

LEASE AGREEMENT

Pifer Inc. (hereinafter called "Lessor"), 8341 E. Holly Rd. Holly, MI 48442

hereby agrees to lease to City of Ann Arbor (hereinafter called

"Lessee"), with its principal place of business 301 E. Huron St. Ann Arbor, MI 48104,

the personal property specified herein under the following terms and conditions of this Agreement dated October 7, 2015

1. **EQUIPMENT** – The term Equipment as used herein shall refer to the items listed on Schedule B which is attached hereto and incorporated herein by reference. Lessee acknowledges that the Equipment is of a size, design, description, and manufacture as selected by Lessee, and that Lessee is satisfied that the Equipment is suitable for Lessee's purposes.
2. **TERM** – The term of the lease is non-cancellable and shall commence upon the actual delivery to Lessee of the Equipment ~~of~~ any portion thereof and continue for a period ending 12 months after the first day of the 1st month succeeding the commencement date.
3. **RENT** – Lessee agrees to remit to Lessor payments as specified on Schedule A, which is attached hereto and incorporated herein by reference. Any payment past due shall accrue late charges from the due date at the lower of (a) Lessor's then prevailing late charge rate, or (b) the highest rate permitted by law.

Each payment made pursuant to this Lease shall be applied first to any charges or other expenses due under the terms of this Lease and the remaining balance, if any, to any Rent then due.
4. **WARRANTIES** –
 - (a) Lessee acknowledges that Lessor is not the manufacturer or seller of the Equipment. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE MERCHANTABILITY OF THE EQUIPMENT, OR ITS FITNESS FOR A PARTICULAR PURPOSE, OR THE DESIGN OR CONDITION OF THE EQUIPMENT, OR THAT THE EQUIPMENT SATISFIES THE REQUIREMENTS OF ANY LAW, GOVERNMENTAL REGULATION, CONTACT, OR SPECIFICATION.
5. **TITLE TO EQUIPMENT** – Lessee shall have not right, title or interest in the Equipment, except a leasehold interest to possess and use the Equipment during the term of the lease subject to the terms hereof. The Equipment is and shall remain personal property and shall not become part of Lessee's physical plant. Lessor shall have the right to display notice of its ownership on the Equipment by affixing to each piece of Equipment in a conspicuous place such metal plate, or other form of notice that Lessor may reasonably require and Lessee will not alter, deface, cover, obscure, or remove such ownership notice. Except as provided in Section 20, upon termination of this Lease, Lessor shall be entitled to all Equipment leased herein and the Lessor or the Lessor's designates shall have the right to enter the Lessee's premises and remove same. It is understood and agreed that for all purposes this Agreement is intended to be a lease and that Lessee does not hereby acquire right, title, or interest to any Equipment leased hereunder, except the right to use the same under the terms provided herein.
6. **LIENS AND ALTERATIONS** – Lessee will keep Equipment free from any liens, claims or encumbrances and will not without the prior written consent of Lessor, make or suffer any changes, alterations, improvements or remove any parts, accessories or attachments other than in the course of routine maintenance.
7. **USE OF EQUIPMENT** – Lessee agrees and warrants that the Equipment leased herein will not be used or operated in violation of any law, ordinance or governmental regulation.
8. **ASSIGNMENT** – This Agreement and all rights of Lessor hereunder may be assigned by Lessor at any time without Lessee's consent, and after notice to Lessee of such assignment, Lessee agrees thereafter to make all lease payments hereunder to Lessor's assignee. In the event of any such assignment, the Lessee agrees that it shall not assert against Lessor's assignee, any defense, deduction, claim, counter claim or set off which Lessee may have against Lessor, whether arising out of this agreement or any other transaction or otherwise. After any such assignment all references to "Lessor" herein shall refer to the Lessor's assignee, and such assignee shall have all rights, privileges and remedies of Lessor hereunder. Lessee shall not sell, transfer, assign, sublease, convey or pledge its interest in or to this Lease or the Equipment without the prior written consent of Lessor and any such sale, transfer, assignment, sublease, conveyance or pledge, whether by operation of law or otherwise, without the prior written consent of Lessor shall be void. Should the Lessee sell the golf club, he will notify the Lessor and the Lease Agreement will be transferred to the new owner.
9. **STORAGE** – The Lessee assumes the responsibility for the safe housing indoors or under suitable cover of Equipment during the night and non-utilized periods. The Lessee shall be required to repair all flat tires. Additional tires mounted on rims will be provided by the Lessor.
10. **INSPECTION BY LESSOR** – Lessee agrees that Lessor or Lessor's agent shall have the right, during Lessee's normal operating hours, to inspect the Equipment and the maintenance records of the Equipment. Upon inspection, Lessor may serve written notice to Lessee should there be incidence of noncompliance with the terms of this Agreement. If after ten (10) days from the date of such notice said non-compliance has not been corrected to the reasonable satisfaction of Lessor, Lessor shall have the option to:
 - (A) effect the necessary repairs and collect the cost of said repairs from Lessee;
 - (B) take possession of the subject Equipment and collect from the Lessee the cost of repairing the Equipment, all owing and unpaid lease payment and an amount equal to six times the monthly rental payment;
 - (C) declare Lessee in default of this Agreement, and proceed to exercise its rights under Section 16 hereof.
11. **INSURANCE** – Lessee will, at its sole expense, carry hazard

property damage, and public liability insurance with respect to the Equipment and the use thereof, in such amounts and with such insurers as are reasonably satisfactory to Lessor, and such insurance policies shall name Lessor as an insured thereunder, and provide for at least thirty (30) days written notice of cancellation to Lessor. The proceeds of any public liability or property damage insurance shall be payable first to Lessor to the extent of its liability if any, and the balance to Lessee. The proceeds of any fire, theft and extended coverage insurance with respect to the Equipment shall be payable solely to Lessor and shall be applied by Lessor toward the payment of Lessee's obligations hereunder and any balance of the proceeds shall be the property of the Lessor, provided that at Lessor's option such proceeds may be used for the repair or replacement of the affected Equipment.

12. PERFORMANCE OF OBLIGATIONS OF LESSEE BY LESSOR — If Lessee fails to timely and properly perform any of its obligations hereunder, Lessor may, but shall not be obligated to perform such obligations on behalf of Lessee, and the cost of such performance and the amount of the reasonable expenses of Lessor incurred in connection with such performance together with late charges of the rate specified in section 3 for late payments, shall be payable by Lessee upon demand by Lessor and such action by Lessor shall not be deemed a cure or waiver of any default of Lessee hereunder. Gasoline, E-Z Go Oil, or electricity required for the operation of said cars shall be furnished by the Lessee. Lessee agrees that he will not permit any other electrical or mechanical golf cars to be operated on said golf course except for member-owned cars. Lessee also agrees the golf car will not be used as a maintenance vehicle, carrying refreshments, or picking up balls from the driving range.

13. LOSS OR DAMAGE — Lessee shall bear the entire risk of loss, theft, partial or complete destruction, or damage of any Equipment from any cause whatever, whether or not insured against. In the event of loss or damage to any Equipment heretofore stated, Lessee shall pay to the Lessor the sum of the following:

- (A) all rent and all other sums due and owing in respect to such unit at time of such loss or damage plus:
- (B) a residual value as specified on schedule A which is attached hereto.

Upon Lessor's receipt of such payment, Lessee shall be entitled to Lessor's interest in such Equipment, for salvage purposes, in its then condition and location, "AS IS", "WHERE IS".

14. TAXES — Lessee will pay, or reimburse Lessor, for any and all sales use, property and any other taxes now or hereafter imposed by any state, federal or local government based upon the ownership, leasing, renting, sale or possession or use of the Equipment whether the same be assessed to the Lessor or Lessee, together with any penalties or interest in connection therewith, except taxes imposed or measured by the net income of the Lessor.

15. INVESTMENT TAX CREDIT INDEMNIFICATION — It is hereby agreed that Lessee shall indemnify and hold harmless Lessor from and against any loss or liability incurred by Lessor by reason of any disposition or other disqualifying use of the Equipment by Lessee affecting the Investment Tax Credit allowed for the Equipment under the Internal Revenue Code of 1954, as amended.

16. DEFAULT — The occurrence of any of the following events shall, at the option of the Lessor, terminate this lease and Lessee's right to possession of the Equipment.

- (A) the default by Lessee under any term, covenant, or condition of this lease;
- (B) any act of bankruptcy or insolvency or reorganization or

receivership or assignment or levy by or against Lessee.

Upon the happening of any of the above events, Lessor reserves the right to:

- (A) enter any premises where any Equipment shall be located and remove or retain same without being liable to any suit, action, defense or other proceeding by Lessee;
- (B) sell at public or private sale or lease any portion of said Equipment, and apply the proceeds of such sale or lease, after deducting all costs incurred by Lessor including, but not limited to repair costs, recovery fees, storage costs, and attorney's fees, against the amounts then due or thereafter to become due by Lessee under the Lease. If such proceeds are less than the present amounts due plus any future amounts due, Lessee shall immediately pay Lessor the difference;
- (C) recover from Lessee all amounts due or to become due herein and/or
- (D) pursue any other remedy at law or in equity whether or not covered in this Agreement.

17. NOTICE AND PAYMENTS — All communications which may be or are required by Lessor or Lessee shall be in writing. Communications to the Lessor shall be addressed to:

PIFER INC.

18. Such option shall be exercised by giving Lessor written notice of same no later than 30 days prior to the expiration of this Lease. The purchase price for the Equipment shall be as stated in Schedule A which is attached hereto. Lessee shall take title to the Equipment "AS IS, WHERE IS."

19. SAVING CLAUSE — In the event that any terms and provisions of this Agreement are in violation of, or prohibited by, any law, statute or ordinance of the state, or country in which it is used, the remainder of this Agreement shall not be invalidated.

20. INDEMNIFICATION — Lessee hereby agrees to indemnify, defend and hold Lessor, its agents, employees, successors and assigns, harmless from any and all claims, actions, demands, losses, damages, fines, penalties and liabilities, including expenses and attorney's fees and from any and all injuries or deaths of persons or damage to property, however arising, from or incident to this Lease Agreement and the action contemplated herein.

21. ADDITIONAL DOCUMENTS — Lessee agrees to execute, or obtain and deliver to Lessor, at Lessor's request, such additional documents as Lessor may reasonably deem necessary to protect Lessor's interest in the Equipment and in this Agreement, including, without limitation, financing statements, landlord's waivers, and mortgagee's waivers. Lessee shall pay, or reimburse Lessor on demand any filing fees or expenses incurred in connection with such additional documents. The execution of financing statements, or the filing of the same shall be for information purposes only and shall not be construed as an intention by the parties that the Equipment is being sold to Lessee under this Agreement.

22. ENTIRE AGREEMENT — The parties agree that this instrument, together with attached Schedules and Addenda (if any) constitute the entire Agreement between the parties and that no verbal understanding not incorporated in this document is binding upon either party. Both parties covenant to fulfill the obligations imposed upon them and waive any specific rights granted by state laws which might allow them to evade their respective responsibilities.

23. The following schedule or schedules is/are hereby made part of this Agreement.

Schedule _____

Schedule _____

Schedule _____

IN WITNESS WHEREOF, the parties hereto, authorize their proper officers to execute this Agreement on the day and year first written above.

In the Presence of:

LESSOR _____

By: _____

Title: _____

In the Presence of:

LESSEE _____

By: _____

Title: _____

SCHEDULE A

Equipment Description 99 Reconditioned EZGO Gas Golf Cars With Tops
Serial No. \$97.00 Per Car Per Month

Message Holders
Windshields

Payment Schedule (not including sales tax) – Payment due on the 1st of the month.

Full Service Lease
Included:
Winter Service
Winter Storage
Sound Motor

Service Performed By Trained Pifer Inc.
Mechanic. Not-Out Sourced

	2016				
April	<u>\$9,603.00</u>	_____	_____	_____	_____
May	<u>\$9,603.00</u>	_____	_____	_____	_____
June	<u>\$9,603.00</u>	_____	_____	_____	_____
July	<u>\$9,603.00</u>	_____	_____	_____	_____
August	<u>\$9,603.00</u>	_____	_____	_____	_____
September	<u>\$9,603.00</u>	_____	_____	_____	_____

Lessee _____

Lessor _____

By _____

By _____

Title _____

Title _____

SCHEDULE B

1. **LEASED PROPERTY:** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the following machinery and equipment together with all current or subsequent attachments, accessories, tools, and substitutions (the "Leased Property"):

Model and Description

Serial Number

2. **LOCATION OF LEASED PROPERTY:** The Leased Property shall be located by Lessee at the following address and shall not be moved or relocated without Lessor's prior written consent:

3. **INSTALLATION:** Lessee shall be responsible at its sole expense: (1) for all start-up costs; (2) for delivering all consents reasonably necessary in Lessor's judgment for installation use and removal of the Leased Property; and (3) for obtaining all permits, waivers of encumbrances and evidence of recordation reasonably necessary in Lessor's judgment with respect to the premises where the Leased Property is being installed. Lessor may elect (but is not obligated) to obtain such approval or to discharge such encumbrances, and in that event, Lessee shall reimburse Lessor promptly upon receipt of notices thereof. If installation is delayed for any reason other than Lessor's failure to tender the Leased Property, all charges shall still be due from and after the date this Lease commences under Section 2.

4. **INSPECTION AND ACCEPTANCE:** Within 30 days of delivery of the Leased Property, Lessee shall deliver a written notice to Lessor acknowledging acceptance or noting rejection. If notice is not received, it shall be conclusively presumed that Lessee has fully inspected the Leased Property, determined that it is in good repair, appearance and operating condition, and that it is fully accepted.

Lessee _____

Lessor _____

By _____

By _____

Title _____

Title _____