

AIRPORT LEASE AGREEMENT

This contract is between the CITY OF ANN ARBOR, a Michigan municipal corporation (City), and BIJAN AIR, INC., a Michigan corporation, hereby known as Lessee.

In consideration of the mutual promises below, City and Lessee agree as follows:

- (1) **PREMISES:** The City agrees to lease to the Lessee property in Pittsfield Township, Washtenaw County, Michigan, described in Exhibit A, attached hereto and made a part hereof, ('the Premises) being the land and building described in Exhibit A and any fixtures placed upon the land or upon the exterior or interior of the building. The total area of the Premises is 108,008 square feet which consists of 20,000 square feet for the building (16,800 square feet for hangar space and 3,200 square feet for office space) and an additional 88,008 square feet of land.

The City and Lessee further agree that the Premises shall be accessed from the existing Airport Drive and Airport Boulevard for the purposes of vehicular ingress and egress as depicted in Exhibit A and shall have access to the existing taxiway to allow ingress and egress of aircraft as depicted in Exhibit B, attached hereto and made a part hereof.

- (2) **LEASE DURATION:** The term of this lease shall be ten (10) years commencing on November 1, 2014 and terminating on October 31, 2024, unless sooner terminated or extended as provided in this lease. At the end of the lease term, the land, building and any improvements shall become the sole property of the City of Ann Arbor.

The City has the power to terminate this lease on the occurrence of any breach of this lease, including failure to pay rent, any charge required by this lease after receipt of a demand, or perform any condition or covenant of this lease after a demand for cure by the City. The City will exercise this power by delivery of a notice of termination. The termination is effective immediately on delivery of the notice to Lessee. The receipt of money by the City from Lessee after the termination of this lease will not reinstate or extend the term or waive any notice given by the City to Lessee before the receipt of the money.

- (3) **RENT:** The Lessee's total rental obligation is comprised of both land rent and the building depreciation fee and any late fee assessed in accordance with paragraph 6. The building depreciation fee for the ten (10) year duration of the lease shall be \$ 1.50 per square foot of the building per year, the building being 20,000 square feet, plus land rent in the amount of \$ 0.375 per square foot per year for 108,008 square feet of land. The Lessee shall pay to the City annual rent in advance on or before November 1st. The Lessee shall be permitted to defer 11/12 of the annual rent, payable in monthly installments of 1/12 the annual rent, payable one month in advance on the first day of each month. The land rent rate will be increased annually on each November 1st during the term by the percentage increase, if any, in the Consumer Price Index. "Consumer Price Index" means the Consumer Price Index published by the Bureau of National

Statistics of the United States Department of Labor, U.S. City Average, All Items and Major Group Figures for Urban Wage Earners and Clerical Workers (1967 = 100). The Consumer Price Index shall be calculated by using the twelve (12) month period (August to August) preceding each November 1st when the rent adjustment is to take place. If a substantial change is made in the manner of computing the Consumer Price Index, then the Consumer Price Index will be adjusted to the figure that would have been used had the manner of computing the Consumer Price Index in effect at the date of this lease not been altered. If the Consumer Price Index (or a successor or substitute index) is not available, a reliable governmental or other non-partisan publication evaluating the information used in determining the Consumer Price Index will be used. Delays in computing the Consumer Price Index by either party will not impair the continuing obligation of the Lessee to pay rent adjustments.

- (4) **BUILDING DEPRECIATION FEE:** Ownership of the hangar building, constructed by the Lessee, was to transfer to the City on November 1, 2014. Both parties of this agreement have determined that it is beneficial to allow the Lessee to extend its ownership of the hangar building for an additional ten (10) years. In recognition of the ownership value of the hangar building that is being deferred by the City over the next ten (10) years, the Lessee agrees to make an annual payment known as a "building depreciation fee" that will be billed along with the rent for land as provided for in paragraph 3 of this lease.
- (5) **HOLDING OVER:** If Lessee remains in possession of the Premises after the end of the term of this lease with the consent of the City, it will occupy the Premises as a holdover tenant. It is agreed that in the event of the Lessee holding over after the expiration of the lease, tenancy shall be on a month-to-month basis in the absence of a written agreement. Lessee shall be subject to all covenants of the lease to the extent they can be applied to a month-to-month tenancy; except the rental rate for holding-over shall be computed using the following formula: 120% of the most recent annual rent for land and building depreciation fee divided by 12 = monthly hold-over rent. Acceptance of rent by the City after the expiration of the lease shall not constitute an extension or renewal of the lease and does not preclude the City from recovering damages if Lessee fails to timely deliver possession of the Premises after termination of the holdover, nor does it establish any right to extend or renew the term of the lease.
- (6) **LATE PAYMENT:** If the payment is late, in addition to the requirement of immediate payment of all amounts due for the annual rent, a late payment penalty of one hundred fifty (\$150) dollars per month will be required of the Lessee should payment not be made by the fifteenth (15th) day of the month. Rent shall be deemed paid when received by the Ann Arbor City Treasurer, provided that, if a check for payment is dishonored for any reason not the fault of the City, rent shall be deemed paid when the check is honored. If check is returned, a fee equal to the rate of the postage plus a fee of twenty five (\$25) dollars, or as amended by City Council will be assessed to the Lessee's account. Rent more than sixty (60) days past due shall be considered delinquent and in default, and subjects the Lessee to termination and eviction.
- (7) **LEASE EXTENSION:** At least ninety (90) days but not more than one hundred eighty (180) days before the expiration of the term of this lease, Lessee must notify City of its desire to lease the Premises for an additional period. After receipt of the notice, the City,

at least sixty (60) days prior to the expiration of the lease term, shall notify Lessee upon what, if any, terms, rental rates and conditions City would be willing to lease the Premises. If City is willing to lease the Premises, the building and land rental rate offered Lessee shall not exceed that permitted by law and the term shall be at least five years. Lessee may enter into a lease on the offered terms and conditions by making notice of acceptance to City at least fifteen (15) days prior to the expiration of this lease. If the Lessee does not accept the offer, or if no offer is made, City has the right to show the Premises to prospective Lessees and may display in and about the Premises and in the windows of it, the usual and ordinary "TO RENT" signs. The rights and obligations of this paragraph shall not apply if, for any reason, this lease is terminated prior to the termination date provided in paragraph 2 of this lease or the Lessee is in default.

- (8) **DEFAULT PAYMENT:** If the Lessee defaults on any payment(s) or expenditure(s) other than rent required to be paid or expended by the Lessee under the terms and conditions of the lease, the City may at its option make the payment(s) or expenditure(s). The amount paid shall be payable as rent to the City by the Lessee on the next ensuing rent day together with interest at fifteen (15) percent per annum from the date of payment by the City, or at the highest rate permitted by law (whichever is lower). On default payment(s), the City shall have the same remedy (ies) as on default in payment for rent.
- (9) **USE AND OCCUPANCY:** It is understood and agreed between the parties that the Hangar building, during the continuance of the lease, shall be used and occupied for aviation related activities and/or services and for no other purpose(s) without the written consent of the City. The Lessee by accepting this lease agrees for itself, its successors, and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from Ann Arbor Municipal Airport, or otherwise constitute a hazard. The Lessee will not use the Premises in violation of any law, municipal ordinance or regulation. On any breach of this agreement, the City may at its option terminate the lease forthwith and reenter and repossess the Premises. The Lessee also agrees that the Airport Manager, and/or his/her duly authorized representative(s) or agent(s), may at any reasonable time enter upon the Premises for the purposes of making any inspection deemed necessary by the Airport Manager in order to determine whether Federal, State or Municipal rules and regulations governing the operation of the airport or the use and occupancy of leasehold interests are being complied with. It is mutually acknowledged that this lease does not grant to the Lessee the right to engage in any commercial operation as defined in the Rules and Regulations pertaining to operation of Ann Arbor Municipal Airport, and specifically forbids commercial operations unless that right is granted by the City in an Airport Commercial Use Permit.
- (10) **ASSIGNMENT:** The Lessee shall not to assign, transfer, encumber or sublet the Premises or any part without the written consent of the City, (which consent will not be unreasonably withheld). Any assignment, transfer, encumbrance or subletting without the written consent, shall give the City the right to terminate the lease and to re-enter and repossess the Premises.
- (11) **BANKRUPTCY AND INSOLVENCY:** The Lessee agrees that (a) if the estate created by this lease is taken in execution or by other process of law, (b) if the Lessee is declared bankrupt or insolvent according to law or any receiver be appointed for the

business and property of the Lessee, or (c) if any assignment is made of the Lessee's property for the benefit of creditors, then this lease may be terminated at the option of the City.

(12) RIGHT TO MORTGAGE/SUBORDINATE:

- (A) The City reserves the right to subject and subordinate this lease at all times to the lien of any mortgage or mortgages now or later placed upon the City's interest in the land which the Premises is a part or upon any encumbrance later placed on the land which the Premises forms a part. The Lessee promises and agrees to execute and deliver upon demand any further instrument(s) subordinating this lease to the lien of any mortgage or mortgages as shall be desired by the City and hereby irrevocably appoints the City the attorney-in-fact of the Lessee to execute and deliver any such instrument or instruments for and in the name of the Lessee.
- (B) This lease shall be subordinate to the provisions of any existing or future agreement between the City and the United States, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of the federal funds for the development of the airport.
- (C) The Lessee shall have the right to mortgage the leasehold interest in the Premises and the Lessor agrees to consent to the mortgage.

(13) TENANT TO INDEMNIFY: The Lessee agrees to indemnify and hold harmless the City from any liability for damages to any person or property in, or on the Premises from Lessee's use and occupation of the Premises. The claims covered by this indemnification include all claims for bodily injury or property damage related to (a) the condition of the Premises; (b) the use or misuse of the Premises by Lessee or its officers, employees, agents, contractors, or invitees; (c) the acts or omissions of Lessee, its officers, employees, agents, contractors, or invitees; or (d) any other event on the Premises, whatever the cause. Lessee's indemnification does not extend to liability for damages resulting from the sole or gross negligence of the City. The Lessee will procure and keep in effect during the Lease duration, commercial general liability and property damage insurance providing coverage for the Premises and its occupation and use by Lessee for the benefit of the City in the sum of \$500,000 for injury or damages resulting to one (1) person and \$1,000,000 for injury or damages resulting from any one (1) occurrence and \$500,000 or premise replacement value, whichever is greater, property damage insurance resulting from fire or any other casualty from any one occurrence. Any commercial general liability policy that Lessee is required to procure and maintain will (a) name the City of Ann Arbor as an additional insured party; (b) be endorsed to provide that it will not be canceled or materially changed for any reason except on 30 days' prior notice to the City; and (c) include a clause or endorsement that insurance coverage is primary, non-contributory and the insured shall have no right to recovery or subrogation against the City. Lessee will deliver a certificate of the policies and required endorsements, or at the City's request, the original insurance policy (ies) to the City. Upon the Lessee's failure to provide proof of insurance by providing the requested documentation within five (5) business days after being notified of the Lessee's failure

to file the documents, the City may at its option obtain the insurance and the cost shall be paid as additional rent due and payable upon the next ensuing rent due day. In addition to the rent, Lessee agrees to pay as additional rent, any increase in insurance premiums against loss by fire that may be charged during the Lease Duration on the amount that is now carried by the City for the Premises. If Lessee fails to procure or renew the required insurance during the term of this lease and the City procures insurance to protect its own interest, Lessee acknowledges that the City will not carry insurance on Lessee's personal property, trade fixtures or improvements and agrees that the City is not obligated to repair any damage or replace them.

- (14) **CASUALTY LOSS:** Lessee must give the City notice of any fire or other casualty on the Premises. In addition to written notice, Lessee must immediately and with all diligence attempt to contact the Airport Manager (by all means available, including telephone, fax and email) to inform the City of the casualty. It is understood and agreed between the parties that if the Premises hereby leased be damaged or destroyed in whole or in part by fire or other casualty during the Lease Duration, the City may repair and restore the Premises to reasonable tenantable condition with reasonable dispatch. The rent shall be abated entirely, if the entire Premises is untenable, and pro rata if the Premises is partially tenantable. This provision is void, if the Lessee fails to adjust its insurance or to remove his/her/its damaged goods, wares, equipment or property within a reasonable time, thereby causing the delay of the restoration. There shall be no abatement of rent during the period for delays caused by the Lessee or its agents. Furthermore, there shall be no abatement of rent if the fire which caused the destruction of or damage to the Premises resulted from the negligence or willful act of the Lessee, its employees or agents or sub-Lessee, said repairs shall be the sole responsibility of the Lessee. If the Lessee uses any part of the Premises for storage during the period of repair, a reasonable charge shall be made against the Lessee. If the building is destroyed to the extent of more than one-half of the value thereof, the City may at its option terminate the lease by providing ninety (90) days written notice to the Lessee.
- (15) **IMPROVEMENTS/REPAIRS/ALTERATIONS:** The Lessee is responsible for all maintenance and repair of the Premises, including the paved and unpaved areas around the structure and the storm water detention area on the east side of the hangar structure. The Lessee agrees to make and fully fund the improvements to the hangar and facilities in accordance with the work and schedule as described in Exhibit C, which is attached hereto and made a part hereof. The City, in establishing the building depreciation fee, has recognized the Lessee's obligation to fund these improvement costs, including interest costs, and the Lessee's cost for maintenance and repair of the Premises. The Lessee shall not make any alteration, additions, or structure improvements to the Premises without the City's prior written approval, which shall not be unreasonably withheld. All additions, alterations or structural improvements to the Premises made by the Lessee during the term of the lease shall become the property of the City and shall remain on the parcel and be surrendered with the Premises upon expiration or termination of the lease without molestation or injury.
- (16) **RESERVATIONS:**
- (A) The City reserves the right of free access at all times to the exterior, interior, the roof of building, and the ramp area.

- (B) The City reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.
 - (C) The City reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of Lessee in this regard. It is clearly understood by the Lessee that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport from performing any services on its own aircraft with its own regular employees (including but not limited to, maintenance and repair) that it may choose to perform.
 - (D) The Lessee by accepting this expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object on the land leased hereunder above a mean sea level elevation of 845 feet. In the event the aforesaid covenants are breached, the City reserves the right to enter upon the Premises and to remove the offending structure or object, all of which shall be at the expense of the Lessee.
 - (E) The City reserves the right to require the demolition without recourse of buildings and ramp rented according to the terms of this lease; should the demolition be required for reasons of safety, aeronautical, or airport construction. In such event, the City shall give ninety (90) days' notice of requirement to vacate the building, and pay the Lessee a straight line proration of the value of the building improvements included in Exhibit C depreciated over ten (10) years. For purposes of this depreciation calculation, the value of the building improvements is agreed to be One Hundred Thirteen Thousand and no/100 dollars (\$113,000) or actual cost, whichever is less.
 - (F) The City reserves for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operation on the Ann Arbor Municipal Airport.
 - (G) The City reserves the right to use the airspace above the Premises for the operation of aircraft taking off or landing, at the Ann Arbor Municipal Airport. The Lessee, by accepting this lease, agrees for itself, its successors, and assigns that it will not make use of the Premises in any manner which might interfere with the landing and taking off of aircraft from Ann Arbor Municipal Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the City reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of the Lessee.
- (17) **SERVICES NOT EXCLUSIVE:** It is understood by the Lessee that no right or privilege has been granted which would operate to prevent any person, firm, or corporation on the airport from performing any services or maintenance it may choose to perform.

- (18) **ACCESS TO PREMISES:** The City shall have the right to enter upon the Premises and into any buildings at all reasonable hours for the purpose of inspecting them. If the City deems any repairs necessary it may demand that the Lessee make them, and if the Lessee refuses or neglects forthwith to commence the repairs and complete them with reasonable dispatch the City may make or cause to be made the repairs and shall not be responsible to the Lessee for any loss or damage that may accrue to their stock or business by reason of the repairs. If the City makes or causes to be made the repairs, the Lessee agrees that it will pay on demand to the City the cost of the repairs with interest at ten (10) percent per annum or the highest rank permitted by law (whichever is lower). If Lessee is in default in the payments, the City shall have the remedies provided in paragraph eight (8).
- (19) **CARE OF PREMISES:** The Lessee shall not perform any acts or carry on any practices which may injure the Premises or be a nuisance or menace to other Lessees and shall keep the Premises under its control (including adjoining drives, ramps and grounds) clean and free from rubbish and dirt, snow and ice, and the grass mowed at all times. In the event the Lessee shall not comply with these provisions, after seven (7) days written notice of required remedies, the City may enter upon the Premises and have rubbish and dirt removed, snow and ice plowed and the grass mowed in which event the Lessee agrees to pay all charges that the City shall pay for the cleaning and hauling of rubbish or dirt, plowing of snow or ice and the mowing of grass. The charges shall be paid to the City by the Lessee within fifteen (15) days of presentation of the bill. Failure to comply shall give the City the same remedy (ies) as provided in paragraph eight (8).
- (20) **COMPLIANCE WITH LAWS, ORDERS, REGULATIONS, OR ORDINANCES:**
- (A) The Lessee shall at its own expense promptly comply with all statutes, codes, ordinances, administrative rules, regulations and policies and the orders and directives of any Municipal, County, State, and Federal authority affecting the Premises and the cleanliness, safety, occupation, and use of the Premises.
- (B) The Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.
- (C) The Lessee agrees it will not do or permit any act that will invalidate or conflict with any insurance policy carried it by the City with respect to the Premises or that might subject the City to any liability to any third party.
- (D) This lease shall be subordinate to the provisions of and requirements of any existing or future agreement between the City and the United States, relative to the development, operation or maintenance of the airport.
- (21) **CONDITION OF PREMISES AT TIME OF LEASE:** The Premises is leased "as is". The Lessee acknowledges that he/she/it has examined Premises prior to the making of this lease, and knows the condition of land and buildings herein described as Exhibit A, and that no representations as to its condition or state of repairs have been made by the

City, or its agent(s). The Lessee is satisfied with the condition of and accepts the Premises in its present condition at the date of the execution of this lease. The City shall not be responsible or liable to the Lessee for any loss or damage from the acts or omissions of persons occupying any part of adjoining buildings or any part of the Premises or for any loss or damage resulting to the Lessee or its property from bursting, stoppage, or leaking of water, gas, sewer or steam pipes.

- (22) **GAS, WATER, HEAT, ELECTRICITY AND TAXES:** The Lessee will pay all charges made against the Premises for gas, water, heat, and electricity during the continuance of this lease, as the same shall become due. Lessee shall be responsible for and pay all taxes assessed against the Premises. Failure to pay all charges and taxes shall subject the Lessee to the same remedy as provided in paragraph eight (8) of this lease. Due to the nature of Lessee's business activities, which are primarily aviation services, the building may be exempt from any and all real property tax per the state aeronautics code. The City, in establishing the building depreciation fee, has recognized the Lessee's current tax obligation for the Premises and the City will reduce the building depreciation fee by an amount equal to the real property tax on the hangar, but not by more than ten thousand dollars (\$10,000.00) per year. If Pittsfield Township reduces the annual real property tax on the Premises in excess of ten thousand dollars (\$10,000.00), the City rent will be the full contract amount without this tax credit.
- (23) **ADVERTISING DISPLAY:** All signs and advertising displayed in and about the Premises shall only advertise the business carried on upon the Premises. All signs shall conform to the standards of the municipality having jurisdiction over such and shall have prior written approval of the City. No awning or signs shall be installed or used on the exterior of the building on the Premises unless awning, signs, and wording is approved in writing by the City. Consent shall not be unreasonably withheld.
- (24) **RE-ENTRY:** If any rent is due and unpaid more than thirty (30) days, or if there is default in any promise in this lease, or if the Premises are deserted or vacated, then it shall be lawful for the City, its certain attorneys, representatives and assigns, to re-enter into, repossess the Premises and remove and put out each and every occupant including Lessee. The City will endeavor to provide written notice to any Lessee and any sub-Lessee authorized in paragraph ten (10) of this lease. No third party rights are implied.
- (25) **EXPENSES-DAMAGES RE-ENTRY:** In the event the City shall, during the period covered by this lease, obtain possession of the Premises by re-entry, summary proceedings, or otherwise, the Lessee agrees to pay the City the expense incurred in obtaining possession of the Premises, and all expenses and commissions which may be paid in and about the letting of the same, and all other damages.
- (26) **QUIET ENJOYMENT:** The City promises that the Lessee, on payment of all the required payments and performing all the Lessee's promises and obligation under the lease, shall and may peacefully and quietly have, hold and enjoy the Premises for the term of this lease.

- (27) **REMEDIES NOT EXCLUSIVE:** It is agreed that each of the rights, remedies and benefits provided by this lease shall be cumulative, and shall not be exclusive of any other right, remedy and benefit, or of any other rights, remedies and benefits allowed by law.
- (28) **DELAY OF POSSESSION:** It is understood that if the Lessee shall be unable to enter into and occupy the Premises at the time above provided, by reason of the Premises not being ready for occupancy, or by reason of the holding over of any previous occupant of the Premises, or as a result of any cause or reason beyond the direct control of the City, the City shall not be liable in damages to the Lessee, but during the period the Lessee shall be unable to occupy the Premises, the rental amount shall be abated pro rata. The City is to be the sole judge as to when the Premises are ready for occupancy.
- (29) **DISCRIMINATION:** Lessee, its agents and employees, shall not discriminate against any person or class of persons by reason of race, color, creed, national origin, marital status, age, condition of pregnancy, religion, physical limitations, source of income, family responsibilities, educational association, or sexual orientation or sex shall be bound by the non-discriminatory provisions as required by the Code of Federal Aviation Regulations, and as Regulations may be amended.
- (30) **NOTICES:** Whenever under this lease a provision is made for notice of any kind it is sufficient notice and service if the notice to the Lessee is in writing addressed to the Lessee at its last known post office address or at the Premises and deposited in the mail with postage prepaid. If the notice is to the City, it is sufficient if it is in writing addressed to the last known post office address of the City and deposited in the mail with postage prepaid. Notices sent by U.S. mail are deemed received on the next regular day for the delivery of mail after the day on which they were mailed.

Notice to Lessee shall be sufficient if sent by mail, postage prepaid, addressed to:

**Bijan Air, Inc.
747 Airport Drive
Ann Arbor, MI 48108**

Attn: Bijan Moazami

Notices to City shall be sufficient if sent by mail, postage prepaid, addressed to the:

**Ann Arbor Municipal Airport
City of Ann Arbor
801 Airport Drive
Ann Arbor, MI 48108**

Attn: Airport Manager

- (31) **OWNERSHIP OF FIXTURES AND IMPROVEMENTS:** Notwithstanding any other provisions in this lease, any improvement, fixture, building or leasehold interest becomes the sole property of the City upon expiration or termination of this lease. Lessee shall not encumber the applicable property in any way beyond the lease term.
- (32) **CONSENT:** In all cases requiring written consent from the City, consent shall not be unreasonably withheld, and in all cases in which the repairs are necessitated by the willful or negligent conduct of the Lessee, its employees, customers or agents, the repairs shall be the responsibility of the Lessee.
- (33) **WAIVER:** No covenant or breach is intended to be waived unless a waiver is clearly expressed in a document (a) signed by the waiving party, (b) specifically identifying the covenant or breach, and (c) expressly stating that it is a waiver of the identified covenant or breach. One or more waivers of any promise or condition by the City shall not be construed as a continuing waiver of the same covenant or breach or of a further breach of the same promise or condition. Consent by the City to any act requiring the City's consent does not constitute a waiver of the requirement of the City's consent with respect to any similar or subsequent act.
- (34) **AMENDMENTS:** This is the full and complete understanding of the lease; all prior or future verbal or written agreement(s) are null and void. This agreement may only be modified or amended, in writing, signed by both parties. There may be no oral modification or amendment of this lease, whether or not supported by consideration.
- (35) **HEADINGS:** The numbering and headings are not a part of this lease and are intended only to assist in locating the relevant lease terms.
- (36) **CONSTRUCTION AND INTERPRETATION:** This lease will be construed in accord with Michigan law. If any covenant of this lease is invalid, illegal, or unenforceable, that covenant will be enforced to the fullest extent permitted by law, and the validity, legality, and enforceability of the remaining covenants will not in any way be affected or impaired. This lease has been negotiated at arms length and reviewed by both parties. The lease is not to be construed against the City. The use of the word "may" in describing the right of a party means that the party has the option, but not the obligation, to exercise that right. Furthermore, the exercise of the right is not deemed an election of remedies or a waiver of any other right or claim. The use of the words "include" or "including" is intended to be illustrative and not exhaustive.
- (37) **AUTHORIZED AND BINDING:** Lessee and each person executing this lease on behalf of Lessee warrant and represent to the City that Lessee is validly organized, existing, and authorized to do business under Michigan law; that Lessee has full power and lawful authority to enter into this lease; and that the execution of this lease by the individual who has signed below is legally binding on Lessee in accordance with its terms. The City and the official signing on behalf of the City warrant and represent to Lessee that the City is a governmental unit of the State of Michigan and has the full power and authority to enter into this lease; and that the execution by this lease by the individual who has signed below is legally binding on the City in accordance with its terms. The promises, conditions and

agreements made and entered into by the parties are declared binding on their respective heirs, successors, representatives and assigns, or sub-Lessee.

WITNESSETH our hands and seals this _____ day of _____, 2014.

CITY OF ANN ARBOR, a Michigan
Municipal Corporation

BIJAN AIR, INC., a Michigan
Corporation

John Heiftje, Mayor

Bijan Moazami, President

Jacqueline Beaudry, City Clerk

Approved as to Substance:

Approved as to Form:

Steven D. Powers, City Administrator

Stephen K. Postema, City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES.

Part of the NE 1/4 of Sec. 17, T.3 S., R.6 E., Pittsfield Twp., Washtenaw Co., Mich., described as:

Commencing at the NE corner of said Section 17; thence S.18°15' E., along the centerline of State Rd. ROW, 1022.96 ft.; thence S.55°39' W., 675.0 ft.; thence N.34°21' W., 350.0 ft.; thence S.55°39' W., 714.74 ft.; thence S. 88°24' W., 91.32 ft.; thence continuing S.88°24' W. 120.00 ft. to a Point of Beginning; thence continuing S.88°24' W., 443.0 ft.; thence N. 1°36' W., 243.81 ft.; thence N.88°24' E., 443.0 ft.; thence S. 1°36' E., 243.81 ft. to the Point of Beginning, containing 2.48 acres of land, more or less, having no road frontage, being part of the Ann Arbor Municipal Airport site, which has an access road abutting the north line of the above parcel, which currently leads to Ellsworth Road and State Road.

EXHIBIT B

ACCESS TO/FROM TAXIWAY CHARLIE

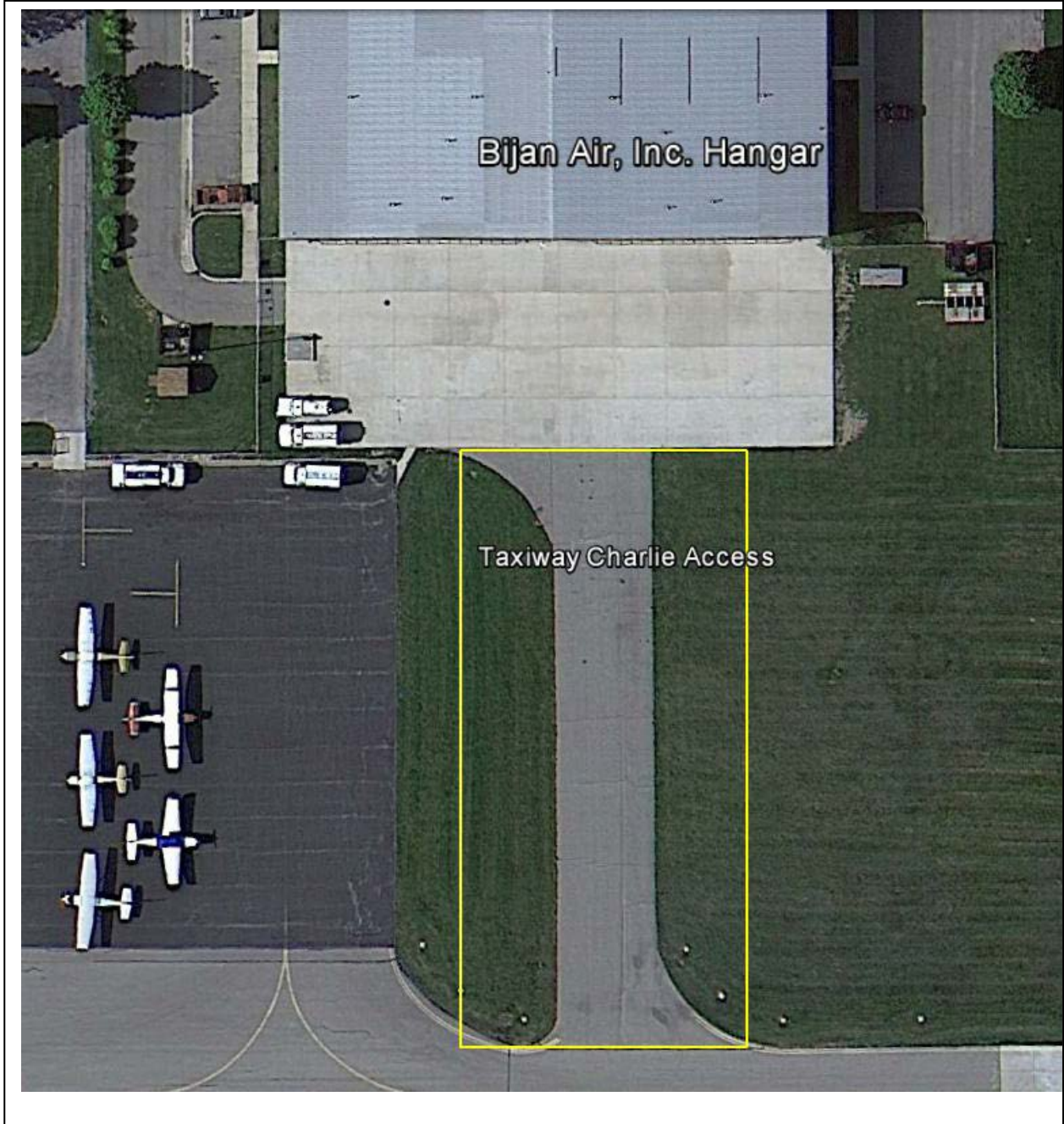


EXHIBIT C

LESSEE IMPROVEMENTS TO PREMISES

The following improvements to be accomplished by Lessee within the stated term of each item:

- 1) Reconditioning of existing building roof with a 10 year warranted, rubber coated spray on roof product (\$51,000) by December 31, 2014.
- 2) Replace six, natural gas fired radiant heaters (of similar size to the existing units) in the building (\$22,000) by December 31, 2015.
- 3) Repair and refinish floor (\$10,000) by December 31, 2016.
- 4) Repair bi-fold hangar doors (\$8,000) by December 31, 2017.
- 5) Repaint building exterior and interior (\$22,000) by December 31, 2018.

All numbers are estimates based on an anticipated \$113,000 in total expenditures.