

REED CITY AREA DISTRICT LIBRARY AGREEMENT

THIS AGREEMENT is entered into this 1st day of April, 2014 by and between the **CITY OF REED CITY**, a Michigan home rule city, 227 East Lincoln, Reed City, Michigan 49677, **RICHMOND TOWNSHIP**, a Michigan general law township, 4575 Park Street, Reed City, Michigan 49677, and **LINCOLN TOWNSHIP**, a Michigan general law township, 20920 9 Mile Road, Reed City, Michigan 49677.

I. ESTABLISHMENT OF DISTRICT LIBRARY

A. Purpose. The purpose of this Agreement is to establish the **REED CITY AREA DISTRICT LIBRARY** pursuant to the District Library Establishment Act, Act No. 24 of the Public Acts of 1989, as amended (“Act 24”).

B. Participating Municipalities. The Participating Municipalities in this Agreement are the City of Reed City, Richmond Township, and Lincoln Township in Osceola County.

C. Establishment; Effective Date. The Participating Municipalities hereby establish the Reed City Area District Library pursuant to Act 24 to become effective April 1, 2014, (“Effective Date”) provided that the legislative bodies of the Participating Municipalities approve this Agreement on or before such date, the Reed City Public Library Board approves this Agreement on or before such date, and this Agreement is approved by the State Librarian pursuant to Section 5(2) of Act 24. In the event that the State Librarian approves this Agreement after April 1, 2014, the Effective Date of this Agreement shall be the date of such approval by the State Librarian.

D. District Description. The district of the Reed City Area District Library shall consist of all that territory which is located in the jurisdictional limits of the City of Reed City, Richmond Township (including the portion of the Village of Hersey within Richmond Township), and Lincoln Township. The district of the Reed City Area District Library is shown on the map attached as Exhibit A.

II. DISTRICT LIBRARY BOARD

A. District Library Board; Appointment; Term. The Reed City Area District Library shall be governed by a District Library Board (“Board”) initially consisting of seven (7) members from April 1, 2014 through December 31, 2016, and thereafter consisting of six (6) Board members as provided below. The legislative body of each Participating Municipality shall appoint two (2) Board members provided, however, that from April 1, 2014 through December 31, 2016, the City of Reed City shall appoint three (3) Board members as provided below. The term of office for Board members shall be four (4) years provided, however, that the terms of the members first appointed shall be as follows:

<u>Participating Municipality</u>	<u>Initial Term Expires:</u>
1) City of Reed City	December 31, 2014
2) City of Reed City	December 31, 2015

- | | |
|----------------------|--------------------|
| 3) City of Reed City | December 31, 2016* |
| 4) Richmond Township | December 31, 2014 |
| 5) Richmond Township | December 31, 2016 |
| 6) Lincoln Township | December 31, 2015 |
| 7) Lincoln Township | December 31, 2017 |

*Upon expiration of this term, the City shall not make an appointment for a subsequent term for this Board position in order to reduce the number of Board members appointed by the City of Reed City to two (2) members and reduce the total number of Board members to six (6) members (two (2) Board members appointed by and representing each Participating Municipality), effective January 1, 2017 and thereafter.

As staggered terms expire, Board members shall be appointed for a term of four (4) years commencing January 1 of that year. Board members may be reappointed for successive terms at the discretion of the Participating Municipality. If a vacancy occurs in the office of Board member, the vacancy shall be filled by the Participating Municipality that appointed the member whose position is vacant and the Board member appointed to fill the vacancy shall serve the remainder of the unexpired term of office.

An individual appointed as a Board member shall be a qualified elector of the Participating Municipality that appoints the Board member on the date the appointment is made and shall be a resident of the Reed City Area District Library district as described in Section I.D. The office of Board member becomes vacant when a Board member dies, resigns, is convicted of a felony, is removed from office by the Governor pursuant to section 10 of article V of the Michigan Constitution of 1963, ceases to be a resident of the Reed City Area District Library district, or ceases to be a resident of the Participating Municipality that appointed the Board member.

B. District Library Board; General Powers. The Board shall be authorized and empowered to:

1. establish, maintain, and operate public libraries for the district;
2. exclusively control the expenditure of money deposited into the district library fund;
3. appoint and remove officers from among its members;
4. appoint and remove a librarian and necessary assistants and fix their compensation;
5. purchase, sell, convey, lease, or otherwise acquire or dispose of real or personal property, including, but not limited to, land contracts and installment purchase contracts;
6. erect buildings;

7. supervise and control district library property;
8. enter into a contract to receive library-related service from or give library-related service to a library or municipality within or without the district;
9. adopt bylaws and regulations, not inconsistent with this act, governing the board and the district library;
10. propose and levy upon approval of the electors a tax for support of the district library, as provided in Act 24;
11. borrow money pursuant to the district library financing act, Act No. 265 of the Public Acts of 1988;
12. issue bonds pursuant to the district library financing act, Act No. 265 of the Public Acts of 1988;
13. accept gifts and grants for the district library;
14. do any other thing necessary for conducting the district library service, the cost of which shall be charged against the district library fund; and
15. perform any other acts authorized by law.

C. District Library Board; Compensation. The Board may reimburse a board member for necessary expenses that the member incurs in the performance of official duties. The Board may compensate board members for attending meetings of the Board and shall include the amount of compensation in the annual budget.

III. DISTRICT LIBRARY FINANCIAL SUPPORT

A. Termination Unless Millage Approval. This Agreement shall terminate and the Reed City Area District Library shall be abolished effective December 31, 2015, unless on or before November 30, 2015, the electors of the Reed City Area District Library District approve a district library millage at the rate of not less than 0.95 mill. In the event that this Agreement terminates pursuant to this Section, all net assets of the Reed City Area District Library (including, without limitation, all real property and personal property transferred pursuant to Article IV of this Agreement) shall be returned and transferred to the Reed City Public Library and public library service shall be provided to the residents of the district by the re-establishment, effective January 1, 2016 of the Reed City Public Library, the organization of which shall be the same as it existed on the day before the Effective Date of this Agreement as defined in Section I.C.

B. District Library Board; Budget. The Board shall annually determine the budget for the district library subject to the limitation pursuant to Section 13(1) of Act 24 that the obligations of the Participating Municipalities shall not exceed the amounts set forth in Section III.C. below.

C. Financial Support. The fiscal year of the Reed City Area District Library shall be July 1 through June 30 (provided, however, that the first fiscal year shall be a partial fiscal year from April 1, 2014 through June 30, 2014). Until the December 31 following the actual December 1 levy of a district library millage approved by the electors as herein provided or until December 31, 2015, whichever is earlier, the City of Reed City shall financially support the Reed City Area District Library by continuing to levy and collect the 0.9793 mill City library millage annually in July (subject to reduction only to the extent necessary to comply with any Headlee Amendment rollbacks in 2014 and 2015) and shall pay such collected amounts to the Reed City Area District Library within ten (10) days of the first and fifteenth day of each month. These payments of the City of Reed City shall be deposited into the district library fund which shall be subject to the exclusive control of the District Library Board. It is estimated that the City's library millage levy will generate revenues that are approximately 32% of the district library budget. Upon voter approval of a district library millage of not less than 0.95 mill on or before November 30, 2015, the City of Reed City shall have no obligation to provide financial support to the Reed City Area District Library as provided in this Section commencing with the January 1 next following the actual levy of the District Library millage. If a district library millage of not less than 0.95 mill is not approved by district library voters by November 30, 2015, the Reed City Area District Library shall terminate as provided in Section III.A. of this Agreement.

Until the December 31 following the actual December 1 levy of a district library millage approved by the electors as provided herein or until December 31, 2015, whichever is earlier, Richmond Township and Lincoln Township shall each financially support the Reed City Area District Library by the annual payment of funds not later than November 30 in both 2014 and 2015. These annual payments by the Townships shall be as follows:

<u>Participating Municipality</u>	<u>Annual Funding Amount</u>
Richmond Township	\$5,500
Lincoln Township	\$1,500

It is estimated that these annual payments will be approximately 7% percent of the district library budget. The annual obligations of the Townships set forth above for 2014 and 2015 shall be unconditional and shall supersede and replace the Townships' obligations under the Library Service Contract Agreements between the Townships and Reed City Public Library which are hereby terminated as of the Effective Date of this Agreement. The payments of the Townships set forth above shall be deposited into the district library fund which shall be subject to the exclusive control of the District Library Board.

The City of Reed City, Richmond Township, and Lincoln Township shall have no obligation to provide the financial support to the Reed City Area District Library as set forth above in this Section III.C. as of the December 31 following the actual December 1 levy of a district library millage of not less than 0.95 mill. If a district library millage of not less than 0.95 mill is not approved by electors by November 30, 2015, this Agreement shall terminate as provided in Section III.A. of this Agreement.

Except as provided above, the Participating Municipalities shall have no obligation to provide financial support of the Reed City Area District Library. Nothing in this Agreement shall be construed to prohibit voluntary appropriations to the Reed City Area District Library by a Participating Municipality. To the extent that any moneys or property from any source whatsoever are received by any Participating Municipality designated for the operation and administration of library services or the acquisition of books and equipment, or real or other personal property for library use, such Participating Municipality shall transfer such moneys or property upon receipt thereof to the Reed City Area District Library.

In addition to a district library millage and the financial support of Participating Municipalities until the levy of a district library millage as provided above, the District Library shall be supported by penal fines, state aid payments, donations, gifts, and bequests and any other lawful sources of funding obtained by the District Library, all of which shall be under the exclusive control of the District Library Board.

IV. TRANSFER OF PROPERTY AND EMPLOYEES

A. Transfer Agreements. Prior to the Effective Date of this Agreement, the City of Reed City and the Reed City Public Library shall execute the Property Transfer Agreement and the Assignment of Library Contracts substantially in the form attached hereto as Exhibits C and D, respectively, including any schedules thereto and all documents required to be executed to effectuate such agreements. Prior to the Effective Date of this Agreement, the City of Reed City shall execute the Library Management Contract substantially in the form attached hereto as Exhibits B and all documents required to be executed to effectuate such Contract. The Reed City Area District Library shall execute the Library Management Contract, the Property Transfer Agreement, and the Assignment of Library Contracts as soon as practicable after the Effective Date of this Agreement.

B. Transfer of Personal Property. Upon the Effective Date of this Agreement, and contingent upon agreement by the Reed City Area District Library Board to undertake the obligations specified in the Library Management Contract, the Property Transfer Agreement, and the Assignment of Library Contracts, substantially in the form attached to this Agreement as Exhibits B, C, and D, respectively, the City of Reed City and the Reed City Public Library shall transfer the personal property identified in the Property Transfer Agreement to the Reed City Area District Library, in the manner and subject to the terms and conditions specified in the Property Transfer Agreement.

C. Lease of Library Building. Upon the Effective Date of this Agreement and contingent upon the agreement of the Reed City Area District Library Board to undertake the obligations in the Library Management Contract, the Property Transfer Agreement, and the Assignment of Library Contracts, substantially in the form attached to this Agreement as Exhibits B, C, and D, respectively, the City of Reed City and the Reed City Public Library shall assign the lease of the Reed City Public Library building and premises to the Reed City Area District Library in accordance with Paragraph 3 of the Property Transfer Agreement.

D. Transfer of Real Property. Not later than the Effective Date of this Agreement, the Reed City Public Library shall execute a quitclaim deed to the City for the real property

located at 829 S. Chestnut for \$1.00 as provided in Section 4 of the Property Transfer Agreement attached as Exhibit C. The City of Reed City shall convey marketable title to the real property located at 829 S. Chestnut to the District Library for \$1.00 as provided in Section 4 of the Property Transfer Agreement attached as Exhibit C.

E. Transfer of Library Funds. Upon the Effective Date of this Agreement, and contingent upon the agreement of the Reed City Area District Library Board to undertake the obligations in the Library Management Contract, Property Transfer Agreement, and the Assignment of Library Contracts, substantially in the form attached to this Agreement as Exhibits B, C, and D, respectively, the City of Reed City and the Reed City Public Library shall transfer the balance of the funds of the Reed City Public Library to the district library fund of the Reed City Area District Library which shall be under the exclusive control of the District Library Board.

F. Assignment of Contracts. Upon the Effective Date of this Agreement and contingent upon the agreement of the Reed City Area District Library Board to undertake the obligations in the Library Management Contract, Property Transfer Agreement, and the Assignment of Library Contracts, substantially in the form attached to this Agreement as Exhibits B, C, and D, respectively, the City of Reed City and Reed City Public Library shall assign to the Reed City Area District Library all right, title and interest in and to all Reed City Public Library contracts including, but not limited to, those contracts described on Exhibit D attached hereto.

G. Assumption of Liabilities; Indemnification. As of the Effective Date of this Agreement, the Reed City Area District Library assumes all responsibility for operation and management of the properties transferred or conveyed herein for library purposes. The Reed City Area District Library assumes all liability, indebtedness and expenses for operation, maintenance, and improvements of the library facilities together with all claims arising on or after the Effective Date of this Agreement from the operation of the Library. The Reed City Area District Library shall defend, indemnify and hold harmless the Participating Municipalities from all claims and liabilities arising out of the operation, maintenance, and improvement of the Reed City Area District Library pursuant to this Agreement.

H. Employees. The Reed City Public Library shall cease to operate a city library as of the Effective Date of this Agreement, and the City of Reed City and the Reed City Public Library shall so notify all employees assigned to the Reed City Public Library (the "Library Employees") of the intent to cease operating a city library. As of the Effective Date of this Agreement and as a condition of the transfer of the real and personal property and the balance of the Reed City Public library fund to the District Library pursuant to this Agreement and the Property Transfer Agreement, the District Library Board shall offer employment to the Library employees with substantially the same compensation, seniority, wages, sick leave, vacation, and other benefits, if any, enjoyed by the Library Employees as of the day prior to the Effective Date of the District Library Agreement as set forth in Section I.C. above, and to pay all costs associated with the transfer as provided in the Property Transfer Agreement.

I. Library Dissolution. As of the Effective Date of this Agreement, the Reed City Public Library is hereby dissolved, subject to Section III.A. of this Agreement.

V. MISCELLANEOUS

A. Term. This Agreement shall remain in effect unless and until all but one of the Participating Municipalities withdraw from the District Library as provided in Section V.B. below.

B. Withdrawal. A Participating Municipality may withdraw pursuant to the procedures set forth in Section 24 of Act 24, provided, however, that any resolution to withdraw before December 31, 2018 shall be null and void. In the event of a later withdrawal by a Participating Municipality that does not cause the termination of this Agreement pursuant to Section V. A. above, the withdrawing Participating Municipality shall not be entitled to any assets of the Reed City Area District Library, and all assets of the Reed City Area District Library shall remain the property of the Reed City Area District Library. In the event of a later withdrawal by a Participating Municipality that results in termination of this Agreement pursuant to Section V.A. above, the assets of the District Library shall be distributed to the City of Reed City for the re-establishment of the Reed City Public Library.

C. Amendment. This Agreement shall not be amended except by written agreement approved by the legislative bodies of all Participating Municipalities.

D. Governing Law. This Agreement shall be interpreted in accordance with the law of the state of Michigan.

E. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed and all of which shall constitute one and the same agreement, and the signature of any party to any counterpart shall be deemed a signature to the Agreement and may be appended to any other counterpart.

PARTICIPATING MUNICIPALITIES:

CITY OF REED CITY

Dated: _____

By: _____

Its: Mayor

By: _____

Its: Clerk

LINCOLN TOWNSHIP

Dated: _____

By: _____

Its Supervisor

By: _____

Its: Clerk

RICHMOND TOWNSHIP

Dated: _____

By: _____

Its Supervisor

By: _____

Its Clerk

The REED CITY AREA DISTRICT LIBRARY AGREEMENT is approved and accepted by the Reed City Public Library Board:

REED CITY PUBLIC LIBRARY

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT A

MAP OF REED CITY AREA DISTRICT LIBRARY DISTRICT

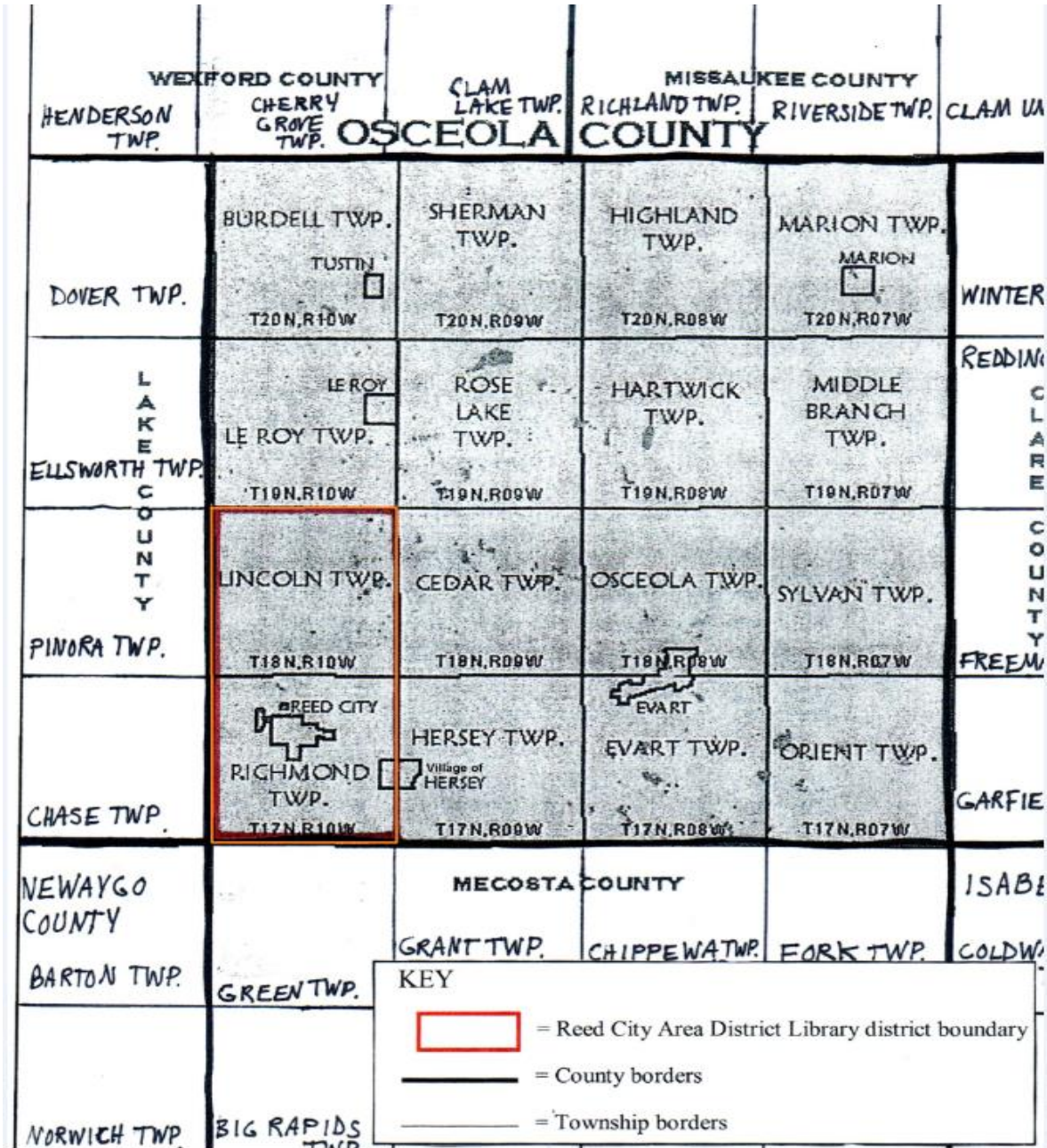


EXHIBIT B

LIBRARY MANAGEMENT CONTRACT

THIS AGREEMENT, entered into as of the 1st day of April, 2014 (the "Effective Date"), by and between the **CITY OF REED CITY** (the "City") and **REED CITY AREA DISTRICT LIBRARY** (the "Library"), a district library established pursuant to the District Library Establishment Act.

WITNESSETH:

WHEREAS, the Library has been established for the purpose of operating a public library in the Library's district pursuant to the Reed City Area District Library Agreement (the "District Library Agreement") entered into by and among the City of Reed City, Richmond Township, and Lincoln Township; and

WHEREAS, the parties to this Agreement desire to cooperate in administering the operation and maintenance of the Library for the purposes of providing uninterrupted library service to the residents of the Library district during the period from the Effective Date of the District Library Agreement until the December 31 following approval of the District Library millage by electors or until termination of the District Library Agreement for failure to obtain approval of a District Library millage as provided in Section III.A. of the District Library Agreement, whichever is earlier ("Interim Period"); and

WHEREAS, the parties desire to enter into a contract whereby, during the Interim Period, the City will provide personnel and fiscal agency services to the Library.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, it is mutually agreed as follows:

1. The City is hereby recognized as the Fiscal Agent with respect to the operation and maintenance of the Library.
2. The City hereby agrees to act as Fiscal Agent, and to perform the duties of Fiscal Agent described in this Agreement and in the statutes, rules, regulations and court decisions applicable to the operation of the Library, subject to the following conditions:
 - a. As Fiscal Agent, the City shall carry out its obligations under this Agreement using the same degree of care and skill it would use in the conduct of its own affairs.
 - b. The City shall not be responsible for any statement, warranty or representation made by the Library to the public during the administration of library services.
 - c. As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, the City shall, in performing its function as Fiscal Agent, be entitled to rely on a certificate signed by a duly authorized

representative of the Library as sufficient evidence of the facts described in such instrument, paper, proceeding or certificate.

- d. The City shall have the right, but not the obligation, to demand from the Library with respect to any application for reimbursement or payment any showing, certificate, opinion, appraisal or other information as a condition of disbursement or payment of Library moneys to the Library as the City may reasonably determine is necessary.
 - e. Except as expressly otherwise provided in the District Library Agreement or Exhibits thereto, no provision of this Agreement shall be deemed to require the City to expend or risk its own funds or otherwise to incur any financial liability in the performance of its duties under this Agreement.
3. During the term of this Agreement, the City shall without charge to the Library:
- a. Hold all funds of the Library, including, but not limited to, payments of state aid, penal fines, and millage revenues (other than petty cash in the amount of not to exceed \$200 which shall be held by the Library), in a separate fund on the accounts of the City entitled "District Library Fund". All earnings from investments of moneys on deposit in the District Library Fund pending disbursement shall be credited to and retained within the District Library Fund. Upon termination of this Agreement as provided in Paragraph 5 below, the balance of the District Library Fund shall be transferred to the Library.
 - b. Process all written requests for reimbursement or payment submitted by the Library, including payroll, from moneys on deposit in the District Library Fund which shall be under the exclusive control of the Library. Payroll services of the City shall include, without limitation, the issuance of payroll checks with withholdings as required by state and federal law and the timely submittal of payroll taxes and reports as required by state and federal law.
 - c. Retain copies of all written requests for reimbursement or payment from the Library, including copies of all invoices, receipt for payment, executed contracts for goods or materials for which the Library is being paid or reimbursed, and any other documentation required by the Library or by the City's independent auditor.
 - d. Provide monthly written reports as to the status of the Library budget, including, but not limited to, the aggregate principal amount of all requests for disbursement submitted to the City to date, the aggregate principal amount of all reimbursements received by the City on behalf of the Library to date, the aggregate principal amount of all reimbursements remitted by the City to the Library to date, and any other information which the Library or the City may reasonably require.

e. Provide to the Library within 180 days of the end of the City's fiscal year an audited financial statement of the City containing as a separately audited fund the Library budget paid for by the Library.

5. This Agreement shall terminate on the last day of the Interim Period, as defined herein, unless extended by mutual agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

CITY OF REED CITY

Dated: _____

By: _____

Its: Mayor

By: _____

Its: Clerk

REED CITY AREA DISTRICT LIBRARY

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT C

PROPERTY TRANSFER AGREEMENT

THIS AGREEMENT is effective as of the 1st day of April, 2014 (the "Effective Date"), by and between the **CITY OF REED CITY** (the "City"), the **REED CITY PUBLIC LIBRARY** (the "Former Library"), and the **REED CITY AREA DISTRICT LIBRARY**, a district library established pursuant to the District Library Establishment Act, (the "District Library").

WHEREAS, the District Library was established by agreement (the "District Library Agreement") entered into by and among the City of Reed City, Richmond Township, and Lincoln Township to provide library services within the district of the District Library, as described in Exhibit A of the District Library Agreement.

WHEREAS, the City has operated a public library known as the Reed City Public Library (the "Former Library"); and

WHEREAS, to effectuate the purposes of the District Library Agreement, it is necessary for the City to transfer certain real property and for the Former Library to transfer all library personal property to the District Library as set forth in this Agreement.

THEREFORE, in consideration of the premises, the City, the Former Library, and the District Library agree as follows:

1. At its own cost, the Library shall close the fiscal year of the Former Library as of the day prior to the Effective Date of the District Library Agreement (as defined therein).
2. Subject to the conditions specified in this Property Transfer Agreement, and pursuant to the Bill of Sale attached hereto as Schedule 1 as of the Effective Date of the District Library Agreement, the City and the Former Library shall transfer all the tangible and intangible personal property of the Former Library to the District Library. The City, the Former Library, and the District Library shall execute the Bill of Sale attached as Schedule 1.
3. The City and the Former Library shall assign the Library Lease Agreement dated January 13, 2014 ("Lease") between Osceola County as Landlord and the City of Reed City, acting on behalf of the Former Library, as Tenant to the District Library. The City, Former Library, and the District Library shall execute the Assignment of Lease in substantially the form attached as Schedule 2 and shall obtain the execution of the Assignment of Lease by Osceola County (which the County has approved as provided in Paragraph 14.a. of the Lease).
4. Pursuant to Section IV.D. of the District Library Agreement, the Reed City Public Library shall execute a quitclaim deed to the City for the real property located at 829 S. Chestnut for \$1.00 not later than the Effective Date of the District Library Agreement (as defined therein). Following approval of the District Library millage by voters as provided in Section III.A. of the District Library Agreement, the City of Reed City shall

convey marketable title to the parcel located at 829 S. Chestnut by warranty deed to the District Library for \$1.00. Such conveyance shall occur when requested by the Reed City Area District Library following elector approval of the District Library millage and in no event later than December 31, 2014 unless such time is extended in the sole discretion of the Reed City Area District Library. The parcel of real property to be conveyed to the Reed City Area District Library as provided in Section IV.D. of the District Library Agreement and this Section is legally described in Schedule 3 attached hereto.

5. The District Library accepts the assignment of library contracts pursuant to Section IV.F. of the District Library Agreement and shall execute the Assignment of Library Contracts attached thereto as Exhibit D. The District Library hereby assumes and agrees to indemnify the City against all such contractual obligations, including contingent liabilities, of or incurred by the Former Library. The liabilities assumed shall include amounts owed by the Former Library to the City under any of those contractual obligations.
6. As of the Effective Date of the District Library Agreement (as defined therein), the District Library shall offer employment to the Library Employees in accordance with Paragraph IV.H. of the District Library Agreement upon substantially the same terms and with substantially the same compensation, seniority, wages, sick leave, vacation, and other benefits, if any, enjoyed by the Library Employees as of the day prior to the Effective Date of the District Library Agreement, and shall pay all costs associated with the transfer.
7. The District Library shall, at its own cost, defend, indemnify and hold the Participating Municipalities in the District Library Agreement and their officers, agents and employees (the "Indemnified Persons") harmless from all claims and liabilities arising out of the operation, maintenance, and improvement of the District Library in accordance with Section IV.G. of the District Library Agreement.
8. In the event of failure by either party to perform its obligations under this Agreement, the other party shall have the power to seek such remedies as shall be available to it at law or in equity, including actions for mandamus.

IN WITNESS WHEREOF, the City, the District Library, and the Former Library have executed this Property Transfer Agreement as of the date first indicated above by and through their respective duly authorized representatives.

CITY OF REED CITY

Dated: _____

By: _____

Its: Mayor

By: _____

Its: Clerk

REED CITY AREA DISTRICT LIBRARY

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

REED CITY PUBLIC LIBRARY

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

SCHEDULE 1 TO EXHIBIT C

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made as of April 1, 2014 between the **CITY OF REED CITY** and the **REED CITY PUBLIC LIBRARY** (collectively "Seller"), and the **REED CITY AREA DISTRICT LIBRARY**, a district library established pursuant to the District Library Establishment Act ("Purchaser").

For valuable consideration, Seller transfers and conveys to Purchaser all of Seller's right, title and interest in and to all of the tangible and intangible personal property used by Seller in providing public library services, including, without limitation, all of the personal property located in or used in connection with the Seller's Reed City Public Library located at 410 W. Upton Avenue, Reed City, Michigan, and all books, records, reports, documents, instruments and agreements evidencing, detailing or pertaining to any of the personal property, and the Seller's rights therein. None of the personal property is subject to any claim, lien, encumbrance or interest of any kind or nature.

Except as expressly provided herein, Seller makes the transfer under this Bill of Sale without any representation, warranty or guaranty, whether express, implied or statutory, including any warranty of condition, merchantability, habitability or fitness for a particular use or purpose. This transfer is made as is, where is and with all faults.

Purchaser accepts delivery of the personal property and assumes all risk of loss and responsibility for the performance and compliance with any contractual agreement or undertaking related to any of the personal property or any of the Seller's rights therein.

This Bill of Sale is made as of the date first above written.

WITNESSES:

CITY OF REED CITY

By: _____

Its: Mayor

By: _____

Its: Clerk

WITNESSES:

REED CITY PUBLIC LIBRARY

By: _____

Its: _____

By: _____

Its: _____

REED CITY AREA DISTRICT LIBRARY

By: _____

Its: _____

By: _____

Its: _____

SCHEDULE 2 TO EXHIBIT C

ASSIGNMENT OF LEASE

THIS ASSIGNMENT OF LEASE (“Assignment”) is entered into as of the 1st day of April, 2014. The parties to this Assignment are **OSCEOLA COUNTY**, a Michigan municipal corporation, whose address is 301 West Upton Avenue, Reed City, Michigan 49677 (“Landlord”); the **CITY OF REED CITY**, a Michigan municipal corporation whose address is 227 East Lincoln, Reed City, Michigan 49677, acting on behalf of the **REED CITY PUBLIC LIBRARY**, a Michigan city library whose address is 410 W. Upton Avenue, Reed City, Michigan 49677 (collectively the “Assignors”); and the **REED CITY AREA DISTRICT LIBRARY**, a Michigan district library, whose address is 410 W. Upton, Reed City, Michigan.

RECITALS

A. The Landlord, as lessor, and the Assignors, as lessees, entered into a Library Lease Agreement (“Lease”) dated January 13, 2014 (a copy of which is attached to this Assignment as Exhibit 1) (the “Lease”) with respect to certain premises located at 410 W. Upton, Reed City, Michigan 49677 (the “Premises”), which Premises are more particularly described in the Lease.

B. The parties desire that Assignors assign their interest in the Lease to Assignee under the terms and conditions set forth in this Agreement and the Reed City Area District Library Agreement.

In consideration of the above Introductory Statements, and the promises and provisions set forth in this Assignment, the parties agree as follows:

1. **Assignment.** As of the Effective Date of this Assignment, as defined in Paragraph 5, Assignors assign to Assignee all of Assignors’ right, title, and interest in and to the Lease.
2. **Acceptance by Assignee.** Assignee accepts the Assignment and all rights accruing to it under the Lease and assumes and agrees to make all payments and keep and perform all covenants and obligations of the Assignors under the Lease from and after this Assignment’s Effective Date.
3. **Release of Assignor’s Liability.** By executing this Assignment, Landlord agrees that the Assignors are released from any and all obligations under the terms of the Lease from and after this Assignment’s Effective Date, provided Assignors are current in the payment of rent and not otherwise in default under the Lease’s terms and conditions. Landlord represents and warrants to Assignors and Assignee that (a) a true and accurate copy of the Lease including all amendments, modifications, and extensions thereof, is attached as Exhibit 1, (b) Assignors are current in the payment of rent and not otherwise in default under the Lease’s terms or conditions, and there has not occurred any event, act, or omission that with notice and/or lapse of time would be a default under the Lease, and (c) the Lease is in full force and effect.

4. **Acceptance and Consent of Landlord.** Landlord accepts and consents to this Assignment and acknowledges that all of Assignors' rights under the Lease shall inure to the benefit of Assignee from and after the Effective Date.
5. **Effective Date.** This Assignment shall become effective on the effective date of the Reed City Area District Library Agreement (the "Effective Date").
6. **Amendment to Lease.** This Assignment shall constitute an amendment to the Lease. If there is any conflict between this Assignment and the Lease, this Assignment shall govern.
7. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

The parties have executed this Assignment as of the date listed below each party's signature.

**OSCEOLA COUNTY/
LANDLORD**

By: _____

Its: _____

By: _____

Its: _____

Dated: _____

**CITY OF REED CITY/
ASSIGNOR**

By _____

Its Mayor

By _____

Its Clerk

Dated: _____

**REED CITY PUBLIC LIBRARY/
ASSIGNOR**

By: _____

Its: _____

By: _____

Its: _____

Dated: _____

**REED CITY AREA DISTRICT LIBRARY/
ASSIGNEE**

By: _____

Its: _____

By: _____

Its: _____

Dated: _____

EXHIBIT 1 TO SCHEDULE 2 OF EXHIBIT C

LIBRARY LEASE AGREEMENT

THIS LEASE is made and entered into on this 13th day of January, 2014, by and between the County of Osceola, a Michigan municipal corporation, whose address is 301 West Upton Ave., Reed City, Michigan 49677 (the "Landlord" or "County"), and the City of Reed City, a Michigan municipal corporation whose address is 227 East Lincoln, Reed City, Michigan 49677, acting on behalf of the Reed City Public Library (the "Tenant") on the following terms and conditions:

1. **Property to be Leased.** Landlord leases to Tenant, and Tenant rents from Landlord, certain space, currently occupied by the Reed City Public Library located on that section of the lower level of the County building (the "Premises") at 410 W. Upton, Reed City, Michigan 49677 (the "Property"), Tenant shall also have use of parking areas, driveways, sidewalks and other areas on the Property associated with the Premises. All costs associated with lawn maintenance and snow removal will be the responsibility of the Landlord. Tenant has inspected the Premises and the Property and agrees to accept them in their present "as is" condition.
2. **Lease Term.** The term of this Lease (the "Term") shall commence on January 13, 2014 and shall continue until June 9, 2016, unless terminated earlier by either party as set forth in this Lease.
3. **Commencement Date.** The commencement date for this Lease is January 13, 2014.
4. **Use of Premises.** Tenant shall use the Premises to operate a public library. The Tenant shall, at its own cost and expense, obtain all necessary licenses and permits required to conduct its business, and shall observe and comply with all present and future laws, ordinances, requirements, orders, directions, rules and regulations of the federal, state, municipal and all other governmental authorities with jurisdiction over the Property.
5. **Base Rent.**
 - a. Tenant hereby agrees to pay to Landlord a monthly base rent for the Premises as follows: the annual base rent due shall be equal to 21.5% of the total utilities associated with the Property each year, which may fluctuate based on the square footage utilized by Tenant and/or the total square footage of the building. Rent shall be payable in monthly installments which shall be due 30 days after the date of invoice. Base rent for any partial month shall be prorated.
 - b. Tenant shall pay all base rent on a monthly basis if these utilities are not invoiced to Tenant directly. For those utilities that are invoiced to Landlord, Landlord will submit to Tenant an invoice for such utility costs upon which Tenant shall pay such costs with

such costs being considered base rent. Landlord shall not be liable to Tenant in damages or otherwise for any failure or interruption of any such service furnished to Premises.

c. All payments of rent shall be made by Tenant at the above address, or at such other place as Landlord shall designate from time to time in writing. Any installment of rent due or accruing hereunder and any other sum, whether termed rent or otherwise, and payable hereunder by Tenant to Landlord, not paid when due, will be assessed a late payment penalty of 5% of the late payment amount, from the date when the same is due hereunder until the same shall be paid.

6. **Insurance and Indemnity.**

a. Tenant shall maintain insurance on Tenant's leasehold improvements, and on the contents or property in or about the premises. Tenant acknowledged that it will, at a minimum, maintain said insurance at all times in an amount at least equal to the replacement cost of the insured property.

b. Tenant shall purchase and maintain insurance not less than the limits set forth below. All coverages shall be with insurance companies licensed and admitted to do business in the State of Michigan and with insurance carriers acceptable to the County and have a minimum A.M. Best Company's Insurance Reports rating of A or A- (Excellent).

- i. Worker's Compensation Insurance including Employers Liability Coverage in accordance with all applicable statutes of the State of Michigan.
- ii. Commercial General Liability Insurance on an "Occurrence Basis" with limits of liability not less than \$1,000,000 per occurrence and \$1,000,000 annual aggregate. Coverage shall include the following:
 - (1) Contractual Liability;
 - (2) Products and Completed Operations;
 - (3) Independent Contractors Coverage;
 - (4) Broad Form General Liability Endorsement or Equivalent, if not already included; and
 - (5) Deletion of all Explosion, Collapse and Underground (SCU) Exclusions, if applicable.

- iii. Motor Vehicle Liability Insurance, including Michigan No-Fault Coverage, with limits of liability of not less than \$1,000,000 per occurrence combined single limit Bodily Injury and Property Damage. Coverage shall include all owned vehicles, all non-owned vehicles and all hired vehicles.
- iv. **Additional Insured** - Commercial General Liability Insurance, as described above, shall include an endorsement stating the following shall be “Additional Insureds”. The County of Osceola, all elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and board members, including employees and volunteers thereof. The Tenant’s Commercial General Liability Insurance shall be made primary to the Additional Insureds and not contributory with any other insurance or similar protection available to the Additional Insureds, whether said other available coverage be primary, contributing or excess.
- v. **Cancellation Notice** - It is expressly understood and agreed that the Tenant shall provide the County with thirty (30) days advanced written notice of cancellation, non-renewal, reduction and/or material change in the insurance coverages required by this Agreement. Such notice shall be sent to: Osceola County Coordinator, 301 West Upton Ave., Reed City, Michigan 49677.
- vi. **Proof of Insurance** - The Tenant, at the time the Agreement is returned by it for execution, shall provide the County with a copy of certificates of insurance for each of the insurance coverages mentioned above. If so requested, certified copies of all policies will be furnished.
- vii. **Continuation of Coverage** - If any of the above insurance coverages expire during the term of this Agreement, the Tenant shall deliver renewal certificates and/or policies to the County not less than ten (10) days prior to the expiration date.

c. 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 partners, 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 required hereunder to be carried by Tenant and insuring all or any part of the Premises or any of Tenant's personal property, shall provide that the insurance company waives all right of recovery by way of subrogation against Landlord.

7. **Tenant's Work.**

a. No alterations, improvements, additions, physical changes or other work for Tenant's business purposes ("Tenant's Work") shall be performed.

b. Nothing in this Lease shall authorize Tenant to, and Tenant shall not, do any act which will in any way encumber the title of Landlord in and to the Premises, nor shall the interest or estate of Landlord in the Premises be in any way subject to any claims whatsoever by virtue of any act or omission of Tenant. Any claim to a lien upon the Premises arising from any act or omission of Tenant shall be valid only against Tenant and shall in all respects be subordinate to the title and rights of Landlord, and any person claiming through Landlord in and to the Premises. Tenant shall remove any lien or encumbrance on its interest in the Premises within 10 days after it has arisen; provided, however, that Tenant may in good faith contest any such item if it notifies Landlord in writing thereof and posts a bond or other adequate security with Landlord.

8. **Repairs and Maintenance.**

a. Tenant shall, at its own expense, maintain the Premises in good condition and repair during the term of this Lease, and any applicable option period thereto. Tenant agrees to keep the interior of the Premises in good repair. If Tenant shall fail to properly maintain or repair the Premises, Landlord may elect not to treat such failures as breach of this Lease, in which case Landlord shall cause the repairs to be done and shall charge the expense thereof against Tenant, to be paid immediately upon presentation of a statement therefore.

b. Tenant shall also, at its own expense, keep and maintain the Premises, and each component of the Premises, in a good and clean operating condition. The Parties agree that maintenance and repair of the systems of the County Building, to the extent these systems are not directly related to the use of the Premises by Tenant, shall be the responsibility of the Landlord.

11. **Alterations and Additions.** Tenant may not alter the Premises without Landlord's prior written consent, which consent may be withheld at Landlord's discretion. Landlord shall have no obligation to make any alteration or addition to the Premises during the Term. All right, title and interest to any alterations and additions to the Premises during the Term, except for trade fixtures and removable equipment, shall be the property of Landlord and shall be deemed to be a

part of the Premises, and shall remain on, and be surrendered with the Premises upon the termination of this Lease, without cost or expense to Landlord.

12. **Utilities.** Landlord shall provide all gas, heat, light, power, water, sewer and any additional utilities to the Premises.

13. **Restoration.**

a. Subject to the provisions of subparagraph (b) below, if the Premises shall be rendered untenantable by fire or other casualty, Landlord shall (to the extent of available insurance proceeds) restore them and make them tenantable as soon as possible. Except in the case of damage caused by Tenant or its agents, employees, contractors, guests or licensees, Rent shall abate during the period of untenantability in proportion to the area of the Premises rendered untenantable. All such restoration shall be completed within 180 days of settlement with Landlord's insurance carriers or Tenant shall, as its sole remedy, be entitled to terminate this Lease.

b. If the Premises shall be so damaged by fire or other casualty that demolition or substantial reconstruction (more than 50% of their initial cost) is required, then Landlord or Tenant may terminate this Lease by notifying the Tenant of such termination within 30 days after the date of such damage. Rent shall be prorated to the date of such a termination.

c. Tenant shall immediately notify Landlord of the occurrence of a fire or other casualty and shall, at its expense, restore or replace its personal property, fixtures and tenant improvements. There shall be no abatement of Rent during any delay caused by the failure of Tenant to complete its restoration and repair work.

14. **Assignment and Subletting.**

a. Tenant may assign this Lease or sublet all or any part of the Premises to the Reed City Area District Library at any time during the duration of this Lease. The parties approve the Assignment of Lease in substantially the form attached hereto as "**Exhibit A.**"¹ Further, the parties shall execute the Assignment of Lease in substantially the form attached as "Exhibit A" provided that the Reed City Area District Library Agreement is approved by the State Librarian pursuant to the District Library Establishment Act and the Tenant is current in the payment of rent, not otherwise in default under the Lease's terms and conditions, and the Lease is in full force and effect.

¹The Assignment of Lease is attached as Schedule 2 to Exhibit C of the District Library Agreement.

b. Tenant may not assign this Lease or sublet all or any part of the Premises at any time during the term of this to any other entity, other than the entity contemplated in subsection (a.) above, without the prior consent of Landlord, which may be withheld for any reason.

c. Landlord may assign this Lease, and, upon the assignee's written assumption of Landlord's obligations hereunder, Landlord shall have no further obligations to Tenant under this Lease.

d. In the event the Reed City Area District Library is established and the Assignment of Lease occurs, this Lease may be terminated by Tenant upon 30 days prior written notice.

15. **Landlord's Right to Perform; Access to Premises.** Landlord may perform any obligations of Tenant which Tenant has failed to perform. Tenant shall reimburse Landlord for all payments made and expenses incurred.

Landlord shall have the right to enter upon the Premises during reasonable business hours for the purpose of inspecting them, preventing waste, loss or destruction, enforcing any of its rights or powers under this Lease, or making such repairs or alterations as it is obligated to make under the terms of this Lease or which Landlord may elect to perform following Tenant's failure to do so. Whenever possible, Landlord shall give notice prior to entry.

If in the case of an emergency Tenant is not present to open and permit an entry into the Premises, Landlord or Landlord's agents may enter the same by master key or, if necessary to the protection of life or property, forcibly. In no event shall the obligations of Tenant hereunder be affected by any such entry.

16. **Default and Remedies.** If Tenant shall fail to make any payment of any Rent due hereunder for a period of 30 days following the date when due, or if default shall continue in the performance of any of the other covenants or conditions which Tenant is required to observe and perform under this Lease for a period of 30 days following written notice of such failure, or if Tenant shall abandon or vacate the Premises during the Term of the Lease, or if the interest of Tenant in this Lease shall be levied upon under execution or other legal process, or if any petition shall be filed by or against Tenant in a court of bankruptcy, or if Tenant shall be declared insolvent according to law, or make an assignment for the benefit of creditors, or if Tenant shall dissolve, then Landlord may, but need not, treat the occurrence of any one or more of the foregoing events as a breach of this Lease, and thereupon may, at its option, without any further notice or demand of any kind to Tenant or any other person, have any one or more of the following-described remedies in addition to all other rights and remedies provided at law or in equity:

- a. Terminate this Lease, repossess the Premises in accordance with the provisions of this Lease.
- b. Without waiving its right to terminate this Lease, terminate Tenant's right of possession and repossess the Premises without demand or notice of any kind to Tenant, in which case Landlord may relet all or any part of the Premises.
- c. Have specific performance of Tenant's obligations.
- d. Cure the default and recover the cost of curing as additional rent due on demand.

17. **Termination; Surrender of Possession**. Upon the expiration or termination of this Lease, whether by lapse of time, operation of law or pursuant to the provisions of this Lease, Tenant shall:

- a. Restore the Premises to its condition at the completion of Tenant's Work, ordinary wear and tear excepted, remove all of its personal property and trade fixtures from the Property and repair any damage caused by such removal.
- b. Surrender possession of the Premises to Landlord.
- c. Upon the request of Landlord, at Tenant's cost and expense, remove from the exterior and interior of the Property all fixtures and signs, symbols and trademarks which are connected with or associated specifically with Tenant's business and repair any damages to the Property caused by such removal.

If Tenant shall fail or refuse to restore the Premises and the Property as hereinabove provided, Landlord may do so and recover its cost for so doing.

If Tenant fails to remove all of its personal property from the Premises and the Property as required under subparagraph (a) above, Landlord may (i) treat Tenant's failure as an offer to transfer title to the personal property from Tenant to Landlord, with title passing to Landlord as a bill of sale under this Lease or (ii) treat Tenant's failure as a permanent abandonment of the personal property. In either event, Landlord may keep, remove, store, destroy, discard or otherwise dispose of Tenant's personal property at Landlord's discretion without liability to Tenant or any other person.

18. **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 Premises 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.

19. **Holding Over.** Tenant acknowledges that its holding over beyond the time of the termination or expiration of this Lease will cause Landlord additional expense. If Tenant shall remain in possession of the Premises, or any part thereof, after the termination or expiration of this Lease, Tenant shall acquire no rights with respect to the Premises. Tenant shall, however, pay Landlord, as liquidated damages, twice the amount of Rent, both base and additional, which would have been due for a like period of occupancy during the Term hereof. The provisions of this clause shall not operate as a waiver by Landlord of any right it may otherwise enjoy.

20. **Successors and Assigns.** This Lease shall be binding upon and inure to the benefit of the parties hereto and their personal representatives, heirs, and, except as provided in Paragraph 15, their successors and assigns.

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

22. **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 written document 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.

23. **Applicable Law and Venue.** This Lease shall in all respects be governed by and construed in accordance with the laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the laws of any other jurisdiction to the extent not inconsistent with or pre-empted by federal law. The County and the Tenant agree that the venue for the bringing of any legal or equitable action under this Lease shall be established in accordance with the statutes of the State of Michigan and/or Michigan Court Rules. In the event that any action is brought under this Agreement in Federal Court, the venue for such action shall be the Federal Judicial District of Michigan, Western District, Southern Division.

24. **Invalid/Unenforceable Provisions.** If any clause or provision of this Lease is rendered invalid or unenforceable because of any State or Federal statute or regulation or ruling by any tribunal of competent jurisdiction, that clause or provision shall be null and void, and any such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Lease. Where the deletion of the invalid or unenforceable clause or provision would result in the illegality and/or unenforceability of this Lease, this Lease shall be considered to have terminated as of the date in which the clause or provision was rendered invalid or unenforceable.

25. **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.

26. **Amendment.** This 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.

27. **Hazardous Substances.**

a. Tenant shall not cause or permit any Hazardous Substance to be used, generated, or disposed of on the Property by Tenant or its agents, employees, contractors, or invitees except in compliance with all federal, state, and local laws or regulations applicable to the Hazardous Substance. Tenant agrees that any use or storage of Hazardous Substances will be in areas where there is complete containment to prevent the release of a Hazardous Substance into the environment. If a Hazardous Substance is used, stored, generated, or disposed of on or in the Property by Tenant or its agents, employees, contractors or except as permitted above, or if the Property becomes contaminated in any manner for which Tenant is legally liable, Tenant shall indemnify and hold harmless the Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, attorneys' fees, consultant, and expert fees) arising during or after the Lease Term as a result of the contamination. This indemnification includes, without limitation, costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Tenant causes the presence of any Hazardous Substance on the Property that results in contamination, Tenant shall immediately notify Landlord and shall promptly, at its expense, take all necessary action to return the Property to the condition existing prior to the presence of such Hazardous Substance on the Property. Tenant shall first obtain Landlord's approval for any such remedial action.

b. As used herein, "Hazardous Substance" means any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the state of Michigan, or the United States Government. "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to state, federal, or local governmental law. "Hazardous Substance" includes but is not restricted to asbestos, polychlorobiphenyls ("PCBs") and petroleum.

c. The provisions of this Section shall be in addition to any other obligations and liabilities Tenant may have to Landlord in law or equity and shall survive the termination of the Lease.

28. **Complete Agreement.** This Lease and any additional or supplementary documents

incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement or any part thereof shall have any validity or bind any of the parties hereto.

29. **Certification of Authority to Sign Agreement.** The people signing on behalf of the parties hereto certify by their signatures that they are duly authorized to sign this Lease on behalf of said parties and that this Lease has been authorized by said parties.

THE AUTHORIZED REPRESENTATIVES OF THE PARTIES HERETO HAVE FULLY SIGNED THIS LEASE ON THE DAY AND YEAR FIRST ABOVE WRITTEN FOR THE LIBRARY LEASE.

LANDLORD: COUNTY OF OSCEOLA

By: _____
_____, Chairperson Date
County Board of Commissioners

TENANT: CITY OF REED CITY

By: _____
_____ Date
Its: _____

APPROVED AS TO FORM
FOR COUNTY OF OSCEOLA
COHL, STOKER & TOSKEY, P.C.

By: _____
Mattis D. Nordfjord

SCHEDULE 3 TO EXHIBIT C

LEGAL DESCRIPTION

A parcel of land situated in Richmond Township (now City of Reed City), Osceola County, State of Michigan being more particularly described, to wit:

Part of the Southeast ¼ of Section 16, Township 17 North, Range 10 West, described as: Commencing at the East ¼ Corner of said section 16, thence N89°06'43"W along the East - West ¼ line, 1723.50 feet to the Point of Beginning said point being on the centerline of Highway Business US -131 and 13 chains 59 links (596.54 feet) East of the Center ¼ Corner; thence continuing along the East - West ¼ line S89°04'54"W, 41.30 feet to the Southeast Corner of Lot 38, "Henry I. Bittner's Addition"; thence continuing along the East - West ¼ line N89°27'48"W, 204.35 feet to the Southwest Corner of said lot; thence continuing along the East - West ¼ line N88°53'14"W, 69.26 feet; thence S01°22'16"W, 297.87 feet; thence S89°06'43"E, 335.05 feet; to the centerline of Highway Business US 131; said point being on a curve to the right; thence along said curve 187.13 feet; said curve having a radius of 1146.28 feet and a chord bearing and distance of N04°19'02"W, 156.91 feet; thence N00°32'31"E continuing along said centerline, 114.01 feet to the Point of Beginning.

Subject to an easement in favor of the Michigan State Police and Reed City Public Schools across the North 40 feet thereof.

This conveyance is subject to the right-of-way, for driveway purposes reserved by the Bishop of the Diocese of Grand Rapids, Michigan, and his successors in office, in trust for St. Phillip Neal Parish, as set forth in the Warranty Deed date November 11, 1971, and recorded in Liber 299, Page 646, Osceola County Records. Being more particularly described as: Part of the Southeast ¼ of Section 16, Township 17 North, Range 10 West, described as Commencing at the East ¼ Corner of said section 16, thence N89°06'43"W along the East - West ¼ line, 1723.50 feet; thence continuing along the East - West ¼ line S89°04'54"W, 41.30 feet; thence continuing along the East - West ¼ line N89°27'48"W, 204.35 feet; thence continuing along the East - West ¼ line N88°53'14"W, 69.26 feet; thence S01°22'15"W, 197.87 feet to the Point of Beginning; thence continuing S01°22'16"W, 100.00 feet; thence S89°06'43"E, 335.05 feet; to the centerline of Highway Business US -131; said point being on a curve to the right; thence along said curve 77.57 feet; said curve having a radius of 1146.28 feet and a chord bearing a distance of N07°09'44"W, 77.55 feet; thence N85°00'26"W, 324.17 feet to the Point of Beginning.

Also subject to the Right of Way of Business US-131 across the Westerly 43 feet, thereof.

Also subject to any easements, restrictions or covenants of record, if any.

EXHIBIT D

ASSIGNMENT OF LIBRARY CONTRACTS

THIS ASSIGNMENT, made as of this 1st day of April, 2014, from the **CITY OF REED CITY**, a Michigan municipal corporation and the **REED CITY PUBLIC LIBRARY**, a Michigan library, to the **REED CITY AREA DISTRICT LIBRARY**, a Michigan district library established pursuant to 1989 PA 24, as amended.

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, the City of Reed City and the Reed City Public Library hereby assign to the Reed City Area District Library, as of the date provided below, all of their right, title, interest in and to all contracts and agreements of or relating to the Reed City Public Library including, without limitation, the contracts identified on Exhibit D-1 attached hereto.

This Assignment shall be effective as of the Effective Date of the District Library Agreement (as defined therein). This Assignment is made in fulfillment of Section IV.F. of the District Library Agreement.

This Assignment shall inure to the benefit of, and be binding upon, the City of Reed City, the Reed City Public Library, and the Reed City Area District Library and their respective successors and assigns.

IN WITNESS WHEREOF, the City of Reed City, the Reed City Public Library, and the Reed City Area District Library have executed this Assignment as of this 1st day of April, 2014.

CITY OF REED CITY

By: _____

Its: Mayor

By: _____

Its: Clerk

REED CITY PUBLIC LIBRARY

By: _____

Its: _____

By: _____

Its: _____

REED CITY AREA DISTRICT LIBRARY

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT D-1
LIBRARY CONTRACTS

1. Michigan Office Solutions (copier)
2. Movie Licensing USA (movie license)
3. NuGen Systems, Inc. (Integrated library system)
4. TeleComp (E-rate assistance)
5. AT&T (Phone service only)
6. Hope Network (Janitorial)
7. I-2000-Internet service (Commercial Property Lease)
8. Library Services Contract dated February 15, 1994 and Reed City Public Library Contract Agreement Addendum dated July 23, 2013, both with Hersey Township
9. Reed City Public Library Contract Agreement dated March 27, 1990 and Reed City Public Library Contract Agreement Addendum dated November 20, 2013, both with Cedar Township
10. Reed City Public Library Contract Agreement dated June 4, 1990 with Pinora Township
11. Reed City Public Library Contract dated June 17, 1991 with Green Charter Township