

**CITY COUNCIL SPECIAL MEETING**

St. Ignace, Michigan

Tuesday, October 1, 2019 – 6:00 p.m.

City Council Chambers

**\*\*\*\*A G E N D A\*\*\*\***

I. Call to Order

II. Pledge of allegiance

III. Invocation

IV. Roll call

V. Business

1. RESOLUTION APPROVING AMENDED & RESTATED BUILDING AUTHORITY CONTRACT, DEBT SERVICE AGREEMENT AND NOTICE

2. AMENDED AND RESTATED LIMITED TAX FULL FAITH AND CREDIT GENERAL OBLIGATION CONTRACT OF LEASE

3. DEBT SERVICE AGREEMENT

4. ASSESSING AND ZONING REPORT

IX Public Comment

CITY COUNCIL SPECIAL MEETING  
City Council Chambers  
TUESDAY, OCTOBER 1ST, 2019 AT 6:00PM  
\*\*\*\*MANAGERS REPORT\*\*\*\*

**RESOLUTION APPROVING AMENDED AND RESTATED BUILDING AUTHORITY  
CONTRACT, DEBT SERVICE AGREEMENT AND NOTICE**

This resolution is similar to the one approved last December to establish and agreement between the City and the Building Authority to acquire financing for the project. It and been amended to add a second bond for \$250,000 to address the higher costs reflected in the bids. This change has been recommended and prepared by our Bond Council, Miller Canfield

**AMENDED AND RESTATED LIMITED TAX FULL FAITH AND CREDIT GENERAL  
OBLIGATION CONTRACT OF LEASE**

This lease is also similar to one that has already been approved to allow the Building Authority to construct the Fire Hall on City Property through a lease of the project and the site. This new lease reflects the change in the financing.

**DEBT SERVICE AGREEMENT**

This is the first time this is coming before you. It is an agreement between the City and the Fire Authority to provide for the revenues collected from the approved millage to be paid to the City to be used to pay the debt service on the bonds.

**ASSESSING AND ZONING REPORT**

To be presented by Kyle Mulka.

**RESOLUTION APPROVING  
AMENDED AND RESTATED  
BUILDING AUTHORITY CONTRACT, DEBT SERVICE AGREEMENT  
AND NOTICE**

City of St. Ignace  
County of Mackinac, State of Michigan

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Minutes of a special meeting of the City Council of the City of St. Ignace, County of Mackinac, State of Michigan (the "City"), held in said City, on October 1, 2019, at 7:00 p.m., prevailing Eastern Time.

PRESENT: Members: \_\_\_\_\_  
\_\_\_\_\_

ABSENT: Members: \_\_\_\_\_  
\_\_\_\_\_

The following preamble and resolution were offered by Member \_\_\_\_\_ and supported by Member \_\_\_\_\_:

WHEREAS, the City of St. Ignace, County of Mackinac, State of Michigan (the "City"), in accordance with the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended ("Act 31"), has previously adopted Articles of Incorporation and has established the St. Ignace Building Authority, County of Mackinac, State of Michigan (the "Building Authority"); and

WHEREAS, the Straits Area Fire Authority (the "Fire Authority") has been incorporated by the City, the Township of St. Ignace, County of Mackinac, State of Michigan (the "Township of St. Ignace"), and the Township of Moran, County of Mackinac, State of Michigan (the "Township of St. Moran") under and in pursuance of the provisions of Act 57, Public Acts of Michigan, 1988, as amended, for the purpose of providing emergency services to the residents of the City, the Township of St. Ignace, and the Township of Moran; and

WHEREAS, there exists in and for the Fire Authority a need to acquire, construct, furnish and equip a new fire station, including site improvements and all related appurtenances and attachments thereto (the "Project"); and

WHEREAS, the City Council of the City deems it necessary for the public health, safety and welfare of the City to assist the Fire Authority by acquiring and financing the Project through the Building Authority in accordance with Act 31; and

WHEREAS, the Building Authority is willing to undertake the acquisition and constructing of said facilities and is agreeable to leasing the facilities to the City for such use; and

WHEREAS, the Project was originally estimated to cost an amount not-to-exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) (the “Original Project Cost”); and

WHEREAS, upon the receipt of construction bids for the Project, the actual costs of the Project have increased to an amount not-to-exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) (the “Revised Project Cost” and the difference between the Original Project Cost and the Revised Project Cost, the “Increased Project Cost”); and

WHEREAS, this City Council, pursuant to a Resolution Approving Building Authority Contract and Notice, adopted on December 3, 2018 (the “Original Resolution”), previously approved a Contract of Lease between the City and the Building Authority providing for the acquisition, construction and financing of the Project in the amount of the Original Estimated Cost (the “Original Contract”); and

WHEREAS, the Original Contract must be amended and restated to provide for acquisition, construction and financing of the Project in the amount of the Revised Project Cost and other matters as are deemed necessary thereto has been prepared, with the bonds to be issued in one or more series (the “Amended and Restated Contract”); and

WHEREAS, the Building Authority intends to authorize the issuance and sale of bonds in two series, pursuant to Act 31, with the first series in an aggregate amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) (the “Series A Bond”) and the second series in an aggregate amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000) (the “Series B Bond” and together with the Series A Bond, the “Bonds”), each for the purpose of defraying the cost of acquisition and construction of the Project; and

WHEREAS, the electors of the area comprising the Fire Authority approved a millage on August 7, 2018 (the “Millage”) to be used to pay for the costs of the Project, and a debt service agreement (the “Debt Service Agreement”) by and between the Fire Authority and the City has been prepared to provide for the payment of the Millage revenues from the Fire Authority to the City as payment for the debt service on the Bond; and

WHEREAS, this City Council previously published a Notice of Intention of Entering into Contract of Lease related to the Original Contract and the statutory referendum period on the Original Contract has expired; and

WHEREAS, this City Council is desirous of publishing a Notice of Intention of Entering into Contract of Lease related to the Amended and Restated Contract for the Increased Project Cost so as to begin the statutory referendum period.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Approval of Bonds. The City Council determines it to be necessary for the public health, safety and welfare of the City to acquire and construct the Project substantially as set forth

in the Contract for the use of the City through the issuance of the Series A Bond by the Building Authority in an amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) and the issuance of the Series B Bond by the Building Authority in an amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000).

2. Approval of Act 31 Financing. The City Council deems it to be in the best interest of the City to finance the cost of such facilities through the Building Authority in accordance with the provisions of Act 31.

3. Approval of Amended and Restated Contract. The City Council hereby approves the Amended and Restated Contract in substantially the form accompanying this Resolution for the acquisition, construction, and financing of the Project.

4. Notice of Intent. The Notice of Intention of Entering into Amended and Restated Contract of Lease as attached hereto as Exhibit A shall be published in the *St. Ignace News*, a newspaper of general circulation in the City, promptly upon adoption of this resolution, said Notice to appear as a display advertisement at least one-quarter ( $\frac{1}{4}$ ) page in size.

5. Designation of Newspaper. The City Council does hereby determine that the designated newspaper is the newspaper circulating in the City which reaches the largest number of persons to whom the aforesaid Notice is directed and that publication of the aforesaid Notice in the designated newspaper represents the most practical and feasible means of informing the taxpayers and electors of the City of the Project and the financing thereof.

6. Execution of Amended and Restated Contract. The Mayor and the City Clerk are hereby authorized to execute and deliver to the Building Authority the Amended and Restated Contract approved by this Resolution. The Amended and Restated Contract shall become effective upon the expiration of forty-five days (45) days following the date of publication of the aforesaid Notice, unless, under the provisions of Section 8(b) of said Act 31, as amended, the effectiveness of the Amended and Restated Contract is stayed by reason of the filing of a petition for referendum thereon and the resultant necessity of prior approval thereof by the qualified electors of the City. A copy of the Amended and Restated Contract shall be placed on file in the office of the City Clerk and shall be available for public examination.

7. Ratification of Limited Tax Pledge. The City Council does hereby ratify and confirm its covenant in the Amended and Restated Contract to levy ad valorem taxes against all taxable property in the City to the extent necessary to meet the obligations of the City thereunder in the event revenues from other sources are insufficient for any reason whatsoever. Any such taxes levied to pay the cash rental under the Amended and Restated Contract shall be subject to applicable constitutional, statutory, and charter tax rate limitations.

8. Approval of Debt Service Agreement. The Debt Service Agreement substantially in the form attached hereto as Exhibit B is hereby approved.

9. Actions of City Officers. The Mayor, City Clerk and City Manager are each hereby authorized to execute and deliver the Debt Service Agreement and to take such actions and execute

such certificates on behalf of the City as shall be necessary for the issuance of the Bonds.

10. Continuation of Original Contract. If the Amended and Restated Contract becomes the subject of a referendum pursuant to the provisions of Act 31 and is subsequently not approved by a majority of electors pursuant to the provisions of Act 31, the Original Contract shall continue in full force and effect and will remain unchanged.

11. Ratification; Original Resolution Unchanged. Except as explicitly provided herein, the Original Resolution is hereby ratified and all provisions of the Original Resolution continue in full force and effect.

112 Rescission. All resolutions and parts of resolutions insofar as the same conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES:           Members: \_\_\_\_\_  
\_\_\_\_\_

NAYS:           Members: \_\_\_\_\_

RESOLUTION DECLARED ADOPTED.

\_\_\_\_\_  
Andrea Insley  
City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of St. Ignace, County of Mackinac, Michigan, at a special meeting held on October 1, 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

\_\_\_\_\_  
Andrea Insley  
City Clerk

EXHIBIT A  
NOTICE OF INTENTION OF ENTERING INTO AMENDED AND RESTATED LIMITED  
TAX-SUPPORTED CONTRACT OF LEASE AND OF  
RIGHT TO PETITION FOR REFERENDUM THEREON

TO THE TAXPAYERS AND ELECTORS  
OF THE CITY OF ST. IGNACE, MICHIGAN:

PLEASE TAKE NOTICE that the City of St. Ignace (the “City”) has previously approved and executed a Contract of Lease (the “Original Contract”) with the St. Ignace Building Authority (the “Building Authority”) pursuant to Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (“Act 31”). Such Original Contract provided, among other things, for the acquisition, construction, furnishing, and equipping of a new fire station, including site improvements and all related appurtenances and attachments thereto (the “Project”), and provided for the ISSUANCE OF ITS BONDS TO FINANCE ALL OR PART OF THE ESTIMATED COST OF ACQUIRING AND CONSTRUCTING THE SAME FOR THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,200,000.

As a result of actual Project costs being higher than original estimated (the difference between the original costs and the revised costs, the “Increased Costs”), the City will now approve and execute an Amended and Restated Contract of Lease with the Building Authority (the “Amended and Restated Contract”), which will provide for the payment of the Increased Costs of the Project through the ISSUANCE OF A SECOND SERIES OF BONDS TO FINANCE THE COSTS THEREOF IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000.

Each series of said bonds will mature serially in not to exceed 30 annual installments, and will bear interest not exceeding 5% per annum on the outstanding principal balance or such higher rate as may be authorized by law. Each series of the bonds will be issued under such Amended and Restated Contract in one or more series as shall be determined by the Building Authority.

The Amended and Restated Contract will further provide that the City will lease said Project from said Building Authority and WILL PAY AS RENTAL TO SAID BUILDING AUTHORITY ALL SUMS NECESSARY TO RETIRE THE PRINCIPAL OF AND INTEREST ON EACH SERIES OF SAID BONDS, TOGETHER WITH ALL COSTS OF OPERATING AND MAINTAINING SAID PROJECT AND ALL COSTS of said Building Authority in connection therewith, regardless of whether the Project is tenantable. The principal amount to be borrowed by the Building Authority will be indebtedness of the City for purposes of constitutional, statutory, and charter debt limitations, and said principal amount, together with the City’s rental obligation for payment thereof, may be increased to cover increased costs of the Project.

CITY  
CONTRACT OBLIGATION

BY VIRTUE OF SAID AMENDED AND RESTATED CONTRACT AND ACT, THE CITY'S REQUIRED PAYMENTS UNDER THE AMENDED AND RESTATED CONTRACT TO THE BUILDING AUTHORITY WILL BE LIMITED TAX FULL FAITH AND CREDIT GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM ANY AVAILABLE FUNDS OF THE CITY, AND THE CITY WILL BE REQUIRED TO LEVY AD VALOREM TAXES ON ALL TAXABLE PROPERTY WITHIN ITS BOUNDARIES, TO THE EXTENT NECESSARY TO MAKE THE PAYMENTS REQUIRED TO RETIRE EACH SERIES OF THE BONDS AND INTEREST THEREON, IF OTHER FUNDS FOR THAT PURPOSE ARE NOT AVAILABLE, AND AS LIMITED BY LAW. THE OBLIGATION TO LEVY TAXES IS LIMITED BY APPLICABLE CONSTITUTIONAL, STATUTORY, AND CHARTER TAX RATE LIMITATIONS. It is anticipated that the City will make its required payments under the Amended and Restated Contract from taxes levied by and provided by the Straits Area Fire Authority for the Project.

SAID AMENDED AND RESTATED CONTRACT SHALL BECOME EFFECTIVE WITH RESPECT TO THE INCREASED COSTS WITHOUT VOTE OF THE ELECTORS OF THE CITY, AS PERMITTED BY LAW, UPON THE EXPIRATION OF 60 DAYS FOLLOWING THE DATE OF PUBLICATION OF THIS NOTICE, UNLESS A PETITION REQUESTING AN ELECTION ON THE QUESTION OF WHETHER SUCH AMENDED AND RESTATED CONTRACT SHOULD BE EFFECTIVE, SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY, IS FILED WITH THE CITY CLERK WITHIN 45 DAYS FROM THE DATE OF SUCH PUBLICATION. If such petition is so filed, the Original Contract will continue in full force and effect and the Amended and Restated Contract shall not be effective without an approving vote by a majority of electors of the City voting on the question.

This Notice is given pursuant to the requirements of Section 8(b) of the aforesaid Act 31, as amended. Further information concerning the details of said Contract, the Project being financed and the matters set out in this Notice may be secured from the City Clerk's office. A copy of the Amended and Restated Contract is on file in the office of the City Clerk for public inspection.

Andrea Insley  
City Clerk



EXHIBIT B  
FORM OF DEBT SERVICE AGREEMENT

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AMENDED AND RESTATED  
LIMITED TAX FULL FAITH AND  
CREDIT GENERAL OBLIGATION  
CONTRACT OF LEASE

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THIS AMENDED AND RESTATED LIMITED TAX FULL FAITH AND CREDIT GENERAL OBLIGATION CONTRACT OF LEASE (the "Contract"), made and entered into as of the 2nd day of October, 2019, between the ST. IGNACE BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "Act") (the "Authority") and the CITY OF ST. IGNACE, County of Mackinac, a Michigan municipal corporation organized and existing under the Constitution and laws of the State of Michigan (the "City").

WITNESSETH:

WHEREAS, the AUTHORITY has been incorporated under and in pursuance of the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "Act"), for the purposes set forth in its Articles of Incorporation; and

WHEREAS, the STRAITS AREA FIRE AUTHORITY (the "Fire Authority") has been incorporated by the City, the Township of St. Ignace, County of Mackinac, State of Michigan (the "Township of St. Ignace"), and the Township of Moran, County of Mackinac, State of Michigan (the "Township of Moran") under and in pursuance of the provisions of Act 57, Public Acts of Michigan, 1988, as amended, for the purpose of providing emergency services to the residents of the City, the Township of St. Ignace, and the Township of Moran; and

WHEREAS, the CITY desires to acquire, construct, furnish, and equip a new fire station for the FIRE AUTHORITY, including all related site improvements and all related appurtenances and attachments thereto (the "Project"), and the AUTHORITY is willing to acquire and construct the Project and lease the same to the CITY; and

WHEREAS, the acquisition and construction of the Project by the AUTHORITY for use by the CITY is necessary for the public health, safety and welfare of the CITY, and the use of the AUTHORITY to accomplish such acquisition and construction represents the most practical means to that end at the lowest cost to the CITY; and

WHEREAS, the total cost of the Project, including costs of issuance, was originally estimated to cost an amount not-to-exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) (the "Original Project Cost"); and

WHEREAS, upon the receipt of construction bids for the Project, the actual costs of the Project have increased to an amount not-to-exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) (the "Revised Project Cost" and the difference between the Original Project Cost and the Revised Project Cost, the "Increased Project Cost") which includes architects' fees, legal and financing costs and contingencies; and

WHEREAS, the CITY, the FIRE AUTHORITY, and the AUTHORITY have determined that the cost of the Project should be paid by the authorization and issuance of one or more series of bonds by the AUTHORITY in anticipation of the limited tax full faith and credit general obligation contractual commitments of the CITY to be paid hereunder, pursuant to the provisions of the Act, in the aggregate principal amount of not to exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000); and

WHEREAS, the CITY and the AUTHORITY previously entered into a Limited Tax Full Faith and Credit General Obligation Contract of Lease (the "Original Contract") to provide for the issuance of the bonds to pay the costs the Project in the amount of the Original Project Cost and the payment of Cash Rentals (as such term is defined in the Original Contract) therefor; and

WHEREAS, the CITY and the AUTHORITY now desire to amend and restate the Original Contract (as amended and restated, the "Contract") to provide for the issuance of bonds in one or more series to pay the costs of the Project in an amount not to exceed the Revised Project Cost; and

WHEREAS, this Amended and Restated Limited Tax Full Faith and Credit General Obligation Contract of Lease has been prepared and the CITY and the AUTHORITY desire to enter into this Contract so as to acquire, construct, and lease the Project; and

WHEREAS, on August 7, 2018, the electors within the FIRE AUTHORITY authorized a millage of 1/2 mill for a period of not to exceed thirty (30) years to provide funds to the FIRE AUTHORITY for the Project; and

WHEREAS, it is anticipated that the FIRE AUTHORITY will use the millage to pay the CITY for the debt service on the bonds; and

WHEREAS, as a prerequisite to the authorization and issuance of bonds, it is necessary for the parties hereto to enter into this Contract whereby the AUTHORITY will lease the Project and site (the "Site"), to the CITY and the CITY will lease the same from the AUTHORITY for a period extending beyond the last maturity date of the bonds, but not to exceed a period of thirty (30) years; and

WHEREAS, this Contract has been executed by the CITY pursuant to resolutions of the City Council of the CITY adopted on December 3, 2018 (the "2018 Resolution") and October 1, 2019 (the "2019 Resolution" and together with the 2018 Resolution, the "Resolution"), notice of the 2018 Resolution and the Original Contract having been published in a newspaper of general circulation in the CITY and the passage of sixty (60) days following such publication and no valid petition for referendum on the effectiveness of the Original Contract having been filed with the City Clerk of the CITY within forty five (45) days of publication of the notice; and

WHEREAS, notice of the 2019 Resolution will be published in a newspaper of general circulation in the CITY, and this Contract (as amended and restated) will become effective when sixty (60) days have elapsed following such publication and no valid petition for referendum on

the effectiveness of this Contract being filed with the City Clerk of the CITY within forty five (45) days of publication of the notice.

IT IS, THEREFORE, AGREED BY AND BETWEEN THE PARTIES HERETO, for and in consideration of the agreement and covenants of each other and moneys to be paid out to the other as follows:

1. The CITY and the AUTHORITY hereby agree to have bonds issued pursuant to the Contract, in an amount not to exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000). The CITY and the AUTHORITY further agree that the AUTHORITY will issue bonds in anticipation of the CITY's obligations hereunder in an amount not to exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) as one or more series of bonds for the purpose of paying the cost of the Project. The Bonds are anticipated to be issued as two series, the first of which will be entitled "Building Authority Bonds, Series 2019A" and will be issued in an amount not to exceed \$2,200,000 (the "2019A Bonds") and the second of which will be entitled "Building Authority Bonds, Series 2019B" and will be issued in amount not to exceed \$250,000 (the "2019B Bonds" and together with the 2019A Bonds, the "Bonds").

2. (a) The CITY will, at or prior to delivery of the Bonds, cause to be conveyed and transferred to the AUTHORITY, by deed, such rights in that portion of the Site as to permit free and unrestricted use thereof by the AUTHORITY to acquire the portion of the Project then hereby acquired and constructed to the extent that portion of the Site had not as yet been conveyed by the CITY to the AUTHORITY; and

(b) the AUTHORITY will enter into a final contract or contracts providing for a maximum price for the acquisition and construction of the Project being constructed with the Bonds and shall proceed to cause the Project to be acquired, constructed, furnished, and equipped in accordance with plans prepared by the architects, to be submitted by the AUTHORITY to the CITY and approved by the CITY.

3. In consideration of the rentals and other terms and conditions herein specified, the AUTHORITY does hereby let and lease the Project and the Site to the CITY and the CITY does hereby let and lease the Project and the Site from the AUTHORITY, TO HAVE AND TO HOLD for a term commencing on the date possession of the same is to be delivered hereunder pursuant to Section 15 hereof and ending on a day thirty (30) years from the date hereof, or such lesser period as may be authorized by the provisions of this Contract.

4. The CITY hereby covenants and agrees to pay to the AUTHORITY cash rentals for the use of the Project (hereinafter referred to as "Cash Rental" or "Cash Rentals") in amounts based upon the AUTHORITY's debt service requirements on the Bonds, as hereinafter set forth.

Except as otherwise provided in the resolution authorizing the Bonds or the sale thereof (the "Bond Resolution"), the terms of which Bond Resolution are incorporated herein by this reference and will, to the extent in conflict with the provisions of this Contract so amend this Contract, the Bonds in the amount of not to exceed \$2,450,000 will be issued with principal maturities or be subject to mandatory sinking fund redemption on May 1 of each year from 2020 to 2048, inclusive, with the exact principal schedule to be contained in the Bond Resolution.

The CITY irrevocably covenants and agrees to pay to the AUTHORITY, commencing the first principal payment date and annually thereafter so long as any of the Bonds are outstanding, Cash Rentals in an amount corresponding to the principal amount of Bonds maturing or coming due by mandatory sinking fund redemption on the corresponding principal payment dates; provided, however, that if the maturity schedule for the Bonds is amended by the Bond Resolution, the due dates for Cash Rentals shall thereby be amended accordingly. Payment of Cash Rentals shall be made by the CITY to the paying agent for the Bonds directly, it being understood that such transfer by the CITY shall be done for and on behalf of the AUTHORITY.

The CITY acknowledges also that the Bonds will be issued at a maximum interest rate of not to exceed three percent (3%) per annum and that so long as Bonds remain outstanding, such interest will accrue on the outstanding principal balance semiannually. Therefore, the CITY further irrevocably covenants and agrees to pay to the AUTHORITY, as a part of Cash Rentals, commencing on the first interest payment date and semiannually thereafter so long as the Bonds are outstanding, such additional sums as shall be necessary to pay interest due on the Bonds prior to the next succeeding Cash Rental payment date. Payment of Cash Rentals shall be made by the CITY to the paying agent for the Bonds directly, it being understood that such transfer by the CITY shall be done for and on behalf of the AUTHORITY.

It is understood and agreed by the parties hereto that the CITY's minimum Cash Rental obligation hereunder shall be the payment of such amounts as shall equal debt service requirements on the Bonds falling due prior to the next Cash Rental payment date. However, the CITY shall retain the unrestricted right and privilege to prepay at any time whatever amounts of Cash Rentals it may choose in order to retire fully or partially the Bonds and any interest then due thereon or in order to provide for such retirement at a specified future date. The total aggregate obligation of the CITY hereunder for Cash Rentals shall at any given point in time be equal to the sum of the Cash Rentals yet to be paid to retire principal of the Bonds, plus interest accrued thereon since the last Cash Rental payment at the rate borne by the Bonds. The CITY warrants and represents that the amount of its obligations under this Contract, when taken together with other indebtedness of the CITY, will not cause its obligations under this Contract to exceed any constitutional, statutory, or charter debt limitation applicable to the CITY.

The AUTHORITY shall, within thirty (30) days after the delivery of the Bonds, furnish the CITY with a complete schedule of maturities of principal and interest thereon, and the AUTHORITY shall also, at least thirty (30) days prior to each Cash Rental due date, advise the CITY, in writing, of the exact amount of Cash Rental due on the next said date, and the CITY shall pay such amount on the due date.

5. Except to the extent that the CITY and the AUTHORITY have agreed otherwise by separate written documents, the CITY, at its own expense during the term of this Contract, shall operate, maintain and keep in repair the Project and the Site, and the total expense in connection therewith shall be borne and paid by the CITY in addition to all other rentals herein required. Operation and maintenance shall include any and all costs and expenses of operation and maintenance and such costs and expenses of repairs and maintenance as are necessary to keep the Project and the Site in good repair and working order, and shall include, but not to the exclusion of any other items not herein specified, heating, lighting, snow and debris removal, painting and

such other repair and maintenance items as are necessary to provide for efficient operation of the Project and the Site, and to keep the same in good repair and working order, as well as proper insurance coverages. Further the CITY shall pay, as part of the operation and maintenance expense, upon written notification by the AUTHORITY, and within thirty (30) days after receipt thereof, such amounts as shall be required to meet all reasonable administrative costs and operating expenses of the AUTHORITY, including transfer agent fees, Bond registration fees and any other costs or expenses of the AUTHORITY incidental to the issuance and payment of the Bonds or attributable to the Project or the Site.

6. It is understood and agreed by and between the parties hereto that the Bonds will be issued by the AUTHORITY in anticipation of the CITY's contractual Cash Rental obligation, as stated in Section 4 hereof. The CITY, pursuant to authorization of Section 8a of the Act, hereby recognizes and affirms that its contractual obligations expressed in Sections 4 and 5 hereof are full faith and credit general obligations of the CITY.

The CITY expressly and irrevocably pledges its limited tax full faith and credit for the prompt and timely payment of the Cash Rentals pledged for payments of the Bonds as expressed in Section 4 of this Contract, and shall each year, commencing with the fiscal year commencing January 1, 2020, appropriate from its general funds as a first budget obligation sufficient moneys to pay such Cash Rentals. Such pledge shall include, if necessary, the obligation to levy annually, except as provided below, such ad valorem taxes on all the taxable property in the CITY which, taking into consideration estimated delinquencies in tax collections, shall be fully sufficient to pay such Cash Rentals under and pursuant to this Contract. Such levy, however, shall be subject to applicable constitutional, statutory, and charter tax rate limitations and shall not be in an amount or at a rate exceeding that necessary to pay such Cash Rentals, such levy being for the purpose of providing funds to meet the contractual obligations of the CITY in anticipation of which the Bonds are issued. Nothing herein contained shall be construed to prevent the CITY from using any, or any combination, of the means and methods provided in Section 8a of the Act for the purpose of providing funds to meet its obligations under this Contract, and if at the time of making any annual tax levy there shall be other funds on hand earmarked and set aside for the payment of the contractual obligations due prior to the next tax collection period, including funds from the FIRE AUTHORITY, then such tax levy may be reduced by such amount.

7. The CITY has included in its budget for the fiscal year commencing January 1, 2020 and shall include in its budget for each fiscal year thereafter, an amount sufficient to pay the total obligations under this Contract coming due in each such fiscal year, based on anticipated revenues to be received from the FIRE AUTHORITY. Annually before finalization of its budget for the next ensuing fiscal year the CITY shall prepare and transmit to the AUTHORITY a statement of the moneys to be included in said budget for payment of all costs of the Project. The AUTHORITY shall have the right to communicate directly with the City Council of the CITY regarding any items in said budget relative to the Project which might be disputed, and, in any event, the budget shall be reasonably adequate to cover all obligations of the CITY herein contained in this Contract.

8. The CITY may at any time pay in advance any of the obligations required to be paid by this Contract, in which event the AUTHORITY shall credit the CITY with advance payment on future-due payments to the extent of such advance payment. The CITY may also

specify by written request that any Cash Rentals paid in advance of the requirements set out in Section 4 hereof be used to purchase Bonds for redemption prior to maturity, either currently or at some future date, to the extent the provision for prior redemption is made in the Bonds, in which event the AUTHORITY shall be obligated to apply and use said advance payments for such purpose to the fullest extent possible. The CITY and the AUTHORITY both agree that any such prepayments will be invested, pending their use, in instruments or obligations rated no lower than the applicable rating from either Moody's or Standard & Pools.

9. The CITY may install in the Project or on the Site such equipment or fixtures as it may desire.

10. The CITY covenants and agrees that it will not permit the use of the Project or the Site in any manner that will result in a violation of local, state or federal laws, rules or regulations now or hereafter in force and applicable thereto and shall keep the AUTHORITY and the members of its Commission harmless and indemnified at all times against any loss, damage or expenses by any accident, loss, casualty or damage resulting to any person or property through any use, misuse, or nonuse of the Project and Site, or by reason of an act or thing done or not done on, in or about the Project or Site or in relation thereto. The CITY further covenants and agrees that it will promptly, and at its own expense, make and pay for any and all changes and alterations in or about the Project and the Site which during the term of this Contract may be required to be made at any time by reason of local, state or federal laws and to save the AUTHORITY harmless and free from all costs or damage in respect thereto.

11. With respect to the Bonds to carry out the acquisition and construction of the Project and the financing thereof in accordance with the provisions of said Act, the following actions shall be taken by the AUTHORITY:

(a) The AUTHORITY will enact the necessary Bond Resolution to authorize the issuance of the Bonds in anticipation of the Cash Rentals to be paid by the CITY hereunder. The AUTHORITY will offer for sale and take such other necessary legal procedures as may be necessary to sell the Bonds as soon as all other steps required to be taken prior to sale of the Bonds have been accomplished.

(b) The AUTHORITY will promptly enter into and execute contracts for the acquisition, construction, furnishing and equipping of the Project in accordance with the plans and specifications therefor approved by the CITY. No substantial changes in said plans and specifications shall be made by the AUTHORITY without the consent of the CITY. The AUTHORITY shall not execute any contract in connection with the acquisition of the Project until the same has been approved by the City Council of the CITY.

(c) The AUTHORITY will require and secure from any contractor undertaking any work to be performed on the said Project necessary and proper bonds to guarantee the performance of said contract and labor and material bonds in such amounts and in such forms as may be approved by the City Attorney of the CITY.

(d) The AUTHORITY will immediately upon receipt of the proceeds of sale of the Bonds comply with all requirements provided for in the ordinance or resolution relative

to the disposition and use of such proceeds.

(e) The AUTHORITY may invest any bond proceeds or other funds held by it as permitted by law and investment income shall accrue to and follow the fund producing such income. However, the AUTHORITY shall not invest, reinvest, or accumulate any moneys deemed to be proceeds of the Bonds pursuant to federal Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations thereunder, in such a manner as to cause the Bonds to be "arbitrage bonds" within the meaning of the Code and applicable regulations thereunder. The AUTHORITY and the CITY will take or abstain from taking all actions required by the Code and regulations thereunder as may be necessary to retain for the interest on the Bonds the exemption from direct federal income taxation.

12. In the event that it should be determined that for any reason there are not sufficient funds to complete the acquisition of the Project, or if repair, replacement or alteration of the Project should be required to make the Project useable for its originally intended purpose, and additional funds become necessary therefor, it is agreed by the parties hereto that this Contract may be supplemented or amended to provide for the issuance of additional bonds by the AUTHORITY to provide sufficient funds to complete, repair, replace or alter the Project and also to increase the Cash Rental by an amount fully sufficient to pay all principal of and interest on the Bonds herein referred to and such additional bonds when due.

In the event such determination of insufficient funds should be made after the letting of contracts for construction of the completion of the Project, but before completion thereof, the AUTHORITY shall be authorized, on its own motion, to issue such additional bonds as may be necessary to provide sufficient funds to complete the Project or to make necessary repairs, replacements or alterations therein, and the Cash Rental to be paid by the CITY shall automatically be increased by an amount fully sufficient to pay all principal of and interest on the Bonds herein referred to and such additional bonds when due. In the event any additional bonds are issued, the duties and obligations of the AUTHORITY and the CITY as expressed and set forth in this Contract shall be applicable to such additional bonds as well as the Bonds herein referred to, it being at all times fully recognized and agreed that the Cash Rentals to be paid by the CITY, as specified in Section 4 of this Contract, shall be based upon the total amount of bonds issued to pay the costs of the Project. Any such additional bonds shall mature serially or be payable by mandatory sinking fund redemption on the dates as provided in Section 4 of this Contract and the Cash Rentals coming due on the dates as provided in Section 4 of this Contract for the Cash Rentals shall be increased by the principal amount of such additional bonds maturing on the dates as provided in Section 4 of this Contract. All of the provisions of this Contract shall be applicable to said increased amounts. Immediately upon the issuance of such additional bonds, the AUTHORITY shall furnish and supply the CITY documentation specifying the new schedule of Bond payments and Cash Rentals, increased as herein authorized, which shall be substituted and take the place of the schedules herein specified. In the event additional bonds are issued, all references herein to the Bonds shall be deemed to include such additional bonds.

In lieu of the issuance of additional bonds, the AUTHORITY and the CITY may enter into any other mutually agreeable arrangement to meet increased costs or bring such costs within the amount of funds available for construction of the completion of the Project.



13. In the event, by reason of favorable construction bids received, or for any other reason, it is not necessary to issue the Bonds in the full amount presently anticipated, the AUTHORITY shall be authorized, after consultation with the CITY, to reduce the amount of Bonds to such lesser principal amount as may be necessary to pay the cost of the Project and also to reduce the Cash Rental of the CITY so that the payments shall be sufficient to pay all principal of and interest on the Bonds. All the provisions of this Contract shall be applicable to said reduced amounts and/or said amended due dates the same as though such Bonds and Cash Rentals were originally in said reduced amounts and/or with said amended due dates. In such event, the AUTHORITY shall furnish and supply to the CITY documentation specifying the new schedule of Bond Payments and Cash Rentals, reduced and/or rescheduled as herein authorized, including copies of the Bond Resolution and any amendments thereto, which shall be substituted and take the place of the schedules herein specified.

14. After completion of the Project and payment of all costs thereof, any unexpended balance remaining from the proceeds of sale of Bonds and the amounts to be paid by the CITY to the AUTHORITY pursuant to Section 4 of this Contract, shall be used by the AUTHORITY, upon request made by resolution of the City Council of the CITY and with the approval of the Michigan Department of Treasury (or any successor agency thereto, if any), to the extent required by law, for improvements or enlargement of the Project or for any other projects of the AUTHORITY leased to the CITY. Any balance remaining after such use shall be applied to debt service requirements and shall reduce the next due Cash Rentals to the extent of such application.

15. The AUTHORITY will deliver possession of the Project and has previously delivered possession of the Site to the CITY simultaneously with conveyance thereof by the CITY to the AUTHORITY, as provided herein. The Project shall be completed as promptly as possible but in the event that for any reason whatsoever the Project is not completed in a timely fashion, the obligation of the CITY for the payment of the Cash Rentals and other costs of the Project and the performance of its other commitments under this Contract shall in any event remain in full force and effect in order to provide for the payment of principal of and interest on the Bonds and other costs in connection therewith.

16. The CITY shall provide:

(a) liability insurance to the extent necessary to protect the AUTHORITY and the CITY against loss on account of damage or injury to persons or property imposed by reason of the ownership of the Project and the site or resulting from any act of omission or commission on the part of the AUTHORITY or the CITY, their agents, officers and employees, in connection with the operation, maintenance or repair of Project and the Site or the furnishing of any service to the CITY;

(b) casualty insurance against such risks and in such amounts as are usually carried on projects of similar size and nature; and

(c) funds to pay the premium on a sufficient fidelity bond from any person handling the funds of the AUTHORITY.

17. Any funds received by the AUTHORITY or the CITY from any insurance policies,

or otherwise, because of casualty or damage to the Project or the Site shall be used promptly to restore the Project to a condition satisfactory to the CITY. If such funds are not sufficient to so restore the Project or the Site, the CITY may provide sufficient additional funds therefor in such amounts as the CITY and the AUTHORITY may agree upon, or the CITY and the AUTHORITY may agree to issue additional bonds for such restoration, in which event the provisions of Section 12 hereof with respect to additional bonds and increased Cash Rentals shall apply. If in the judgment of the AUTHORITY, concurred in by the CITY, the funds received from any insurance policies, or otherwise, by the AUTHORITY or the CITY shall be insufficient to restore the Project to a condition satisfactory to the CITY and if additional CITY funds are not made available or additional bonds are not authorized to make proper restoration, then, in that case, the AUTHORITY shall hold and/or invest the funds paid to it by reason of such loss for the benefit of the holders of the Bonds, and when upon receipt of sufficient Cash Rentals from the CITY which, together with the proceeds of the insurance and other available funds, will be sufficient to pay the principal of and interest on the Bonds, said moneys shall be deposited by the AUTHORITY, in trust, for the benefit of the bondholders and used to pay the principal of and interest on said Bonds as they mature.

18. Except as provided in Section 5 hereof, the leasehold rights, duties and obligations of the CITY as specified in this Contract shall not be assigned nor sublet, in whole or in part, during the term of this Contract or while any of the Bonds are outstanding and unpaid, except to the extent that such assignment or sublease benefits and serves a legitimate public purpose of the CITY, in which event the CITY shall be authorized to assign this Contract or sublet the Project, the Site, or any part thereof, but only to the extent and in the manner that the CITY could assign or sublet if it were the owner of the Project and the Site. In no event shall any assignment or subletting relieve the CITY of its primary obligations to pay the Cash Rentals and operation and maintenance costs of the Project and the Site hereunder or perform any of its other obligations hereunder.

19. The CITY shall have, and is hereby granted, the right to require the AUTHORITY to release from the terms and restrictions hereof any part of the Site, or any interest therein, at any time and from time to time while the CITY is not in default hereunder, without cost to the CITY, provided that the CITY furnishes the AUTHORITY with:

(a) A notice, in writing, containing an adequate legal description of that portion of the Site with respect to which such right is to be exercised, together with a survey thereof; and

(b) A certificate signed by an engineer or architect stating (i) that no part of the improvements constituting the Project (other than sewer, water, gas, electric and communication lines and other utilities, and the like, which shall be specified in such certificate) is located on the portion of the Site with respect to which such right is exercised, and (ii) that the severance of such portion of the Site will not impair the operating utility or materially alter the character of the Project or the balance of the Site.

From and after the consummation of any release effected by the CITY pursuant to the provisions of this Section, any reference herein to the Site shall be deemed to refer to the real property described herein, and the buildings and improvements thereon, less and except any

portion or interest therein released to the CITY under this Section and any part theretofore released to the CITY under this Section. No release effected by the CITY under the provisions of this Section shall entitle the CITY to any abatement or diminution of the Cash Rentals or other obligations payable hereunder.

20. The AUTHORITY, its agents, servants or employees shall have the right at all times of entering upon the Project and the Site for the purpose of acquiring, constructing and inspecting the same pursuant to its commitments hereunder and determine whether all of the terms, agreements, covenants and conditions herein contained are being complied with.

21. The CITY covenants and agrees that it will continue to pay to the AUTHORITY, in accordance with the terms of this Contract, the Cash Rentals and the operation and maintenance costs of the Project and the Site at the times and in the manner herein established without reduction or abatement for any cause or reason whatsoever, including, but not limited to, casualty which results in the Project or the Site being untenable or the failure to have the Project restored under Section 17 hereof, and without right of setoff or recoupment, until the principal of and interest on all Bonds are paid in full or adequate funds are available and held in trust for the benefit of the holders of the Bonds for that purpose.

22. The CITY covenants and agrees that if before the Bonds have been retired default shall at any time be made by the CITY in payments of Cash Rentals or operation and maintenance costs as herein required or in the performance of any of its obligations hereunder, the AUTHORITY shall have the right to use all the remedies provided by law to correct said default, including those specifically set forth in the Act and the ordinance or resolution to be enacted by the AUTHORITY providing for the issuance of the Bonds. In the event of any such default, the holder or holders of the Bonds may, to the extent permitted by law, exercise and enforce the rights of the AUTHORITY hereunder.

23. The AUTHORITY and the CITY each recognize that the Bonds are to be issued in anticipation of the Cash Rentals to be paid by the CITY hereunder and that the holders from time to time of the Bonds will have Contractual rights in this Contract, and it is, therefore, covenanted and agreed by each of them that so long as any of the Bonds shall remain outstanding and unpaid the provisions of this Contract shall not be subject to any alteration or revision which would in any manner unfavorably affect either the security of the Bonds or the prompt payment of principal or interest thereon. The AUTHORITY and the CITY further covenant and agree that they will each comply with their respective duties and obligations under the terms of this Contract promptly at the times and in the manner herein set forth and will not suffer to be done any act which would in any way impair the Bonds, the security therefor, or the prompt payment of principal and interest thereon. The CITY may, in writing, waive strict compliance by the AUTHORITY with the dates set out herein for the entering into of final construction contracts and for completion of the Project, and such dates may be altered upon mutual agreement by the parties hereto.

24. Any notice necessary or proper to be given to any of the parties hereto may be served in the following manner:

(a) If to the AUTHORITY, by delivering the same to any member of the Commission thereof;

(b) If to the CITY, by delivering the same to the Mayor or the City Clerk.

25. This Contract shall terminate on the payment in full of all principal and interest on all the bonds issued hereunder including, but not limited to the Bonds. When all bonds have been retired and the Contract terminated, the AUTHORITY shall convey the Project and the Site to the CITY, without consideration, by quit claim deed and appropriate bills of sale in such form and manner as may be approved by the City Attorney of the CITY. Upon termination of this Contract in the manner set forth above, the AUTHORITY shall promptly pay over to the CITY any and all funds held by it pertaining to the aforesaid Bonds or in any other manner relating to the Project.

26. The AUTHORITY covenants that the CITY upon compliance with the terms of this Contract, shall and may peacefully and quietly have and hold and enjoy the Project and the Sites for the term herein provided.

27. Nothing herein contained shall in any way be construed to prevent additional financing under the provisions of the Act, or any other law, for any of the purposes set out in the Articles of Incorporation of the AUTHORITY.

28. This Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the ST. IGNACE BUILDING AUTHORITY, by its Commission, and the CITY OF ST. IGNACE, by its City Council, have each caused its name to be signed to this instrument by its duly authorized officers the day and year first above written.

ST. IGNACE BUILDING AUTHORITY

By: \_\_\_\_\_  
Its: Chair

By: \_\_\_\_\_  
Its: Secretary

CITY OF ST. IGNACE

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Its: City Clerk





## DEBT SERVICE AGREEMENT

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THIS DEBT SERVICE AGREEMENT (the "Agreement"), made and entered into as of the 2nd day of October, 2019, between the CITY OF ST. IGNACE, a Michigan home rule city (the "City") and the STRAITS AREA FIRE AUTHORITY, County of Mackinac, a Michigan municipal corporation organized and existing under the Constitution and laws of the State of Michigan (the "Fire Authority").

### WITNESSETH:

WHEREAS, the FIRE AUTHORITY has been incorporated by the City of St. Ignace, County of Mackinac, State of Michigan (the "City"), the Township of St. Ignace, County of Mackinac, State of Michigan (the "Township of St. Ignace"), and the Township of Moran, County of Mackinac, State of Michigan (the "Township of Moran") under and in pursuance of the provisions of Act 57, Public Acts of Michigan, 1988, as amended, for the purpose of providing emergency services to the residents of the CITY, the TOWNSHIP OF ST. IGNACE, and the TOWNSHIP OF MORAN; and

WHEREAS, the St. Ignace Building Authority (the "Authority") has been incorporated under and in pursuance of the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "Act"), for the purposes set forth in its Articles of Incorporation; and

WHEREAS, the CITY desires to acquire, construct, furnish, and equip a new fire station for the FIRE AUTHORITY, including all related site improvements and all related appurtenances and attachments thereto (the "Project"), and the AUTHORITY is willing to acquire and construct the Project and lease the same to the CITY; and

WHEREAS, the acquisition and construction of the Project by the AUTHORITY for use by the CITY is necessary for the public health, safety and welfare of the CITY, and the use of the AUTHORITY to accomplish such acquisition and construction represents the most practical means to that end at the lowest cost to the CITY; and

WHEREAS, the total cost of the Project, including costs of issuance, is estimated to be an amount not to exceed the sum of Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000) which includes architects' fees, legal and financing costs and contingencies; and

WHEREAS, the CITY, the FIRE AUTHORITY, and the AUTHORITY have determined that the cost of the Project should be paid by the authorization and issuance of one or more series of bonds (together, the "Bonds") by the AUTHORITY in anticipation of the limited tax full faith and credit general obligation contractual commitments of the CITY under the Amended and Restated Limited Tax Full Faith and Credit Contract of Lease, pursuant to the provisions of the Act, in the aggregate principal amount of not to exceed Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000); and

WHEREAS, on August 7, 2018, the electors within the territory comprising the FIRE AUTHORITY approved the following millage proposal:



Shall a tax be levied in the City and Townships comprising the Straits Area Fire Authority and the limitation on the amount of taxes which may be imposed on taxable property be increased up to ½ mill (\$.50 per \$1,000 of taxable value) for a period not to exceed thirty (30) years, the years 2018 to 2047, inclusive, as new additional millage to provide funds to the Straits Area Fire Authority for acquiring, constructing, furnishing and equipping a new fire station. This millage would raise an estimated \$133,232 for the Straits Area Fire Authority in 2018.

WHEREAS, the FIRE AUTHORITY desires to provide for the revenues (the “Millage revenues”) collected from the approved millage (the “Millage”) to be paid to the CITY which will be used to pay the debt service on the Bonds.

IT IS, THEREFORE, AGREED BY AND BETWEEN THE PARTIES HERETO, for and in consideration of the agreement and covenants of each other as follows:

1. No later than sixty days prior to each date on which a Debt Service Payment (as defined below) is due, the FIRE AUTHORITY shall pay to the CITY, from the Millage Revenues, a sum sufficient to meet the next payments of principal of and interest on each series of the Bonds (each, a “Debt Service Payment”).

The CITY shall use the Millage Revenues received from the FIRE AUTHORITY to satisfy its obligations to make cash rental payments to the AUTHORITY under that certain Amended and Restated Limited Tax Full Faith and Credit Contract of Lease related to the Project.

2. The obligation of the FIRE AUTHORITY pay the Millage Revenues to the CITY to make Debt Service Payments is absolute. The FIRE AUTHORITY shall levy the Millage each year until the Bonds have matured or have been prepaid in full.

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IN WITNESS WHEREOF, the CITY OF ST. IGNACE, by its City Council, and the STRAITS AREA FIRE AUTHORITY, by its governing body, have each caused its name to be signed to this instrument by its duly authorized officers the day and year first above written.

CITY OF ST. IGNACE

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Its: City Clerk

STRAITS AREA FIRE AUTHORITY

By: \_\_\_\_\_  
Its: Chair

By: \_\_\_\_\_  
Its: Secretary

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