

LEASE FOR PRIVATE PROPERTY

DTMB Letter Date:	May 2, 2019	
Lease Number:	11936-2017	
Department:	Department of Licensing and Regulatory Affairs	
Location:	2407 N. Grand River Ave. Lansing, MI 48906	
Lessor:	2122 MLK, LLC. Resident Agent: Paul Gentilozzi	
Square Footage (SF) /Use:	Existing: 24,759 Square Feet (SF) Total: 43,599 SF	
Lease Costs:	Existing Space:	Total Space:
Annual	\$435,758.40	\$774,754.23
Monthly	\$36,313.20	\$64,562.85
Per Sq. Ft. (PSF)	\$17.60	\$17.77
Increases	\$mid-term increase \$19.55	mid-term increase: \$19.55
Renovation Costs:	Included	
Utilities:	Included	
Management Fee:	N/A	
Taxes:	Included	
Operating Costs:	Included	
Lease Terms:	First 3 months at ZERO rent. 20-yr initial term; two renewal options (one 10-yr and one 5-yr consecutive). This is a gross lease.	
Option to Purchase:	None.	
Existing Space:	The regulation of <u>recreational</u> marijuana is a new program that does not have a current space. This program will be added to a leased facility that houses LARA's <u>medical</u> marijuana program. LARA has been operating at this location since February 1, 2018 at a fair market rate of \$17.60 PSF, including all expenses. This expansion (and alteration) of the current location will allow the Department to accommodate the recently expanded Marijuana Regulation Agency's (MRA) function without disrupting operations for the medicinal marijuana regulation offices.	
Bid Process:	<p><i>Original Lease RFP Date:</i> February 17, 2017 <i>Number of Proposals Received:</i> 14 <i>Cost Range of Proposals:</i> \$12.95 PSF – \$24.18 PSF <i>Location:</i> The existing medical marijuana regulation offices occupy this site, which was bid out in 2017. This site was chosen in 2017 because the lessor provided a market rate and offered the most suitable location for this program. Adding onto this building allows the agency to meet the expansion needs of the new Marijuana Regulation Agency (MRA). There is no state-owned space available accommodate this agency's function. <i>Market:</i> This location and the proposed terms are within fair market rate for the area.</p>	
Other Issues:	The space is required to meet regulatory requirements following the passage of the Michigan Regulation and Taxation of Marihuana Act and Executive Order 2019-7, which created the Marijuana Regulation Agency.	

Cost Comparison

	Proposed Lease (includes existing space)	Current Lease	Difference
Total Sq. Ft.	43,599	N/A	N/A
Base Cost Per Sq. Ft.	\$17.77	N/A	N/A
Annual Lease Cost	\$774,754.23	N/A	N/A
	Included	N/A	N/A
Taxes	Included	N/A	N/A
Operating Costs	Included	N/A	N/A
Total Annual Cost:	774,754.23	N/A	N/A