

Southgate City Council Agenda

Council Chambers

Wednesday January 3, 2018

6:30pm **Work Study Session**

1. Officials Reports
2. Discussions regarding agenda items.

7:00 pm **Regular Meeting**

Pledge of Allegiance

Roll Call: Colovos, Denman, Farrah, George, Graziani, Rauch, Zamecki.

Minutes:

1. Work Study Session Minutes dated December 20, 2017.
2. Regular City Council Meeting Minutes dated December 20, 2017.
3. Public Hearing Meeting Minutes dated December 20, 2017.

Scheduled Persons in the Audience:

Consideration of Bids:

Scheduled Hearings:

Communications "A" –

1. Memo from Administrator; Re: Program Year 2018 CDBG Program Funds
2. Memo from Administrator; Re: Entering Lease Agreement with Rapid Response
14717 Schafer Court

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Communications "B" – (Receive and File)

Ordinances:

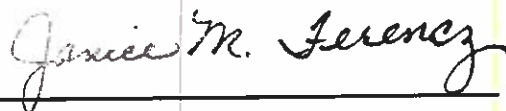
Old Business:

New Business:

Unscheduled Persons in the Audience:

Claims & Accounts: Warrant # 1344 – see warrant

Adjournment:



Janice M. Ferencz, City Clerk

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
Treasurer



City of Southgate
NORMA J. WURMLINGER
MUNICIPAL BUILDING

- CITY COUNCIL -

JOHN GRAZIANI
Council President

MARK FARRAH

SHERYL DENMAN

KAREN E. GEORGE

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

Memorandum

To: Honorable City Council Members

From: John J. Zech, City Administrator

Date: December 28, 2017

Re: Program Year 2018 CDBG Program Funds

The Administrator of the Wayne County CDBG Program has asked the participating communities to begin the process of programming its 2018 funds. He has said the City of Southgate should expect to receive \$153,000.00 for Program Year 2018. The new rules established by Wayne County stipulate that these funds must be spent by December 31, 2019. These rules also require that 2 public hearings must be held. The City's application must be submitted by February 16, 2018.

Therefore, the Administration respectfully requests the City Council call a second Public Hearing for 7:00pm, February 7, 2018, to receive public comment on the Administration's recommendation for the use of these funds. The legal advertisement, which will be published in the News Herald prior to the Public Hearing will provide the public with the Administration's recommendations for the use of these funds.

If you have any questions about this matter, please contact me.

Cc: Mayor Joseph G. Kuspa
Joan Hennessey
David Angileri
Dustin Lent

JOSEPH G. KUSPA
Mayor

JANICE M. FERENCZ
City Clerk

JAMES E. DALLOS
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Memorandum

To: Honorable City Council Members

From: John J. Zech, City Administrator *JJZ*

Date: December 28, 2017

Re: Entering into a Lease Agreement with Rapid Response EMS for 14717 Schafer Ct.

Attached please find a copy of the proposed lease agreement with Rapid Response EMS for the period of January 1, 2018 through June 30, 2023. The Administration respectfully requests that you approve authorizing the Mayor and City Clerk to sign the lease.

At the last City Council meeting, we spoke about the fact that Rapid Response estimates they will spend about \$85,000.00 to renovate the former Animal Control Shelter. As they are paying for the renovation, the Administration is recommending they pay the City \$700.00 per month until the renovation costs are covered. Once that has taken place, they will pay the City \$2,000.00 per month through the remainder of the lease.

Representatives of Rapid Response will be in attendance at your meeting, should you have any questions for them.

If you have any questions for me, please give me a call.

Cc: Mayor Joseph G. Kuspa
Mike Sypula
David Angileri
Dustin Lent
Jeff Smith
Brandon Fournier

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is dated for reference purposes as of ~~November 1, 2017~~ January 1, 2018 (the "Effective Date") and is made by and between the City of Southgate, Michigan (together, the "Landlord"), and Rapid Response Emergency Services, LLC, a Michigan limited liability company ("Tenant").

1. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term and subject to the agreements, conditions and provisions hereinafter set forth, all of that certain improved real property located at _____, including all buildings, structures, parking lots, driveways and other improvements located thereon (collectively, the "Improvements"), and as shown and more particularly described on Exhibit A attached hereto. Collectively, such real property and Improvements are referred to herein as the "Premises". The parties hereby agree that pursuant to this Lease, Tenant shall have the exclusive use of the Premises and Improvements (including without limitation that certain approximately _____ square foot building located thereon (the "Building") and all parking lots and driveways appurtenant to or otherwise serving the Building and/or Premises), subject to the terms and conditions of this Lease.

2. Term.

2.1 Commencement Date. Unless extended or earlier terminated in accordance with the provisions herein, this Lease shall begin on ~~November 1, 2017~~ January 1, 2018 (the "Commencement Date") and shall end upon termination of that certain Medical Transport Services Agreement by and between Tenant and the City of Southgate, Michigan (the "Term"). Notwithstanding the foregoing, if the Commencement Date falls on any day other than the first day of a calendar month then the Term of this Lease will be measured from the first day of the month following the month in which the Commencement Date occurs so that the Term will end on the last day of a month. Landlord shall deliver possession of the Premises to Tenant on or before the Commencement Date.

2.2 Early Entry. [Intentionally omitted.]

2.3 Holdover. If Tenant continues to occupy the Premises after the expiration of the Term or any earlier termination of this Lease, such holding over (i) shall be deemed to have created a month to month tenancy only terminable with at least thirty (30) days' prior written notice by either party, (ii) shall not constitute a renewal or an extension hereof, (iii) shall be subject to all of the terms and conditions of this Lease, including without limitation the obligation to pay Rent; and (iv) the Base Rent shall increase to 125% of the then-current Base Rent.

3. Rent.

3.1 Base Rent. ~~Beginning on the date on which the Foregone Rent pursuant to Section 23 below is equal to the amount spent by Tenant on the Tenant Buildout~~ Subject to the reduced rent payments set forth in Section 19 below, Tenant shall pay to Landlord, without

demand or request, on or before the first day of each month, "Base Rent" in accordance with the following schedule:

<u>Monthly Base Rent</u>
\$ <u>2,000</u>

3.2 Additional Rent; General. All other amounts payable by Tenant to Landlord pursuant to the express terms and conditions of this Lease shall be collectively referred to herein as "Additional Rent". Unless expressly stated otherwise, Additional Rent shall be payable within thirty (30) days after Tenant's receipt of detailed written demand therefor, including copies of all applicable cost verification documents. Base Rent and Additional Rent are collectively referred to as "Rent". Rent for any partial month of the Term shall be prorated on a per diem basis. Rent shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other persons or at such other places as Landlord may designate in writing. Any payment of Rent not received by Landlord when due shall accrue interest at the lesser of seven percent (7%) per annum and the highest rate permitted under Applicable Laws (defined below) from the date due until paid in full.

4. Utilities and Services. Tenant shall obtain from the applicable utility/service providers, and shall directly pay for all costs of electricity, gas, telephone and other utilities used or consumed on the Premises that are separately metered or sub-metered to the Premises, together with all taxes, levies or other charges on such utilities. Landlord shall cause utility hookups to be provided to an entry point to the Premises, shall install any meters and/or sub-meters for measuring utility usage at its sole cost and expense, and shall be responsible for maintaining and repairing any subsurface utility systems, utility hookups, and meters and/or sub-meters serving the Premises. In the event any utilities or services are not separately metered to determine Tenant's usage, then Tenant shall only be responsible for its reasonable and equitable share of the cost of such utilities or service, as such allocation is mutually agreed upon by the parties working in good faith.

5. Use.

5.1 General. Tenant shall be permitted to use and occupy the Premises during the Term for ambulance services and related uses, including without limitation vehicle maintenance and repair, as well as any other legally permitted uses, all in accordance with and subject to the terms and conditions of this Lease. Landlord represents and warrants that Tenant's use of the Premises as set forth in this Section 5.1 is permitted under all Applicable Laws (defined below).

5.2 Compliance. Tenant agrees to at all times operate Tenant's business from the Premises in full compliance with all Applicable Laws related thereto. As used herein, the term "Applicable Laws" collectively means: (i) all applicable state, federal, and/or local statutes, ordinances, rules, orders, requirements, orders, directives, permits, regulations and other laws, and (ii) the terms of all reciprocal easement agreements and/or covenants, conditions and restrictions affecting the Premises ("Encumbrances"), in each case as the same regulate and/or impact the use or occupation of the Premises.

5.3 Limitations. Nothing in this Section 5 or elsewhere in this Lease shall be construed so as to make Tenant obligated to make, or otherwise liable or responsible for any Alterations (defined below) to the Premises (including the Building and other Improvements) in order to cause the same to be in compliance with Applicable Laws, except to the extent that such work is triggered by Alterations to the Premises made by the Tenant during the Term. Instead all such compliance work which are not Tenant's express obligation as set forth in the preceding sentence, including without limitation any required capital expenditures, shall be promptly performed by Landlord at its sole cost and expense, and without any material interference with Tenant's ongoing operations or ability to use the Premises.

6. Condition of Premises.

6.1 Delivery of Premises. Landlord shall deliver the Premises to the Tenant in "AS-IS" condition, with the Building watertight and in good repair.

6.2 Repairs and Maintenance.

(a) Landlord's Obligations. Except for damage caused by Tenant or its employees, agents, guests, invitees, contractors, subcontractors or representatives (collectively, including Tenant, the "Tenant Parties") after the Commencement Date, which Tenant shall repair at its sole cost and expense, Landlord shall maintain and repair the structural portions of the Premises, including the foundations, exterior walls, roof, subsurface, and other structural aspects of the Improvements. Landlord shall also be responsible for any and all capital repairs or replacements to (i) the HVAC, lighting, plumbing, electrical, sewer, water, and any other system which is within the Building, a part of any Improvements, or otherwise comprises a part of the Premises (excluding all personal property equipment and systems of Tenant) (collectively, "Building Systems") and (ii) the parking area/lots and driveways appurtenant to and/or serving the Building or Premises. As used in this paragraph, a "capital repairs or replacement" is an expense which can or should be capitalized in accordance with GAAP, and includes any repair or replacement in excess of \$10,000 in any one instance. Tenant shall pay as Additional Rent on a monthly basis the pro rata portion of the cost of such capital repairs or replacement based on the estimated useful life of such capital repairs or replacement, which amount shall not, on a monthly basis, be greater than 1/144th of the total cost. Landlord shall proceed diligently to perform its obligations after receipt of written notice of the need therefor, and shall do so without materially interfering with Tenant's ongoing operations or ability to use the Premises. Landlord further agrees to perform any obligation it has agreed to incur hereunder as soon as possible in the event of an "Emergency," defined as an event which, if not immediately addressed by Landlord, would (I) threaten the safety and/or well-being of the occupants of the Premises, or (II) materially interfere with Tenant's ongoing operations or ability to use the Premises.

(b) Tenant's Obligations. Excluding Landlord's express obligations above, Tenant, at Tenant's expense, shall keep the Premises and every part thereof in good order, condition and repair, including, without limiting the generality of the foregoing, all Building Systems located in or exclusively serving the Premises, all fixtures and equipment in the Premises, the interior walls of the Building and interior surfaces of the Building's exterior walls, and the floors, ceilings, windows, doors, skylights, and tenant improvements located therein. Without limiting the foregoing, the Tenant shall immediately replace any broken windows on the

Premises. Tenant shall proceed diligently to perform its obligations as soon as possible after receipt of written notice of the need therefor.

6.3 Surrender of Premises. Tenant shall surrender the Premises to Landlord upon the expiration of the Term or earlier termination of this Lease in the condition received, reasonable wear and tear, casualty, and any Alterations that Landlord has not required be removed from the Premises, excepted.

7. Access. Landlord shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times upon not less than forty-eight (48) hours prior notice, for the purpose of showing the same to prospective purchasers, lenders, or tenants, and to perform Landlord's maintenance or repair obligations hereunder. Landlord may at any time during the last one hundred eighty (180) days of the Term place on or about the Premises any ordinary "For Lease" signs. Landlord shall not materially interfere with Tenant's ongoing operations or ability to use the Premises during the exercise of any rights to access the Premises as set forth above or elsewhere in this Lease.

8. Alterations. Tenant shall not make nor cause to be made any alterations, modifications, or improvements to the Premises (collectively "Alterations") without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, but otherwise subject to the terms and conditions of this Section 8, Tenant shall be entitled to make Alterations which do not impact the structural components of the Building or any other Improvements without need for Landlord's prior approval provided that the total cost of such Alterations does not exceed Fifty Thousand Dollars (\$50,000) in any calendar year. Any Alterations made by Tenant shall be done in a good and workmanlike manner, using new materials, shall be made in compliance with all Applicable Laws, and Tenant shall, if such Alterations impact the Building, within thirty (30) days after completion of such Alterations provide Landlord with as-built plans and specifications for same, if appropriate. Upon completion, all Alterations shall become a part of the Premises and immediately belong to Landlord without compensation to Tenant, provided that equipment, trade fixtures and movable furniture shall remain the property of Tenant and may be removed at any time during the Term.

9. Insurance and Indemnity.

9.1 Tenant's Insurance. At its sole cost and expense, Tenant shall maintain in full force and effect during the Term: (i) all risk personal property insurance on Tenant's personal property, fixtures and equipment at the Premises, in such amounts and with such coverages as Tenant may reasonably determine, (ii) workers compensation and employers liability insurance at statutory required levels, (iii) General Liability Insurance providing coverage against claims of bodily injury, personal injury and property damage arising out of Tenant's operations, assumed liabilities, and/or use and occupation of the Premises with coverage not less than \$2,000,000 combined single limit, and (iv) Automobile Liability covering all owned, non-owned, and hired vehicles with a \$1,000,000 per accident limit for bodily injury and property damage.

9.2 Landlord's Insurance. Landlord shall maintain in full force and effect during the Term, at Landlord's sole cost and expense fire and extended coverage property insurance,

insuring the Improvements on the Premises (including the Building) in an amount not less than the full replacement value thereof, as the same may change from time to time during the Term. As Additional Rent under this Lease Tenant shall reimburse Landlord on an annual basis for the actual and reasonable premium paid by Landlord in connection with procuring and maintaining the foregoing All-Risk insurance, within thirty (30) days after Tenant's receipt of detailed written demand therefor, including copies of all applicable cost verification documents including statements from Landlord's insurers; provided (i) such premiums shall be prorated on a per diem basis as appropriate to the extent that any portion of a policy year occurs before or after the Term of this Lease, and (ii) Tenant shall not be responsible for any portion of such premium or any other costs attributable to the negligent acts or omissions, or willful acts or misconduct, of any Landlord Parties. Landlord also may, but shall not be required to, at Landlord's sole cost and expense, carry a policy of general liability insurance to insure against claims for personal injury or death and property damage occurring upon, in or about the Premises. Tenant shall not do anything on or about the Premises that may cause a cancellation of Landlord's insurance or materially increase Landlord's premiums therefor.

9.3 Intentionally Omitted.

9.4 Tenant's Indemnity. Tenant agrees to indemnify, defend and hold harmless all of the Landlord Parties from and against any and all claims, demands, liabilities, damages, judgments, orders, decrees, actions, proceedings, fines, penalties, losses, costs and expenses, including without limitation, court costs and attorneys' fees (collectively "Claims") incurred in connection with or arising from any acts, omissions or negligence of Tenant or any other Tenant Party in, on or about the Premises or arising from or relating to any obligations or duty of Tenant pursuant to this Lease; provided, however, that the terms of the foregoing indemnity shall not apply to the extent any such Claim results from negligence or willful misconduct of Landlord or any Landlord Parties based upon principles of comparative fault. The provisions of this paragraph will survive the expiration of the Term or any earlier termination of this Lease.

10. Damage and Destruction.

10.1 Termination. If any portion of the Premises, including the Building or other Improvements thereon, are damaged by a fire or other casualty, Tenant shall give Landlord prompt notice thereof, and within sixty (60) days after the date Landlord has actual knowledge of such damage or destruction, Landlord shall notify Tenant of the reasonably estimated time required to completely restore the Premises, and if Landlord has elected to terminate this Lease in accordance with the provisions set forth in this Section 10. Landlord may elect to terminate this Lease due to a fire or other casualty if: (i) in Landlord's reasonable estimation, the repair and restoration of the Premises is not capable of being completed within one hundred twenty (120) days after the date of the fire or other casualty for any reason whatsoever, or (ii) the damage was not fully covered by the insurance maintained by Landlord, or, if covered, Landlord is not likely to receive sufficient insurance proceeds to fully restore the Premises to the condition required hereunder. If Landlord's estimate is that the repair and restoration of the Premises is not capable of being completed within one hundred twenty (120) days after the date of the fire or other casualty, then Tenant may elect to terminate the Lease with written notice to Landlord given within thirty (30) days after Tenant's receipt of Landlord's estimate described above.

10.2 Restoration and Abatement. If neither Landlord or Tenant elect to terminate this Lease, then Landlord shall diligently and with commercially reasonable promptness repair the Premises to the condition existing as of the Commencement Date. Landlord shall not be required to repair or replace any damage or loss to any Alterations installed on the Premises by Tenant or any personal property of Tenant. If Tenant is unable to use any portion of the Premises for Tenant's operations due to a casualty, then Tenant shall be entitled to an equitable abatement of Rent from the date of the casualty until Landlord's repairs have been substantially completed, as mutually agreed upon by the parties based on the impact such casualty and restoration has on Tenant's ability to use the Premises, with due consideration given to the proportion of the Building and Improvements unable to be used by Tenant during the restoration period.

11. Taxes. Landlord shall be responsible for, and shall pay before delinquency any and all real property taxes and assessments of any kind and nature levied against the Premises (including the Building and other Improvements), and/or Landlord's interest therein (collectively, "Real Property Taxes") during the Term. Tenant shall pay before delinquency, and Real Property Taxes shall exclude, all taxes and assessments that are levied and assessed against Tenant's personal property installed or located in or on the Premises, and that become payable during the Term. As Additional Rent, Tenant shall annually reimburse Landlord for the Real Property Taxes actually paid by Landlord during the Term of the Lease within thirty (30) days after Tenant's receipt of detailed written demand therefor, including copies of all applicable cost verification documents including tax statements from the tax assessor; provided (i) Real Property Taxes shall be prorated on a per diem basis as appropriate to the extent that any portion of a tax year occurs before or after the Term of this Lease, and (ii) Tenant shall not be responsible for any (i) estate, inheritance, income or transfer taxes, (ii) the cost of any challenge to taxes made by Landlord, (iii) any tax penalties assessed due to any action or inaction by a Landlord Party, or (iv) any increase in Real Property Taxes due to a reassessment of the Building/Improvements or Premises resulting from a transfer of Landlord's interest therein.

12. Assignment and Subletting. Tenant shall not encumber, assign or otherwise transfer any right or interest in this Lease or the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing or anything in this Lease to the contrary, Landlord hereby agrees that Tenant may, without the prior notice to or consent of Landlord, assign this Lease to: (i) an entity controlled by, controlling or under common control of Tenant. Tenant hereby agrees that any such transfer shall be in the form of a written agreement unless the transfer occurs as a matter of law, and Tenant shall provide Landlord with a copy of such agreement. Regardless of such assignment, unless expressly agreed otherwise, Tenant shall remain primarily liable under this Lease. The consent of Landlord to any particular assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting.

13. Events of Default; Remedies.

13.1 Tenant's Default. The occurrence of any of the following events on the part of the Tenant shall be a "Tenant Default":

(a) Failure to pay Rent when due and said Rent remains unpaid for five (5) business days after Tenant's receipt of written notice of such failure; or

(b) Failure in the performance of any of Tenant's other covenants, agreements, or obligations hereunder, which failure continues for thirty (30) days after Tenant's receipt of written notice thereof from Landlord; provided if such cure reasonably takes longer than thirty (30) days to make, Tenant shall not be in default hereunder if Tenant has commenced such cure within the thirty (30) day period and at all-time thereafter proceeds diligently to complete such cure; or

(c) (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Ten

(d) ant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days, provided if any provision of this paragraph is contrary to any applicable law, such provision shall be of no force or effect.

(e) Landlord's sole and exclusive right to Terminate the ambulance services ~~services~~ contract for ambulance services.

Commented [BR1]: I am not sure what this means.

13.2 Landlord's Remedies. So long as a Tenant Default shall be continuing, Landlord shall have the remedies set forth below in this Section 14.2, and any other remedies available under Applicable Laws.

(a) Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant (i) the worth at the time of award of any unpaid Rent which has been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's default or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant and such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws. As used in subclauses (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Default Rate, and as used in subclause (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(b) Landlord may, but shall not be obligated to, and with written notice to Tenant, cure such Tenant Default on Tenant's behalf (and may enter the Premises for such purposes in accordance with and subject to Section 7). Any such actions undertaken by Landlord pursuant to this paragraph shall not be deemed a waiver of Landlord's rights and remedies as a result of the Tenant Default and shall not release Tenant from any of its obligations under this Lease.

(c) In the event that the Landlord elects to terminate the service contract between the Landlord and Tenant, for ambulance series pursuant to Section 13.1(d) without cause, then the Tenant shall be entitled to a prorated refund of the value of improvements as described under this Agreement. Provided, however, if the Tenant elects to quit the contract or the Tenant is terminated for cause, then no pro-rata shall occur.

13.3 Landlord's Default.

(a) General. Landlord shall be in default hereunder (a "Landlord Default") if it fails to perform any of its covenants, agreements, or obligations hereunder, which failure continues for thirty (30) days after Landlord's receipt of written notice thereof from Tenant; provided if such cure reasonably takes longer than thirty (30) days to make, Landlord shall not be in default hereunder if it has commenced such cure within the thirty (30) day period and at all-times thereafter proceeds diligently to complete such cure. Notwithstanding the foregoing, a Landlord Default shall include the failure or refusal of Landlord to perform any obligation it has agreed to incur hereunder as soon as possible in the event of an Emergency.

(b) Tenant's Remedies. If a Landlord Default occurs, then, in addition to Tenant's other remedies under this Lease and Applicable Laws, Tenant may, on Landlord's behalf, but shall not be required to, perform the obligation that caused the Landlord Default. Landlord shall reimburse Tenant for such reasonable expenses as are incurred by Tenant while performing such obligations within thirty (30) days after receipt of written demand therefor, provided (i) Tenant provides Landlord with written notice of its intention to perform such obligation on Landlord's behalf at least five (5) business days before commencing such performance (unless an emergency, in which event Tenant need only give Landlord twenty-four (24) hour prior notice which may be verbal), and (ii) Tenant includes copies of all relevant invoices evidencing the work performed with its demand for reimbursement. If Landlord fails to reimburse Tenant for such costs as required herein, Tenant may thereafter abate the Rent due hereunder to recover such costs.

14. Liens. Tenant shall pay, when due, all claims for labor and materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, and will not permit any liens to be imposed on the Premises for any work done to the Premises by Tenant or anyone performing work on behalf of Tenant, including without limitation any Alterations. If Tenant receives written notice that a lien has been or is about to be filed against the Premises or any action affecting title to the Premises has been commenced on account of work done by or for or materials furnished to or for Tenant, it will immediately give Landlord written notice of such notice and will proceed with diligence and within ten (10) business days cause such lien to be bonded or discharged. Nothing contained in this Lease will be deemed the consent or agreement

of Landlord to subject Landlord's interest in the Premises to liability under any mechanics' or other lien law.

15. Brokers. The parties to this Lease warrant to each other that neither party dealt with any brokers or finders in connection with the consummation of this Lease, and each party agrees to protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Lease to anyone.

16. Signage. Tenant shall not be permitted to place signage or other advertisements on the Premises without first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, delayed or denied. Tenant's installation, operation, use and maintenance of any signs shall be in accordance with and subject to all Applicable Laws and any approvals which may be required thereunder. Upon the expiration or earlier termination of this Lease, Tenant shall at its sole cost and expense remove any signage installed by Tenant, and repair any and all damage caused by such removal so that the impacted portion(s) of the Premises are placed back in the condition which existed prior to installation. Tenant shall be solely responsible for maintaining any Tenant signage, at Tenant's sole cost and expense, and shall pay for all utilities and services related thereto.

17. Notices. Any notice that may or must be given by either party under this Lease shall be in writing and shall be delivered (i) personally, or (ii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. A notice shall be deemed delivered on the date received or when delivery is refused. Any notice given to Landlord or Tenant shall be sent to the respective address set forth below, or to such other address as that party may designate.

Landlord

City Administrator
14400 Dix-Toledo
Southgate, MI 48915

Tenant

Rapid Response Emergency Services, LLC
c/o Falck USA, Inc.
6405 218th Street, SW Suite 100
Mountlake Terrace, WA 98043
Attn: Mike Collins

With a copy to:
Rapid Response Emergency Services, LLC
29045 Airport Drive
Romulus, MI 48174
Attn: Tommy Widmer

17.1 Tenant's Obligations.

(a) Tenant shall comply with all Applicable Laws relating to the handling of Hazardous Substances on or at the Premises. To the extent that Tenant's proposed use of the Premises includes the regular and material use, storage, handling and/or generation of Hazardous Substances, then (i) Tenant's insurance requirements under Section 9.1 above shall include a commercially reasonable policy of pollution legal liability insurance (or its equivalent), with Landlord named an additional insured, and (ii) Tenant shall provide Landlord, upon receipt of

Landlord's written request therefor, with copies of all applicable MSDS's with respect to such Hazardous Substances, and with copies of all federal, state and local permits which Tenant has obtained in connection therewith.

(b) Tenant agrees to indemnify, defend, and hold harmless all of the Landlord Parties from and against any Claims arising from or in connection with the presence of Hazardous Substances or environmental damage in or on the Premises to the extent resulting from the acts of Tenant or any other Tenant Party during the Term and/or any Hazardous Substances brought upon the Premises by any Tenant Party during the Term. The obligations of

18. Quiet Enjoyment. Tenant, upon paying the Rent herein reserved and performing and observing all of the other terms, covenants and conditions of this Lease on Tenant's part to be performed and observed hereunder, shall peaceably and quietly have, hold and enjoy the Premises during the Term hereof.

19. Tenant Buildout. Tenant shall be responsible for making the improvements set forth in Exhibit B (the "Tenant Buildout") attached hereto; provided, however, that Tenant ~~shall forego paying (and shall not be liable for) any monthly's total monthly rent payments (including Base Rent or and Additional Rent)~~ shall be \$700 per month (the "Temporary Rent) until such time that the number of months that Tenant pays such Temporary rent multiplied by \$1,300 that would otherwise be payable pursuant to Section 3 above (the "Foregone Rent") until such time as the amount such Foregone Rent equals or exceeds the amount spent by Tenant on the Tenant Buildout.

20. General Provisions.

20.1 Severability. If any provision of this Lease or the application of any provision of this Lease to any person or circumstance is, to any extent, held to be invalid or unenforceable, the remainder of this Lease or the application of that provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

20.2 Entire Agreement. This Lease constitutes the final, complete and exclusive statement between the parties to this Lease pertaining to the Premises, supersedes all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease. Any agreement made after the date of this Lease is ineffective to modify, waive, release, terminate, or effect an abandonment of this Lease, in whole or in part, unless that agreement is in writing, is signed by the parties to this Lease, and specifically states that that agreement modifies this Lease.

20.3 Waiver. The waiver by either party of any agreement, condition, or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision contained in this Lease, nor will any custom or practice which may grow up between the parties in the administration of the terms of this Lease be construed to waive or to lessen the right of both parties to insist upon the performance by the

other party of all such agreements, conditions or obligations in strict accordance with the terms of this Lease.

20.4 Interpretation. Captions to the sections in this Lease are included for convenience only and do not modify any of the terms of this Lease. Unless the context clearly requires otherwise, (i) the plural and singular numbers will each be deemed to include the other; (ii) the masculine, feminine, and neuter genders will each be deemed to include the others; (iii) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (iv) "may" is permissive; (v) "or" is not exclusive; and (vi) "includes" and "including" are not limiting. The Exhibits attached hereto are hereby incorporated by this reference into this Lease. Time shall be of the essence to the performance of all obligations under this Lease.

20.5 Further Assurances. Except as expressly set forth otherwise herein, each party to this Lease will at its own cost and expense execute and deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Lease.

20.6 Governing Law; Jury Trial Waiver. This Lease will be governed by and in all respects construed in accordance with the laws of the State where the Premises is located. To the maximum extent permitted by Applicable Laws, Landlord and Tenant hereby waive trial by jury and consent to trial without a jury in the event of any action, proceeding or counterclaim brought by either party against the other in connection with this Lease.

20.7 Counterparts. This Lease may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document.

20.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, enemy or hostile government action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage; provided this paragraph shall not apply to any payment obligation.

20.9 Heirs and Successors. The covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and permitted assigns of the parties hereto, pursuant to any restriction stated herein.

20.10 Authority; Joint and Several. Each party represents and warrants that the individual(s) executing this Lease on behalf of such party is(are) duly authorized to execute and deliver this Lease on behalf of said entity in accordance with the governing documents of such entity, and that upon full execution and delivery this Lease is binding upon said entity in accordance with its terms. If there is more than one Landlord or Tenant, then all parties signing this Lease as Landlord or Tenant, as applicable, shall be jointly and severally liable for all obligations of such party.

20.11 Drafting. In the event of a dispute between any of the parties hereto over the meaning of this Lease, both parties shall be deemed to have been the drafter hereof, and any applicable law that states that contracts are construed against the drafter shall not apply.

20.12 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant, it being expressly understood and agreed that neither the method of computation of Rent nor any act of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

*Remainder of page intentionally left blank.
Signatures on the following page.*

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date first set forth above.

LANDLORD:

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

TENANT:

RAPID RESPONSE EMERGENCY SERVICES, LLC
a Michigan limited liability company

By: _____

Name: Michael Collins

Its: Chief Executive Officer

By: _____

Name: Brian Richmond

Its: Secretary

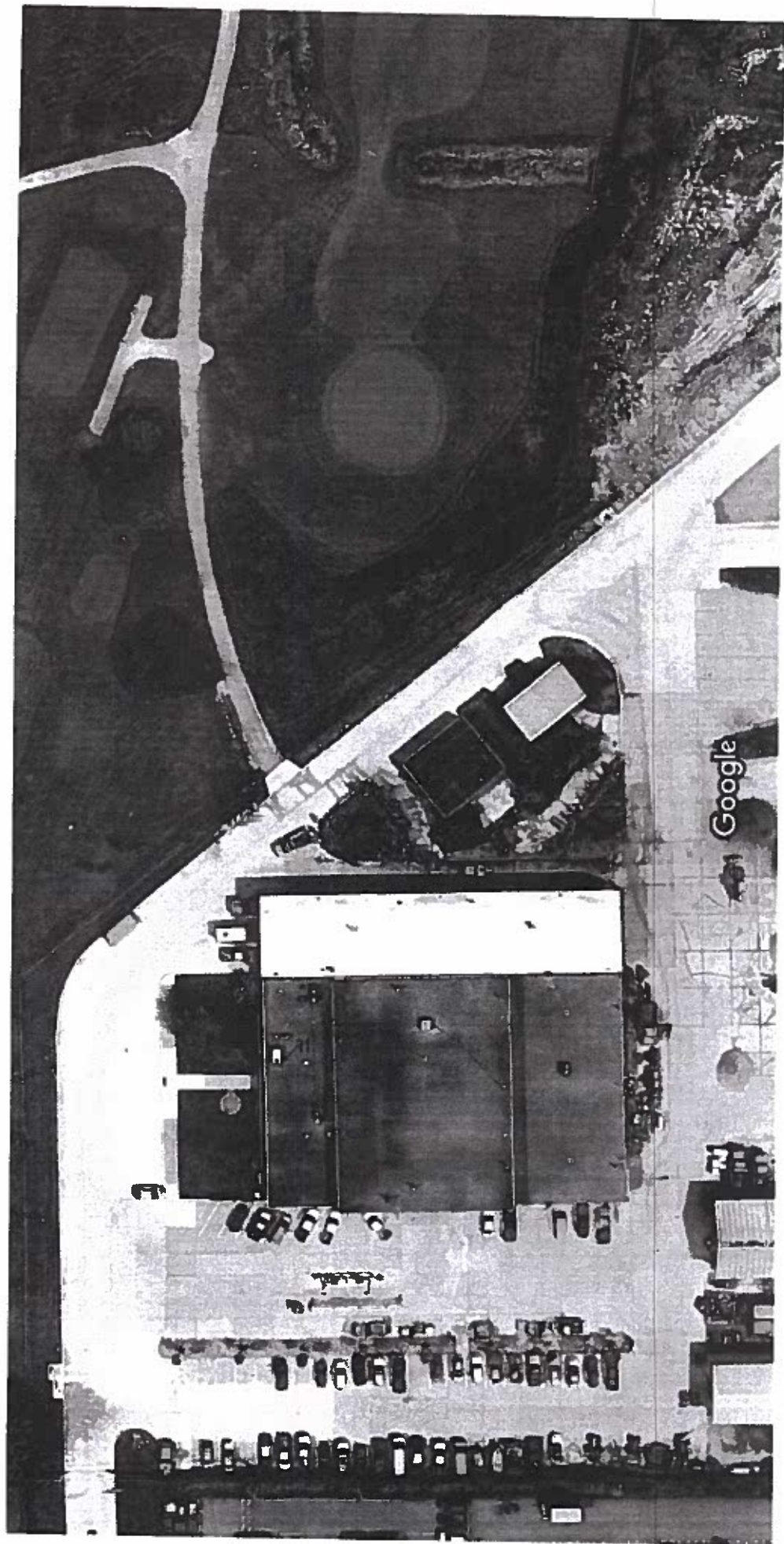
EXHIBIT A

Append site plan showing Premises

EXHIBIT A



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