

HUMANE SOCIETY OF HURON VALLEY

At a _____ meeting of the Board of the Humane Society of Huron Valley, County of Washtenaw, Michigan, held on the _____ day of _____, 2007, at _____:_____.m., Eastern Standard Time, in the _____ Building in _____, Michigan there were:

PRESENT: _____

ABSENT: _____

The following preambles and resolution were offered by _____ and seconded by _____.

RESOLUTION APPROVING LEASE AND LEASEBACK

WHEREAS, the County of Washtenaw (the "County") wishes to construct a building including equipment and furnishings (the "Project") which will be leased by the County to the Humane Society of Huron Valley ("HSHV"); and

WHEREAS, a lease and leaseback (the "Lease") has been prepared for that purpose a copy of which is attached as Appendix 1.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE HUMANE SOCIETY OF HURON VALLEY, WASHTENAW COUNTY, MICHIGAN, as follows:

1. The Lease attached as Appendix 1 is approved and the officers of HSHV designated thereon are authorized to execute and deliver the same on behalf of HSHV.

2. All resolutions and parts of resolutions, insofar as they conflict with the foregoing resolution are hereby rescinded.

COUNTY OF WASHTENAW

At a _____ meeting of the Board of Commissioners of the County of Washtenaw, Michigan, held on the ____ day of _____, 2007, at __:__ .m., Eastern Standard Time, in the Washtenaw County _____ Building in Washtenaw, Michigan there were:

PRESENT: _____

ABSENT: _____

The following preambles and resolution were offered by _____ and seconded by _____.

RESOLUTION APPROVING LEASE AND LEASEBACK

WHEREAS, the County of Washtenaw (the "County") wishes to construct a building including equipment and furnishings (the "Project") which will be leased by the County to the Humane Society of Huron Valley ("HSHV"); and

WHEREAS, a lease and leaseback (the "Lease") has been prepared for that purpose a copy of which is attached as Appendix 1.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF WASHTENAW, MICHIGAN, as follows:

1. The Lease attached as Appendix 1 is approved and the officers of the County designated thereon are authorized to execute and deliver the same on behalf of the County.

2. The County Administrator is hereby authorized to enter into further agreements regarding the Project with the HSHV as necessary.

3. All resolutions and parts of resolutions, insofar as they conflict with the foregoing resolution are hereby rescinded.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YES: _____

NO: _____

ABSTAIN: _____

The resolution was declared adopted.

APPENDIX 1

LEASE

THIS LEASE ("Lease") made as of December 1, 2007, by and between the COUNTY OF WASHTENAW, a Michigan municipal corporation (the "County"), and the HUMANE SOCIETY OF HURON VALLEY ("HSHV"), organized and existing under and pursuant to the provisions of

W I T N E S S E T H:

WHEREAS, the HSHV is the owner of an existing animal shelter facility (the "Existing Animal Shelter") located on the land in Washtenaw County described in Appendix C (the "Existing Land");

WHEREAS, the HSHV has recently acquired the land described in Appendix D (the "Expansion Land") from the University of Michigan for the purpose of enhancing its service delivery;

WHEREAS, the County intends to construct and outfit an animal shelter principally on the Expansion Land to HSHV's specifications as described in Appendix B (the "New Animal Shelter" or the "Project.")

WHEREAS, HSHV wishes to enter into a ground lease with the County to lease the Leased Premises to the County for the purposes outlined in this document and to lease back the land and improvements described herein for its use.

THEREFORE, IN CONSIDERATION OF THE MUTUAL UNDERTAKINGS AND AGREEMENTS SET FORTH BELOW, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES TO THIS LEASE AS FOLLOWS:

1. Description of Leased Premises. A description of the Leased Premises has been completed and is attached as Appendix A and includes the Existing Animal Shelter on the Existing Land and the site for the New Animal Shelter principally on the Expansion Land. These documents will be filed with the County Clerk and the Secretary of the Board of HSHV. The New Animal Shelter shall be completed in accordance with the description attached hereto as Appendix B, and plans which are incorporated as part of (but not attached to) this Lease. No substantive changes in such plans shall be made without the written approval of both the County and HSHV.

2. Term; Possession. The HSHV hereby enters into a ground lease with the County and the County does hereby lease back the Leased Premises (including the Existing Animal Shelter and the New Animal Shelter once it is completed) to HSHV as follows:

(a) Upon execution of this Lease, the HSHV shall lease to the County the Leased Premises and all existing improvements thereon.

(b) At the same time, the County shall lease back to the HSHV the Existing Land and the Existing Animal Shelter for a term commencing on the date this Lease is executed and ending on the date all improvements have been completed to the New Animal Shelter on the Expansion Land.

(c) Upon completion of and the right to occupy the portion of New Animal Shelter located on the Expansion Land, HSHV will vacate the Existing Animal Shelter and the Existing Land and its right to occupy such facility will terminate.

(d) Upon the occurrence of 2c above, the County shall lease the portion of the New Animal Shelter located on the Expansion Land to HSHV who shall relocate its operations from the Existing Animal Shelter to the New Animal Shelter.

(e) Upon the completion of 2d above, the County shall demolish the Existing Animal Shelter on the Existing Land and shall construct the balance of the site improvements to be located on the Existing Site that are required to complete the New Animal Shelter per the description and plans contained in Appendix B.

(f) Upon completion of, and the right to occupy the improvements on the Existing Land, the County shall lease back to HSHV all of the Leased Premises and any improvements, including but not limited to the parking lot and other site improvements on the Existing Land and the New Animal Shelter on the Expansion Land, and any other improvements as described in paragraph 10 for the remaining Term of this Lease.

(g) The Term of this Lease (both the lease to the County and leaseback to HSHV) shall terminate on the date that the County's obligations in paragraph 3 are satisfied. Upon termination, HSHV shall have the unencumbered right to occupy the Leased Premises and the New Animal Shelter, and shall possess such land as fee simple owner.

3. Cash Rental. HSHV hereby agrees during the term of this lease to pay to the County as cash rental for the Lease such periodic amounts as shall be sufficient to enable the County to meet its payments on the Project and to pay the principal of and interest on the Bonds as such principal and interest shall become due, whether at maturity or by redemption as described in APPENDIX E. During the term of the Lease or any extensions thereof, HSHV shall pay to the County, at least 15 days before each Bond Payment Date, an amount sufficient to pay the principal and/or interest due on the Bonds on such Bond Payment Date.

HSHV hereby agrees to pay the cash rental payments when due. The obligation of HSHV to make such cash rental payments shall not be subject to any set-off by HSHV nor shall there be any abatement of the cash rental payments for any cause, including, but not limited to, casualty that results in the Project being untenable.

4. Maintenance and Repairs. HSHV shall, at its own expense, operate and maintain the Leased Premises and any improvements on the land and shall keep the same in good condition and repair. Operation and maintenance shall include (but not be limited to) the providing of all personnel, equipment, all light, power, heat, water, sewerage, drainage and other utilities, and all properties and services of whatever nature, as shall be necessary or expedient in the efficient and lawful operation and maintenance of the Leased Premises. Premiums for insurance required to be carried under this Lease shall likewise be deemed operation and maintenance expenses.

5. Property and Liability Insurance. HSHV will maintain the following insurance coverages: (1) property insurance equal to the replacement cost of the Existing Animal Shelter during HSHV's occupancy of that facility and the New Animal Shelter during HSHV's occupancy of that facility, which shall cover losses in a manner equivalent to property insurance coverage specified by Insurance Service Office special cause of loss form CP 10 30; and (2) boiler and machinery insurance or its equivalent for the replacement value of property damaged by the boiler. Such insurance shall cover the perils of boiler explosions, breaking asunder and other boiler and machinery perils. The County and HSHV shall be named as a loss payee, as their interests may appear.

If a building or buildings on the Leased Premises are partially or totally destroyed, or are made unusable for any reason, the rental payments provided for in Article 3 shall continue unabated. If there is a loss, any insurance proceeds shall be used to retire the Debt according to the Debt Retirement Schedule if the building (or buildings) is not repaired or replaced.

HSHV shall provide and maintain during the Term of this Lease liability insurance against loss on account of damage or injury to persons or property, imposed by reason of the ownership, possession, use, operation, maintenance or repair of the Project.

HSHV shall pay the insurance premiums to procure the insurance coverages under this Article.

6. Waiver of Subrogation. To the extent that it is lawful to do so, and up to the amount of the loss proceeds:

(a) The parties to this Lease expressly waive and release any cause of action or right of recovery which they may have hereafter against each other for any loss or damage to the Leased Premises, or to the contents thereof belonging to any of the parties to this Lease, caused by fire, explosion or any other risk covered by insurance and,

(b) Each party shall obtain a waiver from any insurance carrier with which it carries fire, explosion, or any other risk covering insuring the buildings, improvements and contents releasing its subrogation rights against any other party.

7. No Unlawful Use Permitted. The Leased Premises shall be used for HSHV's lawful public purposes and shall not be used or permitted to be used in any unlawful manner or in any manner which would violate the provisions of any contract or agreement between HSHV and the County and any third party. HSHV shall, at its own expense, make any changes or alterations in, on or about the Leased Premises which may be required by any applicable statute, charter or governmental regulation or order and shall hold the County harmless and free from all costs or damages with respect thereto.

8. Alterations of Leased Premises. Subject to the County's rights under this Lease, HSHV may install or construct in or upon, or may remove from, the Leased Premises any equipment, fixtures or non-structural items. Any structural changes to the Leased Premises must be mutually agreed upon by the parties. Approval of such changes by the County shall not be unreasonably withheld.

9. Rights of Inspection. The County, through its officers, employees or agents, may, upon reasonable notice to HSHV, enter upon the Leased Premises to inspect the Leased Premises and determine whether HSHV is complying with the covenants, agreements, terms and conditions of this Lease so long as such inspection does not interfere with HSHV's regular operations.

10. Appurtenant Facilities and Common Areas. The Leased Premises includes, or will include, roadways, walks, drives, parking areas and landscaping and common areas which are of benefit to and necessary to the full use and enjoyment of the Leased Premises.

11. Successors and Assigns. This Lease shall inure to the benefit of, and be binding upon, the respective parties hereto and their successors and assigns, provided, however, that no assignment shall be made in violation of the terms of this Lease nor shall any assignment be made by HSHV without the approval of the County.

12. Consents, Notices, Etc. The right to give any consent, agreement or notice required or permitted in this Lease shall be vested, in the case of the County, in its Board of Commissioners, and in the case of HSHV, in its Board. Any notice required or permitted to be given under this Lease shall be given by delivering the same, in the case of the County, to the County Clerk, and in the case of HSHV, to the Secretary of its Board.

13. Changes in Law or Corporate Status. In the event there shall occur changes in the Constitution or statutes of the State of Michigan which shall affect the organization, territory, powers of corporate status of HSHV or the County, the terms and provisions of this Lease shall be unaffected, thereby insofar as the obligation of HSHV to make the cash rental payments is concerned. The proceeds of any sale or other liquidation of any interest of HSHV in the Leased Premises are hereby impressed with a first and prior lien for payment of any outstanding obligations of HSHV with respect to the Leased Premises or any additions or improvements thereto.

14. Default of HSHV. (a) In the event of any failure of HSHV to pay any rental or other charges due hereunder within ten (10) days after the same may be due, or any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by HSHV for more than 30 days after written notice of such default shall have been mailed to HSHV, or if HSHV shall abandon the Leased Premises, then the County, in addition to other rights or remedies it may have, shall have the right to declare this Lease terminated and/or shall have the immediate right of re-entry and may remove all persons and property from the Leased Premises, subject to any deed restrictions on the Leased Premises, and such property may be removed or stored in a public warehouse or elsewhere at the cost of, and for the account of HSHV, without evidence of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby except that no such action shall violate the terms of the Deed whereby HSHV acquired title to the Leased Premises. In the alternative, if no other action is permitted because of the deed restrictions on the Leased Premises, the term of this Lease shall be extended until all rental payments are paid in full.

(b) Subject to any deed restrictions on the Leased Premises should the County elect to re-enter or take possession pursuant to legal proceedings or any notice provided for by the County, the County may either terminate this Lease or from time to time, without terminating this Lease, relet the premises or any part thereof on such terms and conditions as the County shall in its sole discretion deem advisable. The avails of such reletting shall be applied: first, to the payment of any reasonable costs of such reletting, including the costs of any reasonable alterations and repairs to the premises; second, to the payment of any indebtedness of HSHV to the County other than rent due and

unpaid hereunder; and the residue, if any, shall be held by the County and applied in payment of future rent as the same may become due and payable hereunder. Should the avails of such reletting during any month be less than the monthly rent reserved hereunder, then HSHV shall during each such month pay such deficiency to the County.

(c) All rights and remedies of the County hereunder shall be cumulative and none shall be exclusive of any other rights and remedies allowed by law.

15. Signs. The parties agree that HSHV may post signs on the Leased Premises indicating its presence on the Leased Premises.

16. Quiet Possession. Upon HSHV's performance of the covenants, conditions and provisions under this Lease, HSHV shall have quiet possession of the Leased Premises for the entire period of the Lease.

17. Total Agreement. This Lease memorializes all the prior discussions, understandings and agreements involved in negotiating this Lease. No provision of this Lease may be amended or added to except by written agreement signed by both parties.

18. Severability. Any provision of this Lease which is found by a court of competent jurisdiction to be invalid, void or illegal shall in no way affect, impair or invalidate any other provisions contained in this Lease and such other provisions shall remain in full force and effect.

19. Choice of Law. This Lease shall be governed by Michigan law.

IN WITNESS WHEREOF, HSHV, by its Board and the COUNTY OF WASHTENAW, by its Board of Commissioners, have caused this Lease to be signed by their duly authorized officers, and their seals to be affixed hereto, all as of the day and year first above written.

WITNESS: Humane Society of Huron Valley

_____ By: _____

and

_____ By: _____

COUNTY OF WASHTENAW

By: _____
Chairman, Board of Commissioners

By: _____
County Clerk

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APPENDIX A

[SEE ATTACHED]

[This is the entire parcel of property also referred to as the
"Leased Premises"]

APPENDIX B

(These are the improvements to the Leased Premises also referred to as the "New Animal Shelter.")

PROJECT DESCRIPTION

The project will consist of the following:

The Humane Society of Huron Valley (HSHV) will act as agent for the County and construct and equip a new facility measuring approximately 29,165 SF adjacent to their existing buildings on Cherry Hill Road in Superior Township. Additional adjacent land will be purchased for a total site area of 8.17 acres. The existing facility will remain in operation until the new facility is occupiable when the existing buildings will be removed. The new building significantly increases the sheltering capacity for dogs, cats and other small mammals. It also provides space for an expanded clinic, administrative and program offices, and a multipurpose space for educational programming. The Project will be used by the Humane Society of Huron Valley.

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APPENDIX C

[SEE ATTACHED]

[This is the existing property owned by HSHV before purchase of the new property also referred to as the "Existing Land."]

APPENDIX D

[SEE ATTACHED]

[This is the new property being acquired from the University of Michigan also referred to as the "Expansion Land."]

APPENDIX E

[TO BE INSERTED AFTER BONDS ARE SOLD]