A MEETING OF THE
INGHAM COUNTY BUILDING AUTHORITY
WILL BE HELD ON
Wednesday, November 2, 2016 at 2:00pm

Hilliard Building
First Floor Conference Room A
121 E. Maple Street
Mason, Michigan

AGENDA

Call to Order
Approval of the June 6, 2016 Minutes
Additions to the Agenda
Limited Public Comment

1. Community Mental Health Project
2. Animal Shelter Facility

Announcements
Public Comment
Adjournment
Members Present: Peter Cohl, Tim Dolehanty and Eric Schertzing

Members Absent: None

Others Present: Deputy Controller Jared Cypher, Facilities Director Rick Terrill, Representing Community Mental Health Stacia Chick, Sara Lurie, Clifford Dodson, and John Peiffer, Ingham County Attorney Matt Nordfjord, Bergmann Associates Architect Alan Goschka, and Kester So of Dickinson Wright

Call to Order: The Ingham County Building Authority meeting was called to order by Chairperson Peter Cohl at 9:03am, Monday, June 6, 2016 in the Second Floor Caucus Room of the Mason Courthouse, 341 S. Jefferson St., Mason, Michigan

Approval of the April 13, 2016 Minutes: MOVED BY TREASURER ERIC SCHERTZING AND SUPPORTED BY SECRETARY TIM DOLEHANTY TO APPROVE THE APRIL 13, 2016 BUILDING AUTHORITY MINUTES AS WRITTEN. MOTION CARRIED UNANIMOUSLY.

Additions to the Agenda: Human Services Building Improvements

Limited Public Comment: None.

1. Discussion Regarding Community Mental Health Building Project

   Mr. Cohl summarized for everyone what had occurred previously regarding this project. Mr. So, the County Bond Attorney, spoke regarding process and discussed how to deal with the existing lease in order to proceed. He indicated there could be a new lease combining the existing lease and the proposed addition. He further stated there would need to be a Board of Commissioner resolution and a Declaration of Intent notice published for 4-5 days. He noted some complications with the existing bonds. In 1998 there was the original lease with the County, then a separate lease with Community Mental Health for the facility at 812 Jolly Road, then in 2005 there was a bond refund with a 1996 and 1998 deal, and the 1998 lease pertaining to the facility is still security for the 2005 bonds. One of the solutions would be to defease the portion of the lease that relates to the 2005 bonds, ending the lease and then entering into a brand new lease for the property. A 2008 amendment included clarifications, however, it hasn’t been exercised. The bond associated with the two years left on the lease could be defeased and then the Building Authority could enter into a new lease and include the financing of the new addition. Another solution would be to leave the 2005 bond outstanding, add additional bonds, and amend the existing lease to include the addition.

   Mr. Cohl asked for his recommendation and Mr. So stated there would be real estate issues because the properties are connected. Mr. Cohl clarified the project is an addition with no separation. Mr. Peiffer talked about adjacent properties acquired for parking and their desire to roll the two properties into the bond. Mr. Schertzing stated the easiest would be an amendment to the lease. Mr. So stated the original lease had only drawings and the property would need to be surveyed and a legal description provided. Community Mental Health has indicated they will pay for all costs. Language stating this would need to be rolled into the lease. He further stated that the Building Authority is looking at two months and
reminded the group the Building Authority usually selects the contractor and architect. Mr. Cohl asked to review the standard agreement of the vendor Community Mental Health has contracted with. He stated he would examine those documents and the Building Authority would review them. At some point there will have to be an agreement between Community Mental Health and the Building Authority. Mr. Cohl explained the change order process and that once construction begins the Building Authority would probably meet once a week. Allan Goschka of Bergmann Associates stated he has a signed agreement with Community Mental Health. Mr. Cohl stated that the Building Authority is not a party to that document nor is it required to accept it. Mr. Peiffer clarified that was when they were looking at bank financing. Mr. Goschka stated he has received three bids; however, there is no letter of intent with a construction management agency. Mr. Cohl stated Ingham County would have to examine those bids independently to determine if they meet Ingham County requirements. The Building Authority will select the contractor and architect as required. However, the Building Authority will work closely with Community Mental Health in that selection. He further stated Mr. So should begin drafting a lease document. Mr. Dolehanty asked Mr. So to explain the posting of the notice and Mr. So responded it was fairly simple and could be done immediately. Mr. Cohl stated Mr. So would take the lead regarding the required public notice and new lease after he reviews all documents. Discussion ensued regarding the lease and how it should state the County will select the architect and contractor. Mr. Peiffer offered to turn over Community Mental Health bid documents. Mr. Cohl stated the County Attorney’s office would review the documentation. In response to Mr. So’s question, Mr. Dolehanty said the process has been primarily competitive. Mr. Peiffer stated he has concerns regarding the process and the timeline. He would like to start in mid-July or August 1 to avoid winter conditions. He further indicated the Community Mental Health Board has approved payment for some accelerated projects. Mr. So stated by making the advance those money’s are at risk because there is no legal notice or resolution. Mr. Peiffer said he hoped for a signed contract within 30-45 days and Mr. Cohl indicated that is not enough time. Mr. Schertzing stated it would be two months at a minimum. Discussion ensued regarding contracting with Granger by Community Mental Health. Mr. Schertzing further stated the thought that we would take on Community Mental Health’s architect and contractor is dicey, but doable. Mr. Cohl asked Mr. Schertzing to look at the documents from a practical standpoint.

Ms. Chick asked about the two properties already purchased and whether or not Community Mental Health has to transfer those to the Building Authority. Mr. So said the best thing would be to identify the parcels with a good description and transfer to the Building Authority for the length of the bond. Mr. Terrill asked for current documents as clarification. Discussion ensued regarding the lease. Mr. So would need all relevant leases to then determine how to amend the lease. Mr. So stated his fees are paid out of the bond and the bond authorizing resolution will note this. He will need Board of Commissioner bond resolutions all the way back to 1991. Mr. So said he would be drafting the resolution. In response to Mr. Schertzing’s question, Mr. So stated one lease for the total property would be best. Discussion ensued. Mr. Peiffer indicated the hold up on their end is waiting for the City of Lansing regarding easements to change the location of the sewer. Discussion ensued regarding the easement and the March 8th, 2015 Board of Commissioner’s resolution that needs to be repealed.

Mr. Schertzing stated the County has 911 and the back entrance to the Human Services Building and asked if there is county access and an easement? He further stated this needs to happen now in order to identify the flow of traffic from those two buildings and whether or not the Building Authority has perpetual access. Community Mental Health representatives stated the County would be granted an easement.

Mr. So asked if there were any private use or subleases with any non-governmental units. Ms. Lurie and Mr. Peiffer responded 2,600 feet of the pharmacy is an existing sublease that will be in the new lease.
Mr. So stated he needs a copy of the current sublease which expires in September. Community Mental Health will be asking to approve the lease for another three years. Mr. Cohl summarized by stating:

- Mr. So will draft the resolution and Declaration of Intent
- The Building Authority will examine the architect and granger contracts to ensure they follow county policies
- The March 8th, 2015 Board of Commissioner’s resolution will be repealed
- The easement issue for county buildings to have permanent access will be resolved

Mr. So asked about rolling in the old lease to the new lease. Mr. So stated if an old bond is defeased there may be a cost to prepare. He further stated they could hold it and pay for the next two years without much cost. Then cancel that lease and start fresh. Mr. Cohl asked for Mr. So’s recommendation. Mr. So responded it is cumbersome to describe to the bond holder and for the bond holder to understand. The cleanest is probably best. Mr. Schertzing indicated it would be better to make it cleaner for future Building Authority members. Mr. Dolehanty concurred. Ms. Chick stated the outstanding bonds can be paid off. They are looking for the most expedient way forward.

2. **Human Services Building Improvements**

Mr. Dolehanty asked if there were any way to include the funds needed for this project into the Community Mental Health bond. In response to Mr. So’s question, Mr. Cypher stated the amount would be just under 2.2 million. Discussion ensued regarding the bonds and leases. Mr. So stated he could take a look and determine if there could be an amendment. Discussion ensued regarding two different projects in one bond. Mr. Dolehanty felt it complicated the issue. Mr. Schertzing reiterated his desire to keep projects clean for future Building Authority members. Mr. Cypher spoke regarding a resolution going to the Board of Commissioners this round. He explained the scope of the project changed and there wasn’t funding availability. Mr. Cohl stated the Building Authority couldn’t go forward without Board of Commissioner authorization for bonding and whatever else Mr. So tells the Building Authority to do. Mr. Dolehanty explained how construction costs came in higher halfway into the process and this was a last ditch effort to get the project funded. He further stated the resolution is on the Board of Commissioner agenda tonight and will be pulled.

**Public Comment**: None.

The June 6, 2016 Building Authority meeting adjourned at 10:10am.

Respectfully Submitted,

Debra Bavery, Recording Secretary
Ingham County Building Authority
TO: Board of Commissioners

FROM: Stacia Chick / Chief Financial Officer &
       John Peiffer / Property and Facilities Manager CEI CMHA

DATE: May 6, 2016

SUBJECT: CEI CMHA Building Expansion and Renovation Project

For the meeting agenda of May 17/18

BACKGROUND
Community Mental Health Authority of Clinton, Eaton and Ingham Counties (CMH) has outgrown the current main building at 812 East Jolly Road and therefore has a desire to expand.

PURPOSE OF EXPANSION: This expansion effort, slated to result in about 42,600 additional square feet (adding about 55% more floor space to our current 812 East Jolly Road space), is intended to address several space-related needs:

  o Accommodate the **staff growth at a rate of 2%** that we have seen in the past ten years and are projecting to see in the future.

  o Allow other CMH operations and staff to **move back to 812 East Jolly Road whose functions would be better carried out at Jolly Road**. Some of those operations and staff were formerly housed at Jolly Road and were moved out, over the past few years, due to space constraints. Other operations and staff work in programs that, if we had additional space, would be better suited at Jolly Road.

  o Allow us to address **adjacency needs** – where the work of one unit would be more efficient, effective, or improve consumer service if this work could be located adjacent to another unit in which related functions are carried out.

  o Long desired and recently identified needs for **consumer-centered and staff-oriented improvements to our current space**. These improvements include: improved waiting areas and common spaces, increased storage space, increased numbers of meeting rooms, the addition of wellness and gathering places for consumers and staff, additional security-related design features, and additional building design features that increase the access to natural lighting for as many staff work areas as possible.

ALTERNATIVES

CMH could proceed with following Alternatives:

1) Lease additional space:

   Impacts of Leasing:
   Leasing additional space negatively impacts CMH in two ways:
   a) Decentralizes services by relocating programs from 812 Jolly Road to other sites in order to accommodate growth and expansion.
   b) Consumers and the individuals we serve will likely have to visit multiple locations in order to meet all of their Mental Health needs.

2) Purchase another building or other buildings:
CMH has worked with a Commercial Real-estate Consultant to explore purchasing another building. The market currently doesn’t support CEI CMHA’s needs for an existing 40,000 square foot building.
Additionally, purchasing like leasing will force CMH to decentralize services. Therefore, CMH is looking to enter into another Bond Agreement with Ingham County similar to that which was carried out in 1997 for the original construction at 812 East Jolly Road. We are asking for a $10 Million Dollar Bond in order to Finance $8.6 Million to Construct the 42,600 Sq/Ft Addition and $1.4 Million to renovate the existing building at 812 East Jolly Road.

(Additional details and information will be provided at the meeting.)

**FINANCIAL IMPACT**
Inaction will result in greater costs to CMH by continuing the model of leasing additional space, forcing the relocation of programs out of 812 Jolly Road in order to accommodate the growth and expansion of remaining programs. For example: Leasing up to 42,600 square feet at $13.50 per square feet over 20 years without inflation can be estimated at well over 11.5 million dollars. At the end of the 20 year period CMH will not own the building or buildings leased under that option.

CMH Funding Sources for payments on a new 20 Year Bond at 3.5% Interest:
Existing revenue sources (Medicaid, Healthy Michigan, General Fund, Grants/Contracts and Local) will be used to fund the payments.

**RECOMMENDATION**
Based on the information presented, I respectfully recommend approval of the attached resolution.
### Architectural Bids - Evaluation Methodology

The proposals will be evaluated using the following criteria:

i) (20%) Compliance with and demonstrated understanding of the RFP.

ii) (20%) Reference checks, each bidder being responsible in providing three new and three old references in accordance with this RFP.

iii) (30%) The ability of the bidder to meet or exceed specifications and standards of the RFP. The Committee will utilize information about the bidder pertaining to previous work history, years in service, as well as skills and abilities to complete the work set forth in the RFP based on previous similar work completed by the bidder.

iv) (20%) Price. All bidders are expected to provide quotes for each phase as described within the RFP as well as an overall estimated total cost for Services and a standard hourly service rate that may be used on other future work or projects.

v) (10%) Post Bid Interview. The top bidder or top two bidders may be required to attend a post bid interview to complete the following:
   - Verification of accuracy and understanding of all items within the RFP.
   - Verification of their understanding of the scope of work.
   - Verification of their competency to perform.

### RFP Process Notes:
Gathered from Post Bid Interviews, checking references, and examining each firm’s ability to meet expectations.

#### Bergman:
1) Only firm to express that they have in house Quality Control team member that will review the project.
2) Zoning – only firm to have researched the original zoning on the property. Special use zoning. Was residential. Need to get the zoning permanently changed to Commercial Business. Need to get zoning changed on new property.
3) Only Firm to point out project challenges:
   - Schedule: all dates reasonable. Meeting September Date for project estimate will need time with CMH management and project team to complete preliminary programming in order to provide a solid estimate.
   - Structural: stand alone, tied to existing, soil bearing capacity, solve existing water problems.
4) Mechanical: new ASHRAE standards. Bergman is certified on all of the latest standards.
6) References were very good.
7) Good solid presentation. Provided visual presentation with proposed solutions.

#### Hobbs and Black:
1) More than one reference suggested “make sure that you have a solid M&E team.
2) Kasco reference made a point to bring up some concerns: Dillenbacks team was good to work with the other team led by Pollack we had issues on that particular project and issues with the team. So much that
John Barker brought in Dillenbacks team to fix. John can rub you the wrong way. Arrogant and you get what you’re going to get.

3) Eager to fix Water Problems. Hired a different M&E team.
4) Proud of original project: John Barker.
5) Good solid presentation. Provided visual presentation with proposed solutions.

Mayotte Group:
1) References were very good.
2) For M&E choose Greg Minshall from Fitzgerald Henne, original engineer on the building that designed it with water issues. Good and Bad. Eager to correct issues. Not sure we want to afford him the opportunity.
3) Presentation was dry.

Not included in this packet are the following documents used during this process:
1) Bid or RFP proposal review form – used to check compliance with RFP. The three top bidders were all in compliance meeting expectations with the RFP.
2) Post Bid Interview Form. Used for consistency with each bidder during the post bid interview. Two out of three bidders delivered solid presentations. Mayotte Groups presentation lacked detail and substance compared to Bergman Associates and Hobbs and Black.
3) Copies of completed Reference Questionnaire form. Used for consistency while completing reference checks. All References came in strong unless otherwise noted above. Two references from Hobbs and Black made some suggestions based on prior experience. They did however agree to use Hobbs and Black again as long as they could work with Dillenbacks team.
### Proposed Addition

**Basement**
- Information Systems

**First Floor**
- OCSRR Access
- Resident Rights
- Customer Service
- Prevention

**Second Floor**
- AMHS CMS
- Mental Health Court
- ART
- CSDD Medical Clinic

**Third Floor**
- Finance
- Pharmacy - temp location

<table>
<thead>
<tr>
<th>Estimated Addition Cost</th>
<th>$8,406,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Mechanical Upgrades</td>
<td>$229,844</td>
</tr>
<tr>
<td>Estimated Total Addition Cost</td>
<td>$8,633,444</td>
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</tbody>
</table>

### Interior Renovations

<table>
<thead>
<tr>
<th>Phase</th>
<th>Sq Ft of Renovations</th>
<th>Estimated Cost per Sq Ft</th>
<th>Estimated Suite Renovation Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHASE I</td>
<td>6,366</td>
<td>$31 - $40</td>
<td>$197,300 - $254,600</td>
</tr>
<tr>
<td>PHASE II</td>
<td>2,725</td>
<td>$31 - $40</td>
<td>$84,500 - $109,000</td>
</tr>
<tr>
<td>PHASE III</td>
<td>2,125</td>
<td>$31 - $40</td>
<td>$65,900 - $85,000</td>
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<tr>
<td>PHASE IV</td>
<td>6,761</td>
<td>$31 - $40</td>
<td>$209,600 - $270,400</td>
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<tr>
<td>PHASE V</td>
<td>5,403</td>
<td>$31 - $40</td>
<td>$167,500 - $216,100</td>
</tr>
<tr>
<td>PHASE VI</td>
<td>3,877</td>
<td>$31 - $40</td>
<td>$129,200 - $155,000</td>
</tr>
<tr>
<td>PHASE VII</td>
<td>5,188</td>
<td>$31 - $40</td>
<td>$160,800 - $207,500</td>
</tr>
</tbody>
</table>

| IS Training Room | $31 - $40 | $117,800 - $152,000 |
| Server Room | $31 - $40 | $117,800 - $152,000 |
| Exercise Room | $31 - $40 | $117,800 - $152,000 |

Estimated Interior Renovation Cost: $1,005,800 - $1,297,600
RESOLUTION OF INTENT TO ENTER INTO
CONTRACT OF LEASE WITH INGHAM COUNTY BUILDING AUTHORITY;
TO AUTHORIZE PUBLICATION OF NOTICE OF INTENT; AND
TO DECLARE INTENT TO REIMBURSE

At a regular meeting of the Ingham County Board of Commissioners (the "Board") held on the _____
day of ______, 2016, at ___ _.m., Michigan time, in the Ingham County Courthouse in Mason, Michigan.

PRESENT: ____________________________________________________________

ABSENT: ____________________________________________________________

The following preamble and resolution were offered by Commissioner ___________ and seconded by
Commissioner ____________:
WHEREAS, the County of Ingham, Michigan (the "County") has established the Ingham County
Building Authority (the "Authority") pursuant to Act 31 of the Public Acts of Michigan of 1948 (First Extra
Session), as amended ("Act 31"); and
WHEREAS, the Community Mental Health Authority of Clinton-Eaton-Ingham Counties ("CMH") has
requested the County and the County deems it necessary and advisable to renovate, construct, furnish, equip and
improve the existing Community Mental Health Building located at 812 East Jolly Road, Lansing, Michigan
and to acquire, construct, furnish and equip an approximately 42,000 square foot addition thereto, together with
associated parking (collectively, the "Project"); and
WHEREAS, the Authority is authorized by its Articles of Incorporation and Act 31 to renovate,
construct, furnish and equip the Project on behalf of the County, to finance the cost of the Project by the
issuance of bonds ("Bonds") and to lease the Project to the County; and
WHEREAS, a proposed Contract of Lease, in the form attached hereto as Exhibit A (the "Lease"),
providing for the lease of the Project by the County from the Authority has been presented to and reviewed by
the Board; and
WHEREAS, the Lease shall not become effective until 45 days after Notice of Intent of entering into a
Lease has been published in a newspaper of general circulation in the County, pursuant to Section 8b of Act 31;
and
WHEREAS, it is contemplated that the County and/or the Authority will enter into a lease, amended
lease, or sublease of the Project with CMH, who will be the major tenant in, occupy and maintain the Project,
and pay rental with respect to the Project; and
WHEREAS, it is contemplated that the County and/or the Authority will enter into a ground lease with
CMH with respect to the Site for the Project; and
WHEREAS, it is anticipated that if advances of all or a portion of the costs of the Project are made prior
to the issuance of the Bonds, such advance or advances will be repaid from proceeds of the Bonds upon
issuance thereof; and
WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the "Reimbursement
Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of
bond proceeds, and the County intends by this resolution to qualify amounts advanced by CMH or the County
or the Authority to the Project for reimbursement from proceeds of the Bonds in accordance with the requirements of the Reimbursement Regulations.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. That the County intends to enter into the Lease with the Authority for the renovation and construction of the Project.

2. That the Lease and the Bonds issued to finance the Project shall contain the terms and conditions as finally approved by the County and the Authority and shall be subject to the general limitations set forth in Exhibit B hereto.

3. That the Lease as presented to the Board on this date shall be maintained on file at the office of the County Clerk for public inspection together with a certified copy of this Resolution.

4. That the obligations of the County as set forth in the Lease, shall be the full faith and credit (limited tax) general obligation of the County, it being understood that any tax levied by the County to meet these obligations is a first budget obligation, subject to existing constitutional, statutory and charter tax limitations.

5. That the County Clerk is authorized and directed to publish a Notice of Intent to enter into the Lease in substantially the form attached hereto as Exhibit B, in the Lansing State Journal, which is hereby determined to be the newspaper reaching the largest number of persons to whom said Notice is directed.

6. The Project shall consist of the renovation, construction, furnishing, equipping and improvement of the Community Mental Health Building located at 812 East Jolly Road, Lansing, Michigan and the acquisition, construction, furnishing and equipping of an approximate 42,000 square foot addition thereto, together with associated parking.

7. The maximum principal amount of obligations expected to be issued for the Project is $10,000,000.

8. The County hereby declares its official intent to issue Bonds to finance the costs of the Project, and hereby declares that it reasonably expects to reimburse advances to the Project as anticipated by this resolution.

9. That the County and/or the Authority shall enter into a (i) sublease, lease or agreement with CMH of the Project and, if necessary, (ii) a ground lease with CMH with respect to the Site for the Project.

10. That all resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

IN FAVOR: ________________________________

AGAINST: ________________________________

ABSTENTIONS: ________________________________

RESOLUTION ADOPTED.
I, the undersigned, the duly qualified and acting Clerk of the County of Ingham, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Ingham County Board of Commissioners at the meeting indicated, the original of which resolution is on file in my office. I further certify that notice of the meeting was given, the meeting was held and the minutes therefor were filed and will be or have been made available, all in accordance with the provisions of the Open Meetings Act, Act No. 267, Public Acts of Michigan, 1976, as amended.

Dated: ____________, 2016

________________________________________
Barb Byrum, Ingham County Clerk
EXHIBIT B

COUNTY OF INGHAM
STATE OF MICHIGAN

NOTICE OF INTENTION OF THE COUNTY OF INGHAM TO
ENTER INTO A FULL FAITH AND CREDIT (LIMITED TAX)
GENERAL OBLIGATION CONTRACT OF LEASE WITH THE
INGHAM COUNTY BUILDING AUTHORITY AND NOTICE
OF RIGHT TO PETITION FOR REFERENDUM THEREON

TO ALL ELECTORS AND TAXPAYERS OF THE COUNTY OF INGHAM:

NOTICE IS GIVEN, that the Board of Commissioners of the County of Ingham, State of
Michigan, intends to authorize the execution of a full faith and credit (limited tax) general obligation contract of
lease with the Ingham County Building Authority. The contract of lease will provide, among other things, for
the renovation, construction, furnishing, equipping and improvement of the Community Mental Health Building
located at 812 East Jolly Road, Lansing, Michigan and for the acquisition, construction, furnishing and
equipping of an approximately 42,000 square foot addition thereto, together with associated parking
(collectively, the "Project"), and the lease of the Project by the Ingham County Building Authority to the
County of Ingham. The contract of lease will further provide that the Ingham County Building Authority will
finance the cost of the Project by the issuance of building authority bonds, in one or more series, pursuant to the
provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, in anticipation of the
receipt of cash rental payments to be made by the County of Ingham to the Ingham County Building Authority
pursuant to the contract of lease. The maximum amount of bonds to be issued will be $10,000,000.

It is expected that the County of Ingham and/or the Ingham County Building Authority will enter
into a sublease, lease or agreement with the Community Mental Health Authority of Clinton-Eaton-Ingham
Counties, who will be the major tenant in, occupy and maintain the Project and pay rental with respect to the
Project.
FULL FAITH AND CREDIT AND LIMITED TAXING POWER OF THE COUNTY OF INGHAM PLEDGED

NOTICE IS FURTHER GIVEN, that in the contract of lease, the County of Ingham will obligate itself to make cash rental payments to the Ingham County Building Authority in amounts sufficient to pay the principal of and interest on the bonds to be issued by the Ingham County Building Authority and that the full faith and credit of the County of Ingham will be pledged for the making of the cash rental payments as a limited tax first budget obligation. Pursuant to the pledge of its full faith and credit, the County of Ingham will be required in each fiscal year to include in its general fund budget and to appropriate such amounts as shall be necessary to make the cash rental payments to the extent other moneys are not available to make the cash rental payments. In no event may the County of Ingham levy ad valorem taxes for the purpose of paying the cash rental payments or for the Project in amounts in excess of the rate permitted by the Constitution and laws of the State of Michigan. In addition to its obligation to make cash rental payments, the County of Ingham will agree, in the contract of lease, to pay all costs and expenses of the Authority incidental to the issuance and payment of the bonds to the extent such expenses are not payable from the proceeds of the bonds and to pay the expenses of operating and maintaining the Project.

RIGHT TO PETITION FOR REFERENDUM

NOTICE IS FURTHER GIVEN, that this notice is given to and for the benefit of the electors and taxpayers of the County of Ingham in order to inform them that the Ingham County Board of Commissioners intends to authorize the execution of the above described contract of lease and also to inform them of their right to petition for a referendum upon the question of entering into the contract of lease. The County of Ingham intends to enter into the contract of lease without a vote of the electors thereon, but the contract of lease shall not become effective until 60 days after publication of this notice. If, within 45 days of the publication of this notice, a petition for referendum requesting an election on the contract of lease, signed by not less than 10% or 15,000 of the registered electors of the County of Ingham, whichever is less, has been filed with the County Clerk, the contract of lease shall not become effective unless approved by a majority of the electors of the County of Ingham voting thereon at a general or special election.

This notice is given by order of the Ingham County Board of Commissioners pursuant to Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended. Further information may be secured at the office of the undersigned County Clerk.

Barb Byrum
Ingham County Clerk

Published: ___________. 2016
CONTRACT OF LEASE

THIS FULL FAITH AND CREDIT (LIMITED TAX) GENERAL OBLIGATION CONTRACT OF LEASE made as of the 1st day of _______, 2016, by and between the INGHAM COUNTY BUILDING AUTHORITY (sometimes hereinafter referred to as the "Authority"), a building authority organized and existing under and pursuant to the provisions of Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, (sometimes hereinafter referred to as "Act 31"), and the COUNTY OF INGHAM, a county organized and existing under the Constitution and laws of the State of Michigan (sometimes hereinafter referred to as the "County").

WITNESSETH:

WHEREAS, the Authority has been incorporated by the County pursuant to Act 31 for the purposes set forth in Act 31; and

WHEREAS, the Community Mental Health Authority of Clinton-Eaton-Ingham Counties ("CMH") has requested the County to renovate, construct, furnish, equip and improve the existing Community Mental Health Building located at 812 East Jolly Road, Mason, Michigan, and has proposed that the County renovate, construct, furnish, equip and improve said facility and construct, acquire, furnish and equip an approximately 42,000 square foot addition thereto, together with associated parking (the said facility and addition hereinafter sometimes referred to as the "Project"); and

WHEREAS, it is proposed that the Authority finance all or part of the cost of the Project by the issuance of building authority bonds payable from cash rental payments by the County to the Authority pursuant to this Contract of Lease; and

WHEREAS, an estimate of [40] years and upwards as the period of usefulness of the Project and an estimate of [$10,000,000] as the cost of the Project have been prepared and have been filed with the County Clerk and the Secretary of the Authority; and

WHEREAS, in order to provide for renovating, constructing, furnishing, equipping, improving and financing the Project and to make possible the issuance of building authority bonds to defray all or part of the cost of the Project it is necessary for the parties to enter into this Contract of Lease.

THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERTAKINGS AND AGREEMENTS HEREINAFTER SET FORTH, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. The Authority shall, as soon as practicable after the effective date of this Contract of Lease, proceed to issue its building authority bonds in one or more series in the aggregate principal amount of [$10,000,000] or such lesser amount as shall be determined by the Commission of the Authority to be necessary to defray all or part of the cost of the Project, pursuant to and in accordance with the provisions of Act 31, and shall pledge for the payment of the principal of and interest on said bonds the receipts from the cash rental payments hereinafter agreed to be paid by the County. The bonds shall be serial bonds, term bonds or a combination thereof dated as of such date as shall be determined by the Authority, shall bear interest at a rate or rates not to exceed [7%] per annum and shall mature (subject to such prior redemption, if any, as may be provided in the bond authorizing resolution) on such dates and in such years as shall be determined in the resolution authorizing the issuance of the bonds. Upon receipt of the proceeds of the sale of the building authority bonds the Authority immediately shall deposit such proceeds (other than any premium, capitalized interest and accrued interest received from the purchaser of the bonds, which shall be transferred to the bond...
and interest redemption fund) into a construction fund, which shall be maintained as a separate depositary 
account and from which shall be paid the cost of the Project.

2. After the building authority bonds have been sold, the Authority shall renovate, construct, 
furnish, equip and improve the Project or cause the renovation, construction, furnishing, equipping and 
improving thereof.

   (a) The Authority shall contract with the architect selected by CMH for the Project unless the 
       Authority objects to the contracting with the selected architect. In such event the Authority shall contract with 
       another architect selected by CMH with whom the Authority has no objections. All final plans and 
       specifications prepared by the architect and the total project budget shall be reviewed and approved by CMH 
       before commencement of construction. The final plans and specifications and the total project budget shall also 
       require approval of the Authority and the County, which approval shall not be unreasonably withheld.

   (b) The Authority, in consultation with CMH, shall select a construction manager for the 
       Project. After the plans and specifications have been approved by the Authority, CMH and the County, no 
       changes shall be made except as approve by the Authority, the County and CMH in writing. The Authority, the 
       County and CMH shall designate those persons who are authorized to approve changes to the plans and 
       specifications. Any such changes shall be made by change order.

   (c) The cost estimate and the estimated period of usefulness for the Project, both of which 
       heretofore have been filed with the County Clerk and the Secretary of the Authority, are approved and adopted. 
       The cost of the Project shall include not only the direct costs of renovating, constructing, furnishing, equipping 
       and improving the Project but all other costs including, without limitation, all architectural, engineering, 
       construction management, moving, financial, legal, printing and publishing costs and expenses incidental to the 
       Project and to the issuance of the building authority bonds.

3. In the event that the Authority shall at any time determine that the Project cannot be completed at 
   the estimated cost, the Authority immediately shall so notify the County in writing, specifying the additional 
   funds required, and thereupon one of the following actions shall be taken: (a) the County shall pay or cause to 
   be paid to the Authority in cash the additional amount so required, or (b) the Authority shall issue building 
   authority bonds in such increased or additional principal amount as shall be necessary to complete the Project, 
   or (c) the Project shall be modified so as to permit its completion within the estimated cost. No such increased 
   or additional building authority bonds shall be issued unless the County and the Authority shall provide by 
   amendment or supplement of this Contract of Lease for such issuance and for an increase in the cash rental 
   payable by the County hereunder sufficient to permit payment of the principal of and interest on the increased 
   or additional bonds. Any additional building authority bonds so issued shall have equal standing with the bonds 
   hereinbefore authorized to be issued. The proceeds of any such cash payments or increased or additional bonds 
   (except for accrued interest, premium and capitalized interest) shall be deposited into the construction fund for 
   the Project.

4. If, after completion of the Project, moneys remain in the construction fund, such moneys shall be 
   considered to be an unexpended balance of the proceeds of the sale of the bonds. Any unexpended balance of 
   the proceeds of the sale of the bonds remaining after completion of the Project may be used to improve or 
   enlarge the Project or for other Projects of the Authority leased to the County if such use is approved by the 
   Michigan Department of Treasury, if required by law, and by the County. Any unexpended balance not so used 
   shall be paid into the bond and interest redemption fund and the County shall receive a credit against the cash 
   rental payments next due under this Contract of Lease to the extent of the moneys so deposited in the manner 
   provided in the resolution authorizing the bonds.

5. The Authority shall require the contractor or contractors for the construction of the Project to 
   furnish all necessary bonds guaranteeing performance and all labor and materials bonds and all owners 
   protective, workers compensation and liability insurance required for the protection of the Authority and the 
   County. All bonds and insurance, and the amounts thereof, shall be subject to approval of the County attorney. 
   All such insurance shall be made effective from the date of issuance of the building authority bonds described in
Section 1 or commencement of construction of the Project, whichever is later. The Authority also shall require a sufficient fidelity bond from any person handling funds of the Authority.

6. The Authority hereby leases the Project and the Site described on Exhibit A to the County for a term commencing on the effective date of this Contract of Lease and ending on ________, 20__, or such earlier date as hereinafter provided. Possession of the Project shall vest in the County upon completion of construction of the Project. When all of the building authority bonds issued by the Authority to finance the Project have been retired, the Authority shall convey to the County all of its right, title and interest in the Project and any lands, air space, easements or rights-of-way appertaining thereto. Upon such conveyance by the Authority to the County, this Contract of Lease and the leasehold term shall terminate and the Authority shall have no further interest in, or obligations with respect to, the Project.

7. The County hereby agrees to pay to the Authority as cash rental for the Project herein leased to it by the Authority such periodic amounts as shall be sufficient to enable the Authority to pay the principal of and interest on the building authority bonds to be issued by the Authority as such principal and interest shall become due. On the 15th day of the month preceding the first date that any noncapitalized interest shall become due on the bonds and semiannually thereafter while any of the bonds remain outstanding the County shall pay to the Authority an amount sufficient to pay the interest due on the bonds on the first day of the following month. On the 15th day of the month preceding the first principal payment date on the bonds and annually thereafter while any of the bonds are outstanding the County shall pay the Authority an amount sufficient to pay the principal due on the bonds on the first day of the following month. If for any reason the cash rental payments made by the County are not used to pay the principal of and interest on the bonds, the County agrees to pay to the bondholders on behalf of the Authority as additional cash rental such amounts as are necessary to pay such principal and interest. The County hereby pledges its limited tax full faith and credit for the payment of the cash rental when due and agrees that it will levy each year such ad valorem taxes as shall be necessary for the payment of such cash rental which taxes shall be subject to applicable constitutional and statutory tax limitations. If the County, at the time prescribed by law for the making of its annual tax levy, shall have other funds on hand which have been set aside and earmarked for payment of its obligations for which a tax levy otherwise would have to be made, then the tax levy shall be reduced by the amount of such other funds. Such other funds may be raised from any lawful source. The obligation of the County to make such cash rental payments shall not be subject to any setoff by the County nor shall there be any abatement of the cash rentals for any cause including, but not limited to, casualty that results in the Project being untenanted.

8. The County may pay in advance to the Authority any cash rental payments herein required to be made and in such event shall be credited therefor upon future-due cash rental payments as the County shall direct. Any such advance payments, if the County shall so direct, shall be used by the Authority to redeem or purchase bonds prior to maturity when and to the extent possible and to pay the interest thereon and any call premiums applicable thereto. Any such advance payments shall be deposited in the bond and interest redemption fund of the Authority. The County also shall have the right to purchase bonds on the open market and to surrender the same to the Authority at any time. In the event that any bonds are redeemed or purchased and surrendered as above provided, the respective amounts which otherwise would have been payable as semiannual interest thereon shall be credited upon the cash rental payments otherwise required to be made on the cash rental payment dates next preceding such semiannual interest payment dates and the principal amount of such bonds shall be credited upon the cash rental payments otherwise required to be made on the cash rental payment dates next preceding the maturity dates of the bonds. Any bonds redeemed, purchased or surrendered shall be cancelled.

9. In addition to the cash rental provided for in Section 7 hereof, the County hereby agrees to pay to the Authority all operating expenses of the Authority including expenses incidental to the issuance and payment of the bonds to the extent such expenses are not paid from the proceeds of the bonds. The obligations of the County to make such payments shall be limited tax general obligations of the County.
10. The County shall, at its own expense, operate and maintain the Project and shall keep the same in good condition and repair. The County may contract for the operation and maintenance of the Project or any part thereof by a private party. Operation and maintenance shall include (but not be limited to) the providing of all personnel, equipment and facilities, all air conditioning, light, power, heat, telephone, water, sewage disposal, storm drainage and all other personnel services, equipment and supplies, of whatever nature, as shall be necessary or expedient for the operation and maintenance of the Project. Premiums for insurance required to be carried upon or with respect to the Project or the use thereof and taxes levied upon either party hereto on account of the ownership or use thereof or rentals or income therefrom likewise shall be deemed operation and maintenance expenses. The obligation of the County to pay all costs and expenses of the operation and maintenance of the Project shall be a limited tax general obligation of the County.

11. The County shall provide, at its own expense, fire and extended coverage, malicious mischief and vandalism insurance in an amount which is at least equal to the amount of the building authority bonds outstanding from time to time or to the amount of the full replacement cost of the Project if that amount be less than the amount of bonds outstanding. Such insurance shall be payable to the County and the Authority as their interests may appear and shall be made effective from the date of issuance of the building authority bonds described in Section 1 or commencement of construction of the Project, whichever is later. In the event of the partial or total destruction of the Project during or after construction, or if the Project is for any reason made unusable, the cash rental payments as provided in Section 7 hereof shall continue unabated. The County shall have the option to use the proceeds of insurance, in the event of loss or damage to the Project, for the repair or restoration of the Project. If the County shall determine not to use the proceeds of insurance for the repair or restoration of the Project the amount of such insurance proceeds shall be paid to the Authority and by it deposited in the bond and interest redemption fund and the County shall receive appropriate credits on future cash rental payments due.

12. The County shall provide adequate liability insurance protecting the County, the Authority and the members of the Commission of the Authority against loss on account of damage or injury to persons or property, imposed by reason of the ownership, possession, use, operation or repair of the Project or resulting from any acts of omission or commission on the part of the County, the Authority, the members of the Commission of the Authority or their agents, officers or employees in connection therewith. Such insurance shall be made effective from the date of issuance of the building authority bonds described in Section 1 or commencement of construction of the Project, whichever is later.

13. The County shall hold the Authority and the members of its Commission harmless and to the extent permitted by law keep it fully indemnified at all times against any loss, injury, or liability to any person or property by reason of the use, misuse, or non-use of the Project by the County or by any other person or from any act or omission in, on or about the Project, including any liability resulting from any and all environmental matters pertaining thereto. The County shall, at its own expense, make any changes or alterations in, on or about the Project which may be required by any applicable statute, charter, ordinance or governmental regulation or order, and shall save the Authority and the members of its Commission harmless and free from all cost or damage in respect thereto.

14. The County, in its sole discretion, may install or construct in or upon, or may remove from the Project, any equipment, fixtures or structures and may make any alterations or structural changes as it may desire, but the County shall not make any permanent alterations to the Project that will affect adversely the security for the building authority bonds to be issued by the Authority or the prompt payment of the principal of or interest on such bonds.

15. The Authority, through its officers, employees or agents, may enter upon the Project at any time during the term of this Contract of Lease for the purpose of inspecting the Project and determining whether the County is complying with the covenants, agreements, terms and conditions hereof.

16. Inasmuch as this Contract of Lease, and particularly the obligations of the County to make cash rental payments to the Authority, provides the security for payment of the principal of and interest on the
building authority bonds to be issued by the Authority to finance the Project, it is hereby declared that this Contract of Lease is made for the benefit of the holders of said bonds as well as for the benefit of the parties and that said holders shall have contractual rights herein. In the event of any default on the part of the County, the Authority and the holders of said bonds shall have all rights and remedies provided by law and especially by Act 31. The parties further covenant and agree that they will not do or permit to be done any act, and that this Contract of Lease will not be amended in any manner, which would impair the security of said bonds or the rights of the holders thereof. An amendment of this Contract of Lease to authorize the issuance of additional building authority bonds and providing for the payment of additional cash rentals for the payment thereof shall not be deemed to impair the security of the bonds or the rights of the holders.

17. This Contract of Lease shall inure to the benefit of, and be binding upon the respective parties hereto and their successors and assigns; provided, however, that no assignment shall be made in violation of the terms hereof nor shall any assignment be made which would impair the security of the bonds or the rights of the holders thereof.

18. Additional building authority bonds of equal standing with the bonds herein authorized may be issued, in addition to those for which provision is made in Section 3, for the purpose of making improvements or additions to the Project; provided, however, that no such bonds of equal standing may be issued unless this Contract of Lease is amended or supplemented to provide for such issuance and for an increase in the cash rental payments required to be made by the County in amounts sufficient to permit payment of the principal of and interest on such additional bonds. Nothing in this Contract of Lease shall prevent the Authority from issuing building authority bonds to finance other Projects for lease to the County.

19. In the event the building authority bonds to finance the Project cannot be or are not issued by the Authority prior to January 1, [2018], the Project shall be abandoned and the County shall pay all expenses of the Authority incurred to the date of abandonment, and neither party shall have any further obligations under this Contract of Lease. The provisions of this Section 19 may be extended or waived by the parties by resolution of their respective governing bodies.

20. Except as otherwise provided herein, the right to give any consent, agreement or notice herein required or permitted shall be vested, in the case of the County, in its Board of Commissioners, and in the case of the Authority, in its Commission. Any notice required or permitted to be given hereunder shall be given by delivering the same, in the case of the County, to the County Clerk or the Deputy County Clerk, and in the case of the Authority, to any member of its Commission.

21. In the event there shall occur changes in the constitution or statutes of the State of Michigan which shall affect the organization, territory, powers or corporate status of the County, the terms and provisions of this Contract of Lease shall be unaffected thereby insofar as the obligation of the County to make cash rental payments is concerned. The proceeds of any sale or other liquidation of any interest of the County in the Project are hereby impressed with a first and prior lien for payment of any outstanding building authority bonds or other obligations of the Authority incurred by reason of the Project or any additions or improvements thereto.

22. This Contract of Lease shall become effective 60 days after a notice of intention of entering into this Contract of Lease has been published in a newspaper of general circulation in the County as required by Section 8b(3) of Act No. 31; provided, however, that if a petition for a referendum requesting an election on this Contract of Lease is filed with the County Clerk within 45 days after the notice is published, signed by not less than 10% or 15,000 of the registered electors of the County, whichever is less, then this Contract of Lease shall become effective only if and when approved by a majority of the electors of the County voting thereon. This Contract of Lease shall terminate on __________, 20__, unless terminated prior to such date in accordance with the provisions hereof.
IN WITNESS WHEREOF, the INGHAM COUNTY BUILDING AUTHORITY, by its Commission, and the COUNTY OF INGHAM, by its Board of Commissioners, each have caused this Contract of Lease to be signed in its name, for and on its behalf, by its duly authorized officers, as of the day and year first above written.

Witnessed:

INGHAM COUNTY BUILDING AUTHORITY

__________________________
By: ____________________________

Its: Commission Chairperson

__________________________
And: ____________________________

Its: Commission Secretary

Witnessed:

COUNTY OF INGHAM

__________________________
By: ____________________________

Its: Chairperson, Board of Commissioners

__________________________

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

By: ____________________________
EXHIBIT A

The Project includes the renovation, construction, furnishing, equipping and improvement of the existing Community Mental Health Building located at 812 East Jolly Road, Mason, Michigan and the construction, furnishing and equipping of an approximately 42,000 square foot addition thereto, together with associated parking (collectively, the "Project").

The Site for the Project is described as follows:

Commencing at the Northwest corner of Section 3, Town 3 North, Range 2 West, City of Lansing, Ingham County, Michigan, thence South on the West Section line to a point 183 feet North of the Northwest corner of Penn-Cedar Subdivision, thence East parallel with the North line Penn-Cedar Subdivision to West line of Penn-Heights Subdivision, thence North along the West line Penn-Heights Subdivision and Battenfield Subdivision #1, extended to the North Section line, thence West to the point of beginning.

Commonly known as 812 East Jolly Road, Lansing, MI.

Beginning at a point 721.9 feet East of the NW corner of said Section 3, T3N, R2W, City of Lansing, Ingham County, Michigan, thence East on Section line 66 feet; thence South 0 degrees 43’ West, on old established line 330.0 feet; thence West 66 feet; thence North 0 degrees 43’ East 330 feet to the point of beginning.

Commonly known as 830 East Jolly Road, Lansing, MI.

Commencing at the Northwest corner of the East 100 acres of the Northwest 1/4 of Section 3, Town 3 North, Range 2 West, City of Lansing, Ingham County, Michigan and running thence South parallel with the Section line 20 rods; thence East 4 rods; thence North 20 rods and thence West 4 rods to the place of beginning.

Commonly known as 836 East Jolly Road, Lansing, MI.
On this ____ day of __________, 2016, in Ingham County, Michigan, before me appeared ________________________ and _________________________, the Chairperson and the Secretary, respectively, of the Commission of the Ingham County Building Authority, a public corporation in the State of Michigan, and, each being duly sworn, did say that the foregoing Contract of Lease was signed and sealed on behalf of said Authority by authority of its Commission, and the said persons acknowledged said instrument to be the free act and deed of said Authority.

________________________________________

Notary Public, _______ County, Michigan
Acting in Ingham County, Michigan
My commission expires:
On this ____ day of ________, 2016, in Ingham County, Michigan, before me appeared _______________, the Chairperson of the Ingham County Board of Commissioners of the County of Ingham, Michigan, and, each being duly sworn, did say that the foregoing Contract of Lease was signed and sealed on behalf of said County by authority of its Board of Commissioners, and the said persons acknowledged said instrument to be the free act and deed of said County.

__________________________________________________________________

Notary Public, _______ County, Michigan
Acting in Ingham County, Michigan
My commission expires:
SUBLEASE

This Sublease made as of ______________, 2016, by and between the COUNTY OF INGHAM, a municipal corporation and political subdivision of the State of Michigan (hereinafter referred to as the "County"), and the COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON-EATON-INGHAM COUNTIES (hereinafter designated as the "CMH").

WHEREAS, the County and the Ingham County Building Authority (the "Authority") have entered into a Full Faith and Credit General Obligation Contract of Lease dated as ____________ 1, 2016 (the "Contract of Lease"), with respect to the renovation, construction, furnishing, equipping and improvement of the existing Community Mental Health Building located at 812 East Jolly Road, Lansing, Michigan and the acquisition, construction, furnishing and equipping of an approximately 42,000 square foot addition thereto, together with associated parking (collectively, the "Project"); and

WHEREAS, CMH has received a copy of the Contract of Lease and is familiar with its contents; and

WHEREAS, it is proposed that the Project be used by CMH to provide community mental health services to its members' residents; and

WHEREAS, in order to permit the Project to be used by CMH for its purposes and to permit CMH to assume the obligations of the County incurred by the County in the Contract of Lease, it is necessary for the County and CMH to enter into this Sublease.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

23. Description and Term. In consideration of the rents described below and the covenants and agreements to be performed by CMH and the County under this Sublease, the County subleases to CMH, and CMH subleases from the County, the Project, together with all improvements thereon and additions thereto as described in Exhibit A, for the term beginning as of the effective date of the Contract of Lease and ending on the termination date specified in the Contract of Lease.


(a) CMH hereby expressly assumes all of the County's obligations to pay the cash rentals, as described in the Contract of Lease at the times and in the amounts required to be paid by the County, including the obligations which are not determined as to amount at the time of this Sublease. Concurrent with the payment of the cash rentals, CMH shall give notice in writing to the County of such payment.

(b) In further consideration of this Sublease, CMH shall pay all other amounts required to be paid by the County under the Contract of Lease; shall continue to provide community mental health services in the jurisdictional boundaries of the County and its other members; and in addition shall be responsible for and pay all of the costs of using, owning, operating, managing, insuring, repairing, maintaining and equipping the Project and all amounts incurred by the County under the hold harmless and indemnity provisions of the Contract of Lease, and all expenses incurred under paragraphs 9, 10, 11 and 12 of the Contract of Lease. All payments of cash rental shall be made directly for and on behalf of the County to the entity described as the "Bond Registrar and Paying Agent" or "Trustee" or "Transfer Agent" in the Authority's resolution authorizing issuance of bonds, adopted by the Authority in accordance with the Contract of Lease.
In further consideration of this Sublease, CMH shall assume and be subject to all limitations and responsibilities of the County under the Contract of Lease.

In further consideration of this Sublease, CMH shall, at its own expense, indemnify, protect, defend and hold harmless the County, the Authority, its elected and appointed officers, employees, and agents at all times against any loss, injury, or liability to any person or property by reason of the use, misuse, or non-use of the Project by CMH or by any other person or from any act or omission in, on or about the Project, including any liability resulting from any and all environmental matters pertaining thereto. CMH shall, at its own expense, make any changes or alterations in, on or about the Project which may be required by any applicable statute, charter, ordinance or governmental regulation or order, and shall save the County and the Authority and its elected and appointed officers, employees, and agents harmless and free from all cost or damage in respect thereto.


(a) CMH covenants not to assign or transfer this Sublease under any circumstances without the prior written consent of the County.

(b) [CMH authorizes the County Treasurer to allocate and utilize, without any further authorization or action on the part of CMH, the millage monies, if any, of CMH that may be lawfully used by CMH for payment of CMH’s obligations under this Sublease.]

26. CMH's Responsibilities.

Without limiting the foregoing, CMH agrees as follows:

(a) CMH shall accept the premises "as is and with all faults."

(b) CMH shall pay for all gas, water, heat, electricity, light, telephone, or any other communication or utility service used in or rendered or supplied to the premises during the term of this Sublease, as the same shall become due.

(c) CMH shall not perform or permit any acts or carry on any practices which may injure the building and structures on the premises, and shall, to the extent practicable, keep the premises clean and free from rubbish, dirt, snow and ice at all times and in full compliance with all applicable laws and ordinances.

(d) CMH shall maintain the premises and all fixtures and equipment therein, including all plumbing, sprinkler, heating, air-conditioning, electrical, gas, security and safety and like fixtures and equipment, all window glass, ceilings, doors and door frames, windows and window frames of the premises in good repair and condition, and shall make all repairs, replacements and upgrades to such fixtures and equipment.

(e) CMH shall provide comprehensive and general, public liability insurance against claims for personal injury, death or property damage occurring in connection with the use and occupancy of the premises, or arising out of the improvement, repair or alteration of the premises. To the extent CMH and the County agree, such insurance may be purchased by the County, and CMH shall be required to reimburse the County for the cost of such insurance and shall maintain any self-insured retention or additional insurance in the amount of such self-insured retention otherwise applicable to the County's insurance program. CMH shall reimburse the County for the cost of insuring the premises. The limits of such insurance shall be less than $_______________ per occurrence with a $____________ aggregate annual limit. The party providing the insurance shall furnish the other party a binder renewing the insurance policy at least 30 days before the policy
expires. Any such policy or binder shall name the other party as an additional insured and shall provide for at least 30 days' notice to the other party of any change in coverage or cancellation.

(f) CMH shall be responsible for the risk of loss of all its personal property on the premises and shall provide fire and extended coverage insurance on CMH's personal property located in the premises in amounts reasonably deemed adequate by CMH to fully insure such personal property. It is understood and agreed that if CMH's personal property is damaged or destroyed in whole or in part by fire or other casualty during the term hereof, CMH will repair and restore the same to good condition with reasonable dispatch based solely upon the amount of insurance proceeds received by CMH to cover such casualty.

(g) CMH shall maintain the interior wall coverings and floor coverings in good repair and shall replace such wall and floor coverings at its own expense as needed.

(h) CMH shall be solely responsible for the provision, maintenance and repair of any exterior and interior signs relating to the use of the premises.

(i) CMH shall maintain the roof, structural supports, exterior and interior walls, floors, walkways, grounds, landscaping and parking lots in good condition.

(j) [CMH shall maintain at all times during the term of this Sublease a repair and replacement fund in an amount not less than $___________, the money credited thereto to be used solely for the purpose of making repairs and replacements to the premises. If at any time it shall be necessary to use moneys in the repair and replacement fund for the purpose of which said fund was established, the moneys so used shall be replaced from any moneys of CMH which are not required by law or contract to be used for other purposes.]

(k) CMH shall be responsible for assuring that access to the premises (exterior and interior) is in continuing compliance with the Americans with Disabilities Act and the Michigan Handicappers' Civil Rights Act, and any other applicable laws governing access to the premises for persons with disabilities, now existing or hereafter adopted. CMH will provide the County and the Ingham County Building Authority with any easements it requires or requests with respect to the Project.

27. Additional Covenants.

(a) CMH hereby covenants that, to the extent permitted by law, it shall take all actions within its control necessary to maintain the exclusion of interest on the Authority's bonds from adjusted gross income for federal income taxation purposes under the Internal Revenue Code of 1986, as amended, including, but not limited to actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure or investment of bond proceeds and moneys deemed to be bond proceeds.

(b) CMH further covenants that it will comply with the requirements of Rule 15c2-12 of the Securities Exchange CMH regarding continuing disclosure, as more fully set forth in the Official Statement related to the Authority's bonds.

28. Remedies. If CMH shall breach or fail to perform any of the promises and agreements in this Sublease or any other agreement entered into between the County and CMH, and such failure shall continue, without commencement and diligent pursuit of remedial action, for sixty (60) days after written notice from the County, the County may commence such performance at CMH's cost and expense or terminate this Sublease and reenter and repossess the Premises at the discretion of the County. If the County prevails in any such action, CMH shall be responsible for the County's reasonable attorneys' fees and costs incurred in connection with such action.
29. **Remedies not Exclusive.** It is agreed that each and every of the rights, remedies and benefits provided by this Sublease shall be cumulative and shall not be exclusive of any other of said rights, remedies and benefits or of any other rights, remedies and benefits allowed by law.

30. **Governing Law.** This Sublease shall be subject to and construed in accordance with the laws of the State of Michigan. In the event any disputes arise under this Sublease the venue for the bringing of any actions in law or in equity shall be in the State of Michigan established in accordance with the statutes and Court Rules of the State of Michigan. In the event any action is brought in or is moved to a federal court the venue for such action shall be the Federal Judicial District of Michigan, Western District, Southern Division.

31. **Amendment.** All modifications, amendments or waivers of any provision of this Sublease shall be made only by the written mutual consent of the parties hereto.

32. **Waiver.** One or more waivers of any covenant or condition by the County shall not be construed as a waiver of a further breach of the same covenant or condition.

33. **Notices.** Whenever notice of any kind is required under this Sublease, it shall be deemed sufficient notice and service thereof if such notice is in writing addressed to the applicable party at its last known Post Office address and deposited in the mail with postage prepaid.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties have executed this Sublease by the signature of the duly authorized officers of the parties as of the date written in the first paragraph above.

COUNTY OF INGHAM, STATE OF MICHIGAN

By: _______________________________
   Its: Supervisor

And: _______________________________
   Its: Clerk

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON-EATON-INGHAM COUNTIES

By: _______________________________
   Its: Chairman

And: _______________________________
   Its: Secretary

APPROVED:

INGHAM COUNTY BUILDING AUTHORITY

By: _______________________________
   Its: Chairperson

And: _______________________________
   Its: Secretary

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

By: _______________________________
The Project includes the renovation, construction, furnishing, equipping and improvement of the existing Community Mental Health Building located at 812 East Jolly Road, Mason, Michigan and the construction, furnishing and equipping of an approximately 42,000 square foot addition thereto, together with associated parking (collectively, the facility addition and parking improvements, collectively, the "Project").

The Site for the Project is described as follows:

Commencing at the Northwest corner of Section 3, Town 3 North, Range 2 West, City of Lansing, Ingham County, Michigan, thence South on the West Section line to a point 183 feet North of the Northwest corner of Penn-Cedar Subdivision, thence East parallel with the North line Penn-Cedar Subdivision to West line of Penn-Heights Subdivision, thence North along the West line Penn-Heights Subdivision and Battenfield Subdivision #1, extended to the North Section line, thence West to the point of beginning.

Commonly known as 812 East Jolly Road, Lansing, MI.

Beginning at a point 721.9 feet East of the NW corner of said Section 3, T3N, R2W, City of Lansing, Ingham County, Michigan, thence East on Section line 66 feet; thence South 0 degrees 43' West, on old established line 330.0 feet; thence West 66 feet; thence North 0 degrees 43' East 330 feet to the point of beginning.

Commonly known as 830 East Jolly Road, Lansing, MI.

Commencing at the Northwest corner of the East 100 acres of the Northwest 1/4 of Section 3, Town 3 North, Range 2 West, City of Lansing, Ingham County, Michigan and running thence South parallel with the Section line 20 rods; thence East 4 rods; thence North 20 rods and thence West 4 rods to the place of beginning.

Commonly known as 836 East Jolly Road, Lansing, MI.
This GROUND LEASE is made and entered into as of the 1st day of _______, 2016, by and among COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON-EATON-INGHAM COUNTIES ("CMH"), the COUNTY OF INGHAM, a municipal corporation and political subdivision of the State of Michigan (herein after referred to as the "County") and the INGHAM COUNTY BUILDING AUTHORITY (the "Authority"), a building authority organized and existing under the provisions of Act No. 31, Public Acts of Michigan, 1948 (First Extra Session), as amended ("Act 31").

WHEREAS, the Authority has been incorporated by the County pursuant to Act 31, for the purposes set forth in Act 31; and

WHEREAS, CMH has requested the Authority and the County to assist in the renovation construction, furnishing, equipping, and improvement of the existing Community Mental Health Building located at 812 East Jolly Road, Lansing, Michigan, and in the acquisition, construction, furnishing, and equipping of an approximately 42,000 square foot addition thereto, together with associated parking (collectively, the "Project"); and

WHEREAS, under the terms of Act 31 the Authority has the power to acquire, construct, improve and equip the Project, to lease the Project to the County, who in turn, will sublease the Project to CMH, all for a period not exceeding 50 years and to finance the Project by the issuance of building authority bonds payable from the rentals received from the County, who in turn will receive rental under the sublease from CMH, for the use of the Project, all in accordance with Act 31; and

WHEREAS, at the request of CMH, the County is willing to acquire, renovate, construct and equip the Project on the premises described in Exhibit A (the "Site"), which will be leased to it from the Authority, and subleased by the County to CMH; and

WHEREAS, the estimated cost of the Project is approximately Ten Million Dollars ($10,000,000); and

WHEREAS, as a prerequisite to the issuance of building authority bonds to finance part of the cost of the Project, it is necessary for the parties to enter into this Ground Lease, whereby the CMH will lease the Site to the Authority for a period extending beyond the last maturity date of the bonds, but not to exceed a period of 50 years;

IT IS HEREBY AGREED AMONG THE COUNTY, THE AUTHORITY, AND CMH in consideration of the mutual agreements and covenants in this Ground Lease, as follows:

1. CMH does hereby let and lease the Site to the Authority, and the Authority does hereby lease the Site from the CMH. The term of this Ground Lease shall commence on the effective date of the Contract of Lease (the "Contract of Lease") between the parties dated as of ________, 2016, and shall terminate on ________, 20__ unless terminated prior to such date in accordance with the provisions hereof.

2. The Authority shall pay rent to CMH for the Site hereby leased at the rate of One Dollar ($1.00) per year due and payable on the anniversary date of this Ground Lease each and every year during the term hereof.

3. The Authority will lease the Project to the County pursuant to the Contract of Lease, who will in turn sublease the Project to CMH under a sublease ("Sublease").

4. It is mutually agreed that at the request of CMH, the County shall acquire, construct, renovate and equip the Project on the Site hereby leased as provided by and in accordance with the Contract of Lease and the Sublease.

5. Each of the Authority and the County shall have, and is hereby granted, access to and use of the Site during the acquisition, construction, renovation and equipping of the Project, and upon completion of the Project. CMH agrees to provide any and all easements and/or rights of egress and ingress to the Authority and the County on and around the Site to allow and permit
the Authority, the County and the general public access to the Community Mental Health Building and to adjacent facilities.

6. The Authority and the County shall not be held liable for a breach of this Ground Lease or for any damages or loss in the event the Site is damaged by an act beyond its control which makes its use untenable. In the event of such a condition, the Ground Lease may be immediately terminated by any party without further liability.

7. CMH shall, at its own expense, indemnify, protect, defend and hold harmless the Authority and the County, its elected and appointed officers, employees and agents at all times against any loss, injury, or liability to any person or property by reason of the use, misuse, or non-use of the project by CMH or by any other person or from any act or omission in, on or about the project, including any liability resulting from any and all environmental matters pertaining thereto. CMH shall, at its own expense, make any changes or alterations in, on or about the Project which may be required by any applicable statute, charter, ordinance or governmental regulation or order, and shall save the Authority, the County and its elected and appointed officers, employees and agents harmless and free from all cost or damage in respect thereto.

8. CMH shall provide adequate liability insurance protecting the Authority and the County against loss on account of damage or injury to persons or property, imposed by reason of the ownership, possession, use, operation or repair of the Project or resulting from any acts of omission or commission on the part of the Authority, the County or their agents, officers or employees in connection therewith. Such insurance shall be made effective from the date of issuance of the building authority bonds or commencement of construction of the Project, whichever is later.

9. It is mutually agreed that, upon the termination of this Ground Lease, the premises leased hereby and all improvements thereon and the title to the same shall revert to the CMH.

10. This Ground Lease shall inure to the benefit of and be binding upon the respective parties hereto and their successors and assigns.

11. This Ground Lease shall remain in full force and effect for the period herein provided but shall terminate prior to __________, 20__ if and when the Authority shall have fully paid and discharged its liability with respect to the building authority bonds and any other obligations of the Authority or the County incurred with respect to the acquisition, construction, renovation and equipping of the Project.

12. In the event that the Authority for any reason, cannot issue its building authority bonds to finance the Project prior to _____, 20__ this Ground Lease shall terminate. The provisions of this Section may be extended or waived by the parties by resolution of their respective governing bodies.

13. This Ground Lease shall be subject to and construed in accordance with the laws of the State of Michigan. In the event any disputes arise under this Ground Lease the venue for the bringing of any actions in law or in equity shall be in the State of Michigan established in accordance with the statutes and Court Rules of the State of Michigan. In the event any action is brought in or is moved to a federal court the venue for such action shall be the Federal Judicial District of Michigan, Western District, Southern Division.
14. No failure or delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise of any right, power or privilege preclude any other or further exercise of any other right, power or privilege.

15. All modifications, amendments or waivers of any provision of this Ground Lease shall be made only by the written mutual consent of the parties hereto.

16. This Ground Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Ground Lease.
IN WITNESS WHEREOF, the County, by its County Commission, the Authority, by its Commission, and CMH, by its Board, have each caused this Ground Lease to be executed and delivered as of the day and year first written above.

Witnesses to Signatures of County Officers

COUNTY OF INGHAM

___________________________
By:__________________________

Witnesses to Signatures of Authority Officers

INGHAM COUNTY BUILDING AUTHORITY

___________________________
By:__________________________
Chairman of its Commission

And

___________________________
By:__________________________
Secretary of its Commission

COMMUNITY MENTAL HEALTH AUTHORITY OF CLINTON-EATON-INGHAM COUNTIES

___________________________
By:__________________________

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

By:__________________________
Exhibit A

Legal Description of Site

[To Be Confirmed or Revised]

Commencing at the Northwest corner of Section 3, Town 3 North, Range 2 West, City of Lansing, Ingham County, Michigan, thence South on the West Section line to a point 183 feet North of the Northwest corner of Penn-Cedar Subdivision, thence East parallel with the North line Penn-Cedar Subdivision to West line of Penn-Heights Subdivision, thence North along the West line Penn-Heights Subdivision and Battenfield Subdivision #1, extended to the North Section line, thence West to the point of beginning.

Commonly known as 812 East Jolly Road, Lansing, MI.

Beginning at a point 721.9 feet East of the NW corner of said Section 3, T3N, R2W, City of Lansing, Ingham County, Michigan, thence East on Section line 66 feet; thence South 0 degrees 43’ West, on old established line 330.0 feet; thence West 66 feet; thence North 0 degrees 43’ East 330 feet to the point of beginning.

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Commonly known as 836 East Jolly Road, Lansing, MI.
Exhibit A

Premises situated in the City of Lansing, County of Ingham, State of MI, described as follows:

That part of the fractional Northwest 1/4 of Section 3, Township 3 North, Range 2 West, City of Lansing, Ingham County, Michigan, described as beginning at a point on the North line of said Section 3 lying South 88 degrees 45 minutes 28 seconds East 366.81 feet from the Northwest corner of said Section 3; thence continuing South 88 degrees 45 minutes 28 seconds East on said North line 355 feet; thence South 0 degrees 35 minutes 42 seconds East 329.70 feet; thence South 88 degrees 44 minutes 12 seconds East 85.95 feet to the Northwest corner of the Plat of Battenfield Subdivision No. 1, as recorded in Liber 16 of Plats, pages 3 and 4, Ingham County Records; thence South 0 degrees 37 minutes 55 seconds West 518.27 feet along the West line of the Plat of Battenfield Subdivision No. 1 and the West line of the Plat of Pennsylvania Heights, as recorded in Liber 17 of Plats, Page 38, Ingham County Records, to the North line of the Plat of Roselawn, as recorded in Liber 29 of Plats, Page 6, Ingham County Records, thence North 89 degrees 04 minutes 25 seconds West along said North line 344 feet; thence North 1 degree 14 minutes 32 seconds East 404.83 feet; thence North 88 degrees 45 minutes 28 seconds West 86.20 feet; thence North 1 degree 14 minutes 32 seconds East 445.00 feet to the point of beginning.
TO: Law & Courts, County Services, and Finance Committees

FROM: John Neilsen, Chief Deputy Controller

DATE: September 5, 2016

SUBJECT: Resolution to Proceed with Plans for Constructing, Equipping, and Financing a New County Animal Shelter Facility

For the meeting agendas of LC September 15, 2016, CS on September 20, 2016 and Finance September 21, 2016

BACKGROUND
The resolution authorizes the Ingham County Building Authority to proceed with the constructing, equipping, and financing a new county animal shelter which would replace the existing facility based on the preliminary plans and cost estimates provided to the Law & Courts Committee on September 15, 2016, County Services on September 20, 2016 and to the Finance Committee on September 21, 2016.

ALTERNATIVES
This follows the customary practice of using the Ingham County Building Authority for this type of significant building project.

FINANCIAL IMPACT
The projected cost of construction, equipment, and financing plus fees, is not to exceed $7.14 million for this new replacement Animal Control Shelter Facility. Funds will come from the recently approved the Animal Control Shelter Replacement and Operational Millage

Approved Millage: Up to .24/100 (0.24) of one (1) mill, $0.24 per thousand dollars of state taxable valuation, for a period of six (6) years (2016-2021). First year of millage would raise approximately $1,638,500.

$6,800,000 million estimate for construction and other project costs
$200,000 construction cost contingency fund
$140,000 estimated bond financing costs
$7,140,000 Estimated Total Project Costs
Total Project Cost is estimated to be $7,777,704
$7,140,000 6 years, 2.5%, Payment $1,296,000

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$7,140,000 $637,704 $7,777,704

**OTHER CONSIDERATION**
There are no other considerations for this project.

**RECOMMENDATION**
Based on the information presented, I recommend approval of the attached resolution.
ADOPTED – SEPTEMBER 27, 2016

Introduced by the Law & Courts, County Services and Finance Committees of the:

INGHAM COUNTY BOARD OF COMMISSIONERS

RESOLUTION TO PROCEED WITH PLANS FOR CONSTRUCTING, EQUIPPING, AND FINANCING A NEW COUNTY ANIMAL SHELTER FACILITY

RESOLUTION # 16 – 409

WHEREAS, on August 2 the electorate of Ingham County approved the Animal Control Shelter Replacement and Operational Millage; and

WHEREAS, the Architectural/Engineering Firm Of Hobbs And Black have completed preliminary plans and budgets for a new replacement Animal Control Shelter Facility; and

WHEREAS, the new county animal shelter which would replace the existing facility will be more sanitary, humane, and efficient to staff to meet the needs of the Shelter animals, staff and the public.

THEREFORE BE IT RESOLVED, that the Ingham County Board of Commissioners hereby authorizes the Ingham County Building Authority to proceed with the constructing, equipping, and financing a new county animal shelter which would replace the existing facility based on the preliminary plans and cost estimates provided to the Law & Courts Committee on September 15, 2016, County Services on September 20, 2016 and to the Finance Committee on September 21, 2016.

BE IT FURTHER RESOLVED, that the projected cost of construction, equipment, financing plus fees and borrowing costs, is not to exceed a total project cost of $7,777,704.

BE IT FURTHER RESOLVED, that the new county animal shelter will be constructed at the current City of Mason site on County owned property.

BE IT FURTHER RESOLVED, that any and all costs incurred by the County and the Ingham County Building Authority with respect to this project shall be reimbursed by the Animal Control Shelter Replacement and Operational Millage.

BE IT FURTHER RESOLVED, that the Board Chairperson is hereby authorized to sign any necessary documents consistent with this Resolution and upon approval as to form by the County Attorney.

LAW & COURTS:  Yeas: Crenshaw, Celentino, Anthony, Banas, Maiville
Nays: None    Absent: Tsernoglou, Schafer    Approved 9/15/2016

COUNTY SERVICES:  Yeas: Nolan, Koenig, Celentino, Bahar-Cook, Tsernoglou, Maiville
Nays: None    Absent: Hope    Approved 9/20/2016

FINANCE:  Yeas: Bahar-Cook, Tennis, McGrain, Crenshaw, Anthony, Schafer, Case Naeyaert
Nays: None    Absent: None    Approved 9/21/2016