

LEASE AGREEMENT
BETWEEN THE CITY OF ANN ARBOR
AND THE REGENTS OF THE UNIVERSITY OF MICHIGAN
FOR THE PROPERTY LOCATED AT
747 AIRPORT DRIVE, ANN ARBOR, MI

This Lease Agreement (the “Lease”) is between the CITY OF ANN ARBOR, a Michigan Municipal corporation (“City”), and THE REGENTS OF THE UNIVERSITY OF MICHIGAN, a Michigan Constitutional corporation (“Lessee”) and is effective as of the date of the last signature below (this date being the “Effective Date”).

RECITALS

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 taxilane to allow ingress and egress of aircraft as depicted in Exhibit B, attached hereto and made a part hereof.

- (2) **LEASETERM:** The Term of this Lease shall be nine (9) years commencing on November 1, 2024 and terminating on October 31, 2033, unless sooner terminated or extended as provided in this Lease (“Lease Term”). 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 Lease 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 ("Rent") is comprised of both Land Rent and the Building Depreciation Fee and any late fee assessed in accordance with Section 6.

(A) LAND RENT. The annual rent for the Land ("Land Rent") beginning November 1, 2024 shall be \$53,571.96 (\$4,464.33 per month), which reflects an annual charge of \$0.496 per square foot for the 108,008 square feet of Premise. The annual Land Rent for the Premises shall be increased by the percentage increase in the Consumer Price Index as calculated in the manner prescribed in this Section.

(B) BUILDING DEPRECIATION FEE. The annual Building Depreciation Fee ("Building Depreciation Fee") beginning November 1, 2024 shall be \$50,650.00 (\$4,220.83 per month), which reflects an annual charge of \$2.53 per square foot of the building per year, the building being 20,000 square feet. The annual Building Depreciation Fee is not subject to change during the term of this Lease.

Lessee shall pay Rent to the City in monthly installments of 1/12 of the annual Rent, in advance on or before the 1st day of each month ("Rent Day"). 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: The City acknowledges that the Lessee acquired ownership of the hangar building from the original owner, Bijan Air, Inc., in connection with, and pursuant to, an Assignment and Assumption of Lease and Building dated October 17, 2024. Both parties to this Lease have determined that the duration of the ownership of the building by the Lessee and the recognition of the value of the City's deferral of that ownership shall be extended for the duration of this Lease. In recognition of the ownership value of the hangar building that is being deferred by the City over the next nine (9) years, the Lessee agrees to make an annual payment of the Building Depreciation Fee" that will be billed along with the Land Rent as provided for in Section 3 of this Lease.

- (5) **HOLDING OVER:** If Lessee remains in possession of the Premises after the end of the Lease Term 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. 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, or the maximum rate allowable by law (whichever is lower) 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. 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 Section 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 this 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 remedies as on default in payment for Rent.

- (9) **USE AND OCCUPANCY:** It is understood and agreed between the City and the Lessee 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 (“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, or its agents or subtenants, the right to engage in any commercial activity or operate as a Commercial Operator as defined in the Ann Arbor Municipal Airport Rules and Regulations, and as may be amended, pertaining to operation of the 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 of the Premises without the written consent of the City, (which consent will not be unreasonably withheld). Any assignment, transfer, encumbrance, or subletting without the written consent of the City, 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 City agrees to consent to the mortgage.

(13) INDEMNIFICATION AND INSURANCE.

- (A) So long as the Lessee is The Regents of the University of Michigan, (a) any obligation of the Lessee to indemnify and hold harmless the City shall be limited to the fullest extent permitted by applicable law; and (b) the insurance requirements of Lessee under this Lease may be procured by Lessee or its contractor or may be self-insured by The Regents of the University of Michigan. Any self-insurance shall be deemed to contain all of the terms, conditions, and benefits in favor of the City and any parties designated by the City as additional insureds to the same extent as if Lessee obtained third party insurance in the amount and in the type set forth in this Section 13(B) of the Lease, but only to the extent of the negligence of Lessee. Lessee's indemnification obligation does not extend to liability for damages resulting from the sole or gross negligence of the City.
- (B) The Lessee, at its own cost and expense, will, at a minimum, procure and keep in effect during the Lease Term, such insurance policies, including those set forth below, as will protect itself and the City from various hazards and all claims for bodily injuries, death, or property damage that may arise under this Lease, whether the act(s) or omission(s) giving rise to the claim were made by the Lessee, any subcontractor, or anyone employed by them directly or indirectly. Required insurance policies include:
 - i. Commercial General Liability Insurance equivalent to, as a minimum, Insurance Service Office form CG 00 01 04 13 or current equivalent. The following minimum limits of liability are required:

- 1) \$1,000,000 Each occurrence as respect Bodily Injury Liability or Property Damage Liability, or both combined
- 2) \$5,000,000 Per Project General Aggregate
- 3) \$1,000,000 Personal and Advertising Injury
- 4) \$2,000,000 Products and Completed Operations Aggregate

ii. Fire and extended Property and Casualty coverage insurance insuring the Premises, including all leasehold improvements, for their full replacement value.

- (C) City shall be named as an additional insured on each insurance policy or coverage.
- (D) Lessee shall provide to City documentation satisfactory to City, through City-approved means, demonstrating it has obtained the required insurance policies and endorsements. The certificates of insurance endorsements and/or copies of policy language shall document that Lessee satisfies the following minimum requirements.
- (E) Insurance required under Section 13(B) above shall be considered primary as respects any other valid or collectible insurance that City may possess, including any self-insured retentions City may have, and any other insurance City possesses shall be considered excess insurance only and shall not be required to contribute with this insurance.
- (F) Insurance companies and policy forms are subject to approval of the City Attorney, which approval shall not be unreasonably withheld. Documentation must provide and demonstrate an unconditional and unqualified 30-day written notice of cancellation in favor of the City of Ann Arbor. Further, the documentation must explicitly state the following: (a) the policy number(s); name of insurance companies; name and address of the agent(s) or authorized representative(s); name(s); email address(es), and address of insured; project name; policy expiration date; and specific coverage amounts; (b) any deductibles or self-insured retentions which may be approved by the City, in its sole discretion; (c) that the policy conforms to the requirements specified Lessee shall furnish City with satisfactory certificates of insurance and endorsements. Upon request, Lessee shall provide within 30 days, a copy of the policies and all required endorsements to City. If any of the above coverages expire by their terms during the term of this Lease, Lessee

shall deliver proof of renewal and/or new policies and endorsements to City at least ten days prior to the expiration date.

- (G) Any insurance provider of Lessee shall be authorized to do business in the State of Michigan and shall carry and maintain a minimum rating assigned by A.M. Best & Company's Key Rating Guide of "A-" Overall and a minimum Financial Size Category of "V." Insurance policies and certificates issued by non-authorized insurance companies are not acceptable unless approved in writing by City.
 - (H) Upon completion of the mandatory improvements, the required insurance policies and coverage amounts shall be subject to review and adjust to reflect the change in value of the Premises and improvements.
- (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, text and email) to inform the City of the casualty. It is understood and agreed between the City and the Lessee that if the Premises hereby leased be damaged or destroyed in whole or in part by fire or other casualty during the Lease Term, 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) MAINTENANCE/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 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 reasonable hours to the exterior, interior, the roof of building, and the ramp area after providing at least 24 hours advance notice to Lessee. In the case of an emergency, City may enter the Premises at its discretion.
- (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 neither 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 ramps 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 nine (9) years. For purposes of this depreciation calculation, the value of the building improvements is agreed

to be Ninety-Seven Thousand and no/100 dollars (\$97,000.00) 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 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 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 the 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 Section 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 Section 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 or 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" in its present condition and the City disclaims any, and makes no further, warranty or representation as to the Premises including as to the condition of any buildings, improvements, fixtures, soil conditions, or any environmental conditions on or under the Premises. 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 and special assessments assessed against the Premises. Failure to pay all charges and taxes shall subject the Lessee to the same remedies as provided in Section 8 of this lease.

- (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 Section 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 Rent 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 and 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: Any notice given under this Lease shall be in writing and served personally, sent by certified or registered mail, or by overnight courier. Such notice shall be deemed effective upon receipt by the other party.

Notices for the Lessee should be sent to:

Michigan Medicine
Attn: Director of Real Estate & Leasing
777 E. Eisenhower, Suite 500
Ann Arbor, MI 48108-3270

with a copy to:

Real Estate Office
Attn: Executive Director of Real Estate
326 East Hoover Street, Mail Stop E
Ann Arbor, MI 48109-1002

Notices for the City should be sent to:

City of Ann Arbor
Attn: Airport Manager
301 E. Huron Street
Ann Arbor, MI 48104

with a copy to:

City of Ann Arbor
Attn: City Attorney
301 E. Huron Street
Ann Arbor, MI 48104

- (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 Lease 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 provisions.
- (36) **CONSTRUCTION AND INTERPRETATION:** This Lease will be construed in accordance 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.
- (38) **ELECTRONIC OR FACSIMILE SIGNATURES:** City and Lessee agree that signatures on this Agreement may be delivered electronically in lieu of an original signature and agree to treat electronic signatures as original signatures that bind them to this Agreement. This 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 and seals this _____ day of _____, 2024.

CITY OF ANN ARBOR
a Michigan Municipal Corporation

THE REGENTS OF THE UNIVERSITY OF
MICHIGAN, a Michigan Constitutional
Corporation

Christopher M. Taylor, Mayor

Chris Allen, Executive Director of Real Estate

Jacqueline Beaudry, City Clerk

Approved as to Substance:

Approved as to Form:

Milton Dohoney, Jr, City Administrator

Atleen Kaur, 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) **Roof Repairs** - Application of a flexible, seamless multi-layer roof coating system on the west half of the existing building roof, covering approximately 10,000 sf, which includes a spray on polyurethane foam (minimum R-7 insulation value) and multiple finish layers to provide a minimum 10-year leak proof warranted roof.

Cost: \$55,000 Completion by: June 30, 2025

- 2) **Upgrade West Hangar Bi-Fold Door** – Removal of hangar door insulation, application of 2” spray on closed cell foam insulation with painted ignition barrier, replacement of one door cable, both vertical door seals with retainer bars, and 12 sheaves with axles.

Cost: \$33,000 Completion by: June 30, 2025

- 3) **Replace West Hangar Bay Lighting** – Removal of existing high bay lighting in the west hangar bay and installation of sixteen (16) new LED high bay fixtures (Lithonia JEBL 30L 50K 80CRI WH w/ polycarbonate reflector or equivalent) at locations of existing fixtures.

Cost: \$9,000 Completion by: September 30, 2025