

**FIRST AMENDMENT AND EXTENSION
of
LEASE AGREEMENT
between
CITY OF ANN ARBOR
and
AVFUEL CORPORATION
for
903 AIRPORT DRIVE (Premises)**

WHEREAS, in July 2000, the City of Ann Arbor, a Michigan municipal corporation, located at 301 E. Huron St., Ann Arbor, MI 48104 (“City”) and AVFuel Corporation, a Michigan corporation, located at 47 Ellsworth Road, Ann Arbor, MI 48108, (“AVFuel” or “Lessee”), entered into a Lease Agreement (“Lease”) for the building and property located at 903 Airport Drive more fully described therein (the “Premises”) for an initial five-year term beginning on July 1, 2000 and ending on June 30, 2005;

WHEREAS, the Lease provided AVFuel with three options to extend the Lease for five-year periods in accordance with Paragraph 6 of the Lease, and AVFuel exercised each of its options to extend the Lease as provided and in compliance with the Lease, and the last extension ends on June 30, 2020;

WHEREAS, the City and AVFuel desire to amend the Lease and extend it for a one-year period, provide for further options for extensions, and to set forth their agreements as to which party is responsible for various costs and expenses relating to maintenance, repairs, and improvements to the Premises, and incorporate all terms and conditions of the Lease which are not expressly changed by this First Amendment and Extension;

NOW, THEREFORE, City and AVFuel agree as follows:

1. EXTENSION OF THE LEASE. The term of the Lease is extended for the period beginning on July 1, 2020 and ending on June 30, 2021. Lessee shall have the option to extend the Lease for three, one-year periods beginning, respectively, on July 1st of 2021, 2022 and 2023. Lessee shall exercise each option by written notice thereof to the City at least ninety (90) days prior to expiration of the applicable extension period. As provided in Section 2 of the Lease, at the end of the Lease, the Premises and any improvements thereon, shall be the sole property of the City.

2. EXTENSION PERIOD RENT. The rent for Lessee’s occupancy and use of the Premises for the extension period(s) shall be as follows:

- a) LAND RENT. The annual rent for the Land for the initial extension period beginning July 1, 2020 shall be \$7,819.20 (\$651.60 per month), which reflects an annual charge of \$0.40 per square foot for the 19,548 square feet of Land. For each subsequent extension period, annual rent for the Land shall be increased by the percentage increase in the Consumer Price Index as calculated in the manner prescribed in Paragraph 3 of the Lease.

- b) **BUILDING RENT.** The annual rent for the Building for the initial extension period beginning July 1, 2020, and for any subsequent extension period, shall be \$97,400.16 (\$8,116.68 per month), subject to the tax credit provision in Paragraph 21 which continue to be applicable, so that after application of that credit the net annual rent will be \$87,400.16 (\$7,283.35 per month).
- c) **PAYMENT OF RENT.** The annual Land and Building Rent for the initial extension period, and any subsequent extension period, shall be payable in twelve (12) equal monthly installments, payable to the City in advance on the first day of each calendar month during the applicable extension period.

3. **AIR CONDITIONING UNIT REPLACEMENT COST.** The City and the Lessee have determined that it is necessary to replace one of the air conditioning units servicing the Building and the City, having the responsibility for that replacement pursuant to Section 14 of the Lease, has secured Quote #S20-078A in the amount of \$23,055.00 from Boone & Darr, Inc. (B&D) attached hereto as **Exhibit A** by which B&D will commits to provide all labor and materials required for the removal of the existing non-functioning air conditioning unit and the installation of the replacement air conditioning unit described in the Quote. The Lessee is relocating additional personnel to the Building from other locations to achieve the “social distancing” necessitated by the coronavirus pandemic and to that end must complete the replacement of the non-functioning air conditioning unit before the onset of the hot weather period. To expedite that replacement, Lessee has agreed to contract directly with B&D for the labor and materials described in the Quote and to pay all charges invoiced by B&D for that labor and those materials. As an inducement to Lessee to assume the City’s obligations under Section 14 of the Lease to replace the non-functioning air conditioning unit, the City hereby agrees that Lessee may apply a credit against the rent otherwise payable by Lessee for each month during the initial year of the extended term beginning July 1, 2020 equal to \$1,921.25 (which is one-twelfth of the \$23,055.00 in charges specified in the Quote). If the actual charges to Lessee by B&D are less than \$23,055.00, then the monthly credits will be adjusted so that the total credits against the rent for that initial year will exactly equal those lesser actual charges. If the actual charges by B&D are more than \$23,055.00, then Lessee agrees to and will bear those excess charges without any adjustment to the \$1,921.25 monthly credits to the rent and without any other right of reimbursement from the City.

4. **ENTIRE AMENDMENT.** Except as expressly stated in Sections 1, 2 and 3 of this Amendment, all provisions the Lease, as originally signed by the City and the Lessee, shall apply to this First Amendment and Extension and are made a part hereof as though expressly rewritten, incorporated, and included herein and all provisions shall apply and remain in full force and effect.

5. **BINDING ON SUCCESSORS.** This Amendment to the Agreement shall be binding on the Parties’ heirs, successors, and assigns.

6. **ELECTRONIC SIGNATURES.** The Parties agree that signatures related to this Renewal and the Agreement may be delivered electronically in lieu of original signatures and agree to treat electronic signatures as original signatures that bind them. The Parties agree that this Renewal and signatures related to the Agreement may be executed and delivered by facsimile and

upon such delivery, the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

WITNESSETH our hands this _____ day of _____, 2020.

CITY OF ANN ARBOR

AVFUEL CORPORATION

By: _____
Christopher M. Taylor, Mayor

By: _____
William B. Light,
Vice President – Administration

By: _____
Jacqueline Beaudry, City Clerk

Dated: _____, 2020

Dated: _____, 2020

Approved As To Substance:

By: _____
Tom Crawford, Interim City Administrator

Approved As To Form:

By: _____
Stephen K. Postema, City Attorney

EXHIBIT A

BOONE & DARR, INC. MECHANICAL CONTRACTORS 4465 S.STATE, P.O. BOX 1718 ANN ARBOR, MI 734-665-0648

QUOTE #S20-078A

Date: April 13, 2020

Proposal

SUBMITTED TO	DESCRIPTION
<p>Name: City of Ann Arbor Attn: Lynn Address: 301 E. Huron St. City & State: Ann Arbor, Michigan Zip Code: 48107</p>	<p>Job: S20-078A Job Location: Ave Fuel Building City & State: Ann Arbor, Michigan Page Number 1 of 1</p>

WE HEREBY SUBMIT PROPOSAL FOR:

Replacing coil and TXV in Lennox air handler and replacing the Lennox condenser with a York. Refrigerant lines for Lennox will be reused and flushed. The Lennox unit will not be removed. The new York unit will be set on the concrete across from the gas meter. Piping an electrical will be modified for the new location.

- | | | |
|-----------|--|---|
| Includes: | <ul style="list-style-type: none"> *York YC120 condenser *CRC evap coil *TXV *Site glass drier *R-410 Refrigerant *Condenser pads *Electrical disconnect *Hangers and supports | <ul style="list-style-type: none"> *Insulation *Electrical reconnect *Controls reconnect *Local permit *Labor, freight *Refrigerant recovery fee *Pipe and fittings *Start, check, test |
|-----------|--|---|

Labor is figured for normal work hours M-F 7:30 am to 4:00 pm. Any additional work required will be done on a time and material basis upon owners' approval. Excludes: thermostat.

Please call Dan Zitnik with any questions.

Contract Price: \$23,055.00

WE HEREBY PROPOSE TO FURNISH LABOR AND MATERIALS COMPLETE, IN ACCORDANCE WITH THE ABOVE SPECIFICATIONS, FOR THE SUM OF \$23,055.00 WITH PAYMENT TO BE MADE AS FOLLOWS:

NET 30 DAYS

NOTE: WE MAY WITHDRAW THIS PROPOSAL IF NOT ACCEPTED WITHIN 15 DAYS.

ALL MATERIAL IS GUARANTEED TO BE AS SPECIFIED. ALL WORK IS TO BE COMPLETED IN A WORKMANLIKE MANNER ACCORDING TO STANDARD PRACTICES. ANY ALTERATION OR DEVIATION FROM ABOVE SPECIFICATIONS INVOLVING EXTRA COSTS WILL BE EXECUTED ONLY UPON WRITTEN ORDERS, AND WILL BECOME AN EXTRA CHARGE OVER AND ABOVE THE ESTIMATE. ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS OR DELAYS BEYOND OUR CONTROL. OWNER TO CARRY FIRE, TORNADO AND OTHER NECESSARY INSURANCE. OUR WORKERS ARE FULLY COVERED BY WORKMAN'S COMPENSATION INSURANCE

ACCEPTANCE OF PROPOSAL

THE ABOVE PRICES, SPECIFICATIONS AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED. PAYMENT WILL BE MADE AS OUTLINED ABOVE

Approved by	
Dan Zitnik- Service Manager	DATE
Acceptance	
SIGNATURE _____	DATE ACCEPTED _____