



CITY of NOVI CITY COUNCIL

Agenda Item 1
May 23, 2016

SUBJECT: Approval of Resolution to establish an Industrial Development District and Approving Application for an Industrial Facilities Exemption Certificate for Stoneridge an approximately 38,000 square foot facility to be located on Mackenzie Drive and related Agreement concerning Industrial Facilities Tax Abatement.

SUBMITTING DEPARTMENT: Neighborhood and Business Relations

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

In 1974 the State Legislature passed Public Act 198, The Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption). As amended, the Act provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) must be created before an exemption from taxes can be granted. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years, subject to the payment of an alternative specific tax known as the Industrial Facilities Tax.

Founded in 1965 and currently headquartered in Warren, Ohio, Stoneridge, Inc. is a global designer and manufacturer of highly engineered electrical and electronic components, modules and systems for the commercial vehicle, automotive, off-highway and agricultural vehicle markets. Stoneridge's product offerings consist of vehicle instrumentation systems, vehicle management electronics, application-specific switches and actuators, sensors, security alarms and vehicle tracking devices and monitoring services. With an extensive footprint, including several joint ventures, Stoneridge employees more than 4,100 team members and has operations in more than 20 locations in 15 countries allowing them to supply to global and regional commercial vehicle, automotive, off-highway and agricultural vehicle manufacturers around the world. With a Sales Office currently on Cabot Drive in Novi, Stoneridge is seeking to relocate its Global Headquarters from Warren, Ohio and invest \$5.2 million in a facility at 39625 Mackenzie Drive, with a ten-year lease commitment and the option for two five-year renewals. In addition to the 21 members currently employed in Michigan, approximately 50 new positions would be added over the next two years, with an average salary of \$130,000 annually.

Stoneridge is asking for a real property tax abatement under PA 198. Because the building already exists in "shell" form, the abatement will be as to the improvements only (approximately \$1.5 million). The abatement incentives under this Act will result in an abatement of the local ad valorem real property taxes on the facility (but not on the land itself). The process for approving an abatement involves establishing the Industrial Development District and determining whether to grant an Industrial Facilities Tax Abatement. A public hearing for both were held earlier in this meeting. In preparation for the meeting, Stoneridge and City Administration have completed a

draft Industrial Facilities Exemption Certificate Agreement that would accompany a Resolution to approve the tax abatement. Both documents are attached for Council's consideration; the Agreement is similar in form to previous agreements approved by the Council.

While this may not meet our abatement threshold, this \$5.2 million investment and relocation of a global headquarters from Ohio to Michigan, bringing approximately 50 new jobs to Novi, Stoneridge is requesting an abatement on a sliding scale (40-30-20) for three years.

As Stoneridge will be occupying 66.4% of the building at 39625 Magellan, the abatement figures are provided below:

Year 1

40% abatement = $24,167.37 \times 66.4\% \times 60\% = \$ 9,628.28$ taxes to City of Novi
 \$6,418.85 abated

Year 2

30% abatement = $24,167.37 \times 66.4\% \times 70\% = \$ 11,232.99$ taxes to the City of Novi
 \$4,814.14 abated

Year 3

20% abatement = $24,167.37 \times 66.4\% \times 80\% = \$ 12,837.70$ taxes to the City of Novi
 \$3,209.43 abated

Year 4

No abatement = $24,167.37 \times 66.4\% \times 100\% = \$ 16,047.13$ taxes to the City of Novi

In total, over three years, Stoneridge, with a \$5.2 million investment in Novi would receive an abatement of \$14, 442.42 and during that time be paying the City of Novi \$33,698.97.

In addition to the \$5.2 million financial investment and approximately 50 new jobs with an average salary of \$130,000, Stoneridge is eager to engage in community partnerships and further establish their roots in Novi.

RECOMMENDED ACTION: Approval of Resolution to establish an Industrial Development District and Approving Application for an Industrial Facilities Exemption Certificate for Stoneridge an approximately 38,000 square foot facility to be located on Mackenzie Drive and related Agreement concerning Industrial Facilities Tax Abatement, with the form and content of the Agreement to be finalized by the City Manager and City Attorney consistent with the Resolution.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Burke				
Council Member Casey				

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

City of Novi

County of Oakland, Michigan

**RESOLUTION ESTABLISHING INDUSTRIAL DEVELOPMENT DISTRICT AND
APPROVING APPLICATION OF STONERIDGE, INC. FOR INDUSTRIAL FACILITIES
EXEMPTION CERTIFICATE FOR A NEW FACILITY**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on May 23, 2016, at _____ o'clock P.M. Prevailing Eastern Time.

PRESENT:

Councilmembers _____

ABSENT:

Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, pursuant to Act No. 198 of the Public Acts of 1974, as amended, this City Council has the authority to establish "Industrial Development Districts" within the City; and

WHEREAS, Stoneridge, Inc. has petitioned this City Council to establish an Industrial Development District on property located in the City of Novi hereinafter described; and

WHEREAS, Stoneridge seeks to build out and improve a facility for which a "shell" exists, and has requested that the City process the request to establish a district under the provisions of Act 198 as a new facility as to only those improvements that it intends to make, which the City has agreed to do; and

WHEREAS, written notice has been given by mail to all owners of real property located within the district, and to the public by newspaper advertisement and/or public posting of the hearing on the establishment of the proposed district; and

WHEREAS, on May 23, 2016, a public hearing was held at which all of the owners of real property within the proposed Industrial Development District and all residents and taxpayers of the City, and the representatives of other taxing jurisdictions, were afforded an opportunity to be heard thereon; and

WHEREAS, the City Council deems it to be in the public interest of the City to establish the Industrial Development District as proposed; and

WHEREAS, Stoneridge, Inc., has also filed its application for an Industrial Facilities Exemption Certificate with respect to the completion the improvements to the existing shell building within the Industrial Development District; and

WHEREAS, the Assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application at the hearing on May 23, 2016; and

WHEREAS, the City Council finds that completion of Stoneridge's portion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create, or prevent the loss of employment in the City of Novi; and

WHEREAS, the City Council finds that approval of the IFEC would substantially comply with the Tax Abatement Application Criteria set forth in the City's Tax Abatement Policy, incorporated as part of this Resolution by this reference; and

WHEREAS, the City Council has examined whether the State Equalized Valuation (SEV) of the property proposed to be exempt in the Application, considered together with the aggregate SEV of property exempt under certificates previously granted and currently in force under Act No.198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, exceeds 5% of the state equalized valuation of the City of Novi; and

WHEREAS, the City Council finds that granting the Certificate, considered together with the aggregate amount of certificates previously granted and currently in force under Act No.

198 of the Public Acts of 1974 and/or Act No. 255 of the Public Acts of 1978, will not have the effect of substantially impeding the operation of the City of Novi, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Novi.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Novi:

A. That the following described parcel of land situated in the City of Novi, County of Oakland, and State of Michigan, to wit:

T1N, R8E, SEC 1 PART OF E 1/2 OF SEC BEG AT PT DIST N 02-30-06 W 632.02 FT & S 85-30-21 W 60.04 FT & S 85-30-21 W 215.71 FT & N 02-02-32 W 467.58 FT & S 87-57-28 W 162.89 FT & S 13-30-29 W 174.90 FT & S 41-04-28 W 75.81 FT & S 87-29-56 W 312.43 FT & S 44-08-59 W 370.51 FT & N 36-07-04 W 336.51 FT & N 30-23-13 W 363.98 FT & N 02-57-07 W 1161.60 FT FROM SE SEC COR, TH N 02-57-07 W 176.05 FT, TH N 87-02-53 E 108.36 FT, TH N 28-03-30 E 222.93 FT, TH ALG CURVE TO RIGHT, RAD 420 FT, CHORD BEARS S 73-28-03 E 167.85 FT, DIST OF 168.98 FT, TH S 61-56-30 E 159.14 FT, TH ALG CURVE TO LEFT, RAD 480 FT, CHORD BEARS S 72-03-48 E 168.71 FT, DIST OF 169.59 FT, TH S 02-30-19 E 387.94 FT, TH S 87-29-41 W 268.09 FT, TH N 61-56-30 W 420.91 FT, TH S 87-02-53 W 43.61 FT TO BEG 6.20 A 7-26-13 FR 026

be and here is established as an Industrial Development District pursuant to the provision of Act No. 198 of the Public Acts of 1974 to be known as the Novi Industrial Development District No. 5 .

B. That the application of Stoneridge, Inc. for an Industrial Facilities Exemption Certificate with respect to a new facility (as to new and additional improvements to the existing building) to be constructed on the following described parcel of real property situated within the Industrial Development District created herein be and the same is hereby approved for a period of three (3) years, for the tax years 2018 through 2020, as follows:

- Year 1: 40% abatement
- Year 2: 30% abatement
- Year 3: 20% abatement

C. That subject to and in accordance with the Recitations set forth above the Industrial Facilities Exemption Certificate when issued shall be and remain subject to the terms and conditions of the Agreement Concerning Industrial Facilities Tax Abatement Agreement

between Stoneridge, Inc. and the City of Novi attached hereto, and that the Mayor and City Clerk are authorized to execute said Agreement.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Maryanne Cornelius, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held this ____ day of May, 2016, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Maryanne Cornelius, City Clerk
City of Novi

AGREEMENT CONCERNING
INDUSTRIAL FACILITIES TAX ABATEMENT

The City of Novi ("City"), located at 45175 W. Ten Mile Road, Novi, Michigan 48375, and Stoneridge, Inc. ("Company"), an Ohio corporation, located at 39625 Mackenzie Drive, Novi, Michigan 48337 (collectively, "the Parties"), agree as follows:

Recitals

1. After due notice and deliberation, and taking into consideration the statements received by the City Council at a hearing held on May 23, 2016, the City Council on such date adopted a Resolution an Industrial Development District (the "Eligible District") pursuant to Act 198 of the Public Acts of 1974, as amended (the "Act 198"), for the property described on the Legal Description attached as Exhibit A and made a part of this Agreement (the "Property"), located on MacKenzie Drive north of Thirteen Mile Road and west of Haggerty Road, Novi, Michigan.

2. The Company also submitted an application ("Application") for issuance of an Industrial Facilities Exemption Certificate ("IFEC") for the Property, as provided for in Act 198. The Application was formally received by the City on May 6, 2016. The Application is incorporated as part of this Agreement by reference. The application does not seek the full abatement of local taxes available under Act 198, which is up to 50%; rather, Stoneridge seeks only a portion of such available abatement, for a limited period of three (3) years – 40% in the first year; 30% in the second year; and 20% in the third and final year.

3. The Company represented in its Application that it will be a tenant/lessee of, and will occupy, a portion of a building on the Property, approximately 37,713 square feet in area (the "Investment" or "facility"), as a facility to house its headquarters. The Company further represented that the Investment and its occupation and use thereof qualifies as industrial property under Act 198. The area of the facility to be occupied by Company is approximately 66.4% of the total building area. The abatement provided in this Agreement shall only apply to that portion of the facility. The building currently has been partially constructed, and the Company seeks an abatement only as to the improvements that it will provide to the building in connection with its occupancy (its value added to the facility).

4. The City and the Company desire to enter into this Agreement as required by MCL 207.572, and for the purpose of setting forth the terms and conditions under which an industrial facilities exemption certificate (IFEC) shall be approved and issued by the State Tax Commission for the Property proposed to be exempt from ad valorem real property taxes.

Therefore, in consideration of the foregoing, the Parties now enter into this Agreement.

Terms and Conditions

1. Subject to and in accordance with the Recitals set forth above, on May 23, 2016, the City Council adopted a Resolution approving the Company's Application for an abatement of real property taxes related to the Investment pursuant to Act 198 in the Eligible District (the

"Resolution") as to the portion of the facility to be completed and improved and occupied by Stoneridge as follows:

Year 1: 40% abatement

Year 2: 30% abatement

Year 3: 20% abatement

A copy of the Resolution is attached as Exhibit B and is incorporated into this Agreement.

2. In consideration of the three (3) year partial abatement of real property taxes for the 2018 through 2020 tax years (imposed based upon taxable values as of December 31, 2017 through December 30, 2019 ("Abatement Period"), for the portion of the facility that it occupies the Company represents and warrants that it will lease and occupy its portion of the facility and locate its corporate headquarters and its current full time equivalent employees and contract personnel to the Eligible District upon completion of the facility, currently expected in ____, 201___. By December 1, 2018, the Company expects to locate approximately 70 full time equivalent employees and contract personnel ("jobs") in the Eligible District. The Company agrees that the facility shall be leased and occupied by the Company for the full term of this Agreement. The Company has represented that it will invest approximately \$5,150,000 total in the building and related improvements, the lease, and furniture, fixtures and equipment; the improvements to the building itself are estimated to be approximately \$1,500,000. The Company further represents that, of the approximately 70 jobs to be located at the facility, approximately 50 will be new to the City of Novi.

3. Within 90 days of the date of the completion of the facility, the Company will report:

a. The final cost of the facility to the City Assessor and the State Tax Commission;

b. The number of jobs created by the completion of the facility, not including jobs transferred from other locations.

4. No later than the 10th day of March of each year, beginning in the year 2019 through and including the year 2021, the Company shall submit a report ("Annual Report") to the City Clerk stating the average number of jobs in the Eligible District for the preceding year, computed as the average number of actual jobs existing on a quarterly basis for the calendar year preceding the Annual Report. During the term of this Agreement, and through the 2020 tax year, the City may, upon reasonable advance notice, during reasonable times and subject to reasonable restrictions (including confidentiality restrictions), review and audit the information presented by the Company to determine compliance with this Agreement.

5. The Company agrees, as a condition of receiving the IFEC, to operate the facility for the full Abatement Period, plus two (2) years. Any other provision of this Agreement notwithstanding, if during the Abatement Period, or within the two (2) years immediately following the Abatement Period, the Company abandons or closes the facility or relocates a significant portion of the facility's operations outside the Eligible District, the City may immediately revoke the IFEC, and the Company shall pay to the City the entire amount of the additional taxes, for the entire period that the IFEC was in effect, that the taxing jurisdictions

would have received if the IFEC had not been issued. In addition, the Company will be liable for repayment of future tax savings (if any) if there are any remaining years in the term of the IFEC under the provisions of Section 21(2) of Public Act 198 of 1974.

6. If any of the foregoing amounts are not paid within sixty (60) days of receipt of a billing sent for the same to the Company, the City may institute a civil action against the Company, and the City shall be entitled to recover the amounts stated in the billing described above. In addition, the Company shall pay all court costs and attorneys' fees incurred by the City in connection with such civil action if the City prevails in collecting at least fifty (50%) percent of the funds sought to be recovered in the action.

7. The City shall not initiate any court action seeking a remedy under Sections 5 and 6 until after both of the following have occurred:

- a. The City has given written notice to the Company declaring a default and specifying the manner in which the Company is in default. The notice shall include an offer to schedule a meeting of the representatives of the City and Company on a date of said notice to discuss the claimed default and how it may be cured; and
- b. Thirty (30) days after the written notice described in Subsection a, above, is received by the Company, if the Company has met with the City and is diligently pursuing a cure, the City shall grant the Company an additional period of thirty (30) days to cure the default, and the City may grant further extensions of this time period in its sole discretion.

8. Any modifications or amendments to this Agreement must be made in writing and approved by the City Council and the Company.

9. The covenants and provisions set forth herein shall bind the successors and assigns of the parties. This Agreement is assignable and transferable by either party, provided that such assignment and transfer by the Company shall be subject to the approval of the City in accordance with Section 21(1) of Act 198.

10. The Agreement will be interpreted, construed, and enforced in all respects in accordance with the laws of the state of Michigan.

11. The Agreement constitutes the entire understanding of the Parties regarding the abatement of real property taxes in the Eligible District and supersedes any other prior writings, agreements, contracts, or understandings between the City and the Company regarding the abatement of real property taxes in the Eligible District.

12. The Parties acknowledge that each of them has consulted with attorneys and counselors regarding this Agreement and that the City and the Company have equally participated in the drafting of this Agreement. The Company acknowledges that the terms, conditions, requirements, and obligations of the IFEC and this Agreement are lawful and are reasonable in consideration for the benefits the Company has determined that it will achieve by issuance of the IFEC, and the Company agrees that it shall not be permitted to claim that the City is not authorized by law and/or equity to enforce any provision of this Agreement. The Company also releases and holds harmless the City with respect to the processing of the

request for establishment of the District and the application for the IFEC, if it is determined that any aspect of the City's actions does not comply with Act 198, or in the event the IFEC is not issued by the Commission.

13. The Parties each represent that the undersigned individuals are authorized to execute this Agreement on behalf of the City and the Company.

14. In the event that any portion or provision of this Agreement is deemed to be unlawful or unenforceable, the unlawful or unenforceable provision shall be stricken and the remaining portions and provisions shall be fully enforced.

15. This Agreement shall become effective upon issuance by the Michigan State Tax Commission of an IFEC to the Company with respect to the facility and shall be null and void and of no force and effect whatsoever if no IFEC is issued by the Michigan State Tax Commission. A duly executed copy of this Agreement shall be filed with the Michigan Department of Treasury.

16. The Company agrees to pay its abated real property taxes timely and without penalty. If the Company files a petition with the Michigan Tax Tribunal to challenge the assessment of the Property during the Abatement Period that does not result in a reduction in the assessment by at least 25%, the Company shall reimburse the City's reasonable costs of defending such action. The Company agrees to pay all amounts due hereunder and under Act 198 and/or the IFEC in a timely manner and shall not allow any such amounts to become delinquent. Failure to pay amounts due hereunder and under Act 198 and/or the IFEC within thirty (30) days after the Company's receipt of a written notice of non-payment which refers to this Section 16 of this Agreement shall constitute a default and shall be grounds of revocation of the IFEC.

17. The Company further agrees to abide by all other City ordinances, including its building and zoning ordinances, during the operation of the facility.

The Parties have executed this Agreement as of the date of the last signature below (the "Effective Date").

Stoneridge, Inc.

City of Novi

By:
Its:

By: Robert J. Gatt
Its: Mayor

_____, 2016

_____, 2016

and

By: Maryanne Cornelius
Its: Clerk

_____, 2016

Exhibit A
Legal Description

See attached.

Exhibit B
City Council Resolution

See attached.

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, call (517) 373-3302.

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) Stoneridge, Inc.		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3714	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 39625 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(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment		▶ 3a. School District where facility is located Walled Lake Consolidated Sch.	▶ 3b. School Code 63290
		4. Amount of years requested for exemption (1-12 Years) 3	

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.

This new leased facility is expected to be 37,713 square feet and will ultimately be deemed to be the new Global Headquarters for Stoneridge, Inc.

6a. Cost of land and building improvements (excluding cost of land)	▶ <u>\$1,500,000</u>
* 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	▶ <u>N/A</u>
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ <u>\$1,500,000</u>
* Round Costs to Nearest Dollar	
Total of Real & Personal Costs	

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.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶	<u>7/1/2016</u>	<u>12/31/2018</u>	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶	<u>N/A</u>	<u>N/A</u>	▶ <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. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. N/A	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 50
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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)	<u>N/A</u>
b. TV of Personal Property (excluding inventory)	<u>N/A</u>
c. Total TV	<u>N/A</u>

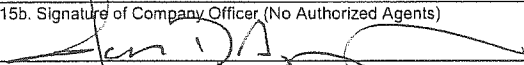
▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) 5/23/2016	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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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 Steffanie Wyant	13b. Telephone Number 330-856-2443 ext. 23019	13c. Fax Number 330-856-4618	13d. E-mail Address Steffanie.Wyant@stoneridge.com
14a. Name of Contact Person Steffanie Wyant	14b. Telephone Number 330-856-2443 ext. 23019	14c. Fax Number 330-856-4618	14d. E-mail Address Steffanie.Wyant@stoneridge.com
▶ 15a. Name of Company Officer (No Authorized Agents) Jon DeGaynor - President & Chief Executive Officer			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 489-3970	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 39625 Mackenzie Drive, Novi, MI, 48377		15f. Telephone Number Tel: (248) 489-9300	15g. E-mail Address Jon.DeGaynor@stoneridge.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 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, and that any leases show sufficient tax liability.

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:

**Michigan Department of Treasury
State Tax Commission
PO Box 30471
Lansing, MI 48909**

(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

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government **within six months of commencement of project.**)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, **beginning date of installation** or expected installation by **month/day/year**, and costs or expected costs (see sample). Detail listing of machinery and equipment **must match amount shown** on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.

4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. Certified copy of the resolution establishing the **Industrial Development District (IDD) or Plant Rehabilitation District (PRD)**, which includes a legal description of the district (see sample). **If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.**
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. Certified copy of the resolution approving the application. **The resolution must include the number of years the local unit is granting the abatement and the statement "the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).**

5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample).
6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be incorporated into the Letter of Agreement (see sample).
7. Treasury Form 3222 (if applicable - Fiscal Statement for Tax Abatement Request.

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor. Please refer to the following Web site for P.A. 198 of 1974:

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit our Web site at www.michigan.gov/propertytaxexemptions.

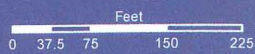
For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

City of Novi



MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a Licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.



1 inch = 188 feet



Map Print Date:
5/19/2016



City of Novi

45175 Ten Mile Rd
Novi, MI 48375
cityofnovi.org

Summary of Previously Approved and Proposed PA 198 Projects

Real and Personal Property Tax Estimate

Total Increase By Fiscal Year Ended

	Mills*	Annual Tax Bill	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total Increase Revenues
General	4.9925	\$ 253,562	\$ 127,566	\$ 146,670	\$ 147,456	\$ 149,026	\$ 154,909	\$ 154,909	\$ 154,909	\$ 154,909	\$ 154,909	\$ 201,090	\$ 201,090	\$ 201,090	\$ 201,090	\$ 253,562	\$ 2,403,183
Streets	1.4923	75,792	38,131	43,841	44,076	44,545	46,304	46,304	46,304	46,304	46,304	60,107	60,107	60,107	60,107	75,792	718,332
P&F	1.4208	72,160	36,304	41,740	41,964	42,411	44,085	44,085	44,085	44,085	44,085	57,227	57,227	57,227	57,227	72,160	683,914
Parks & Rec	0.3836	19,482	9,802	11,269	11,330	11,450	11,902	11,902	11,902	11,902	11,902	15,451	15,451	15,451	15,451	19,482	184,649
Drain	0.2120	10,767	5,417	6,228	6,262	6,328	6,578	6,578	6,578	6,578	6,578	8,539	8,539	8,539	8,539	10,767	102,048
Library	0.7678	38,995	19,619	22,556	22,677	22,919	23,824	23,824	23,824	23,824	23,824	30,926	30,926	30,926	30,926	38,995	369,587
St. Debt****	0.2270	11,529	5,800	6,669	-	-	-	-	-	-	-	-	-	-	-	-	12,469
2008 Debt****	0.4540	23,058	11,600	13,338	13,409	13,552	14,087	14,087	14,087	14,087	14,087	18,286	18,286	-	-	-	158,906
City	9.9500	505,346	254,238	292,312	287,173	290,232	301,688	301,688	301,688	301,688	301,688	391,626	391,626	373,340	373,340	470,759	4,633,089
School (Walled Lake)	29.1180	1,478,861	744,011	855,431	860,012	869,174	903,483	903,483	903,483	903,483	903,483	1,172,825	1,172,825	1,172,825	1,172,825	1,478,861	14,016,202
County	6.4275	326,443	164,233	188,828	189,839	191,861	199,435	199,435	199,435	199,435	199,435	258,889	258,889	258,889	258,889	326,443	3,093,933
ISD	3.3633	170,817	85,938	98,807	99,336	100,395	104,358	104,358	104,358	104,358	104,358	135,468	135,468	135,468	135,468	170,817	1,618,954
Total	48.8588	\$ 2,481,468	\$ 1,248,420	\$ 1,435,378	\$ 1,436,360	\$ 1,451,662	\$ 1,508,964	\$ 1,508,964	\$ 1,508,964	\$ 1,508,964	\$ 1,508,964	\$ 1,958,808	\$ 1,958,808	\$ 1,940,521	\$ 1,940,521	\$ 2,446,881	\$ 23,362,178

The City's current abatements and when they are set to expire are as follows:

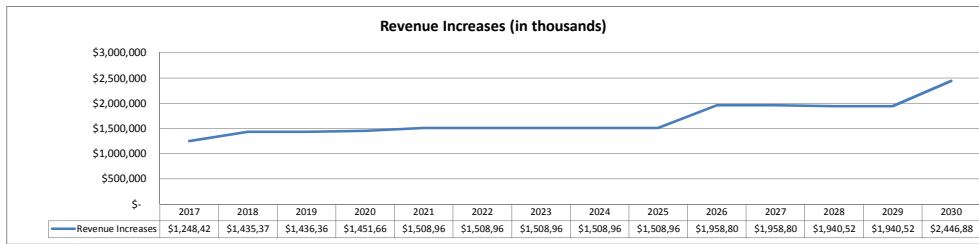
Name	Taxable Value**	Fiscal Year Expiration	Revenue Increase At Expiration
TBON LLC (Suburban)	\$ 7,338,310	2016-2017	\$ 179,271
HCP Land LLC (Tognum/MTU)	\$ 2,356,560	2019-2020	\$ 57,569
Harman Becker	\$ 18,500,000	2024-2025	\$ 451,944
Magna	\$ 15,250,000	2028-2029	\$ 372,548
Stoneridge****	\$ 1,573,248	2018-2019	\$ 30,747 <i>Proposed</i>
Boco****	\$ 5,770,430	2028-2029	\$ 140,968 <i>Proposed</i>
Total	\$ 50,788,548		

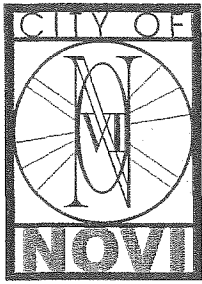
* City Mills per preliminary L-4029. Other governmental entity levies utilizing 2015 Tax Rates

** Taxable Value for TBON LLC and HCP Land LLC as of tax year 2015. Harmon and Magna estimated based on total projected investment

*** Listed for illustrated purposes only

**** Current Debt Millages scheduled to fall off in future fiscal years





VIA HAND DELIVERY

CITY COUNCIL

Mayor
Bob Gatt

Mayor Pro Tem
Dave Staudt

Andrew Mutch

Wayne M. Wrobel

Laura Marie Casey

Gwen Markham

Brian Burke

City Manager
Peter E. Auger

City Clerk
Maryanne Cornelius

May 9, 2016

City of Novi
Attn: Kay Shafii, Deputy Assessor
45175 W. Ten Mile Road
Novi, MI 48375

Dear Ms. Shafii:

This letter is to notify you as the taxing jurisdiction that a public hearing on the establishment of an Industrial Development District for Stoneridge, Inc. will be held on Monday, May 23, 2016 at 7:00 pm, at the City of Novi, Council Chambers, 45175 Ten Mile Rd., Novi, MI 48375.

If there are any questions, please contact my office at 248-347-0456.

Sincerely,

Cortney Hanson

Cortney Hanson, CMC, CMMC
Deputy City Clerk

cc: Peter Auger, City Manager
Maryanne Cornelius, City Clerk

City of Novi
45175 Ten Mile Road
Novi, Michigan 48375
248.347.0460
248.347.0577 fax

cityofnovi.org

CITY OF NOVI
NOTICE OF PUBLIC HEARING
CONSIDERATION OF THE ESTABLISHMENT OF AN
INDUSTRIAL DEVELOPMENT DISTRICT
UNDER ACT P.A. 198 OF 1974, AS AMENDED

Notice is hereby given that Stoneridge, Inc. have submitted a request to the City of Novi for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development Act P.A. 198 of 1974."

The proposed project is part of Parcel ID No. 50-22-01-400-029, located at 39625 Mackenzie Dr., described as follows:

T1N, R8E, SEC 1 PART OF E 1/2 OF SEC BEG AT PT DIST N 02-30-06 W 632.02 FT & S 85-30-21 W 60.04 FT & S 85-30-21 W 215.71 FT & N 02-02-32 W 467.58 FT & S 87-57-28 W 162.89 FT & S 13-30-29 W 174.90 FT & S 41-04-28 W 75.81 FT & S 87-29-56 W 312.43 FT & S 44-08-59 W 370.51 FT & N 36-07-04 W 336.51 FT & N 30-23-13 W 363.98 FT & N 02-57-07 W 1161.60 FT FROM SE SEC COR, TH N 02-57-07 W 176.05 FT, TH N 87-02-53 E 108.36 FT, TH N 28-03-30 E 222.93 FT, TH ALG CURVE TO RIGHT, RAD 420 FT, CHORD BEARS S 73-28-03 E 167.85 FT, DIST OF 168.98 FT, TH S 61-56-30 E 159.14 FT, TH ALG CURVE TO LEFT, RAD 480 FT, CHORD BEARS S 72-03-48 E 168.71 FT, DIST OF 169.59 FT, TH S 02-30-19 E 387.94 FT, TH S 87-29-41 W 268.09 FT, TH N 61-56-30 W 420.91 FT, TH S 87-02-53 W 43.61 FT TO BEG 6.20 A 7-26-13 FR 026

Pursuant to Section 4 (4) of said Act, a public hearing shall be held on Monday, May 23, 2016 at 7:00 pm in the Novi City Council Chambers, located at 45175 Ten Mile Road, Novi, Michigan 48375, during which any property owner within the proposed Industrial Development District, and any resident or taxpayer of the City of Novi may appear and be heard in relation to the consideration of the aforementioned Industrial Development District.

If you have any comments regarding this proposal, they may be presented in writing to the City Clerk's office or at the public hearing.

Maryanne Cornelius, MMC
City Clerk

Publish: 05/12/16

LEASE

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

1. Basic Lease Provisions

- 1.1 Landlord: Adams 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: Stoneridge, Inc.
28001 Cabot Drive
Suite 100
Novi, MI 48377
- 1.4 Lease Date: April 5, 2016
- 1.5 Building: Adams South Technology Centre
39675 Mackenzie Drive
Novi, Michigan 48377
- 1.6 Premises: Suite 400, see Exhibit A
- 1.7 Rentable Floor Area of Premises: 37,713 Useable / 37,713 Rentable Square Feet
- 1.8 Term: Ten (10) full Lease Years after the Commencement Date
Two (2) Option Terms of Five (5) full Lease Years each
- 1.9 Scheduled Occupancy Date: August 15, 2016 (see §2.5)
- 1.10 Termination Date: Ten (10) full Lease Years after the Commencement Date, unless an Option Term is exercised in accordance with the terms hereof
- 1.11 Annual Base Rent:
- | Initial Term | Option Term (if exercised)* |
|-----------------------|-----------------------------|
| Year 1: \$546,839.00 | Year 11: \$725,976.00 |
| Year 2: \$565,695.00 | Year 12: \$735,408.00 |
| Year 3: \$584,552.00 | Year 13: \$744,828.00 |
| Year 4: \$603,408.00 | Year 14: \$754,260.00 |
| Year 5: \$622,265.00 | Year 15: \$763,692.00 |
| Year 6: \$641,121.00 | |
| Year 7: \$659,978.00 | Year 16: \$773,112.00 |
| Year 8: \$678,840.00 | Year 17: \$782,544.00 |
| Year 9: \$697,691.00 | Year 18: \$791,976.00 |
| Year 10: \$716,547.00 | Year 19: \$801,396.00 |
| | Year 20: \$810,828.00 |
- 1.12 Monthly Installment of Base Rent:*
- | | |
|---------------------|----------------------|
| Year 1: \$45,570.00 | Year 11: \$60,498.00 |
| Year 2: \$47,141.00 | Year 12: \$61,284.00 |
| Year 3: \$48,713.00 | Year 13: \$62,069.00 |
| Year 4: \$50,284.00 | Year 14: \$62,855.00 |
| Year 5: \$51,855.00 | Year 15: \$63,641.00 |
| Year 6: \$53,427.00 | |

Year 7: \$54,998.00
Year 8: \$56,570.00
Year 9: \$58,141.00
Year 10: \$59,712.00

Year 16: \$64,426.00
Year 17: \$65,212.00
Year 18: \$65,998.00
Year 19: \$66,783.00
Year 20: \$67,569.00

*Subject to adjustment in accordance with Section 3.2

- 1.13 Proportionate Share: 66.4%
- 1.14 Intentionally omitted
- 1.15 Security Deposit: none
- 1.16 Designated Use: Office
- 1.17 Rules & Regulations: Exhibit C
- 1.18 Parking: Number of Exclusive Parking Spaces: 10; see §25.1

2. Premises

2.1 Landlord leases to Tenant, and Tenant leases from Landlord, the Premises described in Section 1.6 and in the Building described in Section 1.5 all as depicted on the Floor and Site Plan attached hereto as Exhibit A (Premises and Building are collectively referred to as the "Property"). Tenant agrees that the Premises shall be deemed to include the number of rentable square feet set forth in Section 1.7 and in no event shall Tenant 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, or the Proportionate Share. Landlord reserves the right at any time and from time to time to make alterations or additions to the Building or the common areas, and to demolish improvements on and to build additional improvements on the land surrounding the Building and to add or change the name of the Building from time to time, in its sole discretion without the consent of Tenant and the same shall not be construed as a breach of this Lease provided the making of any such addition or alteration does not constitute a breach of Landlord's covenant of quiet enjoyment hereunder.

2.2 Landlord shall construct the interior build-out, finish and other improvements to the Premises described in Exhibit B-1 and B-2 (the "Concept Specifications") and the exterior sign described in Section 2.6 (collectively the "Tenant Improvements"). Subject to the provisions of this Section 2 below, Landlord shall provide all Construction Costs (as defined below) in order to complete the design and construction of the Tenant Improvements; provided, however Tenant shall be responsible for the Construction Costs for the Building sign in accordance with Section 26 of this Lease. "Construction Costs" shall be all hard costs and soft costs of design, demolition 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 has engaged Biddison & Associates (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 "Tenant Improvement Plans and Specifications"). The Tenant Improvement Plans and Specifications are subject to Landlord's approval. In connection with the development of the Tenant Improvement Plans and Specifications by Landlord's Architect and Tenant, Landlord shall be furnished copies of the Tenant Improvements Plans and Specifications on an ongoing basis for review and comment by Landlord, and shall be completed and agreed to by Landlord and Tenant on or before April 15, 2016. In the event Tenant has not approved the Tenant Improvement Plans and Specifications on or before this date, the period of time from such date until the Tenant

Improvement Plans and Specifications are approved by Tenant shall be considered a Tenant Delay. Unless otherwise approved by Landlord in writing, the Tenant Improvement Plans and Specifications must conform to the Concept Specifications and all local building code requirements and include a critical path construction schedule so that the Tenant 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. If the critical path indicates that the Tenant Improvements cannot be constructed in the ordinary course of business on or before the Scheduled Occupancy Date, then any resulting delay shall be considered a "Tenant Delay" 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 Tenant Improvement 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 five (5) days of receipt thereof, Tenant shall be conclusively deemed to have approved such changes. Landlord shall construct the Tenant Improvements in accordance with all applicable laws, rules or regulations of any governmental authority.

2.3 Intentionally Omitted.

2.4 Any change to the Concept Specifications or 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 net construction cost. Once submitted, the change order must be approved by Tenant in writing (including Tenant's agreement to pay the actual excess costs and 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. Tenant shall pay Landlord, within five (5) days of request for such payment (which request will come no more than monthly), the increased Construction Costs incurred as a result of any Tenant change order, if any.

2.5 Landlord intends 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" on the earlier to occur of when: (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 and a Certificate of Substantial Completion by the architect for the building, or (ii) when Tenant takes possession of 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. In addition, 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 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 Scheduled Occupancy Date as extended as a result of the occurrence of a Force Majeure or Tenant Delay or with the consent of Tenant, is herein referred to as the Occupancy Date. By occupying the Premises (except for early occupancy by Tenant pursuant to Section 2.6 of this Lease), 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 Southeast Michigan) 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 Premises are delivered to Tenant "ready for occupancy".

2.6 Landlord shall give Tenant not less than thirty (30) days advance notice of the actual completion date of the Tenant Improvements. During this thirty (30) 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 cabling and other fixtures and equipment. Tenant 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 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. No Rent or other occupancy charges shall be due from Tenant in connection with this early access. It is specifically understood and agreed that during this early occupancy period both Landlord and Tenant shall cooperate and coordinate their efforts in such a way as to avoid hindering, delaying or impeding the completion of the Landlord's work in the Premises.

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. If the Commencement Date is other than the first day of a calendar month, the first Lease Year shall begin on the first day of the first full calendar month following the Commencement Date. Upon request by Landlord, Tenant will execute a memorandum in order to confirm the Commencement Date and the expiration date of the Initial Term.

3.2 Provided (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises, and (iii) 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 of five (5) Lease Years (each an "Option Term" and collectively the "Option Terms") 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 nine (9) months prior to the expiration of the then existing Term. Upon delivery of such election 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 each Option Term shall be the greater of (i) the amount set forth in Section 1.11, or (ii) the then Fair Market Rent (as hereinafter defined and determined) for the Premises for the first year of the Option Term, and shall increase \$.25 per rentable square foot for each year thereafter. As used herein, "Fair Market Rent" means the fair market rent for the Premises based on rents for leases commencing on or about the commencement of such Option Term by renewal tenants of comparable space in comparable buildings in the vicinity of the building of a similar size, age and quality, and taking into account all elements affecting the lease transaction, including without limitation, whether any tenant allowance, refurbishment allowance or free rent will be granted and other similar terms. Fair Market Rent will be determined by mutual agreement of Landlord and

Tenant; provided, however, if Landlord and Tenant are unable to agree upon such fair market rent for the Premises within thirty (30) days (the "Negotiation Deadline") after Tenant exercises such Option Term, then Fair Market Rent shall be determined by appraisal, as follows: Landlord and Tenant shall each appoint a licensed real estate broker by the delivery of written notice thereof to the other within five (5) days after the expiration of the thirty (30) day negotiation period, each of whom shall be familiar with the rental market for comparable buildings in the vicinity of the building. Each broker so appointed shall determine Fair Market Rent in accordance with the foregoing definition thereof within fifteen (15) days after their appointments, and if only one broker is appointed within the five (5) day period then the determination of that broker shall be binding upon the parties. If both brokers are appointed and the higher of such appraisals is equal to 110% or less of the lower, Fair Market Rent shall be the simple average of the two appraisals and shall be binding upon the parties. If the deviation between such appraisals is greater, the brokers so appointed shall jointly appoint a third independent broker (having professional qualifications similar to those of the initial brokers) within five (5) days after the expiration of the fifteen (15) day determination period, who shall determine Fair Market Rent after due consideration of the factors to be taken into account under the definition of Fair Market Rent and hearing whatever evidence the independent broker deems necessary, in good faith, within fifteen (15) days after the appointment of the independent broker. The independent broker's final determination of the Fair Market Rent shall not be higher than the higher appraisal and not lower than the lower appraisal and shall be delivered to Landlord and Tenant within said thirty (30) day period, time being of the essence. The independent broker's final determination of Fair Market Rent shall be binding on the parties. Landlord and Tenant shall each pay the fee of the broker it appoints and the fee of the third broker shall be shared equally by the parties.

(c) Tenant shall have no further right of renewal after the second Option Term.

4. Rent

4.1 Tenant shall pay to Landlord the Annual Base Rent, as it may be adjusted pursuant to Sections 2.3-2.4. 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 (Annual Base Rent and Additional Rent collectively the "Rent").

4.2 Rent will be paid to the order of Landlord, in advance, without any 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.

5. Taxes and Assessments

5.1 6.1 Commencing on and after the Commencement Date, Tenant shall pay, as Additional Rent, its Proportionate Share of Real Estate Taxes (as hereinafter defined) 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 (other than federal, state and local income taxes), 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. 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, such tax shall be part of the Real Estate Taxes.

5.3 On each day rent is due during the Term, Tenant shall pay its Proportionate Share of any Real Estate Taxes by depositing with Landlord an amount equal to one-twelfth (1/12th) of the estimated Real Estate Taxes payable by Tenant, 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 Tenant's Proportionate Share of 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 Tenant's Proportionate Share 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 at the end 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 terminates, Tenant's liability for its Proportionate Share of 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 payment of its Proportionate Share of Real Estate Taxes in accordance with Section 5.1, 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. Expenses

6.1 Commencing on and after the Commencement Date, Tenant shall pay, as Additional Rent, its Proportionate Share of Operating Expenses (as hereinafter defined) for each calendar year (or portion thereof) of Tenant's Lease Term.

6.2 Operating Expenses shall mean all reasonable costs and expenses of every kind and nature paid or incurred by Landlord in operating, insuring, equipping, policing, protecting, lighting, heating, insuring, repairing, replacing and maintaining the Property and the personal property used in conjunction with the Property. Operating Expenses shall include, without limitation, those expenses paid or incurred by Landlord for maintaining, operating and repairing the Property, the cost of electricity for the Common Areas and related systems, the cost of steam, water, fuel, heating, lighting, air conditioning, window cleaning, janitorial service, 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 gross revenues), supplies, sundries, sales or use taxes on supplies or services; 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 amortized cost of any capital expenditures; 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 the Property is not fully rented during all or a portion of any calendar year, then Landlord shall make an appropriate adjustment of the Operating Expenses and Real Estate Taxes for such calendar year, employing sound accounting and management principles, to

determine the amount of Operating Expenses and Real Estate Taxes that would have been paid or incurred by Landlord had the Property been ninety five percent (95%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses and Real Estate Taxes for such year. If any 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 Expense or Real Estate Tax applies to only some portion of the Property or is partially allocable to the Premises or to other premises in the Building or other buildings or projects, 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. Operating Expenses must (i) be accounted for in accordance with sound, responsible and consistently applied standards customary for real estate development companies in Novi and; (ii) be at competitive rates. Costs which would, under the above accounting principles, be deemed capital expenditures may be included in the definition of Operating Expenses with the following clarifications; (a) a capital expenditure which is required to comply with changes in legal requirements which occur after the Commencement Date shall be considered an Operating Expense; and (b) 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 in the Lease concerning Operating Expenses, the entire cost of the capital expenditure if the useful life of the item reasonably determined by Landlord 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.

6.3 On each Rent Day during the Term, Tenant shall pay its Proportionate Share of Operating Expenses by depositing with Landlord an amount equal to one-twelfth (1/12th) of the estimated Operating Expenses payable by Tenant, as reasonably determined by Landlord. If the funds deposited with Landlord shall be insufficient to pay Tenant's Proportionate Share of 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 Tenant's Proportionate Share 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 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 and Real Estate Taxes for the expired calendar year; and
- (b) Estimated Operating Expenses and Real Estate Taxes during the new calendar year.

6.5 In addition to payment of its Proportionate Share of Operating Expenses, Tenant shall pay certain Special Utility Items in full as Additional Rent on or before the next Rent Day following notification

of the expense by Landlord. Special Utility Items shall include those items of cost or expense referenced in Section 9.2 of this Lease.

6.6 In the event Neil Sosin or Matthew Sosin (or a member of their family) no longer has a direct or indirect interest of the property management company which is engaged to manage the Property, then from and after such date increases in Controllable Operating Expenses (as defined below) paid by the Tenant under this Lease shall not exceed 5% per year on a non-cumulative basis. "Controllable Operating Expenses" are the costs of repairs and maintenance.

6.7 Tenant shall have the right, at its sole cost and expense, to audit Landlord's records at the Landlord's office relating to Real Estate Taxes and Operating Expenses solely for the purpose of determining the amounts paid by Tenant pursuant to Section 6 of this Lease. 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 accepted by Landlord and Tenant. If Landlord and Tenant cannot agree on the audit results from Tenant's audit, then Landlord and Tenant shall mutually appoint an independent certified public accountant to perform an audit on behalf of Landlord and Tenant. If Landlord and Tenant cannot mutually agree to an independent certified public accountant, then the parties agree that Landlord shall choose an independent certified public accountant who has not worked for, or been engaged by, Landlord or any of Landlord's subsidiaries, affiliates or members during the 60-month period prior to engagement, to conduct the certification as to the proper amount of Real Estate Taxes and Operating Expenses payable by Tenant for the period in question; provided, however, such certified public accountant shall not be the accountant who conducted Landlord's initial calculation of Operating Expenses or Real Estate Taxes to which Tenant is now objecting. Such certification shall be final and conclusive as to all parties. Tenant may only conduct an audit (i) upon reasonable notice to Landlord so as to allow Landlord sufficient time to compile its records and make them available to Tenant at Landlord's office or another location used by Landlord; and (ii) by delivering notice to Landlord that Tenant will exercise its audit right, which notice must be delivered not more than ninety (90) days after Tenant receives the annual Statement of Real Estate Taxes and Operating Expenses for the subject year. 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 cost of such audit.

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 1.16 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 reasonable judgment, is inconsistent with the operation of a first class office building in the greater Novi, Michigan area. Landlord acknowledges and agrees that the use of the Premises as an office for engineering services is consistent with the operation of a first class office building in the greater Novi, 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.

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 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 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 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 substances or materials on the Premises while Tenant is in possession, or caused by Tenant or persons acting under Tenant. Landlord shall indemnify Tenant against any liability resulting from any release of hazardous 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, business machines and mechanical 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, 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 therefore 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 uniform 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 "C".

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 beyond any applicable notice and cure period.

9. Services

9.1 Landlord shall furnish heat and air conditioning (24 hours a day), janitorial services (Monday-Thursday after 5:00 p.m., and either Friday after 5:00 p.m., Saturday or Sunday, in all cases excluding holidays), electricity, and water for ordinary lavatory and kitchen purposes, in each case subject to Force Majeure. Tenant shall directly pay or pay Landlord (at Landlord's option), as Additional Rent, all charges made against the Premises for all gas and electricity 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. In no event shall Landlord be required to furnish water in excess of that required for ordinary lavatory and kitchen purposes.

9.2 If in Landlord's reasonable judgment Tenant uses or consumes water in unusual quantities, then Landlord may install a water meter at Tenant's expense which shall be maintained at Tenant's expense, to register the water consumption of the Premises, and Tenant shall pay for water consumed at the Premises. Whenever machines or equipment which generate heat in excess of those normally found

in similar office buildings in Southeast Michigan without supplementary air conditioning systems are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord shall so notify Tenant and if tenant shall fail to correct the problem, then Landlord reserves the right to install supplementary air conditioning equipment in the Premises as is reasonably necessary to correct the problem, and the cost of the equipment, and the expense of its operation and maintenance shall be paid by Tenant. Tenant shall pay for all charges made against the Premises for electricity and gas used upon or furnished to the Premises (including electricity and gas used or consumed for HVAC and related purposes) as and when due during the term of this Lease. Electricity and gas shall be separately metered for the Premises, and Tenant agrees to pay for such electricity and gas within thirty (30) days after request therefor from Landlord. Tenant shall pay for the electricity at the secondary rate (general service 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.

9.3 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.

9.4 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, other than as a result of a breach of this Lease by Landlord, 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 person and \$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 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. Such insurance shall provide the broadest coverage then available, including coverage for loss of profits or business income or reimbursement for extra expense incurred as the result of damage or destruction to all or a part of the Premises.

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 not less than thirty (30) days prior to the expiration dates thereof. 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; provided, however, that any overall aggregate limit of liability applicable to Landlord or the

Property shall be independent from any overall or annual aggregate applicable to other entities or properties.

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.

10.7 Landlord agrees that it shall maintain in full force and effect such policies of general liability insurance and property insurance with such deductibles or self-insured amounts of such type and with such carriers as are customarily maintained by landlords such as Landlord for buildings such as the Building in Southeast Michigan.

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. 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 Property 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 270 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 Landlord and Tenant shall each have the right, but not the obligation, to terminate this Lease, 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 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 shall promptly repair or replace its trade fixtures, furnishings, equipment, personal property and leasehold improvements made by Tenant in a manner and to a condition equal to that existing prior to the occurrence of the damage or casualty.

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 will not carry insurance on Tenant's personal property, fixtures, and improvements made by Tenant, and agrees that Landlord will not be obligated to repair any damage or replace the same. However, Landlord shall maintain property insurance for the Building (including the Tenant Improvements) in accordance with Section 10.7.

12. Repairs

12.1 Landlord, at Tenant's own expense, shall keep and maintain the Premises and every part thereof in good repair, ordinary wear and tear and casualty damage excepted. Further, Tenant shall bear the expense of maintaining the Premises in a clean and 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 work necessary to comply with such laws, ordinances and regulations.

12.2 Subject to Section 11.4, Landlord, at Tenant's expense, may 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. Initially, as between Landlord and Tenant, Landlord shall be responsible for constructing the Tenant Improvements, the Building and the Common Areas in compliance with the Americans with Disabilities Act of 1990, as amended, and its state and local counterparts or equivalents (the "Disabilities Act"). Thereafter, 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 any subsequent changes or amendments to the Disabilities Act during the term of this Lease.

12.3 With the exception of the repairs specified in Sections 12.1 and 12.2, Landlord shall make all repairs to the Property, its heating, air conditioning and electrical systems, and the common areas, including parking areas. Landlord shall also make all repairs to the Premises which are structural in nature. Tenant shall promptly notify Landlord of the need for repair.

12.4 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, other than as a result of a breach of this Lease by Landlord.

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 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 Landlord consents to such alterations, the alterations, additions, improvements and fixtures made by or for Tenant which Landlord requires Tenant to remove prior to 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. Notwithstanding anything to the contrary, Tenant may, at Tenant's sole costs and expenses, make alterations and improvements to the Premises without Landlord's consent so long as: (i) the cost of such alterations and improvements to the data center do not exceed \$25,000 and such alterations and improvements outside the data center do not exceed \$5,000, and (ii) such alterations and improvements do not affect the structure of the Premises or the HVAC, electrical or plumbing systems serving the Premises.

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.

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 or if an immediate portion of the Premises is Taken, Landlord shall 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 Landlord 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 have the right to sublet or assign this Lease to wholly or majority-owned subsidiaries or other entity wholly or majority-owned by Tenant or by Tenant's parent corporation provided the use of the Premises after such subletting or assignment is the same or similar to its then current use and provided the Tenant acknowledges in writing to Landlord that the Tenant is not released and remains in fully liable hereunder after such subletting or assignment (as described, an "Affiliate Subletting/Assignment"). Tenant shall give Landlord thirty (30) days subsequent written notice of any Affiliate Subletting/Assignment together with copies of all documents reasonably requested by Landlord in connection therewith. However, an Affiliate Subletting/Assignment shall not require the consent of Landlord. Except for an Affiliate Subletting/Assignment, Tenant shall not assign this Lease or sublet the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld. 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. No assignment or subletting shall be binding upon Landlord unless the assignee or subtenant shall deliver to Landlord an instrument (in recordable form, if requested) containing an agreement of assumption of all of Tenant's obligations under this Lease accruing thereafter. 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 to the contrary herein, no Landlord consent shall be required in connection with any merger to which Tenant is a party, or a sale or other voluntary transfer of substantially all of Tenant's assets.

14.2 Landlord may, in its reasonable discretion, refuse to give its consent to any proposed assignment or subletting (other than an Affiliate Subletting/Assignment) for any reasonable 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. 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 (other than an Affiliate Subletting/Assignment), Landlord may, at its option, within fifteen (15) 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) voluntary and involuntary transfers 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 Landlord its representatives and agents to enter the Premises during normal business hours for the purpose of inspecting the Premises. Landlord may show the Premises to prospective purchasers, mortgagees and (during the final year of the term) tenants during normal business hours 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 shall petition for relief under the bankruptcy laws, or shall make an assignment for the benefit of creditors, 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. 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 five (5) 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 fifteen (15) days after receipt of such notice or, if such default cannot be cured within fifteen (15) days and Tenant commences to cure the same within fifteen (15) 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.

17.2 Upon the occurrence of an event of default, Landlord shall have the right to terminate the Lease and shall be entitled to possession of the Premises. 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. 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. To the full extent required by applicable Michigan law, but not otherwise, Landlord shall use reasonable efforts to minimize any damage caused by Tenant's default, including re-renting the Premises on a prompt basis.

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.

17.7 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 Landlord is required to bring an action arising out of the covenants of this Lease, or in the event Landlord undertakes an action for summary proceedings to recover possession of the Premises, Tenant agrees to pay Landlord such reasonable costs and attorneys' fees as Landlord 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 five (5) days after the same is due will bear interest at a per annum rate equal to fifteen (15%) 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 Upon termination Tenant shall surrender the Premises broom clean and in the same condition as on the Commencement Date, reasonable wear and tear and casualty damage excepted, and promptly deliver all keys for the Premises to Landlord. Any damage to the Premises resulting from removal of trade fixtures or similar items shall be repaired at Tenant's expense. All expenses incurred by Landlord in connection with repairing or restoring the Premises to the designated condition, together with the costs, if any, of removing any property of Tenant shall be invoiced to Tenant and be payable within ten (10) days after receipt of invoice.

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.

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.

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 fifteen (15) 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 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 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 Monthly Installment of Base Rent payable during the last month of the Lease Term. This covenant 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.

22. **Security Deposit**

22.1 Intentionally omitted.

23. **Indemnification**

23.1 Tenant shall, at its expense, indemnify and defend Landlord, its licensees, servants, 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 the condition of the Premises during the Term of the Lease (excluding any clean-up due to any environmental condition caused by Landlord or existing on the date possession of the Premises is delivered to Tenant), the use or misuse thereof by Tenant or any other person (other than Landlord), during the Term of the Lease, the acts or omissions of Tenant, its servants, agents, employees or contractors during the Term of the Lease, or the failure of Tenant to comply with any covenant of this Lease.

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, such judgment may be satisfied only out of the proceeds of sale received upon execution of such judgment and levied against the interest of Landlord in the Premises and out of rents or other income from the Premises, and proceeds of the sale thereof and Landlord shall not be liable for any deficiency.

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, unless caused by or due to the negligence of Landlord. However, Landlord shall maintain general liability insurance and property insurance for the Building and the Common Areas in accordance with Section 10.7.

25. **Parking**

25.1 Landlord shall designate the number of parking spaces set forth in Paragraph 1.19 and designated in Exhibit A for the exclusive use of Tenant. Notwithstanding anything contained herein to the contrary, Landlord shall have the right to designate other parking spaces in the parking lot for the exclusive use of others. Tenant agrees to be bound by parking regulations in effect on the Property from time to time.

26. Signs

26.1 Subject to the approval of the City of Novi, Tenant shall be allowed to have directional signage on the Property as well as a suite entry sign and an exterior building sign on the brick portion of the Building above Tenant's main entrance, all of which must be approved by Landlord, which approval shall not be unreasonably withheld provided they comply with the sign criteria described on Exhibit D ("Tenant's Sign Rights"). All such signs shall be designed, constructed, manufactured, installed, 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 unified backing be allowed on the Building unless specifically approved in writing by Landlord, in its sole discretion. Except for the directional, suite entry, and exterior building sign as approved by Landlord, 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.

27. General

27.1 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.

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

27.3 There are no representations with respect to the condition of the Property, rents, leases, expenses of operation 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.

27.4 All questions with respect to the construction of this Lease shall be determined in accord with the laws of the State of Michigan, except that this Lease shall not be construed against the Landlord or drafter of the Lease.

27.5 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.

27.6 This Lease shall be binding on successors and assigns.

27.7 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. At any time reasonably requested by Landlord, Tenant shall promptly furnish Landlord (and in any event within fifteen (15) days after Landlord's request) financial statements reflecting Tenant's current financial condition. All such financial statements (which shall include a balance sheet and a profit and loss statement) shall be in such form and contain such detail as Landlord shall reasonably request. However, so long as Tenant remains a reporting company in compliance under the Securities Exchange Act of 1934, as amended, the delivery of Tenant's most recent annual (10K) and interim quarterly (10Q) reports will be deemed compliance with this Section.

27.8 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.

27.9 Except Plante Moran CRESA. (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.

27.10 Provided (i) Tenant is the tenant originally named herein; (ii) Tenant actually occupies all of the Premises; (iii) no event of default of Tenant's obligations under the Lease have occurred during the Term; and (iv) subject to any existing tenant's rights, Tenant will have a "Right of First Offer" as described in this Section 27.10 for the adjacent space in the Building as shown on Exhibit A-1 (the "First Offer Space"). This right will be triggered by either Tenant indicating its interest in expanding in writing to Landlord or by receipt by Landlord of a request for proposal by a potential tenant. After a triggering event has occurred Landlord shall not execute a lease with any third party for the Offer Space unless and until Landlord has notified Tenant in writing (the "First Offer Leasing Notice") that a triggering event has occurred. If Tenant delivers to Landlord written notice of Tenant's desire to lease all but not less than all of the First Offer Space within ten (10) days after the delivery of the Leasing Notice, then Landlord shall not enter into a lease with any third party for the First Offer Space for a period of fifteen (15) days while Landlord and Tenant attempt to negotiate an amendment to this Lease for the First Offer Space. Any such amendment to this Lease must provide that:

- (a) Rent will commence within sixty (60) days from date of the Lease amendment
- (b) An extension of the Term for the entire Premises (as expanded) for a new ten (10) year Term.
- (c) The Annual Base Rent for the First Offer Space will be the then same rate per rentable square foot of the original Premises, then increasing at the same rate as Term per year thereafter.
- (d) If the First Offer Space is a built out existing suite, Landlord will provide a tenant improvement allowance for the First Offer Space to make the First Offer Space conform to the standards of the initial Premises.

If Landlord and Tenant do not execute a written lease within such fifteen (15) day period, or if Tenant declines the First Offer Space or fails to notify Landlord within the ten (10) day period as provided herein, Landlord shall thereafter be free to lease some or all of the First Offer Space at any time and from time to time on whatever terms Landlord may decide in its sole discretion, Tenant's rights under this Section 27.11 shall terminate, and Tenant shall have no further rights with respect to the Offer Space; however, Landlord

in its sole discretion may reinstate the Right of First Offer by the delivery of written notice thereof to Tenant any time within ninety (90) days after Tenant's Right of First Offer has been terminated.

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

LANDLORD:

Adams South Technology Centre LLC, a Michigan limited liability company

By: 

Its: V.P.

TENANT:

STONERIDGE, INC. an Ohio corporation

By: 

Its: President + CEO

Index of Exhibits

- | | |
|-----------------------|--|
| Exhibit A | Floor Plan and Site Plan |
| Exhibit B-1
& B-21 | Concept Specifications for Tenant Improvements |
| Exhibit C | Rules and Regulations |
| Exhibit D | Sign Criteria |

EXHIBIT A SITE PLAN

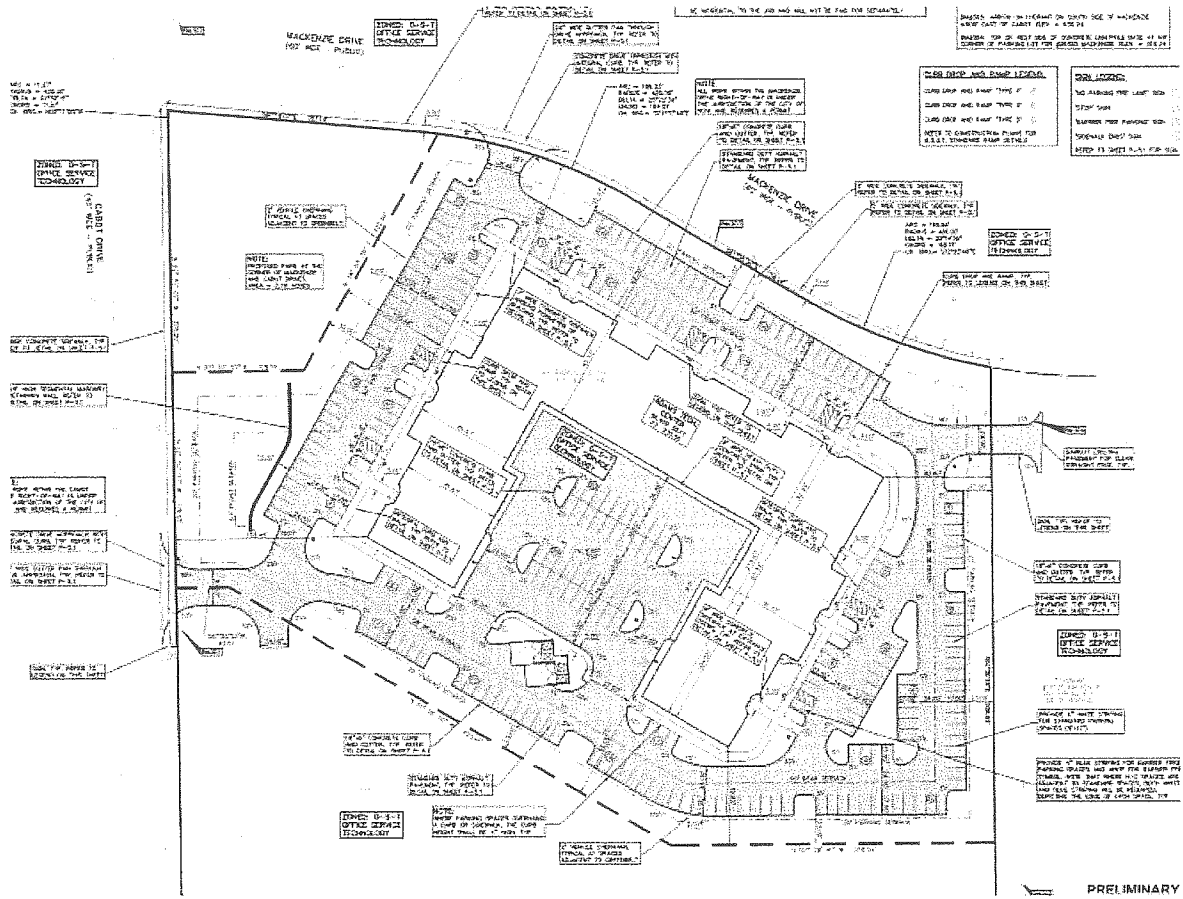


EXHIBIT A
(CONTINUED)
FLOOR PLAN

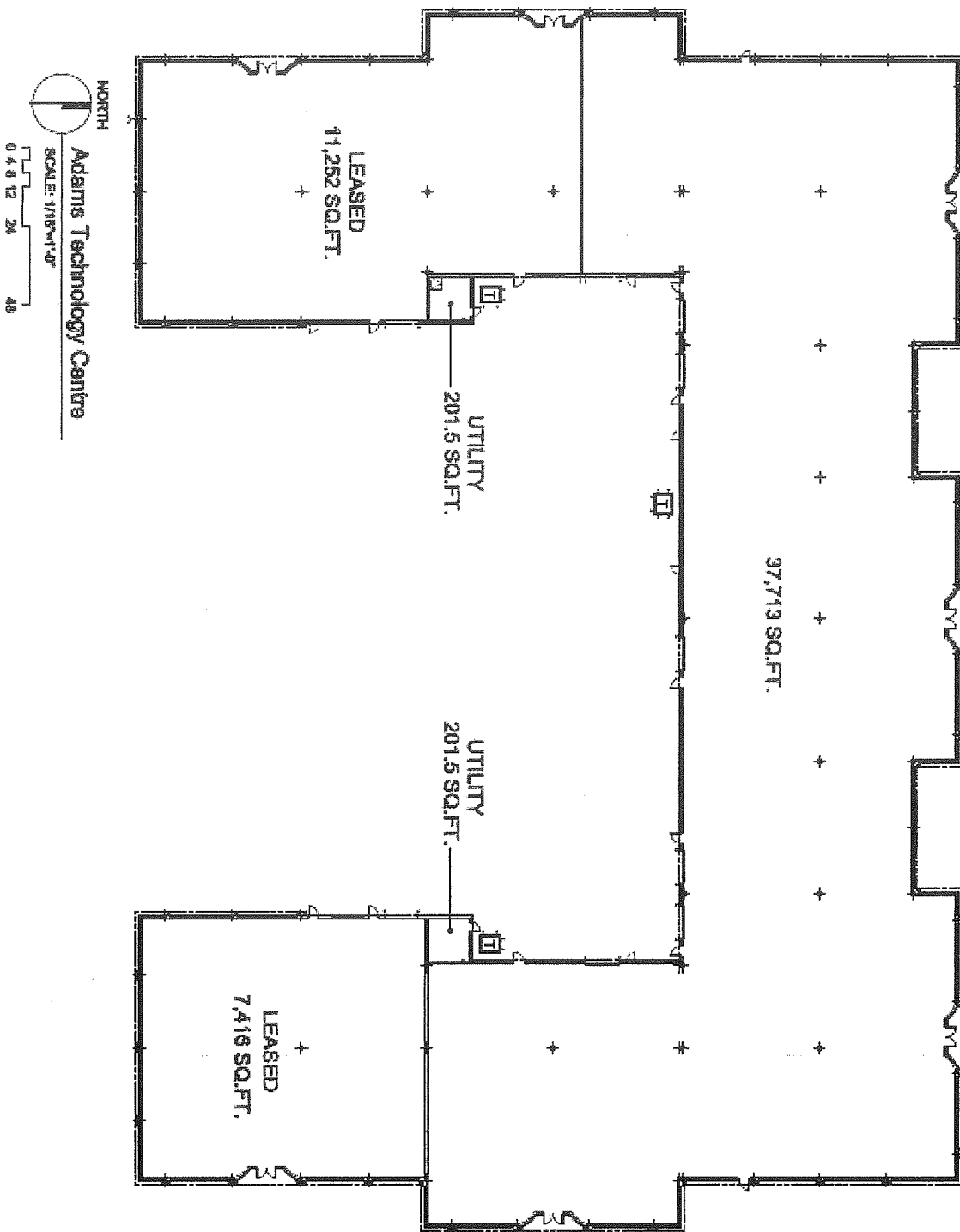


EXHIBIT B -1

CONCEPT SPECIFICATIONS FOR TENANT IMPROVEMENTS

Landlord shall provide the Construction Costs to build the space with the same amount of offices and conference rooms as depicted on the previously supplied floor plan dated January 18, 2016 attached hereto as Exhibit B-2 (in combination with the Tenant Contribution, if any) pursuant to the following specifications (Note: Specifications below have been provided by same general contractor as used for the MTU buildout) and with a similar lineal footage of walls as depicted on the floor plan dated January 18, 2016

01-100 General Conditions

- Supervision
- General Liability Insurance
- Temporary electric and lighting
- Access maintenance
- Miscellaneous tools & rentals
- Temporary Restrooms
- Blueprint copying
- Construction dumpsters
- Construction clean-ups
- Final cleaning

03-300 Concrete Flatwork

- 4" reinforced concrete slab on grade
- 24" x 2" horizontal perimeter insulation
- 6 mil vapor barrier

04-100 Masonry

- In-fill four unused overhead door openings from finish floor to 36" sill height with 8" CMU and brick veneer from Landlord's inventory

05-200 Miscellaneous Steel

- (2) 12x12 steel roof frames for 2 roof mounted exhaust fans

06-100 Carpentry, Metal Framing, Drywall, Insulations, Acoustical

Metal Framing and Gypsum Board Systems:

- Drywall finish for each demising wall, insulated with fiberglass sound batts and one layer 5/8" drywall each side
- 1 ½" metal Z furring at perimeter walls with rigid foam insulation and ½" drywall to 10'
- 1 ½" plenum rated semi-rigid insulation above 10' attached directly to CMU
- 3 5/8" 25 ga. metal framing for interior partition walls to be constructed to 10'
- Interior partition walls to receive one layer 5/8" drywall each side
- Installation of interior doors and hardware
- Furnish and install wood blocking for millwork, toilet partitions and accessories, and door bumpers

- Furnish and install plywood sub-sill at existing perimeter masonry window sills
- 2 Restroom cores and 1 vestibule to receive 9' drywall ceilings on suspended grid system
- Furnish and install FRP at mop sink

Acoustical Ceilings:

- 2x4 Armstrong Cortega Second Look ceiling tiles
- 15/16" Chicago Metallic white metal ceiling grid
- Acoustical ceiling height approximately 9'11"

06-220 Millwork

- 16 l.f. plastic laminate base cabinets and counter and upper cabinets in break room
- 50 l.f. plastic laminate base cabinets and counter and upper cabinets at west work/copy areas
- 24 l.f. plastic laminate lav tops in restrooms
- Black plastic laminate window sills

07-500 Roofing & Sheet Metal

- Flashing of (2) roof mounted exhaust fan curbs
- Flashing of (2) plumbing vent stack penetrations

08-200 Doors Frames & Hardware

- 3/0 x 8/0 pre-finished brownstone reddi frames (18" side-lites per plan)
- 3/0 x 8/0 pre finished solid core flush rotary cut birch doors per plan
- Cal Royal grade 2 commercial door hardware or equal
- Hinges BB 1279 x US26D
- 4 sets push/pull hardware (restroom doors)
- (4) Cal Royal door closers (restrooms)
- (4) Kickplates

08-360 Overhead Doors

- Remove and dispose of unused existing overhead doors

08-400 Glass & Glazing

- Exterior clear anodized framing and grey tinted Low E glass for 10' x 9' openings where overhead doors will be removed (2' top panel to be obscure glass)
- (4) 72" x 36" x 1/4" restroom mirrors with ground edges
- 1/4" clear tempered glass for 18" office side-lites and boardroom side-lite
- Electrified exit devices for tenant card reader are not included
- 18" sidelights at offices and conference rooms
- Board Room glass wall 8' in length.

09-600 Carpet & VCT

- Patcraft Walk Off Tile in vestibule
- Patcraft "Approach" broadloom carpet throughout except in rooms as noted
- Armstrong "Standard Excelon" VCT in restrooms, 2 work/copy areas, janitor closet and server room

- Lab area shall be sealed concrete
- 4" Roppe vinyl cove base (coil base) magenta
- Vinyl transition strips will be installed at flooring transitions
- Floor prep included

09-900 Painting

- Prime paint all exposed interior drywall surfaces
- (2) coats latex eggshell finish paint on all exposed interior drywall surfaces
- (2) coats latex flat ceiling white on drywall ceilings

10-520 Fire Extinguishers

- JL Industries 1017-F10 semi recessed cabinets per code
- 10 lb. fire extinguishers with tags per code

10-600 Toilet Partitions

- (10) Hadrian baked enamel metal toilet partitions for toilet compartments
- Urinal screen
- Floor mounted and overhead braced partitions

10-800 Toilet Accessories

- (4) Bradley 18" 812 grab bars
- (4) Bradley 36" 812 grab bars
- (4) Bradley 42" 812 grab bars
- (10) Bradley 5241 tissue dispensers
- (2) Bradley 234 paper towel/waste
- (4) Bradley 4781-15 sanitary napkin disposal
- (8) Versa Clenz soap dispensers

13-850 Fire Alarm

- Fire alarm per code
- Stamped fire alarm drawings for permit
- Permit fees included

15-400 Plumbing

- (10) manual flush valve toilets
- (8) china lavs with single handle faucets
- (2) manual flush wall hung urinals
- (1) dual height water cooler
- (1) single bowl (large) stainless steel break room sink and faucet
- (1) disposal
- (1) floor mounted service sink and wall mounted faucet
- (5) floor drains
- (1) dishwasher hook-up
- (1) ice maker lines to refrigerators
- (1) 50 gallon electric water heater located in janitor closet with re circ line and pump for restrooms

- (1) 20 gallon electric water heater for break room (hung in ceiling plenum)
- Gas piping to (+/- 17) existing RTU's to one gas meter Insulate underside of roof sumps
- PVC drain, waste, and vent piping tied into existing, cast iron in ceiling plenum
- Copper water pipe tied into existing with insulation on horizontal main lines
- Consumers Energy fees not included if gas meter is required to be upgraded
- Permit fees included

15-500 Fire Suppression

- Install concealed sprinkler heads to match the building standard in acoustical and gyp board ceiling areas
- Stamped fire suppression drawings for permit
- Design, installation, testing, inspections and certification
- Permit fees included
- Light hazard

15-700 HVAC (assumes 17 units used)

- (17) distribution duct systems from existing 7.5 ton RTU's
- (17) programmable thermostats
- (2) roof mounted exhaust fan with flat roof curb and necessary exhaust ductwork
- Un-insulated supply air main trunklines
- Un-insulated supply air branch runs
- Grilles, registers and diffusers
- Return air sound boots for offices, sound room, restrooms and conference rooms
- Air balance
- Permit fees included

16-100 Electrical

- Remove one CT cabinet and install 800 amp disconnect and meter can outside
- Provide secondary feeders from DTE transformer
- (1) 800 amp 480/277v main distribution panel
- (1) 200 amp 480/277v 42 circuit lighting panels
- (2) 150 KVA transformer
- (2) 200 amp 120/208v 42 circuit receptacle panel
- Per Plan: 2x4 lay-in Avanti direct/Indirect or equivalent fixtures
- 6" CFL recessed fixtures for restrooms
- Exit and emergency lighting
- Per Plan: single pole light switches
- Per Plan: ceiling mounted motion sensors
- (80) standard duplex outlets (GFCI protected in wet areas)
- (4) power/data floor boxes for conference rooms.
- (9) power/data floor boxes for systems furniture connections , total of (18) 20 amp circuits, power whips provided by tenant, final connection made by electrician
- (2) power/data wall feeds for systems furniture connections, total of (4) 20 amp circuits power whips provided by tenant, final connection made by electrician
- (30) telephone/data stubs in wall

- (2) electric water heater connections
- (1) electric water cooler connection
- (3) copier circuits
- (1) refrigerator circuits
- (1) disposal circuit
- (1) dishwasher connection
- (17) RTU connections
- (2) roof mount exhaust fan connections
- Excludes DTE fees
- Permit fees included

II TENANT IMPROVEMENTS-GARAGE/LAB/STORAGE – ASSUMED TO BE 10,000 SQ. FT.

A. Floor and Finishes:

4” reinforced cement slab hardened with one coat seal.

B. Carpentry:

Construction consisting of Steel stud and drywall partition construction and furring of interior side of exterior walls and columns (including taping, sanding and painting, primer & finish and/or wallpaper.)

Doors: Metal doors where required.

C. Plumbing:

None

D. Electrical:

Electrical Service and Panel

Lighting: Low Bay Fluorescent.

Convenience Outlets and duplexes, circuits, etc. (All communication, data, computer and telephone wiring and conduits provided by Tenant.)

E. HVAC:

The entire area will be heated and air conditioned.

F. Fire Protection:

Distribution “Light Hazard”. Fire alarms and emergency lighting.

III TENANT IMPROVEMENT - MISCELLANEOUS:

Permits, Fees, Architectural Space Planning, Drawings, Revisions and Blueprint and Other Costs, Building Standard Blinds, Temporary Utilities, Contractor Fee (10% on initial work; 15% on change orders) and Supervision, Developer overhead reimbursement and General Conditions. Any work not specifically delineated as Landlord’s Responsibility shall be the responsibility of the Tenant.

IV TENANT RESPONSIBILITIES:

- 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, and any modification to existing base building (i.e. blocking in overhead doors, adding windows).

- 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.
- Appliances
- Tenant building signage, suite signage and directional signage and related work.
- Blinds and other window coverings.
- Suite security system, keying and lock costs.
- 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.

**EXHIBIT B-2
FLOOR PLAN DATED JANUARY 18, 2016**

EXHIBIT C

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 designed. Only persons approved from time to time by Landlord may prepare, solicit orders for, sell, serve or distribute food in or around the Building. Except for microwave cooking, Tenant will not use the Premises for preparing or dispensing food, or soliciting of orders for sale, serving or distribution of food. No grilling or barbecuing is permitted on the Property without the prior consent of Landlord
2. Landlord has the right to control access to the Building and refuse access to any person who does not have satisfactory identification.
3. Soliciting, peddling and canvassing is prohibited in the Building.
4. Nothing shall be attached to the interior or exterior of the Building other than normal, Landlord approved fixtures.
5. No bicycles, vehicles or animals of any kind (other than wheelchairs and seeing-eye dogs) shall be brought into the Building.
6. 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.
7. Chair mats must be used under all rolling or similar chairs. Tenant will be liable for the cost of new carpet if wear occurs from the failure to use chair mats.
8. The toilets and other plumbing fixtures shall not be used for any purpose other than that for which they are designed.
9. Both smoking and the use of any tobacco products are prohibited anywhere inside the Building. Both smoking and the use of any tobacco products are also prohibited outside the Building near the entry and exit ways, or in any other areas designed by Landlord. Tobacco products include, but are not limited to, cigarettes, electronic cigarettes (otherwise known as e-cigarettes), cigars, chewing tobacco and pipe tobacco.
10. Do not obstruct sidewalks, entrances, halls, or stairways in or about the Building.
11. Do not place objects against glass partitions, doors or windows which may be unsightly from the Building's corridors, or from other areas of the Building.
12. Do not install or change locks.
13. The use of space heaters is prohibited. Machinery or mechanical devices which are not directly related to Tenant's ordinary use of the Premises shall not be installed or operated.
14. Landlord shall not be responsible for any lost or stolen money or property.
15. The Premises shall not be used for sleeping or for any immoral or illegal purpose.
16. Building windows may be cleaned at any time.

17. Tenant shall provide adequate waste and rubbish receptacles for the cleaning staff.
18. 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.
19. Parking Regulations:
 - (i) Vehicles WILL NOT be parked in the designated "Reserved" spaces, unless they are reserved for the tenant, its employees or invitees pursuant to a written agreement between the tenant and Landlord. There will be no parking in any area of the Property other than those areas clearly marked and defined for parking.
 - (ii) Parking will be on the basis of first-come, first-served except for reserved spaces.
 - (iii) Parkers will be expected to park their vehicles in an orderly manner within the marked stalls provided.
 - (iv) It is recommended that vehicles be left in a "brakes on, doors locked" condition at all times.
 - (v) No vehicles will be allowed to park in any driveway area or in any manner which will interfere with the normal flow of traffic.
 - (vi) Vehicles parked illegally will be towed at the vehicles owner's expense.
 - (vii) Tenant agrees that all its employees have been fully informed as to the content of these regulations.
 - (viii) 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.
 - (ix) All vehicles parked in the parking areas shall be in good condition and repair, driven and handled at the risk of the owner.
 - (x) 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.
 - (xi) 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. In addition, in no event shall Tenant permit its employees, licensees, invitees or other occupants to use more than Tenant's Proportionate Share of the existing parking spaces for the Property, as notified by Landlord.
 - (xii) Parking areas shall not be used to store vehicles or for parking unduly large commercial or recreational vehicles.
20. 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, as well as the applicable provisions of the Lease, by Tenant's employees, agents, contractors and invitees. Landlord shall not be responsible for any violation of the foregoing rules and regulations by other tenants of the Building and shall have no obligation to enforce the same against other tenants. Landlord shall have the right to amend these rules and regulations from time to time in accordance with the terms of the Lease.

EXHIBIT D
TENANT'S SIGN CRITERIA

Building Sign:

24"H x 120"L Fabricated break-formed aluminum panel with 2" returns (sides) mounted to fascia with hidden brackets, exposed faces and sides painted Matthews Acrylic Polyurethane White. Client logos shall be cut from 1/4" plate aluminum, mechanically fastened with 1/8" studs, and stand off with 1/4" spacers. The client logos shall be full color to match their logo specifications. 3M Scotchcal vinyl may be used for aspects of the logo that cannot be cut from plate aluminum.

Suite Entrance Vinyl:

One set of surface applied 3M #7725-10 White vinyl copy shall be applied to the 21 1/2"H x 17 1/2"L Malachite Corian Plaques at each suite entrance. The suite number copy shall be Newtext Demi-Bold. There shall be a 3/16" rule line and the tenant logo shall be implemented below the rule line.

Directional vinyl:

One set of 3M #580-10 White reflective vinyl shall be applied to the directional signs. The tenant copy shall be in 2"H Helvetica Regular (extended) font.

EXHIBIT B -1

CONCEPT SPECIFICATIONS FOR TENANT IMPROVEMENTS

Landlord shall provide the Construction Costs to build the space with the same amount of offices and conference rooms as depicted on the previously supplied floor plan dated January 18, 2016 attached hereto as Exhibit B-2 (in combination with the Tenant Contribution, if any) pursuant to the following specifications (Note: Specifications below have been provided by same general contractor as used for the MTU buildout) and with a similar lineal footage of walls as depicted on the floor plan dated January 18, 2016

01-100 General Conditions

- Supervision
- General Liability Insurance
- Temporary electric and lighting
- Access maintenance
- Miscellaneous tools & rentals
- Temporary Restrooms
- Blueprint copying
- Construction dumpsters
- Construction clean-ups
- Final cleaning

03-300 Concrete Flatwork

- 4" reinforced concrete slab on grade
- 24" x 2" horizontal perimeter insulation
- 6 mil vapor barrier

04-100 Masonry

- In-fill four unused overhead door openings from finish floor to 36" sill height with 8" CMU and brick veneer from Landlord's inventory

05-200 Miscellaneous Steel

- (2) 12x12 steel roof frames for 2 roof mounted exhaust fans

06-100 Carpentry, Metal Framing, Drywall, Insulations, Acoustical

Metal Framing and Gypsum Board Systems:

- Drywall finish for each demising wall, insulated with fiberglass sound batts and one layer 5/8" drywall each side
- 1 ½" metal Z furring at perimeter walls with rigid foam insulation and ½" drywall to 10'
- 1 ½" plenum rated semi-rigid insulation above 10' attached directly to CMU
- 3 5/8" 25 ga. metal framing for interior partition walls to be constructed to 10'
- Interior partition walls to receive one layer 5/8" drywall each side
- Installation of interior doors and hardware
- Furnish and install wood blocking for millwork, toilet partitions and accessories, and door bumpers

- Furnish and install plywood sub-sill at existing perimeter masonry window sills
- 2 Restroom cores and 1 vestibule to receive 9' drywall ceilings on suspended grid system
- Furnish and install FRP at mop sink

Acoustical Ceilings:

- 2x4 Armstrong Cortega Second Look ceiling tiles
- 15/16" Chicago Metallic white metal ceiling grid
- Acoustical ceiling height approximately 9'11"

06-220 Millwork

- 16 l.f. plastic laminate base cabinets and counter and upper cabinets in break room
- 50 l.f. plastic laminate base cabinets and counter and upper cabinets at west work/copy areas
- 24 l.f. plastic laminate lav tops in restrooms
- Black plastic laminate window sills

07-500 Roofing & Sheet Metal

- Flashing of (2) roof mounted exhaust fan curbs
- Flashing of (2) plumbing vent stack penetrations

08-200 Doors Frames & Hardware

- 3/0 x 8/0 pre-finished brownstone reddi frames (18" side-lites per plan)
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- Remove and dispose of unused existing overhead doors

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- Lab area shall be sealed concrete
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- Vinyl transition strips will be installed at flooring transitions
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- Prime paint all exposed interior drywall surfaces
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- (2) coats latex flat ceiling white on drywall ceilings

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- (10) Hadrian baked enamel metal toilet partitions for toilet compartments
- Urinal screen
- Floor mounted and overhead braced partitions

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- (4) Bradley 18" 812 grab bars
- (4) Bradley 36" 812 grab bars
- (4) Bradley 42" 812 grab bars
- (10) Bradley 5241 tissue dispensers
- (2) Bradley 234 paper towel/waste
- (4) Bradley 4781-15 sanitary napkin disposal
- (8) Versa Clenz soap dispensers

13-850 Fire Alarm

- Fire alarm per code
- Stamped fire alarm drawings for permit
- Permit fees included

15-400 Plumbing

- (10) manual flush valve toilets
- (8) china lavs with single handle faucets
- (2) manual flush wall hung urinals
- (1) dual height water cooler
- (1) single bowl (large) stainless steel break room sink and faucet
- (1) disposal
- (1) floor mounted service sink and wall mounted faucet
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- (1) dishwasher hook-up
- (1) ice maker lines to refrigerators
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- (1) 20 gallon electric water heater for break room (hung in ceiling plenum)
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- PVC drain, waste, and vent piping tied into existing, cast iron in ceiling plenum
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- Install concealed sprinkler heads to match the building standard in acoustical and gyp board ceiling areas
- Stamped fire suppression drawings for permit
- Design, installation, testing, inspections and certification
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- Light hazard

15-700 HVAC (assumes 17 units used)

- (17) distribution duct systems from existing 7.5 ton RTU's
- (17) programmable thermostats
- (2) roof mounted exhaust fan with flat roof curb and necessary exhaust ductwork
- Un-insulated supply air main trunklines
- Un-insulated supply air branch runs
- Grilles, registers and diffusers
- Return air sound boots for offices, sound room, restrooms and conference rooms
- Air balance
- Permit fees included

16-100 Electrical

- Remove one CT cabinet and install 800 amp disconnect and meter can outside
- Provide secondary feeders from DTE transformer
- (1) 800 amp 480/277v main distribution panel
- (1) 200 amp 480/277v 42 circuit lighting panels
- (2) 150 KVA transformer
- (2) 200 amp 120/208v 42 circuit receptacle panel
- Per Plan: 2x4 lay-in Avanti direct/Indirect or equivalent fixtures
- 6" CFL recessed fixtures for restrooms
- Exit and emergency lighting
- Per Plan: single pole light switches
- Per Plan: ceiling mounted motion sensors
- (80) standard duplex outlets (GFCI protected in wet areas)
- (4) power/data floor boxes for conference rooms.
- (9) power/data floor boxes for systems furniture connections , total of (18) 20 amp circuits, power whips provided by tenant, final connection made by electrician
- (2) power/data wall feeds for systems furniture connections, total of (4) 20 amp circuits power whips provided by tenant, final connection made by electrician
- (30) telephone/data stubs in wall

- (2) electric water heater connections
- (1) electric water cooler connection
- (3) copier circuits
- (1) refrigerator circuits
- (1) disposal circuit
- (1) dishwasher connection
- (17) RTU connections
- (2) roof mount exhaust fan connections
- Excludes DTE fees
- Permit fees included

II TENANT IMPROVEMENTS-GARAGE/LAB/STORAGE – ASSUMED TO BE 10,000 SQ. FT.

A. Floor and Finishes:

4” reinforced cement slab hardened with one coat seal.

B. Carpentry:

Construction consisting of Steel stud and drywall partition construction and furring of interior side of exterior walls and columns (including taping, sanding and painting, primer & finish and/or wallpaper.)

Doors: Metal doors where required.

C. Plumbing:

None

D. Electrical:

Electrical Service and Panel

Lighting: Low Bay Fluorescent.

Convenience Outlets and duplexes, circuits, etc. (All communication, data, computer and telephone wiring and conduits provided by Tenant.)

E. HVAC:

The entire area will be heated and air conditioned.

F. Fire Protection:

Distribution “Light Hazard”. Fire alarms and emergency lighting.

III TENANT IMPROVEMENT - MISCELLANEOUS:

Permits, Fees, Architectural Space Planning, Drawings, Revisions and Blueprint and Other Costs, Building Standard Blinds, Temporary Utilities, Contractor Fee (10% on initial work; 15% on change orders) and Supervision, Developer overhead reimbursement and General Conditions. Any work not specifically delineated as Landlord’s Responsibility shall be the responsibility of the Tenant.

IV TENANT RESPONSIBILITIES:

- 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, and any modification to existing base building (i.e. blocking in overhead doors, adding windows).

- 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.
- Appliances
- Tenant building signage, suite signage and directional signage and related work.
- Blinds and other window coverings.
- Suite security system, keying and lock costs.
- 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.

VIA ELECTRONIC MAIL

As of March 15, 2016

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



Re: Adams South Technology Centre LLC

Dear Clerk,

Adams South Technology Centre 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, Stoneridge, Inc. ("Stoneridge") 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 its new Headquarters the Company intends to lease to Stoneridge.

Sincerely yours,


Matthew Sosin
Vice President, Adams South Technology Centre LLC

Exhibit A
Legal Description of Proposed Industrial Development District

Land situated in the City of Novi, County of Oakland, State of Michigan, and is described as follows:

Part of the East 1/2 of Section 1, Town 1 North, Range 8 East, described as: Beginning at a point distant North 02 degrees 30 minutes 06 seconds West 632.02 feet and South 85 degrees 30 minutes 21 seconds West 60.04 feet from the Southeast Section corner; thence South 85 degrees 30 minutes 21 seconds West 215.71 feet; thence North 02 degrees 02 minutes 32 seconds West 467.58 feet; thence South 87 degrees 57 minutes 28 second West 162.89 feet; thence South 13 degrees 30 minutes 29 seconds West 174.90 feet; thence South 41 degrees 04 minutes 28 seconds West 75.81 feet; thence South 87 degrees 29 minutes 56 seconds West 312.43 feet; thence South 44 degrees 08 minutes 59 seconds West 370.51 feet; to the East line of Cabot Drive (60 foot wide); thence following three courses along said East line, 344.70 feet along the ace of a curve to the left, have a radius of 455.00 feet, and chord bears North 36 degrees 07 minutes 04 seconds West 336.51, and 378.27 feet along the arc of a curve to the right, having a radius of 395.00 feet and a chord that bears North 30 degrees 23 minutes 13 seconds West 363.98 feet, thence North 02 degrees 57 minutes 07 seconds West 1161.60 feet to the point of beginning; thence continuing along said East line, North 02 degrees 57 minutes 07 seconds West 176.05 feet; thence North 87 degrees 02 minutes 53 seconds East 108.36 feet; thence North 28 degrees 03 minutes 30 seconds East 222.93 feet to the South line of Mackenzie Drive (60 feet wide); thence the following three courses along said South line 168.98 feet along the arc of a curve to the right, having a radius of 420.00 feet and chord that bears South 73 degrees 28 minutes 03 seconds Eat 167.85 feet and South 61 degrees 56 minutes 30 seconds East 159.14 feet and 169.59 feet along the arc of a curve to the left, having a radius of 480.00 feet and a chord that bears South 72 degrees 03 minutes 48 seconds East 168.71 feet; thence South 02 degrees 30 minutes 19 seconds East 387.94 feet; thence South 87 degrees 29 minutes 41 seconds East 268.09 feet; thence North 61 degrees 56 minutes 30 seconds West 420.91 feet; thence South 87 degrees 02 minutes 53 seconds West 43.61 feet to the aforementioned East line of Cabot Drive and the point of beginning.



March 14, 2016

Mr. Pete E. Auger
City Manager
City of Novi
45175 Ten Mile Road
Novi, MI 48375

Dear Mr. Auger,

On behalf of Stoneridge, Inc., please utilize this letter as a formal request to establish an Industrial Development District (IDD) for the site to be occupied by Stoneridge, Inc. listed below.

39625 (39675) Mackenzie Dr., Novi, MI 48377
Parcel: 22-01-400-029

Legal Description: T1N, R8E, SEC 1 PART OF E 1/2 OF SEC BEG AT PT DIST N 02-30-06 W 632.02 FT & S 85-30-21 W 60.04 FT & S 85-30-21 W 215.71 FT & N 02-02-32 W 467.58 FT & S 87-57-28 W 162.89 FT & S 13-30-29 W 174.90 FT & S 41-04-28 W 75.81 FT & S 87-29-56 W 312.43 FT &

Stoneridge, Inc. appreciates the support and consideration from the City of Novi and looks forward to its potential growth within the community.

Graciously,

A handwritten signature in black ink, appearing to read "Jonathan DeGaynor".

Jonathan DeGaynor
President and CEO