



Request for Proposal (RFP) to Lease State of Michigan Property

Project #11545-2011-0075

Chocolay Twp., Marquette County

Questions submitted by interested parties with answers from The Michigan Department of Technology, Management and Budget (DTMB) and the Michigan Department of Corrections (DOC)

Posted: June 21, 2011

Question 1: What is meant by managing livestock on the premises?

Answer: No keeping of livestock or animal husbandry on the premises.

Question 2: When is the anticipated date of possession of the leased parcels?

Answer: The start date is negotiable, but it would have to be set far enough into the future to accommodate approval as to legal form of a final lease by the Office of the Attorney General and implementation approval by the State Administrative Board, a process that usually takes 4 to 6 weeks.

Question 3: With this being a 10 year lease, why is it broken down into two 5 year terms?

Answer: The term is a single ten-year term as per Section 2. In Section 5, the draft lease merely provides an example of how a mid-term rent increase (a common leasing device) could be accommodated.

Question 4: How long after possession will the lessee be given to spray or disk down the current weed crop? Will it be acceptable to disk the weeds in during fall tillage?

Answer: Weeding methods are negotiable within any timeframe and spraying conditions prescribed by law. The Lessee may till the weeds in during the fall.

Question 5: Who will be acceptable soil testing labs to perform the annual soil testing? I think the Department of Corrections has worked through the MSU extension office in Chatham. Would the NRCS also be an accepted party to perform the soil testing? How are the acceptable soil nutrient levels to be determined?

Answer: Qualified staff experts from the Michigan State University Extension Service, the Michigan Department of Agriculture or the United State Department of Agriculture would generally all be acceptable for testing and evaluating the soil.

Question 6: If lease is cancelled by Lessor for any reason other than specified under 17: B1, B2, or B3, will Lessor be obligated to compensate Lessee for related planting and growing costs for any un-harvested crops?

Answer: No, Lessor would not be obligated to compensate Lessee for any planting and growing costs for any un-harvested crops. Section 17.C applies to any reason the State might be compelled to cancel the lease, however unlikely, not just those listed in Section 17.B. Note that the standard cancellation notice is 180 days, which should give ample time to harvest a final crop no matter how soon after planting such a notice is given.

Question 7: Will the taxes be ad valorem taxes or will they be a user tax on the privilege of using the property as ruled in United States v Detroit, 345 MICH 610 (1956)? If determined to be ad valorem taxes: Will the Lessee be required to pay taxes on the subject property? If so how will the taxes be determined? Will the taxes be paid only on the tillable land area as specified in the lease as 395 acres or as determined by another party? What will the taxes be and will that be established for the duration of the lease?

Answer: Property taxes, if applicable, would be as determined and levied by the local property taxing authority. Consultation with the Chocolay Township Assessor on property tax questions as they may relate to the prospective lease of the subject property is recommended..