

PROPERTY LEASE

County of Alpena, c/o Alpena County Board of Commissioners, Attention: Board Secretary, of 720 W. Chisholm St, Alpena Michigan, the lessor, and Alpena Rink Management, LLC, of 751 Woodward Avenue, Alpena, Michigan, the lessee, enter into this lease subject to the following conditions:

1. Premises. The lessor leases to the lessee the property located at 751 Woodward Ave, Alpena, Michigan, and more fully described on the attached Exhibit A.
2. Term. The term of this lease shall be 5 years, commencing on April 28, 2021. This lease may be renewed for a 3 year extension, provided same is requested by lessee by no later than October 27, 2025 for the final renewal, and the renewal is approved in writing by lessor by January 27, 2026. Lessor may terminate this lease by giving lessee 90 day written notice. Lessee may also terminate this lease by giving lessor 90 day written notice. Lessee agrees that in the event of early termination hereunder, it shall remain responsible for all bills, fees or other charges incurred prior to the date it vacates the premises, including any bills, fees or costs under contract for future delivery or performance. In the event of early termination by either party pursuant hereto, the security deposit provided for in paragraph 4 will be held by lessor for 6 months after the premises are vacated.
3. Rent.
 - a. Base rent. The lessee shall pay the lessor \$1.00 per year as base rent for the premises, starting on the commencement date. Rent shall be paid to the lessor at the address shown above or any other place designated in writing by the lessor.
 - b. Additional rent.
 - (1). The lessee shall be responsible for the payment of business, sales and employee taxes and insurance (except property insurance which the lessor shall pay) on the premises as required by this lease and all the utility services for the premises, including water, sewer, gas, electricity, heat, and other services delivered to the premises. Lessee shall pay when due all such utilities and keep same current during the term of this agreement, and provide proof of such payment when making its monthly reports to Lessor as required hereunder. At the termination of this agreement, Lessee shall coordinate with Lessor the transfer of billing responsibility back to Lessor, but will only do so with the knowledge and consent of Lessor.
 - (2). The lessee shall pay monthly into the Northern Lights Arena "Surcharge Fund" maintained by the Lessor, the sum of \$1.00 per ticket for all events where the lessee collects the gate. For events where the premises are rented to a private company for an event, and the private company collects the gate, or for "general admission/non-ticketed/non-ice or "no charge" events, then in that event a flat fee for each day of such event shall be paid, which amount shall be either 5% of the base rental rate per day for such events, or \$100.00 per day, whichever is greater. When there is any dispute or ambiguity in regard hereto, the "NLA Surcharge Collection Policy (Fiscal Policy)" attached hereto as "Exhibit F" shall control. It is the

responsibility of lessee to add and collect such amounts as part of its contract with such private companies, and pay same to lessor as provided herein. The lessor shall set such funds aside to be used as set forth in the "Northern Lights Surcharge Use Policy" as attached as Exhibit B.

(3). The lessee shall pay monthly into the Northern Lights Arena "Surcharge Fund" maintained by the Lessor, the sum of \$1.00 per hour of ice time sold at NLA. The lessor shall set such funds aside to be used as set forth in the "Northern Lights Surcharge Use Policy" as attached as Exhibit B.

(4). In lieu of the previously specified payment to the "Perpetual Fund" as set forth in the prior version of this property lease, the parties now agree to eliminate that provision. In consideration thereof, The lessee agrees to pay the first Six Thousand (\$6,000.00) annually of all repairs and maintenance to the facility which would otherwise be paid out of the "Surcharge Fund" as set forth in paragraph 3b.(2) hereof. It is agreed that all maintenance work will be performed as required, and not deferred, and that all such work will first be approved by the County's maintenance manager as so designated and the actual work be inspected and found acceptable during the performance of such work and upon completion. The County Treasurer will be provided proof of the cost of all such repairs and maintenance, and her determination of what payments apply to the annual \$6,000.00 obligation of lessee shall be final, subject to appeal to the County Board of Commissioners.

Please initial showing specific understanding and agreement of the foregoing sub-section:

Lessor/County: _____; Lessee/NLA _____.

(4). The Lessor shall pay for Property Insurance coverage as more specifically set forth in Paragraph 14 (A) hereof.

(5). The lessee shall pay monthly, commencing April 28, 2021, the amount listed on the attached amortization schedule (Schedule G), which amount represents the prorated bond payments attributable to this facility as determined by the Alpena County Treasurer.

(6). The lessee shall pay for all other services contracted for by the lessee as soon as an invoice is presented so that no past due accounts arise. In addition, any fees, costs, or expenses incurred by the lessor for enforcing the lessee's obligations under this lease, including reasonable attorney fees, shall be additional rent owing under the lease and shall be immediately due and payable by the lessee.

4. Security deposit. The lessor shall retain the security deposit of \$15,000.00, as previously paid by lessee. The lessor may hold the security deposit in any manner the lessor chooses. The deposit will be held in a secure, non-interest bearing escrow account in the name of lessor, which will only be used for damages caused by lessee and/or for unpaid rent hereunder. Any balance not used for such purpose will be returned to lessee at the end of

- this lease. No interest shall be paid on the security deposit during the term of this lease. At the end of the lease term, the security deposit shall be returned to the lessee unless the lessee has defaulted under the security and option agreements signed on the same date as this lease. If the lessee defaults under this lease or the option agreements, the security deposit may be used to pay any costs or damages, direct or contingent, of the lessor under these agreements.
5. Signs. All signs placed on the premises shall be in keeping with the character and decor of the premises.
 6. Acceptance of occupancy. The lessee shall commence occupancy of the premises on the commencement date and begin paying rent as required by this lease. The lessee acknowledges that the premises are in a state of repair that is acceptable for the lessee's intended use of the premises.
 7. Vacation of the premises. The lessee shall not vacate or abandon the premises during the term of this lease. If the lessee does abandon or vacate the premises or is dispossessed by process of law or otherwise, any of the lessee's personal property that is left on the premises shall be deemed abandoned by the lessee, at the option of the lessor.
 8. Use. The premises are to be used and occupied by the lessee for community recreation and entertainment. No activity shall be conducted on the premises that does not comply with all state and local laws.
 9. Repairs and maintenance. The lessee shall be responsible for all maintenance and repair of the premises. The lessee must repair and maintain the premises at the lessee's expense. The premises shall be kept in good and safe condition, including any plate glass windows, the electrical wiring, the plumbing, any other system or equipment on the premises, structural members of all buildings, and other improvements on the premises. This provision is subject to the following policies of lessor which are attached hereto as Exhibits "B", "C", and "D". "Northern Lights Surcharge Use policy", "Disposal of Assets policy" and "County Bidding policy". Any changes in such policies will become part of this lease 30 days after such changes are provided to lessee by written notice.
 10. Surrender of the premises. The lessee shall surrender the premises to the lessor when this lease expires, broom clean and in the same condition as on the commencement date, except for normal wear and tear.
 11. Entry and inspection. The lessee shall permit the lessor or the lessor's agents to enter the premises at reasonable times and with reasonable notice, to inspect and repair the premises. During the 90 days before the lease expires, the lessee shall permit the lessor to place standard "For Lease" signs on the premises and permit persons desiring to lease the premises to inspect the premises. Maintenance records of the facility, and all systems and equipment records, are to be maintained and made available for inspection by Lessor at reasonable times and with reasonable notice.
 12. Alterations. The lessee may not remodel and improve the premises without the express written permission of the Lessor. Such work shall be done without injury to any structural portion of the building. Any improvements constructed on the premises shall become the property of the lessor when this lease terminates.
 13. Assignment and subletting. The lessee may not assign, sublet, or otherwise transfer or convey its interest or any portion of its interest in the premises without written consent from the lessor. The lessor shall have total discretion on its approval of proposed assignments or subleases.

14. Insurance. The Lessor shall secure and maintain property insurance during the terms of the Agreement:
- (A) Property Insurance: Property Insurance coverage is provided by lessor under its existing insurance program.
The Lessee shall secure, maintain and furnish evidence of insurance to the Lessor, prior to and during the terms of the Agreement with the following required coverage's:
 - (B) Comprehensive General Liability or Commercial General Liability: Coverage shall be occurrence based, and shall provide bodily injury, property damage and personal injury protection to the Lessee. Said policy will provide limits of liability not less than \$1,000,000 per occurrence and not less than \$2,000,000 per policy aggregate.
 - (C) Umbrella Insurance: Coverage shall be occurrence based, and follow form to the underlying limits of liability. Limits of Liability shall be not less than \$2,000,000.
 - (D) Worker's Compensation Insurance: The Lessee will provide coverage which shall include Employers Liability to cover Employers obligations under the Workers' Compensation Statutes, or similar laws of the state in which work is conducted under Agreement. Limits of Liability shall be in accordance with the state statute.
 - (E) Contents insurance: Coverage for Lessee's contents in the building is at the Lessee's option. It is understood that Lessee's contents are not covered by nor the liability of the Landlord, in the event of loss or damage.

If, during the term of this Agreement, changed conditions or other pertinent factors, should in the reasonable judgment of the Lessor, render inadequate the insurance limits, the Lessee will make reasonable efforts to obtain such additional coverage as may reasonably be required and available under the circumstances. The insurance must be affected under valid and enforceable policies, issued by recognized, responsible Michigan insurers that are well rated by national rating organizations.

Insurance policies purchased hereunder by Lessee will name the Lessee as the named insured and the Lessor as an additional insured.

In the event the Lessee's insurance coverage, including workers compensation, comprehensive general liability, umbrella insurance and any contents insurance required under this Agreement, is at any time reduced or terminated during the duration of the Agreement, the Lessee's insurer shall provide the Lessor with at least thirty (30) days' prior written notification of such reduction or termination. The policies, where allowable by law, may not be canceled or materially altered without at least 60 days written notice to the Lessor.

15. The lessee's liability. All the lessee's personal property, including trade fixtures, on the premises shall be kept at the lessee's sole risk, and the lessor shall not be responsible for any loss of business or other loss or damage that is occasioned by the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connected with the premises. Any equipment placed within or used as part of the operation of the facility, including inventory for sale, furnishings, or items of equipment, will be deemed to be the property or assets of the

Lessee, or its user groups unless attached as a fixture to the facility, whether such items were "donated" to Lessee during the term of this agreement or otherwise obtained and placed by the Lessee. Such items will therefore be removed from the premises by the Lessee at the termination of this agreement for any reason whatsoever, or at the end of the term hereof. However, the Lessors personal property assets, (not including fixtures which are defined as owned by the Lessor herein) that are listed in the Attached Schedule H, are the property of the Lessor and shall remain in the premises upon termination of this lease.

16. Destruction of the premises. If the premises are partially damaged or destroyed through no fault of the lessee, the lessor shall, at its own expense, promptly repair and restore the premises. If the premises are partially damaged, rent shall not abate in whole or in part during the period of restoration. If the premises are totally destroyed through no fault of the lessee or if the premises cannot be repaired and restored within 180 days, either party may terminate this lease effective the date of the destruction by giving the other party written notice of termination within 10 days after the destruction. If such a notice is given within that period, this lease shall terminate and rent shall be adjusted between the parties to the date of the surrender of possession. If the notice is not given within the required period, this lease shall continue, without abatement of rent, and the lessor shall repair the premises.

17. Additional Duties of Lessee.

Whereas, Lessor leases the facility with the expectation that programs and services will be provided by Lessee to the citizens of the County within such facility, and

Whereas, such programs and services are a proper concern of the Lessor and are programs and services that the Lessor could otherwise provide pursuant to law,

Now therefore, in addition to the other obligations of Lessee hereunder, the Lessee further agrees as follows:

- a. Develop, administer and operate the facility.
- b. Provide the necessary administrative, professional and technical staff for the operation of the facility, and be responsible for such staff members.
- c. Provide an annual budget, monthly financial reports compared to budget and a report on operations that include any items that might come to the attention of the County.
- d. The Lessee's accounting procedures and internal financial controls shall conform to generally accepted accounting practices in order that the costs allowed by this Agreement can be readily ascertained and expenditures verified therefrom.
- e. The Lessee shall prepare and submit financial reports on a monthly basis. All other documentation pursuant to this Agreement shall be available for inspection by authorized representatives of the Lessor and shall be submitted to the Lessor upon request.
- f. The Lessee shall prepare and submit to the Lessor the following reports:
 - (1). An annual report, including programmatic and financial data, on the activities of the Lessee and the services provided pursuant to this Agreement, shall be submitted.

- (2) Lessee shall report to lessor any damage to the premises or equipment within 48 hours of the event (holidays and weekends excluded).
 - (3). Further evaluation reports when and as requested by the Lessor.
 - (4). The Lessor shall determine what information shall be contained in each of the aforementioned reports. If any report is not completed to the satisfaction of the Lessor, the Lessor shall return the same to the Lessee, setting forth the additional information desired. The Lessee shall resubmit the report with the appropriate changes no later than five (5) business days after its return by the Lessor. The Lessee shall submit any other reports to the Lessor when and as requested by the Lessor provided at least five (5) days' prior written notice is given to the Lessee.
- g. In the event the Lessor furnishes forms for any of the reports required under this Agreement, the Lessee shall use such forms.
 - h. The Lessee shall keep and maintain records covering persons served, the services rendered and expenditures made pursuant to this Agreement for three (3) years after termination of this Agreement or until a final audit has been performed, whichever occurs later. In the event an audit has not been performed within said three (3) year period, the Lessee shall notify the Lessor in writing and request such an audit or permission to dispose of the records.
 - i. The Lessee, as required by law, shall not discriminate against a person to be served or an employee or applicant for employment with respect to hire, tenure, terms, conditions or privileges or employment, or a matter directly or indirectly related to employment because of race, color, religion, national origin, age, sex, disability that is unrelated to individual's ability to perform the duties of a particular job or position, height, weight, or marital status. The Lessee shall adhere to all applicable Federal, State, and local laws, ordinances, rules and regulations prohibiting discrimination, including, but not limited to, the following:
 - A. The Elliot-Larsen Civil Rights Act, 1976 PA 453, as amended.
 - B. The Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended.
 - C. Section 504 of the Federal Rehabilitation Act of 1973, P.L. 93-112, 87 Stat 394, and regulations promulgated thereunder.
 - D. The Americans with Disabilities Act of 1990, P.L. 101-336, 104 Stat 328 (42 USCA §12101 et seq), as amended, and regulations promulgated thereunder.

Breach of this section shall be regarded as a material breach of this Agreement. In the event the Lessee is found not to be in compliance with this section, the Lessor may terminate this Agreement effective as of the date of delivery of written notification to the Lessee.

- j. The Lessee shall oversee the facility and provide all the services to be performed under this Agreement in complete compliance with all applicable Federal, State and local laws, ordinances, rules and regulations
18. Mutual releases. The lessor and the lessee, and all parties claiming under them, release each other from all claims and liabilities arising from or caused by any hazards covered by insurance on the leased premises or covered by insurance in connection with property or

activities on the premises, regardless of the cause of the damage or loss. The lessor and the lessee shall each include appropriate clauses waiving subrogation against the other party, consistent with the mutual release in this provision, in their insurance policies on the premises.

19. Condemnation. If any part of the premises is taken for any public or quasi-public purpose pursuant to any power of eminent domain, or by private sale in lieu of eminent domain, either the lessor or the lessee may terminate this lease, effective the date the public authority takes possession. All damages for the condemnation of the premises, or damages awarded because of the taking, shall be payable to and the sole property of the lessor.
20. Indemnity. The lessee agrees to indemnify and defend the lessor for any liability, loss, damage, cost, or expense (including attorney fees) based on any claim, demand, suit, or action by any party with respect to any personal injury (including death) or property damages, from any cause, with respect to the lessee or the premises, except for liability resulting from the intentional acts or gross negligence of the lessor or its employees, agents, invitees, or business visitors.
21. Default and reentry. If the lessee fails to pay rent when due; if the lessee fails to perform any other obligations under this agreement within 10 days after receiving written notice of the default from the lessor; if the lessee makes any assignment for the benefit of creditors or a receiver is appointed for the lessee or its property; or if any proceedings are instituted by or against the lessee for bankruptcy (including reorganization) or under any insolvency laws, the lessor may terminate this lease, reenter the premises, and seek to relet the premises on whatever terms the lessor thinks advisable. Notwithstanding reentry by the lessor, the lessee shall continue to be liable to the lessor for rent owed under this lease and for any rent deficiency that results from reletting the premises during the term of this lease. Notwithstanding any reletting without termination, the lessor may at any time elect to terminate this lease for any default by the lessee by giving the lessee written notice of the termination.

In addition to the lessor's other rights and remedies as stated in this lease, and without waiving any of those rights, if the lessor deems necessary any repairs that the lessee is required to make or if the lessee defaults in the performance of any of its obligations under this lease, the lessor may make repairs or cure defaults and shall not be responsible to the lessee for any loss or damage that is caused by that action. The lessee shall immediately pay to the lessor, on demand, the lessor's costs for curing any defaults, as additional rent under this lease.

22. Subordination. This lease and the lessee's rights under it shall at all times be subordinate to the lien of any mortgage the lessor places on the premises or to any collateral assignment the lessor makes of this lease or of rent under this lease. However, as long as the lessee is not in default under this lease, the foreclosure of a mortgage given by the lessor shall not affect the lessee's rights under this lease. At the request of any lienholder, the lessee shall provide the lessor with a customary tenant's estoppel letter regarding the status of this lease. If the lessor defaults on the payment of its mortgage on the premises, the lessee may make the monthly payment owed under the mortgage note and deduct that amount from the rent owed under this lease.
23. Notices. Any notices required under this lease shall be in writing and served in person or sent by registered or certified mail, return receipt requested, to the addresses of the parties

- stated in this lease or to such other addresses as the parties substitute by written notice. Notices shall be effective on the date of the first attempted delivery.
24. The lessee's possession and enjoyment. As long as the lessee pays the rent as specified in this lease and performs all its obligations under this lease, the lessee may peacefully and quietly hold and enjoy the premises for the term of this lease.
 25. Holding over. If the lessee does not vacate the premises at the end of the term of this lease, the holding over shall constitute a month-to-month tenancy at a monthly rental rate to be set by the lessor at its sole discretion.
 26. Entire agreement. This agreement, together with the security and option agreement entered into between the lessor and the lessee, contains the entire agreement of the parties with respect to its subject matter. This agreement may not be modified except by a written document signed by the parties.
 27. Waiver. The failure of the lessor to enforce any condition of this lease shall not be a waiver of its right to enforce every condition of this lease. No provision of this lease shall be deemed to have been waived unless the waiver is in writing.
 28. Binding effect. This agreement shall bind and benefit the parties and their successors and permitted assigns.
 29. Time is the essence. Time is of the essence in the performance of this lease.
 30. Effective date. This lease shall be effective April 28, 2021.
 31. Schedules. The Schedules A-H are attached hereto and incorporated herein as part of the terms of this lease.

Lessor

Lessee

County of Alpena

Alpena Rink Management, LLC

By: Robert A. Adrian
Chairman of the Board

By: David A. Guzman
Operations Manager

By: Jeremy Winterstein
Maintenance Manager

Real Estate Summary Sheet

A

Information herein deemed reliable but not guaranteed

04/16/2021 2:34 PM

Parcel: 091-015-000-791-01
Owner's Name: ALPENA COUNTY NORTHERN LIGHTS
Property Address: 751 WOODWARD AVE
ALPENA, MI 49707

Current Class: 701.EXEMPT FEDERAL PROPERTY
Previous Class: 701.EXEMPT FEDERAL PROPERTY
Gov. Unit: 04090 090 CITY OF ALPENA
Map #
School: 04010 ALPENA PUBLIC SCHOOLS
Neighborhood: RES ECF RESIDENTIAL

Liber/Page: 426/657 **Created:** / /
Split: / / **Active:** Active
Public Impr.: None
Topography: None

Mailing Address:

ALPENA COUNTY NORTHERN LIGHTS
720 W CHISHOLM ST
ALPENA MI 49707

Description:

751 WOODWARD AVE. (NORTHERN LIGHTS ICE ARENA) THE N 472.70 FT OF THE S 850 FT OF THE W 710 FT OF THE NW 1/4 OF THE SE 1/4 OF SEC 15 T31N R8E

Most Recent Sale Information

Sold on 06/30/2003 for 0 by WOODWARD AVE PLAZA LLC.

Terms of Sale: NOT USED

Liber/Page: 426/657

Most Recent Permit Information

None Found

Physical Property Characteristics

2021 S.E.V.:	0	2021 Taxable:	0	Lot Dimensions:	
2020 S.E.V.:	0	2020 Taxable:	0	Acreage:	7.71
Zoning:	0 (*)	Land Value:	35,135	Frontage:	472.7
PRE:	0.000	Land Impr. Value:	0	Average Depth:	710.0

B

Northern Lights Arena Surcharge Policy

General Subject: Northern Lights Arena Surcharges

Date Issued: Adopted February 22, 2005, Amended May 27, 2008, Amended
March 20, 2010

Effective Date: March 20, 2010

Background:

In a letter to the Board of Commissioners dated February 7, 2005, by the County Administrator it was noted that "On the issue for funding equipment and building maintenance improvements properly, a reserve fund needs to be established, to address this, since the financial projections project only annual operational expenses, not replacement costs or emergency repairs. The operating budget is based on taking risk that over the next five-years that nothing serious could happen. Example: with compressors costing \$27,000 to \$50,000 each, NLA has five (5) of them just for the ice making and dehumidification alone. This does not take in air handling systems, air conditioning or other mechanical equipment. It is necessary that \$20,000 to \$30,000 be set a side each year to assure replacement and that no future revenue or rental income be lost to downtime caused by lack of funds to fix the problem."

Add a new **21. Surcharge**: Shall be collected on all paid events of \$1.00 per ticket. These funds would be held by the County Treasurer in the Equipment & Building Maintenance Improvement Reserve Fund for NLA.

Board Action: February 22, 2005

#1 AMENDMENT

Northern Lights Arena Surcharge Use Policy

Purpose:

It should be understood that the complexity of this building and its infrastructure will eventually bring about some moderate to very expensive repairs and/or replacement of certain elements.

Subcontracting labor to work on HVAC, plumbing or electrical is running about \$60.00/hr*. Any major problem with the existing equipment could easily approach four figures*. It was with this understanding that the surcharge was created. Because there is not a definitive list of what the surcharge money is to be used for, does not preclude the fact that it was designed for repairing, or replacing certain components of the original structure when the permit to "occupy" was given to the County. The "spirit" of the language was well understood by all parties at the time of discussion and implementation of the surcharge.

Persons affected:

County Board of Commissioners and operators of Northern Lights Arena

Processing for Disposal:

The following is a lists of what should be perceived as essential areas that the surcharge money should be directed. This list is by no means construed to be "final". It would be impossible to list every item that needs to be defined. Suffice it to say that the list sets the parameters relative to the building when it was completed and given an occupancy permit.

Building shell including foundations, walls, roof and insulation.

Internal partitions, decks, columns, and misc. support members. External appurtenances such as: sidewalks, landings, pathways, parking lots, and lighting.

All electrical including lights, and mechanical hookups to starters, compressors, pumps, etc.

All mechanical and plumbing including fixtures.

All components for creating and maintaining ice (including Zamboni's and compressors).

All Door and door jambs.

All glazing.

All safety devices such as sprinkler systems and alarms.

Future additional amenities as prescribed by law or code.

Items that would not fall into the "surcharge: category would be: office furniture or supplies, bulletin boards, display cases, any equipment that is leased such as vending machines, kitchen equipment that was added after the opening, including tables and chairs. Also included in this list are changes that have already been made such new partitions, additional electrical and plumbing, and new doorways.

\$2,000 shall be annually budgeted for fund expenses with annual expenses not to exceed \$4,500.

Note to above: \$2,000 needs to be placed in the annual budget for NLA Surcharges and needs no approval – From \$2,001 to \$4,500 needs approval per Administrator notes of 10//22/09

*January 2008 prices are reflected

Board Action May 27, 2008

#2 AMENDMENT

All expenditures from the Northern Lights Arena surcharge fund which meet the criteria allowed for the surcharge fund will come before the Finance Committee for a decision.

Board Action March 30, 2010

C

3.2 *Disposal of Assets*

When a department has determined that any vehicle*, office equipment, computer, software, mower and other types of equipment is no longer needed or is being replaced, it shall be disposed of in accordance with the following procedure.**

The Department Head will contact the Maintenance Superintendent or IT Director to determine the value and process needed. If item has no value or is broken, the item can be disposed of.

Items may be collected by the Maintenance Department or IT for storage and future sale. The Maintenance Superintendent or IT Director will present a list of items with pertinent information to the Finance Committee for disposal in the following manner:

- Auction types: approved internet site, live, silent, or sealed bid auction. Minimum bids may be required at the option of the Finance Committee.
- Sealed bid process will be opened in a posted meeting to be held in the Commissioners' Conference Room with the Finance Chair or designee present.
- Direct Sales, ie. Employees at fair market value
- The Board of Commissioners reserves the option to distribute equipment that can be used by another governmental entity, governmental office, or non-profit organization at no or minimal cost.

The Sheriff's Department may present items for disposal through the Finance Committee, using the above process.

*For release of a title see Fixed Assets Policy

**Departments are responsible to notify the Clerks' Office and Commissioners' Office within (3) days when a vehicle or large piece of equipment is disposed. (Using the attached Change Request Form).

1

2.1 Bidding/Purchasing

Bids will be required as follows:

- 1) Purchases over \$1,500.00 to \$5,000.00, two quotes with approval from the Finance Committee.
 - 1. Expenses over \$5,000, by sealed bid process, opened in a posted meeting to be held in the Commissioners' Conference Room with the Finance Chairman or his designee present. Department Head recommendation will be given to the Finance Committee who will proceed with a recommendation to the full Board of Commissioners.
 - 2. All Contracts for services of \$20,000 or more must be bid out and received in a sealed bid to be opened in a posted meeting to be held in the Commissioners' Conference Room with the Finance Chairman present. Department Head recommendation will be given to the Finance Committee with a recommendation to the full Board of Commissioners. This does not apply to intergovernmental contracts, contracts for professional services, or for emergency repairs. Alpena County will attempt to solicit bids whenever possible for professional services.
 - 3. The County of Alpena may grant an award to a qualified local bidder/vendor as defined below, if the said local bid/quotation is within 5% of the lowest bid/quotation meeting specifications submitted. The award may then be granted to the lowest local bidder for an amount equal to the lowest bid submitted by a local bidder meeting specifications.
 - 4. The County of Alpena may grant an award to a qualified regional bidder/vendor as defined below, if the said regional bid/quotation is within 3% of the lowest bid/quotation meeting specifications submitted. The award may then be granted to the lowest regional bidder for an amount equal to the lowest bid submitted by a regional bidder meeting specifications.

Exceptions: This does not apply to emergency repairs. The Maintenance Superintendent shall obtain two phone quotes and get approval from the Finance Chair prior to proceeding with the emergency repair.

Alpena County reserves the right to accept or reject any or all bids/quotes and to award bids in the best interest of Alpena County.

PROCEDURE

a. QUOTES

Department Heads will be responsible for obtaining quotes from two businesses/individuals that have comparable products/service. The Department Head will review the quotes and provide a recommendation with all pertinent information attached for the Finance Committee to review and make a recommendation to the full board.

b. SEALED BIDS

Department Heads will be responsible for preparing a bid package and advertising for the item/service to be purchased. Sealed bids will be opened in a posted

meeting to be held in the Commissioners' Conference Room with the Finance Chairman or designee present. The original bids will immediately be given to the County Clerk. Department Head will retain a copy of the bids. Bids that are opened prior to this meeting will not be considered. The Department Head will review the bids and provide a recommendation with all pertinent information attached for the Finance Committee to review and make a recommendation to the full board.

c. LOCAL BIDDERS PREFERENCE

To be considered for local bidder preference, a local bidder/vendor shall have met the following qualifications for at least one year prior to the date bid proposals are due:

1. Shall have a legal and permanent business address with the County of Alpena
2. Shall be a current personal property and real property taxpayer in the County of Alpena.
3. *Shall be in compliance with all local codes and ordinances.*
4. Shall not be indebted or in default to the County of Alpena or any other governmental entity.
5. Shall provide all appropriate proofs of insurance relevant to the aforementioned bid.
6. All pending litigation has be disclosed.

d. REGIONAL BIDDERS PREFERENCE

To be considered for regional bidder preference, a regional bidder/vendor shall have met the following qualifications for at least one year prior to the date bid proposals are due:

1. Shall have a legal and permanent business address with the County of Alpena
2. Shall be a current personal property and real property taxpayer in the County of Alpena.
3. Shall have a legal and permanent business address within 50 miles of the County of Alpena.
4. Shall be in compliance with all local codes and ordinances.
5. Shall not be indebted or in default to the County of Alpena or any other governmental agencies in Alpena County.
6. Shall provide all appropriate proofs of insurance relevant to the aforementioned bid.
7. All pending litigation has be disclosed.

E

COUNTY OF ALPENA , MICHIGAN

Accountability Standards for Nonprofit Organizations

PURPOSE

For funding services provided by not-for-profit agencies on behalf of the County (i.e. older persons, fairgrounds, etc).

POLICY

The County Board of Commissioners will decide if a not-for-profit agency is qualified to receive funding of local tax dollars to provide certain services to the public.

1. That each agency will submit a written proposal with details on the service to be provided, its cost, what is efficient about that service and what will be the results of the service offered.
2. The agency shall demonstrate they follow proper practices as outlined in the Accountability Standards for Nonprofit Organizations and acknowledge by submitting a signed copy of same. (Please see attachment) Any deviation from the practices outlined must be disclosed and be attached to and made part of any agreement.
3. When the agency has meetings concerning financial issues, budget updates, discussion on service and service improvements, along with any approval, the agency shall have published in the local media the time, date and location of these open meetings of their board so that the public and users can be present and be allowed to provide input about the services or new services needed.
4. Annually, the agency will submit the number of employees, their positions, the positions pay scale, a summary of employee benefits and the names of organization board members.
5. Annually the agency will provide a list of persons who have authority to speak for the Board of that agency. This list shall include their phone numbers; fax numbers and e-mail addresses.
6. Annually the agency shall submit their annual budget request for funding in the format provided by the county.
7. Fiscal bench marking will be established for each service provided by any agency and these benchmarks will be reported to the County at least four times a year. This will provide a cost/benefit ratio of the service and its performance to the community.
8. There will be a written agreement for service for a period not to exceed one year, covering the services being contracted for, its cost, the monthly payment date, performance results, fiscal reporting requirements and other terms.
9. Unrestricted Fund Balances of an agency that are in excess of 75 days of cash flow, will subject that agency to less local public funding.
10. The County will not make donations of any fund to any not-for-profit agency and will only contract for services provided to the County.

PROCEDURE

All agencies that Alpena County has agreements with must sign the attached Accountability Standards for Nonprofit Organizations.

The County of Alpena (County) occasionally may find that it is in the public's interest that certain non-profit groups be retained to perform or carry out activities that might, otherwise, need to be performed by the County. In order to maintain accountability for use of the County's funds and promote ethical practices by these philanthropic organizations, the County has adopted certain accountability standards that should be met by nonprofit organizations, which are retained by the County, as a condition to obtain or retain funding from the County.

The County does not endorse or disapprove of any organization, and failure to meet standards is not a charge of unethical, inept, or otherwise improper conduct. It may reflect a simple difference of opinion, or the organization's failure to supply the County with the information the County needs in order to assess whether a particular standard has been met. In the County's opinion, the standards represent reasonable measures of accountability.

The County reserves the right to change, apply, or amend these standards, solely at its discretion. For organizations less than three years old or with annual budgets of less than \$75,000, greater flexibility in applying some of the standards may be appropriate.

GOVERNANCE AND OVERSIGHT

The governing board has the ultimate authority for any nonprofit organization. This section of the standards seeks to ensure that the volunteer board is active, independent, and free of self-dealing.

The board is responsible for policy setting, fiscal guidance, and ongoing governance, and should review the organization's policies, programs, and operations.

Fiscal guidance includes responsibility for investment management decisions, for internal controls, and for short and long-term budgeting decisions.

The board should have:

1. An independent, volunteer membership. *The ability of individual board members to make independent decisions on behalf of the organization is critical. Existence of relationships that could interfere with this independence compromises the board.*
2. An individual attendance policy. *Board membership should be more than honorary, and should involve active participation in board meetings.*
3. Specific terms of office for its officers and members.
4. A risk management policy. *To protect its assets against loss, and staff and volunteers against liability, adequate insurance should be secured. Individuals with access to significant organizational cash or investments should be bonded.*

To meet these standards, the organization shall have:

5. A board of directors with a minimum of five voting members. If the board has an executive committee, the committee also shall have a minimum of five voting members.
6. A minimum of three evenly spaced meetings per year of the full governing body with a majority in attendance, in-person. An in-person meeting of the board's executive committee or a conference call of the full board can substitute for one of the three meetings of the governing body. For all meetings, alternative modes of participation are acceptable for those with physical disabilities.
7. Not more than one directly compensated (e.g., a paid staff member) or indirectly compensated (e.g., spouse or family relation of paid staff member) person serving as a voting member of the board. Compensated members shall not serve as the board's chair or treasurer. Nonprofit board members' voluntary service is a deeply rooted tradition in the nonprofit sector. Most donors and nonprofit organizations expect that board members serve without compensation. Reimbursement may be made for costs incurred as a result of board participation, such as travel expenses.
8. No transaction(s) in which any board or staff members have material conflicting interests with the nonprofit resulting from any relationship or business affiliation. Factors that will be considered when concluding whether or not a related party transaction constitutes a conflict of interest and if such a conflict is material, include, but are not limited to: any arm's length procedures established by the nonprofit; size of the transaction relative to like expenses of the charity whether the interested party participated in the board vote on the transaction; if competitive bids were sought and whether the transaction is one-time, recurring or ongoing.
9. A board of directors that provides adequate oversight of the nonprofit's operations and its staff. Indication of adequate oversight includes, but is not limited to, regularly scheduled appraisals of the CEO's performance, evidence of disbursement controls such as board approval and monitoring of the budget and fund raising practices, and establishment of accounting procedures sufficient to safeguard nonprofit finances.

MEASURING EFFECTIVENESS

An organization should regularly assess its effectiveness in achieving its mission. This section seeks to ensure that an organization has a defined process in place to evaluate the success and impact of its program(s) in fulfilling the goals of the organization and that also identifies ways to address any deficiencies.

To meet these standards, a charitable organization shall:

1. Have a board policy of assessing, no less than every two years, the organization's performance and of determining future actions required to achieve its mission.

2. Submit to the organization's governing body, for its approval, a written report that outlines the results of the aforementioned effectiveness assessment and recommendations for future actions

FINANCES

This section of the standards seeks ensure that the nonprofit spends its funds honestly, prudently, and in accordance with statements made in fund raising appeals.

To meet these standards, the nonprofit organization shall:

1. Spend funds in accordance with donor intentions. To meet this standard a nonprofit should be able to substantiate, on request, that the timing and nature of its expenditures are in accordance with donor restrictions, designations and expectations.
2. Spend at least 70% of its total expenses on program activities.
3. Spend no more than 30% of related contributions on administration and fund raising.
4. Avoid accumulating funds that could be used for current program activities. To meet this standard, the nonprofit's unrestricted net assets (excluding fixed assets) available for use should not exceed the total expenses budgeted for the current year. While the County believes that organizations should maintain a reasonable level of cash to safeguard against unexpected financial challenges, maintaining excess reserves indicates the organization is not maximizing the use of its nonprofit mission. In such cases, it may not be appropriate to continue soliciting from the public.
5. The organization does not have persistent or increasing operating deficits. The nonprofit should use its resources prudently and should maintain a healthy financial picture. When making a contribution, donors want to know that the organization has the financial strength to pursue its mission on a long-term basis.

An organization that does not meet Standards 9, 10, 11, and/or 12 may provide evidence to demonstrate that its use of funds is reasonable. The higher fund raising and administrative costs of a newly created organization, donor restrictions on the use of funds, exceptional bequests, a stigma associated with a cause, and environmental or political events beyond an organization's control are among factors which may results in expenditures that are reasonable although they do not meet the financial measures cited in those standards.

Make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles. When total annual gross income exceeds \$250,000, these statements should be audited in accordance with generally accepted auditing standards. For nonprofits whose annual gross income is less than \$250,000, a review by a certified public accountant is sufficient to meet this standard. For nonprofits whose annual gross income is less

than \$100,000, an internally produced, complete financial statement is sufficient to meet this standard.

Any organization that is in receipt of funds from the County agrees to allow the County or its representative/agent to examine the records and books of the organization for the fiscal year(s) in which the organization received funds from the County. Any organization in receipt of \$100,000 or more in funds from the County during a calendar year shall be audited by an independent certified public accounting firm and shall provide the County a copy of its audited financial statements within six months after the end of its fiscal year end.

6. Include in the financial statements a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these expenses was allocated to program, fund raising, and administrative activities. If the nonprofit has more than one major program category, the schedule should provide a breakdown for each category.
7. Accurately report the nonprofit's expenses in its financial statements. For example, audited or unaudited financial statements which inaccurately claim zero fund raising expenses or otherwise understate the amount a nonprofit spends on fund raising, and/or overstate the amount it spends on programs will not meet this standard. In determining if a nonprofit meets this standard, the County may check the accuracy of any joint cost allocations.
8. Provide to all, on request, a board-approved annual budget for its current fiscal year, outlining projected expenses for major program activities, fund raising, and administration.

PUBLIC DISCLOSURE

To uphold the public's trust in the nonprofit sector, a nonprofit should at a minimum carry out its actions in accordance with Michigan and federal charity law.

For the year under review and the preceding two years, the organization has not violated any applicable provisions of Michigan or federal law relating to the organization's tax exempt status, fund raising practices, or registration with and reporting to governmental agencies and the public.

Program names, activities and financial information listed in the annual report, audited financial statement and IRS Form 990 are consistent.

FUND RAISING AND INFORMATIONAL MATERIALS

A fund raising appeal is often the only direct contact a donor has with a nonprofit and may be the sole impetus for giving. This section of the standards seeks to ensure that a nonprofit's representations to the public are accurate, complete, and respectful.

To meet those standards, the nonprofit organization shall:

1. Have solicitations and informational materials, distributed by any means, that are accurate, truthful, and not misleading, both in whole or in

part. Appeals that omit a clear description of program(s) for which contributions are sought will not meet this standard.

2. Include on any nonprofit websites that solicit contributions, the same information that is recommended for annual reports, as well as the mailing address of the nonprofit and electronic access to its most recent IRS Form 990.
3. Address privacy concerns of donors, if the organization shares personal information about its donors outside the organization, by providing a clear privacy policy that tells its donors what information, if any, is being collected about them by the nonprofit and how this information will be used; how to contact the nonprofit to review personal information collected and request corrections, and how to inform the nonprofit (e.g., a check-off box) that the visitor does not wish his/her personal information shared outside the organization.
4. Donors are entitled to know who is soliciting their gift and what portion of their gift will be received by the nonprofit. Solicitors who are not employees or volunteers of the nonprofit identify themselves in each solicitation as professional fundraisers and, upon request, provide the name and address of their employer or contracting party. Upon request, persons authorized by the nonprofit to utilize the nonprofit's name in connection with sale or marketing of goods or services provide accurate information about the percentage of gross revenue that is paid to the nonprofit.
5. Respond promptly to and act on complaints brought to its attention by donors, the public, or regulatory agencies about fund raising practices and privacy policy violations and/or other issues.

Director/Chief Executive Officer

Date

Chairperson, Board of Directors

Date

Adopted 5-27-08

F

NLA Surcharge Collection Policy (Fiscal Policy)

PURPOSE

To clarify paragraph 21 of the M-PAC & AARC Agreement.

21. SURCHARGE:

Shall be collected on all paid Seated Ticketed events of \$1.00 per ticket and General Admission shall pay a 5% surcharge on the base rental rate, excluding the exemptions listed below. These funds would be held by the County Treasurer in the Equipment & Building Maintenance Improvement Reserve Fund for NLA.

Definitions of Events

Seated Ticketed – An event where a ticket is sold representing a space or seat for the ticket holder to occupy.

General Admission – Other events. Including those events commonly referred to as “shows” in which the attendee is allowed to move freely about the area

Method of Collection:

“A surcharge of \$1.00 per ticket is to be collected on all seated ticketed events”.

Exemptions:

a) MHSAA tournament ice events that will not pay a per ticket surcharge. A cleaning fee will be assessed and collected in lieu of the surcharge. That money will be deposited as surcharge revenue.

b) Promotional tickets (totaling not more than 35) per seated ticketed event will be exempt only with the consent of the facility manager.

“General Admission non ice events will pay a 5% surcharge on the base rental rate to be broken out on each rental agreement.”

Exemptions:

a) Seated Ticketed Events which are a ticketed seated event will pay a surcharge of \$1.00 per ticket in lieu of the 5% on base rate.

Accountability:

The procedure for collecting the surcharge on ticketed ice events will be that both parties sit and count the tickets together with both signing a receipt which will be deposited with the payment to the County Treasurer.

The procedure for collecting rental surcharge will be a copy of the rental agreement with both parties' signatures and surcharge fee being indicated is deposited with the payment to the County Treasurer.”

These parameters apply to all of the policy:

If an event does not fall within these parameters, the facility manager must consult the county.

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**Bond Payment Schedule
(Formerly known as Ameresco)**

Payment Based On Cost of Project	New Schedule - 2019											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028*		
Total Payment Due	\$114,907.50	\$118,062.50	\$121,115.00	\$129,065.00	\$136,810.00	\$139,350.00	\$141,787.50	\$148,822.50	\$156,252.50	\$158,177.50		
403-902-699 Northern Lights	\$38,090.23	\$39,136.07	\$40,147.93	\$42,783.24	\$45,350.60	\$46,192.57	\$47,000.57	\$49,332.58	\$51,795.52	\$52,433.63		
Monthly Cost Allocation Northern Lights	\$3,174.19	\$3,261.34	\$3,345.66	\$3,565.27	\$3,779.22	\$3,849.38	\$3,916.71	\$4,111.05	\$4,316.29	\$6,554.20		

*NOTE: in 2028 the bond is due by September 1st, so full amount is paid in 8 months instead of 12 months.

SCHEDULE H

COUNTY ITEMS AT NORTHERN LIGHTS ARENA

BUILDINGS AND ALL FIXTURES to include:

brackets attached to the walls

spare glass for rinks

scoreboards

anything obtained by grants received through County/taxpayer funds (example: Youth and Recreation Funds)

two Zamboni's as listed on the county's insurance

Added 08.27.19

Ice Machine - Model # ICEU200HW2 (Serial # L210-12050-Z

Ice Skates - 328 pairs of Hockey skates and 165 pairs of Figure skates

Floor Scrubber - Serial #1901223738192 (Engine Model # 21R8070072G1)

Floor Buffer

Ice Edger - Zamboni Model #8 HP Edger (Serial # 0252)

Power Washer

Fork Lift - #5451 Crown

Updated 4/19/21 per Commissioner John Kozlowski

tsb