City Council Meeting

December 17, 2018
6:00 p.m.

Cadillac Municipal Complex
Council Chambers
200 N. Lake St.
Cadillac, MI 49601

December 17, 2018 City Council Meeting Agenda
6 p.m. at City Hall – 200 N. Lake St. – Cadillac, MI 49601

We communicate openly, honestly, respectfully, and directly

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL

I. APPROVAL OF AGENDA

II. PUBLIC COMMENTS

It is requested that comment time be limited to three (3) minutes.

III. CONSENT AGENDA

All items listed on the consent agenda are considered routine and will be enacted by one motion with roll call vote. There will be no separate discussion of these items unless a Council Member so requests it, in which event the items will be removed from the consent agenda and discussed separately.

A. Minutes from the regular meeting held on December 3, 2018.
Support Document III-A

B. Minutes from the closed session held on December 3, 2018.

IV. PUBLIC HEARINGS

A. Public Hearing to consider adoption of Ordinance Amending Ordinance Approving a Lease Agreement with Wexford Genealogy Organization.
Support Document IV-A

B. Public Hearing to consider adoption of Ordinance Amending Ordinance Approving a Lease Agreement with Up North Arts, Inc.
Support Document IV-B

C. Public Hearing to consider adoption of Ordinance Amending Zoning Ordinance Regarding Combination Group/Family Shelters.
Support Document IV-C

V. APPOINTMENTS

A. Recommendation regarding reappointment to the Cadillac Historic Districts Commission.
Support Document V-A

B. Recommendation regarding reappointment to the Cadillac Historic Districts Commission.
Support Document V-B

VI. CITY MANAGER'S REPORT

A. Calendar Year 2019 Council Meeting Schedule.
Support Document VI-A

B. Set Fiscal Year 2020 Budget Work Sessions.

VII. MINUTES AND REPORTS OF BOARDS AND COMMISSIONS

A. Wexford County Airport Authority
Support Document VII-A

VIII. PUBLIC COMMENTS

It is requested that comment time be limited to three (3) minutes.

IX. GOOD OF THE ORDER

X. CLOSED SESSION

Adjourn to closed session to consult with the City Attorney regarding trial or settlement strategy in connection with Wexford County Circuit Court Consolidated Case Nos. 13-24803-CH and 17-27610-CZ, TeriDee LLC et al. v Clam Lake Township and Haring Charter Township v City of Cadillac and HOP Family, LLC and City of Cadillac v Haring Charter Township and Clam Lake Township; and to discuss a confidential written legal opinion with the City Attorney.

XI. ADJOURNMENT

Core Values (R.I.T.E.)

Respect
Integrity
Trust
Excellence

Guiding Behaviors

We support each other in serving our community
We communicate openly, honestly, respectfully, and directly
We are fully present
We are all accountable
We trust and assume goodness in intentions
We are continuous learners

CITY COUNCIL MEETING MINUTES

6:00 PM – December 3, 2018
Cadillac City Hall – 200 N. Lake St. - Cadillac, Michigan 49601

CALL TO ORDER

Mayor Filkins called the City Council meeting to order at approximately 6:00 pm.

PLEDGE OF ALLEGIANCE

ROLL CALL

Council Present:	Schippers, Engels, Spoelman, King, Mayor Filkins
Council Absent:	None
Staff Present:	Peccia, Dietlin, Roberts, Ottjepka, Wallace, Coy, Homier, Wasson

APPROVAL OF AGENDA

2018-223 Approve agenda as amended.
Motion was made by Spoelman and supported by King to approve the agenda as amended to add the discussion of a confidential written legal opinion with the City Attorney to the Closed Session.

Motion unanimously approved.

PUBLIC COMMENTS

Mike Figliomeni thanked the City Council for Cadillac Commons and specifically the splash pad.

Randy Lindell commented on hunger, homeless veterans, the block grant, and the proposed homeless shelter.

CONSENT AGENDA

2018-224 Approve consent agenda as presented.
Motion was made by Schippers and supported by Spoelman to approve the consent agenda as presented.

Motion unanimously approved.

PUBLIC HEARINGS

A. Public Hearing for Community Development Block Grant Funding for Cadillac Lofts Demolition & Site Prep.

   Peccia introduced Sara Christensen, CDBG Certified Grant Administrator, with Venture North Funding.

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Sara Christensen stated Venture North Funding and Development is a regional non-profit economic development organization. The organization provides business financing and other services across the ten (10) county region and explores opportunities to expand regional, state, and national partnerships. She noted the mission is to support the region's economic growth and community development efforts by providing funding options, offering technical assistance, and building connections for viable businesses.

Sara Christensen stated she is assisting the City in preparing the grant application to the Michigan Economic Development Corporation (MEDC) in the amount of $907,100 for demolition and site prep activities at 201, 207 and 215 South Mitchell Street and 208 East Cass Street, in downtown Cadillac. She noted the grant funds will be used for demolition to remove two blighted buildings, public infrastructure architecture and engineering, lead and asbestos abatement, pre-demolition services and grant administration. She stated CDBG money is U.S. Department of Housing and Urban Development funding that is allocated to each state. She noted the national objective supported by this project is elimination of spot blight. She added there will be no local funds paid by the City of Cadillac and no people will be displaced as a result of this project.

Mayor Filkins opened the public hearing.

Randy Lindell commented on the change in the dollar amount that occurred since the Public Hearing Notice was published. He stated no public tax dollars should be utilized for any private corporation.

There were no additional public comments.

Mayor Filkins closed the public hearing.

Spoelman asked about the likelihood the City will receive the grant.

Peccia stated he met with MEDC Community Development Block Grant officials and the development team for Cadillac Lofts. He noted they are optimistic that this project will be awarded a grant. He stated there is no local match required for this grant.

Spoelman asked if we know that there is a lead and/or asbestos issue.

Peccia stated there was an environmental analysis conducted and they are aware of the contamination on the site.

Dean DeKryger, DK Design Group, stated there has been a full environmental study conducted. He noted that is the reason the dollar amount increased. He stated the roof in both buildings contains asbestos. He stated that in the former Oleson building there are several areas of asbestos floor tile. He noted there is also some lead in various areas. He added there is soil contamination on the site where the former dry cleaner building was located. He stated the numbers also include removal of the rubble under the clock tower.

Spoelman asked if the demolition project is for the Emington Insurance building and the former Oleson building.

Dean DeKryger stated that is correct. He noted the first phase does not include G&D or their parking lot. He stated the first phase includes the demolition of the Oleson site, the demolition of the Emington Insurance building, the removal of the clock tower and its foundation, some grading, reworking of the storm sewer underneath, and abatement of the items listed earlier.

Engels asked what happens if the project comes in over or under budget.

Sara Christensen stated if there are any changes in the budget they would request a budget amendment.

2018-225 Adopt Authorization Resolution.
Motion was made by King and supported by Engels to adopt the Authorization Resolution as presented.

Motion unanimously approved.

2018-226 Adopt Community Development Plan.
Motion was made by Schippers and supported by Engels to adopt the Community Development Plan as presented.

Motion unanimously approved.

Dean DeKryger stated that depending on timing of the grant, construction is expected to begin in the spring.

CITY MANAGER'S REPORT

A. City Water Supply PFAS Update.

Peccia stated a News Release was issued last week indicating the City water supply is free of PFAS. He noted the old well field, the well field along Crosby Road, and the new well field sites were tested. He reported all sites tested returned non-detect (ND) results.

INTRODUCTION OF ORDINANCES AND RESOLUTIONS

A. Adopt resolution to introduce Ordinance Amending Zoning Ordinance Regarding Combination Group/Family Shelters and set a public hearing for December 17, 2018.

Peccia stated officials from New Hope Shelter approached the City to discuss opportunities in regard to their future business plans and operating plans for providing these services in the community. He noted they are looking at constructing a building on land adjacent to the newly constructed Wexford County Jail facility for the purpose of consolidating their sheltering services.

Peccia explained that the proposed new zoning regulations include the following:

- Language which would reduce by two hours the time for which residents would have to

be away from the facility (going from eight to six hours). New Hope Shelter will be attempting to reduce this time further if possible. This should reduce the amount of time residents have to spend in other warm and public buildings within the community.

- New maximum bed count for a combination group/family shelter of 60 beds. This new maximum would not automatically be permitted but would be contingent on any applicant during the special use permit process demonstrating that any proposed bed count is needed to meet the current homeless need within the greater Cadillac Area.

- Separated communal space between men's and women's group shelters contained within the new combination group/family shelter facility.

Peccia stated the Planning Commission at their meeting on November 26, 2018, and after a public hearing, unanimously approved the proposed zoning amendments as presented and recommended their approval by the City Council. If these amendments are approved after the City Council hosts their public hearing, the next step for New Hope Shelter will be to file for a rezoning of their proposed site into either a RM-1 or RM-2 Zoning District. This rezoning would require public hearings and action before both the Planning Commission and the City Council. If the rezoning is successful, the final step would be for New Hope Shelter to submit a special land use permit request before the Planning Commission.

Peccia noted New Hope Shelter is not looking to add additional "heads on beds" but rather replace those already in existence by relocating them to a consolidated facility. He added if circumstances change and additional "heads on beds" is necessary, the provision within the Zoning Code that was previously approved is still viable where they would have to show the local demand for that increase.

Peccia noted a full presentation will be provided at the public hearing on December 17, 2018.

King asked for clarification on which Zoning Districts will be considered for this combination group/family shelter.

John Wallace, Community Development Director, stated the Zoning Districts for this new combination group/family shelter would only be the RM-1 and RM-2 which are intended for multi-family development.

King asked for the definition of RM-1 and RM-2.

Wallace stated it stands for Residential Multiple. He noted the restrictions on locations within 500 feet of Lake Cadillac, Downtown Development Authority District, and Historic Districts are being maintained.

2018-227 Set public hearing for Ordinance 2018-14.
Motion was made by Engels and supported by Schippers to adopt the resolution to introduce Ordinance Amending Zoning Ordinance Regarding Combination Group/Family Shelters and set a public hearing for December 17, 2018.

Motion unanimously approved.

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ADOPTION OF ORDINANCES AND RESOLUTIONS

A. Adopt Resolution to Approve Agreement to Buy and Sell Real Estate (Near 44 Road, Cadillac, Michigan).

Peccia stated the City is looking to purchase approximately twenty-three (23) acres of property adjacent to the new well field site. He noted the negotiated sale price is the appraised value of $120,000. He asked Council to consider a small change to the agreement under Section 4 (b) (i) to read "Buyer shall install a gravel access drive which may be paved consistently with the existing paved drive".

Jeff Dietlin, Director of Utilities, stated property was purchased on 44 Road for the purpose of installing a new well field. He noted after the purchase of that property additional acreage became available. He stated purchase of the additional land will allow the City to install up to seven (7) wells.

Peccia noted the City Attorney further clarified the proposed change to the purchase agreement.

City Attorney Homier stated the change to Section 4 (b) (i) would read as follows: "Buyer shall install a connected gravel access drive on the Real Estate in a location to be reasonably determined by the parties and is generally shown on Exhibit A. The gravel access drive shall be of a kind and quality as to be ready for paving and may be paved by Buyer in its sole discretion and at a time of its choosing. If Buyer determines to pave the gravel access drive it shall be paved consistently with the existing paved drive." He noted the remainder of the paragraph would remain the same.

Engels asked about the need to develop an access road.

Dietlin stated there is currently no access road to the City's property. He noted there is a paved road on the property the City is seeking to acquire. He added the existence of the current road would save the City approximately $70,000.

King stated it is his understanding that from a health and safety standpoint the acquisition of the additional property would provide additional protection for the wells.

Dietlin concurred by stating the more property there is around a well the more protected it will be from any potential contamination.

Peccia noted the purchase of the additional property will eventually lead to the vacation of the site in the old industrial park which would provide the City of Cadillac with prime property for redevelopment.

2018-228 Adopt Resolution to Approve Agreement to Buy and Sell Real Estate.
Motion was made by Spoelman and supported by Schippers to adopt the Resolution to Approve Agreement to Buy and Sell Real Estate (Near 44 Road, Cadillac, Michigan) with the amendments as stated by the City Attorney.

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Motion unanimously approved.

MINUTES AND REPORTS OF BOARDS AND COMMISSIONS

A. Zoning Board of Appeals

B. Planning Commission

PUBLIC COMMENTS

Randy Lindell commented on hunger, homeless veterans, and the development projects.

GOOD OF THE ORDER

Peccia stated seasonal music is playing in The Plaza.

King stated the development projects will provide people with places to live and be part of the community. He noted providing market-rate housing and places for people to work increases the ability for the City to do more for people in the community. He commented on the new passenger train that is being considered. He stated the new developments will likely create parking issues that will need to be addressed. He noted these are positive challenges to have moving forward.

Spoelman discussed parking in the downtown area. She stated she hopes the City is monitoring the 2-hour parking areas.

King stated the City could consider a Parking Authority that does a valet program to better utilize the lots in outlying areas.

Peccia briefly discussed the potential development of a valet parking program. He also mentioned the possibility of a parking deck or even a parking deck with a cube in the future.

Schippers commented on the holiday decorations in the downtown area.

CLOSED SESSION

> Adjourn to closed session to consult with the City Attorney regarding trial or settlement strategy in connection with Wexford County Circuit Court Consolidated Case Nos. 13-24803-CH and 17-27610-CZ, TeriDee LLC et al. v Clam Lake Township and Haring Charter Township v City of Cadillac and HOP Family, LLC and City of Cadillac v Haring Charter Township and Clam Lake Township and to discuss a confidential written legal opinion with the City Attorney.

2018-229 Adjourn to closed session.
Motion was made by Schippers and supported by Spoelman to adjourn to closed session to consult with the City Attorney regarding trial or settlement strategy in connection with Wexford County Circuit Court Consolidated Case Nos. 13-24803-CH and 17-27610-CZ, TeriDee LLC et al. v Clam Lake Township and Haring Charter Township v City of Cadillac and HOP Family, LLC and City of Cadillac v Haring Charter Township and Clam Lake Township; and to discuss a confidential written legal opinion with the City Attorney; invite Jeff Dietlin, Director of Utilities.

Motion unanimously approved.

2018-230 Return to open session.
Motion was made by King and supported by Engels to return to open session.

Motion unanimously approved.

ADJOURNMENT

Respectfully submitted,

Carla J. Filkins, Mayor Sandra L. Wasson, City Clerk

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December 17, 2018

Council Communication

Re: Amendment to Lease with Wexford Genealogy Organization

The Cadillac City Council approved a lease with Wexford Genealogy Organization ("WGO") on January 18, 2012 for space in the Cadillac Community Center. At this time, the WGO was able to move from the upstairs part of the building, to a much more accessible main floor office in the facility. The City offered reduced rent as an "incubator" type incentive to phase in the additional rent that was required in the new space. Due to the age and condition of the facility and the fact that WGO only utilizes the space approximately four hours per week, the City is proposing to reduce the base rent to $250.00 per month retroactively, hold the lease flat through the end of 2019, then apply the contractual Consumer Price Index increases beginning January 1, 2020. The attached amendment would institute these amendments.

WGO continues to be a good tenant, and the organization has made several improvements to their portion of the facility.

Recommended Action
It is recommended that the amendment to the lease between the City of Cadillac and the Wexford Genealogy Organization be approved as presented.

NAVAL RESERVE BUILDING
AMENDMENT TO LEASE AGREEMENT
LEASE COVER PAGE

City of Cadillac
200 North Lake Street
Cadillac, MI 49601 ("Landlord") and
Wexford Genealogy Organization
P.O. Box 226
Cadillac, MI 49601 ("Tenant")

FOR GOOD AND VALUABLE CONSIDERATION, Landlord and Tenant agree to amend the following sections of the lease approved by the Cadillac City Council on January 18, 2012 as follows:

3. **Base Rent**. The Base Rent for the term of this Lease is based upon a "Business Incubator"-type incentive. Base rent will be set for the next five years, gradually increasing over the time period until ~~full~~ market value rent is achieved in year 5. Base rent for the next five (5) years is as follows:

January 1, 2012 – December 31, 2012	$53.96/month ($647.52/year)
January 1, 2013 – December 31, 2013	$53.96/month ($647.52/year)
January 1, 2014 – December 31, 2014	$53.96/month ($647.52/year)
January 1, 2015 – December 31, 2015	$161.68/month ($1,940.10/year)
January 1, 2016 – December 31, 2016	$~~339.30~~250.00/month ($~~4,071.60~~3,000.00/year)

Rent shall be payable in advance at the first day of each month. Tenant shall pay the first month's Base Rent on execution hereof.

7. **Renewals.** This Lease shall automatically renew for additional one (1) year terms, unless either party gives notice by November 30 of any year that the Lease is terminated. Base rent will increase on January 1, 2015 and 2016 in accordance with the schedule in Section 3. Base rent will remain at $250.00/month ($3,000.00/year) through December 31, 2019. Beginning January 1, 20~~17~~20, the renewal Base Rent shall increase by the Consumer Price Index each year, as set forth in Section 16.11 of the Standard Lease Conditions.

LANDLORD/AGENT:

CITY OF CADILLAC

By: _____
Carla J. Filkins, Mayor

_____
Sandra Wasson, Clerk

DATE: _____

TENANT:

WEXFORD GENEALOGY ORGANIZATION

By: _____

Its: _____

DATE: _____

NAVAL RESERVE BUILDING
LEASE AGREEMENT
LEASE COVER PAGE

City of Cadillac
200 North Lake Street
Cadillac, MI 49601 ("Landlord") and
Wexford Genealogy Organization
P.O. Box 226
Cadillac, MI 49601 ("Tenant")

FOR GOOD AND VALUABLE CONSIDERATION, Landlord and Tenant agree as follows:

1. **Premises.** Landlord hereby leases to Tenant certain Premises located in the Naval Reserve Building (the "Building") near the northwest corner of the Building and consisting of 580 square feet of office space (Marked as “SPACE” in Attachment A). Lessee shall share access areas and available rest room facilities without Additional Rent. The address for the Naval Reserve Building is 601 Chestnut Street, Cadillac, MI 49601.

2. **Term.** The term of this Lease will be for five (5) years commencing on January 1, 2012 (the "Commencement Date") and terminating December 31, 2016.

3. **Base Rent**. The Base Rent for the term of this Lease is based upon a “Business Incubator”-type incentive. Base rent will be set for the next five years, gradually increasing over the time period until full market value rent is achieved in year 5. Base rent for the next five (5) years is as follows:

January 1, 2012 – December 31, 2012	$53.96/month ($647.52/year)
January 1, 2013 – December 31, 2013	$53.96/month ($647.52/year)
January 1, 2014 – December 31, 2014	$53.96/month ($647.52/year)
January 1, 2015 – December 31, 2015	$161.68/month ($1,940.10/year)
January 1, 2016 – December 31, 2016	$339.30/month ($4,071.60/year)

Rent shall be payable in advance at the first day of each month. Tenant shall pay the first month's Base Rent on execution hereof.

4. **Additional Rent.** Tenant will pay to Landlord, as Additional Rent, and all charges set forth in this Lease in accordance with the Standard Lease Conditions. At Landlord's option, the Additional Rent shall be paid monthly (on the first day of each month) based upon Landlord's estimate of annual Operating Expenses; Landlord's estimate will be reconciled with the actual Operating Expense at the end of each calendar year in accordance with the Standard Lease Conditions.

6. **Use of Premises.** The premises shall be used for Tenant's legal business as of the date of this lease and for no other purposes.

7. **Renewals.** This Lease shall automatically renew for additional one (1) year terms, unless either party gives notice by November 30 of any year that the Lease is terminated. Base rent will increase on January 1, 2015 and 2016 in accordance with the schedule in Section 3. Beginning January 1, 2017, the renewal Base Rent shall increase by the Consumer Price Index each year, as set forth in Section 16.11 of the Standard Lease Conditions.

8. **Lease Agreement**. This Lease Agreement consists of this Lease Cover Page, the Standard Lease Conditions attached hereto (consisting of Sections 1 through 16), and the Riders designated below executed by Landlord and Tenant.

Riders:

_____

_____

_____

_____

_____

LANDLORD/AGENT:

CITY OF CADILLAC

By: _____
William S. Barnett
Its: Mayor

DATE: _____

TENANT:

WEXFORD GENEALOGY ORGANIZATION

By: _____

Its: _____

DATE: _____

NAVAL RESERVE BUILDING

STANDARD LEASE CONDITIONS

1. **Premises.**

1.1 Landlord leases to Tenant and Tenant leases from Landlord the Premises described on the Lease Cover Page. Tenant has investigated the Premises and, except as expressly provided herein, agrees to accept the Premises in its present "as is" condition.

2. **Term.**

2.1 Possession of the Premises will be delivered to Tenant approximately on the Commencement Date stated on the Lease Cover Page. The term of this Lease will be for the term stated on the Lease Cover Page commencing on the date Tenant's obligation to pay rent specified in Section 3.1 begins.

2.2 In the event Tenant continues to occupy all or any part of the Premises after the expiration of the term of this Lease, such holding over will be deemed to constitute a tenancy from month to month terminable on thirty (30) days' notice given at any time by either party, upon the same conditions and terms as provided in this Lease except that the monthly rent each month of the holdover period will be equal to one and one-half times the monthly rent for the last month of the stated term of this Lease. This paragraph does not give Tenant any right to holdover and Tenant will be in default as a result of any holding over beyond the stated term.

3. **Rent.**

3.1 Tenant agrees to pay to Landlord the Base Rent as stated on the Lease Cover Page. Tenant will be liable for Base Rent upon the date on which possession of the Premises is delivered to Tenant.

3.2 All monies payable by Tenant to Landlord under this Lease will be considered rent. The monthly rent will be paid to Landlord in advance on the first day of each calendar month during the entire term of this Lease, without deduction or set-off. Should the obligation to pay rent commence on a day other than the first day of a month or terminate on a day other than the last day of a month, all rent will be prorated based on the days in the calendar month involved. If Tenant fails to pay any rent or other sums when due, such unpaid amounts will bear interest at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum.

3.3 Tenant hereby grants to Landlord a continuing security interest in all assets (the "Collateral") now owned and hereafter acquired by Tenant and located, at any time, on the Premises or derived from the Premises, including all now owned and hereafter acquired inventory, equipment, furniture, fixtures, accounts, contract rights, general tangibles, and all proceeds, products, replacements and substitutions thereof. Tenant authorizes Landlord to file a Financing Statement(s). Upon the occurrence of an event of default, Landlord may exercise any and all rights and remedies provided under the Uniform Commercial Code, including taking possession of the Collateral (whether through changing the locks on the Premises or otherwise). Tenant agrees that reasonable notice of any sale of the Collateral shall be sufficient if made by

mail, by posting, personal delivery or in any other manner in Landlord's sole discretion at least seven (7) days before any such sale.

4. **Use of Premises.**

4.1 Tenant will not use the Premises or any part thereof for any purpose other than the use described on the Lease Cover Page without the prior written consent of Landlord nor in any event for any unlawful purposes or in any unlawful manner. Tenant will not permit the Premises to be used in any manner which, in the reasonable business judgment of Landlord, will in any way impair the appearance or reputation of the Building or of Landlord; impair or interfere with the proper and economic heating, cleaning, air conditioning or other servicing of the Building or of the Premises; or impair or interfere with the use of any of the areas of the Building by any of the other tenants and occupants of the Building.

4.2 If any governmental license or permit will be required for the proper and lawful conduct of the Tenant's business, the Tenant will procure and thereafter maintain such license or permit and submit the same to inspection by Landlord. The Tenant will, at all times, comply with the terms and conditions of each such license or permit.

4.3 Tenant will not do or permit to be done any act or thing upon the Premises that will increase the cost to Landlord of insurance on the Building.

4.4 The rights of Tenant in the entrances, halls, public restrooms, walks, drives, parking areas and other common areas of the Building ("Common Areas") are limited to ingress to and egress from the Premises. Tenant will not interfere with the use and enjoyment of the Common Areas by other tenants or occupants of the Building. Landlord will have the right to control and operate the public portions of the Building and the Common Areas by publishing rules and regulations as Landlord deems best for the benefit of all tenants, owners and occupants generally and Tenant agrees to comply with all such rules and regulations after written notice from Landlord.

4.5 No lettering, sign, advertisement, notice or object will be displayed in or on the windows or doors of the Premises, or on the outside of the Premises, or in the Common Areas, or in the parking lot of the Building, or at any point inside the Premises which is visible from outside of the Premises, without the prior written approval of Landlord, such approval shall not be unreasonably withheld or delayed.

4.6 No awnings or other projections over or around the windows or window draperies or blinds will be installed by Tenant except as approved or supplied by Landlord, such approval not to be unreasonably withheld or delayed and Landlord will have no obligation to provide any such draperies or blinds.

4.7 Landlord will have the right to prescribe the weight and position of objects of excessive or concentrated weight, and no object whose weight exceeds the lawful or permitted load for the area upon which it would stand will be brought into or kept upon the Premises.

4.8 Landlord will at all times have a master key or other access device to open the door to the Premises. No additional locks or bolts of any kind will be placed upon any of the doors in the Premises and no lock on any door will be changed or altered in any respect without the Landlord's prior written consent, which will not be unreasonably withheld or delayed. Duplicate keys and other access device for the Premises will be procured only from Landlord,

which may make a reasonable charge therefor. Upon the termination of the Lease, all keys of the Premises will be delivered to the Landlord.

4.9 Landlord will have no responsibility to provide security to or for Tenant or Tenant's employees, agents or invites, or to provide for the protection of Tenant against the removal of property from the Premises.

4.10 The Building, including the Premises and the Common Areas, is a smoke-free/no smoking building. Tenant will not permit smoking of any product or substance within the Premises and the Building and will prohibit its employees and customers from smoking in the Building or immediately outside of the Building.

4.11 The Premises shall be used only by Tenant and its employees, customers and business invitees. Tenant shall not permit the number of people occupying the Premises to exceed the number set forth in Paragraph 6 of the Lease Cover Page, if any number is set forth therein. Tenant shall comply with all laws, ordinances and regulations regarding occupancy. Landlord may prescribe reasonable rules and regulations regarding the number of occupants of the Premises.

4.12 Landlord shall have the right to designate parking spaces for tenants of the Building. Tenant shall not use an excessive number of parking spaces and will not permit any vehicles to remain in the parking lot for more than 48 consecutive hours.

4.13 No music systems for the Premises shall be installed without first obtaining in each such instance the Landlord's written consent. No aerial shall be erected on the roof or exterior walls of the Premises or on the grounds without, in each instance, the written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time. Data and communications systems may only be installed in and through the Building's room identified by Landlord for such purpose, and Landlord shall have the right to approve all data and communications systems and installation contractors. All installation shall be performed in the presence of Landlord or its representative. In the event aerials, data or communications systems interfere with those provided by Landlord or used by other tenants, Landlord may revoke its consent and Tenant shall remove at its expenses such aerials, data systems or communications systems.

4.14 Tenant shall not operate or permit to be operated on the Premises any coin- or token-operated vending machines, or similar devices for the sale of goods, wares, merchandise, food, beverage, and/or service, including, without limitation, pay telephones, pay lockers, scales and amusement devices, without Landlord's written consent.

4.15 Tenant shall not perform any acts or carry on any practices which may injure the Building or be a nuisance or menace to other tenants in the Building. Tenant shall not make any excessive noise and will not permit cursing or swearing.

4.16 Tenant may enter the Building prior to or after Ordinary Business Hours (identified below) but Tenant must close and lock all doors at all times while in the Building, and upon exiting the Building prior to or after Ordinary Business Hours, must turn off all lights and otherwise properly close and secure the Building.

5. **Utilities and Services.**

5.1 Landlord may elect to provide weekly janitorial services for the Premises consisting of vacuuming and emptying waste baskets (including exterior window washing as may be requested) and bi-weekly janitorial services to the Common Areas, and will furnish water to the Building for use in the lavatories, drinking fountains and furnish such heated or cooled air to the Premises as may, in the reasonable judgment of Landlord, be reasonably required for the comfortable use and occupancy of the Premises (provided that Tenant complies with the recommendations of Landlord's engineer regarding occupancy and use of the Premises) during the hours from 8:00 a.m. to 6:00 p.m. on Monday through Friday and 8:00 a.m. to 2:00 p.m. on Saturday, excluding holidays ("Ordinary Business Hours"); and during Ordinary Business Hours to cause electric current to be supplied for lighting the public portions of the Building.

5.2 Landlord may, at its option, provide protective services as may be provided in similar buildings, during all hours other than Ordinary Business Hours. Landlord reserves the right to use an automatic security system. The cost of any entry cards or similar items used in connection with such system will be paid for by Tenant based on the number of cards or such other items that are issued to Tenant. Landlord does not warrant the security of the Premises and will not be liable for loss to Tenant. Tenant shall be liable for false alarms.

5.3 Landlord will not be obligated to supply any water, heating, air conditioning, electrical, janitorial, lighting, data or communication lines or access or other services during any period, when by reason of any happening beyond the control of Landlord, such services cannot be reasonably provided.

5.4 Tenant agrees that Landlord will not be liable for any interruption, failure, surge, or defect of any utility service, including, without limitation, water supply or electric current for injury to persons, including death, or damage to property including, without limitation, computers and electrical equipment from any cause whatsoever, including that which results from steam, gas, electricity, water, and rain, or snow which may flow or leak from any part of the Building or from any pipes, appliances, or plumbing works from the street or subsurface or from any other place, or for interference with light or other easements, however caused. Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises or any part of the Building of which the Premises are a part, or for any damage or loss of property within the Premises from any cause whatsoever, except for any damages caused by Landlord's failure to repair in accordance with its express obligations under this Lease where Landlord knows of the necessity of such repairs.

6. **Alterations, Maintenance and Repair.**

6.1 Landlord shall be responsible for maintenance, repairs and replacements of components of building systems (including heating, air conditioning, plumbing and electrical systems), and maintenance and repairs of the non-leasable areas of the Building, the Building foundation, exterior walls and roof, and repairs to the Premises which are structural in nature. Notwithstanding the foregoing, Tenant will, at its expense, make all repairs and replacements arising from or occasioned by the act or omission of Tenant, its agents, employees and invitees and, if Tenant fails to make such repairs or replacements promptly, then Landlord may do so at Tenant's expense, payable upon demand of Landlord.

6.2 Tenant, at Tenant's cost and expense, except for services furnished by Landlord pursuant to Paragraphs 5 and 6 hereof, will maintain the Premises in good order, clean condition and repair including the interior surfaces of the ceilings (if damaged or discolored due to the fault of Tenant), walls and floors, all doors, interior glass partitions or glass surfaces (not exterior windows); and to the extent within the Premises, toilets, sinks, plumbing pipes, electrical wiring, electrical panels, heating and air conditioning units and related equipment switches, fixtures, and other items. Tenant will also be responsible for nonstructural replacements, repairs and maintenance within the Premises, including without limitation, replacement of light bulbs and repair and replacement of toilets, sinks, plumbing pipes, electrical wiring, electrical panels, heating and air conditioning units and related equipment. If Tenant fails to maintain the Premises in good order, condition and repair, Landlord may give Tenant notice to do such acts as are reasonably required to maintain the Premises. In the event Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord will have the right, but will not be required, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work and the amount so expended will be immediately due and payable from Tenant upon demand. Landlord will have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work. Landlord may perform an obligation of Tenant under this paragraph and the cost of performing such obligation shall be an Operating Expense.

6.3 Landlord, its agents and employees will have the right to enter the Premises to make inspections, alterations, and repairs to the Building or premises and for the purpose of showing the Premises to prospective tenants. In the event of an emergency, Landlord, its agents and employees will have the right of entry at any time and may perform any acts related to safety, protection, preservation or improvement of the Building or Premises without liability to Tenant.

6.4 Tenant, at its expense, may make changes, additions and improvements to the Premises provided any such change, addition or improvement will:

A. Be made only with the prior written consent of Landlord, such consent to be given or withheld by Landlord in its sole discretion, and

B. Equal or exceed the current construction standard for the Building and be made in full compliance with all government requirements, and

C. Be performed by a licensed contractor first approved by Landlord which contractor, at the request of Landlord, will agree to perform construction in accordance with reasonable regulations established by Landlord and will provide to Landlord evidence of insurance coverage in an amount and form satisfactory to Landlord, and

D. Be performed pursuant to appropriate governmental permits and in accordance with all applicable laws.

E. All work performed will be done in such a manner as to not disturb or disrupt the operation of the Building or of any tenant situated in the Building. Following completion of any changes, additions or improvements, Tenant will furnish Landlord with current "as built" drawings and specifications for the Premises reflecting such changes, additions or improvements made to premises. Tenant will not cause or permit liens of any kind to be filed or placed against the Premises or the Building. If any such liens are filed, with or without Tenant's knowledge, Tenant will immediately, at Tenant's sole cost and expense, take whatever action is

necessary to cause such lien to be satisfied and discharged. If Tenant does not immediately cause such lien to be satisfied and discharged, Landlord may, but is not required to, pay such lien or claim and any costs, and the amount so paid, together with reasonable attorney fees incurred in connection therewith, will be immediately due from Tenant to Landlord.

6.5 Landlord reserves the right to make such changes, alterations, additions or improvements in or to the Building or the Common Areas and the fixtures and equipment thereof as it may deem necessary or desirable; provided, however, that there is no unreasonable obstruction of the right of access to the Premises or unreasonable interference with the use of the Premises, but such work may be performed during Ordinary Business Hours.

7. Assignment and Subletting.

7.1 Tenant covenants and agrees that neither this Lease nor any interest in or under this Lease will be assigned, mortgaged, pledged, encumbered or otherwise transferred, nor will the Premises be sublet, or offered or advertised for subletting, without the prior written consent of the Landlord, which consent may be withheld by Landlord in Landlord's sole discretion. Notwithstanding any assignment or sublease, Tenant will remain fully liable on this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease.

7.2 If Tenant is a corporation or limited liability company then (a) any transfer of this Lease from Tenant by merger, consolidation or liquidation, or (b) any change in the present effective voting control of Tenant will constitute an assignment for the purpose of this Lease and will require the prior written consent of Landlord, which consent can be withheld by Landlord in Landlord's sole discretion.

8. Insurance and Indemnity.

8.1 Landlord will maintain insurance insuring the Building for those perils and in amounts which would be considered prudent for similar property situated in Cadillac, Michigan.

8.2 Tenant will, at its sole expense, during the term hereof, obtain and keep insurance in effect insuring Tenant, Landlord and all lenders related to the Building, as their interests may appear, in accordance with the following:

A. Fire and extended coverage insurance on all property situated in the Premises for which Tenant is legally liable, including, without limitation, all furniture, fixtures, equipment and personal property, and all fixtures and improvements installed or constructed in Premises by or on behalf of Tenant all at an amount equal to the full replacement value of such property. Such insurance will be in such forms and amounts reasonably approved by Landlord.

B. Public liability and property damage insurance including all activities and operations conducted by Tenant and any other person in premises. Such insurance will be written covering Tenant and Landlord in the minimum amount of $1,000,000 combined single limit public liability or such greater amount as is specified by Landlord and which is comparable for similarly situated buildings.

C. The policies referred to in Paragraphs A and B will provide that the interest of Landlord and its lenders related to the Building will not be invalidated because of any breach or violation of any warranties, representations, declarations or conditions contained in

the policies and each such policy will contain a provision waiving any right of contribution by Landlord or its mortgagees under any other insurance available to them.

D. Tenant will provide a certificate of such insurance coverage to Landlord before Tenant will occupy the Premises and throughout the term hereof will provide Landlord with current certificates of such insurance coverage, each of which will state that the coverage evidenced thereby will not expire except upon at least twenty (20) days prior written notice to Landlord. Such certificate or certificates will name Landlord as an Additional Insured.

E. Any insurance maintained by Tenant pursuant to this Paragraph 8.2 will contain a clause or endorsement under which the insurer waives all rights of subrogation against the Landlord, its agents or employees, with respect to losses payable under such policy or policies.

8.3 To the extent that a loss is covered by insurance in force and recovery is made from such loss, Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies (including extended coverage), provided that this waiver shall not be applicable if it has the effect of invalidating any insurance coverage of Landlord or Tenant.

8.4 Tenant hereby covenants and agrees to indemnify and hold Landlord harmless from all loss, damage, liability and expense, including attorney fees, resulting from any injury to person or any loss of or damage to any property caused by or resulting from any acts, omission, or negligence of Tenant or any officer, employee, agent, contractor, invitees or visitors of Tenant in or about the Premises or the Building, or from any failure of Tenant to comply with this Lease Agreement.

9. **Damage by Fire and Other Casualty.**

9.1 If, during the term, the Premises or the Building are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord will restore the Premises or the Building to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the existing laws and can be completed within six (6) months after the date of the destruction in Landlord's opinion. Such destruction will not terminate this Lease.

9.2 If the restoration cannot be made within six (6) months in Landlord's opinion, then within thirty (30) days after the Landlord notifies Tenant that the restoration cannot be made within six (6) months, Tenant may terminate this Lease immediately by giving notice to Landlord. If Tenant fails to so terminate this Lease and if restoration is permitted under the existing laws, Landlord, at its election, can either terminate this Lease or restore the Premises or the Building within a reasonable time and this Lease will continue in full force and effect. Landlord will not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof.

9.3 In case of destruction there will be an abatement or reduction of rent between the date of destruction and the date of completion of restoration, based on the area of the Premises made untenantable by the destruction.

9.4 Notwithstanding any term or provision hereof to the contrary, Landlord will not be liable for any damages to Tenant for delays in commencing or completing repairs to the

Premises after fire or other casualty resulting from adjustment of insurance claims, governmental requirements, or any cause beyond Landlord's reasonable control.

10. **Condemnation.**

10.1 If all of the Premises is taken or condemned by any public or quasi-public authority, entity or corporation having the power of eminent domain, this Lease will terminate effective as of the date of taking. If a portion of the Building not including the Premises is taken or condemned and the remainder is, in Landlord's opinion, not economically usable, Landlord will notify Tenant of the termination of this Lease effective as of the date of taking.

10.2 If a portion of the Premises is taken or condemned, either Landlord or Tenant may terminate this Lease effective as of the date of taking by written notice to the other. If neither Landlord nor Tenant terminates and the remainder is economically usable by Tenant, this Lease will terminate as to the portion taken effective as of the date of taking and continue as to the remainder. Landlord will, to the extent reasonable, use the award from such condemnation proceedings, to repair and restore the remainder to its condition as of the date of taking if the Lease is not terminated. Tenant's monthly rent hereunder will be reduced by the ratio of the area taken to the area of the Premises prior to the taking.

10.3 A voluntary sale or transfer in lieu of, but under the threat of, condemnation will be considered a taking or condemnation.

11. **Surrender at Termination.**

11.1 Upon the expiration or other termination of this Lease, Tenant will immediately surrender possession of the Premises, including fixtures which are a part of the Premises, to Landlord, broom-clean, and in the condition as received or first installed, ordinary wear and tear excepted.

11.2 All fixtures, equipment, improvements and appurtenances attached to, or built into, the Premises at the commencement or during the term hereof, including floor to ceiling partitions, doors, hardware, window treatments and carpeting, will be and remain part of the Premises and upon their construction and installation will be deemed the property of Landlord and will not be removed by Tenant. All electric, ventilation, silencing, air conditioning, and cooling equipment will be deemed to be included in such fixtures, equipment, improvements, and appurtenances, whether or not attached to or built into the Premises.

11.3 Upon expiration or other termination of this Lease, Tenant, at its expense, will remove all office furnishings, equipment and improvements which are not fixtures and are not the property of Landlord. Tenant agrees that it will pay the cost of repairing any damage to the Premises or the Building arising from removal of any property which Tenant is permitted or obligated to remove from the Premises. Any property left on the Premises after the expiration or termination of this Lease will be deemed conclusively to have been abandoned and to be the property of Landlord to dispose of as Landlord deems most expedient, at Tenant's expense. Such disposal options may include, in Landlord's sole discretion, the following: Landlord may store such property at Tenant's expense until all indebtedness owed to Landlord is paid, retain such property in satisfaction of such indebtedness, sell such property and apply the net sale proceeds to such indebtedness, or discard such property. If Tenant caused the lighting layout or heating, ventilating or air conditioning systems to be altered from building standard layouts, then, unless Landlord will otherwise agree in writing, at the expiration or termination of this

Lease, Tenant will pay to Landlord an amount equal to the cost to replace such nonstandard layouts to building standard layouts.

11.4 Tenant will indemnify and hold Landlord harmless against any loss or liability resulting from delay by Tenant in surrendering the Premises, including, without limitation, any claims made by any succeeding tenant.

12. **Default.**

12.1 If Tenant fails to make any payment of rent within seven (7) days after it becomes due and payable; or if any other default will be made or suffered by Tenant in any of the other covenants and conditions of this Lease required to be kept or performed by Tenant (other than payment of rent), and if Tenant fails to cure such default or defaults within thirty (30) days after written notice given in any manner (by mail, by posting on the door of the Premises, or otherwise, at Landlord's option) by Landlord to Tenant, specifying the default or defaults complained of; or if Tenant's leasehold interest is levied on execution; or if Tenant or any guarantor of this Lease becomes bankrupt or insolvent or makes an assignment for the benefit of creditors; or if Tenant abandons the Premises; then Landlord may, in addition to any other right or remedy provided by law, terminate this Lease by written notice or may re-enter into and repossess the Premises and may relet the Premises or any part thereof for any term, either shorter, longer, or the same, at a higher, lower, or the same rent, making such alterations as may be necessary. Tenant will pay, as Additional Rent, all of Landlord's expenses in connection with reletting resulting from Tenant's default, including, without limitation, all repossession costs, brokerage commissions, alteration costs and legal expenses including reasonable attorney fees. Upon any payment default or other default, Landlord may pursue any right or remedy provided by law or this Lease Agreement, and if Tenant moves to another state, Landlord may obtain a judgment against Tenant in Michigan or in such other state and may collect upon any assets of Tenant located in any state.

12.2 Landlord may, at any time after re-entry, elect to terminate this Lease for the default giving rise to such re-entry or may terminate this Lease at any time when there is an uncured Tenant default. This Lease will also be terminated by any reletting by Landlord after re-entry. No act by Landlord other than reletting the Premises or giving written notice of termination to Tenant will terminate this Lease.

12.3 Tenant will pay to Landlord all rent due under this Lease on the dates the rent is due until this Lease is terminated, whether or not Landlord has re-entered the Premises. Upon default, Landlord, at its option, may accelerate and declare due the entire balance of Rent payable under this Lease during the remaining balance of the term of this Lease. On termination of this Lease, Landlord has the right to recover from Tenant all then unpaid rent, including accelerated rent, and any other amount necessary to compensate Landlord for all damages proximately caused by Tenant's default.

12.4 If either Landlord or Tenant commences an action against the other as the result of a breach or alleged breach of this Lease, the prevailing party will be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

12.5 If Landlord shall default hereunder, Tenant shall give written notice of such default and Landlord shall have thirty (30) days thereafter in which to cure such default or such longer period as may be reasonably necessary to cure such default. In no event shall Landlord's liability to Tenant exceed the amount of the Base Rent owed during the term of this Lease. If Tenant obtains a judgment against Landlord, Tenant's sole remedy shall be to

proceed with execution against the Building, and Landlord shall have no personal liability for such judgment.

12.6 All rights and remedies of Landlord under this Lease Agreement are cumulative and nonexclusive.

13. **Mortgages.**

13.1 This Lease is and will be subject and subordinate to any mortgage or mortgages (hereinafter collectively referred to for convenience a "Underlying Mortgage") which will at any time be a lien upon the Premises or the Building. Tenant agrees that it will execute upon demand and deliver such instruments as will be required by the holder of any Underlying Mortgage to confirm or give effect to the subordination set forth above.

13.2 In the event of any sale of the Building or proceedings which are brought for the foreclosure or enforcement of an Underlying Mortgage, or in the event of the conveyance by deed in lieu of foreclosure or enforcement of an Underlying Mortgage, Tenant hereby covenants and agrees to attorn to any such mortgage foreclosure sale purchaser or grantee of a deed in lieu of foreclosure of enforcement and to execute any instrument in writing reasonably satisfactory to such purchaser or grantee whereby Tenant agrees to attorn to such successor in interest and recognizes such successor as Landlord under this Lease, provided, however, such purchaser or grantee will agree in writing to thereafter perform Landlord's obligations under this Lease.

13.3 Within ten (10) days of each request by Landlord, Tenant agrees to execute, acknowledge, and deliver to the Landlord a statement in writing certifying: (1) that this Lease is unmodified and in full force and effect (of if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (2) the dates to which the Base Rent, Additional Rent and such other charges have been paid in advance, if any, and (3) stating whether or not to the best knowledge of the signer of such certificate the Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge. Tenant understands and agrees that each such statement may be relied upon by any prospective assignee of any mortgage or by any new mortgagee of the Building.

14. **Quiet Enjoyment.**

14.1 The Landlord covenants that so long as the Tenant is not in default under this Lease, the Tenant will quietly enjoy the Premises, subject to the covenants, agreements, terms, provisions, and conditions of this Lease and to the Underlying Mortgage to which this Lease is subject and subordinate.

15. **Security Deposit.**

15.1 Tenant will deposit with Landlord the Security Deposit stated on the Lease Cover Page, which Landlord will retain as security for the faithful performance by Tenant of all of the covenants, terms, conditions, and agreements of this Lease. The Security Deposit, if not applied toward an arrearage in rent or other payments or toward the payment of damages suffered by Landlord by reason of Tenant's defaults, will be returned to Tenant at the end of the term of this Lease, but in no event will Landlord be obligated to return such deposit to Tenant until Tenant has vacated the Premises and delivered possession to Landlord and all of the covenants of this Lease which survive such expiration have been fully performed. In the event

Landlord repossessed itself of the Premises because of Tenant's default under the terms of this Lease, Landlord may, but will not be obligated to, apply the Security Deposit to all damages suffered to the date of such repossession. Landlord will not be obligated to keep the Security Deposit as a separate fund, and Tenant will not be entitled to any interest on the Security Deposit.

15.2 Tenant hereby releases and discharges Landlord of and from all responsibility for the return of the Security Deposit in the event of a bona fide sale of the Building, provided that the purchaser assumes in writing Landlord's obligation to return the Security Deposit to the Tenant as provided by this Lease.

16. **Miscellaneous Provisions.**

16.1 **Notices.** All notices and demands which may or are required to be given by either party to the other will be in writing and will be by United States first class or certified mail (return receipt requested) addressed to Tenant at the Premises and to Landlord at the address indicated on the Lease Cover Page, or to such other place as may be designated by the party. Notice to Tenant may alternatively be given by personal delivery to the Premises.

16.2 **Entire Agreement.** This Lease contains all of the covenants, agreements, terms, provisions and conditions relating to the leasing of the Premises under the Lease.

16.3 **Amendment.** This Lease may be amended only by written instrument executed by Landlord and Tenant and no discussions or other verbal understandings will be effective unless in writing executed by Landlord and Tenant.

16.4 **Waiver.** The failure of the Landlord to insist in any one or more instances upon the strict performance of any one of the terms of this Lease or to exercise any election herein contained will not be deemed to have been made unless expressed in writing and signed by the Landlord.

16.5 **Severability.** If any terms or provision of this Lease or the application thereof to any person or circumstances will, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby, and each other term and provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

16.6 **Parties Bound.** The covenants, agreements, terms, provisions and conditions of this Lease will bind and benefit the successors and permitted assigns of the parties.

16.7 **Joint and Several Liability.** If the Tenant is more than one party, the obligations imposed by this Lease upon Tenant will be joint and several obligations of all such parties. If there is a guarantor of Tenant's obligations, the obligations imposed on Tenant will be joint and several obligations of Tenant and guarantor. Landlord need not first proceed against the Tenant before proceeding against guarantor. The guarantor will not be released from its guaranty for any reason whatsoever including amendments to the Lease, waivers of default of Tenant, failure to give guarantor any notices to be given Tenant or release of any party liable for payment of Tenant's obligations under this Lease.

16.8 **Governing Law.** This Lease will be governed by the laws of the State of Michigan.

16.9 **Sale or Transfer.** Upon any sale or transfer, including transfer by operation of law, of the Building, Landlord shall be relieved from all subsequent obligations and liabilities under this Lease.

16.10 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed in accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease as provided.

16.11 **Consumer Price Index.** Any increase in the Base Rent determined by the Consumer Price Index shall be determined in accordance with any increase in the Consumer Price Index of the Bureau of Labor Statistics, United States Department of Labor, all items indexed for all Urban Consumers – U.S. City Average CPI-U all (1982-84=100), or if such index shall be discontinued, any successor or reasonable substitute index (the "Index"). The adjusted Base Rent for the twelve (12) months succeeding any such adjustment date shall be the product found by multiplying the Base Rent in effect immediately prior to adjustment times a fraction, the numerator of which shall be the Index number indicated in the column for "all items" in the month and year of the adjustment and the denominator of which shall be such Index number for the month and year of the last adjustment (or the commencement date in the case of the first adjustment) as the case may be. Following each adjustment of the Base Rent as hereinbefore provided, the term "Base Rent," as used in this Lease, shall be amended to mean Base Rent as adjusted.

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Robert J. Engels
Stephen King

RESOLUTION NO. 2018-_____

RESOLUTION TO ADOPT
ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT
WITH WEXFORD GENEALOGY ORGANIZATION

At a meeting of the City Council of the City of Cadillac, Wexford County, Michigan, held in the Council Chambers, Cadillac Municipal Complex, 200 North Lake Street, Cadillac, Michigan, on the 17th day of December, 2018, at 6:00 p.m.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by _____and seconded by _____.

WHEREAS, the City wishes to consider an ordinance amending Ordinance No. 2012-01, Ordinance Approving a Lease Agreement with Wexford Genealogy Organization, to add additional language that states that the City Council may approve subsequent extensions of the lease agreement with Wexford Genealogy Organization without further amendment to the Ordinance provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Wexford Genealogy Organization is equal to or greater than that of the prior lease term; and

WHEREAS, on December 17, 2018, the City conducted a public hearing to consider an Ordinance amending Ordinance No. 2012-01 ("the Ordinance") accordingly; and

WHEREAS, following the public hearing, the City has determined it is in the best interests of the health, safety and welfare of City residents to adopt the proposed ordinance.

NOW, THEREFORE, the City Council of the City of Cadillac, Wexford County, Michigan, resolves as follows:

1. Ordinance No. _____-___, Ordinance Amending Ordinance Approving a Lease Agreement with Wexford Genealogy Organization (the "Ordinance," attached as Exhibit A) is hereby adopted.

2. The Ordinance shall be filed with the City Clerk.

3. The City Clerk is directed to publish a Notice of Adoption within seven (7) days after its adoption.

4. Any and all resolutions that are in conflict with this Resolution are hereby repealed to the extent necessary to give this Resolution full force and effect.

YEAS: _____

NAYS: _____

STATE OF MICHIGAN)
)
COUNTY OF WEXFORD)

I, Sandra Wasson, City Clerk of the City of Cadillac, hereby certify this to be a true and complete copy of Resolution No. 2018-____, duly adopted at a meeting of the City Council held on the 17th day of December, 2018.

_____
Sandra Wasson
Cadillac City Clerk

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

ORDINANCE NO. 2018-12

ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT WITH WEXFORD GENEALOGY ORGANIZATION

THE CITY OF CADILLAC ORDAINS:

Section 1.

Section 2 of Ordinance No. 2012-01 Ordinance Approving a Lease Agreement With Wexford Genealogy Organization is hereby amended to read, in its entirety, as follows:

The Mayor and Clerk are authorized to make any changes to the Lease deemed necessary in consultation with Wexford Genealogy Organization and approved by the City Attorney, except that no changes may be made to the term of **the** Lease or the rent payable by Wexford Genealogy Organization unless first approved by the City Council. **Any such changes to the term of the Lease or the rent payable by Wexford Genealogy Organization may be made without further amendments to this Ordinance, provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Wexford Genealogy Organization is equal to or greater than that of the prior lease term.**

Section 2.

All other ordinances inconsistent with the provisions of this Ordinance are hereby repealed but only to the extent necessary to give this Ordinance full force and effect.

Section 3.

Any section or subsection not expressly amended by this Ordinance shall remain in full force and effect. Should any portion of this Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of this Ordinance.

Section 4.

This Ordinance shall take effect twenty (20) days after its adoption and publication.

Approved this _____ day of _____, 2018.

_____ _____

Sandra Wasson, Clerk Carla J. Filkins, Mayor

I, Sandra Wasson, City Clerk of the City of Cadillac, Michigan, do hereby certify that Ordinance No. 2018-12 was published in the Cadillac News on the ___ day of _____, 2018.

_____

Sandra Wasson, City Clerk

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

NOTICE OF ADOPTION

On December 17, 2018, the City Council of the City of Cadillac adopted Ordinance No. 2018-12, Ordinance Amending Ordinance Approving a Lease Agreement with Wexford Genealogy. A true copy of the Ordinance is available for inspection at the offices of the City of Cadillac, located at 200 North Lake Street, Cadillac, Michigan, 49601. Inspections may take place during normal business hours. Members of the public may obtain a copy of the Ordinance for a reasonable charge. The following is a summary of the ordinance:

ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT WITH WEXFORD GENEALOGY

Section 1 of the ordinance amends Section 2 of Ordinance No. 2012-01, Ordinance Approving a Lease Agreement with Wexford Genealogy, to state that any changes to the term of the Lease or the rent payable by Wexford Genealogy may be made without further amendments to this Ordinance, provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Wexford Genealogy is equal to or greater than that of the prior lease term.

Section 2 provides that all other ordinances inconsistent with the provisions of the Ordinance are hereby repealed only to the extent necessary to give the Ordinance full force and effect.

Section 3 provides that any section or subsection not expressly amended by the Ordinance shall remain in full force and effect. Should any portion of the Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of the Ordinance.

Section 4 provides the effective date of the ordinance.

CITY COUNCIL OF THE
CITY OF CADILLAC, MICHIGAN

By: Sandra Wasson, City Clerk
Cadillac Municipal Complex
200 N. Lake Street
Cadillac, Michigan 49601
Telephone No: (231) 775-0181

December 17, 2018

Council Communication

Re: Amendment to Lease with Up North Arts, Inc.

The Cadillac City Council approved a lease with Up North Arts, Inc. ("UNA") on June 27, 2017 for space in the Cadillac Community Center. The original lease offered reduced rent as an "incubator" type incentive to help UNA establish themselves in the space and to develop and enhance revenue sources to fund the longer-term costs of a facility. Over the last 15 months since they have occupied the space, UNA has invested thousands of dollars and hundreds of hours in improving the facility to make it useable. A schedule of these improvements and estimated costs is attached to this communication.

As part of their efforts, UNA has approached the City seeking additional help with lease costs. Because of the investment that the organization has made to improve the facility, the City is agreeable to do so. Also attached to this communication is an amendment to the lease. The amendment credits all rent costs from September 2017 to October 2018 as recognition of the improvements made to the facility. Base rent is then reset beginning November 1, 2018 and building to a market rate of rent based on the age and condition of the facility by the end of the original lease term in 2022.

Recommended Action
It is recommended that the amendment to the lease between the City of Cadillac and Up North Arts, Inc. be approved as presented.

Up North Arts Expenses and Income related to updating and remodeling

2017 Expenditures for initial remodel and code requirements

Plumbing (Materials & labor to bring plumbing to good condition + ADA restroom)	5923.00
New Flooring (3 rooms)	4274.00
Materials for room remodels (Unisex Restroom, wall removal between two rooms)	350.00
In-Kind donations by contractors and carpenters of labor and some materials	7150.00
Total expenses (including in-kind) from August 1 through December 31, 2017	17697.00

2018 CLAY ROOM DEVELOPMENT BUDGET:

Expenses	Amount	Grant	Match	Donation	In-Kind
Clay Studio from Johnston in Lake Leelanau	$10,000				
Moving Company	$845				
Installation of Kiln & wiring needed	$1,925				
Firewall & Venting Materials	$675				
TOTAL COSTS	$13,445				
Income		Grants	Matching	Donations	In-Kind
Sponsor – matching up to $5,000			$5,000		
Walmart Corporation		$500			
Standard Electric				$200	
Up North Arts Members				$275	
Volunteer Hours – Moving studio 42-man hours @ $12					$504
Volunteer Hours – cleaning and setting up studio 98-man hours @ $12					$1,176
Volunteer hours – construction of firewall and venting 27-man hours at $25					$675
TOTAL DONATIONS:		$500	$5,000	$475	$2,355

Total Costs, and In kind donations = $33,497.00

NAVAL RESERVE BUILDING
AMENDMENT TO LEASE AGREEMENT

City of Cadillac
200 North Lake Street
Cadillac, MI 49601 ("Landlord") and

Up North Arts
P.O. Box 62
Cadillac, MI 49601 ("Tenant")

FOR GOOD AND VALUABLE CONSIDERATION, Landlord and Tenant agree TO AMEND THE LEASE DATED JUNE 27, 2017 as follows:

Paragraph 3 of the original lease is deleted in its entirety with the following text inserted in lieu thereof:

3. **Base Rent**. The Base Rent for the term of this Lease is based upon a "Business Incubator"-type incentive. In consideration of leasehold improvements made and funded by Up North Arts, Inc. and detailed in Attachment A to this amendment document, the following schedule of Base Rent will be utilized to determine lease payments due. Base rent will be set for the next five years, gradually increasing over the time period. Base rent for the next five (5) years is as follows:

September 1, 2017 – October 31, 2018	$0.00/month (Credit applied for significant leasehold improvements)
November 1, 2018 – December 31, 2020	$500.00/month ($6,000.00/year)
January 1, 2021 – December 31, 2021	$750.00/month ($9,000.00/year)
January 1, 2022 – August 31, 2022	$1,112.09/month ($13,345.00/year)

Rent shall be payable in advance at the first day of each month. Tenant shall pay the first month's Base Rent on execution hereof.

LANDLORD/AGENT:

CITY OF CADILLAC

By: _____
Carla J. Filkins
Its: Mayor

DATE: _____

TENANT:

UP NORTH ARTS

By: _____

Its: _____

DATE: _____

NAVAL RESERVE BUILDING
LEASE AGREEMENT
LEASE COVER PAGE

City of Cadillac
200 North Lake Street
Cadillac, MI 49601 ("Landlord") and

Up North Arts
P.O. Box 62
Cadillac, MI 49601 ("Tenant")

FOR GOOD AND VALUABLE CONSIDERATION, Landlord and Tenant agree as follows:

1. **Premises.** Landlord hereby leases to Tenant certain Premises located in the Naval Reserve Building (the "Building") consisting of 2,291 square feet of office-type space (Marked as “SPACE” in Attachment A). Lessee shall share access areas and available rest room facilities without Additional Rent. The address for the Naval Reserve Building is 601 Chestnut Street, Cadillac, MI 49601.

2. **Term.** The initial term of this Lease will be for five (5) years commencing on September 1, 2017 (the "Commencement Date") and ending August 31, 2022.

3. **Base Rent**. The Base Rent for the term of this Lease is based upon a “Business Incubator”-type incentive. Base rent will be set for the next five years, gradually increasing over the time period until full market value rent is achieved in year 5. Base rent for the next five (5) years is as follows:

September 1, 2017 – August 31, 2018	$668.21/month ($8,018.50/year)
September 1, 2018 – August 31, 2019	$859.13/month ($10,309.50/year)
September 1, 2019 – August 31, 2020	$1,050.04/month ($12,600.50/year)
September 1, 2020 – August 31, 2021	$1,240.96/month ($14,891.50/year)
September 1, 2021 – August 31, 2022	$1,527.33/month ($18,328.00/year)

Rent shall be payable in advance at the first day of each month. Tenant shall pay the first month's Base Rent on execution hereof.

4. **Additional Rent.** Tenant will pay to Landlord, as Additional Rent, and all charges set forth in this Lease in accordance with the Standard Lease Conditions. At Landlord's option, the Additional Rent shall be paid monthly (on the first day of each month) based upon Landlord's estimate of annual Operating Expenses; Landlord's estimate will be reconciled with the actual Operating Expense at the end of each calendar year in accordance with the Standard Lease Conditions.

6. **Use of Premises.** The premises shall be used for Tenant's legal business as of the date of this lease and for no other purposes.

7. **Renewals.** This Lease is considered non-expiring, and after the initial five-year period in Section 3 ends on August 31, 2022, the lease shall automatically renew for additional one (1) year terms. Base rent will increase in accordance with the schedule in Section 3. Beginning September 1, 2022, the renewal Base Rent shall increase by the 12-month change in the Consumer Price Index each year as of July 31, as set forth in Section 16.11 of the Standard

Lease Conditions. **Lease may be terminated without cause and/or penalty at any time, by either party, if a written notice is given at least ninety (90) days prior to termination.**

8. **Lease Agreement**. This Lease Agreement consists of this Lease Cover Page, the Standard Lease Conditions attached hereto (consisting of Sections 1 through 16), and the Riders designated below executed by Landlord and Tenant.

Riders:

_____

_____

_____

_____

_____

LANDLORD/AGENT:

CITY OF CADILLAC

By: Carla J Filkins
Carla J. Filkins
Its: Mayor

DATE: 7/12/17

TENANT:

UP NORTH ARTS

By: Chris Fisher

Its: President

DATE: 7/17/17

NAVAL RESERVE BUILDING

STANDARD LEASE CONDITIONS

1. **Premises.**

1.1 Landlord leases to Tenant and Tenant leases from Landlord the Premises described on the Lease Cover Page. Tenant has investigated the Premises and, except as expressly provided herein, agrees to accept the Premises in its present "as is" condition.

2. **Term.**

2.1 Possession of the Premises will be delivered to Tenant approximately upon the date that the Cadillac City Council approves the lease in accordance with local legal requirements. The term of this Lease will be for the term stated on the Lease Cover Page commencing on the date Tenant's obligation to pay rent specified in Section 3.1 begins.

2.2 In the event Tenant continues to occupy all or any part of the Premises after the expiration of the term of this Lease, such holding over will be deemed to constitute a tenancy from month to month terminable on thirty (30) days' notice given at any time by either party, upon the same conditions and terms as provided in this Lease except that the monthly rent each month of the holdover period will be equal to one and one-half times the monthly rent for the last month of the stated term of this Lease. This paragraph does not give Tenant any right to holdover and Tenant will be in default as a result of any holding over beyond the stated term.

3. **Rent.**

3.1 Tenant agrees to pay to Landlord the Base Rent as stated on the Lease Cover Page. Tenant will be liable for Base Rent upon the date on which possession of the Premises is delivered to Tenant.

3.2 All monies payable by Tenant to Landlord under this Lease will be considered rent. The monthly rent will be paid to Landlord in advance on the first day of each calendar month during the entire term of this Lease, without deduction or set-off. Should the obligation to pay rent commence on a day other than the first day of a month or terminate on a day other than the last day of a month, all rent will be prorated based on the days in the calendar month involved. If Tenant fails to pay any rent or other sums when due, such unpaid amounts will bear interest at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum.

3.3 Tenant hereby grants to Landlord a continuing security interest in all assets (the "Collateral") now owned and hereafter acquired by Tenant and located, at any time, on the Premises or derived from the Premises, including all now owned and hereafter acquired inventory, equipment, furniture, fixtures, accounts, contract rights, general tangibles, and all proceeds, products, replacements and substitutions thereof. Tenant authorizes Landlord to file a Financing Statement(s). Upon the occurrence of an event of default, Landlord may exercise any and all rights and remedies provided under the Uniform Commercial Code, including taking possession of the Collateral (whether through changing the locks on the Premises or otherwise). Tenant agrees that reasonable notice of any sale of the Collateral shall be sufficient if made by mail, by posting, personal delivery or in any other manner in Landlord's sole discretion at least seven (7) days before any such sale.

4. **Use of Premises.**

4.1 Tenant will not use the Premises or any part thereof for any purpose other than the use described on the Lease Cover Page without the prior written consent of Landlord nor in any event for any unlawful purposes or in any unlawful manner. Tenant will not permit the Premises to be used in any manner which, in the reasonable business judgment of Landlord, will in any way impair the appearance or reputation of the Building or of Landlord; impair or interfere with the proper and economic heating, cleaning, air conditioning or other servicing of the Building or of the Premises; or impair or interfere with the use of any of the areas of the Building by any of the other tenants and occupants of the Building.

4.2 If any governmental license or permit will be required for the proper and lawful conduct of the Tenant's business, the Tenant will procure and thereafter maintain such license or permit and submit the same to inspection by Landlord. The Tenant will, at all times, comply with the terms and conditions of each such license or permit.

4.3 Tenant will not do or permit to be done any act or thing upon the Premises that will increase the cost to Landlord of insurance on the Building.

4.4 The rights of Tenant in the entrances, halls, public restrooms, walks, drives, parking areas and other common areas of the Building ("Common Areas") are limited to ingress to and egress from the Premises. Tenant will not interfere with the use and enjoyment of the Common Areas by other tenants or occupants of the Building. Landlord will have the right to control and operate the public portions of the Building and the Common Areas by publishing rules and regulations as Landlord deems best for the benefit of all tenants, owners and occupants generally and Tenant agrees to comply with all such rules and regulations after written notice from Landlord.

4.5 Any lettering or signage advertising Up North Arts, Inc. and events sponsored by Up North Arts, Inc. that may be painted or displayed in, on, or around the building will be allowed with prior review and permission of Landlord, and subject to any necessary permits and zoning review. Any such advertising or signage will be removed and the building exterior returned to previous condition when lease expires or is terminated by either party.

4.6 No awnings or other projections over or around the windows or window draperies or blinds will be installed by Tenant except as approved or supplied by Landlord, such approval not to be unreasonably withheld or delayed and Landlord will have no obligation to provide any such draperies or blinds.

4.7 Landlord will have the right to prescribe the weight and position of objects of excessive or concentrated weight, and no object whose weight exceeds the lawful or permitted load for the area upon which it would stand will be brought into or kept upon the Premises.

4.8 Landlord will at all times have a master key or other access device to open the door to the Premises. No additional locks or bolts of any kind will be placed upon any of the doors in the Premises and no lock on any door will be changed or altered in any respect without the Landlord's prior written consent, which will not be unreasonably withheld or delayed. Duplicate keys and other access device for the Premises will be procured only from Landlord, which may make a reasonable charge therefor. Upon the termination of the Lease, all keys of the Premises will be delivered to the Landlord.

4.9 Landlord will have no responsibility to provide security to or for Tenant or Tenant's employees, agents or invites, or to provide for the protection of Tenant against the removal of property from the Premises.

4.10 The Building, including the Premises and the Common Areas, is a smoke-free/no smoking building. Tenant will not permit smoking of any product or substance within the Premises and the Building and will prohibit its employees and customers from smoking in the Building or immediately outside of the Building.

4.11 The Premises shall be used only by Tenant and its employees, customers and business invitees. Tenant shall not permit the number of people occupying the Premises to exceed the number set forth in Paragraph 6 of the Lease Cover Page, if any number is set forth therein. Tenant shall comply with all laws, ordinances and regulations regarding occupancy. Landlord may prescribe reasonable rules and regulations regarding the number of occupants of the Premises.

4.12 Landlord shall have the right to designate parking spaces for tenants of the Building. Tenant shall not use an excessive number of parking spaces and will not permit any vehicles to remain in the parking lot for more than 48 consecutive hours.

4.13 No music systems for the Premises shall be installed without first obtaining in each such instance the Landlord's written consent. No aerial shall be erected on the roof or exterior walls of the Premises or on the grounds without, in each instance, the written consent of Landlord. Any aerial so installed without such written consent shall be subject to removal without notice at any time. Data and communications systems may only be installed in and through the Building's room identified by Landlord for such purpose, and Landlord shall have the right to approve all data and communications systems and installation contractors. All installation shall be performed in the presence of Landlord or its representative. In the event aerials, data or communications systems interfere with those provided by Landlord or used by other tenants, Landlord may revoke its consent and Tenant shall remove at its expenses such aerials, data systems or communications systems.

4.14 Tenant shall not operate or permit to be operated on the Premises any coin- or token-operated vending machines, or similar devices for the sale of goods, wares, merchandise, food, beverage, and/or service, including, without limitation, pay telephones, pay lockers, scales and amusement devices, without Landlord's written consent.

4.15 Tenant shall not perform any acts or carry on any practices which may injure the Building or be a nuisance or menace to other tenants in the Building. Tenant shall not make any excessive noise and will not permit cursing or swearing.

4.16 Tenant may enter the Building prior to or after Ordinary Business Hours (identified below) but Tenant must close and lock all doors at all times while in the Building, and upon exiting the Building prior to or after Ordinary Business Hours, must turn off all lights and otherwise properly close and secure the Building.

5. **Utilities and Services.**

5.1 Landlord may elect to provide weekly janitorial services for the Premises consisting of vacuuming and emptying waste baskets (including exterior window washing as may be requested) and bi-weekly janitorial services to the Common Areas, and will furnish water to the Building for use in the lavatories, drinking fountains and furnish such heated or cooled air to the Premises as may, in the reasonable judgment of Landlord, be reasonably required for the comfortable use and occupancy of the Premises (provided that Tenant complies with the recommendations of Landlord's engineer regarding occupancy and use of the Premises), and to cause electric current to be supplied for lighting the Building.

5.2 Landlord may, at its option, provide protective services as may be provided in similar buildings, during all hours other than Ordinary Business Hours. Landlord reserves the right to use an automatic security system. The cost of any entry cards or similar items used in connection with such system will be paid for by Tenant based on the number of cards or such other items that are issued to Tenant. Landlord does not warrant the security of the Premises and will not be liable for loss to Tenant. Tenant shall be liable for false alarms.

5.3 Landlord will not be obligated to supply any water, heating, air conditioning, electrical, janitorial, lighting, data or communication lines or access or other services during any period, when by reason of any happening beyond the control of Landlord, such services cannot be reasonably provided.

5.4 Tenant agrees that Landlord will not be liable for any interruption, failure, surge, or defect of any utility service, including, without limitation, water supply or electric current for injury to persons, including death, or damage to property including, without limitation, computers and electrical equipment from any cause whatsoever, including that which results from steam, gas, electricity, water, and rain, or snow which may flow or leak from any part of the Building or from any pipes, appliances, or plumbing works from the street or subsurface or from any other place, or for interference with light or other easements, however caused. Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the Premises adjacent to or connected with the Premises or any part of the Building of which the Premises are a part, or for any damage or loss of property within the Premises from any cause whatsoever, except for any damages caused by Landlord's failure to repair in accordance with its express obligations under this Lease where Landlord knows of the necessity of such repairs.

6. **Alterations, Maintenance and Repair.**

6.1 Landlord shall be responsible for maintenance, repairs and replacements of components of building systems (including heating, air conditioning, plumbing and electrical systems), and maintenance and repairs of the non-leasable areas of the Building, the Building foundation, exterior walls and roof, and repairs to the Premises which are structural in nature. Notwithstanding the foregoing, Tenant will, at its expense, make all repairs and replacements arising from or occasioned by the act or omission of Tenant, its agents, employees and invitees and, if Tenant fails to make such repairs or replacements promptly, then Landlord may do so at Tenant's expense, payable upon demand of Landlord.

6.2 Tenant, at Tenant's cost and expense, **except for services furnished by Landlord pursuant to Paragraphs 5 and 6 hereof**, will maintain the Premises in good order, clean condition and repair including the interior surfaces of the ceilings (if damaged or discolored due to the fault of Tenant), walls and floors, all doors, interior glass partitions or glass surfaces

(not exterior windows); and to the extent within the Premises, toilets, sinks, plumbing pipes, electrical wiring, electrical panels, heating and air conditioning units and related equipment switches, fixtures, and other items. Tenant will also be responsible for nonstructural replacements, repairs and maintenance within the Premises, including without limitation, replacement of light bulbs and repair and replacement of any and all damage caused by tenant or guest(s) of tenant. If Tenant fails to maintain the Premises in good order, condition and repair, Landlord may give Tenant notice to do such acts as are reasonably required to maintain the Premises. In the event Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord will have the right, but will not be required, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work and the amount so expended will be immediately due and payable from Tenant upon demand. Landlord will have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work. Landlord may perform an obligation of Tenant under this paragraph and the cost of performing such obligation shall be an Operating Expense.

6.3 Landlord, its agents and employees will have the right to enter the Premises to make inspections, alterations, and repairs to the Building or premises and for the purpose of showing the Premises to prospective tenants. In the event of an emergency, Landlord, its agents and employees will have the right of entry at any time and may perform any acts related to safety, protection, preservation or improvement of the Building or Premises without liability to Tenant.

6.4 Tenant, at its expense, may make changes, additions and improvements to the Premises provided any such change, addition or improvement will:

A. Be made only with the prior written consent of Landlord, such consent to be given or withheld by Landlord in its sole discretion, and

B. Equal or exceed the current construction standard for the Building and be made in full compliance with all government requirements, and

C. Be performed by a licensed contractor first approved by Landlord which contractor, at the request of Landlord, will agree to perform construction in accordance with reasonable regulations established by Landlord and will provide to Landlord evidence of insurance coverage in an amount and form satisfactory to Landlord, and

D. Be performed pursuant to appropriate governmental permits and in accordance with all applicable laws.

E. All work performed will be done in such a manner as to not disturb or disrupt the operation of the Building or of any tenant situated in the Building. Following completion of any changes, additions or improvements, Tenant will furnish Landlord with current "as built" drawings and specifications for the Premises reflecting such changes, additions or improvements made to premises. Tenant will not cause or permit liens of any kind to be filed or placed against the Premises or the Building. If any such liens are filed, with or without Tenant's knowledge, Tenant will immediately, at Tenant's sole cost and expense, take whatever action is necessary to cause such lien to be satisfied and discharged. If Tenant does not immediately cause such lien to be satisfied and discharged, Landlord may, but is not required to, pay such lien or claim and any costs, and the amount so paid, together with reasonable attorney fees incurred in connection therewith, will be immediately due from Tenant to Landlord.

6.5 Landlord reserves the right to make such changes, alterations, additions or improvements in or to the Building or the Common Areas and the fixtures and equipment thereof as it may deem necessary or desirable; provided, however, that there is no unreasonable obstruction of the right of access to the Premises or unreasonable interference with the use of the Premises, but such work may be performed during Ordinary Business Hours.

7. **Assignment and Subletting.**

7.1 Tenant covenants and agrees that neither this Lease nor any interest in or under this Lease will be assigned, mortgaged, pledged, encumbered or otherwise transferred, nor will the Premises be sublet, or offered or advertised for subletting, without the prior written consent of the Landlord, which consent may be withheld by Landlord in Landlord's sole discretion. Notwithstanding any assignment or sublease, Tenant will remain fully liable on this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease.

7.2 If Tenant is a corporation or limited liability company then (a) any transfer of this Lease from Tenant by merger, consolidation or liquidation, or (b) any change in the present effective voting control of Tenant will constitute an assignment for the purpose of this Lease and will require the prior written consent of Landlord, which consent can be withheld by Landlord in Landlord's sole discretion.

8. **Insurance and Indemnity.**

8.1 Landlord will maintain insurance insuring the Building for those perils and in amounts which would be considered prudent for similar property situated in Cadillac, Michigan.

8.2 Tenant will, at its sole expense, during the term hereof, obtain and keep insurance in effect insuring Tenant, Landlord and all lenders related to the Building, as their interests may appear, in accordance with the following:

A. Fire and extended coverage insurance on all property situated in the Premises for which Tenant is legally liable, including, without limitation, all furniture, fixtures, equipment and personal property, and all fixtures and improvements installed or constructed in Premises by or on behalf of Tenant all at an amount equal to the full replacement value of such property. Such insurance will be in such forms and amounts reasonably approved by Landlord.

B. Public liability and property damage insurance including all activities and operations conducted by Tenant and any other person in premises. Such insurance will be written covering Tenant and Landlord in the minimum amount of $1,000,000 combined single limit public liability or such greater amount as is specified by Landlord and which is comparable for similarly situated buildings.

C. The policies referred to in Paragraphs A and B will provide that the interest of Landlord and its lenders related to the Building will not be invalidated because of any breach or violation of any warranties, representations, declarations or conditions contained in the policies and each such policy will contain a provision waiving any right of contribution by Landlord or its mortgagees under any other insurance available to them.

D. Tenant will provide a certificate of such insurance coverage to Landlord before Tenant will occupy the Premises and throughout the term hereof will provide Landlord with current certificates of such insurance coverage, each of which will state that the

coverage evidenced thereby will not expire except upon at least twenty (20) days prior written notice to Landlord. Such certificate or certificates will name Landlord as an Additional Insured.

E. Any insurance maintained by Tenant pursuant to this Paragraph 8.2 will contain a clause or endorsement under which the insurer waives all rights of subrogation against the Landlord, its agents or employees, with respect to losses payable under such policy or policies.

8.3 To the extent that a loss is covered by insurance in force and recovery is made from such loss, Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies (including extended coverage), provided that this waiver shall not be applicable if it has the effect of invalidating any insurance coverage of Landlord or Tenant.

8.4 Tenant hereby covenants and agrees to indemnify and hold Landlord harmless from all loss, damage, liability and expense, including attorney fees, resulting from any injury to person or any loss of or damage to any property caused by or resulting from any acts, omission, or negligence of Tenant or any officer, employee, agent, contractor, invitees or visitors of Tenant in or about the Premises or the Building, or from any failure of Tenant to comply with this Lease Agreement.

9. **Damage by Fire and Other Casualty.**

9.1 If, during the term, the Premises or the Building are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, Landlord will restore the Premises or the Building to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the existing laws and can be completed within six (6) months after the date of the destruction in Landlord's opinion. Such destruction will not terminate this Lease.

9.2 If the restoration cannot be made within six (6) months in Landlord's opinion, then within thirty (30) days after the Landlord notifies Tenant that the restoration cannot be made within six (6) months, Tenant may terminate this Lease immediately by giving notice to Landlord. If Tenant fails to so terminate this Lease and if restoration is permitted under the existing laws, Landlord, at its election, can either terminate this Lease or restore the Premises or the Building within a reasonable time and this Lease will continue in full force and effect. Landlord will not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof.

9.3 In case of destruction there will be an abatement or reduction of rent between the date of destruction and the date of completion of restoration, based on the area of the Premises made untenantable by the destruction.

9.4 Notwithstanding any term or provision hereof to the contrary, Landlord will not be liable for any damages to Tenant for delays in commencing or completing repairs to the Premises after fire or other casualty resulting from adjustment of insurance claims, governmental requirements, or any cause beyond Landlord's reasonable control.

10. **Condemnation.**

10.1 If all of the Premises is taken or condemned by any public or quasi-public authority, entity or corporation having the power of eminent domain, this Lease will terminate

effective as of the date of taking. If a portion of the Building not including the Premises is taken or condemned and the remainder is, in Landlord's opinion, not economically usable, Landlord will notify Tenant of the termination of this Lease effective as of the date of taking.

10.2 If a portion of the Premises is taken or condemned, either Landlord or Tenant may terminate this Lease effective as of the date of taking by written notice to the other. If neither Landlord nor Tenant terminates and the remainder is economically usable by Tenant, this Lease will terminate as to the portion taken effective as of the date of taking and continue as to the remainder. Landlord will, to the extent reasonable, use the award from such condemnation proceedings, to repair and restore the remainder to its condition as of the date of taking if the Lease is not terminated. Tenant's monthly rent hereunder will be reduced by the ratio of the area taken to the area of the Premises prior to the taking.

10.3 A voluntary sale or transfer in lieu of, but under the threat of, condemnation will be considered a taking or condemnation.

11. **Surrender at Termination.**

11.1 Upon the expiration or other termination of this Lease, Tenant will immediately surrender possession of the Premises, including fixtures which are a part of the Premises, to Landlord, broom-clean, and in the condition as received or first installed, ordinary wear and tear excepted.

11.2 All fixtures, equipment, improvements and appurtenances attached to, or built into, the Premises at the commencement or during the term hereof, including floor to ceiling partitions, doors, hardware, window treatments and carpeting, will be and remain part of the Premises and upon their construction and installation will be deemed the property of Landlord and will not be removed by Tenant. All electric, ventilation, silencing, air conditioning, and cooling equipment will be deemed to be included in such fixtures, equipment, improvements, and appurtenances, whether or not attached to or built into the Premises.

11.3 Upon expiration or other termination of this Lease, Tenant, at its expense, will remove all office furnishings, equipment and improvements which are not fixtures and are not the property of Landlord. Tenant agrees that it will pay the cost of repairing any damage to the Premises or the Building arising from removal of any property which Tenant is permitted or obligated to remove from the Premises. Any property left on the Premises after the expiration or termination of this Lease will be deemed conclusively to have been abandoned and to be the property of Landlord to dispose of as Landlord deems most expedient, at Tenant's expense. Such disposal options may include, in Landlord's sole discretion, the following: Landlord may store such property at Tenant's expense until all indebtedness owed to Landlord is paid, retain such property in satisfaction of such indebtedness, sell such property and apply the net sale proceeds to such indebtedness, or discard such property. If Tenant caused the lighting layout or heating, ventilating or air conditioning systems to be altered from building standard layouts, then, unless Landlord will otherwise agree in writing, at the expiration or termination of this Lease, Tenant will pay to Landlord an amount equal to the cost to replace such nonstandard layouts to building standard layouts.

11.4 Tenant will indemnify and hold Landlord harmless against any loss or liability resulting from delay by Tenant in surrendering the Premises, including, without limitation, any claims made by any succeeding tenant.

12. **Default.**

12.1 If Tenant fails to make any payment of rent within seven (7) days after it becomes due and payable; or if any other default will be made or suffered by Tenant in any of the other covenants and conditions of this Lease required to be kept or performed by Tenant (other than payment of rent), and if Tenant fails to cure such default or defaults within thirty (30) days after written notice given in any manner (by mail, by posting on the door of the Premises, or otherwise, at Landlord's option) by Landlord to Tenant, specifying the default or defaults complained of; or if Tenant's leasehold interest is levied on execution; or if Tenant or any guarantor of this Lease becomes bankrupt or insolvent or makes an assignment for the benefit of creditors; or if Tenant abandons the Premises; then Landlord may, in addition to any other right or remedy provided by law, terminate this Lease by written notice or may re-enter into and repossess the Premises and may relet the Premises or any part thereof for any term, either shorter, longer, or the same, at a higher, lower, or the same rent, making such alterations as may be necessary. Tenant will pay, as Additional Rent, all of Landlord's expenses in connection with reletting resulting from Tenant's default, including, without limitation, all repossession costs, brokerage commissions, alteration costs and legal expenses including reasonable attorney fees. Upon any payment default or other default, Landlord may pursue any right or remedy provided by law or this Lease Agreement, and if Tenant moves to another state, Landlord may obtain a judgment against Tenant in Michigan or in such other state and may collect upon any assets of Tenant located in any state.

12.2 Landlord may, at any time after re-entry, elect to terminate this Lease for the default giving rise to such re-entry or may terminate this Lease at any time when there is an uncured Tenant default. This Lease will also be terminated by any reletting by Landlord after re-entry. No act by Landlord other than reletting the Premises or giving written notice of termination to Tenant will terminate this Lease.

12.3 Tenant will pay to Landlord all rent due under this Lease on the dates the rent is due until this Lease is terminated, whether or not Landlord has re-entered the Premises. Upon default, Landlord, at its option, may accelerate and declare due the entire balance of Rent payable under this Lease during the remaining balance of the term of this Lease. On termination of this Lease, Landlord has the right to recover from Tenant all then unpaid rent, including accelerated rent, and any other amount necessary to compensate Landlord for all damages proximately caused by Tenant's default.

12.4 If either Landlord or Tenant commences an action against the other as the result of a breach or alleged breach of this Lease, the prevailing party will be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

12.5 If Landlord shall default hereunder, Tenant shall give written notice of such default and Landlord shall have thirty (30) days thereafter in which to cure such default or such longer period as may be reasonably necessary to cure such default. In no event shall Landlord's liability to Tenant exceed the amount of the Base Rent owed during the term of this Lease. If Tenant obtains a judgment against Landlord, Tenant's sole remedy shall be to proceed with execution against the Building, and Landlord shall have no personal liability for such judgment.

12.6 All rights and remedies of Landlord under this Lease Agreement are cumulative and nonexclusive.

13. **Mortgages.**

13.1 This Lease is and will be subject and subordinate to any mortgage or mortgages (hereinafter collectively referred to for convenience a "Underlying Mortgage") which will at any time be a lien upon the Premises or the Building. Tenant agrees that it will execute upon demand and deliver such instruments as will be required by the holder of any Underlying Mortgage to confirm or give effect to the subordination set forth above.

13.2 In the event of any sale of the Building or proceedings which are brought for the foreclosure or enforcement of an Underlying Mortgage, or in the event of the conveyance by deed in lieu of foreclosure or enforcement of an Underlying Mortgage, Tenant hereby covenants and agrees to attorn to any such mortgage foreclosure sale purchaser or grantee of a deed in lieu of foreclosure of enforcement and to execute any instrument in writing reasonably satisfactory to such purchaser or grantee whereby Tenant agrees to attorn to such successor in interest and recognizes such successor as Landlord under this Lease, provided, however, such purchaser or grantee will agree in writing to thereafter perform Landlord's obligations under this Lease.

13.3 Within ten (10) days of each request by Landlord, Tenant agrees to execute, acknowledge, and deliver to the Landlord a statement in writing certifying: (1) that this Lease is unmodified and in full force and effect (of if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (2) the dates to which the Base Rent, Additional Rent and such other charges have been paid in advance, if any, and (3) stating whether or not to the best knowledge of the signer of such certificate the Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge. Tenant understands and agrees that each such statement may be relied upon by any prospective assignee of any mortgage or by any new mortgagee of the Building.

14. **Quiet Enjoyment.**

14.1 The Landlord covenants that so long as the Tenant is not in default under this Lease, the Tenant will quietly enjoy the Premises, subject to the covenants, agreements, terms, provisions, and conditions of this Lease and to the Underlying Mortgage to which this Lease is subject and subordinate.

15. **Security Deposit.**

15.1 Tenant will deposit with Landlord the Security Deposit stated on the Lease Cover Page, which Landlord will retain as security for the faithful performance by Tenant of all of the covenants, terms, conditions, and agreements of this Lease. The Security Deposit, if not applied toward an arrearage in rent or other payments or toward the payment of damages suffered by Landlord by reason of Tenant's defaults, will be returned to Tenant at the end of the term of this Lease, but in no event will Landlord be obligated to return such deposit to Tenant until Tenant has vacated the Premises and delivered possession to Landlord and all of the covenants of this Lease which survive such expiration have been fully performed. In the event Landlord repossessed itself of the Premises because of Tenant's default under the terms of this Lease, Landlord may, but will not be obligated to, apply the Security Deposit to all damages suffered to the date of such repossession. Landlord will not be obligated to keep the Security Deposit as a separate fund, and Tenant will not be entitled to any interest on the Security Deposit.

15.2 Tenant hereby releases and discharges Landlord of and from all responsibility for the return of the Security Deposit in the event of a bona fide sale of the Building,

provided that the purchaser assumes in writing Landlord's obligation to return the Security Deposit to the Tenant as provided by this Lease.

16. **Miscellaneous Provisions.**

16.1 **Notices.** All notices and demands which may or are required to be given by either party to the other will be in writing and will be by United States first class or certified mail (return receipt requested) addressed to Tenant at the Premises and to Landlord at the address indicated on the Lease Cover Page, or to such other place as may be designated by the party. Notice to Tenant may alternatively be given by personal delivery to the Premises.

16.2 **Entire Agreement.** This Lease contains all of the covenants, agreements, terms, provisions and conditions relating to the leasing of the Premises under the Lease.

16.3 **Amendment.** This Lease may be amended only by written instrument executed by Landlord and Tenant and no discussions or other verbal understandings will be effective unless in writing executed by Landlord and Tenant.

16.4 **Waiver.** The failure of the Landlord to insist in any one or more instances upon the strict performance of any one of the terms of this Lease or to exercise any election herein contained will not be deemed to have been made unless expressed in writing and signed by the Landlord.

16.5 **Severability.** If any terms or provision of this Lease or the application thereof to any person or circumstances will, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby, and each other term and provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

16.6 **Parties Bound.** The covenants, agreements, terms, provisions and conditions of this Lease will bind and benefit the successors and permitted assigns of the parties.

16.7 **Joint and Several Liability.** If the Tenant is more than one party, the obligations imposed by this Lease upon Tenant will be joint and several obligations of all such parties. If there is a guarantor of Tenant's obligations, the obligations imposed on Tenant will be joint and several obligations of Tenant and guarantor. Landlord need not first proceed against the Tenant before proceeding against guarantor. The guarantor will not be released from its guaranty for any reason whatsoever including amendments to the Lease, waivers of default of Tenant, failure to give guarantor any notices to be given Tenant or release of any party liable for payment of Tenant's obligations under this Lease.

16.8 **Governing Law.** This Lease will be governed by the laws of the State of Michigan.

16.9 **Sale or Transfer.** Upon any sale or transfer, including transfer by operation of law, of the Building, Landlord shall be relieved from all subsequent obligations and liabilities under this Lease.

16.10 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or

any letter accompanying any check or payment as rent be deemed in accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease as provided.

16.11 **Consumer Price Index.** Any increase in the Base Rent determined by the Consumer Price Index shall be determined in accordance with any increase in the Consumer Price Index of the Bureau of Labor Statistics, United States Department of Labor, all items indexed for all Urban Consumers – U.S. City Average CPI-U all (1982-84=100), or if such index shall be discontinued, any successor or reasonable substitute index (the "Index"). The adjusted Base Rent for the twelve (12) months succeeding July 31 each year shall be the product found by multiplying the Base Rent in effect immediately prior to adjustment times a fraction, the numerator of which shall be the Index number indicated in the column for "all items" in the month and year of the adjustment and the denominator of which shall be such Index number for the month and year of the last adjustment (or the commencement date in the case of the first adjustment) as the case may be. Following each adjustment of the Base Rent as hereinbefore provided, the term "Base Rent," as used in this Lease, shall be amended to mean Base Rent as adjusted.

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Robert J. Engels
Stephen King

RESOLUTION NO. 2018-_____

RESOLUTION TO ADOPT
ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT
WITH UP NORTH ARTS, INC.

At a meeting of the City Council of the City of Cadillac, Wexford County, Michigan, held in the Council Chambers, Cadillac Municipal Complex, 200 North Lake Street, Cadillac, Michigan, on the 17th day of December, 2018, at 6:00 p.m.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by _____and seconded by _____ .

WHEREAS, the City wishes to consider an ordinance amending Ordinance No. 2017-07, Ordinance Approving a Lease Agreement with Up North Arts, Inc., to add additional language that states that the City Council may approve subsequent extensions of the lease agreement with Up North Arts, Inc. without further amendment to the Ordinance provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Up North Arts, Inc. is equal to or greater than that of the prior lease term; and

WHEREAS, on December 17, 2018, the City conducted a public hearing to consider an Ordinance amending Ordinance No. 2017-07 ("the Ordinance") accordingly; and

WHEREAS, following the public hearing, the City has determined it is in the best interests of the health, safety and welfare of City residents to adopt the proposed ordinance.

NOW, THEREFORE, the City Council of the City of Cadillac, Wexford County, Michigan, resolves as follows:

1. Ordinance No. _____-___, Ordinance Amending Ordinance Approving a Lease Agreement with Up North Arts, Inc. (the "Ordinance," attached as Exhibit A) is hereby adopted.

2. The Ordinance shall be filed with the City Clerk.

3. The City Clerk is directed to publish a Notice of Adoption within seven (7) days after its adoption.

4. Any and all resolutions that are in conflict with this Resolution are hereby repealed to the extent necessary to give this Resolution full force and effect.

YEAS: _____

NAYS: _____

STATE OF MICHIGAN)
)
COUNTY OF WEXFORD)

I, Sandra Wasson, City Clerk of the City of Cadillac, hereby certify this to be a true and complete copy of Resolution No. 2018-____, duly adopted at a meeting of the City Council held on the 17th day of December, 2018.

_____
Sandra Wasson
Cadillac City Clerk

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
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Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

ORDINANCE NO. 2018-13

ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT WITH UP NORTH ARTS, INC.

THE CITY OF CADILLAC ORDAINS:

Section 1.

Section 2 of Ordinance No. 2017-07, Ordinance Approving a Lease Agreement With Up North Arts, Inc. is hereby amended to read, in its entirety, as follows:

The Mayor and Clerk are authorized to make any changes to the Lease deemed necessary in consultation with Up North Arts, Inc. and approved by the City Attorney, except that no changes may be made to the term of **the** Lease or the rent payable by Up North Arts, Inc. unless first approved by the City Council. **Any such changes to the term of the Lease or the rent payable by Up North Arts, Inc. may be made without further amendments to this Ordinance, provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Up North Arts, Inc. is equal to or greater than that of the prior lease term.**

Section 2.

All other ordinances inconsistent with the provisions of this Ordinance are hereby repealed but only to the extent necessary to give this Ordinance full force and effect.

Section 3.

Any section or subsection not expressly amended by this Ordinance shall remain in full force and effect. Should any portion of this Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of this Ordinance.

Section 4.

This Ordinance shall take effect twenty (20) days after its adoption and publication.

Approved this _____ day of _____, 2018.

_____ _____

Sandra Wasson, Clerk Carla J. Filkins, Mayor

I, Sandra Wasson, City Clerk of the City of Cadillac, Michigan, do hereby certify that Ordinance No. 2018-13 was published in the Cadillac News on the ___ day of _____, 2018.

_____

Sandra Wasson, City Clerk

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

NOTICE OF ADOPTION

On December 17, 2018, the City Council of the City of Cadillac adopted Ordinance No. 2018-13, Ordinance Amending Ordinance Approving a Lease Agreement with Up North Arts, Inc. A true copy of the Ordinance is available for inspection at the offices of the City of Cadillac, located at 200 North Lake Street, Cadillac, Michigan, 49601. Inspections may take place during normal business hours. Members of the public may obtain a copy of the Ordinance for a reasonable charge. The following is a summary of the ordinance:

ORDINANCE AMENDING ORDINANCE APPROVING A LEASE AGREEMENT WITH UP NORTH ARTS, INC.

Section 1 of the ordinance amends Section 2 of Ordinance No. 2017-07, Ordinance Approving a Lease Agreement with Up North Arts, Inc., to state that any changes to the term of the Lease or the rent payable by Up North Arts, Inc. may be made without further amendments to this Ordinance, provided that (1) the parties to the Lease are the same and (2) the amount of rent payable by Up North Arts Inc. is equal to or greater than that of the prior lease term.

Section 2 provides that all other ordinances inconsistent with the provisions of the Ordinance are hereby repealed only to the extent necessary to give the Ordinance full force and effect.

Section 3 provides that any section or subsection not expressly amended by the Ordinance shall remain in full force and effect. Should any portion of the Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of the Ordinance.

Section 4 provides the effective date of the ordinance.

CITY COUNCIL OF THE
CITY OF CADILLAC, MICHIGAN

By: Sandra Wasson, City Clerk
Cadillac Municipal Complex
200 N. Lake Street
Cadillac, Michigan 49601
Telephone No: (231) 775-0181

December 17, 2018

Council Communication

Re: Resolution to adopt ordinance amending zoning ordinance regarding combination group/family shelters.

The following information was provided at the City Council meeting held on December 3, 2018:

A board member of the New Hope Shelter contacted the City's Community Development Department to advise that they have been offered a site near the new jail site, upon which they are considering the construction of a new centralized facility with a single management structure. It was further advised that this new opportunity would change their direction in how they wish to supply services to the homeless, and that rather than having several facilities, currently comprised of family shelters, men's shelters, and women's shelters, they now wish to consolidate all of their shelters within one facility with a centralized management structure.

The following information packet is a series of text amendments to our zoning ordinance which would be required to allow New Hope to pursue their new operational strategy. These amendments were drafted by our Development Director and City Attorney. New Hope has also reviewed the proposed zoning amendments and believes they will be satisfactory in their pursuing their development plans.

For reference, the City went through a thorough process last year in terms of adopting new zoning ordinance regulations that addressed the appropriate locations (zoning districts), management, and operational characteristics for homeless shelters. We have maintained most of these regulations and have only changed those that were necessary to allow for a consolidation of shelters which we have entitled a "Combination Group/Family Shelter". A combination group/family shelter shall mean a homeless shelter that shelters some combination of a family or group of unrelated persons of differing genders under one roof and with centralized management.

It should be noted that a combination group/family shelter will only be allowed to be considered in the RM-1 and RM-2 Zoning Districts (both districts intended for multiple-family development). The B-1, B-2, B-3, OS-1, and OS-2 Zoning districts which can be considered for a group shelter will not be allowed to be considered for a combination group/family shelter. The prohibition on locations within 500 feet of Lake Cadillac, Downtown Development Authority District, and Historic Districts are being maintained. Previously set spatial separation standards between shelters are also being maintained with the exception of those within the combination group/family shelter. These spatial separation standards will likely be a moot point in that a new centralized facility may address all local homeless need within one facility.

The proposed new zoning regulations include the following:

- Language which would reduce by two hours the time for which residents would have to be away from the facility (going from eight to six hours). New Hope Shelter will be attempting to reduce

this time further if possible. This should reduce the amount of time residents have to spend in other warm and public buildings within the community.

- New maximum bed count for a combination group/family shelter of 60 beds. This new maximum would not automatically be permitted but would be contingent on any applicant during the special use permit process demonstrating that any proposed bed count is needed to meet the current homeless need within the greater Cadillac Area.
- Separated communal space between men's and women's group shelters contained within the new combination group/family shelter facility.

The Planning Commission at their meeting on November 26, 2018, and after a public hearing, unanimously approved the proposed zoning amendments as presented and recommended their approval by the City Council. If these amendments are approved after the City Council hosts their public hearing, the next step for the New Hope Shelter will be to file for a rezoning of their proposed site into either a RM-1 or RM-2 Zoning District. This rezoning would require public hearings and action before both the Planning Commission and the City Council. If the rezoning is successful, the final step would be for New Hope Shelter to submit a special land use permit request before the Planning Commission.

Recommended Action

Approve the resolution to adopt the Ordinance Amending Zoning Ordinance Regarding Combination Group/Family Shelters.

City Council

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Mayor Pro-Tem
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Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

RESOLUTION NO. ____

RESOLUTION ADOPTING ORDINANCE AMENDING ZONING ORDINANCE REGARDING COMBINATION GROUP/FAMILY SHELTERS

At a meeting of the City Council of the City of Cadillac, Wexford County, Michigan, held in the Council Chambers, Cadillac Municipal Complex, 200 North Lake Street, Cadillac, Michigan, on the 17th day December, 2018, at 6:00 p.m.

PRESENT: _____

ABSENT: _____

The following preamble and resolution was offered by _____and seconded by _____.

WHEREAS, pursuant to the Michigan Zoning Enabling Act, 2006 PA 110, the City has the authority to provide by zoning ordinance, for the regulation of land use and development in the City; and

WHEREAS, the City wishes to consider amendments to its zoning ordinance to create a new special land use in the RM-1 and RM-2 Zoning Districts entitled "Combination Group/Family shelters" to provide for homeless shelters that shelter some combination of a family or group of unrelated persons of differing genders under one roof and with centralized management; and

WHEREAS, on November 26, 2018, the Planning Commission held a public hearing on the proposed amendments (the "Ordinance" attached as **Exhibit A**); and

WHEREAS, the City Planning Commission recommended approval of the Ordinance

to the City Council; and

WHEREAS, the City held a duly noticed public hearing to consider adopting the Ordinance on December 17, 2018; and

WHEREAS, following the public hearing, the City concludes that adopting the Ordinance is in the best interest of the public health, safety and welfare.

NOW, THEREFORE, the City Council of the City of Cadillac, Wexford County, Michigan, resolves as follows:

1. Ordinance No. _____, Ordinance Amending Zoning Ordinance Regarding Combination Group/Family Shelters (the "Ordinance," attached as Exhibit A) is hereby adopted.

2. The Ordinance shall be filed with the City Clerk.

3. The City Clerk shall publish notice of adoption in a newspaper of general circulation in the City within 15 days.

4. Any and all resolutions that are in conflict with this Resolution are hereby repealed upon the effective date of the Ordinance but only to the extent necessary to give this Resolution full force and effect.

YEAS: _____

NAYS: _____

STATE OF MICHIGAN)
)
COUNTY OF WEXFORD)

I, Sandra Wasson, City Clerk of the City of Cadillac, hereby certify this to be a true and complete copy of Resolution No. ____, duly adopted at a regular meeting of the City Council held on the 17th day of December, 2018.

_____
Sandra Wasson
Cadillac City Clerk

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
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ORDINANCE NO. 2018-14

ORDINANCE AMENDING ZONING ORDINANCE REGARDING COMBINATION GROUP/FAMILY SHELTERS

Section 1. Amendment to Section 46-4

Section 46-4 of the City Zoning Ordinance shall be amended to add a definition for "Combination Group/Family shelter" which shall read, in its entirety, as follows.

Sec. 46-4. - Definitions.

Combination Group/Family shelter shall mean a homeless shelter that shelters some combination of a family or group of unrelated persons of differing genders under one roof and with centralized management.

Section 2. Amendment to Section 46-186

Section 46-186 of the City Zoning Ordinance shall be amended to add "Combination Group/Family shelter" as a special land use permitted in the RM-1 Zoning District as follows:

Sec. 46-186. – Special land uses permitted.

The following uses of land and structures will be allowed as stipulated in article VI of this chapter, special land uses:

(1) Recreational activities.
(2) Offices and/or business in an existing building.
(3) Office and/or business in a dwelling (mixed use).
(4) Family shelter.
(5) Group shelter.
(6) Combination Group/Family shelter.

Section 3. Amendment to Section 46-216

Section 46-216 of the City Zoning Ordinance shall be amended to change the title to "Special Land Uses Permitted" and to add "Combination Group/Family shelter" as a special land use permitted in the RM-2 Zoning District as follows:

Sec. 46-216. – ~~Principal uses permitted subject to special conditions~~ Special land uses permitted.

The following uses of land and structures will be allowed, as stipulated in article VI of this chapter, special land uses:

(1) Recreational facilities.
(2) Mobile home parks.
(3) Office and/or business in an existing building.
(4) Office and/or business in a dwelling (mixed use).
(5) Family shelter.
(6) Group shelter.
(7) Combination Group/Family shelter.
(8) Accessory buildings and uses customarily incident to any of the ~~permitted~~ special land uses in subsections (1) through (7) of this section.

Section 4. Amendment to Section 46-745

Section 46-745 of the City Zoning Ordinance shall be amended to add "Combination Group/Family shelter" as a special land use to the table and list the districts in which such use is allowed as shown below:

Sec. 46-745. - Authorization.

This article hereby authorizes the city planning commission to consider special land uses. The following uses of land and structures are eligible to be permitted under this article in the district enumerated, as in any proposed use that is listed in this chapter as an eligible special land use:

Special Use	*Districts Allowed*
Newly constructed multiple-family under five acres	R-3, R-4, RT, TS-2, RMH, OS-1, OS-2, B-3
Newly constructed two-family under five acres	R-2, R-3, R-4, RT, TS-2, RMH
Private recreational activities	R-2, R-3, R-4, RT
Office and/or business and residential mix in one dwelling	R-2, R-3, R-4, RT, RM-1, RM-2, RMH, MH, OS-1, OS-2, TS-1, TS-2, P-1, B-1, B-2, B-3

Business and/or office in an existing building	R-2, R-3, R-4, RT, RM-1, RM-2, RMH, MH, OS-1, OS-2, B-1, B-2, B-3, TS-1, TS-2, P-1
Two-family residential in existing building	R-2, R-3, R-4, B-3, RT, RMH
Multiple-family in existing building	R-3, R-4, B-3, RT, RMH
Family shelter	R-1, R-2, R-3, R-4, RM -1, RM-2, RMH, MH, R-PUD
Group shelter	RM-1, RM-2, OS-1, OS-2, B-1, B-2, B-3
Combination Group/Family shelter	RM-1 and RM-2

Section 5. Amendment to Section 46-747

Section 46-747 of the City Zoning Ordinance shall be amended to add regulations for Combination Group/Family Shelters. Section 46-747, as amended, shall read in its entirety, as follows:

Sec. 46-747. - Basis of determination.

(3) *Specific standards relating to family shelters.* In addition to the general standards required in this section, the following additional requirements shall apply when evaluating requests for family shelters:

a. A family consisting of persons related by blood, marriage or adoption, or no more than four individuals occupying a dwelling unit who are committed to living together as a single housekeeping unit, in harmony with the surrounding neighborhood, responsible for maintaining a common household.

b. A minimum of 300 feet shall be maintained between family shelters unless within a combination group/family shelter.

c. A current and unrevoked housing maintenance certificate shall be required for all family shelters.

(4) *Specific standards relating to group shelters and combination group/family shelters.* In addition to the general standards required in this section, the following additional requirements shall apply when evaluating requests for group shelters or combination group/family shelters:

a. Group shelters and combination group/family shelters shall not be permitted in the Downtown Development Authority District or the Historic Districts.

b. Group shelters and combination group/family shelters shall not be permitted on any property having lake frontage or within 500 feet of Lake Cadillac.

c. Group shelters and combination group/family shelters shall comply with all applicable federal and Michigan statutory requirements.

d. Group shelters and combination group/family shelters shall comply with all applicable Uniform Building and Fire Codes, including maximum occupancy restrictions.

e. Community need, development and operational standards. In addition to the application requirements, group shelters and combination group/family shelters shall comply with all community need, development and operational standards provided in this Section.

1. *Community need standards.* Any application for a group shelter or combination group/family shelter must demonstrate that the group shelter or combination group/family shelter is needed to take care of the homeless needs that exist within the greater Cadillac area.

2. *Development standards.*

i. *Location and separation.*

(A) Group shelters and combination group/family shelters shall be located in an enumerated zoning district where such use is permitted by special land use or special conditions.

(B) A minimum distance of 1,000 feet shall be maintained between all group shelters and combination group/family shelters

ii. *Physical characteristics.*

(A) The maximum number of beds, including those of caretakers or resident managers shall be 16 for group shelters. For combination group/family shelters, the maximum number of beds including those of caretakers or resident managers shall be 60.

(B) Smoke detectors in accordance with the International Fire Code shall be installed.

(C) The facility shall provide adequate private living space in accordance with the International Property Maintenance Code.

(D) All bedrooms shall have emergency escape openings that comply with the building code.

(E) Adequate bathroom facilities shall be provided. ~~and at a minimum shall include a minimum of two full bathrooms.~~

(F) A shared/communal area for socializing shall be provided in accordance with the International Property Maintenance Code. For combination group/family shelters containing both a men's and a women's group shelter, a separate shared/communal area shall be provided for both the men's and women's shelter areas in accordance with the International Property Maintenance Code.

(G) Secure storage areas for the intended residents shall be provided.

(H) Laundry facilities shall be provided.

(I) Bicycle racks shall be provided.

(J) A designated location should be provided for waste receptacles and such receptacles shall be screened from view.

(K) The size of a group shelter shall be in character with the surrounding buildings in the neighborhood.

(L) Group shelters shall not be permitted within a commercial multi-tenant shopping center.

3. *Operational and design standards.*

i. If located within 150 feet of a single family residential zoning district, all outdoor activity shall be screened from public view and from the view of adjacent properties.

ii. If the group shelter or combination group/family shelter plans to offer drug or alcohol abuse counseling to residents of the shelter, the applicant shall advise the city on any state licensing that may be required and demonstrate compliance as appropriate.

iii. Lighting shall be sufficient to provide illumination and clear visibility to all outdoor areas, with minimal shadows or light leaving the property. Lighting shall be stationary, directed away from adjacent properties and public rights-of-way, and of intensity compatible/comparable with the neighborhood.

iv. Off-street parking shall be provided at a rate of one vehicle parking space per employee/volunteer plus one vehicle parking space for every six beds.

v. Adequate management, support staff and security must be present during the hours of operation of the group shelter. A minimum of one supervisory level staff member must be present on the site during hours of operation. Management staff must make best efforts to ensure that loitering does not occur on the property during off-hours and must ensure that clients are not creating a nuisance to the neighborhood.

vi. The group shelter or combination group/family shelter shall have a minimum of 18 hours per day of operation ~~shall have set hours of operation~~ and the hours of operation shall be posted in a publicly visible and accessible location. Hours of operation means that the shelter is available for occupancy by homeless persons.

vii. Group shelters and combination group/family shelters shall require that [their] residents participate in wrap-around services which involve individual case management.

viii. The intake process for new residents should be handled from an internal office within the group shelter or combination group/family shelter.

f. *Management policies.* An applicant for a group shelter or combination group/family shelter, as part of the application process, shall prepare and file with the city its management policies as they relate to the following:

1. A resident identification process;
2. Timing and placement of outdoor activities;
3. Standards governing expulsions;
4. Hours of operation and standard lights-out;
5. Policies regarding safety and security and to include emergencies;
6. Smoking policy to include identification of areas where smoking is to be permitted;
7. Volunteer and donation procedures;
8. Communications with the city and the neighborhood.

g. *Group shelter or combination group/family shelter approval.* The city may deny a proposed group shelter or combination group/family shelter if it makes findings that:

1. The proposed ~~group~~ shelter fails to meet one or more of the required standards of this section or other applicable state or federal law.
2. The ~~group~~ proposed shelter would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development of the ~~group~~ shelter financially infeasible. As used in this subsection, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

If an application is denied, the reasons for that denial shall be recorded in the motion to deny. If an application is approved with conditions, the conditions shall be included in the motion to approve.

Section 6. Validity and Severability

Should any portion of this Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of this Ordinance.

Section 7. Repealer

All other ordinances inconsistent with the provisions of this Ordinance are hereby repealed but only to the extent necessary to give this Ordinance full force and effect.

Section 8. **Effective Date**

This Ordinance shall take effect twenty (20) days after its adoption.

Approved this ____ day of _____, 201_.

_____ _____

Sandra Wasson, Clerk Carla J. Filkins, Mayor

City Council

200 North Lake Street
Cadillac, Michigan 49601
Phone (231) 775-0181
Fax (231) 775-8755

Mayor
Carla J. Filkins

Mayor Pro-Tem
Shari Spoelman

Councilmembers
Tiyi Schippers
Stephen King
Robert J. Engels

NOTICE OF ADOPTION

NOTICE IS HEREBY GIVEN that the City Council of the City of Cadillac, Wexford County, Michigan, at a regular meeting held in the Council Chambers, Cadillac Municipal Complex, 200 Lake Street, Cadillac, Michigan, on December 17, 2018, adopted Ordinance No. 2018-14, Ordinance Amending the Zoning Ordinance Regarding Combination Group/Family Shelters.

A copy of the Ordinance may be purchased or inspected during regular business hours at the Cadillac City Hall located at 200 Lake Street, Cadillac, Michigan. Members of the public may obtain a copy of the Ordinance for a reasonable charge.

The following is a summary of the Ordinance:

ORDINANCE NO. 2018-14

ORDINANCE AMENDING ZONING ORDINANCE REGARDING COMBINATION GROUP/FAMILY SHELTERS

Section 1 of the ordinance adds a definition for "Combination Group/Family shelter" to Section 46-4 of the City's Zoning Ordinance.

Section 2 of the ordinance amends Section 46-186 of the City Zoning Ordinance to add "Combination Group/Family shelter" as a special land use permitted in the RM-1 Zoning District.

Section 3 of the ordinance amends Section 46-216 of the City Zoning Ordinance to change the title to "Special Land Uses Permitted" and to add "Combination Group/Family shelter" as a special land use permitted in the RM-2 Zoning District.

Section 4 of the ordinance amends Section 46-745 of the City Zoning Ordinance to add "Combination Group/Family shelter" as a special land use to the Authorization table and list the districts in which such use is allowed.

Section 5 of the ordinance amends Section 46-747 of the City Zoning Ordinance to add regulations for Combination Group/Family shelters.

Section 6 of the ordinance states that should any portion of this Ordinance be found invalid for any reason, such holding shall not be construed as affecting the validity of the remaining portions of this Ordinance.

Section 7 of the ordinance states all other ordinances inconsistent with the provisions of the proposed ordinance are hereby repealed but only to the extent necessary to give the proposed ordinance full force and effect.

Section 8 of the ordinance states that the proposed ordinance shall take effect twenty (20) days after its adoption.

CITY COUNCIL OF THE
CITY OF CADILLAC, MICHIGAN

By: Sandra Wasson, City Clerk
Cadillac Municipal Complex
200 Lake Street
Cadillac, Michigan 49601
Telephone No: (231) 775-0181

December 17, 2018

COUNCIL COMMUNICATION

Re: Reappointment to Cadillac Historic Districts Commission – Gwen Dubravec

Gwen Dubravec has indicated her interest in being reappointed to serve on the Cadillac Historic Districts Commission. Gwen Dubravec has served on the Cadillac Historic Districts Commission since 2012.

It is recommended that Gwen Dubravec be reappointed to the Cadillac Historic Districts Commission for another 3 year term, expiring on 12/31/2021.

December 17, 2018

COUNCIL COMMUNICATION

Re: Reappointment to Cadillac Historic Districts Commission – Mark Snider

Mark Snider has indicated his interest in being reappointed to serve on the Cadillac Historic Districts Commission. Mark Snider has served on the Cadillac Historic Districts Commission since 2005.

It is recommended that Mark Snider be reappointed to the Cadillac Historic Districts Commission for another 3 year term, expiring on 12/31/2021.

December 17, 2018

Council Communication

Re: Calendar Year 2019 Council Meeting Schedule

Pursuant to Article 3, Section 3.2 of the City Charter, the City Council shall meet at least one time per month on a regular day and hour to be established by the City Council.

In the past, the City Council has set its regular meeting schedule for two meetings per month that are held on the first and third Mondays at 6:00 p.m., unless the meeting day falls on or near a holiday, or is the day before an election. In those instances when there is a conflict, the City Council has traditionally set its annual schedule in a manner to avoid the conflict by either not scheduling two regular meetings in that specific month, and/or by scheduling the meeting on an alternative day. Note, regardless of whether two regular meetings are scheduled monthly, or if in some months only one regular meeting is scheduled, the Council may call a special meeting anytime.

Recommended Action
It is recommended that the 2019 City Council Meeting Schedule be approved as follows:

Regular Council Meetings will be monthly on the first and third Mondays starting at 6:00 p.m. except for the following months-

- January – Schedule one regular meeting for the third Tuesday, January 22, 2019.
    - Due to Christmas, New Years, and Martin Luther King Jr. holidays, City Offices are closed December 24, 25, and 31 2018, and January 1 and 21, 2019 respectively. Additionally, it is common for staff to take vacation and/or personal time off during this timeframe.

- July – Schedule one regular meeting for the third Monday, July 15, 2019.
    - Due to the proximity of Independence Day in the first week of the month, it is common for staff to take vacation and/or personal time off during this timeframe, even though the holiday is not on Monday.

- September – Schedule the first meeting of the month for Tuesday, September 3, 2019
    - Due to City Offices being closed on September 2 for Labor Day.

- November – Schedule one regular meeting for the third Monday, November 18, 2019.
    - Due to the City General Election scheduled for Tuesday, November 5, 2019.

Should other elections be scheduled, a recommendation would come forward accordingly requesting the meeting prior be cancelled. Otherwise, as previously noted, all other regularly scheduled Council Meetings would be on the first and third Mondays of every month starting at 6 p.m. aside from the exceptions listed above or any special meetings that are called as-needed.

WEXFORD COUNTY AIRPORT AUTHORITY

MINUTES

Meeting of Wednesday July 11, 2018

1. Meeting was called to order at 6:24 PM by Hill.
   Present: Hill, Osborn, King, and Holder
   Also present: Manager Bob Johnson
   Lucinda Rathbun (record minutes)

2. Introduction of Guests: None

3. Additions or Deletions to the Agenda:
   9. D. Bill Ross email

4. Approval of May 2018 and June 2018 Meeting Minutes:
   May minutes were presented. Discussion.

MOTION by King to approve May minutes.
MOTION withdrawn and restated by King to Approve the minutes with corrections as discussed. Supported by Osborn. All in Favor. Motion carried.
Action: Holder to correct minutes to reflect discussion and re-submit.

June minutes were presented. Discussion.
MOTION by Holder to approve June minutes. Supported by King. All in Favor. Motion carried.

5. Treasurer's Report
   Profit & Loss Budget Performance January through June 2018 was presented.
   Manager Johnson reported that fuel sales have been good. Discussion about format of Profit & Loss statement reviewed for consolidating the data for easier layout.
Action: Osborn and Manager Johnson to work out new layout.
MOTION by Osborn to accept Treasurer's Report. Supported by Holder. All in Favor. Motion carried.

6. Committee Reports
   a. Finance Committee-nothing to report
   b. Personnel Committee-did not meet
   c. Facilities Committee-did not meet
   d. By-Law Committee-did not meet

7. President's Report-Nothing to Report

8. Manager's Report
Discussion about discount for fuel for hanger users.

MOTION by Osborn As of August 1, 2018, hanger tenant that is current on rent will get 20 cent per gallon fuel discount for planes in that hanger with a credit card on file. Supported by Holder. All in Favor. Motion carried.

Air race received positive feedback with 11 or 12 planes participating.
Fence project completion by this fall. Will meet in a few weeks to review bids.
Vacant board members need to be filed by County and City. Letter received from the County accepting Carol Dehnbostel's resignation. Process to replace board members may take a few months.

9. New Business
   a. reil to be fixed on runway 25
      Discussed the strobe light left side on 25 approach. Airport Lighting has been trying to repair. They have been coming monthly with a cost of $300 per repair visit.

Action: Manger Johnson will be obtaining quotes and do more research.

   b. after hours on weekend
      Discussed whether an after-hours fee should be charged especially since a call-in fee has to be paid.

Action: Manager Johnson to prepare a recommendation to be reviewed at next meeting.

   c. getting a quote to fix the skids on the front loader

Action: Manager Johnson to obtain quotes.

   d. Bill Ross email

Bill Ross has requested his 5% backpay. It is believed that he received all his entitled payments. More details and information will be requested from Bill Ross.

10. Old Business
    a. Fuel Filter for Fuel Farm
       Discussed under Manager's Report

11. Public Comment-None

12. Board Member Comments
    King wondered about status on Tower. King will be on vacation during next scheduled meeting. One week before next meeting members will be contacted for attendance and then it will be decided if next meeting date needs to be changed.
    Consensus of board members to thank Karen Dehnbostel for all her hard work as board member.
    Hill mentioned employee reviews need to be completed. Manager Johnson will compete that. Board members will review Manager Johnson when his review is due. Hill also advised that he will be busy the next few months.

13. Next Meeting date is August 8, 2018 at 6:00 PM

14. Adjournment

MOTION by King to adjourn at 7:31 PM. Supported by Holder. All in Favor. Motion carried.

Prepared by Lucinda Rathbun

Lucinda Rathbun

_____

Action Items:
4, 5, 9a 9b

WEXFORD COUNTY AIRPORT AUTHORITY

MINUTES

Meeting of Wednesday September 12, 2018

1. Meeting was called to order at 6:00 PM by Hill.
   Present: Hill, King, Helton and Paquin
   Also present: Manager Bob Johnson
   Lucinda Rathbun (record minutes)
   Absent: Holder & Osborn

2. Introduction of Guests: Toby Danford and Bob Light
   representing Cadillac Area Modelers Aircraft Society
   Bob Clark

The Cadillac Area Modelers Aircraft Society (CAMAS) would like to develop a runway at the airport. The area considered is west side by storage shed. Currently CAMAS operates out of Tustin. They would like to expand their membership which is currently around 25. They follow AMA and all safety regulations. They would need to stake off area and improve the ground area. Discussion about benefits and advantages of having a club. Safety matters were discussed.

3. Additions or Deletions to the Agenda:
   Correction to 4. Approval of July 2018 and Special Meeting 8/11/18 Minutes

4. Approval of July 2018 and Special Meeting 8/11/18 Minutes:

MOTION by Nathan to approve July Minutes as presented.
Supported by Helton. All in Favor. Motion carried.

MOTION by Helton to approve Special Meeting 8/11/18 minutes as they stand.
Supported by King. All in Favor. Motion carried.

5. Treasurer's Report
   Discussion about appointing a Treasurer. Bob Clark will work with Manager Johnson on upcoming budget that needs to be presented to the City and then to the County. After discussion, Treasurer position still vacant. Profit & Loss Budget vs Actual reviewed.

MOTION by King to accept Treasurer's Report. Supported by Paquin. All in Favor.
Motion carried.

6. Committee Reports
   a. Finance Committee-nothing to report
   b. Personnel Committee-did not meet
   c. Facilities Committee-did not meet
   d. By-Law Committee-did not meet

7. President's Report-Nothing to Report

8. Manager's Report
The riel is fixed.
Fencing will start in October.
Stone broke a window while mowing. $285 to replace broken window.
Presented data reviewing gas prices around the area. Discussion about being competitive.
Landing fees for weekends and tie downs were discussed.
Northern Pump Service Invoice #25519 for $592.00 paid for necessary repair.
Discussion about website. Consensus was that more information is needed.

9. New Business
a. Northern Pump Services bid for Replacement of Safety Valve & Installation of Line Check
MOTION by Paquin to Approve initial bid pending authorization to use the new style valve and if approval denied, approve use of the standard valve. Supported by King. All in favor. Motion carried.
b. r/c radio control airplane; discussed under Introduction of Guests.
c. after hour on weekend Landing fees for weekends and tie downs were discussed.
MOTION by Helton to Charge $5.00 for overnight parking and/or $25.00 per week. Supported by King. All in Favor. Motion carried.

MOTION by Paquin for Weekend call out fee $100.00 with a 60/40 split. Supported by Helton. All in Favor. Motion carried

10. Old Business
a. getting a quote to fix the skids on the front loader
b. reil is fix on 2/5
c. fencing on airport
ALL DISCUSSED UNDER MANAGERS REPORT
11. Public Comment-None

12. Board Member Comments
King stated that he enjoyed his vacation

13. Next Meeting date is October 20, 2018.

14. Adjournment
MOTION by Helton to adjourn at 7:45 PM. Supported by Paquin. All in Favor. Motion carried.

Prepared by Lucinda Rathbun

Lucinda Rathbun