



LEASE

State Lease #11545-2011

Between

The STATE OF MICHIGAN, as Lessor

and

_____, as Lessee

By the authority of Section 221(6) of the Management and Budget Act, 1984 PA 431, as amended, MCL 18.1221(6), this Lease is entered into by the State of Michigan by the Department of Technology, Management & Budget (DTMB) for the Department of Corrections (DOC) (Lessor) and _____ (Lessee), whose address is _____.

Lessor and Lessee, for the consideration specified in this Lease, agree to the following terms, conditions, and covenants:

1. DESCRIPTION OF PREMISES: Lessor leases to Lessee approximately 395 tillable acres of land and improvements thereon, referred to as the "Premises" with a collective address of 100 North Big Creek Road, in the Township of Chocolay, County of Marquette, State of Michigan. The Premises are further described in Attachments A and B to this Lease and are also illustrated in Attachment C to this Lease.
2. LESSOR'S OPERATIONS: Lessee covenants that the purpose of this Lease is **to farm field crops and conduct related commonly accepted and sound farmland management practices**, and that its use of the Premises shall, at no time, **involve the commercial harvesting of woodland forest products, managing livestock on the Premises or interfering** with the operations of Lessor.
3. CONDITION OF PREMISES: Lessee represents and warrants that Lessee has examined the Premises, and that they are at the time of this Lease in good order, repair, and in a safe, clean, and tenantable condition. Lessee represents that it is taking possession of the Premises in their "as is" condition, and agrees to maintain the Premises in their present condition.
4. TERM: Lessor shall lease the Premises to Lessee for a ten-year initial term of possession beginning upon actual possession or on _____ 2011, and ending on _____. 2021 or such later date as provided in Paragraph 6.

The beginning and ending Lease term dates may be altered by mutual written consent to reflect the actual date of occupancy. If the occupancy date is changed, Paragraph 6 shall also be changed accordingly.

5. RENT: Lessee shall pay to Lessor at, Attention: Administrative Officer, Bureau of Fiscal Management, Department of Corrections, Grandview Plaza, P O Box 30003, Lansing, Michigan 48909 or at such other address as Lessor may from time to time designate, rent as follows:

The Lessee shall pay to the Lessor as annual rent consideration for the Leased premises from 12:01 a.m. _____, 2011, through 11:59 p.m. _____. 2015, at the rate of _____/100 dollars (\$ _____) per year, payable in installments of _____/100 dollars (\$ _____) per month which shall be due by the first day of each month.

The Lessee shall pay to the Lessor as annual rent consideration for the Leased premises from 12:01 a.m. _____, 2016, through 11:59 p.m. _____. 2021, at the rate of _____/100 dollars (\$ _____) per year, payable in installments of _____/100 dollars (\$ _____) per month which shall be due by the first day of each month.

- A. If at any time Lessee vacates the Premises prior to the expiration of the Lease and has failed to give proper notice pursuant to Paragraph 17, Lessee will be responsible for all rental payments and repairs, above and beyond normal wear and tear, until the expiration of the Lease.
- B. Rent during the renewal period(s) agreed to pursuant to Paragraph 6 of the Lease shall be at the prevailing market rental value or based on actual costs as determined by the DMB Director and approved by the State Administrative Board.
- C. In the event that Lessee fails to make a required payment under this Lease within ten (10) days of the due date, Lessee shall pay to Lessor, in addition to such payment or other charges due hereunder, a "late fee" in the amount of _____/100 Dollars (\$ _____).
6. OPTION TO RENEW: This Lease may be renewed if Lessee gives Lessor ninety (90) days written notice before this Lease or any extension expires and agrees to any additional terms and rent modifications proposed by Lessor. Lessor's written consent is necessary for any Lease term extension. Lessor's rental rate for the Premises during an extended term will be established as set forth in Paragraph 5, and will be sent to the address indicated under "Notice and Approvals."
7. SERVICES BY LESSOR: Lessor shall provide to the Lessee the following [at Lessor's own expense]:
- A. None.
8. SERVICES AND RESPONSIBILITIES OF LESSEE: Lessee shall provide the following services and uphold the following responsibilities at Lessee's own expense:
- A. Lessee shall be solely responsible for the cost of public utilities consumed by Lessee or Lessee's operations on the subject property and shall pay utility providers directly and in a timely manner for any such services.
- B. Lessee shall fully compensate Lessor for any repairs to the Leased Premises from damage that exceeds normal wear and tear expected from the lawful and proper use of the Leased Premises and the sole cause of which was the negligent acts or omissions of the Lessee's employees, agents, wards, clients or customers.

- C. Lessee shall maintain the Premises in good repair as they were upon initial possession, including all buildings, silos, fences, paved surfaces and other fixtures and improvements situated on the Premises.
- D. Lessee shall routinely remove from the Premises any **of Lessee's vehicles and equipment not in use in a specific agricultural function performed on the Premises.**
- E. Lessee shall comply with all applicable building, zoning, and land use codes, and obtain any necessary permits, certificates, or licenses in connection with its use of the Premises.
- F. Lessee shall routinely remove from the Premises and properly dispose of all trash and other wastes generated on the premises, including but not limited to animal wastes, except as they may be safely and effectively composted and/or recycled on site.
- G. Lessee shall cut and keep trimmed all noxious weeds before they go to seed.
- H. Lessee shall use chemicals and herbicides for crops on the Premises only in compliance with Michigan Department of Agriculture's rules and guidelines and maintain complete records of such use which shall be made available to Lessor on request.
- I. Lessee shall maintain the soil nutrients at an acceptable good growing range as verified by soil testing to be done to commonly accepted professional farming standards, the results of which shall be reported in writing, at least once each calendar year of this Lease. The timing of that annual soil test shall be as the Lessor and Lessee mutually determine each year. If the soil test report indicates liming or other soil supplement(s) are required for good soil nutrition, the Lessee shall promptly add lime or other soil supplement as required for good soil nutrition at Lessee's own expense. A copy of each annual soil test results and its recommendations shall be provided to Lessor by Lessee within thirty (30) days of its completion. If this Lease is terminated by Lessor before the effective ending date, and the Lessee is not in default in Rental Payments due Lessor or not otherwise in breach of the terms in this Lease, Lessee shall be reimbursed for Lessee's demonstrable, reasonable and customary costs of amending the soil if done any time in the ninety (90) days prior to the Lease termination date.
- J. Lessee shall irrigate the growing crops, by using commonly accepted professional farming practices, at the Lessee's expense. If any irrigation is done, it will be necessary to keep a water usage record, which shall be made available to the Lessor at Lessor's request
- K. Lessee shall be fully and solely responsible for Lessee's required compliance with the terms of any land use subsidy, crop insurance, loan, grant, or other agricultural business incentives administered by the U.S. Department of Agriculture or the State of Michigan.
- L. Lessee shall provide that crops growing on the premises are harvested and that all of Lessee's personal property shall be removed from the Premises by the end date of this Lease, or any extension thereto, unless Lessee and Lessor have agreed otherwise in writing.
- M. Lessee shall not produce or knowingly tolerate any illegal crop. If an illegal crop is produced or knowingly tolerated on the Premises, as determined by duly authorized law enforcement officers, the Lessee shall be solely responsible for any legal consequences and eradication costs thereof and this Lease shall be subject to termination with immediate effect upon written notice to Lessee at Lessor's sole discretion.

- N. Lease shall not unsafely or unlawfully dump, rinse and flush out spray equipment, or dispose of any waste or residual herbicide product or other chemical on the Premises.
- O. Lessee shall not use the Premises as a residence for people or as a storage area for personal property of Lessee or others that is not actively used in the operation of the dairy farm.
9. ASSIGNMENT AND SUBLEASE: Lessee shall neither assign, sublet, nor grant any license for use of the Premises, or any part thereof, without Lessor's prior written consent, which Lessee shall request at least thirty (30) days in advance of a proposed assignment, sublease, or license. Consent by Lessor to any one assignment, sublease, or license shall not be considered to be a consent to any subsequent assignment, sublease, or license. Any assignment, sublease, or license without the prior written consent of Lessor shall be absolutely null and void and shall, at Lessor's option, terminate this Lease.
10. ALTERATIONS: No alterations, modifications, or improvements shall be made to the Premises without Lessor's prior written consent, which Lessee shall request at least thirty (30) days in advance of a proposed alteration, modification, or improvement. At the expiration or cancellation of the Lease, all alterations, modifications, and improvements to the Premises shall become the property of Lessor unless otherwise agreed in writing by Lessor. In the event that the parties agree that Lessee may remove Lessee improvements, Lessee shall restore the Premises to its original condition.
11. LAWS, CODES AND PERMITS: Lessee shall comply with all applicable (including but not limited to all environmental) laws, regulations, and codes and will obtain any necessary permits in connection with its use of the Premises.
12. DAMAGE AND REPAIRS: Lessee shall **provide for any repairs** to the Premises resulting from damage that exceeds the normal wear and tear expected from the lawful and proper use of the Premises. **Any such repairs shall be done in a good and workman-like manner.**
13. INSPECTION OF PREMISES: Lessor and Lessor's agents and employees shall have the right at all reasonable times to enter the Premises for the purposes of making any inspections, repairs, additions, or alterations as may be deemed appropriate by Lessor for the preservation of the Premises.
14. INDEMNIFICATION: Lessee agrees to hold harmless, defend, and indemnify Lessor, its agents and employees, from and against any and all claims, costs, losses, suits, demands, actions, liabilities, damages, causes of action or judgments, including, but not limited to, alleged violations of environmental laws, that may in any manner be imposed on or incurred by the Lessor, its agents and employees, for any bodily injury, loss of life, and/or damage to property, resulting from, arising out of, or in any way connected with Lessee's use of the Premises. This indemnification and hold harmless provision shall survive the termination of the leasehold interest and the sale of the Premises by Lessor.
15. LIABILITY INSURANCE: Lessee shall maintain general premises liability insurance for the Premises that provides full coverage for Lessee, Lessor, and their respective agents and employees and that protects against all claims, demands, actions, suits, or causes of action, and judgments, settlements or recoveries, for bodily injury or property damage arising out of a condition of the Premises. Lessee agrees to maintain minimum policy limits in the amount of \$500,000.00 per occurrence for property damage, and \$1,000,000.00 per occurrence for bodily injury, with a \$2,000,000.00 aggregate. Lessee shall provide to Lessor a certificate of insurance listing Lessor,

its several departments, boards, agencies, commissions, officers, and employees as additional insured, within thirty (30) days following execution and delivery of this Lease to Lessee, and every year thereafter. The insurance policy shall provide that it may not be modified, cancelled, or allowed to expire without thirty (30) days prior written notice given to Lessor.

16. PUBLIC POLICY PROVISIONS:

- A. NONDISCRIMINATION: Lessee shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453 as amended, MCL 37.2101 *et seq.*; the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this real estate contract, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Lessee agrees to include in every subcontract entered into for the performance of this real estate contract this covenant not to discriminate in employment. A breach of this covenant is a material breach of this Lease. This covenant is cross-referenced in Paragraph 17.B.2.
- B. UNFAIR LABOR PRACTICES: Lessee shall comply with State Contracts with Certain Employers Prohibited, 1980 PA 278, as amended, MCL 423.321 *et seq.* This covenant is cross-referenced with Paragraph 17.B.1.

17. CANCELLATION:

- A. CANCELLATION: Notwithstanding Paragraph 17 B, either party may cancel this Lease upon one-hundred eighty (180) days written notice to the other party delivered either in person or by certified mail, return receipt requested, to the other party's address pursuant to the "Notices" provisions of this Lease.
- B. This Lease may be cancelled by Lessor provided Lessee is notified in writing at least thirty (30) days prior to the effective date of cancellation and any one of the following occur:
 - 1. Lessee or any subcontractor, manufacturer or supplier of Lessee appears in the register compiled by the Michigan Department of Energy, Labor and Economic Growth, or its successors, pursuant to 1980 PA 278, as amended, MCL 423.321 *et seq.* (State Contracts with Certain Employers Prohibited). This covenant is cross-referenced in Paragraph 16.B.
 - 2. Lessee or any subcontractor, manufacturer or supplier of Lessee is found guilty of discrimination, pursuant to 1976 PA 453, as amended, MCL 37.2101 *et seq.* (Elliott-Larsen Civil Rights Act); or 1976 PA 220, as amended, MCL 37.1101 *et seq.* (Persons with Disabilities Civil Rights Act). This covenant is cross-referenced in Paragraph 16.A.
 - 3. Lessor determines that the Premises are no longer being used for the purpose of operating a commercial dairy farm and/or Lessee fails to perform any of its obligations under the Lease and such failure is not cured within thirty (30) calendar days after written notice of default is given to Lessee.

C. If this Lease is cancelled pursuant to Paragraph 17 and prior to Lessee being able to harvest any crops grown on the Premises, Lessor shall not be obligated to compensate Lessee for said unharvested crops or for related planting and growing costs incurred by Lessee, except as may be specifically provided elsewhere in this Lease.

18. QUIET ENJOYMENT: Upon payment of the rent and the performance of the conditions outlined in this Lease, Lessee may peacefully and quietly have, hold, and enjoy the Premises.
19. RESERVATION: Lessor reserves the right to grant rights-of-way and easements of any kind and nature over and across the premises and to grant or exercise all other rights and privileges of every kind and nature not specifically granted in this Lease.
20. HOLDOVER TENANCY: If Lessee remains in possession of the Premises after the expiration of this Lease, with the consent of Lessor but without a renewal of this Lease pursuant to Paragraph 6, a new tenancy from month-to-month shall be created between Lessor and Lessee. The new tenancy shall be subject to all of the terms and conditions of this Lease, except that rent shall then be due and owing at the rate of /100 Dollars (\$) per annum, or in equal installments of /100 Dollars (\$) per month, and except that such tenancy shall be terminable upon fifteen (15) days written notice served by either party.
21. TAXES: If Lessee is a nongovernmental entity, it may be subject to taxation for the Premises as provided in 1953 P.A. 189, as amended, MCL 211.181 *et seq.* (Taxation of Lessees or Users of Tax-Exempt Property).

Lessee's failure to notify the taxing authority of this Lease and/or its failure to pay its pro rata share of real property taxes by the first due date shall be a breach of the Lease. Lessee shall provide Lessor with paid receipts for any real property taxes within thirty (30) days after the tax due date.

22. NOTICES: Any notice to Lessor or to Lessee required by this Lease shall be considered effective if submitted in writing and sent by personal delivery (with signed delivery receipt), or certified or registered mail return receipt requested. Unless either party notifies the other in writing of a different mailing address, notices to Lessor and Lessee shall be sent to the addresses listed below:

Lessee:	Lessor:
	Director
	Real Estate Division
	Michigan Dept. of Technology, Management & Budget
	530 West Allegan Street
	Lansing MI 48933
E-mail:	
Telephone:	With a copy simultaneously sent to:
Fax:	Director Bureau of Fiscal Management Michigan Dept. of Corrections Grandview Plaza PO Box 30003 Lansing, Michigan 48909

Notices shall be considered effective as of 12:00 noon Eastern Standard Time on the third business day following the date of mailing, if sent by mail. Business day is defined as any day other than a Saturday, Sunday, legal holiday, or day preceding a legal holiday. A receipt from a U.S. Postal Service, or comparable agency performing such function, shall be conclusive evidence of the date of mailing.

23. INTERPRETATION: This Lease shall be interpreted in accordance with the laws of the State of Michigan.
24. REQUIRED APPROVALS: This Lease shall not be binding or effective on either party until approved (and witnessed and notarized as necessary) by the Lessor, Lessee, Department of Attorney General, Department of Technology, Management & Budget, Building Committee of the State Administrative Board, and the State Administrative Board.
25. SEVERABILITY: Should any provision of this Lease or any addenda thereto be found to be illegal or otherwise unenforceable by a court of law, such provision shall be severed from the Lease, and such action shall not affect the enforceability of the remaining provisions of the Lease.
26. ENTIRE AGREEMENT: This Lease, with the Attachment(s) listed below, constitutes the entire agreement between the parties with regard to this transaction and may be amended only in writing and executed in the same manner as this Lease was originally executed. See Paragraph 24.
27. Deleted. Not applicable.
28. ATTACHMENTS TO THIS LEASE:

ATTACHMENT A: Description of the Leased Premises in Chocolay Township, Marquette County, Michigan (one page).
ATTACHMENT B: Description of Major Buildings at the Leased Premises in Chocolay Township, Marquette County, Michigan (one page).
ATTACHMENT C: Map of the Leased Premises in Chocolay Township, Marquette County, Michigan (one page).

DEPARTMENT OF CORRECTIONS

(
IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessor:

Signature

Print Name:
Title:

State of Michigan, County of _____.

The foregoing instrument was acknowledged before me on this _____ day of _____,
2011, by _____,
Type or print name(s) of person(s) signing this document

the _____, for the Department of Corrections.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessor:

Signature Date: _____

Deborah M. Roberts
Interim Director, Real Estate Division
Department of Technology, Management & Budget

State of Michigan, County of Ingham

The foregoing instrument was acknowledged before me on this _____ day of _____, 2011
by Deborah M. Roberts, Interim Director of the Real Estate Division of the Michigan Department of Tech-
nology, Management & Budget.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

This Lease has been approved as to legal form by the Michigan Attorney General _____

This Lease was approved by the Michigan State Administrative Board on:

ITEM #

LESSEE _____

IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessee:

Signature

Print Name:
Title:

State of Michigan, County of _____.

The foregoing instrument was acknowledged before me on this _____ day of _____,
2011, by _____,
Type or print name(s) of person(s) signing this document

the _____ of _____,

a _____, _____, on behalf of the _____.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

Attachment A to Lease #11545
Description of the Leased Premises

The Leased Premises consist of approximately 395 tillable acres of land and improvements thereon, with a collective address of 100 North Big Creek Road, in the Township of Chocolay, County of Marquette, State of Michigan. The Leased Premises are further described as consisting of the following parcels in Chocolay Township, Marquette County, Michigan, (T.47.N.-R.24.W):

Parcel 1: Section 15, SW 1/4 and the W1/4 of the SE1/4 at 167 acres.

Parcel 2: Section 21, NW 1/4 of the NW1/4 and the E1/2 of NW1/4 at 33 acres.

Parcel 3: Section 21, E1/2 of the NW1/4 and NE1/4 of the NE1/4 at 75 acres.

Parcel 4: Section 35, S1/4 of the SW1/4 at 49 acres.

Parcel 5: Section 34, S1/2 of the SW1/4 and the S1/2 of the SE1/4 at 71 acres.

Attachment B to Lease #11545
Description of Major Buildings at the Leased Premises

No:	Building Name/Type	Function	Area (SF)	Located On Parcel #
1	Bunker Silo	Crop Storage	8000	1
2	Pole Barn	Cattle Barn	2400	1
3	Pole Barn	Cattle Barn	2400	1
4	Storage Building	Implement Storage	2400	1
5	Quonset Building	Tool Storage	2000	1
6				
7				
8				
9				
10				

**Attachment C to Lease #11545
Map of the Leased Premises in
Chocolay, Township, Marquette County**