



PRE-MEETING AGENDA

**ADRIAN CITY COMMISSION
AGENDA
PRE-MEETING STUDY SESSION
MONDAY
October 3, 2011**

The City Commission will meet for a pre-meeting study session on Monday, October 3, 2011 at 5:30 p.m. in the City Chambers Building, 159 E. Maumee St., to discuss the following:

- I. Discussion of water sale policy.
- II. Discussion of oil and gas lease if time is available.
- III. Other items as time permits.



COMMISSION AGENDA

**AGENDA
ADRIAN CITY COMMISSION
OCTOBER 3, 2011
7:00PM**

- I. MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE TO THE FLAG
- II. ROLL CALL
- III. APPROVAL OF THE MINUTES OF THE SEPTEMBER 19, 2011 REGULAR MEETING OF THE ADRIAN CITY COMMISSION
- IV. PRESENTATION OF ACCOUNTS
- V. PUBLIC COMMENT ON AGENDA ITEMS
- VI. CONSENT AGENDA
 - 1. **CR11-044. Assessing.** Resolution to approve a budget amendment to reflect termination of Assessing Contract with Lenawee County and appointment of Kristen Wetzel as Assessor.
 - 2. **CR11-045. City Commission.** Resolution to authorize the City Administrator to cast votes for City Managers Jason Eppler (Ionia) and Mark Slown (City of Rogers City) for the election of Director of the MML Liability and Property Pool.
 - 3. **CR11-046. Police.** Resolution to make a temporary traffic control order permanent by posting "No Parking at Anytime" signs along both sides of Oakwood Road from Elm Street to the entrance to Adrian's wastewater facility.
- VII. REGULAR AGENDA
 - 1. **R11-110. Engineering.** Resolution to waive the bidding process and award the project for the sink hole near the intersection of Broad Street and Albert Street to Slusarski Excavating.
 - 2. **R11-111. Finance.** Resolution to approve the extension of the current audit contract with Robertson, Eaton & Owen, PC of Adrian, MI for the FY2011-12 and FY2012-13 fiscal years.
 - 3. **R11-112. City Commission.** Resolution to authorize the City Administrator to enter into a lease agreement with Savoy Energy for oil and gas exploration on City-owned land.
 - 4. **R11-113. City Commission.** Resolution to authorize the Mayor and City Clerk to enter into a Settlement Agreement with AutoOwners Insurance Company to settle claims the City has made against AutoOwners on the Performance and Maintenance Bonds regarding the City of Adrian Downtown Historic Façade Restoration Project.

5. **R11-114. Utilities.** Resolution to approve a request from Anderson Funeral Home to connect to the City of Adrian water system.

VIII. PUBLIC COMMENT

IX. COMMISSIONERS COMMENTS



MINUTES

**MINUTES
ADRIAN CITY COMMISSION
SEPTEMBER 19, 2011
7:00 P.M.**

Official proceedings of the September 19, 2011 regular meeting of the City Commission, Adrian, Michigan.

The regular meeting was opened with a moment of silence and the Pledge of Allegiance to the Flag.

PRESENT: All Commission members were present. Commissioner Steele participated through telephone conference.

Mayor McDowell in the Chair.

Commissioner DuMars moved to allow Commissioner Steele's participation in the meeting by phone as he was in Atlanta; this was seconded by Commissioner Warren and approved by unanimous vote.

Commissioner DuMars moved to approve the minutes of the September 6, 2011 regular meeting of the Adrian City Commission, seconded by Commissioner Carrico, motion carried by a unanimous vote.

PRESENTATION OF ACCOUNTS

Utility Department Receiving Fund Voucher #3250 through #3525	\$59,289.04
General Fund Vouchers #20629 through #20644	\$248,841.43
Clearing Account Vouchers amounting to	<u>\$315,799.34</u>
TOTAL EXPENDITURES	<u>\$623,929.81</u>

On motion by Commissioner DuMars, seconded by Commissioner Clegg, this resolution was adopted by a unanimous vote.

PROCLAMATION

The proclamation for Constitution Week was read by Mayor McDowell.

PUBLIC COMMENT

1. Carolina Barrios, Administrator for St. Mary's Catholic Church requested the City hire the local contractor that bid on the Piotter Center parking lot, which St. Mary's will be paying two thirds of.

2. Duane Doyle, 604 Tabor St., and Wilborn Baggett, 1733 E. Gorman Rd., expressed that they would like the Commission to vote to keep Lake Adrian accessible year round.

COMMUNICATIONS

1. **Finance Department.** Communication from Finance Director regarding an update on state revenue sharing.

CONSENT AGENDA

RESOLUTION CR11-042

RE: CITY COMMISSION – Authorize the City Administrator to enter into an agreement with Nationwide Retirement Solutions to establish a deferred compensation plan for members of the IAFF bargaining unit, as part of their newly ratified collective bargaining agreement.

WHEREAS, the Adrian City Commission has considered the establishment of a Deferred Compensation Plan to be made available to all eligible members of the IAFF bargaining unit pursuant to Section 457 of the Internal Revenue Code permitting such Plans; and

WHEREAS, certain tax benefits could accrue to said employees participating in said Deferred Compensation Plans; and

WHEREAS, the Commission has established a Master Deferred Compensation program for said employees, permitting their members to enjoy the advantages of this program; and

WHEREAS, by adoption of the Nationwide Program, all regulatory, operational, and administrative responsibilities are hereby assumed by Nationwide on behalf of the Employer; and

WHEREAS, Nationwide as Plan Administrator, agrees to hold harmless and indemnify the Employer, its appointed and elected officers and participating employees from any loss resulting from Employer or its Agent's failure to perform its duties and services pursuant to the Nationwide Program.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission hereby adopts the Nationwide Deferred Compensation Program and hereby establishes the City of Adrian Deferred Compensation Plan for the voluntary participation of all eligible members of the IAFF Local 1511.

The City Administrator is hereby authorized to execute for the Employer, individual participation agreements with each said employee requesting same, and to act as the "Administrator" of the Plan representing the Employer, and to execute such agreements and contracts as are necessary to implement the program.

RESOLUTION CR11-043

RE: HISTORIC DISTRICT COMMISSION – Reappoint Member to the Historic District Commission

WHEREAS, the term of office of Kara Lennard on the Historic District Commission has expired; and

WHEREAS, this has created a vacancy which must be filled in accordance with the Adrian City Charter; and

WHEREAS, Kara Lennard has expressed a willingness to serve on the Historic District Commission for another 3-year term if reappointed; and

WHEREAS, the Adrian city Commission has given careful consideration to the reappointment of Kara Lennard.

NOW THEREFORE BE IT RESOLVED THAT THE Adrian City Commission, does, hereby, approve the reappointment of Kara Lennard on the Historic District Commission for a 3-year term, expiring in 2014.

On motion by Commissioner DuMars, seconded by Commissioner Warren, consent resolutions CR11-042 and CR11-043 were adopted by a unanimous vote. Commissioner Clegg requested that CR11-041 be moved and placed on the Regular Agenda for discussion.

REGULAR AGENDA

RESOLUTION R11-100

RE: COMMUNITY DEVELOPMENT – Adopt “The More Program” and their Statewide Entrepreneur Support System through a Memorandum of Understanding

WHEREAS, the City of Adrian desires to encourage and promote the growth and development of entrepreneurs; and

WHEREAS, resources and services available to assist entrepreneurs are widespread but often difficult to locate and explore; and

WHEREAS, The More Program, a Michigan Non Profit corporation, is engaged in a statewide effort to develop a support system that would serve as a single source that connects entrepreneurs to resources available for entrepreneurs; and

WHEREAS, The More Program has received grant funding that enables it to establish this system and make it operational; and

WHEREAS, the services provided carry no cost for either the entrepreneur or the City of Adrian; and

WHEREAS, a Memorandum of Understanding is required to partner with The More Program.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission hereby authorizes the signing of the Memorandum of Understanding with The More Program in support of entrepreneurs.

On motion by Commissioner DuMars, seconded by Commissioner Clegg, this resolution was adopted by a unanimous vote.

RESOLUTION R11-101

RE: ADMINISTRATION – Waive the bid process and accept the proposal of \$26,000.00 by ASTI Environmental for project work involving the Buckeye Products site.

WHEREAS, the City of Adrian has assisted the County of Lenawee in obtaining a grant from the Environmental Protection Agency for an Environmental Remediation Project located at 410 E. Beecher Street, Adrian, Michigan on the former Buckeye Products site; and

WHEREAS, the City Administrator has determined that a consultant in this field is necessary to monitor the grant administration and manage the project; and

WHEREAS, ASTI Environmental of Brighton, Michigan has served as the sole consultant for the City on all aspects of the Buckeye Products site, including the grant application; and

WHEREAS, ASTI has submitted a proposal to serve as a manager of the project for a fee not to exceed \$26,000.00; and

WHEREAS, the City Administrator recommends that the bid process be waived for this professional service contract due to the familiarity and expertise exhibited by ASTI on previous portions of this project.

NOW, THEREFORE, BE IT RESOLVED that proposal of ASTI Environmental of Brighton, Michigan for the sum of \$26,000.00 is hereby accepted for project work involving the Buckeye Products site at 410 E. Beecher Street, Adrian, Michigan.

On motion by Commissioner DuMars, seconded by Commissioner Carrico, this resolution was adopted by a unanimous vote.

RESOLUTION R11-102

RE: ADMINISTRATION – Adoption of the Employee Compensation Plan to qualify for category three of the Economic Vitality Incentive Program of the State of Michigan

WHEREAS, the State of Michigan has created the Economic Vitality Incentive Program which sets forth three categories of potential funding for municipalities; and

WHEREAS, the third category of this program requires each eligible City to develop and publicize an employee compensation plan that the City intends to implement with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement; and

WHEREAS, the Adrian City Commission has considered potential eligibility for this category.

NOW, THEREFORE, BE IT RESOLVED that the City does hereby adopt the Employee Compensation Plan which is attached hereto and made hereof in order to qualify for category three of the incentive program of the State of Michigan.

On motion by Commissioner DuMars, seconded by Commissioner Clegg, this resolution was adopted by a unanimous vote.

RESOLUTION R11-103

RE: CITY COMMISSION – Authorizing City Administrator to Negotiate a Lease Agreement for Oil & Gas Exploration on City-Owned Land

WHEREAS, proposals were requested from companies to consider the lease of approximately 500 acres of City-owned real estate for oil and gas exploration; and

WHEREAS, proposals were received from two companies, being Master Key Energy and Savoy Energy; and

WHEREAS, the City Administrator and City Commission have reviewed the proposals.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the City Administrator is hereby authorized to negotiate a Lease Agreement with Savoy Energy and submit a proposed Lease Agreement to the City Commission for ultimate approval.

On motion by Commissioner DuMars, seconded by Commissioner Clegg, this resolution was adopted by a unanimous vote.

RESOLUTION R11-104

RE: CITY ADMINISTRATION – A Resolution in Support of Fully Replacing, Not Just Erasing, Michigan’s Personal Property Tax

WHEREAS the City of Adrian has experienced a significant decline in property tax values (\$49.6 million since 2007), which has caused unprecedented fiscal constraints; and

WHEREAS this decline has resulted in a reduction of \$1.12 million annually in property tax revenue in the last three years; and

WHEREAS at the same time the City of Adrian has confronted consistent reductions in State Shared Revenue, as part of the \$4 Billion in cuts to State Shared Revenue state-wide; and

WHEREAS due to this unrelenting fiscal pressure, the City of Adrian has been compelled to reduce the level of municipal services historically provided to the residents, businesses and schools in our community; and

WHEREAS these municipal services protect the health, safety and welfare of our citizens, and are an essential component of building a strong local economy and maintaining a vibrant community; and

WHEREAS it is proposed by some that the Michigan Personal Property Tax be erased; and

WHEREAS, an additional loss of municipal revenue will compound and exacerbate the financial hardship this community—its residents and its businesses—are currently experiencing; and

WHEREAS the Personal Property Tax is relied upon by Michigan's local governments, comprising about 11% of their taxable value state-wide, and as much as 50% of the taxable value in some communities; and

WHEREAS the importance of the Personal Property Tax to local communities is underscored by the fact that it is a particularly stable source of needed revenue, facilitating efficient management by the City of Adrian's elected and appointed local officials; and

WHEREAS the elimination of the Personal Property Tax would result in another \$1.2 billion loss to local governments state-wide, and would result in a loss of \$900,000, every year, to the City of Adrian; and

WHEREAS even further cuts in vital local services would be unprecedented, unwarranted and destructive to the fabric of our community;

NOW THEREFORE BE IT RESOLVED THAT THE Adrian City Commission, by this resolution, hereby urges the Legislature and the governor to specifically condition any change, in the Michigan Personal Property Tax that would result in a reduction in revenue from this tax to local governments, to a full—not partial—amount of replacement revenue; and

BE IT FURTHER RESOLVED that the Adrian City Commission urges the Legislature and the governor condition any reduction, in revenue to local units of government from the Michigan Personal Property Tax, to the passage of an amendment of the Michigan Constitution to protect the full amount of replacement revenue; and

BE IT FURTHER RESOLVED that on behalf of our citizens, businesses and schools, and in recognition of the vital importance substantial and stable revenue derived from Michigan's Personal Property Tax will have on our future economic success, the Adrian City Commission urges the Legislature and the governor to Replace, not Erase, the Michigan Personal Property Tax.

On motion by Commissioner DuMars, seconded by Commissioner Clegg, this resolution was adopted by a unanimous vote.

RESOLUTION R11-105

RE: DEPARTMENT OF PARKS & RECREATION – Paving Bids for Piotter Center and Riverside Park

WHEREAS the Department of Parks & Recreation, in conjunction with the City of Adrian Purchasing Office, solicited and received bids on Thursday, September 8, 2011 for paving bids for Piotter Center and Riverside Park; and

WHEREAS six (6) vendors were invited to bid with the following results:

<u>VENDOR</u>	<u>Piotter Center</u>	<u>Riverside Park</u>	
<u>Total</u>			
American Asphalt Lansing, MI	\$27,843.30	\$24,014.54	\$52,857.84
Slusarski Excavating Adrian, MI	\$27,623.60	\$26,797.52	\$54,421.12
Quality Asphalt Homer, MI	\$30,119.25	\$27,252.20	\$57,371.45
Brady Sand & Gravel Tecumseh, MI	\$32,246.76	\$27,741.91	\$59,988.67
Gerken Paving Napoleon, OH	\$39,805.51	\$34,027.60	\$73,833.11
Michigan Paving Jackson, MI	\$44,232.15	\$39,414.60	\$83,646.75

; and

WHEREAS the low bid is American Asphalt, Lansing, MI; a local bidder, Slusarski Excavating, Adrian, MI is the second lowest bidder; and

WHEREAS application of the Local Bidder Preference Policy, which falls in the category \$50,000-\$69,999, results in a bid margin of 2.5%, equating to a differential amounting to \$1,321.45; however the actual difference is \$1,563.28 or \$241.83 over the approved range of the Local Bidder Preference Policy; and

WHEREAS the Finance Director indicates that sufficient funds are available for this project from the following sources: 1) St. Mary's Church, with which the City has a cost sharing and maintenance agreement for the Piotter Center parking lot, is paying two-thirds (\$18,562.20) of the Piotter Center Lot Project, and 2) The FY2011-12 Parks & Recreation Capital Budget (101-691.00-975.000) includes funding for the one-third (\$9,281.10) cost of the Piotter Center Lot Project, and 3) the Parks & Forestry Division FY2011-12 Capital Budget (101-697.00-975.000) includes sufficient funds to cover the \$25,014.54 cost of the Riverside Park Paving Project.

WHEREAS the City Administrator recommends acceptance of the low bid (\$52,857.84) and engagement of American Asphalt in the City's Standard Professional Services Contract to implement the Piotter Center Parking Lot and Riverside Park Paving Project.

NOW THEREFORE BE IT RESOLVED that the Adrian City Commission by this resolution hereby accepts the low bid (\$52,857.84) and engagement of American Asphalt in the City's Standard Professional Services Contract to implement the Piotter Center Parking Lot and Riverside Park Paving Project.

On motion by Commissioner Carrico, seconded by Commissioner Clegg, this resolution was adopted by a 4-3 vote.

Yeas: Mayor McDowell and Commissioners Steele, Clegg and DuMars

Nays: Commissioners Osborne, Warren, and Carrico
Abstained: None

RESOLUTION R11-107

Resolution R11-107 was pulled from the agenda at the request of the City Administrator.

RESOLUTION R11-108

RE: CITY COMMISSION - Continuation of Public Access to Lake Adrian

WHEREAS, the City Commission adopted a resolution on April 18th, 2011 to permit public access to Lake Adrian for a trial period ending September 21, 2011; and

WHEREAS, the City Commission has considered the advantages and disadvantages of the continuation of this resolution; and

NOW, THEREFORE, BE IT RESOLVED that the public access to Lake Adrian is continued until further notice.

On motion by Commissioner Clegg, seconded by Commissioner Carrico, this resolution was adopted by a unanimous vote.

RESOLUTION R11-109

RE: ASSESSING OFFICE – Termination of Assessing Contract with Lenawee County and Appointment of Kristen Wetzel as Assessing Officer

WHEREAS the Adrian City Commission, by Resolution #R09-061 dated March 16, 2009, approved the engagement of the Lenawee County Equalization Department in a contract to perform the required assessing functions for the City at a cost of \$42,000 annually, commencing April 1, 2009 and covering a period of 25 to 50 months, ending not later than May 31, 2013; and

WHEREAS this action was necessary due to the unexpected vacancy of the City Assessor position and the inability to find a qualified candidate; and

WHEREAS the temporary contract was issued with the intention of filling the City Assessor position from within once the Appraiser II, Kristen Wetzel, met the State Tax Commission qualifications of Michigan Advanced Assessing Officer (3); and

WHEREAS Ms. Wetzel has successfully completed an accelerated educational program and achieved the State Tax Commission Certification within a thirty month timeframe, while simultaneously gaining on-the-job experience as the primary point of contact in the City's Assessing Office; and

WHEREAS, based on aforementioned qualifications, as well as demonstrated ability to perform required tasks, the Finance Director and City Administrator

recommend termination of the Lenawee County Assessing Contract and appointment of Kristen Wetzel as City Assessor, effective October 1, 2011; and

WHEREAS, because the FY2011-12 Budget contemplated this change effective January 1, 2012, the Finance Director indicates that a budget amendment is necessary to appropriately finance this action.

NOW THEREFORE BE IT RESOLVED THAT THE Adrian City Commission, by this resolution, hereby terminates the Lenawee County Assessing Contract and approves the appointment of Kristen Wetzel as City Assessor, effective October 1, 2011.

BE IT FURTHER RESOLVED that the FY2011-12 Budget be amended as follows:

General Fund (101)

Assessing Office Expenditures

(101-209.00-702.000) Salaries & Wages	\$12,631
(101-209.00-715.000) Social Security	967
(101-209.00-718.000) Retirement Contribution	1,498
(101-209.00-719.000) Unemployment Compensation	155
(101-209.00-914.000) Workers' Compensation	77
(101-209.00-801.000) Contract Services	(21,000)
(101-209.00-803.000) Legal Fees	<u>5,672</u>
Total	<u>\$ -0-</u>

The resolution was amended to approve the termination of the contract with the County of Lenawee and the appointment of Kristen Wetzel as the Assessing Officer but to remove the proposed budget amendment so that it can be corrected and presented at the next Commission meeting.

On motion by Commissioner DuMars, seconded by Commissioner Warren, this amended resolution was adopted by a unanimous vote.

MISCELLANEOUS

1. Departmental report.
2. Adrian Fire Department Report.
3. Planning Commission Meeting Minutes (September 13, 2011).
4. Adrian D.A.R.T. Passenger Ridership Report.

PUBLIC COMMENTS

1. Harold Schadewald, rental property owner in Adrian, expressed his displeasure regarding the erection of a barricade fence behind his property at 127 S. Broad Street.
2. Don Taylor, 425 Meadowbrook Dr., thanked the city for all of their help with the planning and execution of the Art-a-Licious festival in downtown Adrian.

3. Allen Kern, 1249 Vine St., asked why the City took on the Adrian Training School when the City is so short on funds.

COMMISSION COMMENTS

1. Dane Nelson thanked Don Taylor for all of his efforts in making the Art-a-Licious festival so successful.
2. Commissioner Osborne stated that this would be his last Commission meeting as his work schedule made it impossible to attend the last three meetings before the Election.

The next regular meeting of the Adrian City Commission will be held on Monday, October 3, 2011 at 7:00 p.m. in the City Chambers Building, 159 E. Maumee St., Adrian, MI 49221.

Gary E. McDowell
Mayor

Pat Baker
City Clerk



CHECK REGISTER

October 3, 2011

I have examined the attached vouchers and recommend approval of them for payment.



Dane C. Nelson
City Administrator

DCN:mlb

RESOLVED, that disbursements be and they are hereby authorized for warrants directed to be drawn on the City Treasurer for the following:

Utility Department Vouchers	
Vouchers #3526 through #3534	\$199,370.59
General Fund	
Vouchers #20645 through #20676	\$615,353.80
Clearing Account Vouchers	
amounting to.....	<u>\$526,031.25</u>
TOTAL EXPENDITURES	<u>\$1,340,755.60</u>

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____
by a _____ vote.

October 3, 2011

UTILITY DEPARTMENT VOUCHERS

<u>Check Number</u>	<u>To</u>	<u>Description</u>	<u>Amount</u>
3526	City of Adrian	August Expenses	\$ 36,886.94
3527	City of Adrian: Payroll	Sept 16 Payroll	\$ 61,300.07
3528	City of Adrian: Utilities	Water Bills	\$ 211.37
3529	City of Adrian: Clearing Acct	Sept 19 CK Register	\$ 43,297.02
3530	Consumers Energy	Various Electric Bills	\$ 40,695.29
3531	Citizens Gas Fuel Co	Various Heat Bills	\$ 116.21
3532	Frontier	Water Plant Phone Bill	\$ 37.17
3533	Len Cty Dept Human Serv	Water Deposit Refund	\$ 150.00
3534	City of Adrian: Payroll	Sept 30 Payroll	\$ 59,973.54
		Total	\$ 242,667.61
		Less CK: 3529	\$ 43,297.02
		TOTAL	\$ 199,370.59

WW = \$ 132,955.39
WAT= \$ 109,712.22

3-Oct-11

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GENERAL FUND
CHECK REGISTER

CHECK#	AMOUNT	PAYEE	DESCRIPTION
20645	\$ 214,606.26	City of Adrian: Payroll	Payroll for Sept 16
20646	\$ 15,336.45	First Federal Bank	Soc Security for Sept 16
20647	\$ 198.16	Debora Andrews	Blue Cross Refund
20648	\$ 85.65	Brenda Williams	Blue Cross Refund
20649		City of Adrian: Utilities	Transfer State MI Funds
20650	\$ 21.00	Len County Reg of Deeds	Affidavit of Lost Deed
20651	\$ 120.00	Renaë Bretthauer	Recreation Refund
20652	\$ 40.00	Wendy Rockwell	Recreation Refund
20653	\$ 40.00	Gladys Truax	Recreation Refund
20654	\$ 40.00	Barbara Bowen	Recreation Refund
20655	\$ 40.00	Arlene Cronk	Recreation Refund
20656	\$ 40.00	Joyce Prichard	Recreation Refund
20657	\$ 40.00	Audra Pruder	Recreation Refund
20658		City of Adrian: Utilities	Transfer State MI Funds
20659	\$ 45.00	Community Action Agency	Hispanic Heritage Luncheon
20660	\$ 40.00	Kathy Gardenas	Recreation Refund
20661	\$ 2,111.40	US Postmaster	Refuse Collection Postage
20662	\$ 6,296.85	City of Adrian: Utilities	Various Water Bills
20663	\$ 99,517.87	City of Adrian: Clearing Acct	Sept 19 CK Register
20664		City of Adrian: Comm Develop	Transfer State MI Funds
20665	\$ 4,454.31	Quick Service Transportation	Payroll W/E Sept 17
20666	\$ 19,896.79	Consumers Energy	Various Electric Bills
20667	\$ 427.18	Citizens Gas Fuel Co	Various Heat Bills
20668		City of Adrian: Utilities	Transfer State MI Funds
20669	\$ 205.99	Frontier	Various Phone Bills
20670	\$ 77,368.15	Blue Cross Blue Shield of MI	Oct Hospitalization Ins
20671	\$ 37,598.21	Lenawee Fuels Inc	MVP Gas & Diesel Fuel
20672	\$ 18.00	Linnzi Willett	Recreation Refund
20673	\$ 4,884.10	Quick Service Transportation	Payroll W/E Sept 24
20674	\$ 16,726.17	First Federal Bank	Soc Security Sept 30 Payroll
20675	\$ 214,612.96	City of Adrian: Payroll	Payroll for Sept 30
20676	\$ 61.17	Frontier	Library Phone Bill

\$ 714,871.67

\$ (99,517.87) Less: CK#20663

\$ 615,353.80

CLAIMANT	AMOUNT CLAIMED	AMOUNT ALLOWED	AMOUNT REJECTED
1. ACS FIREHOUSE SOFTWARE	1,115.00		
2. ADRIAN AREA CHAMBER OF COMME	100.00		
3. ADRIAN COMMUNICATIONS	5,780.00		
4. ADRIAN LOCKSMITH & CYCLERY	626.92		
5. ADRIAN MECHANICAL SERVICES C	720.00		
6. AIRGAS GREAT LAKES	94.29		
7. AMVETS	172.00		
8. APOLLO FIRE EQUIPMENT CO.	453.54		
9. APPLE MAT RENTAL	273.35		
10. ARCH WIRELESS	34.63		
11. ASSOCIATED ENGINEERS & SURVE	4,000.00		
12. AUTO ZONE COMMERCIAL	175.57		
13. BADER & SONS CO	95.74		
14. BAKER & TAYLOR BOOKS	221.78		
15. BARANCIN'S LANDSCAPING	65.00		
16. BARNES & NOBLE BOOKSELLERS	825.46		
17. TIM BARTENSLAGER	25.00		
18. BATTERY WHOLESALE	66.27		
19. BEACON FORMS & LABELS INC.	669.02		
20. BEAVER RESEARCH COMPANY	207.99		
21. GREG BELL CHEVROLET CADILLAC	63.71		
22. BILL'S SERVICE, INC.	488.92		
23. JOHN BIRDWELL	90.00		
24. BLISSFIELD HEATING AND PLUMB	50.00		
25. BLISSFIELD PARTS, INC.	59.99		
26. BOOK OF THE MONTH CLUB	38.84		
27. BRONNER'S COMMERCIAL DISPLAY	2,296.93		
28. BUCK & KNOBBY EQUIP CO INC	235.70		
29. BULL EX DIGITAL SAFETY	144.20		
30. C & D HUGHES INC	111,432.17		
31. CARUS CORPORATION	6,667.00		
32. CLIFT BUICK-GMC	9.87		
33. COAST TO COAST DELI	44.97		
34. COMCAST	84.77		
35. COMPUTER CARE COMPANY, INC.	229.85		
36. CONTINENTAL CARBONIC PRODUCT	713.00		
37. CONTINENTAL SERVICE	2,311.06		
38. MARK CRILLEY	350.00		
39. CROSWELL OPERA HOUSE	500.00		
40. CTI & ASSOCIATES, INC.	4,862.50		
41. CUTLER DICKERSON CO	220.35		
42. DEMCO INC	215.09		
43. ERIN DEWALT	109.00		
44. DIGITAL ALLY, INC,	337.50		
45. DOAN COMPANIES	881.50		
46. JACK DOHENY SUPPLIES	1,289.77		
47. DUNDEE FIRE & SAFETY, INC.	31.85		
48. E & B SALVAGE LLC	158.85		
49. VINCENT EMRICK	156.51		
50. ENERCO CORPORATION	597.90		
51. ENGINEHOUSE MANAGEMENT LLC	15,263.00		
52. EXECUTONE COMMUNICATIONS LLC	285.50		
53. FASTENAL COMPANY	1,152.74		
54. FEDERAL EXPRESS	137.71		
55. FIRSTLAB	17.95		
56. FLORIDA MICRO LLC	1,198.61		
57. FROHM & WIDMER INC	4,650.00		
58. GALLANT & SON	7.99		
59. GLOBAL RISK INNOVATIONS INC	385.00		
60. GRAINGER INC.	153.05		
61. RANDY GROF	30.00		
62. HACH COMPANY	549.59		
63. R.A. HACKETT PLUMBING & HEAT	150.00		
64. HAFELI STARAN HALLAHAN	1,785.00		
65. HERITAGE PLUMBING & HEATING	112.88		
66. HISTORICAL SOCIETY OF MICHIG	39.00		
67. DAVID OR KIM HORSTMAN	11,250.73		
68. HUBBARD'S AUTO CENTER INC	729.15		
69. I.T. RIGHT	101.25		
70. ICMA RETIREMENT CORPORATION	158.68		
71. INGRAM LIBRARY SERVICES	59.85		
72. JESKEY GRAPHICS	11.95		
73. JOHN DEERE LANDSCAPES	2,387.40		
74. LEGACY PRINTING	105.00		
75. LENAWEE COUNTY CONFERENCE	1,000.00		

CLAIMANT	AMOUNT CLAIMED	AMOUNT ALLOWED	AMOUNT REJECTED
76. LENAWEE COMMUNITY FOUNDATION	3,000.00		
77. DUSTIN LENT	74.00		
78. MANPOWER OF LANSING MI INC.	1,474.20		
79. MAPLE CITY SWINGERS	315.00		
80. MASSON'S ELECTRIC, INC	916.98		
81. MCGOWAN ELECTRIC SUPPLY INC	1,080.32		
82. MCMASTER- CARR SUPPLY CO.	71.36		
83. MENIAL TASKS LLC	580.00		
84. MICHIGAN DEPARTMENT OF	118,016.65		
85. MICHIGAN EMPLOYMENT RELATION	41.67		
86. MICHIGAN METER TECHNOLOGY GR	5,402.74		
87. MICHIGAN RURAL WATER ASSOC	215.00		
88. STATE OF MICHIGAN	1,193.29		
89. MICROMARKETING LLC	312.04		
90. MIDWEST TAPE	682.84		
91. CHRISTOPHER MILLER	374.00		
92. MIRACLE RECREATION EQUIPMENT	3,076.00		
93. MUGS N' MORE IMAGING	120.00		
94. MULCH WHOLESALERS INC	940.00		
95. MUNICIPAL EMPLOYEES' RETIRE	113,315.36		
96. MUNICIPAL WEB SERVICES	501.25		
97. NORTH EASTERN UNIFORMS & EQU	1,554.17		
98. OCE IMAGISTICS INC	145.09		
99. OMNIGRAPHICS INC.	163.70		
100. OTIS ELEVATOR COMPANY	1,125.00		
101. PALMER ENVELOPE CO.	138.30		
102. PARAGON LABORATORIES INC	80.00		
103. JEFFREY PARDEE	116.55		
104. PEERLESS SUPPLY INC	433.68		
105. JAMES PERRY	104.01		
106. PEST PATROL	85.00		
107. PLATINUM PLUS	1,706.41		
108. CINDY L PRUE	86.58		
109. QUICK SERVICE TRANSPORTATION	5,878.02		
110. QUILL CORPORATION	287.87		
111. RANDOM HOUSE SCHOOL DIV	195.00		
112. RATHBUN CUSTOM TRAILERS	105.98		
113. RECORDED BOOKS LLC.	231.40		
114. RED PAINT PRINTING LLC	233.75		
115. ROBERT'S FLOORS CO.	1,320.00		
116. CHARLES SCHMENK	140.00		
117. KRIS SCHMIDT	220.65		
118. SCHUG CONCRETE CONSTRUCTION	4,132.99		
119. SEBCO BOOKS	88.59		
120. SHERWIN-WILLIAMS CO	493.65		
121. SPECTRA ASSOCIATES INC	391.40		
122. STAPLES CREDIT PLAN	659.96		
123. STATE CHEMICAL MFG CO.	215.00		
124. STEVENS DISPOSAL	40,203.18		
125. SUPERIOR UNIFORM SALES INC.	456.81		
126. SWANK MOTION PICTURES INC	321.00		
127. T-MOBILE	29.99		
128. TECHCORE LLC	133.29		
129. TETRA TECH INC	435.00		
130. THOMSON WEST	157.00		
131. TIME EMERGENCY EQUIPMENT INC	83.45		
132. TOLEDO SPRING SERVICE, INC.	651.87		
133. TRACTOR SUPPLY COMPANY	657.31		
134. UNITED PARCEL SERVICE	11.25		
135. UNUM LIFE INSURANCE COMPANY	2,168.70		
136. VENTURE TECHNOLOGY GROUPS IN	1,076.18		
137. VISION PERFORMANCE GROUP	232.50		
138. WALTERS GARDENS INC	1,202.58		
139. WARREN HOLDING CO LLC	1,370.00		
140. WESTERN LIME CORPORATION	5,056.38		
141. WOODLANDS LIBRARY COOPERATIV	20.00		
142. WRIGHT TREE SERVICE, INC	7,613.92		
TOTAL ALL CLAIMS	526,031.25		



CONSENT AGENDA

CR-1



MEMO

Date: September 22, 2011

To: Dane C. Nelson, City Administrator
Hon. Gary McDowell, Mayor
City Commission

From: Jeffrey C. Pardee, Finance Director *Jeffrey C. Pardee*

Re: ASSESSING OFFICE – Budget Amendment to Reflect Termination of Assessing Contract with Lenawee County and Appointment of Kristen Wetzel as Assessor

The Adrian City Commission, by Resolution #R11-109 dated September 19, 2011, terminated the Lenawee County Assessing Contract and approved the appointment of Kristen Wetzel as City Assessor, effective October 1, 2011. The proposed budget amendment was incorrect and the purpose of this resolution is to adopt a corrected budget amendment, implementing the aforementioned resolution. I respectfully recommend adoption of this resolution to appropriately finance Resolution #R11-109.

General Fund (101)

Assessing Office Expenditures

(101-209.00-702.000) Salaries & Wages	\$ 1,934
(101-209.00-715.000) Social Security	148
(101-209.00-718.000) Retirement Contribution	230
(101-209.00-914.000) Workers' Compensation	12
(101-209.00-801.000) Contract Services	(10,500)
(101-209.00-803.000) Legal Fees	<u>8,176</u>
Total	<u>\$ -0-</u>

The attached resolution has been prepared for consideration by the City Commission at its regularly scheduled meeting of October 3, 2011. If you have any questions or need for further information, please contact my office.

RE: ASSESSING OFFICE – Budget Amendment to Reflect Termination of Assessing Contract with Lenawee County and Appointment of Kristen Wetzel as Assessor.

RESOLUTION

WHEREAS, the Adrian City Commission, by Resolution #R11-109 dated September 19, 2011, terminated the Lenawee County Assessing Contract and approved the appointment of Kristen Wetzel as City Assessor, effective October 1, 2011; and

WHEREAS, the proposed budget amendment was incorrect and the purpose of this resolution is to adopt a corrected budget amendment, implementing the aforementioned resolution; and

WHEREAS, the Finance Director and City Administrator recommend adoption of this resolution to appropriately finance Resolution #R11-109.

NOW THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby amends the FY2011-12 Budget as follows:

General Fund (101)

Assessing Office Expenditures

(101-209.00-702.000) Salaries & Wages	\$ 1,934
(101-209.00-715.000) Social Security	148
(101-209.00-718.000) Retirement Contribution	230
(101-209.00-914.000) Workers' Compensation	12
(101-209.00-801.000) Contract Services	(10,500)
(101-209.00-803.000) Legal Fees	<u>8,176</u>
Total	<u>\$ -0-</u>

On motion by Commissioner _____, seconded by Commissioner _____, this resolution was adopted by a _____ vote.

CR-2

CR11-045

October 3, 2011

RE: CITY COMMISSION – Authorize City Administrator to Cast Votes for the Election of Director of the MML Liability and Property Pool

RESOLUTION

WHEREAS, the City of Adrian is a member of the Michigan Municipal League (MML) Liability and Property Pool; and

WHEREAS, an election will take place for two director positions for 3 year terms beginning January 1, 2012; and

WHEREAS, the two incumbent directors have agreed to seek re-election, being Jason Eppler, City Manager for the City of Ionia, and Mark Slown, City Manager for the City of Rogers City.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the City Administrator is authorized to cast votes for Jason Eppler and Mark Slown to serve as director of the Michigan Municipal League (MML) Liability and Property Pool.

On motion by Commissioner _____, seconded by Commissioner _____, this resolution was adopted by a _____ vote.

CR-3

CR11-046

October 3, 2011

RESOLUTION

11-2

WHEREAS, the City Administrator has approved certain temporary control orders, and after review has now made recommendation that they be made permanent, therefore so be it,

RESOLVED, that the permanent traffic control orders, adopted October 6, 1958, be amended to include or change the following:

Install "No Parking At Anytime" signs along both sides of Oakwood Road from Elm Street to the entrance to Adrian's wastewater facility.

Respectfully,



TERRENCE B. COLLINS,
Chief of Police

TBC/skj

DATED: 9/28/2011

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____
by a _____ vote.



REGULAR AGENDA

B-1

MEMO



DATE: September 29, 2011
TO: Honorable Mayor and City Commission
FROM: Dane C. Nelson, City Administrator
SUBJECT: Repair of Broad Street Sinkhole

The City Engineer has secured pricing from Slusarski Excavating to repair a sinkhole at the corner of Broad and Albert Streets. The project involves the replacement of an 18" storm sewer at a cost not to exceed \$15,350. The City Engineer solicited bids from another contractor but after several inquiries they chose not to give the City a price for the project. Slusarski Excavating is familiar with the specific job requirements and is ready to begin work on the project.

The City Charter allows the bid process to be waived when it is determined that no advantage to the City would result in obtaining additional quotes. I, therefore, urge your favorable consideration authorizing Slusarski Excavating to complete the Broad Street sinkhole repair at a cost of \$15,350 and that the bid process be waived. Sufficient funds are available for this purpose in the Storm Water Sewer Fund (598-445.00-801096 Contract Services).

Respectfully submitted,


Dane C. Nelson
City Administrator

DCN:mlb

September 26, 2011

MEMORANDUM

TO: Dane Nelson, City Administrator

FROM: Kristin Bauer, City Engineer

SUBJECT: Broad St Sinkhole



We secured pricing from Slusarski to complete work on a sink hole in the grass near the intersection of Broad and Albert Streets. The pipe is approximately 13 feet deep and the soil type in this area requires larger equipment and trench boxes that we do not own. We have attempted to obtain pricing from another contractor, A.J. Brady Underground, however after several inquiries they chose not to give us a price for this work.

To date we have had some difficulties in getting this work completed as we have had some logistical issues with a utility pole that lies within our excavation area. All these issues have been resolved and Slusarski is ready to begin the work however it was brought to my attention that the pricing is over \$10,000 and should have been bid. As this hole has been open for some time now and we did attempt to secure pricing from another vendor we request that bidding be waived and this project be awarded to Slusarski Excavating in the amount \$15,350. The City will be providing the pipe to complete this work.

Funds are available to complete this work in the reserves of the Storm Water Utility Fund 598-445.00-801.096.



Excavating and Paving, Inc.
 119 Greenly Street
 Adrian, Michigan 49221
 (517) 265-3320 Fax (517) 264-2030

PROPOSAL

TO: City of Adrian Purchasing Department 135 E. Maumee Street Adrian, MI 49221	PHONE	DATE
	517-263-2161	7-15-11
	JOB NAME / LOCATION	
Broad Street 18" Storm Sewer Replacement		

We hereby submit the following proposal for:	
Replace 18" Storm Sewer: <ul style="list-style-type: none"> • Install 60 ft of 18" storm pipe per storm sewer repair plan. <ul style="list-style-type: none"> ◦ Tie into existing manholes: r1-0 (downstream), r1-1 (upstream) • Bulkhead and abandon existing 18" clay storm tile (fill pipe with flowable fill). • Bed pipe with class II sand and compact (up to depth within influence of road). • Restore trench with topsoil, seed and mulch. 	\$15,350
Note: <ul style="list-style-type: none"> • Does not include pipe and flowable fill material • Utility pole stabilization by others. 	

We Propose hereby to furnish material and labor--complete in accordance with the above specifications for the sum of :

Payment to be made as follows:

Due Upon Completion

IF APPROVED, PLEASE RETURN
ONE SIGNED COPY

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent on delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Worker's Compensation insurance.

Authorized Signature Michael Slusarski

Note: This Proposal may be withdrawn by us if not accepted with 30 Days.

Acceptance of Proposal – The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature _____

Date of Acceptance: _____

R11-110

October 3, 2011

RE: CITY ENGINEER – Repair Broad Street Sinkhole

RESOLUTION

WHEREAS, the City Engineer has secured pricing from Slusarski Excavating and Paving, Inc., Adrian, MI to repair a sinkhole at the corner of Broad and Albert Street; and

WHEREAS, the project entails the replacement of an 18" Storm Sewer, including installation of 60ft. of 18" piping, bulkhead and abandon existing 18" clay storm tile, tie into existing manholes, and restore trench with top soil, seed and mulch at a cost not to exceed \$15,350; and

WHEREAS, due to the familiarity by the vendor of the specific job requirements and the lack of response from a second solicitation, the City Engineer and City Administrator recommend waiving of the competitive bid process in the best interests of the City, selection and engagement of Slusarski Excavating and Paving, Inc., Adrian, MI in the City's Standard Professional Services Contract to repair a sinkhole at the corner of Broad and Albert Street at a cost not to exceed \$15,350; and

WHEREAS, the Finance Director indicates that sufficient funds are available for this purpose in the Storm Water Sewer Fund (598-445.00-801.096 Contract Services).

NOW, THEREFORE, BE IT RESOLVED, that the Adrian City Commission, by this resolution, hereby approves the selection and engagement of Slusarski Excavating and Paving, Inc., Adrian, MI in the City's Standard Professional Services Contract to repair a sinkhole at the corner of Broad and Albert Street at a cost not to exceed \$15,350.

BE IT FURTHER RESOLVED that, in the best interests of the City, the competitive bid process be waived, in accordance with the City's Purchasing Policy as specified in Chapter 12 of the City Charter and Section 2-304 of the Codified City Ordinances.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was adopted by a
_____ vote.



MEMO

Date: September 22, 2011

To: Dane C. Nelson, City Administrator
Hon. Gary McDowell, Mayor
City Commission

From: Jeffrey C. Pardee, Finance Director

A handwritten signature in cursive script, appearing to read 'Jeffrey C. Pardee'.

Re: Renewal of Audit Contract

The Adrian City Commission, by Resolution #R04-050 dated March 15, 2004, authorized the engagement of Robertson, Eaton & Owen PC, Adrian, MI in the City's Standard Professional Services Contract for independent audit services for the eight-year period FY2003-04 through FY2010-11. The City's current auditor has had a long and distinguished history, allowing the City to be recognized by the Government Finance Officers' Association (GFOA) of the United States and Canada for the past twenty-three (23) years for Excellence in Financial Reporting.

The Finance Department solicited and received a proposal from Robertson, Eaton & Owen PC (copy attached), which extends the current contract for a two-year period at an annual amount (\$31,300) that is ten (10%) percent less than the current contract. Funds are available for this purpose in the various operating budgets of the City budget, including the Finance Department in the General Fund and the Utility Department in the Enterprise Funds.

I respectfully recommend that the current contract with Robertson, Eaton & Owen PC, Adrian, MI be extended for the FY2011-12 and FY2012-13 fiscal years at an annual amount not to exceed \$31,300. The attached resolution has been prepared for your consideration at the October 3, 2011 Commission Meeting. If you have any questions or need for further information, please contact my office.

**ROBERTSON
EATON
&
OWEN**

P.C.

September 14, 2011

Jeffrey C. Pardee, C.P.F.O.
Finance Director
City of Adrian
135 E. Maumee Street
Adrian, Michigan 49221

RE: Audit Fee Proposal
Years: FY 2011-12 and FY 2012-13

Mr. Pardee,

Knowing the results the difficult economy has had on the City of Adrian recently, I am proposing reduced audit fees from my firm for the next two years that might help with the City's finances.

Performing the same auditing services we have in the past, I propose the following:

<u>Fiscal Year Ending</u>	<u>Audit Fee will not exceed</u>
June 30, 2012	\$ 31,300.00
June 30, 2013	\$ 31,300.00

I want to emphasize that the above annual audit fees, which are ten (10) percent less than the City's audit fee for Fiscal Year 2010-11, will in no way affect the performance of the audit, or diminish the services we currently provide the City.

My firm has had a long and I think beneficial relationship with the City, and I hope we can continue to provide quality services to the City in the foreseeable future.

Sincerely,



Gary Owen, CPA

Robertson, Eaton & Owen, P.C.

RE: FINANCE DEPARTMENT – Renewal of Audit Contract

RESOLUTION

WHEREAS the Adrian City Commission, by Resolution #R04-050 dated March 15, 2004, authorized the engagement of Robertson, Eaton & Owen PC, Adrian, MI in the City’s Standard Professional Services Contract for independent audit services for the eight-year period FY2003-04 through FY2010-11; and

WHEREAS the City’s current auditor has had a long and distinguished history, allowing the City to be recognized by the Government Finance Officers’ Association (GFOA) of the United States and Canada for the past twenty-three (23) years for Excellence in Financial Reporting; and

WHEREAS the Finance Department solicited and received a proposal from Robertson, Eaton & Owen PC (copy attached), which extends the current contract for a two-year period at an annual amount (\$31,300) that is ten (10%) percent less than the current contract; and

WHEREAS the Finance Director and City Administrator recommend that the current contract with Robertson, Eaton & Owen PC, Adrian, MI be extended for the FY2011-12 and FY2012-13 fiscal years at an annual amount not to exceed \$31,300; and

WHEREAS funds are available for this purpose in the various operating budgets of the City budget, including the Finance Department in the General Fund and the Utility Department in the Enterprise Funds.

NOW THEREFORE BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes that the current contract with Robertson, Eaton & Owen PC, Adrian, MI be extended for the FY2011-12 and FY2012-13 fiscal years at an annual amount not to exceed \$31,300.

On Motion by Commissioner _____, this resolution was
_____ by a _____ vote.

R-3

MEMO



DATE: September 29, 2011
TO: Honorable Mayor and City Commission
FROM: Dane C. Nelson, City Administrator
SUBJECT: Oil and Gas Lease Agreement

As authorized at the last commission meeting, I met with the Savoy Energy President, Bill Sperry, regarding the modified proposal that was transmitted after the new business arrangement was entered into between MasterKey Energy and Savoy. As you may recall, that offer eliminated assistance for funds to maintain the Adrian Training School property along with reducing initial lease funds and royalties, among other matters. During my meeting with Mr. Sperry, I set forth some areas of the new proposal that I had some concerns with, while recognizing that the bargaining position of the City had significantly been changed. I have further discussed this issue through further telephone conversations with Mr. Sperry, which has resulted in a new proposal being submitted by him. The new proposal is attached for your review.

As to the Adrian Training School site, Savoy will pay up to \$18,000 per year for three years for upkeep, which is conditioned on being able to place a minimum of 1 shielded well on a mutually agreed location on that site.

They have also agreed to increase the royalty to 19.5%. Please note that this does not alter the original royalty in the first lease with Savoy, as it only applies to the new land to be leased.

Savoy will also agree to commence a 3D seismic survey within six months. While we have no assurance that a well will be drilled on City land as in the earlier proposal, this assures adequate examination and testing of the property. I am confident that one or more wells will be drilled if the results of the survey are positive.

As such, I am recommending that I be authorized to execute a new lease with Savoy Energy, Inc. for the terms proposed in this current proposal, which modifies the last proposal submitted. The other option would be to reject this latest proposal and solicit another company to enter the bidding process. I would not support this, as I think the timing is a significant factor, along with the experience of Savoy in this area as well as the current contractual relationship with Savoy that the City has already entered into.

Respectfully submitted,


Dane C. Nelson
City Administrator

DCN:mlb

SAVOY ENERGY®, L.P.

P.O. BOX 1560
920 HASTINGS, SUITE A
TRAVERSE CITY, MI 49685
(231) 941-9552 PH
(231) 941-9885 FAX

401 S. BOSTON AVENUE
2700 MID-CONTINENT TOWER
TULSA, OK 74103
(918) 281-6398 PH
(918) 281-6399 FAX

bill@savoyexp.com

September 28, 2011

Via E-mail

Mr. Dane Nelson, City Administrator
Adrian City Commission
Adrian City Hall
135 E. Maumee Street
Adrian, MI 49221

Re: Request for Proposals for Oil and Gas Lease dated June 14, 2011

Dear Mr. Nelson:

This letter is intended to increase the offer, included in the letter submitted on behalf of Savoy, et al. to you dated September 15, 2011, with the following:

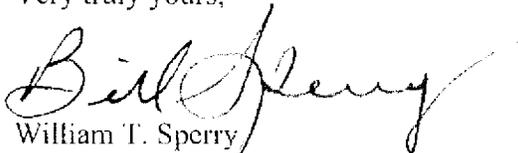
- 1) Savoy, et al. increases its offer for royalty interest from 18.75% to 19.5%.
- 2) Savoy, et al. will commit to provide up to \$18,000.00 for year three (3) years for maintenance and upkeep of the parcel of land recently acquired by the City from the State of Michigan, which parcel of land is located immediately south and west of the intersection of Hwy 52 and Curtis Road. The foregoing is conditioned upon a minimum of one (1) mutually agreeable drill site location on said parcel of land. Any drilling and production activities at said site will be shielded by the planting of suitable trees and/or other vegetation to minimize aesthetic impact.
- 3) As a further additional consideration, Savoy, et al. will commit to commence acquisition of a 3-D seismic survey covering as much of the leased City property as is practicable within six (6) months of execution of the new lease, subject to force majeure. The foregoing is conditioned upon the granting of the lease by the City prior to commencement of acquisition of 3-D seismic by Savoy, et al. covering the lands outside the City and to the north between the City of Adrian and Savoy's previously acquired 3-D seismic survey in Adrian Township.

Mr. Dane Nelson, City Administrator
Adrian City Commission
September 28, 2011
Page 2 of 2

SAVOY ENERGY, L.P.

Should you have any questions regarding the above, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bill Sperry". The signature is written in black ink and is positioned above the printed name and title.

William T. Sperry
President and General Counsel of Savoy Exploration, Inc.,
General Partner of Savoy Energy, L.P.

WTS/sb

RE: CITY COMMISSION – Authorize City Administrator to enter into a lease agreement with Savoy Energy for oil and gas exploration on City-owned land

RESOLUTION

WHEREAS, Savoy Energy has submitted a proposal to lease certain areas of City land, in a proposal dated September 15, 2011 and as modified by a letter dated September 28, 2011; and

WHEREAS, the City Administrator has recommended the acceptance of the proposal as modified.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the City Administrator is authorized to enter into a written oil and gas lease with Savoy Energy for approximately 500 acres of City land not currently under lease for a rental lease of \$450 per acre; a royalty interest of 19.5% and which will include other terms and conditions set forth in said proposal as modified.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was adopted by a
_____ vote.

R-4

MEMO



DATE: September 28, 2011

TO: Honorable Mayor and City Commission

CC: Dane C. Nelson, City Administrator

FROM: Sarah K. Osburn, City Attorney

SUBJECT: Settlement of Bond Claim with AutoOwners

In 2009, several area businesses agreed to participate in a Historic Façade Restoration Project. The businesses were awarded grant proceeds from a MSHDA VSCI grant awarded to the City, to fund a portion of the façade improvements. In August of 2009, the City entered into a contract with Campbell-Durocher Group, General Contracting LLC to perform the façade restoration work for this project. In accordance with the terms of the contract, Campbell-Durocher obtained a performance bond, a payment bond, and a maintenance bond from AutoOwners. In accordance with the terms of the contract, in August of 2010 the City notified AutoOwners of a default by Campbell-Durocher Group under this contract based on a failure to complete the project in accordance with the plans and specifications as prepared by Adrian Design Group. The City subsequently made a claim against AutoOwners on the performance bond and the maintenance bond. The City obtained estimates to finalize the work in question and in December of 2010, a demand letter was submitted to AutoOwners offering to settle the claim for the amount of \$126,946.00.

After negotiations, AutoOwners is now agreeable to settle the claim for the demanded amount. The Settlement Agreement also provides that the City will assign to AutoOwners any claims that it may have against Adrian Design Group as well as any claims that it may have against Campbell-Durocher Group through December of 2010.

The City will use the settlement funds to assist the property owners with completion of the project. Funds will be dispersed based on the December 2010 estimates which itemized the work to be completed on each façade and estimated the cost of completion.

Before disbursing the settlement funds to the property owners, the property owners will be required to sign a settlement agreement, release and assignment wherein the affected owners will be assigned the right to pursue any claims against Campbell-Durocher Group arising after December of 2010.

Respectfully submitted,


Sarah K. Osburn
City Attorney

SKO:mlb

SETTLEMENT AGREEMENT, RELEASE AND ASSIGNMENT

This Settlement Agreement, made and entered into as of the _____ day of _____, 2011, by and between AUTO-OWNERS INSURANCE COMPANY, a Michigan insurance corporation ("Auto-Owners"), and THE CITY OF ADRIAN, a Michigan municipal corporation (the "City").

WITNESSETH:

WHEREAS, on or about August 17, 2009, the City entered into a contract (the "Contract") with Campbell-Durocher Group Painting & General Contracting, LLC ("CDG") in connection with the project commonly known as the City of Adrian Downtown Historic Facade Restoration (the "Project"); and

WHEREAS, in accordance with the terms of the Contract, and at the request of CDG, on or about August 14, 2009, Auto-Owners issued performance bond number 660625989 (the "Performance Bond"), payment bond number 66062589 (the "Payment Bond") and a maintenance bond number 66062589 (the "Maintenance Bond"), hereafter collectively the "Bonds." A copy of each Bond is attached as **Exhibit 1**; and

WHEREAS, the City has notified Auto-Owners of a default by CDG under the Contract, including without limitation, a default based on failure to complete the Project in accordance with the plans and specifications prepared by Adrian Design Group ("ADG"); and

WHEREAS, the City has made claims against Auto-Owners on the Performance Bond and the Maintenance Bond being hereafter collectively called the "Bond Claims"; and

WHEREAS, the City and Auto-Owners desire to resolve the Bond Claims as hereafter set forth.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Payment of Settlement Amount. Concurrent with the execution and delivery of this Settlement Agreement, Auto-Owners has paid the City the sum of One Hundred Twenty-Six Thousand Nine Hundred and Forty-Six and 00/100 Dollars (\$126,946.00) as full and final settlement of all of the Bond Claims, including any claims related to the Performance Bond and the Maintenance Bond (the "Settlement Amount").
2. City's Release of Auto-Owners. In consideration of the above-stated payment by Auto-Owners to the City of the Settlement Amount, and for other valuable consideration, the City does hereby waive, release and forever discharge Auto-Owners, together with its officers, directors, shareholders, agent, representatives and attorneys, along with their respective heirs, successors and assigns, from any

and all claims, liabilities, obligations and causes of action arising from or out of or in any way related to the Performance Bond and the Maintenance Bond. Appurtenant to the foregoing Release, the City shall surrender the Performance Bond and the Maintenance Bond to Auto-Owners.

3. Assignment of Claims. In further consideration of the payment by Auto-Owners of the Settlement Amount, the City does hereby assign, transfer and convey to Auto-Owners all of the City's right, title and interest in any and all claims or causes of action and remedies which the City may have against (i) CDG arising from or out of or in any way related to the Contract, the Bonds or the Project prior to December 2010; and (ii) ADG arising from or out of or in any way related to the Project. The City further agrees to hereafter execute and deliver any additional documents evidencing the foregoing assignments deemed reasonably necessary or desirable by Auto-Owners and its counsel.
4. Miscellaneous.
 - 4.1 Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Michigan.
 - 4.2 Entire Agreement/Amendments. This Agreement constitutes the full and complete understanding of the parties with respect to the matters set forth herein and may not be amended or modified in any way unless done so in writing and signed by the parties.
 - 4.3 Binding Nature. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.
 - 4.4 Counterparts. This Agreement may be signed in one or more counterparts and when executed by all parties shall constitute one and the same instrument.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Settlement Agreement, Release and Assignment has been executed as of the day and year first above written.

AUTO-OWNERS INSURANCE COMPANY,
a Michigan insurance corporation

By: _____

Its: _____

THE CITY OF ADRIAN,
a Michigan municipal corporation

By: _____

Its: _____

RE: CITY COMMISSION – Authorize Mayor and City Clerk to enter into a Settlement Agreement with AutoOwners Insurance Company

RESOLUTION

WHEREAS, the City of Adrian entered into a contract with Campbell-Durocher Group Painting and General Contracting LLC, in connection with a project commonly known as the City of Adrian Downtown Historic Façade Restoration Project; and

WHEREAS, in accordance with the terms of the contract, and at the request of Campbell-Durocher Group, on or about August 14 2009 AutoOwners issued performance bond number 66062589, a payment bond, number 66062589, and a maintenance bond, number 66062589; and

WHEREAS, the City has notified AutoOwners of a default by Campbell-Durocher Group under the contract, including without limitation, a default based on failure to complete the project in accordance with the plans and specifications prepared by Adrian Design Group; and

WHEREAS, the City of Adrian has made a claim against AutoOwners on the performance bond and the maintenance bond; and

WHEREAS, the City and AutoOwners desire to resolve the bond claims.

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT the City of Adrian shall settle the bond claim as set forth in the Settlement Agreement, Release and Assignment for the amount of \$126,946.00.

NOW, THEREFORE, BE IT FURTHER RESOLVED THAT the Mayor and the City Clerk are authorized to execute all documents necessary to settle the bond claim in accordance with the Settlement Agreement, Release and Assignment of claims.

On motion by Commissioner _____, seconded by Commissioner _____, this resolution was adopted by a _____ vote.

R-5

MEMO



DATE: September 29, 2011

TO: Honorable Mayor and City Commission

FROM: Dane C. Nelson, City Administrator

SUBJECT: Anderson Funeral Home Water Connection

The Director of Utilities has received a request from Anderson Funeral Home to supply City water to its funeral home located at 3050 W. Beecher, which is located in Madison Township. There are some policy and procedural issues that will impact this request.

The policy issue that the City currently will not furnish water to properties not located inside the City limits. This is a policy that may be amended or not followed by the Commission. However, such a sale of water is not prohibited by any City law or ordinance.

In addition, I recall that Madison Township has adopted in ordinance to prohibit the placement of City water lines in the Township and which also prohibits the sale of City water to Township residents. I do not know if this has been repealed or not, but this should be confirmed prior to any connection of water lines. Also, in order to serve, the law requires a "franchise" for the City to be able to sell City water in the Township. Years ago, water was sold when the Township requested the City to assist those in need of water in the Township, but from a technical perspective, a franchise should have been (and should be) granted for this purpose.

Respectfully submitted,


Dane C. Nelson
City Administrator

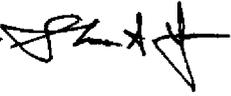
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MEMORANDUM – UTILITIES DEPARTMENT

DATE: September 27, 2011

TO: Dane C. Nelson, City Administrator

FROM: Shane A. Horn, Utilities Director 

SUBJECT: Anderson Funeral Home

I was recently approached by Mr. Mike Anderson of Anderson Funeral Home, 3050 West Beecher Road in Adrian. Mr. Anderson discussed his desire to connect to City of Adrian water due to on-going water quality and public health issues with his current private well system that have occurred off and on since 2003. We have an existing 12" water main that runs along the right-of-way on the West side of Sand Creek Hwy. Mr. Anderson has an easement that allows him access out to Sand Creek Hwy. In our initial discussion, Mr. Anderson expressed interest in a 2" water tap that would serve his domestic water needs. I have also received a letter from Madison Township that grants authorization to serve this property that lies within their jurisdiction.

Due to on-going public health issues, I respectfully recommend that the request from Anderson Funeral Home to connect to the City of Adrian water system be approved. This facility would be responsible for paying the current water tap and impact fees as approved as well as pay double rates for monthly service due to being outside the city limits.

cc: Jeff Pardee, Finance Director
Steve Eberle, O&M Supt.

Charter TOWNSHIP OF MADISON

Lawrence Richardson
Supervisor
Arnold Harper
Clerk
Janet Bovee
Treasurer

4008 S. ADRIAN HIGHWAY
ADRIAN, MI 49221
517-263-9313 Fax: 517-263-4569

September 21, 2011

TRUSTEES

Wayne Smith
Chad Rogers
Roger Roback
Larry Liddell

Mr. Shane Horn
City of Adrian
135 E. Maumee St.
Adrian, MI 49221

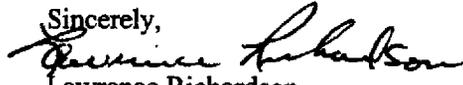
Re: Anderson Funeral Home

Mr. Horn:

Due to current problems being experienced with well water contamination by Anderson Funeral Home located in Madison Charter Township and in the spirit of collaborative co-operation with our neighboring communities, we hereby grant Michael Anderson authorization to seek permission from the City of Adrian Utilities to connect to their water system at Sand Creek Hwy and West Beecher Rd.

We would like to have the understanding that if and when Madison Township constructs a water line in this vicinity or near Anderson Funeral Home they would be given the opportunity to connect to our system.

I would like to thank you in advance for your assistance and co-operation in this matter.

Sincerely,

Lawrence Richardson
Madison Township Supervisor

LENAWEE COUNTY HEALTH DEPARTMENT

1040 SOUTH WINTER STREET, SUITE 2328, ADRIAN, MICHIGAN 49221-3871
www.lenawehealthdepartment.org

JOHN TUCKERMAN, Chairman
Board of Commissioners

JOHN TUCKERMAN, Chairman Board
of Health

JOHN FRYE, Vice Chairman
Board of Health

PATRICIA BOURGEOIS, R.N., M.S.
Health Officer

DENNIS K. CHERNIN, M.D., M.P.H.
Medical Director

ELAINE McDONALD, R.N., B.S.N.
Director of Nursing

MARTHA E. HALL, REHS/RS, MPH
Environmental Health Director

MICHAEL ERNST, B.B.A.
Business Office Coordinator

September 22, 2011

Anderson Funeral Home
3050 W. Beecher Rd.
Adrian, Michigan 49221

WSSN: 20433-46, well 001

Dear Mr. Mike Anderson:

On September 21, 2011 I was contacted by you requesting information on the water quality violations for the noncommunity water well at Anderson Funeral Home. Per your request, I have put together a chronology of the water quality violations and corrective actions taken to date for Anderson Funeral Home with the existing non-community water supply well:

- An application for a new well was made to the Lenawee County Health Department on 6-1-92 and final approval for the well was given by Paul Nelson in 1992. Facility placed on quarterly monitoring for coliform bacteria.
- A positive coliform bacteria water sample was collected from the well on 1-9-01. Repeat coliform bacteria water samples were non-detect.
- A positive coliform bacteria water sample collected from the well on 3-18-03.
- A positive repeat coliform bacteria water sample was collected on 4-1-03.
- A MCL (maximum contamination level) for coliform bacteria was issued 4-3-03. Public notice issued, well taken out of service to the public, and bottled water provided.
- A site visit for MCL compliance was conducted by the Lenawee County Health Department. I was noted that a surface water detention pond was installed 10 ft. from the well, law required 75ft. A deviation was issued due to reduced isolation distance to the surface water. No other violations of the water supply were cited.
- The MCL was lifted after chlorination and obtaining safe water samples 5-20-03.
- The facility was placed on monthly coliform bacteria monitoring until 5-sample follow up samples provided in the month following the removal of the MCL were provided and indicated the well was no longer contaminated with coliform bacteria.
- A positive water sample was collected from the well on 3-28-05.
- The facility was required to collect repeat water samples for coliform bacteria. These samples were positive for coliform bacteria and an MCL was issued on 4-13-05.
- The facility was placed on precautionary measures, bottled water, water supply posted do not drink. Well was chlorinated.
- On 4-29-05 the facility returned to compliance after safe water samples and the MCL was removed.
- Facility placed on monthly monitoring until 5 follow up water samples were provided in the month following the removal of the MCL.
- A positive coliform bacteria water sample was collected on 9-9-09.
- All four repeat coliform bacteria water samples were positive for coliform bacteria on 9-23-09. A MCL for coliform bacteria was issued on 9-25-09. The facility was placed on precautionary measures, bottled water, water supply posted do not drink.
- The well was chlorinated and flushed. MCL was lifted 10-5-09 due to safe water samples after chlorination.
- Facility was placed on monthly monitoring following the removal of the MCL.

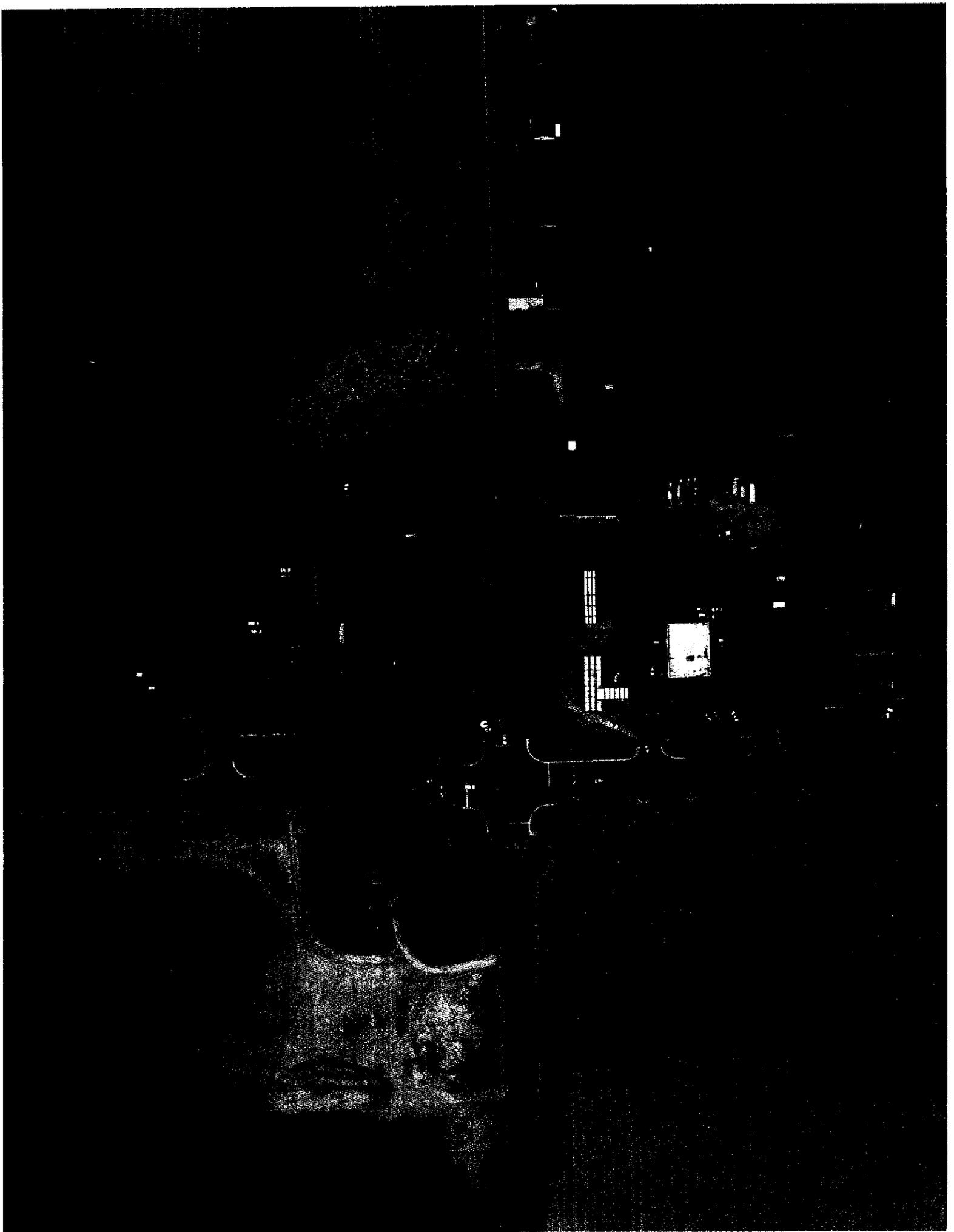
- 5 follow up coliform bacteria water samples were taken on 11-27-09. 3 of the 5 follow up water samples for coliform bacteria were positive.
- November 30, 2009 another MCL was issued for coliform bacteria. The water supply was taken out of service to the public, the system was posted, bottled water provided.
- A site inspection on 12-3-09 revealed that the well pump had a broken wire and the pump quit working. The driller opened the well head twice trying to repair the pump. There was evidence that the cap was offset or damaged. Required repairs were made and the well was bulk chlorinated by the well driller.
- Water samples taken on 12-14-09 and 12-15-09 indicated non-detect in for coliform bacteria. However, due to the repeat MCL violations, the facility was required to stay on bottled water, postings and extended monitoring until the five follow up samples in January were shown to be non-detect for coliform bacteria.
- January 4, 2010, 5-follow up water samples were taken and all were non-detect. The MCL was removed on January 5, 2010 and the facility was placed on quarterly monitoring for coliform bacteria.
- A positive routine coliform bacteria water sample was collected from the well on 9- 14-11.
- The four repeat bacteria tested positive for coliform bacteria 9- 15-11.
- A MCL was issued on 9-19-11. The water supply was taken out of service to the public, the water supply was posted do not drink, and bottled water provided as required.
- Site visit on 9-19-11 by the Health Department and MDEQ indicated that the PVB on the prep-room water line is leaking and has pressure gauges installed on the test cocks ports. This device is to be replaced with a RPZ device and is to be certified at least every 3 years. Outside PVB is also to be certified every 3 years. Owner was informed that the raw water sample tap shall be replaced with a non-threaded raw water sample tap.
- The Well head was dye tested by placing a liquid powder tracing dye around the along the outside of the casing and surface of the ground around the well head. There is some evidence that the soil around the well head had pulled away from the casing. In addition, the well head does show some movement and the cap does have a slight gap and movement as well. There is evidence that the well head has been hit by something due to the gouges and the black marks left on the side of the casing. A down-hole camera is being sought to determine if the well head is intact or if the owner will need to replace the well due to structural damage.
- MCL will remain in effect until corrective actions have been made and the well is in compliance with the Michigan Safe Drinking Water Act 1976 PA 399 and the Groundwater Quality Control Rules Part 127.

You indicated that you would like to connect your establishment to the Adrian municipal water supply if possible. Connection to the municipal water supply would be the best means of correcting a non-community water supply that has had a history of unsafe water samples.

If you have any questions or comments please feel free to contact me at (517) 264-5221. Thank you for your cooperation in this matter.

Sincerely,

Cindy L. Merritt
Environmental Sanitarian



R11-114

October 3, 2011

RE: Utilities Department – Authorization to Provide Water Service to Anderson Funeral Home

RESOLUTION

WHEREAS, Anderson Funeral Home of 3050 West Beecher has approached the City of Adrian about providing city water service; and

WHEREAS, the City of Adrian has an existing 12" water main along the right-of-way on the West side of Sand Creek Hwy; and

WHEREAS, Anderson Funeral Home has an existing easement to reach our city water main along Sand Creek Hwy; and

WHEREAS, Anderson Funeral Home has a long history of water quality and public health issues associated with their water that negatively impacts their business; and

WHEREAS, Madison Township Supervisor has given his approval to the City of Adrian to serve this facility; and

WHEREAS, Anderson Funeral Home has been a valued member of our community, and the Utilities Department would like to aid it in solving its public health issues due to poor water quality from its private well system.

NOW, THEREFORE, BE IT RESOLVED that the Adrian City Commission, by this resolution, hereby authorizes the Utilities Department to serve water to Anderson Funeral Home utilizing our existing tap fee and rate schedules for an out-of-city customer, due to the public health issues at this location, subject to the grant of a limited franchise to be issued to the City by the Charter Township of Madison and the repeal of any ordinances of the Township that may limit or prohibit the placement of City water lines in the Township or the right to sell City water to Township residents and properties.

On motion by Commissioner _____, seconded by
Commissioner _____, this resolution was _____
by a _____ vote.