OLSON & HOWARD

MEMORANDUM

To: Jered Ottenwess, Village Manager
Client: 6295.00 | VILLAGE OF NORTHPORT
From: Ross A. Hammersley | OLSON & HOWARD, PC
Date: January 30, 2026
Re: Site Lease Agreement Issues - Leelanau Energy

This memorandum addresses the 2011 Site Lease Agreement (Agreement) entered into by the Village of Northport (Village or Landlord) and a Northport-based LLC known as "Leelanau Community Energy, LLC" (LCE or Tenant).[1] The first section below provides a brief review of some of the factual background underlying the present situation, followed by a review and analysis of the relevant portions of the Agreement, with a focus on the respective rights, duties, and obligations of the parties under the Agreement relating to the recent past and present status of the apparatus that was previously installed and funds that were intended to be established and maintained to perform restoration work on the property (if needed). Finally, the memo concludes by providing the Village with a set of options to deal with the situation going forward.

As you will see from the recommendations at the end of this memorandum, it is our advice that the Village issue official notice to the Tenant that they are in violation of the terms and obligations of the Agreement, to provide a period of time as required under the Agreement for the Tenant to potentially repair/restore the Tenant's Facilities as defined therein to good and working order, and if the Tenant fails to do so within the time allotted in the Agreement to then pursue declare any remaining equipment comprising the "Tenant Facilities" as abandoned by the Tenant and seek reimbursement of any costs the Village incurs in repairing/restoring the subject property back to its prior state before the installation of said facilities (either through the "permanent fund" that was supposed to have been created by the Tenant or by way of enforcement of their contractual obligations in the Agreement, through litigation if necessary and advisable under all applicable circumstances).

Background

The Agreement was executed in 2011 to allow for the installation of a single wind turbine tower on the Wastewater Treatment Facility property (operated and maintained by NLTUA), and appears to have worked well for many years.[2] Unfortunately, in December of 2022 the brakes on the wind turbine's blades and other temporary restraints all apparently failed as part of a high-

[1] A copy of the Agreement is attached here as **Attachment 1**.

[2] As seen in the materials comprising Att. 1, there was a 2012 "Supplement" to the 2011 Agreement, as well as a 2013 "Second Supplement" to that Agreement. The primarily relevant portion of these supplemental documents is found in Paragraph 7 of the Second Supplement, which revises the language at the end of Paragraph 8b of the original Agreement pertaining to the potential termination under circumstances in which the Tenant has defaulted. Those provisions will be explored in detail below.

wind event, resulting in the turbine's blades spinning off of the tower. Since that time, the "wind turbine tower" has apparently remained on site but the original turbines have not been re-installed nor any replacements attached; as such, questions pertaining to the continued presence of the tower/pole at issue, potential damages to the WTF and/or NLTUA property, and the Village's potential options pursuant to the terms of the Agreement and its supplements have arisen.

Relevant Portions of the Agreement

The Agreement was initially scheduled to have a term of twenty (20) years, so most of its provisions rely on the assumption that the turbine would be generating power during that time, with the agreement that, at least initially, all such power would "be sold to the NLTUA under a net metering agreement."[3] Rental payments and responsibility for the personal property taxes to be paid relative to the wind turbine were clearly laid out as the Tenant's responsibility, and the Village was intended to have access to the Tenant's records, accounts, and "other pertinent records" in order to ensure proper accounting with respect to the turbine on the Landlord's property.

Pursuant to Paragraph 6 of the first "Supplement" agreement that was agreed to by the parties in 2012, Leelanau Community Energy, as Tenant, is obligated to establish a "permanent fund of $12,000" that is intended "to be used for the dismantling and removal of the wind turbine from the site."[4] The parties further agreed (pursuant to further language in Paragraph 6 of the 2012 Supplement) that "[o]ther restoration work will be covered by proceeds from the sale or scrap value of the turbine," and that "[e]very three years the adequacy of the fund will be reviewed and appropriate adjustments made."[5] Under Paragraph 6 of the Second Supplement, the parties further agreed to modify the Agreement's provisions related to this "permanent fund" by requiring establishment thereof within fourteen (14) days of the signing of that Second Supplement in 2013, which "shall consist of a security deposit paid direct to Landlord, with any accrued interest remaining in the account."[6] It is unclear whether this "permanent fund" was, in fact, ever properly established as required under the Agreement and/or its Supplements, nor whether any such funds were or are still deposited there and could potentially serve as a potential source for restoration of the property given the failure the turbines experienced and their current state of disrepair.

Under the present circumstances as relayed above, Paragraph 8 of the Agreement is of particular relevance as it sets forth the Tenant's responsibility to "keep and maintain" the wind tower and associated equipment (aka. the "Tenant Facilities") "in good condition and repair on the Premises during the term of this Lease."[7] Furthermore, any changes or modifications to the initial plans and specifications for the wind turbine & "Tenant Facilities" were required to be

---

3 *See* Att. 1, p. 2 (Paragraph 4).
4 *See* Att. 1, p. 9 of the pdf (being p. 1 of the Supplement of 2012).
5 *Id*.
6 *See* Att. 1, p 11 of the pdf (being p. 2 of the Second Supplement of 2013).
7 *See* Att. 1, p. 3 (Paragraph 8).

revised only in conjunction with revised plans and specifications to be prepared by the Tenant and presented to the Village for approval; at this time, no such proposal(s) for modification(s) of the plans and specifications as originally agreed-upon by the parties has been proposed by the Tenant or received by the Village.

The original text of Paragraph 8 further included (in subparagraph "b.") provisions that direct what is to happen in the even the "Tenant abandons or fails to operate and maintain the Tenant Facilities as required in this Lease."[8] Under such circumstances, the first step available to the Village is to give written notice to the Tenant that they have failed to maintain or operate the facilities as required. Upon receipt of such notice, the Tenant is supposed to then have thirty (30) days in which to cure the deficiencies and "begin to properly operate and maintain" those facilities – if the Tenant fails to do so, "this Lease shall be terminated." Once the Lease is considered terminated, that then begs the question as to what needs to happen to the installed facilities on the property; as noted above, Paragraph 8.b. originally provided that the Tenant then "shall have the responsibility and liability to remove all of the Tenant Facilities and to reasonabl[y] [*sic*] restore the site to its former condition…," although this sentence was removed in the Second Supplement to Site Lease Agreement that was agreed upon at the beginning of 2013. Under Paragraph 7 of that Second Supplement, the last sentence of Paragraph 8 of the original Agreement was revised to read, in full, as follows:

> "Upon Landlord's notice of termination to Tenant (by reason of Tenant's default, or upon the lease term having expired), Tenant shall have the responsibility to remove all of the Tenant Facilities and reasonably restore the site to its former condition within thirty (30) days of the notice of termination; otherwise, the Tenant Facilities shall be deemed abandoned to Landlord and Landlord may draw on the entire Fund referred to at paragraph 6 of the Supplement dated 7/18/12."[9]

This revised language still maintains the Tenant's responsibility to reasonably "restore the site to its former condition," however, if the Tenant fails to do so within thirty days the remaining equipment/"Tenant Facilities" are automatically deemed to have been abandoned to the Village. Under these circumstances the Village, as Landlord, is therefore entitled to draw upon the funds established in the "permanent fund" discussed above, if such funds were indeed ever so deposited.

Options & Recommendations

Pursuant to the terms of the Agreement and its Supplements, it is clear that, if it has not done so already, the Village must issue written notice to the Tenant, Leelanau Clean Energy, LLC, of the violation of its duty as Tenant to "keep and maintain the Tenant Facilities in good condition and repair on the Premises during the term of this Lease" as required under Paragraph

---

[8] *See* Att. 1, p. 4 (Paragraph 8.b.).

[9] *See* Att. 1, p. 11 of the pdf (being p. 2 of the Second Supplement to Site Lease Agreement, 2013).

8 of the original Agreement. Assuming that has not already occurred, issuing such notice will initiate the thirty (30) day period in which the Tenant is allowed to attempt to "cure" the violation(s) and "begin to properly operate and maintain the Tenant Facilities…." Technically, this notice would start as a "Notice of Default" that would be issued pursuant to the terms of Paragraph 9 of the Agreement, with the default that is identified therein being described as occurring under Paragraph 8 as detailed above. Based on recent discussions with the Village Manager, it appears the Tenant's may not have the financial resources to cure the violation(s), within the required time period or not, so it is possible, if not perhaps likely, that the failure to cure the default will result in the ultimate "termination" of the Agreement under Paragraph 10.ii.

While this notice and opportunity to cure process is going on, the Village may also wish to solicit and obtain commercially viable and current estimates (from at least two different potential contractors operating in the area) of the price for removal of the pole that presently remains (which used to hold the wind turbine/blades). If staff believe it is possible that there may be an opportunity to put the remaining pole to some new use, such that its removal might not be necessary, then the Village can initiate discussions along those lines and seek potential estimates relating to the conversion of the pole into such other use(s) as may be both functionally viable and commercially affordable under present circumstances.

With respect to the financial implications involved in the current circumstances, there are various provisions of the Agreement that may apply, depending on the funding that may or may not have occurred with respect to the proposed "permanent fund" that would have ordinarily covered such removal and/or restoration costs. In addition to those provisions discussed above, the Village could also potentially seek to enforce Paragraph 12 of the original Agreement, which is a "hold harmless" and "indemnification" clause under which the Tenant indemnified the Village and committed to hold the Village harmless from any and all claims, including attorney fees and costs, arising directly from the installation, use, maintenance, repair, or removal of the Tenant Facilities at the Premises…."[10] Depending on how the Tenant responds to the notice of violation and default/termination process, the Village will likely want to re-assess at a later date whether pursuing legal action for the contractual violations detailed herein is worth the expense of pursuing same, or if negotiations can be initiated with the Tenant to minimize staff time and legal costs associated with resolving these issues, rather than incurring the expense of litigation, expert assessments and restoration costs, etc.

At this time, the recommendation from this office is to issue the notice of violation and default to the Tenant as described above (again, if that has not already occurred). Taking that step opens up the remaining options available to the Village, and may likely lead to further identification of payment obligations and others that the Tenant may not have fulfilled earlier or that they may not be able to fulfill now which will inform the Village's thinking and strategy on this matter going forward.

---

[10] *See* Att. 1, p. 5 (Paragraph 12).

As always, if you have any questions about this memorandum or would like to discuss same prior to the next Village Council meeting, please simply reach out by phone at (231) 946-0044 or by email to ross@envlaw.com. Thank you.

Attachment 1

SITE LEASE AGREEMENT

This Site Lease Agreement (Lease) is entered into this June 9, 2011, between The Village of Northport, a Michigan municipality, whose address is 116 W. Nagonaba St., P. O. Box 336, Northport, MI 49670 (Landlord) and Leelanau Community Energy, L.L.C., a Michigan Limited Liability Company, whose address is 7621 N. Gills Pier Rd., Northport, MI 49670 (Tenant).

1. **Premises.** Landlord is the owner of the real property and is presently financing a Wastewater Treatment Facility now located on the site (the Property) described on Exhibit A, which is attached to and incorporated in this Lease, upon which Property are constructed certain improvements related to the Wastewater Treatment Facility (the Structures) which are currently operated and maintained by the Northport Leelanau Township Utilities Authority (NLTUA). Subject to the following terms and conditions, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged, Landlord leases to Tenant certain space on the Property (the Structure Space) and certain space in the immediate vicinity thereof, which space includes those areas where Tenant's conduits, wires, cables, cable trays, and other necessary connections will be located (the Equipment Space), as well as areas to be temporarily used during initial construction, repairs or re-construction (the Lay-down Area). The Equipment Space, the Structure Space and the Lay-down Area are collectively referred to as the Premises. Tenant shall have the right to install one wind turbine tower (max.300kw), equipment, antennas, conduits, cables, connections, transformers, other necessary equipment and systems, communication antennas and other related equipment (collectively, the Tenant Facilities) on the Premises in accordance with plans and specifications prepared by the Tenant's engineers and technical staff (the Plans and Specifications), which Plans and Specifications, and any successive amendments thereto, shall be approved by the Landlord. The Structure Space, the Equipment Space, and the Lay-down Area are generally depicted on Exhibit B (Site Plan) which is attached to and incorporated in this Lease.

2. **Commencement Date; Lease Term.** This Lease shall be effective as of this date and extend for a term of twenty years from the Commencement Date, subject to the following provisions. The Lease Term shall commence upon the date (the Commencement Date) which is the first day of the month following Tenant's completion of contract arrangements, financing commitments, receipt of all governmental approvals and the completion of "net metering" arrangements, but not later than 6 months from the date of this Site Lease Agreement, at which time the Tenant shall pay Landlord the first annual rent payment. At any time during the Lease Term the Landlord may give written notice to Tenant that it desires to immediately buy the Tenant Facilities at "net book value" prepared in accordance with generally accepted accounting principals plus any additional amounts necessary so that all member investment, including at least a 5% but not to exceed a 10% annual return to date of closing, is paid in full as determined by Tenant's accounting records; in this event, such amount shall be determined by Landlord's and Tenant's

accountants based on the Tenant's accounting records and the Tenant Facilities shall be sold by the Tenant to the Landlord, as provided in Section 3 below and the Lease shall be terminated. If the Lease is still continuing upon all of Tenant's indebtedness having been paid in full and sufficient assets, other than the Tenant Facilities, remaining to cover all member investment with an annual return of at least 5% but not to exceed 10% annual return , Tenant shall give notice thereof to Landlord and, thereafter, Landlord may give 90 day advance written notice of the termination of the Lease; upon such termination, Landlord shall be entitled to receive the Tenant Facilities without the payment of any consideration.

3. **Transfer of Ownership of Tenant Facilities.** Upon the termination of this Lease, the Tenant shall transfer ownership of all of its Tenant Facilities, permits, agreements, related warranties and documents, as well as the entire balance of any accumulated account or escrow fund held for future maintenance, by Assignment and Bill of Sale to the Landlord. The transfer of ownership shall be completed within thirty (30) days of the termination of this Lease. The transfer of ownership of the Tenant Facilities shall provide that the Tenant Facilities are sold in "as is" condition and shall be without any warranty or representations by Tenant as to the condition, capability or suitability of the Tenant Facilities for any particular purpose. Landlord shall thereafter be entitled to use the Tenant Facilities and accumulated maintenance or escrow funds, maintain, alter, change or remove the Tenant Facilities as it may determine and at its cost, and to receive any and all income from the sale of electric power generated by the Tenant Facilities.

4. **Permitted use for generating and selling power; Construction.** The Premises may be used for generation by the wind turbine, transmission and sale of electric power and energy and uses incidental thereto, such as space for rental of communications antennas and equipment on the tower. It is agreed that power will initially be sold to the NLTUA under a net metering arrangement, whereby NLTUA will be paying both the electric utility presently serving it as well as paying Tenant based upon net metering billings provided NLTUA by Tenant and the utility; however, the net cost to NLTUA will not exceed the cost of purchasing all of its energy from the utility. Tenant shall have the right, at its expense, to install, construct, and maintain the Tenant Facilities on the Premises and to modify, supplement, or upgrade the Tenant Facilities within the Premises at any time during the Lease Term. Tenant shall have the right to install electric cables, transformers, conduits, net metering facilities, communication equipment, antennas and other related equipment and facilities necessary to service the Tenant Facilities, including connecting into the present electric cables and conduits now serving the Wastewater Treatment Plant. All such installations or construction by the Tenant shall be in accordance with the Plans and Specifications approved by the Landlord as referenced above. To the extent that the Tenant wishes to modify the installation, change or install other equipment, wind turbine generators, transformers, conduits, cables, communications equipment, antennas and connections, it shall prepare the revisions to the Plans and Specifications for the modifications and present them to the Landlord for approval,

which approval shall not be unreasonably withheld. Any such revision or modification shall not interfere with existing operations.

5. **Rent; Taxes; Records.**

a. During the term of the Lease, Tenant shall pay Landlord rent in the annual amount of FIVE HUNDRED DOLLARS ($500.00), due at the beginning of each annual term of the Lease. After Tenant has recovered all of its net book value including recovery of all member investment plus at least a 5% but not to exceed 10% annual return, as provided in Section 2 above, additional rent shall be paid in an amount equal to 50% of the net income of Tenant (after deducting property taxes) for each year thereafter, if any. Such amount, if any, shall be paid to Landlord within 30 days after the determination of such net income for each year thereafter.

b. Tenant shall pay all personal property taxes assessed against Tenant's personal property.

c. Landlord shall have the right to review Tenant's records, including accounts, filings, permits, contracts, correspondence, and other pertinent records, upon written request to Tenant.

6. **Access.** Landlord and the NLTUA grant Tenant access to the Premises over and across the Property (Access) 24 hours per day, 7 days per week during the Lease Term for the purpose of ingress, egress, installation, maintenance, and operation of the Tenant Facilities, in accordance with "Road Easement", attached hereto as Exhibit C, and "Electric Transmission and Connection Easement", attached hereto as Exhibit D.

7. **Interference.**

a. Tenant shall not unlawfully electronically or physically interfere with the transmission and receipt of signals or Access of Landlord or of the NLTUA. Likewise, Landlord shall not permit the NLTUA to modify their operations, nor shall Landlord use or allow the use of any portion of the Property by future tenants or licensees which in any way physically or electronically interferes with Tenant's use of the property or communication facilities on Tenant's tower or access; provided, however, that Tenant properly and lawfully installs and operates the Tenant Facilities.

b. In the event that Landlord (including NLTUA) or Tenant cause any communications interference on the Property, such party shall take all actions necessary to eliminate such interference in accordance with reasonable technical standards and the rules of the Federal Communications Commission (FCC) within a reasonable length of time. Landlord and Tenant shall include similar covenants against interference in any future lease, license, or other agreement that either enters into with any third party.

8. **Maintenance and repair; Abandonment.**

a. Tenant shall keep and maintain the Tenant Facilities in good condition and repair on the Premises during the term of this Lease. Tenant shall install, monitor

and operate the Tenant Facilities in compliance with all applicable laws and ordinances to the extent that such compliance is required as a result of Tenant's use or occupancy of the Premises. Tenant shall keep and maintain the Tenant Facilities, as well as the Premises, in a commercially reasonable condition and repair, following generally accepted practices and procedures in the wind turbine industry, during the Lease Term. Specifically, all operations and maintenance shall be in compliance with the Plans and Specifications, or amendments thereto, approved by Landlord and Tenant.

b. If Tenant abandons or fails to operate and maintain the Tenant Facilities as required in this Lease, following notice from Landlord and failure of Tenant to again begin to properly operate and maintain the Tenant Facilities within 30 days of the notice, this Lease shall be terminated. However, upon the demand in writing of Landlord, Tenant shall have the responsibility and liability to remove all of the Tenant Facilities and to reasonable restore the site to its former condition if the abandonment continues after said thirty day period

9. **Default.** Any of the following occurrences, conditions, or acts shall be deemed a Default under this Lease: (a) if Tenant fails to pay any monetary amounts due under this Lease, such as rents, utilities or personal property taxes, within 10 business days of its receipt of written notice that such payments are overdue; or (b) if either party fails to observe or perform in any material respect any non-monetary obligations under this Lease and does not cure such failure within 30 days from its receipt of written notice of breach; or if the breach by its nature cannot be cured within the 30-day period, the defaulting party shall not be in default if it commences curing within the 30-day period and thereafter continuously and diligently pursues the cure to completion.

10. **Termination.** This Lease may be terminated by the Landlord or Tenant. without any penalty or further liability being incurred by the terminating party, on 30 days prior notice to the other party, as follows: (i) if Landlord or Tenant fails to obtain or maintain any permit or license required to operate or to lease the Premises; (ii) if either party is in Default of any term or terms of this Lease and has failed to correct same; or (iii) if Hazardous Substances (as defined in paragraph 17) are or become present on the Property or the Premises are in violation of Environmental Laws (as defined in paragraph 17).

11. **Insurance and subrogation.** Tenant shall maintain the following insurance during the Lease Term:

a. general liability insurance policy for claims for bodily injury or death and property damage with combined single limits of not less than $1,000,000 and

b. workers' compensation insurance insuring against and satisfying Tenant's obligations and liabilities under the workers' compensation law of Michigan.

Each such policy (except workers' compensation) shall list Landlord as an additional insured and shall provide that it will not be terminated during the Lease Term except after 30 days prior notice thereof to Landlord. Landlord and Tenant each waive any

and all rights to recover against the other, or against the officers, directors, shareholders, partners, joint ventures, employees, agents, customers, invitees, or business visitors of such other party, for any loss or damage to such waiving party arising from any cause covered or required to be covered by any property insurance required to be carried pursuant to this paragraph or any other property insurance actually carried by such party. Landlord and Tenant will cause their respective insurers to issue waiver of subrogation rights endorsements to all property insurance policies carried in connection with the Structure or the Premises or the contents of either.

12. **Hold harmless.** Tenant shall indemnify and hold Landlord harmless from any and all claims, including attorney fees and costs, arising directly from the installation, use, maintenance, repair, or removal of the Tenant Facilities at the Premises, except for claims arising from the negligence or intentional acts of Landlord, the NLTUA, their employees, agents, or independent contractors. Landlord shall indemnify and hold Tenant harmless from any and all claims, including attorney fees and costs, arising out of the negligence or intentional acts of Landlord or NLTUA, its employees, agents, or independent contractors in, on, or about the Property, except for claims arising from the negligence or intentional acts of Tenant, its employees, agents, or independent contractors. The foregoing indemnification obligations are subject to the provisions of Paragraph 11 above.

13. **Notices.** All notices, requests, demands, and other communications shall be in writing and shall be deemed given if (i) personally delivered or mailed, upon delivery; (ii) sent by certified mail, return receipt requested, five days after mailing; or (iii) sent by overnight carrier, upon receipt, to the addresses for Landlord and Tenant stated above.

14. **Quiet enjoyment, title, and authority.** Landlord represents, warrants, and covenants to Tenant that (i) Landlord has full right, power, and authority to execute this Lease and Landlord has taken all necessary action to approve this Lease and has authorized the signatories of this Lease to sign same; (ii) the Property is free and clear of any unrecorded covenants, restrictions, liens, or mortgages, which would interfere with Tenant's rights to or use of the Premises; (iii) no consents are required from any mortgagee, licensee, or any other occupant of the Property with respect to Tenant's use of the Premises; and (iv) the execution and performance of this Lease will not violate any laws, ordinances, covenants, or the provisions of any mortgage, lease, or other agreement binding on Landlord. Landlord covenants that at all times during the term of this Lease Term, Tenant's quiet enjoyment of the Premises or any part thereof shall not be disturbed as long as Tenant is not in default beyond any applicable grace or cure period.

15. **Casualty or condemnation.** If the Property, Structure, or the Tenant Facilities are destroyed or damaged so as in Tenant's reasonable judgment to substantially and adversely affect the effective use of the Tenant Facilities, then Tenant may elect to terminate this Lease. In such event, all rights and obligations of the parties shall cease

as of the date of the damage or destruction. In the event of a condemnation of all or any part of the Property, Tenant shall have the right to terminate this Lease if such condemnation disrupts Tenant's operation at the Property or renders the Premises unsuitable for Tenant's use. Landlord and Tenant shall each be entitled to pursue their own separate awards with respect to such taking. Sale of all or part of the Premises to a purchaser with the power of eminent domain in the face of the exercise of the power shall be treated as a taking by condemnation.

16. **Waiver of Landlord's lien; financing.** The Tenant Facilities shall remain the exclusive property of Tenant except as provided above. In this connection, Landlord waives any and all lien rights it may have, statutory or otherwise, concerning the Tenant Facilities or any portion thereof whether the same is deemed real or personal property under applicable laws. Tenant may enter into a secured financing arrangement for which the Tenant Facilities or this Lease is security, provided such an arrangement shall not impair or abridge the rights of Landlord under this Lease and such secured party shall be bound by the terms and provisions of this Lease from the time it succeeds to the interest of Tenant under this Lease.

17. **Environmental Laws.**

a. As used herein, the term *Environmental Laws* shall mean any and all local, state, or federal statutes, regulations, or ordinances pertaining to the environment or natural resources. As used herein, the term *Hazardous Substance* shall mean any toxic or hazardous waste, material, or substance that is regulated by Environmental Laws.

b. Tenant, Landlord and NLTUA each represent, warrant, and agree that it will conduct its activities on the Property in compliance with all applicable Environmental Laws. Landlord further represents and warrants that to the knowledge of the individual signing and after making inquiry of employees or other persons that neither the Landlord nor NLTUA nor any third party has used, generated, stored, or disposed of, or permitted the use, generation, storage or disposal of, any Hazardous Substance on, under, about, or within the Property or Premises in violation of any Environmental Law.

18. **Assignment and subletting by Tenant.** Tenant may not assign this Lease or the Tenant Facilities without notice to and the prior consent of Landlord and NLTUA.

19. **Miscellaneous.**

a. This Lease shall run with the Property, and shall be binding upon and inure to the benefit of the parties, named additional entities as to specific terms or matters who have signed and approved this Lease, and their respective successors, and assigns.

b. This Lease constitutes the entire agreement and understanding of the parties and the additional signing entities, and supersedes all offers, negotiations, and other agreements. There are no representations or understandings of any kind not set forth herein. Any amendments to this Lease must be in writing and executed by both parties.

c. Tenant shall keep the Premises free and clear of all mechanics' liens on account of work done by Tenant or persons claiming under it.
d. If any term of this Lease is found to be void or invalid, such invalidity shall not affect the remaining terms of this Lease, which shall continue in full force and effect.
e. Any consent required hereunder shall not be unreasonably withheld, conditioned, or delayed.
f. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute only one instrument.
g. This Lease shall be governed by the laws of the State of Michigan and venue for any disputes shall lie in Leelanau County, Michigan.

Landlord and Tenant have executed this Lease as of the date set forth above.

VILLAGE OF NORTHPORT,
LANDLORD

By: /s/ Frederick Stiffons II
Name:
Its President

By: /s/ Joni L. Scott
Name:
Its Clerk

Dated: 6/9/2011

LEELANAU COMMUNITY ENERGY,
L.L.C., TENANT

By: /s/ Douglas McInnis
Name:
Its President

Dated: 6/9/2011

SIGNED AND APPROVED:

NORTHPORT LEELANAU TOWNSHIP
UTILITIES AUTHORITY
By: /s/ [illegible]
Name: "As to form and content"
Its Chairman

RESOLUTION

VILLAGE OF NORTHPORT
COUNTY OF LEELANAU, MICHIGAN

At a special meeting of the Village Council of the Village of Northport, County of Leelanau, Michigan, held in said Village on the 31st day of January, 2013, there were:

Present: President Von Voigtlander and Trustees: Holton, Deering, Wetherbee, Mikesell, Groomes

Absent: _____

The following resolution was offered by TRUSTEE MIKESELL and seconded by TRUSTEE WETHERBEE:

RESOLUTION APPROVING LEASE SUPPLEMENT

WHEREAS, the Village (as "Landlord") and Leelanau Community Energy, LLC (as "Tenant") heretofore entered into a Lease Agreement dated June 9, 2011 ("Site Lease Agreement"), which was amended by a Supplement dated July 18, 2012, the term of which lease commenced on January 1, 2012; and

WHEREAS, Tenant now has the opportunity to obtain a $100,000 Grant if the Site Lease Agreement is modified in a manner that satisfies the criteria for the Grant; and

WHEREAS, the proposed modifications benefit the Village.

NOW, THEREFORE, BE IT RESOLVED:

The Village President and the Village Clerk are authorized to sign the "Second Supplement to Site Lease Agreement", a copy of which is attached to this Resolution as Exhibit "A".

Adopted this 31 day of January, 2013.

YEAS: President Von Voigtlander and Trustees: Holton, Deering, Wetherbee, Mikesell Groomes

NAYS: Trustee Kehl

Barbara Von Voigtlander
President

Joni L. Scott
Clerk

SUPPLIMENT

THIS SUPPLIMENT WILL BE CONSIDERED AS AN ATTACHMENT TO THE SITE LEASE AGREEMENT BETWEEN THE VILLAGE OF NORTHPORT & LEELANAU COMMUNITY ENERGY. LLC. (LCE)

THE LEELANAU COMMUNITY ENERGY, LLC & THE VILLAGE OF NORTHPORT HAVE AGREED TO THE FOLLOWING ADDITIONAL INFORMATION THAT PROVIDES CLARITY AS IT PERTAINS TO THE NORTHPORT WIND TURBINE PROJECT LOCATED AT THE WASTE WATER TREATMENT PLANT.

1. THE WIND TURBINE IS CAPABLE OF PROVIDING SPACE TO COLLOCATE COMMUNICATION EQUIPMENT AND ANTENNAS. ANY BENEFITS, MONETARY AND/OR SERVICES BENEFITS WILL BE SHARED EQUALLY WITH THE VILLAGE.
2. ALL CONTRACTS FOR CONSTRUCTION, INSTALLATION, REPAIR AND MAINTENANCE SERVICES, INSPECTIONS AND OTHER WORK PERFORMED AT THE WIND TURBINE SITE WILL BE REVIEWED BY THE VILLAGE FOR INCLUSION OF TERMS AND CONDITIONS THAT SHALL INDEMNIFY AND HOLD THE VILLAGE OF NORTHPORT HARMLESS FROM ANY AND ALL CLAIMS, INCLUDING ATTORNEY FEES AND COSTS.
3. ALL CONTRACTS MUST INCLUDE A CERTIFICATE OF INSURANCE THAT CO-NAMES THE VILLAGE OF NORTHPORT.
4. LCE WILL MAINTAIN A GENERAL LIABILITY INSURANCE POLICY FOR CLAIMS FOR BODILY INJURY OR DEATH AND PROPERTY DAMAGE WITH COMBINED SINGLE LIMITS OF NOT LESS THAN $1,000,000. IN ADDITION, THE WIND TURBINE WILL BE INSURED AGAINST PHYSICAL DAMAGE DUE TO NATURAL CAUSES SUCH AS LIGHTNING, WIND, ETC.
5. LCE WILL GIVE NOTICE TO THE VILLAGE WHEN LCE'S INDEBTEDNESS HAS BEEN PAID IN FULL AND SUFFICIENT ASSETS, OTHER THAN THE TENANT'S FACILLITIES, REMAIN TO COVER ALL MEMBER INVESTMENTS WITH AN ANNUAL RETURN OF 4%. THE VILLAGE AT THAT TIME WILL HAVE THE OPTION TO RECEIVE THE TENANT FACILITIES WITHOUT THE PAYMENT OF ANY CONSIDERATION. IF THE VILLAGE ELECTS NOT TO RECEIVE THE FACILITIES, LCE WILL CONTINUE TO OPERATE AND MAINTAIN THE FACILITY AND DONATE THE NET INCOME TO THE VILLAGE.
6. LCE WILL MAINTAIN A PERMANENT FUND OF $12,000 TO BE USED FOR THE DISMANTLING AND REMOVAL OF THE WIND TURBINE FROM THE SITE. THIS AMOUNT IS BASED ON A DETERMINATION OF JIM SCHIFFER AND REFLECTS THE DECOMMISSIONING "HARD COSTS" DETAILED IN ATTACHEMENT 1. OTHER RESTORATION WORK WILL BE COVERED BY PROCEEDS FROM THE SALE OR SCRAP VALUE OF THE TURBINE. EVERY THREE YEARS THE ADEQUACY OF THE FUND WILL BE REVIEWED AND APPROPRIATE ADJUSTMENTS MADE.
7. PARAGRAPH 12 OF THE SITE LEASE AGREEMENT IN REGARDS TO THE LANDLORD {VILLAGE OF NORTHPORT} SHALL INDEMNIFY AND HOLD TENANT {LEELANAU COMMUNITY ENREGY L.L.C. HARMLESS FROM ANY CLAIMS AND ALL SUBSEQUENT LANGUAGE RELATED TO THIS SUBJECT WITHIN THIS PARAGRAPH 12 WILL BE DELETED FROM THE SITE-LEASE AGREEMENT. THIS ACTION IS THE RESULT OF THE VILLAGE'S ATTORNEY'S STATEMENT OF 06/29/12. {ATTACHED}
   FUTHER, PARAGRAPH 12 HOLD HARMLESS LANGUAGE THAT TENANT {L.C.E.} SHALL INDEMNIFY AND HOLD LANDLORD {VILLAGE OF NORTHPORT} HARMLESS FROM ANY AND ALL CLAIMS AND ALL SUBSEQUENT LANAGUAGE RELATED TO THIS SUBJECT WILL REMAIN AND BE PART OF THIS PARAGRAPH 12 OF THE SITE LEASE AGREEMENT.

Frederick Steffens III DATE: 7/18/2012

FREDERICK STEFFENS III; VILLAGE OF NORTHPORT; PRESIDENT

Douglas McInnis DATE 7/18/2012

DOUGLAS MCINNIS; LCE PRESIDENT

SECOND SUPPLEMENT TO SITE LEASE AGREEMENT

This Second Supplement to Site Lease Agreement is entered into this 31 day of January, 2013, between the Village of Northport, a Michigan municipality, whose address is 116 W. Nagonaba Street, P.O. Box 336, Northport, MI 49670 (Landlord) and Leelanau Community Energy, L.L.C., a Michigan limited liability company, whose address is 7621 N. Gills Pier Road, Northport, MI 49670 (Tenant).

WHEREAS, the Landlord and Tenant have entered into a Site Lease Agreement dated June 9, 2011, having a Commencement Date of January 1, 2012, and which was amended and supplemented in the Supplement between the parties dated July 18, 2012; and

WHEREAS, the parties further wish to amend and supplement the Site Lease Agreement and first Supplement;

NOW THEREFORE, THE PARTIES AGREE TO SO AMEND AND SUPPLEMENT AS FOLLOWS:

1. The Site Lease Agreement paragraph 2, Commencement Date; Lease Term, is hereby amended to read in its entirety as follows:

> This Lease shall be effective as of June 9, 2011, and extend for a term of twenty (20) years from the Commencement Date, subject to the following provisions. The Lease Term shall commence upon the date (the Commencement Date) which is the first day of the month following Tenant's completion of contract arrangements, financing commitments, receipt of all governmental approvals and the completion of "net metering" arrangements, but not later than 6 months from the date of this Site Lease Agreement, at which time the Tenant shall pay Landlord the first annual rent payment.

2. The Site Lease Agreement paragraph 3, Transfer of Ownership of Tenant Facilities, is hereby deleted in its entirety.

3. The Site Lease Agreement paragraph 4, Permitted use for generating and selling power; Construction, is hereby amended to delete the word "initially" in the second sentence.

4. The Site Lease Agreement paragraph 5, Rent; Taxes; Records, is hereby amended to read in its entirety as follows:

> a. During the term of the Lease, Tenant shall pay Landlord rent in the annual amount of FIVE HUNDRED DOLLARS ($500.00) due at the beginning of each calendar year beginning with the Commencement Date In addition the Village shall be paid fifteen percent (15%) of the LCE's annual gross wind turbine electric sales revenue, payable annually from the Commencement date for the term of the Site Lease.

b. Tenant shall pay all personal property taxes assessed against Tenant's personal property.

c. Landlord shall have the right to review Tenant's records, including accounts, filings, permits, contracts, correspondence, and other pertinent records, upon written request to Tenant.

d. In the event the anticipated grant from the U.S. Treasury does not occur, the Tenant, for the entire lease term, shall pay the Landlord rent in the annual amount of Five Hundred Dollars ($500.00), due at the beginning of each annual term of the Lease. After Tenant has recovered all of its net book value including recovery of all member investment plus a 4% return, as provided in Section 2 above, additional rent shall be paid in an amount equal to the net income of Tenant (after deducting property taxes) for each year thereafter, if any. Such amount, if any, shall be paid to Landlord within 30 days after the determination of such net income for each year thereafter, which determination shall be made within 30 days after the end of each annual term.

5. Paragraph 5 of the July 18, 2012, Supplement shall be deleted if the U.S. Treasury grant occurs.

6. With regard to paragraph 6 of the Supplement (dated 7/18/12), the "Fund" shall be established within 14 days of the signing of this document and shall consist of a security deposit paid direct to Landlord, with any accrued interest remaining in the account. Upon Tenant's timely compliance with the decommissioning at the expiration of the lease term, the account shall be released by Landlord to Tenant.

7. With regard to paragraph 8b of the Site Lease Agreement, the last sentence is deleted and in its place is the following: Upon Landlord's notice of termination to Tenant (by reason of Tenant's default, or upon the lease term having expired), Tenant shall have the responsibility to remove all of the Tenant Facilities and reasonably restore the site to its former condition within thirty (30) days of the notice of termination; otherwise, the Tenant Facilities shall be deemed abandoned to Landlord and Landlord may draw on the entire Fund referred to at paragraph 6 of the Supplement dated 7/18/12.

IT WITNESS WHEREOF, the parties hereto, on the date and year first above written, have executed this Second Supplement.

VILLAGE OF NORTHPORT,
LANDLORD

Barbara Von Voigtlander
By: Barbara Von Voigtlander
Its: President

Joni L. Scott
By: Joni L. Scott
Its: Clerk

LEELANAU COMMUNITY ENERGY,
L.L.C., TENANT

Douglas McInnis
By: Douglas McInnis
Its: President

SECOND SUPPLEMENT TO SITE LEASE AGREEMENT

This Second Supplement to Site Lease Agreement is entered into this 31 day of January, 2013, between the Village of Northport, a Michigan municipality, whose address is 116 W. Nagonaba Street, P.O. Box 336, Northport, MI 49670 (Landlord) and Leelanau Community Energy, L.L.C., a Michigan limited liability company, whose address is 7621 N. Gills Pier Road, Northport, MI 49670 (Tenant).

WHEREAS, the Landlord and Tenant have entered into a Site Lease Agreement dated June 9, 2011, having a Commencement Date of January 1, 2012, and which was amended and supplemented in the Supplement between the parties dated July 18, 2012; and

WHEREAS, the parties further wish to amend and supplement the Site Lease Agreement and first Supplement;

NOW THEREFORE, THE PARTIES AGREE TO SO AMEND AND SUPPLEMENT AS FOLLOWS:

1. The Site Lease Agreement paragraph 2, Commencement Date; Lease Term, is hereby amended to read in its entirety as follows:

> This Lease shall be effective as of June 9, 2011, and extend for a term of twenty (20) years from the Commencement Date, subject to the following provisions. The Lease Term shall commence upon the date (the Commencement Date) which is the first day of the month following Tenant's completion of contract arrangements, financing commitments, receipt of all governmental approvals and the completion of "net metering" arrangements, but not later than 6 months from the date of this Site Lease Agreement, at which time the Tenant shall pay Landlord the first annual rent payment.

2. The Site Lease Agreement paragraph 3, Transfer of Ownership of Tenant Facilities, is hereby deleted in its entirety.

3. The Site Lease Agreement paragraph 4, Permitted use for generating and selling power; Construction, is hereby amended to delete the word "initially" in the second sentence.

4. The Site Lease Agreement paragraph 5, Rent; Taxes; Records, is hereby amended to read in its entirety as follows:

> a. During the term of the Lease, Tenant shall pay Landlord rent in the annual amount of FIVE HUNDRED DOLLARS ($500.00) due at the beginning of each calendar year beginning with the Commencement Date In addition the Village shall be paid fifteen percent (15%) of the LCE's annual gross wind turbine electric sales revenue, payable annually from the Commencement date for the term of the Site Lease.

b. Tenant shall pay all personal property taxes assessed against Tenant's personal property.

c. Landlord shall have the right to review Tenant's records, including accounts, filings, permits, contracts, correspondence, and other pertinent records, upon written request to Tenant.

d. In the event the anticipated grant from the U.S. Treasury does not occur, the Tenant, for the entire lease term, shall pay the Landlord rent in the annual amount of Five Hundred Dollars ($500.00), due at the beginning of each annual term of the Lease. After Tenant has recovered all of its net book value including recovery of all member investment plus a 4% return, as provided in Section 2 above, additional rent shall be paid in an amount equal to the net income of Tenant (after deducting property taxes) for each year thereafter, if any. Such amount, if any, shall be paid to Landlord within 30 days after the determination of such net income for each year thereafter, which determination shall be made within 30 days after the end of each annual term.

5. Paragraph 5 of the July 18, 2012, Supplement shall be deleted if the U.S. Treasury grant occurs.

6. With regard to paragraph 6 of the Supplement (dated 7/18/12), the "Fund" shall be established within 14 days of the signing of this document and shall consist of a security deposit paid direct to Landlord, with any accrued interest remaining in the account. Upon Tenant's timely compliance with the decommissioning at the expiration of the lease term, the account shall be released by Landlord to Tenant.

7. With regard to paragraph 8b of the Site Lease Agreement, the last sentence is deleted and in its place is the following: Upon Landlord's notice of termination to Tenant (by reason of Tenant's default, or upon the lease term having expired), Tenant shall have the responsibility to remove all of the Tenant Facilities and reasonably restore the site to its former condition within thirty (30) days of the notice of termination; otherwise, the Tenant Facilities shall be deemed abandoned to Landlord and Landlord may draw on the entire Fund referred to at paragraph 6 of the Supplement dated 7/18/12.

IT WITNESS WHEREOF, the parties hereto, on the date and year first above written, have executed this Second Supplement.

VILLAGE OF NORTHPORT,
LANDLORD

Barbara Von Voigtlander

By: Barbara Von Voigtlander
Its: President

Joni L. Scott

By: Joni L. Scott
Its: Clerk

LEELANAU COMMUNITY ENERGY,
L.L.C., TENANT

Douglas McInnis

By: Douglas McInnis
Its: President