Transportation Authority of Calhoun County
Meeting Agenda
June 23, 2026
Ride Calhoun Administrative Offices
49 South Cass St., Battle Creek, MI 49037

I. Call to Order

II. Roll Call

III. Approval of Agenda

IV. Public Comments on Agenda Items

V. Consent Agenda
   a. June 10, 2026 Meeting Minutes
   b. AP approval through June 22, 2026
   c.

VI. Unfinished Business
   a.

VII. New Business
   a. Resolution 20-2026 – Approval of Battle Creek Comprehensive Transition Agreement
   b. Resolution 21-2026 – Approval of Marshall Comprehensive Transition Agreement
   c. Resolution 22-2026 – Adoption of Revised Accounts Payable Policy
   d. Resolution 23-2026 – Adoption of Administrative Policy – Flexible Time Off
   e. Resolution 24-2026 – Adoption of Administrative Policy – Paid Time Off
   f. Resolution 25-2026 – Approval of Cardmember Agreement (JP Morgan Chase)
   g. Resolution 26-2026 – Authorization to Bind Coverage

VIII. Public Comments on Non-Agenda Items

IX. Board and Executive Director Comments
   a. Communications to the Board
   b. Consultant Updates
   c. Executive Director Comments
   d. Board Member Comments

X. Dates of Next Meetings
   a. Board Workshop – July 8, 2026 (2:00pm-5:30pm at Ride Calhoun Administrative Office)
   b. Board Meeting – July 8, 2026 (5:30pm at Ride Calhoun Administrative Office)

XI. Adjournment

Transportation Authority of Calhoun County
Meeting Minutes
June 10, 2026
Ride Calhoun Administrative Offices
49 South Cass St., Battle Creek, MI 49037

I. Call to Order

The meeting was called to order by Vice Chairperson Tom Tarkiewicz at 5:35 p.m.

II. Roll Call

Members present: Tom Tarkiewicz, Vivian Davis, Maya Williams, Amy Evans, Jenasia Morris, and Dr. Paul Watson. Erick Stewart arrived at 6 p.m.

III. Approval of Agenda

It was motioned by Evans and supported by Davis to approve the agenda with addition of item f Consideration of Approval of the ATU Collective Bargaining Agreement to New Business and change the date of the next board meeting date to be Tuesday, June 23rd at 9:30 a.m.

Motion carried.

IV. Public Comment on Agenda Items

None.

V. Consent Agenda

It was motioned by Watson and supported by Evans to approve the Consent Agenda.

Motion carried.

VI. Unfinished Business

None.

VII. New Business

a) It was motioned by Morris and supported by Watson to approve Resolution 16-2026 – Approval of King Media Scope of Work.
Motion carried.

b) It was motioned by Davis and supported by Williams to approve Resolution 17-2026 – Adoption of updated FOIA policy
Motion carried.

c) It was motioned by Davis and supported by Williams to approve Resolution 18-2026 – Support of Application for Infrastructure Projects Authority Fund (IPAF) grant.
Motion carried.

d) It was motioned by Morris and supported by Williams to approve Resolution 19-2026 – Approval of Professional Services Agreement.
Motion carried.

e) It was motioned by Morris and supported by Davis to move into Closed Session Pursuant to section 8(c) to discuss strategy related to collective bargaining that is exempt from discussion disclosure under section 13(1)(g) of the Freedom of Information Act.
Motion carried by roll call vote (5:53 p.m.)
It was motioned by Stewart and supported by Davis to return from Closed Session
Motion carried (6:53 p.m.)

f) It was motioned by Evans and supported by Stewart to approve the ATU Collective Bargaining Agreement.

Motion carried by unanimous roll call vote.

VIII. Public Comments on Non-Agenda Items

None.

IX. Board and Executive Director Comments

a) Communications to the Board – None

b) Consultant Updates – Peter is pleased that the ATU agreement has been finalized and approved by the Board. He still has concerns about the transition of grants from the City to TACC, especially Federal. He has full confidence in Mallory to work with Feds, but he is available to go to Washington or Chicago to get anything resolved with Federal contracts in any way, if necessary.

c) Executive Director Comments – Mallory gave an update on the transition and said we are making progress on separating from the City of Battle Creek and City of Marshall. The Board should have both Comprehensive Transition Agreements on the next meeting agenda for approval. These will be sent out to the board members once they are complete for their review prior. Transfer of vehicle titles cannot happen until the insurance is in place July 1st. Payroll (ADP), HR and open enrollment for benefits are being finalized this week. Our Mobility Manager has been contacting impacted passengers that previously had access to service under BCGo but will no longer have access because their origin or destination or both are outside the TACC service area. Altogether about 670 individuals have been identified who are impacted. We are starting with those most impacted, meaning those who use the service most frequently and making those one-on-one phone calls.

d) Board Member Comments – Evans said great work. Williams stated the same.

X. Next Meetings

a) Board Meeting – June 23, 2026 (9:30 a.m. at Ride Calhoun Administrative Office)

b) Board Workshop – July 8, 2026 between 2 p.m. and 5 p.m. prior to the Board Meeting at 5:30 p.m.

XI. Adjournment

7:06 p.m.

Respectfully Submitted,

_____

Vivian Davis, Secretary

Transportation Authority of Calhoun County
Board AP Bill Approval Report

	Vendor Name	Bill Number	Description	Bill Date	GL Date	Amount
	Community Inclusive Recreation Inc	QTR 2 FY26 Spec Services	QTR 2 FY26 Spec Services	04/09/2026	04/09/2026	41,346.00
	Miller Johnson	2075658	General Labor Matters - May 2026	06/08/2026	06/08/2026	9,890.68
	Miller Johnson	2075659	General Corporate Matters - May 2026	06/09/2026	06/09/2026	20,566.75
	Washington Heights United Methodist Church	CC2026	Community Carnival 2026 - July 11, 2026	06/21/2026	06/21/2026	35.00
Sum Total						**71,838.43**

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 20-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), was established pursuant to Michigan's Public Transportation Authority Act for the purpose of assuming, coordinating, and expanding public transportation services within Calhoun County; and

Whereas, the City of Battle Creek has historically owned and operated the public transportation system known as Battle Creek Transit; and

Whereas, the City of Battle Creek and TACC have negotiated a Comprehensive Transition Agreement providing for the transfer of transit-related assets, contracts, records, real property interests, employee benefit obligations, operational responsibilities, and other rights and obligations necessary to facilitate the transition of public transportation services from the City to TACC; and

Whereas, the Board of Directors has reviewed the proposed Comprehensive Transition Agreement and finds that its execution is in the best interests of TACC and the residents it serves;

Now, Therefore, be it resolved, that the Board of Directors of the Transportation Authority of Calhoun County hereby approves the Comprehensive Transition Agreement between the City of Battle Creek and the Transportation Authority of Calhoun County substantially in the form presented;

Be it further resolved that the Executive Director is authorized to execute the Comprehensive Transition Agreement, subject to legal review and approval as to form, and to execute such additional agreements, exhibits, assignments, certifications, closing documents, and other instruments as may be necessary to effectuate the transactions contemplated therein; and

Be it further resolved that the Executive Director and legal counsel are authorized to make non-material revisions to the Agreement and related documents as may be necessary to complete the transition and closing process, provided such revisions do not materially alter the rights, obligations, or financial commitments approved by the Board.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

COMPREHENSIVE TRANSITION AGREEMENT

BY AND AMONG

CITY OF BATTLE CREEK,

AND

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY a/k/a RIDE CALHOUN

EFFECTIVE DATE OF [●]

TABLE OF CONTENTS

1. Transfer of Assets; Assumed and Retained Liabilities 2
2. Real Property 4
3. Consideration; Taxes; Prorations 6
4. Closing Matters 7
5. Representations and Warranties of the City 9
6. Representations and Warranties of the TACC 13
7. Labor and Employment Matters 13
8. Transit Operations Pending the Closing 17
9. Data Transfer, Migration, and Records Transition 17
10. Conditions Precedent to Closing 19
11. Indemnification 20
12. Default and Remedies 21
13. General Provisions 21
14. Rules of Interpretation 24
15. Definitions 25

COMPREHENSIVE TRANSITION AGREEMENT

THIS COMPREHENSIVE TRANSITION AGREEMENT ("Agreement") is made and entered into as of [DATE], by and among the City of Battle Creek, a Michigan municipal corporation, whose address is 10 North Division Street, Battle Creek, Michigan 49014 (the "City"), and Transportation Authority of Calhoun County a/k/a Ride Calhoun, a Michigan regional transportation authority, whose address is 4950 West Dickman Road, Suite B2, Battle Creek, Michigan 49037 (the "TACC"). The City and the TACC are each referred to herein as a "Party" and collectively as the "Parties".

Recitals

A. The City currently owns and operates the public transportation system known as Battle Creek Transit ("Transit System");

B. The TACC is a Michigan regional transportation authority established pursuant to Michigan's Public Transportation Authority Act, Act 196 of 1986, for the purpose of assuming, coordinating, and expanding the public transportation services historically provided by the City;

C. The Parties have entered into that certain TACC–City Support Services Agreement, effective October 1, 2025, pursuant to which the City has been providing, and will continue to provide on a transitional basis, administrative, managerial, operational, and other support services related to the Transit System, until July 1, 2026, the Spin-off Date;

D. The Parties desire to transition the Transit System from the City to the TACC, including the transfer of assets used in connection with the Transit System, the assignment of certain contracts and rights, the lease and transfer of certain Real Property, and the transition of operations to the TACC; and

E. The Parties have obtained, or will obtain, all consents, approvals, authorizations, and governmental actions required to implement the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. TRANSFER OF ASSETS; ASSUMED AND RETAINED LIABILITIES

1.1 Transferred Assets. At the Closing (as defined in Section 4.1), the City shall transfer, assign, convey, and deliver to the TACC, and the TACC shall accept and acquire from the

City, all of the assets described in this Section 1.1 (the "Transferred Assets"), except for the assets identified in Section 1.2 (the "Excluded Assets"). The Transferred Assets include:

(a) *Tangible Property/ Fixed Assets*. Buses, vehicles, machinery, equipment, tools, furniture, fixtures, inventory, leasehold improvements, Any and all passenger shelters on regular used routes throughout service area. and all related warranties; **Exhibit 1.1(a)**;

(b) *Intangible Rights*. All intangible property used in connection with the Transit System, including trade names, trademarks, service marks, copyrights, patents, patent applications, telephone and facsimile numbers, transit specific software rights, proprietary information, know-how, and associated goodwill; **Exhibit 1.1(b)**;

(c) *Assigned Contracts*. The City's rights under contracts related to the Transit System, including leases of Transferred Assets, service agreements, employment-related agreements designated for assignment, grant-related agreements, and all contracts listed on **Exhibit 1.1(c),** to the extent assignable and/or separable;

(d) *Financial and Commercial Rights*. Deposits, security deposits, prepaid expenses, accounts receivable, other rights to payment, and any related claims or remedies;

(e) *Software and Licenses.* Transit System-related software, data, and software licenses held by the City. Specifically, Trapeze/Tripspark and Genfare/GFI; **Exhibit 1.1(e)**.

(f) *Books and Records*. Upon request, copies of all books, records, and data of the Transit System or relating to in any form, physical, electronic or otherwise, including but not limited to financial, grant, personnel (to the extent permitted by law), maintenance, ridership, procurement, vendor, customer, technical, operational, and administrative records. The City must maintain records for at least three (3) years after the transfer, to respond to Federal Transit Administration's triannual review. Any penalty, or liability associated with the City's failure to maintain Transit System records, will be borne by the City, and the TACC shall be held harmless; and

(g) *Employee Benefit Assets for Transferred Employees*. Any assets the Parties are legally required to transfer in connection with Transferred Employees, consistent with Section 7.

1.2 Excluded Assets. The Transferred Assets do not include:

(a) Any assets, whether or not in cash, set aside or held by the City for retiree benefits of City Retirees, including pension, health, or life insurance assets; and

(b) Any other asset, right, or property of the City that is not expressly identified as a Transferred Asset in Section 1.1 or otherwise agreed to in writing by the Parties to be transferred to the TACC.

1.3 Assumed and Retained Liabilities.

(a) TACC will assume only the following liabilities of the City (the "Assumed Liabilities"):

(1) Obligations arising solely from and after the Effective Time in the ordinary course of operating the Transferred Assets or the Transit System; and

(2) Any additional liabilities expressly assumed by the TACC in a written instrument delivered at the Closing.

(b) The City shall retain all liabilities other than the Assumed Liabilities (the "Retained Liabilities"). Retained Liabilities include, without limitation, those:

(1) Relating to retirement or post-employment benefits for City Retirees;

(2) Arising from acts, omissions, ownership, or operations before the Effective Time;

(3) Under any contract not expressly assumed by the TACC; and

(4) For axes, environmental matters, employee retirement benefit plans, or employee matters, including, without limitation, payroll, workers' compensation, unemployment benefits or other employee or retiree obligations relating to the Transit System or the Transferred Assets before the Effective Time.

(5) All grants that were in the City's name prior to the Spin-off date.

1.4 Workers' Compensation. The City shall maintain workers' compensation coverage for Transit System employees until they become Transferred Employees, which the Parties anticipate will occur on or about July 1, 2026, unless otherwise agreed in writing.

2. REAL PROPERTY

2.1 Licensed Property. At the Closing, the City shall grant TACC the right for its bus drivers to use the employee break room and restroom facilities located in the Battle Creek Transportation Center ("**Licensed Property**"). The City and the TACC shall execute the license agreement attached hereto as **Exhibit 2.1** (the "License Agreement") at Closing. The City represents that it holds good and marketable title to the Licensed Property.

2.2 Transferred Real Property. At the Closing, the City and the TACC shall execute a purchase agreement in the form attached hereto as **Exhibit 2.2.1** for each of the Transferred Real Property (defined below) (each, a "Real Estate Purchase Agreement"). Each Real Estate Purchase Agreement shall provide for the conveyance of the City's right, title, and interest in the Transferred Real Property to the TACC. The City represents that it holds good and marketable title to the Transferred Real Property, free and clear of all Liens except those disclosed in **Exhibit 2.2.2**.

The Parties intend that title to the following City-owned Real Property will be conveyed to the TACC by warranty deed at Closing (together, the "Transferred Real Property"):

(a) Administration Building, 339 West Michigan Avenue, Battle Creek, MI 49017; Maintenance Shop, 20 Cass Street, Battle Creek, MI 49017; and Vehicle Storage Garage, 345 West Michigan Avenue, Battle Creek, MI 49037; all located upon Parcel No. 0256-00-050-0; and

(b) BCT Bus Transfer Station, 120 McCamly Street, Battle Creek, MI 49017; located upon Parcel No. 0390-00-075-1; Legal descriptions for the foregoing parcels shall be included in **Exhibit 2.2.2**.

2.3 Easement for Transit Infrastructure. The City (i) shall grant the TACC an easement to maintain, repair, and replace signage, bus shelters, and other improvements related to the operation of the Transit System (the "Transit Infrastructure") located on City property or within street rights-of-way and other public areas under the City's jurisdiction, and (ii) to the extent any Transit Infrastructure is located on private property, shall cause such property owner(s) (each, a "Property Owner") to grant an easement to TACC to maintain, repair and replace such Transit Infrastructure. The City represents and warrants that the Transit Infrastructure is located on the property described on the attached **Exhibit 2.3.1.** Any easement(s) granted pursuant to this Section 2.3 shall be in a form and substance substantially similar to the easement agreement attached hereto as **Exhibit 2.3.2** ("Easement Agreement").

2.4 Inspections.

(a) *Real Property Inspection*. The TACC may inspect the Real Property in order to evaluate its physical, legal, environmental, and infrastructural condition and suitability for TACC's intended use, including, but not limited to, the confirmation of:

(1) Zoning compliance;

(2) Environmental conditions appropriate for transit operations;

(3) Adequate and sufficient roads, water, sanitary sewer, storm drainage, and other infrastructure and utilities; and

(4) Absence of pending or threatened condemnation.

(b) The TACC shall use best efforts to promptly notify the City of any condition discovered during inspection.

(c) *Records Inspection*. The TACC may inspect the City's Real Property records relating to any of the following, but not limited to:

(1) All building permits, certificates of occupancy, wetlands, and fill permits, zoning variances and approvals, and soil and environmental reports;

(2) All existing surveys;

(3) All site, "as-built," architectural, and engineering plans and specifications for all improvements;

(4) Any notices with respect to the Real Property that the City received from any governmental agency within the last five years; and

(5) All inspections, engineering reports or similar reports.

(d) *Costs; Restoration*. The TACC shall bear the cost of its inspections and shall repair any damage caused by its inspections.

3. CONSIDERATION; TAXES; PRORATIONS

3.1 Consideration. As consideration for the transfer of the Transferred Assets, the TACC shall pay the City TWO-HUNDRED AND FIFTY THOUSAND DOLLARS [$250,000.00] **U.S. DOLLARS** at the Closing, in immediately available funds or in such other manner as the Parties agree in writing.

3.2 Transfer Taxes. The City shall be responsible for any transfer taxes or similar charges imposed on the transfer of the Transferred Assets, if any.

3.3 Prorations.

(a) *General Rule*. Prepaid expenses relating to the Transit System, including rent, utilities, with the exception of water or sewer, service charges, and similar items, shall be prorated as of the Closing Date.

(b) *City's Responsibility*. The City shall be responsible for all amounts allocable to periods through and including the Closing Date.

(c) *Estimated Amounts*. If final meter readings or other proration figures are not available at Closing, the Parties shall prorate such items based on reasonable estimates and make prompt post-Closing adjustments when final information becomes available.

(d) *Final Readings*. The City shall obtain or cause to be obtained all final utility meter readings as of the Closing Date.

(e) *TACC's Responsibility*. The TACC shall be responsible for setting up its own utility accounts for transferred facilities under its name.

4. CLOSING MATTERS

4.1 Closing; Effective Time. The closing of the transactions contemplated by this Agreement ("Closing") shall take place on a date, at a time, and at a location agreed upon by the Parties. The transfers of assets and the assumption of liabilities described in this Agreement shall be effective as of 12:01 a.m. on the Closing Date (the "Effective Time"), or at such other time as the Parties may agree in writing. The Closing may occur in one or more steps as determined by the Parties. The TACC and the City shall each take all actions reasonably necessary to complete the Closing in an orderly and timely manner.

4.2 Actions to be Taken at the Closing at or before closing the following actions and deliveries shall occur:

(a) *Mutual Deliveries*. The City and the TACC shall each execute and deliver:

(1) A License Agreement in an approved form for the Licensed Property described in **Exhibit 2.1**;

(2) Real Estate Purchase Agreements in an approved form for the Transferred Real Property described in **Exhibit 2.2.1**;

(3) A copy of the TACC–City Support Services Agreement, dated October 1, 2025, which the Parties acknowledge has already been executed and is attached as **Exhibit 4.2(a)(3)**;

(4) An Assignment of Intangible Rights in substantially the form attached as **Exhibit 4.2(a)(4)**;

(5) Assignments of all Assigned Contracts listed in **Exhibit 1.1(c)**, together with all required consents substantially in the form attached as **Exhibit 4.2(a)(5)**;

(6) All written approvals, authorizations, and governmental filings required under this Agreement and applicable law; and

(7) All other documents, certificates, instruments, and agreements required by this Agreement or reasonably requested by the other Party to effectuate the transactions contemplated herein.

(b) *City Deliveries*. At or before the Closing, the City will also deliver to the TACC:

(1) A Bill of Sale or the **Exhibit 4.2(b)** Transferred Assets;

(2) An Assignment of Claims relating to the construction, maintenance, or repair of any portion of the Real Property;

(3) Possession, custody, and control of all Transferred Assets;

(4) All fully executed Required Consents, as identified in **Exhibit 5.1**;

(5) Any Pending or Threatened Claims Disclosure, as identified in **Exhibit 5.3**, updated as of the Closing Date if necessary;

(6) Any Permits and Licenses Disclosure, as identified in **Exhibit 5.6**, including originals where transferable or copies where not;

(7) Financial Statements, as listed in **Exhibit 5.7**, together with any additional financial statements prepared prior to Closing;

(8) Liabilities Schedule, as listed in **Exhibit 5.11**, updated as of the Closing Date if necessary;

(9) Insurance Policies and Loss History, as described in **Exhibit 5.16**, including certificates of insurance for policies in force as of Closing;

(10) Collective Bargaining Agreements, as listed in **Exhibit 7.1(b)**;

(11) Labor Disputes Disclosure, as listed in **Exhibit 7.1(c)**, updated as of the Closing Date if necessary;

(12) Employee Benefit Plan Documents, as listed in **Exhibit 7.1(d)**;

(13) Favorable Determination Letters, as listed in **Exhibit 7.1(e)**;

(14) Pension Participant and Benefit Information, as listed in **Exhibit 7.4**;

(15) Sick/Annual Leave Bank Hours, as listed in **Exhibit 7.9**; and

(16) A certificate executed by an authorized City representative stating that: (i) since the date of this Agreement, no material adverse change has occurred in the Transit System or the Transferred Assets; and (ii) all representations and warranties of the City are true and correct as of the Closing Date.

(c) *TACC Deliveries*. The TACC will also deliver to the City:

(1) The consideration required under Section 3.1;

(2) Executed grant novation instruments for all federal and state grants identified in **Exhibit 8.1**, to the extent required;

(3) A certificate executed by an authorized TACC representative stating that all of the TACC's representations and warranties are true and correct as of the Closing Date and that the TACC has satisfied all conditions required of it under this Agreement; and

(4) Any receipts, acknowledgments, or confirmations reasonably required to evidence the TACC's acceptance of the Transferred Assets and Closing deliverables.

5. REPRESENTATIONS AND WARRANTIES OF THE CITY

The City represents and warrants to the TACC as follows:

5.1 Organization; Authorization; No Conflicts. The City is a home-rule municipal corporation duly organized and existing under Michigan's Home Rule Cities Act, Act 279 of 1909, and has full power and authority to:

(a) own, operate, and lease its properties;

(b) to conduct the business of the Transit System;

(c) to execute and deliver this Agreement; and

(d) to perform its obligations hereunder.

This Agreement has been duly authorized, executed, and delivered by the City and constitutes a valid and binding obligation of the City, enforceable in accordance with its terms. The execution, delivery, and performance of this Agreement by the City will not as to any matter subject to this Agreement:

(1) Breach the City's charter, ordinances, resolutions, or other governing instruments;

(2) Violate any applicable law;

(3) Violate any material agreement binding on the City, including obligations to any state or federal transit-funding source;

(4) Violate any judgment, order, or decree binding on the City;

(5) Accelerate any indebtedness of the City; or

(6) Create any lien on any of the Transferred Assets.

Except as identified in **Exhibit 5.1** or required under any Assigned Contract, no approval, filing, or notice to any governmental body or third party is required for the City to execute, deliver, or perform this Agreement.

5.2 Title and Condition of Transferred Assets. The City has good and marketable title to the Transferred Assets it owns, free and clear of all liens other than those disclosed in this Agreement or its exhibits. The Transferred Assets are in good operating condition, ordinary wear and tear excepted.

5.3 Claims; Litigation; Compliance with Laws. To the City's Knowledge, (a) no claims, actions, disputes, or proceedings relating to the Transit System are pending or threatened except as set forth in **Exhibit 5.3**; (b) the City is not subject to any governmental order, judgment, or decree relating to the Transit System or the Transferred Assets except as disclosed in that exhibit; and (c) the City has operated the Transit System in material compliance with applicable law.

5.4 Assigned Contracts. With respect to each of the Assigned Contracts:

(a) The City is not in default, no default has been asserted by any Party, and there has not occurred any event that, with the passage of time or giving of notice or both would constitute a default;

(b) Except as set forth on **Exhibit 1.1(c)**, (a) each Assigned Contract is assignable to the TACC and will be validly assigned to the TACC at Closing; (b) all required consents to each Assigned Contract will be obtained by the City before Closing; and (c) each Assigned Contract will be enforceable in accordance with its terms upon assignment to the TACC without any adverse condition or cost to the TACC; and

5.5 Intangible Rights.

(a) All Intangible Rights are the sole and exclusive property of the City;

(b) The Intangible Rights are sufficient to conduct the Transit System; and

(c) None of the Intangible Rights infringe, or are claimed to infringe, the rights of any third party.

5.6 Permits and Licenses. The City holds all permits, licenses, certificates, consents, and approvals required to own and operate the Transit System, all of which are listed in **Exhibit 5.6**. To the extent transferable, such approvals shall be transferred to the TACC at Closing.

5.7 Financial Statements. The City has provided the TACC with the Financial Statements listed in **Exhibit 5.7** as well as all additional financial statements of the Transit System prepared prior to Closing. All such statements were prepared in accordance with applicable accounting standards and fairly present the financial condition and results of operation of the Transit System.

5.8 No Material Adverse Changes. Since the date of the most recent Financial Statements provided to the TACC, no event that has occurred that has had, or is reasonably likely to have, a material adverse effect on the Transit System or the Transferred Assets.

5.9 Suppliers and Customers. To the best of the City's Knowledge, no supplier, customer, contractor, or service provider essential to the operation of the Transit System has indicated an intention to discontinue or materially alter its relationship with the Transit System.

5.10 Environmental Matters. The City has not received any claims or notices alleging liability related to the Transferred Assets or the Transit System under any environmental law. There are no environmental conditions currently existing that are reasonably likely to result in claims or liability relating to alleged violations of any environmental law.

5.11 No Undisclosed Liabilities. Except as set forth in **Exhibit 5.11**, the City has no liabilities that affect the Transit System or the Transferred Assets, nor is the City aware of facts likely to result in such liabilities in the future.

5.12 Conduct of Transit System. Since the date of the most recent Financial Statements provided to the TACC, the City has not:

(a) Made any material change to its charter, ordinances, resolutions, or other governing provisions relating to the Transit System;

(b) Operated the Transit System other than in the ordinary course of business;

(c) Suffered any material loss, damage, or casualty affecting the Transit System;

(d) Initiated or settled any litigation relating to the Transit System;

(e) Changed any accounting method or practice relating (or suffered any deterioration in accounting controls) to the Transit System except as needed to implement new and/or updated Government Accounting Standards Board standards; or

(f) Allowed any insurance coverage relating to the Transit System to lapse or materially diminish.

5.13 No Misstatements or Omissions. No representation or warranty made by the City in this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such statements not misleading.

5.14 No Subsidiaries. The City has no subsidiaries and does not own any equity, membership, or beneficial interest in any other entity in connection with the Transit System.

5.15 Solvency. The City is not insolvent, nor is any insolvency, receivership, bankruptcy, or similar proceeding pending or threatened affecting the operations of Transit System or the transfer contemplated under this Agreement. The execution, delivery, and performance of this Agreement will not render the City insolvent or constitute a fraudulent transfer.

5.16 Insurance. The City has delivered to the TACC copies of all liability, property, and loss insurance policies covering the Transit System for the current policy year and each of the preceding five policy years. **Exhibit 5.16** describes (i) any self-insurance arrangement by or affecting the City, including any reserves, and (ii) any arrangement, other than an insurance policy, for the transfer or sharing of any risk to which the City is a party or that involves the Transit System.

Exhibit 5.16 also sets forth, for the current policy year and each of the preceding five policy years:

(a) A summary of the loss experience under each applicable policy of insurance;

(b) A statement describing each claim under any policy of insurance for an amount in excess of $5,000; and

(c) To the best of the City's ability, a statement describing the loss experience for all claims that were self-insured, including the number of such claims and their aggregate cost.

Except as disclosed in **Exhibit 5.16**:

(d) All insurance policies to which the City is a party or that provide coverage to the City:

(1) are valid, outstanding, and enforceable;

(2) are issued by insurers that are financially sound and reputable;

(3) taken together, provide adequate insurance coverage for the Transferred Assets and the operation of the Transit System; and

(4) are sufficient for compliance with all applicable laws and contracts to which the City is a party;

(e) The City has not received (a) any refusal of coverage or any notice that a defense will be provided under a reservation of rights, or (b) any notice of cancellation or

any other indication that any policy is no longer in full force or effect or that the insurer is unwilling or unable to perform its obligations;

(f) The City has paid all premiums due and has otherwise performed all obligations under each insurance policy to which it is a party or that provides coverage to it;

(g) The City has given timely notice to the applicable insurer of all claims that may be insured under such policies.

6. REPRESENTATIONS AND WARRANTIES OF THE TACC

The TACC represents and warrants to the City as follows:

6.1 Organization; Authority. The TACC is a public transportation authority duly established and validly existing under the laws of the State of Michigan and has full power and authority to enter into this Agreement and to perform its obligations hereunder.

6.2 Authorization; Due Execution; No Conflicts. This Agreement has been duly authorized, executed, and delivered by the TACC and constitutes a valid and binding obligation of the TACC, enforceable in accordance with its terms.

6.3 No Conflicts. The execution, delivery, and performance of this Agreement by the TACC will not:

(a) Breach or violate its organizational documents;

(b) Violate any applicable law;

(c) Violate or result in a default under any material agreement binding upon TACC; or

(d) Violate any judgment, order, or decree binding upon the TACC.

6.4 No Additional Approvals Required. No consent, approval, filing, or notice to any governmental authority or third party is required for the TACC to execute, deliver, or perform this Agreement, except as expressly identified in this Agreement or any of its Exhibits.

7. LABOR AND EMPLOYMENT MATTERS

7.1 Generally.

(a) Within ten (10) days after the execution of this Agreement, the City shall provide the TACC with a complete list of all Transit System employees, including each employee's name, position, wage rate, benefit elections, and date of hire.

(b) **Exhibit 7.1(b)** lists all collective bargaining agreements between the City and any union representing any Transit System Employee, as well as other agreements between the City and any Transit System Employee.

(c) To the best of City's Knowledge with respect to the Transit System, except as disclosed in **Exhibit 7.1(c)**, (i) there is no pending or threatened strike, slowdown, picketing, work stoppage or employee grievance process involving the City which would preclude it from entering this Agreement; (ii) that no basis exists for any work stoppage or other labor dispute; (iii) there is no organizational activity or other labor dispute against or affecting the City, or the Transit System; (iv) no application or petition for an election of or for certification of a collective bargaining agent is pending; (vi) and there is no lockout of any employees by the City, and the City does not contemplate any lockout.

(d) **Exhibit 7.1(d)** lists all employment-related plans that are anticipated to be transferred to the TACC ("Plans" or "Plan") (including insurance) for Transit System Employees, including pension, profit sharing, retirement, bonuses, deferred compensation, severance, disability, group life, hospitalization, welfare benefits, or other employee benefit plan or arrangement or for funding of past services of employees. The City has paid all of its accrued obligations under (i) those Plans and (ii) as may be required to any trusts, funds, any governmental agency, and any employee with respect to unemployment compensation benefits, profit sharing, retirement benefits or social security benefits. The closing will not give rise to any liability under any of those Plans. As of the Spin-Off Date the TACC will become the real Party in interest in any pending grievance proceedings under applicable collective bargaining agreements between the City and the bargaining units representing any Transferred Employees. The City agrees to cooperate fully with the TACC on pending and future grievance proceedings which arise under the collective bargaining agreements in-place on the Spin-Off Date which govern Transferred Employees and TACC Employees.

7.2 Health Insurance for Active Employees.

(a) The City will be responsible for claims incurred by the Transferred Employees and their eligible dependents through the Spin-Off Date, even if those claims are submitted to the Health Insurance Plan after the Spin-Off Date. The TACC will be responsible for claims incurred by the Transferred Employees and their eligible dependents after the Spin-Off Date For purposes of this Agreement, health insurance claims shall be deemed to be incurred on the date services are actually rendered or items are supplied.

7.3 Retiree Health Care Benefits.

(a) The City will make medical, prescription drug, dental and vision insurance coverage available to current City Retirees and those who retire prior to the Spin-off date ,

and their eligible dependents under the City's Health Insurance Plan. The City will be responsible for claims incurred by the City Retirees and their eligible dependents even if those claims are submitted to the Health Insurance Plan after the closing. For purposes of this Agreement, health insurance claims shall be deemed to be incurred on the date services are actually rendered.

7.4 Pension Benefits.

(a) TACC will establish a new pension plan with the Municipal Employees' Retirement System of Michigan ("MERS") for the benefit of certain Transferred Employees (the "TACC MERS Pension Plan"), effective as of the Spin-Off Date. The Transferred Employees are currently assigned to employee division #HA, and employee division #1.

(1) The portion of the City's Retirement System attributable to such Transferred Employees shall be carved out and transferred to the TACC MERS Pension Plan pursuant to the Spin-Off Agreement prepared by MERS and agreed to by the parties (attached as Exhibit 7.4(b)), subject to the conditions set forth in this Section.

(2) Effective as of the Spin-Off Date, the City shall transfer to the TACC MERS Pension Plan the assets in the City's Retirement System that are allocated or attributable to the Transferred Employees, including any excess assets (overfunding) allocable to such division (the "Transit Division Plan Assets"). It is the intent of the parties that, with respect to each employee division, the transferred assets will be sufficient to fund one hundred percent (100%) of the accrued benefits of the Transferred Employees in that division, as determined by MERS as of the close of business on the Spin-Off Date. The parties shall share equally the cost of any actuarial reports required to perform the calculations described in this Section.

(3) If, for any reason, the assets transferred from the City's Retirement System to the TACC MERS Pension Plan for any employee division will be insufficient to fund 100% of the accrued benefits attributable to such employee division as of the Spin-Off date, and such funding deficiency, in TACC's sole discretion, cannot be remedied through additional contributions or other funding arrangements by the TACC, the portion of the City's Retirement System attributable to the Transferred Employees of such division shall not be carved out and transferred to the TACC MERS Pension Plan. In that event, TACC may elect to have only the assets and liabilities of those employee divisions that are at least 100% funded as of the Spin-Off Date carved out and transferred to the TACC MERS Pension Plan and the City shall retain full responsibility for all pension liabilities and benefits attributable to any employee division whose assets are not transferred to the TACC MERS Pension Plan.

(b) Effective as of the day after the Spin-Off Date, TACC will be solely responsible for providing pension and/or retirement benefits for all Transferred Employees for services performed after the Spin-Off Date. A list of the Transferred Employees and their accrued benefits, length of employment with the City, and vested status is attached as Exhibit 7.4(c).

(c) No later than thirty (30) days after the Spin Off Date, the TACC will take the steps necessary to adopt the provisions of the Reciprocal Retirement Act, being Public Act 88 of 1961, as amended, for the purpose of becoming a reciprocal unit under that Act. Notwithstanding any provision of this Agreement to the contrary, the TACC shall recognize the Transferred Employees' service with the City prior to the Spin-Off Date to the extent described in the Spin-off Agreement attached as Exhibit 7.4(b).

7.5 Deferred Compensation Plan.

(a) Effective as of the Spin-Off Date, the Transferred Employees' account balances in the City's deferred compensation plan, a Code Section 457(b) plan, shall be transferred in a trustee-to-trustee transfer to a separate eligible deferred compensation plan under Code Section 457(b) that will be established by TACC prior to the Spin-Off Date. After the transfer, the Code Section 457(b) plan established by the TACC shall be solely responsible for the amounts and benefits transferred to such plan.

(b) The account balances of any former employees of the Transit System who are not Transferred Employees will remain in the City's Code Section 457(b) deferred compensation plan.

7.6 Flexible Spending Accounts. There are no Flexible Spending Accounts to transfer.

7.7 Retiree Health Care Savings Plan. The TACC will establish a Retiree Health Care Savings Program under the Municipal Employees Retirement System of Michigan for the benefit of the Transferred Employees. The City will direct the Michigan Employees Retirement System to transfer each Transferred Employee's vested and unvested account in the Retiree Health Care Savings Program it has established under the Municipal Employees Retirement System of Michigan to the new program established by the TACC. The TACC will credit each Transferred Employee's service with the City, as of the Spin-off Date, for purposes of determining the Transferred Employee's vesting percentage in the contributions made by the City and the TACC to the account in the Retiree Health Care Savings Program established under the Municipal Employees Retirement System of Michigan for the benefit of the Transferred Employee.

7.8 Life Insurance. The TACC shall obtain life insurance coverage for the benefit of its employees, including the Transferred Employees. City coverage will cease as of the spin-off date.

7.9 Accrued Time Off Banks. The TACC shall recognize the accrued time off banks of the Transferred Employees. The City shall transmit to TACC a list of all accrued time off banks for each Transferred Employee as of the Spin-Off Date.

8. TRANSIT OPERATIONS PENDING THE CLOSING

8.1 Conduct of Operations. From the date of this Agreement until the Closing, the City shall:

(a) Operate the Transit System in the ordinary course and consistent with past practice;

(b) Not take any action that would have required disclosure if taken before this Agreement;

(c) Not take any action that would cause any of its representations or warranties to become untrue;

(d) Promptly notify the TACC in writing if any representation or warranty becomes untrue;

(e) Permit the TACC to inspect the Transit System, the Transferred Assets, and the Assumed Liabilities and shall cooperate with such inspections; and

(f) Maintain fire and public liability insurance covering the Real Property in amounts reasonably satisfactory to the TACC, where (1) any policies maintained on a "claims-made" insurance basis shall remain in effect after Closing until all applicable limitation periods expire; and (2) if any damage occurs before Closing, the City shall repair it before the Closing Date.

8.2 Approvals. The City shall obtain all governmental and third-party consents required to consummate the transactions contemplated by this Agreement, including all consents required to assign the Assigned Contracts to the TACC.

8.3 Further Actions. Each Party shall take all actions reasonably necessary or appropriate, consistent with this Agreement and the related agreements, to complete the transactions contemplated by this Agreement.

9. DATA TRANSFER, MIGRATION, AND RECORDS TRANSITION

9.1 Data Transfer and Migration. The City and the TACC shall cooperate to ensure an orderly transition of all data, records, and communication assets used in connection with the Transit System. As part of this obligation, the Parties agree as follows:

(a) *Transfer of Electronic Data*. The City shall provide the TACC, or otherwise make available upon request, copies of, or access to, all electronic data used in connection with the Transit System, including but not limited to operational data, financial and grant records, employee and contractor files (to the extent permitted by law), ridership information, service data, maintenance records, and all other electronic files pertaining to the Transit System or necessary for the TACC to operate the Transit System;

(b) *Transfer of Physical Records*. The City shall deliver to the TACC, or otherwise make available on request, all physical records relating to the Transit System that are reasonably necessary for continued operations, including but not limited to operational manuals, route books, procurement files, historical service records, maintenance binders, and other tangible materials;

(c) *Phone Numbers*. The City shall cooperate with TACC to transfer or migrate agreed-on City-owned phone numbers used by the Transit System or its employees, to the extent permitted by law. The Parties shall execute any documents reasonably required by their respective service providers to complete such transfer or migration. E-Mail addresses of Transferred Employees shall be set to auto-forward to designated TACC email addresses for a period of one (1) year after the Spin-Off Date;

(d) *File Migration and System Access*. The Parties shall collaborate to transfer or migrate files and data from City systems to the TACC systems in a commercially reasonable manner and shall coordinate the timing of such transfer or migration to minimize operational disruption. The City shall work with the TACC, and parties as approved by the TACC and acceptable to the City, to complete the transfer or migration of systems, including but not limited to the Transit file server,(referred to as "shared file F") on or before the Spin-off date; See **Exhibit 9(d)** for additional electronic files.

(e) *Maintenance of Records and Data.* The City shall be responsible for the continued preservation and maintenance of all of its books, records, files, data, and systems, under this Section 9.1 for at least three (3) years after the Spin-off date. After three years from the Spin-off date any books, records, files, data, and systems may be disposed of under applicable City policies or retention schedules;

(f) *Protection of Personal Information*. Each Party shall protect all personal identifying information and other sensitive data of employees, customers, and third parties in accordance with applicable law. The Parties shall ensure that any transfer, retention, or destruction of such data is completed securely and in a manner that does not compromise confidentiality;

(g) *Retention and Destruction*. Unless otherwise required by law, any data or records not transferred to the TACC and not required for the City's retained obligations shall be destroyed or securely disposed of under applicable retention schedule(s). The Parties shall coordinate to confirm which records are required to be retained by the City for legal, historical, or grant-compliance purposes; and

(h) *Continuing Cooperation*. For a reasonable period, but not less than one year, following the Closing, the City shall cooperate with the TACC to address any data, file, or communication asset that was inadvertently omitted from the initial transfer or that requires additional support to complete migration. Each Party shall use reasonable efforts to respond to the other Party's requests regarding such information.

10. CONDITIONS PRECEDENT TO CLOSING

10.1 Conditions Precedent to the TACC's Obligations. The TACC's obligations to consummate the transactions contemplated by this Agreement are subject to the satisfaction, or written waiver by the TACC, of each of the following conditions:

(a) *Performance by the City*. The City shall have fully performed all of its obligations under this Agreement to be performed prior to the Closing;

(b) *Accuracy of Representations*. The City's representations and warranties shall be true and complete as of the Closing Date;

(c) *Satisfactory Inspections*. The TACC shall be satisfied, in its reasonable discretion, with its inspections of the Transit System, the Transferred Assets, and all financial, operational, and legal information provided or made available by the City;

(d) *Required Consents*. The City shall have delivered all consents, approvals, authorizations, and agreements necessary or desirable to complete the transactions, including: (1) all governmental approvals, authorizations, permits, and filings; and (2) all third-party consents required for the assignment of Assigned Contracts and continuation of material business relationships;

(e) *No Material Adverse Change*. The City shall not have incurred or been threatened with any material liability, adverse change, or casualty affecting the Transit System or the Transferred Assets;

(f) *Ordinary Course*. The Transit System shall have been operated only in the ordinary course of business from the date of this Agreement through the Closing;

(g) *Workers' Compensation Certification*. The City shall have provided to the TACC a statement from the Commissioner of the Bureau of Workers' and Unemployment Compensation certifying the status of the City's contribution liability under Section 15(g) of the Michigan Employment Security Act, MCLA 421.15(g), MSA 17.515(g);

(h) *Unemployment Tax Notice*. The City shall have executed and delivered to the TACC a Business Transferor's Notice to Transferee of Unemployment Tax Liability and Rate on Michigan Department of Labor and Economic Growth Form 1027;

(i) *Grant Novation*. The TACC shall have executed grant-novation agreements for each federal and state grant listed in **Exhibit 8.1**, to the extent required, with each novation to become effective upon the Closing; and

(j) *City Closing Certificate*. The City shall have delivered to the TACC a certificate stating that all conditions contained in this Section 9.1 have been satisfied.

10.2 Conditions Precedent of the City. The City's obligation to close is subject to its satisfaction of each the following:

(a) The TACC has fully performed all of their obligations in this Agreement.

(b) The TACC's representations are true and complete at closing.

(c) The TACC shall have delivered to the City certificates that as of the closing all of the conditions set forth in this Section 10.2 have been satisfied.

11. INDEMNIFICATION

11.1 Indemnification by the City. To the extent permitted by law, the City shall indemnify and defend the TACC and its officers, employees, agents and representatives from and against any and all claims, demands, damages, losses, liabilities, fines, penalties, judgments, costs, and expenses (including reasonable attorney fees) arising out of:

(a) the City's breach of any representation, warranty, covenant, or obligation under this Agreement; and

(b) the City's acts or omissions relating to the Transferred Assets or the Transit System to the extent the facts giving rise to the liability occur before the Effective Time.

11.2 Indemnification by the TACC. To the extent permitted by law, the TACC shall indemnify and defend the City and its officers, employees, agents and representatives from and against any and all claims, demands, damages, losses, liabilities, fines, penalties, judgments, costs, and expenses (including reasonable attorney fees) arising out of:

(a) the TACC's breach of any representation, warranty, covenant, or obligation under this Agreement; and

(b) the TACC's acts or omissions relating to the Transferred Assets or the Transit System to the extent the facts giving rise to the liability occur after the Effective Time.

11.3 Procedure for Claims.

(a) *Notice*. The Party seeking indemnification (the "Indemnified Party") must promptly give written notice to the Party from which indemnification is sought (the "Indemnifying Party") of the claim for which indemnification is sought. Failure to give prompt notice limits the right to indemnification only to the extent the delay materially adversely affects the Indemnifying Party's ability to defend against the claim. The Indemnifying Party shall have the right to assume control of the defense of any claim, provided that (i) the Indemnified Party may participate in the defense with its own counsel

at its own expense; and (ii) the Indemnifying Party shall not settle any claim in a manner that imposes any liability, obligation, or admission of wrongdoing on the Indemnified Party without that Party's prior written consent.

(b) Survival. All indemnification obligations and all rights of the Indemnified Party under this Agreement shall survive the Closing.

12.DEFAULT AND REMEDIES

12.1 Default. A Party shall be in default under this Agreement if it fails to perform any of its obligations and does not cure such failure within thirty (30) days after receiving written notice from the other Party identifying the default.

12.2 Remedies. If a default is not cured within the period specified in Section 13.1, the non-defaulting Party may, in addition to any other remedies available at law or in equity, pursue any or all of the following remedies:

(a) A suit for damages arising from the default;

(b) A right to terminate this Agreement by written notice to the defaulting Party; or

(c) Seek specific performance, injunctive relief, a writ of mandamus, or any other equitable remedy.

12.3 Remedies Cumulative. All rights and remedies under this Agreement are cumulative and may be exercised separately or concurrently. The exercise of one remedy does not preclude the exercise of any other remedy.

13. GENERAL PROVISIONS

13.1 Further Assurances. Each Party agrees to take all actions reasonably requested by any other Party to carry out the purposes and intent of this Agreement. The City shall provide the TACC with access to their records, as reasonably necessary, for inspection and review to facilitate the TACC's understanding of the Transit System and any matters addressed in or disclosed in connection with this Agreement.

13.2 Assignment. No Party may assign its rights or delegate any of its duties under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Any purported assignment made without the required consent is void.

13.3 Counterparts. This Agreement may be executed in counterparts, all of which together will be deemed an original of this Agreement.

13.4 Expenses. Except as otherwise provided in this Agreement, each Party is responsible for its own expenses in connection with the negotiation, execution, and performance of this Agreement.

13.5 Authority for Actions and Consents. Except for amendments to this Agreement, the City Manager has authority to bind the City and the Executive Director of the TACC has authority to bind the TACC whenever a consent or action is required under this Agreement.

13.6 Governmental Immunity. Each Party is a governmental agency performing a non-proprietary, authorized governmental function. Nothing in this Agreement waives any governmental immunity of either Party or of their officers, employees, or agents acting within the scope of their authority on behalf of a Party to this Agreement.

13.7 No Third-Party Beneficiaries. No person other than the Parties to this Agreement may enforce this Agreement. Nothing in this Agreement shall be construed as creating any claim by a third Party based upon an alleged breach of this Agreement. As used in this paragraph, "third party" includes TACC Retirees, City Retirees, Transit System Employees and Transferred Employees.

13.8 Timing; Deadlines. Deadlines under this Agreement are enforceable as written. Failure to comply with a deadline does not give any Party a right to terminate this Agreement. If a deadline falls on a Saturday, Sunday or holiday, it is extended to the next business day. Failure to meet a deadline does not allow any Party to terminate this Agreement but may result in damages proven by the non-breaching Party.

13.9 Survival. All representations, warranties, covenants that contemplate performance after Closing, and indemnification obligations survive the Closing.

13.10 Brokers. The City represents it has not engaged the services of a Real Property broker or salesperson and that no person is entitled to a commission as a result of the transaction contemplated in the Agreement. The City is solely responsible for any commissions that may be due as a result of the closing.

13.11 Notices. All notices must be in writing, addressed to the Party at its address listed below, and prepaid by the sender. Notice is effective upon the earliest of: (a) actual receipt; (b) personal delivery; (c) two business days after deposit in first-class U.S. mail; or (d) the next business day after deposit with a nationally recognized overnight delivery service. A Party may change its notice address by giving notice. Email addresses are provided for convenience only and do not constitute notice.

If to City: City of Battle Creek
Attn: City Manager
10 North Division Street. Ste. 206

Battle Creek, MI 49014

with a copy (which will not constitute notice) to:

City of Battle Creek
Attn: City Attorney
10 North Division Street, Ste. 216
Battle Creek, MI 49014

If to TACC:

Transportation Authority of Calhoun County a/k/a Ride Calhoun
4950 West Dickman Road, Suite B2
Battle Creek, MI 49037
Attn: Mallory R. Avis
Email: mavis@ridecalhoun.org

with copy (which will not constitute notice) to:

Miller Johnson
100 West Michigan Avenue, Suite 200
Kalamazoo, MI 49007
Attn: Richard O. Cherry
Email: cherryr@millerjohnson.com

13.12 No Waiver. A waiver is effective only if in writing and signed by the Party to be bound. A waiver of one breach is not a waiver of any other breach of this Agreement.

13.13 Severability. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force, and the invalid provision shall be limited or modified to the minimum extent necessary to make it enforceable.

13.14 Entire Agreement. This Agreement, together with all Exhibits, constitutes the entire agreement between the Parties regarding the transfer of the Transit System and supersedes all prior negotiations, representations, or agreements, whether written or oral, relating to the same subject matter.

13.15 Amendment. This Agreement may be amended only in a written instrument signed by both Parties and approved by the City Commission and the TACC Board.

14. RULES OF INTERPRETATION

14.1 Headings. Headings are inserted for convenience only and do not affect the meaning or interpretation of this Agreement.

14.2 Usage, Grammar, and Syntax. In questions of usage, grammar, and syntax, the most current edition of *Garner's Modern American Usage* applies.

14.3 References to Laws and Documents. References to laws, regulations, ordinances, or other governmental requirements include all amendments and successor provisions. References to documents include all permitted amendments, restatements, renewals, and supplements.

14.4 Days. References to days mean calendar days unless this Agreement expressly states otherwise. If a deadline falls on a Saturday, Sunday, or day on which financial institutions are closed, the deadline extends to the next business day. "Business day" means any day other than a Saturday, Sunday, or day on which financial institutions are closed.

14.5 Maximum Enforceability. Each provision of this Agreement is enforceable only to the extent permitted by law. A court may limit or sever any unenforceable provision to the extent necessary so that the remainder of this Agreement remains in effect.

14.6 Standards of Satisfaction and Acceptance. When this Agreement requires a matter to be satisfactory or acceptable to a Party, that requirement means satisfactory or acceptable in that Party's sole discretion unless this Agreement expressly provides otherwise.

14.7 References to Laws. A reference to law includes federal, state and local statutes, regulations, ordinances and other governmental requirements.

14.8 Breach or Default. A reference to a breach or default includes any condition that, with the passage of time, the giving of notice, or both, would become a breach or default.

14.9 Approvals and Permits. References to approvals or permits include licenses, certificates, registrations, authorizations, consents, or similar governmental actions.

14.10 Performance of Obligations. Whenever this Agreement refers to a Party's promise or representation as to an action, it means that the action was taken, or must be taken, completely, timely, in accordance with law, and with respect to the correct person, governmental agency, and property.

14.11 Business and Asset References. A reference to a Party's use of assets, or to the Party's business or operations, includes the actions and uses of its predecessors with respect to those assets or operations.

14.12 Document Completeness. A reference to a document, schedule, list, or exhibit means that the referenced material is complete as of the date of this Agreement unless expressly stated otherwise.

14.13 Specific and General Compliance. A requirement that a Party comply with a specific law does not limit any general representation or covenant requiring compliance with all applicable laws.

14.14 References to a Person's Business and Assets. A reference to a person's business includes that person's use, operation, and management of its tangible and intangible assets.

14.15 Prohibited Agreements or Relationships. References to prohibited agreements or relationships include both direct and indirect agreements or relationships.

14.16 Fines. References to fines include penalties, interest, and other governmental sanctions. References to performing obligations under this Agreement include signing and delivering this Agreement.

14.17 Construction. This Agreement has been jointly negotiated by the Parties. No presumption against any Party will apply in interpreting this Agreement on the basis of authorship.

15. DEFINITIONS

"Assigned Contracts" means the contracts described in Section 1.1 and listed on **Exhibit 1.1(c)** that are assigned by the City to the TACC at Closing.

"Assumed Liabilities" means the liabilities expressly assumed by the TACC under Section 1.3(a).

"City" means the City of Battle Creek, a Michigan municipal corporation.

"City Commission" means the duly constituted governing body of the City of Battle Creek, authorized under the City Charter and applicable law to act on behalf of the City.

"City Retirees" means former City employees whose employment was associated with the Transit System, who retire before the Closing, and who are entitled to retiree health or pension benefits from the City.

"City's Knowledge" means the actual knowledge of any officer, elected or appointed official, employee, or authorized agent of the City, after reasonably diligent inquiry.

"Code" means the Internal Revenue Code of 1986, as amended, and all applicable regulations and administrative guidance.

"Effective Time" means the time at which the transfers and assumptions described in this Agreement become effective, as defined in Section 4.1.

"Financial Statements" means the financial statements identified in **Exhibit 5.7** and any additional Transit-related financial statements prepared before Closing as described in Section 5.7.

"Health Insurance Plan" means the medical, prescription drug, dental, vision, life, disability, and other health and welfare benefit plans offered by the City to eligible employees and retirees, whether self-funded or fully insured.

"Intangible Rights" means the intangible property described in Section 1.1(b), including trade names, trademarks, service marks, copyrights, patents, patent applications, domain names, websites, email addresses, telephone and facsimile numbers, software rights, proprietary information, know-how, and associated goodwill.

"Internal Revenue Service" means the agency of the United States Department of the Treasury responsible for administering and enforcing the Internal Revenue Code of 1986, as amended.

"Liens" means any claim, lien, encumbrance, mortgage, security interest, pledge, charge, covenant, easement, restriction, or other adverse interest affecting title to property.

"Pension Plan" means the governmental pension plan established by the TACC under Section 7.4 to receive the assets transferred from the City's Retirement System.

"PHSA" means Title XXII of the Public Health Service Act and any applicable implementing regulations.

"Plans" means the employee benefit plans listed on **Exhibit 7.1(d)**.

"Real Property" means the land, buildings, fixtures and other improvements used by the City to operate the Transit System and legally described on **Exhibit 2.2.2**.

"Retained Liabilities" means all liabilities, obligations, and claims of any kind that are not expressly included within the Assumed Liabilities, including all liabilities arising out of acts, omissions, events, or conditions occurring prior to the Effective Time, and all liabilities the City is required to retain under Section 1.3.

"Retirement System" means the City of Battle Creek Employees Retirement System established pursuant to City Charter and Ordinance as a qualified governmental plan under Sections 401(a) and 414(d) of the Code.

"Spin-Off Date" means July 1, 2026.

"TACC Board" means the governing board of the Transportation Authority of Calhoun County, established pursuant to Michigan's Public Transportation Authority Act, Act 196 of 1986, and authorized to act on behalf of the TACC.

"TACC Employees" means individuals hired by the TACC after the Spin-Off Date.

"TACC Retirees" means employees who retire from the TACC after the Closing.

"Transit Division" means the administrative division of the City responsible for Transit System operations whose employees become Transferred Employees at the Spin-Off Date.

"Transit System" means the public transportation system operated by the City and known as the "Battle Creek Transit".

"Transit System Employee" means any City employee performing services related to the Transit System.

"Transferred Assets" means the assets transferred by the City to the TACC under Section 1.2.

"Transferred Employees" means Transit System Employees who become employees of the TACC as of the Spin-Off Date.

"Treasury Regulations" means the regulations promulgated under the Internal Revenue Code of 1986, as amended, including any temporary and proposed regulations.

Remainder of Page Left Intentionally Blank – Signature Page Follows

IN WITNESS WHEREOF, the Parties hereto have caused this Comprehensive Transition Agreement to be executed by their duly authorized representatives as of the date first above written.

Dated this [DATE] day of [MONTH], 2026

CITY OF BATTLE CREEK

By: Amanda Zimmerlin
Its: City Manager

Dated this [DATE] day of [MONTH], 2026

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY a/k/a RIDE CALHOUN

By: _____
Its: _____

16. LIST OF EXHIBITS

Exhibit 1.1(a)	Fixed Asset Ledger
Exhibit 1.1 (b)	Intangible Property
Exhibit 1.1(c)	Assigned Contracts
Exhibit 1.1(e)	Software and Licenses
Exhibit 2.1	License Agreement
Exhibit 2.2.1	Real Estate Purchase Agreement
Exhibit 2.2.2	Transferred Real Property & Liens
Exhibit 2.3.1	Transit Infrastructure Property
Exhibit 2.3.2	Easement Agreement
Exhibit 4.2(a)(3)	TACC-City Support Services Agreement
Exhibit 4.2(a)(4)	Assignment of Intangible Rights
Exhibit 4.2(a)(5)	Assignment and Assumption of Contracts
Exhibit 4.2(b)(1)	Bill of Sale
Exhibit 5.1	Required Consents
Exhibit 5.3	Pending or Threatened Claims
Exhibit 5.6	Permits and Licenses
Exhibit 5.7	Financial Statements
Exhibit 5.11	Liabilities
Exhibit 5.16	Insurance
Exhibit 7.1(b)	Collective Bargaining and Other Employment Agreements
Exhibit 7.1(c)	Labor Disputes
Exhibit 7.1(d)	Employee Benefit Plans

Exhibit 7.4(b)	MERS Spin-off Agreement
Exhibit 7.4(c)	Pension Participants and Benefits
Exhibit 7.9	Sick Bank/Annual Leave Bank Hours
Exhibit 8.1	Federal and State Grants
Exhibit 9(d)	File Migration and System Access (List of)

Exhibit 1.1(a) – Fixed Asset Ledger

Assets of the City as shown on the fixed asset ledger of Transit attached as Exhibit 1.1(a).

Exhibit 1.1(b) – Intangible Property

All intangible property used in connection with the Transit System, including trade names, trademarks, service marks, copyrights, patents, patent applications, telephone and facsimile numbers, transit specific software rights, proprietary information, know-how, and associated goodwill; Exhibit 1.1(b);

Exhibit 1.1(c) – Assigned Contracts

The City's rights in contracts (the "Assigned Contracts"), including leases of any Transferred Assets that the City leases instead of owns, any service agreements, any state or federal grant agreements, any employment related agreements, and all those listed on Exhibit 1.1(c).

1. 2023-030R Transit Advertising Mesmerize, dated 2023 upon award to contractor
2. 2026-008R Transit Office Furniture and Related Design Michigan Office Environments, dated October 1, 2025

Exhibit 1.1(e) – Software and Licenses

Transit System–related software, data, and software licenses held by the City.

Exhibit 2.1 – License Agreement

The City, and the TACC will sign and deliver:(1) the license agreement described in Exhibit 2.1.

Exhibit 2.2.1 – Real Estate Purchase Agreement

The City, and the TACC will sign and deliver:(1) the real estate purchase agreement described in Exhibit 2.2.1.

Exhibit 2.2.2 – Transferred Real Property

"Real Property" means the land, buildings, fixtures and other improvements used by the City to operate the Transit System and legally described on Exhibit 2.2.2. The City represents that it holds good and marketable title to the Transferred Real Property, free and clear of all Liens except those disclosed in Exhibit 2.2.2.

Exhibit 2.3.1 – Transit Infrastructure

Transit Infrastructure is located on the property described on the attached Exhibit 2.3.1. Any easement(s) granted pursuant to this Section 2.3 shall be in a form and substance substantially similar to the easement agreement attached hereto as Exhibit 2.3.2 (“Easement Agreement”).

Exhibit 2.3.2 – Easement Agreement

Transit Infrastructure is located on the property described on the attached Exhibit 2.3.1. Any easement(s) granted pursuant to this Section 2.3 shall be in a form and substance substantially similar to the easement agreement attached hereto as Exhibit 2.3.2 ("Easement Agreement").

Exhibit 4.2(a)(3) – TACC-City Support Services Agreement

The City, and the TACC will sign and deliver: a TACC-City Support Services Agreement in substantially the form attached as Exhibit 4.2(a)(3).

Exhibit 4.2(a)(4) – Assignment of Intangible Rights

The City will also deliver to the TACC: (1) an Assignment of Intangible Rights in the form of Exhibit 4.2(a)(4).

Exhibit 4.2(a)(5) – Assignment of Assigned Contracts

Assignments of all Assigned Contracts listed in Exhibit 1.1(c), together with required consents substantially in the form attached as Exhibit 4.2(a)(5).

Exhibit 4.2(b)(1) – Bill of Sale

The City will also deliver to the TACC: (1) a Bill of Sale in the form of Exhibit 4.2(b)(1).

Exhibit 5.1 – Required Consents

Except for consents that may be required under the terms of any of the Assigned Contracts or as set forth on Exhibit 5.1, the City does not needs to obtain approval from, file with, or give notice to, any federal, state, or local governmental body, court, or agency or anyone else to (1) authorize the execution or closing of this Agreement, or (2) continue the TACC's use and operation of the Transferred Assets after the closing.

Exhibit 5.3 – Pending or Threatened Claims

To the best of the City's Knowledge, there are no pending or threatened claims and/or lawsuits against either the City regarding the Transit System except as disclosed on Exhibit 5.3. These include personal injury lawsuits, employment, environmental, workers' compensation claims and claims of any other kind under any kind of subject matter or law.

Exhibit 5.6 – Permits and Licenses

The City has all necessary permits, certificates, licenses, consents, and other approvals required to own and operate the Transit System and will transfer all of those approvals to the TACC at closing without expense to the TACC. All of those approvals are listed in Exhibit 5.6.

Exhibit 5.7 – Financial Statements

The City has given the TACC access to the financial statements listed on Exhibit 5.7 to this Agreement.

Exhibit 5.11 – Liabilities

Except as disclosed in Exhibit 5.11, the City does not have any liabilities affecting the Transit System or any of the Transferred Assets.

Exhibit 5.16 – Insurance

The City have delivered to the TACC complete copies of all liability and loss insurance policies under which either of them is or has been covered at any time since [DATE]. A list of those policies is in Exhibit 5.16.

Exhibit 5.16 describes (i) any self-insurance arrangement by or affecting the City, including any reserves; and (ii) any arrangement, other than an insurance policy, for the transfer or sharing of any risk to which the City is a Party or that involves the Transit System.

Exhibit 5.16 sets forth, by year, for the current policy year and each of the preceding five policy years: (1) a summary of the loss experience under each policy of insurance; (2) a statement describing each claim under a policy of insurance for an amount in excess of $5,000.00; and (3) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

Exhibit 7.1(b) – Collective Bargaining and Other Employment Agreements

Exhibit 7.1(b) lists all collective bargaining agreements and other agreements between the City and any Transit System Employee.

1. Agreement between the City of Battle Creek, Michigan and the Amalgamated Transit Union, Local No. 121, AFL-CIO. (Effective July 1, 2025 through June 30, 2026)

Exhibit 7.1(c) – Labor Disputes

To the best of City's Knowledge with respect to the Transit System, except as disclosed in Exhibit 7.1(c), (i) there is no pending or threatened strike, slowdown, picketing, work stoppage or employee grievance process involving the City which would preclude it from entering this Agreement; (ii) that no basis exists for any work stoppage or other labor dispute; (iii) there is no organizational activity or other labor dispute against or affecting the City, or the Transit System; (iv) no application or petition for an election of or for certification of a collective bargaining agent is pending; (vi) and there is no lockout of any employees by the City, and the City does not contemplate any lockout.

Exhibit 7.1(d) – Employee Benefit Plans

Exhibit 7.1(d) lists all employment-related plans ("Plans" or "Plan") (including insurance) for Transit System Employees, including pension, profit sharing, retirement, bonuses, deferred compensation, severance, disability, group life, hospitalization, welfare benefits, or other employee benefit plan or arrangement or for funding of past services of employees. The City has paid all of its accrued obligations under (i) those Plans and (ii) as may be required to any trusts, funds, any governmental agency, and any employee with respect to unemployment compensation benefits, profit sharing, retirement benefits or social security benefits. The closing will not give rise to any liability under any of those Plans.

Exhibit 7.4(b) – MERS Spin-off Agreement

Effective as of the Spin-Off Date, the City will, in accordance with the Spin-Off Agreement prepared by the Municipal Employees' Retirement System of Michigan ("MERS") and agreed to by the Parties (and is attached as Exhibit 7.4(b), transfer from its Retirement System to TACC's Pension Plan the assets in the Retirement System allocated or attributable to the Transferred Employees as of the Spin-Off Date (the "Transit Division Plan Assets").

Exhibit 7.4(c) – Pension Participants and Benefits

Effective as of the Spin-Off Date, the TACC will be solely responsible for providing pension benefits for all Transferred Employees and City Retirees. A list of the Transferred Employees and their accrued benefits, length of employment with the City, and vested status as of [DATE], is attached as Exhibit 7.49©.

Exhibit 7.9 – Sick Bank/Annual Leave Bank Hours

Any sick or annual leave donated to the City's sick leave transfer bank by a Transferred Employee that has not been used by an eligible employee of the City as of the close of business on the closing, shall be transferred to the TACC for use in a sick leave bank for its employees. Exhibit 7.9 lists each Transferred Employee's donated hours remaining in the sick or annual leave bank.

Exhibit 8.1 – Federal and State Grants

The TACC has executed a grant novation for each federal and state grant listed on Exhibit 8.1. Grant novation means an agreement signed by either of them and the governmental body issuing the grant to which the grant novation relates under which (a) one of them is substituted for the City as the recipient of the grant and (b) the effectiveness of which is conditional only upon the closing. A grant novation may or may not relieve the City from liability under the grant.

Exhibit 9(d) – File Migration and System Access

The Parties shall collaborate to transfer or migrate files and data from City systems to the TACC systems in a commercially reasonable manner and shall coordinate the timing of such transfer or migration to minimize operational disruption. The City shall work with the TACC, and parties as approved by the TACC and acceptable to the City, to complete the transfer or migration of systems, including but not limited to the Transit file server,(referred to as "shared file F") on or before the Spin-off date; See Exhibit 9(d) for additional electronic files.

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 21-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC) was established pursuant to Michigan's Public transportation Authority Act for the purpose of coordinating, operating, and expanding public transportation services within Calhoun County; and

Whereas, the City of Marshall has historically owned and operated the public transportation system known as Marshall Dial-A-Ride; and

Whereas, the City of Marshall and TACC have negotiated a Comprehensive Transition Agreement providing for the transfer of transit-related assets, records, operational responsibilities, contractual rights, and other interests necessary to facilitate the transition of Marshall Dial-A-Ride operations to TACC, while providing for the lease of certain City-owned facilities utilized in support of transit operations; and

Whereas, the Comprehensive Transition Agreement establishes the rights and obligations of the parties regarding the transfer of assets, retention of certain liabilities, continuation of transit services, employee transition matters, grant compliance obligations, and related operational functions; and

Whereas, the Board of Directors has reviewed the proposed Comprehensive Transition Agreement and finds that its execution is in the best interests of TACC and the residents of Calhoun County served by public transportation services;

Now, Therefore, be it resolved, the Board of directors of the Transportation Authority of Calhoun County hereby approves the Comprehensive Transition Agreement between the City of Marshall and the Transportation Authority of Calhoun County substantially in the form presented to the Board; and

Be it further resolved that the Executive Director is authorized and directed to execute the Comprehensive Transition Agreement on behalf of TACC, subject to legal review and approval as to form, and to execute any related leases, assignments, novation agreements, certifications, closing documents, and other instruments necessary to implement and consummate the transactions contemplated therein; and

Be it further resolved that the Executive Director and legal counsel are authorized to make non-material revisions, modifications, or corrections to the Agreement and related documents as may be necessary to facilitate closing and implementation, provided such changes do not materially alter the rights, obligations, or financial commitments approved by the Board.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

COMPREHENSIVE TRANSITION AGREEMENT

BY AND AMONG

CITY OF MARSHALL,

AND

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY a/k/a RIDE CALHOUN

EFFECTIVE DATE OF [●]

TABLE OF CONTENTS

1. Transfer of Assets; Assumed and Retained Liabilities 2
2. Leased Property 4
3. Consideration; Taxes; Prorations 6
4. Closing Matters 6
5. Representations and Warranties of the City 9
6. Representations and Warranties of TACC 12
7. Labor and Employment Matters 13
8. Transit Operations Pending the Closing 19
9. Data Transfer, Migration, and Records Transition 20
10. Conditions Precedent to Closing 21
11. Indemnification 22
12. Reversion 23
13. Default and Remedies 24
14. General Provisions 24
15. Rules of Interpretation 26
16. Definitions 28

COMPREHENSIVE TRANSITION AGREEMENT

THIS COMPREHENSIVE TRANSITION AGREEMENT ("Agreement") is made and entered into as of [DATE], by and among the City of Marshall, a Michigan municipal corporation, whose address is 323 W. Michigan Avenue, Marshall, Michigan 49068 (the "City"), and Transportation Authority of Calhoun County a/k/a Ride Calhoun, a Michigan regional transportation authority, whose address is 339 West Michigan Ave, Battle Creek, Michigan 49037 ("TACC"). The City and TACC are each referred to herein as a "Party" and collectively as the "Parties".

Recitals

A. The City currently owns and operates the public transportation system known as Dial-a-Ride ("Transit System");

B. TACC is a Michigan regional transportation authority established pursuant to Michigan's Public Transportation Authority Act, Act 196 of 1986, for the purpose of assuming, coordinating, and expanding the public transportation services historically provided by the City;

C. The Parties have entered into that certain TACC–City Support Services Agreement, dated October 1, 2025, pursuant to which the City has been providing, and will continue to provide on a transitional basis, administrative, managerial, operational, and other support services related to the Transit System, until such time as TACC establishes the capacity to assume those functions directly;

D. The Parties desire to transition the Transit System from the City to TACC, including the transfer of assets used in connection with the Transit System, the assignment of certain contracts and rights, the lease of certain Leased Property, and the transition of operations to TACC; and

E. The Parties have obtained, or will obtain, all consents, approvals, authorizations, and governmental actions required to implement the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. TRANSFER OF ASSETS; ASSUMED AND RETAINED LIABILITIES

1.1 Transferred Assets. At the Closing (as defined in Section 4.1), the City shall transfer, assign, convey, and deliver to TACC, and TACC shall accept and acquire from the City,

all of the assets described in this Section 1.1 (the "Transferred Assets"), except for the assets identified in Section 1.2 (the "Excluded Assets"). The Transferred Assets include:

(a) *Tangible Property*. Buses, vehicles, machinery, equipment, tools, furniture, fixtures, inventory, leasehold improvements, and all related warranties;

(b) *Intangible Rights*. All intangible property used in connection with the Transit System, including trade names, trademarks, service marks, copyrights, patents, patent applications, domain names, websites, email addresses, telephone and facsimile numbers, software rights, proprietary information, know-how, and associated goodwill;

(c) *Assigned Contracts*. The City's rights under contracts related to the Transit System, including leases of Transferred Assets, service agreements, grant-related agreements to the extent assignable, and all contracts listed on **Exhibit 1.1(c)**;

(d) *Financial and Commercial Rights*. Deposits, security deposits, prepaid expenses, accounts receivable, other rights to payment, and any related claims or remedies;

(e) *Software and Licenses*. Transit System–related software, data, and software licenses held by the City;

(f) *Books and Records*. All books, records, and data of the Transit System or relating to in any form, physical, electronic or otherwise, including but not limited to financial, grant, personnel (to the extent permitted by law), maintenance, ridership, procurement, vendor, customer, technical, operational, and administrative records; and

(g) *Fixed Assets*. The fixed assets reflected on the ledger attached as **Exhibit 1.1(h)**.

1.2 Excluded Assets. The Transferred Assets do not include:

(a) Any assets, whether or not in cash, set aside or held by the City for retiree benefits of City Retirees, including pension, health, or life insurance assets; and

(b) Any other asset, right, or property of the City that is not expressly identified as a Transferred Asset in Section 1.1 or otherwise agreed to in writing by the Parties to be transferred to TACC.

1.3 Assumed and Retained Liabilities.

(a) TACC will assume only the following liabilities of the City (the "Assumed Liabilities"):

(1) Obligations arising solely from and after the Effective Time in the ordinary course of operating the Transferred Assets or the Transit System; and

(2) Any additional liabilities expressly assumed by TACC in a written instrument delivered at the Closing.

(b) The City shall retain all liabilities other than the Assumed Liabilities (the "Retained Liabilities"). Retained Liabilities include, without limitation, those:

(1) Relating to retirement or post-employment benefits for City Retirees;

(2) Arising from acts, omissions, ownership, or operations before the Effective Time;

(3) Under any contract not expressly assumed by TACC; and

(4) For taxes, environmental matters, employee retirement benefit plans, or employee matters, including, without limitation, payroll, vacation, sick leave, workers' compensation, unemployment benefits or other employee or retiree obligations relating to the Transit System or the Transferred Assets before the Effective Time.

1.4 Workers' Compensation. The City shall maintain workers' compensation coverage for Transit System Employees until they become employees of TACC, which the Parties anticipate will occur on or about July 1, 2026, unless otherwise agreed in writing.

2. LEASED PROPERTY

2.1 Leased Property. At the Closing, the City and TACC shall execute one or more leases for property identified in **Exhibit 2.1** (the "Leased Property"). Each lease shall be on substantially the terms set forth in **Exhibit 2.1** and shall grant TACC the rights of possession and use necessary for its particular purpose. The City represents that it holds good and marketable title to the Leased Property, free and clear of all Liens and encumbrances except those disclosed in **Exhibit 2.1**.

2.2 Easement for Transit Infrastructure. The City agrees to grant TACC all necessary easements to erect, maintain, repair, and replace signage, and other improvements related to the operation of the Transit System within street rights-of-way and other public areas under the City's jurisdiction. The obligations of the City under this Section shall survive the Closing.

2.3 Inspections.

(a) *Leased Property Inspection*. TACC may inspect the Leased Property in order to evaluate its physical, legal, environmental, and infrastructural condition and suitability for TACC's intended use, including, but not limited to, the confirmation of:

(1) Zoning compliance;

(2) Environmental conditions appropriate for transit operations;

(3) Adequate and sufficient roads, water, sanitary sewer, storm drainage, and other infrastructure and utilities; and

(4) Absence of pending or threatened condemnation.

(b) *Records Inspection*. TACC may inspect the City's Leased Property records relating to any of the following, but not limited to:

(1) All building permits, certificates of occupancy, wetlands, and fill permits, zoning variances and approvals, and soil and environmental reports;

(2) All existing surveys;

(3) All site, "as-built," architectural, and engineering plans and specifications for all improvements;

(4) Any notices with respect to the Leased Property that the City received from any governmental agency within the last five years; and

(5) All inspections, engineering reports or similar reports.

(c) *Costs; Restoration*. TACC shall bear the cost of its inspections and shall repair any damage caused by its inspections. TACC shall use best efforts to promptly notify the City of any condition discovered during inspection that TACC is unwilling to accept at Closing.

3. CONSIDERATION; TAXES; PRORATIONS

3.1 Consideration. As consideration for the transfer of the Transferred Assets, TACC shall pay the City One U.S. Dollar ($1.00) at the Closing, in immediately available funds or in such other manner as the Parties agree in writing.

3.2 Transfer Taxes. The City shall be responsible for any transfer taxes or similar charges imposed on the transfer of the Transferred Assets, if any.

3.3 Prorations.

(a) *General Rule*. Prepaid expenses relating to the Transit System, including rent, utilities, service charges, and similar items, shall be prorated as of the Closing Date.

(b) *City's Responsibility*. The City shall be responsible for all amounts allocable to periods through and including the Closing Date.

(c) *Estimated Amounts*. If final meter readings or other proration figures are not available at Closing, the Parties shall prorate such items based on reasonable estimates and make prompt post-Closing adjustments when final information becomes available.

(d) *Final Readings*. The City shall obtain or cause to be obtained all final utility meter readings as of the Closing Date.

4. CLOSING MATTERS

4.1 Closing; Effective Time. The closing of the transactions contemplated by this Agreement ("Closing") shall take place on a date, at a time, and at a location agreed upon by the Parties. The transfers of assets and the assumption of liabilities described in this Agreement shall be effective as of 12:01 a.m. on the Closing Date (the "Effective Time"), or at such other time as the Parties may agree in writing. The Closing may occur in one or more steps as determined by the Parties. TACC and the City shall each take all actions reasonably necessary to complete the Closing in an orderly and timely manner.

4.2 Actions to be Taken at the Closing. At the Closing, the following actions and deliveries shall occur:

(a) *Mutual Deliveries*. The City and TACC shall each execute and deliver:

(1) A lease substantially in the form attached in **Exhibit 2.1** for the Leased Property described in **Exhibit 2.1**;

(2) A copy of the TACC–City Support Services Agreement, dated [Execution Date], which the Parties acknowledge has already been executed and is attached as **Exhibit 4.2(a)**;

(3) An Assignment of Intangible Rights in substantially the form attached as **Exhibit 4.2(c)**;

(4) Assignments of all Assigned Contracts listed in **Exhibit 1.1(c)**, together with all Required Consents;

(5) All written approvals, authorizations, and governmental filings required under this Agreement and applicable law; and

(6) All other documents, certificates, instruments, and agreements required by this Agreement or reasonably requested by the other Party to effectuate the transactions contemplated herein.

(b) *City Deliveries*. The City will also deliver to TACC:

(1) A Bill of Sale in substantially the form attached as **Exhibit 4.2(b)** for the Transferred Assets;

(2) Possession, custody, and control of all Transferred Assets;

(3) All fully executed Required Consents, as identified in **Exhibit 10.1(d)**;

(4) Any Pending or Threatened Claims Disclosure, as identified in **Exhibit 5.3**, updated as of the Closing Date if necessary;

(5) Any Permits and Licenses Disclosure, as identified in **Exhibit 5.6**, including originals where transferable or copies where not;

(6) Financial Statements, as listed in **Exhibit 5.7**, together with any additional financial statements prepared prior to Closing;

(7) Liabilities Schedule, as listed in **Exhibit 5.11**, updated as of the Closing Date if necessary;

(8) Insurance Policies and Loss History, as described in **Exhibit 5.16**, including certificates of insurance for policies in force as of Closing;

(9) A certificate executed by an authorized City representative stating that: (i) since the date of this Agreement, no material adverse change has occurred in the Transit System or the Transferred Assets; and (ii) all representations and warranties of the City are true and correct as of the Closing Date.

(c) *TACC Deliveries*. TACC shall also deliver to the City:

(1) The consideration required under Section 3.1;

(2) Executed grant novation instruments for all federal and state grants identified in **Exhibit 8.2**, to the extent required;

(3) A certificate executed by an authorized TACC representative stating that all of TACC's representations and warranties are true and correct as of the Closing Date and that TACC has satisfied all conditions required of it under this Agreement; and

(4) Any receipts, acknowledgments, or confirmations reasonably required to evidence TACC's acceptance of the Transferred Assets and Closing deliverables.

5. REPRESENTATIONS AND WARRANTIES OF THE CITY

The City represents and warrants to TACC as follows:

5.1 Organization; Authorization; No Conflicts. The City is a home-rule municipal corporation duly organized and existing under Michigan's Home Rule Cities Act, Act 279 of 1909, and has full power and authority to: (a) own, operate, and lease its properties; (b) to conduct the business of the Transit System; (c) to execute and deliver this Agreement; and (d) to perform its obligations hereunder. This Agreement has been duly authorized, executed, and delivered by the City and constitutes a valid and binding obligation of the City, enforceable in accordance with its terms. The execution, delivery, and performance of this Agreement by the City will not:

(a) Breach the City's charter, ordinances, resolutions, or other governing instruments;

(b) Violate any applicable law;

(c) Violate any material agreement binding on the City, including obligations to any state or federal transit-funding source;

(d) Violate any judgment, order, or decree binding on the City;

(e) Accelerate any indebtedness of the City; or

(f) Create any lien on any of the Transferred Assets.

Except as identified in **Exhibit 10.1(d)** or required under any Assigned Contract, no approval, filing, or notice to any governmental body or third party is required for the City to execute, deliver, or perform this Agreement.

5.2 Title and Condition of Transferred Assets. The City has good and marketable title to the Transferred Assets it owns free and clear of all liens other than those disclosed in this Agreement or its exhibits, subject to certain Transferred Assets in which MDOT holds a lien and jointly holds title as disclosed in **Exhibit 5.2**. The Transferred Assets are in good operating condition, ordinary wear and tear excepted.

(a) With respect to the Transferred Assets identified in **Exhibit 5.2**, the Parties shall cooperate in good faith to accomplish all actions to ensure that TACC shall replace DART on all titles of Transferred Assets jointly held with MDOT.

5.3 Claims; Litigation; Compliance with Laws. To the City's Knowledge, (a) no claims, actions, disputes, or proceedings relating to the Transit System are pending or threatened

except as set forth in **Exhibit 5.3**; (b) the City is not subject to any governmental order, judgment, or decree relating to the Transit System or the Transferred Assets except as disclosed in that exhibit; and (c) the City has operated the Transit System in material compliance with applicable law.

5.4 Assigned Contracts. With respect to each of the Assigned Contracts:

(a) The City is not in default, no default has been asserted by any Party, and there has not occurred any event that, with the passage of time or giving of notice or both would constitute a default;

(b) Except as otherwise set forth on **Exhibit 1.1(c)**, (a) each Assigned Contract is assignable to TACC and will be validly assigned to TACC at Closing; (b) all Required Consents to each Assigned Contract will be obtained by the City before Closing; and (c) each Assigned Contract will be enforceable in accordance with its terms upon assignment to TACC without any adverse condition or cost to TACC; and

(c) The Assigned Contracts collectively constitute all contracts necessary for the continued operation of the Transit System in accordance with applicable law and sound business practice.

5.5 Intangible Rights.

(a) All Intangible Rights are the sole and exclusive property of the City;

(b) The Intangible Rights are sufficient to conduct the Transit System; and

(c) None of the Intangible Rights infringe, or are claimed to infringe, the rights of any third party.

5.6 Permits and Licenses. The City holds all permits, licenses, certificates, consents, and approvals required to own and operate the Transit System, all of which are listed in **Exhibit 5.6**. To the extent transferable, such approvals shall be transferred to TACC at Closing.

5.7 Financial Statements. The City has provided TACC with the Financial Statements listed in **Exhibit 5.7** as well as all additional Financial Statements of the Transit System prepared prior to Closing. All such statements were prepared in accordance with applicable accounting standards and fairly present the financial condition and results of operation of the Transit System.

5.8 No Material Adverse Changes. Since the date of the most recent Financial Statements provided to TACC, no event has occurred that has had, or is reasonably likely to have, a material adverse effect on the Transit System or the Transferred Assets.

5.9 Suppliers and Customers. To the City's Knowledge, no supplier, customer, contractor, or service provider essential to the operation of the Transit System has indicated an intention to discontinue or materially alter its relationship with the Transit System.

5.10 Environmental Matters. The City has not received any claims or notices alleging liability related to the Transferred Assets or the Transit System under any environmental law. There are no environmental conditions currently existing that are reasonably likely to result in claims or liability relating to alleged violations of any environmental law.

5.11 No Undisclosed Liabilities. Except as set forth in **Exhibit 5.11**, the City has no liabilities that affect the Transit System or the Transferred Assets, nor is the City aware of facts likely to result in such liabilities in the future.

5.12 Conduct of Transit System. Since the date of the most recent Financial Statements provided to TACC, the City has not:

(a) Made any material change to its charter, ordinances, resolutions, or other governing provisions relating to the Transit System;

(b) Operated the Transit System other than in the ordinary course of business;

(c) Suffered any material loss, damage, or casualty affecting the Transit System;

(d) Initiated or settled any litigation relating to the Transit System;

(e) Changed any accounting method or practice relating (or suffered any deterioration in accounting controls) to the Transit System; or

(f) Allowed any insurance coverage relating to the Transit System to lapse or materially diminish.

5.13 No Misstatements or Omissions. No representation or warranty made by the City in this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such statements not misleading.

5.14 No Subsidiaries. The City has no subsidiaries and does not own any equity, membership, or beneficial interest in any other entity in connection with the Transit System.

5.15 Solvency. The City is not insolvent, nor is any insolvency, receivership, bankruptcy, or similar proceeding pending or threatened affecting the operations of Transit System or the transfer contemplated under this Agreement. The execution, delivery, and performance of this Agreement will not render the City insolvent or constitute a fraudulent transfer.

5.16 Insurance. The City has delivered to TACC copies of all liability, property, and loss insurance policies covering the Transit System for the current policy year and each of the preceding

five policy years. **Exhibit 5.16** describes (i) any self-insurance arrangement by or affecting the City, including any reserves, and (ii) any arrangement, other than an insurance policy, for the transfer or sharing of any risk to which the City is a party or that involves the Transit System.

Exhibit 5.16 also sets forth, for the current policy year and each of the preceding five policy years:

(a) A summary of the loss experience under each applicable policy of insurance;

(b) A statement describing each claim under any policy of insurance for an amount in excess of $5,000; and

(c) A statement describing the loss experience for all claims that were self-insured, including the number of such claims and their aggregate cost.

Except as disclosed in **Exhibit 5.16**:

(d) All insurance policies to which the City is a party or that provide coverage to the City:

(1) are valid, outstanding, and enforceable;

(2) are issued by insurers that are financially sound and reputable;

(3) taken together, provide adequate insurance coverage for the Transferred Assets and the operation of the Transit System; and

(4) are sufficient for compliance with all applicable laws and contracts to which the City is a party;

(e) The City has not received (a) any refusal of coverage or any notice that a defense will be provided under a reservation of rights, or (b) any notice of cancellation or any other indication that any policy is no longer in full force or effect or that the insurer is unwilling or unable to perform its obligations;

(f) The City has paid all premiums due and has otherwise performed all obligations under each insurance policy to which it is a party or that provides coverage to it;

(g) The City has given timely notice to the applicable insurer of all claims that may be insured under such policies.

6. REPRESENTATIONS AND WARRANTIES OF TACC

TACC represents and warrants to the City as follows:

6.1 Organization; Authority. TACC is a public transportation authority duly established and validly existing under the laws of the State of Michigan and has full power and authority to enter into this Agreement and to perform its obligations hereunder.

6.2 Authorization; Due Execution; No Conflicts. This Agreement has been duly authorized, executed, and delivered by TACC and constitutes a valid and binding obligation of TACC, enforceable in accordance with its terms.

6.3 No Conflicts. The execution, delivery, and performance of this Agreement by TACC will not:

(a) Breach or violate its organizational documents;

(b) Violate any applicable law;

(c) Violate or result in a default under any material agreement binding upon TACC; or

(d) Violate any judgment, order, or decree binding upon TACC.

6.4 No Additional Approvals Required. No consent, approval, filing, or notice to any governmental authority or third party is required for TACC to execute, deliver, or perform this Agreement, except as expressly identified in this Agreement or any of its Exhibits.

7. LABOR AND EMPLOYMENT MATTERS

7.1 Generally.

(a) Within ten (10) days after the execution of this Agreement, the City shall provide TACC with a complete list of all Transit System Employees, including each employee's name, position, wage rate and date of hire.

(b) To the best of City's Knowledge with respect to the Transit System, except as disclosed in **Exhibit 7.1(b)**, (i) there is no pending or threatened strike, slowdown, picketing, work stoppage or employee grievance process involving the City which would preclude it from entering this Agreement; (ii) that no basis exists for any work stoppage or other labor dispute; (iii) there is no organizational activity or other labor dispute against or affecting the City, or the Transit System; (iv) no application or petition for an election of or for certification of a collective bargaining agent is pending; (vi) and there is no lockout of any employees by the City, and the City does not contemplate any lockout.

(c) To the best of City's Knowledge, the City has complied at all times and currently complies in all material respects with the applicable continuation coverage requirements for each of its group health plans under the Public Health Service Act (the

"PHSA") and any applicable state statutes. Except as disclosed in **Exhibit 7.1(c)** and except for the continuation coverage requirements of PHSA, the City has no obligations or potential liability for benefits to Transit System Employees, former Transit System Employees, or their respective dependents following termination of employment or retirement under any group health plan or welfare benefit plan.

8.TRANSIT OPERATIONS PENDING THE CLOSING

8.1 Conduct of Operations. From the date of this Agreement until the Closing, the City shall:

(a) Operate the Transit System in the ordinary course and consistent with past practice;

(b) Not take any action that would have required disclosure if taken before this Agreement;

(c) Not take any action that would cause any of its representations or warranties to become untrue;

(d) Promptly notify TACC in writing if any representation or warranty becomes untrue;

(e) Permit TACC to inspect the Transit System, the Transferred Assets, and the Assumed Liabilities and shall cooperate with such inspections; and

(f) Maintain fire and public liability insurance covering the Leased Property in amounts reasonably satisfactory to TACC, where (1) any policies maintained on a "claims-made" insurance basis shall remain in effect after Closing until all applicable limitation periods expire; and (2) if any damage occurs before Closing, the City shall repair it before the Closing Date.

8.2 Approvals. The City shall obtain all governmental and third-party consents required to consummate the transactions contemplated by this Agreement, including all grant novation instruments, and all consents required to assign the Assigned Contracts to TACC.

8.3 Further Actions. Each Party shall take all actions reasonably necessary or appropriate, consistent with this Agreement and the related agreements, to complete the transactions contemplated by this Agreement.

9. DATA TRANSFER, MIGRATION, AND RECORDS TRANSITION

9.1 Data Transfer and Migration. The City and TACC shall cooperate to ensure an orderly transition of all data, records, and communication assets used in connection with the Transit System. As part of this obligation, the Parties agree as follows:

(a) *Transfer of Electronic Data*. The City shall provide TACC with copies of, or access to, all electronic data used in connection with the Transit System, including but not limited to operational data, financial and grant records, employee and contractor files (to the extent permitted by law), ridership information, service data, maintenance records, and all other electronic files pertaining to the Transit System or necessary for TACC to operate the Transit System;

(b) *Transfer of Physical Records*. The City shall deliver to TACC all physical records relating to the Transit System that are reasonably necessary for continued operations, including but not limited to operational manuals, route books, procurement files, historical service records, maintenance binders, and other tangible materials;

(c) *Phone Numbers and Email Addresses*. The City shall cooperate with TACC to transfer or migrate all City-owned phone numbers, extensions, text lines, and email addresses used by the Transit System or its employees, to the extent permitted by law. The Parties shall execute any documents reasonably required by their respective service providers to complete such transfer or migration;

(d) *File Migration and System Access*. The Parties shall collaborate to transfer or migrate files and data from City systems to TACC systems in a commercially reasonable manner and shall coordinate the timing of such transfer or migration to minimize operational disruption. The City shall provide TACC, and any necessary third parties, reasonable access to the City's systems and files in order to complete the transfer or migration;

(e) *Maintenance of Records and Data.* The City shall be responsible for the continued preservation and maintenance of all of its books, records, files, data, and systems, discussed in this Section 9.1 until a transfer or migration of such book, record, file, data, or system to TACC has been successfully completed;

(f) *Protection of Personal Information*. Each Party shall protect all personal identifying information and other sensitive data of employees, customers, and third parties in accordance with applicable law. The Parties shall ensure that any transfer, retention, or destruction of such data is completed securely and in a manner that does not compromise confidentiality;

(g) *Retention and Destruction*. Unless otherwise required by law, any data or records not transferred to TACC and not required for the City's retained obligations shall be destroyed or securely disposed of following the completion of the transfer or migration. The Parties shall coordinate to confirm which records are required to be retained by the City for legal, historical, or grant-compliance purposes; and

(h) *Continuing Cooperation*. For a reasonable period, but not less than one year, following the Closing, the City shall cooperate with TACC to address any data, file, or communication asset that was inadvertently omitted from the initial transfer or that requires additional support to complete migration. Each Party shall use reasonable efforts to respond to the other Party's requests regarding such information.

10. CONDITIONS PRECEDENT TO CLOSING

10.1 Conditions Precedent to TACC's Obligations. TACC's obligations to consummate the transactions contemplated by this Agreement are subject to the satisfaction, or written waiver by TACC, of each of the following conditions:

(a) *Performance by the City*. The City shall have fully performed all of its obligations under this Agreement to be performed prior to the Closing;

(b) *Accuracy of Representations*. The City's representations and warranties shall be true and complete as of the Closing Date;

(c) *Satisfactory Inspections*. TACC shall be satisfied, in its reasonable discretion, with its inspections of the Transit System, the Transferred Assets, and all financial, operational, and legal information provided or made available by the City;

(d) *Required Consents*. The City shall have delivered all consents, approvals, authorizations, and agreements necessary or desirable to complete the transactions, including: (1) all governmental approvals, authorizations, permits, and filings; and (2) all third-party consents required for the assignment of Assigned Contracts and continuation of material business relationships (collectively the "Required Consents")

(e) *No Material Adverse Change*. The City shall not have incurred or been threatened with any material liability, adverse change, or casualty affecting the Transit System or the Transferred Assets;

(f) *Ordinary Course*. The Transit System shall have been operated only in the ordinary course of business from the date of this Agreement through the Closing;

(g) *Workers' Compensation Certification*. The City shall have provided to TACC a statement from the Commissioner of the Bureau of Workers' and Unemployment Compensation certifying the status of the City's contribution liability under Section 15(g) of the Michigan Employment Security Act, MCLA 421.15(g), MSA 17.515(g);

(h) *Unemployment Tax Notice*. The City shall have executed and delivered to TACC a Business Transferor's Notice to Transferee of Unemployment Tax Liability and Rate on Michigan Department of Labor and Economic Growth Form 1027;

(i) *Grant Novation*. TACC shall have executed grant-novation agreements for each federal and state grant listed in **Exhibit 8.2**, to the extent required, with each novation to become effective upon the Closing; and

(j) *City Closing Certificate*. The City shall have delivered to TACC a certificate stating that all conditions contained in this Section 10.1 have been satisfied.

10.2 Conditions Precedent of the City. The City's obligation to close is subject to its satisfaction of each the following:

(a) TACC has fully performed all of their obligations in this Agreement.

(b) TACC's representations are true and complete at closing.

(c) TACC shall have delivered to the City certificates that as of the closing all of the conditions set forth in this Section 10.2 have been satisfied.

11. INDEMNIFICATION

11.1 Indemnification by the City. To the extent permitted by law, the City shall indemnify and defend TACC and its officers, employees, agents and representatives from and against any and all claims, demands, damages, losses, liabilities, fines, penalties, judgments, costs, and expenses (including reasonable attorney fees) arising out of:

(a) the City's breach of any representation, warranty, covenant, or obligation under this Agreement; and

(b) the City's acts or omissions relating to the Transferred Assets or the Transit System to the extent the facts giving rise to the liability occur before the Effective Time.

11.2 Indemnification by TACC. To the extent permitted by law, TACC shall indemnify and defend the City and its officers, employees, agents and representatives from and against any and all claims, demands, damages, losses, liabilities, fines, penalties, judgments, costs, and expenses (including reasonable attorney fees) arising out of:

(a) TACC's breach of any representation, warranty, covenant, or obligation under this Agreement; and

(b) TACC's acts or omissions relating to the Transferred Assets or the Transit System to the extent the facts giving rise to the liability occur after the Effective Time.

11.3 Procedure for Claims.

(a) *Notice*. The Party seeking indemnification (the "Indemnified Party") must promptly give written notice to the Party from which indemnification is sought (the "Indemnifying Party") of the claim for which indemnification is sought. Failure to give prompt notice limits the right to indemnification only to the extent the delay materially adversely affects the Indemnifying Party's ability to defend against the claim. The Indemnifying Party shall have the right to assume control of the defense of any claim, provided that (i) the Indemnified Party may participate in the defense with its own counsel at its own expense; and (ii) the Indemnifying Party shall not settle any claim in a manner that imposes any liability, obligation, or admission of wrongdoing on the Indemnified Party without that Party's prior written consent.

11.4 Survival. All indemnification obligations and all rights of the Indemnified Party under this Agreement shall survive the Closing.

12. REVERSION

12.1 Reversion Trigger. If, after the Closing, a TACC transit millage renewal proposal fails to receive voter approval and such failure creates a substantial likelihood that transit service within the City can no longer be provided, the Parties shall cooperate in good faith to either (i) find alternative means to continue funding the transit service through the Authority, or (ii) transfer the Transit System back to the City.

12.2 Requirements. Any reversion of the Transit System under this Section shall be conducted: (a) in compliance with all applicable laws; (b) in accordance with all applicable state and federal grant requirements, restrictions, and conditions; and (c) in a manner consistent with all applicable collective bargaining agreements.

12.3 Implementation. The Parties shall execute all documents and take all actions reasonably required to effectuate a reversion under this Section, including cooperation with governmental agencies, funding authorities, and labor representatives as necessary to ensure continuity of service and compliance with applicable obligations.

12.4 Procedures. In the event a reversion is required under this Section, the Parties shall: (a) prepare a written transition plan that establishes timelines, asset transfer steps, grant compliance obligations, and allocation of operating responsibilities; (b) cooperate to obtain all governmental and grant-funding approvals required for the reversion; (c) transfer the Transferred Assets back to the City in substantially the same condition as existed at the time of transfer, ordinary wear and tear excepted; and (d) allocate liabilities so that the City assumes only those liabilities arising after the date of reversion, and TACC retains all liabilities attributable to acts or omissions prior to the reversion.

12.5 Valuation. If the Parties cannot agree upon the value or condition of any asset subject to reversion, the Parties shall jointly engage a mutually acceptable independent appraiser or engineer, whose determination shall be final and binding.

13. DEFAULT AND REMEDIES

13.1 Default. A Party shall be in default under this Agreement if it fails to perform any of its obligations and does not cure such failure within thirty (30) days after receiving written notice from the other Party identifying the default.

13.2 Remedies. If a default is not cured within the period specified in Section 13.1, the non-defaulting Party may, in addition to any other remedies available at law or in equity, pursue any or all of the following remedies:

(a) A suit for damages arising from the default;

(b) A right to terminate this Agreement by written notice to the defaulting Party; or

(c) Seek specific performance, injunctive relief, a writ of mandamus, or any other equitable remedy.

13.3 Remedies Cumulative. All rights and remedies under this Agreement are cumulative and may be exercised separately or concurrently. The exercise of one remedy does not preclude the exercise of any other remedy.

14. GENERAL PROVISIONS

14.1 Further Assurances. Each Party agrees to take all actions reasonably requested by any other Party to carry out the purposes and intent of this Agreement. The City shall provide TACC with access to their records, as reasonably necessary, for inspection and review to facilitate TACC's understanding of the Transit System and any matters addressed in or disclosed in connection with this Agreement.

14.2 Assignment. No Party may assign its rights or delegate any of its duties under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Any purported assignment made without the required consent is void.

14.3 Cost of Litigation. If either Party breaches this Agreement, the breaching Party must reimburse the prevailing Party on demand for enforcement expenses, including reasonable attorney fees.

14.4 Counterparts. This Agreement may be executed in counterparts, all of which together will be deemed an original of this Agreement.

14.5 Expenses. Except as otherwise provided in this Agreement, each Party is responsible for its own expenses in connection with the negotiation, execution, and performance of this Agreement.

14.6 Authority for Actions and Consents. Except for amendments to this Agreement, the City Manager has authority to bind the City and the Executive Director of TACC has authority to bind TACC whenever a consent or action is required under this Agreement. This authority does not apply if the other Party knows that the governing board of the acting Party disagrees with the proposed action to be taken by its representative.

14.7 Governmental Immunity. Each Party is a governmental agency performing a non-proprietary, authorized governmental function. Nothing in this Agreement waives any governmental immunity of either Party or of their officers, employees, or agents acting within the scope of their authority on behalf of a Party to this Agreement.

14.8 No Third-Party Beneficiaries. No person other than the Parties to this Agreement may enforce this Agreement. Nothing in this Agreement shall be construed as creating any claim by a third Party based upon an alleged breach of this Agreement.

14.9 Timing; Deadlines. Deadlines under this Agreement are enforceable as written. Failure to comply with a deadline does not give any Party a right to terminate this Agreement. If a deadline falls on a Saturday, Sunday or holiday, it is extended to the next business day. Failure to meet a deadline does not allow any Party to terminate this Agreement but may result in damages proven by the non-breaching Party.

14.10 Survival. All representations, warranties, covenants that contemplate performance after Closing, and indemnification obligations survive the Closing.

14.11 Brokers. The City represents it has not engaged the services of a Real Property broker or salesperson and that no person is entitled to a fee or commission as a result of the transaction contemplated in the Agreement. The City is solely responsible for any commissions that may be due as a result of the closing.

14.12 Notices. All notices must be in writing, addressed to the Party at its address listed below, and prepaid by the sender. Notice is effective upon the earliest of: (a) actual receipt; (b) personal delivery; (c) two business days after deposit in first-class U.S. mail; or (d) the next business day after deposit with a nationally recognized overnight delivery service. A Party may change its notice address by giving notice. Email addresses are provided for convenience only and do not constitute notice.

If to City:

City of Marshall
323 West Michigan Avenue
Marshall, MI 49068
Attn: [_____]
Email: [_____]

If to TACC:

Transportation Authority of Calhoun County a/k/a Ride Calhoun
339 W. Michigan Ave.
Battle Creek, MI 49037
Attn: Mallory R. Avis
Email: mavis@ridecalhoun.org

with copy (which will not constitute notice) to:

Miller Johnson
100 West Michigan Avenue, Suite 200
Kalamazoo, MI 49007
Attn: Richard O. Cherry
Email: cherryr@millerjohnson.com

14.13 No Waiver. A waiver is effective only if in writing and signed by the Party to be bound. A waiver of one breach is not a waiver of any other breach of this Agreement.

14.14 Severability. If any provision of this Agreement is held invalid or unenforceable, the remaining provisions shall remain in full force, and the invalid provision shall be limited or modified to the minimum extent necessary to make it enforceable.

14.15 Entire Agreement. This Agreement, together with all Exhibits, constitutes the entire agreement between the Parties regarding the transfer of the Transit System and supersedes all prior negotiations, representations, or agreements, whether written or oral, relating to the same subject matter.

14.16 Amendment. This Agreement may be amended only in a written instrument signed by both Parties and approved by the City Council and the TACC Board.

15. RULES OF INTERPRETATION

15.1 Headings. Headings are inserted for convenience only and do not affect the meaning or interpretation of this Agreement.

15.2 Usage, Grammar, and Syntax. In questions of usage, grammar, and syntax, the most current edition of *Garner's Modern American Usage* applies.

15.3 References to Laws and Documents. References to laws, regulations, ordinances, or other governmental requirements include all amendments and successor provisions. References to documents include all permitted amendments, restatements, renewals, and supplements.

15.4 Days. References to days mean calendar days unless this Agreement expressly states otherwise. If a deadline falls on a Saturday, Sunday, or day on which financial institutions are closed, the deadline extends to the next business day. "Business day" means any day other than a Saturday, Sunday, or day on which financial institutions are closed.

15.5 Maximum Enforceability. Each provision of this Agreement is enforceable only to the extent permitted by law. A court may limit or sever any unenforceable provision to the extent necessary so that the remainder of this Agreement remains in effect.

15.6 Standards of Satisfaction and Acceptance. When this Agreement requires a matter to be satisfactory or acceptable to a Party, that requirement means satisfactory or acceptable in that Party's sole discretion unless this Agreement expressly provides otherwise.

15.7 References to Laws. A reference to law includes federal, state and local statutes, regulations, ordinances and other governmental requirements.

15.8 Organizational Documents. A reference to the organizational documents of a Party means (i) for a corporation, its articles of incorporation, bylaws and any agreement between shareholders or between a shareholder and the company; and (ii) for a limited liability company, its articles or organization and operating agreement.

15.9 Breach or Default. A reference to a breach or default includes any condition that, with the passage of time, the giving of notice, or both, would become a breach or default.

15.10 Approvals and Permits. References to approvals or permits include licenses, certificates, registrations, authorizations, consents, or similar governmental actions.

15.11 Performance of Obligations. Whenever this Agreement refers to a Party's promise or representation as to an action, it means that the action was taken, or must be taken, completely, timely, in accordance with law, and with respect to the correct person, governmental agency, and property.

15.12 Business and Asset References. A reference to a Party's use of assets, or to the Party's business or operations, includes the actions and uses of its predecessors with respect to those assets or operations.

15.13 Document Completeness. A reference to a document, schedule, list, or exhibit means that the referenced material is complete as of the date of this Agreement unless expressly stated otherwise.

15.14 Specific and General Compliance. A requirement that a Party comply with a specific law does not limit any general representation or covenant requiring compliance with all applicable laws.

15.15 References to a Person's Business and Assets. A reference to a person's business includes that person's use, operation, and management of its tangible and intangible assets.

15.16 Prohibited Agreements or Relationships. References to prohibited agreements or relationships include both direct and indirect agreements or relationships.

15.17 Fines. References to fines include penalties, interest, and other governmental sanctions. References to performing obligations under this Agreement include signing and delivering this Agreement.

15.18 Construction. This Agreement has been jointly negotiated by the Parties. No presumption against any Party will apply in interpreting this Agreement on the basis of authorship.

16. DEFINITIONS

"Assigned Contracts" means the contracts described in Section 1.1 and listed on **Exhibit 1.1(c)** that are assigned by the City to TACC at Closing.

"Assumed Liabilities" means the liabilities expressly assumed by TACC under Section 1.3(a).

"City" means the City of Marshall, a Michigan municipal corporation.

"City Council" means the duly constituted governing body of the City of Marshall, authorized under the City Charter and applicable law to act on behalf of the City.

"City Retirees" means former City employees whose employment was associated with the Transit System, who retire before the Closing, and who are entitled to retiree health or pension benefits from the City.

"City's Knowledge" means the actual knowledge of any officer, elected or appointed official, employee, or authorized agent of the City, after reasonably diligent inquiry.

"Code" means the Internal Revenue Code of 1986, as amended, and all applicable regulations and administrative guidance.

"Effective Time" means the time at which the transfers and assumptions described in this Agreement become effective, as defined in Section 4.1.

"Financial Statements" means the financial statements identified in **Exhibit 5.7** and any additional Transit-related financial statements prepared before Closing as described in Section 5.7.

"Intangible Rights" means the intangible property described in Section 1.1(b), including trade names, trademarks, service marks, copyrights, patents, patent applications, domain names, websites, email addresses, telephone and facsimile numbers, software rights, proprietary information, know-how, and associated goodwill.

"Internal Revenue Service" means the agency of the United States Department of the Treasury responsible for administering and enforcing the Internal Revenue Code of 1986, as amended.

"Leased Property" means the land, buildings, fixtures and other improvements used by the City to operate the Transit System and legally described on **Exhibit 2.1**.

"Liens" means any claim, lien, encumbrance, mortgage, security interest, pledge, charge, covenant, easement, restriction, or other adverse interest affecting title to property.

"PHSA" means Title XXII of the Public Health Service Act and any applicable implementing regulations.

"Retained Liabilities" means all liabilities, obligations, and claims of any kind that are not expressly included within the Assumed Liabilities, including all liabilities arising out of acts, omissions, events, or conditions occurring prior to the Effective Time, and all liabilities the City is required to retain under Section 1.3(b).

"TACC Board" means the governing board of the Transportation Authority of Calhoun County, established pursuant to Michigan's Public Transportation Authority Act, Act 196 of 1986, and authorized to act on behalf of TACC.

"TACC Employees" means individuals hired by TACC after Closing.

"Transit System" means the public transportation system operated by the City and known as the "Dial-a-Ride".

"Transit System Employee" means any City employee performing services related to the Transit System.

"Transferred Assets" means the assets transferred by the City to TACC under Section 1.1.

"Treasury Regulations" means the regulations promulgated under the Internal Revenue Code of 1986, as amended, including any temporary and proposed regulations.

Remainder of Page Left Intentionally Blank – Signature Page Follows

IN WITNESS WHEREOF, the Parties hereto have caused this Comprehensive Transition Agreement to be executed by their duly authorized representatives as of the date first above written.

Dated this [DATE] day of [MONTH], [YEAR]

CITY OF MARSHALL

By: _____
Its: _____

Dated this [DATE] day of [MONTH], [YEAR]

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY a/k/a RIDE CALHOUN

By: _____
Its: _____

LIST OF EXHIBITS

Exhibit 1.1(c)	Assigned Contracts
Exhibit 1.1(h)	Fixed Asset Ledger
Exhibit 2.1	Leased Property
Exhibit 4.2(a)	TACC-City Support Services Agreement
Exhibit 4.2(b)	Bill of Sale
Exhibit 4.2(c)	Intangible Rights
Exhibit 5.2	MDOT Transferred Assets
Exhibit 5.3	Pending or Threatened Claims
Exhibit 5.6	Permits and Licenses
Exhibit 5.7	Financial Statements
Exhibit 5.11	Liabilities
Exhibit 5.16	Insurance
Exhibit 7.1(b)	Labor Disputes
Exhibit 7.1(c)	Benefit Coverage Liabilities
Exhibit 8.2	Federal and State Grants
Exhibit 10.1(d)	Required Consents

Exhibit 1.1(c) – Assigned Contracts

The City's rights in contracts (the "Assigned Contracts"), including leases of any Transferred Assets that the City leases instead of owns, any service agreements, any state or federal grant agreements, and all those listed on Exhibit 1.1(c).

None.

Exhibit 1.1(h) – Fixed Asset Ledger

Assets of the City as shown on the fixed asset ledger of City Transit attached as Exhibit 1.1(h).

Exhibit 2.1 – Leased Property

The City, and TACC will sign and deliver:(1) the leases described in Exhibit 2.1.

Exhibit 4.2(a) – TACC-City Support Services Agreement

The City, and TACC will sign and deliver: a TACC-City Support Services Agreement in substantially the form attached as Exhibit 4.2(a).

Exhibit 4.2(b) – Bill of Sale

The City will also deliver to TACC: (1) a Bill of Sale in the form of Exhibit 4.2(b).

Exhibit 4.2(c) – Assignment of Intangible Rights

The City will also deliver to TACC: (1) an Assignment of Intangible Rights in the form of Exhibit 4.2(c).

Exhibit 5.2 – MDOT Transferred Assets

The Transferred Assets listed herein are subject to MDOT liens and titles to which are jointly held with MDOT.

2018 Eldorado Bus #9; 1FDFE4FS8JDC32184

2019 Eldorado Bus #7; 1FDFE4FS8KDC17184

2020 Eldorado Bus #6; 1FDFE4FS7KDC56655

2020 Eldorado Bus #5; 1FDFE4FSXKDC72977

2023 Champion Challenger Bus #4; 1FDFE4FN8PDD38203

2023 Champion Challenger Bus #3; 1FDFE4FN8PDD38234

Exhibit 5.3 – Pending or Threatened Claims

To the best of the City's Knowledge, there are no pending or threatened claims and/or lawsuits against either the City regarding the Transit System except as disclosed on Exhibit 5.3. These include personal injury lawsuits, employment, environmental, workers' compensation claims and claims of any other kind under any kind of subject matter or law.

Exhibit 5.6 – Permits and Licenses

The City has all necessary permits, certificates, licenses, consents, and other approvals required to own and operate the Transit System and will transfer all of those approvals to TACC at closing without expense to TACC. All of those approvals are listed in Exhibit 5.6.

Exhibit 5.7 – Financial Statements

The City has given TACC access to the financial statements listed on Exhibit 5.7 to this Agreement.

Exhibit 5.11 – Liabilities

Except as disclosed in Exhibit 5.11, the City does not have any liabilities affecting the Transit System or any of the Transferred Assets.

Exhibit 5.16 – Insurance

The City have delivered to TACC complete copies of all liability and loss insurance policies under which either of them is or has been covered at any time since [DATE]. A list of those policies is in Exhibit 5.16.

Exhibit 5.16 describes (i) any self-insurance arrangement by or affecting the City, including any reserves; and (ii) any arrangement, other than an insurance policy, for the transfer or sharing of any risk to which the City is a Party or that involves the Transit System.

Exhibit 5.16 sets forth, by year, for the current policy year and each of the preceding five policy years: (1) a summary of the loss experience under each policy of insurance; (2) a statement describing each claim under a policy of insurance for an amount in excess of $5,000.00; and (3) a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

Exhibit 7.1(b) – Labor Disputes

To the best of City's Knowledge with respect to the Transit System, except as disclosed in Exhibit 7.1(b), (i) there is no pending or threatened strike, slowdown, picketing, work stoppage or employee grievance process involving the City which would preclude it from entering this Agreement; (ii) that no basis exists for any work stoppage or other labor dispute; (iii) there is no organizational activity or other labor dispute against or affecting the City, or the Transit System; (iv) no application or petition for an election of or for certification of a collective bargaining agent is pending; (vi) and there is no lockout of any employees by the City, and the City does not contemplate any lockout.

Exhibit 7.1(c) – Benefit Coverage Liabilities

To the best of City's Knowledge, the City has complied at all times and currently complies in all material respects with the applicable continuation coverage requirements for each of its group health plans under the Public Health Service Act (the "PHSA") and any applicable state statutes. Except as disclosed in ***Exhibit 7.1(c)*** *and except for the continuation coverage requirements of PHSA, the City has no obligations or potential liability for benefits to Transit System Employees, former Transit System Employees, or their respective dependents following termination of employment or retirement under any group health plan or welfare benefit plan.*

Exhibit 8.2 – Federal and State Grants

TACC has executed a grant novation for each federal and state grant listed on Exhibit 8.2. Grant novation means an agreement signed by either of them and the governmental body issuing the grant to which the grant novation relates under which (a) one of them is substituted for the City as the recipient of the grant and (b) the effectiveness of which is conditional only upon the closing. A grant novation may or may not relieve the City from liability under the grant.

Exhibit 10.1(d) – Required Consents

Except for consents that may be required under the terms of any of the Assigned Contracts or as set forth on Exhibit 10.1(d), the City does not needs to obtain approval from, file with, or give notice to, any federal, state, or local governmental body, court, or agency or anyone else to (1) authorize the execution or closing of this Agreement, or (2) continue TACC's use and operation of the Transferred Assets after the closing.

LEASE

THIS LEASE (the **"Lease"**) is made and executed this _____ day of _____, 2026 between the City of Marshall, a Michigan municipal corporation, whose address is 323 W. Michigan Avenue, Marshall, Michigan 49068, as **"Landlord"**, and the Transportation Authority of Calhoun County a/k/a Ride Calhoun, a Michigan regional transportation authority, whose address is 339 West Michigan Avenue, Battle Creek, Michigan 49037 **"TACC"**, as **"Tenant."**

1. **Leased Premises**. Landlord is the owner of the buildings (the **"Buildings"**) and other related improvements (the **"Improvements"**) on the real property located in the City of Marshall, County of Calhoun, State of Michigan, commonly known as follows:

- 900 S. Marshall Avenue, Marshall, MI 49068

and more particularly described by the map on the attached **Exhibit A,** which shall include storage space for six vehicles and related equipment and parking for Tenant's employees to the South of the building (the **"Premises"**). Landlord leases to Tenant, and Tenant leases from Landlord, the entire Premises, Buildings and Improvements (the **"Leased Premises"**), at the rents and under the terms and conditions set forth in this Lease.

2. **Purpose of Occupancy.** Tenant shall occupy the Leased Premises for providing transportation services in Calhoun County and for any related purpose, but for no other purpose without the written consent of Landlord. The Leased Premises shall not be used for any purpose which would violate any law, ordinance, rule or regulation applicable to the Leased Premises, nor in any way to create any nuisance or trespass, nor in any way to violate the terms of any policy of insurance.

3. **Term of Lease; Renewal Term**. The term of this Lease shall commence on [July 1, 2026] (the **"Commencement Date"**), and shall continue for three (3) years unless sooner terminated as provided in this Lease (**"Initial Term"**). Tenant's taking possession of the Leased Premises shall constitute Tenant's acceptance of the Leased Premises in its "as is" condition, subject only to the other terms and conditions of this Lease.

Provided Tenant is not then in default in the performance of any of its covenants and agreements under this Lease, Tenant may renew this Lease for three (3) additional one (1) year terms (each a **"Renewal Term"**), upon the same terms and conditions as provided for in this Lease. In order to exercise such renewal right, Tenant shall serve Landlord with written notice of Tenant's election to renew not less than three (3) months prior to the end of the term of this Lease, or any renewal term, as the case may be.

4. **Rent**. Tenant covenants and agrees to pay Landlord as rent for the Leased Premises during the term of this Lease an amount equal to Two-Thousand Seventy-Two and 70/100 Dollars ($2072.70) (the **"Rent"**), the first day of each month for the Initial Term of the Lease. Any increase in Rent for a Renewal Term shall capped at a three percent (3%) increase of the immediately preceding term for any Renewal Term. Rent, and all other sums payable under

this Lease by Tenant, shall be paid to Landlord at Landlord's address set forth above, or at such other address as Landlord may direct by written notice, without setoff, counter claim, recoupment, abatement, suspension or deduction.

The Premises are leased on a gross lease basis. The Rent includes all standard utilities serving the Premises, including electricity, gas, water, sewer, and trash service, including janitorial services, unless otherwise specified in this Lease. Landlord shall maintain all utility accounts in its name and shall be responsible for payment of such charges. If Tenant's usage materially exceeds normal commercial usage for comparable premises, Landlord may bill Tenant for the excess amount as additional rent.

5. **Taxes and Special Assessments**. If the Leased Premises are not tax exempt, Tenant shall pay and discharge all real property taxes and special assessments which may be levied against all or any portion of the Leased Premises or which become due and payable during the term of this Lease prior to the same becoming subject to interest or penalties. In addition, Tenant shall pay and discharge all personal property taxes which may be levied against its furniture, equipment and other personal property located on the Leased Premises.

6. **Insurance and Indemnity**. Tenant shall keep the Leased Premises insured against the following:

(a) loss or damage by fire and those risks covered by "extended coverage" as provided in a Michigan standard fire insurance policy in the amount of the full replacement cost of the Leased Premises;

(b) public liability and property damage insurance with coverage of at least Two Million Dollars ($2,000,000.00) on a combined single limit basis.

All such policies of insurance shall be with insurance companies approved by Landlord and shall name Landlord as an additional insured. Such policies shall further provide that they shall not be subject to nonrenewal or cancellation without at least thirty (30) days prior written notice to Landlord. To the extent permitted by law Tenant shall indemnify Landlord against and save Landlord harmless from any liability or claim for damages which may be asserted against Landlord by reason of any accident or casualty occurring in, on or about the Leased Premises or otherwise arising from Tenant's use and occupancy of the Leased Premises except such as arise from the negligence of Landlord, its agents or employees.

Tenant, at its expense, shall keep all of its furnishings, equipment and other personal property located on the Leased Premises fully insured against loss or damage by fire and those risks covered by "extended coverage" as provided in a Michigan standard fire insurance policy. Such policy of insurance shall be payable to Tenant or as Tenant specifies. Tenant hereby releases Landlord from any and all liability for any damage to or loss of such personal property from any cause whatsoever except to the extent such loss or damage is the result of the negligence of Landlord, its agents or employees and is not otherwise covered by insurance required to be carried by Tenant under this Lease.

7. **Waiver of Subrogation**. Each policy of insurance authorized or required of either party under this Lease shall contain a clause or endorsement under which the insurer

waives all rights of subrogation against the other party, its agents and employees with respect to losses payable under such policy, and each party hereby waives all rights of recovery it might otherwise have against the other party, its agents and employees for any loss or injury which is covered by such a policy of insurance, notwithstanding that such loss or injury may result from the negligence or fault of such other party, its agents and employees.

8. **Utilities**. Rent shall include all standard utilities serving the Premises as disclosed in Section 4. Landlord shall not be liable in damages or otherwise for any interruptions or failure in the supply of any utilities or utility service to the Leased Premises except such failure or interruption which results from the negligence of Landlord, its agents or employees.

9. **Maintenance and Condition of Leased Premises**. Exclusive of janitorial services provided by Landlord, Tenant, at its expense, shall keep the interior and exterior of the Leased Premises in good maintenance, condition, and repair, reasonable wear and tear excepted, including, without limitation, all necessary maintenance, repair and replacement of all HVAC, plumbing and electrical systems and other building equipment serving the Leased Premises, and the roof, walls, foundations, parking areas, sidewalks, driveways, lawns and landscaping.

Tenant shall keep the Leased Premises in a neat and clean condition, shall not allow refuse to accumulate, and shall conduct its business in such a manner that the risk of fire to the Leased Premises shall not be increased beyond the hazard normal and usual for its type of business.

10. **Alterations**. Tenant may make or permit to be made any alterations, additions or improvements in, upon or to the Leased Premises, or any part of the Leased Premises, without the prior written consent of Landlord. All alterations, additions or improvements (except trade fixtures) so made and installed by Tenant shall become part of the realty, shall become the property of Landlord and shall remain for the benefit of Landlord at the end of the term or other expiration of this Lease in as good condition as they were when installed, reasonable wear and tear excepted. To the extent all or any part of the Leased Premises is considered an historic landmark or historic resource, Tenant agrees not to make any alterations, additions, or improvements without first securing any appropriate approvals and consents.

11. **Performance by Landlord**. In the event Tenant fails to perform any of its covenants and agreements as set forth in this Lease and such failure continues for a period of ten (10) days after written notice from Landlord (except that no such notice shall be required in emergency situations), Landlord shall have the option to undertake such performance for Tenant, and the costs and expenses reasonably incurred by Landlord by reason of such undertaking shall be due and payable by Tenant to Landlord as additional rent under this Lease.

12. **Performance by Tenant**. In the event Landlord fails to perform any of its covenants and agreements as set forth in this Lease and such failure continues for a period of ten (10) days after written notice from Tenant (except that no such notice shall be required in emergency situations), Tenant shall have the option to undertake such performance for Landlord, and the costs and expenses reasonably incurred by Tenant by reason of such undertaking shall be due and payable by Landlord to Tenant.

13. **Compliance with Public Authority Requirements**. Tenant agrees, at its own expense, to promptly comply with all requirements of any legally constituted public authority made necessary by reason of Tenant's occupancy of the Leased Premises, including, without limitation, the Americans with Disabilities Act.

14. **Hazardous Materials.**

(a) **Definitions**. For purposes of this Lease, the terms **"Hazardous Materials"** and **"Relevant Environmental Laws"** shall be defined as follows:

(i) **"Hazardous Materials"** shall mean all solids, liquids and gasses, including but not limited to solid waste, asbestos, crude petroleum and petroleum fractions, toxic chemicals, polychlorinated bi-phenyls, paint containing lead, volatile organic chemicals, chlorinated organic compounds, and urea formaldehyde foam insulation, which are governed or regulated by Relevant Environmental Laws.

(ii) **"Relevant Environmental Laws"** shall include but not be limited to all federal, state or local laws, rules, regulations, orders or determinations established or issued by any judicial, legislative or executive body, of any governmental or quasi-governmental entity which govern or regulate the existence, storage, use, disposal, or release of any solid, liquid or gas on, in or under the Leased Premises, or which govern or regulate the environmental effect of any activity currently or previously conducted on the Leased Premises.

(b) **Tenant's Obligations; Indemnification**. Tenant shall not, nor shall it permit its employees, business invitees, contractors or subcontractors (collectively **"Tenant's Agents"**), to bring upon, keep, store, use, or dispose of any Hazardous Materials on, in, under, or about the Leased Premises except in complete compliance with all Relevant Environmental Laws. Tenant shall, at its sole cost and expense and upon the demand of Landlord, cause all Hazardous Materials spilled, disposed of or otherwise released by Tenant or its Agents in, on, under or about the Leased Premises or any adjacent property to be cleaned-up and removed from the Leased Premises and the adjacent property to Landlord's satisfaction and in full compliance with the Relevant Environmental Laws. In addition, to the extent permitted by law, Tenant shall defend, indemnify, protect, and hold Landlord harmless from and against all claims, costs, fines, judgments, and liabilities, including attorney fees and costs of clean-up and other remediation costs and expenses, arising out of or in connection with the presence, storage, use, or disposal of Hazardous Materials in, on, under, or about the Leased Premises or any adjacent property caused by the acts, omissions, or negligence of Tenant and/or Tenant's Agents. Tenant's obligations hereunder shall survive the termination of this Lease.

(c) **Landlord's Obligations; Indemnification**. Neither Landlord nor Landlord's employees, business invitees, agents, contractors, or subcontractors (collectively **"Landlord's Agents"**) shall bring upon, keep, store, use, or dispose of any Hazardous Materials in, on, under, or about the Leased Premises or adjacent property

except in complete compliance with all Relevant Environmental Laws. To the extent permitted by law, Landlord shall indemnify, defend, protect, and hold Tenant and Tenant's Agents harmless from and against any and all claims, costs, fines, judgments, and liabilities, including attorney fees and costs, arising out of or in connection with the presence of Hazardous Materials in, on, under, or about the Leased Premises or adjacent property as of the Commencement Date or introduced in, on, under, or about the Leased Premises or adjacent property subsequent to the Commencement Date due to the acts, omissions, or negligence of Landlord or Landlord's Agents. Landlord's obligations hereunder shall survive the termination of this Lease.

15. **Damage to Leased Premises**. In the event the Leased Premises, or any portion of the Leased Premises, are damaged by fire, the elements, acts of God, or other causes to such extent that they are rendered untenantable by Tenant, then Tenant, using insurance proceeds, shall commence such rebuilding as soon as practical and shall continue and complete such rebuilding as promptly as possible. Notwithstanding anything else in the Lease to the contrary, if a casualty event occurs and the entire Leased Premises or any portion of the Leased Premises are rebuilt by Tenant and the parties later have to transfer the transit system back to the Landlord because of a Tenant millage failure, then Tenant shall execute the necessary documents to transfer any interest that Tenant may have in the Buildings and Improvements located on the Leased Premises to Landlord.

16. **Eminent Domain**. In the event that the whole of the Leased Premises shall be taken or condemned for any public or quasipublic use or purpose by any competent authority in appropriation proceedings or by any right of eminent domain, then this Lease shall terminate as of the date title vests in the condemnor, all rents and other payments shall be paid up to that date, and Landlord and Tenant shall have no further obligations by reason of the provisions of this Lease.

In the event that less than the whole of the Leased Premises is so taken or condemned, then Landlord, to the extent of the condemnation award, shall repair and restore the portion not affected by the taking so as to constitute the remaining premises a complete architectural unit.

Tenant shall have no interest in any award resulting from any condemnation or eminent domain or similar proceedings whether such award be for diminution in value to the leasehold or to the fee of the Leased Premises, except that Tenant shall be entitled to claim, prove and receive in such proceedings such award as may be allowed it for loss of business, relocation, and for Tenant's trade fixtures and personal property which are removable by Tenant at the end of the term of this Lease, provided such award shall be in addition to the award for land, buildings and other improvements.

17. **Defaults of Tenant**. The following occurrences shall be deemed defaults by Tenant:

(a) Tenant fails to pay when due any rent or other sum payable under this Lease and such failure continues for five (5) business days after written notice from Landlord.

(b) Tenant abandons or vacates the Leased Premises before the end of the term of this Lease; Tenant makes a general assignment for the benefit of creditors or becomes bankrupt or insolvent, or files or has filed against it in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee; or the dissolution of Tenant.

(c) Tenant is in breach of any other obligation under this Lease, and such breach shall continue for ten (10) business days after written notice from Landlord. However, in the event any failure by Tenant cannot reasonably be cured within the ten (10) business day period set forth in this sub-paragraph, Tenant shall not be deemed in default so long as Tenant commences such cure within the ten (10) business day period and diligently pursues completion of such cure thereafter.

18. **Remedies of Landlord**. Landlord shall have the option to terminate this Lease to re-enter into, and again have and enjoy, the Leased Premises, and remove and evict Tenant and any person holding under Tenant from the Leased Premises, all without prejudice to any other remedy available to Landlord at law or in equity, for the collection of rent coming due before or after such termination, or the recovery of other damages.

19. **Right of Access**. Tenant agrees to permit Landlord, and Landlord's agents, to inspect or examine the Leased Premises at any reasonable time in a reasonable manner. Tenant shall have the right to accompany Landlord on any such inspections and examinations, which shall be scheduled to suit the reasonable convenience of both parties.

20. **Surrender of Leased Premises**. Tenant covenants and agrees to surrender possession of the Leased Premises to Landlord upon the expiration of the term of this Lease, or upon earlier termination of this Lease, in as good condition and repair as the same shall be at the Commencement Date, or as the same may have been put by Landlord and Tenant during the continuance of this Lease, ordinary wear and tear excepted. In addition, Tenant shall remove all of its property from the Leased Premises and shall repair any damage to the Leased Premises caused by such removal.

Any personal property of Tenant or of anyone claiming under Tenant which shall remain on the Leased Premises after the expiration or termination of this Lease shall be deemed to have been abandoned by Tenant, and either may be removed by Landlord as its property or may be disposed of in such manner as Landlord may see fit, and Landlord shall not be in any way responsible for such property.

21. **Holding Over**. In the event Tenant shall continue to occupy all or any part of the Leased Premises after the expiration of the term of this Lease with the consent of Landlord, such holding over shall be deemed to constitute a tenancy from month to month, upon the same terms and conditions as are contained in this Lease, except as to term; provided, however, if such holding over is without Landlord's written consent, Tenant shall pay to Landlord as rent for each month, or part of a month, that Tenant remains in possession of the Leased Premises, $1.50 per month.

22. **Signs**. Landlord shall have no obligation to provide any signs for Tenant . All signs shall be erected at Tenant's sole cost and expense, and in compliance with all applicable laws, ordinances, codes and regulations. In addition, all such signs shall be removed by Tenant upon the termination of this Lease.

23. **Other Agreement.** This Lease is being executed by the parties as part of the transition of the transportation system from the Landlord to the Tenant as contemplated in the Comprehensive Transition Agreement dated June [____,] 2026 (the "Agreement").

24. **Assignment and Sublease**. Tenant shall not assign this Lease without the prior written consent of Landlord, which consent cannot be unreasonably withheld. Further, Tenant may sublease all or any portion of the Leased Premises without the consent of Landlord.

25. **Future Cooperation**. Notwithstanding anything in this Lease to the contrary, Landlord and Tenant agree to work cooperatively in the event either Landlord or Tenant, or both of them, are presented with a future development, expansion, or community enrichment opportunity.

26. **Quiet Enjoyment**. On paying the rent and on performing all of the covenants and agreements on its part to be performed under the provisions of this Lease, Tenant shall peacefully and quietly have, hold and enjoy the Leased Premises for the term of this Lease.

27. **Benefit and Obligation**. The benefits of this Lease shall accrue to, and the burdens of this Lease shall be the liabilities of, the successors and assigns of Landlord and Tenant.

28. **Notices**. All notices required under any provision of this Lease shall be deemed to be properly served if delivered personally or sent by registered or certified mail to each party at their address as stated above or at such other address as each party shall designate in writing delivered to the other party. All mailed notices shall be effective upon mailing. Notices delivered personally shall be effective upon personal delivery.

29. **Waiver**. The failure of either party to enforce any covenant or condition of this Lease shall not be deemed a waiver thereof or of the right of either party to enforce each and every covenant and condition of this Lease, and no provision of this Lease shall be deemed to have been waived unless such waiver is in writing. One or more waivers of any covenant or condition by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant or condition nor shall the acceptance of rent or other payment by Landlord at any time when Tenant is in default under any term, covenant or condition of this Lease constitute a waiver of such default, nor shall any waiver or indulgence granted by either party be taken as an estoppel against the party granting the indulgence or waiver.

30. **Unenforceability**. In the event any covenant, term, provision, obligation, agreement or condition of this Lease is held to be unenforceable, it is mutually agreed and understood, by and between the parties hereto, that the other covenants, terms, provisions, obligations, agreements and conditions herein contained shall remain in full force and effect.

31. **Captions**. All headings contained in this Lease are intended for convenience only and are not to be deemed or taken as a summary of the provisions to which they pertain or as a construction thereof.

32. **Governing Law**. This Lease shall be governed by the laws of the State of Michigan.

33. **Entire Agreement; Amendment**. This Lease contains all of the terms and conditions of the agreement of the parties concerning the Leased Premises. This Lease may be amended only by a written agreement signed by both Landlord and Tenant.

LANDLORD

CITY OF MARSHALL

By _____

Its: _____

TENANT

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY

By_____

Its: _____

EXHIBIT A
THE PREMISES

CITY OF MARSHALL PUBLIC SERVICES BUILDING
GARAGE LAYOUT



Exhibit [●] – Assignment and Assumption of Contracts

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (this "Assignment") is made and entered into as of [●], 2026, by and between **City of Marshall**, a Michigan municipal corporation located at 323 W. Michigan Avenue, Marshall, Michigan 49068 (the "City"), and **Transportation Authority of Calhoun County a/k/a Ride Calhoun**, a Michigan regional transportation authority located at 4950 West Dickman Road, Suite B2, Battle Creek, Michigan 49037 ("TACC"). City and TACC may individually be referred to as a "Party" or collectively as the "Parties".

RECITALS

WHEREAS, City and TACC are Parties to that certain Comprehensive Transition Agreement dated [●], 2026, ("CTA") for, among other things, the transfer of contracts (the "Assumed Contracts") as described in Exhibit 1.1(c) of the CTA; and

WHEREAS, City is a party to the Assumed Contracts, as defined in the CTA, and this Agreement is being entered into pursuant to the CTA and is subject to the terms thereof, and shall not be construed to limit, alter, impair, enlarge or enhance the rights of City or TACC thereunder and is given solely for the purpose of separately evidencing the transactions contemplated thereby.

NOW, THEREFORE, for good and valuable consideration, the mutual receipt and legal sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Defined Terms. All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the CTA.

2. Assignment of Contracts; Delivery of Required Consents. The City hereby assigns and conveys to TACC, its successors and assigns, all rights, title, interests, and privileges which the City has in and to the Assumed Contracts.

3. Assumption of Contracts. Upon the assumption of the Assumed Contracts in accordance with the CTA Spin-Off Date ("Assumption Date"), TACC assumes and agrees fully and promptly to perform and discharge City's responsibilities and obligations under the Assumed Contracts and to the extent permitted by law agrees to hold City, its officers, directors and shareholders harmless from all responsibilities and obligations which may accrue on and after the Assumption Date, and any and all loss, expense, or liability (including, without limitation, reasonable attorney's fees and disbursements) relating to such Assumed Contracts which may accrue on and after the Assumption Date; and City hereby agrees to the extent permitted by law to hold TACC harmless from all responsibilities and obligations accruing prior to the Assumption Date, and any and all such loss, expense, or liability (including, without limitation, reasonable attorney's fees and disbursements) relating to such Assumed Contracts accruing prior to the Assumption Date.

4. Terms of the CTA. The terms of the CTA are incorporated herein by reference.

The Parties acknowledge and agree that the representations, warranties, covenants and agreements set forth in the CTA shall not be superseded, modified, or amended hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the CTA and the terms hereof, the terms of the CTA shall govern.

5. Further Assurances. The City shall execute and deliver such further instruments, documents, and confirmations, and take such further actions, as TACC may reasonably request to effectuate the assignment, transfer, and conveyance of the Assumed Contracts. TACC shall reasonably cooperate with the City in completing any required filings, notices, or third-party approvals.

6. Amendment. No amendment, modification, or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by each of the Parties.

7. Bind and Inure. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties.

8. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan applicable to agreements made and to be performed wholly within that jurisdiction.

9. No Waiver. No delay in the exercise of any right under this Agreement will waive such rights. Any waiver thereof, to be enforceable, must be set forth expressly in a written instrument executed by the waiving Party.

10. Severability. Should any portion of this Agreement be held to be invalid or wholly or partially unenforceable, such holding will not invalidate or void the remainder of this Agreement, the Parties hereby agreeing that the parts so held to be invalid or unenforceable will be deemed to have been reduced in scope to be valid and enforceable.

11. Counterparts. This Agreement may be executed in multiple counterparts (including by means of facsimile or electronic transmission in portable document format ("PDF")), each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or by electronic transmission in PDF, shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No Party shall raise the use of a facsimile machine or electronic transmission in PDF to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic transmission in PDF as a defense to the formation or enforceability of this Agreement and each Party forever waives any such defense.

[*Signature page follows*]

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

CITY OF MARSHALL

By: _____

Name: _____

Title: _____

Date: _____

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
a/k/a RIDE CALHOUN

By: _____

Name: _____

Title: _____

Date: _____

Exhibit 1.1(h) Fixed Asset Ledger

Quantity	Asset	Identifying Information	Location	Funding Source	Per Unit Cost	Total Amount	Category
3	Desks	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
4	Tables	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
3	Small File Cabinets	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
4	Large File Cabinets	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
2	Tack Boards	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
1	Supply Cabinet	Unknown	Unknown	MI-2016-037-01	Unknown	Unknown	Furniture
2	Hutches/Overhead Cabinets	Steelcase: 228461	Terminal Office Equipment	MI-2016-037-01	Unknown	Unknown	Furniture
1	Vehicle Lift	504-001-00001; Vega24050-CB-32-N	Maintenane	MI-18-X036; 2002-0065/Z5	Unknown	Unknown	Equipment
6	Angel Trax Vulcan Digital Bus Camera System	VULCANV8X3	Buses	5311 MI-2020-015-02	Unknown	Unknown	Equipment
1	Communciations System	Unknown	Unknown	Unknown	Unknown	Unknown	Equipment
1	Communciations System Software	Unknown	Unknown	Unknown	Unknown	Unknown	Software
1	Web based tracking system	MotoTrax	Unknown	MDOT 2012-0128/P3	Unknown	Unknown	Software
1	2018 Eldorado	Bus #9; 1FDFE4FS8JDC32184	Unknown	STBG MI-2016-037	Unknown	Unknown	Vehicles
1	2019 Eldorado	Bus #7; 1FDFE4FS8KDC17184	Unknown	5310 MI-2016-038-01	Unknown	Unknown	Vehicles
1	2020 Eldorado	Bus #6; 1FDFE4FS7KDC56655	Unknown	5310 MI-2016-037-01	Unknown	Unknown	Vehicles
1	2020 Eldorado	Bus #5; 1FDFE4FSXKDC72977	Unknown	5339 MI-2016-012-03	Unknown	Unknown	Vehicles
1	2023 Champion Challenger	Bus #4; 1FDFE4FN8PDD38203	Unknown	5339 MI-2020-034-02, MI-2018-009-01	Unknown	Unknown	Vehicles
1	2023 Champion Challenger	Bus #3; 1FDFE4FN8PDD38234	Unknown	MI-2020-034-01	Unknown	Unknown	Vehicles
6	Diamond Donation Collection Box	Unknown	Unknown	Unknown	Unknown	Unknown	Equipment
1	Portable Vechile Starter	Unknown	Unknown	Unknown	Unknown	Unknown	Equipment
1	Floor Sweeper	Unknown	Unknown	MDOT 2017-0091/P10	Unknown	Unknown	Equipment
1	iPhone 6	Unknown	Unknown	Unknown	Unknown	Unknown	Equipment

Exhibit 4.2(b) – Bill of Sale

THIS BILL OF SALE (this "Bill of Sale") is made and entered into as of [●], 2026, by and between **City of Marshall**, a Michigan municipal corporation located at 323 W. Michigan Avenue, Marshall, Michigan 49068 (the "City"), and **Transportation Authority of Calhoun County a/k/a Ride Calhoun**, a Michigan regional transportation authority located at 4950 West Dickman Road, Suite B2, Battle Creek, Michigan 49037 (the "TACC"). City and TACC may individually be referred to as a "Party" or collectively as the "Parties".

WHEREAS, the Parties have entered into that certain Comprehensive Transition Agreement dated [●], 2026, by and between the City and TACC (the "CTA") for, among other things, the transfer of certain assets, (the "Transferred Assets") as defined in Section 1.1 of the CTA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Bill of Sale.**

(a) The City hereby sells, grants, conveys, assigns, transfers, and delivers to TACC, as of the Effective Time, all of the City's right, title, and interest in and to the Transferred Assets subject to the terms and conditions set forth in the CTA.

(b) The City conveys the Transferred Assets free and clear of all Liens any kind, subject to the exceptions, disclosures, and conditions expressly set forth in the CTA. Nothing in this Bill of Sale expands or limits any representation or warranty contained in the CTA.

2. **Further Assurances.**

(a) The City shall execute and deliver such further instruments, documents, and confirmations, and take such further actions, as TACC may reasonably request to effectuate the assignment, transfer, and conveyance of the Tranferred Assets. TACC shall reasonably cooperate with the City in completing any required filings, notices, or third-party approvals.

3. **Miscellaneous.**

(a) This Bill of Sale may be executed in counterparts, including by electronic signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

(b) Capitalized terms used but not defined in this Bill of Sale shall have the same meanings as in the CTA.

(c) The City may not amend, modify, or supplement this Bill of Sale without the prior written agreement of TACC.

(d) In the event of any conflict or inconsistency between the terms and conditions of the CTA and this Bill of Sale, the terms and conditions of the CTA shall govern.

Remainder of Page Intentionally Left Blank – Signature Page Follows

IN WITNESS WHEREOF, the City and TACC have executed this Bill of Sale as of the date first written above.

CITY OF MARSHALL

By: _____

Name: _____

Title: _____

Date: _____

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
a/k/a RIDE CALHOUN

By: _____

Name: _____

Title: _____

Date: _____

Exhibit 4.2(c) – Assignment of Intangible Rights

THIS ASSIGNMENT OF INTANGIBLE RIGHTS (this "Assignment") is made and entered into as of [●], 2026, by and between **City of Marshall**, a Michigan municipal corporation located at 323 W. Michigan Avenue, Marshall, Michigan, 49068 (the "City"), and **Transportation Authority of Calhoun County a/k/a Ride Calhoun**, a Michigan regional transportation authority located at 4950 West Dickman Road, Suite B2, Battle Creek, Michigan 49037 ("TACC"). City and TACC may individually be referred to as a "Party" or collectively as the "Parties".

WHEREAS, the Parties have entered into that certain Comprehensive Transition Agreement dated [●], 2026, by and between the City and TACC (the "CTA") for, among other things, the transfer of intangible rights, (the "Intangible Rights") as defined in Section 1.1(b) of the CTA.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Assignment of Intangible Rights.**

(a) As of the Effective Time, the City hereby assigns, transfers, conveys, and delivers to TACC all of the City's right, title, and interest in and to the Intangible Rights subject to the terms and conditions set forth in the CTA.

(b) The City conveys the Intangible Rights free and clear of all Liens and encumbrances of any kind, subject to the exceptions, disclosures, and conditions expressly set forth in the CTA.

2. **Representations; Scope of Assignment.**

(a) This Assignment does not alter, expand, or reduce the representations, warranties, disclosures, limitations, or obligations contained in the CTA. No representation or warranty of any kind is made in this Assignment other than those expressly stated in the CTA.

3. **Further Assurances.**

(a) The City shall execute and deliver such further instruments, documents, and confirmations, and take such further actions, as TACC may reasonably request to effectuate the assignment, transfer, and conveyance of the Intangible Rights. TACC shall reasonably cooperate with the City in completing any required filings, notices, or third-party approvals.

4. **Miscellaneous.**

(a) This Assignment may be executed in counterparts, including by electronic signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

(b) Capitalized terms used but not defined in this Assignment shall have the same meanings as in the CTA.

(c) The City may not amend, modify, or supplement this Assignment without the prior written agreement of TACC.

(d) In the event of any conflict or inconsistency between the terms and conditions of the CTA and this Assignment, the terms and conditions of the CTA shall govern.

Remainder of Page Intentionally Left Blank – Signature Page Follows

IN WITNESS WHEREOF, the City and TACC have executed this Assignment of Intangible Rights as of the date first written above.

CITY OF MARSHALL

By: _____

Name: _____

Title: _____

Date: _____

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
a/k/a RIDE CALHOUN

By: _____

Name: _____

Title: _____

Date: _____

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 22-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), maintains financial policies and internal controls to ensure the proper authorization, processing, and oversight of public expenditures; and

Whereas, the Board of Directors has reviewed Version 2.0 of the Accounts Payable and Disbursements Policy (FIN-011), which clarifies and updates procedures for the authorization of certain routine operational expenditures prior to Board approval, while maintaining appropriate internal controls, approval thresholds, and reporting requirements;

Now, Therefore, be it resolved, the Board of Directors of the Transportation Authority of Calhoun County hereby approves adopts Version 2.0 of the Accounts Payable and Disbursements Policy (FIN-011), effective immediately upon approval; and

Be it further resolved, that the Executive Director and Director of Administration and Planning are authorized to implement and administer the policy in accordance with its provisions.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

Transportation Authority of Calhoun County (TACC)

Policy Title:	**Accounts Payable and Disbursements Policy**
Policy Number:	**Fin-011**
Effective Date:	**06/23/2026**
Board Approved Date:	**06/23/2026**
Last Review Date:	**06/23/2026**
Supersedes:	**1.0**
Version Number:	**2.0**

Purpose

This policy sets the required controls for invoice approval, and disbursement of public funds to ensure every payment is lawful, supported, accurate, timely, properly authorized and consistent with the adopted budget.

1.0 Scope

This policy applies to all applicable payments, including checks, ACH, wires, credit cards, purchasing cards, reimbursements, payroll related payments, and grant funded costs.

2.0 General Standards

All disbursements must:

- Serve a legitimate public purpose.
- Be within the adopted budget or otherwise authorized by the Board.
- Comply with applicable contracts, grant agreements, and laws.
- Be supported by adequate documentation.
- Be properly reviewed and approved before payment, unless expressly authorized under the pre-approval provisions of this policy.
- No payment shall be made without documentation and appropriate approval.

3.0 Roles and Responsibilities

a. Board: The Board approves claims prior to payment unless otherwise authorized under this policy. The Board may authorize limited pre-approval

payments for defined categories. The Board retains ultimate oversight responsibility.

b. Finance Director/Director of Administration and Planning: The Finance Director (Director of Administration and Planning) administers this policy and is responsible for accounts payable processing, internal controls, verification of claims, preparation of claims reports, and initiation of electronic payments.
c. Department Heads: Department heads are responsible for verifying receipt of goods or services, confirming budget availability, and approving invoices before submission to Finance.

4.0 Processing of Claims

Requests for payments to vendors shall be documented in writing by a vendor invoice or, in the few instances where no invoice is forthcoming, by a written request by the department head requesting payment. Appropriate documentation (supporting invoices) shall be attached for all disbursements. Invoices shall be promptly logged into the accounting system and approved by the finance office prior to processing payment.

Employee expense reimbursements shall be documented on an expense report prepared by the employee.

All invoices, departmental check requests and expense vouchers shall include the following:

- Vendor name
- Invoice number and date
- Description and purpose of expenditure
- Purchase order reference (if applicable)
    - Finance shall perform a match between purchase order, evidence of receipt and vendor invoice
- Unit price and units delivered (if applicable)
- Date goods delivered or services rendered

All requests for payments shall be approved by the department to which the expense shall be posted by initialing the document or electronically approved in the finance system.

All requests for payment shall be submitted to the Finance Director at least five (5) days prior to the board meeting at which claims will be approved.

The Finance Director or their designee shall verify the payee, amount, purpose and the disbursing fund of each request.

Any discrepancies in documentation, pricing, quantity, or authorization must be resolved prior to payment.

5.0 Claims Review and Board Approval

The Finance Director shall prepare an AP Report for each Board meeting. The report shall include:

- Vendor name
- Invoice number
- Description
- Account charged
- Amount
- Payment method

Supporting documentation shall be available for Board review.

All claims require Board approval prior to payment except those authorized under Section 6.0 of this policy. Any items paid prior to board approval shall be noted on the AP report or on a separate report.

Board approval may occur through a consent agenda.

6.0 Pre-approval Payments Authorized

To avoid penalties, service interruption, payroll delay, or statutory noncompliance, the following payments may be made prior to Board approval:

- Payroll and payroll taxes (consistent with contract or board approved pay rates)
- Retirement and employee benefit contributions
- Debt service payments
- Utility and telecommunications services
- Insurance premiums
- Court-ordered or statutory remittances
- Grant-related payments requiring immediate processing
- Invoices with documented late penalties
- Emergency expenditures authorized under Section 12

All such payments must:

- Be within the adopted budget.
- Be properly documented.
- Be presented on the next AP report to the board to be approved at the next board meeting

In addition to the categories listed above, the Director of Administration and Planning may authorize routine, recurring, and operational expenditures necessary to maintain continuity of operations prior to Board approval provided that:

- The individual payment does not exceed $20,000
    - Payments shall not be artificially divided or split into multiple invoices or disbursements to avoid the $20,000 limit.
    - The $20,000 threshold shall apply to the total amount paid to a vendor for the same or related goods or services within a single billing cycle or transaction.
    - Multiple payments to the same vendor that together exceed $20,000 and relate to a single purchase, project, or service shall require prior Board approval.
- The expenditure is within an approved budget line item.
- The purchase complies with the Authority's Purchasing Policy.
- The expenditure is not of an unusual, non-recurring, or policy-sensitive nature.

The following shall not be paid prior to Board approval unless otherwise authorized by Board action:

- New contracts or agreements
- Change orders or amendments that increase the total contract value by more than 5%
- Capital expenditures not previously approved in the budget and CIP
- Any expenditure that establishes a new policy or program direction

All payments made prior to Board approval under this section shall require:

- Department Head approval verifying receipt of goods or services and budget availability
- Director of Administration and Planning approval verifying compliance with this policy and supporting documentation
- Executive Director approval for any payment exceeding $10,000 or determined to be non-routine.

7.0 Check Controls

Checks shall be generated directly from the approved accounting system. Manual or hand-written checks are discouraged and may be issued only in documented emergency circumstances.

Pre-numbered check stock shall be secured under controlled access. Access to blank check stock shall be limited to authorized finance personnel.

Checks shall not be signed in blank. Authorized signers may execute checks for processing purposes after verifying the accuracy of the system-generated check register. Checks shall not be distributed, mailed, or otherwise released until approved by the Board through formal action or authorized pre-approval procedures.

The system-generated check register shall serve as the official record of disbursements issued.

Voided checks shall be clearly marked void, retained, and recorded in the accounting system to preserve numerical sequence.

Checks shall not be returned to departments for distribution. All checks shall be mailed or otherwise distributed directly by the Finance Department.

TACC shall utilize bank fraud prevention tools, including positive pay or similar services, where available.

8.0 Authorized Signers

The Board shall designate authorized check signers by resolution.

Electronic signatures may be used only within the approved accounting or banking system and must include unique user credentials. Signature images stored outside secure systems are prohibited.

Signature stamps, if used, shall be physically secured and access restricted to authorized personnel. Use of a signature stamp shall require documented authorization and segregation of duties. Periodic review of authorized signers and system access rights shall be performed at least annually.

9.0 Electronic Payments (ACH and Wire Transfers)

Electronic payments, including ACH and wire transfers, are authorized in accordance with TACC's Automated Clearing House (ACH) and Electronic Funds Transfer Policy (Fin-007), as adopted by the Board.

All electronic disbursements must comply with the authority, approval requirements, segregation of duties, dual authorization, vendor verification, reporting, reconciliation, and documentation standards established in that policy.

Electronic payments shall be included in the monthly AP report provided to the Board.

10.0 Credit Card Transactions

Credit card issuance, usage, internal controls, limitations, reconciliation, reporting, and disciplinary provisions are governed by TACC's Credit Card Policy (FIN-002) adopted pursuant to Public Act 266 of 1995, as amended.

All credit card expenditures shall:

- Be included in the monthly report presented to the Board.
- Be supported by documentation as required under the Credit Card Policy.
- Be paid only after reconciliation and approval in accordance with that policy.

11.0 Emergency Expenditures

Emergency expenditures necessary to protect life, safety, property, or critical operations may be authorized by the Executive Director or if not available the Board Chair when immediate action is required.

Such expenditures must:

- Be documented in writing
- Describe the emergency
- Identify vendor and cost
- Explain why normal procedures were not followed
- Emergency payments shall be presented to the Board for approval at the next meeting.

12.0 Vendor Setup and Maintenance

All new vendors must provide a completed W-9 that matches IRS records and necessary identifying information.

No vendor shall be entered into the accounting system or paid until required documentation is received and reviewed. The Accounts Payable Clerk, or other designee as determined by the Director of Administration and Planning shall enter new

vendors into the accounting system. The Director of Administration and Planning shall review and approve vendor setup prior to activation.

Changes to vendor address or banking information must:

- Be submitted in writing
- Be independently verified using a known or publicly sourced contact method
- Be approved by the Finance Director
- Be documented and retained

Vendor file access shall be restricted to authorized personnel.

13.0 Segregation of Duties

To the extent practicable:

- Invoice approval shall be separate from payment preparation.
- To the extent possible, Payment preparation shall be handled by an individual different than the individual that prepares the bank reconciliation.
- Bank reconciliations shall be reviewed and approved by an individual independent of payment processing.
- Where staffing limitations exist, compensating controls such as enhanced Board review shall be implemented.

14.0 Records Retention

All invoices, claims reports, ACH documentation, warrants, reconciliations, and supporting materials shall be retained in accordance with applicable state retention schedules and audit requirements.

15.0 Policy Review

This policy shall be reviewed periodically by the Governing Board and updated as necessary to remain compliant with statutory and operational requirements.

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 23-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), desires to provide a Flexible Time Off (FTO) benefit for designated non-represented management and executive employees; and

Whereas, the Board of Directors has reviewed the proposed Non-Represented Flexible Time Off (FTO) Policy, and finds that it supports the recruitment, retention, and effective management of leadership personnel;

Now, Therefore, be it resolved, the Board of Directors of the Transportation Authority of Calhoun County hereby adopts the Non-Represented Flexible Time Off (FTO) Policy, effective immediately upon approval;

Be it further resolved, that the Executive Director is authorized to administer and implement the policy in accordance with its terms.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

1.0 Purpose

The purpose of this policy is to establish a Flexible Time Off (FTO) policy for non-represented, Manager and Executive level employees.

2.0 Scope

This policy applies to the following positions:

- Executive Director
- Director of Operations
- Director of Administration and Planning
- Executive Assistant
- Operations Manager – Fleet and Facilities
- Operations Manager – Max
- Operations Manager – Flex and Move
- Procurement and Grants Manager
- Safety, Security and Training Manager
- Mobility Manager
- Accounts Payable & Accounts Receivable Specialist

3.0 Policy

The Transportation Authority of Calhoun County (TACC) recognizes that Managers and Directors operate at a level that requires flexibility, dedication, and the ability to manage their own time effectively. In support of this, TACC provides these positions with Flexible Time Off (FTO), trusting that employees will balance personal time with their professional responsibilities.

3.1 Guidelines

3.1.1 **No Accrual or Cap –** Covered employees do not accrue time off and there is no limit on the number of days that may be taken, provided business needs are met.

3.1.2 **Responsible Use –** Covered employees are expected to exercise good judgement in taking time off, ensuring that their absence does not negatively impact operations, their team, or organizational goals. Extended or frequent absences may be reviewed by the Executive Director of Board Chair, as applicable, to ensure operational needs, leadership responsibilities, and organizational performance are maintained.

3.1.3 **Performance and Attendance Expectations –** Continued eligibility for Flexible Time Off is contingent upon the employee satisfactorily performing the essential functions of their position, meeting established performance expectations, maintaining regular attendance at required meetings and events, and ensuring adequate departmental coverage. Abuse or misuse of Flexible Time Off may result in corrective action, including modification or revocation of Flexible Time off privileges.

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3.1.4 **Advance Notice –** Planned absences should be communicated to the Executive Director as far in advance as reasonably possible to allow for appropriate coverage and continuity.

3.1.5 **No Payout Upon Separation –** Because FTO does not accrue, there is no balance to pay out upon resignation, retirement, or termination.

3.1.6 **Holidays –** TACC designated holidays are separate from the FTO Policy and are provided in addition to this benefit.

3.1.7 **Leaves of Absence –** This FTO Policy does not replace or superseded applicable federal or state leave laws, including ESTA, FMLA, ADA, or other protected leave entitlements.

3.1.8 **Documentation –** Covered employees must record time off for payroll and compliance purposes.

4.0 Expectations

TACC's Flexible Time Off policy is built on a foundation of mutual trust and accountability. Employees are expected to lead by example – taking adequate time to rest and recharge while remaining committed to the success of the organization and the teams they lead.

Approval

_____ _____

Mallory Avis, MBA
TACC – Executive Director

Date

Revision History		
Effective Date	Version Number	Reason
06/23/2026	1	Original Document

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TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 24-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), desires to establish a Paid Time Off (PTO) benefit for designated non-represented supervisory employees; and

Whereas, the Board of Directors has reviewed the proposed Non-Represented Paid Time Off (PTO) Policy, including provisions governing PTO accrual, usage, carryover, cash-out, and separation benefits;

Now, Therefore, be it resolved, the Board of Directors of the Transportation Authority of Calhoun County hereby adopts the Non-Represented Paid Time Off (PTO) Policy, effective immediately upon approval;

Be it further resolved, that the Executive Director is authorized to administer and implement the policy and to make such administrative adjustments as may be necessary to ensure compliance with applicable laws and Authority policies.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

1.0 Purpose

The purpose of this policy is to establish a bank of paid time off (PTO) from work that can be used for a variety of reasons including, but not limited to, vacation, personal, self or family illness, school activities or functions, medical appointments, or other activities of the employee's choice.

2.0 Scope

This policy applies to the following positions:

- Operations Supervisor – Administration
- Operations Supervisor – Shift

3.0 Definitions

Paid Time Off (PTO) – an all-inclusive leave bank system that provides may to employees when they are away from work.

Paid Medical Leave Act (PMLA) – to remain compliant with the Michigan Paid Medical Leave Act, PA 369 of 2018 (PMLA), TACC provides eligible employees (via this PTO policy) with the minimum statutory requirements.

4.0 Policy

Employees shall begin earing PTO hours on their first day of employment. PTO eligibility is based on years of service on the employee's anniversary date. Employees who transfer into a non-Rep position will have their PTO bank balances and hours earned per pay period adjusted as needed at transition date. Part-time employees shall be entitled to a pro-ration of the PTO hours listed below based on their work schedule.

Paid Time Off Schedule			
Level	Years of Service	Hours per Pay Period*	Annual Paid Time Off Eligibility
1	0-4	7.08 hours	184 hours (23 days)
2	5-9	8.62 hours	224 hours (28 days)
3	10-14	10.15 hours	264 hours (33 days)
4	15+	11.69 hours	304 hours (38 days)

*Based on working the full pay period and may be adjusted.

5.0 Requesting PTO

To schedule PTO, employees must be submit a request to the employee's supervisor; preferably with at least one weeks' notice before the request leave. Request will be evaluated based on a number of factors, including department operating and staffing requirements. Employees must ensure that they have accumulated enough PTO in their bank to cover the time off requested. Only employees newly hired into the organization may "go negative" in their PTO bank, so long as approval is provided by their Department Director.

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6.0 PTO Pay

PTO will be paid at the employee's base rate at the time the leave is taken. PTO pay shall not include overtime or any special forms of compensation such as stipends or shift differentials. If a holiday falls during the employee's vacation, the day will be charged to holiday pay, if applicable, rather than charged against the employee's PTO bank. PTO shall be used in quarter hour increments.

7.0 PTO Banks

There is no limit set to the number of hours an employee may carry over from year to year; however, PTO banks may not exceed 240 hours.

8.0 PTO Cash Out

Twice per year, an employee may request to cash in PTO hours. PTO Cash Out will be processed the pay period that includes April 1st and/or October 1st of each year. Total hours shall be limited based on the schedule below:

Years of Service	Maximum Cash Out
0-5	40 Hours
6-10	80 Hours
11+	120 hours

To be eligible, employees must have earned enough hours in their PTO bank at the time of the request; and the resulting balance after cashing out shall not be less than 56 hours.

A request to cash out PTO must be submitted to the Director of Administration and Planning by the payroll Monday of the pay period that includes April 1st and/or October 1st.

PTO Cash Out is non-pensionable and does not count towards an employee's Final Average Compensation (FAC).

9.0 PTO Payout at Resignation/Retirement/Death

Resignation: An employee resigning from TACC may be eligible to receive payment for unused PTO, not to exceed 240 hours if the employee has completed one (1) year employment period and a minim of two (2) weeks advance written notice is provided to their department head. Employees resigning with less than one (1) year of employment will receive payment for earned hours.

Retirement: An employee retiring from the TACC may be eligible to receive payment for unused PTO, not to exceed 240 hours. PTO may not be used to extend an employees end date from employment (also see above 5.0, requesting PTO); unless approved by the Executive Director.

Death: If an active employee passes away during their employment with the with TACC, a check for

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any applicable PTO (not to exceed 240 hours, so long as the employee completed one-year of service) will be payable in their final paycheck.

Payment of PTO at separation of employment will be based upon current base pay and will not include any market adjustments or stipends. Payment will be in accordance with all applicable state and federal laws and/or regulations.

Pay of earned PTO at separation of employment is not pensionable and does not count towards an employee's FAC.

Approval

_____ _____
Matt McKee — Date
TACC – Operations Manager – Flex and Move

_____ _____
Amanda Watson — Date
TACC – Operations Manager - Max

_____ _____
Cale Williams — Date
TACC – Operations Manager – Fleet and Facilities

_____ _____
Brendan Pizzala, CSP, CSSO, NREMR — Date
TACC – Director of Operations

_____ _____
Kristy Grestini — Date
TACC – Director Administration & Planning

_____ _____
Mallory Avis, MBA — Date
TACC – Executive Director

Revision History		
Effective Date	Version Number	Reason
XX/XX/XXXX	1	Original Document

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TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 25-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), desires to establish a commercial credit card program to facilitate authorized business purchases and improve administrative efficiency; and

Whereas, JPMorgan Chase Bank, N.A. has presented a Commercial Card Application and Agreement for the establishment of a commercial card program for TACC;

Now, Therefore, be it resolved, the Board of Directors of the Transportation Authority of Calhoun County hereby approves the Commercial Card Application and Agreement with JPMorgan Chase Bank, N.A., substantially in the form presented;

Be it further resolved, that the Executive Director is authorized to execute the Agreement and any related application materials, account documents, certifications, and administrative forms necessary to establish and administer the commercial card program, subject to legal review and approval as to form;

Be if further resolved, that all cards issued pursuant to the Agreement shall be administered in accordance with TACC's Credit Card Policy and applicable financial controls.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

Commercial Card Application & Agreement | JPMORGAN CHASE BANK, N.A.

V1.7

Client	TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
Address Line 1	339 Michigan Ave W
Address Line 2	
City	Battle Creek
State	MI
Zip Code	49037
Phone	

REBATE PAYMENT INSTRUCTIONS:

Please identify a **Business Account** to which rebates associated with Client's Commercial Card rebate program should be deposited. Rebates will be made via wire transfer only. Bank account must be owned by the Client.

Bank Name (Financial Institution)**:**	
ABA/Routing Number *(all 9 digits):*	
Account Number:	
Account Owner (as listed on Commercial Card Agreement)**:**	

Please enter the **Financial Institution** and **Business Account Owner Name exactly** as it appears on Client's account. Black text only.

*Requests to modify the account information set forth above must be provided to J.P. Morgan in writing and sent to the following address: CCS.Rebate@jpmchase.com. A form will be provided to Client upon receipt of Client's request to modify the business account information. Client will be instructed to complete the form and return it to J.P. Morgan at the address specified. Changes to the business account information will be effective when J.P. Morgan has a reasonable opportunity to act upon such request.

SIGNATURE

This Application must be signed by an acting officer, partner, or owner of the Client with the authority to bind the Client to the terms and conditions of the following Commercial Card Agreement. I hereby certify that I am a duly authorized and acting officer, partner or owner of this Client with the authority to bind the Client to enter into and perform the obligations of the Commercial Card Agreement. I have read and agree to the terms and conditions of the Commercial Card Agreement. Black text only.

Signature of Authorized Officer	Date
Name Mallory Avis	
Job Title Executive Director	

CLIENT ATTESTATION

The undersigned, a duly authorized officer or representative of this Client, does hereby certify that the person signing above on behalf of the Client has been duly authorized to bind the Client and to enter into and perform the obligations of the Commercial Card Agreement and that the person signing above on behalf of this Client, whose execution of this Commercial Card Agreement was witnessed by the undersigned, is an officer, partner, owner, or other representative of Client possessing authority to execute this Commercial Card Agreement.* Black text only.

Signature	Date
Name	
Job Title	

*Note: The person signing the attestation shall be someone different from the person signing above on behalf of Client.

Docusign Envelope ID: 1DF6939B-5EA5-8D33-802C-60A27C2F5F88

This Commercial Card Agreement (the "Agreement") sets forth the terms and conditions under which JPMorgan Chase Bank, N.A. ("Bank") shall provide commercial card services to Client who executes this Agreement and/or one or more of such Client's Affiliates. This Agreement is effective as of the date of the first signature below ("Effective Date"). By signing this Agreement, Client hereby agrees to be bound by the terms and conditions referenced herein.

1. Definitions

Each capitalized term used in this Agreement shall have the following defined meanings set forth below or as otherwise set forth herein.

Account means each account established in the name of Client pursuant to the Agreement.

Affiliate means an entity controlling, controlled by, or under common control with, directly or indirectly, a party to this Agreement. For this purpose, one entity "controls" another entity if it has the power to direct the management and policies of the other entity (for example, through the ownership of voting securities or other equity interest, representation on its board of directors or other governing body, or by contract).

Agreement means the Commercial Card Agreement in each case as amended, supplemented or replaced from time to time.

Applicable Law means for any country, all federal, state, provincial and local laws, statutes, regulations, rules, executive orders, supervisory requirements, licensing requirements, export requirements, directives, circulars, decrees, interpretive letters, guidance or other official releases of or by any government, any authority, department or agency thereof, or any regulatory or self-regulatory organization, that apply to a party's obligations under the Agreement.

Business Day means a day on which Bank is open for business.

Card means a Network-branded card that is issued to Cardholders by the Bank upon the request of the Client and approval by the Bank, and includes any plastic card bearing a card number and Accounts with no associated plastic card, which includes Virtual Card Accounts.

Cardholder means: (A) an individual in whose name a Card is issued, and (B) any person or entity authorized by Client or named Cardholder to use a Card.

Cardholder Agreement means documentation provided by Bank to Client or Cardholder governing use of a Card by such Cardholder.

Cardholder Credit Limit means the maximum spending limit established in relation to a Cardholder.

Corporate Liability means Client is solely liable for the Transactions, subject to the Agreement and any Cardholder Agreement.

Credit Limit means the maximum spending limit established for Client in connection with the Program.

Cycle means the monthly period ending on the same day each month or, if that day is not a Business Day, then the following Business Day or preceding Business Day, as systems may require, or such other period as Bank may specify.

Fraudulent Transactions means transactions made on a Card by a person, other than Client or Cardholder, who does not have actual, implied, or apparent authority for such use, and for which neither Cardholder nor Client receives direct or indirect benefit.

Joint and Several Liability means Client and Cardholder are jointly and severally liable for the Transactions, subject to the Agreement, and the Cardholder Agreement.

MCC means merchant category code.

Network means either MasterCard International, Inc. or Visa U.S.A., Inc.

Program means the commercial card system composed of Accounts, Card-use controls, reports to facilitate purchases of and payments for business goods and services, and related services, all as established in connection with the Agreement.

System means the system through which Client can access Account and Transaction data and reports.

Transaction means a purchase, a cash advance, fees, charges or any other activity charged to an Account with respect to a Card.

Virtual Card or **Single-Use Account** means a one-time virtual card number generated for a single transaction.

2. Conditions Precedent

Prior to the commencement of the Program rendered by Bank pursuant to this Agreement, Client will provide the information listed on the Application, included with this Agreement, and additional documents as required by the Bank, and will certify to the accuracy of such information.

3. Certain Bank Services

A. Subject to prior financial, risk management and compliance approvals by Bank, Bank shall: (i) establish Accounts in the name of Client; (ii) issue Cards to Cardholders designated by a person authorized to bind the Client to these terms and conditions (an "Authorized Person"); (iii) implement the Credit Limits specified by an Authorized Person from time to time and accepted by Bank; and (iv) deliver Cards and billing statements only to a U.S. address. Notwithstanding anything contained in this Agreement to the contrary, Bank shall not be obligated to extend credit to Client in violation of any limitation or prohibition imposed by Applicable Law or Bank policies and procedures.

B. Extension of Program. Upon Client's submission of a request from time to time in the form required by Bank and following Bank's agreement to do so, Bank will extend Program to Client's Affiliates. Client is responsible as principal obligor for all obligations under the Agreement (including, without limitation, as principal obligor with respect to all payment and other obligations as the same relate to its Affiliates and their respective Cardholders and waives any defenses or offsets available to such Affiliates). Client shall cause each of its Affiliates and their respective Cardholders to comply with the Agreement.

C. Notwithstanding the foregoing, Bank shall not be obligated to provide any Account to Client or any Client Affiliate or any Card to an employee or authorized representative of Client or any Client Affiliate or to process any transactions in violation of any limitation or prohibition imposed by Applicable Law, including, but not limited to, the regulations issued by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC").

D. Receipt Image Services. For purposes of this section, "**Receipt Image Services**" means the optional services provided through Bank to allow Client the ability to attach and maintain image(s) of receipt(s) on the System, and "**Receipt Image(s)**" means an image of a receipt produced by a Transaction through use of Accounts and maintained on the System. Receipt Images will be stored and made available to Client through use of the System. In order for Bank to make Receipt Images available through the System, Client shall first fax and/or upload to the System images of Client's receipts through use of its own devices. Client is responsible for verifying the accuracy of the image of its receipts and any other information uploaded and entered into the System. Client shall ensure that the information contained in the image of the receipt accurately reflects the applicable Transaction. Receipt Image will be made available online through the System for a maximum of thirty-six (36) months ("**System Image Accessibility Period**"). The System Image Accessibility Period includes the month of the Transaction Date. Bank may, in its sole and absolute discretion, reject Receipt Images provided by Client to be posted on the System. In addition, Bank may suspend Client's use of the Receipt Image Service at any time without prior notice to Client.

4. Obligations of Client

In connection with the Program, Client shall:

A. Notify each Cardholder at the earliest opportunity: (i) that Cards are to be used only for business purposes; (ii) of the Cardholder Credit Limit and any other applicable limit; (iii) of the extent, if any, to which Bank will provide Transaction and Account information to third parties at Client's request; and (iv) to collect and destroy any Cards which are no longer required.

B. Client represents that the Cards to be issued under this Agreement are substitutes for an accepted credit card or will be issued in response only to a written request or application for such Card, by a prospective Cardholder, which Client has obtained in accordance with the requirements of Section 226.12(a) of Regulation Z of the Federal Truth in Lending Act. Client further represents that Client will retain the applications (paper or electronic) for any Card, when such application is not provided to Bank, for a period of two (2) years after the application has been received and acted upon.

C. Client will immediately notify Bank by telephone of any lost, stolen, misappropriated, improperly used, or compromised Cards.

i. **Liability for Fraudulent Transactions Following Notification**. Notwithstanding anything to the contrary contained herein, Client shall not be liable for any Fraudulent Transactions occurring on a Card after the effective time of such notification to Bank of such Fraudulent Transaction.

ii. **Liability for Fraudulent Transactions Prior to Notification**. Subject to the terms and conditions contained in subsection (iii) below, Client shall not be liable for Fraudulent Transactions occurring on a Card prior to the effective time of such notification to Bank of such Fraudulent Transactions.

iii. Bank reserves the right, in its sole and absolute discretion, to hold Client liable for Fraudulent Transactions should Bank determine that subsequent to implementation of Client's Program and at the time that the Fraudulent Transaction occurred, Client failed to operate Client's Program in accordance with Bank's fraud reduction requirements as set forth below:

a. Client must block high risk MCC's identified by Bank and presented to Client;

b. Client must maintain reasonable security precautions and controls regarding the dissemination, use and storage of Card and Transaction data; and

c. Client must comply with all other requirements as Bank may reasonably require from time to time.

If Client fails to comply with Client's obligations described in this subsection (iii), and Bank determines Client to be liable for Fraudulent Transactions, Bank will either: (i) invoice Client for the amount of such Fraudulent Transaction minus any amounts collected, or (ii) deduct the amount of such Fraudulent Transaction from Client's rebate.

D. Notify Bank of any Transaction that Client disputes as soon as practicable after the last day of the Cycle during which such Transaction is charged to Client and, in any event, within sixty (60) days of such day. Client shall use commercially reasonable efforts to assist in obtaining reimbursement from a merchant. Client or, subject to any Cardholder Agreement and in the case of Cards under any Joint and Several Liability Accounts, the Cardholder, shall not be relieved of liability for any disputed Transaction if the charge-back is rejected in accordance with the applicable Network's charge-back policy. Bank shall not be liable to Client where notice is received after such sixty (60) day period. Client shall not make a claim against Bank or refuse to pay any amount because Client or the person using the Card may have a dispute with any merchant.

E. Unless previously provided to Bank, obtain and provide to Bank such information as Bank may reasonably request for the purposes of investigating the identity of an actual or prospective Cardholder or Client, evidencing authority for Card issuance requests, and assisting in any review of Bank by a regulator with relevant jurisdiction. Any information provided by Client to Bank shall be, to the best of Client's knowledge, information and belief, accurate and complete in all material respects.

F. Make payments for all Transactions posted to Accounts no later than the payment date (the "Payment Date"), as specified in the periodic statement. In the event that Client makes payments other than as contemplated by the periodic statement, Bank may require, and Client shall provide, such documentation as reasonably required by Bank to reconcile such payments to the amounts stated as due in the periodic statement by the Payment Date. Any amount due which is not received by the Payment Date shall be subject to the late fees and delinquency fees as set forth in the fees schedule of Exhibit A attached hereto. If collection is initiated by Bank, Client shall be liable for payment of Bank's reasonable attorneys' fees and other costs and expenses of collection.

G. In the case of any Joint and Several Liability Account, Client shall pay Bank within ten (10) days of written notice, for any Transactions not paid by a Cardholder within one hundred and twenty (120) days of the first billing with respect to the relevant Transaction.

H. Unless otherwise provided to Bank, provide Bank with such financial statements and other related information requested by Bank in form and in such detail as Bank may reasonably request, from time to time.

I. Client represents and warrants that it will use commercially reasonable efforts to ensure that such applicants to whom it requests Bank issue Cards and whom Client authorizes to use the Cards/Accounts are not identified on a prohibited government sanctions list, are not located or resident in a sanctioned country, or otherwise subject to a sanctions program applicable to Client.

5. Credit Limits and Certain Bank Rights

A. Bank may establish a Credit Limit and Cardholder Credit Limit and may establish other limits from time-to-time. Client will not exceed the Credit Limit; provided however, that if Client exceeds the Credit Limit, Client shall pay all amounts exceeding the Credit Limits.

B. Bank may at any time: (i) increase or decrease any Credit Limit or the Cardholder Credit Limit or any other limit in connection with any Card or any Account or the Program; (ii) refuse to authorize Transactions; (iii) vary the payment terms, or require the provision of security or additional security; (iv) suspend or terminate any Card or any Account; (v) decline to open any Account or issue any Card; or (vi) require MCC authorization restrictions in connection with a Program.

6. System Access

A. Client shall adhere to all applicable license agreements, security procedures, and terms and conditions regarding the System.

B. Client agrees that any access, Transaction, or business conducted on the System is presumed by Bank to have been in Client's name for Client's benefit.

C. Except for unauthorized use by a Bank employee, Client is solely responsible for the genuineness and accuracy of all instructions, messages and other communications received by Bank via the System. Bank may rely and act upon all Client instructions and messages issued with valid credentials.

D. From time to time, Bank may suspend the System when Bank considers it necessary to do so (including, without limitation, for maintenance or security purposes). Bank will use reasonable efforts to provide Client with notice prior to the suspension.

7. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing except as otherwise provided herein, and shall be effective on the date on which such notice is actually received by the Party to which it is addressed. All notices may be sent to the Client by ordinary mail, electronic transmission, through internet sites, or by such other means as the Client and the Bank may agree upon from time to time, at the address of the Client provided to the Bank. Unless otherwise arranged, all notices to the Bank must be sent to the Client's relationship manager or program coordinator team managing the relationship or to any other address notified by the Bank to the Client in writing from time to time, and may be sent by ordinary mail, by electronic transmission or by such other means as the Client and the Bank agree upon from time to time.

8. Representations and Warranties. Client represents and warrants that this Agreement constitutes a legal, valid, and binding obligation, enforceable against Client, in accordance with its terms, and that execution and performance of this Agreement: (i) does not breach any agreement with any third party; (ii) does not violate any law, rule, or regulation, or any duty arising in law or equity applicable to it; (iii) is within Client's organizational powers; and (iv) has been authorized by all necessary organizational action.

9. Fees. Client agrees to pay the fees and charges incurred by Client as specified by Bank, from time to time, on a periodic invoice. The fees initially applicable are specified in Exhibit A attached hereto. Bank may change the fees and charges payable by Client at any time, provided Bank notifies Client at least thirty (30) days prior to the effective date of the change.

10. Term and Termination. This Agreement shall have an initial term of five (5) years from the Effective Date unless otherwise terminated pursuant to the provisions of this paragraph. Thereafter, this Agreement shall be successively renewed for one-year terms upon the anniversary of the Effective Date. This Agreement may be terminated by either party at any time for any reason. In the event this Agreement is terminated, Client shall immediately pay all amounts owing under this Agreement, without set-off or deduction, and destroy all physical Cards furnished to Cardholders. After this Agreement is terminated or expires, the terms of this Agreement that expressly or by their nature contemplate performance after termination or expiration will survive and continue in full force and effect.

11. Limitation of Liability.

A. Subject to Section 11.B below, Bank shall be liable only for Client's actual damages which Client suffers or incurs as a direct result of Bank's negligence or willful misconduct and shall not be liable for any other loss or damage of any nature.

B. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY EXEMPLARY, PUNITIVE, SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR THE LIKE, INCLUDING, WITHOUT LIMITIATION, LOST PROFITS, EACH OF WHICH ARE EXPRESSLY EXCLUDED BY AGREEMENT OF THE PARTIES HEREIN REGARDLESS OF WHETHER SUCH DAMAGES WERE REASONABLY FORESEEABLE AND WHETHER EITHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12. Confidentiality. Except as expressly provided in the Agreement, all information furnished by either party in connection with the Agreement shall be kept confidential. The foregoing obligation shall not apply to information that: (A) is already lawfully known when received without an obligation of confidentiality other than under this Agreement; (B) is or becomes lawfully obtainable from other sources; (C) is in the public domain when received or thereafter enters the public domain through no breach of this Section; (D) is required to be disclosed to, or in any document filed with, the U.S. Securities and Exchange Commission (or any analogous body or any registrar of companies or other organizations in any relevant jurisdiction), banking regulator, or any other governmental agencies; (E) is required by law to be disclosed and notice of such disclosure is given (when legally permissible) by the disclosing party; or (F) may be disclosed as provided in the Cardholder Agreement or other Cardholder-related documentation. Notice under (E), when practicable, shall be given sufficiently in advance of the disclosure to permit the other party to take legal action to prevent disclosure. Bank may exchange (and the Client insofar as necessary hereby consents to such exchange) Client and (to the extent authorized) Cardholder confidential information with Affiliates. Bank may also disclose confidential information to service providers, the Networks, and any other authorized third parties in connection with Bank's provision of Program services; provided that these authorized third parties are under obligations of confidentiality at least as restrictive as those set forth in this **Section 12**. Bank may exchange information concerning the Client or Cardholders with merchants and, in the case of Cardholder information, with the Client.

13. Miscellaneous

A. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Agreement. The failure of either party hereto to enforce any right or pursue any remedy hereunder shall not be construed to be a waiver thereof.

B. In the regular course of business, Bank may monitor, record, and retain telephone conversations made or initiated to or by Bank from or to Client or Cardholders.

C. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Client and Bank and their respective successors and assigns. This Agreement, or any of the rights or obligations hereunder, may not be assigned by Client without the prior written consent of Bank.

D. This Agreement embodies the entire agreement and understanding between Client and Bank and supersedes all prior agreements and understandings between Client and Bank relating to the subject matter thereof.

E. This Agreement may be signed in one or more counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same document. Facsimile signatures shall have the same force and effect as the original.

F. If applicable, to the extent that Client would have been able to claim sovereign immunity in any action, claim, suit, or proceeding brought by Bank, Client irrevocably waives and agrees not to claim such immunity.

G. Neither Bank nor Client shall be liable for any loss or damage to the other for its failure to perform or delay in the performance of its obligations under this Agreement, if such non-performance or delay is caused directly or indirectly by an act of God, act of governmental authority, de jure or de facto, legal constraint, war, terrorism, catastrophe, fire, flood or electrical, computer, mechanical or telecommunications failure, or failure of any agent or correspondent, or unavailability of a payment system, or other natural disaster or any cause beyond its reasonable control.

H. CHOICE OF LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY, OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING OUT OF, BY REASON OF, OR RELATING TO THIS AGREEMENT, THE INTERPRETATION THEREOF OR TO ANY TRANSACTIONS HEREUNDER. THIS WAIVER IS KNOWINGLY, WILLINGLY, AND VOLUNTARILY MADE BY THE PARTIES.

I. Client acknowledges that Bank prohibits the use of Cards under any Accounts to conduct transactions (including, without limitation, the acceptance or receipt of credit or other receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or

the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful internet gambling. The term "unlawful internet gambling," as used here, shall have the meaning as set forth in 12 C.F.R. Section 233.2(bb).

J. Certain services may be performed by Bank or any affiliate, including affiliates, branches or units located in any country in which Bank conducts business or has a service provider. Client authorizes Bank to transfer Client information to such affiliates, branches or units at such locations as Bank deems appropriate. Bank reserves the right to store, access, or view data in locations it deems appropriate for the services provided.

K. International Transactions and Fees. International Transactions include any transaction made in a foreign currency or that is made outside the United States of America even if it is made in U.S. Dollars. If an international transaction is made in a currency other than U.S. Dollars, the Network will convert the transaction into U.S. Dollars using its respective currency conversion procedures. The exchange rate the Network uses to convert currency is a rate that it selects either from the range of rates available in the wholesale currency markets for the applicable processing date (which rate may vary from the rate the respective entity itself receives), or the government-mandated rate in effect on the applicable processing date. The rate in effect on the applicable processing date may differ from the rate on the date when the international transaction occurred or when the Account was used. Bank reserves the right to charge an international transaction fee, as specified in Exhibit A. Bank may charge a commission on the relevant currency amount at the rate provided to it by the Network as set forth in the fee schedules attached hereto. The international transaction fee will be calculated on the U.S. Dollar amount provided to Bank by the Network. The same process and charges may apply if any international transaction is reversed.

L. Bank may at any time offset any obligation of Client to Bank under this Agreement or otherwise against any obligation Bank owes to Client.

M. This Agreement and Cards are non-transferable, non-assignable, and shall remain the property of Bank.

N. USA PATRIOT Act Disclosure. Section 326 of the USA PATRIOT Act mandates that Bank obtain, verify and record information that identifies each business or person that opens a new account. By signing this Agreement Client agrees to provide and consent to us obtaining, if necessary from third parties, any and all information reasonably necessary to verify Client's identity.

O. This Agreement may be amended or waived only by notice to Client, in writing from Bank.

EXHIBIT A to the Commercial Card Application & Agreement
FEES & INCENTIVES

1. **DEFINITIONS.** For the purpose of this Exhibit, the following terms will have the meaning given below. Capitalized terms herein that are not otherwise specifically defined herein shall have the same meanings as set forth in the Agreement.

"**Contract Year**" means a twelve (12) month period beginning on the Effective Date of the Agreement or any anniversary of such date.

"**Credit Losses**" means all amounts due to Bank in connection with any Card that Bank has written off as uncollectible excluding amounts due with respect to Fraudulent Transactions.

"Discount Interchange Rate Transactions" means Transactions made on any and all Cards or Accounts with either an interchange rate below 2.00% under applicable Credit Card Network rules or a Supplier Fee below 2.00%. Those Transactions include but are not limited to Large Ticket Transactions, level 3 Transactions, Network Partnership programs, and any other programs entered into by the Networks, Client, merchants, Bank or others whereby the parties to those programs have agreed to interchange rates or Supplier Fees below 2.00% for certain transactions.

"Discount Interchange Rate Transaction Volume" means total Discount Interchange Rate Transactions made on any and all Cards or Accounts, net of returns, cash advances, convenience checks and Fraudulent Transactions. **Discount Interchange Rate Transaction Volume** is comprised of two categories based on the interchange rate or Supplier Fee of each transaction:

- **"Discount Interchange Transaction Volume Category 1"** covers all **Discount Interchange Rate Transaction Volume** with interchange rate or Supplier Fee at or above 1.00% (interchange rates or Supplier Fees from 1.00% - 1.99%).
- **"Discount Interchange Transaction Volume Category 2"** covers all **Discount Interchange Rate Transaction Volume** with interchange rate or Supplier Fee below 1.00% (interchange rates or Supplier Fees from 0.00% - 0.99%).

"J.P. Morgan Virtual Connect Network" means Bank's proprietary payments technology platform to which merchants may register to receive payment from Client in connection with Client's Program(s).

"**Settlement Terms**" means the combination of the number of calendar days in a billing cycle and the number of calendar days following the end of a billing cycle to the date the payment is due. Settlement Terms are expressed as X & Y, where X is the number of calendar days in the billing cycle and Y is the number of calendar days following the end of a billing cycle to the date the payment is due.

"Supplier Fee" or **"Merchant Transaction Fee Rate"** means the fee established by Bank, in its sole discretion, payable by merchant accepting payment from Client for Transactions made through the J.P. Morgan Virtual Connect Network.

"**U.S. Net Charge Volume**" means total charges made on any and all U.S. Dollar issued Cards or Accounts, net of returns, cash advances, and Fraudulent Transactions. U.S. Net Charge Volume does not include Discount Interchange Rate Transaction Volume.

"**U.S. Total Charge Volume**" means the sum of U.S. Net Charge Volume and Discount Interchange Rate Transaction Volume.

2. REBATES

A. Volume Rebate

Bank will pay Client a rebate based on the annual U.S. Total Charge Volume achieved according to the following schedule. The rebate will be calculated as the Volume Rebate Rate (as determined according to the following schedule) multiplied by the annual U.S. Net Charge Volume, subject to the rebate adjustments below.

U.S. One Card Program(s)	
Annual U.S. Total Charge Volume at or above	**Rebate Rate (%) @ 30 & 25 Settlement Terms**
$250,000	**0.15%**
$500,000	**0.25%**
$1,000,000	**1.00%**
$2,000,000	**1.03%**
$3,000,000	**1.05%**
$4,000,000	**1.06%**
$5,000,000	**1.07%**
$6,000,000	**1.08%**
$7,000,000	**1.09%**
$8,000,000	**1.10%**
$9,000,000	**1.11%**
$10,000,000	**1.12%**

B. Discount Interchange Rate Transaction Rebate

Should Client achieve the minimum annual U.S. Total Charge Volume required to earn a Volume Rebate as stated above, Bank will pay Client a rebate based on annual Discount Interchange Rate Transaction Volume. The rebate will be calculated as the Discount Interchange Transaction Rebate Rate (with categories as determined according to the following schedule) multiplied by the annual Discount Interchange Rate Transaction Volume for each respective category, subject to the rebate adjustments below.

Discount Interchange Rebate Rate for the U.S. One Card Program(s) Volume by Program Settlement Terms	
Discount Interchange Rate Transaction Volume Category	**@ 30 & 25 Settlement Terms**
Category 1	**0.20%**
Category 2	**0.15%**

3. REBATE ADJUSTMENTS

A. Interchange Rate or Supplier Fee Adjustment

In the event of a reduction in either interchange rates by the Network or Supplier Fees, Bank reserves the right to adjust the rebate rates and fees accordingly.

4. GENERAL REBATE TERMS

A. Annual Rebates

i. Rebates will be calculated annually in arrears. Rebate payments will be made in USD within the ninety (90) day period after the end of the Contract Year (the "**Rebate Calculation Period**") via wire transfer to a business account designated by Client and authenticated by Bank. Payment is contingent upon Bank receiving Client's wire instructions and Bank's authentication of such instructions prior to the end of the Rebate Calculation Period.

ii. Rebate amounts are subject to reduction by all Credit Losses. If Credit Losses exceed the rebate earned for any Contract Year, Client shall pay to Bank the amount in excess of the rebate, which invoice shall be due and payable in accordance with the terms of such invoice. If Client is participating in more than one Program, Bank reserves the right to offset any Credit Losses from one Program against any rebate earned under any other Program. In no event will Bank pay Client a rebate for the year in which the Agreement is terminated.

B. To qualify for any rebate payment, all of the following conditions must be met.

i. Client is not in default under the Agreement at the time of rebate calculation and payment.

ii. Account(s) must be current at the time of rebate calculation and payment.

iii. Settlement of any centrally billed Account(s) must be by automatic debit.

iv. Payment must be received by Bank in accordance with the Settlement Terms. Late payments shall be subject to fees as specified in the Fees Section of this Exhibit. Settlement Terms are 30 & 25 for the U.S. One Card Program.

5. FEES

A. **The following are the fees associated with the U.S. One Card Program.**

STANDARD SERVICES AND FEES

Late payment charge	Central bill: 1% of full amount past due assessed at end of the Cycle in which payment first became due and each Cycle thereafter Individual bill: 1% of full amount past due assessed 28 days after end of the Cycle in which payment first became due and each Cycle thereafter
International transaction	1.5% of the US Dollar amount charged
Standard Card	$0.00

ADDITIONAL SERVICES AND FEES

Cash advances	2.5% of amount advanced ($2.50 minimum with no maximum)
Executive card	$75 annual fee per card

If Client requests services not listed in this schedule, Client agrees to pay the fees associated with such services.

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EXHIBIT B to the Commercial Card Application & Agreement
SUPPLIER RECRUITMENT AUTHORIZATION EXHIBIT

1. DEFINITIONS. For the purposes of this Exhibit, the following terms will have the meaning given below. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

"**Claim(s)**" means any and all past, present and future claim(s), loss(es), liabilit(ies), obligation(s), expense(s), attorney or other fee(s), suit(s), debt(s), lien(s), contract(s), agreement(s), promise(s), demand(s) or damage(s), of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, including legal fees to the full extent permitted by law.

"**Client Information**" means information provided by Client to Bank for purposes of Supplier Recruitment (as defined below), including, but not limited to: (i) contact information for Client and/or Supplier(s); (ii) accounts payables details (e.g., payment summaries, amounts/counts, invoice numbers, billing account numbers and current and future payment terms); and (iii) payment preferences for Client and/or Supplier(s).

"**Supplier Data Enrichment**" means a recruitment service utilizing internal and external data sources to obtain supplier contact information for the purpose of Supplier Recruitment (as defined below). Bank will: (i) use commercially reasonable efforts to enrich supplier data provided by Client via the Supplier Data Enrichment process, and (ii) provide on a weekly basis a report of supplier data that is captured during the acceptance process for further verification from Client.

"**Supplier(s)**" means Clients' supplier(s) and/or vendor(s) identified in accounts payable documentation, or other documentation provided to Bank by Client.

"**Third Party**" or "**Third Parties**" means a payment solution partner of Bank.

2. SUPPLIER RECRUITMENT

Client asks and authorizes Bank and/or Third Party to communicate with Suppliers through various methods on behalf of and in the voice of Client for the purpose of requesting that Suppliers accept payment using wholesale payments products offered by Bank, including but not limited to commercial card and automated clearing house (the, "**Supplier Recruitment**"). For the sole purposes of Supplier Recruitment, Client consents to Bank's disclosure of such Client Information to Third Parties and Suppliers. Bank reserves the right to refuse or discontinue Supplier Recruitment and/or Supplier Data Enrichment services at any time.

3. CLIENT ENGAGEMENT

Client shall be deemed to have accepted and agreed to the following:

i. Client will commit to having internal resources available to address recruitment needs;

ii. Client will provide, to the extent commercially reasonable, complete and accurate Client Information including, but not limited to, Supplier name, remittance address, contact name, phone number, and email addresses in a format consistent with Bank instruction;

iii. Should Client not have complete and accurate Supplier contact information, the Bank will offer Supplier Data Enrichment;

iv. Client is solely responsible for validating Bank obtained Client Information, including but not limited to Supplier contact information during Supplier Data Enrichment and prior to issuing payment to that Supplier. Client acknowledges that Supplier contact information is deemed to be accurate once payment has been requested.

4. TERMS AND CONDITIONS

A. Obligations and Liabilities

i. Despite anything to the contrary in the Agreement, Client, on its behalf and on behalf of each of its Affiliates:
(a) will indemnify and hold Bank and each of its Affiliates harmless against Claims, except in the event of Bank's gross negligence, that may arise related to: (1) Supplier Recruitment; (2) Supplier Data Enrichment; or (3) a third-party Claim related to the disclosure of Client Information for the purpose of Supplier Recruitment.

(b) agrees to reimburse Bank and each of its Affiliates for any direct damages Bank incurs related to Claims arising from third parties under clause 4.A.i.(3).

(c) releases and forever discharges Bank and each of its Affiliates from any and all liability for indirect, special, punitive, or consequential damages in any form or under any circumstances, even if Bank has been advised of the possibility of such damages, except to the extent that such Claims arise from the gross negligence of the Bank or its Affiliates.

B. Use of Client Logo. Client grants Bank a non-exclusive, limited, non-transferable, and revocable license to use Client's marks (whether registered or not) for the sole purpose of Supplier Recruitment.

C. Authorizing Transfers. Client represents and warrants that Client has obtained the consent required to authorize Bank to disclose Client Information, including information about and Supplier(s), for purposes of Supplier Recruitment.

D. Giving Bank Notice. Despite anything to the contrary in the Agreement, Client agrees that it will provide Bank with notice to revoke this Exhibit, which shall have the effect of terminating Supplier Recruitment. Bank will have a reasonable period of time to act on Client's notice after Bank receives it. The Agreement shall remain in full force and effect unless otherwise terminated as set forth in Agreement.

Certificate Of Completion

Envelope Id: 1DF6939B-5EA5-8D33-802C-60A27C2F5F88 Status: Sent

Subject: Please Review and eSign Your JPMorgan Chase Commercial Card Agreement for TRANSPORTATION AUTHORITY O

Source Envelope:

Document Pages: 10 Signatures: 0 Envelope Originator:

Certificate Pages: 5 Initials: 0 charlene.w.jones@jpmorgan.com

AutoNav: Enabled 277 Park Ave, Flr 13

EnvelopeId Stamping: Enabled New York, NY 10017

Time Zone: (UTC-08:00) Pacific Time (US & Canada) charlene.w.jones@jpmorgan.com

IP Address: 209.112.107.133

Record Tracking

Status: Original Holder: charlene.w.jones@jpmorgan.com Location: DocuSign

6/22/2026 1:56:54 PM charlene.w.jones@jpmorgan.com

Signer Events	Signature	Timestamp
Mallory Avis mavis@ridecalhoun.org Executive Director Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 6/22/2026 2:52:24 PM ID: 19793322-c12d-4687-85e7-bbdc4ebf698c		Sent: 6/22/2026 1:56:57 PM Viewed: 6/22/2026 2:52:24 PM
Kristy Grestini klgrestini@battlecreekmi.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
charlene.w.jones@jpmorgan.com charlene.w.jones@jpmorgan.com Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 6/22/2026 1:56:56 PM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, JPMorgan Chase & Co. (CLM) (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact JPMorgan Chase & Co. (CLM):

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: pratheep.balendra@jpmorgan.com

To advise JPMorgan Chase & Co. (CLM) of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at pratheep.balendra@jpmorgan.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from JPMorgan Chase & Co. (CLM)

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to pratheep.balendra@jpmorgan.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with JPMorgan Chase & Co. (CLM)

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to pratheep.balendra@jpmorgan.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify JPMorgan Chase & Co. (CLM) as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by JPMorgan Chase & Co. (CLM) during the course of your relationship with JPMorgan Chase & Co. (CLM).

TRANSPORTATION AUTHORITY OF CALHOUN COUNTY
BOARD OF DIRECTORS

Resolution 26-2026

At the regular Board of Directors meeting of the Transportation Authority of Calhoun County (TACC), held at Ride Calhoun Administrative Offices, located at 49 South Cass St., Battle Creek, MI 49037, on Tuesday, June 23, 2026, with Board Chair Erick Stewart presiding, the following action was taken:

Whereas, The Transportation Authority of Calhoun County (TACC), has reviewed the proposed insurance program for the July 1, 2026 through July 1, 2027 policy period as presented by its insurance broker; and

Whereas, the proposed insurance program provides coverage for general liability, automobile liability, automobile physical damage, workers' compensation, excess liability, property, management liability, and cyber liability exposures necessary for the operation of the Authority; and

Whereas, the estimated annual premium for the proposed insurance program is approximately $1,963,600, subject to final underwriting, policy issuance, audits, taxes, fees, and carrier adjustments;

Now, Therefore, be it resolved, the Board of Directors of the Transportation Authority of Calhoun County hereby approves the proposed FY 2026-2027 insurance program substantially as presented;

Be it further resolved, that the Executive Director is authorized to bind coverage, execute insurance applications, policies, endorsements, certificates, financing documents, and other related instruments necessary to secure and maintain such coverage;

Be if further resolved, the Executive Director is authorized to make such non-material modifications to coverage limits, deductibles, carriers, or premiums as may be required during final underwriting, provided that the overall coverage program remains substantially consistent with that presented to the Board and within available budget appropriations.

CERTIFICATE

I, Vivian Davis, Secretary of the Transportation Authority of Calhoun County, having custody of the records and proceedings of the Transportation Authority of Calhoun County at the meeting of June 23, 2026, with the original minutes now on file and of record in the office that this resolution is true and correct.

_____ _____

Signature Printed Name

_____ _____

Title Date

Transportation Authority of Calhoun County (TACC) dba Ride Calhoun
Summary of Proposed Insurance
26-'27 Term

LINE OF COVERAGE	NAMED INSURED	EXPOSURES	POLICY PERIOD	INSURANCE CARRIER	POLICY #	LIMITS OF LIABILITY	DEDUCTIBLE/RETENTION	PREMIUM	NOTES
General Liability (Includes Assault & Battery and SML)	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Locations:** 339 W. Michigan Ave. 345 W. Michigan Ave. 20 S. Cass St. 49. S Cass St. 900 S. Marshall Ave. All Bus Stops/Shelters	07/01/2026 - 07/01/2027	Ambridge / Navigator/ TBD	TBD	**General Liability** $2,000,000 General Aggregate $2,000,000 Products/CO Aggregate $1,000,000 Each Occurrence Limit $1,000,000 Personal and Advertising Injury Limit$300,000 Rented to You Limit Employee Benefits Liability $1,000,000 Each Employee $3,000,000 Aggregate Retro Date: October 1, 2025	$10,000	$ 80,000.00	This is a highside indication with taxes and fees estimated. Likely to be a couple grand less.
Auto Liability	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Vehicle Count:** 11 Transit buses 7 Admin/ Shop Vehicles 10 Light Truck (Van) 10 Medium Truck (Van)	07/01/2026 - 07/01/2027	MAIPF - Amerisure Ins. Co. National Indemnity Ins. Co Auto-Owners Ins. Co. (Admin/ shop vehs.)	TBD	MAIPF: $5,000,000 CSL NICO: $5,000,000 CSL AO: $1,000,000 CSL	$0	$ 1,687,482.00	The Auto-Owners Admin/Shop Vehicles have underlying limit of $1M and awaiting indication on $4M limit over that, unless you could live with that limit.
Auto Physical Damage	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Total Insurable Value:** $8,694,458.32	07/01/2026 - 07/01/2027	MAIPF - Amerisure Ins. Co. National Indemnity Ins. Co Auto-Owners Ins. Co.	TBD	$8,694,458.32	Comp: $1,000 Broad Form Collision: $1,000	$ -	Compared including the physical damage in the underlying auto liability quotes vs. standalone physical damage quotes and was more competitive to keep with underlying quotes.
Workers Comp.	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Covered States:** MI **Payroll:** $2,968,419.15	07/01/2026 - 07/01/2027	Retailers Mutual Ins. CO.	TBD	Bodily Injury by Accident: $2M Bodily Injury by Disease - Policy Limit: $2M Bodily Injury by Disease - Ea. Employee: $2M	$0	$ 65,913.00	Includes access to HR resource I forwarded already and includes some cyber liability included, along with other onsite free loss control servics.
Excess Liability	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Excess Above:** Auto Liability (AO Only) General Liability Employers Liability	07/01/2026 - 07/01/2027	Landmark American Ins. Co. / TBD	TBD	$5,000,000 Ea. Occurrence $5,000,000 Aggregate	$0	$ 75,000.00	This is a highside indication with taxes and fees estimated. Likely to be a couple grand less. Includes separate standalone $4M Excess limit over $1M AO policy for appox $15k.
Property	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	**Property Values:** Building: $3,921,630 Bus Shelters: $608,000 Personal Property: $500,000 Business Income: $10,000,000	07/01/2026 - 07/01/2027	Auto-Owners Ins. Co.	TBD	Buildings: $3,921,630 Bus Shelters: $608,000 Personal Property: $500,000 Business Income: $10,000,000 Included: Equipment Breakdown	$5,000	$ 15,840.00	Includes all owned buildings, $100k of contents at each physical location, all bus shelters, and Transfer station.
Management Liability: Directors & Officers Fiduciary Liability Employment Practices Crime	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	Board Members: 7 Empoyees: 90 Plan assets: $6M	07/01/2026 - 07/01/2027	Cincinnati Ins. Co.	TBD	$5,000,000 $5,000,000 $5,000,000 $5,000,000	D&O: $0 Fiduciary: $0 EPL: $10,000 Crime: $25,000	$ 23,731.00	Same carrier that has covered your D&O thus far but we included the additional coverages and they came in very competitive.
Cyber Liability	**First Named Insured:** Transportation Authority of Calhoun County (TACC) dba Ride Calhoun	Cyber Network Liability	07/01/2026 - 07/01/2027	CFC	TBD	$5,000,000	$0	$ 15,634.25	Cyber loss control and partnership with Omega to help address vulnerabilities and also offers resources through required app. your team will need to download.
Total:								**$ 1,963,600.25**	

RIDE CALHOUN

WORGESS
INSURANCE & FINANCIAL SERVICES
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