

SECOND 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 amended the Lease by a First Amendment And Extension dated November 18, 2020 (the “First Amendment”) to extend the term of the Lease to June 30, 2021 with three options to extend the Lease for one -year periods in accordance with Paragraph 6 of the Lease, and Avfuel exercised its option to extend the Lease to June 30, 2022 as provided and in compliance with the Lease;

WHEREAS, the City and Avfuel desire by this Second Amendment and Extension (the “Second Amendment”) to further amend the Lease to extend it for a three-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 Second 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, 2022 and ending on June 30, 2025 (the “Extension Period”). Lessee shall have the option to extend the Lease for two (2) one-year periods beginning, respectively, on July 1st of 2025 and 2026. 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 each 12-month period beginning on July 1st during the Extension Period (each a "year") shall be as follows:

a) LAND RENT. The annual rent for the Land for the initial year of the Extension Period beginning July 1, 2022 shall be \$8,913.84 (\$742.82 per month), which reflects an annual charge of \$0.456 per square foot for the 19,548 square feet of Land. For each subsequent year during the 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, using \$0.456 per square and the Consumer Price Index of May, 2022 as the bases for computing that increase.

b) BUILDING RENT. The annual rent for the Building for the Extension Period shall be \$97,400.16 (\$8,116.68 per month), subject to (i) the \$10,000.00 per year tax credit provision in Paragraph 21 of the Lease which continues to be applicable, and (ii) the \$26,650.00 per year roof replacement credit provision in Paragraph 3 of this Second Amendment so that after application of those credits the net annual rent for the Building will be \$60,750.16 (\$5,062.51 per month).

c) PAYMENT OF RENT. The annual Land and Building Rent for each year during the Extension Period shall be payable in twelve (12) equal monthly installments, payable to the City in advance on the second day of each calendar month during the applicable extension period.

3. ROOF REPLACEMENT COST. The City and the Lessee have determined that it is necessary to replace the roof of the Building and the City, having the responsibility for that replacement pursuant to Section 14 of the Lease, has secured a Proposal / Contract (the "Proposal") in the amount of \$79,950.00 from True Colors Industrial, LLC ("True Colors") attached hereto as **Exhibit A** by which True Colors will commit to provide all labor and materials required for the installation of the replacement roof described in the Proposal. To expedite that replacement, Lessee has agreed to contract directly with True Colors for the labor and materials described in the Proposal and to pay all charges invoiced by True Colors 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 roof, the City hereby agrees that Lessee may apply a credit against the rent otherwise payable by Lessee for each month during the Extended Term beginning July 1, 2022 equal to \$2,220.83 (which is one-thirty-sixth of the \$79,950.00 in charges specified in the Proposal). If the actual charges to Lessee by True Colors are greater or less than \$79,950.00, then the monthly credits will be adjusted so that the total credits against the rent for that initial year will exactly equal those greater or lesser actual charges.

4. BUILDING PAINTING COST. The City and the Lessee have determined that it is necessary to repaint the entire exterior of the Building and the City has the responsibility for that repainting pursuant to Section 14 of the Lease. The City must contract to have the repainting of the exterior of the Building completed not later than December 31, 2022. The City agrees to

perform or contract and pay a third party to perform this work. As the cost of this work will be funded by the City, no rent credit will apply.

5. WATER INFILTRATION REPAIRS. The City and the Lessee have determined that it is necessary to take the following steps to eliminate or reduce to a reasonably acceptable level the water entering the west side of the Building from the parking lot area:

a) have a gutter system installed on the west side of the Building to direct the water discharge from the roof to the ramp area south of the Building;

b) apply a waterproof seal along the exterior joint of the Building and the parking pavement and then up the exterior of the Building to a point a few inches above the new proposed pavement sloping;

c) install a pavement sloping patch along the west exterior wall of the building to slope any remaining surface water away from the wall of the Building.

The City agrees to perform or contract and pay a third party to perform this work as soon as possible. As the cost of this work will be funded by the City, no rent credit for this work will apply.

6. ENTIRE AMENDMENT. Except as expressly stated in Sections 1, 2, 3, 4 and 5 of this Second Amendment, all provisions the Lease, as originally signed by the City and the Lessee and as amended by the First Amendment, shall apply to this Second 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.

7. BINDING ON SUCCESSORS. This Amendment to the Agreement shall be binding on the Parties' heirs, successors, and assigns.

8. 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.

SIGNATURES ON NEXT PAGE

WITNESSETH our hands this _____ day of _____, 2022.

CITY OF ANN ARBOR

AVFUEL CORPORATION

By: _____
Christopher M. Taylor, Mayor

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

By: _____
Jacqueline Beaudry, City Clerk

Dated: _____, 2022

Dated: _____, 2022

Approved As To Substance:

By: _____
Milton Dohoney, Jr. City Administrator

Approved As To Form:

By: _____
Atleen Kaur, City Attorney

EXHIBIT A
[Attach True Colors Proposal/Contract]