



Real Estate Department

Project No. XAS0104002
Work Order No.
Business Unit: METC

Date: July 8, 2014
To: Records Center
From: Trina Richardson
Real Estate
Subject: Lake State Railway License Agreement-Section 18, Turner
Township, Arenac County, Michigan.
Agreement Number: AR2679

Attached are papers related to the acquisition of a License Agreement, dated June 23, 2010 to Michigan Electric Transmission Company, LLC (METC) from Lake State Railway Company, whose address is 750 N. Washington Ave, Saginaw MI 48607.

The license was acquired for the Iosco-Karn 138kV transmission line.

The license consideration was \$1,500.00.

The acquisition was negotiated by Trina Richardson.

Please incorporate into Right of Way File No. GWO-6833 (Railroad Agreement with Detroit and Mackinac Railway Company).

Attachment (s)

COPY

AR2679

LICENSE AGREEMENT

Lake State Railway Company, a Michigan corporation with offices at 750 N. Washington Ave., Saginaw, MI 48607 (the "Railroad") and Michigan Electric Transmission Company, LLC, a Michigan limited liability company, with an address of 27175 Energy Way, Novi, Michigan 48377 (the "Grantee"), enter into the following License agreement (the "License").

WHEREAS, the Grantee desires to construct, reconstruct, own, use, operate, maintain, inspect, repair, renew and remove, as the case may be, electrical facilities and appurtenances on, over, across and/or along the route and parcels of land located in the County of Arenac, Michigan, as more particularly described on Exhibit A attached hereto and made a part hereof (the "License Area"); and

WHEREAS, the Railroad is willing to grant to the Grantee a licence for purpose of installing, reinstalling, constructing, reconstructing, owning, using, maintaining, operating, inspecting, repairing, renewing and removing, as the case may be, electrical lines consisting of poles, wires, cables, conduits and other fixtures and appurtenances on, along, above the License Area (the applicable electrical facilities located or to be located at the License Area being hereinafter referred to as a "Facility").

NOW, THEREFORE, in consideration of the sum of One Thousand Five Hundred Dollars (\$1500.00), per year, payable January 1, of each year the license is in effect, the receipt of which is hereby acknowledged by the Railroad, the Railroad grants to the Grantee, its successors and assigns, a license for the sole purpose of installing, reinstalling, constructing, reconstructing, owning, using, maintaining, operating, inspecting, repairing, renewing and removing, as the case may be, the Facility on, along, above the License Area.

The foregoing license is granted on the following terms and conditions:

FILE
"GMO-6833"

1. Prior to any construction being undertaken on the Facility, the Grantee shall furnish to the Railroad the plans and details of the proposed construction which shall be subject to the reasonable acceptance and written approval of the Railroad's Engineer and Property Administrator. Any underground Facility shall be at a minimum depth of five (5') feet six (6") inches below the base of rail and four (4') feet below bottom of any ditches or drainage culverts. Any overhead Facility shall meet the National Electric Safety Code clearance requirements.
2. All the planning, installing, construction, maintenance, repair, renewal or removal, as the case may be, of the Facility, including the furnishing of all labor, materials, tools and equipment, shall be performed by the Grantee at its sole cost and expense.
3. Any planning, installing, construction, maintenance, repair, renewal or removal shall be performed without any damage to the Railroad's property, including, but not by way of limitation, changes to the roadbed or surface, subsidence of its lands, and without any interference with the operation of the Railroad.
4. Except with the prior consent of the Railroad: (a) neither the Grantee nor its contractors shall cross over the Railroad's tracks with any equipment except at public crossings; and (b) the Grantee shall not allow any equipment including crane booms, to work any closer than twenty (20') feet from the nearest rail.
5. The Grantee shall give notice to the Railroad's Engineer or his designee not less than seventy-two (72) hours, before beginning any work or making any inspections, repairs, replacements, renewals or removals to the Facility to allow Railroad to assign a flagman; provided, however, that emergency repairs required to preserve life or property may be made on an immediate basis with notification to the emergency contact as noted in Section 18. Grantee shall not perform any work on Railroad property unless a flagman is present or deemed not necessary by Railroad. All inspections, repairs, replacements, renewals or removals of the Facility shall be conducted in such manner as in the sole judgment of the Railroad's Engineer will in no way interfere with the proper and safe operation, use and enjoyment of the property of the Railroad or the poles, wires, conduits or other equipment located on the property of the Railroad. Upon completion of the work, Railroad property disturbed during the work shall be restored to a neat, level and reasonably safe condition with appropriate

drainage or elevation. Grantee shall comply with the National Electric Safety Code, all legal requirements applicable to its use of the Facility, and all operational rules of the Railroad then in effect pertaining to the use, maintenance, repair, renewal of the Facility, provided that such rules are consistent with standard railroad industry practice in the State of Michigan.

6. During the installation, maintenance, inspection, repair, renewal and removal of the Facility, the Grantee, at its own cost and expense, shall reimburse the Railroad for inspection, flagging expenses and any other reasonable expenses resulting from the construction, maintenance, repair, replacement, renewal or removal of the Facility, no later than 30 days following receipt of bills with supporting documentation.
7. If the Grantee has any work permitted herein performed by a contractor, the dealings of the contractor shall be handled through the Grantee and not directly with the Railroad; and work performed by the contractor shall be subject to all the terms and conditions of this license.
8. The Grantee hereby agrees to indemnify, defend, and to hold the Railroad harmless against any and all construction liens, liabilities, damages and expenses asserted against Railroad as a result of or in any way related to, the Grantee's occupation and use of the License Area and operations conducted thereon by or on behalf of the Grantee pursuant to this License; provided, however, that the Grantee shall not be responsible for any claims, liabilities or damages resulting from the intentional acts of the Railroad. If a loss is attributable to the joint negligence of the Railroad or the Grantee, each party shall bear liability in proportion to its respective degree of negligence.
9. Grantee represents that it now carries, and agrees to carry during the term of this License, Primary and Excess Liability Insurance (including General Liability and Automobile Liability) covering claims for Bodily Injury, Property Damage and Personal Injury in the aggregate amount of \$4,000,000 per occurrence. Such coverage shall be subject to a large deductible or self-insured retention in accordance with Grantee's risk management practices. A certificate of insurance with appropriate limits of liability will be issued to the Railroad evidencing the Primary Liability and Excess Liability coverage and naming Railroad as an additional insured as its interest may

appear. The Primary Liability and Excess Liability certificate(s) shall provide a minimum of ten (10) days' advance written notice of cancellation to the Railroad.

10. The Grantee acknowledges that installing its Facility on the right-of-way of the Railroad provides some risk that the Facility may be damaged in the course of train operations. Therefore, notwithstanding any other language in this License to the contrary, the Grantee waives any loss, damage and/or claim the Grantee may have against the Railroad resulting from derailments or other accidents of a similar catastrophic nature, and/or from vibration or other activities of the Railroad in the ordinary course of its operations. However, this waiver does not apply to the extent the loss, damage and/or claim is attributable to the Railroad's intentional misconduct.

11. The parties agree to the following environmental indemnification language:

a. Definitions

1. "Hazardous Materials," as used in this article, is as defined in 42 USC 6901 et seq, and any regulations promulgated pursuant thereto.
2. "Pollutants," as used in this article, is as defined in 33 USC 1251 et seq, and any regulations promulgated pursuant thereto.
3. "Contamination" includes both Hazardous Materials and Pollutants.

b. Grantee agrees to indemnify and save harmless the Railroad, its officers and directors, employees and agents, their respective successors and assigns (each and all hereinafter "Indemnitees"), from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, and costs and expenses incidental thereto (including cost of defense, settlement, and attorneys' fees), which Indemnitees may hereafter suffer, incur, be responsible for or pay out as a result of any governmental or private order, directive, administrative proceeding, rule, regulation, law, statute, ordinance or suit to cease, desist and refrain from all activities relating to Grantee's handling, treatment, storage, removal, extraction and disposal of pollutants or hazardous materials in the water or soil and/or ground water of the License Area or the Railroad Property, or as a result of bodily injuries (including death) to any person, damage (inducing loss of use) to any property (public or private), pollution or contamination of or adverse effects on the environment, or any violation or alleged violation of laws, statutes,

ordinances, orders, rules or regulations of any governmental entity or agency, caused by or arising out of Grantee's acts or omissions.

12. It is expressly understood and agreed that the license herein granted shall in no way preclude the full, free and complete use of the right-of-way and property of the Railroad for the installation and maintenance of railroad tracks thereon and the operation of locomotives, trains and cars thereover; and for any other purpose or use by the Railroad that does not interfere with the Grantee's ability to install, operate and maintain the Facility.
13. If the Grantee abandons this license, it shall provide written notice to the Railroad of such abandonment and furnish to the Railroad in writing a release of license. This agreement may be terminated in the following manner: Either party may give the other thirty (30) days notice of termination, abandonment of Grantee's improvements, as described in Paragraph 14 or breach of this agreement by Grantee which is not cured within thirty (30) days after written notice is given by Railroad to Grantee.
14. In the event of abandonment or discontinued use of the Facility, the Railroad shall have the right to determine which parts, if any, of the abandoned Facility may be allowed to remain on the Railroad's premises and under what circumstances or which must be removed from the Railroad's premises. In any event, the Grantee will, at its sole cost and expense, comply with the Railroad's written determination and restore the land to a neat and level condition satisfactory to the Railroad's Engineer within one hundred and twenty (120) days following such delivery of written determination.
15. In the event the Railroad installs new tracks, relocates its existing tracks or makes additions to or modifications to its existing tracks within the license Area, Railroad shall notify Grantee in writing prior to commencing such activities, except that no notice shall be required for routine maintenance, or tie or rail repair which require no action on the part of the Grantee. The Grantee shall, at its sole cost and expense, and within one hundred and twenty (120) days from the date of such notice or such longer period of time as may be reasonably necessary for Grantee to acquire approval from an appropriate regulatory agency for a line relocation, commence to relocate, strengthen, support, or otherwise protect or modify the Facility and thereafter promptly complete such work (any such requested action hereinafter referred to as "Modifications");

provided that the Grantee will only pay the costs to relocate up to two (2) towers and related facilities during any 20 year period beginning with the effective date of this Easement. Where available, and if necessary, Railroad shall provide an license to Grantee for so much of its land as necessary for Grantee to maintain its Facility and to accomplish such Modifications without additional compensation from Grantee. If any governmental agency requires the Grantee to make temporary or permanent Modifications such Modifications shall be done at no expense to Railroad. All construction in connection with any Modifications shall comply with the terms and condition of this license.

16. a. This Inductive Interference paragraph applies solely to inductive interference between Grantee's Facility and Railroad's railroad track(s), structures, power lines or poles, train control system, communication, signal or other wires, electrical or electronic apparatus ("Railroad's Equipment").

b. Grantee at its own expense, will at all times, maintain in the electrical system in which Grantee's Facility is a part, the general coordinative methods which are applicable to supply circuits and their equipment as prescribed or specified, as follows:

- i. The latest existing amendment or successor publication to the Association of Principles and Practices for Inductive Coordination of Electric Supply and Communications systems.
- ii. The latest applicable publication of Electrical Power Research Institute (EPRI); and
- iii. Data or conclusions produced jointly by the ARR and EPRI.

In all cases, the latest of the above will prevail, provided it has been made known to Grantee.

c. If Railroad believes these general coordinative methods are not sufficient to avoid inductive interference by Grantee, Railroad shall cooperate with Grantee to determine what specific coordinative methods of providing the best engineering solution are required. The specific methods so determined shall be put into effect

and the Grantee shall bear the cost of the modifications required, except that Grantee shall in no event be responsible for replacing joint tunable coplers or cleaning crossing mats of salt. This license does not require methods be applied to preclude occasional disruption to Railroad's Equipment from events such as power system faults, except if the methods are jointly prescribed or specified by the Association of American Railroads and the Electric Power Research Institute. Nevertheless, Grantee is responsible for the reasonable cost of repairing damage to Railroad's Equipment directly caused by these events.

- d. If Grantee's Facility is proven, according to paragraph b. to cause disruptive inductive interference to Railroad's Equipment, then Grantee shall promptly remedy disruptive inductive interference as a result of the presence of Grantee's Facility. If Grantee fails to do so promptly, then Railroad may do so in a cost-effective and reasonable manner and Grantee agrees to reimburse to Railroad the full cost and expense of the remedy after receipt of bills and supporting documentation.

17. The Grantee shall have the right, from time to time and at no additional cost, to cut, trim, remove, destroy, or otherwise control any trees and brush on the Railroad's right-of-way that may, in Grantee's opinion, interfere or threaten to interfere with or be hazardous to the Facility. All trees and brush cut or trimmed by Grantee shall be promptly removed from the premises, and shall not, in any way, interfere with the operation of the railroad's trains, equipment or maintenance operation. Any method used by Grantee to destroy or control trees and brush may be used only with approval by the Railroad's Engineer; it being understood that manual and mechanical methods are hereby approved.

18. The license granted does not include any subsurface rights. Such rights are not owned by the Railroad, and may be granted only by Straits Corporation. In the event that such rights are granted by Straits Corporation, any construction, reconstruction, ownership, use, operation, maintenance, inspection, repair, renewal and removal, as the case may be, of electrical facilities and appurtenances shall be subject to the terms and conditions of this license.

19. All notices required to be given by this license shall be give to the parties as follows or as the parties may otherwise advise in writing. The notification list will include an emergency contract for the railroad and the grantee providing a telephone number, fax number and e-mail address.

Grantee:

METC

Attn: Christine Soneral

27175 Energy Way

Novi, Michigan 48377

Office 248-946-3553

Fax 248-946-3552

csoneal@itctransco.com

Railroad:

Lake State Railway Company

Attn.: Property Administrator

750 N. Washington Avenue

Saginaw, Michigan 48607

Office 989-757-2129

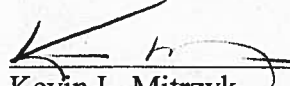
Fax 989-757-2134

chmurav@lsrc.com

20. The rights herein granted and the terms and conditions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto and are deemed to run with the land.
21. This License shall be construed, governed and enforced in accordance with the laws of the state of Michigan.

IN WITNESS WHEREOF, this License is effective June 23, 2010.

LAKE STATE RAILWAY COMPANY



Kevin L. Mitrzyk
Vice -President Finance/C.F.O.

MICHIGAN ELECTRIC TRANSMISSION COMPANY, LLC

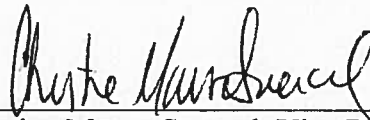
By: Michigan Transco Holdings, L.P., sole member

By: METC GP Holdings II, LLC, General Partner

By: METC GP Holdings, Inc., sole member and sole manager

By: ITC Holdings Corp., its sole owner

By:



Christine Mason Soneral, Vice President and General
Counsel, Utility Operations

The foregoing instrument was acknowledged before me this 23rd day of June, 2010, by Kevin L. Mitrzyk, Vice-President Finance/C.F.O., Lake State Railway Company, a Michigan corporation on behalf of said corporation.

Helen Rosalyn Huneycutt

Notary Public, Saginaw County, _____

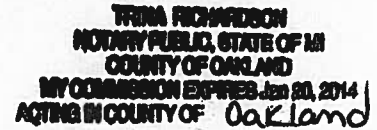


My Commission Expires: 08-06-2014

The foregoing instrument was acknowledged before me this 23rd day of June, 2010, by Michigan Electric Transmission Company, a Michigan limited liability company, on behalf of said company.

Tina Richardson

Notary Public, Oakland County, MI



My Commission Expires: January 20, 2014

Instrument Drafted by:
Vicky K. Chmura
Lake State Railway Company
750 N. Washington Avenue
Saginaw, MI 48607

When Recorded Return to:
Vicky K Chmura
Property Administrator
Lake State Railway Company,
750 N. Washington Avenue
Saginaw, MI 48607

