	882,000	441,000	\$3,749	\$221	\$509	\$1,110	\$526	\$66	\$198	\$132	\$132	\$1,047	\$7,690
Year 7	2021	45.00%	810,000	405,000	\$3,443	\$203	\$467	\$1,019	\$483	\$61	\$182	\$122	\$122	\$962	\$7,062
Year 8	2022	42.00%	756,000	378,000	\$3,213	\$189	\$436	\$951	\$451	\$57	\$170	\$113	\$113	\$898	\$6,591
Year 9	2023	38.00%	684,000	342,000	\$2,907	\$171	\$395	\$860	\$408	\$51	\$154	\$103	\$103	\$812	\$5,964
Year 10	2024	36.00%	648,000	324,000	\$2,754	\$162	\$374	\$815	\$386	\$49	\$146	\$97	\$97	\$770	\$5,650
Year 11	2025	33.00%	594,000	297,000	\$2,525	\$149	\$343	\$747	\$354	\$45	\$134	\$89	\$89	\$705	\$5,179
Year 12	2026	31.00%	558,000	279,000	\$2,372	\$140	\$322	\$702	\$333	\$42	\$126	\$84	\$84	\$663	\$4,865
					\$38,135	\$2,790	\$5,177	\$11,288	\$5,351	\$673	\$2,019	\$1,346	\$1,346	\$13,253	\$81,376

CITY TAXES FOREWENT
IF GRANTED 12-YR ABATEMENT

\$38,135

TOTAL ESTIMATED TAX SAVINGS
OVER 12-YEAR PERIOD

\$81,376

P.H #2
cc 6/19/14

MEMORANDUM

June 13, 2014

TO: Jim O'Toole, Robert Richards

FROM: Michael Dewar 

SUBJECT: 2013/14 Budget Amendment

Each year, the City amends the Appropriations Ordinance; the amendment is prepared primarily to comply with State law. This represents the first, and final, amendment for fiscal year 2013/14.

In most cases, the proposed amendments are based either on expenditures to date or items specifically approved for the remainder of the fiscal year; these amendments are not designed to create additional expenditure opportunities. In some cases, the over expenditures will not occur - we request an amendment because our projections are close and it is prudent to amend the ordinance in order to avoid any over expenditure issues. Our amendment process concerns itself primarily with over expenditures; while it is understood that many activities will come in under budget, no attempt is made to amend or decrease those appropriations. In other words, the amendment process does not attempt to provide estimates of year-end results.

The majority of the amendment recommendations included below were discussed and/or included as part of the 2014/15 budget process; there are no major "surprises" in this document.

Attached please find an amendment worksheet, showing the Original Appropriations Ordinance, proposed additions and deletions and the Final Appropriations Ordinance, subject to the Council's approval. In the General Fund, the proposed changes are highlighted with a number in parenthesis; these numbers correspond to the explanations below.

Please contact me with any questions or concerns. I will be at the Council meeting to answer any questions.

GENERAL FUND

The 2013/14 General Fund budget was originally adopted with a deficit of \$12,611. During the fiscal year, the Council approved a recommendation to pay off bonds early, which were a General Fund obligation. Through a combination of the use of fund balance and a loan from the Electric Fund, the bonds were retired, but it created the need for \$975,000 of the General Fund's savings. This increased the General Fund deficit to \$987,611.

During the 2014/15 budget process, it was estimated that 13/14 results would come in very close to this figure. Our most recent estimates indicate that the final results will be somewhat better than that figure. With revenue projections running very close to the original budget (within 1%), the primary driver in the improved projections is that expenditures are projected to come in below the original budget (with the obvious exception of the bond redemption). While several activities are projected to be well below budget and many activities are projected to be slightly below budget, there are some activities which are projected to come in over the current budget.

It is recommended that the following changes be made in the General Fund appropriations:

- (1) Increase the City Council appropriation by \$5,900. The additional funds are requested to cover the MML annual membership, which was not included in the original budget.
- (2) Increase the Elections appropriation by \$3,500. The request results from the unscheduled Generating Plant referendum. Additional funds are requested to cover office supplies (\$1,500 – voting materials) and professional services (\$2,000 – election workers).
- (3) Increase the City Attorney appropriation by \$1,000. The additional funds are requested to cover negotiation's expenses (\$500) and book expenses (\$500).
- (4) Increase the City Clerk appropriation by \$3,500. The additional funds are requested to cover wages (\$1,000) and professional services (\$2,500). The wage increase results from the shared position with the Assessor (where costs are down by a similar amount), while the professional services increase results from an update to the Code of Ordinances, of which one-half was appropriated in 12/13 and one-half in 13/14, but the whole expense fell in the current year.
- (5) Increase the Billing appropriation by \$9,500. Split between wages (\$5,000), fringe benefits (\$2,000) and office supplies (\$2,500), these costs are largely attributable to an under allocation of the office's serviceman.
- (6) Increase the Community Promotional appropriation by \$3,500. Costs associated with the request include the Equipment Rodeo, the new Entrance Sign and similar activities.
- (7) Increase the Special Celebrations – Flags appropriation by \$1,200. This request is based on increased activity associated with the Esky 150 celebration and with the maintenance of flags on Lake Shore Drive.
- (8) Increase the Solid Waste Collection appropriation by \$7,500. This appropriation consists of three separate activities: landfill road clean-up; solid waste collection and recycling collection. The increase is recommended based on increased wage & fringe costs due to an employee injury (\$3,500); increased alley snowplowing activity (\$2,000) and costs associated with the City's Recycling Awareness campaign (\$2,000)
- (9) Decrease the Recreation appropriation by \$13,000. Within Summer Sports, \$13,000 was appropriated for tennis court renovation. Due to the award of a state grant, the project's scope has expanded and it will be accounted for in the Grants Fund. Therefore, this appropriation will be modified, below, as a transfer to the Grants Fund.
- (10) Increase the Historical Museum appropriation by \$100, to cover increased property insurance costs.
- (11) Increase the Tourism Promotion by \$15,000. The request is linked to costs associated with last summer's Esky 150 Celebration, the New Year's fireworks and the recent Municipal

Dock event. While the majority of these costs were offset by Esky 150 and the DDA, those contributions are included in the General Fund under revenues.

- (12) Include a \$37,500 Transfer to the Major Street Fund, while reducing the Transfer to the Local Street Fund by the same amount. This recommendation is based upon the receipt of a second State grant associated with the Sheridan Road project and represents the 20% local match that is required of the grant.
- (13) Create an appropriation to transfer funds from the General Fund to the Grants Fund. The recommended amount, \$19,422, is designed to provide a City match of \$14,000 to the State Passport Grant project (tennis courts and sidewalks) and \$5,422 to cover costs in the new Besse Park which exceeded the contribution from the Besses.
- (14) Increase the transfer to the Escanaba Building Authority by \$975,000. As discussed previously, this amendment results from the decision by the City to pay-off outstanding bonds related to the construction of the City Hall / Library and the Public Works building. The recommendation was based, in part, on the desire to reduce interest costs which were not being realized by our investments.

In total, the above recommendations increase the proposed use of fund balance from \$12,611 to \$1,044,733. As discussed previously, we anticipate that the final use of the General Fund fund balance to be significantly less than this amount, but because no attempt is made to balance those accounts which will be under-expended, the budgeted deficit needs to be increased by this amount in order to balance revenues and expenditures.

STREET FUND

There have been a number of developments in the street funds since the mid-year projections. The State provided the City with a one-time "severe winter" payment of \$58,809 and for the first time in several years, the City received a "winter maintenance" payment from the State, in the amount of \$31,882. The City used to routinely receive a winter maintenance payment – which is awarded every year to high snowfall systems - but a string of "light" winters resulted in the suspension of that payment (this receipt is linked to the winter of 12/13). As neither of these revenues was budgeted, they will be reflected in the amended Appropriations Ordinance under State Shared Revenues.

As discussed above, the City received a second Sheridan Road grant since this budget was originally adopted. Because it requires a 20% match, we are recommending a change in the General Fund transfer to streets, moving \$37,500 from Local Streets to Major Streets. This also results in changes to each fund's construction budget. It should be noted that, due to construction schedules, the majority of the construction expenditures will occur after 7/1/14, which will require a future amendment to the 14/15 Appropriations Ordinance.

Despite the difficult winter, we believe that operating expenses in each fund will come in under budget.

LIBRARY FUND

The original Library Fund budget was adopted with a surplus of \$26,467, due in part to a one-time transfer from the Health / Dental Fund in the amount of \$13,893. As has been well documented, our penal fine collections in this fiscal year fell far short of projections and this change is reflected in the amendment document. Additionally, donations approximating \$9,500 have been received and it is recommended that these be used to support the purchase of books. It is believed that with these changes, the Library Fund will experience a very small surplus for fiscal year 2013/14.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) FUND

The recommended changes represent the amendments as approved by the DDA Board. It should be noted that while the amendments will increase the use of fund balance from the amount originally appropriated, projections show that the final deficit will be less than the original amount.

Additionally, the asterisks denote a change in the accounting for the DDA's budgeted contribution for weed treatment in the marina. Originally budgeted and appropriated under professional services, this change recognizes the DDA contribution as a transfer of funds, which is how it will appear in the audit.

GRANTS FUND

The original Appropriations Ordinance did not contain any projects in this fund. Projects which were carried forward from fiscal year 2012/13, along with new projects, result in the following recommended amendments:

Harbor Dredging Project – this project was completed last fall, in the amount of \$142,700. A State grant covered 100% of the project.

Besse Park Project – This project was completed over two fiscal years. The first year saw expenditures of \$267,526, while this year's expenditures amounted to \$32,896. As the Besse Contribution for the project came to \$295,000, it is necessary to cover the remaining costs with a transfer of \$5,422 from the City's General Fund.

Besse Civic Center Project – This project was started in F/Y 2012/13 (\$25,309 expended). With Besse funding of \$150,000, it is recommended that the remaining funds be included in this year's amendment. This project was funded 100% through contributions.

Hannahville Projects – Two projects were 100% funded by the Hannahville community – the purchase of a radar sign (\$3,491) and the purchase of an ATV (\$11,960), for use in grooming the ski trails.

State "Passport" Project – Funded 75% through a State grant (\$42,000), it is recommended that the City's share of \$14,000 comes from a transfer from the General Fund, as discussed in (13) above. The grant will provide for refurbishment of tennis courts and for new sidewalk by the Ludington Park tennis courts.

LAND DEVELOPMENT FUND

The initial Land Development Fund budget called for a deficit of \$92,075. Based on sand sales during the fiscal year, we are recommending adjustments which would reduce the amount of the deficit to \$73,075. This would include an amendment for \$1,000, to cover increased property taxes, resulting from the transfer of Whitetail Industrial property from a private owner back to the City.

PARKING MAINTENANCE FUND

An amendment is recommended for the maintenance of DDA parking lots, reflecting the "hard" winter that we faced this fiscal year. These costs will be paid by the DDA.

EDA REVOLVING LOAN FUND

It is recommended that administrative costs be increased by \$750, reflecting additional collection efforts.

MSC REVOLVING LOAN FUND

After several years of the State indicating that they were going to assume the care and custody of this loan fund, this action finally occurred in this fiscal year. The recommended amendments are designed to reflect (1) the transfer of these funds and (2) the smaller interest earnings that occurred because we no longer held the funds.

FARMERS HOME GRANT FUND

This amendment is recommended to reflect the City's return of the original grant (\$50,000) and to reflect lower interest earnings resulting from the decrease in invested funds after the "grant" was repaid.

DRUG LAW ENFORCEMENT FUND

This fund is used to record the receipt of forfeiture funds received from the sale of property determined to be connected to the sale of illegal drugs. These funds are segregated, by law, as they can only be spent on specific drug reduction costs. During the year, the City purchased Taser equipment, using a MMRMA grant for part of the funding. The recommended amendments reflect the year's transactions.

ESCANABA BUILDING AUTHORITY FUND

This fund is used to account for the financing of the City Hall / Library and the Public Works buildings, along with the operations of the City Hall / Library. As an internal service fund, we don't typically amend this fund. In this case, I've reflected the decision to pay-off the outstanding bonds, so that it matches the transactions under the General Fund.

SUMMARY

As indicated previously, the purpose of the amendment process is to help to eliminate any potential over expenditures. Because of the analysis required to prepare this document, the same analysis also provides a basis for updating our projections for each fund.

Overall, we anticipate results in most of the funds to equal or exceed the projections that were provided in the 2014/15 budget document.

Please contact me with any questions on this information.

DDA Recommended Budget Amendments

Budget Year 2013-2014

DDA Administration is recommending the following budget amendments to be approved by the DDA Board subsequently referred to the City Council for adoption:

1. Property Rehabilitation (Account # 804)

Administration is requesting an increase of \$2,000. Budget was Zero. Replacing of apron and sidewalk in front of Delta Vending. Total Project was \$2,000, property owner paid half. \$1,000 paid to NuWay Cleaners for two buildings for energy rebate. Total budget will be \$2,000.

2. Telephones (Account # 850)

Requesting an increase of \$500 Budgeted \$2,200. Expenses at \$2,028.46. Outstanding bills from May and June. Total budget will be - \$2,700.

3. Public Relations (Account # 885)

Requesting an increase of \$4,800. Budgeted \$18,000. Expenses at \$18,266.08. Still have outstanding bills due to advertising of Rifest and both May and June outstanding bills. Total Budget will be \$21,000.

3. Maintenance of Parking Lots (Account # 930)

Requesting an increase of \$16,500.00 Budgeted amount \$12,000. Expenses at \$28,306.25 Increase due to snowfall. This increase includes the \$37.25 for maintenance of downtown sidewalks. May have some clean-up bills outstanding. Total budget will be - \$28,500.

4. Education and Training (Account # 960)

Requesting an increase of \$50.00. Budgeted \$500. Expenses at \$529.00 This line item includes cost of Delta Force. Total budget will be \$550.00.

5. Books, Magazines, & Periodicals (Account # 979)

Requesting an increase of \$150.00. Budgeted \$300.00. Expenses at \$426.45. Total budget will be \$450.00.

6. Public Utilities (Account #920)

Requesting an increase of \$200 due to outstanding bills from May and June. Budgeted \$3,000. Expenses at \$2,542.94. Total budget will be \$3,200.

7. Equipment Rental (Account #943)

Requesting an increase of \$200 due to rental of sitters for events as well as Farmer's Market. Budgeted \$2,800, expenses at \$2,602.71. Total budget will be \$3,000.

Information only - Capital Outlay (Account # 976) Total Budget Amount \$78,000

Curb replacement 1100 block - budgeted \$18,000, expenses at \$21,598.04 amount of \$2,556.76. No amendment needed because of total budget of \$78,000.

The above noted changes total \$24,260. It is important to note, however that we will still be under the final expenditures numbers.

City of Escanaba
Appropriations Ordinance
 Y/E 6/30/2014

	Original Appropriations Ordinance		First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
GENERAL FUND				
Revenues:				
Taxes	\$5,065,400			\$5,065,400
Licenses and Permits	1,600			1,600
Intergovernmental	1,364,500			1,364,500
Charges for Services/Fines	314,400			314,400
Electric Utility Fund Contribution	463,624			463,624
Transfer from Grants Fund	45,000			45,000
Transfer from Land Development Fund	60,000			60,000
Transfer from Office Equipment Fund	4,200			4,200
Transfer from Health / Dental Fund	176,151			176,151
Transfer from Sanitary Landfill Fund	203,500			203,500
Miscellaneous Revenues	155,800			155,800
Sub-Total	\$7,854,175		\$0	\$7,854,175
Transfer from Fund Balance	12,611		1,032,122	1,044,733
Total General Fund Revenues	\$7,866,786		\$1,032,122	\$8,898,908
Expenditures:				
City Council	\$22,920	(1)	\$5,900	\$28,820
City Manager	187,589			187,589
Elections	13,797	(2)	3,500	17,297
City Controller	270,359			270,359
Auditors	17,000			17,000
Assessors	196,469			196,469
Attorneys	55,500	(3)	1,000	56,500
City Clerk	129,105	(4)	3,500	132,605
Human Resources	112,292			112,292
Bd. of Review	2,450			2,450
City Treasurer	234,632			234,632
Billing	287,300	(5)	9,500	296,800
City Hall and Grounds	54,425			54,425
Civic Center	67,290			67,290
Community Promotional	6,628	(6)	3,500	10,128
Celebration Flags	1,541	(7)	1,200	2,741
Fourth of July	15,441			15,441
Public Safety	4,170,384			4,170,384
Community Preservation	61,714			61,714
Crossing Guards	31,000			31,000
Planning Commission	2,500			2,500
Care of Trees and Shrubs	80,590			80,590
Sidewalks	10,000			10,000
Engineers	264,241			264,241
Street Lighting	165,000			165,000
Sanitary Landfill	205,000			205,000
Solid Waste Collection	380,303	(8)	7,500	387,803
Composting Activities	57,320			57,320
Snow Plowing for Garbage Collection	18,071			18,071
Community Services	21,148			21,148
Recreation	422,161	(9)	(13,000)	409,161
Parks	201,069			201,069
Band	41,950			41,950
Historical Museum	200	(10)	100	300
Tourism Promotion	12,500	(11)	15,000	27,500
Boat Launches	17,968			17,968
Alley Maintenance	5,643			5,643
Transfer to Major Street Fund	0	(12)	37,500	37,500
Transfer to Local Street Fund	225,000	(12)	(37,500)	187,500
Transfer to Parking Maintenance Fund	22,500			22,500
Transfer to Library Fund	365,000			365,000
Transfer to Grants Fund	0	(13)	19,422	19,422
Transfer to Escanaba Building Authority Fund	292,604	(14)	975,000	1,267,604
Insurance/Bonds	7,000			7,000
Sub-total	\$8,755,604		\$1,032,122	\$9,787,726
Less:Overhead to Utilities	888,818			888,818
Total General Fund Expenditures	\$7,866,786		\$1,032,122	\$8,898,908

City of Escanaba
Appropriations Ordinance
 Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
MAJOR STREET FUND			
Revenues:			
State Shared Revenues	\$719,000	\$90,691	\$809,691
State Grants	187,500	187,500	375,000
Interest Earnings	20,000		20,000
Transfer from General Fund	0	37,500	37,500
Transfer from Health / Dental Fund	10,126		10,126
Total Major Street Fund Revenues	<u>\$936,626</u>	<u>\$315,691</u>	<u>\$1,252,317</u>
Expenditures:			
Operating Expenses	\$694,827		\$694,827
Street Construction	231,000	\$225,000	456,000
Total Major Street Fund Expenditures	<u>\$925,827</u>	<u>\$225,000</u>	<u>\$1,150,827</u>
LOCAL STREET FUND			
Revenues:			
State Shared Revenues	\$250,000		\$250,000
Interest Earnings	8,000		8,000
Transfer from General Fund	225,000	(\$37,500)	187,500
Transfer from Health / Dental Fund	7,836		7,836
Transfer from Gas Retirement Fund	17,000		17,000
Total Local Street Fund Revenues	<u>\$507,836</u>	<u>(\$37,500)</u>	<u>\$470,336</u>
Expenditures:			
Operating Expenses	\$405,167		\$405,167
Street Construction	100,000	\$37,500	137,500
Total Local Street Fund Expenditures	<u>\$505,167</u>	<u>\$37,500</u>	<u>\$542,667</u>
LIBRARY FUND			
Revenues:			
State Funding	\$12,874		\$12,874
Penal Fines Allocation	124,758	(\$25,658)	99,100
Fines and Fees	23,000		23,000
Donations	0	9,500	9,500
Interest Earnings	2,200		2,200
Transfer from General Fund	365,000		365,000
Transfer from Health / Dental Fund	13,893		13,893
Total Library Fund Revenues	<u>\$541,725</u>	<u>(\$16,158)</u>	<u>\$525,567</u>
Expenditures:			
Operating Expenditures	\$515,258	\$9,500	\$524,758
Total Library Fund Expenditures	<u>\$515,258</u>	<u>\$9,500</u>	<u>\$524,758</u>
BEZOLD TRUST FUND			
Revenues:			
Interest Earnings	\$4,200		\$4,200
Transfer from Fund Balance	5,800		5,800
Total Bezold Trust Fund Revenues	<u>\$10,000</u>	<u>\$0</u>	<u>\$10,000</u>
Expenditures:			
Qualifying Expenditures	\$10,000		\$10,000
Total Bezold Trust Fund Expenditures	<u>\$10,000</u>	<u>\$0</u>	<u>\$10,000</u>
GAS RETIREMENT FUND			
Revenues:			
Interest Earnings	\$19,000		\$19,000
Total Gas Retirement Fund Revenues	<u>\$19,000</u>	<u>\$0</u>	<u>\$19,000</u>
Expenditures:			
Transfer to Local Street Fund	\$17,000		\$17,000
Total Gas Retirement Fund Expenditures	<u>\$17,000</u>	<u>\$0</u>	<u>\$17,000</u>

City of Escanaba
Appropriations Ordinance
 Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
SANITARY LANDFILL FUND			
Revenues:			
Revenue from Sales	\$202,500		\$202,500
Penalties on Collections	1,200		1,200
Interest Earnings	500		500
Total Sanitary Landfill Fund Revenues	<u>\$204,200</u>	<u>\$0</u>	<u>\$204,200</u>
Expenditures:			
Transfer to General Fund	\$203,500		\$203,500
Bad Debt Expense	100		100
Administrative Expense	150		150
Total Sanitary Landfill Fund Expenditures	<u>\$203,750</u>	<u>\$0</u>	<u>\$203,750</u>
CATHERINE BONIFAS TRUST FUND			
Revenues:			
Interest Earnings	\$1,900		\$1,900
Total Catherine Bonifas Trust Fund Revenues	<u>\$1,900</u>	<u>\$0</u>	<u>\$1,900</u>
Expenditures:			
Transfer to Grants Fund	\$0		\$0
Total Catherine Bonifas Trust Fund Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DOWNTOWN DEVELOPMENT AUTHORITY (DDA) FUND			
Revenues:			
TIF Tax Collections	\$268,000		\$268,000
Interest Earnings	3,000		3,000
Miscellaneous Income	1,000		1,000
Transfer from Health / Dental Fund	246		246
Sub-Total	<u>\$272,246</u>	<u>\$0</u>	<u>\$272,246</u>
Transfer from Fund Balance	56,032	24,400	80,432
Total DDA Fund Revenues	<u>\$328,278</u>	<u>\$24,400</u>	<u>\$352,678</u>
Expenditures:			
Wages & Benefits	\$66,800		\$66,800
Supplies	3,000		3,000
Professional Services	74,000	* (\$4,000)	70,000
Property Rehabilitation	0	2,000	2,000
Telephones	2,200	500	2,700
Travel	500		500
Promotion	18,000	4,800	22,800
Printing and Publishing	1,000		1,000
Insurance	1,000		1,000
Utilities	3,000	200	3,200
Repairs and Maintenance	33,000	16,500	49,500
Equipment Rental	2,800	200	3,000
Memberships & Dues	500		500
Education and Training	500	50	550
Capital Outlay-Building Improvements	78,000		78,000
Books, Magazines and Periodicals	300	150	450
Transfer to Marina Fund	0	* 4,000	4,000
Debt Service Payments	43,678		43,678
Total DDA Fund Expenditures	<u>\$328,278</u>	<u>\$24,400</u>	<u>\$352,678</u>

City of Escanaba

Appropriations Ordinance

Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
GRANTS FUND			
Revenues:			
State Funding	\$0	\$184,700	\$184,700
Besse Contributions	0	152,165	152,165
Hannahville Contributions	0	15,451	15,451
Transfer from General Fund	0	19,422	19,422
Total Grants Fund Revenues	<u>\$0</u>	<u>\$371,738</u>	<u>\$371,738</u>
Expenditures:			
Harbor Dredging Project	\$0	\$142,700	\$142,700
Besse Park Project	0	32,896	32,896
Besse Civic Center Project	0	124,691	124,691
Hannahville Radar Project	0	3,491	3,491
Hannahville ATV Project	0	11,960	11,960
State Passport Grant Project	0	56,000	56,000
Total Grants Fund Expenditures	<u>\$0</u>	<u>\$371,738</u>	<u>\$371,738</u>
HOUSING REHABILITATION FUND			
Revenues:			
Interest Earnings	\$3,200		\$3,200
Total Housing Rehabilitation Fund Revenues	<u>\$3,200</u>	<u>\$0</u>	<u>\$3,200</u>
Expenditures:			
Administrative Expense	\$1,000		\$1,000
Total Housing Rehabilitation Fund Expenditures	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>
DELTA COUNTY CENTRAL DISPATCH AUTHORITY (DCCDA) FUND			
Revenues:			
DC Central Dispatch Authority Contract	\$686,103		\$686,103
Transfer from Health / Dental Fund	20,577		20,577
Total DCCDA Fund Revenues	<u>\$706,680</u>	<u>\$0</u>	<u>\$706,680</u>
Expenditures:			
Dispatching Operations	\$706,680		\$706,680
Total DCCDA Fund Expenditures	<u>\$706,680</u>	<u>\$0</u>	<u>\$706,680</u>
LAND DEVELOPMENT FUND			
Revenues:			
Land Sales / Rent Income	\$10,775		\$10,775
Timber/Sand Sales	0	\$20,000	20,000
Interest Earnings	37,500		37,500
Sub-Total	\$48,275	\$20,000	\$68,275
Transfer from Fund Balance	92,075	(19,000)	73,075
Total Land Development Fund Revenues	<u>\$140,350</u>	<u>\$1,000</u>	<u>\$141,350</u>
Expenditures:			
Property Improvements	\$15,000		\$15,000
Loan Repayments	23,750		23,750
Administrative Costs	35,600		35,600
Property Taxes	6,000	\$1,000	7,000
Transfer to General Fund	60,000		60,000
Total Land Development Fund Expenditures	<u>\$140,350</u>	<u>\$1,000</u>	<u>\$141,350</u>
PARKING MAINTENANCE FUND			
Revenues:			
D.D.A. Fund Contractual	\$25,000	\$5,000	\$30,000
Transfer from General Fund	22,500		22,500
Transfer from Health / Dental Fund	481		481
Total Parking Maintenance Fund Revenues	<u>\$47,981</u>	<u>\$5,000</u>	<u>\$52,981</u>
Expenditures:			
D.D.A. Lot Expenditures	\$25,000	\$5,000	\$30,000
City Lot Expenditures	22,500		22,500
Total Parking Maintenance Fund Expenditures	<u>\$47,500</u>	<u>\$5,000</u>	<u>\$52,500</u>

City of Escanaba
Appropriations Ordinance
 Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
<u>E.D.A. REVOLVING LOAN FUND</u>			
Revenues:			
Interest Earnings	\$40,000		\$40,000
Total E.D.A.R.L.F. Revenues	<u>\$40,000</u>	<u>\$0</u>	<u>\$40,000</u>
Expenditures:			
Administrative Costs	\$1,500	\$750	\$2,250
Total E.D.A.R.L.F. Expenditures	<u>\$1,500</u>	<u>\$750</u>	<u>\$2,250</u>
<u>M.S.C. REVOLVING LOAN FUND</u>			
Revenues:			
Interest Earnings	\$22,000	(\$6,500)	\$15,500
Transfer from Fund Balance	0	957,500	957,500
Total M.S.C.R.L.F. Revenues	<u>\$22,000</u>	<u>\$951,000</u>	<u>\$973,000</u>
Expenditures:			
Administrative Costs	\$2,000		\$2,000
Transfer to the State of Michigan	\$0	\$971,000	\$971,000
Total M.S.C.R.L.F. Expenditures	<u>\$2,000</u>	<u>\$971,000</u>	<u>\$973,000</u>
<u>U.D.A.G. REVOLVING LOAN FUND</u>			
Revenues:			
Interest Earnings	\$48,000		\$48,000
Total U.D.A.G.R.L.F. Revenues	<u>\$48,000</u>	<u>\$0</u>	<u>\$48,000</u>
Expenditures:			
Administrative Costs	\$1,200		\$1,200
Total U.D.A.G.R.L.F. Expenditures	<u>\$1,200</u>	<u>\$0</u>	<u>\$1,200</u>
<u>FARMERS HOME GRANT FUND</u>			
Revenues:			
Interest Earnings	\$1,500	(\$600)	\$900
Transfer from Fund Balance	0	49,300	49,300
Total Farmers Home Grant Fund Revenues	<u>\$1,500</u>	<u>\$48,700</u>	<u>\$50,200</u>
Expenditures:			
Administrative Costs	\$200		\$200
Transfer to USDA - Farmers Home	0	\$50,000	\$50,000
Total Farmers Home Grant Fund Expenditures	<u>\$200</u>	<u>\$50,000</u>	<u>\$50,200</u>
<u>DRUG LAW ENFORCEMENT FUND</u>			
Revenues:			
Forfeiture Proceeds	\$5,000		\$5,000
Local Forfeiture Proceeds	3,000		3,000
MMRMA Grant	0	\$2,000	2,000
Interest Earnings	250		250
Sub-Total	<u>\$8,250</u>	<u>\$2,000</u>	<u>\$10,250</u>
Transfer from Fund Balance	3,750	5,000	8,750
Total Drug Law Enforcement Fund Revenues	<u>\$12,000</u>	<u>\$7,000</u>	<u>\$19,000</u>
Expenditures:			
Transfer to UPSET	\$10,000		\$10,000
City Expenditures	2,000	\$7,000	9,000
Total Drug Law Enforcement Fund Expenditures	<u>\$12,000</u>	<u>\$7,000</u>	<u>\$19,000</u>

City of Escanaba

Appropriations Ordinance

Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
BROWNFIELD REDEVELOPMENT FUND			
Revenues:			
TIF Tax Collections	\$51,000	\$2,500	\$53,500
Interest Earnings	200		200
Sub-Total	\$51,200	\$2,500	\$53,700
Transfer from Fund Balance	1,800		1,800
Total Brownfield Redevelopment Fund Revenues	\$53,000	\$2,500	\$55,500
Expenditures:			
Administrative Expenses	\$2,000		\$2,000
Developer Reimbursements	51,000	\$2,500	53,500
Total Brownfield Redevelopment Fund Expenditures	\$53,000	\$2,500	\$55,500

lowing is provided for informational purposes only, as provided by Michigan P.A. 2 of 1968

ELECTRIC UTILITY FUND

Revenues:			
Revenue from Sales	\$12,798,000		\$12,798,000
Rents	48,100		48,100
Miscellaneous	71,000		71,000
Transfer from Health / Dental Fund	37,267		37,267
Interest Earnings	225,000		225,000
Total Electric Fund Revenues	\$13,179,367	\$0	\$13,179,367
Expenses:			
Operating Expenses	\$11,802,906		\$11,802,906
Depreciation	325,000		325,000
Overhead to General Fund	535,886		535,886
Contribution to General Fund	463,624		463,624
Total Electric Fund Expenses	\$13,127,416	\$0	\$13,127,416

WATER UTILITY FUND

Revenues:			
Revenue from Sales	\$2,042,000		\$2,042,000
Federal Subsidy-Capital Improvement Bond Interest	71,325		71,325
Miscellaneous	52,100		52,100
Transfer from Health / Dental Fund	25,563		25,563
Interest Earnings	5,000		5,000
Total Water Fund Revenues	\$2,195,988	\$0	\$2,195,988
Expenses:			
Operating Expenses	\$1,186,980		\$1,186,980
Depreciation	375,000		375,000
Overhead to General Fund	181,086		181,086
Bond Interest Expense	244,600		244,600
Total Water Fund Expenses	\$1,987,666	\$0	\$1,987,666

WASTEWATER UTILITY FUND

Revenues:			
Revenue from Sales	\$1,322,500		\$1,322,500
Miscellaneous	11,750		11,750
Transfer from Health / Dental Fund	22,235		22,235
Interest Earnings	40,000		40,000
Total Wastewater Fund Revenues	\$1,396,485	\$0	\$1,396,485
Expenses:			
Operating Expenses	\$915,987		\$915,987
Depreciation	220,000		220,000
Overhead to General Fund	171,846		171,846
Bond Interest Expense	7,300		7,300
Total Wastewater Fund Expenses	\$1,315,133	\$0	\$1,315,133

City of Escanaba
Appropriations Ordinance
 Y/E 6/30/2014

	Original Appropriations Ordinance	First Amendment Additions/ (Deletions)	Final Appropriations Ordinance
ESCANABA BUILDING AUTHORITY FUND			
Revenues:			
Lease Payments-Transfer from General Fund	\$292,604	\$975,000	\$1,267,604
Rent Income-City Hall/Library	89,244		89,244
Transfer from Health / Dental Fund	1,794		1,794
Interest Earnings	6,000		6,000
Total Escanaba Building Authority Fund Revenues	\$389,642	\$975,000	\$1,364,642
Expenses:			
Operating Expenses	\$140,539		\$140,539
Interest Expense	100,200		100,200
Depreciation Expense	147,000		147,000
Total Escanaba Building Authority Fund Expenses	\$387,739	\$0	\$387,739
MARINA FUND			
Revenues:			
Fees and Concessions	\$247,700		\$247,700
Transfers from Other Funds	4,177		4,177
Interest Earnings	500		500
Total Marina Fund Revenues	\$252,377	\$0	\$252,377
Expenses:			
Operating Expenses	\$209,407		\$209,407
Interest Expense	15,250		15,250
Depreciation	68,000		68,000
Total Marina Fund Expenses	\$292,657	\$0	\$292,657
HEALTH / DENTAL FUND			
Revenues:			
Transfer from Fund Balance	\$325,000		\$325,000
Total Health / Dental Fund Revenues	\$325,000	\$0	\$325,000
Expenses:			
Transfers to Other Funds	\$325,000		\$325,000
Total Health / Dental Fund Expenses	\$325,000	\$0	\$325,000

NB#1
cc 6/19/14

MEMORANDUM

June 6, 2014

TO: Jim O'Toole, City Manager
Robert Richards, City Clerk

FROM: Thomas Penegor, Recreation Director

SUBJECT: City Council Agenda of Thursday, June 19, 2014

APPROVAL OF A REQUEST TO RESERVE LUDINGTON PARK BAND SHELL FOR SUMMER CONCERTS

Ms. Wendy Pepin requests use of the Ludington Park Band Shell for a series of summer concerts on Mondays, July 7th, July 14th, July 21st, July 28th and August 4th from 6:00pm to 9:00pm. Ms. Pepin has agreed to coordinate the concerts, provide funding, and clean up following conclusion of each concert. Insurance is pending. The City is requested to provide use of the band shell and promotion of the concerts. Council approval is recommended.

SPECIAL EVENT APPLICATION - CITY OF ESCANABA
Festivals, Parades, Races, Walkathons, Temporary Road Closures

DATE(S) OF EVENT: MONDAYS - JULY 7, 14, 21, 28, AUG. 4, 2014
Day of Week, Month, Day, Year (eg: Saturday, January 2, 2010)

NAME OF EVENT: MUSIC MONDAYS

CONTACT INFORMATION (Please Print Clearly - Incomplete applications may be delayed)

Organization: CITY OF ESCANABA (SPONSORED BY "BLUES FOR A CAUSE")
 Contact Person: WENDY PEPIN Phone (day) 906- [REDACTED]
 Address: [REDACTED] Phone (evening): 906- [REDACTED]
 City: ESCANABA, MI E-mail: [REDACTED]
 Postal Code 49829 Website: N/A
 Charitable Org #: N/A Event Phone: N/A
 (If applicable) Fax: N/A
 Alternate Contact: ROSE PELLETIER [REDACTED]
 (It is recommended that an alternate name & telephone number be provided)

** Do you grant the City of Escanaba, City Manager's Office permission to give your telephone number to the general public Yes No

LOCATION

City Park Name: LUDINGTON PARK
 Building/Facility Name/Area: KARAS BAND SHELL
 Road (s) Road Closure Required?: Partial Full

DATE/TIME

EVENT TIME This is the time your event would be ready to accept participants or general public.	Event Begins	Event Ends
	DATE: <u>JULY 7, 14, 21, 28, AUG. 4</u> TIME: <u>7:00 PM</u>	DATE: <u>JULY 7, 14, 21, 28, AUG. 4</u> TIME: <u>9:00 PM</u>
SET UP TIME When do you want the area reserved for your organization to ensure you have adequate time for set up and tear down.	Set Up Start	Tear Down End
	DATE: <u>SAME AS ABOVE</u> TIME: <u>6:00 PM</u>	DATE: <u>SAME AS ABOVE</u> TIME: <u>6:00 PM</u>

The collection, use and disclosure of personally identifying information submitted on this form will be used to facilitate the request to host a special event within the City of Escanaba. Applicants may, from time to time, be contacted by the City or a City-contracted third-party for the express purposes of gathering information about the proposed event, assessing satisfaction and/or obtaining feedback on services related to special events. Questions about this collection should be directed to the City Manager.

EVENT DETAILS

TYPE OF EVENT

- Parade
- Cycling
- Festival/Event
- Run
- Walkathon
- Other (specify) CONCERTS

ESTIMATED ATTENDANCE (please estimate all that apply)

Participants # <u>5 BANDS</u>	Wheelchair Accessible Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Bands # <u>1 BAND PER DAY</u>	For events on City Property are you seeking approval to charge:
Vehicles/Floats # <u>N/A</u>	Admission Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Volunteers # <u>3</u>	Parking Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
General Public # <u>100+</u>	Is this event: <input checked="" type="checkbox"/> Open to the Public
	<input type="checkbox"/> For Invited Guests only

EVENT ELEMENTS (complete to ensure proper permits are processed)

Power Requirements*	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Fireworks	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Sound Amplification	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Alcohol	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Access to power if possible	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Live Music	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Tents/Temp. Structures	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Size of tent(s):	<u>N/A</u>
Amusement Rides	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Provider:	_____
Inflatables	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Provider:	_____

FOOD & BEVERAGE

Will there be food & non alcoholic beverages sold? Yes No (continue to next page)

Food stand locations Indoor Outdoor Inside & Outside

What kinds of food will the Stands be selling? (check all that apply)

- Chicken/seafood
 - Rice/pasta dishes
 - Pop, chips, candy
 - Hotdogs/hamburgers
 - Soups/chilli
 - Salad
 - Other meats
 - Baked goods
 - Other foods (please list)
- _____
- _____
- _____

EVENTS REQUESTING ROAD CLOSURE

Road closures must be approved by City Council. Once City Council has approved your road closure, changes cannot be made to your route without notification to the City Manager as a secondary Council Approval will have to be sought.

A detailed map of road closure **MUST** be included. Applicants must notify abutting properties of the closure at least 14 days in advance of the event. This notification letter must be approved by the City Manager's Office. If there are any SPECIAL REQUESTS that you would like City to consider, please outline them on a separate paper and attach

DEFINE THE CLOSURE LIMITS – ATTACH A DETAILED MAP

I have read and understood the Special Events Application.

I will notify the City Manager's Office of any changes to my event application at least fourteen (14) days in advance of the event.

I have received a copy, read and understand the contents of the City of Escanaba Policy and Procedures No. 060101-10, Alcohol in Public Places (if applicable).

Wendy Pepin

Event Organizer Signature

WENDY PEPIN 6-6-2014

Print Name & Date

SAMPLES

wendypepin@gmail.com
786-6420
241-0207

PROPOSAL FOR:

"Monday Music" in Ludington Park

2014 City of Escanaba event

The summer Monday music concerts in Ludington Park have grown in popularity since their inception a few years ago. When the discontinuation of the concerts was made public, many citizens expressed their disappointment either in social media or by telephone to the city. There were also many offers of help in order to have the series continue. The concerts are well attended and at times the attendance was greater than the attendance on the Wednesday evening concerts. It is a great use of the Karas band shell and is appreciated by all of the attendees.

I would propose have concerts in the park on the following Mondays, at a minimum: July 7, 14, 21, 28 and August 4 (5 nights; 5 bands) from 7 – 9 p.m. Eastern.

I would act as coordinator by hiring the bands, soliciting sponsorships and recruiting volunteers, assisting in set up and tear down, and performing any necessary cleanup.

All financial responsibility for payment of the bands, supplies, etc. will be my responsibility (Wendy Pepin); not the City of Escanaba.

Proposed City of Escanaba responsibilities:

- Use of the Karas bandshell and utilities
- Promotion of the concerts via Facebook, websites, Daily Press, Action Guide, posters, radio, etc.*
- Money for payment of the bands would be deposited with the city in advance for all of the concerts. I would request individual City of Escanaba checks to pay the bands.

*I would be happy to write the news releases, if necessary, and pass them through a designated City employee before publishing or releasing to the media.

2015 – The Bonifas Fine Arts Center would resume the concerts if possible.

Wendy Pepin



Special Event Quote

Date: June 9, 2014

To: Taylor Lord & Hughes Insurance
Attn: Deanna Packer

From: Cindy Cottington
608.410.3410 ext 440
ccottington@wbmi.com

Subject: Wendy Pepin **Quote: #:** NSL 2113249

*Full premium is due at binding. Premium is fully earned. The policy is non-renewable.

Event Dates: 7/7/14, 7/14/14, 7/21/14, 7/28/14 and 8/4/14

Event: Public Band Concerts

Location: Band Shell at Ludington Park, Escanaba MI

GL Limits: \$1,000,000/\$2,000,000

Medical Payments: Medical Payments are excluded

Contractual Liability: Contractual Liability is Excluded

Property Damage Deductible: \$250 PD Deductible per claims/\$2,500 per occurrence

Athletic Participants: All athletic and sports participants are excluded

GL Premium: \$989 - one additional insured(s) included in premium (need address)

Mandatory Exclusion: Included, but are not limited to the following:

Punitive damages, lead liability, discrimination, asbestos, fireworks, employment-related practices, pollution, liquor liability, trampolines, mechanical and thrill rides, contractual liability limitation.

Thank you for your interest in NSI's Special Event program. You may bind if coverage is desired. Full payment should be made to NSI at the address listed below. All coverages are with West Bend, an admitted carrier and A rated. Commissions will be paid per the agency schedule unless otherwise noted in this document. If I can be of further assistance, please don't hesitate to call.

Taylor, Lord & Hughes
 1523 Ludington Street
 Escanaba, MI 49829
 deanna@hhinsagehcy.com
 Phone: (906) 786-2511

MSE014U1806 Version 2

Quote is valid until 8/8/2014

To: **Wendy Pepin**

From: Deanna.Packer

deanna@hhinsagency.com

Please bind effective: _____

Confirm optional coverages:

Do not include any optional coverages.

Include the following optional coverages from Section IV
 (Taxes & Fees may apply to optional premium if purchased)

Option 1 - Set-up and/or Take-down Coverage

Option 2 - Rain Date Coverage

Option 3 - Banner Coverage

Option 4 - (add: *\$100.00) - Terrorism Coverage
 *See Terrorism Section for Exact Pricing and Terms

Signature: _____

I. PREMIUM AND UNDERWRITING NOTES/REQUIREMENTS

COMMERCIAL LIABILITY POLICY INFORMATION

Carrier:	United States Liability Insurance Company
Status:	Admitted
A.M. Best Rating:	A++ (Superior) - IX

GENERAL LIABILITY OCCURRENCE/AGGREGATE GENERAL LIABILITY PREMIUM

<input type="checkbox"/> \$100,000/\$200,000	\$852
<input type="checkbox"/> \$300,000/\$300,000	\$1,091
<input type="checkbox"/> \$300,000/\$600,000	\$1,124
<input type="checkbox"/> \$500,000/\$500,000	\$1,276
<input type="checkbox"/> \$500,000/\$1,000,000	\$1,308
<input type="checkbox"/> \$1,000,000/\$1,000,000	\$1,488
<input type="checkbox"/> \$1,000,000/\$2,000,000	\$1,520

ADDITIONAL QUOTE INFORMATION

Policy Minimum Premium: \$220

Personal & Advertising Injury:	Same as the Occurrence Limit
Products Aggregate:	Included in the General Aggregate
Damages to Premises Rented:	\$100,000
Medical Payments:	\$1,000
Refer to Covered Events section for event dates covered	
Policy Period is	7/7/2014 to 8/6/2014

Please contact us with any questions regarding the terminology used or the coverages provided.

Read the quote carefully, it may not match the coverages requested

NB # 2
cc 6/19/14

City of Escanaba Assessor

MEMORANDUM

To: Jim O'Toole, Manager
CC: City Council
From: Daina Norden, Assessor
Date: 06/11/14
Re: Council Agenda Item Request

Menards Tax Tribunal – Contract with Miles Anderson

I am requesting this item be placed on the next available Council agenda, June 19, 2014.

Currently we still have an open Tax Tribunal scheduled for a Prehearing Conference where a trial date will be determined. I have been working diligently to try and get this matter resolved before we go to trial however I have been unsuccessful at this point. I will continue to try and negotiate a reasonable valuation for the Menards Store in Escanaba.

It is my advice we hire a consultant for the upcoming trial. This will most likely be held in July or possibly August. The date will be determined at the June 13, 2014 Prehearing Conference.

I would suggest Miles Anderson be hired as a consultant. Mr. Anderson is a Level 4 assessor which is the highest level obtainable. He is also a licensed Appraiser. He is familiar with appraisals prepared for Tax Tribunal and has prepared commercial appraisals himself. He has been through the Michigan Tax Tribunal process. He would offer a level of expertise we need in order to properly prepare for the Michigan Tax Tribunal trial. In addition he would review the appraisal submitted by Menards and look for errors of logic, math, consistency, and incorrect appraisal application as well as strengths and weaknesses of the report.

Attached is the proposed contract that we would enter into with Miles Anderson broken down between Phases 2, 3 & 4. The consultation fee could cost around \$11,000 using the price per hour and estimates in the contract. However, if we lose this case it could mean losing roughly \$40,000 per year in City tax revenue.

Currently the petitioner has an appraisal which states that the Menards store is worth \$3,400,000. This would be around \$19/sq. ft. of building which includes the price of the building, land, parking lot, out buildings, etc. I have researched the 8 sale comparisons the appraiser used to calculate this value and have found that these comparable sales are unsuitable transactions to use for this appraisal. I am confident that the valuation that they are seeking is incorrect based on their own appraisal. I feel that we need to stand up for the correct valuation of this property and we should not accept their low value simply because they have an appraisal.

I highly recommend hiring a consultant for this case. I think Mr. Anderson would be an exceptional candidate and am not aware of another individual in Delta County who would qualify for this task.

LETTER OF ENGAGEMENT

From: Miles Anderson SRA, CAE
Anderson Appraisal
[REDACTED]
Escanaba, Michigan 49829

Sent: _____, 2014

To: Dalna Norden, MAAO (3)
Assessor, City of Escanaba
PO Box 948
Escanaba, MI 49829
Direct 906-789-7322

Subject: Trial Preparation Services.

PRIVILEGED AND/OR CONFIDENTIAL:

This e-mail (including any attachments) is intended only for the use of the individual or entity named above and may contain privileged or confidential information. If you are not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are notified that any review, dissemination, distribution or copying of this e-mail is prohibited. If you have received this e-mail in error, please immediately notify us by e-mail, facsimile, or telephone; return the e-mail to us at the e-mail address below; and destroy all paper and electronic copies.

Miles Anderson SRA, CAE
Anderson Appraisal
1310 South 22nd Street
Escanaba, MI 49829
Tel: 906-399-0950
Email: milesanderson1@gmail.com

We would like to request an estimate on the following services:

- 1) Review Petitioner's Appraisal for a pending MTT with Menards for tax years 2012, 2013 and 2014 and
 - a) Submit Interrogatories
 - b) Give special attention to the Income Approach to find errors/inconsistencies which may help the City of Escanaba with their case
- 2) Assist the City of Escanaba with their appeals case by acting as a consultant.
- 3) Attend the MTT Hearing(s) and assist the City of Escanaba with their defense.

Phase 2.

Review of Petitioners Appraisal for the estimated true cash value as of December 31, 2011, 2012, 2013.

Client: City of Escanaba.

Intended Users: City of Escanaba, Michigan Tax Tribunal, Attorney for City of Escanaba in trial before the Michigan Tax Tribunal.

Purpose of the analysis: This phase 2 will be a review assignment and an analysis of an appraisal submitted by Stout/Risius/Ross aka: SRR issued February 25, 2013 of a free standing retail building with an address of 3300 Ludington Street, Escanaba, Michigan 49829. The retail building is also known as Menards. The real estate appraisal report estimates the true cash value as of December 31, 2011, December 31, 2012 and December 31, 2013. The report was prepared by Joseph L Torzewski, MAI.

Scope of Work:

My analysis will provide the following:

I will read the entire report.

I will analyze the report for strengths and weaknesses.

I will analyze the report for math errors.

I will analyze the report, the appraisal report for consistency with general accepted appraisal practice.

I will provide written comments on any errors of logic, math, consistency, incorrect appraisal application, strengths and weaknesses of the report.

Extraordinary assumptions: It is assumed the property as of the effective dates of the appraisal under analysis are in the condition as stated in the report by the appraiser.

My report will contain: The date of the work under review; the effective date of the opinions or conclusions in the work under review; the effective date of the appraisal review; and the date of the appraisal review report.

My analysis will not provide the following:

A physical inspection of the property in this report.

A physical inspection of the comparables used in the sales comparison or income approach to value.

Any phone calls, emails, or verification of any data used by the appraiser in the report.

A statement that I either agree with or disagree with the opinion of value as stated in the report by the appraiser.

No USPAP standards or compliance will be reviewed or analyzed in this report. Should the client wish a USPAP review to be completed they should contract with a USPAP expert for review of the report.

I have performed no services as an appraiser or any other capacity regarding the property that is the subject of the work under review in the past three years.

This review appraisal will be in conformance with USPAP and standards of the Appraisal Institute and will be my unbiased independent opinion.

My hourly billing will be at the rate of \$75.00 per hour.

I estimate this phase will require up to forty hours of time. This is an estimate and should the review near forty hours and I anticipate the project to require more than forty hours. I will submit a new total estimate of time for your approval. This type of project is like being asked to give an estimate of the cost to repair the plumbing and electrical system in a 100 year old 3 story house. You don't know what's on the inside of the walls until you demolish all the plaster and see what the project will consist of. I have limited the scope of the project by what my report will not contain and by not visiting the subject property and not doing an onsite inspection of the sales used in the sales comparison and not inspecting the properties used in the income approach you save the costs of travel and research but also limit your possible discovery process.

Written authorization from the City of Escanaba will be required for each phase of the letter of engagement to proceed with that phase.

The City of Escanaba will provide a copy of the appraisal for review in either electronic version or paper version.

The City of Escanaba will provide all requested materials to the appraiser free of charge in order to fulfill the terms of this letter of engagement.

All work provided by me will be sent directly to the City Assessor with the following address:

Ms. Dana Norden, MAAO (3)
Assessor, City of Escanaba
PO Box 948
Escanaba, MI 49829
Direct: 906-789-7322

Invoice will be billed at the end of the month for the hourly rate listed in each phase and will be paid by the client prior to thirty days.

If you agree with the terms and conditions as stated in this contract, please sign and date the letter of engagement.

Miles Anderson SRA, CAE
Certified General Appraiser - Michigan
Level IV Assessor - State of Michigan
Personal Property Examiner - State of Michigan
Anderson Appraisal

[REDACTED]
Escanaba, Michigan 49829
[REDACTED]
[REDACTED]

Dated: _____

Client:
City of Escanaba
P.O. Box 948
Escanaba, Michigan 49829
906.789-7322

Authorized signature for City of Escanaba

Dated: _____

NB# 3
CC 6/19/14

MEMORANDUM

Date: June 10, 2014
To: Jim O'Toole, City Manager
From: Bill Farrell, City Engineer 
CC: Bob Richards, Mike Dewar
RE: Approval of annual paving bids

ANNUAL PAVING BIDS

On Thursday May 29, 2014, the City of Escanaba opened sealed bids for the annual paving program. The notice appeared in the Daily Press and four (4) bid packages were sent to various firms. One (1) response was received. Below is the tabulation of bids.

Unit of Work	Quantity	Unit	Cost	Total
HMA Base Crushing	2,500	SYD	\$1.35	\$3,375.00
Cold Milling, HMA Surface	16,000	SYD	\$0.90	\$14,400.00
HMA	2,325	TON	\$88.20	\$205,065.00
		Total		\$222,840.00

Payne and Dolan of Gladstone, Michigan is the lowest qualified bidder for this work. I recommend awarding the bid to Payne and Dolan and I would ask that council approval be given for the unit prices of the work and not the total amount.

PROPOSAL

Unit of Work	Quantity	Unit	Cost	Total
HMA Base Crushing, Only	2,500	Square Yards	<u>\$1.35</u>	<u>\$3,375.00</u>
Cold Milling HMA Surface	16,000	Square Yards	<u>.90</u>	<u>14,400.00</u>
HMA	2,325	Ton	<u>88.20</u>	<u>205,065.00</u>

Note:

HMA total tonnage above includes both 5E3 and 4E3 items of work.

The breakdown list of streets will have additional information concerning these items.

Grand Total \$ 222,840.00

This proposal for work within the City of Escanaba is proposed as stated above.

Submitted by:

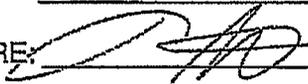
FIRM: Payne & Dolan, Inc.

ADDRESS: 801 Clark Drive

Gladstone, MI 49837

NAME: Thomas Ritter

TITLE: Agent

SIGNATURE:  _____

DATE: May 29, 2014

PAVING BIDS

TO BIDDERS: May 12th, 2014
ADVERTISED: Week of May 12th, 2014 – Escanaba Daily Press
BID OPENING: May 29th, 2014

Payne and Dolan, Inc.
801 Clark Drive
Gladstone, MI 49837

Bacco Construction Company, Inc.
N3660 North Highway U.S. 2
Iron Mountain, MI 49801-0458

H & D, Division of Reith Riley Construction Company
6795 U.S. 31 North
Bay Shore, MI 49711

Smith Paving, Inc
4090 U.S. 41 West
Marquette, MI 49855

Delta County Area Chamber of Commerce
Builder's Exchange
230 Ludington Street
Escanaba, MI 49829

NOTICE TO BIDDERS

Sealed bids will be received by the City of Escanaba at the office of the City Clerk, on or before 2:00 p.m. - local time – on Thursday May 29th, 2014.

PAVING BIDS

The bids will be publicly opened and read in the City Clerk's office at said time and date.

Bidder's proposals and/or specifications may be obtained from the office of the City Clerk, located at 410 Ludington Street, Escanaba, Michigan 49829. No bid will be considered unless the proposal from and/or specifications (furnished by the City of Escanaba, Michigan) are properly completed and enclosed in a sealed envelope marked:

"2014 Paving"

In addition, the City of Escanaba, Michigan, will not consider any proposal which has not been received prior to the published time, date and year of bid opening. FAX transmittals will not be accepted.

A certified check, cashier's check, or Bidder's Bond, drawn payable - without condition - to the City of Escanaba, Michigan, in an amount not less than 10% of the bid will be submitted with each proposal as a guarantee that if the bid is accepted, the bidder will furnish materials or services as stated in his proposal. On failure of the successful bidder to fulfill the conditions of his/her proposal, he/she shall forfeit said deposit to the City of Escanaba, Michigan, as liquidated damages. The acceptance of the proposal will be contingent upon the bidder's acceptance of this provision.

The City of Escanaba, Michigan, reserves the right to reject any or all bids, or any part thereof, at its discretion and to waive any irregularities in the bidding. The City of Escanaba, Michigan, may also split bids at its discretion. The City further reserves the right to negotiate directly with any and all bidders concerning any matter related to any bid.

All City of Escanaba, Michigan, bids are prepared so as to afford all vendors the equal opportunity for fair and equitable competition. The City of Escanaba, Michigan, assumes no liability or responsibility for any errors or oversights in the preparation and/or publication of bids.

Any questions concerning this bid should be directed to the City Engineer, Bill Farrell (906) 786-1842.

SCOPE OF SERVICES

The City of Escanaba requests bid proposals for HMA Paving of city streets within the City of Escanaba for the City's fiscal year (July 01st, 2014 to June 30th, 2015).

BASE CRUSHING, ONLY

Base Crushing, Only shall consist of crushing existing HMA surface into existing gravel base material. The City shall be responsible for shaping and removing any excess material. Uniformly crush existing bituminous pavement, including up to 4 inches of the aggregate base, to the required width and depth. Ninety-five percent of the crushed material must have a maximum particle size of 1-1/2 inch, with no particle size exceeding 4 inches. Payment shall be made on square yards of material crushed.

COLD MILLING HMA SURFACE

Cold Milling HMA Surface shall consist of removing the existing bituminous surface down to within 1 inch to 2 inches of the existing gravel base. The contractor shall also be responsible for removing all milled material and general clean up in preparation of surface for paving. The City will do the final clean-up using City sweepers. Payment shall be made on square yards of material removed.

HMA PAVING

All paving material shall conform to MDOT specifications. Mix design shall conform to HMA mixtures 4E3 and 5E3. Different MDOT HMA mix designs may be used if submitted to the City Engineer in writing and approved by the City Engineer prior to use. All testing and mix design requirements of MDOT specifications shall be part of this specification. Payment will be based on tons of material placed.

HMA APPLICATION ESTIMATE

Description

This work shall be done in accordance with the requirements of Division 501 of the 2012 Standard Specifications for Construction except as herein specified.

Construction Methods

The Roller Method for testing compaction, Section 501.03 subsection G shall be used for this project.

MATERIALS

HMA, 4E1, L-1, yield will vary depending on actual street, typical shall be 220 pounds per square yard. (Leveling Course designated L-1)

HMA, 5E1, T-1 yield will vary depending on actual street, typical shall be 165 pounds per square yard. (Top Course designated T-1) Top course AWI=260 minimum.

The Performance Grade asphalt binder range for the Mixture shall be 58-34.

The HMA Bond Coat material shall be per Section 501.03 subsection D of the 2012 MDOT Standard Specifications for Construction. The uniform rate of application shall be 0.01 to 0.1 gallon per square yard. Payment for HMA Bond Coat shall be included within the cost of other HMA items of work and not paid for separately.

Measurement and Payment

Measurement and Payment shall be at the contract unit price per ton.

COORDINATION OF WORK

All work must be coordinated with the Escanaba Public Works Department. Generally, the Public Works Department will select various street and alleys to be resurfaced each year and will repair manholes and other underground structures, and replace curbing as needed prior to proceeding with Base Crushing and HMA Paving or Cold Milling HMA Surface operations of work.

On new street or alley construction, the City of Escanaba Public Works Department will prepare the aggregate base and do the finished grading just prior to HMA Paving.

Since the actual amount of work will vary depending on available funds and the time it may take to do necessary underground and/or curb repair work, bids are therefore asked to be submitted on a unit cost basis.

Tack material shall be applied between HMA layers or where directed by the Engineer. Tack material shall be incidental to construction and not paid for separately.

An estimate of quantities based on the 2014 construction would be approximately:

HMA Base Crushing, Only	2,500	Square Yards
Cold Milling HMA Surface	16,000	Square Yards
HMA	2,325	Tons

Exact paving dates to be coordinated with the Contractor and the Engineer at a later date.

***The breakdown list of streets included within this bid is available in the Engineering office.**

INSURANCE

The Contractor shall furnish proof of insurance establishing minimum coverage's in writing to the City Engineer as follows:

Worker's Compensation

Coverage A	Statutory
Coverage B	\$100,000

Comprehensive General Liability

Per occurrence	\$1,000,000
General Aggregate	\$1,000,000
Products/completed operations General Aggregate	\$1,000,000

Comprehensive Automobile Liability

Combined Single Limits	\$1,000,000
------------------------	-------------

The City of Escanaba shall be named as "additional insured" on all certificates. All policies affording coverages required in this section shall further be endorsed to provide a ten (10) day notice to be delivered to the City before any coverages are either reduced or cancelled.

The Contractor shall furnish Performance and Payment Bonds, each in an amount at least equal to the contract price as security for the faithful performance and payment of all Contractor's obligations under the contract. These bonds shall remain in effect at least until 6 months after the final payment.

PROPOSAL

Unit of Work	Quantity	Unit	Cost	Total
HMA Base Crushing, Only	2,500	Square Yards	_____	_____
Cold Milling HMA Surface	16,000	Square Yards	_____	_____
HMA	2,325	Ton	_____	_____

Note:

HMA total tonnage above includes both 5E3 and 4E3 items of work.

The breakdown list of streets will have additional information concerning these items.

Grand Total \$ _____

This proposal for work within the City of Escanaba is proposed as stated above.

Submitted by:

FIRM: _____

ADDRESS: _____

NAME: _____

TITLE: _____

SIGNATURE: _____

DATE: _____

NB # 4
CC 6/19/14

MEMORANDUM

June 10, 2014

TO: City Council
James V. O'Toole, City Manager

FROM: Bob Valentine, City Treasurer/Human Resource Director

SUBJECT: Worker's Compensation Agreement Renewal

Administration is requesting authorization to renew the City's Service Agreement with Comprehensive Risk Services (CRS). CRS is the administrator for the City's self-insured workers compensation fund. The current agreement expires 6/30/2014, and administration is requesting a three year renewal to take advantage of a guaranteed rate. Service Agreement is attached.

In conjunction with the Services Agreement, administration also requests authorization to expend funds for related professional services, which may be procured by CRS on the City's behalf, and which are necessary to carry out their administrative responsibilities. Examples of such services can include excess insurance coverage, medical case management, physician evaluations, legal counsel and other professionals.

SERVICE AGREEMENT

In consideration to the mutual covenants herein contained, Comprehensive Risk Services, Inc., a Michigan Corporation (hereinafter referred to as "the Company"), first party does hereby contract and agree to and with City of Escanaba, (hereinafter referred to as "the Employer"), second party as follows:

For the period from July 1, 2014 to July 1, 2015 the Company will act as advisor and representative of the Employer in all matters pertaining to any and all obligations and requirements as imposed by the Workers' Disability Compensation Act of the State of Michigan. The services contemplated under this contract to be rendered by the Company shall include...

I GENERAL

The Company will assist the Employer to qualify with the proper State authorities as a self-insured. The Company will, as Exclusive Agent of Record for the Employer, assist the Employer in securing excess insurance.

II LOSS PREVENTION

Provided Loss Prevention is a selected service by "the Employer", the Company shall be permitted, but not obligated, to inspect at any reasonable time, the workplaces, operations, machinery and equipment, owned or operated by the Employer named in this Agreement. Neither the right to make inspection, nor the making thereof, nor any report thereon, shall constitute an undertaking on behalf of, or for, the benefit of the employer or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe.

The Company will consult with and advise the Employer regarding necessary industrial, medical, nursing, and hospitalization services.

III CLAIMS SERVICES

The Company will compile and file all notices and reports required under the Workers' Disability Compensation Act, upon receipt of initial report from the Employer.

Assist in preparation and computation of State Fund Assessments and reports. Employer to pay any sums that may become due for said assessments.

Conduct the necessary investigation in order to determine the liability of the Employer under the Workers' Compensation Act.

Furnish full and complete monthly reports to the Employer of all accidents, including occupational diseases, and will tabulate all payments made and reserves set up for the benefit and expense on account of liability and/or reasonably anticipated liability, for accidental injuries and/or occupational diseases sustained by employees.

Prepare on behalf of the Employer for all scheduled hearings before the Workers' Compensation Agency; but all legal expenses attendance thereto, including witness fees, for general and expert testimony shall be paid for by the Employer.

The Company shall notify excess carriers of all potential loss that may exceed the Employer's retention in accordance with the reporting requirements stated in the excess policy; providing proper and timely notice of such loss is received from the Employer.

The Company shall administer all claims with dates of injury or disease occurring within the period of this Agreement to conclusion. In the event of termination of this or any future agreements and as indicated in Section V below, such claim administration will be subject to a per claim fee based on open cases and any incurred but not reported cases at the time of termination and as indicated in Section V below.

IV
DEPOSIT AND AUDIT PROCEDURE

- DEPOSIT:** Estimated annual payrolls will be used to promulgate the original deposit under this Agreement for the reinsurance. The original deposit shall be constant; unless reported payrolls for the first annual period exceed estimated payrolls by twenty percent (20%) at which time a revised deposit will be developed to adjust the original estimated deposit to actual conditions.
- AUDIT:** The Company shall be permitted to examine and audit the Employers' books and records at any time during the policy and extension thereof and within three (3) years after the final termination of this Agreement, as far as they relate to the premium basis.

V
SERVICE FEE

CLAIMS ADMINISTRATION

Minimum Annual Fee \$ 7,200
(Includes up to 5 "All Other" and 40 "Medical Only" Claims)

Additional claims shall be subject to the following:

- | | |
|-----------------------------|-----|
| 1. "Medical Only" Claims at | 110 |
| 2. "All Other" Claims at | 525 |

The Minimum Annual Fee shall be billed in two installments of \$3,600 due and payable on July 1, 2014 and January 1, 2015. Any per claim audits shall be billed sixty (60) days following the end of the annual term and quarterly, thereafter.

1. "Medical Only" Claims shall be defined as those claims resulting in medical only, i.e. first aid or non-extensive medical expenses under \$750. It will not include claims which result in lost time in excess of seven (7) days or allegations of disability, extensive medical care in excess of \$750 or claims resulting in any type of legal proceedings or requiring appearance before an employee of the Workers' Compensation Agency.
2. "All Other" Claims shall be defined as claims not properly classified as "Medical Only".

Claim Fee Runoff:

There will be an additional charge of \$300.00 for each open "All Other" Claim remaining open two (2) years following the Annual Term and Annually, thereafter.

LOSS PREVENTION

No Loss Prevention is purchased at contract inception. Loss Prevention can be purchased at an Hourly rate of \$150.00 on a request only basis. Additional Expense for meals, hotel and incidentals would be billed at actual cost. Any Loss Prevention fees to be billed following each visit.

VI
INDEMNIFICATION

- A. The Employer agrees that it will defend and indemnify the Company and hold the Company completely harmless against all claims, demands, proceedings, actions, damages, costs, and expenses to which the Company may be subjected, including without limitation court costs and attorneys fees, as a consequence of the Company's

fulfilling its obligations under this Agreement; provided that they were not caused by the willful misconduct or negligence of the Company or its employees.

- B. The Company agrees that it will defend and indemnify and hold the Employer completely harmless against all claims, demands, proceedings, actions, damages, costs and expenses, to which the Employer may be subjected, including without limitation court costs and attorneys' fees, solely as a consequence of the willful misconduct or negligent acts or omissions of the Company or its employees in connection with fulfilling its obligations under this Agreement.

VII
TERMINATION OF AGREEMENT

Termination of this Agreement shall occur upon the happening of any of the following:

1. The expiration of the term specified in this Agreement.
2. The giving of sixty (60) days prior written notice by one party of this Agreement to the other party asserting that the recipient is in default under this Agreement and specifying the alleged defaults; provided however, that if the recipient party is in default under this Agreement and said defaults are cured within the sixty (60) day period then this Agreement shall not be terminated and the written notice shall be of no force or effect.
3. (a) Termination by the Workers' Compensation Agency of the Employer's authority to operate a self-insured workers' compensation program.

(b) Loss by the Company of its ability to act as a service company within the State of Michigan.

VIII
COMMUNICATIONS

All notices, requests, and other communications required or permitted under Articles VI & VII, 2. of this Agreement other than routine correspondence shall be in writing and delivered by hand or mailed, postage prepaid, registered or certified mail, return receipt requested, to the other party at the following addresses or such other addresses as may be specified in a notice sent by a party in accordance with the provisions of this Article VIII.

The Employer: City of Escanaba
 410 Ludington Street
 Escanaba, MI 49829
 Attn: Director of Finance

The Company: Comprehensive Risk Services, Inc.
 24900 Joseph Drive
 Novi, MI 48375

IX
LIMITATIONS OF PARTIES' LIABILITY

- A. It is hereby expressly agreed by the parties to this Agreement that the Company by entering into this Agreement does not assume any liabilities to any person or entity except those expressly set forth in this Agreement, and that the Company by entering into this Agreement does not assume any obligations or liabilities to any person or entity which is not a party to this Agreement including, without limitation, the Employer's employees.

B. Nothing in this Agreement is intended to nor shall be construed to nor shall give rise to any rights or causes of action in any person or entity not a party to this Agreement against either of the parties to this Agreement.

X.
ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter of this Agreement and the transactions contemplated hereby and supersedes all prior promises, representations, understandings, or agreements, whether written or oral, of the parties with respect thereto.

XI
AMENDMENT OF AGREEMENT

This Agreement can only be amended, modified, or changed by a written agreement executed by all of the parties to this Agreement.

XII
CHOICE OF LAW

This Agreement shall be construed in accordance with the laws of the State of Michigan.

XIII
ASSIGNMENT

This Agreement may not be assigned by either party hereto without prior written consent of the other party, which consent shall not be unreasonably withheld.

CITY OF ESCANABA

COMPREHENSIVE RISK SERVICES, INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

MEMORANDUM

To: Jim O'Toole

From: Mike Furmanski

Date: 06JUN14

Re: Power System Engineering

We have been using Power System Engineering for many years now and have been very satisfied with their work. Now that we have a Power Purchase Agreement in place we have not been using their services much at all. I would like to get Council approval to continue using PSE as needed in their reduced role. One specific area where I will need some assistance is in MISO's load forecasting requirements. MISO made changes to what is required for the forecast and PSE's help would be very beneficial in meeting MISO's requirements. PSE could help analyze various power purchase proposals. They are also a good source for trends in the industry.

NB #6 6-19-14

NB #3

cc/EAC

6/11/14

NB# 4
CC/EAC
6/11/14

DRAFT

CITY 6/5 EDITS TO MISO 6/4 VERSION

ATTACHMENT Y-1

Second Amended and Restated

System Support Resource ("SSR") Agreement

Between

The City of Escanaba

and

Midcontinent Independent System Operator, Inc.

This SSR Agreement ("Agreement"), effective as of the 15th of June, 2014 ("Effective Date"), is entered into by and between The City of Escanaba, Michigan, a municipality ("Participant") and Midcontinent Independent System Operator, Inc. ("MISO").

Recitals

WHEREAS:

- A. Participant owns or operates a Generation Resource or a Synchronous Condenser Unit ("SCU") as defined in the MISO Tariff, and MISO requires Participant to supply service in the MISO Region in order to maintain the reliability of the Transmission System;
- B. MISO is the Regional Transmission Organization ("RTO") for the MISO Region; and
- C. The Parties enter into this Agreement in order to establish the terms and conditions by which MISO and Participant will discharge their respective duties and responsibilities under the MISO Tariff.

Agreements

MISO
FERC Electric Tariff
ATTACHMENTS

ATTACHMENT Y-1
Standard Form System Support Resource (SSR) Agreement
31.0.0

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein,
MISO and Participant (the "Parties") hereby agree as follows:

REF

Section 1. Unit-Specific Terms.

- A. Start Date: June 15, 2014 (renewal term).
- B. Start Time: 12:00 a.m.
- C. Unit: Escanaba Steam Units 1 & 2.

The units described above may also be referred to as the "Designated Units" or "Units" or "SSR Units" in this Agreement.

- D. Description of Units: The Units are located at the Escanaba Generating Station, as may be described in more detail on Exhibit 1 attached hereto. If Unit is a combined cycle Generation Resource, indicate the Unit's operational capability consistent with the requirements of the MISO Tariff.

- E. Name Plate Information for SSR Units:

- (a) SSR Capacity in MW: 12.5 MW for each of the Units

- (b) Power Factor Lagging

- (i) 0.9 P.F. (at Generator Main Leads)

- (ii) _____ P.F. (at high side of Main Power Transformer)

- (c) Power Factor Leading

- (i) 0.9 P.F. (at Generator Main Leads)

- (ii) _____ P.F. (at high side of Main Power Transformer)

- F. Delivery Point: UPPC.ESCST1 and UPPC.ESCST2

- G. Revenue Meter Location (Use Resource IDs): [Not applicable]

H. Operational and Environmental Limitations (check and describe all that apply):

SSR Unit:

(a) Operational

Maximum annual hours of operation: 8,500

Maximum annual MWh: 145,000

Maximum annual starts: the number of starts as required by MISO for system reliability.

Other: _____

(b) Environmental

Maximum annual NO_x emissions: _____

Maximum annual SO₂ emissions: Coal Spec 1.5% Sulfur by weight for 12,000 Btud/lb

Other: particulate 0.3 lbs / 1,000 lbs exhaust gas corrected to 50% excess air Opacity <20% Opacity for 6 minute average

Section 2. Definitions.

A. Unless herein defined, all definitions and acronyms found in the MISO Tariff shall be incorporated by reference into this Agreement.

B. "MISO Tariff" shall mean the document adopted by MISO, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and settlement (including customer registration) policies, rules, guidelines, procedures, standards, and criteria of MISO. For

the purposes of determining responsibilities and rights at a given time, the MISO Tariff, as amended in accordance with the change procedure(s) described in the MISO Tariff, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

Section 3. Term and Termination.

A. Term.

- (1) This Agreement is effective beginning on the Effective Date.
- (2) The "Term" of this Agreement is a period of 12 months; provided, however, that MISO, in its sole discretion, may terminate this Agreement prior to the end of the Term by giving ninety (90) days advance written notice to Participant.
- (3) The period beginning on the Start Date and ending when the Agreement terminates is called the "Full Term" of this Agreement.
- (4) The Term of this Agreement may be extended by MISO if MISO provides at least ninety (90) days advance notice of such extension to the Participant.

B. Termination by Participant. Participant may, at its option, immediately terminate this Agreement upon the failure of MISO to continue to be certified by the Federal Energy Regulatory Commission ("FERC" or the "Commission") as an RTO.

C. Effect of Termination and Survival of Terms. If this Agreement is terminated by a Party pursuant to the terms hereof, the rights and obligations of the Parties hereunder shall terminate, except that the rights and obligations of the Parties that have accrued under this Agreement prior to the date of termination shall survive.

D. Notice. All notices (except for the two-hour advance notice specified in Section 7.A.(2) and operating notices exchanged in the ordinary course of business) required to be given under this Agreement shall be in writing, and shall be deemed delivered three (3) days after being deposited in the U.S. Mail, first class postage prepaid, registered (or certified) mail, return receipt requested, addressed to the other Party at the address specified in this Agreement or shall be deemed delivered on the day of receipt if sent in another manner requiring a signed receipt, such as courier delivery or Federal Express delivery. Either Party may change its address for such notices by delivering to the other Party a written notice referring specifically to this Agreement. Notices required hereunder shall be in accordance with the applicable Sections of the MISO Tariff.

If to MISO:

General Counsel
Midcontinent Independent System Operator
720 City Center Drive
Carmel, IN 46032
Tel. No. (317) 249-5400

If to Participant:

Mr. Michael Furmanski
Electrical Superintendent
City of Escanaba
1771 L. Sheridan Road
Escanaba, MI 49829
Phone: (906) 768-0061

E. Transfer of Ownership of SSR Units. Both Parties recognize that Participant has been negotiating to transfer ownership of the SSR Units to a new owner. In connection with completion of the transfer of ownership, Participant, MISO, and the new owner shall

enter into a written agreement pursuant to which Participant shall assign and the new owner shall assume and agree to be bound by Participant's obligations under this Agreement, including, but not limited to, Section 8.A.

- F. Termination Upon Conversion of SSR Unit. MISO and Participant agree that MISO shall have the right to immediately terminate this SSR Agreement upon commencement of a planned outage for the purpose of conversion of one of the SSR Units to an alternative fuel source. Participant agrees to provide MISO with written notification of such planned outage, which will include a schedule for all outages to accommodate the complete conversion, in addition to submittal of the outage request via the MISO's outage scheduling system in accordance with the MISO Business Practices Manual applicable to Generator Planned Outage scheduling. MISO shall exercise discretion to continue the SSR Agreement based upon the availability of the SSR Units to support system reliability during the proposed conversion schedule, and the continued need for the SSR Units. If only one of the two SSR Units is converted, then MISO and Participant will re-negotiate the compensation provided for in Exhibit 2. Conversion of the SSR Units shall not prevent a new owner from using the SSR provisions found in Section 38.2.7 of the Tariff to request SSR status for the converted facility.

Section 4. Representations, Warranties, and Covenants.

- A. Participant represents, warrants, and covenants that:

- (1) Participant is duly organized, validly existing and in good standing under the laws of the jurisdiction under which it is organized, and is authorized to do business in the MISO Region;

- (2) Participant has full power and authority to enter into this Agreement and perform all of Participant's obligations, representations, warranties, and covenants under this Agreement;
- (3) Participant's past, present and future agreements or Participant's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which Participant is a party or by which its assets or properties are bound do not materially affect performance of Participant's obligations under this Agreement;
- (4) The execution, delivery and performance of this Agreement by Participant have been duly authorized by all requisite action of its governing body;
- (5) Except as set out in an exhibit (if any) to this Agreement, MISO has not, within the twelve (12) months preceding the Effective Date, terminated for Default any prior agreement with Participant, any company of which Participant is a successor in interest, or any Affiliate of Participant;
- (6) If any Defaults are disclosed on any such exhibit mentioned in subsection 4.A(5), either (a) MISO has been paid, before execution of this Agreement, all sums due to it in relation to such prior agreement, or (b) MISO, in its reasonable judgment, has determined that this Agreement is necessary for the reliability of the Transmission System, and Participant has made alternate arrangements satisfactory to MISO for the resolution of the Default under the prior agreement with Participant, any company of which Participant is a successor in interest or any Affiliate of Participant;

- (7) Participant has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;
- (8) Participant is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;
- (9) Participant does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt;
- (10) Participant acknowledges that it has received and is familiar with the MISO Tariff; and
- (11) Participant acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Participant's performance of its obligations under this Agreement.

B. MISO represents, warrants, and covenants that:

- (1) MISO is the RTO certified under 18 C.F.R. §35.34 for the MISO Region and the subject Generation Resource/SCU is located within the MISO Region;

- (2) MISO is duly organized, validly existing and in good standing under the laws of Delaware, and is authorized to do business in the MISO Region;
- (3) MISO has full power and authority to enter into this Agreement and perform all of MISO's obligations, representations, warranties, and covenants under this Agreement;
- (4) MISO's past, present and future agreements or MISO's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which MISO is a party or by which its assets or properties are bound do not materially affect performance of MISO's obligations under this Agreement;
- (5) The execution, delivery and performance of this Agreement by MISO have been duly authorized by all requisite action of its governing body;
- (6) MISO has obtained or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;
- (7) MISO is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

- (8) MISO is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt; and
- (9) MISO acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance," means resulting in a materially adverse effect on MISO's performance of its obligations under this Agreement.

Section 5. Participant Obligations.

Participant shall comply with, and be bound by, the MISO Tariff as it pertains to the provision of SSR Service.

Section 6. MISO Obligations.

MISO shall comply with and be bound by, all MISO Tariff provisions.

Section 7. Capacity Tests for SSR Units.

- A. If the SSR Units are designated as Capacity Resources pursuant to Module E-1 of the MISO Tariff, then the capacity test provisions of Module E-1 shall apply. If the SSR Units are not so designated, the provisions of Section 7(B) of this Agreement shall apply.
- B. Capacity Tests.
 - (1) A "Capacity Test" is a one-hour performance test of the SSR Units by Participant. The capacity as shown by a Capacity Test is called "Tested Capacity" and is determined by the applicable net meter readings during the Capacity Test.

(2) MISO may require that a Capacity Test be run at MISO's discretion at any time when the SSR Units are on-line, but MISO may not require more than four (4) Capacity Tests in a contract year. MISO must give Participant at least two (2) hours advance notice, after the SSR Units are on line, of a Capacity Test required by MISO, unless Participant agrees to less than two (2) hours. Participant may perform as many Capacity Tests as it desires, but Participant may not perform a Capacity Test without the prior approval of MISO, which approval MISO may not unreasonably withhold or delay. The Parties will reasonably cooperate to coordinate a Capacity Test. MISO has the right to reasonable advance notice of, and to have personnel present during, a Capacity Test.

C. Test Report. MISO shall give the Capacity Test results in writing (the "Capacity Test Report") to Participant within twenty-four (24) hours after the test is run.

D. Effect of Test.

(1) A determination of Tested Capacity is effective as of the beginning of the hour in which the Capacity Test is started.

(2) For all hours in which Tested Capacity is less than SSR Capacity, then Billing Capacity is reduced as set out in Section 9.F below and remains so reduced until a subsequent Capacity Test establishes that Tested Capacity equals or exceeds SSR Capacity.

(3) After the Effective Date, MISO shall dispatch, as part of SSR energy, the electrical energy and/or reactive power produced by the SSR Units, including ramping energy and/or reactive power, during a Capacity Test requested by

MISO, net of auxiliary equipment and other electrical requirements of the SSR Units that are supplied by the SSR Units. MISO shall also dispatch, as part of SSR energy, any electrical energy and/or reactive power produced by the SSR Units during a Capacity Test requested by Participant to attempt to show that Tested Capacity equals or exceeds SSR Capacity, net of auxiliary equipment and other electrical requirements of the SSR Units that are supplied by the SSR Units.

Section 8. Operation.

- A. Designated Unit Maintenance. Before the start of each contract year, Participant shall furnish MISO with its proposed schedule for Generator Planned Outages for inspection, repair, maintenance, and overhaul of the Designated Units for the contract year, in accordance with MISO's outage scheduling system. MISO shall approve or reject Generation Planned Outages in accordance with MISO's Business Practices Manual. MISO shall, if requested by Participant, endeavor to accommodate changes to the schedule to the extent that reliability of the MISO System is not materially affected by those changes. In all cases, MISO must find a time for Participant to perform maintenance in a reasonable timeframe as defined by Good Utility Practice.
- B. Planning Data. Participant shall timely report to MISO those items and conditions necessary for MISO's internal planning and compliance with MISO's guidelines in effect from time to time. The information supplied must include, without limitation, the following:
- (1) Availability Plan (*i.e.* Day-Ahead Offer) for the next day in accordance with Tariff deadlines;

- (2) Revised Availability Plan reflecting changes in the Availability Plan in accordance with Tariff deadlines; and
- (3) Status of Designated Units with respect to Environmental Limitations, if any. MISO shall timely report to Participant the status of the Designated Units with respect to Operational Limitations.

C. Delivery.

- (1) MISO shall notify Participant of the hours and levels, if any, that the SSR Units are to operate through day-ahead commitment and real-time dispatch for system reliability. The set point in the real-time dispatch shall be considered the "Delivery Plan" for the purposes of this Agreement. MISO shall not notify Participant to operate the SSR Unit in a way that would violate the limitations on operation set out in Section 1 above. Notwithstanding the foregoing, Participant shall be able to offer its capacity into the MISO Energy & Ancillary Services Markets outside of the Delivery Plan when the SSR Units are not needed to address the reliability issues pertaining to this Agreement, consistent with Section 38.2.7(g) of the Tariff. Such offers into MISO Markets shall be cost-based, including but not limited to Start-Up, No Load and Energy Offers.
- (2) Participant shall produce and deliver electrical energy and/or reactive power from the SSR Units to the Delivery Point at the levels specified in the Delivery Plan.
- (3) MISO may dispatch the SSR Units when necessary to ensure transmission system security, including any emergency situation. MISO may not dispatch the

Designated Unit if compliance with the dispatch would cause the Designated Unit to exceed the Operational or Environmental Limitations, if any, set forth in Section 1 above or at levels greater than are shown in the Availability Plan. Notwithstanding the foregoing, Participant retains the responsibility for operating the SSR Units in accordance with limits provided by applicable law.

- (4) During the hours of operation of the SSR Units specified in the Delivery Plan, Participant may only participate in the MISO Energy and Ancillary Services Markets from the SSR Units in accordance with the relevant conditions in the MISO Tariff. Participant shall ~~may~~ offer its SSR capability into the MISO Energy and Ancillary Services Markets to the extent permitted by the Operational and Environmental Limitations when the SSR Units are available and not needed to address the reliability issues pertaining to this Agreement, consistent with Section 38.2.7 of the Tariff. Participant shall designate the Commitment Status of the SSR Unit as either Must Run or Economic, and the Dispatch Status as Economic. Such offers into MISO markets shall be cost-based, including Start-Up, No Load, and Energy Offers. Participant may also offer, from the SSR Units, Zonal Resource Credits into the Planning Resource Auction or include the SSR Units in a Fixed Resource Adequacy Plan pursuant to the terms of the Tariff.

Comment [A4]: To conform with tariff language in 38.2.7

Section 9. Payment Provisions.

- A. For the transfer of any funds under this Agreement directly between MISO and Participant and pursuant to the Settlement procedures described in the MISO Tariff, the

following shall apply:

- (1) Participant appoints MISO to act as its agent with respect to such funds transferred and authorizes MISO to exercise such powers and perform such duties as described in this Agreement or the MISO Tariff, together with such powers or duties as are reasonably incidental thereto.
 - (2) MISO shall not have any duties, responsibilities to, or fiduciary relationship with Participant and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement except as expressly set forth herein or in the MISO Tariff.
- B. Availability Payments for the SSR Units. MISO shall make to Participant monthly availability payments to ensure the SSR Units are available to produce reactive power and, when required, real energy, pursuant to the terms of Exhibit 2 to this Agreement. The amount of the monthly availability payment shall be the Monthly SSR Payment as defined in Exhibit 2.
- C. Schedule 2 Payments for SSR Units. SSR Units shall recover costs associated with Reactive Supply and Voltage Control Services through Schedule 2, which recovery shall be treated as determined in Exhibit 2.
- D. Dispatch Payments. In addition to the availability payments described in Section 9(B), MISO shall also compensate Participant for each dispatch of the SSR Units pursuant to the terms of Exhibit 2 to this Agreement.

E. Settlement Provisions for the SSR Units. At the conclusion of each calendar month, MISO shall conduct a settlement process for the SSR Unit(s), consistent with the MISO Tariff requirements.

F. Performance-Related Payment Adjustments.

- (1) For the SSR Units, a "Misconduct Event" means any hour or hours during which Participant is requested to, but does not, deliver to MISO electrical energy and/or reactive power which is one (1) megawatt or more less than the level shown in the Delivery Plan.
- (2) Each day that a Misconduct Event continues after Participant receives written notice from MISO of the Misconduct Event is a separate Misconduct Event. A Misconduct Event is measured on a daily basis.
- (3) Participant is excused from the Misconduct Event payment reduction arising from any Misconduct Event that is (a) not due to intentionally incomplete, inaccurate, or dishonest reporting to MISO by Participant of the availability of the Designated Units, or (b) caused by a failure of the MISO Transmission System.
- (4) If a Misconduct Event is not excused, then to reflect this lower-than-expected quality of firmness, MISO's payments to Participant are reduced by the Unexcused Misconduct Amount of no more than \$10,000 per day for both units.
- (5) MISO shall inform Participant in writing of its determination if a Misconduct Event is unexcused.
- (6) MISO may offset any amounts due by Participant to MISO under this Section 9.F

against any amounts due by MISO to Participant under this Agreement.

(7) Subject to the maximum amount set forth in this Section 9(F)(4), the Unexcused Misconduct Amount reduces payments to Participant (see Exhibit 2), and is composed of two parts:

- (a) A fixed component equal to a proportionate reduction in the Monthly SSR Payment to Participant (see Exhibit 2) according to the reduction in Billing Capacity below the SSR Capacity, calculated for that portion of the month during which such reduction occurs. Billing Capacity is the lower of (i) the SSR Capacity and (ii) the Tested Capacity if lower than SSR Capacity for reasons not reported through the Outage Scheduler or if such reporting to MISO is intentionally incomplete, inaccurate, or dishonest.
- (b) A variable component equal to the product of: (i) the difference between:
 - a) the level shown in the Delivery Plan and b) the amount of electrical energy and/or reactive power delivered to MISO; and (ii) an SSR Unit's Hourly Ex Post LMP in any hour or hours in which a Misconduct Event occurs.

G. Compensation for Unanticipated Repairs. During the Term of this Agreement, any necessary repair or repairs to the SSR Unit(s) shall not entitle Participant to any additional compensation under this Agreement, except as provided herein. For the purposes of this Section, "unanticipated" repairs are those for which compensation is not provided for in the Annual SSR Amount contained in Exhibit 2 to this SSR Agreement.

If the need arises to make an unanticipated repair to one or both of the SSR Units, the Participant shall notify MISO before incurring said repair costs, together with reasonable information in support thereof. Upon such notification, MISO shall fund such repairs, subject to the terms of parts 1 and 2 of this Section 9.G. In no circumstances shall the costs of repairs authorized by MISO pursuant to this Agreement be the responsibility of Participant. Participant shall not be deemed to have a Misconduct Event, nor shall Participant be subject to any other performance penalties under this Agreement or the MISO Tariff for the period of time after Participant notifies MISO of the need for repairs as provided in this Section 9.G and MISO provides to Participant written notification that directs Participant to make such repairs pursuant to the terms of parts 1 and 2 of this Section 9.G. MISO and Participant agree that "unanticipated repairs" in this Section 9.G shall not include the costs of converting the SSR Units from coal to an alternative fuel.

- (1) Non-Emergency Repairs. Except as provided for in part 2 of this Section 9(G), before MISO may issue a notice to fund unanticipated repairs, MISO shall make and receive approval of a Federal Power Act ("FPA") Section 205 filing at the Commission to modify this Agreement to provide for the recovery of such repair costs and shall serve such filing on all parties to whom such repair costs would be allocated. Participant shall not make such unanticipated repairs unless and until MISO informs Participant in writing that it agrees to fund such repairs and has received FERC approval to modify this Agreement to provide for the recovery of such costs.

- (2) Emergency Repairs. If MISO reasonably believes that system security and reliability require any unanticipated repairs to be made before FERC can act on a Section 205 filing ("Emergency Repairs"), MISO shall so notify Participant in writing and direct Participant to make such Emergency Repairs and MISO shall agree to fund such Emergency Repairs, and make a Section 205 filing at FERC as soon as reasonably practicable thereafter to modify this Agreement to provide for recovery of such repair costs. In the case of Emergency Repairs, if FERC later determines MISO's decision to fund such Emergency Repairs was imprudent, or otherwise does not accept such modifications to the Agreement, the costs of the Emergency Repairs shall be allocated pursuant to the terms of the MISO Tariff.

- H. Allocation of SSR Compensation. MISO will charge the LSEs that benefit from operation of the subject SSR Unit in accordance with Schedule 43.

Section 10. Default.

A. Event of Default.

- (1) Failure to make payment or transfer funds as provided in the MISO Tariff shall constitute a material breach and shall constitute an event of default ("Default") unless cured within three (3) Business Days after delivery by the non-breaching Party of written notice of the failure to the breaching Party. Provided further that if such a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling twelve

(12)-month period, the fourth such breach shall constitute a Default by the breaching Party.

- (2) For any material breach other than a failure to make payment or transfer funds, the occurrence and continuation of any of the following events shall constitute an event of Default by Participant:

- (a) Except as excused under subsection (4) or (5) below, a material breach, other than a failure to make payment or transfer funds, of this Agreement by Participant, including any material failure by Participant to comply with the MISO Tariff, unless cured within fourteen (14) Business Days after delivery by MISO of written notice of the material breach to Participant. Participant must begin work or other efforts within three (3) Business Days to cure such material breach after delivery by MISO of written notice of such material breach by Participant and must prosecute such work or other efforts with reasonable diligence until the breach is cured.

Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling twelve (12)-month period, the fourth (4th) such breach shall constitute a Default.

- (b) Participant becomes Bankrupt, except for the filing of a petition in involuntary bankruptcy, or similar involuntary proceedings that is

- dismissed within ninety (90) days thereafter.
- (c) The Designated Unit's operation is abandoned without intent to return it to operation during the Full Term; or
 - (d) Three or more unexcused Misconduct Events occur during a contract year.
- (3) Except as excused under subsection (4) or (5) below, a material breach of this Agreement by MISO, including any material failure by MISO to comply with the MISO Tariff other than a failure to make payment or transfer funds, shall constitute a Default by MISO unless cured within fourteen (14) Business Days after delivery by Participant of written notice of the material breach to MISO. MISO must begin work or other efforts within three (3) Business Days to cure such material breach after delivery by Participant of written notice of such material breach by MISO and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling twelve (12)-month period, the fourth such breach shall constitute a Default.
- (4) For any material breach other than a failure to make payment or transfer funds, the breach shall not result in a Default if the breach cannot reasonably be cured within fourteen (14) calendar days, prompt written notice is provided by the breaching Party to the other Party, and the

breaching Party began work or other efforts to cure the breach within three (3) Business Days after delivery of the notice to the breaching Party and prosecutes the curative work or efforts with reasonable diligence until the curative work or efforts are completed.

- (5) If, due to a Force Majeure Event, a Party is in breach with respect to any obligation hereunder, such breach shall not result in a Default by that Party.

B. Remedies for Default.

- (1) MISO's Remedies for Default. In the event of a Default by Participant, MISO may pursue any remedies MISO has under this Agreement, at law, or in equity, subject to the provisions of Section 12: Dispute Resolution of this Agreement. In the event of a Default by Participant, if the MISO Tariff does not specify a remedy for a particular Default, MISO may, at its option, upon written notice to Participant, immediately terminate this Agreement, with termination to be effective upon the date of delivery of notice.

- (2) Participant's Remedies for Default.
(a) Unless otherwise specified in this Agreement or in the MISO Tariff, and subject to the provisions of Section 12: Dispute Resolution of this Agreement, in the event of a Default by MISO, Participant's remedies shall be limited to:

- (i) Immediate termination of this Agreement upon written notice to MISO,
 - (ii) Monetary recovery in accordance with the Settlement procedures set forth in the MISO Tariff, and
 - (iii) Specific performance.
- (b) However, in the event of a material breach by MISO of any of its representations, warranties or covenants, Participant's sole remedy shall be immediate termination of this Agreement upon written notice to MISO.
- (c) If as a final result of any dispute resolution MISO, as the settlement agent, is determined to have over-collected from a Market Participant(s), with the result that refunds are owed by Participant to MISO, as the settlement agent such Market Participant(s) may request MISO to allow such Market Participant to proceed directly against Participant, in lieu of receiving full payment from MISO. In the event of such request, MISO, in its sole discretion, may agree to assign to such Market Participant MISO's rights to seek refunds from Participant, and Participant shall be deemed to have consented to such assignment. This subsection (c) shall survive termination of this Agreement.
- (3) A Default or breach of this Agreement by a Party shall not relieve either Party of the obligation to comply with the MISO Tariff.

C. Force Majeure.

- (1) If, due to a Force Majeure Event, either Party is in breach of this Agreement with respect to any obligation hereunder, such Party shall take reasonable steps, consistent with Good Utility Practice, to remedy such breach. If either Party is unable to fulfill any obligation by reason of a Force Majeure Event, it shall give notice and the full particulars of the obligations affected by such Force Majeure Event to the other Party in writing or by telephone (if followed by written notice) as soon as reasonably practicable, but not later than fourteen (14) calendar days, after such Party becomes aware of the event. A failure to give timely notice of the Force Majeure event shall constitute a waiver of the claim of Force Majeure Event. The Party experiencing the Force Majeure Event shall also provide notice, as soon as reasonably practicable, when the Force Majeure Event ends.
- (2) Notwithstanding the foregoing, a Force Majeure Event does not relieve a Party affected by a Force Majeure Event of its obligation to make payments or of any consequences of non-performance pursuant to the MISO Tariff or under this Agreement, except that the excuse from Default provided by subsection 10.A(5) above is still effective.

D. Duty to Mitigate. Except as expressly provided otherwise herein, each Party shall use commercially reasonable efforts to mitigate any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

Section 11. Limitation of Damages and Liability and Indemnification.

A. EXCEPT AS EXPRESSLY LIMITED IN THIS AGREEMENT OR MISO BUSINESS PRACTICES, MISO OR PARTICIPANT MAY SEEK FROM THE OTHER, THROUGH APPLICABLE DISPUTE RESOLUTION PROCEDURES SET FORTH IN MISO PROTOCOLS, ANY MONETARY DAMAGES OR OTHER REMEDY OTHERWISE ALLOWABLE UNDER INDIANA LAW, AS DAMAGES FOR DEFAULT OR BREACH OF THE OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY THAT MAY OCCUR, IN WHOLE OR IN PART, AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT, A TORT OR ANY OTHER CAUSE, WHETHER OR NOT A PARTY HAD KNOWLEDGE OF THE CIRCUMSTANCES THAT RESULTED IN THE SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY, OR COULD HAVE FORESEEN THAT SUCH DAMAGES OR INJURY WOULD OCCUR.

B. The Parties have expressly agreed that, other than subsections A and B of this Section, this Agreement shall not include any other limitations of liability or indemnification provisions, and that such issues shall be governed solely by applicable law, in a manner consistent with the Choice of Law and Venue subsection 13.A of this Agreement, regardless of any contrary provisions that may be included in or subsequently added to the MISO Tariff (outside of this Agreement).

Section 12. Dispute Resolution.

A. In the event of a dispute, including a dispute regarding a Default, under this Agreement,

Parties to this Agreement shall first attempt resolution of the dispute using the applicable dispute resolution procedures set forth in the MISO Tariff.

- B. In the event of a dispute, including a dispute regarding a Default, under this Agreement, each Party shall bear its own costs and fees, including, but not limited to attorneys' fees, court costs, and its share of any mediation or arbitration fees.

Section 13. Miscellaneous.

- A. Choice of Law and Venue. Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into in Indiana and, with the exception of matters governed exclusively by federal law, shall be governed by and construed and interpreted in accordance with the laws of the State of Indiana that apply to contracts executed in and performed entirely within the State of Indiana, without reference to any rules of conflict of laws. Neither Party waives primary jurisdiction as a defense; provided that any court suits regarding this Agreement shall be brought in a state or federal court located within Indiana, and the Parties hereby waive any defense of *forum non-conveniens*.

B. Assignment.

- (1) Notwithstanding anything herein to the contrary, a Party shall not assign or otherwise transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except that a Party may assign or transfer its rights and obligations under this Agreement without the prior written consent of

the other Party (if neither the assigning Party or the assignee is then in Default of any Agreement with MISO):

- (a) Where any such assignment or transfer is to an Affiliate of the Party; or
- (b) Where any such assignment or transfer is to a successor to or transferee of the direct or indirect ownership or operation of all or part of the Party, or its facilities, provided that the Party, successor or transferee and MISO enter into a written agreement pursuant to which the Party assigns and the successor or transferee assumes and agrees to be bound by all of the Party's obligations under this Agreement; or
- (c) For collateral security purposes to aid in providing financing for itself, provided that the assigning Party will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by either Party pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). If requested by the Party making any such collateral assignment to a Financing Person (*i.e.* any secured party, trustee, or mortgagee of an assigning Party, where the assignment is made for collateral security purposes), the other Party shall execute and deliver a consent to such assignment containing customary provisions, including representations as

to corporate authorization, enforceability of this Agreement and absence of known Defaults, notices of Default, and an opportunity for the Financing Person to cure Defaults.

- (2) An assigning Party shall provide prompt written notice of the assignment to the other Party. Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve either Party of its obligations under this Agreement, nor shall either Party's obligations be enlarged, in whole or in part, by reason thereof, provided that in the case of an assignment or transfer pursuant to Section 13.B(1)(b), the assigning Party shall be released from all obligations under the Agreement if: (i) the successor or transferee is a Market Participant pursuant to the MISO Tariff, and (ii) the successor or transferee, Participant and MISO enter into a written agreement pursuant to which Participant is released from and the successor or transferee assumes and agrees to be bound by all of Participant's obligations under this Agreement, including, but not limited to, Section 8(A).

- C. No Third Party Beneficiary. Except with respect to the rights of other Market Participants in Section 10.B and the Financing Persons in Section 13.B, (1) nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any third party, (2) no third party shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder and (3) this Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party

beneficiary to this Agreement or the services to be provided hereunder. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

D. No Waiver. Parties shall not be required to give notice to enforce strict adherence to all provisions of this Agreement. No breach or provision of this Agreement shall be deemed waived, modified or excused by a Party unless such waiver, modification or excuse is in writing and signed by an authorized officer of such Party. The failure by or delay of either Party in enforcing or exercising any of its rights under this Agreement shall (1) not be deemed a waiver, modification or excuse of such right or of any breach of the same or different provision of this Agreement, and (2) not prevent a subsequent enforcement or exercise of such right. Each Party shall be entitled to enforce the other Party's covenants and promises contained herein, notwithstanding the existence of any claim or cause of action against the enforcing Party under this Agreement or otherwise.

E. Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

F. Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, that determination shall not affect the enforceability or validity of the remaining portions of this Agreement, and this Agreement shall continue in full force and effect as if it had been executed without the invalid provision; provided, however, if either Party determines, in its sole discretion, that there is a material change in this

Agreement by reason thereof, the Parties shall promptly enter into negotiations to replace the unenforceable or invalid provision with a valid and enforceable provision. If the Parties are not able to reach an agreement as the result of such negotiations within fourteen (14) days, either Party shall have the right to terminate this Agreement on three (3) days written notice.

- G. Entire Agreement. Any exhibits attached to this Agreement are incorporated into this Agreement by reference and made a part of this Agreement as if repeated verbatim in this Agreement. This Agreement represents the Parties' final and mutual understanding with respect to its subject matter. It replaces and supersedes any prior agreements or understandings, whether written or oral. No representations, inducements, promises, or agreements, oral or otherwise, have been relied upon or made by any Party, or anyone on behalf of a Party, that are not fully expressed in this Agreement. An agreement, statement, or promise not contained in this Agreement is not valid or binding.
- H. Amendment. The standard form of this Agreement may only be modified through the procedure for modifying the MISO Tariff as described in the MISO Tariff. Any changes to the terms of the standard form of this Agreement shall not take effect until a new Agreement is executed between the Parties.
- I. MISO's Right to Audit Participant. Participant shall keep detailed records of all activities under this Agreement giving rise to any information, statement, charge, payment or computation delivered to MISO under the MISO Tariff. Such records shall be retained and shall be available for audit or examination by MISO as hereinafter provided. MISO has the right during Business Hours and upon reasonable written notice and reasonable

cause to examine the records of Participant as necessary to verify the accuracy of any such information, statement, charge, payment or computation made under this Agreement. If any such examination reveals any inaccuracy in any information, statement, charge, payment or computation, the necessary adjustments in such information, statement, charge, payment, computation, or procedures used in supporting its ongoing accuracy will be promptly made.

J. Participant's Right to Audit MISO. Participant's right to data and audit of MISO shall be as described in the MISO Tariff and shall not exceed the rights described in the MISO Tariff.

K. Further Assurances. Each Party agrees that during the term of this Agreement it will take such actions, provide such documents, do such things and provide such further assurances as may reasonably be requested by the other Party to permit performance of this Agreement.

L. Conflicts. This Agreement is subject to applicable federal, state, and local laws, ordinances, rules, regulations, orders of any Governmental Authority and tariffs. Nothing in this Agreement may be construed as a waiver of any right to question or contest any federal, state and local law, ordinance, rule, regulation, order of any Governmental Authority, or tariff. In the event of a conflict between this Agreement and an applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff, the applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff shall prevail, provided that Participant shall give notice to MISO of any such conflict affecting Participant. In the event of a

conflict between the MISO Tariff and this Agreement, the provisions expressly set forth in this Agreement shall control.

M. No Partnership. This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party has any right, power, or authority to enter any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party except as provided in Section 9.A.

N. No State Public Utility Created. This Agreement may not be interpreted or construed as modifying the jurisdictional status of MISO, including, but not limited to establishment of MISO as a state public utility under the laws of any jurisdiction, as a result of MISO's performance under this Agreement.

O. Construction. In this Agreement, the following rules of construction apply, unless expressly provided otherwise or unless the context clearly requires otherwise:

- (1) The singular includes the plural, and the plural includes the singular.
- (2) The present tense includes the future tense, and the future tense includes the present tense.
- (3) Words importing any gender include the other gender.
- (4) The word "shall" denotes a duty.
- (5) The word "must" denotes a condition precedent or subsequent.
- (6) The word "may" denotes a privilege or discretionary power.

- (7) The phrase "may not" denotes a prohibition.
- (8) References to statutes, tariffs, regulations or the MISO Tariff include all provisions consolidating, amending, or replacing the statutes, tariffs, regulations or the MISO Tariff referred to.
- (9) References to "writing" include printing, typing, lithography, and other means of reproducing words in a tangible visible form.
- (10) The words "including," "includes," and "include" are deemed to be followed by the words "without limitation."
- (11) Any reference to a day, week, month or year is to a calendar day, week, month or year unless otherwise indicated.
- (12) References to Articles, Sections (or subdivisions of Sections), Exhibits, annexes or schedules are to this Agreement, unless expressly stated otherwise.
- (13) Unless expressly stated otherwise, references to agreements, the MISO Tariff and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent the amendments and other modifications are not prohibited by this Agreement.
- (14) References to persons or entities include their respective successors and permitted assigns and, for governmental entities, entities succeeding to their respective functions and capacities.
- (15) References to time are to Eastern Standard Time.

(16) References to any capitalized word or phrase not defined herein shall have the meanings from the MISO Tariff.

P. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

D
A
T
A

SIGNED, ACCEPTED AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Agreement.

Midcontinent Independent System Operator, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 1

Detailed Description of SSR Units

The Escanaba Generating Station consists of two coal-fired generating units (the subject of the SSR Agreement) and an oil-fired combustion turbine (CT) generator. (The CT is located adjacent to the coal-fired generating units, and is not the subject of the SSR Agreement.) The City owns a parcel of land on the north side of the City of Escanaba, Michigan on the shores of Lake Michigan that is approximately 37 acres in area. This description relates solely to the coal-fired units. The station has access to Lake Michigan, railroad facilities and roads, allowing a range of fuel delivery alternatives. The coal-fired units were designed by Black and Veatch and began commercial operation in 1958. The units are basically identical. Each includes a top supported two-drum boiler supplied by Babcock and Wilcox. The coal is fed to the boiler by Alstom stokers and burned on a Detroit Stoker Rotograte traveling grate. Each grate is 15'-4-1/2" wide by 18' net length for a surface area of 276.7 square feet. Each boiler has an economizer for preheating feedwater to the boiler, but does not have a combustion air preheater.

The boilers are balanced draft units, each with a single forced draft fan providing combustion air from the ground floor elevation and a single induced draft fan located after the mechanical collectors and the electrostatic precipitators. Flue gas cleaning consists of centrifugal mechanical collectors followed by a three-field electrostatic precipitator installed in 1979. Steam from the boiler in each unit is piped to a turbine generator that was supplied by Allis Chalmers. Steam is extracted to four feedwater heaters, and the turbine exhausts to a surface condenser utilizing circulating water from Lake Michigan. The steam turbine drives an Allis Chalmers generator.

EXHIBIT 2

Description of Compensation for SSR Units

A. Fixed Component of Compensation

Pursuant to Section 9 of the Agreement, MISO shall pay Participant a Monthly SSR Payment of \$309,190, representing monthly allocations of the Annual SSR Amount each month during the term of the Agreement and payment prorated for any partial monthly availability for service as an SSR unit. Each Monthly SSR Payment shall be made regardless of dispatch of the SSR Units during that month. If the Agreement is terminated effective during the course of a month of extended service, then the Monthly SSR Payment shall be prorated for that portion of the month in which extended service was provided. The compensation provided for under this Agreement may be further modified pursuant to Section 7 (adjustment to Monthly SSR Payment based on Capacity Tests provided for pursuant to Section 7) and/or Section 9 ("Performance-Related Payment Adjustments") and/or Section 9 ("Compensation for Unanticipated Repairs") of the Agreement. Compensation shall be settled on a monthly basis.

B. Variable Component of Compensation

Pursuant to Section 9 of the Agreement, MISO shall pay Participant its Production Cost during times of Actual Energy Injections (as defined in Module A of the MISO Tariff and used in the MISO settlement process) and Operating Reserve Cost in each instance that MISO dispatches an SSR Unit. For the purposes of this Agreement, "Production Cost" shall mean the Energy output cost of the SSR Unit based upon Start Up, No Load, and Energy Offer cost components that reflect the actual costs of physically operating the SSR Unit, and "Operating Reserve Cost" shall mean the actual cost to provide Operating Reserves. All Production Costs

and Operating Reserve Costs will be subject to audit by MISO, and will be subject to audit and enforcement by the Independent Market Monitor.

For purposes of the settlement process, "SSR Unit Compensation" is equal to the sum of Production Cost during times of Actual Energy Injections (as defined in Module A of the MISO Tariff and used in the MISO settlement process) and Operating Reserve Cost. MISO will compare the SSR Unit Compensation to the "SSR Unit Energy and Operating Reserve Credit." The SSR Unit Energy and Operating Reserve Credit are those charges and credits calculated pursuant to Sections 39.3 Day-Ahead Energy and Operating Reserve Market and 40.3 Real Time Energy and Operating Reserve Market Settlement of the MISO Tariff, plus any revenues from Schedule 2 associated with the SSR Unit or from Planning Resource designation and any charges assessed through Schedule 17 and Schedule 24. The Schedule 2 revenues recognized under this Agreement are *[describe Schedule 2 revenues, such as the amount set for the SSR Unit per FERC filing, as a percentage of Schedule 2 payments to participant where generating unit designations are not made, or otherwise]* _____. In those hours where the SSR Unit Compensation is greater than the SSR Unit Energy and Operating Reserve Credit during Delivery Plan instructed hours of operation in the Day for that SSR Unit, MISO will make the applicable make-whole payment to Participant (such make-whole payment to be equal to the difference between the SSR Unit Compensation and the SSR Unit Energy and Operating Reserve Credit). In all hours where the SSR Unit Compensation is less than the SSR Unit Energy and Operating Reserve Credit, MISO will debit from Participant (such debit to be equal to the difference between the SSR Unit Energy and Operating Reserve Credit and the SSR Unit Compensation).