

Attached are documents that give specific **COMMENTS AND SUGGESTED CHANGES** to specific parts of the Lease Document. The specific part of the lease that the **COMMENTS AND SUGGESTED CHANGES** apply to will appear at the top of each page. The Comments and suggestion will appear at the bottom part of each page. The pages correspond to the Lease as follows.

<b>PAGE NO.</b>	<b>TOPIC REFERED TO IN THE LEASE</b>
1	Casualty/Indemnity Liability
2	Maintenance by Lessee
3	Termination
4	Term
5	Assignment and Subletting
6	Access to Premises
7	Lessee Rights

**Casualty insurance.** During the term of this Lease, Lessee shall procure fire and extended coverage insurance insuring the Premises, including all leasehold improvements, for their full replacement value. The insurance policy shall show Lessor, regarding the Premises, and Lessee as named insureds. The insurance policy shall carry an endorsement requiring that Lessor shall be given 30 days' written notice before any change in or any cancellation of the policy. Certificates of all insurance policies and evidence of endorsement shall be delivered to Lessor. Lessee shall waive any right of recovery against Lessor for any loss occurring to the Premises or as a result of activities conducted on the Premises, which is covered by insurance, regardless of the cause of the damage or loss. Each insurance policy covering the Premises shall contain an endorsement recognizing this release by Lessee and waiving all rights of subrogation by their respective insurers.

**Indemnity/Liability insurance.** Throughout the term of this Lease, Lessee shall hold harmless and indemnify Lessor, its officers, employees, and agents against any claim, obligation, liability, injury or damage to third parties arising as a result of any act or neglect of Lessee in or about the Premises. Lessee shall, at Lessee's cost, from and after the Commencement Date, and during the entire term hereof, procure and keep in full force and effect (i) liability insurance covering Lessor with public liability insurance and property damage insurance with insurance companies licensed to do business in the state of Michigan, in amounts not less than \$xxxxxxxx combined single limit for bodily injury and property damage per occurrence; and (ii) with respect to alterations, improvements and the like required or permitted to be made by Lessee hereunder, contractor's protective liability and builder's risk insurance. In addition, Lessee shall secure or cause its contractor to secure during construction with the Premises workmen's compensation insurance – statutory limits; commercial general liability insurance with a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage. All insurance policies shall show Lessor, regarding the Premises, and Lessee as named insureds. The insurance policy shall carry an endorsement requiring that Lessor shall be given 30 days' written notice before any change in or any cancellation of the policy. Certificates of all insurance policies and evidence of endorsement shall be delivered to Lessor. Lessee shall waive any right of recovery against Lessor for any loss occurring to the Premises or as a result of activities conducted on the Premises, which is covered by insurance, regardless of the cause of the damage or loss. Each insurance policy covering the Premises shall contain an endorsement recognizing this release by Lessee and waiving all rights of subrogation by their respective insurers.

### **COMMENTS AND SUGGESTED CHANGES**

- 1) **What is the difference between the two insurances, Casualty and Indemnity/Liability? A real world example of the two would be helpful. I called an insurance agent and he said both were the same thing.**
- 2) **The last lease I was given and signed by me, but not signed by the City of Ann Arbor was because I couldn't get this insurance from anybody. No big insurance companies carry this for somebody who is not a business or a City. I currently carry coverage for this on my aircraft insurance policy. Aircraft Liability coverage extended to my hangar wasn't good enough for the City of Ann Arbor last time. Rather than the city rejecting the insurance and me resubmitting the insurance, like the City and I did last time. Give me the name of (2) insurance carriers I can call and get a quote.**
- 3) **There should be an option for the Lessee to have his own insurance or for the City of Ann Arbor to cover the Lessee under their policy for an addition fee tacked onto my land lease.**

**Maintenance by Lessee.** Lessee shall, at its expense, keep the Premises and any buildings or improvements on the Premises in good condition and repair. Lessee agrees to operate and keep the Premises in a clean condition, in compliance with applicable laws and ordinances.

In the case of structures constructed prior to the date of this Lease, Lessee agrees to allow the Airport Manager or designee to inspect the interior and exterior of the Hangars and the leased ground to determine required maintenance and repairs to bring the Premises in conformance with the adopted maintenance standards incorporated and attached as exhibit B. A list of required repairs and the timeframe to complete them shall be provided to Lessee, which shall be acknowledged by Lessee and attached hereto as exhibit C. Failure to make the necessary repairs within the timeframe stated, subject to any approved extension by the Airport Manager, shall be cause to terminate the Lease by Lessor.

### COMMENTS AND SUGGESTED CHANGES

**Maintenance by Lessee.** Lessee shall, at its expense, keep the Premises and any buildings or improvements on the Premises in good condition and repair. Lessee agrees to operate and keep the Premises in a clean condition, in compliance with applicable laws and ordinances.

In the case of structures constructed prior to the date of this Lease, Lessee agrees to allow the Airport Manager or designee to inspect **the exterior of the Hangars and the leased ground to determine required maintenance and repairs to bring the Premises in conformance with the adopted maintenance standards incorporated and attached as exhibit B.** A list of required repairs and the timeframe to complete them shall be provided to Lessee, which shall be acknowledged by Lessee and attached hereto as exhibit C. **The person inspecting the hangar will give his Name, Telephone number, and business hours so the inspector can clarify what his list of required repairs requires.** Failure to make the necessary repairs within the timeframe stated, subject to any approved extension by the Airport Manager, shall be cause to terminate the Lease by Lessor.

The city will limit interior inspections to the following reasons;

- (a) Emergency's (life or limb in danger)
- (b) Possible structural damage as witnessed from the outside that could injure people or damage structures.
- (c) Any substance leaking from the hangar (i.e. gasoline).
- (d) Any utility causing a dangerous situation as observed from the outside (i.e. electrical wires, gas lines).

**Termination.** Lessee may terminate this Lease, at any time, by providing written notice to the City at least ninety (90) days prior to the effective date of such termination. (a) **Lessee will not be reimbursed any amount of the Lease Payment should Lessee elect to terminate the Lease.** Lessor may elect to terminate this Lease if Lessee is in default of any of the obligations herein, including but not limited to: the provisions of this Lease, applicable airport rules, regulations, or policies as adopted by the City of Ann Arbor. Should Lessor elect to terminate this Lease due to a default of the Lessee of its obligations as herein provided, (b) **the Lessee shall have the right to remove the contents of the Hangar and the Hangar provided that the removal shall be completed within ninety (90) days after the Notice of Termination.** Should Lessee fail to remove the contents of the Hangar and/or the Hangar within ninety (90) days of either the provision of Notice of Termination by Lessor or receipt by Lessee of Notice of Termination from Lessor, the contents of the Hangar shall become the sole property of Lessor. (c) **If not removed by the Lessee on date of termination, the Hangar itself becomes the sole property of the City of Ann Arbor.**

If Lessee's Aircraft is so placed on an uncovered portion of the Airport, Lessee shall become obligated to pay the City of Ann Arbor with respect to such Aircraft, all storage rates, when applicable, on the Airport and all reasonable charges imposed and expenses incurred by the City to remove the contents of the Hangar. (d) **In addition to the foregoing, the City shall have the right to sell or retain the Aircraft and other personal property; if sold, the City shall use such proceeds as it may choose, including compensation for such costs as may have been incurred by the City as a result of the termination of this Lease.**

#### **COMMENTS AND SUGGESTED CHANGES**

(a) As concerns the above section marked (a) "**Lessee will not be reimbursed any amount of the Lease Payment should Lessee elect to terminate the Lease.**" What does that mean? Does it mean that the city is going to charge me for all the remaining years on the lease regardless if I have a hangar on the airport?

(b) As concerns the above section marked (b) "**the Lessee shall have the right to remove the contents of the Hangar and the Hangar provided that the removal shall be completed within ninety (90) days after the Notice of Termination.**" It might come as a surprise that demolition companies aren't waiting in the wings to do this kind of work. Things like frost laws that restrict movement of machinery etc. It might take 6 months to year to get this hangar off the airport after you have terminated the lease. I don't mind paying lease money during this time period, even though I won't be getting anything for it. A reasonable time period is a must.

(c) As concerns the above section marked (c) "**If not removed by the Lessee on date of termination, the Hangar itself becomes the sole property of the City of Ann Arbor.**" As long as I'm making progress on removing the hangar after you have terminated the lease why wouldn't you give something reasonable like 1 year? Or ask me for a date that I can reasonably be expected to have the hangar off the airport. I can understand you wanting ground lease money for the period I'm working on removal. But a (90) day removal period after some of those hangars have been there for 40 years and the size and scope of the job makes this impossible.

(d) As concerns the above section proceeded by (d); you will have the right to evict me with due process of law through the court just like any other landlord and tenant. This means also that my personal property, which includes my aircraft, are put off your property with a court order. It also means that you have to go to the court for a judgement to recoup money that is owed you.

**Term.** This Lease shall be for an initial term of ten (10) years commencing with the execution of the Lease (“Commencement Date”), unless sooner terminated or extended as herein provided. Lessee shall have the right to renew the term of this Lease for one additional ten (10) year period by giving Lessor notice of Lessee’s intent to renew the Lease in accordance with the conditions as set forth in Paragraph 5 (Renewal Notices) of this Agreement.

#### COMMENTS AND SUGGESTED CHANGES

I guess I don’t understand why this just can’t be a straight 20 year lease? The City of Ann Arbor, has given itself many way’s to Terminate the lease 10 minutes after they sign it. So I don’t see how it makes any difference what Term they agree to. A 10 year term makes any repairs unlikely to pay for themselves. A 20 year term will make it possible to fund the maintenance, repairs, insurance, utility’s, lot lease and end of lease hangar demolition and only pay double the amount it would cost to rent a City of Ann Arbor hangar.

**Assignment and subletting.** No interest in this Lease may be assigned by the Lessee. Lessee is expressly prohibited from subletting, licensing or permitting any other party or parties to occupy any portion of the Hangar or the Premises except as otherwise permitted by the Airport Manager in accordance with the rules of the Airport. Any assignment or subletting permitted by the Airport Manager shall not release Lessee from liability without Lessor's prior written approval.

#### COMMENTS AND SUGGESTED CHANGES

I don't think this hangar and lease is going to be affordable or someplace I want to spend my time. Just the cost to demolish the building in 10 years would add \$100/month to lease costs on top of insurance, maintenance, repairs, taxes, and land lease that are going to go up according to my read of this lease. I'm not a business that can write these costs off. I want to make sure I can get out from underneath this hangar and lease. Please add (a) and (b) into the lease.

(a) The lessee has the right to terminate the lease at any time during the lease period. If the hangar is removed and the leased land is returned to its original pre-hangar condition. No further land lease expenses will be incurred and the lease agreement with the City of Ann Arbor will be terminated after the above work is done.

(b) The lessee shall have the right at any time during the lease period to sell his hangar. The new owner of the hangar will have the right to sign a new lease with the City of Ann Arbor for what remains of the original owners lease period. The original owner will have no more liability for the hangar or land the hangar is on, and his lease will be considered terminated.

**Access to Premises.** The Airport Manager, or his designee, shall have the right to enter upon the Premises during regular business hours for the purpose of: (i) inspecting the same; (ii) confirming the performance by Lessee of its obligations under this Lease; (iii) doing any other act which Lessor may be obligated or have the right to perform under this Lease, or that is reasonably related thereto; and (iv) for any other lawful purpose. Such entry shall be made only on forty-eight (48) hours advance notice except in cases of emergency, when only such notice is required as is practicable under the circumstances. Notwithstanding paragraph 21 of this Lease, notice under this section shall be sufficient if provided forty-eight (48) hours prior to the inspection by (i) personal delivery or (ii) prominently posted on the primary building on the Premises.

## **COMMENTS SUGGESTED CHANGES**

**Access to Premises.** The Airport Manager, or his designee, shall have the right to inspect the exterior of the Premises and Hanger thereon during regular business hours for the purpose of: (i) inspecting the same; (ii) confirming the performance by Lessee of its obligations under this Lease; (iii) doing any other act which Lessor may be obligated or have the right to perform under this Lease, or that is reasonably related thereto; and (iv) for any other lawful purpose. Such inspection shall be made only on forty-eight (48) hours advance notice except in cases of emergency, when only such notice is required as is practicable under the circumstances. Notwithstanding paragraph 21 of this Lease, notice under this section shall be sufficient if provided forty-eight (48) hours prior to the inspection by (i) personal delivery or (ii) prominently posted on the primary building on the Premises.

**The Airport Manager may enter the hangar for the purpose of inspection if;**

- (a) Emergency's (life or limb in danger)
- (b) Possible structural damage as witnessed from the outside that could injure people or structures.
- (c) Any substance or gas leaking from the hangar (i.e. gasoline).
- (d) Any utility causing a dangerous situation as observed from the outside (i.e. electrical wires, gas lines).

## Lessee Rights

- 1) The lessee has the right to terminate the lease at anytime during the lease period. Remove the hangar and return the leased land to it's original pre-hangar condition. No further land lease expenses will be incurred after the work is done.
- 2) The cost/square foot of the lessee's hangar ground lease plus insurance plus township taxes per year shall not exceed what it costs to rent a city hangar/square foot on the East ramp per year.
- 3) The lessee shall have the right at any time during the lease period to sell his hangar. The new owner of the hangar will have the right to sign a new lease with the City of Ann Arbor for what remains of the original owners lease period. The original owner will have no more liability for the hangar or land the hangar is on.
- 4) The city will limit interior inspections for the following reasons
  - (a) Emergency's (life or limb)
  - (b) Possible structural damage as witnessed from the outside that could injure people or Structures.
  - (c) Any substance or gas leaking from the hangar (i.e. gasoline).
  - (d) Any utility causing a dangerous situation as observed from the outside (i.e. electrical wires, gas lines).
- (5) A cost for Land Lease, Insurance, township taxes, and required maintenance shall be reviewed between the Lessee and the Airport Manager before the lease is activated.
- (6) A time table shall be agreed to by the Lessee and Airport Manager for Maintenance Repairs before the lease is activated.
- (7) If the hangar owner is asked to remove and pay for his hangar removal for any reason a removal period of 1 year will be given