AGREEMENT BETWEEN THE CITY OF ANN ARBOR AND THE REGENTS OF THE UNIVERSITY OF MICHIGAN FOR RIGHT-OF-WAY OCCUPANCY BY CHILLED WATER FACILITIES WITHIN TAPPAN STREET

THIS AGREEMENT is made on the ____ day of ______,2011, between the City of Ann Arbor, a Michigan municipal corporation, 301 E. Huron Street, Ann Arbor, Michigan 48104 ("City"), and the Regents of the University of Michigan, a Michigan Constitutional corporation whose address is 326 E. Hoover, Ann Arbor, Michigan 48109 ("University").

In recognition of and premised in part on the nature of the University as Constitutional corporation, the City grants to the University the right to install, maintain, alter, repair and reconstruct Chilled Water Facilities (the "FACILITIES") to be owned and used by the University within City right-of-way locations sited here below and in the manner shown by the attached approved construction plans (Attachments A and B). This Right of Occupancy supersedes and replaces an interim License Agreement between the parties governing the FACILITIES and dated March 28, 2011, and is given upon the following terms and conditions, to which the University agrees:

1. Premises (hereafter "The Premises"):

The FACILITIES shall be located within the following area and as described more specifically on the attached approved construction plans (Attachment A):

Within the right-of-way of Tappan Street (the "City Parcel").

The FACILITIES shall be located, constructed, altered, maintained, repaired and replaced on and in The Premises in the horizontal and vertical locations as described and detailed on the approved construction plans identified as Underground Utilities, Drawing Number C-1 dated June 30, 2010, and approved on January 20, 2011 (Attachment A).

No material departure shall be made at any time therefrom except upon permission in writing granted by the City.

2. Serviced Premises.

The premises serviced by the *FACILITIES* are located at the street address of 611 Tappan Street, Ann Arbor, Michigan 48105 ("Serviced Premises"). The University shall provide the City with written notice of any expansion of the Serviced Premises.

3. Use.

The University may use The Premises only as follows:

- A. The University must comply with all applicable laws, regulations and ordinances.
- B. The University must comply with the requirements of "Miss Dig" as set forth in MCL 460.701 through MCL 460.718.
- C. The Right of Occupancy is intended for the University only.
- D. The Right of Occupancy is not transferable to successors or assigns except that the University, with the written permission of the City (which will not be unreasonably delayed, conditioned or withheld), may transfer use to (i) a successor public university or another governmental entity or to a parent entity or an entity under common control with the University, provided no entity other than an authorized transferee or the University owns and occupies the Serviced Premises or (ii) on a temporary basis to the State of Michigan Building Authority.

4. Duration.

A. In recognition of the expenditure of funds by the University in connection with the construction and maintenance of the *FACILITIES*, the University's reliance on the Right of Occupancy granted by the City, and the purposes for which the University will be installing the *FACILITIES* and using The Premises, the rights granted under this Agreement shall be deemed and construed as transferring to the University a right in the nature of a real estate or real property interest in land as defined in and limited by this Agreement and as limited by the laws of the United States and the State of Michigan. The rights granted by this Agreement are intended to be perpetual unless one or more of the following events occurs, in which case the City may terminate the rights granted under this Agreement early by providing written notice to that effect to the University:

- 1. The University breaches the conditions of use.
- 2. The University fails to pay any fee or costs under this Agreement when due.

- 3. The University fails to maintain all required insurance.
- 4. INTENTIONALLY DELETED
- 5. The University's use under this Agreement ceases for a period of five (5) years.
- 6. The University abandons either the FACILITIES or The Premises.
- 7. The University ceases to own and occupy the Serviced Premises (except in the case of temporary ownership by the State of Michigan Building Authority), unless the Right of Occupancy is transferred to a successor or assign who owns and occupies the Serviced Premises in accordance with Paragraph 3.D (i).
- 8. The parties mutually agree it is no longer desirable or necessary to maintain this Agreement.
- 9. If the interest of the City in The Premises is of such a nature that it may be terminated by operation of law, then this Agreement and the University's Right of Occupancy shall expire upon any such termination

If any of the terminating events described in (1)-(4) above occurs, the City agrees to give the University notice and a reasonable opportunity to cure before actually terminating this Agreement.

B. Upon termination of the rights granted under this Agreement or upon the removal or abandonment of the FACILITIES, all rights of the University shall cease and terminate, and this instrument shall, after twelve (12) months, become and be null and void, without any liability on the part of either party to the other party except only as to any liability accrued prior This twelve month period (the "Removal Period") is not thereto. intended to be an additional cure period, but instead to provide the University with adequate time to remove the FACILITIES (unless they are to be abandoned in place) and its personal property from The Premises. The University agrees to either (i) remove the FACILITIES and all related hardware and to return The Premises to a condition that is equal to or better than that which existed prior to the installation of the FACILITIES, or (ii) abandon the FACILITIES in place if that would be less intrusive to The Premises, provided that abandonment must be consented to by the City, all at its expense, within the Removal Period. Unless the FACILITIES are to be abandoned in place, within 90 days from the date of the terminating event and before the removal of the FACILITIES, the University must present a removal schedule for approval by the City. If the University fails to remove the FACILITIES or abandon them in place within that time or such other time as may be agreed to in writing between the parties, the City may remove the *FACILITIES* at the expense of the University.

5. Fee.

The University shall pay fees as follows:

- A. The Nine hundred thirty and no/100 Dollars (\$930.00) Application Processing Fee, was paid under the interim license agreement dated March 28, 2011.
- B. The University shall pay all direct costs incurred by the City for plan review, as well as the City's inspection and permitting fees.
- C. No Fee will be due for the rights granted under this Agreement. Following completion of the installation of the FACILITIES, however, the University agrees that if the City performs work in the Tappan Street right-of-way in the vicinity of the FACILITIES and incurs additional costs solely because of the FACILITIES, the University will reimburse the City its Costs (as defined in the next sentence) to perform that work. "Costs" shall mean the actual, direct additional costs paid or payable in accordance with the established accounting procedures generally used by the City and which the City utilizes in billing third parties for reimbursable projects, including the following: (i) internal labor costs, including wages, salaries, benefits and overhead (provided that overhead shall be as calculated by standard City practices and that all such costs will be charged based on the hourly rates of the employees on the project), and (ii) other direct costs including costs billed to and paid by the City by a third party performing work for and under the supervision of the City and including materials and other out of pocket expenses on a direct pass-through basis.
- 6. Installation and Maintenance Requirements.

The University agrees to the following installation and maintenance requirements:

- A. The Premises and *FACILITIES* shall be used only to serve property owned by the University or temporarily conveyed by the University to the State of Michigan Building Authority.
- B. Any area disturbed during the *FACILITIES* installation or any maintenance activity, shall be promptly restored or repaired to a condition as good or better than that which existed immediately prior to the installation or maintenance activity.

- C. Proper traffic control, where and when applicable, shall be maintained in accordance with current Public Services Department's Standard Specifications during all construction or maintenance activity.
- D. The work of constructing, maintaining, and/or removing of the *FACILITIES* shall be done under the following conditions:
 - The University agrees to take all reasonable precautions to minimize damage to The Premises and any other property, real or personal, of the City and of third parties located within The Premises and shall at all times be obligated to maintain properly The Premises.
 - The University and/or the University's Contractor's access to and ingress and egress from The Premises will occur during the normal business hours, unless the City provides prior authorization for access outside of normal business hours.
 - 3. Except in the case of emergency, the University shall provide the City with a minimum of five (5) business days notice prior to the commencement of any construction or maintenance activity and such notice may be given in writing, fax or telephone addressed to:

Public Services Area
Project Management Services Unit
301 E. Huron Street
Ann Arbor, Michigan 48104
Telephone: (734) 794-6410
Fax: (734) 994-1744

In case of emergency, the University shall provide notice to the City prior to the commencement of maintenance activity by calling the City's 24-hour Water Utilities Customer Service Center at (734) 794-6333. In the event of a dangerous or life-threatening situation, the University shall take the actions necessary to ensure the public's safety and will notify the City at the earliest opportunity.

4. If the University desires or is required by any regulatory body duly constituted and appointed in compliance with the laws of Michigan or the United States of America and having jurisdiction in the premises, to revise, add to or alter in any manner whatsoever, the FACILITIES, the University shall submit plans to the City and/or any other necessary party and obtain written approval before any work or alteration of the FACILITIES is performed and the terms

and conditions of the rights granted under this Agreement with respect to the original construction shall apply thereto.

- E. The FACILITIES placed within The Premises shall be placed in a manner that does not damage The Premises or other property, real or personal, of the City, including water, sanitary sewer, storm sewer, lighting, bridges, signal and communication facilities, or of third parties located within, under, or adjacent to The Premises in a manner that would interfere with their continued use for their intended purpose and the University shall be liable for all repairs that are necessary to The Premises and to such other property. In the event of damage to The Premises or other property of the City, the University shall notify the City promptly of the damage and repairs shall be made in a manner acceptable to the City. In the event of damages to the property of a third party, the University shall notify the third party promptly and repairs shall be made in a manner acceptable to the third party.
- F. The City reserves the right to perform any and all needed temporary repairs or remedial actions in the event of a dangerous or life-threatening situation that arises due to the installation of the *FACILITIES*. The City shall give the University prompt notice of any such dangerous or life-threatening situation and shall follow that notice up with documentation of the event. The University shall reimburse the City for all costs the City incurs in performing such repairs or remedial actions.
- G. A reproducible copy (Mylar) and an AutoCAD electronic file of the "as built" plans of the *FACILITIES* installation shall be submitted to the City within thirty (30) days after the *FACILITIES* has been installed.
- H. The University shall reimburse the City for costs and expenses incurred by the City while the University is actively constructing, maintaining, repairing and/or removing the *FACILITIES* to the extent necessitated by that work.
- I. The University shall provide complete engineering and inspection services during the course of the installation of the FACILITIES such that The Premises is not adversely impacted in any substantial manner during installation and during restoration of The Premises following installation. For the purposes of this agreement an adverse impact shall be understood to mean a change, alteration, disturbance, or any other such impact that would prevent The Premises, or any portion thereof, from performing after installation and restoration as it was originally intended or to the level that it would be capable of performing should the "impact" not have occurred.

The services to be provided are more specifically described as follows:

Engineering Services to be provided for the purpose of protecting The Premises against adverse impact include, but are not limited to. preparation of all design drawings related to the installation and construction of the FACILITIES; review and approval of any required shop drawings prepared relating to the installation or construction: review, and recommendation for acceptance by the City, of any and all materials used in the construction of the FACILITIES relating to The Premises or the operation thereof; construction layout and staking of the utility and/or repairs and replacements to The Premises related to the installation of the FACILITIES; and, field conflict reviews and recommendations for any needed plan revisions or deviations as required to properly install the FACILITIES in accordance with City of Ann Arbor or other relevant standards as determined appropriate by the City.

Inspection services to be provided for the purpose of protecting The Premises against adverse impact, including inspection of all materials prior to its installation in The Premises; rejection of any materials that do not fully meet the project requirements; and complete material and density testing services including, but not limited to:

Concrete: mix design reviews and approvals; entrained air, slump, temperature, and unit weight; molding and testing of compressive and/or flexural strength specimens for the purposes of material acceptance and/or verifying that open to traffic requirements have been fulfilled:

HMA: mix design reviews and approvals; complete volumetric properties testing as described in the 2003 MDOT Standard Specifications; extraction and gradation, bitumen content, crushed particle counts, and in-place density verification:

Granular and Aggregate Materials: Proctor and sieve analysis of all materials used (AASHTO T-180 and ASTM C-136-06 and D-1140-00) complete with written reports; in-place density testing of all materials placed at locations, depths, and frequencies as approved by the City; and recommendations for the treatment and stabilization of any unsuitable soils encountered during the performance of the work.

Complete inspection and documentation of all materials placed, methods employed by the Contractor, and results achieved pursuant to the installation and construction of the FACILITIES, including, but not limited to, all work performed pursuant to the restoration of The Premises; review all traffic control items placed for the construction of the work within The Premises for conformance with the design plans and direct any changes required so that both vehicular and pedestrian traffic can

be safely maintained throughout the construction influence area at a level consistent with that maintained at similar projects undertaken by or for the City; coordination with the appropriate City staff during the installation and construction of the utility to eliminate, or minimize, any service interruptions caused as a result of the work; inspection of final pavement markings placed; and, documentation of all relevant activities relating to the installation of the *FACILITIES* on a daily basis (unless a different frequency is approved by the City) on forms meeting the approval of the City.

All work performed that impacts The Premises shall meet the requirements of the City of Ann Arbor Public Service Area Standard Specification for Construction, the then current Michigan Department of Transportation Standard Specifications, and any other relevant specifications included by reference.

7. Maintenance of The Premises.

The University acknowledges and agrees that during the life of this agreement that the City may from time to time perform removal, replacement, widening, and/or other required work to protect and maintain The Premises. The City shall provide sufficient advance notice of such work to the University. The University agrees that it will cooperate with the City on a reasonable basis for and during the performance of such work. The University, as determined necessary by the City on a reasonable basis, shall perform any needed work to ensure that its FACILITIES do not adversely impact any required removal, replacement, widening or other required work to protect and maintain The Premises. Work to be performed by the University may include, but not be limited to, temporary protection, removal, relocation and replacement of the FACILITIES, or other such work as may be deemed reasonable and appropriate to facilitate the City's need to protect and maintain The Premises. The University agrees to use reasonable efforts to perform its work in accordance with the schedule requirements established by the City. The University agrees to be responsible for all costs associated with the temporary protection, removal. relocation and replacement of the FACILITIES.

8. Reimbursement/Insurance.

The University agrees to the following:

A. The University will make payments owed under this Agreement upon receipt of an invoice for and documentation supporting such expenses. If an expense required by this Agreement to be paid by the University to the City remains unpaid sixty (60) days after the invoice and supporting documentation is sent to the University, interest shall accrue at the statutory rate for contracts.

- B. The University shall furnish the City with certificates of self-insurance or of other insurance evidencing insurance coverage for the following:
 - 1. Worker's Compensation Insurance in accordance with all applicable state and federal statutes.
 - 2. Commercial General Liability Insurance. There shall be no added exclusions or limiting endorsements including but not limited to: Products and Completed Operations, Explosion, Collapse and Underground coverage. Further the following minimum limits of liability are required: \$1,000,000 each occurrence as respect bodily injury liability or property damage liability, or both combined; \$2,000,000 per job general aggregate; \$1,000,000 personal and advertising injury; and \$2,000,000 products and completed operations aggregate.
 - 3. Motor Vehicle Liability Insurance, including Michigan No-Fault Coverages. Coverage shall include all owned vehicles, all non-owned vehicles and all hired vehicles. Further, the limits of liability shall be \$1,000,000 for each accident as respects bodily injury liability or property damage liability, or both combined.
 - 4. Documentation acceptable to the City Attorney showing the insurance is in effect shall be filed with the City prior to any on-site work.

9. Warranties.

- A. The University warrants that it is the owner of the Serviced Property and will remain the owner except in the case of temporary conveyances to the State of Michigan Building Authority.
- B. The University warrants that it will not allow the use of The Premises except as permitted by this Agreement.
- C. The signatory below warrants that he/she has full authority to enter into this agreement on behalf of the University.

10. Other Permits Required.

The University at its sole risk, cost and expense shall obtain all permits and approvals which may be necessary or appropriate and the University shall assume all cost, expense and responsibility in connection with said permits and approvals, without any liability whatsoever on the part of the City.

11. Miscellaneous.

- A. Terminology. As used in this Agreement, the term "University" shall include the officers, contractors, and agents of The Regents of the University of Michigan.
- B. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed, governed and enforced in accordance with the laws of the State of Michigan.
- C. Severability. If any term, obligation or condition of this Agreement or the application thereof to any person or circumstance shall be held invalid or unenforceable to any extent by a final judgment or award which shall not be subject to change by appeal, then the remainder of this Agreement or the application of such term or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law. Furthermore, each agreement, obligation or other provision of this Agreement is and shall be deemed and construed as a separate and independent obligation of the party bound by, undertaking or making the same, and not dependent on any other provision of this Agreement unless expressly so provided.
- D. Waiver. The waiver by the nonbreaching party of any breach of any term, covenant, obligation or condition here contained by the breaching party shall not be deemed to be a waiver of any subsequent breach of the same or a waiver of any other term, covenant, obligation or condition herein contained. Neither party shall be deemed in breach of this Agreement unless the nonbreaching party gives the breaching party notice specifying what would otherwise be the breach and the breaching party does not effect a cure within thirty (30) days.
- E. Third Party Beneficiary. Nothing contained in this Agreement shall be construed as to confer upon any other party the rights of a third party beneficiary. No other persons or entities may enforce it for their benefit nor shall they have any claim or remedy for its breach.
- F. Entire Agreement. The entire agreement between the City and the University with respect to University's rights in The Premises is set forth in this Agreement and there are no understandings, agreements, or representations of any kind between the parties, verbal or otherwise, with respect to the University's use of The Premises other than as set forth herein. No change or modification of any of the terms, obligations or provisions of this Agreement shall be valid unless in writing and signed by the parties.

- G. Fees and Costs. The City agrees that neither the amount of nor the basis for any fees, costs, or charges of any kind for which it seeks payment under this Agreement will ever exceed that applied to any other person permitted to install facilities in a City-controlled right-of-way. Likewise, the City agrees to use reasonable efforts to mitigate the need for and amount of any costs it incurs for which it will seek reimbursement from the University.
- H. Claim Resolution Process. If either party believes it has a claim for property damage or personal injury against the other, it shall notify the other party of its claim promptly, and the parties shall attempt to resolve the claim within the then current claim resolution process in place, if any, between them.
- I. Mutual Cooperation; Consent. The parties agree to mutually cooperate with one another in good faith to effectuate the intents and purposes of this Agreement and to avoid unduly hindering one another in connection with the construction, alteration, maintenance, repair, and replacement of the FACILITIES. When consent of a party is required under this Agreement, that consent shall not be unreasonably withheld, delayed, or conditioned.
- J. Recordation. This Agreement shall be recorded by the University in the office of the Washtenaw County Register of Deeds within 30 business days of its having been fully executed and delivered to the University. This instrument is exempt under MCL 207.505(a), MCL 207.505(h)(i), MCL 207.526(a) and MCL 207.526(h)(i).

For City of Ann Arbor, a Michigan municipal corporation	For the Regents of the University of Michigan, a Michigan constitutional corporation
By: John Hieftje, Its: Mayor	By: Timothy P. Slottow Its: Executive Vice President and Chief Financial Officer
By: Jacqueline Beaudry, Its: City Clerk	

STATE OF MICHIGAN)
COUNTY OF WASHTENAW) ss:)
that they are the Mayor and City	, 2011, before me personally ueline Beaudry, who acknowledged under oath Clerk, respectively, of the City of Ann Arbor, a and as such were authorized to and did execute ty.
	Notone Dublic
	Notary Public: My Commission Expires:
STATE OF MICHIGAN)
COUNTY OF WASHTENAW) ss:)
Executive VP GUIVET Finance	, 2011, before me personally who acknowledged under oath that he is the whom for the Regents of the University of hal corporation, and as such was authorized to behalf of the corporation.
	Notary Public: Masheraw (Aucty, M.) My Commission Expires: 12-1-15
Approved as to substance:	DENISE M. TRUESDELL Notary Public, State of Michigan County of Washtenaw My Commission Expires Dec. 01, 2015 Acting in the County of 100 STATEMENT
Steven D. Powers, City Administra	ator
Sue McCormick,	
Public Services Area Administrato	r
Approved as to form:	
Stephen K. Postema, City Attorne	

This Instrument prepared in cooperation with: The City of Ann Arbor, a Michigan municipal corporation 301 E. Huron Street Ann Arbor, Michigan 48104

When recorded return to:

Judy Kirkdorffer **AEC Real Estate Office** 326 East Hoover Avenue Ann Arbor, Michigan 48109-1002

