

6/10/05

## MEMORANDUM OF UNDERSTANDING

### BOARD OF TRUSTEES OF MICHIGAN STATE UNIVERSITY AND CLARK RETIREMENT COMMUNITY

The Board of Trustees of Michigan State University (MSU) and the Clark Retirement Community (CRC) enter into this Memorandum of Understanding (MOU) to evidence their agreements with respect to a potential testamentary gift from Mr. David Morris to MSU and CRC.

Mr. Morris plans to provide in his estate plan for the transfer to MSU of the real property described on Exhibit A to this MOU (Property), presently consisting of approximately 1,800 acres of tillable land and nine rental houses. The testamentary transfer to MSU will effectuate MSU's contractual obligation, under this MOU, to manage the Property and to divide the proceeds of rentals and sales between MSU and CRC in accordance with this MOU. Currently, the Property's tillable acreage is leased to one individual and the rental houses are separately leased to various individuals. Mr. Morris plans to lease the tillable acreage to the current tenant (Crop Lease) for a term of 25 years, unless earlier terminated by the tenant as allowed by the Crop Lease.

Therefore, MSU and CRC agree as follows:

1. Effective upon the transfer of the Property to MSU (Transfer), MSU will manage the leasing and sales of the Property and act as landlord under the Crop Lease, if then in effect, and any residential leases then in effect. MSU will pay expenses as it deems necessary for the Property and the leases, such as taxes, utilities, maintenance costs, and management fees up to 5% of the lease income.
2. Within a commercially reasonable time after the expiration or earlier termination of the Crop Lease or any residential lease, MSU will sell the Property, in whole or in parcels, at its discretion. Any rental house may be sold when the related lease expires, but only if the house sale will not negatively affect the Crop Lease. MSU may retain a portion of the Property by paying to CRC its share of the fair market value of the parcel retained, in accordance with paragraph 3 below. The fair market value shall be as agreed upon by CRC and MSU, or, if they are unable to agree, shall be deemed to be the average of three independent real property appraisals, one obtained by each party at its own expense and one obtained from an appraiser selected jointly by the two appraisers used by the parties, the expense of which shall be shared equally by the parties.
3. After deduction of the expenses of management and operation, MSU shall divide all proceeds from Mr. Morris's gift of the Property, from rentals, sales (including MSU's retention of any portion of the Property), or otherwise, 55% to MSU and 45% to CRC, to be used as directed by Mr. Morris in separate gift and/or estate distribution documents.
4. On or before the first day of each calendar quarter, starting on the first day of the calendar quarter following the Transfer, MSU will pay to CRC its share of net proceeds for the preceding calendar quarter. Along with the payment, MSU will provide

CRC with an income and expense statement for the Property for the preceding calendar quarter.

5. This MOU shall become effective on the date it has been duly signed on behalf of both parties. The obligations and rights of the parties shall be conditioned on the Transfer occurring as planned by Mr. Morris. After sale or retention by MSU of all of the Property, and distribution to CRC of its share of the proceeds due to it under this MOU, this MOU shall expire.

6. This MOU contains the entire agreement of the parties with respect to its subject matter, and supersedes any prior or contemporaneous written or oral promises, representations, or understandings.

**BOARD OF TRUSTEES OF  
MICHIGAN STATE UNIVERSITY**

By: 

Title: Vice President for Finance  
& Operations & Treasurer

Date: June 10, 2005

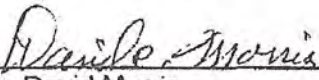
**CLARK RETIREMENT COMMUNITY**

By: 

Title: Trustee, Clark Trustee

Date: June 7, 2005

**Acknowledgment by Donor:**

  
David Morris

Date: 6-10-05

**A: Eaton County**

That part of the Northwest fractional  $\frac{1}{4}$  of Section 6, T4N, R3W, Delta Township, Eaton County, Michigan, described as follows: commencing at the Northwest corner of said Section 6, thence East to a point 80 rods West of the North  $\frac{1}{4}$  post of said Section 6, thence South to a point 45 feet North of the center line of the right of way of Pere Marquette Railroad Company; thence South  $63^\circ$  West parallel with said center line, to the West line of said Section 6, thence North to the place of beginning; EXCEPT therefrom the West 12 rods in width of the North 20 rods in width thereof; ALSO EXCEPT the East 200 feet of the West 615 feet of the North 346.5 feet thereof.

**B: Eaton County**

That part of the Northwest fractional  $\frac{1}{4}$  of Section 6, T4N, R3W, Delta Township, Eaton County, Michigan, described as follows: beginning at a point 660 feet West of the North  $\frac{1}{4}$  post of Section 6 thence South to a point 45 feet, North of the Center line of the right a way of Pere Marquette Railroad Co.; thence South  $63^\circ$  West parallel with said center line to a point which is South of a point 1320 feet West of the North  $\frac{1}{4}$  post on the North Section line of Section 6, thence North to the point 1320 feet West of the North  $\frac{1}{4}$  post on the North Section line; thence East 660 feet to point of beginning.

**C: Eaton County**

That part of the South fractional  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of Section 2, T4N, R4W, described as follows: Commencing on the East line of said Section 2, at a point 353 feet North of the East  $\frac{1}{4}$  post of said Section 2, thence North 239.1 feet; thence West 730 feet; thence North 412.4 feet; thence East 430 feet; thence North 216 feet; thence East 300 feet; thence North 66 feet; thence West 300 feet; thence North 212 feet; thence West to the East line of the right of way of the Pere Marquette Railway Company; thence Southeast along said right of way to a point 353 North of the East West  $\frac{1}{4}$  line of said Section 2, thence East to the point of beginning.

**AND**

North  $\frac{1}{2}$  of Northwest  $\frac{1}{4}$  of Section 2, T4N, R4W, lying East of the Pere Marquette (Presently called C & O) Railroad, Township of Oneida, Eaton County, Michigan

**D: Eaton County**

The North  $\frac{1}{2}$  of the Northwest  $\frac{1}{4}$  of Section 2, in Township 4, North of Range 4 West, EXCEPTING that portion lying East of Pere Marquette Railroad; also EXCEPTING a parcel in the Northwest Corner 18 rods North and South  $26 \frac{2}{3}$  rods East and West; also Excepting land described in Liber 182 of Deeds, Page 84; also EXCEPTING the rights of Consumers Power Company

**E: Eaton County**

The North fractional  $\frac{1}{2}$  of the Northeast fractional  $\frac{1}{4}$  of Section 1, T4N, R4W, EXCEPT the West 40 acres thereof; and also EXCEPT a parcel commencing at a point on the North Section line 1080 feet West of the Northeast Corner of Section 1 to a point of beginning, thence West along North Section line 165 feet, thence South at 90 degrees right angles to Section line 264 feet; thence East parallel with Section line 165 feet; thence North at 90 degree right angles to section line 264 feet to place of beginning.

AND

That part of the Southeast  $\frac{1}{4}$  of the Northeast  $\frac{1}{4}$  of Section 1, T4N, R4W, lying Northwesterly of the Chesapeake and Ohio Railroad Right of Way.

**F: Clinton County**

The South  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 35, T5N, R4W, EXCEPT the South 66 feet.

**G: Clinton County**

The Northeast  $\frac{1}{4}$  of Section 35, T5N, R4W, Eagle Township, Clinton County, Michigan.

**H: Clinton County**

East  $\frac{1}{2}$  of Northeast  $\frac{1}{4}$ , Section 34, T5N, R4W, Eagle Township, Clinton County, Michigan, Except North 20 acres thereof lying Westerly of Pere Marquette Railroad. Also Except North 3.57 acres thereof lying Easterly of Pere Marquette Railroad.

ALSO EXCEPTING: that part of the East  $\frac{1}{2}$  of the Northeast  $\frac{1}{4}$  of Section 34, T5N, R4W, Eagle Township, Clinton County, Michigan, described as: beginning at the East  $\frac{1}{4}$  corner of Section 34, thence South 89 degrees 56'21" West, 391.51 feet along the East-West  $\frac{1}{4}$  line of Section 34; thence North 00 degrees 00'22" East 270.54 feet parallel with the East line of Section 34; thence North 89 degrees 56'21" East 391.51 feet parallel with

East-West  $\frac{1}{4}$  line of Section 34 to the East line of Section 34; thence South 00 degrees 00'22" West, 270.54 feet along the East line of Section 34, to the point of beginning. Subject to the right of way for Tallman Road over the Easterly 33 feet thereof and any other easements or restrictions of use or record.

**I: Clinton County**

The South 335.0 feet of the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 36, T5N, R4W, Eagle Township, Clinton County, Michigan; EXCEPT a parcel of land beginning in the Southeast corner of the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of said section, thence West 820.0 feet, thence North 330.0 feet; thence East 150.0 feet; thence North 5.0 feet; thence East 670.0 feet; thence South 335.0 feet to the point of beginning.

AND

A parcel of land located in the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 36, T5N, R4W, Eagle Township, Clinton County, Michigan; beginning at a point which is 335.0 feet North of the Southwest corner of the above-described parcel and thence East 990.0 feet; thence North 1253.0 feet; thence West 990.0 feet; thence South 1253.0 feet to the point of beginning. Both parcels subject to easements and restriction of record.

**J: Clinton County**

The West  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 27, T5N, R4W, Eagle Township, Clinton County, Michigan.

**K: Clinton County**

East  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$ , and the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$ , and the South 20 rods in width off of the Northwest  $\frac{1}{4}$  all in Section 25; also the East  $\frac{1}{2}$  of the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 26, all in T5N, R4W, Township of Eagle, Clinton County, Michigan and Also the South 65 acres of the West  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 25, T5N, R4W, Clinton County, Michigan.

**L: Clinton County**

Beginning on the Section Line between Section 26 and 27, at a point 165 feet North of the Southwest Corner of the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 26, T5N, R4W, Eagle Township, Clinton County, Michigan; thence North along said Section Line 375 feet; thence East 1320 feet thence South 375 feet thence; West 1320 feet to the point of beginning, being a

parcel of land containing 11.385 acres, more or less; subject to easements and restrictions of record.

**M: Clinton County**

The West  $\frac{1}{2}$  of the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 26, T5N, R4W, Eagle Township, Clinton County, Michigan.

**ALSO**

The Northwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 26, T5N, R4W, Eagle Township, Clinton County, Michigan, EXCEPT 233 feet North and South by 233 feet East and West in the Northwest corner thereof.

**N: Clinton County**

The South  $\frac{1}{2}$  of the East  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of Section 26, T5N, R4W, Eagle Township, Clinton County, Michigan and the South  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of said Section 26. Subject to restrictions and easements of record.

**O: Clinton County**

Commencing at a point on the North-South  $\frac{1}{4}$  line of Section 26, T5N, R4W, Eagle Township Clinton County, Michigan, 666 feet North of Center of said Section 26, thence North to the North Section line of Section 26, East to the Center of Landen-Brogen Drain, Southeasterly in the center of drain to a point 666 feet north of East-West  $\frac{1}{4}$  line, thence West to point of beginning.

**ALSO**

That portion of the Southeast  $\frac{1}{4}$  of Section 23, T5N, R4W, Eagle Township, Clinton County, Michigan, lying South of Grand River Highway.

**P: Clinton County**

Southwest  $\frac{1}{4}$  of Southwest  $\frac{1}{4}$ , of Section 25, T5N, R4W, Subject to easements and restrictions of record. Eagle Township, Clinton County, Michigan.

**Q: Clinton County**

This portion of the East  $\frac{1}{2}$  of East  $\frac{1}{2}$ , Section 25, T5N, R4W, Clinton County, Michigan, lying South of Grand River Turnpike (Now US-96 Business Route, also formerly know as M-16 and US-16) EXCEPTING therefrom a parcel of approximately 1 acre in the Northwest corner, Subject to easements and restrictions of record.

**R: Clinton County**

The West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of Section 23, T5N, R4W, lying between US-16 and I-96 EXCEPT; Commencing at a point in the center of US-16, 472 feet Southeast from the intersection of centerline and the West line of the West  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$ , thence Southeasterly along centerline of US-16, 198 feet, thence Northeasterly 220 feet, thence Northwesterly 198 feet, thence Southwesterly 220 feet to the point of beginning. ALSO EXCEPT commencing at the Southwest corner of Section 23, T5N, R4W, thence North on the West line of Said Section 23 to the center of Grand River Avenue, old Highway US-16, thence South 73 degrees 36'00" East 670 feet on the center of Grand River Avenue to the point of beginning. Thence North 16 degrees 24'00" East 275 feet, thence South 73 degrees 36'00" East 325 feet thence South 16 degrees 24'00" West 275 feet, thence North 73 degrees 36'00" West 325 feet, on the center of Grand River Avenue to the point of beginning. ALSO that part of the Northeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of section 23, T5N, R4W, lying south of I-96, Eagle Township, Clinton County, Michigan, ALSO the East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 22, T5N, R4W, lying between US-16 and I-96, EXCEPT 165 feet East and West by 264 feet North and South in the Southwest corner thereof, Eagle Township, Clinton County, Michigan.

**S: Clinton County**

East  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$ , and the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  and the South 20 rods in width off the Northwest  $\frac{1}{4}$  all on section 25, also the East  $\frac{1}{2}$  of East  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 26, all in T5N, R4W, Township of Eagle, Clinton County, Michigan; and also the South 65 acres of the West  $\frac{1}{2}$  of the Southeast  $\frac{1}{4}$  of Section 25, T5N, R4W, Clinton County, Michigan.

**T: Clinton County**

Parcel A: the East  $\frac{1}{2}$  of the East  $\frac{1}{2}$  of the Southwest fractional  $\frac{1}{4}$  Section 30, T5N, R3W, Watertown Township, Clinton County, Michigan, said parcel being described as follows; beginning at the center of said section 30, thence South 00 degrees 10'15" East, 2653.63 feet along the North-South  $\frac{1}{4}$  line of said section to the South  $\frac{1}{4}$  corner of said section 30, thence North 89 degrees 07'35" West 660.66 feet along the South line of said section, thence North 00 degrees 07'02" West 2647.65 feet along the West line of the East  $\frac{1}{2}$  of the East  $\frac{1}{2}$  of the Southwest fractional  $\frac{1}{4}$  of said section 30.

Thence South 89 degrees 38'35" East 658.11 feet along the East-West ¼ line of said section to the point of beginning.

**Parcel B:** that part of the West ½ of the West ½ of the Northeast ¼ and the West ½ of the West ½ of the Southeast ¼ of section 30, T5N, R3W, Watertown Township, Clinton County, Michigan, Described as follows; beginning at the center of said section 30 thence North 00 degrees 27'04" West 334.92 feet to the center line of Grand River road thence South 77 degrees 02'49" East 97.66 feet along said road centerline. Thence South 00 degrees 27'04" East 323.83 feet thence North 89 degrees 32'56" East 84.79 feet thence South 00 degrees 07'50" East 1162.81 feet thence North 89 degrees 52'10" East 478.50 feet thence South 00 degrees 07'50" East 1476.93 feet along the East line of the West ½ of the West ½ of the Southeast ¼ of said section 30, thence South 89 degrees 34'42" West 656.50 feet along the South line of said section to the South ¼ corner of said section thence North 00 degrees 10'15" West 2653.63 feet along the North-South ¼ line of Said section to the point of beginning.

**U: Clinton County**

The West ½ of the East ½ of the Southwest ¼ of Section 30, T5N, R3W, Watertown Township, Clinton County Michigan; AND ALSO that part of the Northwest ¼ of Section 30 T5N, R3W, lying South of Grand River Avenue, Watertown Township, Clinton County, Michigan, described as; beginning on the East-West ¼ line of said Section 30 at a point 1174.89 feet North 87 degrees 52'55" West of the center of Section 30, T5N, R3W, thence continuing North 87 degrees, 52'55" West 142.01 feet on the East -West ¼ line to the West line of the East ½ of the Northwest 1/4 ; thence North 01 degrees 25'26" East 631.09 feet on the West line of the East ½ of the Northwest ¼ to the center of Grand River Avenue; thence South 75 degrees 15'00" East 147.01 feet on the center of Grand River Avenue, thence South 01 degrees 32'02" West 598.93 feet to the point of beginning. Subject to easements and restrictions of record.

**V: Clinton County**

All that part of the East ½ of the South East ¼ of Section 27, T5N, R4W, lying East of the Chesapeake and Ohio Railroad, containing 60 acres more or less. Eagle Township, Clinton County, Michigan.



**W: Clinton County**

The North 50 acres of the West ½ of the East ½ of Section 25, T5N, R4W, lying South of Grand River Road. Eagle Township, Clinton County, Michigan.

**X: Clinton County**

Beginning at the East ¼ post of Section 26, T5N, R4W, Eagle Township, Clinton County, Michigan, running thence West 915 feet along the East-West ¼ line of said Section 26, thence North 1271 feet along a fence; thence Southeasterly 968 feet along a fence to the East section line of said Section 26, thence South 1050 feet along the East Section line to the point of beginning. Eagle Township, Clinton County, Michigan.

**1: Clinton County**

Parcel 1, Beginning at the West ¼ post of Section 25, T5N, R4W, Eagle Township, Clinton County, Michigan, thence North along the West Section line of said Section 25 1505 feet to the point of beginning, thence North 165 feet, thence East 293 feet, thence South 165 feet, thence West 293 feet to the point of beginning.

Parcel 2: The Northwest ¼ of the Northwest ¼ of Section 25, T5N, R4W, Eagle Township, Clinton County, Michigan lying South of Old US-16, beginning 1340 feet North of the West ¼ post of said section 25, thence East 300 feet, thence North 420 feet, thence West 300 feet, thence South 420 feet to point of beginning, EXCEPT commencing 1505 feet North of the West ¼ corner, thence East 293 feet, thence North 165 feet, thence West 293 feet, thence South 165 feet to beginning.

FIFTH AMENDMENT OF TRUST

I, DAVID C. MORRIS, Grantor and Trustee of the DAVID C. MORRIS LIVING TRUST NO. 1 dated January 31, 1990, said trust being amended December 11<sup>th</sup>, 1991; October 26<sup>th</sup>, 1999; April 13<sup>th</sup>, 2000; and September 10<sup>th</sup>, 2002, do hereby, in accordance with the power reserved under Paragraph 1.1 of said trust, amend said trust as follows:

I

I hereby delete, in its entirety, Paragraph 4.4 of said trust and all amendments, and in lieu thereof, substitute the following:

4.4

(a)

(b)

(c)

(d)

(e) Trustee shall distribute all real estate in Clinton County and Eaton County, Michigan, I may own at my death as follows: Fifty-Five Percent (55%) to the Board of Trustees of Michigan State University of East Lansing, Michigan

and Forty-Five Percent (45%) Clark Retirement Community Foundation of 1546 Sherman S.E., Grand Rapids, Michigan, but Trustees shall transfer the title to the real estate to Board of Trustees of Michigan State University to be held and administered by Michigan State University under the terms of the Memorandum of Understanding between the Board of Trustees of Michigan State University and Clark Retirement Community Foundation, a copy of which is attached hereto and made a part hereof. The real estate may be subject to a long term lease with [REDACTED] and [REDACTED] and the real estate shall be taken subject to the terms of that lease. The net income and principal received by Michigan State University under the terms of the Memorandum of Understanding shall be used to fund the four Endowment Agreements created by David C. Morris and entitled as follows: BETTY and DAVID MORRIS ENDOWMENT in LIVESTOCK RESEARCH, BETTY and DAVID MORRIS Chair in STATE AND LOCAL GOVERNMENT FINANCE and POLICY, BETTY and DAVID MORRIS Endowment for SUPPORT of PROGRAMS in COMMUNITIES, AGRICULTURE and NATURAL RESOURCES at MICHIGAN STATE UNIVERSITY and the BETTY AND DAVID MORRIS DISCRETIONARY FUND in the COLLEGE of AGRICULTURE and NATURAL RESOURCE. Michigan State University shall complete the funding of the first two named Endowments. Once the first two Endowments are fully funded, Michigan State University shall fund the remaining two named Endowments on an equal basis.

(f)

(g)



II

I hereby delete, in its entirety, Paragraph 4.5 of said trust and all amendments.

III

I hereby delete, in its entirety, Paragraph 5.1 of said trust and all amendments, and in lieu thereof, substitute the following:

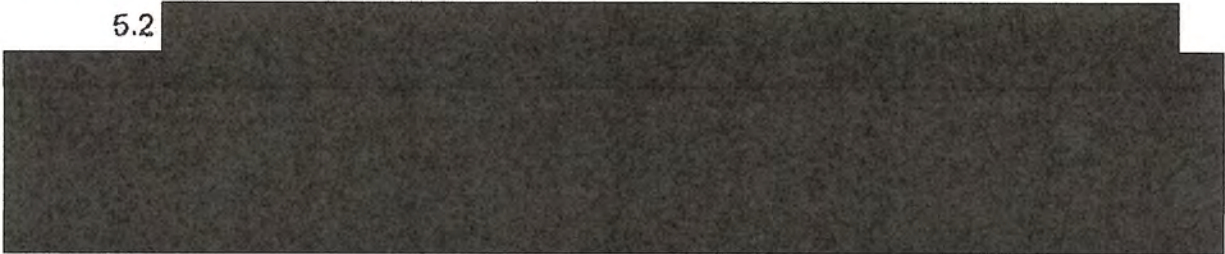
(1)



IV

I hereby delete, in its entirety, Paragraph 5.2 of said trust and all amendments, and in lieu thereof, substitute the following:

5.2



V

I hereby delete, in its entirety, Paragraph 5.3 of said trust and all amendments, and in lieu thereof, substitute the following:

5.3

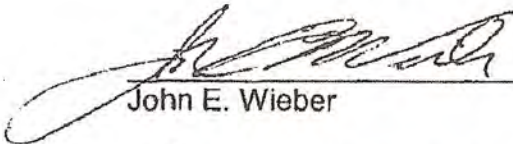


VI

In all other respects, I hereby ratify and confirm my said Trust Agreement dated January 31, 1990, as amended.

IN WITNESS WHEREOF, I have hereby set my hand and seal this 13<sup>th</sup> day of June, 2005.

IN THE PRESENCE OF:

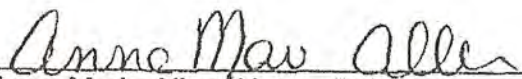
  
John E. Wieber

  
DAVID C. MORRIS

  
Anna Marie Allen

STATE OF MICHIGAN    )  
                                  )   SS  
COUNTY OF CLINTON    )

On this 13<sup>th</sup> day of June, 2005, before me, a Notary Public, within and for said County, personally appeared DAVID C. MORRIS, to me known to be the person described in and who executed this foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

  
Anna Marie Allen, Notary Public  
Clinton County, Michigan  
My Commission Expires: 7/14/2011