

cityofnovi.org

CITY of NOVI CITY COUNCIL

Agenda Item 1
July 11, 2011

SUBJECT: Approval of Resolution to establish Industrial Development District for 39525 MacKenzie Drive, part of the Haggerty Corridor Corporate Park Phase II.

SUBMITTING DEPARTMENT: Neighborhood & Business Relations

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Tognum America, Inc. (formerly MTU Detroit Diesel Inc.) is a German based company with their current headquarters office in Redford, MI. Tognum is the North American regional headquarters of MTU Friedrichshafen GmbH, providers of diesel engines and drive and propulsion systems for ships, heavy-duty land and rail vehicles, and distributed energy. It offers a complete line of power solutions for applications in the marine, rail, power generation, oil and gas, agriculture, mining, construction and industrial, and defense markets.

The proposed build-to-suit location is **39525 Mackenzie Drive**, part of the Haggerty Corridor Corporate Park Phase II, which is north of Thirteen Mile/Haggerty roads. This would be a single story, approximately 68,000 sf office building (ten year lease). The investment marks a high-quality project and firm that further diversifies the City's tax base and continues private development in the M-5 OST corridor.

Tognum indicated they would relocate its headquarters and current employees (about 200) to the new facility. The company expects to add additional employees soon thereafter, and eventually expects to have over 270 employees at the site. The average yearly wages would be approximately \$100,000. Tognum's application estimates the cost to construct the new building at approximately \$5.4 million (although that number has not been confirmed).

Tognum is asking the City to grant it real property tax abatement under PA 198. The company has indicated that the abatement incentives under that Act—which roughly described involve a 50% abatement of the taxes on the new facility only (i.e., not the land underneath it or the personal property inside it)—are required in order for the investment to make sound financial sense for the relocation. Under the City's policy, an abatement could be considered because there is new investment and new jobs involved. Again, Tognum is not seeking abatement on the personal property which will accrue to the City in the normal assessment process.

Tognum is asking specifically for an 8-year abatement. It believes that it will ultimately meet the criteria for an 8-year abatement (investment of over \$5 million and over 276 full time jobs), but acknowledges that it is not likely to meet the job number immediately. Its current proposal is that the City reviews the job total in the fifth or sixth year of the agreement, and if that number hasn't been met, the City can seek to revoke the abatement going forward. The real property returns to 100% of the rate beginning in year nine going forward.

A public hearing for the district formation is being held earlier on this July 11, 2011 City Council Agenda. Notices for the public hearing to consider the establishment of the Industrial Development District for Tognum America Inc. were mailed via certified mailed on July 1, 2011.

Tognum and the Administration are still working on the agreement that would go along with any resolution to approve the tax abatement. The intention is to have a version for Council's review before the hearing on July 11. The process for approving an abatement involves two separate steps – first establishing the Industrial Development District, and second determining whether to grant an abatement (with the final decision whether to grant the abatement residing in the State Tax Commission). Council will be considering Step One (establishment of the District) only on July 11.

Attached are the real property tax incentive estimates prepared by the City along with estimates on personal property revenues.

RECOMMENDED ACTION: Approval of Resolution to establish Industrial Development District for 39525 MacKenzie Drive, part of the Haggerty Corridor Corporate Park Phase II.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Fischer				
Council Member Margolis				

	1	2	Y	N
Council Member Mutch				
Council Member Staudt				
Council Member Wrobel				

Haggerty Corridor Corporate Park Phase II Novi, Michigan

12 Mile Road

Lewis Drive

13 Mile Road

Haggerty Road

SITE

Cabot Drive

MacKenzie Drive

M-5 Connector





Tognum America Headquarters
Novi, Michigan

Our Vision

Vision "We at Tognum set the standard as the preferred partner for the best solutions in power and propulsion."

The Impact of Strong Brands



The name MTU is synonymous worldwide with efficient and environmentally-friendly diesel engines and complete drive and propulsion systems for marine, rail and industrial applications, agricultural machinery and military vehicles.



The name MTU Onsite Energy is synonymous with diesel gensets for covering standby power and base and peak loads, and for use in combined heat and power generation modules based on gas engines or gas turbines.



The name L'Orange is synonymous worldwide with technological leadership in the field of high-pressure injection systems for diesel and heavy oil engines in the off-highway sector. These make it possible to combine low emissions with low fuel consumption to secure a long engine service life.



Powerful Brands united under one Umbrella



Engines



Complete Drive and Propulsion Systems

Onsite Energy



Gas Engine Systems

Diesel Engine Systems

Components



Injection Systems

Varied Product Portfolio



Business Segments for Profitable Growth

Segment revenues Engines 2009: 1,680.5 Mill. EUR*

Segment revenues Onsite Energy Systems & Components 2009: 719.1 Mill. EUR*

After Sales/Other 38 %

After Sales/Other 8 %

Industrial 15 %

Injection Systems 17 %

Defense 11 %

Propeller Shafts 19 %**

Marine 34 %

Gas & Fuel Cell Systems 5 %

Gendrive, Oil & Gas 2 %

Diesel Systems & Engines 51%

* Total revenues of EUR 2,529.4 million includes holding/consolidation amounting to - EUR 394,2 million

** Deconsolidation of the Propeller Shafts business following its sale to IFA group from November 2009

Business Segments for Profitable Growth

MTU_ValueCare a central pillar of the business

Segment revenue MTU_ValueCare 2009: EUR 524.1 million*

Products 65 %

**After Sales 35 %
(MTU_ValueCare)**

* Total revenue of EUR 2,529.4 million takes account of holding/consolidation segment of - EUR 394.2 million

Tognum Group Production and Development Worldwide



Tognum's new Sales World



Global Sales Distribution

Revenues by region 2009: 2.529,4 Mill. EUR

Germany 19 %

Rest of Europe 29 %

Asia/Pacific 20 %

North America 24 %

Other Countries 8 %

VIA HAND DELIVERY

CITY OF NOVI
CITY CLERK'S OFFICE

2011 JUN 22 P 2:08

June 22, 2011

City Clerk
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375



**NORTHERN
EQUITIES
GROUP**

39000 COUNTRY CLUB DRIVE
FARMINGTON HILLS, MI 48331
(248) 848-6400 FAX (248) 848-6700

Re: HCP Land LLC and MacKenzie South Technology Centre LLC, each, a division of
Haggerty Corridor Partners, LLC

Dear Clerk,

HCP Land LLC, a Michigan limited liability company (the "Company"), as owner of the property described on Exhibit A attached hereto (the "Property"), hereby requests that the Novi City Council establish an industrial development district for the Property pursuant to Act 198 of 1974, as amended, MCL 207.554.

In the event that the City Council establishes the requested industrial development district, Tognum America Inc. ("Tognum") intends to apply for the issuance of an industrial facilities exemption certificate for the real property investment to be made in connection with the construction and occupancy of a building MacKenzie South Technology Centre LLC ("Landlord") intends to lease to Tognum for its new Novi headquarters facility. The Company will transfer Property to Landlord prior to or upon closing of construction loan.

Sincerely yours,



Matthew Sosin
Vice President, HCP Land LLC, MacKenzie South Technology Centre LLC & Haggerty Corridor
Partners, LLC

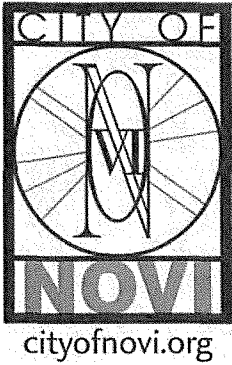
cc: Anke Lorscheid (via electronic mail)
Brent Dobberstein (via electronic mail)
Richard Barr (via electronic mail)
Clay Pearson (via electronic mail)
Ara Topouzian (via electronic mail)

Exhibit A

Legal Description of Proposed Industrial Development District

PART OF THE SOUTHEAST 1/4 OF SECTION 1. T1N, R8E, CITY OF NOVI, OAKLAND COUNTY, MICHIGAN BEING MORE PARTICULARLY DESCRIBED AS COMMENCING AT THE S..E. CORNER OF SAID SECTION 1; THENCE ALONG THE EAST LINE OF SAID SECTION 1, N02°30'06"W, 2624.28'; THENCE S87°29'54"W, 60.00' TO THE POINT OF BEGINNING ALSO BEING THE SOUTH LINE OF MACKENZIE DRIVE (60.0 FEET R/W); THENCE ALONG SAID SOUTH LINE THENCE S87°29'39"W, 145.57'; THENCE N83°17'09"W, 87.38'; THENCE S87°29'39"W, 430.82'; THENCE CONTINUING ALONG SAID SOUTH LINE, 86.46 FEET ALONG A CURVE TO THE RIGHT HAVING A RADIUS 480.00 FEET AND A CHORD BEARING N87°20'46"W, 86.34 FEET; THENCE S02°30'19"E, 508.62'; THENCE N87°29'07"E, 355.89'; THENCE N01°15'44"W, 108.60'; THENCE N43°04'21"E, 97.24'; THENCE N87°29'39"E, 320.91'; THENCE N02°30'06"W, 310.17' TO THE POINT OF BEGINNING.

CONTAINING 305,802.46 SQ. FT AND/OR 7.02 ACRES.
SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.



Tax Abatement Submittal Form

The City of Novi asks that all firms requesting more information about tax abatements for their new or existing business fill out this form.

Please return completed form to: Ara Topouzian, Economic Development Manager atopouzian@cityofnovi.org or by mail at: 45175 W. Ten Mile Road, Novi, MI 48375.

Name of firm requesting abatement: Tognum America Inc.

Contact Person: Anke Lorscheid

Address: 13400 W. Outer Drive, Detroit, MI 48239

Phone: (313) 592-3883 Email: Anke.Lorscheid@tognum.com

Please answer the following questions as completely as possible.

1. How many acres does the project include? 7.02 acres
2. How many new jobs would be brought to the City of Novi? 210-276
 - a. Average salary range of new hires? \$40,000 to over \$100,000

Is this an expansion project of an existing business in Novi? ___ Yes No

Is this project coming from within the State of Michigan? Yes ___ No

If you answered No, please indicate the origin state? _____

Is the headquarters on the site of the facility for which you are requesting abatement?

Yes No ___

2011 JUN 20 P 4: 47
CITY OF NOVI
CITY CLERK'S OFFICE

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC


APPLICANT INFORMATION
All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) TOGNUM AMERICA INC.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 333610	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 39525 MacKenzie Drive, Novi, MI 48377	▶ 1d. City/Township/Village (indicate which) City of Novi	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located Walled Lake	▶ 3b. School Code 63290
▶ 4. Amount of years requested for exemption (1-12 Years) 8		
5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed. Tognum America Inc. (Tognum America) sells, manufactures and services diesel engines and propulsion systems for ships, heavy land, rail, defense vehicles and power generation systems. Tognum America intends to lease and occupy a new, approximately 68,450 square foot building as its corporate headquarters.		
6a. Cost of land and building improvements (excluding cost of land)	▶ \$5,400,000.00	Real Property Costs
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.		
6b. Cost of machinery, equipment, furniture and fixtures	▶	Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation, plus total		
6c. Total Project Costs	▶ \$5,400,000.00	Total of Real & Personal Costs
* Round Costs to Nearest Dollar		
7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.		
Real Property Improvements ▶	Begin Date (M/D/Y) <u>7/15/11</u> End Date (M/D/Y) <u>3/31/12</u>	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶		▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased
▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. None at facility now (new construction)	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 250 (includes existing jobs at current location); 276 expected within 7 yrs	
11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.		
a. TV of Real Property (excluding land)		
b. TV of Personal Property (excluding inventory)		
c. Total TV		
▶ 12a. Check the type of District the facility is located in: <input checked="" type="checkbox"/> Industrial Development District <input type="checkbox"/> Plant Rehabilitation District		
▶ 12b. Date district was established by local government unit (contact local unit) 7/11/11	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Richard A. Barr	13b. Telephone Number (313) 465-7308	13c. Fax Number (313) 465-7309	13d. E-mail Address rbarr@honigman.com
14a. Name of Contact Person Anke Lorscheid	14b. Telephone Number (313) 592-5309	14c. Fax Number (313) 592-3883	14d. E-mail Address Anke.Lorscheid@tognum.com
▶ 15a. Name of Company Officer (No Authorized Agents) Anke Lorscheid			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (313) 592-3883	15d. Date 6/20/11
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 13400 WEST OUTER DRIVE, DETROIT, MI 48239		15f. Telephone Number (313) 592-5309	15g. E-mail Address Anke.Lorscheid@tognum.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Attachments to Form 1012

Application for Industrial Facilities Tax Exemption Certificate

Tognum America Inc.

Attachment to Tax Abatement Application to City of Novi by Tognum America Inc.

Tognum America Inc. (formerly known as MTU Detroit Diesel, Inc.) manufactures, sells and services diesel engines and propulsion systems for ships, heavy land, rail, defense vehicles and power generation systems. It is owned by Tognum AG, a German based publicly listed organization. The company portfolio was previously part of Detroit Diesel Corporation which has been headquartered in Detroit since 1938. The companies split in January 2006. This was done so that Detroit Diesel could focus on their key product which is creation of on-highway diesel engines for vertical integration into Freightliner Trucks. The off-highway applications became the product of what is now known as Tognum America Inc.

The company has over 200 employees in Michigan, mostly in white collar, salaried positions. The company recently decided to concentrate more of its operations in Michigan, and will soon complete the relocation of its Parts Logistics Center from Ohio to Brownstown Township, Michigan, and is in the process of creating a training center in Canton Township, Michigan. The proposed relocation of the company's headquarters to Novi would be the crown of the company's aggressive 2010-2012 investments in Michigan.

The company proposes to relocate its headquarters facility to Novi in early 2012 with initially over 200 jobs and an expected growth in employment to approximately 276 employees within 5 years.

The company has identified a proposed headquarters location in the Haggerty Corridor Corporate Park, Phase II, where MacKenzie South Technology Centre, LLC (an affiliate of Northern Equities) proposes to construct a build-to-suit approximately 68,450 square foot new building to be leased to the company for an initial lease term of 11 years.

The company's decision to relocate to Novi is difficult because the company's existing landlord has offered favorable lease renewal rates. The proposed Novi tax abatement will help close, but will not on its own close, the cost gap between relocating to Novi and remaining in the company's existing leased facility. The company and its board of directors will balance all economic and non-economic factors in making the final location decision.

The company has surveyed its existing employees and confirmed that many live in Oakland County. The company expects that many of its employees will be favorably impressed with the Novi community, including its strong school systems, and may relocate their homes to Novi.

The company attracts many visitors from around the world to its headquarters and other facilities. Its customer base is broad and diverse, with substantial customers in the defense, marine, off-road and on-road heavy vehicle sectors.

The company recently entered into a new jobs and job retention agreement with the Michigan Economic Growth Authority (MEGA) to encourage the company's decision to remain and expand in Michigan in connection with the headquarters, a new logistics center under construction in Brownstown Township, and a training center proposed in Canton Township. The agreement with MEGA does not require the headquarters to be located in any specific community, yet the company is pleased to have selected Novi as the location of its proposed new headquarters.

The company continues to grow year to year and expands its product offerings regularly. The company's sales and earnings are secure and support the company's current and future viability.

Overview of Eligibility

Tognum America Inc. (formerly known as MTU Detroit Diesel, Inc.) (Tognum America) sells, manufactures and services diesel engines and propulsion systems for ships, heavy land, rail, defense vehicles and power generation systems. Tognum America is an authorized business under the Michigan Economic Growth Authority Act by resolution adopted by the Michigan Economic Growth Authority on January 18, 2011.

Attachment 1

Legal Description

PART OF THE SOUTHEAST 1/4 OF SECTION 1. T1N, R8E, CITY OF NOVI, OAKLAND COUNTY, MICHIGAN BEING MORE PARTICULARLY DESCRIBED AS COMMENCING AT THE S..E. CORNER OF SAID SECTION 1; THENCE ALONG THE EAST LINE OF SAID SECTION 1, N02°30'06"W, 2624.28'; THENCE S87°29'54"W, 60.00' TO THE POINT OF BEGINNING ALSO BEING THE SOUTH LINE OF MACKENZIE DRIVE (60.0 FEET R/W); THENCE ALONG SAID SOUTH LINE THENCE S87°29'39"W, 145.57'; THENCE N83°17'09"W, 87.38'; THENCE S87°29'39"W, 430.82'; THENCE CONTINUING ALONG SAID SOUTH LINE, 86.46 FEET ALONG A CURVE TO THE RIGHT HAVING A RADIUS 480.00 FEET AND A CHORD BEARING N87°20'46"W, 86.34 FEET; THENCE S02°30'19"E, 508.62'; THENCE N87°29'07"E, 355.89'; THENCE N01°15'44"W, 108.60'; THENCE N43°04'21"E, 97.24'; THENCE N87°29'39"E, 320.91'; THENCE N02°30'06"W, 310.17' TO THE POINT OF BEGINNING.

CONTAINING 305,802.46 SQ. FT AND/OR 7.02 ACRES.
SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

39525 MacKenzie Drive, Novi, Michigan

Attachment 2

Summary of Real Property Costs

Site development and building costs (applicant's estimate only;
not based upon information from the landlord) \$5,400,000

Attachment 3

Copy of Building Permit

(Not yet issued)

Attachment 4

Copy of Executed Lease (redacted copy attached)

STANDARD LEASE FORM

THIS LEASE is made by and between Landlord and Tenant, who agree as follows:

1. Basic Lease Provisions

1.1 Landlord: MacKenzie South Technology Centre LLC, a Michigan limited liability company

1.2 Landlord's Office: 39000 Country Club Drive
Farmington Hills, Michigan 48331

1.3 Tenant: Tognum America Inc., a Delaware corporation

1.4 Lease Date: June 15, 2011

1.5 Building: 68,475 square foot office / research center building (the "Building"), to be constructed on a parcel land located in the City of Novi, Oakland County, Michigan more particularly described in Exhibit A attached hereto and made a part hereof (the "Land").

1.6 Premises: The Land and all improvements to be constructed thereon, including, without limitation, the Building.

1.7 Floor Area of Premises: 68,475 Square Feet. Following construction the parties will confirm the square footage and recalculate the base rent based upon the useable interior square footage of the completed Building based upon an initial Annual Base Rent of [REDACTED] Square Foot in accordance with Section 2.1.

1.8 Term: Eleven (11) full Lease Years after the Commencement Date Two (2) Option Terms of five (5) full Lease Years

1.9 Scheduled Occupancy Date: Between January 1 and February 28, 2012 (see §2.5)

1.10 Termination Date: Eleven (11) full Lease Years after the Commencement Date, unless the Option Term is exercised in accordance with the terms hereof

1.11 Annual Base Rent: [REDACTED] for the first Lease Year*. See Exhibit A-2

1.12 Monthly Installment of Base Rent: [REDACTED] for the first Lease Year*. See Exhibit A-2

*Subject to adjustment in accordance with Sections 2.3-2.4, 3.2, 5.2 and following final measurement of Building after construction in accordance with Section 2.1.

1.11 Guarantor: None.

1.12 Designated Use: Office, high technology and combined office-research-production uses

1.13 Rules & Regulations: Exhibit D

1.14 Base Operating Expenses and Real Estate Taxes:

(a) Base Operating Expenses: Operating Expenses incurred in the first Lease Year

(b) Base Real Estate Taxes: Real Estate Taxes for which bills are issued in the first Lease Year taking into account any abatement in Real Estate Taxes obtained by Landlord or Tenant. If the assessor has not assessed the Property as 100% complete for the taxable value which was used to calculate Base Real Estate Taxes, then Base Real Estate Taxes shall be recalculated to reflect a taxable value based upon the Property being 100% complete in a manner which is reasonably acceptable to Landlord and Tenant.

2. Premises

2.1 Landlord leases to Tenant, and Tenant leases from Landlord, the Premises described in Section 1.6, which will consist of the Building and other improvements to be built by Landlord in accordance with this Section 2 on the Land as shown on the Site Plan attached hereto as Exhibit A (the Land, Building and other improvements are collectively referred to as the "Property"). No later than thirty (30) days after the floors for the Building have been poured, Landlord may, or upon Tenant's written request, Landlord shall cause the Building architect to re-measure the floor area of the Premises in accordance with the BOMA Standard (as defined below), and to certify the results of such re-measurement to Landlord and Tenant in writing. The re-measured floor area of Premises shall then constitute the Floor Area of Premises effective as of the Commencement Date. If the re-measured Floor Area of the Premises is more than 1% different from that specified in Section 1.7, the Annual Base Rental and Monthly Installments of Base Rent shall each be recomputed based upon an initial Annual Base Rent of [REDACTED] Square Foot, effective as of the Commencement Date, using the square footage figure of the re-measured Floor Area of the Premises and upon the request of either Landlord or Tenant, Landlord and Tenant shall enter into an amendment to this Lease providing for the recomputed Annual Base Rental and Monthly Installments of Base Rent. If as a result any prior payment of Rent (defined below) was (i) too little, then Tenant shall pay Landlord the aggregate amount of underpayment within thirty (30) days after Landlord delivers to Tenant a written statement for such additional amount or (ii) too great, then Landlord shall allow Tenant a credit in the amount of the overpayments against the next due installments of Rent. The "BOMA Standard" means the Standard Method for Measuring Floor Areas as published by the Secretariat, Building Owners and Managers Association International ("BOMA") (ANSI/BOMA Z65-1996), approved June 7, 1996. If Landlord fails to so re-measure on its own initiative and if Tenant fails to request such re-measurement within thirty (30) days after the Commencement Date, Tenant and Landlord agree that the Premises shall be deemed to include the number of square feet set forth in Section 1.7 and in no event shall Tenant or Landlord have the right to challenge, demand, request or receive any change as a result of any claimed or actual error or omission in the square footage of the Premises.

2.2 Landlord shall construct the base Building, parking lot, site improvements and other improvements to the Premises as described in Exhibit B-1 (the "Base Building Specifications"). In addition, Landlord shall design and construct the interior build out, finish and other improvements the premises depicted on Exhibit B-2 and the exterior building sign as depicted on Exhibit C (collectively the "Tenant Improvements") in accordance with the provisions of this Section 2. Landlord shall pay all the Construction Costs (as defined below) in order to complete the design and construction of the Tenant Improvements up to a maximum total charge of [REDACTED] (the "Tenant Improvements Allowance"). "Construction Costs" shall be all hard costs and soft costs of design and construction including all labor and materials, all planning, architectural and engineering costs, the cost (including all governmental fees) of obtaining site plan approval, building permits and other permits and licenses, costs due to winter conditions, financing and interest costs for the improvements during design and construction, legal expenses, developer's/general contractor's fee (10% of total costs) and other costs paid or incurred by Landlord to plan, design, permit and build the improvement in question, plus a 2.50% surcharge of all such costs. Landlord will engage an architect (the "Landlord's Architect"), who shall work with Tenant to prepare the design, engineering, construction drawings and specifications required for the construction of the Tenant Improvements (as they may be amended by approved change orders, the "Plans and Specifications"). In connection with the development of the Plans and Specifications by Landlord's Architect and Tenant, Landlord and Tenant shall be furnished copies of the Plans and Specifications on an ongoing basis for review, comment approval by Landlord and Tenant, and shall be completed and agreed to by Landlord and Tenant on or before July 1, 2011. Unless otherwise approved by Landlord in writing, the Plans and Specifications must conform to the Concept Specifications set forth on Exhibit B-2 attached hereto (the "Concept Specifications") and all local building code requirements and include a critical path construction schedule prepared by Landlord so that the improvements can be delivered to Tenant "ready for occupancy", as defined below, on or before the Scheduled Occupancy Date in the ordinary course of business and without working on an overtime basis within the Tenant Improvements Allowance parameters described below. If the critical path indicates that the Improvements cannot be constructed in the ordinary course of business within the Tenant Improvements Allowance parameters on or before the Scheduled Occupancy Date, then any resulting delay which shall be a "Force Majeure" (as defined below) event or a Tenant Delay (as defined below) thereby extending the Scheduled Occupancy Date and the Commencement Date of this Lease (as described below). Once approved by Tenant or deemed to have been approved as set for above, all material changes from the Plans and Specifications which Landlord determines may be necessary during construction shall be submitted to Tenant for Tenant's approval or rejection. If Tenant fails to notify Landlord of Tenant's approval or rejection of such changes within ten (10) days of receipt thereof, Tenant shall be conclusively deemed to have approved such changes. Landlord shall construct the Improvements in accordance with all applicable laws, rules or regulations of any governmental authority.

2.3 Landlord shall not be required to expend any amounts in excess of the Tenant Improvement Allowance in order to construct the Tenant Improvements. The charges for the Tenant Improvements shall include all Construction Costs, but shall exclude any financing costs. In connection with the development of the Tenant Improvement Plans and Specifications, Landlord shall develop a line item budget estimating the cost of the Tenant Improvements. In the event the estimated Construction Costs of completing the Tenant Improvements in accordance with the Tenant Improvement Plans and Specifications shall exceed the Tenant Improvement Allowance as reasonably determined by Landlord from time to time, Tenant shall pay Landlord, within ten (10) days of request for such payment (which request will come no more than monthly), the difference by which the estimated Construction Costs of the Tenant Improvements exceed the Tenant Improvement Allowance or, at Landlord's option upon completion of the Tenant Improvements, Landlord may increase the Annual Base Rent to amortize all or a portion of the actual excess cost over the Initial Term of this Lease at the rate of 9.5% per annum, plus a 2.5% annual surcharge of the excess cost. Within a reasonable time after the completion of construction, Landlord shall determine agreed upon budgeted Construction Costs for completing the Tenant Improvements in accordance with the Tenant Improvement Plans and Specifications (including change orders approved pursuant to Sections 2.3 and 2.4) and the amount, if any, by which they exceeded the Tenant Improvement Allowance. Any underpayment which Landlord does not elect to amortize through increase in the Annual Base Rent as described in this Lease shall be paid by Tenant to Landlord, within ten (10) days of request for such payment, and any resulting over payment shall be promptly refunded to Tenant or, at Landlord's option, credited against the next due installments of Rent hereunder.

2.4 Any change to the Tenant Improvement Plans and Specifications desired by Tenant will be subject to Landlord consent which will not be unreasonably withheld, and must be set forth in a written change order signed by Landlord and Tenant that describes in detail the change, an estimate of the additional construction time, if any, that will be required to complete the Tenant Improvements as a result of the change, and an estimate of the Construction Costs to be incurred as a result of such change order. Once submitted, the change order must be approved by Tenant in writing (including Tenant's agreement to pay the actual excess Construction Costs or, at Landlord's option, Landlord may increase the Annual Base Rent to amortize all or a portion of the actual excess Construction Costs over the Initial Term of this Lease at the rate of 9.5% per annum, plus a 2.5% annual surcharge of the excess Construction Costs, and in each case incur any actual delay regardless of the estimate) within seven (7) days or else the change order shall be deemed rejected. Also, all delivery dates which Landlord has obligated itself to satisfy shall be extended one day for each day of additional construction time that is required as a result of a Tenant initiated change order, it being agreed that Landlord shall have no obligation to do any work described in a change order on an overtime basis to avoid incurring construction delays. If Landlord elects not to amortize all or some portion of the excess Construction Costs, Tenant shall pay Landlord, within ten (10) days of request for such payment (which request will come no more than monthly), such excess Construction Costs (hard and soft cost plus 2.5% surcharge) to be incurred as a result of any Tenant change order, if any. Any Tenant change order which reduces the Construction Costs shall be credited to Tenant's obligations under this Lease.

2.5 Landlord shall apply for a permit to commence construction on or before July 1, 2011. Landlord shall use commercially reasonable efforts to construct the Tenant Improvements and deliver the Premises "ready for occupancy" (as defined below) to Tenant on or before the Scheduled Occupancy Date set forth in Paragraph 1.9, subject to Force Majeure and Tenant Delays (each as defined below). The Premises will be conclusively deemed "ready for occupancy" upon the sooner to occur of:

- (a) When Tenant takes possession of the Premises (provided Tenant's installation of its fixtures for up to sixty (60) days in accordance with this Section 2.5 during the construction of the Premises by Landlord shall not be deemed the taking of possession by Tenant for purposes of this Section 2.5); or
- (b) When all of the following have occurred: (i) the work to be done under this Section has been substantially completed and after the issuance of a conditional or temporary certificate of occupancy for the Premises by the appropriate government agency within whose jurisdiction the Building is located, (ii) all utilities, mechanical systems and equipment (including the plumbing, electrical, fire suppression, security and HVAC systems) are fully functioning and in good operating condition and repair, the roof is free from leaks, and the Premises are structurally sound, (iii) Landlord has tendered to Tenant keys to and full and exclusive possession of the entirety of the Premises, (iv) Landlord's Architect has delivered a certificate of substantial completion, and (f) Tenant has received from Landlord's current mortgagee an executed and recordable non-disturbance agreement in form reasonably acceptable to Tenant for the Premises.

The Premises will not be considered unready or incomplete if only minor or insubstantial details of construction, decoration or mechanical adjustments remain to be done within the Premises, or if interior finish, architectural details or similar work requested by Tenant remains incomplete. Landlord will use commercially reasonable efforts to give Tenant not less than sixty (60) days advance notice of the actual completion date of the Tenant's Improvements. During this sixty (60) day period and subject to Tenant's compliance with all applicable laws and obtaining all applicable permits, Landlord shall grant Tenant access to the Premises for the purpose of installing its fixtures, Tenant, in all respects shall be subject to reasonable guidelines, rules and requests communicated by Landlord from Tenant from time to time and Tenant shall not interfere with or delay the construction of the Premises or the completion of Landlord's work hereunder in any material respect. Landlord and Tenant each hereby agree to keep the other regularly apprised of their respective construction schedules and any changes thereto to facilitate an orderly construction process and to avoid delays, and Landlord agrees to notify Tenant as soon as reasonably possible of any delay caused by Tenant in order to afford Tenant an opportunity to correct such delay. If in good faith Landlord is delayed or hindered in any construction (including punch list items) by any labor dispute, strike, lockout, fire, unavailability of material or other ordinary construction delay, severe weather, acts of God, restrictive governmental laws or regulations, riots, insurrection, war or other casualty or events of a similar nature beyond its reasonable control ("Force Majeure"), the date for the delivery of the Premises to Tenant "ready for occupancy" shall be extended for the period of delay caused by the Force Majeure or Tenant Delay (as defined below). If Landlord is delayed or hindered in construction (including punch list items) as a result of change orders or other requests by, or acts or omissions of, Tenant, including change order requests, ("Tenant Delay"), the date for the delivery of the Premises to Tenant "ready for occupancy" shall be extended by the number of days of delay caused by Tenant Delay. The date Landlord delivers the Premises to Tenant "ready for occupancy" is herein referred to as the "Occupancy Date." Except as otherwise provided herein, Landlord shall not be subject to any liability for failure to deliver possession of the Premises to Tenant "ready for occupancy" on the Scheduled Occupancy Date and the validity of the Lease shall not be impaired by such failure. In the event the Occupancy Date does not occur on or before the date (the "Trigger Date") which is twelve (12) months after the date the issuance of the building permit for the Base Building and the Tenant Improvements, except for delays caused by Force Majeure or a Tenant Delay, then Tenant, as its sole and exclusive remedy, shall have the right to notify Landlord of Tenant's intent to impose the Base Rent Abatement (as defined below) by the delivery of written notice thereof to Landlord on or before the Trigger Date and if Landlord shall fail to deliver the Premises to Tenant's "ready for occupancy" within thirty (30) days after the Trigger Date (the "Outside Date"), Tenant shall be entitled to a rental abatement of one (1) day of Base Rent for each day that elapses between the Outside Date and the actual Occupancy Date (which rental abatement shall commence upon the Commencement Date) ("Base Rent Abatement"). In addition, notwithstanding anything set forth in this Lease to the contrary, in the event the Occupancy Date does not occur on or before September 1, 2012, except for delays caused by Force Majeure or Tenant Delay, then Tenant, as its sole and exclusive remedy, shall have the right to notify Landlord of Tenant's intent to terminate this Lease by the delivery of written notice thereof to Landlord on or before October 1, 2012 and if Landlord shall fail to deliver the Premises to Tenant "ready for occupancy" on or before November 30, 2012, this Lease shall automatically terminate and neither Landlord nor Tenant shall have any further obligations to the other hereunder. Except for these termination and Base Rent Abatement rights, Landlord shall not be subject to any liability for failure to deliver possession of the Initial Premises to Tenant "ready for occupancy" on the Scheduled Occupancy Date and the validity of the Lease shall not be impaired by such failure. By occupying the Premises, Tenant will be deemed to have accepted the Premises and to have acknowledged that they are in the condition called for in this Lease, subject only to "punch list" items (as the term "punch list" is customarily used in the construction industry in the area where the Building is located) identified by Tenant by written notice delivered to Landlord within thirty (30) days after the date Landlord tenders possession of the Premises to Tenant. Landlord agrees to use reasonable efforts to complete all punch list items within thirty (30) days after the timely delivery of the punch list.

3. Term

3.1 The initial term of this Lease (the "Initial Term" and together with any exercised Option Terms, the "Term") will commence (the "Commencement Date") on the earlier of: (i) the date Tenant takes possession of the Premises; (ii) the Occupancy Date; or (iii) the date the Occupancy Date would have occurred in the absence of Tenant Delay. Unless sooner terminated or extended in accordance with the terms hereof, the Lease will terminate the number of Lease Years and Months set forth in Section 1.10 after the Commencement Date. Lease Year means that period of 12 consecutive months beginning on the Commencement Date or, if the Commencement Date falls on a day other than the first day of any month, then beginning on the first day of the calendar month immediately following the Commencement Date and each 12-calendar-month period thereafter during the Term; provided that the Term shall include any partial calendar month between the Commencement Date and such first day, and the last Lease Year

shall contain such period of time as there is from the beginning of the last Lease Year to the termination or expiration of this Lease. Upon request by Landlord or Tenant, Landlord and Tenant will execute a memorandum in order to confirm Commencement Date and the expiration date of the Initial Term.

3.2 Provided (i) Tenant actually occupies all of the Premises, and (ii) no uncured event of default of the Tenant's obligations hereunder (after written notice of default and beyond the applicable cure period) shall be outstanding on the date of the giving of the notice of exercise described below, Tenant shall have the right to renew and extend this Lease for two (2) additional terms (each an "Option Term" and collectively the "Option Terms") of five (5) Lease Years each from the expiration of the Initial Term. Tenant may exercise an Option Term, if at all, by the delivery to Landlord of a written notice of Tenant's election to renew not later than ten (10) months prior to the expiration of the then existing Term (the "Exercise Date") together with Tenant's payment to Landlord of the cost of any capital expenditures which has been deferred pursuant to Section 6.2. Landlord shall deliver written notice of the Exercise Date to Tenant at least thirty (30) days prior to the Exercise Date. Upon delivery of Tenant's written notice of its exercise of an Option Term, the Lease shall be deemed renewed and extended for an Option Term on the same covenants, agreements, terms and conditions herein contained except that:

- (a) Landlord shall not be obligated to perform any work in the Premises in order to prepare or continue the use of same for Tenant's use;
- (b) The Annual Base Rent for the Option Term shall be the lesser of the amount which is equal to the 1.03 multiplied by the Annual Base Rent in the last year of the preceding Initial Term or Option Term, as applicable, or the then fair market value for rent for the Premises. If the parties fail to agree as to fair market value for rent for the Premises at least sixteen (16) months prior to the commencement of the Option Term, then for purposes of determining the Annual Base Rent for the Option Term the fair market value for rent for the Premises shall be determined in accordance with Section 3.3 below; and
- (c) Tenant shall have no further right of renewal after the 2nd Option Term.

3.3 If the parties fail to reach an agreement on the fair market value for rent for the Premises at least sixteen (16) months prior to the Commencement of the Option Term, then the fair market value for rent for the Premises shall be determined in accordance with this Section 3.3. Upon the request of Landlord or Tenant, each party shall appoint an independent commercial real estate broker who shall have a record of at least five (5) years of experience as a commercial real estate broker in the leasing of similar space in Novi and related areas, said appointment to be made not later than fifteen (15) months prior to the commencement of the Option Term. The issue for determination by the brokers shall be the determination of the fair market rental value of the Premises for the Option Term at the time of submission of the issue to said brokers based upon the provisions set forth above. Each broker shall issue its determination within thirty (30) days after the broker is appointed. If only one broker issues a determination within the thirty (30) day period the determination of that broker shall be the fair market value rental. If two brokers issue determinations within the thirty (30) day period and the higher is not more than 105% of the lower, then the average of the two determinations shall be the fair market rental value. Should the determination of one of the brokers exceed the determination by the other broker by more than 5%, then, within fifteen (15) business days after their appointment as aforesaid, they shall appoint a disinterested third party commercial real estate broker, who shall have a record of at least five (5) years experience as a commercial real estate broker in the leasing of similar space in Novi and related areas (said appointment to be made within five (5) business days after the expiration of the aforesaid 15-day period) for his determination of the aforesaid issue. Within fifteen (15) days after his appointment, the third real estate broker shall make his determination. Fair market rental value for rent for the Premises shall be equal to the average of the third determination and the earlier determination which is closest to the third determination. Should no third party be so appointed within the time limited therefor, then the dispute shall be submitted to the American Arbitration Association in Detroit, Michigan for determination in accordance with its rules and regulations then in effect. Any determination made pursuant to the provisions of this paragraph shall be final upon the parties whether or not a judgment shall be entered thereon in any court. In making their determination of fair market value for rent for the Premises, the arbitrators or brokers shall consider fair market value to be the then prevailing rental rate for comparable space in a comparable building in Novi and related areas. Landlord and Tenant shall each pay the fees and expenses of their own broker and shall each be responsible for 1/2 of the expenses of such third party or arbitration proceedings, as the case may be. The brokers and arbitrators shall be bound by the provisions of the Lease and shall not add to, subtract from, or modify any of such provisions.

4. Rent

4.1 Tenant shall pay to Landlord the Annual Base Rent, as it may be adjusted pursuant to Sections 2.1-2.4, 3.2 and 5.1. The Annual Base Rent shall be paid in Monthly Installments of Base Rent. In addition to the Annual Base Rent, Tenant shall pay as additional rent (the "Additional Rent") certain charges designated in this Lease. The Annual and Monthly Base Rent are sometimes generically referred herein as the "Base Rent," and the Base Rent and Additional Rent collectively the "Rent."

4.2 Tenant shall pay Landlord the first Monthly Installment of Base Rent simultaneously with the execution and delivery of this Lease by Tenant. All other Rent will be paid to the order of Landlord, in advance, except as expressly set forth in Section 11.3, without any abatement, setoffs or deductions, on the first day of each and every calendar month (the "Rent Day") at Landlord's Office, or at such other place as Landlord may designate in writing. In the event the Commencement Date is other than the first day of a calendar month, the Rent for the partial first calendar month of the Term will be prorated on a daily basis based on the number of days in the month. Rent for such partial calendar month shall be paid on the Commencement Date. Any Rent or other sums, if any, payable by Tenant to Landlord under this Lease which are not paid within ten (10) days after they are due, will be subject to a late charge of five (5%) percent of the amount due. Such late charges will be due and payable as additional rent on or before the next Rent Day.

4.3 Landlord and Tenant acknowledge and agree that the Base Rent due hereunder together with any adjustments thereto made during the Term of this Lease shall be absolutely net of all costs, expenses, taxes (real and personal), assessments and charges of every kind and nature whatsoever relating to the ownership, occupancy or use of the Premises in excess of the Base Real Estate Taxes and Base Operating Expenses so that the rental together with any such adjustments constitute the minimum income realized by Landlord from the Premises in excess of the Base Real Estate Taxes and Base Operating Expenses.

5. Taxes and Assessments

5.1 Landlord agrees to cooperate with Tenant in its efforts to secure a tax abatement for the Property. This cooperative commitment shall also include any Federal Entitlement Program. Tenant shall deliver copies of whatever documents Landlord reasonably requests which are related to the abatement. Landlord will cooperate with Tenant to cause a separate tax identification number to be assigned for the Property.

- (a) If Tenant obtains a tax abatement, and in order to maintain the abatement Tenant is required to pay Real Estate Taxes directly to the taxing authorities, then for all Real Estate Taxes applicable to the Term, Tenant shall make direct payments of Real Estate Taxes to the taxing authorities and personal property taxes and provide proof of payment to Landlord within fifteen (15) days of payment; Tenant shall pay such taxes prior to any penalty for late payment; and, the Annual Base Rent for each year of Term for which the abatement is in effect and Tenant is required to directly pay Real Estate Taxes shall be reduced by Base Real Estate Taxes. Upon the request of either Landlord or Tenant, Landlord and Tenant shall enter into an amendment to this Lease providing for the recomputed Annual Base Rent and Monthly Installments of Base Rent. If Tenant vacates the Premises before its tax abatement expires, Tenant shall be responsible for all penalties, costs or repayments. If for any reason the tax abatement expires or shall otherwise no longer apply, then the payment of Real Estate Taxes shall be governed by clause 5.1(c) below.
- (b) If Tenant obtains a tax abatement, and Tenant is not required to directly to the taxing authorities in order to maintain the abatement, then commencing on the first day of the second Lease Year, on each Rent Day during the Term, Tenant shall pay Landlord, as Additional Rent, any increase in Real Estate Taxes (as hereinafter defined), which shall be computed by subtracting the Base Real Estate Taxes from the Real Estate Taxes for each calendar year (or portion thereof) of Tenant's Lease Term for each calendar year (or portion thereof) of Tenant's Lease Term; and, the Annual Base Rent for each year of Term for which the abatement is in effect shall be reduced by the actual amount of the reduction in Base Real Estate Taxes obtained as a result of the abatement. Upon the request of either Landlord or Tenant, Landlord and Tenant shall enter into an amendment to this Lease providing for the recomputed Annual Base Rent and Monthly Installments of Base Rent. If Tenant vacates the Premises before its tax abatement expires, Tenant shall be responsible for all penalties, costs or

repayments. If for any reason the tax abatement expires or shall otherwise no longer apply, then the payment of Real Estate Taxes shall be governed by clause 5.1(c) below.

- (c) If Tenant does not obtain a tax abatement, then commencing on the first day of the second Lease Year, on each Rent Day during the Term, Tenant shall pay, as Additional Rent, its Proportionate Share of any increase in Real Estate Taxes (as hereinafter defined), which shall be computed by subtracting the Base Real Estate Taxes from the Real Estate Taxes for each calendar year (or portion thereof) of Tenant's Lease Term.

5.2 Real Estate Taxes shall mean real estate taxes, ad valorem taxes, assessments (general, special, ordinary or extraordinary), sewer rents, rates and charges, taxes based upon the receipt of rent, and any other federal, state or local charge (general, special, ordinary or extraordinary) which may now or hereafter be imposed, levied or assessed against the Property (other than federal, state, local income taxes, including the Michigan Business Tax and/or any substitutions and/or replacements thereof). In the event that there shall be imposed a tax or assessment of any kind or nature upon, against or with respect to the Property or the rents payable by Tenant or with respect to the Landlord's ownership interest in the Property, which tax is assessed or imposed by way of substitution for or in addition to all or any part of the Real Estate Taxes and not in substitution of any federal, state, local income taxes, such tax shall be part of the Real Estate Taxes.

5.3 If Tenant is not required to not to pay Real Estate Taxes directly to the taxing authorities under Section 5.1, than on each Rent Day during the Term, Tenant shall pay Real Estate Taxes by depositing with Landlord an amount equal to one-twelfth (1/12th) of the estimated Real Estate Taxes as reasonably determined by Landlord. Landlord reserves the right to adjust such estimates at any time Landlord deems appropriate. If the funds deposited with Landlord shall be insufficient to pay Real Estate Taxes in full at least thirty (30) days prior to the date they become due, Tenant shall, immediately upon demand by Landlord, deposit with Landlord such Additional Rent as may be required by Landlord to enable it to make such payment. In the event the funds deposited with Landlord shall exceed the amount required for the payment of Real Estate Taxes, the excess shall be credited by Landlord to the subsequent deposits required to be made by Tenant to pay future Real Estate Taxes or refunded within thirty (30) days of Tenant's request and in no event later than within thirty (30) days after the amount of the excess is determined after the end of the Term of the Lease. Upon request, Landlord shall furnish Tenant with copies of paid bills for the Real Estate Taxes.

5.4 During the calendar years in which the Term begins and ends, Tenant's liability for Real Estate Taxes for such year shall be subject to a pro rata adjustment based upon the total number of days in the calendar year falling within the Term.

5.5 In addition to the payment of the Real Estate Taxes, Tenant shall pay in full to the appropriate taxing authority, before delinquent, all municipal, county, and state taxes assessed, levied or imposed upon Tenant's leasehold interest and all furniture, fixtures, machinery, equipment, apparatus, systems and all other personal property of any kind located at, placed in or used in connection with the Premises or its operation.

6. Operating Expenses

6.1 Commencing on the first day of the second Lease Year, on each Rent Day during the Term, Tenant shall pay, as Additional Rent, any increase in Operating Expenses (as hereinafter defined), which shall be computed by subtracting the Base Operating Expenses from the Operating Expenses for each calendar year (or portion thereof) of Tenant's Lease Term.

6.2 Operating Expenses shall mean all costs and expenses of every kind and nature paid or incurred by Landlord in operating, insuring, equipping, policing, protecting, lighting, heating, cooling, insuring, repairing, replacing and maintaining that portion of the Property operated, repaired and maintained by Landlord under this Lease (see e.g., Section 12), and the personal property used in conjunction therewith, excluding, however, all charges for electricity and other utilities used or consumed by Tenant upon the Premises which shall be paid by Tenant pursuant to Section 9 hereof. Operating Expenses shall include those expenses paid by Landlord for maintaining, operating and repairing the Property, the cost fuel, heating, lighting, and air conditioning for the Premises, insurance, including, but not limited to, fire, extended coverage, liability, workmen's compensation, elevator, boiler and machinery, war risk, or any other insurance carried in good faith by Landlord and applicable to the Property; painting, uniforms, management fees (equal to 5% of the Rent), supplies, sundries, sales or use taxes on supplies or services; janitorial expenses as described in Exhibit E, cost of wages and salaries of all persons engaged

in the operation, maintenance and repair of the Property, and so-called fringe benefits, including social security taxes, unemployment insurance taxes, cost of providing coverage for health and disability benefits, cost of any pensions, hospitalization, welfare or retirement plans, group insurance plans, or any other similar or like expenses incurred under the provisions of any collective bargaining agreement, or any other similar or like expenses which Landlord pays or incurs to provide benefits for employees so engaged in the operation, maintenance and repair of the Property; the costs of depreciation and maintenance for movable equipment and personal property; the cost of the maintenance and repair of the HVAC systems, or of major components thereof; the cost of any capital expenditures (structural or otherwise) to the extent described below; the cost of repairs or other activities arising out of the presence of hazardous substances; the charges of any independent contractor who, under contract with Landlord or its representatives, does any of the work of operating, maintaining or repairing of the Property; legal and accounting expenses, including, but not limited to such expenses as relate to seeking or obtaining reductions in and refunds of Real Estate Taxes; or any other expenses or charges, whether or not previously mentioned, which in accordance with sound accounting and management principles would be considered as an expense of maintaining, operating, or repairing the Property. If any Operating Expenses relating to the Property, though paid in one year, relates to more than one calendar year, such expense shall be proportionately allocated among such related calendar years. In addition, if Landlord determines in its reasonable judgment that some portion of Operating Expenses or Real Estate Tax is partially allocable to the Premises or other buildings or projects (including wages, salaries and benefits of persons who are not exclusively engaged to provide services to the Property), Landlord shall allocate such expense among such premises, buildings and projects in accordance with sound accounting and management principles to determine the amount of Operating Expenses and Real Estate Taxes for the Premises and Property. With respect to capital expenditures, Tenant shall only be obligated to reimburse Landlord after the time the capital expenditure is made and a request for payment is delivered to Tenant in accordance with Sections 6.3 through 6.5 below, the entire cost of the capital expenditure if the useful life of the item as determined in accordance with generally accepted accounting principles consistently applied ("GAAP") is equal or less than the unexpired Term (including any exercised Option Term but excluding any unexercised Option Term). If the useful life of the item is greater than the unexpired Term, Tenant shall reimburse Landlord for the cost of the expenditure which shall be determined by multiplying the costs by a fraction, the numerator of which is the unexpired Term and the denominator of which is the useful life of the item, each expressed in months. If after such partial payment, Tenant exercises an Option Term (if any), it shall contemporaneously therewith, pay Landlord for the remaining cost of the item together with interest thereon from the date of the capital expenditure(s) by Landlord to the date of payment by Tenant using the rate of interest designated by Landlord, which in all events, shall be a reasonable rate of interest under the circumstances. The remaining cost of the capital expenditure shall be determined by multiplying the cost of the item by a fraction, the numerator of which is the number of months in the Option Term or if less, the number of months remaining in the useful life of the item, and the denominator of which is the number of months of the original useful life. At the time a request for payment is made, Landlord shall offer Tenant the option to pay for the capital expenditure in installments amortized over the useful life thereof using the rate of interest designated by Landlord in the notice, which in all events, shall be a reasonable rate of interest under the circumstances.

6.3 On each Rent Day during the Term, Tenant shall pay Operating Expenses by depositing with Landlord an amount equal to one-twelfth (1/12th) of the estimated Operating Expenses as reasonably determined by Landlord. If the funds deposited with Landlord shall be insufficient to pay Operating Expenses in full, Tenant shall, immediately upon demand by Landlord, deposit with Landlord such Additional Rent as may be required by Landlord to enable it to make such payment. In the event the funds deposited with Landlord shall exceed the amount required for the payment of Operating Expenses, the excess shall be credited by Landlord to the subsequent deposits required to be made by Tenant to pay future Operating Expenses or refunded at the end of the Lease.

6.4 At the time of any adjustment, Landlord shall furnish to Tenant evidence of the increase in Operating Expenses reasonably sufficient to sustain the adjustment. If Tenant is not satisfied with Landlord's determination of the amount of such Additional Rent, Tenant shall pay the Additional Rent, but Tenant shall have the right to require Landlord to furnish to Tenant a detailed statement of the basis for such increase. As soon as reasonable after the expiration of each calendar year, Landlord will furnish the Tenant a statement showing the following in reasonable details:

- (a) Operating Expenses for the expired calendar year.
- (b) Base Operating Expenses.
- (c) Estimated increase in Operating Expenses during the new calendar year

6.5 Tenant shall have the right, at its sole cost and expense, to audit Landlord's records at the Landlord's office in southeast Michigan (or if none, at the Premises) relating to Operating Expenses solely for the purpose of determining the amounts paid by Tenant pursuant to Article 6 of this Lease. In the event that within one hundred eighty (180) days after Tenant's receipt of the Statement for the prior calendar year, Tenant reasonably believes that certain of the Operating Expenses charged by Landlord include costs that are not properly included within the term "Operating Expenses" or that Landlord has erred in calculating same, Tenant shall have the right to audit Landlord's books and records in accordance with this paragraph. Tenant shall exercise such audit right by providing Landlord with a written notice of Tenant's exercise of such audit right within such 180-day period and a statement enumerating reasonably detailed reasons for Tenant's objections to the Statement issued by Landlord (the "Audit Notice"). Upon the receipt by Landlord of an Audit Notice, Landlord shall instruct its property manager to meet with a designated employee of Tenant (the "Tenant Representative") at the Premises to discuss the objections set forth in the Audit Notice. Landlord shall provide the Tenant Representative with reasonable access to Landlord's books and records relating to Operating Expenses for the calendar year in question in a convenient location at the Landlord's office in order to attempt to resolve the issues raised by Tenant in the Audit Notice. If, within thirty (30) days after Landlord's receipt of the Audit Notice, Landlord and Tenant are unable to resolve Tenant's objections, then not later than twenty (20) days after the expiration of such 30-day period, Tenant shall notify Landlord if Tenant wishes to employ an independent, reputable certified public accounting firm ("Accountants") to inspect and audit Landlord's books and records for the Property relating to the objections raised in Tenant's statement. Landlord shall have the right at its sole cost and expense, to dispute Tenant's audit results with a separate independent, reputable certified public accounting firm and shall provide any results of the same within 30 days after receipt of Tenant's audit, or Landlord will be deemed to have accepted Tenant's audit. If the auditors disagree, the parties shall hire a third independent reputable certified public accounting firm to review the audits and determine whether or not Operating Expenses were properly calculated, the cost of which audit shall be shared equally by Landlord and Tenant, and the results of which shall be binding on both parties hereto. Any resulting overpayment or underpayment will be paid by Landlord or Tenant, as the case may be, within ten (10) days after the audit results are final as determined above. All costs and expenses of Tenant's audit shall be paid by Tenant; provided, however, if as a result of any such audit it is determined that Landlord overstated the total amount of Real Estate Taxes and Operating Expenses in any calendar year by more than 5%, Landlord shall reimburse Tenant for the actual but reasonable third party costs incurred in connection with such audit.

6.6 Notwithstanding anything in this Lease to the contrary, the following items shall be excluded from Operating Expenses in Landlord's operation of the Property:

1. Repairs or other work occasioned by fire, windstorm or other casualty to the extent required to be insured under this Lease or by the exercise of the right of eminent domain;
2. Leasing commission, attorney's fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants/Tenant, other occupants, or prospective tenants of other occupants, or purchasers or mortgagees of the Building;
3. Except as otherwise provided herein, depreciation and amortization;
4. Except as otherwise provided herein, the costs of capital expenditures, including, but not limited to, capital improvements, capital repairs, capital equipment, and capital tools all as determined in conformance with GAAP;
5. Overhead and profit increments paid to subsidiaries or affiliates of Landlord for services on or to the real property, to the extent only that the costs of services exceed competitive costs of such services were they not so rendered by a subsidiary or affiliate;
6. Interest in debt or amortization payments on any mortgage or mortgages, and rental under any ground or underlying leases or lease;
7. Landlord's general partnership overhead;
8. Advertising and promotional expenditures;
9. Any fines or penalties incurred due to violations by Landlord (and not caused by Tenant) of any governmental rule or authority;
10. Costs incurred in connection with the sale, refinancing, mortgaging or selling or change of ownership of the Building, including brokerage commissions, attorneys' and accountants' fees,

closing costs and interest charges (excluding, however, any increase in Real Estate Taxes incurred in connection therewith or otherwise);

11. So long as all amounts due by Tenant hereunder are paid when due, costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payment of taxes, utilities, bill and other costs incurred by Landlord's failure to make such payments when due;

12. Expenses and costs relating in any way whatsoever to the identification, testing, monitoring, control, encapsulation, removal, replacement, repair and abatement of any hazardous materials on the Property prior to the date hereof or caused by Landlord, its employees, agents, contractors or affiliates.

13. Costs with respect to Landlord's central office, if any, or its operations conducted, or employees engaged, therein, except costs that directly relate to or are otherwise allocable to the Land, the Building, or any portion thereof;

14. Initial construction of the Building; and

15. The costs of correcting defects in the construction of the building, except that conditions (not occasioned by construction defects) resulting from ordinary wear and tear will not be deemed defects for the purpose of this category.

7. Use of Premises

7.1 Tenant shall use and occupy the Premises during the continuance of this Lease solely for the Designated Use set forth in Section 1.12 hereof, and for no other purpose or purposes without the prior written consent of Landlord. In no event shall Tenant use the Premises or the Project in any manner which, in Landlord's judgment, is or may be inconsistent with the operation of a similar building in the Oakland County, Michigan area. Except for the certificate of occupancy for the Premises, which shall be obtained by Landlord at its expense, if any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises or if a failure to procure such a license or permit might or would, in any way, affect Landlord or the Property, then Tenant, at Tenant's expense, shall duly procure and thereafter maintain such license or permit and submit the same to inspection by Landlord. Tenant, at Tenant's expense, shall, at all times, comply with the requirements of each such license and permit. Tenant agrees to indemnify, defend and hold harmless Landlord, its licensees, invitees, agents, employees and contractors, from any loss, damage, claim, liability or expense, (including attorney fees) of any kind, type or description, including without limitation, claims for bodily injury, disease, death, property damage or environmental clean-up arising directly or indirectly out of or in connection with Tenant's failure to obtain or comply with any such license or permit

7.2 Tenant shall not use or permit any person to use the Premises in any manner which violates or would create liability under federal, state or local laws, ordinances, rules, regulations or policies. Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous or flammable substances or materials. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Property any such materials or substances except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such substances or materials. Without limitation, hazardous or flammable substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq., any applicable state or local law and the regulations adopted under these acts. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of hazardous or flammable substances or materials on the Premises. In all events, Tenant shall indemnify Landlord in the manner elsewhere provided in this Lease against any liability resulting from any release of hazardous or flammable substances or materials on the Premises during the Term of this Lease, or caused by Tenant or persons acting under Tenant. Landlord shall indemnify Tenant against any liability resulting from any release of hazardous or flammable substances or materials on the Property on or before the date of this Lease, or by Landlord or persons acting on Landlord's behalf on or after the date of this Lease.

7.3 Tenant will not place any load upon any floor of the Premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Landlord reserves the right to

prescribe the weight and position of all safes, machines and equipment. Such items shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient in Landlord's judgment, to absorb and prevent vibration, noise and annoyance. If at any time any windows of the Premises are temporarily or permanently closed, darkened or covered for any reason whatsoever, including Landlord's own acts (other than Landlord's gross negligence or willful or wanton conduct), Landlord shall not be liable for any damage Tenant may sustain thereby, and the Landlord shall not be considered a default under this Lease and Tenant shall not be entitled to any compensation therefor nor abatement of any Base Rent or any other sums due hereunder, nor shall the same release Tenant from its obligations hereunder nor constitute an eviction, construction, actual or otherwise.

7.4 Tenant shall not do or permit to be done any act which will invalidate or be in conflict with any insurance policy carried by or for the benefit of Landlord with respect to the Property or which might subject Landlord to any liability, nor shall Tenant keep anything in the Premises except as permitted by the fire department, board of fire underwriters, or other authority having jurisdiction, and then only in such manner as not to increase the insurance rate for the Property, nor use the Property in a manner which will increase the insurance rate for the Property.

7.5 Tenant shall abide by the commercially reasonable building and parking area rules and regulations and any reasonable modifications or amendments by Landlord (the "Rules and Regulations"). The initial set of Rules and Regulations is attached as Exhibit "D".

8. Quiet Enjoyment

8.1 Tenant's quiet enjoyment of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord, unless Tenant defaults in the performance of the covenants of this Lease.

9. Services

9.1 Tenant shall directly pay or pay Landlord (at Landlord's option), as Additional Rent, all charges made against the Premises for all sewer, water, gas, electricity and other utilities and services used upon or furnished to the Premises (including electricity used or consumed for HVAC and related purposes) as and when due during the term of this Lease. Tenant shall pay for the electricity at the rate established by the applicable governmental authority or the applicable utility company providing the electricity. Tenant shall also pay for fluorescent or other electric light bulbs or tubes and electric equipment used in the Premises.

9.2 Any service which Landlord is required to furnish pursuant to this Lease may, at Landlord's option, be furnished, in whole or in part, by the managing agent of the Building or by one or more independent contractors. Landlord reserves the right to require Tenant to enter into agreements with such independent contractors in form and content approved by Landlord.

9.3 Landlord shall not be liable for interruption in services caused by riots, strike, labor disputes, accidents or other cause beyond the control of Landlord, or for stoppages or interruptions of any services for the purpose of making necessary repairs or improvements. Failure, interruption, or delay in furnishing services shall not be construed as an act of eviction against the Tenant by the Landlord nor shall such failure, interruption or delay in any way operate as a release from the prompt and punctual performance by the Tenant of the covenants of this Lease.

10. Insurance

10.1 Tenant shall maintain in full force and effect policies of broad form general liability insurance providing coverage for the Premises, with policy limits of not less than \$2,000,000.00 per occurrence and general aggregate, exclusive of defense costs, and without any provision for a deductible or self insured retention in excess of \$100,000.00. In the event any policy or policies of insurance which Tenant is required to maintain shall be written on a "claims made" insurance form, each policy shall have a "retroactive date" which is not later than the Commencement Date. Furthermore, should insurance coverage be written on a claims made basis, Tenant's obligation to provide insurance shall be extended for an additional period equal to the statute of limitations for such claims in the State of Michigan on the Termination Date.

10.2 Tenant shall maintain in full force and effect through the Term of this Lease policies of all risk property insurance covering its personal property, fixtures and improvements to their full replacement cost, without deduction for depreciation.

10.3 All insurance policies which Tenant is required to maintain shall, in addition to any of the foregoing: be written in carriers authorized to write such business in The State of Michigan and having an A.M. Best & Co. rating of no less than A-8; name Landlord as additional named insured (only on liability insurance); be endorsed to provide that they shall not be canceled or changed materially in any manner adverse to Landlord for any reason except on thirty (30) days prior written notice to Landlord; and provide coverage to Landlord whether or not the event or occurrence giving rise to the claim is alleged to have been caused in whole or in part by the acts or omissions or negligence of the Tenant or Landlord. Certificates of insurance evidencing the coverage and endorsements required hereby shall be delivered by Tenant to Landlord prior to the date thereof. Tenant shall deliver certificates of renewal for such policies to Landlord upon Landlord's request. Insurance provided by Tenant may be in the form of blanket insurance policies covering properties in addition to the Property or entities in addition to Tenant.

10.4 If Tenant fails to provide any of the insurance or subsequently fails to maintain the insurance in accordance with the requirements of this Lease, Landlord may, but is not required to, procure or renew such insurance to protect its own interests only, and any amounts paid by Landlord for such insurance will be Additional Rent due and payable on or before the next Rent Day. Landlord and Tenant agree that any insurance acquired by Landlord shall not cover any interest or liability of Tenant.

10.5 Landlord and Tenant will require their property insurance carriers to include in their policies a clause or endorsement allowing Landlord and Tenant to release each other from any liability to each other or anyone claiming through or under then by way of subrogation or otherwise for any loss or damage to property caused by or resulting from risks insured against under property insurance for loss, damage or destruction by fire or for other casualty.

10.6 Tenant shall maintain in full force and effect policies of workers' compensation and employers liability insurance which shall provide for statutory workers' compensation benefits and employers liability limits of not less than \$1,000,000 per occurrence.

11. Damage By Fire Or Other Casualty

11.1 In the event of damage or destruction by fire or other casualty ("Destruction") to the Premises or the Property, Landlord shall commence reasonably promptly, and with reasonably due diligence continue, to restore same to substantially the same condition as existed immediately preceding such casualty, except as otherwise provided in this Section 11.1. Landlord shall have the right to make changes that do not materially change the Premises or access thereto. So long as Landlord maintains all insurance required of Landlord under this Lease or otherwise, Landlord shall not be obligated to expend for such repair or restoration amount in excess of the insurance proceeds plus deductibles and self-insured amounts made available to Landlord for such purpose.

If, as a result of any Destruction, (i) more than 50% of the Building shall be damaged or destroyed, or (ii) Landlord reasonably determines that the entire Building must be shut-down for restoration and that such shut-down will continue more than 210 days from the date of the Destruction, or (iii) any material damage or destruction occurs to the Premises during the last twelve (12) months of the then current Term (including any exercised Option Term), then either Tenant or Landlord shall have the right, but not the obligation, to terminate, notice to be given within thirty (30) days after the date of the Destruction. Upon the fifteenth (15th) day after such termination notice is given, Tenant shall vacate and surrender the Premises to Landlord, without prejudice, however, to Landlord's rights and remedies against Tenant under the Lease prior to termination and any Rent for the period of time prior to Destruction owing shall be paid.

11.2 Tenant shall give immediate notice to Landlord of fire or other casualty at the Premises. If Landlord repairs or restores the Premises, Tenant at its own cost shall promptly repair or replace its trade fixtures, furnishings, equipment, personal property and leasehold improvements in a manner and to a condition equal to that existing prior to the occurrence of the damage or casualty; provided, however, Tenant shall not be obligated to expend for such repair or restoration amount in excess of the insurance proceeds plus deductibles amounts made available to Tenant for such purpose.

11.3 If the fire, casualty, repairing or rebuilding of the Premises shall render the Premises untenantable, a proportionate reduction of the Annual Base Rent and all other charges, due thereafter shall be abated from the date of the occurrence of such casualty until the date Landlord completes the repairs to the Premises or, in the event Landlord or Tenant elects to terminate this Lease, until the date of termination. Such reduction shall be computed on the basis of the ratio which the floor area of the Premises rendered untenantable bears to the Rentable Floor Area of Premises. Landlord shall not be liable for any delay in the repair or restoration of the Property which is not reasonably within its control.

11.4 Landlord and Tenant shall look first to any insurance in its favor, including that which the party is required to carry by this Lease, before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance, or the insurance required by this Lease, if in force, would have paid the claim, Landlord and Tenant each hereby releases and waives all right of recovery against the other or any one claiming through or under each of them by way of subrogation or otherwise.

11.5 Tenant acknowledges that Landlord is not required to carry insurance on Tenant's personal property, fixtures, and improvements, and agrees that Landlord will not be obligated to repair any damage or replace the same. However, subject to reimbursement by Tenant to the extent set forth elsewhere in this Lease, Landlord may insure, repair, restore and replace the Project, including the Improvement constructed in accordance with Section 2 of this Lease.

12. Repairs

12.1 Subject to reimbursement in accordance with Section 6, Landlord, at Tenant's expense, will keep and maintain the Premises and every part thereof including, but not limited to, the roof; exterior and interior walls, the building slab and foundation, the parking areas, the heating, air conditioning and utility systems, and landscaped areas in good repair, ordinary wear and tear and casualty damage excepted. Further, Tenant shall bear the expense of window cleaning, janitorial expenses for services in excess of those described in Exhibit E, and the expense of maintaining the Premises in a safe condition in accord with all federal, state and local laws, ordinances and regulations, and the directions of any health officer, fire marshal, building inspector, or other governmental agency having jurisdiction over the Premises; however Landlord shall be responsible for performing work necessary to comply with such laws, ordinances and regulations, at Tenant's expense. Tenant shall promptly notify Landlord of the need for such work.

12.2 Landlord, at Tenant's expense, will repair all damage to the Property caused by the moving of Tenant's fixtures or personal property, or through the negligence or willful acts of Tenant, its agents or invitees. As between Landlord and Tenant, Tenant shall be responsible for the expense of any alterations, changes or improvements to the Premises which may be necessary in order for the Premises and Tenant's use thereof to be in compliance with the Americans with Disabilities Act of 1990 and its state and local counterparts or equivalents (collectively the "Disabilities Act") during the term of this Lease, but Landlord shall be responsible for such compliance as of the commencement of the term.

12.3 Subject to reimbursement in accordance with Section 6, Landlord will make all other repairs to the Property, its heating, air conditioning and electrical systems, and parking areas. Tenant shall promptly notify Landlord of the need for repair.

12.4 All repairs and alterations made by Tenant must be approved by Landlord prior to commencement thereof. Except as otherwise provided herein, there shall be no reduction in Rent nor shall there be any liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant, or others making or failing to make any repairs, alterations, additions or improvements to any portion of the Property.

12.5 Tenant shall not make any renovations, alterations, additions or improvements to the Premises without Landlord's prior written consent. All plans and specifications for such renovations, alterations, additions or improvements shall be approved by Landlord prior to commencement of any work. Landlord's approval of the plans, specifications and working drawings for Tenant's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with laws, rules and regulations of governmental agencies or authorities, including but not limited to the Americans with Disabilities Act, as amended. All such work shall be performed by Landlord, Landlord shall obtain competitive bids, the winning bid shall be acceptable to Tenant, and Tenant shall pay all Construction Costs in connection therewith. All renovations, alterations, additions or improvements made by Tenant upon the Premises, except for movable office furniture and movable trade fixtures installed at the expense of Tenant, shall be and shall remain the property of Landlord, and shall be surrendered with the Premises at the expiration or termination of this Lease, without molestation or injury. In addition, Landlord may designate by written notice to Tenant at the time of granting its consent to same, the alterations, additions, improvements and fixtures made by or for Tenant which Landlord shall have the right to require Tenant to remove prior to, or at Landlord's option within six (6) months after, the expiration or termination of this Lease. If Landlord exercises this option by the delivery of written notice thereof to Tenant, then the designated items shall be removed by Tenant and Tenant shall promptly repair any damage to the Premises and restore the Premises to the condition it was prior to the alteration, addition, improvement or fixture installation.

12.6 Tenant shall keep the Premises free of liens for work claimed to have been done for, or materials furnished to, Tenant and will hold Landlord harmless from any liens which may be placed on the Premises except those attributable to the acts of Landlord. In the event a construction or other lien shall be filed against the Property or Tenant's interest as a result of any work undertaken by Tenant, or as a result of any repairs or alterations made by Tenant, or any other act of Tenant, Tenant shall, within ten (10) days after receiving notice of the lien, discharge the lien. In the event Tenant shall fail to discharge such lien, Landlord shall have the right, but not the obligation, to procure such discharge, and Tenant shall pay the cost of procuring such discharge to Landlord as Additional Rent upon the next Rent Day.

12.7 There shall be no reduction in Rent nor shall there be any liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant, or others making or failing to make any repairs, alterations, additions or improvements to any portion of the Property.

13. Eminent Domain

13.1 If fifty (50%) percent or more of the leasable floor area of the Building or any material portion of the Premises is condemned or taken in any manner, including without limitation any conveyance in lieu of condemnation, for any public or quasi-public use ("Taken"), the Term of this Lease shall cease and terminate as of the date title is vested in the condemning authority.

13.2 If less than fifty (50%) percent of the leasable floor area of the Building but more than thirty (30%) percent of the leasable floor area of the Building is Taken, Landlord and Tenant shall each have the right, but not the obligation, to terminate this Lease by giving written notice within thirty (30) days after being notified of such taking, and in such event, termination shall be effective upon the date designated by the terminating party in the notice of termination.

13.3 The whole of any award or compensation for any portion of the Premises Taken, including the value of Tenant's leasehold interest under the Lease, shall be solely the property of Landlord. Tenant is not precluded from seeking, at its own expense, an award from the condemning authority for loss of the value of any trade fixtures or other personal property in the Premises, or moving expenses, provided that the award for such claim or claims shall not diminish the award made to Landlord.

13.4 In the event the Premises or any portion are Taken, Tenant shall have no claim against Landlord for the value of any unexpired Term of this Lease or otherwise. In the event of a partial taking of the Premises which does not result in a termination of this Lease, the Annual Base Rent thereafter shall be partially reduced. The reduction shall be computed on the basis of the ratio which the floor area of that portion of the Premises Taken bears to the rentable floor area of Premises.

14. Assignment Or Subletting

14.1 Tenant shall not assign this Lease or sublet the Premises, without the prior written consent of Landlord and any mortgagee of the Property. Any attempted assignment or subletting without consent shall be invalid. In the event of any permitted assignment or subletting, Tenant shall remain fully responsible and liable for payment of Rent and performance of all of Tenant's other covenants under this Lease shall remain in effect. No assignment or subletting shall be permitted or be binding upon Landlord unless the assignee or subtenant shall deliver to Landlord an instrument acceptable to Landlord (in recordable form, if requested) containing, among other things, an agreement of assumption of all of Tenant's obligations under this Lease accruing thereafter for the space so sublet or assigned. Tenant agrees to pay all costs and expenses incurred by Landlord in connection with Landlord's review of any proposed assignment or subletting (including charges for the time of Landlord's internal personnel), and Landlord may require that Tenant deliver a deposit with Landlord prior to Landlord's review of the proposed assignment or subletting. Upon the occurrence of an event of default, if all or any part of the Premises are then assigned or sublet, Landlord, in addition to any other remedies shall have the right, but not the obligation, to collect directly from the assignee or subtenant all Rent becoming due to Landlord. Any collection by Landlord from the assignee or subtenant shall not be construed as a waiver or release of Tenant from the further performance of the covenants of this Lease or the making of a new lease with such assignee or subtenant. Notwithstanding anything contained herein to the contrary, Tenant shall be permitted to assign this Lease to a parent or subsidiary of Tenant without Landlord's consent, provided Tenant provides notice of same to Landlord and Tenant remains liable hereunder. Notwithstanding the foregoing or anything herein to the contrary, Tenant may assign this Lease without Landlord's prior consent to any successor to all or a material portion of Tenant's business or assets, whether by means of a direct or indirect asset sale, merger, consolidation, stock purchase or otherwise provided Tenant provides evidence to Landlord in writing that such assignment or sublease complies with the following financial criteria and provided such assignee, subtenant or successor-in-interest expressly assumes Tenants' obligations and liabilities hereunder. Tenant shall give Landlord thirty (30) days prior written

notice of any such transaction together with copies of all documents reasonably requested by Landlord in connection therewith. No such transaction, shall release Tenant from any covenant, liability or obligation under this Lease.

14.2 Landlord may, in its reasonable discretion, refuse to give its consent to any proposed assignment or subletting for any reason, including, but not limited to, the financial condition, creditworthiness or business reputation of the proposed assignee or subtenant, the prevailing market or quoted rental rates for space in the Building or other comparable buildings, and the proposed use of the Premises by, or business of, the proposed assignee or subtenant and the same shall not constitute an unreasonable act of Landlord. In addition, in lieu of giving its consent, if the proposed subletting is for substantially all of the Premises or in the event Tenant proposed to assign the Lease, Landlord may, at its option, within thirty (30) days after receiving notice of the proposal, terminate this Lease by giving Tenant thirty (30) days written notice of termination, whereupon each party shall be released from any further obligations and liability hereunder.

14.3 The term "assign," as used herein, shall include (1) any merger, consolidation, voluntary and involuntary transfer by operation of law or otherwise, (2) sale, transfer or creation of stock by which an aggregate of more than 50% of Tenant's stock shall be vested in a party or parties who are not stockholders as of the Lease Date.

14.4 In the event Tenant shall sublet all or a portion of the Premises or assign this Lease, all of the sums of money or other economic consideration received by Tenant or its affiliates, directly or indirectly, as a result of such subletting or assignment, whether denominated as rent or otherwise, which exceed in the aggregate the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable to Landlord as additional rent under this Lease without effecting or reducing any other obligation of Tenant hereunder.

15. Inspection Of Premises

15.1 Tenant shall permit, and Landlord its representatives, agents and contractors shall have the right, to enter the Premises at all reasonable times for the purposes of (i) inspecting the Premises or the Building, (ii) maintaining the Premises or the Building, (iii) making repairs, alterations or additions to the Premises or the Building and improvements on the land where the Building is situated, or (v) performing any obligations of the Landlord under the Lease. Landlord may show the Premises to prospective purchasers, mortgagees and (during the final year of the term) tenants and may display about the Premises signs advertising the availability of the Premises.

16. Notice

16.1 All bills, notices, statements, communications, or demands (collectively the "Notices") required under this Lease must be in writing. Any Notices from Landlord to Tenant will be deemed to have been duly and sufficiently given on the date delivered if a copy has been personally delivered, on the date sent if sent via telecopy or electronic mail, two (2) business days after they have been mailed by United States mail, postage prepaid, or one (1) business day after they have been sent via overnight courier service to Tenant at the address of the Premises or at such other address as Tenant may designate in writing. Any Notice from Tenant to Landlord will be deemed to have been duly and sufficiently given if delivered to Landlord in the same manner as provided above at the Landlord's Office or at such other address as Landlord may designate in writing.

17. Breach, Re-Entry, Termination

17.1 Each of the following shall be deemed an event of default: (i) Tenant's failure to make payment of Rent when due as provided in this Lease; or (ii) Tenant's failure to perform any of the covenants of this Lease; or (iii) Tenant's violation of the Rules and Regulations; or (iv) if Tenant or another person shall file a petition for relief for Tenant under the bankruptcy laws, or shall make an assignment for the benefit of creditors for Tenant, or if a receiver of any property of the Tenant be appointed in any action, suit or proceeding by or against Tenant, or if Tenant shall admit to any creditor or to Landlord that it is insolvent, or if the interest of Tenant in the Premises shall be sold under execution or other legal process, or if Tenant shall abandon the Premises.

17.2 Upon the occurrence and during the continuance of an event of default, Landlord shall have the right to terminate the Lease and shall be entitled to possession of the Premises after expiration of applicable grace, notice and cure periods. Landlord may make its election to terminate known to Tenant by delivery of a notice of termination. Such termination shall be immediately effective and Landlord shall

be entitled to forthwith commence an action in summary proceedings to recover possession of the premises. Anything contained in this Lease to the contrary notwithstanding, on the occurrence of an event of default, the Landlord shall not exercise any right or remedy under any provision of this Lease or applicable law unless and until: (a) the Landlord has given written notice thereof to the Tenant, and (b) the Tenant has failed, (i) if such default consists of a failure to pay money, to pay all such money within ten (10) days after receipt of such notice, or (ii) in the event of default consists of something other than the failure to pay money to fully cure such event of default within thirty (30) days after receipt of such notice or, if such default cannot be cured within thirty (30) days and Tenant commences to cure the same within thirty (30) days and to diligently thereafter pursue curing such default, to fully cure such event of default within thirty (30) days. In the event Landlord has sent three (3) or more notices of default to Tenant with any twelve (12) consecutive calendar months, Landlord shall have no further obligation to give Tenant written notice of any further default or to grant Tenant any opportunity to cure the same, except as otherwise provided by law. Except as set forth in this Section, Tenant waives all notice in connection with such termination, including by way of illustration but not limitation notice of intent to terminate, demand for possession or payment, and notice of re-entry.

17.3 No receipt of money by the Landlord from the Tenant after the termination of this Lease shall reinstate, continue or extend the term, nor affect or waive any notice given by the Landlord to the Tenant prior to such receipt of money.

17.4 Should Landlord at any time terminate this Lease, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of any default, including the cost of recovering the Premises, reasonable attorneys' fees, and damages equal to the excess of lost Rent over the reasonable rental value of the Premises, discounted to the date of the default at the rate of 6% per annum, all of which amounts shall be immediately due and payable from Tenant to Landlord. All rent due on or before the default, and all rent discounted as set forth above, shall bear interest from the date of default until paid in full in accordance with Section 17.14 hereof. Additionally, if Landlord has incurred any costs or expenditures to fit the Premises to the needs of Tenant, Tenant agrees to reimburse Landlord such costs and expenditures, including for purposes of illustration but not by way of limitation, expenditures for interior partitions, floor coverings, special paint, plaster or any counter, cabinet, shelving, paneling or other special work done at the request of Tenant and not previously paid for by Tenant, plus the estimated cost to Landlord of restoring the Premises to their original standard condition.

17.5 If the event of default is for the nonpayment of Rent, Landlord may, as an alternative to terminating the Lease, serve a written demand for possession or payment. Unless paid in accordance with the demand for possession or payment, Landlord shall be entitled to possession of the Premises and Tenant shall have no further right to possession under the Lease. Tenant shall remain liable to Landlord for the payment of all Rent and other charges which Tenant has agreed to pay under this Lease throughout the remainder of its Term. Should Landlord elect to re-enter, as herein provided, it may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Premises, and relet said Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable. Upon each such reletting all rentals and other sums received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including reasonable brokerage fees and attorneys' fees and of costs of such alterations and repairs; third, to the payment of Rent and other charges due from Tenant, and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable. If such rentals and other sums received from such reletting during any month be insufficient to pay the Rent and other charges due from Tenant, Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No such re-entry by Landlord shall be construed as an election on its part to terminate this Lease. Notwithstanding any such reletting without termination, Landlord may at any time hereafter elect to terminate this Lease for such previous breach. Tenant waives any further right to possession following re-entry by Landlord.

17.6 The Landlord's rights, remedies and benefits provided by this Lease shall be cumulative, and shall not be exclusive of any other rights, remedies and benefits allowed by law. Except as otherwise expressly provided herein, each agreement, covenant, representation, warranty and obligation made in this Lease Agreement by or on behalf of Tenant, or in any instruments delivered pursuant hereto or in connection herewith (including all indemnities and obligations to repair and restore the Premises) shall survive the expiration or termination of this Lease and the consummation of the transactions provided for herein

17.7 Except as otherwise provided by applicable law, the parties agree that they shall rely solely upon the terms of this Lease to govern their relationship. They further agree that reliance upon any

representation, act or omission outside the terms of this Lease shall be deemed unreasonable, and shall not establish any rights or obligations on the part of either party.

17.8 One or more waivers of any covenant of the Lease by either party shall not be construed as a waiver of a subsequent breach of the same covenant and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed a waiver of Landlord's consent or approval to or of any subsequent similar act by Tenant. No breach of a covenant of this Lease shall be deemed to have been waived by Landlord, unless such waiver (i) is in writing signed by Landlord; (ii) identifies the breach, and (iii) expressly states that it is a waiver of the identified breach.

17.9 No payment by Tenant or receipt by Landlord of a lesser amount than the full amount of the Rent then due shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of the amount due or pursue any other remedy.

17.10 Notwithstanding anything to the contrary, Tenant acknowledges and agrees that its obligation to pay Rent under this Lease is an independent covenant, and that such obligation to pay is not subject to setoff or recoupment in connection with any action for summary proceedings to recover possession of the Premises.

17.11 Landlord and Tenant hereby waive trial by jury in connection with any action for summary proceedings to recover possession of the Premises. Further, Landlord and Tenant waive trial by jury in connection with any action arising out of or relating to the covenants of this Lease, with the exception of actions for personal injury or property damage.

17.12 In the event that either Tenant or Landlord is required to bring an action arising out of the covenants of this Lease, the prevailing party of such action shall be entitled to its reasonable costs and attorneys' fees as it may incur in connection with such action.

17.13 Tenant shall not be entitled to surrender the Premises to avoid liability for Rent due to the condition of the Premises or Property, nor shall any purported consensual surrender be effective unless expressly agreed to in a writing signed by the Landlord.

17.14 Any Rent payable by Tenant to Landlord under this Lease not received within ten (10) days after the same is due will bear interest at a per annum rate equal to ten (10%) percent or, if lower, the highest rate permitted by law. Such interest will be due and payable as Additional Rent within ten (10) days after demand, and will accrue from the date that such rent or other sums are payable under the provisions of this Lease until actually paid by Tenant.

18. Surrender Of Premises On Termination

18.1 At the expiration (or earlier termination) of the term hereof, Tenant will surrender the Premises broom clean and free from any Hazardous Materials (other than any existing on the commencement date) and in as good condition and repair as they were at the time Tenant took possession, reasonable wear and tear and casualty excepted, and promptly upon surrender will deliver all keys and building security cards for the Premises to Landlord at the place then fixed for the payment of rent. All costs and expenses incurred by Landlord in connection with repairing or restoring the Premises to the condition called for herein, together with the costs, if any, of removing any Hazardous Materials or Tenant's Property (as defined below) from the Premises, together with liquidated damages in an amount equal to the amount of minimum net rental plus all other charges which would have been payable by Tenant under this Lease if the term of this Lease had been extended for the period of time reasonably required for Landlord to repair or restore the Premises to the condition called for herein, shall be invoiced to Tenant and shall be payable as additional rental within ten (10) days after receipt of invoice. Further, all additions or improvements installed by the Tenant upon the Premises and all signs, trade fixtures, additions, improvements, changes or modifications to the base Building constructed or installed by the Tenant and designated as part of the Tenant's property or facility by the Landlord at the time of the construction or installation thereof (collectively the "Tenant's Facilities") shall be removed by Tenant prior to the expiration or earlier termination of the Term of this Lease, and Tenant shall restore and repair any damage to the Premises caused by such removal or restoration so as to render the Premises in good tenantable condition, broom clean and free and clear of any Hazardous Materials (put thereon by Tenant) with reasonable dispatch. In the event that Tenant fails to thus restore the Premises as above provided, Landlord shall have the right to restore the Premises and shall be reimbursed for any reasonable costs or expenses under the facts and circumstances incurred as a result thereof in accordance with the provisions of this Section.

19. Performance By Landlord Of The Covenants Of Tenant

19.1 If Tenant fails to pay any money or to perform any covenant required by this Lease after written notice and failure to cure, Landlord shall have the right, but not the obligation, to make such payment or perform such act. All sums so paid or incurred by Landlord and all incidental costs, including without limitation the cost of repair, maintenance or restoration of the Premises, shall be deemed Additional Rent and shall be due and payable on the next Rent Day. If Landlord fails to perform any covenant required by this Lease and if Landlord has not cured such default within thirty (30) days after notice from Tenant (or if such default is incapable of being cured in a reasonable manner within thirty (30) days, then if Landlord has not commenced to cure the same within thirty (30) day period and thereafter diligently proceed to fully cure such default within a reasonable time) then and in any such event or events Tenant shall have the right (but not the obligation) to cure such defaults and to make all reasonably necessary payments in connection therewith, and Landlord agrees to pay Tenant all such reasonable amounts, within fifteen (15) days of Tenant's request and the presentation of a reasonably detailed invoice to Landlord, plus interest at the rate set forth in Section 17.14 above; provided, however, Tenant shall not have the right to offset any amount claimed due by Landlord hereunder against the Rent and other sums due hereunder, except as set forth in Section 24.2 below. In the event of any default or claimed default by Landlord hereunder, either Landlord or Tenant may demand arbitration in accordance with Section 19.2.

19.2 Whenever a dispute arises between Landlord and Tenant with respect to the matters set forth in Section 19.1, the resolution of such dispute may be determined by arbitration and the party desiring arbitration of the issue in question shall give notice to that effect to the other party ("Notice of Arbitration"). The party seeking arbitration shall promptly request (no later than five (5) Business Days from the date of the Notice of Arbitration) from the American Arbitration Association ("AAA") a list of five (5) neutral arbitrators chosen by the AAA from the AAA's national list, and shall instruct the AAA that each such arbitrator shall be a competent person who, to the extent that the matters in question reasonably would require expertise in a given field or area, has ten (10) years or more experience in southeast Michigan in a calling connected with the subject matter of the arbitration. Within five (5) business days of its receipt of the list of arbitrators from the AAA accompanied by the name and address of the party at the AAA charged with assigning the arbitration, Landlord and Tenant shall each have the opportunity to object to a maximum of two (2) arbitrators on such list, and shall do so, if at all, by providing the AAA with a copy of the list, with such objectionable names stricken, within such 5 business day period. The party which provided the Notice of Arbitration shall instruct the AAA that on the expiration of such five (5) business day period, the AAA shall appoint an arbitrator from those arbitrators remaining on such list and to notify Landlord and Tenant of the arbitrator so selected within two (2) business days after the expiration of such five (5) business day period. The arbitrator so selected by the AAA shall be authorized to make a final, binding and conclusive determination of the issues in question.

- (a) Landlord and Tenant hereby agree that any matter submitted to arbitration hereunder shall be administered by the AAA under its Arbitration Rules for the Real Estate Industry, Expedited Procedures, except as expressly modified below.
- (b) The arbitrator shall hold one hearing on the question(s), matter(s) or dispute(s) which are the subject of the arbitration and shall furnish Landlord and Tenant with the opportunity to be present and fully heard by counsel or otherwise and to cross-examine, subject to the following limitations. The hearing shall be completed within one (1) day, unless good cause can be shown to schedule an additional day, in which event, the additional day for a hearing must occur within seven (7) days of the date of the original hearing. Each party shall have the right to present no more than two (2) witnesses providing expert testimony (no such limitation shall apply to witnesses regarding factual matters) for each subject at issue in the arbitration. The hearing must be held within thirty (30) days of the Notice of Arbitration, and any necessary discovery must be completed five (5) days prior to such hearing. The determination by the arbitrator of such question, matter or dispute shall be made in writing and signed by the arbitrator, within five (5) business days after the last hearing and a signed copy thereof shall be delivered to each of the parties involved. The determination so made by such arbitrator shall be final, binding and conclusive on all parties. If the party against whom the decision is made does not act in conformity with such decision within five (5) Business Days after such party has received a copy of the arbitrator's decision, judgment may be rendered thereon by any court having jurisdiction, upon application of either Landlord or Tenant. Each party shall pay one half of the fees and expenses of the arbitrator, and the party against whom the decision is rendered as determined by the arbitrator shall pay the attorney's fees and other arbitration costs of the prevailing party, but only if such prevailing party is the only

party receiving a favorable decision in the arbitration.

- (c) In determining any question(s), matter(s) or dispute(s), the arbitrator shall apply in full the pertinent provisions of this Lease and shall not have the power to add to, modify or change any of such provisions. The foregoing shall not, however, prevent the arbitrator from determining the applicable provision of this Lease and interpreting and construing such provisions. The arbitrator shall not be authorized to award punitive or exemplary damages.
- (d) The provisions of this Section shall not preclude any party from applying for temporary injunctive relief such as a temporary restraining order pending the results of such arbitration.

20. Subordination; Estoppel Certificates

20.1 This Lease is subject and subordinate to the lien of any mortgage or mortgages, and all renewals, modifications, consolidations, replacements and extensions of any mortgage or mortgages, now or hereafter placed upon Landlord's interest in the Property. This clause shall be self-operative and no further instrument of subordination is necessary. Despite the foregoing, Tenant shall execute and deliver, within ten (10) days after requested, such further instrument or instruments confirming subordination as requested by Landlord.

20.2 In the event of subordination of this Lease, Landlord shall condition the subordination upon the customary agreement of the mortgagee or lessor that in the event of foreclosure or the assertion of any other rights under the mortgage or lease, this Lease and the rights of Tenant hereunder shall continue in effect and shall not be terminated or disturbed so long as Tenant continues to perform and is not in default under this Lease. Tenant shall receive from Landlord's current mortgagee an executed and recordable non-disturbance agreement in form reasonably acceptable to Tenant for the Premises in accordance with Section 2.5(b) of this Lease.

20.3 If any proceedings are brought for foreclosure, or in the event of the conveyance by deed in lieu of foreclosure, or in the event of the exercise of the power of sale, Tenant hereby attorns to, and shall execute any instrument in writing reasonably satisfactory to the new owner, attorning to such successor in interest and recognizing such successor as the Landlord under this Lease.

20.4 Tenant, within twenty (20) days after request by Landlord, will execute and deliver to Landlord, an estoppel certificate, in form acceptable to Landlord, certifying: (i) the Commencement Date and Termination Date; (ii) that this Lease is unmodified and in full force and effect, or is in full force and effect as modified, stating the modifications; (iii) that, to the best of Tenant's knowledge, the Lease is not in default, or listing any such defaults and that Tenant does not claim any rights of setoff, or listing such rights of setoff; (iv) the amount of Rent due as of the date of the certificate, the date to which the Rent has been paid in advance, and the amount of any Security Deposit or prepaid Rent; and (v) to such other matters as may be reasonably requested by Landlord. Any such certificate may be relied on by any prospective purchaser, mortgagee or lessor of the Property.

20.5 Tenant agrees to give any mortgagee(s), by registered mail, a copy of any such notice of default served upon the Landlord, provided that prior to such notice, Tenant has been notified, in writing (by way of Notice of Assignment of Rents and Leases, or otherwise), of the address of such mortgagee(s), Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the mortgagee(s) shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days, any mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default, (including, but not limited to, commencement of foreclosure proceedings, if necessary, to effect such cure) in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

21. Holding Over

21.1 If Tenant remains in possession of the Premises after the Termination Date with or without the consent of Landlord, it will be deemed to be occupying the Premises as a tenant from month to month, subject to all the covenants of this Lease to the extent that they can be applied to a month to month tenancy, except that the Monthly Installment of Base Rent for each month will be one hundred fifty (150%) percent of the Holdover Base (as defined below). The Holdover Base shall be the regular Monthly Installment of Base Rent payable for the last month of the Term of this Lease. These covenants shall not preclude Landlord from recovering damages as a result of Tenant's failure to timely deliver possession of

the Premises, nor establish any right or option of extension or renewal on behalf of Tenant. Tenant shall indemnify, defend, and hold Landlord harmless from all loss or liability (including, without limitation, any loss or liability resulted from any claim against Landlord made by any succeeding tenant) resulting from Tenant's failure to timely surrender the Premises to Landlord and losses to Landlord due to lost opportunities to lease the Premises to succeeding tenants.

22. Security Deposit

Intentionally omitted.

23. Indemnification

23.1 Tenant shall, at its expense, indemnify and defend Landlord, its licensees, invitees, agents, employees and contractors, from any loss, damage, claim, liability or expense, (including attorney fees) of any kind, type or description, including without limitation, claims for bodily injury, disease, death, property damage or environmental clean-up arising directly or indirectly out of the acts or omissions of Tenant, its agents, employees, contractors or invitees on the Premises, the failure of Tenant to comply with any covenant of this Lease, or any other event on or relating to the Premises caused by the negligence of Tenant, its agents, employees, contractors or invitees.

23.2 Landlord shall, at its expense, indemnify and defend Tenant, its licensees, invitees, agents, employees and contractors harmless from any loss, damage, claim, liability or expense (including attorney fees) of any kind, type or description, including without limitation, claims for bodily injury, disease, death, property damage or environmental clean-up arising directly or indirectly out of the acts or omissions of Landlord, its agents, employees, contractors or invitees on the Premises, the failure of Landlord to comply with any covenant of this Lease, or any other event on or relating to the Premises caused by the negligence of Landlord, its agents, employees, contractors or invitees.

23.3 The agreements set forth in this Section 23 shall not relieve any insurance carrier of its obligations under policies required to be carried by Landlord or Tenant, respectively, pursuant to the provisions of this Lease to the extent that such policies would otherwise cover the act or omission in question.

24. Definition Of Landlord; Landlord's Liability

24.1 The term "Landlord" as used in this Lease is limited to mean and include only the owner or owners of the Premises at the time in question, and in the event of any sale or transfer of Landlord's interests in the Property, the Landlord herein named (and in case of any subsequent transfers or conveyances the then grantor) will automatically be released of all liability for the performance of any covenants contained in this Lease, accruing after the date of transfer (provided same are assumed in writing by the transferee).

24.2 If Landlord fails to perform any covenant of this Lease, and as a consequence of such default Tenant recovers a money judgment against Landlord or an arbitration award pursuant to Section 17.15 above, such judgment or award may be satisfied only out of the proceeds of sale received upon execution of such judgment or receipt of such award and levied against the interest of Landlord in the Property or out of the unpaid rents or undistributed rents or undistributed sales proceeds from the Property, insurance or condemnation proceeds and Landlord shall not be liable, personally or otherwise, for any deficiency. If, however, Tenant is not able to recover the full amount of such judgment or award within sixty (60) days of the date of such judgment or award is final and not appealable, Tenant shall be entitled to offset any such unrecovered judgment or award against installments of Rent thereafter becoming due.

24.3 Landlord shall not be liable to Tenant for any acts or omissions of persons occupying the Building, nor for any damage to property entrusted to employees of the Building, nor resulting from any accident or occurrence in the parking area, nor for loss or damage to any property by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature.

25. Signs

25.1 Subject to the approval of the City of Novi, Landlord shall design and construct an exclusive exterior building sign on the Building as depicted on Exhibit C which shall be maintained, repaired and removed by Landlord but at Tenant's sole cost and expense. In no event shall individual letters or signs consisting of individual letters without a unified backing be allowed on the Building unless specifically approved in writing by Landlord, in its sole discretion. The cost of the design, construction and manufacture of Tenant's building sign shall be part of the Allowance. Except for the exterior sign as depicted on Exhibit C, no signs, lighting, lettering, pictures, notices, advertisements, shades, awnings or

decorations will be displayed, used or installed by Tenant except as approved in writing by Landlord, which approval shall not be unreasonably withheld. All such materials displayed in and about the Premises will be such only as to advertise the business carried on upon the Premises and Landlord will control the location, character and size thereof. Tenant shall not cause or permit to be caused any advertising materials or methods which are reasonably objectionable to Landlord or to other tenants of the Building, including without limiting the generality of the foregoing: loudspeakers, mechanical or moving display devices, unusually bright or flashing lights and similar devices the effect of which may be seen or heard from outside the Premises.

26. General

26.1 The Lease can be modified or amended only by a written agreement signed by the Landlord and Tenant. Landlord may unilaterally amend the Rules and Regulations by giving Tenant thirty (30) days prior written notice of such modification or amendment, provided the amended Rules and Regulations are uniform and commercially reasonable.

26.2 Time is of the essence in this Lease with respect to the performance of all covenants.

26.3 There are no representations with respect to the condition of the Property, rents, leases, Operating Expenses, Real Estate Taxes or any other matter related to the Premises except as expressly set forth in this Lease, and no rights, easements or licenses are acquired by Tenant by implication or otherwise.

26.4 All questions with respect to the construction of this Lease shall be determined in accord with the laws of the State of Michigan. Except for the terms otherwise defined herein, the language in all parts of this Lease shall be construed, in all cases, according to its plain meaning. The parties acknowledge that each party and its counsel have reviewed this Lease, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party, shall not be employed in the interpretation of this Lease or any document executed in connection herewith. The division of this Lease into articles, sections, subsections, rider and exhibits is for the convenience of reference only and shall not affect the interpretation or construction of this Lease.

26.5 Reference in this Lease to persons, entities and items have been generalized. Therefore, reference to a single person, entity or item will also mean more than one person, entity or thing whenever such usage is appropriate (for example, "Tenant" may include, if appropriate, a group of persons acting as a single entity, or as tenants-in-common). Similarly, pronouns of any gender should be considered interchangeable with pronouns of other genders.

26.6 This Lease shall be binding on successors and assigns.

26.7 Tenant, and each person executing this Lease on behalf of Tenant, hereby warrant and represent to Landlord that Tenant is validly organized and existing and authorized to do business under the laws of the State of Michigan, that the Tenant has full power and lawful authority to enter into this Lease, and that the execution of this Lease by such individual is legally binding upon the Tenant in accordance with its terms. Landlord, and each person executing this Lease on behalf of Landlord, hereby warrant and represent to Tenant that Landlord is validly organized and existing and authorized to do business under the laws of the State of Michigan, that Landlord has full power and lawful authority to enter into this Lease, and that the execution of this Lease by such individual is legally binding on the Landlord in accordance with its terms. Upon the request by Landlord, but not more often than twice annually, Tenant shall promptly furnish Landlord (and in any event within thirty (30) days after Landlord's request) a balance sheet as of the most recently ended fiscal year of Tenant and an income statement for the most recently completed fiscal year of the Tenant, prepared in accordance with the books and records of Tenant in accordance with its ordinary practices.

26.8 If any covenant of this Lease shall be invalid, illegal or unenforceable, such covenant shall be enforced to the fullest extent permitted by applicable law, and the validity, legality and enforceability of the remaining covenants shall not in any way be affected or impaired.

26.9 If the time for performance of any act or occurrence of any events falls on a day which is not a business day, then the date for such performance or occurrence shall be postponed to the next business day. For purposes of this Lease, "business day" shall mean any day which is not a Saturday or Sunday or a day on which United States federal courts are not open for business.

26.10 Except Grubb & Ellis (the "Broker") whose commission shall be paid by Landlord pursuant to the terms of a separate agreement, Landlord represents and warrants to Tenant, that there are no claims for

brokerage commissions or finder's fees in connection with this Lease as a result of the contracts, contacts or actions of Landlord and Landlord agrees to indemnify Tenant and hold it harmless from all liabilities arising from an alleged agreement or act by Landlord (including, without limitation, the cost of counsel fees in connection therewith; such agreement to survive the termination of this Lease. Tenant represents and warrants to Landlord that there are no claims for brokerage commissions or finder's fees in connection with this Lease as a result of the contracts, contacts or actions of Tenant, and Tenant agrees to indemnify Landlord and hold it harmless from all liabilities arising from any such claim arising from an alleged agreement or act by Tenant (including, without limitation, the cost of counsel fees in connection therewith); such agreement to survive the termination of this Lease.

26.11 Landlord hereby grants to Tenant a license, at its sole expense, to erect, maintain and operate on the roof of the Building, telecommunication equipment, including one (1) satellite dish which is three feet (3') or less in diameter ("Tenant Telecommunication Facilities"), for its internal telecommunications purposes and not for resale to others. The rights granted under this section are non-exclusive, limited use rights, in the nature of a license, which rights are personal to Tenant and may not be assigned or sublet except in connection with an assignment of the entire Lease or sublet of a material portion of the Premises. Tenant, at its sole expense shall do all work necessary to prepare and to install transmission lines, connecting the Tenant Telecommunication Facilities to the transmitters and receivers in the Premises. All of Tenant's construction and installation work ("Tenant's Work") shall be performed at Tenant's sole cost and expense and in a good and workmanlike manner in accordance with Tenant's specifications and subject to Landlord's general requirements for building alterations and the provisions outlined below and in such a manner as not to damage the roof or void the roof warranty. Title to the Tenant Telecommunication Facilities shall be in Tenant. Tenant understands that Landlord may, from time to time, upon ninety (90) days prior written notice, relocate the Tenant Telecommunication Facilities to another area of the Property provided such relocation does not materially, substantially and unreasonably interfere with Tenant's use of the Tenant Telecommunication Facilities and provided the relocation is at Landlord's sole cost and expense. Landlord or, at Landlord's option, Tenant shall remove all Tenant Telecommunication Facilities on or before the expiration or earlier termination of the term in such a manner so as not to void the roof warranty and, provided Tenant repairs any damage to the roof of the property caused by such removal, and Tenant shall pay all Construction Costs incurred in connection therewith.

- (a) Landlord shall provide to Tenant access to the roof of the Building upon two (2) days prior written notice.
- (b) Tenant shall submit working drawings ("Working Drawings") to Landlord for Landlord's approval.
- (c) Landlord shall either approve such Working Drawings or designate by notice to Tenant the changes required to be made to the Working Drawings or request additional information, which Tenant shall provide; and Tenant shall resubmit the modified Working Drawings to Landlord.
- (d) Tenant shall, at its sole cost and expense, install the Tenant Telecommunication Facilities in a good and workmanlike manner, and in compliance with the approved Working Drawings and all of the following (the "Codes"): building, electric, communications, and safety codes, ordinances, standards, regulations, and requirements of the Federal Government, including, without limitation, the Federal Communications Commission (the "FCC") or any successor agency having jurisdiction over radio or telecommunications, the Federal Aviation Association, the State of Michigan, Oakland County, City of Novi and all other governmental authorities having jurisdiction.
- (e) Landlord's review and approval of the plans and specifications for the installation of the Tenant Telecommunication Facilities and Landlord's supervision and inspection of such installation shall not be construed in any way as approval by Landlord of the adequacy or safety of the installation of the Tenant Telecommunication Facilities or as a waiver of any of Landlord's rights under this Lease, and Tenant shall be solely responsible for the adequacy and safety of the installation and operation of the Tenant Telecommunication Facilities and solely liable for any damages or injury arising out of such installation and operation. Tenant shall pay to Landlord, upon demand, the cost of repairing any damage to the Property cause by such installation (including, but not limited to, all costs association with any impairment of any roof warranty or guaranty) other than damages occurring due to the negligence or willful misconduct of Landlord. The

Tenant Telecommunication Facilities may only be connected to Landlord's power supply in strict compliance with the Codes. Landlord shall not be liable to Tenant for any stoppages or shortages of electrical power furnished to the Tenant Telecommunication Facilities.

Tenant's installation, maintenance and operation of the Tenant Telecommunication Facilities shall not interfere with Landlord's operation of the Building, cause radio or television interference to any tenant of the Building, or cause signal interference to any communication equipment operating on the Property, provided such radio communication equipment was installed by Landlord or any of Landlord's tenants prior to the Commencement Date. In the event any such interference is caused by Tenant, Tenant shall, at its own expense, provide and install any filter, isolators and other equipment necessary to eliminate such interference. Landlord reserves the right to lease and/or rent licenses for space on the roof of the Building for the operation of radio, telecommunication, and other equipment by other tenants and licensees and may relocate the Tenant Telecommunication Facilities from time to time to utilize the space on the roof in a manner satisfactory to Landlord; provided, however, that such other equipment or relocation shall not unreasonably interfere with Tenant's installation, operation, maintenance, or repair of the Tenant Telecommunication Facilities. Tenant will be responsible for all marking and lighting requirements of the Federal Aviation Administration ("FAA") or the Federal Communications Commission ("FCC") specifically associated with the construction, maintenance, or operation of Tenant's Telecommunication Facilities on the Property.

27. Expansion

27.1 After the Commencement Date, Tenant shall have a one-time right to cause Landlord to expand the Premises (the "Expansion Right") by the construction of an additional to the Building on the land outlined on Exhibit A-1 (the "Expansion Space") and to lease the Premises as expanded by Expansion Space for eleven (11) full Lease Years from the Inclusion Date (as defined below), subject to subparagraphs 27.2 - 27.8, inclusive..

27.2 Conditions -- At the time Tenant exercises the Expansion Right:

- (a) Lease -- The Lease must be in full force and effect;
- (b) Default -- Tenant shall not be in default beyond any applicable notice and cure periods; and
- (c) Financial Condition -- Tenant's current financial condition, as revealed by its most recent financial statements must demonstrate that Tenant's financial condition is reasonably acceptable to Landlord.

27.3 If Landlord's receives a request for a proposal to lease all or a portion of the Expansion Space, from any third party which Landlord desires to pursue or if Tenant notifies Landlord that Tenant desires to Lease the Expansion Space, Landlord shall deliver written notice to Tenant describing the Expansion Space (the "Leasing Notice"). Tenant shall exercise the Expansion Right, if at all, by the delivery to Landlord of a written notice (the "Expansion Notice") of Tenant's election to expand within thirty (30) days after the Leasing Notice, together with financial statements meeting the requirements of this Lease and Tenant's payment to Landlord of the cost, if any, of any capital expenditures which has been deferred pursuant to Section 6.2.

27.4 If Tenant declines or fails to effectively exercise the Expansion Right as provided herein or fails to meet the conditions set forth in paragraph 27.2, Landlord shall have no obligation to construct or lease the Expansion Space and Landlord shall thereafter be free to enter into a lease for some or all of the Expansion Space at any time on whatever terms Landlord may decide in its sole discretion..

27.5 Upon delivery of the Expansion Notice, Landlord shall promptly engage an architect (the "Landlord's Architect"), who shall work with Tenant to prepare the design, engineering, construction drawings and specifications required for the construction of the Expansion Space (as they may be amended by approved change orders, the "Expansion Space Plans and Specifications"). Landlord shall not enter into a lease with any third party for the Expansion Space for a period of thirty (30) days from the delivery of the Leasing Notice while Landlord and Tenant attempt to negotiate an amendment to this Lease to expand the Premises to include the Expansion Space on the terms and conditions set forth herein.

27.6 If Tenant leases Expansion Space under this Section 27, all of the terms and conditions of the Lease shall apply to the Expansion Space except that:

- (a) The commencement date of the Lease for the Expansion Space (the "Inclusion Date") shall be on the sooner to occur of:
- (i) When Tenant takes possession of the Expansion Space (provided Tenant's installation of its fixtures for up to sixty (60) days in accordance with Section 2.5 during the construction of the Expansion Space by Landlord shall not be deemed the taking of possession by Tenant for purposes of this section); or
 - (ii) When all of the following have occurred: (i) the work to be done under this Section has been substantially completed and after the issuance of a conditional or temporary certificate of occupancy for the Expansion Space by the appropriate government agency within whose jurisdiction the Building is located, (ii) all utilities, mechanical systems and equipment (including the plumbing, electrical, fire suppression, security and HVAC systems) are fully functioning and in good operating condition and repair, the roof is free from leaks, and the Expansion Space is structurally sound, (iii) Landlord has tendered to Tenant keys to and full and exclusive possession of the entirety of the Expansion Space, and (iv) Landlord's Architect has delivered a certificate of substantial completion

Unless sooner terminated or extended in accordance with the terms hereof, the Term of this Lease with respect to the entire Premises, including the Expansion Space, shall be deemed modified so that it shall terminate eleven (11) full Lease Years after the Inclusion Date if the Inclusion Date is the first day of a calendar month and if it is not, then eleven (11) full lease years after the first day of the first calendar month following the Inclusion Date. Upon request by Landlord, Tenant will execute memorandum in order to confirm Commencement Date and the expiration date of the Term. Further, if the Inclusion Date occurs prior to the exercise of the Option Term under Section 3.2 above, then Option Term shall be modified so that if exercised, it shall follow the expiration of the Term as extended pursuant to this Section 27.6(a).

- (b) Landlord shall design and construct the Expansion Space within a reasonable time and the provisions of Sections 2.2 through 2.5 shall govern the development of the Tenant Improvement Plans and Specifications for the Expansion Space, including change orders, and the "Tenant Improvement Allowance" shall be Twenty Five and no/100 Dollars [REDACTED] per square foot.
- (c) The Annual and Monthly Base Rent for the initial Premises for the first full Lease Year following the Inclusion Date shall be 2.5% in excess of the Annual and Monthly Base Rent immediately preceding Inclusion Date, and shall increase 2.5% per Lease Year thereafter, on a cumulative basis. The Annual and Monthly Base Rent for the Expansion Space shall be the "Expansion Rental Adjustment," as reasonably determined by Landlord in accordance with this Section 27.6(c). Per diem Rent for the Premises from the Inclusion Date to the first day of the first Lease Year following the Inclusion Date shall be due on the Inclusion Dates. The process to determine the Expansion Rental Adjustment will be handled in an "open-book" environment. The Expansion Rental Adjustment shall equal the sum of the product of Landlord's total costs associated with the Expansion Space, including, without limitation, the fair market value of the land as reasonably determined by Landlord which is included as part of the Expansion Space and all Construction Costs for the base building and the Tenant Improvements, interest during construction, loan and defeasance costs, leasing brokerage commissions, if applicable, legal, developer's overhead (5% of total costs) and other costs (the "Expansion Costs") times a constant factor sufficient to amortize the Expansion Costs over fifteen (15) years on an actual/360 basis at a Per Annum Interest Factor. The Per Annum Interest Factor shall be the greater of 1) the BBB rated Corporate Index for 10-year obligations (the "Index") as published by Standard and Poors Credit Week for the month preceding the New Commencement Date, or similar index and publication, or 2) 10.50%. The Base Year Operating Expenses and Real Estate Taxes shall constitute the Base Year Operating

Expenses and Real Estate Taxes for the entire Premises as expanded by the Expansion Space.

- (d) As of the Inclusion Date, the Expansion Space shall be deemed part of the Premises.

27.7 The parties shall enter into an Amendment to this Lease if Tenant leases the Expansion Space providing for the following:

- (a) The Inclusion Date;
- (b) The entire Premises;
- (c) The revised Base Rent to be paid for the Entire Premises; and
- (d) Any other terms related to the exercise of the Expansion Right and the Expansion Space or this lease that either party reasonably requests to be confirmed.

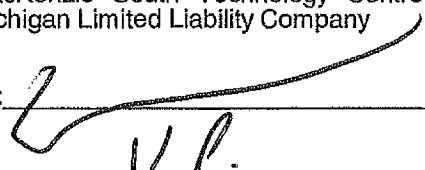
27.8 The failure of Tenant to exercise its right with respect to the Expansion Right strictly in accordance with this Section 27 shall void the Expansion Right.

(signatures begin on next page)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the Lease Date.

LANDLORD:

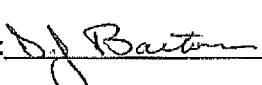
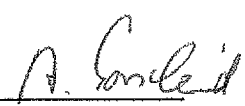
MacKenzie South Technology Centre LLC, a
Michigan Limited Liability Company

By:  _____

Its: V.P. _____

TENANT:

Tognum America Inc.,
a Delaware corporation

By:   _____

Its: Director of Purchasing CFO

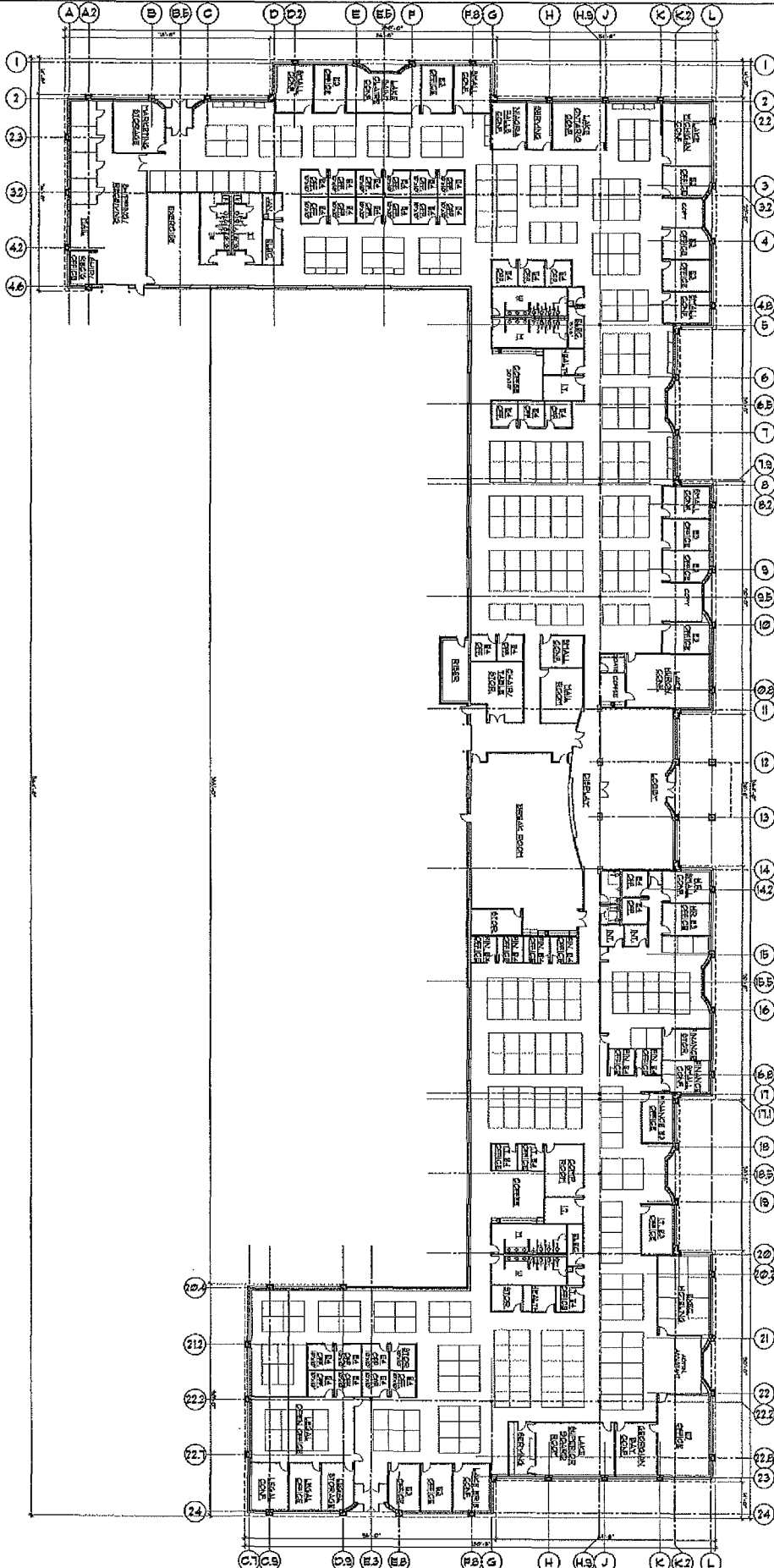
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06/15/2011

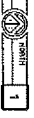
Index of Exhibits

Exhibit A-1	Floor Plan, Site Plan and Legal Description
Exhibit A-2	Rent Schedule
Exhibit B-1	Base Building Specifications
Exhibit B-2	Concept Specifications for Improvements
Exhibit C	Tenant's Exterior Sign
Exhibit D	Rules and Regulations
Exhibit E	Janitorial Specifications

EXHIBIT A-1
SITE PLAN



OVERALL FLOOR PLAN
1



PROJECT TITLE:		OVERALL FLOOR PLAN	
DATE:	5-5-11	DESIGNED FOR:	SITE PLAN APPROVAL
PROJECT NO.:	11017	PROJECT NO.:	11017
CLIENT:	TOGNUM AMERICA	CLIENT:	TOGNUM AMERICA
ARCHITECT:	FAUDIE ARCHITECTURE	ARCHITECT:	FAUDIE ARCHITECTURE
SCALE:	AS SHOWN	SCALE:	AS SHOWN

REV. #	DATE	DESCRIPTION
1	5-5-11	ISSUED FOR SITE PLAN APPROVAL

PROJECT NAME:
TOGNUM AMERICA HEADQUARTERS
NOVI, MICHIGAN



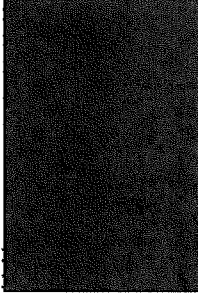
EXHIBIT A-2
RENT SCHEDULE

Annual Base Rent:*

Initial Term

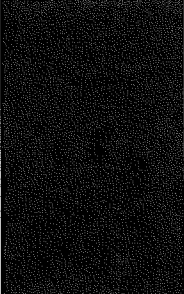
Option Term (if exercised)**

Year 1:
Year 2:
Year 3:
Year 4:
Year 5:
Year 6:
Year 7:
Year 8:
Year 9:
Year 10:
Year 11:



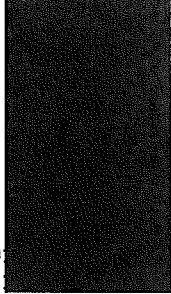
Year 12:
Year 13:
Year 14:
Year 15:
Year 16:

Year 17:
Year 18:
Year 19:
Year 20:
Year 21:



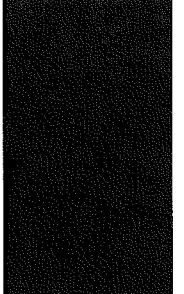
Monthly Installment of Base Rent:*

Year 1:
Year 2:
Year 3:
Year 4:
Year 5:
Year 6:
Year 7:
Year 8:
Year 9:
Year 10:
Year 11:



Year 12:
Year 13:
Year 14:
Year 15:
Year 16:

Year 17:
Year 18:
Year 19:
Year 20:
Year 21:



*Subject to adjustment in accordance with Section 2.3-2.4, and 4.1
**Subject to adjustment in accordance with Sections 3.2

EXHIBIT B-1

BASE BUILDING SPECIFICATIONS

The base building shall consist of a single story office/research building with brick and glass exterior. The base building will provide for a dramatic curved walls leading into a covered entry with double glass doors and sidelights. The base building has numerous insulated overhead doors man doors built for emergency exit and employee entrances. 1000 amp Electrical service will be provided per the specifications below, with distribution provided by Tenant Improvements. Base Building plumbing shall consist of the sanitary main and water stub. HVAC rooftop units and unit heaters as well as the Riser for Fire Protection shall be provided in the base building.

The rooftop units are sized to accommodate a 100% office build out. The design of the HVAC calls for three 6-ton HVAC units to be placed on the roof over an office pod. Additional HVAC may be added with tenant Improvement Allowance for Tenant specialties such as server room HVAC.

EXHIBIT B-2

CONCEPT SPECIFICATIONS FOR TENANT IMPROVEMENTS

BASE BUILDING SPECIFICATIONS

The base building shall consist of a single story office/research building with brick and glass exterior. The base building will provide for a dramatic curved walls leading into a covered entry with double glass doors and sidelights. The base building has one insulated overhead doors and man doors built for emergency exit and employee entrances. A 1600 AMP 480/277v Main Distribution Panel will be provided, with distribution provided by Tenant Improvements. Base Building plumbing shall consist of the sanitary main and water stub. HVAC rooftop units and unit heaters as well as the Riser for Fire Protection shall be provided in the base building.

The rooftop units are sized to accommodate a 100% office build out. The preliminary design of the HVAC calls for three 6-ton HVAC units to be placed on the roof over an office pod. Additional HVAC may be added with tenant Improvement Allowance for Tenant specialties such as server room HVAC.

Please See the Contractor Clarification Statement for Base Building Details.

CONCEPT SPECIFICATIONS FOR TENANT IMPROVEMENTS

Landlord shall provide the Tenant Improvement Allowance as stipulated above and this amount, combined with Tenant's Contribution (if any) is responsible for building out the Premises in a turnkey manner, pursuant to an agreed upon floor plan and the following minimum specifications, which are expanded upon in the attached Contractor Clarification Statement:

- A. Floor and Finishes:**
4" reinforced Cement slab and building standard interior floor finishes.
All Labor, materials and vinyl or carpet base included.
- B. Carpentry:** Steel stud and drywall partition construction and furring of interior side of exterior walls and columns (including taping, sanding and painting and one coat colored primer, one coat finish of Sherwin Williams EG-SHEL, flat or equivalent). Doors: All interior wood doors shall be solid core 8 ft. plain sliced birch, stained Bombay with black metal frames. Hardware is brushed stainless lever type. Laminate windowsills shall be placed at all exterior windows. Acoustic ceiling tile and grid. The suspended ceiling system in the office area will consist of a Building Standard 2'x4' Armstrong 2nd look (or equivalent), acoustical grid-type ceiling at 10' aff. Cabinets and countertop in kitchen and break rooms.
- C. Plumbing:** Plumbing and finish in bathrooms, coffee rooms, lunch room, and janitor's closet. Finish of Toilet Rooms including walls, floors, ceiling, base, lighting, counter tops, toilet partitions, and fixtures. Counter tops will be Formica brand, laminate. Stainless steel kitchen sink. Number and location of bathroom facilities and fixtures per plan
- D. Suite Electrical:** Please see contractor clarification statement for detail.
Note: Installation of the following is at Tenant's cost: all communication, data, computer and telephone wiring and conduits. Note – for the convenience of the build-out, Landlord will provide conduits for data stubs, the cost of which will be reimbursed to Landlord upon Tenant taking Occupancy. Tenant will hang data cabling close to the underside of the deck.
- E. HVAC:** The Office will be fully air-conditioned. The base building heating and air conditioning system shall consist of multiple gas-fired units placed on the roof. The Allowance is responsible for the distribution from the units. In the office area, units shall maintain a 70-degree F. dry bulb temperature inside at 90 degree F. dry bulb temperature outside.
- F. Fire Protection:** Fire Protection shall be a wet system of automatic sprinklers based on light hazard occupancy per NFPA 13. Sprinkler head shall be recessed and spacing to meet code requirements. Tenant will store all materials on metal shelves.

- G. Miscellaneous:** Permits, Fees, Architectural Space Planning, Drawings, Revisions and Blueprint and Other Costs. Also, Lab Window Coverings, Temporary Utilities, Contractor Fee (10% on initial construction; 15% on change orders) and Supervision, Developer overhead reimbursement and General Conditions.

TENANT RESPONSIBILITIES:

- Any increase in costs over and above the indicated allowances or change in scope of work, or change in materials that increase the budgeted costs for the material changed shall be the responsibility of the Tenant.
- Tenant will be responsible for any additional work that may be required the City of Novi due to Tenant's requirements and any repair work generated as a result of Tenant and Tenant contractor's work during construction.
- Tenant is further responsible for the cost of identification and directional signage and related work.
- All communication, data, computer and telephone wiring and conduits provided by Tenant. Landlord will install conduits during construction; Tenant will reimburse the cost at the end of the construction within 10 days of Landlord's billing.
- Tenant signage.
- Suite security system.
- All Costs associated with any Tenant required server room specialized HVAC.
- Any work not specifically delineated as Landlord's Responsibility shall be the responsibility of the Tenant.

**Contractor Clarification Statement
SITEWORK AND BUILDING SHELL
(Per Plan PFP-5, dated April 25, 2011 from Faudie Architecture)**

01-100 General Conditions

1. Supervision
2. Temporary Office
3. Temporary Restrooms
4. Construction Dumpsters
5. Constructions Clean-ups
6. Material Testing
7. Final Cleaning
8. Construction Staking
9. Miscellaneous Rentals
10. General Supplies
11. General Liability Insurance
12. General Labor

02-100 Site Earthwork

13. Silt Fencing
14. Mud mat
15. Cut and fill with on site material
16. Furnish and install 4" sand under building pad and exterior concrete
17. Back fill curbs and rough grading of site
18. Work with retaining wall contractor to backfill behind stone fill as the wall goes up

02-300 Site Utilities

Storm Sewer

19. 472 l.f. 30" C76 CLIV
20. 20 l.f. 24" C76 CLIV
21. 573 l.f. 12" C76 CLIV
22. 441 l.f. 8" PVC
23. (5) 5' structures
24. (7) 4' structures
25. (11) Circular edge drains
26. (2) Tap existing manholes

- 27. (3) Adjust existing structures
- 28. Sand backfill under paved areas

Additional storm sewer for 68,475 s.f. building

- 29. 100 l.f. 24" C76 CLIV
- 30. 110 l.f. 18" C76 CLIV
- 31. 230 l.f. 12" C76 CLIV
- 32. 265 l.f. 8" PVC
- 33. (4) 4' structures
- 34. (4) Circular edge drain
- 35. Sand backfill under paved areas

Sanitary Sewer

- 36. Connect to existing lead
- 37. 15 l.f. 6" PVC
- 38. (1) Monitoring manhole
- 39. (1) Adjust existing structure
- 40. Sand backfill under paved areas

Water Main

- 41. Connect to existing 8" stub
- 42. 85 l.f. 8" DIWM
- 43. 101 l.f. 2" domestic service (tap by city of Novi)
- 44. (1) 2" valve box
- 45. (1) 8" riser for fire protection
- 46. Pressure test and chlorinate
- 47. (1) Adjust existing gate well
- 48. Sand backfill under paved areas

02-500 Asphalt Paving

- 49. 140,222 s.f. asphalt paving 8" stone, 3" asphalt
- 50. 4,045 l.f. 6" x 18" concrete curb and gutter
- 51. Pavement Markings
- 52. (3) Parking signs, (3) stop signs, (10) no parking fire lane signs
- 53. Included fire lane/barrier free parking/ keep right/ stop signs

02-800 Landscaping, Irrigation, Retaining Wall

- 54. 5,900 s.f. versa wall including stamped drawings
- 55. 560 l.f. perforated drain tile
- 56. 10 rolls geo grid
- 57. 1,200 c.y. engineered backfill
- 58. 200 c.y. crushed stone backfill for drain tile
- 59. (3) Black or Sour Gum 2.5" caliper
- 60. (13) White Spruce 7'
- 61. (3) Red Sunset Maple 3" caliper
- 62. (4) Armstrong Red Maple 3" caliper
- 63. (15) Heritage River Birch 10'
- 64. (19) Maldenhair Tree 3" caliper
- 65. (10) Dawn Redwood 3" caliper
- 66. (3) Black or Sour Gum 3" caliper
- 67. (5) Aristocrat Pear 3" caliper
- 68. (3) Regal Prince English Oak 3" caliper
- 69. (9) Sterling Linden 3" caliper
- 70. (9) Lacebark Elm 3" caliper

71. (4) Shadblow Serviceberry 2.5" caliper
72. (53) Crimson Sentry Maple 2.5" caliper
73. (3) Redbud 2.5" caliper
74. (9) Winter King Hawthorn 2.5" caliper
75. (1) Sugar Tyme Crab 2.5" caliper
76. (13) White Spruce 8'
77. (15) Austrian Pine 8'
78. (20) Serbian Spruce 8'
79. (40) Annbelle Hydrangea 24"
80. (30) Endless Summer Hydrangea 24"
81. (20) Late Panicle Hydrangea 24"
82. (202) Shamrock Holly 24"
83. (224) Gro Low Fragrant Sumac 24" spread
84. (21) Improved Dwarf Red Spirea 24" spread
85. (86) Little Princess Spirea 24" spread
86. (121) Globe Arborvitae 24" spread
87. (12) Dark Green Arborvitae 5'
88. (99) Karl Forester Feather Reed Grass 2 gal
89. (116) Purpleleaf Wintercreeper 1 gal
90. (77) Happy Returns Daylily 1 gal
91. (99) Little Business Daylily 1 gal
92. (72) Palace Purple Coral Bells 1 gal
93. (243) Strawberry Candy Daylily 1 gal
94. (4) Elegans Blue Hosta 1 gal
95. (57) Blue Oat Grass 2 gal
96. (4) Wide Brim Hosta 1 gal
97. (7) Striped Eulalia Grass 2 gal
98. (38) Maiden Grass 2 gal
99. (24) Silver Feather Japanese Silver Grass
100. (88) Walker's Low Catmint 1 gal
101. (48) Six Hills Giant Catmint 1 gal
102. (45) Switch Grass 2 gal
103. (27) Cloud Nine Switch Grass 2 gal
104. (110) Autumn Joy Sedum 1 gal
105. 60 c.y. mulch
106. 7,000 s.y sodding
107. 743 c.y. owner furnished topsoil
108. 350 c.y. plant mix
109. Irrigation system
110. Off site seeding 1,200 s.y.

02-900 Site Fencing

111. (2) Dumpster enclosure gates
112. 570 l.f. of aluminum rail at \$30.00/l.f.

03-100 Concrete Foundations

113. 92 l.f. 16" x 42" reinforced dumpster footings with vertical dowels
114. 24" x 42" reinforced trench footing w/ 2 #5 bars top and bottom and vertical dowels
115. 16" x 42" reinforced trench footing w/ 2 #5 bars top and bottom
116. Vertical insulation on inside of trench as required
117. Column footings per plan
118. Mass pour entry footings at exterior doors
119. Place and grout anchor bolts and leveling plates
120. 3,000 psi concrete

03-300 Concrete Flatwork

121. Place (20) 6" steel bollards - site concrete

- 122. 2,080 s.f. 9" reinforced concrete for drive approaches with type M openings - site concrete
- 123. 867 s.f. 6" reinforced concrete for dumpster enclosures - site concrete
- 124. 5,612 s.f. 4" concrete walk- site concrete
- 125. 4,810 s.f. 4" concrete walk 5' wide with drop face curb - site concrete
- 126. (16) Ramps with detectable mats - site concrete

04-100 Masonry

- 127. Glen Gery Wyandotte or equal utility bricks (\$980.00/M allowance)
- 128. Masonry starting 8" below grade and extending to 18'8" AFF
- 129. 8" CMU with reinforcing and grout
- 130. Includes bracing of rear load bearing wall
- 131. (2) Dumpster enclosures with cap
- 132. Installation of (2) hollow metal frames
- 133. Installation of (2) overhead door frames
- 134. Installation of all loose lintels
- 135. Brick ties
- 136. Aluminum and stainless steel drip edge
- 137. Membrane flashing and weep holes
- 138. Control joints
- 139. Cleaning of exterior masonry
- 140. Caulking of masonry control joints
- 141. Window sills are brick
- 142. Top of parapet is brick accent color

05-100 Structural Steel

- 143. Structural steel for a 68,475 s.f. building with 18'8" parapet
- 144. Interior structural columns
- 145. Perimeter columns and beams
- 146. Rear wall is masonry load bearing
- 147. Joists & Beams
- 148. Metal Decking
- 149. Sump pans
- 150. Roof screen frames
- 151. (20) 6" steel bollards
- 152. (2) Overhead door frames
- 153. (1) Roof access ladder
- 154. Loose lintels for rear wall window openings

06-100 Carpentry

- 155. 2x wood nailer at top of building parapet
- 156. Metal framing, insulation and aluminum at exterior soffits
- 157. Exterior plywood at all perimeter window sills

06-200 Exterior Canopy

- 158. \$20,000.00 allowance included for an exterior canopy

07-500 Roofing & Sheet Metal

- 159. Loose lay polyisocyanurate insulation R 16
- 160. .045 non reinforced EPDM ballasted roofing system
- 161. All necessary wall and penetration flashing
- 162. 24 gauge pre finished metal coping
- 163. 950 l.f. roof screening 5' tall (\$28,262.00 value)
- 164. Flashing of thru wall scuppers
- 165. Flashing of (60) roof screen penetrations
- 166. Flashing of (20) RTU curbs
- 167. Flashing of (4) exhaust fan curbs
- 168. 10 year manufacturer's warranty

08-200 Doors Frames & Hardware

- 169. (2) 3/0 x 7/0 Exterior hollow metal frames, doors & hardware (NRP hinges, mortise lock, closer, sweep, threshold, weatherstripping)

08-600 Overhead Doors

- 170. (1) 10' x 12' CHI model 3285 hi lift insulated sectional doors
- 171. (1) 1/2 h.p. electric jackshaft motorized operators

08-400 Glass & Aluminum Framing

- 172. Exterior clear anodized framing, butt glazing, 1" grey tinted Low E glass
- 173. Sill flashing
- 174. Includes insulated glass for exterior doors
- 175. Includes standard panic devices for all double doors
- 176. (5) 10' x 10' entrance openings with 6/0 x 8/0 double entrance doors, two side lites, transom,
- 177. (5) 10' x 10' fixed storefront openings with mullions inside and out
- 178. (1) 6' x 8' double entrance doors with transom to outside seating area
- 179. (22) 10' x 7' window openings butt glazed
- 180. (12) 18' x 7' window openings butt glazed
- 181. (1) 21' 10" x 7' window opening butt glazed
- 182. (1) 22' 10" x 7' window openings butt glazed
- 183. (2) 20' 8" x 7' window openings butt glazed
- 184. (6) 20'4" x 7' window openings butt glazed
- 185. (2) 13' x 7' window openings butt glazed
- 186. (3) 25'4" x 7' window openings butt glazed
- 187. (22) 10' x 7' window openings butt glazed
- 188. (1) Building Corner 6'6" x 12'6"
- 189. (9) Building Corner 6'6" x 11'10"
- 190. (1) Building Corner 6'6" x 20'6"
- 191. (2) Building Corner 6'6" x 26'6"

09-700 Painting

- 192. (2) Exterior hollow metal doors & frames
- 193. (2) Overhead door frames
- 194. (20) Pipe bollards
- 195. 1,142 l.f. steel lintel above windows
- 196. Alkyd enamel on interior and exterior hollow metal doors and frames
- 197. Alkyd enamel on overhead door frames, steel lintels and pipe bollards

10-520 Fire Extinguishers

- 198. By code

15-300 Fire Suppression

- 199. Fire riser including all required valves, flow switches, shut-offs, inspector's tests
- 200. Design, fabrication, installation
- 201. Permit fees included

15-400 Plumbing

- 202. (8) Roof sumps and storm piping including underground plumbing and connection to storm sewer
- 203. Gas piping to (20) RTU's to be schedule 40 black pipe, 3" piping starting at gas meter
- 204. Installation of water meter and irrigation stub
Permit fees included

15-700 HVAC

- 205. (20) HVAC RTU's with a total capacity of 168 tons of cooling
- 206. (20) Programmable thermostats
- 207. Permit fees included

16-100 Electrical

- 208. (1) CT metering cabinet
- 209. 1600 AMP 480/277v Main Distribution Panel
- 210. (1) 100 amp 480v 30 circuit panel
- 211. (1) 100 amp 208/120v 30 circuit panels
- 212. (1) 30 KVA transformer
- 213. (1) Photo cell control
- 214. (1) Time clock
- 215. (1) Lighting contactor
- 216. 4" conduits for primary and secondary lines
- 217. (10) Exterior recessed soffit lights
- 218. (12) 20' Light poles with 400w metal halide fixtures
- 219. (5) 20' Light poles with double 400w metal halide fixtures
- 220. (22) 250w exterior wall mounted down lights
- 221. Permit fees included

Contractor Clarification Statement
TENANT IMPROVEMENTS
(Per Plan PFP-5, dated April 25, 2011 from Faudie Architecture)

03-300 Concrete Flatwork

- 222. 64,475 s.f. of 4" reinforced office slab w/ perimeter insulation, perimeter expansion joint, and visqueen

06-100 Carpentry

- 223. Metal furring & rigid insulation at exterior walls (shipping/receiving to be full height drywall to roof deck)
- 224. 3 5/8" 25 gauge metal studs with one layer 1/2" drywall each side for interior partition walls (10' tall)
- 225. Restroom and Lobby walls to 14' tall
- 226. Wood blocking for millwork, toilet partitions, & interior glazing
- 227. USG Radar Illusions acoustical ceilings (ceiling height 9' 10 1/2")
- 228. Install exterior hollow metal doors and hardware
- 229. Install interior hollow metal frames and wood doors and hardware
- 230. Install toilet accessories
- 231. 5,000 s.f. sound insulation included

06-500 Millwork

- 232. (2) 6' p-lam barrier free lav tops
- 233. (4) 9' p-lam barrier free lav tops
- 234. 54 l.f. p-lam base cabinets, upper cabinets and counter in various rooms
- 235. 1,142 l.f. p-lam perimeter window sill

08-200 Doors Frames & Hardware

- 236. (34) 3/0 x 8/0 interior welded hollow metal frames
- 237. (60) 3/0 x 8/0 interior welded hollow metal frames with 48" side lites
- 238. (5) 6/0 x 8/0 interior welded hollow metal frames
- 239. (1) 10' x 8' interior welded hollow metal borrowed lite
- 240. (1) 20' x 8' interior welded hollow metal borrowed lite
- 241. (104) 3/0 x 8/0 solid core, rotary cut, birch veneer, pre finished wood doors
- 242. (2) Schlage AL privacy sets
- 243. (91) Schlage AL passage sets
- 244. (6) Rockwood push/pull hardware
- 245. (10) Rockwood flush bolts
- 246. (416) BB hinges
- 247. (10) LCN interior door closers

- 248. (90) Rockwood wall bumpers

08-400 Glass & Aluminum Framing

- 249. Interior vestibule glazing for Lobby and Display Area: (2) 12'3" wide x 10' tall openings,
(1) 14' wide x 10' tall opening with 8' tall double entrance doors
- 250. Mirrors: (4) 9' x 36", (2) 6' x 36", (2) 2' x 36"
- 251. (60) 48" interior office side lites /Store fronts
- 252. (6) 5'x8' conference room borrowed lites/Store fronts

09-300 Hard Tile (as per MTU Design Specifications)

- 253. Dal Tile Gold Rush 5201 Fargo Gray 12x12 floor tile (8) restrooms
- 254. Dal Tile Gold Rush Mosaics 5200 Klondike White 2x2 wall tile (8) restrooms to 5' AFF
- 255. Dal Tile Keystone Unglazed Mosaic D469 Galaxy 4" accent stripe (8) restrooms
- 256. 12x12 porcelain tile and matching base in Lobby
- 257. 12x12 porcelain tile with porcelain tile base in Showroom

09-600 Carpet & VCT (as per MTU Design Specifications)

- 258. 6,538 s.y. Shaw Carpet Tile, Balance EW24, style 59340, 40485 Harboring, Monolithic pattern (\$30.00/s.y.)
- 259. 2,118 s.f. Armstrong Excelon VCT per the floor finish plan
- 260. 7,572 l.f. Johnsonite 69 Sterling Silver 4" cove base in all carpet and VCT areas
- 261. 175 l.f. vinyl transition strips

09-700 Painting

- 262. (99) Interior hollow metal frames
- 263. Prime paint and two coats eggshell finish on all interior drywall surfaces

10-600 Toilet Partitions

- 264. Baked enamel metal toilet partitions for (6) toilet rooms per plan
- 265. Floor mounted and overhead braced

10-100 Toilet Accessories

- 266. (21) Toilet tissue dispensers Bradley 5241-50
- 267. (24) grab bars for barrier free stalls Bradley 812
- 268. (8) Recessed paper towel/waste dispensers Bradley 235

13-850 Fire Alarm

- 269. Per code fire alarm

15-300 Fire Suppression-design based on "Light Hazard"

- 270. Extended coverage concealed heads
- 271. Upright brass sprinklers for shipping/receiving
- 272. Design, fabrication, installation
- 273. Permit fees included

15-400 Plumbing

- 274. (21) flush valve toilets
- 275. (3) Wall hung urinals
- 276. (16) Counter lavs with faucets
- 277. (2) Wall hung china lavs
- 278. (5) Single compartment s.s. sinks with faucets
- 279. (1) Electric water cooler
- 280. (3) Floor mounted service sink with wall mount faucet and bucket hook
- 281. (5) Electric water heaters
- 282. (8) Floor drains
- 283. Underground plumbing & sand backfill inside the building
- 284. Pex water piping underground to each room
- 285. Sanitary and vent piping to be schedule 40 PVC, cast iron in ceiling plenum

286. Permit fees included

15-700 HVAC

- 287. Complete air distribution system for each RTU
- 288. Ceiling plenum return
- 289. (4) Toilet room exhaust systems
- 290. (3) Electric wall heaters
- 291. (1) Electric base board heater for vestibule
- 292. Permit fees and air balancing included

16-100 Electrical

- 293. (3) 400 amp 480v 42 circuit panels
- 294. (3) 200 amp 208/120v 42 circuit panels
- 295. (3) 75 KVA transformer
- 296. (10) 4' 4-lamp fluorescent hi-bay lighting for shipping/receiving
- 297. (970) 2 x 4 Lithonia Avanti 2AVG332MDR direct/indirect lay-in fixtures
- 298. (14) Compact fluorescent recessed fixtures
- 299. (40) Emergency light fixtures
- 300. (35) exit/emergency combination fixtures
- 301. (2) Overhead door motor connections
- 302. (320) office duplex receptacles
- 303. (20) GFCI receptacles
- 304. (88) Single pole switches
- 305. (120) telephone/data raceways
- 306. (50) Ceiling mounted motion sensors
- 307. (4) Conference room power/data floor boxes
- 308. (50) Data floor boxes to feed cubicles underground
- 309. (50) Power floor boxes to feed cubicles underground
- 310. (50) Systems furniture connections
- 311. (2) Baseboard heater connections
- 312. (4) Roof mounted exhaust fan connections
- 313. (5) Water heater connections
- 314. (1) Water cooler connection
- 315. (4) Disposal connections
- 316. Permit fees included

EXCLUSIONS

- 317. Access controls
- 318. Burglar alarm
- 319. Fire alarm monitoring
- 320. Structural design
- 321. Projectors or projector screens
- 322. Telephone systems or service
- 323. P.A. systems or computer systems
- 324. Low voltage wiring
- 325. Exterior building signage
- 326. Installation of Tenant fixtures

**Contractor Clarification Statement
Miscellaneous**

WARRANTY – Contractor shall remedy by repair or replacement, any defects in workmanship and/or materials which appear, and of which Contractor shall be promptly notified in writing within a twelve (12) month period from the date of substantial completion of occupancy; provided, however, that this warranty shall not apply to damage caused by acts of God, improper maintenance, normal wear and tear, or the result of other normal or ordinary characteristics of building materials. Contractor shall not be responsible for any consequential damage or any other loss resulting from any such defect or damage. Contractor disclaims all other warranties, express or implied, of every kind and nature.

OVERALL PROJECT: Included in the Shell and Tenant Improvements are the following:

Pro-rated amounts between Shell and Tenant Improvements for Permits, Fees, Architectural Space Planning, Drawings, Revisions and Blueprint and Other Costs; Temporary Utilities, [REDACTED] allowance for Building Standard blinds, Contractor Fee (10% on initial agreed upon work and 15% on change orders) and Supervision, General Conditions and Developer Overhead.

EXHIBIT C
TENANT'S EXTERIOR SIGN

EXHIBIT D

BUILDING RULES AND REGULATIONS

Tenant shall comply with the following schedule of rules and regulations and take such actions as are necessary to ensure compliance by its agents, contractors and invitees. All rules and regulations set forth in this schedule shall be in addition to, and shall in no way limit, the provisions of the Lease.

1. No area of the Building shall be used for any purposes other than those for which they are designated.
2. Soliciting, peddling and canvassing are prohibited on the Premises.
3. Nothing shall be attached to the interior or exterior of the Building other than normal, Landlord approved fixtures.
4. No bicycles, vehicles or animals of any kind (other than wheelchairs and seeing-eye dogs) shall be brought into the Building.
5. No marking, drilling, boring, cutting or defacing of the walls, floors or ceilings of the Building (other than the hanging of art work, diplomas and similar objects) shall be permitted, except as expressly provided to the contrary in the Lease.
6. The toilets and other plumbing fixtures shall not be used for any purpose other than that for which they are designed.
7. Smoking is prohibited anywhere inside the Building. Smoking is prohibited outside the Building near the entry and exit ways, or in any other areas designed by Landlord.
8. Do not obstruct sidewalks, entrances, halls, elevators or stairways in or about the Building
9. Do not install or change locks.
10. Landlord shall not be responsible for any lost or stolen money or property.
11. The Premises shall not be used for any immoral or illegal purpose.
12. Building windows may be cleaned at any time.
13. Tenant shall provide adequate waste and rubbish receptacles for the cleaning staff.
14. Landlord must approve any contractor rendering any service in the Premises before performance of any contractual services. All contractors must have a certificate of insurance on file with Landlord. No contractor shall interfere with other work being performed at the Property, nor allow its employees or agents to interfere with such work.
15. Parking Regulations:
 - (i) Parkers will be expected to park their vehicles in an orderly manner within the marked stalls provided.
 - (ii) It is recommended that vehicles be left in a "brakes on, doors locked" condition at all times.
 - (iii) No vehicles will be allowed to park in any driveway area or in any manner which will interfere with the normal flow of traffic.
 - (iv) Tenant agrees that all its employees have been fully informed as to the content of these regulations.
 - (v) Landlord or Landlord's agents and employees shall not be liable for and Tenant waives all claims through Tenant resulting from any accident or occurrence in and upon the parking area.
 - (vi) Vehicle owner or owner's agents shall not wash, wax or otherwise clean or prep the interior/exterior of vehicles or perform any maintenance whatsoever on vehicles within the parking area or on any part of the parking lot servicing the Building.

- (vii) In the event that vehicle owner's use of the parking area violates any local, county or state law, regulation or ordinance, automobile owner's right to utilize the parking area shall immediately cease.

16. The rules and regulations must be observed unless they are waived in writing by Landlord.

Tenant shall be responsible for the observance of all the foregoing rules and regulations by Tenant's agents, contractors and invitees. Landlord shall not be responsible for any violation of the foregoing rules and shall have no obligation to enforce the same against others. Landlord shall have the right to amend these rules and regulations from time to time in accordance with the terms of the Lease.

EXHIBIT E
JANITORIAL SPECIFICATIONS

Cleaning Services will be provided after regular business hours by Landlord, subject to reimbursement by Tenant as provided in the Lease, Monday thru Friday (5 days per week).

ENTRANCE AND OFFICE AREAS

1. Empty trash containers and replace liners.
2. Wipe desks, dust file cabinets, disinfect phones, dust chair legs.
3. Vacuum all carpet areas and entrance mats.
4. Mop all tile floors.
5. Dust all window ledges.
6. Wipe down all wall hangings.
7. Clean entrance glass doors of fingerprints.

KITCHEN AREA:

8. Empty trash and replace liners.
9. Mop tile floor.
10. Clean and sanitize sinks, table tops, and counter tops.
11. Clean and sanitize coffee stations.

RESTROOMS:

12. Wash and sanitize toilets.
13. Clean mirrors, sinks, polish chrome.
14. Mop floors.
15. Refill dispensers – (hand towels, soap, toilet paper)
16. Sanitize door handles.
17. Empty trash and replace liners.

EQUIPMENT & SUPPLIES:

All cleaning equipment and cleaning chemicals required to perform the above specified work will be provided.

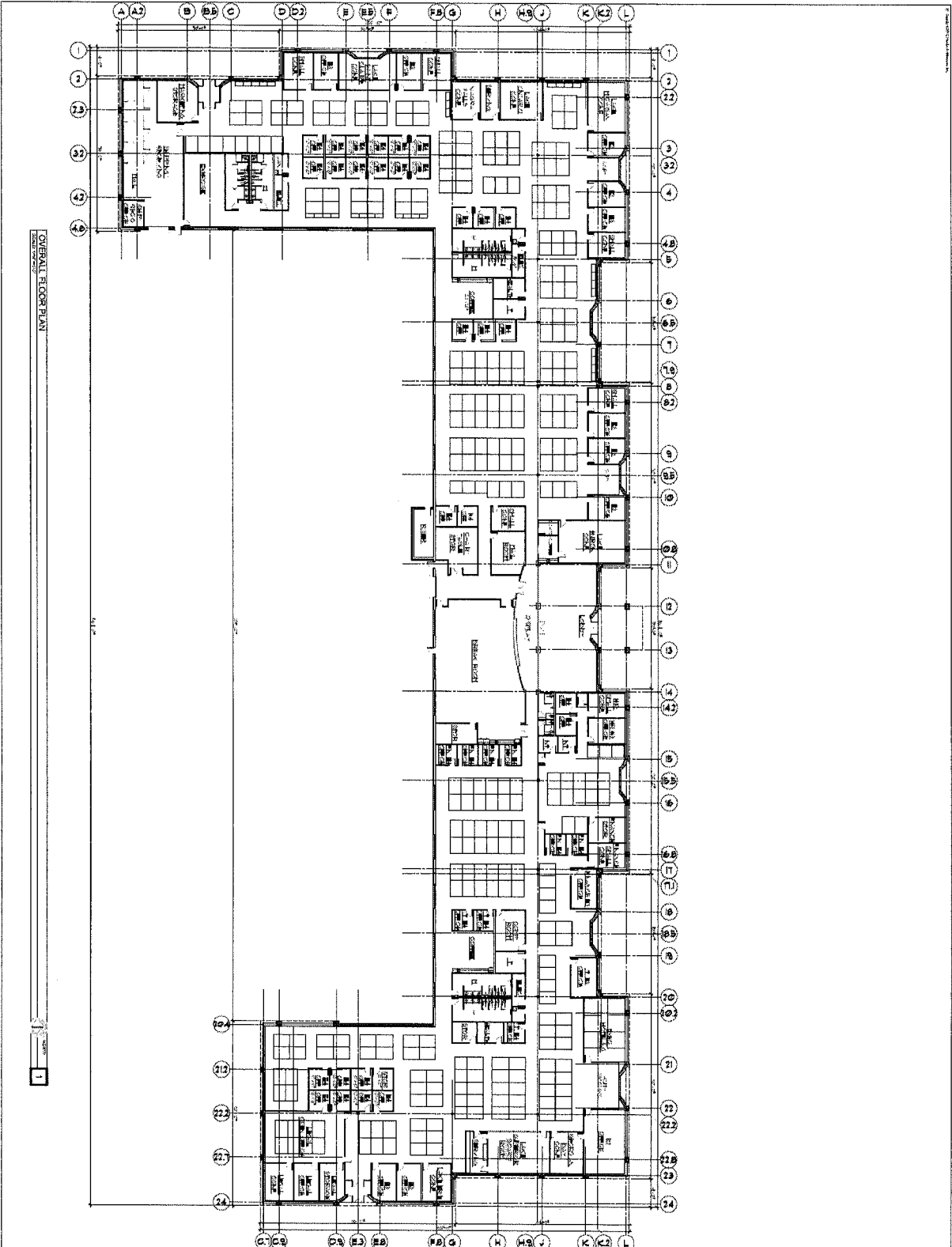
NOTE:

PVC Tile floors will be stripped and waxed and/or burnished as needed and done at an additional cost. Carpet cleaning and Window washing are also done at an additional cost and will not be part of Base Year Operating Expenses.

Building standard Paper products and hand soap in normal and customary quantities will be supplied by property management.

Attachment 5

Current Floor Plan



OVERALL FLOOR PLAN
SCALE: 1/8" = 1'-0"

FAUDIE ARCHITECTURE 11000 W. GRAND AVENUE, SUITE 100 GRAND RAPIDS, MI 49508 TEL: 616-771-1100 FAX: 616-771-1101 WWW.FAUDIEARCHITECTURE.COM	PROJECT NAME: TOGNUM AMERICA HEADQUARTERS NOVI, MICHIGAN
	SHEET NO.: 11017
DATE: 05/11	REVISIONS: 01: 05/11 02: 05/11
DRAWN BY: J. FAUDIE	CHECKED BY: J. FAUDIE
PROJECT NO.: 11017	CLIENT: TOGNUM AMERICA
TITLE: A-101	ARCHITECT: FAUDIE ARCHITECTURE



Personal Property Tax Estimate

Novi Project Novi (Walled Lake Schools)

Incentive Term (Years):	6-Jul-2011
Incentive Program:	0
Property Classification:	Industrial
New M&E:	\$ -
New F&F:	\$ 500,000
New Computers:	\$ 500,000
New OM/Elec/Test:	\$ -
Millage Rate:	48.1850
SET Mills Abated:	6.0000
School Mills Abated:	18.0000
Abated Millage Rate:	48.1850

Year	Estimated Market Value of All Property	Calculations After Depreciation	Taxable Value (50%)	Estimated Taxes Total Tax without Incentive 48.1850	Estimated Taxes Total Tax with Incentive 48.1850	State Education Tax Exemption 6.0000	Estimated Incentive Local School Millage Exemption 18.0000	Local Non-School Abatement -24.0000	Total Value of Abatement 0.0000
1 2012	\$ 1,000,000	\$ 755,000	\$ 377,500	\$ 18,190	\$ 18,190	\$ 2,265	\$ 6,795	\$ -	\$ -
2 2013	\$ 1,000,000	\$ 620,000	\$ 310,000	\$ 14,937	\$ 14,937	\$ 1,860	\$ 5,580	\$ -	\$ -
3 2014	\$ 1,000,000	\$ 505,000	\$ 252,500	\$ 12,167	\$ 12,167	\$ 1,515	\$ 4,545	\$ -	\$ -
4 2015	\$ 1,000,000	\$ 425,000	\$ 212,500	\$ 10,239	\$ 10,239	\$ 1,275	\$ 3,825	\$ -	\$ -
5 2016	\$ 1,000,000	\$ 565,000	\$ 282,500	\$ 13,612	\$ 13,612	\$ 1,695	\$ 5,085	\$ -	\$ -
6 2017	\$ 1,000,000	\$ 455,000	\$ 227,500	\$ 10,962	\$ 10,962	\$ 1,365	\$ 4,095	\$ -	\$ -
7 2018	\$ 1,000,000	\$ 370,000	\$ 185,000	\$ 8,914	\$ 8,914	\$ 1,110	\$ 3,330	\$ -	\$ -
8 2019	\$ 1,000,000	\$ 305,000	\$ 152,500	\$ 7,348	\$ 7,348	\$ 915	\$ 2,745	\$ -	\$ -
9 2020	\$ 1,000,000	\$ 465,000	\$ 232,500	\$ 11,203	\$ 11,203	\$ 1,395	\$ 4,185	\$ -	\$ -
10 2021	\$ 1,000,000	\$ 365,000	\$ 182,500	\$ 8,794	\$ 8,794	\$ 1,095	\$ 3,285	\$ -	\$ -
11 2022	\$ 1,000,000	\$ 295,000	\$ 147,500	\$ 7,107	\$ 7,107	\$ 885	\$ 2,655	\$ -	\$ -
12 2023	\$ 1,000,000	\$ 240,000	\$ 120,000	\$ 5,782	\$ 5,782	\$ 720	\$ 2,160	\$ -	\$ -
Total				\$ 181,417		\$ 22,590	\$ 67,770		

Note:

These tax estimates represent general approximations, and are not meant as precise projections of tax liability. These estimates do not have the force of law, nor should they be construed as an incentive offer from the City of Novi. Further consultation with a private tax attorney and/or a certified public accountant is highly recommended to firms considering location or expansion in Novi, Michigan.



Real Property Tax Estimate - Novi, MI

Incentive Term (Years):	6-Jul-2011	8
Incentive Program:		198
Property Classification:		Industrial
Land:	\$	-
New Building:	\$	5,400,000
Building Renovations:	\$	-
Leasehold Imprvmnts:	\$	-
Millage Rate:		48.1850
SET Mills Abated:		0.0000
School Mills Abated:		9.0000
Abated Millage Rate:		27.0925

Novi Project Novi (Walled Lake Schools)

Year	Calculations			Estimated Taxes			Estimated Incentive			Total	
	Estimated Market Value of All Property	After Depreciation	Taxable Value (50%)	Tax on Land (No Abatement) 48.1850	Total Tax without Incentive 48.1850	Total Tax with Incentive 27.0925	State Education Tax Abatement 0.0000	Local School Millage Abatement 9.0000	Local Non-School Abatement 12.0925		
1 2012	\$ 5,400,000	\$ 5,346,000	\$ 2,673,000	\$ 48.1850	\$ -	\$ 128,799	\$ 0.0000	\$ -	\$ 24,057	\$ 32,323	\$ 56,380
2 2013	\$ 5,454,000	\$ 5,290,380	\$ 2,645,190	\$ -	\$ -	\$ 127,458	\$ -	\$ -	\$ 23,807	\$ 31,987	\$ 55,794
3 2014	\$ 5,508,540	\$ 5,288,198	\$ 2,644,099	\$ -	\$ -	\$ 127,406	\$ -	\$ -	\$ 23,797	\$ 31,974	\$ 55,771
4 2015	\$ 5,563,625	\$ 5,229,808	\$ 2,614,904	\$ -	\$ -	\$ 125,999	\$ -	\$ -	\$ 23,534	\$ 31,621	\$ 55,155
5 2016	\$ 5,619,262	\$ 5,225,913	\$ 2,612,957	\$ -	\$ -	\$ 125,905	\$ -	\$ -	\$ 23,517	\$ 31,597	\$ 55,114
6 2017	\$ 5,675,454	\$ 5,164,663	\$ 2,582,332	\$ -	\$ -	\$ 124,430	\$ -	\$ -	\$ 23,241	\$ 31,227	\$ 54,468
7 2018	\$ 5,732,209	\$ 5,158,988	\$ 2,579,494	\$ -	\$ -	\$ 124,293	\$ -	\$ -	\$ 23,215	\$ 31,193	\$ 54,408
8 2019	\$ 5,789,531	\$ 5,152,683	\$ 2,576,341	\$ -	\$ -	\$ 124,141	\$ -	\$ -	\$ 23,187	\$ 31,154	\$ 54,341
Total				\$ -	\$ 1,008,431	\$ 567,000	\$ -	\$ 188,355	\$ 253,076	\$ 441,431	

Note:

These tax estimates represent general approximations, and are not meant as precise projections of tax liability. These estimates do not have the force of law, nor should they be construed as an incentive offer from the City of Novi. Further consultation with a private tax attorney and/or a certified public accountant is highly recommended to firms considering location or expansion in Novi, Michigan.

Tax Revenue

198 Value



City of Novi

Property Tax Abatements

September, 2008

Contact: Ara Topouzian, Economic Development Manager
atopouzian@cityofnovi.org (248) 347-0583

There are several types of property tax abatements available. One such abatement, available pursuant to PA 198 of 1974, is an incentive provided primarily to build new plants in Michigan or renovate and expand assembly and manufacturing, and research plants. The incentive comes in the form of abated property taxes. The value of the project added will produce 50% of the property taxes for a set period of time and then resume to the full tax value at the end of the abatement period.

In order to continue the high quality that is expected by Novi residents and the business community, abatements that do not meet the criteria set forth in the City's Tax Abatement Policy cannot be recommended unless there are unique or strategic additional reasons. Property taxes and state shared revenue monies are the City's two primary revenue sources to provide service that help make us attractive. ***Novi already has one of the lowest city property tax rates (10.5416 mills) of comparable communities while providing the exceptional services and prime location that are foremost in business investment design.***

PA 198 is just one way that local communities can access state incentives. Historically, the City of Novi has utilized this tool on a few occasions. It is the policy of the City of Novi to consider property tax abatements for large, high quality investors with considerable long range and ancillary benefit. For more information on other state incentives available to qualifying businesses, please contact Ara Topouzian at (248) 347-0583 to set up a joint meeting with an MEDC representative to discuss in detail.

Criteria

Novi has developed a policy for the possible consideration of tax abatements with goals focused on:

- **Exceptional projects**
- **Rehabilitation**
- **Significant capital investment**
- **High-end salary employment**
- **Architectural excellence**

Oakland County's "Emerging Sectors Strategy" identifies the top ten growth sectors and targets the top companies within each sector, prioritized by companies most likely to consider expanding their business into Oakland County. Those sectors include: Advanced Electronics & Controls, Advanced Materials & Chemicals, Alternative Energy & Power Generation, Automotive R & D, Biotechnology, Communications & Information Technology, Homeland Security, Medical Devices & Instrumentation, Micro/Nanotechnology, and Robotics/Automation. Novi shares the County's vision of attracting and developing these types of high-tech businesses along with the workforce.

Brownfield Redevelopment

Brownfields are typically abandoned or under-used industrial land where expansion or redevelopment is complicated by real or perceived environmental contaminations. Brownfields are a way to utilize funds for encouraging redevelopment. Brownfield projects for the purpose of non-residential, commercial development that create a high quality, non-residential development with immediate use are encouraged and would be reviewed on an individual basis. The City of Novi is open to discussion of establishment of a Brownfield Redevelopment Authority in appropriate circumstances on appropriate, qualifying sites.

High-Tech MEGA Credits *(Adopted by City Council on July 28, 2008)*

Revised legislation has amended the requirements for local government participation in grants to businesses under the Michigan Economic Growth Authority Act (MEGA). As revised, the provisions of the MEGA statute relating to the “local share” refer only generally to “staff, financial, or economic assistance provided by the local government unit, or local economic development corporation or similar entity.”

Generally speaking, the amount and nature of City participation should be relatively low cost, and should emphasize infrastructure and public improvements as a first choice for local participation. City participation on MEGA projects should also be confined to an up-front, known amount and should generally not involve multi-year property tax abatements. From Novi’s perspective, the local function is to help encourage projects that are selecting the City for the merits of the location but who need a “final mile” encouragement to close the decision.

It is therefore the policy of the City to avoid the granting of tax abatements (e.g., under PA 198) for these types of projects in favor of participating in infrastructure and required public improvement. Funds would be allocated as a budgeted line item that would not be used unless a project presents itself and deems beneficial to the City of Novi.



Tax Abatement Submittal Form

The City of Novi asks that all firms requesting more information about tax abatements for their new or existing business fill out this form.

Please return completed form to: Ara Topouzian, Economic Development Manager atopouzian@cityofnovi.org or by mail at: 45175 W. Ten Mile Road, Novi, MI 48375.

Name of firm requesting abatement: _____

Contact Person: _____

Address: _____

Phone: _____ Email: _____

Please answer the following questions as completely as possible.

1. How many acres does the project include? _____
2. How many new jobs would be brought to the City of Novi? _____
 - a. Average salary range of new hires? _____

Is this an expansion project of an existing business in Novi? ___Yes ___No

Is this project coming from within the State of Michigan? ___Yes ___No

If you answered No, please indicate the origin state? _____

Is the headquarters on the site of the facility for which you are requesting abatement?

Yes___ No ___

City of Novi Tax Abatement Policy

Tax Abatement Statement of Purpose

The City of Novi established this policy in order to permit the possible consideration of tax abatement incentives for certain exceptional projects that propose to locate/relocate in the City of Novi. Possible consideration of any tax abatement or any form of local participation with the Michigan Economic Growth Authority will be on a limited basis.

To qualify for the possible consideration of tax abatement under the Plant Rehabilitation and Industrial Development Districts Act, PA 198 of 1974, an applicant must first meet the eligibility requirements. If an application meets such requirements, the application may be reviewed on its own individual merits with respect to the degree to which the project achieves the economic development goals and satisfies the criteria outlined in this policy. Applicants must bear the quantitative burden of proof to demonstrate that exceptional economic benefits will accrue to the City of Novi as a result of a tax abatement approval. Such proposals must specifically relate to the City Council's Tax Abatement Goals and Guidelines. Applicants must substantially satisfy conditions of the policy at initial application in order to be considered for abatement.

Historically, the City of Novi has utilized this tool on a few occasions. It is the policy of the City of Novi to consider property tax abatements for large, high quality investors with considerable long range and ancillary benefit.

In order to continue the high quality that is expected by Novi residents and the business community, abatements that do not meet the criteria set forth in the City's Tax Abatement Policy cannot be recommended unless there are unique or strategic additional reasons. Property taxes and state shared revenue monies are the City's two primary revenue sources to provide service that help make us attractive.

Review of applications shall be as required by statute. When the Novi City Council reviews a tax abatement application, it may approve, deny, or approve the proposal with conditions within the time specified by statute.

Following such review, the City Council may consider necessary actions for a tax abatement or participation with other government incentives. All procedures, rights and obligations concerning such exemptions are subject to the Plant Rehabilitation and Industrial Development Districts Act, PA 198 of 1974, as amended.

The maximum number of years an abatement may be granted is twelve (12), which is the statutory maximum as of the date of this policy.

Tax Abatement Goals

The City of Novi may establish a Plant Rehabilitation and industrial Development District or participate with any other governmental incentive for any of the following reasons:

- A. To attract exceptional projects to the City of Novi in order to provide a greater tax base, without creating a high demand for city services and city-funded infrastructure improvements.
- B. To promote the preservation of natural resources that exceeds the requirements of the City of Novi's environmental regulations, and achieves a higher level of preservation of natural environmental features as identified in Novi's 2020 Master Plan for Land Use and Wildlife Habitat Plan.
- C. To promote the rehabilitation of obsolete facilities and/or expanding of existing facilities that provides significant benefits to the community, without creating a high demand for city services and city-funded infrastructure improvements.
- D. To encourage and promote significant capital investments that will serve as a catalyst for other significant investments within the community.
- E. To create or retain a significant number of employment opportunities within the community that offer competitive wages within the industry.

F. To promote architectural excellence that demonstrates state of the art design, placement, sense of place, form, scale and identity that exceed City standards.

Application Criteria

The following criteria will be used to evaluate requests for tax abatement and determination of the number of years of the abatement. The City Council reserves the right to modify the tax abatement criteria to reflect changing objectives, priorities or conditions of the community. All of the following items would need to be initially addressed by the applicant before consideration can move forward.

- A. A project must not have started more than 6 months before an application for abatement was received by the City, and be located in a plant rehabilitation district or industrial development district established prior to the commencement of the project.
- B. There must be no outstanding taxes owed by the applicant or entity on the project.
- C. If the facility is leased, the number of years awarded will not exceed the length of the lease.
- D. There is no pending or current litigation, including but not limited to property tax appeals, against the City by the applicant or its agents.
- E. Tax incentives will only be offered for the current phase of a project.
- F. The project must be fiscally beneficial to Novi from a tax revenue standpoint and must have the potential to increase employment opportunities for citizens of the community.
- G. The company must demonstrate it would not locate or expand in the City if tax abatement was not available.
- H. The cost disparity between expanding or locating in Novi and alternative locations outside the community must be demonstrated by the applicant.
- I. The long term impact of the project on Novi's economy, particularly in both real and personal property.
- J. The contributions the business has made to communities where it is currently located (i.e., are they a good neighbor. do they get involved in civic activities).
- K. Diversification of the tax base that will have the effect of developing both real and personal property to Novi's tax base.
- L. The development will provide enhanced opportunities for the existing business community.
- M. Evidence of corporate ongoing profitability, viability and vitality must be demonstrated, such as net profit, by percentage, and in real dollars for the last three corporate fiscal years.
- N. Applicants are to provide a fiscal impact analysis that demonstrates the positive impacts to the community and where the benefits outweigh the abated amount in taxes for the duration of the abatement.
- O. Any approved tax abatements will undergo a yearly compliance review.
- P. The applicant must be committed to the community for the entire term of the tax abatement and into the future. Evidence of this involvement would need to occur once abatement is awarded to applicant.
- Q. The granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the City.

