

AGENDA REPORT

TO: Mayor Pat Humphrey & the Clare City Commission
FROM: Jeremy Howard, City Manager
DATE: January 11, 2024
RE: Renewal of Lease Agreements – Kreamsreiter Farms

For the Agenda of January 15, 2024.

Background. The City currently enjoys two lease agreements (*see att'd copies of proposed agreements*) with Kreamsreiter Farms to allow Kreamsreiter Farms to farm approximately 135.6 acres of property at the Clare Municipal Airport and to farm approximately 95 acres in the South Industrial Park owned by the Clare Industrial Development Corporation. The City Commission is asked to renew both leases.

Issues & Questions Specified. Should the City Commission renew the farm leases?

Alternatives.

1. Renew both farm leases.
2. Renew one but not the other farm lease.
3. Renew one or both farm leases with amendments or changes.
4. Do not renew the farm leases.
5. Set aside decision regarding this matter to a later date.

Financial Impact. The IDC property garners \$15,200 in revenues annually; the airport property lease generates \$14,600 annually.

Recommendation. I recommend that the City Commission renew both farm leases and authorize the City Manager to sign all necessary and related documents by adoption of Resolutions 2024-004 and 2024-005.

Attachments.

1. Agreements.
2. Resolution 2024-004.
3. Resolution 2024-005.

FARM LEASE-CLARE MUNICIPAL AIRPORT

THIS LEASE made this 15th day of January 2024 by and between, the City of Clare, hereinafter referred to as "**LESSOR**"; and Kremsreiter Farms 1592 West Beal City Road, Mt. Pleasant, Isabella County, Michigan 48858 hereinafter referred to as "**LESSEE**".

This lease is made upon the following terms and conditions, all and every one of which the parties hereto agree to perform:

1. Description of Leased Premises

LESSOR hereby rents and leases to **LESSEE** the premises legally described on Schedule "A" attached hereto (the "Premises").

2. Term and Termination

The term of this lease shall be for a period of one (1) Year(s) commencing on January 15, 2024 and terminating on January 14, 2025. However, this Lease may be renewed on the same terms and conditions set forth herein by mutual consent of the parties. The parties hereto may renegotiate the rental price and the number of years of renewal.

Notwithstanding any provision of this contract to the contrary, Lessor reserves the right to terminate this contract in whole or for a portion of the leased property at any time up and until the planting of spring crops, each year, without creating any claim by Lessee of any sort for breach of this lease or other damages. Lessee shall notify Lessor of its expected planting schedule, at least 30 days prior to planting. Once Lessee plants crops for the spring season, the Lease may not be terminated by Lessor absent either permitting Lessee to remove its harvest at the proper time, or payment for the crop Lessee loses.

3. Rental

LESSEE shall pay **LESSOR** rents for the Premises leased in the manner outlined on the attached schedule "B".

4. Taxes

The **LESSOR** agrees to pay the real estate taxes.

5. Use of Premises

Due to the location of the farmland's proximity to the runway and flight paths at the City's Municipal Airport, crops may not exceed 4 feet in height. The **LESSEE** covenants and agrees to farm the land according to reasonable agricultural methods, and being that part of this involves soil testing, fall tillage, liming and fertilization, that **LESSEE** shall be reimbursed in full for such soil testing, tillage, fertilization and liming done, by or for **LESSEE**, prior to planting of spring crop if the farm is no longer farmed the for reason of Death or Disability of **LESSEE** or Development by **LESSOR**, any other reason will be negotiable. **LESSOR** also agrees that **LESSEE** is entitled to all Agricultural, Insurance, and Disaster Payments earned as operator of this farm during the duration of this lease. Lessee agrees to install waterways and maintain them for the term of the lease. Lessee will also maintain road ditches for the duration of the lease.

6. Insurance

LESSEE shall carry adequate public liability insurance in an amount not less than \$500,000.00.

7. Holding Over By Lessee

If the **LESSEE** holds over after the expiration of the term specified in this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary, subject, however, in all other respect, to all of the other terms and conditions of this lease.

8. Lessee's Right to Crops in Cycle

In the event of the termination of this Lease, or in the event of default by the **LESSEE**, **LESSEE** may continue to cultivate and harvest the crops then growing on the leased Premises, but **LESSOR** shall have a security interest in the crops and the proceeds of the sale of the crops to secure payment of the rental due and to become due during the balance of the then-current lease term.

9. Assignment

This Lease cannot be assigned except with written consent of the parties and, at the expiration of said term, or upon any sooner termination of this Lease as herein provided, the **LESSEE** agrees to deliver up the said Premises in as good a condition and order as the same or now in, reasonable wear and damage by the elements excepted.

10. Effect of Agreement

It is mutually agreed that the covenants and agreements herein contained shall extend to and be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, and assigns.

LESSOR:

City of Clare

Jeremy Howard, City Manager
FEIN: 38-6004529
202 West Fifth Street
Clare, Michigan 48617

LESSEE:

Kremsreiter Farms
Jim Kremsreiter
1592 West Beal City Road
Mt. Pleasant, Michigan 48858
(989) 621-3893
jkremsreiter@outlook.com

SCHEDULE-A
CLARE MUNICIPAL AIRPORT PROPERTY

Legal Description of Leased Premises

Approximately 135.60 Acres located in Section 25 of Grant Township, Clare County, Michigan, of tillable acreage located within Property ID 051-025-300-01, 051-025-200-05, 051-025-200-03, identified on the attached Exhibit 1, GIS map. The true amount of tillable acreage is to be calculated in coordination between the lessee and lessor.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule A (airport property lease) Agreement: January 15, 2024

SCHEDULE-B

Airport Farmland Rental

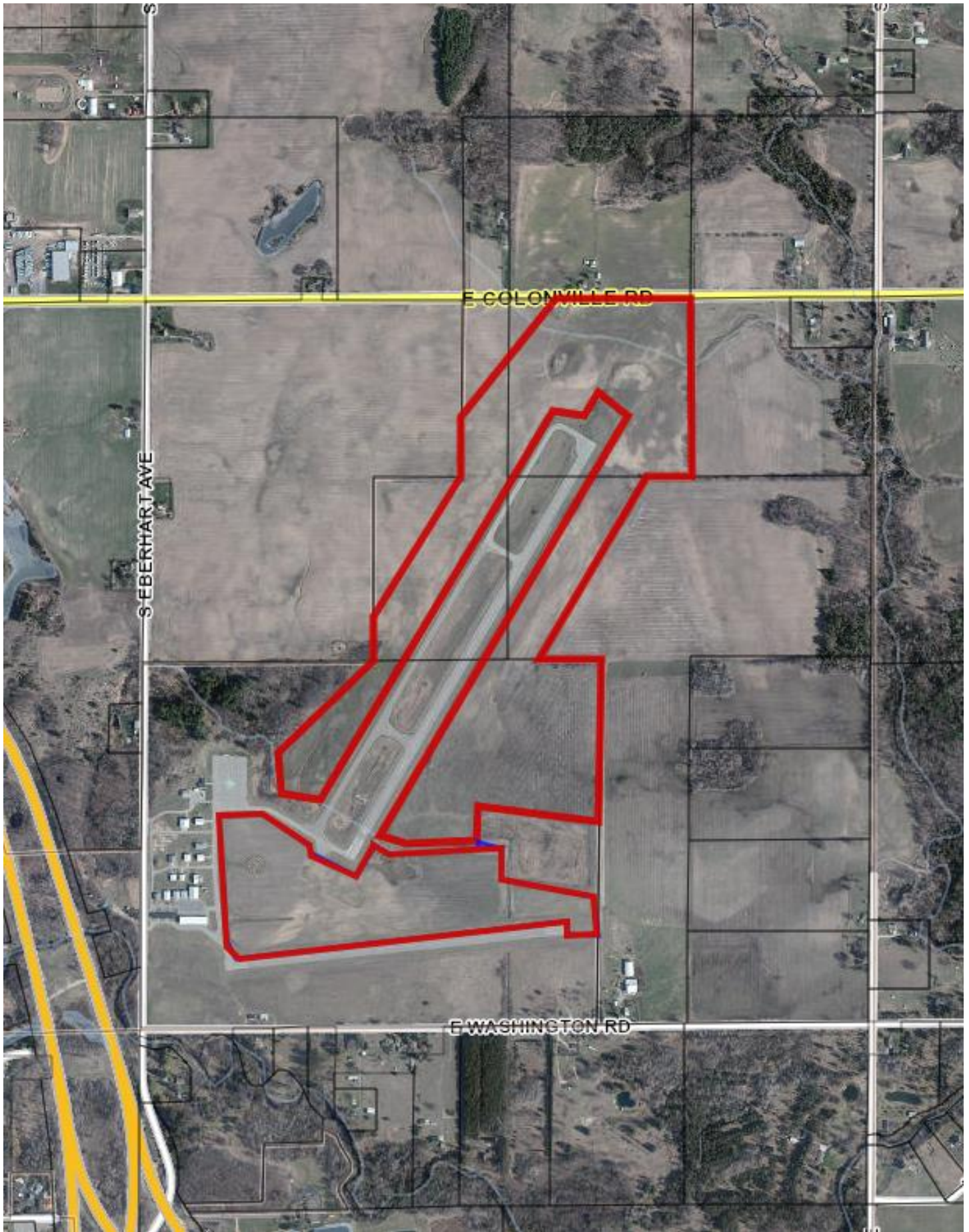
The **LESSEE** shall pay to the **LESSOR**, as rent for said Premises, \$108.00 per acre, per year for all land subject to this lease agreement. Said rental shall be paid annually on or before December 31 of each contract year. Provided, however, that it may be mutually agreed upon by the parties that said rental payment may be paid at a later date to be determined by the parties.

This lease shall automatically terminate on March 20 of any year if the rent for the previous year has not been paid in full, or other satisfactory arrangements have been made between the **LESSOR** and the **LESSEE**.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule B (airport property lease) Agreement: January 15, 2024



FARMLAND LEASE AGREEMENT IP3

THIS LEASE made this 15th day of January 2024 by and between, the City of Clare, hereinafter referred to as "**LESSOR**"; and Kremsreiter Farms 1592 West Beal City Road, Mt. Pleasant, Isabella County, Michigan 48858 hereinafter referred to as "**LESSEE**".

This lease is made upon the following terms and conditions, all and every one of which the parties hereto agree to perform:

1. Description of Leased Premises

LESSOR hereby rents and leases to **LESSEE** the premises described on Schedule "A" and identified on Exhibit "1" attached hereto (the "Premises").

2. Term and Termination

The term of this lease shall be for a period of one (1) Year(s) commencing on January 15, 2024 and terminating on January 14, 2025. However, this Lease may be renewed on the same terms and conditions set forth herein by mutual consent of the parties. The parties hereto may renegotiate the rental price and the number of years of renewal.

Notwithstanding any provision of this contract to the contrary, Lessor reserves the right to terminate this contract in whole or for a portion of the leased property at any time up and until the planting of spring crops, each year, without creating any claim by Lessee of any sort for breach of this lease or other damages. Lessee shall notify Lessor of its expected planting schedule, at least 30 days prior to planting. Once Lessee plants crops for the spring season, the Lease may not be terminated by Lessor absent either permitting Lessee to remove its harvest at the proper time, or payment for the crop Lessee loses.

3. Rental

LESSEE shall pay **LESSOR** rents for the Premises leased in the manner outlined on the attached Schedule "B".

4. Taxes

The **LESSOR** agrees to pay the real estate taxes.

5. Use of Premises

The **LESSEE** covenants and agrees to farm the land according to reasonable agricultural methods, and being that part of this involves soil testing, fall tillage, liming and fertilization, that **LESSEE** shall be reimbursed in full for such soil testing, tillage, fertilization and liming done, by or for **LESSEE**, prior to planting of spring crop if the farm is no longer farmed for the reason of Death or Disability of **LESSEE** or Development by **LESSOR**, any other reason will be negotiable. **LESSOR** also agrees that **LESSEE** is entitled to all Agricultural, Insurance, and Disaster Payments earned as operator of this farm during the duration of this lease. Lessee agrees to install waterways and maintain them for the term of the lease. Lessee will also maintain road ditches for the duration of the lease.

6. Insurance

LESSEE shall carry adequate public liability insurance in an amount not less than \$500,000.00.

7. Holding Over By Lessee

If the **LESSEE** holds over after the expiration of the term specified in this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary, subject, however, in all other respect, to all of the other terms and conditions of this lease.

8. Lessee's Right to Crops in Cycle

In the event of the termination of this Lease, or in the event of default by the **LESSEE**, **LESSEE** may continue to cultivate and harvest the crops then growing on the leased Premises, but **LESSOR** shall have a security interest in the crops and the proceeds of the sale of the crops to secure payment of the rental due and to become due during the balance of the then-current lease term.

9. Assignment

This Lease cannot be assigned except with written consent of the parties and, at the expiration of said term, or upon any sooner termination of this Lease as herein provided, the **LESSEE** agrees to deliver up the said Premises in as good a condition and order as the same or now in, reasonable wear and damage by the elements excepted.

10. Effect of Agreement

It is mutually agreed that the covenants and agreements herein contained shall extend to and be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, and assigns.

LESSOR:

City of Clare

Jeremy Howard, City Manager
FEIN: 38-6004529
202 West Fifth Street
Clare, Michigan 48617

LESSEE:

Kremsreiter Farms
Jim Kremsreiter
1592 West Beal City Road
Mt. Pleasant, Michigan 48858
(989) 621-3893
jkremsreiter@outlook.com

SCHEDULE-A
CITY OF CLARE IP3 PROPERTY

Legal Description of Leased Premises

Approximately 95 acres located in Section 2 of Vernon Township, Isabella County, Michigan, of tillable acreage located within Property ID Numbers 18-002-10-013-23, 18-002-20-015-00, 18-002-30-016-00; Identified on the attached GIS map as Exhibit 1. The true amount of tillable acreage is to be calculated in coordination between the lessee and lessor.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule A (IP3 property lease) Agreement: January 15, 2024

SCHEDULE-B

City of Clare IP3 Farmland Rental

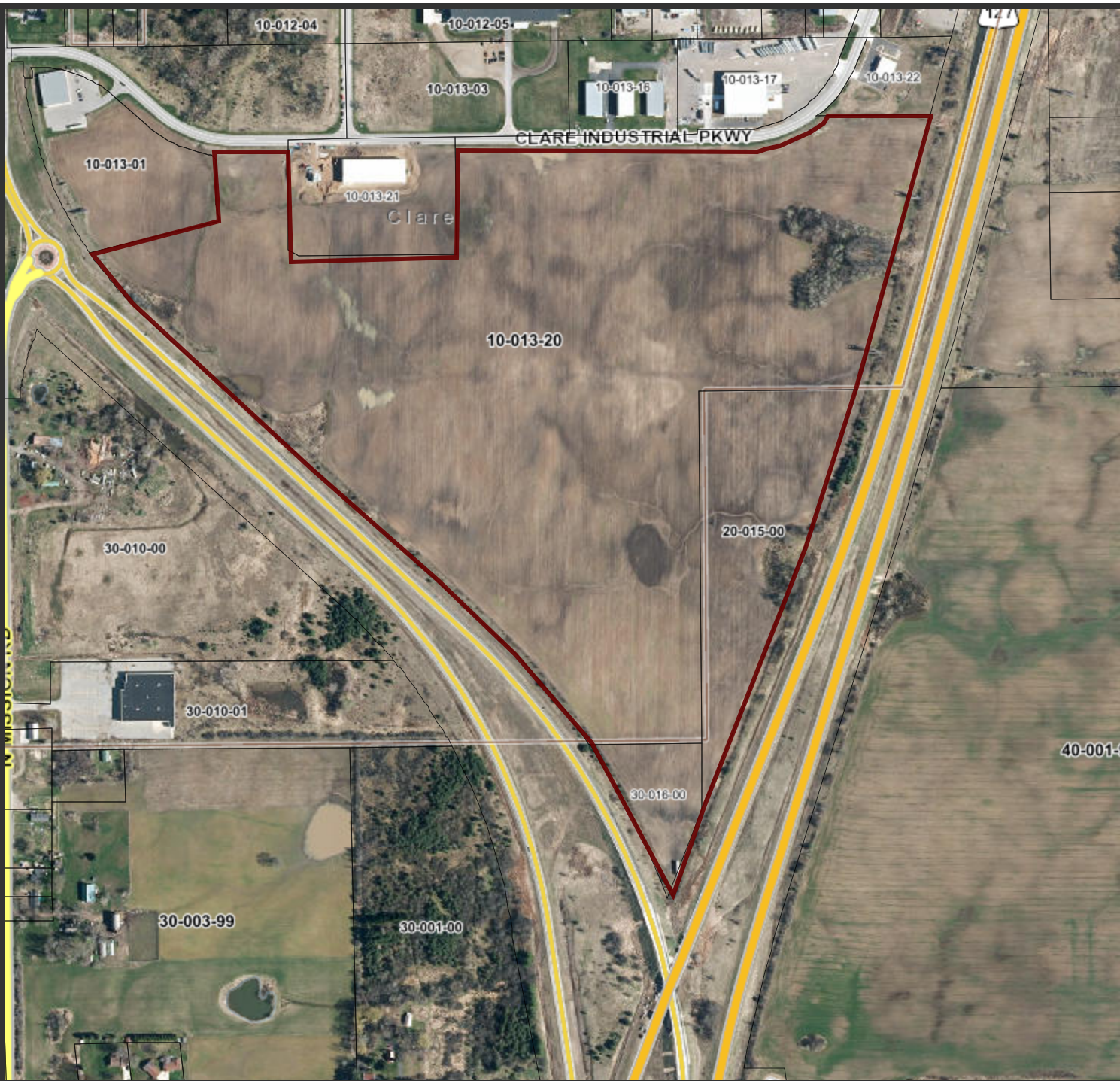
The **LESSEE** shall pay to the **LESSOR**, as rent for said Premises, 160.00 per acre, per year for all land subject to this lease agreement. Said rental shall be paid annually on or before December 31 of each contract year. Provided, however, that it may be mutually agreed upon by the parties that said rental payment may be paid at a later date to be determined by the parties.

This lease shall automatically terminate on March 20 of any year if the rent for the previous year has not been paid in full, or other satisfactory arrangements have been made between the **LESSOR** and the **LESSEE**.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule B (IP3) Agreement: January 15, 2024



County of Isabella
Clare South IP Farmland



Map Publication:
02/27/2023 5:05 PM



Disclaimer: This map does not represent a survey or legal document and is provided on an "as is" basis. Isabella County expresses no warranty for the information displayed on this map document.

RESOLUTION 2024-004

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE RENEWAL OF A FARMING LEASE AGREEMENT WITH KREMSREITER FARMS.

WHEREAS, the City of Clare enjoys a lease agreement with Kreamsreiter Farms wherein Kreamsreiter Farms leases approximately 135.60 acres of property at the Clare Municipal Airport for agricultural purposes (raising crops); and

WHEREAS, said lease agreement has expired; and

WHEREAS, Kreamsreiter Farms desires to renew said lease for the same price per acre (\$108 per acre) as the previous lease; and

WHEREAS, the City Staff has recommended renewal of said lease; and

WHEREAS, the City Commission has considered said recommendation and deems it prudent and sound.

NOW THEREFORE BE IT RESOLVED that the Clare City Commission hereby approves the renewal of a lease agreement with Kreamsreiter Farms for the lease of property at the Clare Municipal Airport, the terms and conditions of said lease agreement as outlined therein.

BE IT FURTHER RESOLVED THAT, the Mayor and City Commission of the City of Clare hereby formally authorizes the City Manager to sign all necessary and related documents.

ALL PREVIOUS RESOLUTIONS OR PARTS OF PREVIOUS RESOLUTIONS, OF THE CITY THAT ARE INCONSISTENT WITH THIS RESOLUTION ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner ____ and supported by Commissioner ____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 15th day of January 2024.

Diane Lyon, Clare City Clerk

RESOLUTION 2024-005

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE RENEWAL OF A FARMING LEASE AGREEMENT WITH KREMSREITER FARMS.

WHEREAS, the City of Clare enjoys a lease agreement with Kreamsreiter Farms wherein Kreamsreiter Farms leases approximately 95 acres of property in the South Clare Industrial Park for agricultural purposes (raising crops); and

WHEREAS, said lease agreement has expired; and

WHEREAS, Kreamsreiter Farms desires to renew said lease for the same price per acre (\$160 per acre) as the previous lease; and

WHEREAS, the City Staff has recommended renewal of said lease; and

WHEREAS, the City Commission has considered said recommendation and deems it prudent and sound.

NOW THEREFORE BE IT RESOLVED that the Clare City Commission hereby approves the renewal of a lease agreement with Kreamsreiter Farms for the lease of property at the South Industrial Park, the terms and conditions of said lease agreement as outlined therein.

BE IT FURTHER RESOLVED THAT, the Mayor and City Commission of the City of Clare hereby formally authorizes the City Manager to sign all necessary and related documents.

ALL PREVIOUS RESOLUTIONS OR PARTS OF PREVIOUS RESOLUTIONS, OF THE CITY THAT ARE INCONSISTENT WITH THIS RESOLUTION ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 15th day of January 2024.

Diane Lyon, Clare City Clerk