

Municipal District of Acadia No. 34

Policy Number: 2201
Title: Municipal Lease Management Policy
Subject Area: Property Management
Council Resolution: 099/2017

Approval Date: 12 September 2017 **Revision Date(s):**

Policy Statement:

The MD of Acadia commits to managing its municipal lease land in a manner that maximizes value for both leaseholders and the citizens of the MD of Acadia.

1. Principles:

- a. The MD of Acadia's lease land is land owned by the municipality.
- b. The MD of Acadia has a responsibility to manage this land in a manner that benefits the MD as a whole.
- c. The MD of Acadia believes that the leasing of municipal lease land is essential in supporting a strong cattle industry and ensuring the conservation of rangeland and native prairie.
- d. The MD of Acadia shall lease this land in a manner consistent with this policy.
- e. All leaseholders must own cattle and be actively involved in grazing those cattle on their municipal leases.
- f. Leaseholders are expected to act in accordance with this policy.
- g. Subletting of municipal leases is not permitted and is grounds for immediate and unilateral cancellation of the lease agreement by the MD of Acadia.
- h. Previous Lease Management Policies are hereby annulled and overruled by this policy.
- i. This policy will remain in effect until the MD of Acadia council decides to remove or amend it.

2. Lease Terms:

- a. All municipal leases follow 10 year auto renewable terms.
- b. All leases follow the same term regardless if the lease transfers owners during its term.
- c. All lease agreements are subject to a Renewal Fee of \$500, due within 30 days of the new 10 year term commencing.
- d. If a lease holder is found in breach of this policy or of his or her lease agreement, the MD of Acadia reserves the right to not renew a lease. In such circumstances, the MD of Acadia agrees to notify the affected leaseholder at least sixty (60) days before the end of the current lease term.

3. Transfer of Leases:

- a. Lease transfers are treated similar to Crown Lease Land sales with some changes made to reflect municipal priorities.
- b. Any purchaser of Municipal Lease must be a cattle farmer actively engaged in ranching.
- c. All fees and documentation must be submitted to the MD and approved before a municipal lease is transferred.

3b. Assignment Fees:

- d. Assignment Fees are those fees charged when a municipal lease is sold or transferred.
- e. The assignment fee charged is dependent upon whether the purchaser is a family member of the seller.
- f. If the purchaser is a family member, the assignment fee charged by the MD of Acadia shall be \$100 per quarter section contained in the lease.
- g. If the purchaser is not a family member, the assignment fee charged by the MD of Acadia is \$50 per AUM on each quarter section.
- h. If the purchaser is a registered corporation or other organization, a list of directors must be provided to the MD of Acadia to determine if the purchaser is family or non-family. In order for a purchasing corporation or organization to be considered family, at least 50% of the entity must be owned by a family member of the seller.

3c. Conditional Surrenders:

- i. The MD of Acadia allows lessees to use lease agreements as security for borrowing money for the purchase of said leases subject to an agreement being entered into between the Lender and the Municipality as approved from time to time. Upon doing so, certain other information is required as listed below.
 - i. Standard assignment of disposition of lease
 - ii. Completion and endorsement of at least two (2) copies of the Municipal Lease documents as prepared by the municipality
 - iii. Copy of Conditional Surrender of Lease to Approved Mortgage or Lending Institution

- iv. Amount of Mortgage to be registered against the Title as per lease agreement.
- v. Purchase price of the 10 year auto renewable lease or remainder depending on purchase date.
- vi. Term of the Mortgage registered against the title as per lease agreement.
- j. The MD of Acadia reserves the right to cease allowing new conditional surrender agreements to be entered into at any time.

3d. Disposal of Lease Land by the Municipality:

- k. At any time, the lease holder may request his or her lease land be put up for sale for the purposes of becoming deeded land.
- l. In such cases, sole discretion lies with the Council of the MD of Acadia to agree to or deny this request.
- m. If this request is agreed to, MD of Acadia **Policy 2203: Sale of Municipal Land** shall be followed.

4. Lease Agreements:

- a. Leaseholders are expected to adhere to the lease agreements between them and the MD of Acadia at all times and in every respect.
- b. The MD of Acadia reserves the right to terminate lease agreements due to breaches of these agreements and/or this policy.
- c. The MD of Acadia will communicate warnings via Canada Post in the event of a breach being found.
- d. If the situation is not rectified in a time and manner suitable to the MD of Acadia, the MD reserves the right to unilaterally terminate the lease agreement.

5. Lease Fees:

- a. The MD of Acadia charges an annual lease fee to each leaseholder.
- b. This fee is usually set in January by the Council with invoices being sent to leaseholders by April 1st of that same year.
- c. Leaseholders have thirty (30) days to pay the invoiced amount in full.
- d. If payment is not received within 30 days, the leaseholder is in default of their lease agreement and will be notified accordingly.
- e. If these fees are not paid in full within ninety (90) days of the invoiced date, the lease agreement may be unilaterally terminated by the MD of Acadia.

6. Surface Lease Revenue Sharing

- a. The MD of Acadia agrees to share 1/3 of the revenue paid by energy companies annually with the affected lease holder.
- b. Surface Lease payments shall not be made to the leaseholder until all outstanding lease fees are paid in full.

- c. When surface lease payments are issued to a leaseholder, the cheque must be cashed within six (6) months of the date of issue. If not cashed after 6 months, the cheque shall be cancelled and the annual lease payment forfeited for the current year.
- d. Any contravention of this policy or the lease agreement may result in suspension, forfeiture, or termination of surface lease revenue sharing with the offending leaseholder.

7. Renewable Energy

- a. This MD of Acadia permits the development of renewable energy infrastructure, such as Wind, Solar, Hydro, and/or Thermal projects on Municipal Leases so long as each project meets the standards set out in the MD of Acadia *Land Use Bylaw (2012)*
- b. Any such development shall be carried out in consultation with the affected Leaseholder(s).

8. Aggregate Exploration and Extraction

- a. Ensuring an adequate reserve of aggregate is fundamental to the sustainability of the MD of Acadia.
- b. At any time during a lease term, the MD of Acadia reserves the right to explore for aggregate on Municipal Lease land.
- c. If gravel is found on a municipal lease, the MD of Acadia reserves the right, in consultation with the leaseholder, to extract this gravel in a manner it deems necessary.
- d. If exploration or extraction activities are scheduled for a municipal parcel, the MD shall give the affected leaseholder a minimum of thirty (30) days' notice.
- e. In such an event, leaseholders will be eligible to receive compensation for damages to improvements but will not be compensated for loss of use.

8b. Leases Containing Municipal Gravel Pits

- f. Those leases that have a municipal gravel pit in operation are considered non-saleable leases and are governed differently than other MD leases.
- g. MD of Acadia administration shall be responsible for managing non-saleable leases containing gravel pits.
- h. Such management shall be done based on the current operational needs of the MD of Acadia and may vary as determined by administration.
- i. Non-saleable leases are not eligible for surface lease revenue sharing but may claim damages to improvements by the energy industry.

9. Care and Maintenance of Leases

- a. Leaseholders are expected to manage municipal leases in a sustainable manner to ensure the long-term health of the land.
- b. Leaseholders are responsible for controlling any noxious weeds on MD lease land.

- c. The breaking and cultivating of MD lease land is not permitted.
- d. Instances of overgrazing on MD lease land will be considered a contravention against this policy and the lease agreement.
- e. The MD of Acadia reserves the right to unilaterally determine the standard of care for MD lease lands and the current state of any MD lease parcel.

10. Definitions:

- a. AUM: Animal Unit Month as defined by the Government of Alberta. The MD of Acadia is responsible for determining the AUM of each quarter section of municipal grazing lease.
- b. Family Member: A parent, child, grandchild, niece, nephew, son/daughter in-law of a leaseholder.
- c. Lease Agreement: The legal contract signed between the MD of Acadia and the current Leaseholder.
- d. Non-Saleable Lease: A lease that contains a municipal gravel pit or is otherwise designated as a lease that the MD of Acadia wishes not to sell.
- e. Surface Lease Payment: The sum paid on an annual basis to the MD of Acadia by an energy company for surface access and use of an MD lease.

11. Roles and Responsibilities:

- a. Council shall be responsible the management and review of lease land policies.
- b. Administration is responsible for the communication of this policy and lease holder adherence to it.

Approved by Council: 12 September 2017

Chief Administrative Officer