

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement is made as of January 13, 2006, between the City of Newaygo, a Michigan municipal corporation, the principal business address of which is 28 N. State Road, P.O. Box 308, Newaygo, Michigan 49337, (the "City"), and the City of Newaygo Tax Increment Finance Authority, a public body corporate organized and existing pursuant to 1980 PA 450, as amended, the principal business address of which is 28 N. State Road, P.O. Box 308, Newaygo, Michigan 49337 (the "TIFA").

RECITALS

- A. The Tax Increment Finance Authority Act, 1980 PA 450 as amended, MCL 125.1801 *et seq.* ("Act 450") authorizes the Newaygo Tax Increment Finance Authority (the "TIFA") to employ and fix the compensation of a director, subject to approval of the City Council, to serve at the pleasure of the TIFA board, and to act as the chief executive officer of the TIFA.
- B. Act 450 authorizes the TIFA to employ and fix the compensation of a treasurer, secretary and other personnel considered necessary by the TIFA board.
- C. The TIFA needs to utilize office and meeting space, office equipment and supplies and other administrative resources in order to perform its functions.
- D. The City and the TIFA board seek the efficient collaboration of staff resources and support and have concluded that it would be most desirable and advantageous for the City to employ the TIFA director and other staff members for the purposes of payroll and benefits administration in exchange for reimbursement of the payroll and benefit costs associated with employing the TIFA director and other staff members from the TIFA.
- E. The City and the TIFA also seek efficient collaboration of administrative support resources in exchange for reimbursement of these expenses from the TIFA.

TERMS AND CONDITIONS

In exchange for the consideration in and referred to by this Agreement the parties agree as follows:

1. Employment of TIFA Director. The City has employed a TIFA director which employment shall be at the pleasure of the TIFA board. The TIFA director shall assume all current payroll and benefits as a City employee.
2. Employment of Other Staff. The TIFA will contract with the City to employ and utilize on a part time basis the City's treasurer, clerk and deputy clerk to serve as treasurer, secretary and administrative support staff to the TIFA.
3. Reimbursement. The City will conduct all payroll and benefit administration for the TIFA director position and for other staff employed pursuant to the Agreement, and the TIFA shall reimburse the City for all TIFA expenses and costs relating to employment of the director and other staff. In order to effectuate the reimbursement, the TIFA board consents to the City's direct withdrawal of TIFA funds for payroll and benefit costs from the TIFA accounts managed by the City of the TIFA's behalf.

4. Performance and Indemnification. The TIFA shall hold the City (including for purposes of this paragraph, its officers and employees) harmless from and indemnify them for any judgments, orders, awards, attorneys fees, or other costs incurred by the City, including any fines, penalties and defense costs, arising from any failure of the TIFA to perform its duties.

5. Duties of Director. The TIFA director shall fulfill the duties of director of the TIFA as directed, required and permitted by state law including without limitation Act 450, the TIFA bylaws, the Code of Ordinances of the City of Newaygo, the City's personnel policies and practices, the TIFA Tax Increment Financing and Development Plan, the TIFA Board, and by all applicable laws, rules, regulations, orders and directives of any governmental agency or official of competent jurisdiction. The TIFA director shall supervise and be responsible for the preparation of plans and the performance of the functions of the TIFA, shall attend meetings, and shall render a regular report covering the activities and financial condition of the TIFA. He shall perform such duties in an efficient and conscientious manner, exercising his discretion, judgment and authority in the best interests of the TIFA and the City, and at the direction and subject to the oversight of the TIFA Board.

6. Compensation of Director. The City shall pay the TIFA director an annual salary of \$21,438 payable equal installments on regular City paydays. His salary may be increased from time to time by action of the TIFA Board. In addition the TIFA director shall receive the insurance coverage, retirement plan participation, paid holidays, vacation pay, sick leave and any other benefits provided to full time department heads of the City, although he serves in his capacity as TIFA director at the direction and at the pleasure of the TIFA Board. The portion of these benefits attributable to the position of the TIFA director as TIFA director shall be reimbursed to the City by the TIFA. The portion of these benefits attributable to any other function this person may perform for the City shall be paid by the City.

7. Duties of Staff. The treasurer and secretary shall fulfill the duties of treasurer and secretary as directed, required and permitted by state law including without limitation Act 450, the TIFA bylaws, the Code of Ordinances of the City of Newaygo, the City's personnel policies and practices, the TIFA Tax Increment Financing and Development Plan, the TIFA Board, and by all applicable laws, rules, regulations, orders and directives of any governmental agency or official of competent jurisdiction and the other staff employed pursuant to this Agreement shall perform the duties directed by the TIFA board, the TIFA director and the treasurer and secretary.

8. Compensation of Staff. The TIFA shall pay the secretary an annual salary of \$6,962, the treasurer an annual salary of \$4,332 and the administrative assistant an annual salary of \$3,777. These salaries may be increased from time to time by action of the TIFA Board. In addition these staff members shall receive the insurance coverage, retirement plan participation, paid holidays, vacation pay, sick leave and any other benefits provided to them as full time employees of the City, although they serve in their capacity as TIFA staff at the direction and at the pleasure of the TIFA Board. The portion of these benefits attributable to the position of the TIFA staff shall be reimbursed to the City by the TIFA. The portion of these benefits attributable to any other function these staff persons may perform for the City shall be paid by the City.

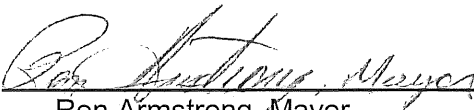
9. Administrative Costs. The City shall make its facilities available to the TIFA for meetings and for the purpose of performing the functions of the TIFA. The City shall further make its office equipment available for use by the TIFA and shall provide the TIFA with such office supplies and

other administrative support as shall be necessary for the functioning of the TIFA. In exchange, the TIFA shall pay an administrative fee in the amount of \$28,500 per year to the City. The amount of this fee may be increased from time to time by action of the TIFA Board. This administrative fee is intended to reimburse the City for administrative costs reasonably expended for the operation of the TIFA. This administrative fee may be increased or decreased by agreement of the parties should the amount actually expended be substantially higher or lower

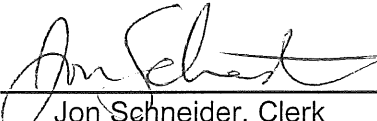
10. Term and Termination. The term of this Agreement shall begin as of July 1, 2005 and shall remain in effect until terminated by agreement of the parties.

The parties have executed this Agreement as of the date first written above.

CITY OF NEWAYGO

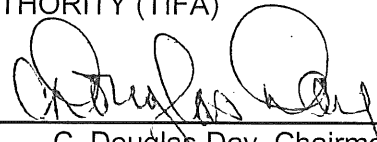
By: 

Ron Armstrong, Mayor

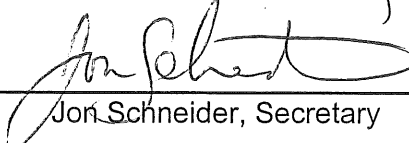
By: 

Jon Schneider, Clerk

NEWAYGO TAX INCREMENT FINANCE
AUTHORITY (TIFA)

By: 

C. Douglas Day, Chairman

By: 

Jon Schneider, Secretary

06959 (007) 278954.02