

April 10, 2007

The Regular meeting of the Otsego County Board of Commissioners was held in the Multi-Purpose Room of the J. Richard Yuill Alpine Center. The meeting was called to order at 9:32 a.m. by Chairman Glasser. Invocation by Chairman Beachnau, followed by the Pledge of Allegiance led by Commissioner Hyde.

Roll call:

Present: Backenstose, Beachnau, Liss, Glasser, Johnson, Hyde, Bentz.

Excused: Bates, Olsen.

The Regular meeting minutes of March 27, 2007 with attachments were approved as corrected. The minutes were corrected to indicate that Commissioner Bentz was excused not absent.

Consent Agenda:

Motion to approve the EpicMRA Contract as presented. Motion carried via unanimous consent. (see attached)

Administrator's report:

John Burt reported on the Alpine Center repairs, a meeting is scheduled for Monday April 16<sup>th</sup> at 10:00 a.m. in the Multi-Purpose room; Capital improvements; Acronym List; Jail meeting April 19<sup>th</sup> at 5:30 p.m.

Commissioner Glasser reported on the Jail and the landlord/tenant inspection ordinance.

Commissioner Hyde updated the Board on the Airport; attended an announcement on April 5, 2007 at the M-TECH.

Commissioner Backenstose encouraged everyone to attend the meeting at Livingston Township regarding the landlord/tenant ordinance.

Diann Axford gave her quarterly report to the Board.

Mary Sanders announced the Michigan Township Association meeting is scheduled for May 15, 2007 at 6:00 p.m. at the Livingston Township Hall; Election on May 8, 2007; Jail committee.

Commissioner Beachnau requested Chairman Glasser or John Burt to speak with the City regarding sending a representative to our meetings.

New Business:

Motion by Commissioner Hyde, to approve Warrant B2007-14 in the amount of \$14,628.69 with prepaids in the amount of \$1,836.71 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Bentz, to approve Warrant B2007-15 in the amount of \$83,602.86 with prepaids in the amount of \$66,646.98 as presented. Ayes: Unanimous. Motion carried.

Motion by Commissioner Johnson, to approve Resolution OCR-07-18 in honor of the Gaylord Area Council for the Arts.

Roll Call Vote:

Ayes: Backenstose, Beachnau, Liss, Glasser, Johnson, Hyde, Bentz.

Nays: None.

Excused: Bates, Olsen.

Motion carried/Resolution adopted. (see attached)

Motion by Commissioner Backenstose, to approve the DHS lease as presented. Ayes: Unanimous. Motion carried. (see attached)

Motion by Commissioner Beachnau, to reappoint Allan Bentz and Jane Dunaway to the North Country Community Mental Health Committee with terms expiring on 3-31-08 and 3-31-09 respectively. Ayes: Unanimous. Motion carried.

Motion by Commissioner Bentz, to file a motion of reconsideration to the Appeals Court decision regarding Otsego County's share of court legal fees. Ayes: Unanimous. Motion carried.

Motion by Commissioner Bentz, to appeal to the State Supreme Court the State Court of Appeals decision on funding for legal fees for the court case. Ayes: Unanimous. Motion carried.

Sheriff James McBride commented on the budget.

Board Remarks:

Commissioner Johnson: Attended the Parks and Recreation Committee meeting.

Commissioner Liss: Personnel Committee meeting April 11, 2007.  
April 24, 2007 at Corwith Township next Board meeting.

Commissioner Backenstose: Thanked Diann Axford for the cash report.  
Landlord/Tenant meeting April 18, 2007 at Livingston.

Commissioner Beachnau: Sportsplex updates.

Chairman Glasser:           Emergency Management training today at the M-TEC at 1:00 p.m.  
Next Board meeting April 24, 2007 at 7:00 p.m. at Corwith  
Township.  
Lake level of Otsego Lake.

Meeting adjourned at 10:33 a.m. at the call of the Chair.

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Kenneth R. Glasser, Chairman

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Susan I. DeFeyer, County Clerk

## PUBLIC ATTITUDE RESEARCH AGREEMENT

THIS AGREEMENT, made this 26<sup>th</sup> day of March 2007 by and between Michigan Researchers Associates, Inc. (hereinafter EPIC • MRA) a Michigan corporation, and County of Otsego, a political subdivision of the State of Michigan (hereinafter the Client).

WITNESSETH, that in consideration of the agreements herein contained, the parties agree that EPIC • MRA shall conduct and the Client shall pay for, survey research to measure public opinion among qualified respondents pursuant to the terms and conditions as follows:

**1. Survey Research.** Client hereby commissions EPIC • MRA to conduct a telephone survey of qualified adult respondents in Otsego County, to determine general public perceptions about the Client, specific issues involving official positions and actions of the Client, as well as the level of public support and/or opposition that exists for possible ballot issues involving an increase in the rate of assessment against property for the purpose of funding a new county jail facility. The survey shall be conducted and frequency results presented prior to May 15, 2007 and shall consist of no greater than 300 sample points, with an interview length of no greater than twelve minutes in duration. EPIC • MRA will be responsible for ongoing client consultation, drafting the survey instrument, drawing a stratified telephone sample, administering the telephone interviews, preparing frequency and cross-tabulation tables, preparing a textual report, and offering post-survey oral analysis of results to the Client.

**2. Compensation and Payment.** In consideration for the services performed by EPIC • MRA, the Client will pay a flat fee not to exceed Fourteen Thousand Two Hundred (\$14,200.00) Dollars. An initial installment representing fifty percent of the flat fee shall be payable upon execution of this Agreement, with the balance due upon presentation of the cross tabulation report. These payments are exclusive of payments made, if any, under section "3. B.", below.

### **3. General Provisions.**

**A.** In performing services under this Agreement, EPIC • MRA will report to John M. Burt on behalf of the Client, or his designated representative(s). The designated representative(s) shall be

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**B.** Travel expenses for trips outside Ingham County, including mileage incurred by EPIC • MRA under this Agreement shall be borne by the Client. IT IS EXPRESSLY UNDERSTOOD that travel expenses for a pre-survey consultation and a post-survey oral presentation are included in

the flat fee specified in paragraph 2. For meetings in excess of those included in the flat fee specified in paragraph 2., the Client shall pay EPIC • MRA, in addition to mileage and actual travel expenses, if any, a per diem of \$400.00 per half-day and \$600.00 per full day, inclusive of travel time.

C. Representatives of EPIC • MRA and the Client shall confer as frequently as both parties deem necessary to prepare materials and to review performance under this Agreement. The Client shall retain the sole responsibility for defining the scope, content and extent of dissemination of all information and materials issued by or through EPIC • MRA.

D. In all its activities on behalf of the Client, EPIC • MRA agrees to hold in strictest confidence any proprietary or sensitive information and shall not disclose such information without the Client's approval. Further, EPIC • MRA agrees that all reports created, prepared or produced for the Client shall become the exclusive property of the Client, who shall retain exclusive control over their use and disposition. IT IS EXPRESSLY UNDERSTOOD, however, that EPIC • MRA retains full proprietary and intellectual property rights in the survey instrument it develops under this Agreement. Nothing in this section shall be construed as limiting EPIC • MRA in its use the Client's name, as a client, or the fact of the commissioning of this survey, in any of EPIC • MRA's business promotion activities.

E. EPIC • MRA agrees to take all reasonable and prudent precautions to safeguard any of the Client's property that is in the custody of EPIC • MRA, its contractors, employees, or agents.

F. This Agreement shall begin upon signature below and end upon delivery by EPIC • MRA of the last of the computerized and textual reports required herein. No change, modification, extension, termination or waiver of this Agreement or any of its provisions shall be effective unless made in writing and signed by a duly authorized agent of the party against whom it is sought to be enforced.

G. It is understood by the parties that EPIC • MRA is acting as an independent contractor in its performance of all work hereunder and the Client agrees to assume responsibility for the content of materials or data furnished to EPIC • MRA.

H. All notices hereunder shall be in writing and shall be served by registered mail, addressed as follows: If to EPIC • MRA: President, EPIC • MRA, 4710 W. Saginaw Hwy., Suite 5, Lansing, Michigan 48917. If to Client: County Administrator, County of Otsego, 225 W. Main Street Gaylord, MI 49735.

I. In the event of a dispute between the parties to this Agreement, the parties agree that venue is proper in the courts of Ingham County, Michigan.

**5. Termination.** EPIC • MRA may terminate this Agreement if Client does not meet its obligations described herein. Prior to termination, EPIC • MRA will in writing notify the Client that it has not met its obligations and shall provide five business days from such notification during which period the Client may cure its non-performance. The Client may terminate this

Agreement if EPIC • MRA does not meet its obligations as described herein. Prior to termination, the Client will in writing notify EPIC • MRA that it has not met its obligations and shall provide five business days from such notification during which period EPIC • MRA may cure its non-performance. In the event the Client terminates this Agreement, they shall be liable for all payments due EPIC • MRA for work performed to the time of termination, as well as all actual costs incurred by EPIC • MRA in performance of its obligations up to the point of notification by the Client.

IN WITNESS WHEREOF, the parties have executed two copies of this Agreement.

**COUNTY OF OTSEGO**

**EPIC • MRA**

By: \_\_\_\_\_  
John M. Burt,  
County Administrator

By: John F. Cavanagh  
John F. Cavanagh,  
Secretary/Treasurer

Dated: \_\_\_\_\_

Dated: 03-24-07

Witness: \_\_\_\_\_

Witness: Sherry Hanson

**RESOLUTION NO. OCR 07-18**  
**Resolution of Recognition of the Gaylord Area Council for the Arts (GACA)**

OTSEGO COUNTY BOARD OF COMMISSIONERS  
April 10, 2007

- WHEREAS**, Thirty-five years ago a group of local art lovers formed a group committed to bringing artistic and cultural activities to our Northern Michigan community; and
- WHEREAS**, Once incorporated as a non-profit, the group has brought the Detroit and Grand Rapids Symphony Orchestras, the Artrain, and numerous other arts and cultural activities to the area over the years; and
- WHEREAS**, the Arts Council maintains an Arts Center on Main Street in Gaylord which provides services to tourists, local artists and community members interested in the Arts; and
- WHEREAS**, GACA brings performances to the community such as the *Nutcracker* and Shakespeare's *Midsummer Night's Dream* to area high school students; and
- WHEREAS**, GACA provides varying types of support, promotion and services to other arts organizations. It partners with organizations and businesses on projects that benefit the community. Last year alone they donated \$2,000 to four Otsego County high school art departments for the purchase of art supplies and provides annual arts scholarships to youth; and
- WHEREAS**, the Gaylord Area Council for the Arts main priorities are to support individual artists, support other local arts organizations, and to support the economic well-being of our area by promoting a lively arts scene that will attract tourists, businesses and creative new residents; now, therefore, be it
- RESOLVED**, that the Otsego County Board of Commissioners, hereby officially honors the Gaylord Area Council for the Arts (GACA) on its 35<sup>th</sup> year as an incorporated non-profit, and the Arts Council board, staff and volunteers who have worked tirelessly over the years to fulfill its mission of enhancing the quality of life in this community through Art and Culture.

# LEASE

State Lease #10213-2006

between

**COUNTY OF OTSEGO, as Lessor  
and**

**THE STATE OF MICHIGAN, as Lessee**

## ARTICLE I - DEFINITIONS

- 1.1 A.N.S.I.
- 1.2 Cancellation
- 1.3 Construction
- 1.4 Executive
- 1.5 Maintenance
- 1.6 Occupancy
- 1.7 Reserved
- 1.8 Possession
- 1.9 Potable Water
- 1.10 Purpose
- 1.11 Remodel
- 1.12 State Government Managed
- 1.13 State Government Owned
- 1.14 Substantial Completion
- 1.15 Tenantable
- 1.16 Tenant Improvements

## ARTICLE II - POSSESSION

- 2.1 Square footage Leased
- 2.2 Location of Leased premises
- 2.3 Early possession
- 2.4 Initial term of possession
- 2.5 First renewal option
- 2.6 Second renewal option
- 2.7 Deleted, not applicable
- 2.8 Deleted, not applicable
- 2.9 Ninety-day holdover
- 2.10 Assignment/sublet
- 2.11 Quiet enjoyment
- 2.12 Lessor access to Leased premises
- 2.13 Lessor provides equivalent premises

## ARTICLE III - LESSOR OBLIGATIONS

- 3.1 Lessor obligations
- 3.2 Asbestos
- 3.3 Toxic, hazardous, injurious substances
- 3.4 Defense against claims
- 3.5 Commence remodeling or construction
- 3.6 Complete remodeling or construction
- 3.7 Standards and specifications
- 3.8 Construction change orders
- 3.9 Remodeling required by future law
- 3.10 Damage to Leased premises
- 3.11 First right of refusal for adjacent
- 3.12 Discrimination prohibited
- 3.13 Structural loading
- 3.14 Notice of Ownership Transfer
- 3.15 Year 2000
- 3.16 Time Extension
- 3.17 Public Notifications

## ARTICLE IV LESSEE OBLIGATIONS, DUTIES, AND OPTIONS

- 4.1 Lessee obligations
- 4.2 Notification to maintain and repair
- 4.3 Lessee option to add/remove improvements
- 4.4 Quality of improvements by Lessee
- 4.5 Move-out condition
- 4.6 Payment for sign ordinance variances
- 4.7 Lessee repairs for damage
- 4.8 Recording of lease
- 4.9 Protection of Leased premises by Lessee
- 4.10 Lessee prohibited conduct

## **ARTICLE V - RENT CONSIDERATION**

- 5.1 Frequency of rent payment
- 5.2 Late possession - no rent
- 5.3 Rent during initial term
- 5.4 Mid Term Rent Increase
- 5.5 Rent during 1st renewal option
- 5.6 Consumer Price Index increases
- 5.7 Rent adjustment for operating expenses
- 5.8 Rent adjustment for real property taxes
- 5.9 Real property tax exemptions
- 5.10 Real property tax assessment appeals
- 5.11 Waiver of rent adjustments
- 5.12 Remodeling/get-ready costs
- 5.13 Reserved
- 5.14 Reserved
- 5.15 Remodeling/maintenance costs deduct
- 5.16 Rent reduced for documentation
- 5.17 Rent abated for untenable premises
- 5.18 Prepaid rent refunded upon damage

## **ARTICLE VI - STATE OPTION TO PURCHASE**

- 6.1 Definition of seller
- 6.2 Exclusive right to purchase
- 6.3 Duration of option
- 6.4 Written notice
- 6.5 Purchase price
- 6.6 Appraiser qualifications
- 6.7 Payment of appraisals
- 6.8 Encumbrances considered
- 6.9 Delivery of title insurance
- 6.10 Objection to title and cure
- 6.11 Restrictions, termination of option
- 6.12 Removal of title defects
- 6.13 Transfer of title free and clear
- 6.14 Lessee delivery of purchase price payment
- 6.15 Title free of other possessory interest
- 6.16 Seller payment for transfer tax
- 6.17 Payment for recording documents
- 6.18 Real Property Tax Adjustment
- 6.19 Waste to Leased premises
- 6.20 Reserved
- 6.21 Toxic, hazardous, or injurious substances

## **ARTICLE VII EMINENT DOMAIN/CONDEMNATION**

- 7.1 Lessor to notify Lessee
- 7.2 Whole taking, rents prorated
- 7.3 Taking
- 7.4 Lessor option to terminate
- 7.5 Award of damages

## **ARTICLE VIII - ESTOPPEL**

- 8.1 Timeliness, Lessee obligations

## **ARTICLE IX MANAGEMENT AGREEMENT Reserved**

## **ARTICLE X - LESSOR'S MORTGAGEE**

- 10.1 Identification of Lessor's mortgagee
- 10.2 Disclosure of mortgagees, nondisturbance
- 10.3 Mortgagee right to cure defaults
- 10.4 Attornment

## **ARTICLE XI - CANCELLATION**

- 11.1 Cancellation by Lessee
- 11.2 Cancellation by Lessee
- 11.3 Cancellation by Lessee
- 11.4 Cancellation by Lessor

## **ARTICLE XII NOTICE, APPLICATION, AND APPROVALS**

- 12.1 Notice mailing addresses and delivery
- 12.2 Application of laws
- 12.3 Binding application
- 12.4 State government approvals required
- 12.5 Supercedure and cancellation
- 12.6 Severability
- 12.7 Entire agreement and enclosures
- 12.8 Electronic Funds Transfer

State Lease #10213-2006

LEASE

between

**COUNTY OF OTSEGO**, as Lessor  
**A Body Corporate**

and

THE STATE OF MICHIGAN, as Lessee

THIS LEASE is entered into by **County of Otsego**, as Lessor, whose address is **225 West Main Street, Gaylord, Michigan 49735**, and the State of Michigan by the Department of Management and Budget for the Department of **Human Services**, as Lessee. (REV 09-96)

The parties, for the considerations specified in this Lease, agree to the following terms, conditions, and covenants: (New 10-91)

**ARTICLE I - DEFINITIONS**

1.1 - A.N.S.I.: American National Standards Institute, Inc., a New York corporation that identifies public requirements for national standards and coordinates voluntary standardization activities. A.N.S.I. standards are used in calculating square footage used in this Lease. (REV 10-91)

1.2 - Cancellation: Ending all rights and obligations of the Lessor and Lessee, except for any rights and obligations that are due and owing. (REV 09-95)

1.3 - Construction: Assembling of foundation, structural, architectural, electrical, and mechanical systems, on the Leased premises, where none existed prior. (New 09-91)

1.4 - Executive: An Executive Order of the Governor pursuant to the Const 1963, Article 5, § 2 and 20, or a decision by the Director of the Department of Management and Budget in conjunction with the head of the principal State department or agency for whose use the Lease was entered. (New 09-96)

1.5 - Maintenance: That effort, including repair, replacement, or removal, required to keep the Leased premises and the appearance of said Leased premises functioning or operating as originally designed, constructed, or installed, including but not limited to mechanical, electrical, architectural, or civil systems within the Leased premises, outside the Leased premises, or those systems otherwise attached thereto. (New 09-91)

1.6 - Occupancy: Actual physical presence by the Lessee in the Leased premises. (REV 04-95)

1.7 - **Reserved**

1.8 - Possession: Lawful availability and physical access to install the Lessee's furnishings and compliance with paragraphs 3.1(z) and 3.7. (REV 09-95)

1.9 - Potable water: Water free from impurities present in amounts sufficient to cause disease or harmful physiological effects and conforming in its bacteriological and chemical quality to the requirements of the Public Health Service Drinking Water Standards or the regulations of the public health authority having jurisdiction. (New 02-93)

1.10 - Purpose: The purpose for this Lease is **Training Center and Computer Laboratory** space use for the department or agency mentioned in the Lease in the specific geographic location described in paragraph 2.2 of the Lease. (REV 03-96)

1.11 - Remodel: Includes alterations, renovations, and any related demolition, and is the rearranging of existing architectural, civil, electrical, and/or mechanical systems within the Leased premises. Remodeling does not include enlarging or decreasing of structural or foundation systems, or new construction. (New 09-91)

1.12 - State Government Managed: Property management tasks and responsibilities provided by a) the State of Michigan; b) any of the several departments, boards, commissions, offices, or agencies of the executive, legislative or judicial branches of state government; c) any institution of higher learning funded in whole or in part by the State of Michigan; or d) any entity created by act of the Legislature as an instrumentality of Michigan State government. (New10-91)

1.13 - State Government Owned: Real property fee title to which is held by a) the State of Michigan; b) any of the several departments, boards, commissions, offices, or agencies of the executive, legislative or judicial branches of state government; c) the State Building Authority; d) any institution of higher learning funded in whole or in part by the State of Michigan; or e) any entity created by act of the Legislature as an instrumentality of Michigan State government. (REV 10-91)

1.14 - Substantial Completion: The construction work has been completed in accordance with Enclosure C and C-1, to the extent that the Lessee can use or occupy the Leased premises for the use intended, without any outstanding or concurrent work remaining, except as required to complete minor punch list items. The Lessee has the sole discretion to determine whether punch list items are "minor". Prerequisites for substantial completion include (a) receipt by the Lessee of all required operating and maintenance documentation, (b) all systems have been successfully tested and demonstrated by the Lessor for their intended use, and (c) the Lessee has received all required certifications and/or occupancy approvals from the State and any other political subdivisions having jurisdiction over the work. Receipt of all certificates and/or occupancy approvals in and of itself does not necessarily connote substantial completion. (New 01-97)

1.15 - Tenantable: Habitable for the effective conduct of the Lessee's intended business. (REV 04-95)

1.16 - Tenant Improvements: Remodeling, attachment of fixtures, erection of additions, partitions, structures or signs by the Lessee in and upon the Leased premises after the Lessee has acquired possession. (REV 09-95)

## ARTICLE II - POSSESSION

2.1 - The Lessor leases to the Lessee **5,262 usable** square feet of space, referred to as the "Leased premises", which is outlined on a plan attached as Enclosure "A", **1** page. This square footage is based upon the A.N.S.I. Z65.1 - 1996 method for calculating space. (REV 01-97)

2.2 - The Leased premises, located on the property described in Enclosure "B" (legal description), also known as **800 Livingston Boulevard, Gaylord, Michigan** in the **Township of Livingston, County of Otsego, State of Michigan**. (REV 01-97)

2.3 - If the Leased premises are available for possession by the Lessee prior to the commencement of the term defined in paragraph 2.4, the Lessee, at its sole option, may possess the Leased premises when the same are available. The Lessor shall provide written notice to the Lessee of such availability. For each day of possession prior to commencement of such term, the Lessee shall pay to the Lessor, at the same time that rent consideration for the first month of the regular term of the Lease is due, 1/365 of the initial annual rent consideration set forth in Article V. (REV 03-96)

2.4 - The Lessor shall furnish the Leased premises with their appurtenances to the Lessee for a **two-year** initial term of possession beginning upon actual possession or at 12:01 a.m. on **August 1, 2007**, and ending at 11:59 p.m. on **July 31, 2009**, or such later date as provided in paragraph 3.6. If the Leased premises are not ready by the possession date, the beginning and ending dates may be altered by mutual written consent to reflect the correct possession date. If the initial possession date is changed, paragraphs 2.5, 2.6, and Article V shall also be changed accordingly. (REV 03-96)

2.5 - This Lease may, at the option of the Lessee, be extended for a **two-year** term beginning at 12:01 a.m. on **August 1, 2009**, and ending at 11:59 p.m. on **July 31, 2011**, provided notice be given in writing to the Lessor **thirty (30)** days before this Lease or extension expires. (REV 03-96)

2.6 - Deleted, Not Applicable

2.7 - Deleted, not applicable

2.8 - Deleted, not applicable

2.9 - The Lessee may, upon written notice to the Lessor, at least thirty (30) days prior to termination of this Lease or any extension, remain in possession of the Leased premises for the period specified in the notice, not to exceed three months. The Lessee shall pay the Lessor for each month or part of a month a sum equal to 1/12 of the annual rent consideration set forth in Article V. (REV 03-96)

2.10 - The Lessee may assign this Lease or may sublet the Leased premises in whole or in part, with prior written consent of the Lessor, which shall not be unreasonably withheld. The Lessee, through its Department of Management and Budget may assign or reassign any or all of the Leased premises to any branch, department, board, agency, commission or other instrumentality of State government without the necessity of obtaining consent of the Lessor. (REV 03-96)

2.11 - The Lessee, upon payment of the rental consideration specified in Article V and upon performing all covenants, shall and may peacefully and quietly have, hold, and enjoy the Leased premises for the term of this Lease or any extension. (REV 03-96)

2.12 - The Lessor or Lessor's agent may enter the Leased premises with reasonable advance notice for the purpose of conducting repairs, preventive maintenance, or providing replacements, as required under Article III. (New 09-91)

2.13 - If for any reason relating to ownership of the Leased premises the Lessor is unable to lawfully put and maintain the Lessee in possession of the Leased premises as of the commencement of the term of this Lease or any proper extension thereof, the Lessor shall immediately secure other premises which in the Lessee's sole judgment is substantially equivalent to the Leased premises described herein, at a rental rate to the Lessee which shall not exceed the rental consideration in this Lease. (REV 03-96)

### ARTICLE III - LESSOR OBLIGATIONS

3.1 - The Lessor shall furnish to the Lessee and pay the cost of the following: (REV 03-96)

a) Heating, mechanical ventilating, cooling, and humidification system capable of providing a temperature range of 68°F to 78°F, measured at 30" above the finished floor, and 12" inside any exterior wall, and a humidification range of 30% to 50%, at all times occupied. Ventilation in restrooms shall be a minimum of 100 cfm, exhausted to the outdoors. (REV 09-96)

b) Electrical power distribution system throughout the Leased premises, for the operation of all business machinery and equipment. (New 09-91)

c) Natural and/or artificial interior illumination that provides a minimum 70 foot-candles, measured at desk level, at all times, throughout the Leased premises. Artificial illumination shall be by incandescent or fluorescent lamps, and shall include tubes, bulbs, starters, ballasts, and fuses used inside the illumination fixture, and the replacement thereof for the Leased premises and common areas. (REV 09-96)

d) Domestic plumbing system to restrooms and break rooms capable of supplying hot and cold water, and removing sanitary waste water. Hot water delivery shall be not more than 120°F and not less than 110°F, measured at the tap. (REV 02-93)

e) Potable water shall meet the requirement of the Safe Drinking Water Act, 1976 PA 399, as amended, MCL 325.1001 et seq. (REV 09-96)

**f) Deleted, Not Applicable**

g) Adequate roof, vertical, and foundation thermal insulation in accordance with applicable codes. (New 09-91)

h) Complete moisture protection from all exterior weather sources, on all sides, floors, and roof of the Leased premises. (REV 09-96)

i) Sound attenuation between any mechanical system or other tenant in the premises and the Leased premises, which provides not greater than 45dbA sound level readings, under conditions with all Lessee business equipment shut down. (REV 09-96)

j) Vibration isolation between any mechanical, plumbing, electrical, or other building system attached to and a part of the Leased premises. (New 09-91)

k) Any equipment, portable or fixed, including alarm notification systems, required by the local public **fire authority**. (New 09-91)

l) Commercial grade, heavy-duty locking hardware.

m) Pest control, including but not limited to: insects, rodents, flying animals, etc. Spraying must be performed after business hours or on weekends. (REV 3-07)

n) Trash removal from dumpsters, or equivalent containers. (New 09-91)

o) Exterior grounds maintenance, including grass and weed cutting, clippings removal, leaf raking, litter removal, sidewalk surface and parking lot surface maintenance, de-icing, and snow removal. Snow removal is required anytime the accumulated depth is 2" or more, 24 hours after the most recent snowfall, and there shall be a clear path from the handicapper motor vehicle parking spaces to the barrier free entrances. (New 09-91)

p) Janitorial supplies, equipment, personnel, and supervision to provide for cleaning **services for common areas only**. (New 09-91)

q) Paved, striped, illuminated, and common motor vehicle parking on the Leased premises, for **35** motor vehicles, including overnight parking for state-owned motor vehicles. Illumination shall be not less than 2 foot-candles, with a uniformity not greater than 4 to 1, measured on the parking surface. The Lessor shall provide replacement tubes, bulbs, starters, and fuses, i.e., all parts and equipment necessary to provide and maintain this exterior illumination. (REV 09-96)

r) Leased premises shall comply with the barrier free design requirements of 1966 PA 1, as amended, MCL 125.1351 et seq. (Utilization of Public Facilities by Physically Limited). (REV 09-06)

s) Complete maintenance of the Leased premises, except for any obligations expressly undertaken by the Lessee set forth in Article IV. The Lessor shall keep the Leased premises in good repair, and able to perform and operate as designed, free from dangerous or defective conditions, and in tenantable condition, and at the Lessor's sole expense, properly and in a manner customarily accepted by the skilled trades, make all repairs and/or replacements, structural or nonstructural, of whatever nature. The Lessor shall provide inspections and preventive maintenance for heating and cooling systems in accordance with manufacturers' standards and any local codes or ordinances. The Lessor shall have a reasonable period of time, not to exceed thirty (30) days after receipt of a detailed written notice from the Lessee, to cure any maintenance defect. Additional time to cure any such maintenance defects may be allowed provided, in the Lessee's discretion, the Lessor proceeds with due diligence both during and after such thirty (30) day period, and the total time period to cure does not exceed ninety (90) days. This provision is cross-referenced in paragraphs 4.2, 5.15, 5.17, and 11.3. (REV 09-96)

t) A listing of all important service or repair contractors to be contacted by telephone by the Lessee for emergency service or maintenance. These emergency telephone numbers shall be used by the Lessee only after attempting contact with the Lessor, given the scope and nature of the emergency. The Lessor shall maintain an updated or otherwise current listing. Lessor's failure to provide the emergency telephone numbers or to notify the Lessee of changes to the current listing shall be considered as authorization for the Lessee to contact an emergency service or maintenance contractor of choice. (REV 09-96)

u) Full replacement value insurance, for the Leased premises identified in paragraphs 2.1 and 2.2, having only standard exclusions, i.e. for acts of war, nuclear disaster, or civil riots. (New 09-91)

v) General premises liability insurance for the Leased premises identified in paragraphs 2.1 and 2.2, which provides full coverage for the Lessor, the Lessee, and their respective agents and employees and which 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 Leased premises. The Lessor 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. The Lessor shall provide to the Lessee a certificate of insurance listing the Lessee, its several departments, boards, agencies, commissions, officers, and employees as additional insureds, within thirty (30) calendar days following execution and delivery of this Lease to the Lessor, 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 the Lessee. (REV 01-97)

w) A written report, not more than sixty (60) days old from the date of first possession, from the local public **fire authority**, indicating the Leased premises are approved for occupancy. If a renewal option is exercised, the Lessor shall provide the Lessee with an updated report within sixty (60) days from the beginning date of each renewal period. (REV 09-96)

x) A legible photocopy of the recorded warranty deed, or other instrument conveying current legal possession or title, with right to lease or sublease the Leased premises, as found in paragraphs 2.1 and 2.2, to the Lessor; and copies of all other documents limiting or restricting the use of the Leased premises or affecting title to the lands and Leased premises. (REV 10-91)

y) A legible photocopy of the current legal entity documents (corporation, partnership, trust, D.B.A., etc.) of the Lessor. This shall include signature authorizations indicating the signatory of this Lease is authorized to act on behalf of the legal entity, in this real estate transaction. (New 09-91)

z) A legible photocopy of any certificates of occupancy, as approved by the local public building department or authority, if remodeling or construction is performed in paragraph 3.7. (New 09-91)

**aa) Deleted, Not Applicable**

bb) Adequate and easily accessible indoor space in the vicinity of any shipping and receiving docks, areas, or platforms, for the purpose of the placement of holding containers for state-government recyclable materials and supplies, in accordance with 1994 PA 451, as amended, MCL 324.16501 et seq. (REV 03-96)

**cc) Deleted, Not Applicable**

3.2 - The Lessor warrants that any asbestos contained within the Leased premises has been removed prior to the Lessee taking possession; or if not removed, is present or installed in a manner that will not harm or injure human occupants. The parties agree that the Lessee assumes no liability or responsibility for the presence of asbestos in or on the Leased premises. (REV 03-96)

**3.3 - a) Deleted, Not Applicable**

b) The Lessor covenants that in the event a release or the threat of a release of a hazardous substance is discovered after execution of the Lease, to exist on, in or below the Leased premises, the Lessor shall: (REV 09-96)

1) Promptly notify both the State, as the Lessee, and the Michigan Department of Environmental Quality (MDEQ) of the release or threatened release. (REV 09-96)

2) Report, investigate, remediate, and take all other actions consistent with Federal, State and local laws and regulations including, without limitation, Part 201 of the Natural Resources and Environmental Protection Act (NREPA), MCL 324.20101, et seq. (REV 09-96)

3) Inform the Lessee, the MDEQ, and all other parties required to be notified under Federal, State or local law, of all actions taken under (2) above. (REV 09-96)

4) Provide the Lessee, the MDEQ, and all other parties required to be notified under Federal, State or local law, with all reports, data, analyses and other documents and information related in any way to the investigation, remediation or other steps taken under (2) above. (REV 09-96)

c) The Lessor, except as otherwise provided herein, agrees to hold the Lessee harmless and to indemnify the Lessee for any claims brought against the Lessee related to asbestos or the release or threatened release of any hazardous substance on, in or below the Leased premises that may have occurred prior to or after the Lessee's occupancy of the Leased premises. This indemnification and hold harmless provision shall survive the termination of the leasehold interest and the sale of the Leased premises by the Lessor. (REV 09-96)

d) The Lessor agrees to take no administrative or judicial action against the Lessee including, without limitation, any action for damages, contribution, cost recovery, or injunctive relief to compel the Lessee to investigate or take remedial action, declaratory relief, or any action associated with the Lessor's obligations to comply with Federal, State or local law as a result of asbestos or the release or threat of release of any hazardous substance on, in or below the Leased premises, except if the release or threatened release is caused solely by the Lessee. (REV 09-96)

e) The Lessor and Lessee mutually agree that they shall not release on, in, or below the Leased premises any hazardous substance. The Lessee assumes responsibility, to the extent provided by law, for a release or threatened release of a hazardous substance caused by the Lessee. The Lessor need not indemnify or defend the Lessee if the release or threatened release is caused solely by the Lessee. (REV 09-96)

3.4 - The Lessor is responsible for defending the Lessee against any claim whether meritorious or frivolous, by any person challenging the Lessor's right to Lease the Leased premises, and shall at its sole expense satisfy any judgment against the Lessee. (REV 09-96)

**3.5 - Deleted, Not Applicable**

**3.6 - Deleted, Not Applicable**

**3.7 - Deleted, Not Applicable**

3.8 - During the remodeling or construction of the Leased premises, either party may request remodeling or construction changes, for the purposes of economizing, or Lessee program changes. The Lessor shall submit a complete description and itemized cost estimate for prior written approval to the Real Estate Division of the Department of Management and Budget, prior to performing the work required by the requested change. If the changes, and any resulting cost differences, are mutually agreed upon in writing by the Lessor, Lessee, and Real Estate Division, the Lessee shall make a lump-sum payment with, or lump-sum deduction from, the first month's rental consideration due the Lessor. Failure to include in the complete itemized cost estimate any cost directly or indirectly incurred as a result of the change constitutes Lessor's waiver of entitlement to such costs, except in the event that the Lessor or Lessor's contractor provides a detailed reservation of its right to additional costs which cannot be reasonably calculated as of the date the cost estimate is submitted. (REV 09-96)

3.9 - Remodeling of the Leased premises required by any existing or future laws, ordinances, or regulations of the city, village, township, county, state, or federal government, or other public building authority, shall be made by the Lessor, at no expense to the Lessee. (REV 09-96)

3.10 - In the event that less than ten percent (10%) of the replacement value of the Leased premises are damaged or destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall at its own expense, as speedily as circumstances permit, repair said damage and restore the Leased premises to its prior condition, within thirty (30) days notice after the damage or destruction. In the event that between ten percent (10%) and fifty percent (50%) of the replacement value of the Leased premises are damaged or destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall at its own expense, as speedily as circumstances permit, repair said damage and restore the Leased premises to its prior condition, within ninety (90) days notice after the damage or destruction. In the event that more than fifty percent (50%) of the replacement value of the Leased premises are damaged or

destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall have the option of repairing or reconstructing, or canceling this Lease, which option shall be exercised within ninety (90) days after the damage or destruction. This covenant is cross-referenced in Articles IV, V and XI. (REV 09-96)

### **3.11 - Deleted, Not Applicable**

3.12 - The Lessor 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 et seq, 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. The Lessor 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 real estate contract. This covenant is cross-referenced in Article XI. (REV 07-98)

3.13 - The Lessor shall have the right to specify positioning of safes or other concentrated loads, that do not exceed the structural loading capacities, in the floor design layout. (New 02-93)

3.14 - The Lessor shall, within forty-five (45) days after transfer of its ownership interest in the Leased premises, provide notice to the Lessee of said transfer. (New 09-96)

### **3.15 - Deleted, Not Applicable**

3.16 - Time extension requests must be submitted in writing to Lessee each month in which the Lessor believes he/she is entitled to more time. Such requests shall detail the length of time extension requested and indicate why the Lessor believes more time is warranted. Lessee will respond to such requests and may extend the timeframe allowed for substantial completion. If no time extension is requested in writing, it will be assumed that no additional time is needed and no timeframe extension will be allowed for that month. (New 09-96)

3.17 - The Lessor shall permit the Lessee to display public notifications of applicable public meetings as required by 1976 PA 267, as amended, MCL 15.261 et seq, in public lobby areas of the building wherein the Leased premises are located, in a manner consistent with the decor of the public lobby areas. Any display cases or other means used to display such public notifications shall be at the Lessee's expense. (New 10-97)

## ARTICLE IV - LESSEE OBLIGATIONS, DUTIES, and OPTIONS

4.1 - The Lessee shall furnish: (REV 03-96)

a) 100% payment for public electrical utility charges used in the Leased premises

Pro rata share (8.6%) payment for public utility charges for heating, cooling, and water and sewer

b) Deleted, Not Applicable

c) Janitorial supplies, equipment, personnel, and supervision for complete janitorial service for the Leased premises. (New 09-91)

d) Deleted, Not Applicable

e) Deleted, Not Applicable

f) Trash removal from office wastebaskets within the Leased premises and used by the Lessee. (REV 09-96)

g) Telecommunications system and equipment. (New 09-91)

h) Intrusion alarm system and/or monitoring. (New 09-91)

i) Reimbursement to the Lessor, for any repairs to the Leased premises, from damage that exceeds the 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. (REV 09-96)

j) Maintenance of: **None**. (New 09-91)

k) Deleted, Not Applicable

4.2 - The Lessee shall give detailed written notice to the Lessor, and if applicable, to the Lessor's mortgagee, of the need for any maintenance which is the obligation of the Lessor pursuant to Article III. This provision is cross-referenced in paragraphs 3.1(s), 5.15, and 5.17. (REV 09-96)

4.3 - a) The Lessee shall have the option to add tenant improvements to the Leased premises during this Lease or any extension at the Lessee's expense. The tenant improvements to the Leased premises shall be and remain the property of the Lessee, and may be removed by the Lessee prior to cancellation or termination of this Lease. In the event the Lessee exercises its option to remove any tenant improvements to the Leased premises under this paragraph upon cancellation or termination of this Lease, the Lessee shall restore or otherwise return the Leased premises to the Lessor in an "as found" condition, except for normal wear and tear, unless otherwise agreed upon in writing. (REV 09-96)

b) In the event the Lessee removes any fixtures, finishes, additions, or structures owned by the Lessor, placed in or attached to the Leased premises, upon termination or cancellation of this Lease, the Lessee shall restore or otherwise return the Leased premises to the Lessor in an "as found" condition, except for normal wear and tear, unless otherwise agreed upon in writing. (REV 09-96)

4.4 - All tenant improvements by the Lessee, made pursuant to paragraph 4.3, shall be performed in a manner customarily accepted by the skilled trades, and in accordance with all federal, state, and local rules, ordinances, laws, codes, or nationally recognized standards of good construction practice. (REV 09-96)

4.5 - Upon cancellation or termination of this Lease, the Lessee shall clean the Leased premises to "broom-clean condition", and shall remove all furnishings from the Leased premises. Furnishings remaining in or on the Leased premises after the cancellation or termination effective date shall be considered abandoned property, and the Lessee shall be obligated to pay the Lessor for all reasonable removal costs. (REV 09-96)

4.6 - The Lessee shall be responsible to request and obtain any local government sign ordinance variances and the payment of any related fees. (REV 09-96)

4.7 - In the event the Lessor fails to proceed with repairs necessitated by damage or destruction that is fifty percent (50%) or less, as referenced in paragraph 3.10, the Lessee may proceed, after affording insurance surveyors or adjusters opportunity to inspect the damages, with repairs for the account of and at the expense of the Lessor. (REV 09-96)

#### **4.8 - Deleted, Not Applicable**

4.9 - The Lessee shall close all open windows, skylights, doors, or other exterior openings to the Leased premises, within the control of the Lessee, to avoid possible damage from fire, storms, rain, or freezing, when leaving the Leased premises at the close of the business day, or prior to any times when the Leased premises shall be unoccupied. (REV 09-96)

4.10 - The Lessee shall not permit: (REV 09-96)

a) Bicycles, mopeds, or other vehicles used for personal transportation, to be stored within the Leased premises or other common areas, unless otherwise specifically authorized elsewhere in this Lease, or agreed upon in writing with the Lessor. (REV 02-93)

b) Any items to be attached to suspended acoustical ceiling grids. (REV 02-93)

c) Access to any roof or overhang structure, except as under emergencies to maintain the roof moisture barrier or any rooftop mechanical system affecting the Leased premises. (REV 09-96)

## ARTICLE V - RENT CONSIDERATION

5.1 - Rent consideration installment payments shall be made during the month for which the installment applies. (New 09-91)

5.2 - If the Leased premises are not ready for possession by the date established in paragraphs 2.4 and 3.6, the Lessee shall not be responsible for rent until taking possession, nor shall the Lessee waive any claims to damages which the Lessee may have suffered. (REV 09-96)

5.3 - The Lessee shall pay to the Lessor as annual rent consideration for the Leased premises from 12:01 a.m. **August 1, 2007**, through 11:59 p.m. **July 31, 2009**, at the rate of **Sixty Three Nine Hundred Ninety Three and 60/100 dollars (\$63,993.60)** per year, payable in installments of **Five Thousand Three Hundred Thirty Two and 80/100 dollars (\$5,332.80)** per month. (REV 09-96)

5.3A - Deleted, Not Applicable

5.4 - Deleted, Not Applicable

5.5 - In the event the Lessee exercises the renewal option pursuant to Article II, paragraph 2.5, the Lessee shall pay to the Lessor as rent consideration for the Leased premises from 12:01 a.m. **August 1, 2009**, through 11:59 p.m. **July 31, 2011**, at the rate of **Sixty Three Nine Hundred Ninety Three and 60/100 dollars (\$63,993.60)** per year, payable in installments of **Five Thousand Three Hundred Thirty Two and 80/100 dollars (\$5,332.80)** per month. (REV 09-96)

5.6 - Deleted, Not Applicable

5.7 - Deleted, Not Applicable

5.8 - Deleted, Not Applicable

5.9 - Deleted, Not Applicable

5.10 - Deleted, Not Applicable

5.11 - Deleted, Not Applicable

5.12 - Deleted, Not Applicable

5.13 - Reserved

5.14 - Reserved

5.15 - If the Lessor fails to provide maintenance or complete the remodeling or construction, as referenced in Article III, the Lessee may provide the required maintenance, or complete the required remodeling or construction, and deduct the costs from future rent consideration payments due the Lessor. (REV 01-97)

5.16 - If the Lessor fails to provide supporting documentation or warranties, as required by Article III, four percent (4%) of the monthly rent consideration shall be held by the Lessee, until the required documentation is provided to the Lessee. (REV 09-96)

5.17 - The Lessee shall be entitled to an abatement of rent consideration for the period during which the Leased premises are rendered untenable or incapable of the use for which the premises were leased as described in paragraph 1.10. In the event that only a part of the Leased premises are untenable or incapable of such use, the rent shall be reduced in proportion to the entire area rented by the Lessee. This covenant is cross referenced in Articles III, IV and XI. (REV 09-96)

5.18 - Any rent consideration prepaid in advance to the Lessor, shall, upon damage or destruction as identified in paragraph 3.10, be repaid by the Lessor to the Lessee, within thirty (30) days of cancellation. (REV 09-96)

#### **ARTICLE VI - Deleted, Not Applicable**

#### **ARTICLE VII - EMINENT DOMAIN/CONDEMNATION**

7.1 - The Lessor shall notify the Lessee within ten (10) days of the commencement of eminent domain/condemnation proceedings against the Leased premises described in paragraphs 2.1 and 2.2 by a public agency authorized by law to condemn property. The Lessor shall timely notify the Lessee of the Lessor's intent to contest eminent domain/condemnation proceedings. The Lessor shall notify the Lessee within ten (10) days of acquisition by eminent domain/condemnation of the Leased premises described in paragraphs 2.1 and 2.2 by a public agency. (REV 09-96)

7.2 - If a total taking of the Leased premises by any public authority under the power of eminent domain/condemnation occurs, then the term of this Lease shall cease as of the day of possession and the rent shall be paid up to that day with a proportionate refund by the Lessor of such rent as may have been paid in advance for a period subsequent to the date of the taking. This covenant is cross referenced in Article XI. (REV 09-96)

7.3 - If a partial taking of the Leased premises by any public authority under eminent domain/condemnation occurs, the Lessee shall have the right either to terminate this Lease and declare same null and void, or, subject to the Lessor's right of termination as set forth below, to continue in possession of the remainder of the Leased premises, and shall notify the Lessor in writing within ten (10) days after such taking of the Lessee's intention. In the event the Lessee elects to remain in possession, all of the terms herein provided shall continue in effect, except that the fixed annual rental shall be reduced in proportion to the amount of the Leased premises taken and the Lessor

shall, at its own cost and expense, make all the necessary repairs or alterations to the building, as originally installed by the Lessor, so as to constitute the remaining Leased premises a complete architectural unit. (REV 01-97)

7.4 - If more than fifty (50%) percent of the Leased premises are taken under the power of eminent domain/condemnation, the Lessor may, by written notice to the Lessee delivered on or before the date of surrendering possession to the public authority, terminate this Lease. (REV 09-96)

7.5 - All damages awarded for either a total or partial taking under the power of eminent domain/condemnation, of the Leased premises, including fee title, described in paragraphs 2.1 and 2.2 shall belong to and be the property of the Lessor, except damages awarded as compensation for diminution in value to the leasehold interest which shall belong to and be the property of the Lessee. The Lessee shall be entitled to all damages and costs flowing from its loss of the leasehold interest including, but not limited to, loss of the value of the remaining terms of the Lease, the economic value of the Lease, depreciation and cost of removal of the Lessee's supplies and fixtures, and relocation cost. (REV 09-96)

### **ARTICLE VIII - ESTOPPEL**

8.1 - The Lessee shall, within fourteen (14) days of receipt of a request by the Lessor, pursuant to paragraph 12.1, certify, to the extent the Lessee believes the information to be true and deliver to the Lessor an executed estoppel certificate (Enclosure "D"). The Lessee's failure to deliver such statement shall be conclusive upon the Lessee that: (REV 09-96)

a) This Lease is in full force and effect without modification except as may be represented by the Lessor, (New 09-91)

b) There are no uncured defaults in the Lessor's performance, (New 09-91)

c) Not more than one (1) month's rent has been paid in advance. (New 09-91)

### **ARTICLE IX - Deleted, not applicable**

### **ARTICLE X - LESSOR'S MORTGAGEE**

10.1 - For purposes of this Article, the term "Lessor's mortgagee" means any party of record holding a mortgage or deed of trust on the Leased premises described in paragraphs 2.1 and 2.2, or any part thereof. The Lessor shall give the Lessee written notice that such party holds such lien or deed of trust, and written evidence of the date the mortgage or deed of trust was executed, together with notice of the address of Lessor's mortgagee. A lien held by a Lessor's mortgagee on the Leased premises, or any portion thereof, is herein referred to as a "Lessor's mortgage". (REV 09-96)

10.2 - Pursuant to paragraph 10.1, the Lessor has disclosed all mortgages or deeds of trust affecting the Leased premises set forth in paragraphs 2.1 and 2.2, which exist as of the execution date of this Lease. If a mortgage or deed of trust exists or existed, as of the execution date of the original Lease, the Lessor shall cause each mortgagee to execute in favor of the Lessee the Nondisturbance Agreement, attached as Enclosure "E", whereby said mortgagee agrees that it will not disturb the Lessee's tenancy in the event of foreclosure or other succession to the interest of the Lessor. Enclosure "E" shall be executed before this Lease becomes effective. Any mortgage is to be subordinate to this Lease, and any future amendment thereto unless specifically provided otherwise in writing. (REV 09-96)

10.3 - If the Leased premises are at any time during the term of this Lease subject to a Lessor's mortgage, then, whenever the Lessee gives notice to the Lessor alleging default by the Lessor in performance of any covenant or obligation under this Lease, the Lessee shall simultaneously give a copy of such notice to the Lessor's mortgagee (at the address of the Lessor's mortgagee provided pursuant to paragraph 10.1). Lessor's mortgagee shall have the right (but not the obligation) to cure or remedy Lessor's default during the same time period that is permitted to the Lessor hereunder for the remedying or curing of such default. Lessee will accept such curative or remedial action taken by a Lessor's mortgagee with the same effect as if such action had been taken by the Lessor. Any claims for damages by the Lessee shall not be waived by the Lessor's mortgagee's corrective or remedial action. (REV 01-97)

10.4 - In the event that the Lessor's mortgagee of record (or any other party) shall acquire title to the Leased premises or shall succeed to the Lessor's interest in this Lease, whether through foreclosure of the Lessor's mortgage, conveyance in lieu of foreclosure, or otherwise (collectively, a "foreclosure"), the Lessor's mortgagee (or other such party) shall thereupon, and without the necessity of attornment or other act or agreement, be substituted as the Lessee's landlord under this Lease, and shall be subject to the obligations thereof. The rights acquired by the Lessor's mortgagee are subordinate to this Lease and all of the Lessee's rights under the Lease continue undisturbed. (REV 09-96)

## ARTICLE XI - CANCELLATION

11.1 - This Lease may be cancelled by the Lessee during any period of possession, if: (REV 09-96)

The Lessor is notified in writing at least **ninety (90)** days prior to the effective date of cancellation. (New 09-91)

### 11.2 - Deleted, Not Applicable

11.3 - This Lease may be cancelled by the Lessee provided the Lessor is notified in writing at least thirty (30) days prior to the effective date of cancellation and any one of the following occur: (REV 01-97)

a) The Lessor or any subcontractor, manufacturer or supplier of the Lessor appears in the register compiled by the Michigan Department of Labor pursuant to 1980 PA 278, as amended, MCL 423.321 et seq. (Employers Engaging in Unfair Labor Practices Act). (REV 01-92)

b) The Lessor or any subcontractor, manufacturer or supplier of the Lessor 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 Article III. (REV 07-98)

c) The Leased premises do not comply with the barrier free design requirements of 1966 PA 1, as amended, MCL 125.1351 et seq. (Utilization of Public Facilities by Physically Limited). This covenant is cross-referenced in Article III. (REV 09-06)

d) The Leased premises are taken for a public purpose by eminent domain/condemnation proceedings by a governmental unit. This covenant is cross-referenced in Article VII. (REV 09-96)

e) The Lessee's use of the Leased premises is in violation of local adopted ordinance, or recorded deed restrictions. (REV 09-96)

f) The Lessee acquires fee title to the Leased premises in paragraphs 2.1 and 2.2. This covenant is cross-referenced in Article VI. (REV 09-96)

g) The Lessor fails to maintain the Leased premises in a tenantable condition, described in and subject to the notice provision in paragraph 3.1(s). The Lessee shall provide detailed written notice to the Lessor, of not less than thirty (30) days, to correct defaults. (REV 09-96)

h) The Lessor fails to repair or restore the Leased premises for damage specified in paragraph 3.10. This covenant is cross-referenced in Articles III, IV, and V. (REV 01-92)

i) The Lessor fails to deliver the Leased premises, according to the plans, specifications, and timeframe for remodeling or construction, found in paragraph 3.6. (REV 01-92)

j) Damage or destruction, specified in paragraph 3.10, is so extensive as to constitute a total destruction of the Leased premises. This covenant is cross-referenced in Articles III, IV and V. (REV 01-92)

11.4 - This Lease may be cancelled by the Lessor if the Lessee is notified in writing at least sixty (60) days prior to the effective date of cancellation and any one of the following occur: (REV 09-96)

a) Damage or destruction to the Leased premises exceeds fifty percent (50%) of the replacement value of the Leased premises, as referenced in paragraph 3.10. This covenant is cross referenced in Articles III, IV and V. (REV 10-91)

b) The Leased premises are taken by eminent domain/condemnation proceedings, as referenced in Article VII. (REV 10-91)

## ARTICLE XII - NOTICE, APPLICATION, AND APPROVALS

12.1 - Any notice to Lessee required by this Lease shall be complete if submitted in writing and transmitted 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, notice to the Lessor shall be transmitted to the address noted in this Lease, and notices to the Lessee shall be transmitted to: (REV 09-96)

State of Michigan  
Department of Management and Budget  
Real Estate Division  
530 W. Allegan Street  
P.O. Box 30026  
Lansing, Michigan 48909 (REV 05-97)

The notice shall be deemed effective as of Noon, Eastern Time on the third business day following the date of mailing, if transmitted 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 successor agency, performing such function shall be conclusive evidence of the date of mailing. (New 09-91)

12.2 - This Lease shall be interpreted in accordance with the laws of the State of Michigan. (New 09-91)

12.3 - This Lease shall be binding upon and to the benefit of the heirs, executors, administrators, and assigns of the Lessor; and upon and to the benefit of the assignees and sublessees of the Lessee. (REV 09-96)

12.4 - This Lease shall not be binding or effective on either party until approved (and notarized as necessary) by the Lessor, Lessee, Department of the Attorney General, Department of Management and Budget, Building Committee of the State Administrative Board, and the State Administrative Board. If this Lease or any subsequent amendments to it fall within the requirements of 1984 PA 431, as amended, MCL 18.1101 et seq. (Management and Budget Act), this Lease and any subsequent amendments to it shall also require approval of the Joint Capital Outlay Subcommittee of the Legislature. (REV 03-07)

### 12.5 - Deleted, Not Applicable

12.6 - 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 remainder of the Lease, and such action shall not affect the enforceability of the remaining provisions of the Lease. (New 04-92)

12.7 - This Lease, with all enclosures and attachments as 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, as under paragraph 12.4. (REV 09-96)

12.8 - Electronic Funds Transfer (EFT): Public Act 533 of 2004 requires that payments under this Lease be processed by electronic funds transfer (EFT). Lessor is required to register to receive payments by EFT at the Contract & Payment Express website ([www.cpexpress.state.mi.us](http://www.cpexpress.state.mi.us)). (New 03-07)

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Enclosure "A" - 1 page, floor plan

Enclosure "B" - 3 page(s), legal description

Enclosure "C" - **Deleted, Not Applicable**

Enclosure "C-1" - **Deleted, Not Applicable**

Enclosure "D" - 1 page, estoppel

Enclosure "E" - 2 pages, Nondisturbance Agreement

Enclosure "F" - **Deleted, Not Applicable**

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

Lessor:

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature

Print Name:  
Title: Its Chairman  
Federal ID #:

Lessor:

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature

Print Name:  
Title: Its Clerk

State of Michigan, County of \_\_\_\_\_.

The forgoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,

2007, by \_\_\_\_\_,  
Type or print name(s) of person(s) signing this document

the \_\_\_\_\_ of \_\_\_\_\_,

a \_\_\_\_\_, corporation, on behalf of the corporation.

\_\_\_\_\_, Notary Public in the County of \_\_\_\_\_.

Acting in the County of \_\_\_\_\_, State of Michigan.

My commission expires \_\_\_\_\_.

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

Lessee:

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature

Print Name:  
Title:

State of Michigan, County of \_\_\_\_\_.

The forgoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_,  
2007, by \_\_\_\_\_ the \_\_\_\_\_  
Type or print name(s) of person(s) signing this document

for the Michigan Department of Human Services.

\_\_\_\_\_, 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 \_\_\_\_\_

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

Lessee:

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature

Terri L. Fitzpatrick, Director  
Real Estate Division  
For: Lisa Webb Sharpe, Director  
Department of Management and Budget

State of Michigan, County of Ingham

The forgoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by Terri L. Fitzpatrick, Director of the Real Estate Division of the Michigan Department of Management and Budget.

\_\_\_\_\_, Notary Public in the County of \_\_\_\_\_.

Acting in the County of \_\_\_\_\_, State of Michigan.

My commission expires \_\_\_\_\_.

This Lease was approved by the Michigan State Administrative Board on

Enclosure "D", one (1) page, to Lease # \_\_\_\_\_ by and between \_\_\_\_\_, and the State of Michigan for the Department of \_\_\_\_\_ of \_\_\_\_\_.

## SAMPLE ESTOPPLE CERTIFICATE

Date \_\_\_\_\_

Lessor Name/Mailing Address \_\_\_\_\_

Attn: Name of Lessor \_\_\_\_\_

Subject: Department of XXXXXXXXXXXX, Located at 1445 XXXXXXXXXXXX Avenue, Anytown, Michigan (#1234)

A review of the lease between XXXXXXXXXXXXXXXXXXXX and the State of Michigan for the above facility has been requested. Information obtained from this review might be used in negotiations for a possible change in ownership or financing of the facility.

The undersigned [is/is not] in possession as a tenant of certain rental space situated at [address of premises], Michigan, consisting of x,xxx square feet of [office/ warehouse/ residential/ (other)] space with a monthly rental of \$xx,xxx.xx. In connection therewith, the undersigned represents as follows:

The Leased premises [are/ will be] occupied pursuant to a certain written Lease dated [month/ day/ year] between the State of Michigan, as Lessee and [Lessor's name], a [corporation/ partnership/ trust/ estate etc.] as Lessor. Such Lease is presently in full force and effect [and has been amended "x" times].

The term of possession provided in the Lease [commenced/ commences] on [month/ day/ year] and expires on [month/ day/ year]. Renewal options are provided which can be exercised to extend possession to [month/ day/ year]. [Actual possession took place on [month/ day/ year] at which time rental payments started]. [An agreement [was/ was not] written to change the Lease dates to coincide with the date of possession].

This Lease [may] contain(s) a [lump-sum/ rental rate] adjustment clause for [liability insurance/ real property taxes/ other].

The undersigned [has/ has not] accepted possession of the Leased premises. Obligations or improvements required by the terms of said Lease, to be furnished or made by the Lessor to the premises, have been completed to date to the satisfaction of the undersigned with the exception of the following items:

1. [items listed here], 2. etc., and 3., etc.

The most recent rent paid to the Lessor or Lessor's agent was for the month of XXXXX; no rent has been paid more than thirty days in advance of its due date. There is no security deposit. The last payment of its proportionate share of real property taxes and insurance was made by the undersigned to the Lessor on [month/ day/ year] as a part of the regular monthly rental payment; no such payment has been made more than thirty days in advance of its due date.

The State [pays utilities directly with the exception of water and sewer service; proportional payment for water and sewer service made directly to the Lessor upon presentation of a billing document from the city. Common area expenses are paid as a part of the monthly rental].

The undersigned knows of no default or breach of the Lease by either the Lessor or State except obligations or improvements listed above - if any. The Lessor holds no deposit or other property of the State. There are no offsets, claims, or rent deductions except those which might be made by the State by its Department of XXXXXXXXXXXX. The Lessor should contact [name of State agency contact person] for information about rent deductions. The Lease (as amended) represents the entire agreement between the parties as to the Leased premises.

Sincerely,  
Terri L. Fitzpatrick  
Director, Real Estate Division

XXX:xxx cc: Department contact person

Enclosure "E" to Lease # \_\_\_\_\_ by and between \_\_\_\_\_, as Lessor and the State of Michigan for the Department of

## SAMPLE NONDISTURBANCE AGREEMENT

This Agreement between \_\_\_\_\_, hereinafter called "Mortgagee," the State of Michigan by the Department of Management and Budget for the Department of \_\_\_\_\_, hereinafter called "Lessee," and \_\_\_\_\_, hereinafter called "Lessor," which terms "Lessor," "Lessee," and "Mortgagee" shall include the successors and assigns of the respective parties.

THE FOLLOWING is a recital of facts underlying this Agreement:

By State Lease #\*\*\*\*\*, [as amended], which is by reference made a part of this Agreement (hereinafter the Lease), Lessor in consideration of the rents reserved therein, and of the terms, covenants, conditions, and agreements set forth in the Lease, has demised and let to Lessee, and Lessee has leased from Lessor, certain premises described in Lease paragraphs 2.1 and 2.2, located in \_\_\_\_\_, for an original term extending until (date), and for any exercised extensions.

Mortgagee is the holder of a mortgage made by (name of Lessor), dated \_\_\_\_\_ which mortgage covers the real property described in Lease paragraphs 2.1 and 2.2 and buildings thereon, and other property, rights, franchises and privileges more particularly described in the Mortgage (which collectively are herein called the "Mortgaged Property").

Lessor is the owner and holder of title to the Mortgaged Property.

Mortgagee shall recognize Lessee's rights under the Lease in the event of a foreclosure of Mortgagee's lien.

The parties agree as follow:

So long as Lessee is not in default (beyond any period given Lessee to cure such default) in the payment of rent or additional rent, or the performance of any other terms, covenants, or conditions of the Lease, Lessee's possession under the Lease and Lessee's rights and privileges thereunder, or under any extensions or renewals thereof that may be affected in accordance with any option contained in the Lease, shall not be diminished or interfered with by Mortgagee. (The term "Mortgagee" shall include any purchaser at a foreclosure sale). Lessee's occupancy shall not be disturbed by Mortgagee during the term of this Lease or any extensions or renewals thereof.

As indicated in Lease Article X, when Mortgagee is substituted as the Lessee's Lessor, Mortgagee is subject to the obligation of the Lease including any amendments to the Lease. It is the intention of the parties hereto to incorporate the Lease into this Agreement by reference with the same force and effect as if set forth fully verbatim herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Witnesses:

Lessee: State of Michigan

\_\_\_\_\_  
1st witness:  
Print name of witness

By: \_\_\_\_\_  
(name typed)

Title: \_\_\_\_\_

\_\_\_\_\_  
2nd witness:  
Print name of witness

Date: \_\_\_\_\_

\*State of Michigan, County of \_\_\_\_\_

I  
| Acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_  
| the \_\_\_\_\_ of \_\_\_\_\_, State of Michigan.

\* \_\_\_\_\_, Notary Public in the County of \_\_\_\_\_

| Notary signature

\* Acting in the County of \_\_\_\_\_, State of Michigan. My Commission expires: \_\_\_\_\_

Enclosure "E" page 2 of 2

Witnesses:

Lessor: \_\_\_\_\_

(name of Lessor)

\_\_\_\_\_  
1st witness:  
Print name of witness

By: \_\_\_\_\_  
(name typed)

Title: \_\_\_\_\_

\_\_\_\_\_  
2nd witness:  
Print name of witness

Date: \_\_\_\_\_

\*State of Michigan, County of \_\_\_\_\_.

\*  
\* Acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_  
| the \_\_\_\_\_ of \_\_\_\_\_, Name of Lessor

\* \_\_\_\_\_, Notary Public in the County of \_\_\_\_\_.

\* Notary signature  
\* Acting in the County of \_\_\_\_\_, State of Michigan.

| My Commission expires: \_\_\_\_\_.

Witnesses:

Mortgagee: \_\_\_\_\_  
(name of mortgagee)

\_\_\_\_\_  
1st witness:  
Print name of witness

By: \_\_\_\_\_  
(name typed)

Title: \_\_\_\_\_

\_\_\_\_\_  
2nd witness:  
Print name of witness

Date: \_\_\_\_\_

\*State of Michigan, County of \_\_\_\_\_.

\*  
\* Acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_  
| the \_\_\_\_\_ of \_\_\_\_\_, Name of Mortgagee

\* \_\_\_\_\_, Notary Public in the County of \_\_\_\_\_.

\* Notary signature  
\* Acting in the County of \_\_\_\_\_, State of Michigan.

| My Commission expires: \_\_\_\_\_.

Judy Bobo  
MI Dep't of Management and Budget  
Real Estate Division  
1401 Presque Isle  
Marquette, MI 49855