

May 22, 2012

The Regular meeting of the Otsego County Board of Commissioners was held in the County Building at 225 West Main Street, Room 100. The meeting was called to order at 9:30 a.m. by Chairman Paul Beachnau. Invocation by Commissioner Ken Borton, followed by the Pledge of Allegiance led by Commissioner Richard Sumerix.

Roll call:

Present: Clark Bates, Paul Beachnau, Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton, Bruce Brown.

Excused: Paul Liss.

Motion by Commissioner Clark Bates, to approve the regular minutes of May 8, 2012 with attachments as corrected. Ayes: Unanimous. Motion carried. The minutes were corrected regarding the numbering of the MERS resolutions.

Administrator's Report:

John Burt reported on the Livingston Blvd demolition; Animal Control building; Airport Hangar.

Department Head Report:

Suzy DeFeyer reported on the Clerk/Register of Deeds offices.

Theron Higgins report on the Bus system was removed from the agenda.

Committee Report:

Motion by Commissioner Lee Olsen, to support the construction of a new storage facility for the Otsego County Emergency Medical Services on their existing reserved property at the County's Alpine Center Complex being an area roughly 400' x 600' at the southwest corner of Section 27, Township 31 North, Range 3 West. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to approve Amendment One to the University Center Operating Agreement. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to approve the updates to the Otsego County Fee Schedule. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to approve the Partial Tax Payment Policy. Ayes: Unanimous. Motion carried. (see attached)

Motion by Commissioner Lee Olsen, to adopt Resolution OCR-12-18 Heath Department Refinancing.

Ayes: Clark Bates, Paul Beachnau, Lee Olsen, Erma Backenstose, Richard Sumerix, Doug Johnson, Ken Borton, Bruce Brown.

Nays: None.

Excused: Paul Liss.

Motion carried/Resolution adopted. (see attached)

Motion by Commissioner Lee Olsen, to approve a budget amendment to provide match to the Otsego County Economic Alliance for the Milbocker/McCoy Road alternative road project with funds to be released once the project is ready to proceed. Ayes: Unanimous. Motion carried. (see attached)

Motion by Commissioner Lee Olsen, to approve B&B Construction as the low bidder for the Groen Restroom Project at \$48,350 with a total cost for the project, excluding electric, of \$61,000, and to approve the associated budget amendment. Ayes: Unanimous. Motion carried.

Motion by Commissioner Lee Olsen, to loan \$10,000 from the 9-1-1 Fund(fund 261) to the Pre-Disaster Mitigation Grant Fund (fund 263) to assist with cash flow while waiting for reimbursement from the State of Michigan, with the loan to be repaid once the reimbursement is received. Ayes: Unanimous. Motion carried.

Motion by Commissioner Doug Johnson, to approve the 2012 Bus contracts with the Cheboygan-Otsego-Presque Isle Educational School Districts (COPESD), COPESD Gaylord Summer School Program, Crossroads Industries, Gaylord Schools, Otsego County Commission on Aging and Vanderbilt Schools. Ayes: Unanimous. Motion carried. (see attached)

Mary Sanders reported the Economic Alliance.

Roberta Tholl reported on the Road Commission.

Todd Sharrard report on the City of Gaylord.

Correspondence:

The April 2012 Financial reports were discussed.

New Business:

Motion by Commissioner Ken Borton, to approve the May 15, 2012 Warrant in the amount of \$191,437.30 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Erma Backenstose, to approve the May 22, 2012 Warrant in the amount \$1,581,362.39 as presented. Ayes: Unanimous. Motion carried.

Motion by Richard Sumerix, to adopt Resolution OCR-12-19 in opposition to the diversion of MNRTF funds.

Motion by Commissioner Ken Borton, to postpone Resolution OCR-12-19 to the June 12, 2012 Board meeting. Ayes: Unanimous. Motion carried.

**Public Comment:**

Bill Kinney addressed the Board.

**Board Remarks:**

Commissioner Clark Bates: City Council meeting.

Motion by Commissioner Clark Bates, for the County to waive the work camp fee to help the City sign alternate route for traffic during the Memorial Day parade. Ayes: Unanimous. Motion carried.

Commissioner Doug Johnson: Parks and Recreation meeting.

Commissioner Erma Backenstose: Otsego Lake Township meeting.  
Library.

Commissioner Lee Olsen: Groen property.  
Huron Pines open house May 25<sup>th</sup> from 3:00 p.m to 5:00 pm.

Commissioner Bruce Brown: Little League fundraiser at the Alpine Chocolat Haus May  
23<sup>rd</sup>.

Commissioner Rich Sumerix: Consortium.

Chairman Paul Beachnau: Police memorial.  
Township meeting.

Meeting adjourned at 10:32 a.m.

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Paul M. Beachnau, Chairman

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Susan I. DeFeyter, Otsego County Clerk



## Partial Tax Payment Policy

### 1. PURPOSE

This policy is intended to establish guidelines under which the Otsego County Treasurer may accept partial property tax payments.

### 2. AUTHORITY

Otsego County has the ability to establish rules and regulations in reference to management of the interests and business concerns of the county as the board considers necessary and proper in all matters not especially provided under the laws of the State of Michigan, per Public Act 156 of 1851, specifically mcl 46.11 (1).

### 3. POLICY

Except for as otherwise provided in law, the County Treasurer will accept partial payments on taxes for delinquent real property as allowed within this policy.

For those wishing to make partial payments, the following rules apply:

- a. A partial payment of property taxes may not be made more than four times in one calendar month.
- b. A partial payment of property taxes may not be made in an amount less than \$50, except for final payment.
- c. Partial payments will be applied first to outstanding interest, fees, and penalties, and then to the remaining tax balance, except as provided below.
- d. Partial payments on commercial or industrial properties may be applied first to outstanding tax balance at the request of the taxpayer, or their designated representative, with the approval of the County Treasurer, the County Administrator, and the Board of Commissioners. Such requests must be made in writing at least one (1) week in advance of the regular Board of Commissioners meeting in which the request will be considered.
- e. When accepting partial redemption payments, per mcl 211.78g (6), the County Treasurer shall include in the tax record in his or her office the name of the person or persons making each partial redemption payment, the date of each partial redemption payment, the amount of each partial redemption payment, and the total amount of all redemption payments. In the case of (d) above, the County Treasurer will further keep information on the outstanding fees, interest, and penalties associated with the principal paid as well as outstanding principal.

Approved:

- f. A redemption certificate shall not be issued until all outstanding interest, fees, penalties, and outstanding tax balances are paid in full.
- g. Interest, penalties, and fees will continue to apply to unpaid taxes per the General Property Tax Act. A delinquent tax is an unpaid tax that has been forwarded to the County Treasurer for collection on March 1 of the year after the taxes were due. An Administrative fee of 4% and interest of 1% per month are added. Except for certified abandoned property, on the October 1 immediately succeeding the date that unpaid taxes are returned to the County Treasurer for forfeiture, foreclosure and sale, or returned as delinquent, a fee of \$15.00 on each parcel will be added. After one year, the property is forfeited to the County Treasurer, at which time the interest rate goes to 1.5% per month retroactive to the date it first became delinquent, and a \$175 processing fee, as well as other fees determined by the State of Michigan, are also added.
- h. Tax payments made by credit card may be subject to a surcharge by the company contracted to process credit card payments.

Questions regarding this policy should be directed to

County of Otsego  
Office of the County Treasurer  
(989) 731-7560

Approved:

COUNTY OF OTSEGO

STATE OF MICHIGAN

RESOLUTION APPROVING NORTHWEST MICHIGAN COMMUNITY HEALTH AGENCY  
OTSEGO BUILDING PROJECT REFINANCING

A regular meeting of the Board of County Commissioners of the County of Otsego, Michigan (the "County") was held at 225 W. Main Street, Room 100, Gaylord, Michigan, on May 22, 2012 at 9:30 a.m.

RECITALS

1. The County is one of the constituent counties of the Northwest Michigan Community Health Agency (the "Health Department"), a "district health department" formed by the constituent counties of Antrim, Charlevoix, Emmet and Otsego under Section 2415 of Act 368, P.A. 1978, as amended, for the purpose of providing essential health services to residents of those counties.

2. On May 13, 2008, NHF Sub Charlevoix, a Michigan nonprofit corporation (the "Issuer") issued its tax-exempt Limited Obligation Revenue Note for a principal amount up to \$1,300,000.00 (the "Original Note"), which Original Note was issued to finance the construction of an approximately 8,900 square foot, two-story addition (the "Building Addition") to an existing approximately 15,000 square foot medical, dental and office building (the "Existing Building") for lease to the Health Department and other governmental units and qualified tax exempt charitable organizations to satisfy the urgent need for such facilities for the provision of public dental clinic and related health care and human services to residents of the County (the "Project").

3. The Original Note was issued "on behalf of" the County, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended, pursuant to a resolution approved by the Board of Commissioners of the County on April 8, 2008 (the "Prior Resolution"), which specifically provided that the County has no financial responsibility whatsoever for payments due under the Original Note, which was primarily payable from and secured by lease payments made by the Health Department.

3. Land owned by the County specifically described in Exhibit A hereto (the "Land"), together with the Existing Building situated on the Land was identified as a desirable site (the Land and Existing Building are collectively hereafter referred to as the "Site") for the Project (consisting of the Site and the Building Addition), and the County (as Landlord) entered into a 99-year Ground Lease with the Issuer (as Tenant) dated May 13, 2008, leasing the Land to the Issuer for purposes of the Project.

4. The Original Note, in the remaining outstanding principal amount of approximately \$1,177,000, initially bore interest at the rate of 4.9% per annum, subject to interest rate adjustments, and has a final maturity date of February 1, 2029.

5. The refinancing of the indebtedness represented by the Original Note is expected to reduce exposure to interest rate fluctuations and, based on prevailing interest rates on tax-exempt obligations after factoring in any prepayment penalty or premium and costs of refinancing, will result in reductions in debt service on an on-going basis, and correspondingly reduce the rent payable by the Health Department, and help preserve the economic viability of the Project and its availability to provide critical public health and human services.

6. It is proposed that:

(i) the Issuer will issue a tax-exempt Limited Obligation Refunding Revenue Note on behalf of the County in a principal amount not to exceed \$1,230,000 (the "2012 Refunding Note"), having a final maturity date not later than February 1, 2029, and the proceeds of which will be used to pay all outstanding principal of and accrued interest on the Original Note, any applicable prepayment penalty or premium, and costs associated with issuance of the 2012 Refunding Note;

(ii) the Issuer will continue to lease the Project to the Health Department pursuant to a restated lease agreement, with the restated lease payments being fixed in amounts sufficient for the Issuer to pay the principal of and interest on the 2012 Refunding Note as such amounts become due, together with the Issuer's reasonable administrative expenses, but not in excess of the fair market rentals for the Project; and,

(iii) the County and the Issuer will enter into a new ground lease of the Site as described herein.

### RESOLUTIONS

The Board of County Commissioners adopts the following resolutions:

1. The health care and human services provided by the Health Department, including the provision of public dental clinic services, and by other governmental or qualified tax exempt charitable organizations in need of medical, dental and office facilities, constitute an essential public purpose of benefit to the health and welfare of the residents of the County.

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

3. The Project and the Land shall be subject to the provisions of a Restated Ground Lease with substantially the same terms and provisions (as determined by the Chairperson of the

Board) (the "Restated Ground Lease") as those contained in the Ground lease between the County (as Landlord) and NHF Sub Charlevoix (as Tenant) dated May 13, 2008, attached as Exhibit B hereto, and the County hereby authorizes the Chairperson of the Board and the County Clerk to execute the Restated Ground Lease.

4. The County hereby authorizes the Chairperson of the Board and the County Clerk to execute any and all instruments and agreements as may be required to effectuate the issuance of the 2012 Refunding Note upon the terms and provisions contained herein, including, without limitation, a Subordination Agreement subordinating the rights of the County to the liens and claims of the holder of the 2012 Refunding Note until the indebtedness represented by the 2012 Refunding Note is paid in full.

5. The County approves of the issuance of a tax-exempt Limited Obligation Refunding Revenue Note of the Issuer on behalf of the County in a principal amount not to exceed \$1,230,000 for the purpose of paying all outstanding principal of and accrued interest on the Original Note, any applicable prepayment penalty or premium, and costs associated with issuance of the 2012 Refunding Note, which 2012 Refunding Note shall be issued no later than three (3) months from the date hereof, which shall have a final maturity date not later than February 1, 2029 upon substantially the terms set forth in Exhibit C hereto. The County's approval of the issuance by the Issuer of the 2012 Refunding Note is only to the extent required in order for such debt obligation to be deemed to be issued "on behalf of" the County for purposes of Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and for no other purposes. The 2012 Refunding Note and interest thereon shall be non-recourse obligations of the Issuer, payable solely from the lease payments from the Health Department, and other qualified health and human services organizations occupying the Project as tenants, if any, and secured by a mortgage on the Site and Project and an assignment of such lease payments. The 2012 Refunding Note shall never constitute a general obligation of the County within the meaning of any constitutional, statutory or charter provision or limitation and shall never constitute or give rise to a debt or liability of the County or a charge against the general credit or taxing power of the County. The County disclaims any financial responsibility for repayment of the 2012 Refunding Note, which is to be primarily secured by lease payments made by the Health Department to the Issuer. With respect to the partial funding for the activities of the Health Department from County appropriations, no portion of such appropriations derived from direct County taxation shall be applied toward such lease payments.

6. Upon retirement of the indebtedness represented by the 2012 Refunding Note, the County shall accept possession of the Land and title to the Project (including any additions to the Project) from the Issuer pursuant to the County's rights under the Restated Ground Lease.

7. The County hereby designates the 2012 Refunding Note in the maximum principal amount of \$1,230,000 as a "qualified tax-exempt obligation" for purposes of the deduction of interest expense by financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.



## EXHIBIT A - LEGAL DESCRIPTION

A parcel of land on part of the SW 1/4 of Section 27, T31N-R3W, Livingston Township, Otsego County, Michigan, described as commencing at the SW corner of said Section 27; thence S89°22'16"E, 850.00' along the South line of said Section 27; thence N00°37'44"E, 388.36' to the POINT OF BEGINNING; thence continuing N00°37'44"E, 234.66'; thence along the South line of 80' easement for ingress and egress the following two (2) courses: 1) N86°50'54"E, 327.50'; 2) 247.76' along a curve to the left, said curve having a radius of 512.54', a Long Chord of 245.35' Bearing N73°00'01"E; thence S00°35'45"W, 330.56'; thence N89°22'16"W, 560.81' to the Point of Beginning, containing 3.36 acres more or less and being subject to an easement for the construction, operation and maintenance of water lines in, on, under, over, upon and across premises described as;

"A strip of land in the SW 1/4 of Sec. 27, T 31 N, R 3 W Livingston Township, Otsego County, Michigan, lying 15 feet either side of a line described as commencing at the SW corner of Sec. 27, T 31 N, R 3 W; and proceeding thence E 665.91 feet along the S line of said Sec. 27; thence N 33.00 feet to the point of beginning of this easement; thence N 165.06 feet; thence N 52°14'39"E 392.60 feet; thence N 41°45'44"E 215.36 feet; thence S 75°34'40"E 344.62 feet to a point 15 feet W of the NW corner of the Cheboygan-Otsego-Presque Isle Intermediate School District structure; thence S 0°2'13"E 140.00 feet parallel to the W'ly wall of said structure to the point of ending."

Being together with an 80' easement for purposes of ingress-egress and public utilities over and across a parcel of land described as lying 40' either side of a line described as commencing at the SW corner of said Section 27; thence N00°01'03"E, 600.41' along the West line of said Section 27 and centerline of Highway US 27; thence N86°16'49"E, 100.21' to the POINT OF BEGINNING of this easement; thence continuing N86°16'49"E, 518.05'; thence N86°50'54"E, 565.31'; thence 281.68' along a curve to the left, said curve having a radius of 472.54', a Long Chord of 277.48', Bearing N68°46'29"E; thence N86°55'16"E, 185.47'; thence 231.18' along a curve to the left, said curve having a radius of 143.12', a Long Chord of 206.85', Bearing N40°38'48"E; thence N05°37'40"W, 95.96'; thence N16°04'06"E, 62.25' to the point of ending.

(NOTE: ° denotes degrees)

**EXHIBIT B – GROUND LEASE**

## GROUND LEASE

This Ground Lease is made and entered into effective as of 13th day of May, 2008, between OTSEGO COUNTY, a Michigan municipal corporation, whose address is 225 W Main Street, Gaylord, Michigan 49735 ("Landlord"), and NHP SUB CHARLEVOIX, a Michigan nonprofit corporation, of 8500 Long Rapids Road, Alpena, Michigan 49707 ("Tenant"), on the following terms and conditions:

1. Project To Be Ground Leased. Landlord Ground Leases to Tenant, and Tenant rents from Landlord, the property described in Exhibit A attached (the "Land") together with an existing approximately 15,000 square foot building situated on the Land (the "Building") (the Land and Building are hereafter referred to as the "Project").

2. Ground Lease Term. The term of this Ground Lease (the "Term") shall commence on the date of Tenant's debt obligations associated with the acquisition and construction of the Project as evidenced by a Limited Obligation Revenue Note (the "Note") from Tenant to Citizens Bank ("Bank"), and shall terminate ninety-nine (99) years from the date of commencement, unless sooner terminated upon written notice by Landlord, or as hereinafter set forth. This Ground Lease shall not terminate upon notice by Landlord, unless the Note is fully paid and discharged, whether at maturity or through permitted prepayment, or an amount sufficient to fully pay and discharge the Note is escrowed by the County and dedicated to the payment of such debt. If Tenant continues to use the Project after expiration of the Term, Tenant shall become a tenant from month to month, at the rental and upon the same terms and conditions specified in this Ground Lease. In any event, this Ground Lease shall terminate when the Note is fully paid and discharged, whether at maturity or through permitted prepayment, or an amount sufficient to fully pay and discharge the Note is escrowed by Landlord and dedicated to the payment of such debt.

3. Use Of Project. Tenant shall use the Project only for Lease to Northwest Community Health Agency and other governmental units and qualified tax exempt charitable organizations or any other public use which the Landlord approves in writing. Tenant shall have the right without further permission from Landlord to construct improvements to the Project for Lease to Northwest Community Health Agency and other governmental units and qualified tax

exempt charitable organizations including an approximately 8,900 square foot addition to the Building.

4. Rent. Tenant hereby agrees to pay to Landlord as rent for the Project the sum of one Dollar (\$1.00). The rental provided for in this Ground Lease shall be an absolutely net return to Landlord for the Term, free from any losses, expenses or charges with respect to the Project, including maintenance, repairs, cost of replacement of buildings or improvements, insurance, taxes, assessments or other charges imposed upon or related to the Project, or with respect to any easements or rights appurtenant thereto (except as otherwise expressly provided herein).

5. Taxes and Assessments. Tenant shall pay, prior to the imposition of any penalty or interest, all real and personal property taxes, installments of special assessments and other governmental charges of any kind which become due during the Term and which are levied against the Project, the Ground Leasehold estate or any sub-leasehold estate (including any and all taxes imposed by the United States of America, or any state, municipality or political subdivision thereof), without proration. Landlord shall be responsible for all real property taxes and special assessments which become due prior to, or after the Term, without proration.

6. Insurance and Indemnity.

(a) Tenant shall, at its own cost and expense, procure and maintain in full force and effect fire and extended coverage insurance with an all risk endorsement on all improvements which are now or which hereafter become part of the Project for its full insurable replacement costs (excluding foundations and excavation). If Tenant so elects, such policies of fire and extended coverage insurance may provide for a "deductible" or self insurance.

(b) Tenant shall, at its sole cost and expense, procure and maintain in full force and effect during the Ground Lease Term, comprehensive public liability and property damage insurance for claims of personal injury, death or property damage occurring in, about or as a result of the use of the Project, with single limit liability coverage in an amount acceptable to Landlord. If Tenant so elects, such insurance may provide for a "deductible" or self insurance in an amount acceptable to Landlord.

(c) All insurance policies required hereunder, which may be so-called "blanket policies", shall name Landlord and Tenant as insured and be purchased from companies reasonably satisfactory to Landlord.

(d) Tenant shall indemnify and hold Landlord harmless from all claims, demands, actions, losses, damages and liabilities and all fees, costs and expenses (including reasonable attorney fees), relating to or in any way arising from the use of the Project, from any cause whatsoever.

(e) Tenant, for itself and its respective successors and assigns (including any person, firm or corporation which may become subrogated to any of its rights) waives any and all rights and claims for recovery against Landlord, and its officers, employees, agents, and assigns, or any of them, on account of any loss or damage to any of its property insured under any valid and collectible insurance policy or policies, to the extent

of any recovery collectible under such insurance policies. Each insurance policy carried by Tenant and insuring all or any part of the Project, shall provide that the insurance company waives all right of recovery by way of subrogation against Landlord.

7. Construction Liens. Tenant shall keep the Project free from any liens arising out of any work performed thereon, materials furnished thereto or obligations incurred by Tenant. Tenant shall indemnify, defend and hold Landlord harmless against all liability, loss, damage, costs and all other expenses arising out of claims of lien for work performed or materials furnished to or for the benefit of Tenant.

8. Repairs and Maintenance. Tenant shall keep and maintain the Project, and every part thereof, including, but not limited to all structural, nonstructural, interior and exterior portions of the buildings and improvements located upon the Project, in good and sanitary order, condition and repair.

9. Alterations and Additions. Landlord shall have no obligation to make any alteration or addition to the Project during the Term. All right, title and interest to any alterations and additions to the Project during the Term shall be the property of Landlord and shall not be deemed to be a part of the Project.

10. Utilities. During the term, Tenant shall pay for all gas, heat, light, power, water, sewer, telephone, or other communication service, janitorial, garbage disposal and all other utilities and services supplied to Tenant upon the Project. Landlord shall not be liable to Tenant in damages or otherwise for any failure or interruption of any such service furnished to Project.

11. Assignment and Subletting. Tenant may assign this Ground Lease or sublease all or any part of the Project at any time during the term of this Ground Lease without the prior written consent of Landlord.

12. Landlord's Right to Perform. Landlord may perform any obligations of Tenant which Tenant has failed to perform. Tenant shall reimburse Landlord for all payments made and expenses incurred. Such payments and expenses shall be additional rent which is immediately due and payable, together with interest thereon at the lesser of the rate of fifteen percent (15%) per annum or the highest legal rate of interest.

13. Default. If default is made by Tenant in the payment of rent or additional rent or in the performance of any of the conditions or covenants in this Ground Lease, and if such default shall continue for a period of sixty (60) days after written notice is given to Tenant by Landlord specifying the default, then Landlord shall have the right to re-enter the Project and remove Tenant and all persons therefrom and shall have the right to terminate this Ground Lease. If the Landlord elects to terminate the Ground Lease, then the Landlord must comply with the requirements of Paragraph 2 above.

14. Quiet Enjoyment. Landlord covenants that, upon Tenant's paying the rent and performing all of the terms, covenants and conditions Tenant is to perform hereunder, Tenant shall peaceably and quietly enjoy the Project hereby demised, free of claims of paramount title or of any person claiming under or through Landlord, and free and clear of all exceptions.

reservations or encumbrances other than those set forth herein, and those Tenant subsequently approves in writing.

15. Successors and Assigns. This Ground Lease shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

16. Headings. The headings contained herein are for the convenience of the parties and are not to be used in construing this Ground Lease.

17. Remedies Cumulative; Waiver. All rights and remedies of Landlord hereunder are cumulative, and not exclusive, and shall be in addition to all other rights and remedies provided by applicable law. Failure to exercise or delay in exercising any right or remedy hereunder shall not operate as a waiver thereof, nor excuse future performance. No waiver, discharge or renunciation of any claim or right arising out of a breach of these terms and conditions shall be effective unless in a writing, signed by the party so waiving and supported by consideration. Any waiver of any breach shall be a waiver of that breach only and not any other breach, whether prior or subsequent thereto.

18. Choice of Law; Invalidation of Terms. This Ground Lease shall be governed by and construed in accordance with the laws of the state of Michigan that are applicable to Ground Leases made and to be performed in that state. The invalidation of one or more Ground Lease terms shall not affect the validity of the remaining terms.

19. Notices. All notices herein required shall be given in writing upon the parties at the addresses indicated on page 1 hereof. Any notice shall be deemed to have been given when personally delivered or when sent by certified mail, return receipt requested and postage prepaid. The addresses specified for notices herein may from time to time be changed by the written notice of one party to the other.

20. Amendment. This Ground Lease represents the entire agreement between the parties. It may not be amended, altered or modified except by a writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

IN WITNESS WHEREOF, the parties have caused this Subordination Agreement to be executed effective as of this 13th day of May 2008.

COUNTY OF OTSEGO

By: Kenneth R. Güsser  
Kenneth R. Güsser,  
Its Chairperson of the Board of  
Commissioners

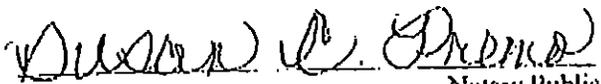
and  
By: Susan L. DeFeyer  
Susan L. DeFeyer  
Its County Clerk

NHIF SUB CHARLEVOIX

By:   
John Bruning  
Its President

STATE OF MICHIGAN )  
 )ss.  
COUNTY OF OTSEGO )

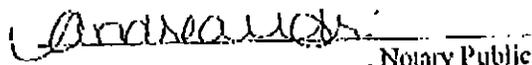
On this \_\_\_ day of May 2008, before me, a Notary Public, in and for said County, personally appeared Kenneth R. Glasser and Susan I. DeFeyer to me known to be the Chairperson of the Board and the County Clerk, respectively, of the County of Otsego, a Michigan municipal corporation, acknowledged that they signed the foregoing instrument on behalf of said municipal corporation as their free act and deed.

  
Susan I. DeFeyer  
Notary Public  
Acting in Otsego County, Michigan  
My Commission Expires: 07-19-2012

STATE OF MICHIGAN )  
 )ss.  
COUNTY OF BAY )

On this 13th day of May 2008 before me, a Notary Public, in and for said County, personally appeared John Bruning, to me known to be the President of NHIF Sub Charlevoix, a Michigan nonprofit corporation, to me known to be the person named in the above instrument, and acknowledged that he signed the foregoing instrument on behalf of such corporation as his free act and deed.

ANDREA M. IRWIN  
NOTARY PUBLIC - STATE OF MICHIGAN  
COUNTY OF BAY  
My Commission Expires 10-20-11  
Acting in the County of Bay

  
Andrea M. Irwin  
Notary Public  
Acting in Bay County, Michigan  
My commission expires:

This instrument drafted by:  
Bowden V. Brown  
Dykema Gossett  
39577 Woodward Avenue, Suite  
Bloomfield Hills, Michigan 48304-5086  
Ground Lease - 5-5-2007

## EXHIBIT C

**Principal Amount:** Not to exceed \$1,230,000.

**Interest Rate:** Initial interest rate not to exceed 3.5% (subject to periodic adjustments based on an independent index, as negotiated).

**Maturity Date/Amortization Schedule:** Not later than February 1, 2029. Additional notes or bonds issued to finance improvements or additions to the Project or to refund the 2012 Refunding Note or any additional notes or bonds must be discharged no later than the final maturity date of the 2012 Refunding Note, regardless of whether the 2012 Refunding Note is callable at an earlier date.

**Purposes:** To refinance the acquisition and construction of the Project for the purposes of providing a health and human services building for lease at a more advantageous rental rate to the Health Department and other governmental units and qualified tax exempt charitable organizations at rates not in excess of fair rental value, to pay any applicable prepayment penalty or premium and costs relating to the issuance of the 2012 Refunding Note, and to fund a reasonably required debt service reserve fund to the extent required in order to market the 2012 Refunding Note. All proceeds of the 2012 Refunding Note (net of the costs of issuance and amounts necessary to fund a reasonably required debt service reserve fund) shall be used for refinancing the construction of the Project and, if applicable, the acquisition of tangible real and tangible personal property. Proceeds may not be used for working capital.

**Security:**

1. Mortgage on the Project
2. Assignment of Leases
3. 2012 Refunding Note non-recourse as to both NHF Sub Charlevoix and the County.

**Prepayment:** The terms and conditions of prepayment of the 2012 Refunding Note by the Issuer shall be mutually agreeable to the Issuer and the holder of the 2012 Refunding Note.

**Rights of County upon Event of Default:** Upon the failure by NHF Sub Charlevoix to pay the principal of or interest on the 2012 Refunding Note or upon any other event constituting an event of default under the 2012 Refunding Note giving rise to acceleration of the 2012 Refunding Note, the County shall have an exclusive option to purchase the Project (including any additions to the Project) for the amount of the outstanding indebtedness and accrued interest to the date of default, which option shall be exercisable for a period of at least 90 days following such default. In the event the County exercises such option, the County shall have a period of at least 90 days from the date of such exercise to purchase the Project.

**Rights of County to Prepay and Defeasance 2012 Refunding Note.** The County shall have the right to repay or to defease the 2012 Refunding Note. Upon such prepayment or defeasance, title to the Site and the Project shall revert to the County and all leases, management contracts and encumbrances (other than certain permitted encumbrances) shall terminate, and any users of the

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

**Insurance:** Proceeds of fire or other casualty insurance policies received in connection with damage to or destruction of the Project, including any additions to the Project, will, subject to the claim of the holder of the 2012 Refunding Note, (a) be used to reconstruct the Project, regardless of whether the insurance proceeds are sufficient to pay for reconstruction or (b) be remitted to the County.

**Estimates of Fair Market Value and Useful Life:** (1) A reasonable estimate of the fair market value of the Project on the final maturity date of the 2012 Refunding Note, regardless of whether the Refunding Note is callable at an earlier date, is equal to at least 20% of the original cost of the Project (determined without regard to any addition to the Project or any increase or decrease for inflation during the term of the 2012 Refunding Note), and (2) a reasonable estimate of the remaining useful life of the Project on the final maturity date of the 2012 Refunding Note, regardless of whether the 2012 Refunding Note is callable at an earlier date, is the longer of one year or 20% of the originally estimated useful life of the Project.





## Otsego County Bus System

1254 Energy Drive, Gaylord MI 49735

Secretary Phone: 989 731-5865

Managers Phone: 989 731-1204

16 May 2012

**TRANSPORTATION AGREEMENT BETWEEN**  
**OTSEGO COUNTY BUS SYSTEM (OCBS)**  
**AND**  
**CHEBOYGAN OTSEGO PRESQUE ISLE EDUCATIONAL SCHOOL DISTRICT**  
**(C.O.P.E.S.D)**

**1. PARTIES TO CONTRACT**

This agreement is made by and between the Otsego County Bus System (OCBS) & the C.O.P.E.S.D for the regular 2012/2013 operating year.

**2. OTSEGO COUNTY BUS SYSTEM RESPONSIBILITIES:**

- To transport clients to and from designated pick-up points within the COP jurisdiction for transportation to and from the Gaylord Schools.
- To make every effort to comply with reasonable client schedules provided by C.O.P.E.S.D.
- To furnish, if requested, a quarterly record of services provided for clients serviced with this contract.
- To provide fiscal information, if requested, relative to future agreements.
- To work with the C.O.P.E.S.D designated liaison regarding schedules & resolution of problems.
- To furnish by quarters a billing for services provided.
- This contract will follow the school districts state approved operating calendar.

**3. THE C.O.P.E.S.D. SCHOOLS RESPONSIBILITIES:**

- To assign one liaison to work with OCBS in areas relating to daily operations if required.
- That one quarter of the payment to be paid at beginning of the School year and the balance by quarters. Total contract for 2012/2013 school year is: **\$94,294.74**  
Quarterly payments for contract will be: **\$23,573.68**
- Cost of transportation will be reviewed at the beginning of each contract year and be raised by whatever operating costs (labor, benefits, fuel etc.) increased during the last year serviced.

**4. MUTUAL RESPONSIBILITIES:**

- That no person shall be denied services on the basis of race, color, creed, sex, disability or national origin.

- That this is an open Public Transportation system and according to State and Federal requirements we are not allowed to provide private charter or contract specific service transportation. If the general public requires transportation and it fits into the routing, they will be allowed to travel on this bus.
- That there will be no discrimination against any employee/employer or applicant for employment with respect to tenure, conditions or privileges of employment regardless of race, color, creed, sex or national origin.

**5. REOPENER CLAUSE:**

The agreement will automatically be opened for renegotiations under the following conditions:

- Other sources of funding necessary to operate OCBS are reduced to the point the OCBS is required to reduce or cease operations.
- Funding available to the C.O.P.E.S.D. Schools is reduced requiring discontinuation or reduction of the service affecting this agreement.
- Services discontinued or reduced at either program location.

\_\_\_\_\_  
Otsego County Bus System Manager

DATE: \_\_\_\_\_

\_\_\_\_\_  
C.O.P.E.S.D. Representative

DATE: \_\_\_\_\_

**Please make check payable to "Otsego County Bus System" and send payment to:**

OCBS  
1254 Energy Drive  
Gaylord, MI 49735



## ***Otsego County Bus System***

*1254 Energy Drive, Gaylord MI 49735*

*Secretary Phone: 989 731-5865*

*Managers Phone: 989 731-1204*

16 May 2012

**TRANSPORTATION AGREEMENT:  
OTSEGO COUNTY BUS SYSTEM (OCBS)  
And Cheboygan-Otsego-Presque Isle Educational School Districts (COPESD)  
Gaylord 2013 Summer School program**

### **1. PARTIES TO CONTRACT**

This agreement is made by and between the Otsego County Bus System, (hereinafter referred to as OCBS and C.O.P.E.S.D. Schools, hereinafter referred to COP. OCBS agree to provide transportation services to clients.

### **2. OTSEGO COUNTY BUS SYSTEM RESPONSIBILITIES:**

- To transport clients to designated pick-up points within the COP jurisdiction for round to and from the Gaylord Schools.
- To make every effort to comply with reasonable client schedules provided by C.O.P.
- To furnish C.O.P with a record of services provided, clients serviced through this contract, if requested.
- To provide fiscal information relative to future agreements.
- To work with the C.O.P designated liaison regarding schedules, problem resolutions.
- To furnish a billing for the services provided.
- This contract will follow the school districts ***Summer program*** calendar.

### **3. THE C.O.P.E.S.D. SCHOOLS RESPONSIBILITIES:**

- To assign one liaison to work with OCBS, in areas relating to daily operations.
- That the total contract for summer 2013, (Summer Program, Gaylord School, w/aide) will be one payment of **\$17,013.60**
- Cost of transportation will be reviewed at the beginning of each contract year and be raised by whatever cost of labor, benefits, or fuel increased during the last year serviced.

**4. MUTUAL RESPONSIBILITIES:**

- That no person shall be denied services on the basis of race, color, creed, sex or national origin.
- That there will be no discrimination against any employee or applicant for employment and with respect to tenure, conditions, or privileges of employment regardless to race, color, creed, sex, or national origin.
- The agreement will automatically be opened for renegotiations under the following conditions.
- That this is an open Public Transportation system and according to State and Federal requirements we are not allowed to provide private charter service transportation. If the general public requires transportation and it fits into the routing, they will be allowed to travel on this bus.

**5. REOPENER CLAUSE:**

This agreement will automatically be opened for renegotiations under the following Conditions:

- Other sources of funding necessary to operate OCBS, are reduced to the point the OCBS is required to reduce or cease operations.
- Or funding available to the OCBS is reduced requiring discontinuation or reduction of the service affecting this agreement.
- Services discontinued or reduced at either program location.

\_\_\_\_\_  
**OCBS Representative**

\_\_\_\_\_  
**Date:**

\_\_\_\_\_  
**C.O.P.E.S.D. Representative**

\_\_\_\_\_  
**Date:**

Please make check payable to "Otsego County Bus System" and send payment to:

**Otsego County Bus System  
1254 Energy Drive.  
Gaylord, MI 49735**



## Otsego County Bus System

1254 Energy Drive, Gaylord MI 49735

Secretary Phone: 989 731-5865

Managers Phone: 989 731-1204

16 May 2012

**TRANSPORTATION AGREEMENT BETWEEN**  
**OTSEGO COUNTY BUS SYSTEM**  
**AND**  
**CROSSROADS INDUSTRIES, GAYLORD MICHIGAN**

1. This agreement is made by and between the Otsego County Bus System (OCBS) and Crossroads Industries (CI) for Fiscal Year 2013, Beginning October 1<sup>st</sup> 2012, through September 30<sup>th</sup> 2013. This Transportation agreement may be renewed annually on a fiscal year (October 1- September 30, contract year) basis if both parties can agree to the necessary modifications as provided in the following terms and conditions.
2. **OTSEGO COUNTY BUS SYSTEM RESPONSIBILITIES:**
  - To provide drivers and vehicles to transport clients to and from designated pick-up points within the Otsego County jurisdiction.
  - To make every effort to comply with reasonable client transport schedules provided by Crossroads Industries.
  - To furnish, if requested a record of services provided for clients serviced through this contract.
  - To provide fiscal information, if requested, relative to this and / or future agreements.
  - To work with the designated liaison of Crossroads Industries, regarding schedules & resolution of problems.
  - To furnish a monthly billing based on an average client transportation taken from OCBS Dispatch and Drivers logs per day and adjusted if a drastic decrease or increase occurs.
  - OCBS will provide a designated liaison to work with the designated liaison of Crossroads Industries regarding schedules & resolutions of problems.
3. **THE CROSSROADS INDUSTRIES RESPONSIBILITIES:**
  - To assign a liaison to work with OCBS in areas relating to daily operations, faxing of client transportation requests and or changes to OCBS dispatch office (732-6213) as required and coordination of any changes due to holidays or other situations that might arise.
  - To provide monthly payments of **\$3,666.08 monthly** beginning FY13 to OCBS, to be paid at beginning of each month when billed for the previous months provided service. Transportation Agreement total for Fiscal Year 2013 services is: **\$43,993.00** Cost of service will be reviewed at the beginning of each contract year and may be raised by whatever operating costs (labor, benefits, fuel etc.) went up during the last year serviced.

**4. MUTUAL RESPONSIBILITIES:**

- That no person shall be denied services on the basis of race, color, creed, sex, disability or national origin.
- That there will be no discrimination against any employee/employer or applicant for employment with respect to tenure, conditions or privileges of employment regardless of race, color, creed, sex or national origin.
- That this is an open system and according to State and Federal requirements we are not allowed to provide a private charter service for transportation. If the general public requires transportation and it fits into the routing, they will be allowed to travel on this bus.

**5. REOPENER CLAUSE:**

The agreement will automatically be reopened for renegotiations during the contract year under the following conditions:

- Any change in terms or conditions should be with a 90 day notice from either party
- Sources of funding necessary to operate and provide services for Crossroads Industries are reduced to the point the OCBS is required to reduce or cease operations.
- Funding available to Crossroads Industries is reduced requiring discontinuation or reduction of the service affecting this agreement.
- Services discontinued or reduced at either program location.
- A 30 day notice of contract cancellation by either party is required in writing.

\_\_\_\_\_  
Otsego County Bus System Manager

DATE: \_\_\_\_\_

\_\_\_\_\_  
Crossroads Industries Representative

DATE: \_\_\_\_\_

**Please make check payable to "Otsego County Bus System" and send payment to:**

OCBS  
1254 Energy Drive  
Gaylord, MI 49735



**OTSEGO**  
**COUNTY**  
M I C H I G A N

**Otsego County Bus System**

1254 Energy Drive, Gaylord MI 49735

Secretary Phone: 989 731-5865

Managers Phone: 989 731-1204

16 May 2012

**TRANSPORTATION AGREEMENT BETWEEN**  
**OTSEGO COUNTY BUS SYSTEM**  
**AND**  
**OTSEGO COUNTY COMMISSION ON AGING**  
**(OCCOA)**  
**"MEALS ON WHEELS" PROGRAM**

1. This agreement is made by and between the Otsego County Bus System (OCBS) and Otsego County Commission on Aging (OCCOA) for transportation and delivery of meals to homebound Senior Citizens. This contract is for Fiscal Year 2013, Beginning October 1<sup>st</sup> 2012, through September 30<sup>th</sup> 2013. This Contract may be renewed annually on a fiscal year (October 1- September 30, contract year) basis if both parties can agree to the necessary modifications as provided in the following terms and conditions.
2. **OTSEGO COUNTY BUS SYSTEM AGREES:**
  - To provide drivers and vehicles with current insurance coverage to transport meals to designated delivery points within the Otsego County jurisdiction.
  - To make every effort to comply with reasonable delivery schedules provided by OCCOA.
  - To furnish, if requested a record of services provided for clients serviced through this contract.
  - To provide fiscal information, if requested, relative to this and / or future agreements.
  - To work with the designated liaison of OCCOA regarding schedules & resolution of problems.
  - To furnish a monthly billing for the services provided.
  - OCBS will provide a designated liaison to work with the designated liaison of OCCOA regarding schedules & resolutions of problems.
3. **THE OTSEGO COUNTY COMMISSION ON AGING AGREES:**
  - To assign a liaison to work with OCBS in areas relating to daily operations, faxing of meal delivery sheets to OCBS dispatch office as required and coordination of any delivery date changes due to holidays or other situations that might arise.
  - To provide monthly payments to OCBS, to be paid at beginning of each month for the previous months provided service. Total agreement amount for Fiscal Year 2013 services is: \$32,080.00. Monthly payments for this agreement will be: \$2,673.33

- Cost of service will be reviewed at the beginning of each contract year and may be raised by whatever operating costs (labor, benefits, fuel etc.) increased during the last year serviced.

**4. MUTUAL RESPONSIBILITIES:**

- That no person shall be denied services on the basis of race, color, creed, sex, disability or national origin.
- That there will be no discrimination against any employee/employer or applicant for employment with respect to tenure, conditions or privileges of employment regardless of race, color, creed, sex or national origin.
- That this is an open Public Transportation system and according to State and Federal requirements we are not allowed to provide private charter or contract specific service transportation. If the general public requires transportation and it fits into the routing, they will be allowed to travel on this bus.

**5. REOPENER CLAUSE**

The agreement will automatically be reopened for renegotiations during the contract year under the following conditions:

- Any change in terms or conditions should be with a 90 day notice from either party
- Sources of funding necessary to operate and provide services for OCCOA are reduced to the point the OBCS is required to reduce or cease operations.
- Funding available to the OCCOA for the "Meals on Wheels" program is reduced requiring discontinuation or reduction of the service affecting this agreement.
- Services discontinued or reduced at either program location.
- A 30 day notice of contract cancellation by either party is required in writing.

\_\_\_\_\_  
Otsego County Bus System Manager

DATE: \_\_\_\_\_

\_\_\_\_\_  
Otsego County Commission on Aging  
Representative

DATE: \_\_\_\_\_

Please make check payable to "Otsego County Bus System" and send payment to:  
OCBS  
1254 Energy Drive  
Gaylord, MI 49735



## Otsego County Bus System

1254 Energy Drive, Gaylord MI 49735

Secretary Phone: 989 731-5865

Managers Phone: 989 731-1204

Fax: 989 731-9924

16 May 12

### TRANSPORTATION AGREEMENT BETWEEN OTSEGO COUNTY BUS SYSTEM (OCBS) AND VANDERBILT SCHOOLS

#### 1. PARTIES TO CONTRACT

This agreement is made by and between the Otsego County Bus System and Vanderbilt Schools for the regular 2012/2013 Vanderbilt School operating year.

#### 2. OTSEGO COUNTY BUS SYSTEM RESPONSIBILITIES:

- To transport clients to designated pick-up points within the Vanderbilt jurisdiction for transportation to and from the Gaylord Schools.
- To make every effort to comply with reasonable client schedules provided by Vanderbilt Schools.
- To furnish, if requested, a quarterly record of services provided for clients serviced through this contract.
- To provide fiscal information, if requested, relative to future agreements.
- To work with the Vanderbilt Schools designated liaison regarding schedules & resolution of problems.
- To furnish by quarters a billing for the services provided.
- This contract will follow the school districts state approved operating calendar.

#### 3. THE VANDERBILT SCHOOLS RESPONSIBILITIES:

- To assign one liaison to work with Otsego County Bus System in areas relating to daily operations if required.
- That one quarter of payment will be paid at beginning of the School year and the balance by quarters. Total contract for 2012/2013 regular school year is: **\$5,854.23**  
Quarterly payments for contract will be: **\$1,463.55**
- Cost of transportation will be reviewed at the beginning of each contract year and be raised by whatever operating costs (labor, benefits, fuel etc.) increased during the last year serviced.

**4. MUTUAL RESPONSIBILITIES:**

Both parties agree to the following:

- That no person shall be denied services on the basis of race, color, creed, sex, disability or national origin.
- That there will be no discrimination against any employee/employer or applicant for employment with respect to tenure, conditions or privileges of employment regardless of race, color, creed, sex or national origin.
- That this is an open Public Transportation system and according to State and Federal requirements we are not allowed to provide private charter service transportation. If the general public requires transportation and it fits into the routing, they will be allowed to travel on this bus.

**5. REOPENER CLAUSE**

The agreement will automatically be opened for renegotiations under the following conditions:

- Other sources of funding necessary to operate OCBS are reduced to the point the OCBS is required to reduce or cease operations.
- Funding available to the Vanderbilt Schools is reduced requiring discontinuation or reduction of the service affecting this agreement.
- Services discontinued or reduced at either program location.

\_\_\_\_\_  
Otsego County Bus System Manager

DATE: \_\_\_\_\_

\_\_\_\_\_  
Vanderbilt Schools Representative

DATE: \_\_\_\_\_

**Please make check payable to "Otsego County Bus System" and send payment to:**

Otsego County Bus System  
1254 Energy Drive  
Gaylord, MI 49735