CITY OF BURTON

BURTON CITY COUNCIL MEETING

AUGUST 3, 2015

MINUTES

Council Chambers | **Regular Meeting** | **7:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Tom Martinbianco at 7:10 PM.

A. INVOCATION LED BY: STEVEN HATFIELD

A moment of silence was conducted in honor of State Representative Charles Smiley's mother Mildred Smiley who recently passed away.

B. THE PLEDGE OF ALLEGIANCE IS LED BY: STEVEN HATFIELD

C. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Present	
Dennis O'Keefe	Councilman	Present	
Steven Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Present	

D. STAFF PRESENT

Paula Zelenko, Mayor
Amanda Doyle, City Attorney
Sue Warren, Human Resources
Rik Hayman, Chief of Staff
Bob Slattery, DPW Director
Teresa McCrea, Record Tech

E. APPROVAL OF MINUTES

1. City Council - Committee of the Whole - Jul 20, 2015 6:00 PM

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

2. City Council - Regular Meeting - Jul 20, 2015 7:00 PM

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

F. ADMINISTRATIVE REPORTS

Mayor Paula Zelenko went over the agenda items:
Items tabled from July 20, 2015 Meeting:

1. The annual water rate adjustment in accordance with the recommended rates in the Bendzinski and Company rate study as required by the DWRF (Drinking Water Revolving Fund) loan.

2. The annual sewer rate adjustment in accordance with the recommended rates in the Bendzinski and Company rate study as required by the SRF Bonds (State Revolving Funds).

She clarified for Mr. Martinbianco that the rate study is required by DWRF and SRF to ensure the City has incoming revenue sufficient to pay back the loan and bond. Mr. Bobby Bendzinski is present tonight to assist with any questions and clarifications.

On July 29, 2015 there was a Finance Committee meeting in regards to the items for Council action. We are not passing on any county water or sewer rates in this action tonight. These rates are for the City of Burton only. Mr. Bobby Bendzinski is present tonight to answer questions and provide clarification.

The new flag at Kelly Lake was donated by Mona Miron.

G. COMMITTEE REPORTS

Mr. Smith summarized sewer fund over the past seven years, and touched on the Master Fund Policy which is utilized to keep you balanced through high's and low's. City of Burton needs an extensive and detailed Master Fund Policy.

Mrs. Ellenburg commented, the Library Sale went well. Children painted a picnic table and had a good time during the event which helped in promoting the use of the Burton Memorial Library Park.

Mr. Hatfield requested to schedule a Public Access Meeting, agreed by council to hold on the 17th of August at 6:30 p.m. Requested Administration representative to be there.

H. AUDIENCE PARTICIPATION

Comments were received by the City Council from the following people:

Mr. Fuhst of Burton on the poor infrastructure of the City's sewer system and expressed concern over rates and repairs.

Mr. Stapish of Burton asked how council responds to questions asked by citizens, a bill and sidewalks.

Mr. LeGrande of Burton expressed concerns over drains overflowing and questions by citizens.

Mr. Purdy of Burton clarified complaints need to go through Bob Slattery of DPW. Also asked about how council responds to questions that are posed during a council meeting.

Mr. Danny Wells of Burton touched on attorney fees, judicial fees, water rates and Master Plan. Also need "no diving" signs at Kelly Lake.

Anonymous person expressed concerns over crime in neighborhood. Mrs. Zelenko stated she is meeting with Police Chief the following day and will bring these concerns up to the Chief.

I. COUNCIL DISCUSSION

Mr. Smith summarized the benefits and financial advantage to having sidewalks. Genesee County is ranked 81st out of 83 counties in Michigan for healthy. Sidewalks promote health lives through jogging, walking, and biking. Elaborated on the fact that the City is paying for its past sins, and that the current council is trying to figure out how to get past this and move forward financially.

Mrs. Ellenburg to Administration, does the city respond when they receive complaints such as Mr. Fuhst.

Mayor Zelenko responded that yes they do, complaints are normally filtered through Mr. Stewart in DPW. Mayor Zelenko further offered that Mr. Stewart's boss Mr. Slattery is in attendance and will be available to speak with Mr. Fuhst after the meeting.

Mrs. Ellenburg addressing Mr. Wells; we are in the process of bidding out for a contractor to do a Master Plan. It is very important to the City to have a Master Plan. A Master Plan is needed in order for the City to be eligible for federal or state funding.

Council and Administration discussed the water and sewer fund, current status, how much was used/borrowed to pay off debts. Administration stated it is being used for the road projects. Mr. Heffner expressed concern over raising rates and felt that the people can't afford anymore increases. Mr. Martinbianco requested of Attorney Mrs. Doyle to research whether or not General Funds can be utilized to pay debt in other categories.

Mr. Haskins responding to Mr. LeGrande in reference to earlier statement that police millage fund was being put back into the General Fund. Mr. Haskins assured that was not the case, that the entire police millage fund is being used for the police. He also addressed the Judicial Fees and interest that was brought up in a prior meeting, requested Administration to clarify what this line item is.

Mrs. Burke-Miller stated Judicial Fees means legal fees, 1.5 million of that is the Rubbish Fund which is in error, which is from 2013. This was done by a third party vendor. She

stated negative interest is CPA firm interpreted state requirement for that line item to reflect amounts pulled from revenue as well as expenditure side and netting them out, interest expense netted into that and that is why it is a negative amount. Books reflect accurately both situations, and no the City is not in the negative.

Mr. Heffner requested additional topic for public access for microphones due to complaints from community they are unable to hear what is being said on videos of City Meetings available on the City Website.

Mr. Haskins has a problem with raising water and sewer rates.

Mr. Bendzinski stated grants are figured into project cost, those are deducted from total project cost. The Engineer submits a bill to the City, the City submits the bill to MDEQ, and MDEQ pays the bill from the grant funds. The Grant is free money to the City. Agenda item 3 is considered an Ordinance because it's a revenue bond. When the City sells revenue bonds the rate structure must be in place to meet the debt service obligation prior to issuance of the bond. Water and Sewer rates are subject to annual adjustment there are fixed costs in both these systems that must be met on an annual basis. You have variable cost which is based upon use. In 2014 there was a lot of rain so consumers used less since yards did not have to be watered as often, or pools filled etc., however this would reduce the revenue which could cause a rate increase in the following year, this is a consistent variable from year to year. These grants cover 90% of the engineering cost.

Mr. Martinbianco questioned Mr. Bendzinski about the projection of 9% increases in revenue and expenditures which is the bulk of the 68% of actual costs of sanitary sewer.

Mr. Bendzinski stated that they projected a 9% due to the increase projected on the county side. The County 9% is being passed on; however the 9% projected by the City is not. He provided clarification on various components of the fore-mentioned items spun off from the Rate Study provided by his company.

Mayor Zelenko provided a presentation of the breakdown and explanation of:

Projected Revenues and Expenses
Alternative B Assuming SRF Bonds
For the Fiscal Years Ending June 30, 2015 through June 30, 2019.

Mr. Martinbianco announced positions for the LED Committee Mr. O'Keefe Chairman, Mrs. Ellenburg and Mr. Heffner are committee members and the administration to appoint person too.

Mrs. Ellenburg praised Fire Department, Mayor and other businesses for the success in Movies on the Lawn "Frozen." Children had a great time.

J. TABLED ITEMS FOR COUNCIL ACTION

1. Approve and authorize the Treasurer to adjust water rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: Ready to Serve Charge – $ per month 5/8" meter – $16.85 ¾" meter – $16.85 1" – $28.65 1 ½" – $58.98 2" – $112.90 3" – $252.75 4" – $454.95 6" – $1,011.00 8" – $1,685.00. 10" – $3,622.75 Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

RESULT:	**CARRIED [5 TO 2]**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	Martinbianco, O'Keefe, Ellenburg, Smith, Hatfield
NAYS:	Haskins, Heffner

2. Approve and authorize the Treasurer to adjust City of Burton's portion of the sewer rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: $11.29/REU/per month Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

RESULT:	**CARRIED [4 TO 3]**
MOVER:	Steven Hatfield, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	O'Keefe, Ellenburg, Smith, Hatfield
NAYS:	Martinbianco, Haskins, Heffner

K. COUNCIL ACTION

1. Approve and authorize the Attorney Billing (Amanda Doyle) 07/15/15 to 07/29/15 in the amount $3,920.75.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

2. Approve and authorize the Attorney Billing (Keller Thoma) June 6, 2015 to June 29, 2015 in the amount $1,772.35.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

3. Approve and authorize an Ordinance 2015-4-87(C) an Ordinance to provide for the acquisition and construction of additions, extensions and improvements to the water supply and sewage disposal system of the City of Burton; to provide for the issuance and sale of Junior Lien Revenue Bonds to pay the cost thereof; to prescribe the form of the Bonds; to provide for the collection of revenues from the system sufficient for the purpose of paying the costs of operation and maintenance of the system and to pay the principal of and interest on the bonds; to provide for security for the bonds; to provide for the segregation and distribution of the revenues; to provide for the rights of the holders of the bonds in enforcement thereof; and to provide for other matters relating to the bonds and the system.

RESULT:	**CARRIED [6 TO 1]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Ellenburg, Smith, Hatfield
NAYS:	Heffner

4. Approve and authroize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of one thousand one hundred and thirty dollars ($1,130.00) for a full compensation payment to Rose Mihelcic of 1266 Rinn St., Burton, MI 48509, for granting of a permanent sanitary sewer easement on and across parcel #59-13-529-077as part of DPW project#14-004-S.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Steven Hatfield
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

5. Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of two thousand three hundred and twenty four dollars ($2,324.00) for a full compensation payment to Grantee FIDC XVI, LLC. Of 100 DeBartolo Place, Ste 400., Boardman, OH 44512, for granting of a permanent sanitary sewer easement on and across parcel #59-59-14-553-025 as part of DPW project#14-004-S.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

6. Approve and authorize the setting of a 2nd Public Hearing and first formal reading of ordinance for Zoning Case #314, Zoning Ordinance Update, on Monday, August 17, 2015 at 6:00 p.m.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Duane Haskins, Vice-President
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

7. Approve and authorize the sale of Vacant Lot - Scottwood Ave., Parcel No. 59-31-526-028, to give first and final approval for the sale of this improved parcel to Kathryn M. Conrad, 1404 Scottwood Ave., Burton, MI 48529 for the sum of $750.00 cash or its equivalent and authorizing the Mayor and Clerk to execute any and all documents required to effectuate this sale.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

8. Approve and authorize the sale of Vacant Lot - Bergin Ave., Parcel No. 59-32-526-047, to give first and final approval for the sale of this improved parcel to Kristopher A. Stillwagon, 2388 Bergin Ave., Burton, MI 48529 for the sum of $750.00 cash or its equivalent and authorizing the Mayor and Clerk to execute any and all documents required to effectuate this sale.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

9. Approve and authorize the Mayor and Clerk to enter into an agreement with Stantec Consulting Michigan Inc., 3754 Rachero Drive, Ann Arbor, MI 481808-2771. For Providing Professional Engineering Services for The Construction Phase Of SRF project which includes Sewer Rehab, Sewer Replacement, Pump Stations replacement, and Forcemain Replacement. At a cost not to exceed $475,000.00.

RESULT:	**CARRIED [6 TO 1]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield
NAYS:	Martinbianco

10. Approve and authorize the Mayor and Clerk to enter into a agreement for purchase and implementation of Operation and Maintenance software purchased from Cartegraph Syetems, Inc. 3600 Digital Dr. Dubuque, IA 52003, as part of the SAW Grant with first year cost of $65,960.00 with the City of Burton being responsible for 10% which is $6,596.00. With the purchase of the software, we are agreeing to a $7,500.00 annual maintenance fee starting in Fiscal Year 2016-2017.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

Meeting was adjourned at 9:36 PM.

CITY OF BURTON

BURTON CITY COUNCIL MEETING

JULY 20, 2015

MINUTES

Council Chambers | **Committee of the Whole** | **6:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Tom Martinbianco at 6:05 PM.

Minutes Acceptance: Minutes of Jul 20, 2015 6:00 PM (APPROVAL OF MINUTES)

A. CALL TO ORDER

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Late	6:12 PM
Dennis O'Keefe	Councilman	Present	
Steven Heffner	Councilman	Late	6:07 PM
Ellen Ellenburg	Councilwoman	Absent	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Present	

B. STAFF PRESENT

Paula Zelenko, Mayor
Robert Slattery, DPW Director
Ginger Burke-Miller, Controller
Teresa Karsney, Clerk

C. AUDIENCE PARTICIPATION

None

D. COUNCIL DISCUSSION

Mr. Smith stated residents in the Potter area have contacted him in regards to repairing Potter Rd.

Mr. Okeefe addressing Mr. Slattery stating he is in support of this project, stated that Potter Road is in a state of needed repair. However he would like for Mr. Slattery to keep in mind there are other roads out there in need of repair and that the volume of traffic should be taken into consideration when choosing which roads to repair first. He also stated that with Michigan weather that a sound maintenance plan for the roads is needed to stop the erosion of roads.

Mr. Heffner noticed Maple road repairs, you did a wonderful job. There is another section of Maple Rd east of Genesee Rd that is in horrible shape and needs attention. South Saginaw Street also needs repairs; visitors travel this street into Burton and road conditions reflect on Council and the City.

Mr. Slattery stated that he's driven all the roads and is in the process of preparing a Pacer Rating Report for Council. Saginaw Street will be a federal aid road project will need to go

through the Transporation Improvement Program (TIP) process, will be in competition with other counties for funding.

Mr. Okeefe addressing Mr. Slattery; when you have a chance the Lapeer Rd section in Davison Twp. is completed and looks nice, please take a look at it. (Vassar to Irish).

Mr. Slattery stated there is a CHIP Seal Program you are seeing; the road commission does repairs such as leveling and patching throughout the county; next step will be to go back around and do and do CHIP seal on them. Program is Pavement Repair for CHIP Seal.

Mr. Okeefe mentioned the upcoming bidding process and the parts of Center Rd that have not been repaired yet and should be looked at, it will improve Burton's Curb Appeal.

Mr. Okeefe summarized projects for a total of $736,364.00, budget was cut to $700,000.00, and the overage is for engineering costs which were not taken into consideration during the budget process.

Mr. Slattery explained that he figured the $700,000.00 was for the construction amount only, did not occur to him to add the engineering cost.

Mr. Smith questioned the dollar amount and if it could be done for the budgeted amount, bids are typically lower in the early months of the year.

Mr. Martinbianco asked where the money is coming from; we have no money for contingencies.

Mrs. Zelenko the engineering cost would come from the $700,000.00 budgeted, however we would have to come back to council once bids come in.

Mr. Haskins asked if The City pays Mr. Kray to do the design engineering work.

Mr. Slattery clarified that Mr. Kray is not a Design Engineer but a Construction Engineer.

Mr. Zelenko stated that design engineering is done by a collective group of people; you have Testers, Inspectors, Design Engineers, Survey Technician, and Construction Engineers, it's a collective group of people that do Design Engineering. Mr. Kray is only one person and unable to complete all of the tasks involved in design engineering.

Mr. Martinbianco stated that there is funding that covers Mr. Kray's salary for projects funded by the state, the city is reimbursed so we are saving money.

Mr. Smith requested the definition (what do they do) of a project engineer, project manager, and an assistant project engineer.

Mr. Slattery stated he has not worked for an engineering company and could not speak specifically to what these job titled people would do.

Minutes Acceptance: Minutes of Jul 20, 2015 6:00 PM (APPROVAL OF MINUTES)

Mrs. Zelenko asked Council if they would like for administration to get Rowe Engineering to put together what these different people do (project engineer, project manager, assistant project engineer).

Mr. Martinbianco said we need an identifying lead on the roles and responsibilities of the fore-mentioned job titles.

Mr. Smith wants to know what Mr. Kray is currently doing related to the projects, what he can do that we don't have to pay for.

Mrs. Zelenko clarified information requested would be related to what Mr. Kray is currently doing that Council does not see in the documents before them. This would be good information for all of us that are not engineers.

1. Miscellaneous Road Project (Potter and Casto).

   Mr. Slattery stated Eastern half of Potter Rd is on the agenda tonight for approval for Design Engineering for an estimated amount of $25,852.00, the construction cost approximately $430,000.00 and will involve crushing and shaping the existing road surface and placing new asphalt for one mile of Potter Road. Will be from Belsay to Vasser the eastern half of Potter Road. Western half of Potter Road is in better shape due to less traffic than the eastern half of Potter Rd. Expressed concern that after repairs on Eastern half the remaining funds will be approximately $10,000.00; Will not be able to do much with the Western half with the 10K. Will be able to do a mill and fill or 3" resurface with approximately $50,000.00 to $70,000.00 additional funding. Casto Boulevard, Engineering Design cost is approximately $20,512.00, with a construction cost is estimated at $260,000.00 and will involve crushing and shaping the existing road surface and placing new asphalt on Casto Boulevard from Lapeer Road to Lippincott Boulevard.

Meeting was adjourned at 6:40 PM.

Minutes Acceptance: Minutes of Jul 20, 2015 6:00 PM (APPROVAL OF MINUTES)

CITY OF BURTON

BURTON CITY COUNCIL MEETING

JULY 20, 2015

MINUTES

Council Chambers | **Regular Meeting** | **7:00 PM**

4303 S. CENTER ROAD
BURTON, MI 48519

This meeting was opened by President Tom Martinbianco at 7:10 PM.

Minutes Acceptance: Minutes of Jul 20, 2015 7:00 PM (APPROVAL OF MINUTES)

A. INVOCATION LED BY: SADONNA MYERS

B. THE PLEDGE OF ALLEGIANCE IS LED BY: ELLEN ELLENBURG

C. ROLL CALL

Attendee Name	Title	Status	Arrived
Tom Martinbianco	President	Present	
Duane Haskins	Vice-President	Present	
Dennis O'Keefe	Councilman	Present	
Steven Heffner	Councilman	Present	
Ellen Ellenburg	Councilwoman	Present	
Vaughn Smith	Councilman	Present	
Steven Hatfield	Councilman	Present	

D. STAFF PRESENT

Paula Zelenko, Mayor
Robert Slattery, DPW Director
Teresa Karsney, Clerk
Chris Howser, Road Foreman
Ginger Burke-Miller, Controller
Doug Bingaman, Treasurer
Dave Marshke, Water/Sewer Foreman

E. APPROVAL OF MINUTES

1. City Council - Regular Meeting - Jul 6, 2015 7:00 PM

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

F. ADMINISTRATIVE REPORTS

Mayor Zelenko went over the agenda items.

- Investment Report is in your packet.
- Item # 7 and #8 is the acceptance of the bid and authorization to enter into a contract with Curbco for street sweeping. Curbco was the only bidder and during the vetting we discovered errors. In fairness to both the City and to Curbco, the administration is recommending that you deny these two items so that we can re-bid

the contract. We plan to re-bid immediately.
- The Belsay Road project is underway.
- We received our official notification from the State that Burton will receive additional road funding to the tune of $399,925.64. It will be spread over four payments, three of which fall in the fiscal year 2015-2016 and one in the fiscal year 2016-2017.
- You all have received the "post budget list of items" requested by Mr. O'Keefe. I believe this will be a great tool to use in our planning and goal setting.
- The Planning Commission will be busy this year getting started in the Master Plan process.
- We will be asking the Burton View and M-live for a short story on the need for more citizens to consider applying to serve on our Planning Commission, ZBA and DDA. We are having some difficulty with having a full ZBA Board.

1. Pooled Cash Investment Report as of 7/1/15

G. COMMITTEE REPORTS

- Friends of the Library will be having a book sale Thursday, July 23, 2015 from 12:00 p.m. to 6:00 p.m. and again on Saturday, July 25, 2015 from 9:00 a.m. to 3:00 p.m.
- Planning Commission is excited to begin work on the Master Plan.
- Redesign of the website
- LED (Less Energy Dependent Committee) when will Mr. Martinbianco appoint people to that committee.

H. AUDIENCE PARTICIPATION

Comments were received by the City Council from the following people:

- Bud LeGrande of Burton on petitions and the DPW Director position.
- Danny Wells of Burton on Court case against the Clerk and F65 report.
- Iris Piske of Grand Blanc on Obligations to the pension and OPEB liabilities.
- John Stapish of Burton on how people are getting answers to questions at Council and grass cuttings.
- Bud LeGrande of Burton on the way the Clerk types the minutes.
- Seth Wheatson of Burton on the open ended contact to lease dump trucks and a sink hole in the road.

I. COUNCIL DISCUSSION

- A program offered by the Burton Police Department is a vacation check on your home if you are out of town.
- The dashboard which is required on the Burton website by the State.
- MERS and OPEB liabilities.
- Water and Sewer Rate studies.

1. Motion to add as item #12 is to form a LED (Less Energy Dependent) Committee, which would consist of 3 Council members and 1 person from the Administration.

Minutes Acceptance: Minutes of Jul 20, 2015 7:00 PM (APPROVAL OF MINUTES)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

J. COUNCIL ACTION

1. Approve and authorize the Attorney Billing (Amanda Doyle) 07/01/15 to 07/15/15 in the amount $4,818.50.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

2. Approve and authorize Mayor and Clerk to sign the grant agreement with Michigan Department of State for Help America Vote Act Section 261 Financial Assistance voting access for individuals with disabilities to install and wire ADA complaint accessible door openers at the following polling locations: Bendle Middle School, Blessed Sacrament Parish, New Testament Church in the amount of $12,000.00 with the City of Burton being responsible for the remaining 20% (Approximately $2,300.00).

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

3. To approve and authorize the following general ledger accounts to be created and the respective amounts appropriated: Under General Fund Revenues (Dept 0000) HAVA Grant Revenue $14,300; Under General Fund Appropriations - Elections (Dept 1091) HAVA Grant Expenditures $16,600.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

4. To approve and authorize the Mayor and City Clerk to enter into a lease agreement with Daimler Truck Financial (a division of Mercedes-Benz Financial Services USA LLC) in order to lease to own (two) dump trucks payable over five years utilizing Lease Option 1.

Minutes Acceptance: Minutes of Jul 20, 2015 7:00 PM (APPROVAL OF MINUTES)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

5. Approve and authorize the Mayor and Clerk to enter into a contract with Rowe Professional Service Company, 540 S. Saginaw St., Flint, MI 48502, to provide Design Engineering services for DPW Project 15-001-P, Potter Road from Belsay Road to Vassar Road for the Not-To-Exceed fee of $25,852.00.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

6. Approve and authorize the Mayor and Clerk to enter into a contract with Rowe Professional Service Company, 540 S. Saginaw St., Flint, MI 48502, to provide Design Engineering services DPW Project 15-001-PC, for Casto Boulevard from Lapeer Road to Lippincott Boulevard for the Not-To-Exceed fee of $20,512.00.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Hatfield, Councilman
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

7. Approve and authorize the acceptance of the bid from Curbco Inc., 3146 Dye Rd., Flint MI 48507 for 2015 and 2016 street sweeping in the amount of $143,156.96.

RESULT:	**FAILED [0 TO 7]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Ellen Ellenburg, Councilwoman
NAYS:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

8. To authorize the Mayor and Clerk to enter into a contract with Curbco Parking Lot and Street Contractor, 3146 Dye Rd., Flint MI 48507 for 2015 and 2016 street sweeping contingent upon receiving the required bonds and insurance.

Minutes Acceptance: Minutes of Jul 20, 2015 7:00 PM (APPROVAL OF MINUTES)

RESULT:	**FAILED [0 TO 7]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Ellen Ellenburg, Councilwoman
NAYS:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

9. Approve Resolution 2015-21 to tentatively award SRF Construction Services to Zito Construction, 8033 Fenton Road, Grand Blanc, MI 48439 in the amount of $6,246.095.50, contingent upon successful financial arrangements with the SRF Program in September, 2015.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

10. Approve and authorize the Treasurer to adjust water rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: Ready to Serve Charge – $ per month 5/8" meter – $16.85 ¾" meter – $16.85 1" – $28.65 1 ½" – $58.98 2" – $112.90 3" – $252.75 4" – $454.95 6" – $1,011.00 8" – $1,685.00. 10" – $3,622.75 Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

RESULT:	**RECOMMENDED [UNANIMOUS] Next: 7/29/2015 5:00 PM**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

11. Approve and authorize the Treasurer to adjust City of Burton's portion of the sewer rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: $11.29/REU/per month Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

RESULT:	**RECOMMENDED [UNANIMOUS] Next: 7/29/2015 5:00 PM**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

Meeting was adjourned at 8:58 PM.

Minutes Acceptance: Minutes of Jul 20, 2015 7:00 PM (APPROVAL OF MINUTES)

AGENDA ITEM (ID # 1727)

DOC ID: 1727

Approve and authorize the Treasurer to adjust water rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: Ready to Serve Charge – $ per month 5/8" meter – $16.85 ¾" meter – $16.85 1" – $28.65 1 ½" – $58.98 2" – $112.90 3" – $252.75 4" – $454.95 6" – $1,011.00 8" –$1,685.00. 10" – $3,622.75 Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

HISTORY:

07/20/15	**City Council**	**RECOMMENDED**
07/29/15	**Finance Committee**	

ATTACHMENTS:

- Sewer & Water Net Position2 (JPG)
- Sewer & Water Net Position (JPG)
- Water Rate Study (PDF)
- City of Burton Water Sewer Funds-Net Position End of Year (PDF)

RESULT:	**CARRIED [5 TO 2]**
MOVER:	Dennis O'Keefe, Councilman
SECONDER:	Vaughn Smith, Councilman
AYES:	Martinbianco, O'Keefe, Ellenburg, Smith, Hatfield
NAYS:	Duane Haskins, Steven Heffner

City of Burton

Sewer and Water Funds
Net Position Comparison

	Sewer Fund		Water Fund	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Net investment in capital assets	$ 25,439,896	$ 25,642,521	$ 13,286,723	$ 13,098,499
Restricted for bond reserve	-	-	221,000	228,353
Unrestricted	10,578,270	10,630,068	2,569,328	2,696,339
Total net position	$ 36,018,166	$ 36,272,589	$ 16,077,051	$ 16,023,191

Rehmann

Attachment: Sewer & Water Net Position2 (1727 : 2015-2016 Water Rates)

City of Burton

Sewer and Water Funds
Revenue and Expense Comparison

	Sewer Fund		Water Fund	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Operating revenue	$ 4,439,311	$ 4,414,127	$ 4,077,533	$ 3,710,148
Operating expenses - other	4,661,521	4,150,164	3,635,963	3,450,014
Operating expenses - depreciation	546,482	542,848	337,474	347,257
Operating income (loss)	(768,692)	(278,885)	104,096	(87,123)
Nonoperating revenue (expense)	563,678	128,775	(16,161)	(549,910)
Transfers, net	(49,409)	(86,521)	(34,075)	(73,302)
Change in net position	$ (254,423)	$ (236,631)	$ 53,860	$ (710,335)

Rehmann

Attachment: Sewer & Water Net Position (1727 : 2015-2016 Water Rates)

Bendzinski & Co.

municipal finance advisors

CITY OF BURTON
WATER SYSTEM

USER CHARGE SYSTEM
DWRF PROJECT# 7388-01

DATED: July 8, 2014

615 Griswold St. • Suite 1225 • Detroit, Michigan 48226
(313) 961-8222 • FAX (313) 961-8220
e-mail • jhw@bendzinski.com

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

July 8, 2014

City of Burton
4303 S. Center Rd.
Burton, MI 48519-1497

Re: Water Rate Study

Dear City Council Members:

We would like to express our appreciation for having been given the opportunity to perform this Water Rate Study for the City of Burton. We would also like to acknowledge the cooperation and assistance of the City staff and its professionals who assisted us in the accumulation of data necessary to prepare this study.

INTRODUCTION

The City of Burton Water System serves approximately 6,046 metered customers throughout the City. Water service is available to just over half of the City's properties and the City currently purchases water treatment services from Genesee County, and as a result, it is subject to the requirements of the rates of the County, and in the case of water, the City of Flint and the City of Detroit as well.

CURRENT BILLING METHODOLOGY

The City presently bills its metered water customers quarterly, based on water flow, using a combination of a minimum bill ("Readiness to Serve Charge") plus an additional charge for actual consumption, ("Commodity Charge.")

The current monthly water rates, as of January 1, 2014, are listed below:

The Monthly Water Rates are as follows:

Ready to Serve:	$10.12 per REU
Commodity:	$5.02 per 100 cubic feet

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

COMPARISON OF HISTORICAL REVENUES AND EXPENSES

Because historical revenues and expenditures can be an indicator of the results of future operations, we have tabulated and are presenting this data which will be used as a basis for our projections of future System expenses.

Table 1 on page 3 presents a comparison of Water System revenues and expenditures for the fiscal years ended June 30, 2009 through June 30, 2013 based on the City's annual audits. In reviewing **Table 1**, we note that the System has averaged total System revenues of $3.6 million over the five year period and has averaged $3.5 million in total System expenses over the same period. Revenues have kept pace with expenses at an average annual increase of 1.8%. The largest System expense is the water purchased from Genesee County, which has averaged $1.5 million, or approximately 55% of total System expenses.

If we look at the Net System Revenues on a cash basis, the System averages an average annual profit of about $478,000 after adding back the depreciation expenses (non-cash expense) and deducting the amount paid on bond principal payments.

In reviewing the City's utility rates and charges going forward, we will be evaluating the Water System to make sure that it remains self-sufficient with the rates recommended herein.

ANALYSIS OF WATER PURCHASED

Critical in this water rate determination is the amount of water purchased and the cost of water from the County. **Table 2**, on page 4 compares the amount of water that has been purchased from the County and the corresponding annual amount billed by the City to its customers. In viewing **Table 2**, the average annual purchased flow has been about 61.1 million cubic feet and the average amount billed to City customers over the same time is about 59.8 million cubic feet.

Table 3, on page 4, shows the projected purchased and billed flows using the five year average, with no annual increases from 2014 to 2018.

DETERMINATION OF METER EQUIVALENTS

The City's Water System has 6,046 metered customers, with meter sizes ranging in size from 5/8" to 10". In order to ascertain the proportionality of each metered customer to the other, we must convert all of the various meter sizes to a common denominator. This common denominator is called the meter equivalent for a residential equivalent unit or "REU". Using the System's existing REU determination method, we have calculated the City's Water System has 8,259.7 REUs based on its current billing structure for the monthly Ready to Serve charge. This will be the basis going forward for our projected number of customers.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 1

COMPARISON OF ANNUAL REVENUES AND EXPENDITURES

WATER SYSTEM

For the Fiscal Years ending June 30, 2009 to June 30, 2013

	2009	2010		2011		2012		2013*	
	Amount	Amount	Increase (Decrease)	Amount	Increase (Decrease)	Amount	Increase (Decrease)	Amount	Increase (Decrease)
Operating Revenues									
Charges for Services	$2,998,857	$3,193,576	6.49%	$3,391,200	6.19%	$3,533,276	4.19%	$3,524,836	-0.24%
Fines and Forfeits	94,443	97,069	2.78%	100,961	4.01%	88,725	-12.12%	90,196	1.66%
Sale of Materials	8,079	6,766	-16.25%	11,428	68.90%	12,297	7.60%	19,807	61.08%
Miscellaneous	5,061	7,416	46.53%	26,245	253.90%	149,221	468.57%	75,692	-49.28%
Total Operating Revenues	$3,106,440	$3,304,827	6.39%	$3,529,834	6.81%	$3,783,519	7.19%	$3,710,531	-1.93%
Non-Operating Revenues									
Tap Fees	$3,266	$2,680	-17.94%	$3,080	14.93%	$1,260	-59.09%	$33,484	2557.48%
Capital Contributions	$367,372	$28,930	100.00%	$26,166	-9.55%	$228,380	772.81%	$0	-100.00%
Interest on Investments	17,157	3,161	-81.58%	6,258	97.98%	6,706	7.16%	7,138	6.45%
Total Non-Operating Revenues	387,795	34,771	-91.03%	35,504	2.11%	236,346	565.69%	40,623	-82.81%
TOTAL REVENUES	$3,494,235	$3,339,598	-4.43%	$3,565,338	6.76%	$4,019,865	12.75%	$3,751,154	-6.68%
Operating Expenses									
Personal Services	$686,071	$700,934	2.17%	$780,189	11.31%	$698,568	-10.46%	$696,053	-0.36%
Contractual Services	73,749	61,649	-16.41%	51,532	-16.41%	64,404	24.98%	47,611	-26.07%
Supplies	79,364	57,532	-27.51%	120,940	110.21%	181,106	49.75%	172,118	-4.96%
Materials	89,810	69,474	-22.64%	0	-100.00%	0	0.00%	0	0.00%
Repairs	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Equipment Rental	104,270	103,069	-1.15%	120,622	17.03%	109,419	-9.29%	124,318	13.62%
Utilities	16,127	19,000	17.81%	0	-100.00%	0	0.00%	13,854	0.00%
Water Purchased	2,021,671	1,612,679	-20.23%	1,680,428	4.20%	2,100,253	24.98%	2,239,426	6.63%
Depreciation	355,892	363,289	2.08%	357,436	-1.61%	353,704	-1.04%	356,623	0.83%
Miscellaneous	29,503	23,132	-21.59%	36,008	55.66%	37,177	3.25%	63,249	100.00%
Total Operating Expenses	$3,456,457	$3,010,758	-12.89%	$3,147,155	4.53%	$3,544,631	12.63%	$3,713,252	4.76%
Non-Operating Expenses									
Bond Interest Payments	100,562	94,576	-5.95%	85,838	-9.24%	103,020	20.02%	34,830	-66.19%
Transfer (In)/Out	14,208	44,650	0.00%	61,112	0.00%	65,326	6.90%	89,623	37.19%
Total Non-Operating Expenses	114,770	139,226	21.31%	146,950	5.55%	168,346	14.56%	124,453	-26.07%
TOTAL EXPENSES	$3,571,227	$3,149,984	-11.80%	$3,294,105	4.58%	$3,712,977	12.72%	$3,837,705	3.36%
NET INCOME OR (LOSS)	($76,992)	$189,614	-346.28%	$271,233	-43.04%	$306,888	-13.15%	($86,551)	128.20%
Add Back Depreciation	$355,892	$363,289	2.08%	$357,436	-1.61%	$353,704	-1.04%	$356,623	0.83%
Cash Profit/ (Loss)	$278,900	$552,903	98.24%	$628,669	-13.70%	$660,592	-5.08%	$270,072	59.12%

* Preliminary, subject to audit.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 2

HISTORICAL WATER FLOWS

FOR THE FISCAL YEARS ENDING JUNE 30, 2009 TO JUNE 30, 2013

Fiscal Year Ending June 30	Amount Purchased: Water Purchased C.F.	Amount Purchased: Percentage Increase/ (Decrease)	Billed: City of Burton Billed C.F.	(Unbilled) Flow C.F.
2009	79,108,117	-6.19%	62,629,826	(16,478,291)
2010	53,890,091	-31.88%	63,387,139	9,497,048
2011	52,706,095	-2.20%	60,894,100	8,188,005
2012	58,153,694	10.34%	64,675,017	6,521,323
2013	61,637,654	5.99%	47,624,641	(14,013,013)
5 Year Average	61,099,130	-4.79%	59,842,145	(1,256,986)

TABLE 3

PROJECTED WATER FLOWS

FOR THE FISCAL YEARS ENDING JUNE 30, 2014 TO JUNE 30, 2018

Fiscal Year Ending June 30	Amount Purchased: Water Purchased M.C.F.	Amount Purchased: Percentage Increase/ (Decrease)	Billed: City of Burton Billed C.F.	Unbilled Flow C.F.
2014	61,099,130	0.00%	59,842,145	(1,256,986)
2015	61,099,130	0.00%	59,842,145	(1,256,986)
2016	61,099,130	0.00%	59,842,145	(1,256,986)
2017	61,099,130	0.00%	59,842,145	(1,256,986)
2018	61,099,130	0.00%	59,842,145	(1,256,986)
6 Year Average	61,099,130	0.00%	59,842,145	(1,256,986)

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 4

DETERMINATION OF METER EQUIVALENTS
WATER SYSTEM

	Current City of Burton Conversion					Williams & Works	
Meter Size (Inches)	Number of Meters	(1) Existing Rate		Equi-valent Ratio	Number of Equivalent 5/8" Meters	Ratios	Equi-valent Meters
5/8"	4,372.0	$10.12		1.00	4,372.0	1.00	4,372.0
3/4"	1,189.0	$10.12		1.00	1,189.0	1.00	1,189.0
1"	228.0	$17.20		1.70	387.6	1.70	387.6
1 1/2"	77.0	$35.42		3.50	269.5	3.50	269.5
2"	149.0	$67.80		6.70	998.3	6.70	998.3
3"	18.0	$151.80		15.00	270.0	15.00	270.0
4"	7.0	$273.24		27.00	189.0	27.00	189.0
6"	3.0	$607.20		60.00	180.0	60.00	180.0
8"	2.0	$1,012.00		100.00	200.0	100.00	200.0
10"	1.0	$2,067.01	(1)	204.25	204.3	215.00	215.0
	6,046.0				8,259.7		8,270.4

(1) Includes a temporary discount of 5.00%

CITY DEBT SERVICE REQUIREMENTS

The City currently has two outstanding bond issues that are paid from the revenues of the Water System. The first is 2011 Water and Sewer Refunding Bond, which is allocated at 100% to the Water System and the second is the City's share of a Genesee County DWRF Bond which was issued in 2011. The combined debt service requirements for both bond issues are shown in **Table 5**, on page 6. Since the Bonds pledge the Net Revenues of the City's Water System, the annual debt service expense will be included in the calculation of the projected water rates herein.

The City is also anticipating another bond issue which will be financed through the State's Drinking Water Revolving Fund and is scheduled to close in June of 2014. The final project estimate is $6,000,000, with principal and interest payments beginning in October of 2014 at the program's interest rate of 2.50%. This debt service will also be included in the determination of rates and charges herein, based on the debt service in **Table 6**, page 7.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 5

SCHEDULE OF COMBINED DEBT SERVICE REQUIREMENTS

On a Fiscal Year Basis

	2011 REFUNDING BONDS				SHARE OF COUNTY DWRF BONDS				TOTAL
Fiscal Year Beginning July 1	Principal Due December 1	Interest Due December 1	Interest Due NEXT June 1	Total Principal & Interest Requirements	Principal Due NEXT April 1	Interest Due October 1	Interest Due NEXT April 1	Total Principal & Interest Requirements	Total Principal & Interest Requirements
2011	$0	$0	$12,093	$12,093	$0	$598	$6,549	$7,146	$19,239
2012	155,000	12,510	11,115	178,625	20,000	5,582	5,623	31,205	209,830
2013	150,000	11,115	9,765	170,880	20,000	5,370	5,370	30,741	201,621
2014	195,000	9,765	8,010	212,775	20,000	5,120	5,120	30,241	243,016
2015	190,000	8,010	6,300	204,310	20,000	4,870	4,870	29,741	234,051
2016	185,000	6,300	4,635	195,935	20,000	4,620	4,620	29,241	225,176
2017	180,000	4,635	3,015	187,650	22,500	4,370	4,370	31,241	218,891
2018	170,000	3,015	1,485	174,500	22,500	4,089	4,089	30,678	205,178
2019	165,000	1,485	0	166,485	22,500	3,808	3,808	30,116	196,601
2020	0	0	0	0	22,500	3,527	3,527	29,553	29,553
2021	0	0	0	0	22,500	3,245	3,245	28,991	28,991
2022	0	0	0	0	25,000	2,964	2,964	30,928	30,928
2023	0	0	0	0	25,000	2,652	2,652	30,303	30,303
2024	0	0	0	0	25,000	2,339	2,339	29,678	29,678
2025	0	0	0	0	25,000	2,027	2,027	29,053	29,053
2026	0	0	0	0	25,000	1,714	1,714	28,428	28,428
2027	0	0	0	0	27,500	1,402	1,402	30,303	30,303
2028	0	0	0	0	27,500	1,058	1,058	29,616	29,616
2029	0	0	0	0	27,500	714	714	28,928	28,928
2030	0	0	0	0	29,633	370	370	30,373	30,373
2031	0	0	0	0	0	0	0	0	0
	$1,390,000	$56,835	$56,418	$1,503,253	$449,633	$60,441	$66,433	$576,506	$2,079,759

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 6

$6,000,000
CITY OF BURTON
COUNTY OF GENESEE, STATE OF MICHIGAN
WATER SYSTEM IMPROVEMENT BONDS, SERIES 2014
PROJECT # 7388-01

FINANCED THROUGH THE DWRF PROGRAM

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS

On a Fiscal Year Basis

Fiscal Year Beginning July 1	Principal Due October 1	Interest Rate	Interest Due October 1	Interest Due NEXT April 1	Total Principal & Interest Requirements
2014	$0.00	2.500%	$37,500.00	$75,000.00	$112,500.00
2015	235,000.00	2.500%	75,000.00	72,062.50	382,062.50
2016	240,000.00	2.500%	72,062.50	69,062.50	381,125.00
2017	245,000.00	2.500%	69,062.50	66,000.00	380,062.50
2018	255,000.00	2.500%	66,000.00	62,812.50	383,812.50
2019	260,000.00	2.500%	62,812.50	59,562.50	382,375.00
2020	265,000.00	2.500%	59,562.50	56,250.00	380,812.50
2021	270,000.00	2.500%	56,250.00	52,875.00	379,125.00
2022	280,000.00	2.500%	52,875.00	49,375.00	382,250.00
2023	285,000.00	2.500%	49,375.00	45,812.50	380,187.50
2024	295,000.00	2.500%	45,812.50	42,125.00	382,937.50
2025	300,000.00	2.500%	42,125.00	38,375.00	380,500.00
2026	310,000.00	2.500%	38,375.00	34,500.00	382,875.00
2027	315,000.00	2.500%	34,500.00	30,562.50	380,062.50
2028	325,000.00	2.500%	30,562.50	26,500.00	382,062.50
2029	330,000.00	2.500%	26,500.00	22,375.00	378,875.00
2030	340,000.00	2.500%	22,375.00	18,125.00	380,500.00
2031	350,000.00	2.500%	18,125.00	13,750.00	381,875.00
2032	360,000.00	2.500%	13,750.00	9,250.00	383,000.00
2033	365,000.00	2.500%	9,250.00	4,687.50	378,937.50
2034	375,000.00	2.500%	4,687.50	0.00	379,687.50
	$6,000,000.00		$886,562.50	$849,062.50	$7,735,625.00

Assumptions:

Bonds Dated:	07/01/2014
First Interest Payment:	10/01/2014
Number of Days:	90
Subsequent Interest Payment:	04/01/2015
Number of Days:	180
First Principal Payment:	10/01/2016
Projected Interest Rate	2.500%

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

CAPITAL IMPROVEMENT NEEDS

As part of determining the future expenses of the Water System, we must include expenses to improve System assets that are beyond the day to day maintenance of the System. The City is currently not anticipating any additional capital improvements over the next five years. Therefore, we are not projecting any additional expenses to the System. If the City decides to make any future improvements, we will need to determine if these improvements will be paid from cash on hand or from a bond issue.

REPLACEMENT RESERVES

In addition to the system's annual operating expenses, the system is also required to fund an annual Replacement Reserve based on the anticipated useful life and the anticipated capital cost of the improvements financed through the DWRF program. This is a requirement of the 2011 County issued bonds as well. **Table 7** below breaks down the current annual replacement reserve amount as well as the replacement reserve requirement after the proposed improvements are completed. The amount required for the Replacement Reserve will be subtracted out of the depreciation expense in the future projections.

TABLE 7

REPLACEMENT RESERVE CALCULATION

Equipment	Useful Life	Total Value	Annual Replacement Expense
PRV Vaults, Valves and Appurtenances (2)	20	$150,000	$7,500.00
PRV SCADA System Improvements	15	40,000	2,666.67
Total			$10,166.67

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

FUND BALANCE RECOMMENDATION

As part of the analysis in this study, we are not only considering the sufficiency of the recommended rates and charges, we are also looking at the sufficiency of the unrestricted fund balance of the Water System. Below are recommended levels of unrestricted funds from several sources:

1. Standard and Poor's Rating Services: 15% of annual expenses;
2. Government Finance Officers Association: 60 days of expenses for General Funds; and
3. Government Finance Officers Association: 45 days of expenses for Enterprise Funds.

We are recommending that the Water System has a minimum of six (6) months of expenses on hand over the next five years. **Table 8** below shows the projected cash on hand and the amount of future funds available based on the current cash amount in the Water Fund and the projected Water System expenses. **Table 8** also shows the cash available to fund capital outlay items or to offset rate increases. For the purpose of this study, we did not assume the cash would be used for any purpose.

TABLE 8

SCHEDULE OF CASH ACCOUNT FUNDING LEVELS

Year	Cash Balance		(1) Projected Water Expenses	(3) Excess Cash Available	Projected Cash Used	(2) Coverage	Balance Next June 30
2013-14	$3,000,685	*	$4,348,824	$ 826,273	$ -	8.28	$ 3,000,685
2014-15	$3,000,685		$4,683,793	$ 658,789	$ (55,000)	7.55	$ 2,945,685
2015-16	$2,945,685		$5,145,314	$ 373,028	$ (55,000)	6.74	$ 2,890,685
2016-17	$2,890,685		$5,336,487	$ 222,441	$ (55,000)	6.38	$ 2,835,685
2017-18	$2,835,685		$5,540,932	$ 65,219	$ (65,219)	6.00	$ 2,770,466
					$ (230,219)		

* Total Available cash Balance in Water Fund as of October 31, 2013.

(1) From Table 8.
(2) Coverage in months, after funds are drawn.
(3) Based on funding of Cash Funding equal to 6 months of expenses.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

PROJECTED EXPENSES FOR THE FISCAL YEARS ENDING 2014 TO 2018

In order to develop any rate requirements, it is necessary to estimate the operating and non-operating costs of the Water System. **Table 9** on page 11 projects the System's operating requirements for the next five years, based on the City's budget for the 2013 to 2014 fiscal year. Commencing with the fiscal year ending June 30, 2015, all of the System's operating expenses have been increased at the rate of 3.00 percent per year, with the exception of the Cost of Water from Genesee County, which is increased by 6.00%.. The operating expenses have historically increased an average of 1.80 percent annually, so for the purpose of this study we wish to remain conservative. We are also recommending that the City fund its depreciation net of the replacement reserve amount. The debt service requirements from **Table 5 and Table 6** are also included on the Debt Service lines as a System expenses. **Table 10** on page 12 is a summary of the revenues and expenses for the five years and includes the rates calculated for each of the years.

Appendix A to Appendix E on pages 18 to 22 show the basis for the expense allocation between the Ready to Serve charge and the Commodity Charge.

ASSUMPTIONS FOR PROJECTIONS

For the projections below, we have made the following assumptions for use in the calculation of future Water System rates, beginning with the 2013-2014 fiscal year:

INFLATION

For the purposes of this study, we have assumed that any Local Operating Expenses will increase at an annual rate of inflation of 3.00% with the exception of County water charges.

CUSTOMER GROWTH

We have assumed that the number of customers over the next five years will increase minimally unchanged.

FLOW PROJECTIONS

We have assumed that the billed flow to City customers will remain at the five year average level for the next five years.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 9

PROJECTED WATER SYSTEM EXPENSES

FOR THE FISCAL YEARS ENDING JUNE 30, 2014 TO JUNE 30, 2018

	2013-14 Budget	2015		2016		2017		2018	
	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount
Local Operating Expenses									
Personal Services	$849,300	3.00%	$874,779	3.00%	$901,022	3.00%	$928,053	3.00%	$955,895
Contractual Services	57,000	3.00%	58,710	3.00%	60,471	3.00%	62,285	3.00%	64,154
Supplies	156,423	3.00%	161,116	3.00%	165,949	3.00%	170,927	3.00%	176,055
Equipment Rental	200,000	3.00%	206,000	3.00%	212,180	3.00%	218,545	3.00%	225,102
Utilities	18,000	3.00%	18,540	3.00%	19,096	3.00%	19,669	3.00%	20,259
Water Purchased	2,361,780 (1)	6.00%	2,503,487	6.00%	2,653,697	6.00%	2,812,918	6.00%	2,981,693
Depreciation	350,000	0.00%	350,000	0.00%	350,000	0.00%	350,000	0.00%	350,000
Replacement Reserve	0	0.00%	0	0.00%	10,167	0.00%	10,167	0.00%	10,167
City Owned Special Assessments	57,200	0.00%	57,200	0.00%	57,200	0.00%	57,200	0.00%	57,200
Transfer to Other Funds	66,000	0.00%	66,000	0.00%	66,000	0.00%	66,000	0.00%	66,000
Miscellaneous	31,500	3.00%	32,445	3.00%	33,418	3.00%	34,421	3.00%	35,454
Total Local Operating Expenses	**$4,147,203**		**$4,328,277**		**$4,529,200**		**$4,730,186**		**$4,941,978**
Debt Service									
Existing Debt	$201,621		$243,016		$234,051		$225,176		$218,891
Proposed Debt	0		112,500		382,063		381,125		380,063
Total Debt Service	**$201,621**		**$355,516**		**$616,113**		**$606,301**		**$598,953**
Total Projected System Expenses	**$4,348,824**		**$4,683,793**		**$5,145,314**		**$5,336,487**		**$5,540,932**

(1) Based on the new rate of $3.94 from Genesee Co., not adopted budget amount.

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Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 10

PROJECTED REVENUES AND EXPENSES

WATER SYSTEM

FOR THE FISCAL YEARS ENDING JUNE 30, 2014 TO JUNE 30, 2018

Operating Revenues	**2013-14**	**2014-2015**	**2015-2016**	**2016-2017**	**2017-2018**
Water Ready To Serve Charge (1)	$1,192,121	$1,383,205	$1,671,807	$1,690,839	$1,713,202
Water Commodity Charge (2)	3,018,153	3,172,588	3,345,507	3,517,648	3,699,730
Other Revenues	138,550	128,000	128,000	128,000	128,000
Total Operating Revenues	$4,348,824	$4,683,793	$5,145,314	$5,336,487	$5,540,932
Operating Expenses					
Personal Services	$849,300	$874,779	$901,022	$928,053	$955,895
Contractual Services	57,000	58,710	60,471	62,285	64,154
Supplies	156,423	161,116	165,949	170,927	176,055
Equipment Rental	200,000	206,000	212,180	218,545	225,102
Utilities	18,000	18,540	19,096	19,669	20,259
Water Purchased	2,361,780	2,503,487	2,653,697	2,812,918	2,981,693
Depreciation	350,000	350,000	350,000	350,000	350,000
Replacement Reserve	0	0	10,167	10,167	10,167
City Owned Special Assessments	57,200	57,200	57,200	57,200	57,200
Transfer to Other Funds	66,000	66,000	66,000	66,000	66,000
Miscellaneous	31,500	32,445	33,418	34,421	35,454
Total Local Operating Expenses	$4,147,203	$4,328,277	$4,529,200	$4,730,186	$4,941,978
Debt Service					
Existing Debt	$201,621	$243,016	$234,051	$225,176	$218,891
Proposed Debt	0	112,500	382,063	381,125	380,063
Total Debt Service	**$201,621**	**$355,516**	**$616,113**	**$606,301**	**$598,953**
Total Projected System Expenses	**$4,348,824**	**$4,683,793**	**$5,145,314**	**$5,336,487**	**$5,540,932**
Net Operating Income	**$0**	**$0**	**$0**	**$0**	**$0**
Based on Billed Flows (100 c.f.) of:	**598,421**	**598,421**	**598,421**	**598,421**	**598,421**
Based on Annual REUs of:	**8,260**	**8,270**	**8,270**	**8,270**	**8,270**
(1) Monthly Ready to Serve (RTS) Charge:	**$12.03**	**$13.94**	**$16.85**	**$17.04**	**$17.26**
(2) Commodity Charge per 100 c.f.:	**$5.04**	**$5.30**	**$5.59**	**$5.88**	**$6.18**

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

GENESEE COUNTY RATES

Since 2009, the cost of water purchased from Genesee County had increased at an average rate of about 2.60% annually. For the purpose of this study, we have assumed that the cost of water will increase at a rate of six percent (6.00%) each year to be conservative, in light of the 12.50% rate increase for 2014.

DEPRECIATION

As part of the projected Water System expenses, we have assumed the City will fund its depreciation expense net of the Replacement Reserve which would be at levels equal to the Systems' 2014 expense and will not increase over the remaining next four years.

OTHER REVENUE SOURCES

As an offset to some of the System expenses, we have projected "Other Revenue" sources are paid by the customers of the Systems. These items include Hydrant Rental, Penalties, Interest Income and Administrative Fees. The projected revenues are shown in **Table 11** below.

TABLE 11

SCHEDULE OF ANTICIPATED 'OTHER REVENUES'

WATER SYSTEM

Fiscal Year Ending June 30	Tap In Fee & Interest	Front Foot Revenue	Misc. Fees	Interest Income	Refunds/ Rebates	Late Charges	Total Other Water Revenues
2014	$17,000	$2,000	$13,850	$4,000	$5,700	$96,000	$138,550
2015	17,000	2,000	10,000	4,000	5,000	90,000	128,000
2016	17,000	2,000	10,000	4,000	5,000	90,000	128,000
2017	17,000	2,000	10,000	4,000	5,000	90,000	128,000
2018	17,000	2,000	10,000	4,000	5,000	90,000	128,000
Total	$85,000	$10,000	$53,850	$20,000	$25,700	$456,000	$650,550

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

DETERMINATION OF RATE REQUIREMENT

Table 12 on page 15 sets forth the calculation of the rate requirement for the City of Burton Water Customers for its fiscal year ending June 30, 2016, based on the assumptions above.

2013-14 RECOMMENDED RATES

Based on the alternatives presented in this study, we are recommending the City adopts the rates recommended herein and make them effective for January 1, 2014. The recommended rates are as follows:

2014
RECOMMENDED RATES
WATER SYSTEM

Commodity Rate (per 100 cubic feet):	$5.04

Ready to Serve Rate (per meter size):

Meter Size	Monthly Rate
5/8"	$12.03
3/4"	$12.03
1"	$20.45
1 1/2"	$42.10
2"	$80.58
3"	$180.41
4"	$324.74
6"	$721.65
8"	$1,202.76
10"	$2,456.63

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

TABLE 12

DETERMINATION OF WATER RATE REQUIREMENT

CITY OF BURTON

FOR THE FISCAL YEAR ENDING JUNE 30, 2016

COMMODITY RATE

		Amount
Total Annual Water Billed (100 cubic feet)		598,421
Commodity Rate*:		$5.59
System Expenses Allocated to Commodity Rate:		
Supplies	$165,949	
Equipment Rental	212,180	
Utilities	19,096	
Water Purchased	2,653,697	
Depreciation	350,000	
Replacement Reserve	10,167	
Miscellaneous	33,418	
Total Allocated Expenses		$3,444,507
Less: Allocated Other Revenues		($99,000)
NET Expenses Allocated to Commodity Rate:		$3,345,507

* Method for calculation:
Rate= Allocated Expenses, less Other Revenues, divided by billed flow (in 100 c.f.)
Example: Rate = ($3,444,507 - $99,000)/ 598,421
Rate = $3,345,507 / 598,421
Rate = $5.59 per 100 cubic feet

READY TO SERVE RATE

		Amount
Number of REUs		8,270
Ready to Serve Rate*:		$16.85
System Expenses Allocated to RTS Rate:		
Personal Services	$901,022	
Contractual Services	60,471	
City Owned Special Assessments	57,200	
Transfer to Other Funds	66,000	
Existing Debt	234,051	
Proposed Debt	382,063	
Total Allocated Expenses		$1,700,807
Less: Allocated Other Revenues		($29,000)
NET Expenses Allocated to RTS Rate:		$1,671,807

* Method for calculation:
Rate= Allocated Expenses, less Other Revenues, divided by number of REUs
Example: Rate = ($1,700,807 - $29,000)/ 8,270
Rate = $1,671,807 / 8,270
Rate = $16.85 per REU

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

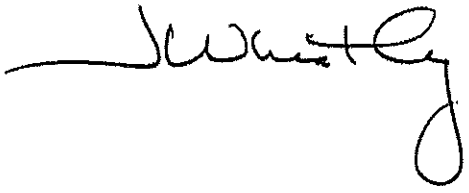
FUTURE UPDATES

Based on our review and the potential variation in future projections presented in this rate study, we are recommending that the City annually review the water rates during the next five (5) years because of the unknown increases in the County's water rates over the same period of time. In addition, this study does not anticipate any significant growth or additional City issued bonds over the next five years, so if either scenario comes to light, then the rates and assumptions will have to be reevaluated.

We would like to commend the City for being so conscientious in reviewing their water and sewer rates on a periodic basis in order to maintain the financial integrity of its Utility Systems.

Respectively Submitted,

BENDZINSKI & CO.
Municipal Finance Advisors



Jonathan H. Wheatley, CIPFA

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

WATER SYSTEM
APPENDICES

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

APPENDIX A

DETERMINATION OF CUSTOMER CHARGES

FOR THE FISCAL YEAR ENDING JUNE 30, 2014

		Water	
	Total Expenses	Allocated to RTS Charge	Allocated to Commodity Charge
Operating Expenses			
Personal Services	$849,300	$849,300	$0
Contractual Services	57,000	57,000	0
Supplies	156,423	0	156,423
Equipment Rental	200,000	0	200,000
Utilities	18,000	0	18,000
Water Purchased	2,361,780	0	2,361,780
Depreciation	350,000	0	350,000
Replacement Reserve	0	0	0
City Owned Special Assessments	57,200	57,200	0
Transfer to Other Funds	66,000	66,000	0
Miscellaneous	31,500	0	31,500
Total Local Operating Expenses	**$4,147,203**	**$1,029,500**	**$3,117,703**
Debt Service			
Existing Debt	$201,621	$201,621	$0
Proposed Debt	0	0	0
Total Debt Service	**$201,621**	**$201,621**	**$0**
Total Projected System Expenses	**$4,348,824**	**$1,231,121**	**$3,117,703**
Less: Other Revenues (1)	$138,550	$39,000	$99,550
NET System Expenses	**$4,210,274**	**$1,192,121**	**$3,018,153**

Basis of Calculation of Rate Requirement	Water	
	Allocated to RTS Charge	Allocated to Commodity Charge
Number of Customers (REUs)	8,259.65	
Water Billed by the City in 100 cubic feet		598,421
Charge per 100 cubic feet:		**$5.04**
Monthly Charge per REU:	**$12.03**	

(1) Other Revenues from Table 11.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

APPENDIX B

DETERMINATION OF CUSTOMER CHARGES

FOR THE FISCAL YEAR ENDING JUNE 30, 2015

		Water	
	Total Expenses	Allocated to RTS Charge	Allocated to Commodity Charge
Operating Expenses			
Personal Services	$874,779	$874,779	$0
Contractual Services	58,710	58,710	0
Supplies	161,116	0	161,116
Equipment Rental	206,000	0	206,000
Utilities	18,540	0	18,540
Water Purchased	2,503,487	0	2,503,487
Depreciation	350,000	0	350,000
Replacement Reserve	0	0	0
City Owned Special Assessments	57,200	57,200	0
Transfer to Other Funds	66,000	66,000	0
Miscellaneous	32,445	0	32,445
Total Local Operating Expenses	**$4,328,277**	**$1,056,689**	**$3,271,588**
Debt Service			
Existing Debt	$243,016	$243,016	$0
Proposed Debt	112,500	112,500	0
Total Debt Service	**$355,516**	**$355,516**	**$0**
Total Projected System Expenses	**$4,683,793**	**$1,412,205**	**$3,271,588**
Less: Other Revenues (1)	$128,000	$29,000	$99,000
NET System Expenses	**$4,555,793**	**$1,383,205**	**$3,172,588**

Basis of Calculation of Rate Requirement	Water Allocated to RTS Charge	Water Allocated to Commodity Charge
Number of Customers (REUs)	8,269.65	
Water Billed by the City in 100 cubic feet		598,421
Charge per 100 cubic feet:		**$5.30**
Monthly Charge per REU:	**$13.94**	

(1) Other Revenues from Table 11.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

APPENDIX C

DETERMINATION OF CUSTOMER CHARGES

FOR THE FISCAL YEAR ENDING JUNE 30, 2016

	Water		
	Total Expenses	Allocated to RTS Charge	Allocated to Commodity Charge
Operating Expenses			
Personal Services	$901,022	$901,022	$0
Contractual Services	60,471	60,471	0
Supplies	165,949	0	165,949
Equipment Rental	212,180	0	212,180
Utilities	19,096	0	19,096
Water Purchased	2,653,697	0	2,653,697
Depreciation	350,000	0	350,000
Replacement Reserve	10,167	0	10,167
City Owned Special Assessments	57,200	57,200	0
Transfer to Other Funds	66,000	66,000	0
Miscellaneous	33,418	0	33,418
Total Local Operating Expenses	**$4,529,200**	**$1,084,694**	**$3,444,507**
Debt Service			
Existing Debt	$234,051	$234,051	$0
Proposed Debt	382,063	382,063	0
Total Debt Service	**$616,113**	**$616,113**	**$0**
Total Projected System Expenses	**$5,145,314**	**$1,700,807**	**$3,444,507**
Less: Other Revenues (1)	$128,000	$29,000	$99,000
NET System Expenses	**$5,017,314**	**$1,671,807**	**$3,345,507**

Basis of Calculation of Rate Requirement	Water	
	Allocated to RTS Charge	Allocated to Commodity Charge
Number of Customers (REUs)	8,269.65	
Water Billed by the City in 100 cubic feet		598,421
Charge per 100 cubic feet:		**$5.59**
Monthly Charge per REU:	**$16.85**	

(1) Other Revenues from Table 11.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

APPENDIX D

DETERMINATION OF CUSTOMER CHARGES

FOR THE FISCAL YEAR ENDING JUNE 30, 2017

		Water	
	Total Expenses	Allocated to RTS Charge	Allocated to Commodity Charge
Operating Expenses			
Personal Services	$928,053	$928,053	$0
Contractual Services	62,285	62,285	0
Supplies	170,927	0	170,927
Equipment Rental	218,545	0	218,545
Utilities	19,669	0	19,669
Water Purchased	2,812,918	0	2,812,918
Depreciation (1)	350,000	0	350,000
Replacement Reserve	10,167	0	10,167
City Owned Special Assessments	57,200	57,200	0
Transfer to Other Funds	66,000	66,000	0
Miscellaneous	34,421	0	34,421
Total Local Operating Expenses	**$4,730,186**	**$1,113,538**	**$3,616,648**
Debt Service			
Existing Debt	$225,176	$225,176	$0
Proposed Debt	381,125	381,125	0
Total Debt Service	**$606,301**	**$606,301**	**$0**
Total Projected System Expenses	**$5,336,487**	**$1,719,839**	**$3,616,648**
Less: Other Revenues (1)	$128,000	$29,000	$99,000
NET System Expenses	**$5,208,487**	**$1,690,839**	**$3,517,648**

Basis of Calculation of Rate Requirement		Water Allocated to RTS Charge	Water Allocated to Commodity Charge
Number of Customers (REUs)		8,269.65	
Water Billed by the City in 100 cubic feet			598,421
Charge per 100 cubic feet:			**$5.88**
Monthly Charge per REU:		**$17.04**	

(1) Other Revenues from Table 11.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

APPENDIX E

DETERMINATION OF CUSTOMER CHARGES

FOR THE FISCAL YEAR ENDING JUNE 30, 2018

		Water	
	Total Expenses	Allocated to RTS Charge	Allocated to Commodity Charge
Operating Expenses			
Personal Services	$955,895	$955,895	$0
Contractual Services	64,154	64,154	0
Supplies	176,055	0	176,055
Equipment Rental	225,102	0	225,102
Utilities	20,259	0	20,259
Water Purchased	2,981,693	0	2,981,693
Depreciation (1)	350,000	0	350,000
Replacement Reserve	10,167	0	10,167
City Owned Special Assessments	57,200	57,200	0
Transfer to Other Funds	66,000	66,000	0
Miscellaneous	35,454	0	35,454
Total Local Operating Expenses	**$4,941,978**	**$1,143,249**	**$3,798,730**
Debt Service			
Existing Debt	$218,891	$218,891	$0
Proposed Debt	380,063	380,063	0
Total Debt Service	**$598,953**	**$598,953**	**$0**
Total Projected System Expenses	**$5,540,932**	**$1,742,202**	**$3,798,730**
Less: Other Revenues (1)	$128,000	$29,000	$99,000
NET System Expenses	**$5,412,932**	**$1,713,202**	**$3,699,730**

Basis of Calculation of Rate Requirement	Water	
	Allocated to RTS Charge	Allocated to Commodity Charge
Number of Customers (REUs)	8,269.65	
Water Billed by the City in 100 cubic feet		598,421
Charge per 100 cubic feet:		**$6.18**
Monthly Charge per REU:	**$17.26**	

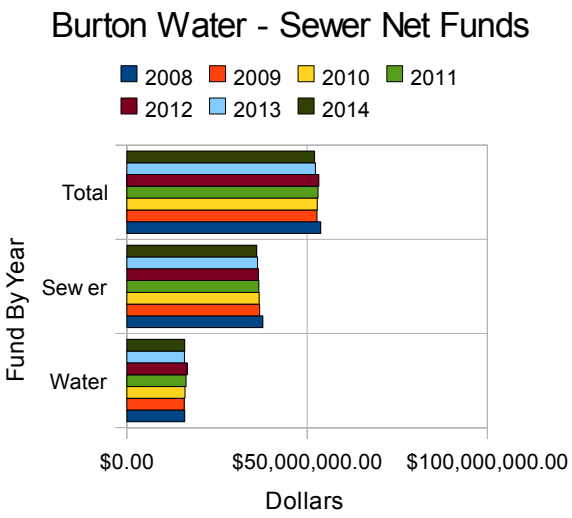
(1) Other Revenues from Table 11.

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

Attachment: Water Rate Study (1727 : 2015-2016 Water Rates)

City of Burton, Water, Sewer Funds, Net Position,End Of Year

	2008	2009	2010	2011	2012	2013	2014
Water	$16,042,783.00	$15,965,791.00	$16,155,405.00	$16,426,638.00	$16,733,526.00	$16,023,191.00	$16,077,051.00
Sewer	$37,718,429.00	$36,828,756.00	$36,683,541.00	$36,639,449.00	$36,509,220.00	$36,272,589.00	$36,018,166.00
Total	$53,761,212.00	$52,794,547.00	$52,838,946.00	$53,066,087.00	$53,242,746.00	$52,295,780.00	$52,095,217.00



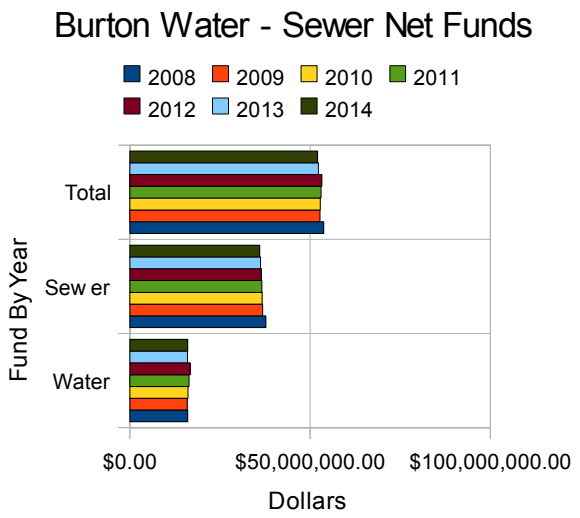
7-29-2015

Prepared By Councilman Vaughn Smith. Source: Comprehensive Annual Financial Reports 2008-2014

Attachment: City of Burton Water Sewer Funds-Net Position End of Year (1727 : 2015-2016 Water Rates)

City of Burton, Water, Sewer Funds, Net Position,End Of Year

	2008	2009	2010	2011	2012	2013	2014
Water	$16,042,783.00	$15,965,791.00	$16,155,405.00	$16,426,638.00	$16,733,526.00	$16,023,191.00	$16,077,051.00
Sewer	$37,718,429.00	$36,828,756.00	$36,683,541.00	$36,639,449.00	$36,509,220.00	$36,272,589.00	$36,018,166.00
Total	$53,761,212.00	$52,794,547.00	$52,838,946.00	$53,066,087.00	$53,242,746.00	$52,295,780.00	$52,095,217.00



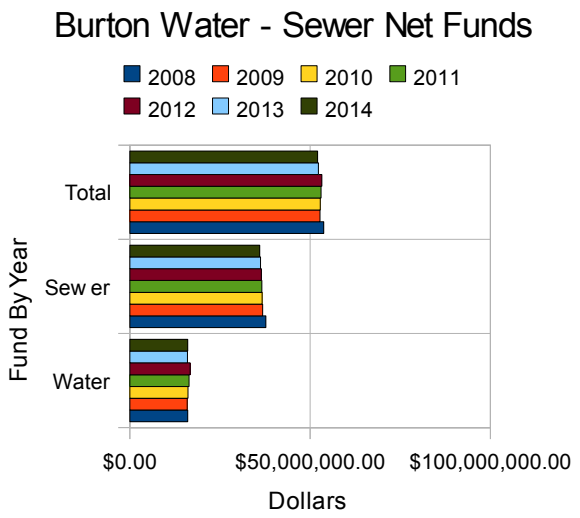
7-29-2015

Prepared By Councilman Vaughn Smith. Source: Comprehensive Annual Financial Reports 2008-2014

Attachment: City of Burton Water Sewer Funds-Net Position End of Year (1727 : 2015-2016 Water Rates)

City of Burton, Water, Sewer Funds, Net Position,End Of Year

	2008	2009	2010	2011	2012	2013	2014
Water	$16,042,783.00	$15,965,791.00	$16,155,405.00	$16,426,638.00	$16,733,526.00	$16,023,191.00	$16,077,051.00
Sewer	$37,718,429.00	$36,828,756.00	$36,683,541.00	$36,639,449.00	$36,509,220.00	$36,272,589.00	$36,018,166.00
Total	$53,761,212.00	$52,794,547.00	$52,838,946.00	$53,066,087.00	$53,242,746.00	$52,295,780.00	$52,095,217.00



7-29-2015

Prepared By Councilman Vaughn Smith. Source: Comprehensive Annual Financial Reports 2008-2014

Attachment: City of Burton Water Sewer Funds-Net Position End of Year (1727 : 2015-2016 Water Rates)

AGENDA ITEM (ID # 1728)

DOC ID: 1728

Approve and authorize the Treasurer to adjust City of Burton's portion of the sewer rates in accordance with the recommended rates in the rate study performed by Bendzinski & Co. as follows: $11.29/REU/per month Recommend this be discussed at the Finance Meeting on July 29, 2015 at 5:00 p.m.

HISTORY:

07/20/15	**City Council**	**RECOMMENDED**
07/29/15	**Finance Committee**	

ATTACHMENTS:

- Sewer Rate Study (PDF)

RESULT:	**CARRIED [4 TO 3]**
MOVER:	Steven Hatfield, Councilman
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Dennis O'Keefe, Ellen Ellenburg, Vaughn Smith, Steven Hatfield
NAYS:	Tom Martinbianco, Duane Haskins, Steven Heffner

Bendzinski & Co.

municipal finance advisors

CITY OF BURTON

SEWER SYSTEM RATE STUDY

DATED: JULY 7, 2014

615 Griswold St. • Suite 1225 • Detroit, Michigan 48226
(313) 961-8222 • FAX (313) 961-8220
e-mail • jhw@bendzinski.com

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

INTRODUCTION

The City of Burton (the "City") Sewer System serves approximately 11,360 customers throughout the entire City. The sewer customers are currently comprised of 5,947 metered (water) customers and 5,413 unmetered customers.

Each sewer customer that has metered water service is billed based on monthly or quarterly sewer flows plus a Ready to Serve Fee per the number of REUs assigned. Sewer customers with no metered water service are charged a monthly or quarterly flat rate for sewer service, based on its assigned number of REUs.

The sewage treatment service is provided, by contract, by Genesee County. The City presently bills its sewer customers, based on a flat rate basis per Residential Equivalent Unit (REU) as determined by the Genesee County Drain Commission Usage Assignment Factors.

The current monthly sewer rates, for both metered and unmetered sewer customers, are listed below:

The Monthly Sewer Rates are as follows

Ready to Serve Rate: $9.34, per REU

Usage Rate: $1.658, per 100 cubic feet

Unmetered Flat Rate: $30.07, per REU

The charges recommended herein were developed on the basis that reflects the cost of the following:

COMPARISON OF HISTORICAL REVENUES AND EXPENSES

Because historical revenues and expenditures can be an indicator of the results of future operations, we have tabulated a five year historical "look back" of the Sewer System financial performance for the fiscal years ending June 30, 2009 to June 30, 2013. At the time this study was prepared, the preliminary, subject to audit results for the fiscal year ending June 30, 2014 were not yet available.

Table 1 on page 2, presents the audited financial results of the Sewer System for the fiscal years ending June 30, 2009 to June 30, 2013. In reviewing **Table 1**, we note that the Sewer System revenues increased at an average of 9.94%, annually for an average, total revenue of $4.2 million. Sewer System expenses (including depreciation) increased at an average of 2.84%, with the average total expenses over the same period (including depreciation) was $4.4 million. This means the Sewer System averaged a net loss of $220,000 each year. If we do not include the depreciation expense, as it is a non-cash expense, the Sewer System averaged positive net revenues of $168,600, annually.

It should be noted that Sewage Treatment from Genesee County represents an average annual expense of $3,025,375, or 68.2% of total operating expenses. From 2009 to 2013, the cost of treatment has only increased at an average annual rate of 1.6%.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 1

COMPARISON OF ANNUAL REVENUES AND EXPENDITURES
SEWER SYSTEM

For the Fiscal Years ending June 30, 2009 to June 30, 2013

	2009	2010		2011		2012		2013	
	Amount	Amount	Increase (Decrease)	Amount	Increase (Decrease)	Amount	Increase (Decrease)	Amount	Increase (Decrease)
Operating Revenues									
Charges for Services	$3,153,195	$4,333,525	37.43%	$4,372,187	0.89%	$4,203,769	-3.85%	$4,273,357	1.66%
Fines and Forfeits	4,521	4,663	3.14%	41,416	788.18%	73,267	76.91%	135,432	84.85%
Miscellaneous	462	29	-93.72%	4,538	15548.28%	10,537	132.19%	5,338	-49.34%
Total Operating Revenues	$3,158,178	$4,338,217	37.36%	$4,418,141	1.84%	$4,287,573	-2.96%	$4,414,127	2.95%
Non-Operating Revenues									
Tap Fees	$1,544	$988	-36.01%	$1,112	12.55%	$388	-65.11%	$439	13.14%
Capital Contributions	24,377	27,000	10.76%	15,943	-40.95%	0	0.00%	0	0.00%
Operating Grant	0	0	0.00%	0	0.00%	0	100.00%	149,783	-100.00%
Interest on Investments	155,421	41,487	-73.31%	39,127	-5.69%	22,652	-42.11%	(21,447)	-194.68%
Total Non-Operating Revenues	$181,342	$69,475	-61.69%	$56,182	-19.13%	$23,040	-58.99%	$128,775	458.92%
TOTAL REVENUES	$3,339,520	$4,407,692	31.99%	$4,474,323	1.51%	$4,310,613	-3.66%	$4,542,902	5.39%
Operating Expenses									
Personal Services	$575,682	$574,596	-0.19%	$620,395	7.97%	$517,078	-16.65%	$535,156	3.50%
Contractual Services	74,594	65,882	-11.68%	80,162	21.68%	95,610	19.27%	117,494	22.89%
Supplies	88,675	88,636	-0.04%	84,359	-4.83%	110,176	30.60%	98,854	-10.28%
Materials	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Repairs	39,192	12,958	-100.00%	0	0.00%	0	0.00%	0	0.00%
Equipment Rental	66,448	67,933	2.23%	136,586	101.06%	140,532	2.89%	98,581	-29.85%
Insurance	0	0	0.00%	0	0.00%	0	100.00%	225,354	0.00%
Sewage Treatment	2,857,076	3,088,540	8.10%	3,090,128	0.05%	3,052,392	-1.22%	3,038,740	-0.45%
Depreciation	444,774	444,916	0.03%	439,968	-1.11%	416,357	-5.37%	542,848	30.38%
Miscellaneous	68,544	124,696	81.92%	11,953	-90.41%	7,039	-41.11%	35,985	100.00%
Total Operating Expenses	$4,214,985	$4,468,157	6.01%	$4,463,551	-0.10%	$4,339,184	-2.79%	$4,693,012	8.15%
Non-Operating Expenses									
Bond Interest Payments	$0	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Transfer (In)/Out	14,208	84,750	496.49%	54,864	0.00%	101,658	85.29%	86,521	-14.89%
Total Non-Operating Expenses	$14,208	$84,750	496.49%	$54,864	-35.26%	$101,658	85.29%	$86,521	-14.89%
TOTAL EXPENSES	$4,229,193	$4,552,907	7.65%	$4,518,415	-0.76%	$4,440,842	-1.72%	$4,779,533	7.63%
NET INCOME OR (LOSS)	($889,673)	($145,215)	-83.68%	($44,092)	69.64%	($130,229)	-195.36%	($236,631)	-81.70%
Add Back Depreciation	$444,774	$444,916	0.03%	$439,968	-1.11%	$416,357	-5.37%	$542,848	30.38%
Cash Profit/ (Loss)	($444,899)	$299,701	-167.36%	$395,876	-32.09%	$286,128	27.72%	$306,217	-7.02%

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Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

ANALYSIS OF SEWER FLOWS

Table 2, below presents the historical sewer flows based on the amounts billed to the City by Genesee County 2010 to 2014. In addition, **Table 2** also shows the amount billed to City sewer customers over the same period. As can be seen from **Table 2**, the City flows billed by the County have averaged 59,663,532 cubic feet over the past five years, with a maximum billed flow 84,584,103 cubic feet in 2010 and the average billed flow to City customers over the same time period was 58,289,350 cubic feet.

Table 3, on page 4 projects the sewer flows from 2015 to 2019, both for the amounts billed by the County and the amount billed to City customers. For the purpose of this study, we have assumed that both the flow billed by the County and the flow billed to City customers will remain flat at the respective 5 year averages.

TABLE 2

HISTORICAL SEWER FLOWS

FOR THE FISCAL YEARS ENDING JUNE 30, 2010 TO JUNE 30, 2014

Fiscal Year Ending June 30	Amount Purchased		Amount Billed	
	Treatment Purchased C.F.	Percentage Increase/ (Decrease)	City of Burton Billed C.F.	Percentage Increase/ (Decrease)
2010	84,584,869		56,915,139	
2011	59,632,578	-29.50%	60,751,812	6.74%
2012	58,267,130	-2.29%	57,201,100	-5.84%
2013	57,150,210	-1.92%	56,661,659	-0.94%
2014	61,090,887 *	6.90%	61,545,803	8.62%
5 Year Average	59,663,532	-6.70%	58,289,350	2.14%

* Annualized Flow. Missing May and June Flows.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 3

PROJECTED SEWER FLOWS

FOR THE FISCAL YEARS ENDING JUNE 30, 2015 TO JUNE 30, 2019

Fiscal Year Ending June 30	Amount Purchased		Amount Billed	
	Water Purchased M.C.F.	Percentage Increase/ (Decrease)	City of Burton Billed C.F.	Percentage Increase/ (Decrease)
2015	59,663,532	0.00%	58,289,350	0.00%
2016	59,663,532	0.00%	58,289,350	0.00%
2017	59,663,532	0.00%	58,289,350	0.00%
2018	59,663,532	0.00%	58,289,350	0.00%
2019	59,663,532	0.00%	58,289,350	0.00%
5 Year Average	59,663,532	0.00%	58,289,350	0.00%

DETERMINATION OF METER EQUIVALENTS

As stated above, the Sewer System has 5,413 unmetered customers and 5,947 metered sewer customers within the City. Currently, all sewer customers' REU determinations are based on the Genesee County Drain Commission REU Usage Assignment Table, regardless of meter size. **Table 4,** on page 5, shows the number of combined Sewer System REUs for 2014 to 2019 based on a growth rate of NO REUs per year.

Since the last rate study performed in 2004, the Sewer System has actually experienced a decrease in the number of customers from 11,500, a loss of 140 customers. Therefore, we want to be as conservative as possible in our projections

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 4

CURRENT AND ANTICIPATED CUSTOMERS IN REUs

SEWER SYSTEM

Year	Metered Customers	Unmetered Customers	Total Customers
2014	5,947	5,413	11,360
2015	5,947	5,413	11,360
2016	5,947	5,413	11,360
2017	5,947	5,413	11,360
2018	5,947	5,413	11,360

CAPITAL IMPROVEMENT NEEDS

As part of determining the future expenses of the Sewer System, we must include expenses to improve System assets that are beyond the day to day maintenance of the System. **Table 5**, below lists the future capital items and projects for the Sewer System. Currently, the City has not identified any capital outlay needs over the next four year, with the exception of the improvements that are scheduled to be made through the State Revolving Fund (SRF) in late 2015. We will revisit this section as part of the update that will be required by the Michigan Department of Environmental Quality (MDEQ) as part of its loan process.

TABLE 5

SCHEDULE OF CAPITAL OUTLAY EXPENSES

SEWER SYSTEM

Project	Anticipated Year of Need	Anticipated Project Cost	Annual Reserve Contribution
			$0
			0
			0
Total		$0	$0

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

DEBT SERVICE REQUIREMENTS

The Sewer System currently has no outstanding sewer revenue bond issues that are repaid with sewer revenues. The City has applied for a SRF loan in the amount of $6.7 million, which is anticipated to be financed in late 2015. For Alternative A, we are not anticipating any debt issuance over the next five years. However, we have prepared a debt service schedule for the $6.7 million SRF project as part of Alternative B, which can be found on page 14.

GENESEE COUNTY SEWAGE TREATMENT

In accordance with the City's contract with Genesee County to provide sewage treatment, the City is allocated its share of County operating expenses and debt service expenses. The County has developed a rate structure that passes these costs to its member communities based on a monthly Ready to Serve Fee, a Usage Fee and a Flat Rate Fee for unmetered sewer customers. Each of the County fees are calculated per REU and are based on the County's Usage Determination Table. The new rates charged by Genesee County are listed below:

Monthly Ready to Serve Fee: $4.67, per REU

Usage Fee: $1.82, per 100 cubic feet;

Flat Rate Fee: $27.43, per REU

Table 6 below, projects the City's annual cost of sewage treatment by Genesee County, based on its number of metered and unmetered customers, in addition to the annual assumed usage form **Table 3**. In projecting this expense, we have assumed the County will increase its rates by 9.00% annually. This will be the basis for our projections of the City's total operating costs over the next five years.

TABLE 6

CALCULATION OF GENESEE COUNTY FEES

	2014-15	(1) 2015-16	(1) 2016-17	(1) 2017-18	(1) 2018-19
Genesee County Fees:					
Minimum Monthly Charge Per REU	$4.67	$5.09	$5.55	$6.05	$6.59
Monthly Unmetered User Charge	$27.43	$29.90	$32.59	$35.52	$38.72
Usage Charge per 100 cubic feet	$1.82	$1.98	$2.16	$2.36	$2.57
City of Burton Sewer Customers:					
Metered Sewer Users	5,947	5,947	5,947	5,947	5,947
Unmetered Sewer Users	5,413	5,413	5,413	5,413	5,413
Annual Billed Sewer Flows	58,289,350	58,289,350	58,289,350	58,289,350	58,289,350
Annual Genesee County Expense:					
Minimum Monthly Charge Per REU	$333,270	$363,264	$395,958	$431,594	$470,438
Monthly Unmetered User Charge	1,781,743	1,942,100	2,116,889	2,307,409	2,515,076
Usage Charge per 100 cubic feet	1,060,866	1,156,344	1,260,415	1,373,852	1,497,499
Total Revenues	**$3,175,879 (2)**	**$3,461,708**	**$3,773,262**	**$4,112,856**	**$4,483,013**

(1) Assumes Annual Increase in Rates of 9.00%

(2) Amount in 2014-15 Budget is $3,200,000

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

PROJECTED EXPENSES FOR THE FISCAL YEARS ENDING 2015 TO 2019

In order to develop the projected rate requirements, it is necessary to estimate the operating and non-operating costs of the City's Sewer System. **Table 7** on page 8 projects the Sewer System's operating requirements for the next five years, based on the 2014-15 budgeted expenses. Unless otherwise noted, commencing with the fiscal year ending June 30, 2016, all of the Sewer System's Personnel and Supplies expense has been increased at the rate of 3.00% and each year after. The County sewage treatment expense is based on **Table 6**.

ASSUMPTIONS FOR PROJECTIONS

For the projections below, we have made the following assumptions for use in the calculation of future Sewer System rates, beginning with the 2014-15 fiscal year:

CUSTOMER GROWTH

We have assumed that the number of Sewer System customers will remain at the 2014 levels for 2015 to 2019.

FLOW PROJECTIONS

We have assumed that the billed flow to City customers will be at the levels presented in **Table 3**.

DEPRECIATION

As part of the projected Sewer System expenses, we have assumed the Sewer System will fully fund its depreciation expense from 2015 to 2019, based on annual depreciation amount for the Sewer System of $400,000. We are assuming the full depreciation amount because there are no capital outlay or debt service requirements projected in Alternative A. For Alternative B, we are also assuming the full depreciation amount of $400,000 because we did not assume any reductions for debt service principal or additions from the new infrastructure of the SRF project.

OTHER REVENUE SOURCES

As an offset to some of the Sewer System expenses, we have projected "Other Revenue" sources are paid by the customers of the Systems. These items include Tap Fees and Interest on Taps, Inspection Fees, Interest Income, Penalties, and Rebates. The projected revenues are shown in **Table 8,** on page 9. The "Other Revenues" will remain constant for both alternatives presented.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 7

PROJECTED SEWER SYSTEM EXPENSES

FOR THE FISCAL YEARS ENDING JUNE 30, 2015 TO JUNE 30, 2019

	2014-15 Budget	2016		2017		2018		2019	
	Amount	Increase	Amount	Increase	Amount	Increase	Amount	Increase	Amount
Local Operating Expenses									
Personal Services	$673,100	3.00%	$693,293	3.00%	$714,092	3.00%	$735,515	3.00%	$757,580
Contractual Services	63,500	3.00%	65,405	3.00%	67,367	3.00%	69,388	3.00%	71,470
Supplies	110,300	3.00%	113,609	3.00%	117,017	3.00%	120,528	3.00%	124,144
Equipment Rental	80,000	3.00%	82,400	3.00%	84,872	3.00%	87,418	3.00%	90,041
Utilities	0	3.00%	0	3.00%	0	3.00%	0	3.00%	0
Sewage Treatment (1)	3,200,000		3,461,708		3,773,262		4,112,856		4,483,013
Depreciation	400,000	0.00%	400,000	0.00%	400,000	0.00%	400,000	0.00%	400,000
Replacement Reserve	0	0.00%	0	0.00%	10,167	0.00%	10,167	0.00%	10,167
City Owned Special Assessments	70,000	0.00%	70,000	0.00%	70,000	0.00%	70,000	0.00%	70,000
Maintenance	136,800	0.00%	136,800	0.00%	136,800	0.00%	136,800	0.00%	136,800
Transfer to Other Funds	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Miscellaneous	60,500	3.00%	62,315	3.00%	64,184	3.00%	66,110	3.00%	68,093
Total Local Operating Expenses	**$4,794,200**		**$5,085,530**		**$5,437,761**		**$5,808,781**		**$6,211,307**
Debt Service									
Existing Debt	$0		$0		$0		$0		$0
Proposed Debt	0		0		0		0		0
Total Debt Service	**$0**		**$0**		**$0**		**$0**		**$0**
Total Projected System Expenses	**$4,794,200**		**$5,085,530**		**$5,437,761**		**$5,808,781**		**$6,211,307**

(1) From Table 6

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Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 8

SCHEDULE OF ANTICIPATED 'OTHER REVENUES'
SEWER SYSTEM

Fiscal Year Ending June 30	Tap In Fee & Interest	Inspection & Service Fees	Misc. Fees	Interest Income	Refunds/ Rebates	Penalties	Total Other Water Revenues
2015	$10,000	$2,000	$2,500	$21,000	$2,500	$145,000	$183,000
2016	10,000	2,000	2,500	21,000	2,500	125,000	163,000
2017	10,000	2,000	2,500	21,000	2,500	125,000	163,000
2018	10,000	2,000	2,500	21,000	2,500	125,000	163,000
2019	10,000	2,000	2,500	21,000	2,500	125,000	163,000
Total	$50,000	$10,000	$12,500	$105,000	$12,500	$645,000	$835,000

RATE ALTERNATIVES

We have prepared, for the City's consideration, two rate making alternatives for the Sewer System. The methods below are based on a 'break even' approach and do not assume any Sewer System profit or loss, although actual results will vary depending on the actual System expenses and customer usage.

ALTERNATIVE A:

This alternative assumes the projected operating expenses from **Table 7**, without the anticipated debt service payments related to the proposed SRF project. **Table 9** on page 11, projects the required monthly Flat Fee Rate to be charged the unmetered customers for the fiscal years ending June 30, 2015 to 2019. **Table 9** also projects the annual revenues generated by the unmetered customers. **Table 10** on page 12, projects the annual Sewer System revenues and expenses, based on the rates calculated at the bottom of the table.

ALTERNATIVE B:

This alternative also assumes the projected operating expenses from **Table 7** however this alternative includes the anticipated annual debt service requirements related to the proposed SRF project. **Table 11** on page 14 projects the annual debt service requirements for the proposed $6.7 million SRF Bonds issue, at the program's current interest rate of 2.50%.

Table 12 on page 15 projects the required monthly Flat Fee Rate to be charged the unmetered customers for the fiscal years ending June 30, 2015 to 2019. **Table 12** also projects the annual revenues generated by the unmetered customers. **Table 13** on page 16 projects the annual Sewer System revenues and expenses, based on the rates calculated at the bottom of the table.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

ALTERNATIVE A

ASSUMING NO SRF BONDS

TABLE 9 & TABLE 10

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 9

ALTERNATIVE A

ASSUMING NO SRF BONDS

DETERMINATION OF MONTHLY SEWER CHARGE FOR UNMETERED CUSTOMERS

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of 100 c.f. per quarter (1)	10.0	10.0	10.0	10.0	10.0
Commodity Charge per 100 c.f. (2)	$1.82	$1.98	$2.16	$2.36	$2.57
Surcharge for unmetered customers	0.46	0.50	0.54	0.59	0.64
Commodity Rate Component	$22.76	$24.80	$27.03	$29.46	$32.11
Ready to Serve Charge	$15.16	$15.76	$16.52	$17.24	$18.02
Total Quarterly Bill:	**$37.92**	**$40.56**	**$43.55**	**$46.70**	**$50.13**

REVENUES FROM UNMETERED CUSTOMERS

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of REUs	5,413.0	5,413.0	5,413.0	5,413.0	5,413.0
Total Monthly Bill	$37.92	$40.56	$43.55	$46.70	$50.13
Annual Revenues	$2,462,884	$2,634,727	$2,828,588	$3,033,744	$3,256,465

(1) Based on Current Usage Assumption in Flat Rate Fee Determination.
(2) From Table 6

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 10

PROJECTED REVENUES AND EXPENSES
ALTERNATIVE A
ASSUMING NO SRF BONDS

FOR THE FISCAL YEARS ENDING JUNE 30, 2015 TO JUNE 30, 2019

Operating Revenues	**2014-15**	**2015-2016**	**2016-2017**	**2017-2018**	**2018-2019**
Metered Ready to Serve Revenue	$1,081,521	$1,124,997	$1,178,715	$1,230,507	$1,285,973
Usage Charge Revenue	1,066,795	1,162,806	1,267,459	1,381,530	1,505,868
Unmetered Customer Revenue	2,462,884	2,634,727	2,828,588	3,033,744	3,256,465
Other Revenues	183,000	163,000	163,000	163,000	163,000
Total Operating Revenues	$4,794,200	$5,085,531	$5,437,761	$5,808,781	$6,211,306
Operating Expenses					
Personal Services	$673,100	$693,293	$714,092	$735,515	$757,580
Contractual Services	63,500	65,405	67,367	69,388	71,470
Supplies	110,300	113,609	117,017	120,528	124,144
Equipment Rental	80,000	82,400	84,872	87,418	90,041
Utilities	0	0	0	0	0
Sewage Treatment (1)	3,200,000	3,461,708	3,773,262	4,112,856	4,483,013
Depreciation	400,000	400,000	400,000	400,000	400,000
Replacement Reserve	0	0	10,167	10,167	10,167
City Owned Special Assessments	70,000	70,000	70,000	70,000	70,000
Maintenance	136,800	136,800	136,800	136,800	136,800
Transfer to Other Funds	0	0	0	0	0
Miscellaneous	60,500	62,315	64,184	66,110	68,093
Total Local Operating Expenses	$4,794,200	$5,085,530	$5,437,761	$5,808,781	$6,211,307
Debt Service					
Existing Debt	$0	$0	$0	$0	$0
Proposed Debt	0	0	0	0	0
Total Debt Service	**$0**	**$0**	**$0**	**$0**	**$0**
Total Projected System Expenses	**$4,794,200**	**$5,085,530**	**$5,437,761**	**$5,808,781**	**$6,211,307**
Net Operating Income	**$0**	**$0**	**$0**	**$0**	**$0**
Assumptions:					
Metered Sewer Users	**5,947**	**5,947**	**5,947**	**5,947**	**5,947**
Unmetered Sewer Users	**5,413**	**5,413**	**5,413**	**5,413**	**5,413**
Annual Billed Sewer Flows	**58,615,103**	**58,615,103**	**58,615,103**	**58,615,103**	**58,615,103**
(1) Monthly Ready to Serve Fee per REU:	**$15.16**	**$15.76**	**$16.52**	**$17.24**	**$18.02**
(2) Commodity Charge per 100 c.f.:	**$1.82**	**$1.98**	**$2.16**	**$2.36**	**$2.57**
(3) Monthly Flat Fee per REU:	**$37.92**	**$40.56**	**$43.55**	**$46.70**	**$50.13**

,80 REU 1130.00/Qtr

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

ALTERNATIVE B

ASSUMING SRF BONDS

TABLE 11 TABLE 12 & TABLE 13

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 11

$6,700,000
CITY OF BURTON
COUNTY OF GENESEE, STATE OF MICHIGAN
SEWER SYSTEM IMPROVEMENT BONDS, SERIES 2015

FINANCED THROUGH THE SRF PROGRAM
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
On a Fiscal Year Basis

Fiscal Year Beginning July 1	Principal Due October 1	Interest Rate	Interest Due October 1	Interest Due NEXT April 1	Total Principal & Interest Requirements
2015	$0.00	2.500%	$0.00	$84,215.28 *	$84,215.28
2016	0.00	2.500%	83,750.00	83,750.00	167,500.00
2017	285,000.00	2.500%	83,750.00	80,187.50	448,937.50
2018	290,000.00	2.500%	80,187.50	76,562.50	446,750.00
2019	295,000.00	2.500%	76,562.50	72,875.00	444,437.50
2020	300,000.00	2.500%	72,875.00	69,125.00	442,000.00
2021	305,000.00	2.500%	69,125.00	65,312.50	439,437.50
2022	310,000.00	2.500%	65,312.50	61,437.50	436,750.00
2023	315,000.00	2.500%	61,437.50	57,500.00	433,937.50
2024	320,000.00	2.500%	57,500.00	53,500.00	431,000.00
2025	325,000.00	2.500%	53,500.00	49,437.50	427,937.50
2026	330,000.00	2.500%	49,437.50	45,312.50	424,750.00
2027	340,000.00	2.500%	45,312.50	41,062.50	426,375.00
2028	345,000.00	2.500%	41,062.50	36,750.00	422,812.50
2029	350,000.00	2.500%	36,750.00	32,375.00	419,125.00
2030	355,000.00	2.500%	32,375.00	27,937.50	415,312.50
2031	360,000.00	2.500%	27,937.50	23,437.50	411,375.00
2032	365,000.00	2.500%	23,437.50	18,875.00	407,312.50
2033	370,000.00	2.500%	18,875.00	14,250.00	403,125.00
2034	375,000.00	2.500%	14,250.00	9,562.50	398,812.50
2035	380,000.00	2.500%	9,562.50	4,812.50	394,375.00
2036	385,000.00	2.500%	4,812.50	0.00	389,812.50
	$6,700,000.00		$1,007,812.50	$1,008,277.78	$8,716,090.28

Assumptions:

Bonds Dated:	09/30/2015
First Interest Payment:	04/01/2016
Number of Days:	181 *
Subsequent Interest Payment:	10/01/2016
Number of Days:	180
First Principal Payment:	10/01/2017
Projected Interest Rate	2.500%

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 12
ALTERNATIVE B
ASSUMING SRF BONDS

DETERMINATION OF MONTHLY SEWER CHARGE FOR UNMETERED CUSTOMERS

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of 100 c.f. per quarter (1)	10.0	10.0	10.0	10.0	10.0
Commodity Charge per 100 c.f. (2)	$1.82	$1.98	$2.16	$2.36	$2.57
Surcharge for unmetered customers	0.46	0.50	0.54	0.59	0.64
Commodity Rate Component	$22.76	$24.80	$27.03	$29.46	$32.11
Ready to Serve Charge	$15.16	$16.38	$17.75	$20.54	$21.30
Total Quarterly Bill:	**$37.92**	**$41.18**	**$44.77**	**$50.00**	**$53.41**

REVENUES FROM UNMETERED CUSTOMERS

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of REUs	5,413.0	5,413.0	5,413.0	5,413.0	5,413.0
Total Monthly Bill	$37.92	$41.18	$44.77	$50.00	$53.41
Annual Revenues	$2,462,884	$2,674,855	$2,908,401	$3,247,661	$3,469,340

(1) Based on Current Usage Assumption in Flat Rate Fee Determination.
(2) From Table 6

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 13

PROJECTED REVENUES AND EXPENSES
ALTERNATIVE B
ASSUMING SRF BONDS
SEWER SYSTEM
FOR THE FISCAL YEARS ENDING JUNE 30, 2015 TO JUNE 30, 2019

Operating Revenues	**2014-15**	**2015-2016**	**2016-2017**	**2017-2018**	**2018-2019**
Metered Ready to Serve Revenue	$1,081,521	$1,169,084	$1,266,401	$1,465,528	$1,519,849
Usage Charge Revenue	1,066,795	1,162,806	1,267,459	1,381,530	1,505,868
Unmetered Customer Revenue	2,462,884	2,674,855	2,908,401	3,247,661	3,469,340
Other Revenues	183,000	163,000	163,000	163,000	163,000
Total Operating Revenues	$4,794,200	$5,169,746	$5,605,261	$6,257,719	$6,658,057
Operating Expenses					
Personal Services	$673,100	$693,293	$714,092	$735,515	$757,580
Contractual Services	63,500	65,405	67,367	69,388	71,470
Supplies	110,300	113,609	117,017	120,528	124,144
Equipment Rental	80,000	82,400	84,872	87,418	90,041
Utilities	0	0	0	0	0
Sewage Treatment (1)	3,200,000	3,461,708	3,773,262	4,112,856	4,483,013
Depreciation	400,000	400,000	400,000	400,000	400,000
Replacement Reserve	0	0	10,167	10,167	10,167
City Owned Special Assessments	70,000	70,000	70,000	70,000	70,000
Maintenance	136,800	136,800	136,800	136,800	136,800
Transfer to Other Funds	0	0	0	0	0
Miscellaneous	60,500	62,315	64,184	66,110	68,093
Total Local Operating Expenses	$4,794,200	$5,085,530	$5,437,761	$5,808,781	$6,211,307
Debt Service					
Existing Debt	$0	$0	$0	$0	$0
Proposed Debt	0	84,215	167,500	448,938	446,750
Total Debt Service	**$0**	**$84,215**	**$167,500**	**$448,938**	**$446,750**
Total Projected System Expenses	**$4,794,200**	**$5,169,746**	**$5,605,261**	**$6,257,718**	**$6,658,057**
Net Operating Income	**$0**	**$0**	**$0**	**$0**	**$0**
Assumptions:					
Metered Sewer Users	**5,947**	**5,947**	**5,947**	**5,947**	**5,947**
Unmetered Sewer Users	**5,413**	**5,413**	**5,413**	**5,413**	**5,413**
Annual Billed Sewer Flows	**58,615,103**	**58,615,103**	**58,615,103**	**58,615,103**	**58,615,103**
(1) Monthly Ready to Serve Fee per REU:	**$15.16**	**$16.38**	**$17.75**	**$20.54**	**$21.30**
(2) Commodity Charge per 100 c.f.:	**$1.82**	**$1.98**	**$2.16**	**$2.36**	**$2.57**
(3) Monthly Flat Fee per REU:	**$37.92**	**$41.18**	**$44.77**	**$50.00**	**$53.41**

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

2014 RECOMMENDED RATES

Based on the alternatives presented in this study, we are recommending the City adopt the rates for **Alternative A** until such time that MDEQ approves the SRF project. The rates are assumed to be effective for July 1, 2014. The recommended rates are as follows:

The Monthly Sewer Rates

Ready to Serve Rate (RTS):

$4.67 County Rate, per REU

$10.49 City of Burton Rate, per REU

$15.16, Total Monthly RTS

Usage Rate: $1.82, per 100 cubic feet

Unmetered Flat Rate: $37.92, per REU

RATE COMPARISON

Table 14 on pages 18 and 19 presents a comparison of the average monthly bill to customers based on the City's current rate structure in comparison to the rates presented for both methods for the fiscal years ending June 30, 2015 to 2019. The comparison assumes that the average customer uses 10 units per month.

FUND BALANCE RECOMMENDATION

As part of the analysis in this study, we are not only considering the sufficiency of the recommended rates and charges, we are also looking at the sufficiency of the unrestricted fund balance of the Sewer System. Below are recommended levels of unrestricted funds from several sources:

1. Standard and Poor's Rating Services: 15% of annual expenses;
2. Government Finance Officers Association: 60 days of expenses for General Funds; and
3. Government Finance Officers Association: 45 days of expenses for Enterprise Funds.

Bendzinski & Co. is recommending that the Sewer System has a minimum of six (6) months of expenses on hand. **Table 15** on page 20 shows the available Sewer Fund balances for the fiscal years ending June 30, 2015 to 2019, based on the recommendation of having six months of expenses on hand. Based on the current cash available in the Sewer Fund and the projected Sewer System expenses, the City could use up to $5.6 million of this cash to help offset some of the proposed SRF project costs and/or to pay for any unidentified capital outlay expenses that may occur over the next five years.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 14

COMPARISON OF RATE ALTERNATIVES
SEWER SYSTEM

2014-15

ALTERNATIVE	COMPONENT		MONTHLY USAGE (100 C.F.)	AVERAGE MONTHLY BILL	MONTHLY UNMETERED BILL
	RTS METERED	USAGE			
CURRENT RATE	$9.34	$1.82	10.00	$27.54	$30.07
ALTERNATIVE A	$15.16	$1.82	10.00	$33.36	$37.92
ALTERNATIVE B	$15.16	$1.82	10.00	$33.36	$37.92

2015-16

ALTERNATIVE	COMPONENT		MONTHLY USAGE (100 C.F.)	AVERAGE MONTHLY BILL	MONTHLY UNMETERED BILL
	RTS METERED	USAGE			
CURRENT RATE	$9.34	$1.82	10.00	$27.54	$30.07
ALTERNATIVE A	$15.76	$1.98	10.00	$35.60	$40.56
ALTERNATIVE B	$16.38	$1.98	10.00	$36.22	$41.18

2016-17

ALTERNATIVE	COMPONENT		MONTHLY USAGE (100 C.F.)	TOTAL MONTHLY BILL	MONTHLY UNMETERED BILL
	RTS METERED	USAGE			
CURRENT RATE	$9.34	$1.82	10.00	$27.54	$30.07
ALTERNATIVE A	$16.52	$2.16	10.00	$38.14	$43.55
ALTERNATIVE B	$17.75	$2.16	10.00	$39.37	$44.77

2017-18

ALTERNATIVE	COMPONENT		MONTHLY USAGE (100 C.F.)	TOTAL MONTHLY BILL	MONTHLY UNMETERED BILL
	RTS METERED	USAGE			
CURRENT RATE	$9.34	$1.82	10.00	$27.54	$30.07
ALTERNATIVE A	$17.24	$2.36	10.00	$40.81	$46.70
ALTERNATIVE B	$20.54	$2.36	10.00	$44.11	$50.00

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

2018-19					
ALTERNATIVE	COMPONENT		MONTHLY USAGE (100 C.F.)	TOTAL MONTHLY BILL	MONTHLY UNMETERED BILL
	RTS METERED	USAGE			
CURRENT RATE	$9.34	$1.82	10.00	$27.54	$30.07
ALTERNATIVE A	$18.02	$2.57	10.00	$43.71	$50.13
ALTERNATIVE B	$21.30	$2.57	10.00	$46.99	$53.41

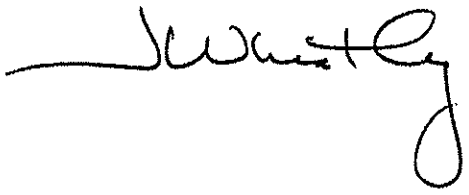
FUTURE UPDATES

Based on our review and the potential variation in future projections presented in this rate study, we are recommending that the City annually review the sewer rates during the next five (5) years because of the unknown increases in the County's sewage treatment rates over the same period of time. In addition, this study does not anticipate any significant growth or additional City issued bonds, other than Alternative B, over the next five years, so if either scenario comes to light, then the rates and assumptions will have to be reevaluated..

We would like to commend the City for being so conscientious in reviewing their sewer rates on a periodic basis in order to maintain the financial integrity of its Utility Systems.

Respectively Submitted,

BENDZINSKI & CO.
Municipal Finance Advisors



Jonathan H. Wheatley, CIPFA

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

TABLE 15

SCHEDULE OF SEWER FUND CASH LEVELS

SEWER SYSTEM

Year	Cash Balance		(1) Projected Water Expenses	(2) Excess Cash Available	Plus: Depreciation	Projected Cash Used	(3) Coverage	Balance Next June 30
2014-15	$7,138,946	*	$ 4,794,200	$4,741,846	$ 400,000	$ -	17.87	$ 7,538,946
2015-16	$7,538,946		$ 5,085,530	$4,996,181	$ 400,000	$ -	17.79	$ 7,938,946
2016-17	$7,938,946		$ 5,437,761	$5,220,065	$ 400,000	$ -	17.52	$ 8,338,946
2017-18	$8,338,946		$ 5,808,781	$5,434,555	$ 400,000	$ -	17.23	$ 8,738,946
2018-19	$8,738,946		$ 6,211,307	$5,633,292	$ 400,000	$ -	16.88	$ 9,138,946
					$2,000,000	$ -		

* Total Available cash Balance in Sewer Fund as of June 30, 2014.

(1) From Table 7

(2) Based on funding of Cash Funding equal to 6 months of expenses.

(3) Coverage in months, after funds are drawn.

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

Attachment: Sewer Rate Study (1728 : 2015-2016 Sewer Rate)

Approve and authorize the Attorney Billing (Amanda Doyle) 07/15/15 to 07/29/15 in the amount $3,920.75.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

Approve and authorize the Attorney Billing (Keller Thoma) June 6, 2015 to June 29, 2015 in the amount $1,772.35.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Heffner, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

Approve and authorize an Ordinance 2015-4-87(C) an Ordinance to provide for the acquisition and construction of additions, extensions and improvements to the water supply and sewage disposal system of the City of Burton; to provide for the issuance and sale of Junior Lien Revenue Bonds to pay the cost thereof; to prescribe the form of the Bonds; to provide for the collection of revenues from the system sufficient for the purpose of paying the costs of operation and maintenance of the system and to pay the principal of and interest on the bonds; to provide for security for the bonds; to provide for the segregation and distribution of the revenues; to provide for the rights of the holders of the bonds in enforcement thereof; and to provide for other matters relating to the bonds and the system.

ATTACHMENTS:

- Bonds SRF 2015-4-87(C) (DOC)

RESULT:	**CARRIED [6 TO 1]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Dennis O'Keefe, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Ellenburg, Smith, Hatfield
NAYS:	Steven Heffner

ORDINANCE NO. 2015-4-87(C)

AN ORDINANCE TO PROVIDE FOR THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM OF THE CITY OF BURTON; TO PROVIDE FOR THE ISSUANCE AND SALE OF JUNIOR LIEN REVENUE BONDS TO PAY THE COST THEREOF; TO PRESCRIBE THE FORM OF THE BONDS; TO PROVIDE FOR THE COLLECTION OF REVENUES FROM THE SYSTEM SUFFICIENT FOR THE PURPOSE OF PAYING THE COSTS OF OPERATION AND MAINTENANCE OF THE SYSTEM AND TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; TO PROVIDE FOR SECURITY FOR THE BONDS; TO PROVIDE FOR THE SEGREGATION AND DISTRIBUTION OF THE REVENUES; TO PROVIDE FOR THE RIGHTS OF THE HOLDERS OF THE BONDS IN ENFORCEMENT THEREOF; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THE BONDS AND THE SYSTEM.

THE CITY OF BURTON ORDAINS:

Section 1. Definitions. Whenever used in this Ordinance, except when otherwise indicated by the context, the following terms shall have the following meanings:

(a) "Act 94" means Act 94, Public Acts of Michigan, 1933, as amended.

(b) "Authority" means the Michigan Finance Authority.

(c) "Authorized Officers" means the Mayor, the City Controller, the City Clerk and the City Treasurer of the Issuer.

(d) "Bonds" means the Series 2015B Bonds, together with any additional bonds heretofore or hereafter issued of equal standing with the Series 2015B Bonds.

(e) "Engineers" means Stantec, consulting engineers of Ann Arbor, Michigan.

(f) "Issuer" means the City of Burton, County of Genesee, State of Michigan.

(g) "MDEQ" means the Michigan Department of Environmental Quality.

(h) "Outstanding Bonds" means the Outstanding Junior Lien Bonds and Outstanding Senior Lien Bonds.

(i) "Outstanding Junior Lien Bonds" means the Series 2014 Bonds, Series 2015 Bonds and any additional bonds issued that are of equal standing and priority of lien with the Series 2014 Bonds and Series 2015 Bonds.

Attachment: Bonds SRF 2015-4-87(C) (1732 : Ordinance to Purchase Bonds SRF)

(j) "Outstanding Senior Lien Bonds" means the Series 2011 Bonds and any additional bonds issued that are senior in standing and priority of lien with the Outstanding Junior Lien Bonds.

(k) "Prior Bonds" means the Series 2011 Bonds, Series 2014 Bonds and the Series 2015 Bonds.

(l) "Prior Ordinances" means Ordinance Nos. 87(C), 2011-4-87(C), 2014-2-SO and 2015-3-87(C) adopted by the City Council authorizing the issuance of the Prior Bonds.

(m) "Project" means the acquisition, construction, furnishing and equipping of additions, extensions and improvements to the Issuer's Water Supply and Sewage Disposal System, together with all necessary interests in land, rights of way and all appurtenances and attachments therefor, as described in the plans prepared by the Engineers and approved herein.

(n) "Purchase Contract" means the Purchase Contract to be entered into between the Authority and the Issuer relating to the purchase by the Authority of the Series 2015B Bonds.

(o) "Revenues" and "Net Revenues" means the revenues and net revenues of the System and shall be construed as defined in Section 3 of Act 94, including with respect to "Revenues", the earnings derived from the investment of moneys in the various funds and accounts established by the Prior Ordinances and this Ordinance.

(p) "Series 2011 Bonds" means the Issuer's Water Supply and Sewage Disposal System Revenue Refunding Bonds, Series 2011, dated December 7, 2011, in the original principal amount of $1,390,000.

(q) "Series 2014 Bonds" means the Issuer's 2014 Water Supply and Sewage Disposal System Junior Lien Revenue Bond, dated September 17, 2014, in the original principal amount of $4,400,000.

(r) "Series 2015 Bonds" means the Issuer's 2015 Water Supply and Sewage Disposal System Junior Lien Revenue Bond, dated June 25, 2015, in the original principal amount of $5,000,000.

(s) "Series 2015B Bonds" means the Issuer's Water Supply and Sewage Disposal System Junior Lien Revenue Bond, Series 2015B, in the principal amount of not to exceed $8,000,000 issued pursuant to this Ordinance.

(t) "Sufficient Government Obligations" means direct obligations of the United States of America or obligations the principal and interest on which is fully guaranteed by the United States of America, not redeemable at the option of the issuer, the principal and interest payments upon which without reinvestment of the interest, come due at such times and in such amounts as to be fully sufficient to pay the interest as it comes due on the Bonds and the principal and redemption premium, if any, on the

Attachment: Bonds SRF 2015-4-87(C) (1732 : Ordinance to Purchase Bonds SRF)

Bonds as it comes due whether on the stated maturity date or upon earlier redemption. Securities representing such obligations shall be placed in trust with a bank or trust company, and if any of the Bonds are to be called for redemption prior to maturity, irrevocable instructions to call the Bonds for redemption shall be given to the paying agent.

(u) "Supplemental Agreement" means the supplemental agreement among the Issuer, the Authority and MDEQ relating to the Series 2015B Bonds.

(v) "System" means the entire Water Supply and Sewage Disposal system of the Issuer, including the Project and all additions, extensions and improvements hereafter acquired.

Section 2. Necessity; Approval of Plans and Specifications. It is hereby determined to be a necessary public purpose of the Issuer to acquire and construct the Project in accordance with the plans and specifications prepared by the Engineers, which plans and specifications are hereby approved. The Project qualifies for the State Revolving Fund financing program being administered by the MDEQ and the Authority, whereby bonds of the Issuer are sold to the Authority and bear interest at a fixed rate of two and one-half percent (2.50%) per annum.

Section 3. Costs; Useful Life. The cost of the Project is estimated to be Eight Million Dollars ($8,000,000), including the payment of incidental expenses as specified in Section 4 of this Ordinance, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Project is estimated to be not less than thirty (30) years.

Section 4. Payment of Cost; Bonds Authorized. To pay part of the cost of acquiring and constructing the Project, legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Series 2015B Bonds, the Issuer shall borrow the sum of not to exceed Eight Million Dollars ($8,000,000), or such lesser amount as shall have been advanced to the Issuer pursuant to the Purchase Contract and the Supplemental Agreement, and issue the Series 2015B Bonds pursuant to the provisions of Act 94. The remaining cost of the Project, if any, shall be defrayed from Issuer funds on hand and legally available for such use.

Except as amended by or expressly provided to the contrary in this Ordinance, all of the provisions of the Prior Ordinances shall apply to the Series 2015B Bonds issued pursuant to this Ordinance, the same as though each of said provisions were repeated in this Ordinance in detail; the purpose of this Ordinance being to authorize the issuance of additional revenue bonds of subordinate lien with respect to the Outstanding Senior Lien Bonds to finance the cost of acquiring and constructing additions, extensions and improvements to the System, additional bonds of subordinate standing with the Outstanding Senior Lien Bonds for such purpose being authorized by the provisions of the Prior Ordinances, upon the conditions therein stated, which conditions have been fully met.

Section 5. Issuance of Series 2015B Bonds; Details. The Series 2015B Bonds of the Issuer, to be designated **WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2015B (LIMITED TAX GENERAL OBLIGATION)**, are authorized to be issued in the aggregate principal sum of not to exceed Eight Million Dollars

Attachment: Bonds SRF 2015-4-87(C) (1732 : Ordinance to Purchase Bonds SRF)

($8,000,000) as finally determined by order of the MDEQ for the purpose of paying part of the cost of the Project, including the costs incidental to the issuance, sale and delivery of the Series 2015B Bonds. The Series 2015B Bonds shall be payable out of the Net Revenues, as set forth more fully in Section 8 hereof, provided that the Series 2015B Bonds shall be subordinate to the prior lien with respect to the Net Revenues in favor of the Outstanding Senior Lien Bonds and of any additional bonds of equal standing with the Outstanding Senior Lien Bonds hereafter issued. The Series 2015B Bonds shall be in the form of a single fully-registered, nonconvertible bond of the denomination of the full principal amount thereof, dated as of the date of delivery, payable in principal installments as finally determined by the order of the MDEQ at the time of sale of the Series 2015B Bonds and approved by the Authority and an Authorized Officer. Principal installments of the Series 2015B Bonds shall be payable on October 1 of the years 2017 to 2036, inclusive, or such other payment dates as hereinafter provided. Interest on the Series 2015B Bonds shall be payable on April 1 and October 1 of each year, commencing April 1, 2016 or on such other interest payment dates as hereinafter provided. Final determination of the principal amount of and interest on the Series 2015B Bonds and the payment dates and amounts of principal installments of the Series 2015B Bonds shall be evidenced by execution of the Purchase Contract and each of the Authorized Officers is authorized and directed to execute and deliver the Purchase Contract when it is in final form and to make the determinations set forth above; provided, however, that the first principal installment shall be due no earlier than October 1, 2016 and the final principal installment shall be due no later than October 1, 2037 and that the total principal amount shall not exceed $8,000,000.

The Series 2015B Bonds shall bear interest at a rate of two and one-half percent (2.50%) per annum on the par value thereof or such other rate as evidenced by execution of the Purchase Contract, but in any event not to exceed the rate permitted by law, and any Authorized Officers as shall be appropriate shall deliver the Series 2015B Bonds in accordance with the delivery instructions of the Authority.

The principal amount of the Series 2015B Bonds is expected to be drawn down by the Issuer periodically, and interest on principal amount shall accrue from the date such principal amount is drawn down by the Issuer.

The Series 2015B Bonds shall not be convertible or exchangeable into more than one fully-registered bond. Principal of and interest on the Series 2015B Bonds shall be payable as provided in the Series 2015B Bond form in this Ordinance.

The Series 2015B Bonds shall be subject to optional redemption by the Issuer with the prior written approval of the Authority and on such terms as may be required by the Authority.

The Treasurer of the Issuer shall record on the registration books payment by the Issuer of each installment of principal or interest or both when made and the cancelled checks or other records evidencing such payments shall be returned to and retained by the Treasurer.

Upon payment by the Issuer of all outstanding principal of and interest on the Series 2015B Bonds, the Authority shall deliver the Series 2015B Bonds to the Issuer for cancellation.

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Section 6. Execution of Series 2015B Bonds. The Series 2015B Bonds shall be signed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the Clerk and shall have the corporate seal of the Issuer or a facsimile thereof impressed thereon. The Series 2015B Bonds bearing the manual or facsimile signatures of the Mayor and the Clerk sold to the Authority shall require no further authentication.

Section 7. Registration and Transfer. Any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the transfer agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the transfer agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. The transfer agent shall require payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. The Issuer shall not be required (i) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the day of the giving of a notice of redemption of Bonds selected for redemption as described in the form of Series 2015B Bonds contained in Section 13 of this Ordinance and ending at the close of business on the day of that giving of notice, or (ii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. The Issuer shall give the transfer agent notice of call for redemption at least 20 days prior to the date notice of redemption is to be given.

The transfer agent shall keep or cause to be kept at its principal office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and upon presentation for such purpose the transfer agent shall under such reasonable regulations as it may prescribe transfer or cause to be transferred on said books Bonds as hereinbefore provided.

If any Bond shall become mutilated, the Issuer, at the expense of the holder of the Bond, shall execute, and the transfer agent shall authenticate and deliver, a new Bond of like tenor in exchange and substitution for the mutilated Bond, upon surrender to the transfer agent of the mutilated Bond. If any Bond issued under this Ordinance shall be lost, destroyed or stolen, evidence of the loss, destruction or theft may be submitted to the transfer agent and, if this evidence is satisfactory to both and indemnity satisfactory to the transfer agent shall be given, and if all requirements of any applicable law including Act 354, Public Acts of Michigan, 1972, as amended ("Act 354"), being sections 129.131 to 129.135, inclusive, of the Michigan Compiled Laws have been met, the Issuer, at the expense of the owner, shall execute, and the transfer agent shall thereupon authenticate and deliver, a new Bond of like tenor and bearing the statement required by Act 354, or any applicable law hereafter enacted, in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any such Bond shall have matured or shall be about to mature, instead of issuing a substitute Bond the transfer agent may pay the same without surrender thereof.

Section 8. Payment of Series 2015B Bonds; Security; Priority of Lien. Principal of and interest on the Series 2015B Bonds shall be payable from the Net Revenues. There is hereby recognized the statutory lien upon the whole of the Net Revenues created by this Ordinance

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which shall be a lien that is junior and subordinate to the lien of the Outstanding Senior Lien Bonds and equal to the lien of the Outstanding Junior Lien Bonds created by the Prior Ordinances, to continue until payment in full of the principal of and interest on all Bonds payable from the Net Revenues, or until sufficient cash or Sufficient Government Obligations have been deposited in trust for payment in full of the Series 2015B Bonds then outstanding, principal and interest, to maturity, or, if called for redemption, to the date fixed for redemption together with the amount of the redemption premium, if any. Upon deposit of cash or Sufficient Government Obligations, as provided in the previous sentence, the statutory lien shall be terminated with respect to the Series 2015B Bonds, the holders of the Series 2015B Bonds shall have no further rights under this Ordinance except for payment from the deposited funds, and the Series 2015B Bonds shall no longer be considered to be outstanding under this Ordinance.

In addition, the Series 2015B Bonds being sold to the Authority, the Issuer hereby pledges its limited tax full faith and credit for the payment of the principal of and interest on the Series 2015B Bonds. Should the Net Revenues of the System at any time be insufficient to pay the principal of and interest on the Series 2015B Bonds as the same become due, then the Issuer shall advance from any funds available therefor, or, if necessary, levy taxes upon all taxable property in the Issuer, subject to constitutional, statutory and charter tax limitations, such sums as may be necessary to pay said principal and interest. The Issuer shall be reimbursed for any such advance from the Net Revenues of the System subsequently received which are not otherwise pledged or encumbered by this Ordinance or the Prior Ordinances.

Section 9. Management; Fiscal Year. The operation, repair and management of the System and the acquiring and constructing of the Project shall continue to be under the supervision and control of the Issuer. The Issuer may employ such person or persons in such capacity or capacities as it deems advisable to carry on the efficient management and operation of the System. The Issuer may make such rules and regulations as it deems advisable and necessary to assure the efficient management and operation of the System. The System shall be operated on the basis of an operating year which shall coincide with the Issuer's fiscal year.

Section 10. Rates and Charges; No Free Service. The rates and charges for service furnished by the System and the methods of collection and enforcement of the collection of the rates shall be those in effect on the date of adoption of this Ordinance and are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order, to provide for the payment of the principal of and interest on the Series 2015B Bonds and the Outstanding Bonds as the same become due and payable, and the maintenance of the reserves, if any, therefore; and to provide for all other obligations, expenditures and funds for the System required by law, the Prior Ordinances and this Ordinance. No free service or use of the System, or service or use of the System at less than cost, shall be furnished by the System to any person, firm, or corporation, public or private, or to any public agency or instrumentality, including the Issuer.

Section 11. Funds and Accounts; Flow of Funds; Junior Lien Bond and Interest Redemption Fund. All funds belonging to the System and all Revenues of the System shall continue to be set aside as collected and credited to the Receiving Fund established by the Prior Ordinances (the "Receiving Fund"), except as provided in this Ordinance. The Revenues

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credited to the Receiving Fund are pledged for the purposes of the funds and accounts established by the Prior Ordinances and this Ordinance and shall be transferred or debited from the Receiving Fund periodically in the manner and at the times and in the order of priority specified in the Prior Ordinances and this Ordinance.

Funding Existing Funds and Accounts. Out of the Revenues in the Receiving Fund there shall be transferred and debited the amounts required by the Prior Ordinances to be deposited into the existing Operation and Maintenance Fund, the existing Bond and Interest Redemption Fund (including Bond Reserve Account) and the existing Junior Lien Bond and Interest Redemption Account created pursuant to the Prior Ordinances.

Junior Lien Bond and Interest Redemption Account. In the Prior Ordinances, the Issuer created a separate account designated *Junior Lien Bond and Interest Redemption Account* (the "Junior Lien Redemption Account"). Out of the Revenues remaining in the Receiving Fund after provision for the transfers and debits described in the previous paragraph, there shall be set aside at the time of delivery of the Series 2015B Bonds and the first day of each fiscal quarter thereafter in the existing Junior Lien Redemption Account an amount equal to that fraction of the amount of interest due on the next interest payment date the numerator of which is one and the denominator of which is the number of full or partial fiscal quarters to the next interest payment date, less any amount in the Junior Lien Redemption Account representing investment income on amounts on deposit in the Junior Lien Redemption Account. Commencing the first day of the fourth fiscal quarter preceding the first principal installment payment date there shall be set aside in the Junior Lien Redemption Account an amount equal to 1/4 of the amount of principal installment next coming due. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding quarterly requirements. The amount to be set aside for the payment of principal and interest on any principal payment shall not exceed the amount which, when added to the money on deposit in the Junior Lien Redemption Account including investment income thereon, is necessary to pay principal and interest due on the Series 2015B Bonds to the next succeeding principal payment date.

Section 12. Bond Proceeds. The proceeds of the sale of the Series 2015B Bonds as received by the Issuer shall be deposited in a separate account in a bank or banks qualified to act as depository of the proceeds of sale under the provisions of Section 15 of Act 94 designated WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BONDS CONSTRUCTION FUND (the "Construction Fund"). Moneys in the Construction Fund shall be applied solely in payment of the cost of the Project and any engineering, legal and other expenses incident thereto and to the financing thereof.

Section 13. Bond Form. The Series 2015B Bonds shall be in substantially the following form with such changes or completion as necessary or appropriate to give effect to the intent of this Ordinance and subject to such modifications which may be required by the Michigan Attorney General and the Authority and approved by bond counsel:

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UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF GENESEE

CITY OF BURTON

WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM JUNIOR LIEN REVENUE BOND, SERIES 2015B (LIMITED TAX GENERAL OBLIGATION)

REGISTERED OWNER: Michigan Finance Authority

PRINCIPAL AMOUNT: Eight Million Dollars ($8,000,000)

DATE OF ORIGINAL ISSUE: September 17, 2015

The CITY OF BURTON, County of Genesee, State of Michigan (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay, primarily out of the hereinafter described Net Revenues of the Issuer's Water Supply and Sewage Disposal System (hereinafter defined), to the Michigan Finance Authority (the "Authority"), or registered assigns, the Principal Amount shown above, or such portion thereof as shall have been advanced to the Issuer pursuant to a Purchase Contract between the Issuer and the Authority and a Supplemental Agreement by and among the Issuer, the Authority and the State of Michigan acting through the Department of Environmental Quality, in lawful money of the United States of America, unless prepaid or reduced prior thereto as hereinafter provided.

During the time the Principal Amount is being drawn down by the Issuer under this bond, the Authority will periodically provide to the Issuer a statement showing the amount of principal that has been advanced and the date of each advance, which statement shall constitute prima facie evidence of the reported information; provided that no failure on the part of the Authority to provide such a statement or to reflect a disbursement or the correct amount of a disbursement shall relieve the Issuer of its obligation to repay the outstanding Principal Amount actually advanced, all accrued interest thereon, and any other amount payable with respect thereto in accordance with the terms of this bond.

The Principal Amount shall be payable on the dates and in the annual principal installment amounts set forth on the Schedule attached hereto and made a part hereof, as such Schedule may be adjusted if less than $8,000,000 is disbursed to the Issuer or if a portion of the Principal Amount is prepaid as provided below, with interest on said principal installments from the date each said installment is delivered to the holder hereof until paid at the rate of two and one-half percent (2.50%) per annum. Interest is first payable on April 1, 2016, and semiannually thereafter on the first day of October and April of each year, as set forth in the Purchase Contract.

Notwithstanding any other provision of this Bond, so long as the Authority is the owner of this Bond, (a) this Bond is payable as to principal, premium, if any, and interest at The Bank

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of New York Mellon Trust Company, N.A. or at such other place as shall be designated in writing to the Issuer by the Authority (the "Authority's Depository"); (b) the Issuer agrees that it will deposit with the Authority's Depository payments of the principal of, premium, if any, and interest on this Bond in immediately available funds by 12:00 noon at least five business days prior to the date on which any such payment is due whether by maturity, redemption or otherwise; in the event that the Authority's Depository has not received the Issuer's deposit by 12:00 noon on the scheduled day, the Issuer shall immediately pay to the Authority as invoiced by the Authority an amount to recover the Authority's administrative costs and lost investment earnings attributable to that late payment; and (c) written notice of any redemption of this Bond shall be given by the Issuer and received by the Authority's Depository at least 40 days prior to the date on which such redemption is to be made.

Additional Interest

In the event of a default in the payment of principal or interest hereon when due, whether at maturity, by redemption or otherwise, the amount of such default shall bear interest (the "additional interest") at a rate equal to the rate of interest which is two percent above the Authority's cost of providing funds (as determined by the Authority) to make payment on the bonds of the Authority issued to provide funds to purchase this bond but in no event in excess of the maximum rate of interest permitted by law. The additional interest shall continue to accrue until the Authority has been fully reimbursed for all costs incurred by the Authority (as determined by the Authority) as a consequence of the Issuer's default. Such additional interest shall be payable on the interest payment date following demand of the Authority. In the event that (for reasons other than the default in the payment of any municipal obligation purchased by the Authority) the investment of amounts in the reserve account established by the Authority for the bonds of the Authority issued to provide funds to purchase this bond fails to provide sufficient available funds (together with any other funds which may be made available for such purpose) to pay the interest on outstanding bonds of the Authority issued to fund such account, the Issuer shall and hereby agrees to pay on demand only the Issuer's pro rata share (as determined by the Authority) of such deficiency as additional interest on this bond.

For prompt payment of principal and interest on this bond, the Issuer has irrevocably pledged the revenues of the Water Supply and Sewage Disposal System of the Issuer, including all appurtenances, extensions and improvements thereto (the "Water Supply and Sewage Disposal System"), after provision has been made for reasonable and necessary expenses of operation, maintenance and administration (the "Net Revenues"), and a statutory lien thereon is hereby recognized and created.

This bond is a single, fully-registered, non-convertible bond in the principal sum indicated above issued pursuant to Ordinance Nos. 87(C), 2011-4-87(C), 2014-2-SO, 2015-3-87(c) and 2015-4-87(C) duly adopted by the City Council (the "Ordinances"), and under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended, for the purpose of paying part of the cost of acquiring and constructing additions, extensions and improvements to the Water Supply and Sewage Disposal System of the Issuer.

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For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of superior and equal standing may hereafter be issued and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Ordinances. This bond is of junior standing and priority of lien as to the Net Revenues to the Issuer's Water Supply and Sewage Disposal System Revenue Refunding Bonds, Series 2011, dated December 7, 2011 (the "Outstanding Senior Lien Bonds") and of equal standing with the Issuer's 2014 Water Supply and Sewage Disposal System Junior Lien Revenue Bond, dated September 17, 2014 and 2015 Water Supply and Sewage Disposal System Junior Lien Revenue Bond, dated June 25, 2015 (the "Outstanding Junior Lien Bonds", together with the Outstanding Senior Lien Bonds, the "Outstanding Bonds").

This bond is primarily a self-liquidating bond, payable, both as to principal and interest, primarily from the Net Revenues of the System. The principal of and interest on this bond are secured by the statutory second lien hereinbefore mentioned. As additional security, the Issuer has pledged its limited tax full faith and credit for payment of the principal of and interest on the bonds of this issue, which includes the Issuer's obligation to levy taxes, if necessary, within applicable constitutional, statutory and charter tax limitations.

The Issuer has covenanted and agreed, and does hereby covenant and agree, to fix and maintain at all times while any bonds payable from the Net Revenues of the Water Supply and Sewage Disposal System shall be outstanding, such rates for service furnished by the Water Supply and Sewage Disposal System as shall be sufficient to provide for payment of the interest upon and the principal of this bond and any bonds of equal standing with this bond and the Outstanding Junior Lien Bonds, the Outstanding Senior Lien Bonds and any additional bonds of equal standing with the Outstanding Senior Lien Bonds, as and when the same shall become due and payable, and to maintain a bond redemption fund (including, except for bonds of this issue and any Outstanding Junior Lien Bonds, a bond reserve account) therefor, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the Water Supply and Sewage Disposal System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the Water Supply and Sewage Disposal System as are required by the Ordinances.

Principal installments of this bond are subject to prepayment by the Issuer prior to maturity only with the prior written consent of the Authority and on such terms as may be required by the Authority.

This bond is transferable only upon the books of the Issuer by the registered owner in person or the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the transfer agent, duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges, if any, therein prescribed.

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

IN WITNESS WHEREOF, the City of Burton, County of Genesee, State of Michigan, by its City Council has caused this bond to be executed with the manual or facsimile signatures of its Mayor and its City Clerk and the corporate seal of the City to be impressed or imprinted hereon, all as of the Date of Original Issue.

CITY OF BURTON

By_____
Its Mayor

(Seal)

Countersigned:

By_____
Its City Clerk

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DEQ Project No.: 5613-01
DEQ Approved Amt: $_____

SCHEDULE A

Based on the schedule provided below unless revised as provided in this paragraph, repayment of the principal of the bond shall be made until the full amount advanced to the Issuer is repaid. In the event the Order of Approval issued by the Department of Environmental Quality (the "Order") approves a principal amount of assistance less than the amount of the bond delivered to the Authority, the Authority shall only disburse principal up to the amount stated in the Order. In the event (1) that the payment schedule approved by the Issuer and described below provides for payment of a total principal amount greater than the amount of assistance approved by the Order or (2) that less than the principal amount of assistance approved by the Order is disbursed to the Issuer by the Authority, the Authority shall prepare a new payment schedule which shall be effective upon receipt by the Issuer.

Maturity Date	Principal Amount
October 1, 2017	$350,000
October 1, 2018	355,000
October 1, 2019	360,000
October 1, 2020	365,000
October 1, 2021	370,000
October 1, 2022	375,000
October 1, 2023	380,000
October 1, 2024	385,000
October 1, 2025	390,000
October 1, 2026	400,000
October 1, 2027	405,000
October 1, 2028	410,000
October 1, 2029	415,000
October 1, 2030	420,000
October 1, 2031	425,000
October 1, 2032	430,000
October 1, 2033	435,000
October 1, 2034	440,000
October 1, 2035	445,000
October 1, 2036	445,000

Interest on the bond shall accrue on that portion of principal disbursed by the Authority to the Issuer from the date such portion is disbursed, until paid, at the rate of 2.50% per annum, payable April 1, 2016 and semi-annually hereafter.

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Section 14. Bondholders' Rights; Receiver. The holder or holders of the Bonds representing in the aggregate not less than twenty per cent (20%) of the entire principal amount thereof then outstanding, may, by suit, action, mandamus or other proceedings, protect and enforce the statutory lien upon the Net Revenues of the System, and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officers of the Issuer, including the fixing of sufficient rates, the collection of Revenues, the proper segregation of the Revenues of the System and the proper application thereof. The statutory lien upon the Net Revenues, however, shall not be construed as to compel the sale of the System or any part thereof.

If there is a default in the payment of the principal of or interest upon the Series 2015B Bonds, any court having jurisdiction in any proper action may appoint a receiver to administer and operate the System on behalf of the Issuer and under the direction of the court, and by and with the approval of the court to perform all of the duties of the officers of the Issuer more particularly set forth herein and in Act 94.

The holder or holders of the Series 2015B Bonds shall have all other rights and remedies given by Act 94 and law, for the payment and enforcement of the Series 2015B Bonds and the security therefor.

Section 15. Additional Bonds. The Issuer may issue additional bonds of equal standing with the Series 2015B Bonds for the following purposes and subject to the following conditions:

(a) To complete the Project in accordance with the plans and specifications therefor. Such bonds shall not be authorized unless the engineers in charge of construction shall execute a certificate evidencing the fact that additional funds are needed to complete the Project in accordance with the plans and specifications therefor and stating the amount that will be required to complete the Project. If such certificate shall be so executed and filed with the Issuer, it shall be the duty of the Issuer to provide for and issue additional revenue bonds in the amount stated in said certificate to be necessary to complete the Project in accordance with the plans and specifications plus an amount necessary to issue such bonds or to provide for part or all of such amount from other sources.

(b) For subsequent repairs, extensions, enlargements and improvements to the System or for subsequent repairs, extensions, enlargements and improvements to the System and for the purpose of refunding part or all of the Junior Lien Bonds then outstanding and paying costs of issuing such additional Junior Lien Bonds. Junior Lien Bonds for such purposes shall not be issued pursuant to this subparagraph (b) unless the Adjusted Net Revenues of the System for the then last two (2) preceding twelve-month operating years or the Adjusted Net Revenues for the last preceding twelve-month operating year, if the same shall be lower than the average, shall be equal to at least one hundred percent (100%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding Senior Lien Bonds, Junior Lien Bonds and on the additional Bonds then being issued. If the additional Junior Lien Bonds are to be issued in whole or in part for refunding outstanding Junior Lien Bonds, the annual principal and interest requirements shall be determined by deducting from the

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principal and interest requirements for each operating year the annual principal and interest requirements of any Junior Lien Bonds to be refunded from the proceeds of the additional Junior Lien Bonds. For purposes of this subparagraph (b) the Issuer may elect to use as the last preceding operating year any operating year ending not more than sixteen months prior to the date of delivery of the additional Junior Lien Bonds and as the next to the last preceding operating year, any operating year ending not more than twenty-eight months prior to the date of delivery of the additional Junior Lien Bonds. Determination by the Issuer as to existence of conditions permitting the issuance of additional Junior Lien Bonds shall be conclusive. No additional Junior Lien Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the Issuer shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

(c) For refunding a part or all of the Junior Lien Bonds then outstanding and paying costs of issuing such additional Junior Lien Bonds including deposits which may be required to be made to the bond reserve account for such Junior Lien Bonds. No additional Junior Lien Bonds shall be issued pursuant to this subsection unless the maximum amount of principal and interest maturing in any operating year after giving effect to the refunding shall be less than the maximum amount of principal and interest maturing in any operating year prior to giving effect to the refunding.

Section 16. Negotiated Sale; Application to MDEQ and Authority; Execution of Documents. The Issuer determines that it is in the best interest of the Issuer to negotiate the sale of the Series 2015B Bonds to the Authority because the State Revolving Fund financing program provides significant interest savings to the Issuer compared to competitive sale in the municipal bond market. The Authorized Officers are hereby authorized to make application to the Authority and to the MDEQ for placement of the Series 2015B Bonds with the Authority. The actions taken by the Authorized Officers with respect to the Series 2015B Bonds prior to the adoption of this Ordinance are ratified and confirmed. The Authorized Officers are each authorized to execute and deliver the Purchase Contract, the Supplemental Agreement and the Issuer's Certificate. Any Authorized Officer is further authorized to execute and deliver such contracts, documents and certificates as are necessary or advisable to qualify the Series 2015B Bonds for the State Revolving Fund. Prior to the delivery of the Series 2015B Bonds to the Authority, any Authorized Officer is hereby authorized to make such changes to the form of the Series 2015B Bonds contained in Section 13 of this Ordinance as may be necessary to conform to the requirements of Act 227, Public Acts of Michigan 1985, as amended ("Act 227"), including, but not limited to changes in the principal maturity and interest payment dates and references to additional security required by Act 227.

Section 17. Covenant Regarding Tax Exempt Status of the Bonds. The Issuer shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Series 2015B Bonds from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditure and investment of Series 2015B Bonds proceeds and moneys deemed to be Bond proceeds.

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Section 18. Approval of Bond Counsel. The representation of the Issuer by Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield"), as bond counsel is hereby approved, notwithstanding the representation by Miller Canfield of the Authority in connection with the State Revolving Fund program which may include advising the Authority with respect to this borrowing.

Section 19. Approval of Bond Details. The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 7a(1)(c) of Act 94, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, and other matters, provided that the principal amount of Series 2015B Bonds issued shall not exceed the principal amount authorized in this Ordinance, the interest rate per annum on the Series 2015B Bonds shall not exceed two and one-half percent (2.50%) per annum, and the Series 2015B Bonds shall mature in not more than twenty (20) annual installments.

Section 20. Savings Clause. All ordinances, resolutions or orders, or part thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, repealed.

Section 21. Severability; Paragraph Headings; and Conflict. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be part of this Ordinance.

Section 22. Publication and Recordation. This Ordinance shall be published in full in *The Flint Journal*, a newspaper of general circulation in the Issuer qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the Ordinance Book of the Issuer and such record authenticated by the signatures of the Mayor and the City Clerk.

Section 23. Effective Date. This Ordinance shall be effective upon its adoption and publication.

ADOPTED AND SIGNED THIS 3rd day of August, 2015.

Signed _____
Its Mayor

Signed _____
Its City Clerk

Attachment: Bonds SRF 2015-4-87(C) (1732 : Ordinance to Purchase Bonds SRF)

I HEREBY CERTIFY that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Council of the City of Burton, County of Genesee, State of Michigan, at a regular meeting held on the 3rd day of August, 2015, 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.

I further certify that the following Members were present at said meeting:

_____

and that the following Members were absent:

_____.

I further certify that Member _____ moved for adoption of said Ordinance and that said motion was supported by Member _____.

I further certify that the following Members voted for adoption of said Ordinance:

_____

and that the following Members voted against adoption of said Ordinance:

_____.

I further certify that said Ordinance has been recorded in the Ordinance Book and that such recording has been authenticated by the signatures of the Mayor and the City Clerk.

_____
City Clerk

24939838.1\012916-00058

Attachment: Bonds SRF 2015-4-87(C) (1732 : Ordinance to Purchase Bonds SRF)

Approve and authroize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of one thousand one hundred and thirty dollars ($1,130.00) for a full compensation payment to Rose Mihelcic of 1266 Rinn St., Burton, MI 48509, for granting of a permanent sanitary sewer easement on and across parcel #59-13-529-077as part of DPW project#14-004-S.

ATTACHMENTS:

- 1266 Rinn.agenda (PDF)
- Memo on Easements (DOC)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Steven Hatfield
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

To: Rose Mihelcic
1266 Rinn St.
Burton, MI 48509

Re: Parcel #59-13-529-077
Request for Sanitary Sewer Easement
Waiver of Appraisal

The undersigned have been informed of their right to have the property appraised and receive just compensation for the subject property described below. The undersigned have been given the opportunity to review the market data used in establishing the just compensation (see below). The decision to waive the right of an appraisal was made without undue influences or coercive action of any nature. The undersigned have agreed to waive their rights to an appraisal and to sell the Permanent Easement to the City of Burton.

It is understood that the compensation for the permanent easement would include the consent of the grantors to the removal of those trees, shrubs, and vegetation within the easement as in judgment of said City of Burton as necessary.

Subject Parcel 25-59-13-529-077, 1266 Rinn Street
LOT 73, "RINN ACRES", ACCORDING TO THE PLAT THEREOF RECORDED IN LIBER 16, PAGE 37 OF PLATS, GENESEE COUNTY RECORDS

A Permanent Sanitary Sewer Easement is described as follows:
A PUBLIC EASEMENT FOR SANITARY SEWER PURPOSES, BEING A PART OF LOT 73 OF "RINN ACRES", A RECORDED PLAT, AS RECORDED IN LIBER 16 OF PLATS, PAGE 37, GENESEE COUNTY RECORDS, GENESEE COUNTY, MICHIGAN, AND BEING MORE SPECIFICALLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 73; THENCE N89°15'00"W 51.00 FEET ALONG THE SOUTH LINE OF SAID LOT 73 AND THE NORTH LINE LAPEER ROAD; THENCE N01°01'00"E 36.00 FEET; THENCE S89°15'00"E 51.00 FEET TO THE EAST LINE OF SAID LOT 73 AND THE WEST LINE OF RINN STREET; THENCE S01°01'00"W 36.00 FEET ALONG THE EAST LINE OF SAID LOT 73 AND THE WEST LINE OF RINN STREET TO THE POINT OF BEGINNING. CONTAINING 1,836.02 SQ. FT. OF LAND, MORE OR LESS. SUBJECT TO EASEMENTS, RESTRICTIONS AND OTHER PERTINENT INSTRUMENTS.

The compensation for the acquisition of a permanent easement of your property has been determined by William Fowler, City Assessor from current assessment. Compensation, which is subject to City of Burton City Council approval, is as follows:

Easement Area: 51' x 36' = 1,836 square feet
Current Land Value Rate: $0.6155 per square foot
Projected Value: 1,836 sq ft x $0.6155/sf = $1,130.00

Respectfully,

Gregory A. Kray, P.E.
DPW Deputy Director

I, Rose Mihelcic, property owner of record for parcel #59-13-529-077 hereby accept the heretofore written conditions contained in this correspondence, as adequate compensation for a permanent sanitary sewer easement across parcel 59-13-529-077/City DPW Job#14-004-S.

IN WITNESS WHEREOF, the party(s) of the part hereunto affixed his/her signature(s) this 6th day of July A.D., 2015.

In the presence of:

Rose Mihelcic
(Signature)

Rose Mihelcic
(Print Name)

On this 6th day of July, 2015, before me, Amber Abbey

In and for said County, personally appeared Rose Mihelcic

to me known to be the person(s) described in and who executed the same as her free act and deed.

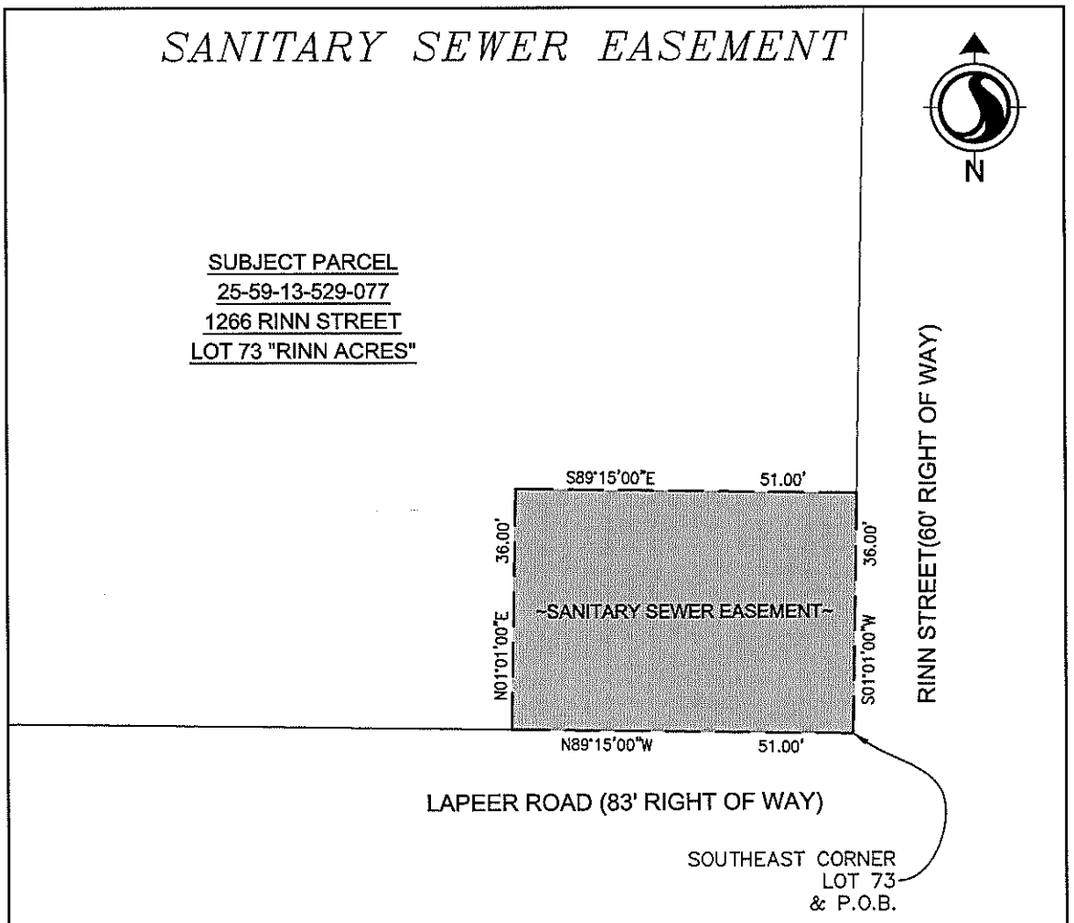
Amber Abbey
Amber Abbey
(Print Name)

Notary Public, Genesee County,

My commission expires: Sept 4, 2017

Attachment: 1266 Rinn.agenda (1744 : Easement for 1266 Rinn)

SANITARY SEWER EASEMENT



SUBJECT PARCEL 25-59-13-529-077, 1266 RINN STREET

LOT 73, "RINN ACRES", ACCORDING TO THE PLAT THEREOF RECORDED IN LIBER 16, PAGE 37 OF PLATS, GENESEE COUNTY RECORDS

SANITARY SEWER EASEMENT:

A PUBLIC EASEMENT FOR SANITARY SEWER PURPOSES, BEING A PART OF LOT 73 OF "RINN ACRES", A RECORDED PLAT, AS RECORDED IN LIBER 16 OF PLATS, PAGE 37, GENESEE COUNTY RECORDS, GENESEE COUNTY, MICHIGAN, AND BEING MORE SPECIFICALLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 73; THENCE N89°15'00"W 51.00 FEET ALONG THE SOUTH LINE OF SAID LOT 73 AND THE NORTH LINE LAPEER ROAD; THENCE N01°01'00"E 36.00 FEET; THENCE S89°15'00"E 51.00 FEET TO THE EAST LINE OF SAID LOT 73 AND THE WEST LINE OF RINN STREET; THENCE S01°01'00"W 36.00 FEET ALONG THE EAST LINE OF SAID LOT 73 AND THE WEST LINE OF RINN STREET TO THE POINT OF BEGINNING.

CONTAINING 1,836.02 SQ. FT. OF LAND, MORE OR LESS. SUBJECT TO EASEMENTS, RESTRICTIONS AND OTHER PERTINENT INSTRUMENTS.

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1:20

MARCH, 2015
2075108906

Stantec

Stantec Consulting Michigan Inc.
3754 Ranchero Drive
Ann Arbor MI U.S.A.
48108–2771
Tel. 734.761.1010
Fax. 734.761.1200
www.stantec.com

STATE OF MICHIGAN
BRADLY DAVID FISH
49277
REGISTERED PROFESSIONAL SURVEYOR

Client/Project
CITY OF BURTON
SRF
PUMP STATION IMPROVEMENT

Figure No.
SHEET 1 OF 1

Title
SANITARY SEWER EASEMENT
1266 RINN STREET

INTEROFFICE MEMORANDUM

To: Paula Zelenko, Mayor
From: Robert Slattery, DPW Director
Date: July 30, 2015

Re: Memo of Explanation for Agenda ID #s 1744 & 1745
Regular Council Meeting of August 3, 2015
Permanent Sanitary Sewer Easement

Madam Mayor:

Agenda item wording:

- Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of one thousand one hundred and thirty dollars ($1,130.00) for a full compensation payment to Rose Mihelcic of 1266 Rinn St., Burton, MI 48509, for granting of a permanent sanitary sewer easement on and across parcel #59-13-529-077as part of DPW project#14-004-S.

- Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of two thousand three hundred and twenty four dollars ($2,324.00) for a full compensation payment to Grantee FIDC XVI, LLC. Of 100 DeBartolo Place, Ste 400., Boardman, OH 44512, for granting of a permanent sanitary sewer easement on and across parcel #59-59-14-553-025 as part of DPW project#14-004-S.

Explanation:

The City of Burton is applying for the 2nd phase of the Clean Water Revolving Funds (SRF & SWQIF) Loan. This phase will include the upgrade to our existing pump stations located at 1266 Rinn and 5238 Lapeer Rd. The upgrade will require a permanent sanitary sewer easement from the property owners. According to the requirements the City, must offer to pay at least the value of the area of the property as occupied by the easement. After negotiations, both parties have agreed to accept the amounts as determined by William Fowler, Assessor.

Attachment: Memo on Easements (1744 : Easement for 1266 Rinn)

Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of two thousand three hundred and twenty four dollars ($2,324.00) for a full compensation payment to Grantee FIDC XVI, LLC. Of 100 DeBartolo Place, Ste 400., Boardman, OH 44512, for granting of a permanent sanitary sewer easement on and across parcel #59-59-14-553-025 as part of DPW project#14-004-S.

ATTACHMENTS:

- 5238 Lapeer.agenda (PDF)
- Memo on Easements (DOC)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

To: Grantee FIDC XVI, LLC.
100 DeBartolo Place, Ste 400
Boardman, OH 44512

Re: Parcel #59-14-553-025
Request for Sanitary Sewer Easement
Waiver of Appraisal

The undersigned have been informed of their right to have the property appraised and receive just compensation for the subject property described below. The undersigned have been given the opportunity to review the market data used in establishing the just compensation (see below). The decision to waive the right of an appraisal was made without undue influences or coercive action of any nature. The undersigned have agreed to waive their rights to an appraisal and to sell the Permanent Easement to the City of Burton.

It is understood that the compensation for the permanent easement would include the consent of the grantors to the removal of those trees, shrubs, and vegetation within the easement as in judgment of said City of Burton as necessary.

Subject Parcel 25-59-14-553-025, 5238 Lapeer Rd.
LOT 106 OF "LAPEER MANOR NO. 2", A RECORDED PLAT, AS RECORDED IN LIBER 35 OF PLATS, PAGE 34, GENESEE COUNTY RECORDS

A Permanent Sanitary Sewer Easement is described as follows:
A PUBLIC EASEMENT FOR SANITARY SEWER PURPOSES, BEING A PART OF LOT 106 OF "LAPEER MANOR NO. 2", A RECORDED PLAT, AS RECORDED IN LIBER 34 OF PLATS, PAGE 34, GENESEE COUNTY RECORDS, GENESEE COUNTY, MICHIGAN, AND BEING MORE SPECIFICALLY DESCRIBED AS FOLLOWS: COMMENCING AT THE EASTERLYNORTHEAST CORNER OF SAID LOT 106; THENCE S00°25'00"W 41.50 FEET ALONG THE EAST LINE OF SAID LOT 106 AND THE WEST LINE CASTO BOULEVARD FOR THE POINT OF BEGINNING OF THIS EASEMENT DESCRIPTION; THENCE CONTINUING S00°25'00"W 56.00 FEET ALONG THE EAST LINE OF SAID LOT 106 AND THE WEST LINE CASTO BOULEVARD; THENCE N89°35'00"W 25.00 FEET; THENCE N00°25'00"E 56.00 FEET; THENCE S89°35'00"E 25.00 FEET TO THE POINT OF BEGINNING. CONTAINING 1,400 SQ. FT. OF LAND, MORE OR LESS. SUBJECT TO EASEMENTS, RESTRICTIONS AND OTHER PERTINENT INSTRUMENTS.

The compensation for the acquisition of a permanent easement of your property has been determined by William Fowler, City Assessor from current assessment. Compensation, which is subject to City of Burton City Council approval, is as follows:

Easement Area: 25' x 56' = 1,400 square feet
Current Land Value Rate: $1.66 per square foot
Projected Value: 1,400 sq ft x $1.66/sf = $2,324.00

Respectfully,

Robert Slattery,
DPW Director

I, FIDC XVI LLC, property owner of record for parcel #59-14-553-025 do hereby accept the heretofore written conditions contained in this correspondence, as adequate compensation for a permanent sanitary sewer easement across parcel #59-14-553-025/City DPW Job#14-004-S.

IN WITNESS WHEREOF, the party(s) of the part hereunto affixed his/her signature(s) this 27th day of July A.D., 2015.

In the presence of:

(Signature)

Anthony Cocca, President of Penn-Ohio Mortgage Co., Manager of FIDC XVI LLC

Bradley Triplett

Bradley Triplett

Anthony Cocca

On this 27th day of July, 2015, before me, Teresa Loper

In and for said County, personally appeared Anthony Cocca, President of Penn-Ohio Mortgage Co., Manager of FIDC XVI LLC, to me known to be the person(s) described in and who executed the same as Anthony Cocca's free act and deed.

Teresa Loper

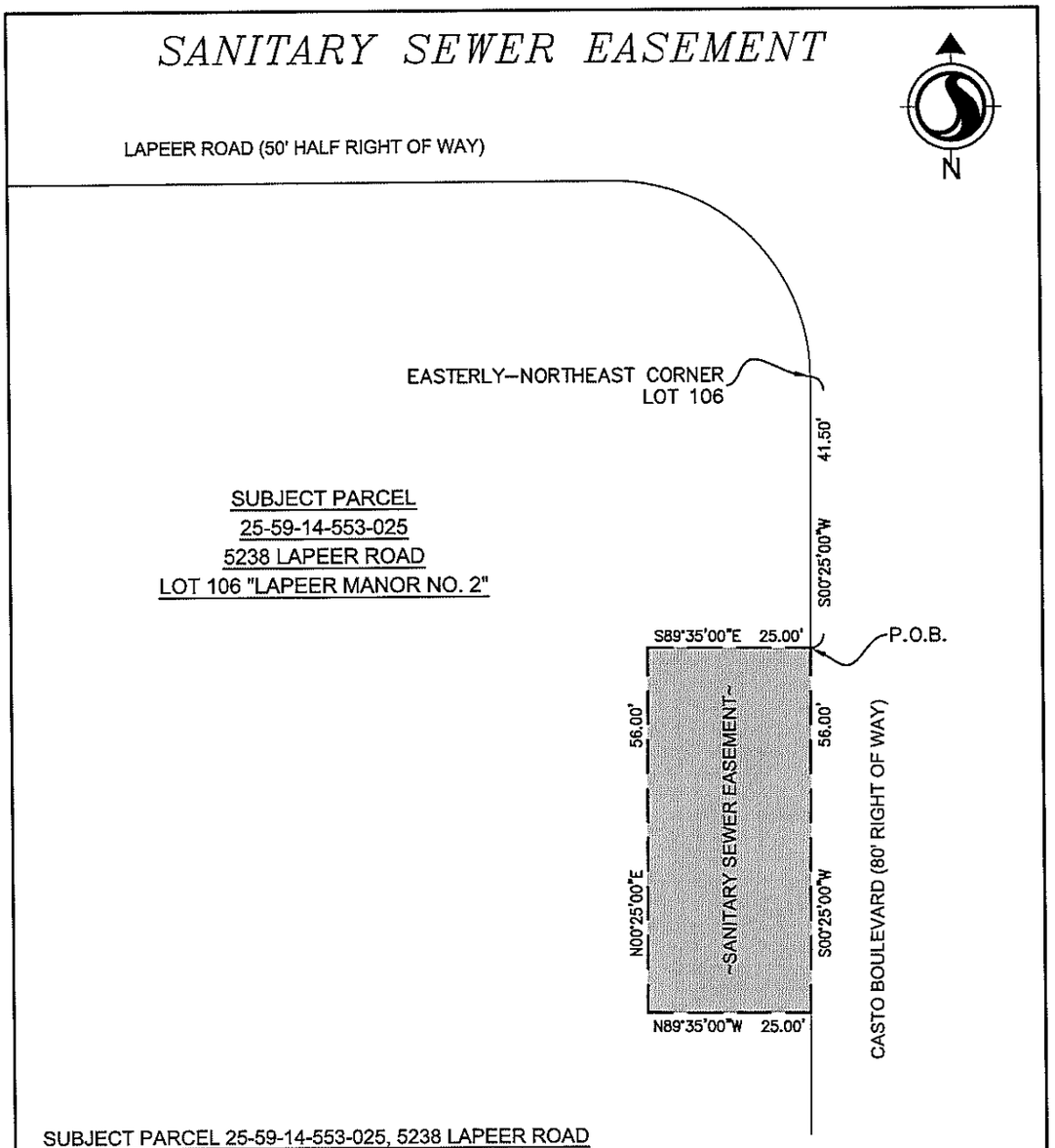
Teresa Loper
(Print Name)

Notary Public, Mahoning County, Ohio State

My commission expires: 11-14-2018

Attachment: 5238 Lapeer.agenda (1745 : Easement for 5238 Lapeer Rd.)

SANITARY SEWER EASEMENT



SUBJECT PARCEL 25-59-14-553-025, 5238 LAPEER ROAD
LOT 106 OF "LAPEER MANOR NO. 2", A RECORDED PLAT, AS RECORDED IN LIBER 35 OF PLATS, PAGE 34, GENESEE COUNTY RECORDS

SANITARY SEWER EASEMENT:
A PUBLIC EASEMENT FOR SANITARY SEWER PURPOSES, BEING A PART OF LOT 106 OF "LAPEER MANOR NO. 2", A RECORDED PLAT, AS RECORDED IN LIBER 34 OF PLATS, PAGE 34, GENESEE COUNTY RECORDS, GENESEE COUNTY, MICHIGAN, AND BEING MORE SPECIFICALLY DESCRIBED AS FOLLOWS: COMMENCING AT THE EASTERLY-NORTHEAST CORNER OF SAID LOT 106; THENCE S00°25'00"W 41.50 FEET ALONG THE EAST LINE OF SAID LOT 106 AND THE WEST LINE CASTO BOULEVARD FOR THE POINT OF BEGINNING OF THIS EASEMENT DESCRIPTION; THENCE CONTINUING S00°25'00"W 56.00 FEET ALONG THE EAST LINE OF SAID LOT 106 AND THE WEST LINE CASTO BOULEVARD; THENCE N89°35'00"W 25.00 FEET; THENCE N00°25'00"E 56.00 FEET; THENCE S89°35'00"E 25.00 FEET TO THE POINT OF BEGINNING.
CONTAINING 1,400 SQ. FT. OF LAND, MORE OR LESS. SUBJECT TO EASEMENTS, RESTRICTIONS AND OTHER PERTINENT INSTRUMENTS.

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1:20

MARCH, 2015
2075108906

Stantec Consulting Michigan Inc.
3754 Ranchero Drive
Ann Arbor MI U.S.A.
48108–2771
Tel. 734.761.1010
Fax. 734.761.1200
www.stantec.com

STATE OF MICHIGAN
BRADLY DAVID FISH
49277
REGISTERED PROFESSIONAL SURVEYOR

Client/Project
CITY OF BURTON
SRF
PUMP STATION IMPROVEMENT
Figure No.
SHEET 1 OF 1
Title
SANITARY SEWER EASEMENT
5238 CASTO BLVD.

INTEROFFICE MEMORANDUM

To: Paula Zelenko, Mayor
From: Robert Slattery, DPW Director
Date: July 30, 2015

Re: Memo of Explanation for Agenda ID #s 1744 & 1745
Regular Council Meeting of August 3, 2015
Permanent Sanitary Sewer Easement

Madam Mayor:

Agenda item wording:

- Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of one thousand one hundred and thirty dollars ($1,130.00) for a full compensation payment to Rose Mihelcic of 1266 Rinn St., Burton, MI 48509, for granting of a permanent sanitary sewer easement on and across parcel #59-13-529-077as part of DPW project#14-004-S.

- Approve and authorize the Mayor and City Clerk authority to sign, and the City Controller authority to issue a payment of two thousand three hundred and twenty four dollars ($2,324.00) for a full compensation payment to Grantee FIDC XVI, LLC. Of 100 DeBartolo Place, Ste 400., Boardman, OH 44512, for granting of a permanent sanitary sewer easement on and across parcel #59-59-14-553-025 as part of DPW project#14-004-S.

Explanation:

The City of Burton is applying for the 2nd phase of the Clean Water Revolving Funds (SRF & SWQIF) Loan. This phase will include the upgrade to our existing pump stations located at 1266 Rinn and 5238 Lapeer Rd. The upgrade will require a permanent sanitary sewer easement from the property owners. According to the requirements the City, must offer to pay at least the value of the area of the property as occupied by the easement. After negotiations, both parties have agreed to accept the amounts as determined by William Fowler, Assessor.

Attachment: Memo on Easements (1745 : Easement for 5238 Lapeer Rd.)

Approve and authorize the setting of a 2nd Public Hearing and first formal reading of ordinance for Zoning Case #314, Zoning Ordinance Update, on Monday, August 17, 2015 at 6:00 p.m.

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Duane Haskins, Vice-President
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

AGENDA ITEM (ID # 1748)

DOC ID: 1748

Approve and authorize the sale of Vacant Lot - Scottwood Ave., Parcel No. 59-31-526-028, to give first and final approval for the sale of this improved parcel to Kathryn M. Conrad, 1404 Scottwood Ave., Burton, MI 48529 for the sum of $750.00 cash or its equivalent and authorizing the Mayor and Clerk to execute any and all documents required to effectuate this sale.

ATTACHMENTS:

- Conrad Purchase Agreement (PDF)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

CONDITIONAL PURCHASE AGREEMENT
Conditioned upon ONE City Council Approval

On _____ the Burton City Council passed Resolution R-_____ authorizing the sale of certain City owned real estate at specific prices. The subject of this Purchase Agreement is one of those parcels. Accordingly, this sale will only require one approval by the Burton City Council prior to closing.

For valuable consideration **THE CITY OF BURTON**, a municipal corporation, of 4303 S. Center Road, Burton, Michigan 48519, as Seller and KATHRYN M. Conrad, ~~husband and wife~~/a single ~~man~~/woman, of 1404 Scottwood Ave, Burton, Michigan 48529, as Purchaser(s), agree to purchase, the following described real property, vacant land, located in the City of Burton, Genesee County, Michigan being legally described as:

Lot(s) Lot 33 AND W 50 Ft OF E 160.6 Ft of Lot 59 Martindale
More commonly known as: Vacant lot-Scottwood Ave.
Permanent Parcel #: 59-31-526-028

together with all improvements, appurtenances, heridetenements now on the premises.

1. **PURCHASE PRICE.**
The Purchase Price for the above described property shall be $ 750.00 payable in cash or certified funds at closing.

2. **DEPOSIT:**
In the event that the Purchaser is submitting this Purchase Agreement for City Council consideration, an earnest money deposit in the amount of Ten (10%) percent of the price being offered is hereby submitted with this Purchase Agreement.

3. **CLOSING:**
(a) Purchaser acknowledges and understands that all sales of City owned property must be approved by the Burton City Council and that the sale of this particular parcel of property is conditioned upon one such council approval. If the Council fails to approve this sale, then and in that event this Agreement will be deemed null and void and Seller shall forthwith return Purchaser's earnest money deposit.

(b) Closing shall take place within fifteen (15) business days of City Council approval of this sale. At which time Purchaser will pay to Seller the balance of the purchase price in cash or certified funds and Seller shall convey a Covenant Deed to

Attachment: Conrad Purchase Agreement (1748 : Sale of City-Owned Property)

purchaser in a form suitable for recording. **Purchaser will be responsible for recording the Covenant Deed.**

4. **TITLE:**

Seller has obtained title to the above described property through the property tax reversion process, through a Genesee County Circuit Court Quiet Title Action, or by bequest. Seller does not warrant title. Purchaser is responsible to obtain evidence of satisfactory title. Seller will not provide title insurance.

In the event that Purchaser's title search discloses title defects, Purchaser shall have twenty (20) days from the date of the execution of this Agreement to rescind this transaction by written notification to the City Clerk. Upon termination within the twenty (20) day period, Seller shall return the earnest money deposit to Purchaser and this Agreement shall be null and void.

Seller will convey it's interest in the property, which it has obtained by Circuit Court Judgment Quieting Title, by bequest or by Circuit Court Judgment conveying same, to Purchaser by Covenant Deed.

5. **CONDITION OF PREMISES:**

Purchaser acknowledges that the premises is being sold "AS IS" and that Seller has made absolutely no representations to Purchaser regarding the condition of the premises or any personal property which may be located within or upon the premises. There are no warranties of any type, expressed or implied being given by Seller to Purchaser.

6. **TAXES:**

Seller makes no representations regarding the status of either real or personal property taxes pertaining to the property above described. There shall be no proration of taxes as Purchaser shall be solely responsible for all unpaid taxes, assessments, and fees which may or may not be a lien against the premises at the time of closing. In addition to being solely responsible for all taxes, both past due and current, Purchaser is also responsible to pay any tax certification, revenue stamp and recording fees which may be associated with the recording of the deed.

7. **ENTIRE CONTRACT:**

Seller and Purchaser agree that they have read this document, that they understand its terms and agree to be bound thereby, and that there are no other agreements in writing or otherwise between them concerning the subject of this contract, and that this contract embodies the complete and entire agreement between them concerning the subject of this contract.

Attachment: Conrad Purchase Agreement (1748 : Sale of City-Owned Property)

8. **BINDING EFFECT:**

Seller and Purchaser agree that the covenants and undertakings of this contract shall also bind their heirs, personal representatives, administrators, executors, assigns and successors; and that said covenants and undertakings as expressed herein shall continue to bind the parties subsequent to the final closing.

9. **MISCELLANEOUS PROVISIONS:**

1) Each party shall be responsible to pay their respective attorney fees.
2) All parties acknowledge receipt of a signed copy of this Purchase Agreement.
3) In the event that the property being conveyed herein was subject to a Circuit Court Title Action, all parties acknowledge receipt of a copy of the Judgment Quieting Title or an Order Conveying Title to the City of Burton.

SIGNED IN THE PRESENCE OF:

Brenda S. Moulton

BRENDA S. MOULTON
PURCHASING AGENT

SELLER:

THE CITY OF BURTON

_____

BY: PAULA ZELENKO
ITS MAYOR

Dated: _____

_____

BY: TERESA KARSNEY
ITS CLERK

Dated: _____

PURCHASER:

* Kathryn M. Conrad

Dated: 7/22/15

_____

*

Dated: _____

Attachment: Conrad Purchase Agreement (1748 : Sale of City-Owned Property)

AGENDA ITEM (ID # 1749)

DOC ID: 1749

Approve and authorize the sale of Vacant Lot - Bergin Ave., Parcel No. 59-32-526-047, to give first and final approval for the sale of this improved parcel to Kristopher A. Stillwagon, 2388 Bergin Ave., Burton, MI 48529 for the sum of $750.00 cash or its equivalent and authorizing the Mayor and Clerk to execute any and all documents required to effectuate this sale.

ATTACHMENTS:

- Stillwagon Purchase Agreement (PDF)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

CONDITIONAL PURCHASE AGREEMENT
Conditioned upon ONE City Council Approval

On _____ the Burton City Council passed Resolution R-_____ authorizing the sale of certain City owned real estate at specific prices. The subject of this Purchase Agreement is one of those parcels. Accordingly, this sale will only require one approval by the Burton City Council prior to closing.

For valuable consideration **THE CITY OF BURTON**, a municipal corporation, of 4303 S. Center Road, Burton, Michigan 48519, as Seller and Kristopher A. Stillwagon, ~~husband and wife~~/a ~~single~~ married man/~~woman~~, of 2388 Bergin Ave, Burton, Michigan 48529, as Purchaser(s), agree to purchase, the following described real property, vacant land, located in the City of Burton, Genesee County, Michigan being legally described as:

Lot(s) Lot 93 Atherton Homestead
More commonly known as: Vacant Lot - Bergin Ave.
Permanent Parcel #: 59-32-526-047

together with all improvements, appurtenances, heridetenements now on the premises.

1. **PURCHASE PRICE.**
The Purchase Price for the above described property shall be $750.00 payable in cash or certified funds at closing.

2. **DEPOSIT:**
In the event that the Purchaser is submitting this Purchase Agreement for City Council consideration, an earnest money deposit in the amount of Ten (10%) percent of the price being offered is hereby submitted with this Purchase Agreement.

3. **CLOSING:**
(a) Purchaser acknowledges and understands that all sales of City owned property must be approved by the Burton City Council and that the sale of this particular parcel of property is conditioned upon one such council approval. If the Council fails to approve this sale, then and in that event this Agreement will be deemed null and void and Seller shall forthwith return Purchaser's earnest money deposit.

(b) Closing shall take place within fifteen (15) business days of City Council approval of this sale. At which time Purchaser will pay to Seller the balance of the purchase price in cash or certified funds and Seller shall convey a Covenant Deed to

Attachment: Stillwagon Purchase Agreement (1749 : Sale of City-Owned Property)

purchaser in a form suitable for recording. **Purchaser will be responsible for recording the Covenant Deed.**

4. **TITLE:**

Seller has obtained title to the above described property through the property tax reversion process, through a Genesee County Circuit Court Quiet Title Action, or by bequest. Seller does not warrant title. Purchaser is responsible to obtain evidence of satisfactory title. Seller will not provide title insurance.

In the event that Purchaser's title search discloses title defects, Purchaser shall have twenty (20) days from the date of the execution of this Agreement to rescind this transaction by written notification to the City Clerk. Upon termination within the twenty (20) day period, Seller shall return the earnest money deposit to Purchaser and this Agreement shall be null and void.

Seller will convey it's interest in the property, which it has obtained by Circuit Court Judgment Quieting Title, by bequest or by Circuit Court Judgment conveying same, to Purchaser by Covenant Deed.

5. **CONDITION OF PREMISES:**

Purchaser acknowledges that the premises is being sold "AS IS" and that Seller has made absolutely no representations to Purchaser regarding the condition of the premises or any personal property which may be located within or upon the premises. There are no warranties of any type, expressed or implied being given by Seller to Purchaser.

6. **TAXES:**

Seller makes no representations regarding the status of either real or personal property taxes pertaining to the property above described. There shall be no proration of taxes as Purchaser shall be solely responsible for all unpaid taxes, assessments, and fees which may or may not be a lien against the premises at the time of closing. In addition to being solely responsible for all taxes, both past due and current, Purchaser is also responsible to pay any tax certification, revenue stamp and recording fees which may be associated with the recording of the deed.

7. **ENTIRE CONTRACT:**

Seller and Purchaser agree that they have read this document, that they understand its terms and agree to be bound thereby, and that there are no other agreements in writing or otherwise between them concerning the subject of this contract, and that this contract embodies the complete and entire agreement between them concerning the subject of this contract.

Attachment: Stillwagon Purchase Agreement (1749 : Sale of City-Owned Property)

8. **BINDING EFFECT:**

Seller and Purchaser agree that the covenants and undertakings of this contract shall also bind their heirs, personal representatives, administrators, executors, assigns and successors; and that said covenants and undertakings as expressed herein shall continue to bind the parties subsequent to the final closing.

9. **MISCELLANEOUS PROVISIONS:**

1) Each party shall be responsible to pay their respective attorney fees.
2) All parties acknowledge receipt of a signed copy of this Purchase Agreement.
3) In the event that the property being conveyed herein was subject to a Circuit Court Title Action, all parties acknowledge receipt of a copy of the Judgment Quieting Title or an Order Conveying Title to the City of Burton.

SIGNED IN THE PRESENCE OF:

Brenda S. Moulton

BRENDA S. MOULTON
PURCHASING AGENT

SELLER:

THE CITY OF BURTON

_____

BY: PAULA ZELENKO
ITS MAYOR

Dated: _____

_____

BY: TERESA KARSNEY
ITS CLERK

Dated: _____

PURCHASER:

X _____

*Kristopher A. Stillwagon

Dated: 7/27/15

_____

*

Dated: _____

Attachment: Stillwagon Purchase Agreement (1749 : Sale of City-Owned Property)

AGENDA ITEM (ID # 1750)

DOC ID: 1750

Approve and authorize the Mayor and Clerk to enter into an agreement with Stantec Consulting Michigan Inc., 3754 Rachero Drive, Ann Arbor, MI 481808-2771. For Providing Professional Engineering Services for The Construction Phase Of SRF project which includes Sewer Rehab, Sewer Replacement, Pump Stations replacement, and Forcemain Replacement. At a cost not to exceed $475,000.00.

ATTACHMENTS:

- Stantec Contruction SRF (PDF)
- Memo Stantec Proposal for Construction Phase Services (DOCX)

RESULT:	**CARRIED [6 TO 1]**
MOVER:	Steven Heffner, Councilman
SECONDER:	Ellen Ellenburg, Councilwoman
AYES:	Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield
NAYS:	Tom Martinbianco

Stantec Consulting Michigan Inc.
3754 Ranchero Drive, Ann Arbor MI 48108-2771

July 6, 2015
File: 2075108906

Attention: Honorable Paula Zelenko
Mayor of City of Burton
4303 S. Center Road
Burton, Michigan 48519

Dear Mayor Zelenko,

Reference: Proposal for Construction Phase Services
SRF SANITARY COLLECTION SYSTEM IMPROVEMENTS

Stantec Consulting Michigan Inc. (Stantec) is pleased to submit this proposal for providing professional engineering services for the construction phase of SRF project which includes Sewer Rehab, Sewer Replacement, Pump Stations replacement, and Forcemain Replacement. This letter proposal is divided into the following major sections:

- Project Background and Understanding
- Project Scope of Services
- Project Assumptions
- Project Schedule
- Project Budget

PROJECT BACKGROUND AND UNDERSTANDING

Stantec understands that the SRF construction will involve replacement of approximately 6,500 feet of 21-inch concrete sewer replacement by open cut installation, replacement of approximately 1600 feet of 6-8 inch gravity sewer, lining of approximately 6,700 -feet of sanitary sewer, replacement of and approximately 1,514-feet of ductile iron force main, and replacement of 5 pump stations and appurtenances.

SCOPE OF SERVICES

Pursuant to providing engineering services that incorporate Stantec's project understanding, Stantec has developed the following project approach to meet the project goals and deliverables. We propose to provide the following scope of services:

Task 1: Pre-Construction Services and Shop Drawing Review:

- Coordinate and facilitate a preconstruction meeting with the Contractor.
- Review shop drawings for all materials for general conformance with contract documents.

Attachment: Stantec Contruction SRF (1750 : Stantec Contract)

Reference: Proposal for Construction Phase Services
SRF SANITARY COLLECTION SYSTEM IMPROVEMENTS

Task 2: Survey Construction Layout:

- Provide survey construction staking
- Provide the Contractor and the City with a cut sheet for all sewer alignments.

Task 3: Construction Administration:

- Respond to Requests for Information from the Contractor if necessary.
- Coordinate with the City DPW personnel.
- Perform field interviews with the Contractor's staff, and review certified payrolls for compliance with field interviews and Davis Bacon Wage Rate requirements (as required by SRF).
- Process pay applications and make recommendations to the City for payment to the Contractor.
- Provide correspondence throughout the project including shop drawing letters, punch-list letters, field orders, bulletins, change orders and any other correspondence related to administration of the project.
- Attend weekly field meetings and monthly project progress meetings.

Task 4: Construction Observation:

- Perform full time construction observation of all linear sewer replacements.
- Perform part time construction observation of sewer lining and restoration activities.
- Attend to residents' concerns and complaints during construction operations.
- Perform part time inspection of the pump stations replacement
- Perform part time/limited construction observation the pump stations and related instrumentation and control.

Task 5: Punch-list and Close-out:

- Prepare punch list and provide follow up site representative with the Contractor until all items are complete.
- Prepare and submit to the City all daily inspection reports.

Attachment: Stantec Contruction SRF (1750 : Stantec Contract)

Reference: Proposal for Construction Phase Services
SRF SANITARY COLLECTION SYSTEM IMPROVEMENTS

- Prepare field measured record drawings in hard copy and electronic format per the City's standards.

SIGNIFICANT ASSUMPTIONS

- Material construction testing will be completed by the contractor.
- The above proposal is based on a total of 3300 hours of full time inspection.
- Stantec will attend one progress meeting for the duration of the contract (18-19 month).
- Contractor will prepare meeting minutes and related correspondences.
- Stantec's employees are local to Burton's geographic area. Therefore, no charge for travel time or mileage was included in the above scope.
- Three (3) field visits per pump station
- Seven (7) days are allocated for startup and project closeout activities.
- Three (3) days are allocated for screen development workshops.

PROJECT BUDGET

We propose to undertake the work outlined above for a not-to-exceed fee of $ 475,000. Please note this fee is subject to inclusion in the SRF Funding and the City would be reimbursed by MDEQ after the invoices are paid by the City.

The following is an estimate of our fee breakdown.

Contract Administration Services	$65,000
Construction Inspection (linear and pump Station)	$350,000
Construction Staking	$35,000
Punch List, Startup, Project As-Builts, and Closeout	$25,000

Please note that the breakdown may change as a result of construction demands in certain disciplines but our total fee will not be exceeded.

PROJECT SCHEDULE

Please note that the project schedule will assume construction will begin in November 2014 and last for up to 566 calendar days.

Attachment: Stantec Contruction SRF (1750 : Stantec Contract)

Reference: Proposal for Construction Phase Services
SRF SANITARY COLLECTION SYSTEM IMPROVEMENTS

Please note that this work will be conducted as a contract amendment to the existing design contract and under the General Engineering Services Agreement that has been previously executed between the City of Burton and Stantec Consulting Michigan Inc.

If the above proposal meets your approval, please sign this letter and return a copy to our office. We take pride in providing the City with quality engineering services and look forward to continuing our services for years to come.

Regards,

STANTEC CONSULTING MICHIGAN INC.

Dima El-Gamal, PhD, PE, LEED® AP
Associate
Phone: (734) 214-2516
Fax: (734) 761-1200
dima.el-gamal@stantec.com

STANTEC CONSULTING MICHIGAN INC.

R. Brian Simons, PE, LEED® AP
Principal
Phone: (734) 214-2518
Fax: (734) 761-1200
brian.simons@stantec.com

c. Bob Slattery, City of Burton

ACKNOWLEDGED AND ACCEPTED:

CITY OF BURTON

_____
Name of Signer:
Title of Signer:

_____, 2015

Attachment: Stantec Contruction SRF (1750 : Stantec Contract)

To: Paula Zelenko, Mayor
From: Robert Slattery, DPW Director
Date: July 30, 2015

Re: Memo of Explanation for Agenda ID # 1750
Regular Council Meeting of August 3, 2015

Proposal for Construction Phase Services: SRF SANITARY COLLECTION SYSTEM IMPROVEMENTS

Madam Mayor:

Agenda item wording:

Approve and authorize the Mayor and Clerk to enter into an agreement with Stantec Consulting Michigan Inc., 3754 Rachero Drive, Ann Arbor, MI 481808-2771. For Providing Professional Engineering Services for The Construction Phase Of SRF project which includes Sewer Rehab, Sewer Replacement, Pump Stations replacement, and Forcemain Replacement. At a cost not to exceed $475,000.00.

Explanation:
Stantec Consulting Michigan Inc. (Stantec) has submit this proposal for providing professional engineering services for the construction phase of SRF project, which includes Sewer Rehab, Sewer Replacement, Pump Stations replacement, and Forcemain Replacement. SRF construction will involve replacement of approximately 6,500 feet of 21-inch concrete sewer replacement.

SRF construction will involve replacement of approximately 6,500 feet of 21-inch concrete sewer replacement. Stantec proposes to undertake the work for a not-to-exceed fee of $ 475,000.

Please note this fee is subject to inclusion in the SRF Funding and the City would be reimbursed by MDEQ after the invoices are paid by the City.

The project schedule will assume construction will begin in November 2014 and last for up to 566 calendar days.

Attachment: Memo Stantec Proposal for Construction Phase Services (1750 : Stantec Contract)

Approve and authorize the Mayor and Clerk to enter into a agreement for purchase and implementation of Operation and Maintenance software purchased from Cartegraph Syetems, Inc. 3600 Digital Dr. Dubuque, IA 52003, as part of the SAW Grant with first year cost of $65,960.00 with the City of Burton being responsible for 10% which is $6,596.00. With the purchase of the software, we are agreeing to a $7,500.00 annual maintenance fee starting in Fiscal Year 2016-2017.

ATTACHMENTS:

- Cartegraph Master Agreement (PDF)
- Memo - Cartegraph (DOC)

RESULT:	**CARRIED [UNANIMOUS]**
MOVER:	Duane Haskins, Vice-President
SECONDER:	Steven Hatfield, Councilman
AYES:	Martinbianco, Haskins, O'Keefe, Heffner, Ellenburg, Smith, Hatfield

Cartegraph Master Agreement Agreement No. **#MA122**

This Agreement is by and between **Cartegraph Systems, Inc.**, an Iowa corporation having its principal place of business at **3600 Digital Drive, Dubuque, Iowa, 52003** ("Cartegraph"), and **City of Burton** ("Customer") with an address of **4303 S. Center Road, Burton, MI 48519** dated **July 9, 2015.**

This Agreement is intended to serve as the primary controlling agreement between the parties. This Agreement includes the following terms and conditions, as well as all Exhibits and Addendums to this Agreement, Purchase Agreements, and all other future agreements referencing this Agreement which Cartegraph and Customer may execute from time to time for the purchase of Software, Support, Services and Hosting. Collectively these are referred to as "Products". The terms and conditions herein provided shall be controlling as between Cartegraph and Customer unless specifically superseded by an Exhibit to this Agreement, a contemporaneously or subsequently executed Purchase Agreement, or any other contemporaneously or subsequently executed agreement specifically referencing this Agreement.

BY EXECUTING THIS AGREEMENT, CUSTOMER ACKNOWLEDGES THAT IT HAS REVIEWED THE TERMS AND CONDITIONS ON THE FOLLOWING PAGES IN ADDITION TO ANY EXHIBITS AND PURCHASE AGREEMENTS AND CUSTOMER AGREES TO BE LEGALLY BOUND BY EACH SUCH AGREEMENT.

Cartegraph Systems, Inc.	**City of Burton**
By _____ (Signature)	By _____ (Signature)
Randy L. Skemp (Type or print name)	_____ (Type or print name)
Title Executive Vice President/CRO	Title _____
Date _____	Date _____

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

The following are the terms and conditions under which Cartegraph licenses its Software and provides Support, Services and Hosting as listed in the Exhibits and Purchase Agreements referencing this Agreement.

1. Grant of License to Software.

A. Cartegraph is licensed by third parties ("Third Party Licensors") to sublicense certain third party software products to Customer and to offer services to Customer for these third party software products under this Agreement.

B. Each Software product, including all data programs or set of programs, or routines and subroutines, consisting of a series of instructions or statements in machine readable form, and including any documentation relating to or describing such Software, such as, but not limited to manuals, online documentation and user instructions, flow charts, database schemas and improvements or updates provided by Cartegraph (collectively "Software"), is furnished to Customer under a personal, non-exclusive, nontransferable limited license solely for Customer's own internal use on Host Computer System (as defined below) and with Customer's Clients.

1. Host Computer Systems, if applicable, are Servers owned or controlled by Cartegraph that Customer may access under this Agreement (the provision of this service is herein referred to as "Hosted" or "Hosting").
2. Servers are personal computers, minicomputers, mainframes, workstations, and terminal devices that interact with Client Software and have been approved by Cartegraph or Third Party Licensors for operation of Software.
3. Server Software is a copy of Software residing on a server, multiple servers, or a Host Computer System.
4. Clients are personal computers, minicomputers, mainframes, workstations, mobile devices, and terminal devices that interact with Server Software and have been approved by Cartegraph or Third Party Licensors for operation of Software.
5. Client Software is a copy of Software residing on a Client that interacts with Server Software.
6. Data Files are those files which contain data that is input by the Customer during the use of the Software.

C. Customer agrees that the number of users licensed will be listed in the Purchase Agreement and only that number of users may use the Software at any given time.

1. If Customer has purchased a Per-User License, as indicated in the Purchase Agreement, only a finite number of licenses have been purchased by Customer and only that finite number of users may access and use the Software at any given time. The specific number of licenses purchased shall be identified in the Purchase Agreement.
2. If Customer has purchased an Unlimited License, as indicated in the Purchase Agreement, all employees of Customer are considered to be licensed to access and use the Software at any given time. Such Unlimited License applies only to employees of Customer and does not allow the access or use of the Software by any independent contractors, affiliated entities or organizations, or any other individual, party, or entity that is not an employee of Customer.

D. Customer agrees the Software license for the Software is limited as follows:

1. Browser Based User – Each browser based user is defined by unique ID and password.
2. For Server Software – one copy of Server Software for each Server or, if Hosted, no copies of Server Software for a Server that is not a Host Computer System.

E. Customer agrees that this license does not permit Customer to: (1) use the Software for a service bureau application or (2) sublicense the Software.

F. Except as set forth in this Agreement or as may be permitted in writing by Third Party Licensors, Customer shall not use, provide or otherwise make available the Software or any part or copies thereof to any third party.

G. Customer shall not, and shall not permit others to:

1. Reverse engineer, decompile, decode, decrypt, disassemble, or in any way derive source code from the Software;
2. Modify, translate, adapt, alter, or create derivative works from the Software;
3. Copy, (other than one back-up copy), distribute, publicly display, transmit, sell, rent, lease or otherwise exploit the Software; or
4. Distribute, sublicense, rent, lease, loan (or grant any third party access to or use of) the Software to any third party.

H. Customer may make copies of the Client Software for archival purposes. The Server Software may not be copied, in whole or in part.

2. Title to Software and Data Files.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

A. Ownership of the Software, any portions thereof and any modifications, translations, or derivatives thereof, even if unauthorized, remains with Cartegraph or Third Party Licensors, as do all applicable rights in patents, copyrights and trade secrets and any other proprietary rights in the Software. Software provided hereunder is valuable, proprietary and unique, and Customer agrees to be bound by and observe the proprietary nature thereof as provided herein.

B. Customer acknowledges that unauthorized reproduction, use, or disclosure of the Software or any part thereof may cause irreparable injury to Cartegraph or Third Party Licensors, who may therefore be entitled to injunctive relief to enforce these license restrictions, in addition to any other remedies available at law, in equity, or under this Agreement.

C. Customer agrees that Cartegraph or Third Party Licensors may audit Customer's Software usage remotely or on-site during Support, Services or Hosting or upon reasonable notice and during standard business hours. Prevention of audit by Customer may be grounds for termination of this Agreement.

D. Cartegraph agrees that ownership of data in Data Files remains with Customer. However, Customer agrees that Cartegraph may access Data Files and grants Cartegraph a license to use the data for 1) internal business purposes to evaluate the use and operation of the Software, Support, Services or Hosting; and 2) marketing purposes provided that any information shared with third parties is anonymized and/or aggregated so that Customer cannot be identified from the information.

3. License Fees, Support Charges, Services and Hosting Charges.

A. Customer agrees to pay the license fees for the Software, Support charges, Services charges and Hosting charges as set forth in the Purchase Agreement for each Product.

B. Cartegraph agrees that the total amount listed in the Purchase Agreement shall be considered the not-to-exceed price for the Software, Support, Services and Hosting included in that Purchase Agreement. Hosting includes 20G of available file storage. If additional storage is required, the Customer can purchase in 10G increments

C. Customer agrees that all payments are due 30 days from date of invoice and Customer shall be in default if amounts due have not been received in that time period. Customer's default will constitute sufficient cause for Cartegraph to suspend or terminate the Software license, Support, Services and Hosting under this Agreement.

D. Customer shall be invoiced for Software, Support, Hosting and hardware upon delivery. Customer shall be invoiced for Services as set forth in the Purchase Agreement.

E. Customer shall reimburse Cartegraph for reasonable expenses incurred during the provision of Support, Services or Hosting. Reasonable expenses include, but are not limited to, travel, lodging, and meals. Expenses are billed based on actual costs incurred. Estimated expenses shall be included in each Purchase Agreement and include the number of trips to customer site. Cartegraph shall not exceed the estimated expenses without written approval from Customer.

4. Delivery and Installation.

A. **On-Site Installation**

1. This subsection "A" regarding On-Site Installation shall apply if Customer elects, as indicated in the Purchase Agreement, to have Software and Products installed on Customer's Servers and Client computers at Customer's facilities ("On-Site") instead of utilizing Cartegraph Hosting Services.

   a. Execution of a Purchase Agreement by Customer shall be considered as Customer's notification to Cartegraph to proceed with delivery of the Products identified in the Purchase Agreement.

   b. Delivery of Software and Support shall take place reasonably quickly after execution of the Purchase Agreement. Cartegraph shall provide access to the Software to Customer in a downloadable form. Notification by Cartegraph that Software is available for download shall constitute delivery of Software and Support, regardless of when Customer downloads the Software.

   c. Customer shall be responsible for installation of the Client Software on Customer's Clients, unless agreed otherwise.

   d. After execution of the Purchase Agreement, delivery of Services will be scheduled in cooperation with Customer. Customer shall remain responsible for Service charges even if Services are not delivered.

   e. Any hardware included in the Purchase Agreement shall be ordered after execution of the Purchase Agreement. Delivery of hardware will be scheduled in cooperation with Customer.

B. **Hosting**

1. This subsection "B" regarding Hosting shall apply if Customer elects, as indicated in the Purchase Agreement, to utilize the Hosting services offered by Cartegraph instead of having the Software installed On-Site, as described in the previous subsection.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

a. Execution of a Purchase Agreement shall be considered as Customer's notification to Cartegraph to proceed with delivery of the Software and Services as indicated in the Purchase Agreement.

b. Delivery of Software, Support, and Hosting shall take place reasonably quickly after execution of the Purchase Agreement. Cartegraph shall provide access to the Server Software to Customer on a Host Computer System. Notification by Cartegraph that Server Software is available for access shall constitute delivery of Server Software, Support and Hosting, regardless of when Customer first accesses the Server Software.

c. Cartegraph shall be responsible for installation of the Server Software on Cartegraph's Host Computer System. Customer shall be responsible for installation of the Client Software on Customer's Clients, unless agreed otherwise.

d. After execution of the Purchase Agreement, delivery of Services will be scheduled in cooperation with Customer. Customer shall remain responsible for Service charges even if Services are not delivered.

e. Any hardware included in the Purchase Agreement shall be ordered after execution of the Purchase Agreement. Delivery of hardware will be scheduled in cooperation with Customer.

2. Hosting Services

a. Cartegraph will install, and operate Server Software on one or more Host Computer Systems.

b. Cartegraph will provide all equipment, software and services necessary for the operation, maintenance and support of one or more Host Computer Systems and the Server Software. Cartegraph may contract with third parties for all or part of such equipment, software and services ("Third Party Hosts"). Cartegraph reserves the right to change the configuration of the Host Computer System and the Server Software and to change or delete such equipment or software at any time, but Cartegraph shall make the Software compatible with such change or deletion without additional charge to Customer.

c. Customer shall have access to and be permitted to use the Server Software via Clients.

d. Customer shall provide a computing and networking environment that meets the minimum requirements set forth in Cartegraph's published specifications.

e. Customer shall be responsible for all bandwidth between Host Computer System and Clients and in such amounts as to provide reasonable responsiveness of the system.

f. Cartegraph shall perform a full back-up of data files on a daily basis. The daily full back-up will be retained for (14) fourteen days and then deleted unless customer contracts for additional days. Cartegraph's hosting services uses RAID 10 which both mirrors the data and stripes across multiple drives creating redundancy. Cartegraph hosting services have dual redundancy with offsite back-up storage and a back-up data centers

g. The Host Computer System shall be used by Customer only for purposes relating to Customer's own use of the Software. Customer shall have no right to assign any of its rights under this section.

h. Customer agrees that it shall be bound by the terms and conditions of any agreement between Cartegraph and any Third Party Hosts that relate to the use and operation of Host Computer Systems. Cartegraph will apprise Customer of the terms and conditions of such agreements from time to time.

i. Cartegraph will take reasonable precautions to guard against unauthorized access to Data Files. However, Cartegraph assumes no responsibility that the Software will be used properly.

j. Customer shall have the right to receive Data Files within sixty (60) days of termination of any Hosting on the condition that customer has paid all outstanding invoices owed to Cartegraph.

3. Availability of Host Computer System.

a. If Cartegraph contracts with a Third Party Host to provide Hosting, the service level provided by the Third Party Host shall be the service level provided by Cartegraph to Customer, except as required for Cartegraph to provide Support under this Agreement.

b. In general, Server Software will be available for use and access by Customer 24 hours a day, 7 days a week, except for scheduled maintenance to take place at commercially reasonable times. Furthermore, if access to the Server Software becomes a problem, then Cartegraph shall provide Support in view of the severity of the problem.

c. Server Software will be available for use and access by Customer during back-up activities performed by Cartegraph.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

5. Support.

A. Scope of Support. Support includes the response to and resolution of Customer-encountered problems with the Software as reported to Cartegraph by Customer.

1. Resolution of Customer-encountered problems shall, at Cartegraph's option, consist of (1) maintenance provided through telephone, email or remote access; (2) correction of the problem in the Software program; or (3) delivery of bug fixes or workarounds limited to the current or immediate prior Software release.

2. Cartegraph will only support licensed Software located on Servers or Clients. Cartegraph will use commercially reasonable efforts to respond to Customer problems according to the priority level of the problem.

3. Support may also include upgrades to Software.

B. Support Limitations. Any Support is dependent upon the use by Customer of unmodified Software (except as authorized by Cartegraph) operated in accordance with Cartegraph's documentation. Support specifically excludes the following: (1) Support to a version of Software other than the current or immediate prior release; (2) efforts to restore a release of the Software beyond the current or immediate prior release; (3) efforts to restore a Customer Data File beyond the most recent back-up; and (4) efforts to convert a Customer Data File to another format.

As part of Support, Cartegraph is under no obligation to modify the Software so that the modified Software would depart from Cartegraph's published specifications for the Software.

6. Professional Services.

A. The professional consulting services and deliverables to be performed or delivered by Cartegraph under this Agreement may include, but are not limited to: consulting, network engineering, systems integration, hardware installation, special studies, pre-installation support, installation of Client Software, installation support, training, custom Software modification, tools/utilities components, programming and documentation, data conversion, application design and development, systems analysis and design, conversions, implementing planning and implementation of the Software (collectively referred to as the "Services").

B. Services shall only be provided as the result of a Purchase Agreement and any attached statements of work.

C. Services will be provided during the hours of 7:00 a.m. to 7:00 p.m., Central Standard or Central Daylight Time, whichever is applicable, Monday through Friday excluding holidays.

7. Customer's Responsibilities.

A. Customer is responsible for maintenance and installation of any Clients, common carrier equipment or communication equipment related to the operation of the Software and not furnished by Cartegraph. Before Customer introduces equipment not within Cartegraph's published specification, Cartegraph must approve the additional equipment.

B. Customer is responsible for charges incurred for communication facilities at Customer's facilities, whether incurred by Customer or by Cartegraph Support representatives while performing Support on the Software.

C. Customer is responsible for performing Software back-ups in accordance with published documentation.

D. Customer shall notify Cartegraph of any problem and shall allow Cartegraph reasonable access to the Software for performing Support, Services or Hosting.

E. Customer shall furnish Cartegraph, at Customer's expense, all technical data and information as may be necessary to furnish Support, Services or Hosting.

F. Customer shall grant Cartegraph access to Servers and Clients as may be necessary for the adequate delivery of the Support, Services or Hosting.

8. Software Modification. Cartegraph and Third Party Licensors will not be responsible to Customer for loss of use of the Software or data or for any other liabilities arising from alterations, additions, adjustments or repairs which are made to the Software by Customer or third parties. Cartegraph reserves the right to terminate the Software license, Support, Services or Hosting under this Agreement upon written notice to Customer if any such alteration, addition, adjustment or repair adversely affects Cartegraph's ability to render Support, Services or Hosting.

9. Term.

A. Unless terminated by Cartegraph in accordance with this Agreement, the term of the Software license, Support and Hosting shall begin upon the execution of a Purchase Agreement and shall continue for the period of time identified in that Purchase Agreement.

B. Support for any subsequently added components or upgrades shall be either coterminous with the term of Support applicable to the Software initially covered or as otherwise agreed and stated in the Purchase Agreement.

C. If Customer elects to purchase Services, then Services shall terminate as agreed in the appropriate Purchase Agreement.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

D. Unless otherwise stated in the most recently executed Purchase Agreement, this Agreement and the Purchase Agreement shall automatically renew at the then current rates for a one (1) year term beginning on the first day following the date identified in the Purchase Agreement as the end of the term of this Agreement. Such automatic renewal shall continue after the end of each successive year until a new Purchase Agreement is executed or until Customer or Cartegraph terminate this Agreement as provided for herein.

E. If this Agreement and the most recently executed Purchase Agreement are automatically renewed under the terms of the previous paragraph "D", there shall be an automatic increase of up to five percent (5%) annually to all prices that were in effect during the immediately previous term.

F. If Customer wishes not to renew this Agreement, Customer must provide written notice of Customer's intent not to renew this Agreement at least ninety (90) days prior to the end of the term then in effect.

G. Notwithstanding anything to the contrary in this Section, Support, Services and Hosting shall terminate immediately upon termination of this Agreement.

10. Termination.

A. Notwithstanding the foregoing, Cartegraph shall have the right to terminate this Agreement if Customer fails to pay any and all required license fees, Support charges, Services charges, Hosting charges or otherwise fails to comply with this Agreement or the terms and conditions of any applicable Third Party Licensor agreement.

B. Upon expiration of the license term or upon notice of such termination, Customer shall immediately return or destroy the Software and all portions and copies thereof as directed by Cartegraph or Third Party Licensors and, if requested by Cartegraph or Third Party Licensors, shall certify in writing as to the destruction or return of the same.

C. Any termination of this Agreement shall automatically terminate Support, Services and Hosting provided under any Purchase Agreement or Statements of Work, unless otherwise agreed. All confidentiality and non-disclosure obligations shall survive any such termination.

D. Customer shall have the right to terminate this Agreement, according to the terms provided herein, by returning or destroying the Software and all portions and copies thereof and certifying in writing as to the destruction or return of the same.

E. If Customer wishes to terminate this Agreement prior to the end of the term of this Agreement as identified above or in the appropriate Purchase Agreement, Customer must provide Cartegraph with written notice of such intent to terminate at least ninety (90) days prior to such termination. Any such termination by Customer shall subject Customer to the cancellation fee identified below.

F. If Customer terminates before the date set in the Purchase Agreement, Customer shall pay a cancellation fee equal to 80% of the remainder of licensing fees, Support charges and Hosting charges due under this Agreement. There shall be no cancellation fee for Services not yet performed. However, no matter the reason, Customer's termination shall not relieve it of the obligation to pay any amounts already due under this Agreement.

G. Provided however, if Customer is a governmental entity and Software, Support, Services or Hosting are not funded for future fiscal years under the appropriate legal budgeting process for such governmental entity, Customer may terminate for future fiscal years with the cancellation fee identified in the previous paragraph reduced from 80% to 20%. There shall be no cancellation fee for Services not yet performed. However, no matter the reason, Customer's termination shall not relieve it of the obligation to pay any amounts already due under this Agreement.

H. Cartegraph shall have the right to terminate Hosting, if Hosting services are being provided, by giving at least ninety (90) days written notice that Cartegraph cannot meet its obligations of availability of the Host Computer System.

I. In addition to the right of termination provided to Cartegraph under other sections of this Agreement, Cartegraph shall have the right to terminate the Software license, Support, Services and/or Hosting upon the occurrence of any of the following events:

1. Customer's oldest invoice is ninety (90) days past due. Support hold will be initiated when customer's oldest invoice is thirty (30) days past due or,

2. Subject to applicable law, the appointment of a receiver, trustee in bankruptcy or similar officer for the equity or assets of Customer, or

3. There is an assignment of this Agreement without the prior written consent of Cartegraph.

J. Termination shall not be Cartegraph's exclusive remedy and termination shall not adversely affect any claim for damages against Customer.

11. Limited Warranty.

A. Cartegraph warrants that it has the right to sublicense the Software being licensed hereunder pursuant to the terms provided herein.

B. Cartegraph warrants that the Software will conform to Cartegraph's published specifications until Support ends.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

C. Provided that the Software is used in a manner for which it was designed as set forth in the Software, Cartegraph's sole obligation and liability hereunder for the Software shall be to use reasonable efforts to remedy any substantial non-conformance which is reported to Cartegraph. In the alternative, Cartegraph may refund amounts paid by Customer pursuant to Purchase Agreements for such Software products.

D. THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT WITH RESPECT TO THE SOFTWARE LICENSED HEREUNDER.

E. SUPPORT, SERVICES AND HOSTING SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SUPPORT, SERVICES AND HOSTING PROVIDED UNDER THIS AGREEMENT DO NOT ASSURE THE UNINTERRUPTED OPERATION OF THE SOFTWARE.

F. CUSTOMER'S SOLE AND EXCLUSIVE REMEDY SHALL BE TO TERMINATE THE SOFTWARE LICENSE, SUPPORT OR SERVICES. THE REMEDY SET FORTH IN THIS SECTION IS CARTEGRAPH'S SOLE LIABILITY, AND CUSTOMER'S SOLE AND EXCLUSIVE REMEDY, IN LIEU OF ALL OTHERS, FOR ANY BREACH BY CARTEGRAPH OF ITS SOFTWARE, SUPPORT, SERVICES AND HOSTING WARRANTIES HEREUNDER.

12. Limitation of Liability. TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW:

A. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS OR LOSS OF DATA, HOWEVER ARISING, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

B. EXCEPT FOR DAMAGES RESULTING FROM BODILY INJURY OR PATENT OR COPYRIGHT INFRINGEMENT, AS DISCUSSED BELOW, IN NO EVENT SHALL THE MAXIMUM CUMULATIVE LIABILITY OF EITHER PARTY TO THE OTHER UNDER THIS AGREEMENT, UNDER ANY CAUSE OF ACTION OR THEORY OF LIABILITY, EXCEED THE AMOUNT PAID BY CUSTOMER TO CARTEGRAPH DURING THE TWELVE (12) MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING CAUSE TO SUCH LIABILITY.

C. If Cartegraph will provide Support or Services at Customer's location, liability of Cartegraph arising out of bodily injury, shall not in any event exceed the limits of its insurance coverage.

13. Insurance. If Cartegraph will provide Support or Services at Customer's location, Cartegraph will carry commercial general liability insurance with a limit of $1,000,000 per occurrence and a $2,000,000 aggregate limit, business auto liability insurance with a limit of $1,000,000 and workers compensation insurance with statutory coverage. Cartegraph agrees to hold harmless and defend Customer and its agents, officials and employees from bodily injury and property damage claims related to or caused by the sole negligence of Cartegraph employees or contractors.

14. U.S. Government Restricted Rights. The Software is commercial software and the Software is provided with restricted rights. Use, duplication or disclosure by the Government is subject to restrictions as set forth in paragraph (c)(1)(ii) of the Rights in Technical Data and Computer Software Clause at DFARS 252.227-7013 of subparagraphs (c)(1) and (2) of the Commercial Computer Software-Restricted Rights at 48 CFR 52.227-19, as applicable.

15. Employees and Conflicts of Interest. This Agreement shall not prevent Cartegraph from performing similar services or restrict Cartegraph's use of the employees or contractors provided under this Agreement.

16. Proprietary Rights and Confidential Information of Cartegraph.

A. Certain information and materials supplied by Cartegraph with the Products, such as, without limitation, deliverables, manuals, diagrams, drawings, plans, flowcharts, software, technical processes and formulae, source codes, product designs, sales, costs and other unpublished financial information, product and business plans, usage rates, relationships, projects and data, are Cartegraph's or Third Party Licensors' confidential or proprietary trade secrets (the "Confidential Information") and Cartegraph furnishes them solely to assist Customer in the installation, operation and use of Software. Customer must not reproduce, copy or disclose such Confidential Information except as is reasonable and necessary to properly use Software. Nothing herein shall restrict Customer from complying with its obligations under any law requiring disclosure, but Customer shall give Cartegraph five days prior notice before any release of Confidential Information.

B. Customer acknowledges and agrees that Cartegraph or Third Party Licensors shall suffer irreparable injury not compensable by money damages and therefore shall not have an adequate remedy at law in the event of an unauthorized use of proprietary rights or an unauthorized use or disclosure of any Confidential Information in breach of the provisions of this Agreement. Accordingly, Cartegraph or Third Party Licensors shall be entitled to injunctive relief to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition and without prejudice to such rights that Cartegraph or Third Party Licensors may have at law or in equity.

17. Proprietary Information of Customer.

A. In order to provide Products under this Agreement, Customer may, from time to time, disclose to Cartegraph certain information respecting Customer's technical, financial, statistical and personnel data, (hereinafter "Information"). Any

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

such Information which is submitted in writing to Cartegraph by the Customer and which is clearly and conspicuously marked as confidential shall be protected by Cartegraph against unauthorized disclosure by using the same degree of care and discretion that Cartegraph uses with similar Information which Cartegraph does not want disclosed to third parties. However, Cartegraph shall not be required to protect Information which (a) is or becomes publicly available, (b) is already in Cartegraph's or its related companies' possession, (c) is independently developed by Cartegraph outside the scope of this Agreement, or (d) is rightfully obtained from third parties. Cartegraph's obligations under this Section shall cease immediately upon return to Customer or destruction by Cartegraph of such Information.

B. Cartegraph shall not be required to protect any ideas, concepts, know-how, or techniques relating to data, electronic document processing and image processing developed or resulting from the Information or the Services provided under this Agreement.

18. Infringement Indemnification.

A. Cartegraph or Third Party Licensors will defend any action, suit or proceeding brought against Customer if based on a claim that Products infringe any United States patent or copyright of any third party ("Intellectual Property") provided that Customer promptly notifies Cartegraph or Third Party Licensors immediately and gives Cartegraph or Third Party Licensors full authority, information and assistance for the action's defense. Cartegraph or Third Party Licensors will pay all damages and costs awarded therein against Customer, but shall not be responsible for any compromise made without its consent. Cartegraph or Third Party Licensors may, at any time it is concerned over the possibility of such an infringement, at its option and expense, replace or modify Products so that infringement will not exist. In the alternative, Cartegraph may remove a component of Products involved and refund to Customer the price as depreciated by an equal annual amount over five (5) years.

B. Cartegraph and Third Party Licensors shall have no liability to Customer if any Intellectual Property infringement or claim thereof is based upon the use of Products in connection or in combination with equipment, devices, or software not supplied by Cartegraph or used in a manner not expressly authorized by this Agreement or in a manner for which Products were not designed, or if the claim of infringement would have been avoided but for Customer's use of software other than the latest, unmodified release of Software made available to Customer by Cartegraph.

C. Customer shall indemnify and hold Cartegraph and Third Party Licensors harmless from any loss, cost or expense suffered or incurred in connection with any claim, suit or proceeding brought against Cartegraph or Third Party Licensors so far as it is based on a claim that the use, sale or licensing of any Products delivered hereunder and modified or altered or combined with any products, device, or software not supplied by Cartegraph hereunder constitutes an infringement because of such modification, alteration or combination.

19. Miscellaneous.

A. Taxes. Customer shall pay all taxes, levies and similar governmental charges, however designated, and all liabilities with respect thereto which may be imposed by any jurisdiction, including, without limitation, customs, privilege, excise, sales, use, value-added and property taxes levied or based on gross revenue or operation of this Agreement, except those taxes based upon Cartegraph's net income.

B. Relationship of the Parties: Cartegraph and Customer are independent of each other. This Proposal does not and is not intended to create in any way or manner or for any purpose an employee/employer relationship or a principal-agent relationship. Neither party is authorized to enter into agreements for or on behalf of the other, to create any obligation or responsibility, express or implied, for or on behalf of the other, to accept payment of any obligation due or owed the other, or to accept service of process for the other. Cartegraph is an independent contractor, customarily engaged in the performance of similar services for other parties.

C. Attorney's Fees/Legal Proceedings: In the event of any litigation or other proceeding between the parties relating to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and other reasonable costs incurred in connection therewith and in pursuing collection, appeals and other relief to which that party may be entitled.

D. Export. Customer agrees that the Software, Support, Services and Hosting purchased hereunder will not be exported directly or indirectly, separately or as part of any system, without first obtaining a license from the U.S. Department of Commerce or any other appropriate agency of the U.S. Government, as required.

E. Assignment. Customer may not assign, voluntarily or by operation of law, any of its rights or obligations in this Agreement except with Cartegraph's prior written consent. This Agreement will be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

F. Waiver. The parties' rights and remedies are separate and cumulative. Neither parties' waiver nor failure to exercise in any respect any right or remedy provided in this Agreement is a waiver of any future right or remedy hereunder.

G. Force Majeure. If any cause beyond Cartegraph's reasonable control prevents Cartegraph from performing under this Agreement by a given date or time, Cartegraph's performance will be automatically postponed.

H. Choice of Law. Cartegraph agrees that jurisdiction and venue are proper in the state where the Customer has its principal place of business and that the law of the state where the Customer has its principal place of business shall govern any litigation that results from this Agreement.

I. Severability. The invalidity of any provision of this Agreement will not affect the validity and binding effect of any other provision.

J. Notice. Notices hereunder must be sent to the addresses on the face of this Agreement, or to such other addresses as specified by a notice complying with this provision. Notice is effective on the earlier of actual receipt or five days after deposit in the mail. Notices in the form of a fax or email are acceptable. Notices must be sent to the attention of the person signing on behalf of the party.

K. Entire Agreement. This Agreement constitutes the entire agreement between the parties on the subject matter hereof and supersedes all prior or contemporaneous agreements, negotiations, representations and proposals, written or oral between Cartegraph and Customer. This Agreement is not an acceptance of any conflicting terms and conditions and will prevail over any conflicting Customer's terms and conditions. Notwithstanding the foregoing, Customer agrees and acknowledges that the license(s) granted hereunder to Customer may be subject to additional terms and conditions of certain Third Party Licensors, which terms and conditions may be subject to change from time to time without notice at the sole discretion of such Third Party Licensors. A current copy of all such Third Party Licensor terms and conditions can be found at http://www.cartegraph.com/privacy-policy/#third-party-licenses.

L. Amendment. Only a writing executed by authorized representatives of the parties and referenced as an amendment to this Agreement may modify, supplement, or change this Agreement.

M. Customer gives Cartegraph permission to use customer's organization name and/or logo for promotional purposes, including, but not limited to industry announcements, public press releases, and customer stories.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Purchase Agreement

Cartegraph is pleased to present this Purchase Agreement for the implementation of world class technology solutions. This Purchase Agreement is made and entered into between City of Burton (hereinafter referred to as **"Customer"** or **"Licensee"** and **Cartegraph Systems, Inc.** (hereinafter referred to as **"Cartegraph"**). This Purchase Agreement is intended to supplement, clarify, and amend the Master Agreement previously executed between **Cartegraph** and **Customer**. In the case that any terms or conditions provided in the Master agreement differ from, are provided in more detail by, or are made irrelevant by the terms and conditions provided in this Purchase Agreement, the terms in this Purchase Agreement shall control. For all terms and conditions not addressed by this Purchase Agreement, the Master Agreement, #MA122 dated July 9, 2015 shall control.

Customer Bill To:	**Customer Ship To:**
Bob Slattery City of Burton 4303 Manor Drive Burton, MI 48519 810-742-9230	Same

Investment Summary

Cartegraph's proposed fees for this project are included in the summary below.

Date: July 9, 2015 **Purchase Agreement Expiration Date:** August 15, 2015 **Purchase Agreement No.:** #PA166

	Purchase Type	**Qty.**	**Total Price**
YEAR 1			
SOFTWARE PRODUCTS			
Cartegraph OMS – Advanced Edition	Per-user Subscription License, On-Premise	10	$45,000.00
FIELD SERVICES			
Implementation Services	Fixed Fee Service	1	$26,200.00
Discount			*($5,240.00)*
		YEAR 1 SUB-TOTAL	**$65,960.00**
YEAR 2			
SOFTWARE PRODUCTS			
Cartegraph OMS – Advanced Edition	Per-user Subscription License, On-Premise	10	$7,500.00
		YEAR 2 SUB-TOTAL	**$7,500.00**
YEAR 3			
SOFTWARE PRODUCTS			
Cartegraph OMS – Advanced Edition	Per-user Subscription License, On-Premise	10	$7,500.00
		YEAR 3 SUB-TOTAL	**$7,500.00**
TOTAL COST (3-YEAR TERM)			**$80,960.00**

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Payment Terms and Conditions

In consideration for the Services and Products provided by **Cartegraph** to **Customer, Customer** agrees to pay **Cartegraph** Software Costs and Professional Service Fees in U.S. Dollars as described below:

1. **Delivery:** Software Products shall be licensed upon acceptance of this Purchase Agreement. If applicable, Services will be scheduled and delivered upon your acceptance of this Purchase Agreement, which will be considered as your notification to proceed.
2. **Services Scheduling: Customer** agrees to work with **Cartegraph** to schedule Services in a timely manner. All undelivered Services shall expire 365 days from the signing of this Purchase Agreement.
3. **Software Invoicing:** The Software Subscription Licenses fee will be due in annual installments 15 days prior to the anniversary of the initial term as follows:
    a. $45,000.00 due upon execution of the Purchase Agreement.
    b. $7,500.00 due 15 days prior to 1st year anniversary of term start date.
    c. $7,500.00 due 15 days prior to 2nd year anniversary of term start date.
4. **Field Services Invoicing:** Invoicing for the Field Services fee shall occur upon the acceptance of this Purchase Agreement and shall be invoiced as follows:
    a. Invoicing for the Field Services shall be 50% upon execution of the Purchase Agreement and the remaining 50% upon completion of the project.
5. **Expenses:** In providing the services included in this Purchase Agreement, **Cartegraph** shall be reimbursed for any reasonable out-of-pocket costs, including, but not limited to, travel, lodging, and meals. Out-of-pocket expenses are billed based on actual costs incurred and are due separately.
6. **Payment Terms:** All payments are due Net 30 days from date of invoice.

BY EXECUTING THIS PURCHASE AGREEMENT, CUSTOMER ACKNOWLEDGES THAT IT HAS REVIEWED THE TERMS, CONDITIONS, FEES AND CHARGES PROVIDED HEREIN AND IN THE MASTER AGREEMENT, AS WELL AS ANY OTHER EXHIBITS TO THE MASTER AGREEMENT, AND CUSTOMER AGREES TO BE LEGALLY BOUND BY EACH SUCH AGREEMENT.

Cartegraph Systems, Inc.	**City of Burton**
By _____ (Signature)	By _____ (Signature)
Randy L. Skemp (Type or print name)	_____ (Type or print name)
Title Executive Vice President/CRO	Title _____
Date _____	Date _____

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Cartegraph Systems, Inc.
Addendum A - Software Products

Cartegraph hereby pledges to issue software licenses in the agreed upon quantities specified in your Investment Summary. The "Software," as defined in Master Agreement #MA122, consists of developed and supported technology products available from Cartegraph.

In addition to full access to Cartegraph licensed software, your organization will receive:

1. Support

a. Campus – www.cartegraph.com/campus
Our User Assistance area is a convenient and easily-shareable resource designed to help you and your co-workers better understand the functions and capabilities of your Cartegraph applications. Instantly access user tips, step-by-step guides, videos, and more.

b. Dedicated, Unlimited, Toll-free Phone Support - 877.647.3050
When questions need answers and difficulties arise, count on our industry-leading Support team to provide the guidance and assistance you need. Reach us as often as you need Monday-Friday, 7:00 am-7:00 pm CT.

c. Secure, Live Remote Support
If your challenge requires a more hands-on approach, we have the remote support tools to fix it. Let one of our Support Team members directly interact with your system to find a fast, effective solution.

2. Training & Education

a. Convenient Online Resources
All the information you need, one click away. Take advantage of online training opportunities, tutorial videos, upcoming event information, and more.

b. Regional User Groups
Meet and network with similar Cartegraph users in your region. Our smaller, more personalized User Groups allow you to find out what other organizations are doing to get more from their Cartegraph Systems.

3. Software Releases & Upgrades

a. New Software Releases
Be the first to know about all new Cartegraph releases, enhancements, and upgrades. Gain immediate access to the latest features and functionality, and increased system performance.

b. Hot Fixes
If an issue is determined to be a software defect and falls outside the standard release cycle, Cartegraph will issue a hot fix and provide application specialists with detailed levels of product knowledge to work with you in achieving a timely and effective resolution.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

BY EXECUTING THIS PURCHASE AGREEMENT, CUSTOMER ACKNOWLEDGES THAT IT HAS REVIEWED THE TERMS, CONDITIONS, FEES AND CHARGES PROVIDED HEREIN AND IN THE MASTER AGREEMENT, AS WELL AS ANY OTHER EXHIBITS TO THE MASTER AGREEMENT, AND CUSTOMER AGREES TO BE LEGALLY BOUND BY EACH SUCH AGREEMENT.

Cartegraph Systems, Inc.

By _____
(Signature)

Randy L. Skemp
(Type or print name)

Title Executive Vice President/CRO

Date _____

City of Burton

By _____
(Signature)

_____
(Type or print name)

Title _____

Date _____

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Cartegraph Systems, Inc.

Addendum B - Field Services (Fee for Service)

The Fee for Field Service Implementation Services as listed in the *Investment Summary* of the Purchase Agreement are specific Cartegraph services which will be delivered to the Customer based on the descriptions below and any descriptions that may be found in the Purchase Agreement's Exhibits. Cartegraph will coordinate with the Customer on service delivery expectations and timeframes. This is an addendum to Customer's Master Agreement #MA122.

Cartegraph OMS – Implementation Scope of Work

Implementation of the Operations Management System (OMS) includes the following professional services:

Setup

- Cartegraph staff will facilitate a review of technical specifications with customer IT staff to ensure customer environment readiness.
- Cartegraph staff will guide customer IT staff through the installation and configuration of Cartegraph software in the customer's production environment.
- Cartegraph staff will provide training and guidance on new user and role creation within OMS.
- Customer staff will be responsible for creating users and roles within test and production environments
- Cartegraph staff will provide standard (off-the-shelf) setup for the following areas of the software:
    - Request Management
    - Work Management
    - Resource Management (Labor, Equipment, Material, and Vendor)

  Asset Management for the solutions referenced in the Assets section of the scope below
- Cartegraph staff will provide documentation to guide customer in configuring feature services required for the Esri integration.
- Cartegraph staff will provide an overview of Esri integration requirements and functionality.
- Cartegraph staff will provide guidance on the Esri integration configuration. Setup of the Esri integration configuration will be the customer's responsibility.

Consultation

- Cartegraph staff will provide a two-day (2-day) onsite requirement validation workshop to validate the customer's workflows and business goals. Cartegraph staff will identify best fit scenarios and provide a brief including challenges and recommendations for best practices related to the customer's OMS implementation.

Training

- Cartegraph staff will provide remote train-the-trainer training, not to exceed four (4) hours, on Overall System navigation and functionality to help familiarize customer staff with the software environment and common functions. Training topics include:
    - Home Screen
    - Logins/Permissions
    - Layers
    - Filters
    - Maps
    - Grids
    - System Navigation
    - Views (List & Detail)
    - Standard Reports
    - Attachments
    - Requests
    - Work
    - Assets
    - Resources
    - Reports

- Cartegraph staff will provide remote "train-the-trainer" training, not to exceed two (2) hours, on OMS Esri Integration functionality. Training topics include:

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

- Integration requirements
- Integration considerations
- OMS Esri Integration configurations/settings
- Bi-directional Esri integration functionality

- Cartegraph staff will provide a two (2) day onsite "train-the-trainer" training event. The training agenda will be defined and agreed upon by both Cartegraph and customer project managers. Topics may include any of the following:
  - Request Management:
    - Request Management
    - Requester Management
    - Link Requester to Requests
    - Internal Request Management
    - Create Tasks from Requests
    - Issue Library (Including settings such as: Applies to Asset and/or Non-Location)
  - Work Management:
    - Create Task(s) (Asset/Non-Asset)
    - Assignments (Add, Edit, Remove)
    - Task Menu Actions
    - Related Work Items
    - Create Work Order
    - Associate Task to WO
    - Repeat Work Orders
    - Work Order Menu Actions
    - Enter Resources
    - Timesheets
    - Activity library (Including settings such as: Applies to Asset, Inspection, Key Dates, Cost, Productivity, Impacts)
  - Asset Management:
    - Asset solution details
    - Inspections
    - Linked assets (if applicable)
    - Container/Component Relationships (if applicable)
    - Performance Management (if applicable)
    - Preventative Maintenance (if applicable)

    Note: To avoid redundancy, training may cover a subset of the assets listed in the Asset section of the scope.
  - Resource Management:
    - Resource Details
    - Labor/Equipment Rates
    - Material Management (Stock, Usage)
    - Vendor Price Quotes
  - Cartegraph for iPad:
    - Create Task(s) (Asset/Non-Asset)
    - Resource Entry
    - Attachments
    - Create Assets
    - Layers
    - Proximity & Priority Sorting
    - Live Lists
  - Administrator:
    - Administrator:
      - User Administration, Role Administration, Import/Export, Error Log
    - Settings:

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

        - System Settings, Base Map Administration, Geocode Settings, GIS Integration Settings, Background Task Scheduler, Asset Color Manager
    - Manager
        - Layout Manager, Library Manager, Preventative Maintenance, Asset Condition Manager, Notification Manager, Structure Manager
    - Cartegraph Administrator Application
        - Report Creation

- Cartegraph staff will provide up to two (2) remote web conferences (not to exceed 4 hours total) to be utilized for Go-Live Support. Topics may include any of the following:
    - Refresher training for items listed in the scope of work.
    - Software and process support for staff during production roll out.
    - Field, Layout, and Report configurations, if applicable

- Cartegraph staff will provide all services, except those below, remotely via audio, video, and web conferences.
    - One two-day (2-day) onsite requirement validation workshop
    - One two-day (2-day) onsite train-the-trainer training event.

Assets

Asset implementation includes the following professional services:

- Cartegraph staff will provide installation and training on standard (off-the-shelf) solutions for the following nine (9) asset types:

    - Sewer Collection (5)
        - Sewer Force Main; Sewer Lateral; Sewer Main; Sewer Manhole; Sewer Pump

    - Sewer Facility (4)
        - Sewer Facility, Controller, Wet Well, and Generator

- Cartegraph staff will provide up to five (5) field configurations for each asset type listed above.

Data Services

- Cartegraph staff will provide a test and production data load service through standard import/export functionality. Cartegraph will provide customer applicable template documents for data population. Once populated by the customer, Cartegraph staff will load data into customer OMS environment. Examples of data loads include the following tables:
    - Parent level asset records
    - Asset location (spatial x/y) attributes
    - Parent level resource (Labor, Equipment, Material, Vendor) records
    - Resource rates (Labor, Equipment, Material) records
    - Standard system libraries

Customer Responsibility

For the duration of the project, the customer will be responsible for the following:

- Appoint a project manager/coordinator to be responsible for all aspects of the project.
- Review implementation scope of work
- Ensure all scheduled meetings are attended by invited staff.
- Approve Project Status Reports
- Authorize project work
- Accept agreed upon deliverables defined in the scope of work
- Consult and partner with the Cartegraph Project Manager on a continuing basis
- Provide leadership on all issues related to the client, such as policy, organization, staff, technical architecture, data, and current systems.
- Monitor progress of the project, including the review of Cartegraph regular status reports and managing internal resources.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Exclusions

The following service items are not included in the scope of this project:

- Implementation of any custom modification or integration developed by Cartegraph, customer, or third-party is not included in the scope of this project unless specifically listed herein.
- Data conversion services from other software system(s) or sources (including Cartegraph Navigator databases) are not included in the scope of this project unless specifically listed herein.
- Any service items discussed during demonstrations, conference calls, or other events are not included in the scope of this project unless specifically listed herein.

Customer/Cartegraph Responsibilities

Project representatives from Customer and Cartegraph accepts responsibility for all aspects of project planning, management, and execution not specifically identified as the responsibility of Cartegraph in the Master Agreement or in this Purchase Agreement. Ongoing management of the day-to-day allocation of Customer and Cartegraph resources and management of project tasks is the responsibility of the Customer and Cartegraph project representatives. Customer and Cartegraph project representatives will provide overall guidance and direction for the project and will direct the project accordingly. Further, and with regard to the Cartegraph obligations listed in this Purchase Agreement, Customer understands that it is vital to the success of the project that Customer provides assistance in the following matters:

1. For those services listed under Field Services, Cartegraph personnel will conduct information gathering and evaluation sessions with various Customer users and management. While Cartegraph respects the time and workload of Customer staff, dedicated time on the part of the appropriate Customer resources is necessary to complete these exercises.
2. The installation process requires the assistance of Customer personnel and suitable access to hardware and systems (e.g., security clearance). Customer is required to supervise the installation process while systems are accessible to Cartegraph. All hardware and software, for both Personal Computers and servers, is expected to be available, installed, and operating as specified in Cartegraph's System Requirements documentation such that delivery and execution of Cartegraph Field Services will not be impeded.
3. Customer and Cartegraph understand that the successful performance of Field Services depends upon Customer fulfilling its responsibilities. The Project assumes that Customer will provide all personnel required to achieve a successful implementation.
4. Customer will provide Internet access and IT staff support as required. For those services that are web-based, Cartegraph utilizes WebEx Meeting (or similar) technology.

   Customer shall ensure that their workstation platform and database meet Cartegraph system requirements as specified in the Cartegraph System Requirements documentation. Cartegraph Software will be supported within new versions of these workstation platforms and databases within a reasonable period of time from their release from their manufacturer. Cartegraph will discontinue support of its Software within older versions of these workstation platforms and databases as their support is discontinued by their manufacturers.
5. Customer agrees to work with Cartegraph to schedule Field Services in a timely manner. All undelivered Field Services shall expire 365 days from the execution of this Purchase Agreement, unless noted differently in Services Scope listed above. Upon expiration of services, the project may be cancelled at Cartegraph's discretion.

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

Not-to-Exceed Proposal

Cartegraph will not exceed the total included in this Purchase Agreement without written approval from Customer**.** In the event it becomes apparent to Cartegraph that additional service efforts will be needed due to any changes in the scope of this Purchase Agreement, Cartegraph will notify Customer prior to exceeding the approved efforts and obtain written approval if additional Software or services are required.

BY EXECUTING THIS PURCHASE AGREEMENT, CUSTOMER ACKNOWLEDGES THAT IT HAS REVIEWED THE TERMS, CONDITIONS, FEES AND CHARGES PROVIDED HEREIN AND IN THE MASTER AGREEMENT, AS WELL AS ANY OTHER EXHIBITS TO THE MASTER AGREEMENT, AND CUSTOMER AGREES TO BE LEGALLY BOUND BY EACH SUCH AGREEMENT.

Cartegraph Systems, Inc.

By _____
(Signature)

Randy L. Skemp
(Type or print name)

Title Executive Vice President/CRO

Date _____

City of Burton

By _____
(Signature)

_____
(Type or print name)

Title _____

Date _____

Attachment: Cartegraph Master Agreement (1751 : Cartegraph Asset Management Software)

INTEROFFICE MEMORANDUM

To: Paula Zelenko, Mayor
From: Robert Slattery, DPW Director
Date: July 30, 2015

Re: Memo of Explanation for Agenda ID # 1751
Regular Council Meeting of August 3, 2015
Cartegraph Operations and Maintenance Software (SAW Grant)

Madam Mayor:

Agenda item wording:

Approve and authorize the Mayor and Clerk to enter into a agreement for purchase and implementation of Operation and Maintenance software purchased from Cartegraph Syetems, Inc. 3600 Digital Dr. Dubuque, IA 52003, as part of the SAW Grant with first year cost of $65,960.00 with the City of Burton being responsible for 10% which is $6,596.00. With the purchase of the software, we are agreeing to a $7,500.00 annual maintenance fee starting in Fiscal Year 2016-2017.

Explanation:
The City of Burton has received a SAW grant for implementation of Asset Management (AM) Software to maintain an Asset Management (AM) program within the Department of Public Works (DPW). Stantec Consulting Services is consulting with the City through this AM program development.
Seven firms were initially identified as possible candidate. The selection was then narrowed to three for more detailed evaluation. The three chosen were:

- Cityworks
- Cartegraph
- Lucity

These three were chosen to present based on the fact that they were able to support the full listing of requirements that were provided them. Cartograph was identified as the preferred solution due to user friendliness, look and feel, and ultimately chosen when cost factors were considered.

The SAW Grant is a 90/10 split and will cover 90% of the first year cost implementation cost of $65,960.00, leaving the City responsible for $6,596.00 the first year After the first year, the City will be responsible for the annual maintenance fee of $7,500.00 Which will be budgeted in the DPW department.

Attachment: Memo - Cartegraph (1751 : Cartegraph Asset Management Software)