

**ALGER COUNTY BOARD OF COMMISSIONERS
REGULAR BOARD MEETING**

March 9, 2009

Pursuant to recess, the Alger County Board of Commissioners convened in the county building on the above date.

The meeting was called to order by Chairwoman Cathy Pullen with the following Commissioners present: Commissioner Doucette, Lindstrom, Mattson and Pullen. Absent – None.

The Board of Commissioners said the Pledge of Allegiance.

Public comment session was opened. There was no public comment from the floor, thus, public comment session was closed.

On a motion of Commissioner Doucette, supported by Commissioner Mattson to approve the agenda as presented. Motion carried by the following vote: Ayes – Commissioner Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Mattson, supported by Commissioner Lindstrom to approve the minutes of February 9, 2009 meeting as presented. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays –None. Absent – None.

On a motion of Commissioner Mattson, supported by Commissioner Lindstrom to approve the Refinancing Resolution for the Health Department (NHF Sub Alger).

BOARD OF COUNTY COMMISSIONERS

COUNTY OF ALGER

STATE OF MICHIGAN

**RESOLUTION APPROVING LUCE, MACKINAC, ALGER, SCHOOLCRAFT
DISTRICT HEALTH DEPARTMENT PROJECT REFINANCING
(WETMORE BUILDING PROJECT)**

A regular meeting of the Board of County Commissioners of the County of Alger, Michigan (the "County") was held in the Alger County Building, Munising, Michigan on March 9, 2009, at 4:00 o'clock p.m.

RECITALS

1. The County is one of the constituent counties of the Luce, Mackinac, Alger, Schoolcraft District Health Department (the "Health Department"), a "district health department" formed by the constituent counties of Luce, Mackinac, Alger, and Schoolcraft (the "Health Department") under Section 2415 of Act 368, P.A. 1978, as amended, for the purpose of providing essential health services to residents of those counties.
2. On June 25, 2002, NHF Sub Alger, a Michigan nonprofit corporation (the "Issuer") issued its tax-exempt Limited Obligation Refunding Revenue Note (LMAS District Health Department Project) in the principal amount of \$585,000 (the "2002 Refunding Note") to refund the entire outstanding principal amount of Issuer's \$720,000 original aggregate principal amount Nonrecourse Promissory Note (LMAS District Health Department Project), dated January 26, 1995 (the "Original Note"), which Original Note was issued to finance the construction of an approximately 13,200 square foot building to be leased to the Health Department and subleased in part to certain governmental and qualified private health and human services organizations, to satisfy the urgent need of the Health Department and the County for a building to house medical and office facilities for the provision of health care and human services to residents of the County (the "Project").
3. The Original Note and the 2002 Refunding Note were issued "on behalf of" the County, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, pursuant to Resolutions approved by the Board of Commissioners of the County on September 12, 1994, and March 25, 2002 (the "Prior Resolutions"), which specifically provided that the County has no financial responsibility whatsoever for payments due under the Original Note and the 2002 Refunding Note, which were primarily payable from and secured by lease payments made by the Health Department to the Issuer.
4. Land owned by the County specifically described in Exhibit A, hereto was identified as a desirable site (the "Site") for the construction of the Project, and the County conveyed the Site by deed (the "Deed"), to the Issuer for purposes of development of the Project, subject to certain reversionary rights of the County.
5. Currently, approximately 12,084 square feet of the Project is occupied by the Health Department, and approximately 1116 square feet of the Project is subleased to Alger Marquette Community Action Board ("AMCAB"), a qualifying private nonprofit organization that operates a Head Start Program, and has tax exempt under Section 501(c)(3) of Internal Revenue Code.

6. Due to a number of financial challenges confronting the Health Department, the Board of Health of the Health Department, and the Health Department's Acting Health Officer requested technical fiscal assistance from the Michigan Department of Community Health (MDCH) to evaluate the Health Department's current fiscal status and make recommendations to strengthen its financial viability. Based upon the Health Department's request and needs, the MDCH Public Health Administration assigned this review project to Jon Houseman, MDCH fiscal and administrative consultant. His educational background includes a Bachelor's of Science in Accounting and a Masters in Public Administration, plus 25 years state level experience in various public health accounting and financial management roles at MDCH and 11 years local level experience as an administrator/deputy health officer at Mid-Michigan District Health Department. One of the MDCH's principal recommendations to the LMAS Board of Health and the Health Department set forth in its Site Fiscal Review (dated September 8-9, 2008) was to explore Project refinancing options to spread the remaining debt principal balances over an extended period to minimize annual lease payments. The recommendation notes that while this would reduce the Health Department's short-term annual space costs the overall long-term financing costs (i.e., interest) would be higher. It also indicated however, that nothing would prevent earlier payment of the remaining debt principal if the Health Department's financial picture improves. The same recommendation was made with respect to the Health Department's two (2) other facilities which were developed with the assistance of the Northern Health Foundation.

7. The 2002 Refunding Note, in the remaining outstanding principal amount of approximately \$332,000 currently bears interest at the rate of approximately 3.99% per annum, subject to periodic readjustments, and has a final maturity date of August 1, 2015.

8. The refinancing of the indebtedness represented by the 2002 Refunding Note, based on prevailing interest rates on tax-exempt obligations, with an extension of the principal amortization having a final maturity date not later than June 25, 2022 after factoring in any prepayment penalty or premium and costs of refinancing will result in reductions in debt service on an on-going basis, and as indicated in the MDCH Public Health recommendations, correspondingly reduce the Health Department's lease payments, and help preserve the economic viability of the Project and the Health Department and its availability to provide critical public health and human services.

9. It is estimated by the Issuer that on such extended final maturity, upon which date title to the Project shall revert to the County, (i) the fair market value of the Project will be equal to at least 20% of the original cost of constructing the Project (determined without regard to any additions to the Project or any increase or decrease for inflation during the term of the Note), and

(ii) the remaining useful life of the Project will be at least 20% of the Project's original estimated useful life of 45 years.

10. It is therefore proposed that:

(i) the Issuer will issue a tax-exempt Limited Obligation Refunding Revenue Note on behalf of the County in a principal amount not to exceed \$364,000 (the "2009 Refunding Note"), having a final maturity date not later than June 25, 2022, and the proceeds of which will be used to pay all outstanding principal of and accrued interest on the 2002 Refunding Note, any applicable prepayment penalty or premium, and costs associated with issuance of the 2009 Refunding Note.

(ii) the Issuer will continue to lease the Project to the Health Department, pursuant to a restated lease agreement, the lease payments being fixed in amounts sufficient for the Issuer to pay the principal of and interest on the 2009 Refunding Note as such amounts become due, together with the Issuer's reasonable administrative expenses, but not in excess of the fair market rentals for the Project.

RESOLUTIONS

The Board of Commissioners of the County adopt the following resolutions:

1. The health care and human services provided by the Health Department and other governmental or charitable organizations (which are in need of medical and office facilities) constitute an essential public purpose and benefit to the health and welfare of the residents of the County.

2. The Board reaffirms its approval of the non-profit purposes and activities of the Issuer as set forth in its Articles of Incorporation, including the development of the Project and the lease of the Project to the Health Department and other qualified health and human services organizations. The Issuer was incorporated by private, charitable public health interests, is not an agent or instrumentality of the County, and shall continue to operate independently of any control by the County.

3. The Project and title to the Site shall continue to be subject to the provisions for reversion of title to the County set forth in the Prior Resolutions and the Decd. as set forth in Exhibit B hereto. All references in said reversion provisions to the indebtedness represented by "the Note" or "the Bonds" shall be deemed to refer to the indebtedness represented by the 2009 Refunding Note following issuance of the 2009 Refunding Note and the prepayment of the 2002 Refunding Note, and such refinancing shall not constitute an event giving rise to the reversion of title to the Site and the Project to the County.

4. The County hereby authorizes the Chairperson of the Board and the County Clerk to execute any and all instruments and agreements as may be required to effectuate the issuance of the 2009 Refunding Note upon the terms and provisions contained herein, including, without limitation, a Subordination Agreement subordinating the rights of the County to the liens and claims of the holder of the 2009 Refunding Note until the indebtedness represented by the 2009 Refunding Note is paid in full.

EXHIBIT B – REVERSION RIGHTS OF COUNTY

UNENCUMBERED TITLE TO AND EXCLUSIVE POSSESSION OF THE SITE (INCLUDING THE PROPERTY REFINANCED BY THE 2002 REFUNDING NOTE AND THE 2009 REFUNDING NOTE TO BE ISSUED BY NHF SUB ALGER AND ANY ADDITIONS THERETO) SHALL REVERT TO THE COUNTY UPON THE OCCURRENCE OF ANY OF THE FOLLOWING, WITHOUT ANY DEMAND OR FURTHER ACTION ON THE PART OF THE COUNTY:

1. Commencement of the construction of the Project does not commence prior to June 30, 1995, or completion of the construction of the Project does not occur prior to December 31, 1995, as evidenced by the issuance of a Certificate of Occupancy by the appropriate governmental agency.
2. The Project constructed on the Site is not being used on a regular basis for functions of the Health Department (or any successor entity providing substantially the same services), or related health and human services functions of governmental or Section 501(c)(3) organizations.
3. The Health Department is dissolved.
4. Upon payment by NHF Sub Alger of the full indebtedness represented by the 2009 Refunding Note.
5. The County shall have either prepaid the principal of and interest on the 2009 Refunding Note accrued to the date of prepayment, or shall have provided for the payment of the principal of and interest on the 2009 Refunding Note by irrevocably depositing in escrow Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and the County shall have paid all necessary and proper fees and expenses incident to such prepayment or defeasance. "Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States.

PROVIDED, HOWEVER, THE REVERSION RIGHTS OF THE COUNTY ARE SUBJECT AND SUBORDINATE TO THE CLAIMS OF THE HOLDER OF THE 2009 REFUNDING NOTE UNTIL THE INDEBTEDNESS REPRESENTED BY THE 2009 REFUNDING NOTE ISSUED ON BEHALF OF THE COUNTY FOR CONSTRUCTION OF THE PROJECT ON THE SITE ARE PAID IN FULL.

EXHIBIT C

Principal Amount: Not to exceed \$364,000.

Interest Rate: Not to exceed an initial rate of 6.0 %.

Maturity Date/Amortization Schedule: Not later than June 25, 2022. Additional notes or bonds issued to finance improvements or additions to the Project or to refund the 2009 Refunding Note or any additional notes or bonds must be discharged no later than the final maturity date of the 2009 Refunding Note, regardless of whether the 2009 Refunding Note is callable at an earlier date. The final maturity date of the 2009 Refunding Note extends beyond the final maturity date of the 2002 Refunding Note, consistent with requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Purposes: To refinance the acquisition and construction of the Project for the purposes of providing a health and human services building for lease at a more advantageous rental rate to the Health Department and other governmental units and charitable organizations at rates not in excess of fair rental value, to pay any applicable prepayment penalty or premium and costs relating to the issuance of the 2009 Refunding Note, and to fund a reasonably required debt service reserve fund to the extent required in order to market the 2009 Refunding Note. All proceeds of the 2009 Refunding Note (net of the costs of issuance and amounts necessary to fund a reasonably required debt service reserve fund) shall be used for refinancing the construction of the Project and, if applicable, the acquisition of tangible real and tangible personal property. Proceeds may not be used for working capital.

Security:

1. Mortgage on the Site and Project
2. Assignment of Leases
3. 2009 Refunding Note non-recourse as to both NHF Sub Alger and the County.

Prepayment: The terms and conditions of prepayment of the 2009 Refunding Note by the Issuer shall be mutually agreeable to the Issuer and the holder of the 2009 Refunding Note.

Rights of County upon Event of Default: Upon the failure by NHF Sub Alger to pay the principal of or interest on the 2009 Refunding Note or upon any other event constituting an event of default under the 2009 Refunding Note giving rise to acceleration of the 2009 Refunding Note, the County shall have an exclusive option to purchase the Project (including any additions to the Project) for the amount of the outstanding indebtedness and accrued interest to the date of default, which option shall be exercisable for a period of at least 90 days following such default. In the event the County exercises such option, the County shall have a period of at least 90 days from the date of such exercise to purchase the Project.

Rights of County to Prepay and Defeas 2009 Refunding Note. The County shall have the right to repay or to defease the 2009 Refunding Note. Upon such prepayment or defeasance, title to the Site and the Project shall revert to the County and all leases, management contracts and encumbrances (other than certain permitted encumbrances) shall terminate, and any users of the

property shall vacate within 90 days, subject to the right (but without any obligation) of the County to enter into a new lease agreement with users of the Project.

Insurance: Proceeds of fire or other casualty insurance policies received in connection with damage to or destruction of the Project, including any additions to the Project, will, subject to the claim of the holder of the 2009 Refunding Note, (a) be used to reconstruct the Project, regardless of whether the insurance proceeds are sufficient to pay for reconstruction or (b) be remitted to the County.

Estimates of Fair Market Value and Useful Life: (1) A reasonable estimate of the fair market value of the Project on the final maturity date of the 2009 Refunding Note, regardless of whether the Refunding Note is callable at an earlier date, is equal to at least 20% of the original cost of the Project (determined without regard to any addition to the Project or any increase or decrease for inflation during the term of the 2009 Refunding Note), and (2) a reasonable estimate of the remaining useful life of the Project on the final maturity date of the 2009 Refunding Note, regardless of whether the 2009 Refunding Note is callable at an earlier date, is the longer of one year or 20% of the originally estimated useful life of the Project.

County Resolution (Rev. 3-21-2009)

Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Mattson, supported by Commissioner Doucette to approve the purchase of a new computer for the Veteran Affairs. (Glenn Marshall) Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Lindstrom, supported by Commissioner Mattson to approve the appointment of Anita Bouth to the Library Board. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None. Jolene Hetherington spoke on behave of the Library Board regarding millage monies and how they can be used.

It was moved by Commissioner Doucette, supported by Commissioner Lindstrom to approve the updating and engraving of Plaques/Portraits in the County Building. Monies to come from Building & Grounds. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Mattson, supported by Commissioner Doucette to approve the 2007 Homeland Security Grant Program Agreement with Houghton and Alger Counties. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Mattson, supported by Commissioner Lindstrom to approve all board bills. Motion carried by the following vote: Ayes – Commissioner Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Lindstrom, supported by Commissioner Mattson to Credit the Expenditures in the following departments:

STANDARDIZATION DEPARTMENT	100.04
JURY COMMISSION	85.19
PROBATE COURT	319.73
EQUALIZATION	112.53
MOTOR POOL	1,635.33
AIRPORT	29.27
DISTRICT HEALTH-CIGARETTE TAX	314.52
SUBSTANCE ABUSE DEPARTMENT	53.02
COMMUNITY MENTAL HEALTH	360.78
	\$3,010.41

Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Mattson, supported by Commissioner Lindstrom to Debit the Expenditures in the following departments:

AUDIT DEPARTMENT	3.00
CIRCUIT COURT DEPARTMENT	618.82
ATTORNEYS/CONSULTANTS	175.00
DISTRICT COURT	156.95
FRIEND OF THE COURT	48.49
COUNTY CLERK/ROD	269.57
PROSECUTING ATTORNEY	222.06
COUNTY TREASURER	89.13
BUILDING & GROUNDS	1,427.39
	\$3,010.41

Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Lindstrom, supported by Commissioner Mattson to approve the financial reports for all funds. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Mattson, supported by Commissioner Doucette to approve the transfer of \$3,771.41 from 701-000-260-000 Termination Allowance to General Fund Account 101-000-676-000 Reimbursements for 2008. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Mattson, supported by Commissioner Doucette to amend the Revenue 101-000-676-000 Reimbursements by \$3,771.41 for 2008. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Lindstrom, supported by Commissioner Mattson to amend Expenditures for 2008 as follows:

BUILDING & GROUNDS (101-265)	\$1,388.41
SHERIFF (101-301)	176.56
JAIL (101-351)	1,149.92
ANIMAL SHELTER (101-536)	280.52
EMPLOYEE FRINGE BENEFITS (101-862)	<u>776.00</u>
	\$3,771.41

Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

On a motion of Commissioner Mattson, supported by Commissioner Doucette to approve Resolution 2009-03 for the Remonumentation Program:

RESOLUTION NO. 2009- 03

**RESOLUTION OF SUPPORT FOR
COUNTY REMONUMENTATION PROGRAM**

WHEREAS, the State of Michigan is considering the various uses of proposed economic stimulus monies from the Federal Government; and

WHEREAS, in 2006, the State of Michigan Legislature removed \$15,000,000 from the State Survey and Remonumentation fund in an effort to balance the state budget for that year; and

WHEREAS, in Section 54.271 of Act 345 of 1990, the Legislature cited specific funding levels for the program which have not been met; and

WHEREAS, since the removal of these funds in 2006, statewide funding for the program has decreased from \$10,134,000 in 2006 to \$4,000,000 in 2009; and

WHEREAS, the removal of these funds has seriously impaired the effectiveness and progress of this program; and

WHEREAS, this program has been extremely beneficial to all residents of the State of Michigan, since original corner positions of the Public Land Survey control the boundaries of every parcel in Alger County and the State of Michigan; and

WHEREAS, this program is designed to recover, monument, record and perpetuate these original corner positions; and

WHEREAS, the information provided by this program is also designed to be the basis of all municipal GIS within the State; and

WHEREAS, these additional funds will benefit the implementation of each County-wide GIS, which is intended to assist in 911 emergency responses.

NOW THEREFORE BE IT RESOLVED, that the Alger County Board of Commissioners is in support of the use of \$15,000,000 of the economic stimulus monies for the State of Michigan Survey and Remonumentation Program for 2009 and an additional \$15,000,000 to supplement the program through fiscal year 2010.

BE IT FURTHER RESOLVED, that copies of this Resolution be transmitted to Governor Jennifer Granholm, Senator Mike Prusi, Representative Steven Lindberg and the other 82 Michigan counties.

Motion carried by the following vote: Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

It was moved by Commissioner Lindstrom, supported by Commissioner Doucette to approve Resolution 2009-04 for the MSU Extension:

RESOLUTION NO. 2009 - 04

Whereas Michigan State University (MSU) Extension helps people improve their lives through an educational process that applies knowledge to critical issues, needs, and opportunities; and

Whereas MSU Extension in Alger County utilizes the research and knowledge base of the state's land grant university, first established through the Morrill Act in 1862; and

Whereas MSU Extension in Alger County provides 4-H programming for youth, offers Master Gardener training, works with agricultural producers, offers nutrition education, offers training about land use and planning laws and policies, provides family financial management education, educates county commissioners and other officials on local government issues, policies and procedures, and provides volunteer development programming; and

Whereas, MSU Extension helps to reduce economic losses by providing the most current research to agricultural producers and forest products industries, offers opportunities for youth to grow and learn in safe environments with caring adults, and reduces health care costs by teaching youth and families how to select and prepare nutritious meals; and

Whereas, Alger County voters have approved a county-wide 0.25 mil levy to help support the Alger County MSU Extension program. The millage funds are coupled with state and federal appropriations, as well as grants, ensuring that the program will meet the needs and interests of the county's citizens; and

Whereas, the MSU Upper Peninsula Agricultural Experiment Station is a part of the Michigan Agricultural Experiment Station and has provided important, locally-generated research information to Alger County farmers and farmers across the U.P. region for over 100 years; and

Whereas, the State of Michigan currently provides \$30 million in funding for MSU Extension, and eliminating half of that funding would destroy this important educational network;

Whereas, the Michigan Agricultural Experiment Station and MSU Extension leverage another \$148 million in other funding sources based on the \$63 million appropriation of state funds to both programs and generate a total economic impact of \$1.062 billion per year;

NOW THEREFORE BE IT Resolved, that the Alger County Board of Commissioners opposes a 50% reduction of funding for MSU Extension and the Michigan Agricultural Experiment Station; and

BE IT FURTHER RESOLVED, that this Board wishes to convey to Michigan Governor Jennifer Granholm and to state legislators that the 50% reduction of state funding for MSU Extension and the Michigan Agricultural Experiment Station is an unacceptable solution to the state's budget problem.

Motion carried by the following vote: Ayes Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

The tentative amendments to the Board Policy were tabled until April's meeting.

It was moved by Commissioner Mattson, supported by Commissioner Doucette to postpone any action on Bob Seid's retirement until we get clarification from Schoolcraft County. Motion carried by the following vote: Ayes - Commissioner Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

The Board of Commissioners reviewed a letter regarding Howard Masters health insurance termination.

Correspondence was read by Chairwoman Pullen. A letter from the State of Michigan regarding the Bureau of Construction Codes. A letter from Floyd Mathias with CUUPAD regarding an invitation to Sydney's on March 12, 2009.

Public Comment Session was open and Joseph VanLandschoot spoke to the board regarding goals for the county in 2009.

Commissioner Doucette spoke about the stimulus money for Alger County.

It was moved by Commissioner Mattson, supported by Commissioner Lindstrom to adjourn the meeting. Motion carried by the following vote: Ayes – Commissioners Doucette, Lindstrom, Mattson and Pullen. Nays – None. Absent – None.

Catherine A. Pullen, Chairwoman
Alger County Board of Commissioners

Mary Ann Froberg
Alger County Clerk