

DISTRICT LIBRARY AGREEMENT FOR THE COMMUNITY DISTRICT LIBRARY

THIS AGREEMENT is entered into as of the 15th day of March, 2004, by and among the TOWNSHIP OF BURNS, a general law township, 10355 Bath Road, Byron, Michigan; the CHARTER TOWNSHIP OF CALEDONIA, a charter township, 135 North State Road, Owosso, Michigan; the CITY OF CORUNNA, a home rule city, 402 N. Shiawassee Street, Corunna, Michigan (the "City"); the TOWNSHIP OF HAZELTON, a general law township, 7505 Orchard Street, New Lothrop, Michigan; the TOWNSHIP OF PERRY, a general law township, 2770 W. Ellsworth Road, Perry, Michigan; the TOWNSHIP OF SHIAWASSEE, a general law township, 625 Grand River Road, Bancroft, Michigan; and the TOWNSHIP OF VENICE, a general law township, 960 New Lothrop Road, P.O. Box 222, Lennon, Michigan (collectively, the "Townships").

Section 1. Establishment of the District Library

(a) **Purpose.** The purpose of this Agreement is to establish the Community District Library (the "District Library") pursuant to the District Library Establishment Act, 1989 P.A. 24, MCL 397.171, *et seq.* ("the DLEA").

(b) **Participating Municipalities.** The Participating Municipalities in this Agreement are the Townships and the City.

(c) **Establishment; Effective Date.** The Participating Municipalities hereby establish the Community District Library pursuant to the DLEA, to become effective May 1, 2004, provided that the legislative bodies of the Participating Municipalities, the Shiawassee County Library Board and the Corunna Public Library Board approve the establishment of the District Library, on or before such date, and this Agreement is approved by the State Librarian pursuant to Section 5(2) of the DLEA. Should the State Librarian approve this Agreement after such date, the effective date hereof shall be the date of approval by the State Librarian.

(d) **District Description.** The District of the District Library (the "District") shall consist of the entire geographic area of the Townships and the City.

(e) **Library Services.** The District Library shall provide library services to the residents of the District and may enter into contracts to provide library services to municipalities outside the District.

Section 2. District Library Board

(a) **District Library Board; Appointment of Board Members; Term.** The District Library shall be governed by a District Library Board (the "Board") consisting of seven members. The legislative body of each participating municipality shall each appoint one Board member.

(1) The term of office of Board members shall be four years; provided, however, that the terms of the members first appointed shall have differing expiration dates, as follows:

<u>Participating Municipality</u>	<u>Term Expires</u>
Township of Burns	December 31, 2008
Charter Township of Caledonia	December 31, 2008
City of Cbrunna	December 31, 2008
Township of Hazelton	December 31, 2007
Township of Perry	December 31, 2007
Township of Shiawassee	December 31, 2006
Township of Venice	December 31, 2006

As the above-stated staggered terms expire, each Board member shall be appointed for a term of four years commencing January 1 of the year immediately following the year in which the previous term expired. Board members may be reappointed for successive terms, in the discretion of the respective Participating Municipality.

(2) Each Board member shall be a resident and qualified elector of the District and a resident of the Participating Municipality which appoints the member.

(b) General Powers of District Library Board. The Board shall be authorized and empowered to:

- (1) Establish, maintain and operate public libraries for the District;
- (2) Exclusively control the expenditure of money deposited into the District Library fund;
- (3) Appoint and remove officers from among its members;
- (4) Appoint and remove a librarian and other library employees and determine their compensation;
- (5) Acquire real and personal property for use for library purposes by purchase, land contract, installment purchase contract, lease with or without option to purchase, and other lawful means;
- (6) Erect buildings;
- (7) Supervise and control District Library property;
- (8) Enter into contracts to receive library-related services from or provide library-related services to a library or a municipality within or outside the District;
- (9) Adopt bylaws and regulations, not inconsistent with this Agreement, governing the board and the District Library;
- (10) Propose and levy, upon approval of the electors and as provided in the DLEA, a tax for support of the District Library;

(11) Borrow money and issue bonds, or undertake other lawful financing measures, as authorized by law;

(12) Accept gifts, bequests and grants for the District Library; and

(13) . Do all other things necessary for the providing of District Library services, according to law and not inconsistent with this Agreement.

(c) Compensation of District Library Board. The Board may reimburse a Board member for necessary expenses that the member incurs in the performance of official duties. The Board may compensate Board members for attending meetings of the Board, and shall include the amount of compensation in the annual budget. Compensation shall not exceed \$30.00 per Board member per meeting.

Section 3. District Library Financial Support

(a) Termination Unless Millage Approved. This Agreement shall terminate and the District Library shall be abolished, effective December 31, 2004, unless on or before November 30, 2004, the electors of each of the Participating Municipalities approve a property tax for District Library purposes (the "District Library millage"), in their respective municipalities, at a rate not less than .5 mill; provided, however, that if a District Library millage is approved in two or more of the Participating Municipalities, but is not approved in all of them, as of the above-stated date, then the District Library Board shall determine whether this Agreement and the District Library shall continue, for a District comprising only the Participating Municipalities which have approved the District Library millage or, alternatively, the District Library Board may determine that this Agreement shall terminate and the District Library shall be abolished, as of December 31, 2004.

(1) In the event that the District Library Board determines that this Agreement and the District Library shall continue, despite the failure of approval of the District Library millage in one or more of the Participating Municipalities on or before November 30, 2004, then the Board shall prepare, and the remaining Participating Municipalities shall approve, an amendment to this Agreement, revising the named Participating Municipalities and the territory comprising the District, and making other changes (including a lesser number of Board members) necessarily resulting from the failure of one or more of the Participating Municipalities to approve the District Library millage.

The failure of approval of the District Library millage in any Participating Municipality shall terminate the participation of that Participating Municipality in this Agreement and the District Library, as of the date of certification of the result of the District Library millage vote in the Participating Municipality.

(2) Each Participating Municipality shall timely take all necessary measures to submit to its electorate a District Library millage proposal at the rate specified in subsection (a) of this section, on or before November 30, 2004. The cost of such election shall be borne by the Participating Municipality. The proposal shall specify a four-year duration for the millage, and shall state that the revenue from the millage shall be disbursed by the Participating Municipality to the District Library. Upon receiving the

annual revenue from the District Library millage, the legislative body of each Participating Municipality shall promptly disburse such funds to the District Library.

(3) Except as stated herein with respect to financial support of the District Library prior to the approval and collection of a District Library millage, the financial obligation of each Participating Municipality hereunder, for support of the District Library, shall be only the annual revenue from the District Library millage approved by its electors, including revenue resulting from payments of or with respect to delinquent District Library millage. Each Participating Municipality shall take all necessary measures for the collection of that part of delinquent property taxes constituting unpaid District Library millage, to the same extent that it collects other delinquent ad valorem property taxes.

(4) For financial support of the District Library following the first and second four-year District Library millages (thus totalling eight years) in each Participating Municipality, the Board may approve a District Library tax for the entire District (the "districtwide tax") at a rate permitted by the DLEA and for a duration permitted by law, submit a proposal for the districtwide tax to the electorate of the District, and levy the tax and collect the revenue therefrom if the electorate approves the districtwide tax. Such approval shall be by the affirmative vote of a majority of the persons serving as Board members, except that if the proposed districtwide tax is for a higher millage and/or a millage of greater duration than is currently in effect in the Participating Municipalities, then such approval shall be only by an affirmative vote of at least five of the persons serving as Board members (or, if the number of Board members has been reduced pursuant to Section 3(a)(1), then by an affirmative vote of that number of Board members equal to one more than a majority of the total membership of the Board). Such approval of a districtwide tax may be given sufficiently in advance of the expiration of the then-current District Library millage in each Participating Municipality so that the districtwide tax, if approved by the electorate, would become effective for a period of time immediately following the term of the expiring District Library millage.

In the absence of such action by the Board, each Participating Municipality may submit a renewal District Library millage proposal to its electorate, and shall levy and collect the same, if approved by the electorate, and disburse the revenue therefrom to the District Library; provided, however, that any such renewal proposal shall be for a four-year duration, except that it may be for a greater duration if that greater duration is the same in the renewal proposals of all of the Participating Municipalities.

In like manner, for ensuing periods of time, the Board may approve (by the required majorities of Board members previously stated in this subparagraph (4)) and submit a districtwide tax proposal and, if approved by the District electorate, may levy the tax, but in the absence thereof, the Participating Municipalities may submit renewal District Library millage proposals (of four years' duration, or greater, if the greater duration is the same in all renewal proposals) to their respective electorates and if approved by the electorate, shall levy the millage and disburse the revenue therefrom to the District Library.

(5) If this Agreement is terminated and if the District Library is abolished as of December 31, 2004 pursuant to Section 3(a), each Participating Municipality whose electorate has approved the District Library millage need not levy the millage until such time as a subsequent agreement specifying such millage is assented to and a District Library established, or the Participating Municipality shall otherwise proceed as may be specified in the millage proposal approved by its electorate. Alternatively, each Participating Municipality may levy the District Library millage and collect the revenue therefrom, but defer the disbursement of the revenue to the District Library to the extent permitted by law, until the establishment of the District Library pursuant to a subsequent agreement that specifies like financial support.

(b) **Return of Library Assets upon Termination.** In the event that this Agreement terminates pursuant to this Section, all net assets of the Shiawassee County Library (including, but not limited to, all property transferred pursuant to this Agreement), shall be returned and transferred to the Shiawassee County Library, and public library service shall then be provided to the residents of the District by the further distribution of the assets of the Shiawassee County Library to other lawfully-established libraries within the District, in the discretion of the Shiawassee County Library Board, in accordance with an agreement or other instrument whereby each of the Participating Municipalities that receives library assets agrees to utilize the same solely for the purpose of providing library services for the residents of their respective municipality.

Similarly, in the event that this Agreement terminates pursuant to this Section, all net assets of the Corunna Public Library that have been transferred to the District Library shall be returned and transferred to the Corunna Public Library, and public library service shall thereafter be provided to the residents of the City by the re-establishment and operation of the Corunna Public Library.

(c) **Annual Budget.** The Board shall annually determine the budget for the District Library, subject to the limitations of Section 13(1) of the DLEA. The financial obligations of the Participating Municipalities shall not exceed the amounts stated in subsection (d) of this Section.

(d) **Financial Support; Participating Municipalities.**

(1) The fiscal year of the District Library shall be January 1 through December 31; provided, however, that the first fiscal year shall be a partial fiscal year, beginning at the effective date of this Agreement and continuing through December 31, 2004.

(2) Until the levy and collection of a District Library millage approved by the electors of the Participating Municipalities and the receipt of the millage revenue by the District Library (or, in the case of the District Library millage not being approved in certain of the Participating Municipalities, then until a determination by the Board under Section 3(a) as to whether the District Library shall continue), or until December 31, 2004, whichever is earlier, the Shiawassee County Library Board and the City shall financially support the District Library by continuing to provide the monies, and the City shall also continue to provide the in-kind services, that each of them now provides with respect to each library and library service area.

(3) The penal fines and state aid allocated to the Shiawassee County Library and to the City shall be paid to the District Library.

(4) Each Township shall provide to the District Library the same financial support that it currently provides to the Shiawassee County Library., including payments of money from general funds or otherwise, for the period of time commencing with the effective date of this Agreement and continuing until the approval and collection of a District Library millage in the respective Participating Municipality, or until December 31, 2004, whichever is the earlier.

(5) Such payments shall be deposited into the District Library fund. Such payments shall constitute each Participating Municipality's entire required financial support of the District Library for such period of time.

(6) The Participating Municipalities shall have no obligation to support the District Library financially following the levy and collection of a District Library millage at the rate stated in this Agreement on or before November 30, 2004, in the Participating Municipalities and the receipt of the millage revenues by the District Library, or until December 31, 2004, whichever is the earlier.

(7) The District Library Board shall annually determine the amount of money necessary for the establishment and operation of the District Library, and shall state that amount in the annual budget of the District Library. Of the amount of money thus stated in the annual budget, each Participating Municipality shall annually pay to the District Library, the following respective percentages (each stated percent being determined by the estimated revenue anticipated from the annual levy and collection of a .5 mill District Library millage in each Participating Municipality):

<u>Participating Municipality</u>	<u>Annual Percentage</u>
Township of Burns	14.44
Charter Township of Caledonia	26.50
City of Corunna	10.80
Township of Hazelton	10.11
Township of Perry	15.54
Township of Shiawassee	11.61
Township of Venice	11.00

(8) No provision of this Agreement shall be construed to prohibit voluntary contributions from any Participating Municipality. The District Library shall also be supported by penal fines and state aid payments pursuant to state law and any other lawful sources of funding.

Section 4. Transfer of Property; Library Employees

(a) Transfer of Personal Property. On or before the effective date of this Agreement, the Shiawassee County Library and the Corunna Public Library shall transfer and convey to the District Library all right, title and interest in and to all personal property and all

other rights and privileges currently owned and used in connection with the operation of their respective libraries, including but not limited to, books, periodicals, fixtures, equipment, supplies, cash, funds on deposit, endowments and all other assets, goods and property owned by such libraries and used by them for library purposes. Such transfer and conveyance shall be made in consideration of the continuation of library services, but without monetary payment by the District Library.

(b) Lease or Other Use of Real Property. On or before the effective date of this Agreement, the Participating Municipalities, the Shiawassee County Library and the Corunna Public Library shall assign to the District Library all leases and other rights and privileges of use of the library buildings and other library premises now located and used in and for the respective Participating Municipalities, or by such libraries, to the District Library. The Participating Municipalities hereby consent to the assignment of any such leases, rights and privileges by the library boards of such libraries, to the District Library.

(c) Assignment of Contracts. On or before the effective date of this Agreement, the Shiawassee County Library and the Corunna Public Library shall assign to the District Library all right, title and interest in and to their existing contracts and agreements for or relating to library services, if any.

(d) Interlocal Library Agreements. The current interlocal library agreements between the Shiawassee County Library, the Townships and certain other parties shall be terminated as of the effective date of this Agreement. On or after such date, the District Library Board and the other parties to such interlocal agreements shall enter into similar agreements with respect to branch library premises and other relevant matters covered by such current agreements. Despite the termination of such current agreements, the Participating Municipalities shall continue to provide to the District Library the financial support specified in Section 3(d).

(e) Assumption of Liability; Indemnification. Upon the conveyance of the above-stated library assets, the District Library shall assume all responsibility for operation and management of such assets and properties for library purposes. The District Library shall assume all liability, indebtedness and expense for the operation, maintenance and improvement of the library facilities, together with all lawful and valid claims arising on or after the effective date of this Agreement from or pertaining to the operation of the District Library. The District Library shall indemnify and hold harmless the Participating Municipalities and the County of Shiawassee from all claims and liabilities arising out of the ownership, operation, maintenance and improvement of the District Library pursuant to this Agreement.

(f) Employees. The employees of the Shiawassee County Library and the Corunna Public Library shall be transferred to the District Library, and shall become employees of the District Library as of the effective date of this Agreement. Such employees shall be transferred with the same terms and conditions of employment with respect to wages and salaries, workers compensation, pension, seniority, sick leave, vacation, health insurance and other benefits, as are currently enjoyed by such persons as employees of the Shiawassee County Library or the Corunna Public Library, but each employee's relationship with the District Library shall be an "at will" employment, terminable by the District Library Board at any time and without cause.

(g) **Dissolution of Current Libraries.** As of the effective date of this Agreement, the Shiawassee County Library and the Corunna Public Library are hereby dissolved, subject to the applicable provisions of this Agreement.

Section 5. Other Matters

(a) **Term.** This Agreement shall remain in effect until it is terminated under Section 3(a), or until a decision to terminate the Agreement is made by the Board as a result of the District Library millage not being approved in one or more, but less than all, of the Participating Municipalities, under Section 3(a).

(b) **Withdrawal.** A Participating Municipality may withdraw from the District Library pursuant to the procedures stated in Section 24 of the DLEA; provided, however, that any resolution to withdraw before the levy and collection of a District Library millage within such Participating Municipality, or December 31, 2004, whichever is the earlier, shall be null and void. If a Participating Municipality withdraws after that date, the procedure for withdrawal shall be governed by Section 24 of the DLEA.

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

(d) **Governing Law.** This Agreement shall be interpreted in accordance with the laws of the State of Michigan.

(e) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument. The original signature pages from each counterpart may be detached therefrom and may then be attached to a single counterpart of the Agreement, so as to form the original of the Agreement.