

THIRD AMENDMENT TO LEASE AGREEMENT FOR
HANDS-ON MUSEUM

The CITY OF ANN ARBOR, a Michigan municipal corporation, and the ANN ARBOR HANDS-ON MUSEUM, a Michigan nonprofit corporation, agree that the lease agreement dated August 5, 1981, and as subsequently amended, is further amended as follows:

- (1) Article II is amended to read as follows:

Article II

Term

The term of this lease is five (5) years from the date hereof. The lease shall automatically renew for seven (7) successive five (5) year periods thereafter unless, at least ninety (90) days prior to the end of any such period, either party provides the other with written notice of termination. The Lessor shall provide such a notice of termination only if it first finds that the Lessee is not operating the Museum satisfactorily and then gives the Lessee an opportunity to correct any defects in the operation. The Lessee shall submit financial and operational details to Lessor 180 days before the automatic renewal date.

- (2) Article VII is amended to read as follows:

Article VII

Maintenance

A. Repairs by Lessee. Lessee shall maintain and keep in good order, condition and repair the interior of the premises, including all heating and electrical equipment, air conditioning equipment, plumbing and sprinkler systems, if any installed therein, and the improvements and equipment installed by Lessee in the premises, and shall repair all interior and exterior broken glass with glass of the same or similar quality. Lessee shall also: maintain and keep in good order, condition and repair (including

replacement) the roof of the premises; keep painted all painted exterior surfaces; and repair and maintain in good condition the tuck pointing of the brick exterior walls.

B. Repairs by Lessor. Lessor shall keep in good order, condition and repair the foundation, exterior walls (excluding the interior surface of exterior walls and excluding all windows, doors, plate glass, showcases and brick tuck pointing), downspouts, and gutters of the demised premises, except that Lessee shall make all such repairs, modifications or replacements which become necessary or desirable by reason of Lessee's use of the property or the negligence of Lessee, its customers, invitees or employees, unless and to the extent the damage or loss resulting is covered under any policy of insurance of the Lessor and such loss or damage is paid to or on behalf of Lessor pursuant to such insurance policy. Lessee expressly agrees that the use of roof area shall be limited to ingress for maintenance purposes only and that the roof area shall not be used for storage, inventory or similar uses.

C. Parking. The Lessee will take all reasonable precautions to prevent interference with emergency vehicles exiting from the fire station. This will include notification of school groups that buses not be parked, even temporarily, in front of the fire station driveways. It will also include notification that school groups should be dropped off and picked up in front of or to the south of the building. Museum employees shall cooperate in enforcing these safety precautions.

(3) Article XII is amended to read as follows:

Article XII

Insurance

Lessee further covenants and agrees that it will carry and maintain, during the entire term hereof, at Lessee's sole cost and expense, with respect to the demised premises, the sidewalks adjacent to the demised premises and the business operated by Lessee, bodily injury liability insurance in the amount of \$1,000,000.00 and property damage liability insurance in the amount of at least \$500,000.00 or such

additional amount as the City may reasonably require. Lessee agrees that Lessor shall be named an additional insured on all such bodily injury liability and property damage insurance policies.

All policies of insurance provided for herein shall be issued by good, responsible and standard companies reasonably acceptable to Lessor and shall be issued in the name of Lessee with a loss payable endorsement for the sums provided therein for the benefit and protection of the Lessor, and executed copies of such policies of insurance or certificates thereof with said loss payable endorsement shall be delivered to Lessor prior to Lessee's occupancy of the demised premises. As often as any such policies shall expire or terminate, renewal or additional policies shall be procured and maintained by Lessee in like manner and to like extent. All policies of insurance delivered to Lessor must contain a rider that the company writing said policy will give to Lessor ten (10) days' notice in writing of any reduction or cancellation in the amounts of insurance. Lessor agrees to maintain fire and extended coverage insurance throughout the term of this lease through a blanket policy maintained by Lessor for the demised premises and other premises owned by Lessor.

(4) Article XXIII is added and reads as follows:

XXIII

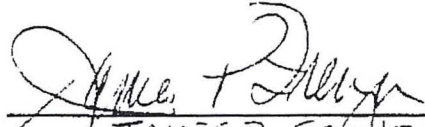
Use by City

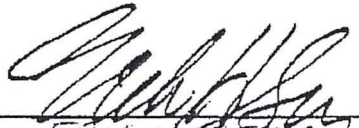
The City shall have the right to make reasonable use, without charge, of the portions of the premises that Lessee makes available to the public for meetings, receptions or other similar uses if it notifies the Lessee at least two (2) weeks in advance and if the Lessee has not scheduled the requested portion of the premises for other uses during the time requested by the City. If the City uses the premises, it shall be responsible for leaving the premises in the same condition as when taken. The City shall pay for any damage, preparation, cleaning, or janitorial costs attributable to its use of the premises.

Dated this 1 day of DECEMBER 1992.

LESSEE:

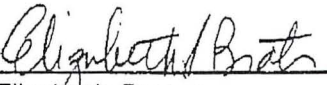
ANN ARBOR HANDS-ON MUSEUM, a Michigan non-profit corporation

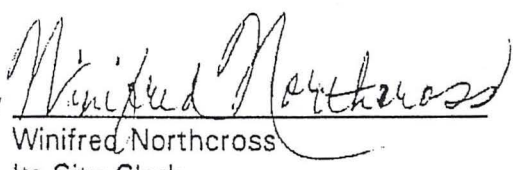
By 
JAMES P. FRENZA
Its PRES

By 
ERIC H. SERR
Its VICE PRES

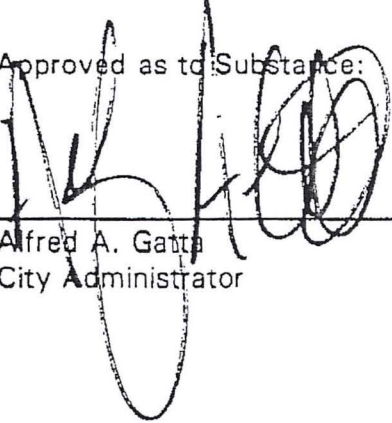
LESSOR:

CITY OF ANN ARBOR, a Michigan municipal corporation

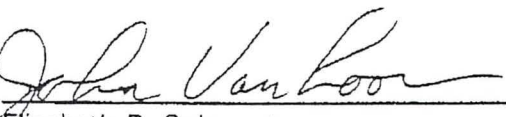
By 
Elizabeth Brater
Its Mayor

By 
Winifred Northcross
Its City Clerk

Approved as to Substance:


Alfred A. Gatta
City Administrator

Approved as to Form:


Elizabeth R. Schwartz
City Attorney

AMENDMENT TO LEASE AGREEMENT FOR
HANDS-ON MUSEUM

The CITY OF ANN ARBOR, a Michigan municipal corporation, and the ANN ARBOR HANDS-ON MUSEUM, a Michigan non-profit corporation, agree that the lease agreement dated August 5, 1981 is amended as follows:

(1) Article II is amended to read as follows:

Article II

Term

The term of this lease is ~~fifteen-(15)-years-from-the-date~~ hereof five (5) years from the date hereof. The lease shall automatically renew for three (3) successive five (5) year periods unless, at least ninety (90) days prior to the end of any such period, either party provides the other with written notice of termination. The Lessor shall provide such a notice of termination only if it first finds that the Lessee is not operating the museum satisfactorily and then gives the Lessee an opportunity to correct any defects in the operation. The Lessee shall submit financial and operational details to Lessor 180 days before the automatic renewal date.

(2) Article III is amended to read as follows:

Article III

Rent

The parties agree that the demised premises has an annual fair market rental value of \$45,000.00. However, in consideration of Lessee's covenant to operate the premises as a public museum, Lessor agrees that the rent ~~for-the-first-five-(5)-years~~ of-the-term for the term of the lease or any extension thereof shall be one dollar (\$1.00) per year. ~~The-rent-for-the-next-five~~

(5)-years-shall-be-\$7,500.00-per-year---The-rent-for-the-remain-
ing-five-(5)-years-shall-be-negotiated-between-the-City-Adminis-
trator-and-a-representative-of-lessee---If-they-are-unable-to
agree-upon-a-reasonable-rental-rate,-the-rent-for-that-five-(5)-
year-period-shall-be-determined-by-the-City-Council--

This agreement is entered as of this 1st day of April,
1985.

LESSEE:

LESSOR:

ANN ARBOR HANDS ON MUSEUM, a
Michigan nonprofit corporation

CITY OF ANN ARBOR, a Michigan
municipal corporation

By

Rob Lyons
Its pres

By

Louis D. Belcher
Louis D. Belcher
Its Mayor

By

P. J. [unclear]
Its V-P, [unclear]

By

Winifred W. Northcross
Winifred W. Northcross
Its City Clerk

Approved as to Substance:

Approved as to Form:

Godfrey W. Collins
Godfrey W. Collins
City Administrator

R. Bruce Laidlaw
R. Bruce Laidlaw
City Attorney

LEASE AGREEMENT

This lease is made and entered into this 5th day of _____
August, 1981, by and between the CITY OF ANN ARBOR, a
Michigan municipal corporation ("Lessor"), and the ANN ARBOR HANDS
ON MUSEUM, a Michigan nonprofit corporation ("Lessee").

W I T N E S S E T H :

WHEREAS, the City is the owner of the premises commonly known
as the Old Fire Station, and located at the intersection of Huron
Street and Fifth Avenue; and

WHEREAS, Lessee wishes to lease said premises from Lessor on
the terms and conditions set forth herein,

NOW, THEREFORE, in consideration of the mutual promises and
covenants of the parties as herein contained, the Lessor and Lessee
hereby agree as follows:

Article IDescription of Premises

For and in consideration of the rental to be paid and the
covenants to be performed by Lessee hereunder, Lessor hereby leases,
demises and lets to Lessee all that certain real property and im-
provements commonly known as the Old Fire Station and located at
the corner of Fifth Avenue and Huron Street, as more particularly
described in Exhibit A which is attached hereto and made a part
hereof, together with all rights and appurtenances, including rights
of ingress and egress thereto appertaining (hereinafter referred to
as the "Demised Premises") upon the terms and conditions hereinafter
set forth.

- 2 -

Article II

Term

The term of this lease is fifteen (15) years from the date hereof.

Article III

Rent

The parties agree that the Demised Premises has an annual fair market rental value of \$45,000.00. However, in consideration of Lessee's covenant to operate the premises as a public museum, Lessor agrees that the rent for the first five (5) years of the term shall be one dollar (\$1.00) per year. The rent for the next five (5) years shall be \$7,500.00 per year. The rent for the remaining five (5) years shall be negotiated between the City Administrator and a representative of Lessee. If they are unable to agree upon a reasonable rental rate, the rent for that five (5) year period shall be determined by the City Council.

Article IV

Use

Lessee covenants that the Demised Premises will be used solely as a Hands On Museum, with such accessory and ancillary uses as are consistent with the operation of a Hands On Museum and within the scope of the powers of Lessee under the terms of its Corporate Charter. Lessee shall comply with and conform to all laws and regulations, municipal, state or federal, in any way relating to the conditions, use or occupancy of the Demised Premises throughout the entire term of this lease and any extensions.

Lessee covenants that once the Demised Premises have been renovated and the facility is ready for usage as a Hands On Museum, the Museum will be open to the public on an average of at least twenty (20) hours per week for the months of September through May, and for a greater or lesser amount during the months of June, July and August.

Article V

Sign

Lessee shall not place any signs, graphics or other communicative devices on the exterior of the Demised Premises unless the size, content and placement are approved in advance by Lessor.

Article VI

Improvements to Demised Premises

Lessee shall bear any and all costs involved in the rehabilitation and improvement of the interior of the Demised Premises for Lessee's use and occupancy. Major renovation or improvements shall be done in accordance with plans and specifications prepared by Lessee or Lessee's architect and approved in advance by Lessor.

Lessee agrees that no improvements, modifications or changes will be made in the exterior of the building without the express prior approval of Lessor.

Article VII

Maintenance

A. Repairs by Lessee. Lessee shall maintain and keep in good order, condition and repair the interior of the premises, including

all heating and electrical equipment, air conditioning equipment, plumbing and sprinkler systems, if any installed therein, and the improvements and equipment installed by Lessee in the premises, and shall repair all broken glass with glass of the same or similar quality.

B. Repairs by Lessor. Lessor shall keep in good order, condition and repair the foundation, exterior walls (excluding the interior surface of exterior walls and excluding all windows, doors, plateglass and showcases), downspouts, gutters and roof of the Demised Premises, except that Lessee shall make all such repairs, modifications or replacements which become necessary or desirable by reason of Lessee's use of the property or the negligence of Lessee, its customers, invitees or employees, unless and to the extent the damage or loss resulting is covered under any policy of insurance of the Lessor and such loss or damage is paid to or on behalf of Lessor pursuant to such insurance policy. Lessee expressly agrees that the use of roof area shall be limited to ingress for maintenance purposes only and that said roof area shall not be used for storage, inventory or similar uses.

Article VIII

Utilities

Lessee shall pay for all utilities and services furnished to or used by it, including, without limitation, gas, electricity, water, telephone service and trash collection.

Article IX

Entry and Inspection

Lessee agrees that Lessor and its agents may enter upon the Demised Premises at reasonable times, upon reasonable notice, to inspect the same.

Article X

Assignment and Subletting

Lessee shall not sublet or assign the Demised Premises without the prior written consent of the Lessor and no such attempted assignment or sublet shall be effective against Lessor in any way.

Article XI

Indemnity

Lessee agrees to indemnify, defend and hold Lessor, its agents and employees harmless from and against all actions, claims, judgments, expenses of suit and attorneys' fees for any loss, injury or liability arising out of Lessee's use and occupancy of the Demised Premises.

Article XII

Insurance

Lessee further covenants and agrees that it will carry and maintain, during the entire term hereof, at Lessee's sole cost and expense, with respect to the Demised Premises, the sidewalks adjacent to the Demised Premises and the business operated by Lessee, bodily injury liability insurance in the amount of \$1,000,000.00 and property damage liability insurance in the amount of \$500,000.00. All policies of insurance provided for herein shall be issued by good, responsible and standard companies reasonably acceptable to Lessor and shall be issued in the name of Lessee with a loss payable endorsement for the sums provided therein for the benefit and protection of the Lessor, and executed copies of such policies of

insurance or certificates thereof with said loss payable endorsement shall be delivered to Lessor prior to Lessee's occupancy of the Demised Premises. As often as any such policies shall expire or terminate, renewal or additional policies shall be procured and maintained by Lessee in like manner and to like extent. All policies of insurance delivered to Lessor must contain a rider that the company writing said policy will give to Lessor ten (10) days' notice in writing of any reduction or cancellation in the amounts of insurance.

Lessor agrees to maintain fire and extended coverage insurance throughout the term of this lease through a blanket policy maintained by Lessor for the Demised Premises and other premises owned by Lessor.

Article XIII

Subrogation

Lessor and Lessee, and all parties claiming under them, hereby mutually release and discharge each other from all claims and liabilities arising from or caused by any hazard covered by insurance on the Demised Premises or covered by insurance in connection with property on or activities conducted on the Demised Premises, regardless of the cause of the damage or loss. With respect to all such insurance which does not cover both Lessor and Lessee as the named insured, Lessor and Lessee agree to take promptly such action as may be required by their respective insurers so that all rights of subrogation against Lessor or Lessee under such insurance will be effectively waived by such insurers. If Lessor maintains any liability or casualty insurance on or insuring against liability arising out of the operation of the Demised Premises, all such insurance shall name Lessee as additional insured or waive subrogation against Lessee.

Article XIV

Default

Lessee agrees that any one or more of the following events shall be considered an event of default as said term is used herein:

A. Lessee shall be in default of any of the covenants and agreements contained in this lease and such default shall continue for a period of thirty (30) days after notice thereof in writing to Lessee, unless such period in which to cure is extended by the City Administrator of the City of Ann Arbor;

B. Lessee shall lose its tax exempt status under Section 501(c)(3) of the Internal Revenue Code, or any successor provision of like import, and Lessee is not contesting such loss of tax status;

C. Lessee fails to commence construction within thirty (30) days from the date of this contract and to complete construction of the museum and commence museum operation within one (1) year from the date hereof.

Upon the occurrence of any one or more of such events of default, it shall be lawful for Lessor, at its election, to declare the lease term ended and, pursuant to legal process, to reenter and to expel, remove and put out Lessee and all persons occupying said premises under Lessee, using legal force as may be necessary in so doing and to repossess and enjoy said Demised Premises.

Article XV

Damage and Destruction

A. Total Destruction. If the leased premises shall be damaged by fire, the elements, unavoidable accident or other casualty, and

are rendered wholly untenable by reason of such occurrence, this lease shall terminate and neither party shall have any rights or obligations hereunder, provided, however, that Lessor agrees that, to the extent that insurance proceeds are received as a result of such destruction, it will use its best effort to acquire or construct a new building for Lessee's use, upon such new terms and conditions as the parties may agree upon. It is specifically understood that Lessor shall have no obligation to rebuild or replace the Demised Premises in the event of total destruction, and that the sole obligation of Lessor is to use its best efforts to find a new location for Lessee.

B. Partial Destruction. If the leased premises shall be damaged by fire, the elements, unavoidable accident or other casualty but are not thereby rendered wholly untenable, Lessor shall, to the extent of any insurance proceeds received as a result of such destruction, cause such damage to be repaired.

Article XVI

Condemnation

A. Total Condemnation. If the whole of the Demised Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, then the term of this lease shall terminate as of the date of title vesting in such proceeding and neither party shall have any rights or obligations under this lease thereafter.

Article XVII

Notices

Any notice given hereunder shall be in writing and may be sent by certified or registered mail, postage prepaid, addressed to the party to receive same at the address for such party shown below or such other address at such place as hereafter may be furnished to the other in writing:

Lessee: Ann Arbor Hands On Museum
P. O. Box 8163
Ann Arbor, Michigan 48107

Lessor: City Administrator
City Hall
P. O. Box 8647
Ann Arbor, Michigan 48107

Article XVIII

Non-Discrimination

Lessee shall comply with the non-discrimination requirements of Chapter 112 of the Ann Arbor City Code in hiring employees and in admitting persons to the Hands On Museum. Lessee shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, in a manner which provides equal opportunity and tends to eliminate inequality based on race, national origin or sex. Prior to commencing occupancy of the premises, Lessee shall obtain approval of an affirmative action plan from the City Administrator.

Article XIX

General Provisions

A. Successors. All of the covenants, agreements, provisions and conditions of this lease shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.

B. Partial Invalidity. If any term or provision of this lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the application of such term or provision to persons or circumstances other than those as to which it held invalid or unenforceable, shall not be affected thereby, and each term and provision of this lease shall be valid and be enforced to the fullest extent permitted by law.

C. Modification. This lease contains the entire agreement between the parties and shall not be modified in any manner except by an instrument in writing executed by the parties or their respective successors in interest.

D. Captions. The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this lease nor do they in any way affect this lease.

E. Gender. Words of any gender in this lease shall be held to include any other gender and words in the singular number shall be held to include the plural when the sense requires.

Article XX

Taxes

Lessee agrees to pay all taxes levied against the Demised Premises or its contents.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 5th day of August, 1981.

LESSEE:

ANN ARBOR HANDS ON MUSEUM, a Michigan nonprofit corporation

By Joseph J. Fitzsimmons
Joseph J. Fitzsimmons
Its President

By Phillip J. Bowen
Phillip J. Bowen
Its PRESIDENT

LESSOR:

CITY OF ANN ARBOR, a Michigan municipal corporation

By Louis D. Belcher
Louis D. Belcher
Its Mayor

By Winifred W. Northcross
Winifred W. Northcross
Its City Clerk

Approved as to Substance:

Terry V. Sprengel
Terry V. Sprengel
City Administrator

Approved as to Form:

R. Bruce Laidlaw
R. Bruce Laidlaw
City Attorney