



## CHEBOYGAN AREA ARTS COUNCIL

Post Office Box 95, Cheboygan, Michigan 49721  
Phone: 231-627-5432 • Fax: 231-627-3130

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APR 20 2015

CITY OF MANISTEE  
CLERK-TREASURER

April 15, 2015

Edward Bradford  
Chief Financial Officer  
City of Manistee  
70 Maple Street  
Manistee, MI 49660

Dear Ed,

It was a pleasure speaking with both yourself and Mike today. As you can tell we are very proud of our Opera House and very pleased to have such a great working relationship with the City of Cheboygan. Pursuant to your request enclosed herein please find copies of my For Profit/Not for Profit rate sheets that are incorporated into my rental agreements together with a copy of the Management Agreement between the Cheboygan Area Arts Council and the City of Cheboygan.

If there is anything I can help you out with in the future, please do not hesitate to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vicky'.

Vicky L. Pyrzynski  
Director

Enclosures

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APR 20 2015

CITY OF MANISTEE  
CLERK-TREASURER

OPERA HOUSE MANAGEMENT AGREEMENT

MAY 15 2012

**AGREEMENT**, made this 8th day of May 2012 by and between the **CITY OF CHEBOYGAN**, hereinafter referred to as the City, and the **CHEBOYGAN AREA ARTS COUNCIL**, a non-profit corporation, hereinafter referred to as the Entity. This Agreement shall be effective from the 14<sup>th</sup> day of November 2011 to and including the 13<sup>th</sup> day of November 2016.

**WITNESSETH:**

**WHEREAS**, the City desires to contract with the Entity to have it manage and operate the Cheboygan Opera House; and

**WHEREAS**, the Entity desires to provide such management services; and

**WHEREAS**, the City and the Entity agree that such a contract would benefit the community;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. The City hereby employs the Entity as the sole and exclusive managing agency to rent/lease, manage and operate the Cheboygan Opera House located within the City Hall of Cheboygan, 403 North Huron, Cheboygan, Michigan, hereinafter called the Facility, upon the conditions and for the term herein set forth. The Facility is defined as those portions of the City Hall building used for Opera House purposes as reflected in the blueprints and specifications of the building. These areas include, but are not limited to, the ticket office, cloak room, business office, vestibules, hallways, auditorium, stage, "green room", back stage area, dressing room, and restrooms adjacent thereto. The mechanical systems supporting the City Hall building, including the Facility, are not included in the Facility.
2. Entrances to the Opera House premises shall be controlled by the Entity; however, the City, or its representative(s), shall have access thereto for inspection or for enforcement of the Agreement at reasonable times and intervals.
3. In additions to the structural area described in paragraph "1" hereof, the Entity shall also be in control of and may rent, lease, and manage all of the personal property, equipment, and fixtures attendant to and associated with the use of the Opera House.
4. The term of this contract shall begin on November 14, 2011 and end on November 13, 2016. Thereafter, said contract may continue upon the written approval of both parties and upon terms agreed upon at the time of such renewal(s).
5. In exchange for the full use of the Facility, the Entity hereby agrees to perform such services necessary for the care, protection, and operation of the Facility as shall be necessary as hereinafter specified.
6. The Entity shall be responsible and accountable to manage both the theater operation and the Facility.
7. The Entity will prohibit and prevent any and all smoking in the Facility.
8. The Entity shall be responsible for the employment of competent individuals to run, operate and maintain the Facility and shall supervise their performance. Maintenance herein means as is defined in paragraph "13" hereof.
9. The Entity shall be responsible for the proper fiscal operation of the Facility including, but not limited to:
  - a. Presentation of an annual budget to the City for review on or before the first day of December of each calendar year.
  - b. The Entity shall, at the same time, deliver to the City an annual report setting forth its economic condition as of the close of its past fiscal year, together with a report of the activities planned for the Opera House for the ensuing fiscal year.
  - c. Maintaining complete books of account with correct entries of all receipts and expenditures of managing the Facility. Such books of account shall be the property

- of the Entity, and shall at all reasonable times and intervals be open to the inspection of the City or any of its officers or duty authorized agents.
- d. Provide the City with special reports of its financial condition within thirty (30) days of being requested to do so by the City.
  - e. The Entity shall endeavor to produce sufficient revenues from the use of the Opera House to permit it to be self-sustaining. The Entity will set fees for the use of the Facility and include that schedule as part of its annual budget that is reported to the City. However, the experience in Cheboygan and at other performing art centers in Michigan and elsewhere demonstrates that in all likelihood such fees will not generate enough funds to achieve the aforementioned self-sustaining goal of the Opera House operation with sufficient revenues to meet all expenses. Recognizing this situation the City agrees it may, but is not required to, upon request and justification by Entity, subsidize the operation of the Opera House.
  - f. All Facility funds received by the Entity or its agents or employees will be placed in a special depository account which will be demand and/or interest bearing accounts and, on termination of the Agreement, all funds on hand and accounts receivable shall be turned over to the City.
10. The Entity will abide by and assist in the enforcement of all applicable State statutes, City and County Ordinances, and Health Department rules and regulations.
  11. The Entity will endeavor to create within the Opera House a multipurpose facility open to all members of the public whose use of the building is intended to enhance the culture and economy of the City of Cheboygan, Cheboygan County and the Straits of Mackinac area.
  12. All of the undertakings of the Entity that the Entity is obligated to perform under the terms of this Agreement shall be judged by the reasonably prudent man rule, it being intended thereby that the Entity be neither the guarantor nor insurer of the success of the operation of the Facility.
  13. In addition to subsidizing the operation of the Opera House, maintenance of the Opera House shall be the responsibility of the Entity to the extent of day-to-day cleaning and minor maintenance, as well as incidental repairs caused by daily use. Major repairs are the responsibility of the City, as well as the physical maintenance of the building including, but not limited to, the roof, glass, exterior walls, and mechanical and electrical plant, and any other repair or equipment replacement, the total cost of which exceeds \$500 per calendar year.  
The City shall furnish the Entity, without fee or charge, with all utilities, including heating, cooling, electricity, water and sewage, and trash removal. However, if the Entity makes a separate charge for a utility and collects it from a user, then those funds will be remitted directly to the City.
  14. No alteration to the structure of the Opera House shall be made without the mutual consent of the parties hereto and any changes undertaken will be within the intent of the aesthetic Victorian atmosphere of the building and will be consistent with continued personal safety of all persons using the Opera House Facility.
  15. Net profits of any sales and rentals in the Facility shall be treated as revenues of the Opera House under Section 9 of this Agreement.
  16. The Entity and the City shall be jointly responsible for the integrity and security of the Facility to protect it and its contents from damage and loss. The Entity, with the aid of the City, shall attempt to secure the facility from theft and vandalism.
  17. The Entity shall maintain a safety program to attempt to prevent injuries to visitors, performers and staff. The Entity shall provide the City with a written copy of the program annually.
  18. Even though the Cheboygan Opera House is owned by the City, the use of the premises shall be with the control of the Entity. However, in making its decisions, the Entity shall

keep in mind the overall mission and objective of the City including building integrity and personal safety.

19. The Entity shall give first consideration and make reasonable effort to purchase from merchants and service providers located within Cheboygan County, when purchasing items to be used in the operation and maintenance of the Facility.
20. The Entity shall have any employee/agent accountable to it for the financial management of the Facility bonded for the amount of Fifty Thousand Dollars (\$50,000). The Bond shall be by a corporate surety licensed to do business in the State of Michigan and shall be in favor of the Entity and cost thereof shall be an operating expense of the Entity. A copy of the bond shall be provided to the City annually.
21. The Entity will maintain non-profit corporate status in managing and operating the Facility.
22. As long as there is a functioning Entity, the City will not engage in hiring and employing of individuals to run, operate and maintain the Opera House; that shall be the responsibility of the Entity.
23. The City shall procure and maintain in force all peril insurance coverage on the Opera House building and the Opera House contents, including equipment, which coverage must include vandalism and theft which will be procured at the expense of the City.
24. The Entity and the City each release the other from any claim for recovery for any loss or damage which is insured under valid and collectible insurance policies to the extent of any recovery collected under such insurance, provided the proceeds are applied to remediate the loss or damage insured against.. It is further agreed that this waiver shall apply only when permitted by the applicable policy of insurance.
25. The Entity at all times will function as an independent contractor and will not be construed to be an agent or employee of either the Opera House or the City of Cheboygan.
26. This Agreement may be terminated upon failure of either party to cure a material breach within thirty (30) days written notice thereof by the other party hereto. Further, either party to this Agreement may terminate it, with or without cause, upon ninety (90) days written notice to the other. Any termination pursuant to this section shall be completed without causing either party hereto to breach any contracts/agreements it has with third parties including, but not limited to, third persons renting the Opera House facilities or groups scheduled to entertain at the Opera House.

IN WITNESS WHEREOF, the parties hereto set their hands and seals on the date first above written.

**WITNESS**

Pamela Westover  
Pamela Westover  
Vicky Pyzyński  
Vicky Pyzyński

**CHEBOYGAN AREA ARTS COUNCIL**

By: Jane Roe, President  
Jane Roe, President  
By: Jocelyn Bergstedt, Secretary  
Jocelyn Bergstedt, Secretary

**CITY OF CHEBOYGAN**

By: Richard B. Sangster  
Richard B. Sangster, Mayor  
By: Dale A. Stuart  
Dale A. Stuart, Its City Manager

Kenneth J. Kwiatkowski  
Kenneth J. Kwiatkowski  
Janet M. Gahn  
Janet M. Gahn

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CITY OF MANISTEE  
CLERK-TREASURER

**RATE SCHEDULE**  
**For Profit**  
**THE CHEBOYGAN AREA ARTS COUNCIL**  
**USE CONTRACT - THE OPERA HOUSE**

**A. PERFORMANCE/EVENT FEE**

( )	First Performance/Event	_____	@	\$300.00	=	\$ _____
( )	Consecutive Performance/Event	_____	@	\$250.00	=	\$ _____
( )	Use of Stage for Rehearsals	_____	Days @	\$ 25.00	=	\$ _____

**B. TECHNICAL/MAINTENANCE SUPPORT**

( )	Performance: Minimum 2 Men @8hrs each	_____	Hrs @	\$ 15.00	=	\$ _____
( )	Rehearsals	_____	Hrs @	\$ 15.00	=	\$ _____

**C. SET CONSTRUCTION & LOAD INS/OUTS**

( )	Use of Stage/Backstage areas that is not Scheduled as rehearsal time.	_____	Days @	\$ 15.00	=	\$ _____
( )	Technical/Maintenance Services, per labor hr	_____	Hrs @	\$ 15.00	=	\$ _____

**D. FILMS, LECTURES, MEETINGS, WEDDINGS  
WORKSHOPS, RECORDING SESSIONS,  
RECITALS, OTHER**

( )	Use of Opera House for any of the above	_____	Days @	\$150.00	=	\$ _____
( )	Technical/Maintenance Services, per labor hr	_____	Hrs @	\$ 15.00	=	\$ _____

**E. BOX OFFICE SERVICES**

( )	\$50.00 per week	_____	Weeks @	\$ 50.00	=	\$ _____
( )	\$50.00 per performance	_____	Perf. @	\$ 50.00	=	\$ _____
( )	3% of Total Ticket Sales	_____	\$		=	\$ _____

**F. STAGE LIGHTING**

( ) Stage Lights @ \$100/Show	_____ Shows@	\$100.00	=	\$ _____
( ) Follow Spots @ \$15/Hour each	_____ Hrs @	\$ 15.00	=	\$ _____
( ) House Lighting Technician, if required	_____	\$100.00	=	\$ _____

**G. SOUND SYSTEM**

( ) Use of In-House Sound Equipment @ \$50/day	_____ Days @	\$ 50.00	=	\$ _____
( ) Sound Technician, if required	_____	\$150.00	=	\$ _____
( ) Additional Equipment rented, to be charged at actual cost of rental	_____		=	\$ _____

**H. ADDITIONAL SERVICES**

( ) Piano Tunings at actual cost	_____ @	\$	=	\$ _____
( ) Steinway Grand Rental Rehearsals & Performances	_____ Days @	\$ 50.00	=	\$ _____
( ) Hamilton Baldwin/Kawai Rental Rehearsals & Performances	_____ Days @	\$ 25.00	=	\$ _____
( ) Rosco Dance Floor @ \$50.00 per day	_____ Days @	\$ 50.00	=	_____
(X) Application Fee @ \$25.00	_____		=	\$ 25.00

**GRAND TOTAL** \$ \_\_\_\_\_

Date Paid \_\_\_\_\_ **DEPOSIT** \$ \_\_\_\_\_

Date Paid \_\_\_\_\_ **BALANCE DUE** \$ \_\_\_\_\_

**PLEASE NOTE: NO BUILDING OF PROPS IN THE OPERA HOUSE WITH THE EXCEPTION OF PUTTING YOUR PROPS TOGETHER AFTER LOAD IN. ALSO PLEASE NOTE: THE OPERA HOUSE DANCE STUDIO AREA IS NOT INCLUDED IN THIS AGREEMENT, PLEASE DO ENTER DANCE FLOOR AREA.**

**RATE SCHEDULE**  
**Not for Profit**  
**THE CHEBOYGAN AREA ARTS COUNCIL**  
**USE CONTRACT - THE OPERA HOUSE**

**A. PERFORMANCE FEE**

( )	First Performance	_____ @	\$200.00	=	\$ _____
( )	Consecutive Performance	_____ @	\$150.00	=	\$ _____
( )	Use of Stage for Rehearsals	_____ Days @	\$ 15.00	=	\$ _____

**B. TECHNICAL/MAINTENANCE SUPPORT**

( )	Performance: Per Labor Hour - Minimum 8 hrs.	_____ Hrs @	\$ 15.00	=	\$ _____
( )	Rehearsals: Per Labor Hour	_____ Hrs @	\$ 15.00	=	\$ _____

**C. SET CONSTRUCTION & LOAD INS/OUTS**

( )	Use of Stage/Backstage areas that is not Scheduled as rehearsal time.	_____ Hrs @	\$ 15.00	=	\$ _____
( )	Technical/Maintenance Services, per labor hr	_____ Hrs @	\$ 15.00	=	\$ _____

**D. FILMS, LECTURES, MEETINGS, WORKSHOPS, RECORDING SESSIONS, RECITALS, CEREMONIES, OTHER**

( )	Use of Opera House for any of the above	_____ Days @	\$150.00	=	\$ _____
( )	Technical/Maintenance Services, per labor hr	_____ Hrs @	\$ 15.00	=	\$ _____

**E. BOX OFFICE SERVICES**

( )	\$50.00 per week	_____ Wks @	\$ 50.00	=	\$ _____
( )	\$50.00 per performance	_____ Perf. @	\$ 50.00	=	\$ _____
( )	3% of Total Ticket Sales (to be determined)	_____ \$		=	\$ _____
					_____

**F. STAGE LIGHTING**

( )	Stage Lights @ \$100/Show	_____ Shows @	\$100.00	=	\$ _____
( )	Follow Spots @ \$15/Hour each	_____ Hrs @	\$ 15.00	=	\$ _____
( )	House Lighting Technician, if required	_____ @	100.00	=	\$ _____

**G. SOUND SYSTEM**

( )	Use of In-House Sound Equipment @ \$50/day	_____ Days @	\$ 50.00	=	\$ _____
( )	Sound Technician, if required	_____	\$150.00	=	_____
( )	Additional Equipment rented, to be charged at actual cost of rental	_____		=	\$ _____

**H. ADDITIONAL SERVICES**

( )	Piano Tunings at actual cost	_____ @	\$ 85.00	=	\$ _____
( )	Steinway Grand Rental Rehearsals & Performances	_____ Days @	\$ 50.00	=	\$ _____
( )	Hamilton Baldwin/Kawai Rental Rehearsals & Performances	_____ Days @	\$ 25.00	=	\$ _____
( )	Rosco Dance Floor @ \$50.00 per day	_____ Days @	\$ 50.00	=	\$ _____
(X)	Application Fee @ \$25.00			=	\$ 25.00

**GRAND TOTAL** \$ \_\_\_\_\_

Date Paid \_\_\_\_\_ **DEPOSIT** \$ \_\_\_\_\_

Date Paid \_\_\_\_\_ **BALANCE DUE** \$ \_\_\_\_\_

**PLEASE NOTE: NO BUILDING OF PROPS  
IN THE OPERA HOUSE WITH THE  
EXCEPTION OF PUTTING YOUR PROPS  
TOGETHER AFTER LOAD IN. ALSO PLEASE  
NOTE: THE OPERA HOUSE DANCE  
STUDIO AREA IS NOT INCLUDED IN THIS  
AGREEMENT, PLEASE DO ENTER DANCE  
FLOOR AREA.**