

**COMMERCIAL LEASE AGREEMENT
BETWEEN THE CITY OF ANN ARBOR
AND
THE REGENTS OF THE UNIVERSITY OF MICHIGAN
FOR LEASE OF
406 N. ASHLEY STREET – THE COMMUNITY DENTAL CENTER**

THIS LEASE between the CITY OF ANN ARBOR, a Michigan Municipal Corporation, 100 N. Fifth Ave., P.O. Box 8647, Ann Arbor, MI 48107 ("Lessor") and THE REGENTS OF THE UNIVERSITY OF MICHIGAN, A Michigan Constitutional Corporation, whose address is AEC--Real Estate Office, 326 E. Hoover Street, Ann Arbor, MI 48109-1002 ("Lessee")

Lessor and Lessee agree as follows:

1. **DESCRIPTION OF PREMISES AND TERM:** The property is located at 406 North Ashley Street, Ann Arbor, Michigan. Lessor will retain use of the ground level entry and large ground level front room, while sharing public restroom facilities and lunchroom area. Lessor shall utilize described space for City Housing Commission administrative operations. The x-ray rooms, smaller office space and storage area are available to Lessee for its operation as The Community Dental Center for a term beginning on July 1, 2004 and ending June 30, 2006, with an option to renew annually for three (3) additional one-year periods through June 30, 2009, unless terminated sooner in accordance with the terms of this lease. Exercise of said option shall be evidenced by the approval of agreements between the City of Ann Arbor and the Regents of the University of Michigan for operation of The Community Dental Center. Approval of such renewal agreements by the City of Ann Arbor shall be by the City Administrator.
2. **PARKING LOT:** Lessor will retain four (4) parking spaces in the area of the signed employee parking lot. The remainder of the parking lot is for sole use by the Lessee for its staff and customers.
3. **RENTAL RATE:** Lessee agrees to pay to Lessor the sum of \$1.00 annually in rent. No security deposit shall be required under the terms of this lease.
4. **USE AND OCCUPANCY:** Lessee agrees that a portion of the premises shall be used and operated as The Community Dental Center in accordance with all applicable regulations imposed by any governmental authority, including but not limited to The Community Development Block Grant Agreement between the City and The Regents of the University of Michigan, with the use of the remainder of the premises to be under the management of the University of Michigan School of Dentistry; and, to observe all reasonable regulations and requirements of any insurance company concerning the use and condition of the premises.

Lessee agrees to post and maintain regular office hours at its lease space as evidence of its operation of the premise as a Community Dental Center.

Lessee shall be responsible for janitorial services and all routine maintenance of the premises on the upper level plus lessee occupied space on the lower level. Lessor shall provide janitorial service for the lower level of the premises, including space occupied by the Lessor, shared storage and lunchroom space, two bathrooms, hallway and entryway. Lessor shall also provide bathroom supplies and plastic bags for the lunchroom on the lower level.

Lessee agrees to return the premises to Lessor at the expiration of this lease in the same condition as when taken, reasonable wear and tear excepted.

5. **REPAIRS/MAINTENANCE:** Lessee shall make necessary repairs to the interior of the premises, including but not limited to, window maintenance, painting, electrical and plumbing work with the exception of H.V.A.C system and elevator repairs and preventive maintenance, which shall be the responsibility of the Lessor, and de-icing of all sidewalks and entrance way leading into the Community Dental Center. Lessor may demand that Lessee make repairs, and if Lessee fails or refuses to make repairs within a reasonable period of time, Lessor may make repairs and Lessee shall reimburse Lessor for the cost of repairs within thirty days after Lessee receives Lessor's written demand for payment.

Lessee shall be responsible for reporting any building maintenance problems or unsafe conditions to the Public Services Area Administrator or authorized representative for disposition.

Lessee is not responsible for the maintenance and repair of improvements or replacements of a capital nature, including by way of example and not limitation, the furnace, hot water heater, or any substantial portion of the roof or exterior walls except to the extent that repair of such items is necessitated by Lessee or Lessee's employees or business invitees.

Lessee is not responsible for ongoing grounds maintenance, including but not limited to snow removal and landscaping.

6. **UTILITIES:** Lessee's responsibility for utilities, including electricity, water, sewage and heating fuel shall be pro-rated with the Housing Commission to reflect separate and shared use of space at 406 N. Ashley.
7. **DAMAGE TO LESSEE'S PROPERTY:** Lessee shall not be responsible for any damage to or theft, loss or destruction of Lessee's property, unless the damage is caused by Lessor's negligence or failure to maintain the premises as required by this lease. Lessor is not responsible for insuring personal property and Lessee is encouraged to insure personal property.

8. **DAMAGE TO LESSOR'S PROPERTY:** Lessee assumes full responsibility for the conduct of person using the Community Dental Center during the term of this lease. Lessee agrees to make full restitution to the Lessor for damages to property caused by Lessee or by its business invitees during the term of this lease.

Lessee agrees to indemnify and hold harmless the City of Ann Arbor, its officers and employees, from all liability, penalties, damages, expenses and judgments resulting from any act or wrongdoing directly caused by Lessee that causes injury or loss to persons or property.

9. **ENTRY:** Lessor shall have the right to enter the premises after reasonable notice to Lessee to make any repairs, modifications or maintenance identified in this agreement. Lessor shall have the right to make emergency repairs without advance notice to the Lessee.

On termination of this lease, Lessee shall return all keys to the premises to Lessor. Lessee shall not alter or install a new lock on any door to the premises without Lessor's written consent.

10. **HOLDOVER:** Lessee shall vacate the premises promptly at the expiration of this lease. No holdover tenancy whatsoever shall be created and if Lessee fails to vacate the premises when this lease expires, Lessee shall pay Lessor the actual damages incurred by the Lessor due to Lessee's failure to vacate.

11. **DEFAULT:** If Lessee fails to abide by any of the above conditions, the Lessor may terminate this lease by giving written notice of lease violations at least thirty (30) days prior to the desired termination date. If the lease violations are corrected within the thirty (30) day time limit, the lease shall continue.

12. **TERMINATION:** This lease is subject to immediate termination by the Lessee or the Lessor if for any reason the agreement between the City of Ann Arbor and the Regents of the University of Michigan that provides for the operation of a The Community Dental Center at 406 N. Ashley is terminated.

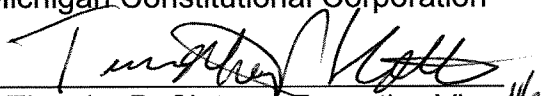
Lessor or the Lessee may terminate this lease by notifying the other in writing sixty (60) days prior to the end of any lease term or renewal period of their respective intention not to renew.

13. **SUBLETTING AND ASSIGNMENT:** Lessee shall not sublet or assign the premises without the prior written consent of the Lessor's Public Services Area Administrator. Consent shall not be unreasonably withheld. A sublet or assignment agreement approved by Lessor does not terminate Lessee's responsibility under this lease.

14. **DAMAGE TO PREMISES AND UNTENTABILITY:** If the premises are injured or destroyed in whole or in part by fire or other casualty during the term of this lease, Lessor shall immediately repair the premises so that they are substantially the same as they were before the casualty, unless the premises are untenable and the Lessor reasonably determines it not advisable to repair the premises. If the premises are untenable and the Lessor is unable to repair the premises to a tenable condition within thirty days, Lessor or Lessee may terminate this lease by giving written notice to respective party within ten (10) days of the date of damage to the premises. If the premises are rendered untenable or if the premises cannot be promptly restored to a tenable condition and if the injury or casualty was not caused by the willful act or negligence of the Lessee, Lessor may, within ten (10) days of the damage to the premises, offer a comparable unit to the Lessee for the duration of the lease, if such a unit is available.
15. **WAIVER OF SUBROGATION:** Each party releases the other party from any liability for loss, damage, or injury caused by fire or other casualty for which insurance is carried by the insured party, to the extent of any recovery by the insured party under such insurance policy.
16. **SEVERABILITY:** If a clause of this lease is found by a court to be invalid, that finding shall not invalidate any other clause or provision of this lease.
17. **HIPAA:** Both parties believe that the Landlord's authorized activities under the lease do not subject it to the Federal privacy requirements under the Health Insurance Portability and Accountability Act (HIPAA). Landlord will take reasonable steps to inform and warn its agents and employees to not seek or obtain access to private patient information. Landlord will take appropriate action if Tenant notifies Landlord that Landlord's agents or employees have sought or obtained access to private patient information.
18. **AUTHORIZATION TO EXECUTE:** By executing this agreement the parties acknowledge that their respective governing bodies have adopted the necessary authorization for execution of this lease.

THE REGENTS OF
THE UNIVERSITY OF MICHIGAN,
A Michigan Constitutional Corporation

By

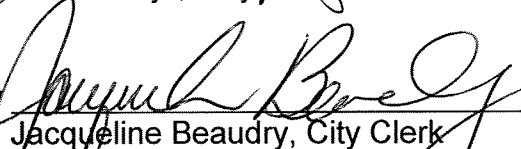

Timothy P. Slottow, Executive Vice
President and Chief Financial Officer

CITY OF ANN ARBOR, a Michigan
Municipal Corporation

By


John Hieftje, Mayor

By


Jacqueline Beaudry, City Clerk

Approved as to Substance:

By Roger W. Fraser
Roger W. Fraser
City Administrator

By Tom Crawford
Tom Crawford, CFO

Approved as to Form:

By Stephen K. Postema
Stephen K. Postema, City Attorney