

# ORIGINAL

## STATE OF INDIANA

### INDIANA UTILITY REGULATORY COMMISSION

Commissioner	Yes	No	Not Participating
Huston	✓		
Bennett	✓		
Freeman	✓		
Veleta			✓
Ziegner	✓		

COMMISSION INVESTIGATION INTO )  
WHETHER THE AFFILIATE AGREEMENT ) CAUSE NO. 46264  
BETWEEN AMERICAN SUBURBAN UTILITIES, )  
INC. AND SCOTT L. LODS CONCERNING THE ) APPROVED: JUL 02 2025  
LEASE OF PROPERTY AND BUILDINGS IS IN )  
THE PUBLIC INTEREST )

### ORDER OF THE COMMISSION

#### Presiding Officers:

David E. Veleta, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On February 28, 2025, American Suburban Utilities, Inc. (“ASU”) filed with the Indiana Utility Regulatory Commission (“Commission”) an affiliate agreement between American Suburban Utilities, Inc. (“ASU”) and Scott L. Lods concerning the lease of certain property and buildings located at 3350 West 250 North, West Lafayette, Indiana (“Lease”). For the reasons set forth below and in accordance with Ind. Code § 8-1-2-49, the Commission commences this investigation to consider whether the Lease is in the public interest and should be approved or disapproved.

**1. Commission Jurisdiction and Notice.** ASU is a public utility as defined in Ind. Code § 8-1-2-1 and is engaged in the provision of wastewater utility services in unincorporated areas in Tippecanoe County, Indiana. Pursuant to Ind. Code § 8-1-2-49(2), the Commission is authorized to conduct investigations into public utility affiliated agreements to determine whether such agreements are in the public interest and should be approved or disapproved. Therefore, the Commission has jurisdiction over ASU and the subject matter of this proceeding.

**2. Background.** On February 28, 2025, ASU provided the Commission with a copy of the Lease pursuant to Ind. Code § 8-1-2-49(2). (See attached February 28, 2025 Letter to Beth Helene, Commission General Counsel and attachments).

The Commission’s General Counsel responded on March 13, 2025, noting several inconsistencies between the Lease and the Commission’s January 18, 2023 Order in Cause No. 45649 U, ASU’s last base rate case. (See attached March 13, 2025 Letter to J. Christopher Janak, counsel for ASU). The inconsistencies included the amount of square footage under the Lease, the inclusion of a triple net lease term and assignment of responsibility for certain structural elements and building systems, and the holdover possession provision.

ASU responded on March 27, 2025, addressing the issues raised by the Commission’s General Counsel and submitting certain revisions to the Lease. (See attached March 27, 2025 Letter to Beth Helene, Commission General Counsel with attachments).

After further discussions between the Commission's General Counsel and counsel for ASU, the Commission's General Counsel requested on June 5, 2025, the Commission open an investigation to determine whether the Lease is in the public interest and, if not, to disapprove the affiliate agreement. (See Attached June 5, 2025 Letter to Loraine Seyfried, Chief Administrative Law Judge).

**3. Commission Discussion and Findings.** Based on the foregoing and in accordance with Ind. Code § 8-1-2-49(2), the Commission commences this investigation to review the Lease and determine whether the Lease is in the public interest and should be approved or disapproved.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. An investigation is commenced to review the Lease and determine whether the Lease is in the public interest and should be approved or disapproved.

2. A preliminary hearing and prehearing conference to determine a procedural schedule for this investigation is scheduled for 1:30 P.M. on August 5, 2025, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana.

3. This Order shall be effective on and after the date of its approval.

**HUSTON, BENNETT, FREEMAN, AND ZIEGNER CONCUR; VELETA ABSENT:**

**APPROVED: JUL 02 2025**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

\_\_\_\_\_ on behalf of  
**Dana Kosco**  
**Secretary of the Commission**

**BOSE  
McKINNEY  
& EVANS LLP**

ATTORNEYS AT LAW

RECEIVED

FEB 28 2025

INDIANA UTILITY REGULATORY COMMISSION

**J. Christopher Janak**

Direct Dial: (317) 684-5249

Fax: (317) 223-0249

E-Mail: [JJanak@boselaw.com](mailto:JJanak@boselaw.com)

February 28, 2025

Beth Helene, General Counsel  
Indiana Utility Regulatory Commission  
PNC Center  
101 W Washington St. Suite 1500 East  
Indianapolis, IN 46204

RE: IC 8-1-2-49 Filing

Dear Ms. Helene:

Please accept for filing with the Indiana Utility Regulatory Commission ("Commission") the enclosed affiliate contract for American Suburban Utilities, Inc. ("ASU"), which is being filed with the Commission pursuant to IC 8-1-2-49. The contract is a Lease Agreement between Scott L. Lods and ASU. The proposed annual rent and other terms set forth in the Lease Agreement are based upon a comprehensive evaluation completed by Integra Realty Resources ("IRR") located in Indianapolis, Indiana. The Appraisal of Real Property report prepared by IRR and dated February 27, 2025 ("2025 Appraisal") is also included with this filing.

Previous counsel for ASU filed an affiliate contract between Mr. Lods and ASU in late 2023 which was later withdrawn as the Commission had expressed various concerns. From reviewing the correspondence related to the previous filing, it appears that the prior information which was included at that time did not provide the Commission with satisfactory evidence to support a finding that the agreement was reasonable and in the public interest. Specifically, in correspondence dated December 14, 2023, you stated that the Commission rejected both the "triple net" provision in the agreement and the assertion that ASU was renting more than 13,000 square feet. As further provided below, we believe the 2025 Appraisal addresses each of these concerns.

1. Triple Net Structure. In the 2025 Appraisal, IRR discusses the differences between various types of leases and how the amount of rent is affected by the structure of the lease. In the analysis on page 71 of the 2025 Appraisal, IRR states that "the starting point in establishing market rent is the triple net market rent, where only management expenses are paid by the landlord" and that "[u]nder all other lease terms, the additional expenses carried by the landlord are typically reflected in the rental rate." In other words, the amount of rent will vary depending on the structure of the lease, but the amount of the triple net lease reflects the minimum rent. The 2025 Appraisal concludes that the market triple net rent for the ASU premises is \$115,000. If a lease structure that

Beth Heline, General Counsel  
Indiana Utility Regulatory Commission  
February 28, 2025  
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did not require the tenant to pay or reimburse landlord for any other charges (e.g. property taxes and utilities) were utilized, then the annual market rent would be calculated by adding the estimated annual cost of such items to the triple net rent. In the 2025 IRR report on page 81, IRR details what the rent would cost under both the Double Net (\$127,000) and Single Net (\$131,000) options. ASU has proposed the triple net lease structure so that ASU will pay the actual amount of expense for each item each year rather than including an estimate within the calculations.

2. Square Footage. Under the heading "Occupancy Status" that begins on page 35 of the 2025 Appraisal, IRR details ASU's current occupancy of the property and concludes that the scope of operations is similar to a mid-sized contracting/maintenance company. IRR also provides a detailed description of the functional areas of the property together with photographs and floor plans showing how the property is utilized by ASU. We believe this should address the concerns previously raised by the Commission as to the square footage of the premises being leased.

We hope the 2025 Appraisal provides the Commission with satisfactory evidence to support a finding that this affiliate contract is reasonable and in the public interest and otherwise addresses all other concerns previously noted by the Commission. We thank you for your attention to this matter. If you have any questions or comments, please feel free to contact me.

Sincerely,



J. Christopher Janak

JCJ

Attachment Included

cc: Dana Kosco, Secretary of the Commission Via Email dakosco@urc.in.gov  
Dan LeVay, OUCC (w/enc.) Via Email dlevay@oucc.in.gov; infomgt@oucc.in.gov



RECEIVED

FEB 28 2025

INDIANA UTILITY REGULATORY COMMISSION

Affiliate Contract Number: 2025-1

**LEASE**

THIS LEASE (this "**Lease**") is entered into as of the 1st day of March, 2025 (the "**Effective Date**"), by and between SCOTT L. LODS ("**Landlord**") and AMERICAN SUBURBAN UTILITIES, INC., an Indiana corporation ("**Tenant**"). This Lease supersedes any and all prior agreements by and between the Landlord and Tenant with regard to the Leased Premises (as hereinafter defined).

**WITNESSETH:**

In consideration of the mutual covenants and agreements contained herein, Landlord and Tenant hereby agree as follows:

1. **Leased Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the property commonly known as 3350 West 250 North, West Lafayette, Indiana in Tippecanoe County, Indiana, which property includes (a) approximately four (4) acres of land; (b) one or more buildings containing approximately 4,545 gross leasable square feet of office space and 10,315 gross leasable square feet of warehouse space (collectively, the "**Building**") and any related improvements owned by Landlord located thereon (the Building and such other improvements being collectively referred to herein as the "**Improvements**"); and (c) all easements, rights-of-way, and other rights appurtenant thereto. Such property, including the Building and other Improvements are collectively referred to as the "**Leased Premises.**"

2. **Lease Term and Holding Over.**

(a) **Lease Term.** The initial term of this Lease (the "**Lease Term**") shall be for a period commencing on March 1, 2025 (the "**Commencement Date**") and ending at 11:59 p.m. on February 28, 2026.

(b) **Holdover Possession.** If Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease, with the consent of Landlord, then such holding over and continued possession shall create a tenancy from month to month upon and subject to the same terms and conditions of this Lease in effect when the Lease Term expires, except for the length of the term of this Lease and the Base Rent amount due during any such hold over period. At any time, either party may terminate such tenancy from month to month upon thirty (30) days written notice delivered to the other party in accordance with Section 20. If Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term, without the written consent of Landlord, then Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all claims, judgments, liabilities, losses, costs, and expenses arising from, or in connection with, such possession. During any holdover period, Tenant shall pay to Landlord for each day that it holds over 150% of the Base Rent (as defined in Section 3) in effect when expiration or termination of this Lease occurs, prorated on a daily basis during such holdover period.

3. **Rent.**

(a) **Payment of Base Rent.** Tenant shall pay to Landlord annual base rent (the "**Base Rent**") in the amount of \$115,000.00, which shall be payable in equal monthly installments of \$9,583.33

in advance (without abatement, offset, deduction or prior demand) on or before the first day of each full and partial calendar month during the Lease Term.

(b) Additional Rent. All charges payable by Tenant other than Base Rent are called "**Additional Rent.**" Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due either to the applicable taxing authority, insurance carrier, utility service provider or other provider, directly, or to Landlord upon demand with the next monthly installment of Base Rent.

(c) Past Due Payments. If any Base Rent, Additional Rent or any other sums, charges, or payments required to be paid by Tenant to Landlord under this Lease shall become overdue for a period in excess of ten (10) days, then such unpaid amounts shall bear interest from the date due to the date of payment at the rate of twelve percent (12%) per annum (the "**Default Rate**"). Such interest shall be in addition to, and not in lieu of, any other right or remedy that Landlord may have hereunder, at law, or in equity.

(d) Place of Payments. All payments of Base Rent or any other sums, charges, or payments to be paid by Tenant to Landlord under this Lease required to be made, and all statements required to be delivered, by Tenant to Landlord shall be made and delivered to Landlord at its address set forth in Section 20, or to such other address as Landlord specifies to Tenant in accordance with that Section.

4. Landlord's Work. Tenant acknowledges and agrees that Tenant is already in possession of the Leased Premises, that Tenant has had an opportunity to inspect the Leased Premises, that the Leased Premises is acceptable to Tenant, that Landlord shall have no responsibility to make any improvements to the Leased Premises.

5. Operating Expenses. In addition to the Base Rent specified in this Lease, commencing on the Commencement Date Tenant shall reimburse Landlord upon demand, for any expenses incurred by Landlord with respect to the Leased Premises to the extent customarily paid by tenants under so called "triple net" leases ("**Operating Expenses**").

6. Use of Leased Premises. The Leased Premises shall be occupied and used solely for office, distribution, warehousing, and ancillary uses related thereto to the extent permitted by applicable law. Tenant covenants and agrees that the Leased Premises shall not be used for any treatment, storage or disposal of, or otherwise contaminated by, any Hazardous Substances (as hereinafter defined); provided, however, that Tenant shall be entitled to store and use such Hazardous Substances on the Leased Premises which are incidental to and necessary for the operation of Tenant's business so long as Tenant complies with all local, state and federal laws, statutes, ordinances, rules, and regulations applicable to such storage or use, and Tenant further covenants and agrees that:

(a) Tenant shall not permit any waste, damage, or nuisance in, on or about the Leased Premises, or use or permit the use of the Leased Premises for any unlawful purpose;

(b) Tenant shall conduct its business and keep the Leased Premises safe, clean and in compliance with all guidelines, rules and regulations of the health, fire, building, environmental and other offices and governmental agencies having jurisdiction over Tenant's business and/or the Leased Premises, and shall comply with all laws, ordinances, rules, regulations, orders and decrees of any governmental entity or personnel now or hereafter affecting or relating to the Leased Premises or the use thereof (including, without limitation, all applicable zoning ordinances);

(c) Tenant shall not dump or otherwise dispose of on the Leased Premises any chemicals, metals, garbage, trash or other industrial by-products and incidentals to Tenant's business and

all waste removal facilities shall use proper, leak-proof and fireproof containers and no foreign substance of any kind shall be placed on or near the Leased Premises and the expense of any breakage, stoppage, contamination, spillage or damage resulting from a violation of this provision shall be borne by Tenant;

(d) Tenant shall comply with and shall use its best efforts to cause its agents, employees, customers, invitees, licensees, and concessionaires to comply with all recorded instruments encumbering the Leased Premises and all reasonable rules and regulations established by Landlord from time to time;

(e) Tenant shall indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, from and against any and all claims, judgments, liabilities, losses, costs, and expenses arising from, or in connection with: (i) any escape, storage, usage, or spillage of any Hazardous Substances by Tenant (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises; or (ii) any transportation of any Hazardous Substances to or from the Leased Premises by Tenant (or its employees, agents, contractors, invitees, or licensees), whether or not such storage, usage, or transportation constitutes a failure of Tenant fully to observe or perform its obligations under this Lease. The claims, judgments, liabilities, losses, costs, and expenses from and against which Tenant has agreed to indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, under this Subsection shall include the following: (i) any obligation or liability of Tenant or Landlord under any law, ordinance, rule, regulation, order or decree to remove any Hazardous Substance, or contaminated soil or groundwater, from the Leased Premises, "clean up" any contamination of the soil or the groundwater in, on, or under the Leased Premises, or perform any remediation of or for the Leased Premises; (ii) all charges, fines, or penalties imposed by governmental authority or under any law, ordinance, rule, regulation, order or decree governing Hazardous Substances; and (iii) all claims by, and liabilities to, any third party;

(f) Landlord shall indemnify, defend and hold harmless Tenant, and any party affiliated with Tenant, from and against any and all claims, judgments, liabilities, losses, costs, and expense arising from or in connection with (i) any escape, storage, usage, or spillage of any Hazardous Substances by Landlord (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises during the Lease Term; or (ii) any recognized environmental conditions existing on the Leased Premises prior to the date Tenant occupied the Leased Premises as a result of the actions of Landlord; provided, however, that Landlord shall have no obligation to indemnify, defend and hold Tenant harmless from, and Tenant shall remain liable and responsible for all, any and all claims, judgments, liabilities, losses, costs, and expenses arising from the exacerbation of such recognized environmental conditions by Tenant (or its employees, agents, contractors, invitees, or licensees).

(g) Each party hereto shall give written notice to the other of any violation, claim, judgment, liability, loss, cost or expense that may give rise to either party's indemnity obligations under Sections 6(e) or 6(f) above, promptly upon discovery or knowledge thereof. The indemnifying party (the "**Indemnifying Party**") shall defend the other party (the "**Indemnified Party**") with counsel selected by the Indemnifying Party that is reasonably acceptable to the Indemnified Party. The Indemnified Party shall have the right to retain its own counsel, at its own cost and expense; provided however that, so long as the Indemnifying Party diligently discharges its defense obligation, the Indemnifying Party shall at all times have the right to lead and conduct the defense of the respective claim or proceeding, but at all times keeping the Indemnified Party advised of all relevant facts concerning the defense of such claim or proceeding. The Indemnifying Party shall have the right to settle any claims or proceedings provided that the Indemnified Party gives its prior written consent, which shall not unreasonably be withheld, conditioned or delayed.

The term "**Hazardous Substances**" means (i) any "hazardous wastes" as defined under RCRA, (ii) any "hazardous substances" as defined under CERCLA, (iii) any toxic pollutants as defined under the Clean Water Act, (iv) any hazardous air pollutants as defined under the Clean Air Act, (v) any hazardous

chemicals as defined under TSCA, (vi) any hazardous substances as defined under EPCRA, (vii) radioactive materials covered by the Atomic Energy Act, (viii) similar wastes, substances, pollutants, chemicals regulated under analogous state and local laws, (ix) asbestos, (x) polychlorinated biphenyls, (xi) petroleum and petroleum products or synthetic fuels or any fraction thereof, (xii) any substance the presence of which on the property in question is prohibited under any applicable environmental law; (xiii) substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "oil," "regulated substances," "restricted hazardous wastes," "special wastes" or words of similar import under any applicable state or local statutes, ordinances and/or regulations; and (xiv) any other substance which under any applicable environmental law requires remediation or special handling or notification of or reporting to any federal, state or local governmental entity in its generation, use, handling, collection, treatment, storage, recycling, treatment, transportation, recovery, removal, discharge or disposal.

Landlord and Tenant's indemnification obligations under this Section 6 shall survive the expiration or earlier termination of this Lease.

7. **Alterations.** Tenant shall not make any installations, alterations or additions in or to the Leased Premises ("**Alterations**") without securing the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, Tenant shall have the right, without obtaining Landlord's consent (but with prior notice to Landlord), to perform the following Alterations to the Leased Premises (collectively, the "**Permitted Alterations**"): (A) improvements that are decorative in nature (e.g., painting) and do not affect the structure or any building systems at the Leased Premises, and (B) improvements that (i) do not affect the Building's or other Improvements' systems, (ii) do not affect the roof, foundation or any other Structural Elements (as defined in Section 9(a) below), and (iii) cost less than \$25,000.00 in the aggregate. Any Alterations, including Permitted Alterations, shall be made at Tenant's expense. No less than thirty (30) days prior to commencing any Alterations, including without limitation Permitted Alterations, Tenant shall deliver to Landlord a written notice describing the proposed Alterations with particularity, and providing Landlord copies of plans and specifications for the proposed Alterations, together with a statement of the good faith estimated cost of such Alterations. All Alterations, excepting only Tenant's unattached personal property, shall become the sole property of Landlord upon the expiration of the Lease Term or earlier termination of this Lease; provided, that Landlord shall have the right to require Tenant to remove any such Alterations upon the expiration of the Lease Term or earlier termination of this Lease, in which event, Tenant shall repair any and all damage to the Leased Premises resulting from such removal and shall surrender the part of the Leased Premises altered or improved in as good a condition as on the date that Tenant originally accepted possession of the Leased Premises.

8. **Utilities and Taxes.**

(a) **Utilities.** From and after the Commencement Date, Tenant shall procure and pay the cost of, directly to the appropriate utility service supplier, all natural gas, heat, light, power, sewer service, telephone, cable, water, refuse disposal and other utilities and services supplied to the Leased Premises, including without limitation, any connection and servicing fees, permit fees, inspection fees, and fees to reserve utility capacity. In the event any such charges are not paid by Tenant at the time when the same are payable, Landlord may, but shall not be obligated to, pay the same and charge Tenant the cost thereof, which charge shall be payable by Tenant as Additional Rent upon Landlord's written demand. It is understood and agreed that except as otherwise provided herein, Landlord shall be under no obligation to furnish any utilities to the Leased Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Leased Premises, unless such interruption is caused by the gross negligence or willful misconduct of Landlord, its employees or agents. If any equipment installed by Tenant requires additional utility facilities, the costs of installing such additional facilities shall be borne by Tenant.

(b) Real Estate Taxes and Assessments. From and after the Commencement Date, Tenant shall pay directly to the appropriate governmental authority all Real Estate Taxes due and payable during the Lease Term, and no less than ten (10) days prior to the date any payment of Real Estate Taxes is due, Tenant shall deliver to Landlord satisfactory evidence that the payment has been paid and discharged in full. Notwithstanding the foregoing, Landlord, at its sole option, may at any time elect for Landlord to pay any Real Estate Taxes directly to the applicable payee, and in such event, then Tenant shall reimburse Landlord for any such Real Estate Taxes as Operating Expenses hereunder. The obligations of Tenant hereunder with respect to the payment of Real Estate Taxes levied during the final calendar year of the Lease Term shall survive the termination of this Lease.

The term “**Real Estate Taxes**” shall mean: (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Leased Premises (including, without limitation, the Building and other Improvements), all fixtures taxable as real property and all future improvements and fixtures or any alterations or additions constructed pursuant to Section 7, (collectively the “**Taxable Real Property**”); (ii) any tax on the Landlord’s right to receive, or the receipt of, rent or income from the Taxable Real Property or against Landlord’s business of leasing the Taxable Real Property (excluding Landlord’s federal or state income, capital gains, inheritance or estate taxes); (iii) any tax, assessment or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Taxable Real Property by any governmental agency; (iv) any tax imposed upon this transaction or based upon a re-assessment of the Taxable Real Property due to a change of ownership, as defined by applicable law, or other transfer of all or part of Landlord’s interest in the Taxable Real Property; and (v) any charge or fee replacing any tax previously included within the definition of Real Estate Tax. In this regard, Real Estate Taxes shall include all charges levied, assessed or imposed, whether general or special, ordinary or extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied or imposed upon, or which become a lien upon, the Taxable Real Property, or any part of the Taxable Real Property, or upon this Lease, and are due and payable during or are otherwise attributable to the Lease Term, as well as assessments for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which shall, during the Lease Term, be levied, assessed or imposed, or become a lien upon the Taxable Real Property, or any part of the Taxable Real Property, or upon this Lease, and become due and payable during or are otherwise attributable to the Lease Term. In the event any Real Estate Taxes are assessed against the Leased Premises as part of a larger parcel, then Landlord shall allocate a fair and equitable amount of such assessments to the Leased Premises. Landlord, at its

(c) Other Taxes and Assessments. Tenant shall pay and discharge, as and when assessed: (i) all taxes, levies, and charges imposed on, against, or with respect to the conduct of its business operations in, on, or from the Leased Premises; and (ii) all taxes, levies, and charges imposed on, against, or with respect to its trade fixtures, equipment, inventory, and other personal property in, on, or about the Leased Premises. In addition to the foregoing, Tenant shall pay an amount equal to any sales or use tax on all amounts classified as Base Rent or Additional Rent which may be now or hereafter imposed by any lawful governmental authority.

## **9. Maintenance and Repairs.**

(a) Maintenance by Landlord. During the Lease Term, Landlord shall, except as otherwise provided in this Lease, make all necessary non-routine repairs, replacements and maintenance to the exterior roof, exterior walls (excluding painting), foundation, and structural components of the Building (collectively, the “**Structural Elements**”), provided, however that Landlord shall not be required to make any repairs or take any such action until Landlord receives written notice from Tenant in accordance with Section 9(c) below. The annually amortized cost of such repairs, replacements and maintenance shall be included in Operating Expenses; provided however, to the extent any such repairs, replacements or



maintenance are required because of the negligence, misuse or default of Tenant, its employees, agents, contractors, customers or invitees, Landlord shall make such repairs at Tenant's sole expense. Except as expressly provided in this Section 9(a), Landlord shall have no other maintenance or repair responsibilities for the Leased Premises or the Building.

Notwithstanding the foregoing and anything herein to the contrary, in no event shall Landlord be responsible for making any repairs or replacements which are occasioned by: (i) any negligence, intentional act, or willful misconduct of Tenant or its employees, contractors, or agents; (ii) Tenant's failure to observe or perform any term, condition, or covenant of this Lease to be observed or performed by Tenant; (iii) installation or maintenance by Tenant of any exterior signs, satellite dishes, antennae, communications facilities, or equipment, lines, or cable; (iv) installation or maintenance by Tenant of any trade fixtures, equipment, or other personal property; (v) Tenant making any alterations or improvements to the Leased Premises; all of which repairs and replacements shall be made promptly by Tenant at its cost and expense; or (vi) overloading of the floor of the Building beyond its structurally rated capacity. In the event any repairs or replacements are necessary as a result of any of the foregoing, Landlord may elect to complete such repairs at Tenant's sole cost and expense.

(b) Maintenance by Tenant. Any and all repairs, replacements, maintenance and other care of the Leased Premises which are not expressly the responsibility and obligation of the Landlord under Section 9, above, will be the responsibility of the Tenant, all of which will be performed and completed at Tenant's sole cost and expense all as reasonably necessary to keep and maintain the Improvements in good order, condition, and repair including, without limitation, all repairs, maintenance and replacement to all parking and drive areas serving the Leased Premises, and the mechanical, electrical and plumbing systems and equipment, utility systems, fire suppression system, dock door equipment and the heating, ventilation, and air-conditioning systems serving the Leased Premises (collectively, the "**Building Systems**"). In addition, Tenant shall perform all routine maintenance and upkeep of the Structural Elements of the Leased Premises (including, without limitation, any painting). Without limiting the generality of the foregoing, Tenant shall implement: (i) a janitorial program of cleaning sufficient to keep the Leased Premises in a safe, clean, and sanitary condition at all times; (ii) a program of grass cutting and landscape maintenance sufficient to keep all landscaped areas in a safe, clean, and slightly condition at all times; (iii) a regularly scheduled program of preventive maintenance and repair of the Building Systems, which complies with the requirements of the applicable manufacturers', suppliers', and contractors' warranties, and which keeps and maintains the Building Systems in good order, condition, and repair at all times (such preventive maintenance contracts shall meet or exceed Landlord's standard maintenance criteria, and shall provide for inspection and maintenance of the Building Systems on at least a semi-annual basis); (iv) a regularly scheduled program of sealing, re-topping, and striping all driveways and parking lots which complies with the requirements of the applicable manufacturers', suppliers', and contractors' warranties, and which keeps and maintains all driveways and parking lots in a safe, clean, and slightly condition at all times; and (v) proper ice and snow removal that maintains all driveways, parking lots, private drive lanes and sidewalks in a safe condition. Tenant shall not be responsible for making any repairs occasioned by any gross negligence, intentional act, or willful misconduct of Landlord or its employees, contractors, or agents, all of which repairs shall be made promptly by Landlord at its cost and expense.

(c) Notice. Tenant shall give Landlord prompt written notice of the need for any maintenance, replacement or repairs which Landlord is obligated to make under the foregoing Section 9 above and of any material damage to the Leased Premises or any part thereof.

(d) Warranties. If, and to the extent, Landlord receives warranties from the manufacturers, contractors or installers of certain portions of the Leased Premises, or the systems, equipment or fixtures comprising the same ("**Third Party Warranties**"), Landlord will reasonably assist

Tenant in connection with the administration and enforcement of any such Third Party Warranty to the extent they impact the Leased Premises.

**10. Assignment and Subletting.**

(a) Requirements of Landlord's Consent. Tenant shall not assign this Lease or any interest therein, without Landlord's prior written consent (which may be granted or withheld in Landlord's sole discretion). Tenant shall not sublet the whole or any part of the Leased Premises or permit any other persons, including concessionaires or licensees, to operate in, on or from, or occupy the same for any purposes without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the requirement for such consent to any subsequent assignment or subletting. Upon any assignment of this Lease or subletting of all or part of the Leased Premises, Tenant shall not be relieved of liability for the payment of the Rent or for the timely observance and performance of all of the terms, covenants and conditions of this Lease on Tenant's part to be performed or observed.

(b) Assignment by Operation of Law. Any transfer of this Lease by operation of law and any change in control, merger, consolidation, liquidation, or transfer of all or substantially all of the assets of Tenant shall constitute an assignment for purposes of this Lease.

(c) Documentation. No assignment of this Lease by Tenant or subletting of all or any portion of the Leased Premises shall be effective unless and until Tenant shall deliver to Landlord (i) all information reasonably requested by Landlord in connection with a transfer, and (ii) an agreement, in form and substance reasonably satisfactory to Landlord, pursuant to which (i) in the case of an assignment, such assignee assumes and agrees to be bound by all of the provisions of this Lease and confirming the assignee's agreement to accept and be bound by all of the Tenant's obligations under this Lease; and (ii) in the case of a sublease, such subtenant acknowledges that its sublease is subject and subordinate to this Lease and agrees to be bound by the Lease.

(d) Default. In the event of a default by Tenant, Tenant shall not have the right to request that Landlord consent to an assignment, sublet or other transfer of this Lease until such time as said default is cured to Landlord's satisfaction.

(e) Assignment by Landlord. Landlord may assign its rights under this Lease in connection with any sale or conveyance of all or any portion of its interest in the Leased Premises. In the event of a sale or conveyance of the Landlord's interest in the Leased Premises, from and after the date of such transfer, the obligations and duties of the Tenant, excluding such obligations or duties that occurred prior to the assignment, shall be owed to the new landlord and Tenant shall attorn to the purchaser and recognize such purchaser as Landlord under this Lease.

**11. Access to Leased Premises.** Tenant shall permit Landlord and its agents to enter upon the Leased Premises at all reasonable times to inspect and examine the Leased Premises and to show the Leased Premises to prospective purchasers, mortgagees, and tenants. Except in the event of an emergency, Landlord agrees to comply with Tenant's reasonable security requirements for accessing the Leased Premises. Tenant shall permit Landlord and its agents to enter upon the Leased Premises at reasonable times and upon reasonable notice (except in the event of an emergency) to make such repairs (including the bringing of materials that may be required therefor into or upon the Leased Premises) as Landlord may reasonably deem necessary without any such act constituting any eviction of Tenant in whole or in part, without Base Rent in any manner abating while such repairs are being made by reason of loss or interruption of Tenant's business in the Leased Premises, and without responsibility for any loss or damage to Tenant's business or property. Landlord's foregoing right of entry shall not be construed to impose upon Landlord

any obligation or liability whatsoever for the maintenance or repair of the Leased Premises except as expressly provided in this Lease.

**12. Insurance and Indemnification.**

(a) Real Property Insurance. During the Lease Term, Landlord (1) shall maintain "Special Form" property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible if Landlord so chooses; and (2) may maintain commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate or such other amounts as Landlord may determine. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. The cost of all insurance maintained by Landlord, including without limitation, the amount of any applicable deductibles, shall be included in Operating Expenses.

(b) Tenant Liability Insurance: At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall maintain in full force and effect a commercial general liability insurance policy for the Leased Premises with coverage limits of at least \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate, including without limitation, terrorism and providing for "excess" or "umbrella" commercial general liability coverage of at least \$2,000,000.00. For the avoidance of doubt, the "excess" or "umbrella" commercial general liability coverage shall not provide excess coverage for auto liability or employer's liability. The commercial general liability policy shall be issued on a then current ISO form, or such other form, that is in either case acceptable to Landlord and Landlord's Mortgagee (as defined in Section 17 below). At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall also maintain a Business Auto Policy issued on an occurrence basis with minimum limits of coverage that are not less than \$100,000 per accident. The Business Auto Policy shall be written on the current ISO edition of ISO CA 00 01 or equivalent. This insurance shall be primary and non-contributory, i.e., with respect to a loss covered by Tenant's policy, the proceeds of such policy must be exhausted before Landlord or Landlord's liability insurer would be liable for any payment due to such loss.

(c) Insurance on Tenant's Property. All of Tenant's trade fixtures, equipment, merchandise and other personal property shall be kept at Tenant's sole risk and expense, and Tenant, at Tenant's expense, shall maintain in full force and effect throughout the Lease Term "Special Form" property insurance on its trade fixtures, equipment, merchandise and other personal property in or upon the Leased Premises, and all alterations, additions and improvements to the Leased Premises made by Tenant for their full insurable value on a replacement cost basis, if obtainable, and if not obtainable, for the full amount of the estimated cash value for such property.

(d) Workmen's Compensation; Employer's Liability. Tenant shall comply with the provisions of the workmen's compensation law and shall insure its liability thereunder. Tenant shall maintain in full force and effect Employer's liability insurance in the amount of not less than \$1,000,000 each accident for bodily injury and not less than \$1,000,000 for each employee for bodily injury or disease.

(e) General Insurance Provisions. All insurance policies required to be maintained by Tenant pursuant to this Section 12 (excluding, however, the workmen's compensation insurance) will name Landlord and Landlord's Mortgagee as additional insureds. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with then current ISO additional insured endorsement, or such other endorsement, in either case as may be approved by Landlord and Landlord's Mortgagee (which shall not include any language excluding coverage for the acts or omissions of the additional insured). For each type of insurance which Tenant is required to maintain under this Lease, Tenant shall furnish to Landlord an endorsed copy of such insurance policy together with

all endorsements showing that each such type of insurance is in full force and effect and may not be amended or cancelled (or materially changed) without thirty (30) days prior written notice to Landlord. If Tenant fails to deliver any policy, evidence of insurance or renewal to Landlord required under this Lease within ten (10) days of written notice from the Landlord, or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance, together with interest thereon from the date of such payment, at the Default Rate, within fifteen (15) days after receipt of a statement that indicates the cost of such insurance. Tenant agrees that the payment by Landlord of any such premium shall not be deemed to waive or release the default in the payment thereof by Tenant, or the right of the Landlord to take such action as may be permissible hereunder, as is the case of default in the payment of Rent. Tenant shall maintain all insurance required under this Lease with companies reasonably satisfactory to Landlord who are licensed to do business in the State of Indiana and who hold a "Financial Strength Rating" of no less than "Excellent" (A or A- Rating) as set forth in the most current issue of "Best Key Rating Guide". Except as otherwise provided herein, Tenant shall pay all premiums for the insurance policies to be maintained by Tenant pursuant to this Section 12 no later than the due date. In the event of a loss or claim covered by a policy to which Landlord or Landlord's Mortgagee is an additional insured and/or loss payee, Tenant shall also be liable for the payment of any deductible amount under the applicable insurance policies maintained pursuant to this Section. Tenant shall not do or permit anything to be done which invalidates any such insurance policies. The deductible under each policy to be maintained by Tenant hereunder shall be in a commercially reasonable amount. If the forms of policies, endorsements, certificates, or evidence of insurance required by this Section are superseded or discontinued, Landlord will have the right to require other equivalent forms. Subject to the waiver of subrogation set forth in Section 12(f), the amount and coverage of insurance maintained hereunder shall not limit either party's liability nor relieve either party of any other obligation under this Lease. Landlord may from time-to-time require reasonable increases in any such limits consistent with the insurance being required by institutional owners of similar projects in the area.

(f) Waiver of Subrogation. Each of the parties hereto hereby waives and releases any and all rights of recovery which it might have against the other for any business interruption, liability, loss or damage, whether or not caused by any alleged negligence of the other party, its agents, licensees or invitees, to the extent that such business interruption, liability, loss or damage is covered by any insurance required to be maintained under this Lease. Each policy of insurance required under this Lease shall contain an endorsement to such effect. The foregoing will not, however, release or discharge any party hereunder for or from any liability to the extent of the amount of the deductible feature under the applicable insurance policy, to the extent that the covered loss was caused by that party's own negligence or willful misconduct. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with the then current ISO Waiver of Transfer of Rights of Recovery Against Others Endorsement, or such other endorsement, in either case as approved by Landlord.

(g) Tenant's Waiver of Claims. All property kept or stored in, upon or about the Leased Premises by Tenant shall be so kept or stored at the sole risk of Tenant; and Tenant shall hold Landlord harmless from any claims, costs, or expenses, arising out of damage thereto. Landlord shall not be liable for, and Tenant waives all claims against Landlord for, any injuries, damages (including, but not limited to, indirect, special, or consequential damages) or losses of or to such property or otherwise, sustained by Tenant and not covered by insurance.

(h) Indemnification; Responsibility for Damages.

(i) Tenant assumes all risks and responsibilities for accidents, injuries or damages to person or property and agrees to indemnify, defend and hold harmless Landlord from any and all claims, liabilities, losses, costs and expenses arising from or in connection with (i) the

condition of those portions of the Leased Premises which Tenant is obligated to maintain or any other failure by Tenant to perform any covenant required to be performed by Tenant under this Lease, (ii) use or control of the Leased Premises, (iii) the conduct of Tenant's business from the Leased Premises, or (iv) any other act or omission or the negligence of Tenant, or Tenant's officers, directors, employees, contractors, invitees or agents. Tenant shall be liable to Landlord for any damages to the Leased Premises and for any act done by Tenant or any person coming on the Leased Premises by the license or invitation of Tenant, express or implied (except Landlord, its agents, or employees).

(ii) Landlord agrees to indemnify, defend and hold harmless Tenant from any and all claims, liabilities, losses, costs, and expenses arising from or in connection with the gross negligence or wrongful act of Landlord or Landlord's officers, directors, employees, contractors, invitees, or agents.

(iii) Nothing contained in this Section 12(h) shall limit (or be deemed to limit) the waivers contained in Sections 12(f) and (g) above. In the event of any conflict between the provisions of Sections 12(f) and (g) above and this Section 12(h), the provisions of Sections 12(f) and (g) shall prevail. This Section 12(h) shall survive the expiration or earlier termination of this Lease.

**13. Fire and Other Casualty.** In the event of damage to, or total or partial destruction of, the Building or any fixtures, equipment, or systems which constitute a part of the Building by fire or other casualty ("**Casualty Damage**"), the insurance proceeds, if any, which, as a result of the Casualty Damage, are payable under any "Special Form" property insurance maintained by Tenant pursuant to Section 12(a) above shall be payable to, and be the sole property of, Landlord, and Tenant shall pay to Landlord the amount of any deductible or co-insurance feature applicable to such insurance policy. Subject to the terms and conditions of this Section, Landlord shall, to the extent that insurance proceeds (including any deductible or co-insurance amounts provided by Tenant) are available therefor, cause the prompt and diligent repair and replacement of the Building and the Leased Premises as soon as reasonably possible so that it is in substantially the same condition as existed prior to the Casualty Damage; provided that Landlord shall not be obligated to repair or replace any item which was not part of the Improvements existing as of the Effective Date, including without limitation, any alterations, improvements or additions of or to the Leased Premises made by Tenant. Notwithstanding the foregoing provision of this Section, in the event: (a) the portions of the Leased Premises to be restored by Landlord are so damaged or destroyed that they cannot be restored within one (1) year after the date of the damage or destruction, (b) the damage or destruction is not covered by the "Special Form" property insurance policy maintained by Landlord in accordance with Section 12 hereof and Landlord does not undertake to commence restoration of the Leased Premises within one hundred fifty (150) days after the date of such damage or destruction, (c) the insurance proceeds (reduced by any application thereof by Landlord's Mortgagee to its mortgage debt) are insufficient for restoration of the Leased Premises and Landlord does not undertake to commence such restoration within one hundred fifty (150) days after the date of such damage or destruction, or (d) applicable law does not permit the restoration of the Leased Premises to substantially the same condition as at the commencement of the Lease Term; then Landlord shall not be obligated to restore the Leased Premises and Landlord may, after one hundred fifty (150) days following the damage or destruction, terminate and cancel this Lease upon fifteen (15) days written notice to Tenant, and all obligations hereunder except those due or mature shall thereupon cease and terminate. If substantial Casualty Damage occurs during the last year of the Lease Term, then Landlord or Tenant, at their respective option, may terminate this Lease upon ninety (90) days' written notice to the other party, and all obligations hereunder, except those due or mature, shall cease and terminate. Base Rent shall be abated proportionately (based upon the proportion that the unusable space in the Building due to a Casualty Damage bears to the total space in the Building) for each day that the Building or any part thereof is unusable by reason of any such Casualty Damage.



**14. Eminent Domain.** In the event that all or a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof all or a substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, and such taking, condemnation or sale renders the Leased Premises unsuitable for operation of the Tenant's business therein, this Lease shall, at the option of either party, terminate on the date possession of all or such part of the Leased Premises is transferred to the condemning authority. All Base Rent shall be paid up to the date of termination; and all compensation awarded or paid for the taking or sale in lieu thereof shall belong to and be the sole property of Landlord; provided, however, Landlord shall not be entitled to any award made to the Tenant for loss of business or cost of removal or relocation of stock and personal property. In the event that less than a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof a less than substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, then the Base Rent will be equitably adjusted to reflect the portion of the Leased Premises that has been taken or condemned.

**15. Default and Remedies.**

(a) Events of Default. Each of the following shall be deemed a default by Tenant:

(i) Tenant's failure to pay Base Rent or any other sums, charges or payments required to be paid by Tenant to Landlord under this Lease as herein provided when due;

(ii) Tenant's failure to perform any other term, condition, or covenant of this Lease to be observed by Tenant;

(iii) Tenant shall fail to execute any instrument of subordination or attornment or any estoppel certificate in accordance with Section 17 of this Lease within the time periods set forth in Section 17 following Landlord's request for the same in accordance such Section;

(iv) Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, except, in each case, as permitted in this Lease;

(v) The sale of Tenant's leasehold interest hereunder pursuant to execution;

(vi) Tenant becomes insolvent;

(vii) The adjudication of Tenant as a bankrupt;

(viii) The making by Tenant of a general assignment for the benefit of creditors;

(ix) The appointment of a receiver in equity for Tenant's property if such appointment is not vacated or satisfied within thirty (30) days from the date of such appointment;

(x) The appointment of a trustee or receiver for Tenant's property in a reorganization, arrangement or other bankruptcy proceeding if such appointment is not vacated or set aside within thirty (30) days from the date of such appointment;

(xi) Tenant's filing of a voluntary petition in bankruptcy or for reorganization or arrangement; or

(xii) Tenant's filing of an answer admitting bankruptcy or agreeing to reorganization or arrangement.

(b) Landlord's Right Upon Tenant's Default. In the event of any default provided in Clause (i) of foregoing Subparagraph (a) and the continuance of such a default for five (5) days (except that the five (5) day grace period shall not be applicable if Tenant fails to pay Base Rent as herein provided when due on three (3) or more occasions during the Lease Term), or in the event of any default provided in Clause (ii) of foregoing Subparagraph (a) and the continuance of such default for ten (10) days following written notice from Landlord to Tenant (except in the event such default is of a nature as not to be reasonably susceptible to cure within said ten (10) day period, in which case the period of cure shall be extended so long as Tenant commences its efforts to cure within said ten (10) day period and thereafter diligently pursues the same to completion) or in the event of any other default provided in foregoing Subparagraph (a) without any demand or notice, Landlord may:

(i) elect to terminate this Lease;

(ii) in the event that Tenant has failed to perform any of its covenants under this Lease other than a covenant to pay Base Rent, perform the covenant or covenants of Tenant which are in default (entering upon the Leased Premises for such purpose, if necessary) in which case Tenant shall pay Landlord all expenses incurred therefore, including reasonable attorneys' fees; and Landlord's performance of any such covenant shall not be construed as a waiver of Tenant's default or of any other right or remedy of Landlord in respect of such default, nor as a waiver of any covenant, term or condition of this Lease;

(iii) immediately re-enter upon the Leased Premises, remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the sole cost and for the account of Tenant, all without service of notice or resort to legal process, without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby, and without such re-entry being deemed to terminate this Lease; and/or

(iv) pursue all other rights and remedies to which Landlord may be entitled hereunder, at law or in equity.

(c) Re-Letting. In the event Landlord re-enters upon the Leased Premises as provided in Clause (iii) of foregoing Subparagraph (b), or takes possession of the Leased Premises pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease, or from time to time without terminating this Lease, make alterations and repairs for the purpose of re-letting the Leased Premises and re-let the Leased Premises or any part thereof for such term or terms (which may extend beyond the Lease Term) at such rental and upon such other terms and conditions as Landlord reasonably deems advisable. If Landlord fails to re-let the Leased Premises, Tenant shall pay to Landlord the Base Rent and Additional Rent reserved in this Lease for the balance of the Lease Term as those amounts become due in accordance with the terms of this Lease. Upon each re-letting, all rentals received from such re-letting shall be applied: first to payment of costs of such alterations and repairs; second, to the payment of Base Rent, Additional Rent and any other indebtedness due and unpaid hereunder; and the remainder, if any, shall be held by Landlord and applied in payment of future Base Rent and Additional Rent as it becomes due and payable hereunder. If the rentals received from such re-letting during any month are less than amounts to be paid hereunder by Tenant during that month, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No re-entry or taking of possession by Landlord of the Leased Premises shall be construed as an election to terminate this Lease unless a written notice of termination is given to Tenant. Notwithstanding any re-letting without termination, Landlord may at any time thereafter elect to terminate this Lease for Tenant's previous default.

(d) Damages Upon Termination. In the event that Landlord at any time terminates this Lease for any default by Tenant, in addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such default, including costs of recovering the Leased Premises, making alterations and repairs for the purpose of re-letting, and the value at the time of such termination of the excess, if any, of the amount of Base Rent and charge equivalent to Base Rent reserved in this Lease for the remainder of the Lease Term over then reasonable rental value of the Leased Premises for the remainder of the Lease Term less any reasonably anticipated vacancy period. All such amounts shall be immediately due and payable from Tenant to Landlord.

(e) Default Indemnification. Upon any default by Tenant hereunder, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord and arising from, or in connection with, a default by Tenant under this Lease or exercising Landlord's rights and remedies with respect to such default.

(f) Landlord Default and Remedies. Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and such failure continues for a period of thirty (30) days after written notice from Tenant to Landlord, or such longer period as may be reasonably required to complete such cure so long as Landlord has commenced curing that default within that thirty (30) day period, and thereafter, diligently pursues such cure to completion. Tenant shall not have the right to set-off against any Base Rent or Additional Rent any damages which Tenant may purport to have sustained by reason of Landlord's failure to perform any of the terms, covenants or conditions contained in this Lease on its part to be performed. If Landlord is in default under this Lease, Tenant's sole right and remedy shall be to recover a money judgment against Landlord, and Tenant's rights to recovery shall be limited to the Landlord's right, title, and interest in and to the Leased Premises as more particularly set forth herein. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and in no event may Tenant terminate this Lease, for breach of Landlord's obligations hereunder.

**16. Surrender.** Upon the expiration of the Lease Term or earlier termination of this Lease, Tenant shall quit and surrender to Landlord the Leased Premises, broom clean and in good order, condition and repair and otherwise in the condition and in a state of repair consistent with the requirements specified in Section 9(b) above, ordinary wear and tear and acts of Casualty Damage which Landlord is obligated to repair or replace excepted; provided, that Tenant shall remove its personal property and any property affixed to the Leased Premises or improvements, additions or alterations to the Leased Premises which Landlord directs Tenant to remove and repair any damage to the Building caused by such removal. If Tenant shall fail to remove any property or improvements, additions, or alterations that it is obligated to remove, Landlord may cause all or any item of such property or improvements, additions, or alteration to be removed at Tenant's expense. Tenant hereby agrees to pay all costs and expenses of any removal and of the repair of any damage to the Leased Premises caused by such removal. On the expiration or earlier termination of this Lease, Tenant shall, in addition to the foregoing, deliver to Landlord all keys and combinations to locks, safes and vaults. Any and all property remaining on the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease shall, at the option of Landlord, become the property of Landlord and Landlord may dispose of and/or remove any such property without any liability whatsoever to Tenant. Tenant's obligation to observe and perform these covenants shall survive the expiration of the Lease Term or earlier termination of this Lease.

**17. Subordination.** This Lease is and shall be subordinate to the lien of any mortgage, deed to secure debt or any other method of financing or refinancing now or hereafter encumbering the Leased Premises (the "**Mortgage Lien**"), and to all advances made, or hereafter to be made, upon the security thereof; provided that, upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver a subordination agreement in form and substance reasonably requested by

Landlord or any mortgage lender or lien holder ("**Landlord's Mortgagee**"), if such subordination agreement provides that the rights of Tenant under this Lease, and the possession of the Leased Premises by Tenant, shall not be disturbed so long as Tenant is not in default hereunder. If any proceedings are brought for the foreclosure of any Mortgage Lien, then Tenant shall: (a) attorn to the purchaser upon any sale resulting directly or indirectly from such proceedings; and (b) recognize the purchaser as Landlord hereunder. Upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver an estoppel certificate in form and substance reasonably requested by Landlord or that may be reasonably requested by Landlord's Mortgagee or any prospective purchaser, mortgage lender, or lien holder.

18. **Covenant of Quiet Enjoyment.** Landlord agrees that if Tenant performs all the covenants and agreements herein provided to be performed by Tenant, Tenant shall, at all times during the Lease Term, have the peaceable and quiet enjoyment of possession of the Leased Premises without any manner of hindrance from Landlord or any persons claiming under Landlord, subject, nevertheless, to the terms and conditions of this Lease.

19. **Mechanic's Liens.** Tenant shall not suffer or give cause for the filing of any mechanic's lien or other lien or encumbrance against the Leased Premises. In the event any mechanic's lien or other lien or encumbrance is filed against the Leased Premises or any part thereof for work claimed to have been done for, or material claimed to have been furnished to, the Tenant, Tenant shall cause such mechanic's lien or other lien or encumbrance to be discharged of record within thirty (30) days after filing by bonding or as provided or required by law or in any other lawful manner or shall provide evidence that the lien or encumbrance is being contested by proceedings adequate to prevent foreclosure of the lien or encumbrance, together with satisfactory indemnity (in an amount not less than one hundred fifty percent (150%) of the claimed lien or encumbrance) to Landlord within thirty (30) days after the filing thereof. Tenant shall indemnify, defend, and hold harmless Landlord from all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord as a result of, or in connection with, any such mechanic's lien or other lien or encumbrance. All liens suffered or caused by Tenant shall attach to Tenant's interest only. Nothing in this Lease shall be deemed or construed to constitute consent to, or request of, any party for the performance of any work for, or the furnishing of any materials to, Tenant, nor as giving Tenant the right or authority to contract for, authorize, or permit the performance of any work or the furnishing of any materials that would permit the attaching of a mechanic's lien or other lien or encumbrance.

20. **Notices.** Unless otherwise specifically provided in this Lease or by law, all notices or other communications required or permitted by this Lease or by law shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or sent for overnight delivery by a nationally recognized courier such as Federal Express, addressed to the other party as follows:

Landlord: Scott L. Lods  
PO Box 2154  
West Lafayette, IN 47907

Tenant: American Suburban Utilities, Inc.  
3350 West 250 North  
West Lafayette, IN 47906

Any party may change its address for notice from time to time by serving notice on the other party as provided above. The date of service of any notice served by mail shall be the date upon which such notice is deposited in a post office of the United States Postal Service.

21. **Miscellaneous Provisions.**

(a) Memorandum of Lease. The parties hereto shall not record this Lease nor a memorandum thereof, but upon request of Landlord, Tenant shall execute a "memorandum of lease" suitable for recording.

(b) Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating between the parties hereto the relationship of principal and agent, partnership, joint venture, or any relationship other than the relationship of landlord and tenant.

(c) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Base Rent, Additional Rent, or other amount due hereunder shall be deemed to be other than on account of the Base Rent, Additional Rent, or other amount first due hereunder. No endorsement or statement on any check or letter accompanying any check or payment of Base Rent, Additional Rent or other amount shall be deemed to be an accord and satisfaction, and Landlord may accept any such check or payment without prejudice to the right of Landlord to recover the balance of such Base Rent, Additional Rent or other amount or to pursue any other right or remedy.

(d) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

(e) Authority. Each person executing this Lease represents and warrants that he or she has been duly authorized to execute and deliver this Lease by the entity for which he or she is signing, and this Lease is the valid and binding agreement of such entity, enforceable in accordance with its terms.

(f) Waivers. No waiver of any covenant or condition or the breach of any covenant or condition of this Lease shall be deemed to constitute a waiver of any subsequent breach of such covenant or condition or justify or authorize a non-observance upon any occasion of such covenant or condition or any other covenant or condition. The acceptance of Base Rent, Additional Rent or any other payment or amount by Landlord at any time when Tenant is in default of any covenant or condition shall not be construed as a waiver of such default or Landlord's right to terminate this Lease on account of such default.

(g) Remedies Cumulative. Subject to the limitations set forth in Section 15(f) above, the remedies of Landlord and Tenant hereunder shall be cumulative, and no one of them shall be construed as exclusive of any other of any remedy provided by law or in equity. The exercise of any one such right or remedy by the Landlord or Tenant shall not impair its standing to exercise any other such right or remedy.

(h) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

(i) Benefit of Persons Affected. Subject to the provisions of Section 10, this Lease and all of the terms and provisions hereof shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of Landlord and Tenant except as otherwise expressly provided herein.

(j) Construction. Whenever in this Lease a singular word is used, it shall also include the plural wherever required by the context and vice versa. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days. All indemnities set forth herein shall survive the expiration or earlier termination of this Lease. The captions of this Lease are for convenience only and do not in any way limit or alter the terms and conditions of this Lease. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days, unless business days are specified.



Notwithstanding anything to the contrary anything set forth herein, if Landlord is delayed in, or prevented from, observing or performing any of its covenants hereunder or satisfying any condition or requirement hereunder as the result of an act or omission of Tenant or any other cause which is not within the reasonable control of Landlord including, without limitation, inclement weather, pandemic, epidemic, governmental shutdowns, earthquakes, floods, tornados, hurricanes, tropical storms, acts of God, acts of civil or military authorities, riots, insurrections, acts of government, acts of any public enemy, the unavailability of materials, equipment, services or labor, fires, explosions, strikes, failure of transportation, and utility or energy shortages or acts or omissions of public utility providers ("**Force Majeure**"), then such completion, correction, observation, performance, or satisfaction shall be excused for the period of days that such completion, correction, observation, performance, or satisfaction is delayed or prevented, and the dates and deadlines for completion, observation, performance, and satisfaction set forth herein, as applicable, shall be extended for the same period.

(k) Entire Agreement; Amendments. This instrument contains the entire agreement between the parties hereto with respect to the subject matter hereof. All representations, promises and prior or contemporaneous undertakings between such parties are merged into and expressed in this instrument, and any and all prior agreements between such parties are hereby cancelled. The agreements contained in this instrument shall not be amended, modified, or supplemented except by a written agreement duly executed by both Landlord and Tenant.

(l) Landlord's Consent. If Landlord breaches any obligation of reasonableness, then the sole remedy of Tenant shall be an action for specific performance or injunction to enforce the obligation, and Tenant shall not be entitled to any monetary damages for, or in connection with, a breach of such obligation, unless the breach is willful or in bad faith, in which event Tenant shall be entitled to all remedies at law or in equity.

(m) Attorneys' Fees. In the event that any proceeding or litigation is commenced by either party to enforce the terms of this Lease, then the prevailing party shall be entitled to an award of its reasonable attorneys' fees and court costs incurred in connection with such proceeding or litigation. For the purposes of this Section, the term "prevailing party" shall mean the party that receives all or substantially all of the relief sought by the party in the litigation or proceeding.

(n) Financial Statements. During the Lease Term, and to the extent that the same are not otherwise readily available as a result of public filings, Tenant shall provide to Landlord on an annual basis, a copy of Tenant's most recent financial statements prepared as of the end of Tenant's fiscal year within thirty (30) days after the completion thereof. Such financial statements shall be signed by Tenant, who shall attest to the truth and accuracy of the information set forth in each such financial statement. All financial statements shall be prepared in conformity with generally accepted accounting principles, consistently applied.

(o) Governing Law. This Lease shall be governed by and construed in accordance with the internal laws of the State of Indiana.

(p) Counterparts. This Lease may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

(q) Indemnification for Leasing Commissions. The parties hereby represent and warrant that there was no real estate broker involved in the negotiation and execution of this Lease and that no party is entitled, as a result of the actions of the respective party, to a commission or other fee resulting from the execution of this Lease. Each party shall indemnify the other from any and all liability for the

breach of this representation and warranty on its part and shall pay any compensation to any other broker or person who may be entitled thereto.

(r) Anti-Terrorism Certification. Landlord and Tenant each represents and warrants that; (i) it is not listed on the Special Designated Nationals and Blocked Persons list as maintained and updated by the United States Treasury Department Office of Foreign Asset Control, (ii) it is not an entity with whom Anti-Terrorism Laws (as hereinafter defined) would prohibit one from doing business, (iii) it will not violate Anti-Terrorism Laws, and (iv) it is not and will not do business with any person or entity that would violate Anti-Terrorism Laws. Landlord and Tenant each covenants that it shall indemnify, hold harmless and defend the other party from and against any and all claims, losses, damages, costs and expenses arising out of or in any way relating to the violation of any Anti-Terrorism Laws regardless of whether such violation constitutes a breach of the representations, warranties, covenants and agreements set forth in this paragraph including, but not limited to: (a) claims of third parties (including governmental agencies) for damages, penalties, response costs, or other relief; and (b) any and all expenses or obligations incurred at, before and after any trial or appeal therefrom, including without limitation, reasonable attorneys' fees and other expenses. "**Anti-Terrorism Laws**" for purposes hereof, shall mean, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "USA Patriot Act"), (b) Executive Order No. 13224: Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001, (c) the International Emergency Economic Power Act, 50 U.S.C. § 1701 et. seq., and (d) any other legal requirements relating to money laundering or terrorism.

(s) Benefit of Landlord and Tenant. This Lease and the rights and obligations of Landlord and Tenant herein contained shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and permitted assigns.

**22. Limitation of Liability.** The term "Landlord" as used in this Lease, as far as the covenants and agreements of Landlord in this Lease are concerned, shall be construed to mean only the holder or holders of Landlord's interest in this Lease at the time in question. In the event of any transfer of Landlord's interest under this Lease or in the Leased Premises, then the Landlord herein named (and in case of any subsequent transfer, then transferor) shall be automatically freed and relieved, as to occurrences after the date of such transfer, from all duties and obligations relating to the performance of any covenants or agreements on the part of Landlord to be performed or observed after such transfer. Notwithstanding anything to the contrary provided in this Lease, no officer, official, director, partner, agent, trustee, beneficiary, or employee of Landlord shall be personally liable for the performance or nonperformance of any agreement, covenant or obligation of Landlord hereunder, and Tenant's remedies shall not include a personal money judgment against Landlord or against any of the foregoing persons. Tenant's sole and exclusive remedy at law or in equity shall be to proceed against and foreclose the interest and title of Landlord (or such successor in interest) in and to the Leased Premises (and the proceeds from the sale of such interest and title as to any liability for a default not cured or satisfied in full) for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord (or by such successor in interest) of any of Landlord's obligations hereunder.

**23. Affiliate Contract and IURC Requirements.**

(a) Affiliate Contract. Landlord and Tenant acknowledge that this Lease is an "Affiliate contract" as defined in General Administrative Order of the Indiana Utility Regulatory Commission 2016-5 ("**GAO 2016-5**") and as such, this Lease shall not be effective unless it is first filed with the Indiana Utility Regulatory Commission (the "**IURC**").

(b) Appraisal. References is hereby made to that certain Appraisal Report dated February 10, 2025 prepared for Tenant by Integra Realty Resources, File Number 118-2024-2618 (the “**Appraisal**”). The parties acknowledge and agree that (i) typical industrial leases such as this Lease are on “triple net” lease terms; (ii) the Appraisal concluded that the “Market Rent” for the Leased Premises as of December 30, 2024 was \$115,000, annually based on triple net terms, and (iii) the Base Rent and other terms set forth in this Lease were determined based upon reference to the Appraisal.

(c) Exclusion of Certain Terms. Notwithstanding anything to the contrary set forth in this Lease and in accordance with GAO 2016-5, any provisions in this Lease that provide for any of the following are hereby excluded (i) terms providing for automatic contract renewal or renewal without notice to all contracting parties and the IURC; (ii) terms providing for an effective date prior to filing with the IURC; and (iii) terms providing for anything that is contrary to Tenant’s own tariff, policies, or rules.

(d) Affiliate Contract Number. In compliance with GAO 2016-5, the discreet affiliate contract number for this Lease is the number set forth on page 1 of this Lease.

**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK;  
SIGNATURE PAGE FOLLOWS]**

**SIGNATURE PAGE TO LEASE**

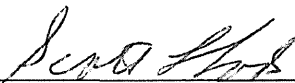
IN WITNESS WHEREOF, the parties have executed or caused the execution of this Lease by their respective officers duly authorized as of the day and year first above written.

**LANDLORD:**

  
\_\_\_\_\_  
Scott L. Lods

**TENANT:**

**AMERICAN SUBURBAN UTILITIES, INC.,**  
an Indiana corporation

By:   
\_\_\_\_\_  
Scott L. Lods, President

4943954.2

Integra Realty Resources  
Indianapolis

**Appraisal of Real Property**

**American Suburban Utilities Headquarters**  
Administrative Office & Warehouse  
3350 W. County Rd.250 N.  
West Lafayette, Tippecanoe County, Indiana 47906

**Prepared For:**  
American Suburban Utilities, Inc.

**Date of the Report:**  
February 27, 2025

**Report Format:**  
Appraisal Report

**IRR - Indianapolis**  
File Number: 118-2024-2618



RECEIVED

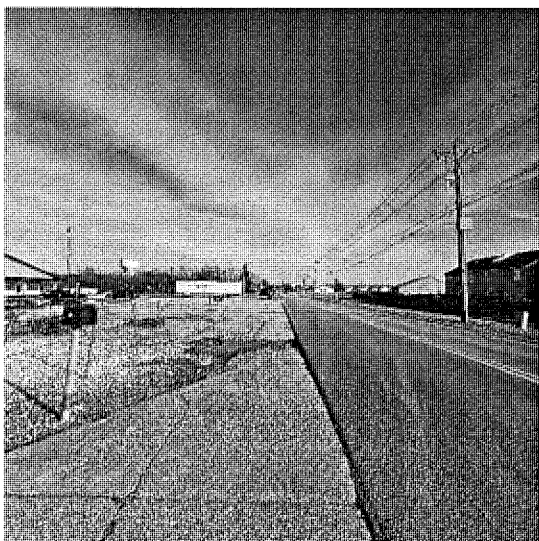
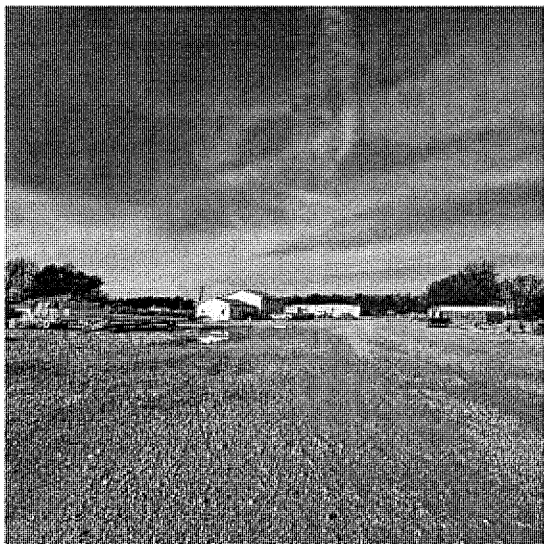
FEB 28 2025

INDIANA UTILITY REGULATORY COMMISSION



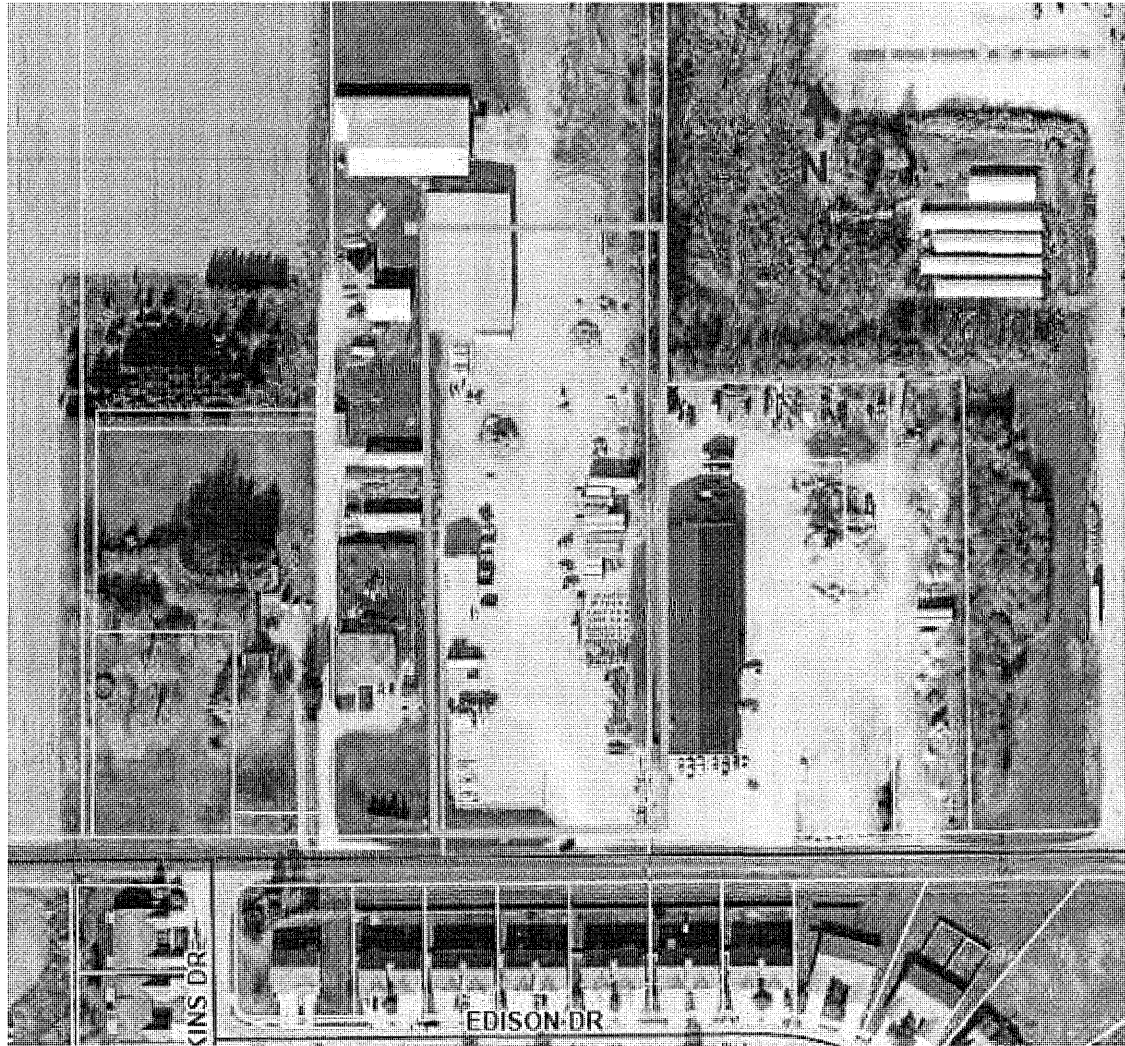


## Subject Photographs



**American Suburban Utilities Headquarters**  
3350 W. County Rd.250 N.  
West Lafayette, Indiana

## Aerial Photograph



Integra Realty Resources  
Indianapolis

4981 N. Franklin Rd.  
Indianapolis, IN 46226

T 317-546-4720  
F 317-546-1407  
Office Email [mlady@irr.com](mailto:mlady@irr.com)  
[www.irr.com](http://www.irr.com)



February 27, 2025

Mr. Scott Lods  
President  
American Suburban Utilities, Inc.  
3350 W. 250 North  
West Lafayette, IN 47906

SUBJECT:       Market Value Appraisal  
                  American Suburban Utilities Headquarters  
                  3350 W. County Rd. 250 N.  
                  West Lafayette, Tippecanoe County, Indiana 47906  
                  IRR - Indianapolis File No. 118-2024-2618

Dear Mr. Lods:

Integra Realty Resources – Indianapolis is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market rent, pertaining to the leasehold interest in the property.

The client for the assignment is American Suburban Utilities, Inc.. The intended users of this report are the client, along with the Indiana Utility Regulatory Commission. The intended use of the report is for assistance in an Indiana Utility Regulatory Commission matter. No parties other than American Suburban Utilities, Inc., along with the Indiana Utility Regulatory Commissions, may use or rely on the information, opinions, and conclusions contained in this report.

The subject consists of the real estate required to support the business, engineering and field operations of American Suburban Utilities, Inc. American Suburban Utilities, Inc. is a private wastewater treatment utility serving Wabash and Tippecanoe Townships in the Tippecanoe County area. The real estate includes an office with 4,545 square feet of gross leasable area, 10,315 square feet of gross leasable warehouse area, site improvements and a supporting site with an estimated land area of 4.00 acres.

Mr. Scott Lods  
American Suburban Utilities, Inc.  
February 27, 2025  
Page 2

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

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**Value Conclusion**

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Value Type & Appraisal Premise	Interest Appraised	Date of Value	Annual Rent, Triple Net Terms
Market Rent	Leasehold	December 30, 2024	\$115,000

---

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**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The land area for the supporting site is part of a larger parcel and is estimated via scaled measurements from the Tippicanoe County Beacon GIS website. No survey providing a certified land area for the supporting site was available for review. It is assumed for purposes of this valuation that the estimated land area of 4.00 acres is reasonably accurate.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results

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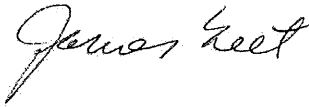


Mr. Scott Lods  
American Suburban Utilities, Inc.  
February 27, 2025  
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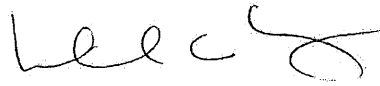
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Indianapolis**



James D. Seet  
Indiana Certified General Appraiser  
#CG40300092  
Telephone: 317.546.4720, ext. 236  
Email: jseet@irr.com



Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS  
Indiana Certified General Appraiser  
#CG69100223  
Telephone: 317.546.4720, ext. 222  
Email: mlady@irr.com



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# Quality Assurance

## IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.



## Executive Summary

Property Name	American Suburban Utilities Headquarters
Address	3350 W. County Rd.250 N. West Lafayette, Tippecanoe County, Indiana 47906
Property Type	Industrial
Owner of Record	Scott L. Lods
Tax ID	Pt. 79-06-10-251-004.000-022
Land Area	4.00 acres; 174,240 SF
Gross Building Area	14,860 SF
Gross Leasable Area	14,860 SF
Occupancy	American Suburban Utilities, Inc.
Year Built	1998, 2003
Zoning Designation	GB, General Business
Highest and Best Use - As if Vacant	Light industrial use
Highest and Best Use - As Improved	Continued industrial use
Exposure Time; Marketing Period	9 to 12 months; 9 to 12 months
Effective Date of the Appraisal	December 30, 2024
Date of the Report	February 27, 2025
Property Interest Appraised	Leasehold
Market Value Conclusion	\$115,000 (\$7.74 per SF/GLA, Triple Net)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than American Suburban Utilities, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The land area for the supporting site is part of a larger parcel and is estimated via scaled measurements from the Tippicanoe County Beacon GIS website. No survey providing a certified land area for the supporting site was available for review. It is assumed for purposes of this valuation that the estimated land area of 4.00 acres is reasonably accurate.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results

# Identification of the Appraisal Problem

## Subject Description

The subject consists of the real estate required to support the business, engineering and field operations of American Suburban Utilities, Inc. American Suburban Utilities, Inc. is a private wastewater treatment utility serving Wabash and Tippecanoe Townships in the Tippecanoe County area. The real estate includes an office with 4,545 square feet of gross leasable area, 10,315 square feet of gross leasable warehouse area, site improvements and a supporting site with an estimated land area of 4.00 acres.

A summary legal description of the parent parcel is provided on the property record card in the addenda.

Property Identification	
Property Name	American Suburban Utilities Headquarters
Address	3350 W. County Rd.250 N. West Lafayette, Indiana 47906
Tax ID	Pt. 79-06-10-251-004.000-022
Owner of Record	Scott L. Lods

## Sale History

The current owner of record is Scott L. Lods. This party has owned the property for a period of time in excess of three years. No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

## Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

## Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market rent of the leasehold interest in the subject property as of the effective date of the appraisal, December 30, 2024

The date of the report is February 27, 2025. The appraisal is valid only as of the stated effective date or dates.

## Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

### Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).<sup>1</sup>

## Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>2</sup>

## Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

### Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.<sup>3</sup>

### Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>4</sup>

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<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>4</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

## Definitions of Different Types of Leases

### Net Lease

A lease in which the landlord passes on all expenses to the tenant.<sup>5</sup>

### Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full-service lease.<sup>6</sup>

### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.<sup>7</sup>

## Definitions Concerning Building Areas

### Gross Building Area

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.<sup>8</sup>

### Gross Leasable Area

Total floor area designed for the occupancy and exclusive use of tenants, including basement and mezzanines; measured from the center joint partitioning to the outside wall surfaces.<sup>9</sup>

### Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of the walls separating the space from hallways and common areas.<sup>10</sup>

### Land-to-Building Ratio

The proportion of land area to gross building area; one of the factors determining comparability of properties.<sup>11</sup>

### Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms.

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<sup>5</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>6</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>8</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>9</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>10</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

<sup>11</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

**Client and Intended User(s)**

The client is American Suburban Utilities, Inc. The intended users are the client and the Indiana Utility Regulatory Commission. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

**Intended Use**

The intended use of the appraisal is for assistance in an Indiana Utility Regulatory Commission matter. The appraisal is not intended for any other use.

**Applicable Requirements**

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

**Report Format**

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

**Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for the current client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

**Appraiser Competency**

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

# Scope of Work

## Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

## Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Subject Property Data Sources

The legal and physical features of the subject property, including size of the site and improvements, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

The financial data of the subject, including historical income/expense figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

## Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party: Scott Lods, President, American Suburban Utilities.

## Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:



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**Property Inspection**


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Party	Inspection Type	Inspection Date
James D. Seet	Interior and exterior	December 30, 2024
Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS	None	N/A

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**Valuation Methodology**

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

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**Approaches to Value**


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Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Market Data Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

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A market data comparison approach is utilized to estimate the market rent for the leased premises. The subject is occupied by a utility maintenance company which requires a facility that will support office, engineering and field operations. This occupancy is a specialty industrial niche, and while it is considered to be an industrial occupancy, a search of the Integra Realty Resources national data base, as well as other state-level data bases, reveals that there is no available market data which is directly comparable with this occupancy.

However, there is market data available to support a reasonable estimate of the subject's market rent based on a two-step approach.

1. Analyze the functional utility of the subject's existing real estate based on its physical characteristics in comparison to local properties in related industrial fields, and
2. Estimate the subject's market rent based on available local industrial market data.

While the subject property is occupied by a utility maintenance company and is not a construction company, its use falls into a specialty industrial market niche which shares many physical characteristics with industrial properties utilized by construction and construction-related companies. These characteristics include office, engineering and field functions and the site and space requirements to support these functions. While comparable properties exist in the Lafayette-West Lafayette market, lease information was either unavailable to the appraisers, or the properties were owner occupied and involved no lease. However, an analysis of these properties indicates that the subject's land to building ratio and office percentage of gross leasable area are bracketed by local construction companies indicating that the characteristics of subject facility are typical for its use.

Three local comparable rents of industrial properties with similar building improvement characteristics situated on smaller sites are available for analysis. Since the subject's supporting site is larger than typical in the Lafayette-West Lafayette industrial rental market, the value of the additional land and the contributory value of the additional site improvements are estimated and capitalized as additional annual rent components to calculate the total market rent for the subject leased premises. The cost approach is utilized to estimate the contributory value of the additional site improvements. The methodology used is relied upon by market participants and considered relevant in developing credible assignment results.

# Economic Analysis

## Tippecanoe County Area Analysis

Tippecanoe County is located in Indiana approximately 55 miles northwest of Indianapolis. It is 500 square miles in size and has a population density of 380 persons per square mile.

### Population

Tippecanoe County has an estimated 2024 population of 190,172, which represents an average annual 0.5% increase over the 2020 census of 186,251. Tippecanoe County added an average of 980 residents per year over the 2020-2024 period, and its annual growth rate is similar to that of the State of Indiana.

Looking forward, Tippecanoe County's population is projected to increase at a 0.6% annual rate from 2024-2029, equivalent to the addition of an average of 1,140 residents per year. The Tippecanoe County growth rate is expected to be similar to that of Indiana.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Tippecanoe County, IN	186,251	190,172	195,872	0.5%	0.6%
Lafayette-West Lafayette, IN Metro	223,716	228,146	234,761	0.5%	0.6%
Indiana	6,785,528	6,914,591	7,112,714	0.5%	0.6%

Source: Claritas

### Employment

Total employment in Tippecanoe County was estimated at 93,522 jobs at year-end 2023. Between year-end 2013 and 2023, employment rose by 13,151 jobs, equivalent to a 16.4% increase over the entire period. There were gains in employment in nine out of the past ten years. Tippecanoe County's rate of employment growth over the last decade surpassed that of Indiana, which experienced an increase in employment of 10.0% or 288,848 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Tippecanoe County unemployment rate has been consistently lower than that of Indiana, with an average unemployment rate of 4.1% in comparison to a 4.6% rate for Indiana. A lower unemployment rate is a positive indicator.

Recent data shows that the Tippecanoe County unemployment rate is 3.0% in comparison to a 3.4% rate for Indiana, a positive sign that is consistent with the fact that Tippecanoe County has outperformed Indiana in the rate of job growth over the past two years.



**Employment Trends**

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Tippecanoe County	% Change	Indiana	% Change	Tippecanoe County	Indiana
2013	80,371		2,898,272		6.5%	7.5%
2014	82,570	2.7%	2,947,475	1.7%	5.0%	5.9%
2015	82,783	0.3%	2,996,202	1.7%	4.2%	4.8%
2016	83,956	1.4%	3,023,252	0.9%	4.0%	4.4%
2017	84,739	0.9%	3,059,430	1.2%	3.2%	3.5%
2018	86,462	2.0%	3,086,390	0.9%	3.2%	3.4%
2019	86,772	0.4%	3,108,859	0.7%	3.0%	3.3%
2020	82,986	-4.4%	2,987,235	-3.9%	6.7%	7.3%
2021	87,733	5.7%	3,088,792	3.4%	3.7%	3.9%
2022	91,775	4.6%	3,157,485	2.2%	2.9%	3.1%
2023	93,522	1.9%	3,187,120	0.9%	3.0%	3.3%
Overall Change 2013-2023	13,151	16.4%	288,848	10.0%		
Avg Unemp. Rate 2013-2023					4.1%	4.6%
Unemployment Rate - April 2024					3.0%	3.4%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in Tippecanoe County are shown in the following table.

**Major Employers - Tippecanoe County, IN**

	Name	Location
1	Purdue University	West Lafayette
2	Subaru Indiana Automotive, Inc.	Lafayette
3	Oerlikon Blazers	Lafayette
4	Caterpillar, Inc.	Lafayette
5	IU Health Arnett Hospital	Lafayette
6	Wabash National Corporation	Lafayette
7	Franciscan Health Lafayette	Lafayette
8	State Farm Insurance	West Lafayette
9	Lafayette Venetian Blinds	West Lafayette
10	Evonik Corporation	Lafayette

Source: Hoosiers by the Numbers

**Gross Domestic Product**

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Tippecanoe County than Indiana overall during the past five years. Tippecanoe County has grown at a 1.7%

average annual rate while Indiana has grown at a 2.1% rate. However, Tippecanoe County has recently performed better than Indiana. GDP for Tippecanoe County rose by 6.8% in 2022 while Indiana's GDP rose by 3.1%.

Tippecanoe County has a per capita GDP of \$56,387, which is 3% less than Indiana's GDP of \$57,962. This means that Tippecanoe County industries and employers are adding relatively less value to the economy than their counterparts in Indiana.

### Gross Domestic Product

Year	(\$,000s) Tippecanoe County	% Change	(\$,000s) Indiana	% Change
2017	9,794,693	—	357,535,800	—
2018	10,414,176	6.3%	368,762,900	3.1%
2019	10,461,315	0.5%	371,044,500	0.6%
2020	9,715,177	-7.1%	359,184,700	-3.2%
2021	9,960,155	2.5%	384,051,000	6.9%
2022	10,641,227	6.8%	396,009,200	3.1%
Compound % Chg (2017-2022)		1.7%		2.1%
GDP Per Capita 2022	\$56,387		\$57,962	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

### Income, Education and Age

Tippecanoe County has a considerably lower level of household income than Indiana. Median household income for Tippecanoe County is \$56,740, which is 20.2% less than the corresponding figure for Indiana.

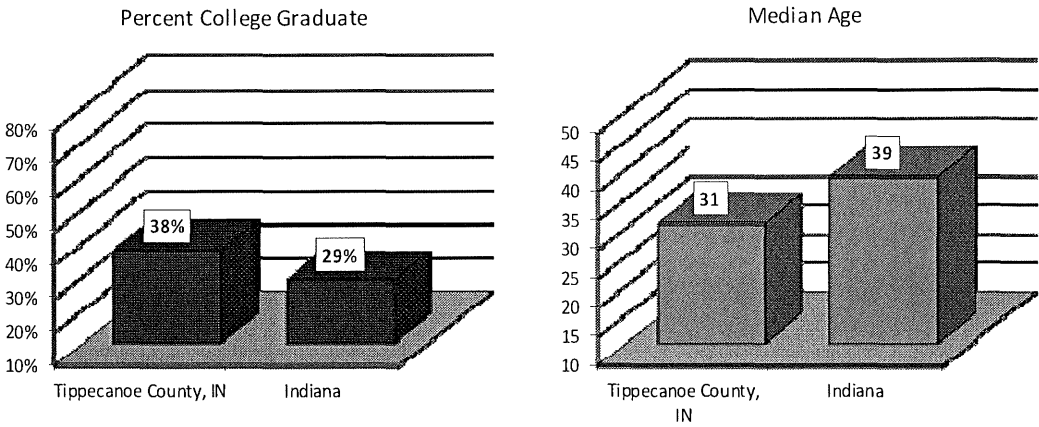
### Median Household Income - 2024

	Median
Tippecanoe County, IN	\$56,740
Indiana	\$71,132
Comparison of Tippecanoe County, IN to Indiana	- 20.2%

Source: Claritas

Residents of Tippecanoe County have a higher level of educational attainment than those of Indiana. An estimated 38% of Tippecanoe County residents are college graduates with four-year degrees, versus 29% of Indiana residents. People in Tippecanoe County are younger than their Indiana counterparts. The median age for Tippecanoe County is 31 years, while the median age for Indiana is 39 years.

Education & Age - 2024



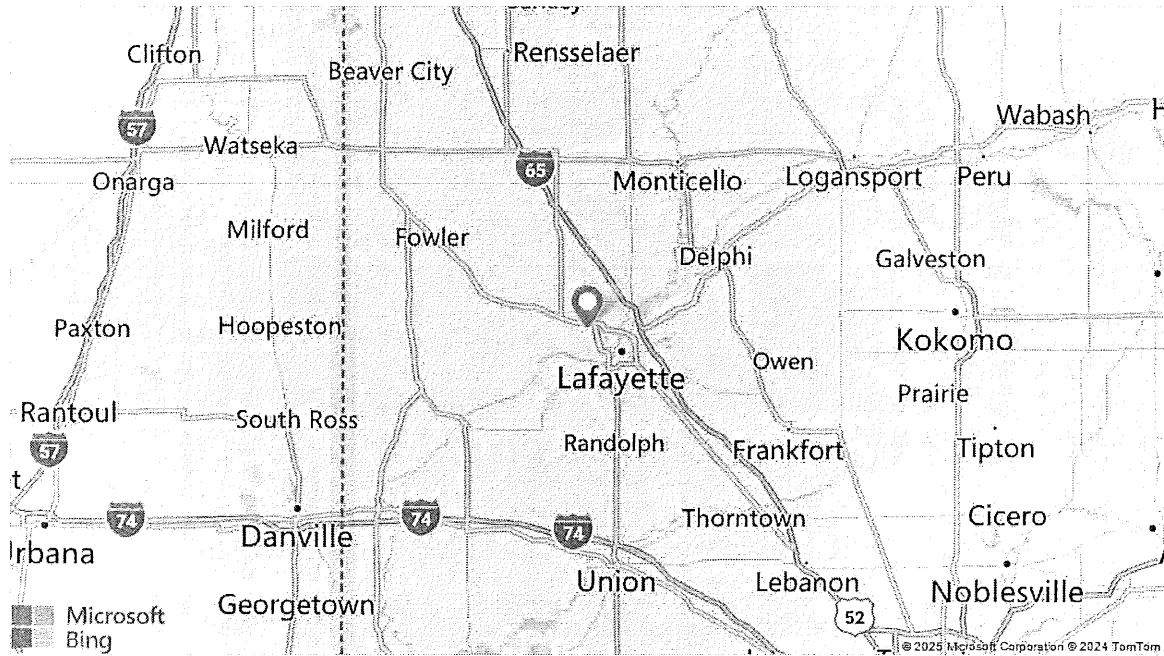
Source: Claritas

Conclusion

The Tippecanoe County economy will be affected by a growing population base, a higher level of educational attainment, as well as an evolving research/innovation technology hub centered on Purdue University. Tippecanoe County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Indiana over the past decade. It is anticipated that the Tippecanoe County economy will improve, and employment will grow, strengthening the demand for real estate.



## Area Map





## Surrounding Area Analysis

The subject is located in the northwest side of West Lafayette, Indiana. This area is part of the West Lafayette submarket and greater Lafayette-Tippecanoe County area. Area boundaries and delineation are indicated in the following table. A map identifying the location of the property follows this section.

Boundaries & Delineation	
Boundaries	
Market Area	Tippecanoe County
Submarket	North Lafayette
Area Type	Suburban
Delineation	
North	E CR 600 N
South	Division Rd.
East	Wabash River
West	N CR 500 W

## Access and Linkages

Primary access and linkages to the subject area, including highways, roadways, public transit, traffic counts, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	I-65, Sagamore Parkway (U.S. 52), Veterans Memorial Pkwy, U.S. 231 N.
Primary Corridors	Northwestern Ave, Mitch Daniels Blvd, Lindberg Rd, Cumberland Ave.
Vehicular Access Rating	Average
Public Transit	
Providers	CityBus of Greater Lafayette
Nearest Stop/Station	Route 8, one mile east
Transit Access Rating	Average
Airport(s)	
Name	Purdue University Airport
Distance	3.5 miles
Driving Time	10 minutes
Primary Transportation Mode	Automobile

The transportation infrastructure in West Lafayette mostly facilitates local interaction between the Purdue University campus and related technical centers, as well as the evolving residential areas and retail districts developing independently of the campus. The local transportation infrastructure has only indirect access to Interstate 65, due to the Wabash River as a geophysical barrier. The bus system serves the greater Lafayette area, but most routes serve Lafayette. The primary airport in the area is the Purdue University Airport in the south part of West Lafayette.

The Wabash River traverses the Lafayette-West Lafayette area generally from northeast to southwest and separates Lafayette (east of the River) from West Lafayette (west of the River). Interstate 65 is the primary access to the area in terms of commuting and shipping, and Lafayette has more direct access to Interstate 65. However, the Brookston interchange is north of the River and provides indirect access to West Lafayette from the north via River Road. Veterans Memorial Parkway and U.S. 231 provide primary access to the West-Lafayette area from the south via the State Road 38 interchange with Interstate 65.

### **Demand Generators**

The typical generators of demand affecting the subject property and its market are discussed and analyzed below.

### **Employment and Employment Centers**

Purdue University and related technical research and innovation parks are the primary employment centers in West Lafayette. However, a significant manufacturing economic base is located in the greater Lafayette area, including Caterpillar, Subaru, GE Turbine and Wabash National. Thus, the Lafayette-West Lafayette economic base is diversified, and while a significant component is cyclical, it contains significant counter-cyclical components.

### **Nearby Retail Uses**

The Sagamore Parkway retail district in West Lafayette is the primary community retail district serving the area west of the Wabash River. It competes with the South Street retail corridor and the Tippecanoe Mall on South Sagamore Parkway. Given the scale of the metro area and the good access via Sagamore Parkway, all of these retail districts are within reasonable travel times and distances from all points within the metro area.

### **Life Cycle**

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:<sup>12</sup>

- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

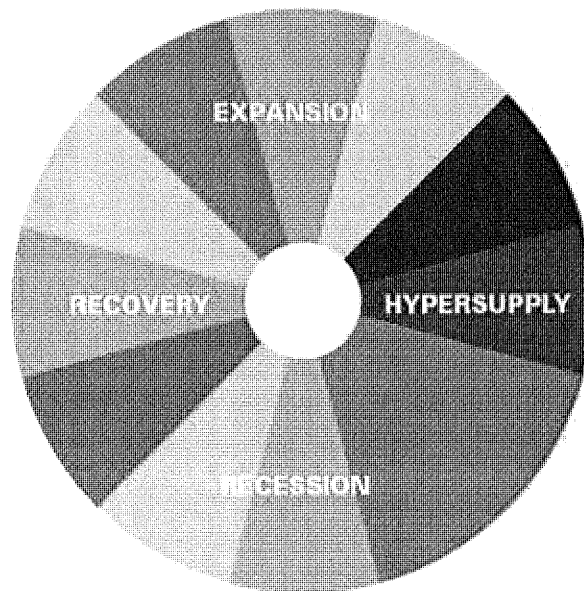
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<sup>12</sup> Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



#### **EXPANSION**

Decreasing Vacancy Rates  
Moderate/High New Construction  
High Absorption  
Moderate/High Employment Growth  
Med/High Rental Rate Growth

#### **HYPERSUPPLY**

Increasing Vacancy Rates  
Moderate/High New Construction  
Low/Negative Absorption  
Moderate/Low Employment Growth  
Med/Low Rental Rate Growth

#### **RECESSION**

Increasing Vacancy Rates  
Moderate/Low New Construction  
Low Absorption  
Low/Negative Employment Growth  
Low/Neg Rental Rate Growth

#### **RECOVERY**

Decreasing Vacancy Rates  
Low New Construction  
Moderate Absorption  
Low/Moderate Employment Growth  
Neg/Low Rental Rate Growth

### **Demographics**

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics						
2024 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Tippecanoe County, IN	Lafayette-West Lafayette, IN Metro	Indiana
Population 2020	7,400	35,595	78,907	186,251	223,716	6,785,528
Population 2024	7,898	36,730	80,975	190,172	228,146	6,914,591
Population 2029	8,447	38,272	83,983	195,872	234,761	7,112,714
Compound % Change 2020-2024	1.6%	0.8%	0.6%	0.5%	0.5%	0.5%
Compound % Change 2024-2029	1.4%	0.8%	0.7%	0.6%	0.6%	0.6%
Households 2020	2,781	12,415	28,305	71,651	86,517	2,667,542
Households 2024	2,916	12,892	29,249	73,618	88,761	2,732,205
Households 2029	3,098	13,516	30,520	76,160	91,708	2,820,381
Compound % Change 2020-2024	1.2%	0.9%	0.8%	0.7%	0.6%	0.6%
Compound % Change 2024-2029	1.2%	0.9%	0.9%	0.7%	0.7%	0.6%
Median Household Income 2024	\$67,101	\$52,218	\$42,168	\$56,740	\$58,931	\$71,132
Average Household Size	2.7	2.3	2.2	2.4	2.4	2.5
College Graduate %	49%	56%	54%	38%	34%	29%
Median Age	33	25	25	31	33	39
Owner Occupied %	56%	40%	37%	54%	58%	69%
Renter Occupied %	44%	60%	63%	46%	42%	31%
Median Owner Occupied Housing Value	\$241,717	\$277,314	\$310,871	\$251,772	\$239,584	\$243,130
Median Year Structure Built	1998	1999	1991	1986	1982	1976
Average Travel Time to Work in Minutes	20	19	19	20	21	26
Source: Claritas						

As shown above, the current population within a 3-mile radius of the subject is 36,730, and the average household size is 2.3. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Tippecanoe County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$52,218, which is lower than the household income for Tippecanoe County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Tippecanoe County, while median owner-occupied home values are higher.

### Land Use

The subject is situated in an established commercial-industrial enclave in the northwest quadrant of Cumberland Avenue (West County road 250 North) and Klondike Road at the northwest fringe of West Lafayette. New land uses in the immediate surrounding area are predominantly mixed-density suburban residential and apartment developments. Farther east on Cumberland Avenue (the east extension of West County Road 250 North) are retail/hospitality and new medical-related developments, including the new Ortho Indy Hospital at Cumberland Avenue and U.S. 52 and the developing Sagamore Commons at Cumberland Avenue and Sagamore Parkway.

Land use characteristics of the subject's greater market area are summarized below.

<b>Surrounding Area Land Uses</b>	
Character of Area	Suburban
Predominant Age of Improvements (Years)	New to 50 years
Predominant Quality and Condition	Average
Approximate Percent Developed	60%
Land Use Allocation	
Single-Family	25%
Multifamily	10%
Retail	5%
Office	5%
Industrial	5%
Purdue University	10%
Vacant/Ag Land	40%
Infrastructure and Planning	Average
Predominant Location of Undeveloped Land	North and west
Prevailing Direction of Growth	North and west

Land uses immediately surrounding the subject are summarized below.

<b>Immediate Surroundings</b>	
North	Vacant land with single-family residential subdivisions beyond
South	Attached 2-family residential subdivision
East	Industrial
West	Frontage single-family with agricultural land beyond

### **Development Activity and Trends**

The anchor developments in the subject's market area are Purdue University and related facilities such as the Purdue Research Park and the Purdue University Airport. While most of the recent University-related development has been of student housing, research and development facilities (industrial flex space) and some small-scale prototype production facilities, University expansion has also resulted in the expansion of supporting retail, hospitality and residential uses at the north and west fringe of West Lafayette.

#### **Purdue University Development**

The Tippecanoe County broader market is the location for Purdue University which attracts college students, faculty, staff members and others associated with the college system. Total enrollment as of 2023 was 52,211 students.

The University is the catalyst for much of the development activity in the West Lafayette/Lafayette metro area. A significant amount of new commercial development is occurring between the University campus and the Wabash River. East of the subject between the Purdue University campus and River Road, several off campus mixed use developments have been constructed in the last 10 years.

Typically, several contiguous properties are assembled, improvements are razed, and then redeveloped with a mixed- use program such as retail/commercial uses on the ground floor and apartments on the upper floors. Purdue in August 2024 announced a \$239 million construction and development plan on its main campus. Plans include a \$160 million life sciences research building, a \$56 million student housing building, and \$23 million renovation of the student union.

#### **Purdue Research Park**

In 2024, SK Hynix, Inc. announced that it plans to invest close to \$4 billion to build an advanced packaging fabrication and R&D facility for AI products in the Purdue Research Park. The new facility — home to an advanced semiconductor packaging production line that will mass-produce next-generation high-band width memory, or HBM, chips, the critical component of graphic processing units that train AI systems such as ChatGPT — is expected to provide more than a thousand new employment opportunities in the Greater Lafayette community. The company plans to begin mass production in the second half of 2028. The project marks SK Hynix's intention for long-term investment and partnership in Greater Lafayette.

#### **Other Development**

The most recent development near the subject includes West Heights Townhomes, a new Indy Ortho Hospital and two hotels and outlot restaurants in Sagamore Commons.

West Heights Townhomes is a 158-unit luxury apartment community situated in the southeast quadrant of Cumberland Avenue and Klondike Road. It includes 2- and 3-bedroom floor plans with garages. The units are priced at \$2700 to \$2,800 per month.

The new Ortho Indy hospital is planned for the northeast corner of Cumberland Avenue and U.S. 52. The facility will be an ambulatory surgery center with 43,357 square feet and is projected to be complete by January 1, 2026.

Sagamore Commons is a commercial development in the northwest quadrant of Cumberland Road and Sagamore Parkway. Two hotels have recently been completed on interior lots and several restaurants have been constructed on outlots.

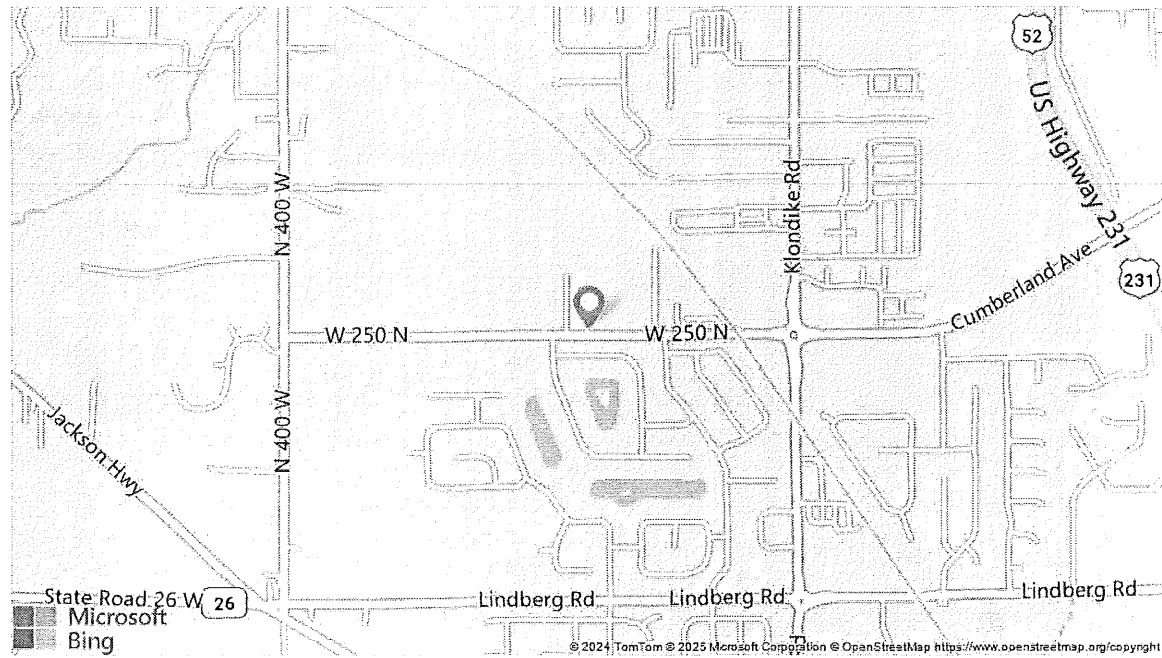
Other recent development east of Sagamore Parkway includes multifamily projects within the Purdue Research Park. In 2020, a multifamily development was completed in the southwest quadrant of Yeager Road and Kalberer Road. The project, named The Century at Purdue, contains 150 studio, one, two, and three-bedroom units. Adjacent north of The Century at Purdue, in the southwest corner of Yeager Road and Kalberer Road, a multitenant retail building was completed in 2021. The building has 18,000 square feet of rentable floor area. In 2022, the West Lafayette Greenhouse purchased 5.96 gross acres for expansion into a Phase II of the greenhouse operation. This property is located in the northwest corner of Kent Avenue and Win Hentschel Boulevard. In 2021, a 70,000 square-foot fitness center named the West Lafayette Wellness Center was completed in the southwest quadrant of Kalberer Road and Salisbury Street. In January 2024, the vacant lot in the southwest corner of Kent Avenue and Win Hentschel Boulevard was purchased for the development of a Holiday Inn hotel.



**Outlook and Conclusions**

The area is in the sustained growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase, land development will continue and the demand for supporting utility services will increase in the near future, as well as in the long run.

## Surrounding Area Map



## Market Analysis

The interaction of supply and demand determine the value and market rent for a particular type of real property. Demand is determined by a number of economic factors, but given positive economic trends, a primary determinant of property value is its functional utility, or “The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards.” (See definitions). Based on this definition of functional utility, the market standard for a property, such as the subject, supporting utility maintenance operations is determined by the demand for comparable properties. As discussed in the section on methodology, the subject’s occupancy falls within a specialty niche which has similar facility requirements as construction and construction-related properties. Thus, analysis of similar properties in the Lafayette/West Lafayette market will help determine the functional utility of the subject property for its occupancy by a utility maintenance company.

### Market Standard

The subject property type (real estate) is similar to a construction-related property which is classified as an industrial property. Because the property supports a combination of executive, management, clerical, engineering and field operations involved in supporting a specified scope of field maintenance and repair operations, it requires a warehouse and outside storage yard, in addition to the office area, to support these operations.

The most useful way to evaluate the functional utility (market standard) of the subject, given its specific physical characteristics (14,860 square feet of gross building area, 31% office, 4.00-acre supporting site), is to compare it with properties in Tippecanoe County involved in a similar scope of operations. The four properties summarized in the table below support companies with office, engineering and field operations requiring equipment and facilities similar to the subject.

Comparable Construction Company Facilities					
#	Company/Location	Site/Acres	Land-to-Building		% Office
			SF/GBA	Ratio	
1	Mid-States Contracting Corporation 3313 Imperial Parkway Lafayette, IN <i>General site preparation, earth work, underground utilities, demolition, new construction, renovations, expansions, site</i>	1.03	7,640	5.87	27%
2	J.R. Kelly Corporation 3450 Concord Rd. Lafayette, IN <i>New commercial and specialty construction and renovation.</i>	4.90	22,168	9.63	27%
3	Tri-Esco, Inc. 3221 Imperial Parkway Lafayette, IN <i>Commercial-industrial construction, including excavation, concrete work and paving.</i>	4.47	14,100	13.81	5%
4	Milestone Contractors LP 3301 S CR 460 E Lafayette, IN <i>Site development, concrete work, bridge and road construction.</i>	14.36	27,813	22.49	32%
Analysis					
	Minimum	1.03	7,640	5.87	5%
	Maximum	14.36	27,813	22.49	32%
	Average	6.19	17,930	12.95	23%
	Median	4.69	18,134	11.72	27%
Subject					
	American Suburban Utilities, Inc. 3550 W CR 250 N West Lafayette, IN	4.00	14,860	11.73	1998-2003 31%

Analysis of the above properties indicates a range in land-to-building ratios from 5.87 to 22.49, with an average of 12.95 and a median of 11.72. This is in comparison with the subject's 11.73 land-to-building ratio. The range of percentage of office for the above properties is from 5% to 32%, with an average of 23% and a median of 27%. This is in comparison with 31% for the subject.

While the above comparable properties reflect a wide range of characteristics, which is typical in the market, most existing properties are not new facilities, but were built some time ago, and their current occupancy is by a generation of owner/occupant far removed from the original builder/owner/renter. However, the above comparable properties bracket the subject with respect to basic physical characteristics of gross building area, site area, land-to-building ratio and percentage of office area, and the subject is consistent with the average and median indications, though the office percentage is slightly above the median.

No specific data was available on the scale of business operations at these properties, including gross revenues or the number employees. However, the most pertinent market indicators are the land-to-building ratios and the percentage of office space to the total gross building area at each of the above facilities. While there may be variations among the above companies and the subject with respect to these market indicators, it is reasonable to conclude that the subject has average overall functional utility within its construction-related market segment. Its land-to-building ratio is bracketed by the average and median market standard indications, while the percentage of office to overall gross building area is bracketed by the range of the market indicators.

Thus, the subject is typical of properties in this industrial market niche and does not include excess land, office area or warehouse area.

Market data also supports that the office component of the subject property is reasonably consistent with typical market standards for office space utilization on a square feet of usable area per employee basis, as defined in the on definitions concerning building area. These design standards are used by public and private institutions and by commercial real estate brokers that manage significant amounts of office space. The standard utilized by major institutions involved in leasing a uniform kind of office space with open cubicles, limited private offices and reception areas is 150 square feet of usable area per employee. Commercial real estate brokers utilize a broader standard of 125 to 225 square feet of usable area per employee, as they encounter a wider range of space users and space needs. Uses requiring bulky or extensive record storage needs, such as a need to store construction drawings or hard copy records of customer accounts, will require more than 150 square feet of space per employee. Based on the current employee count at American Suburban Utilities, Inc. of 22 employees, and the calculated usable square feet of the office area of 4,234 square feet, the subject's office component reflects a space utilization of 192.45 square feet of usable area per employee. The square feet of usable area for the subject is calculated from dimensions on floor plans provided by the client and discussed in more detail in the description and analysis of the improvements.

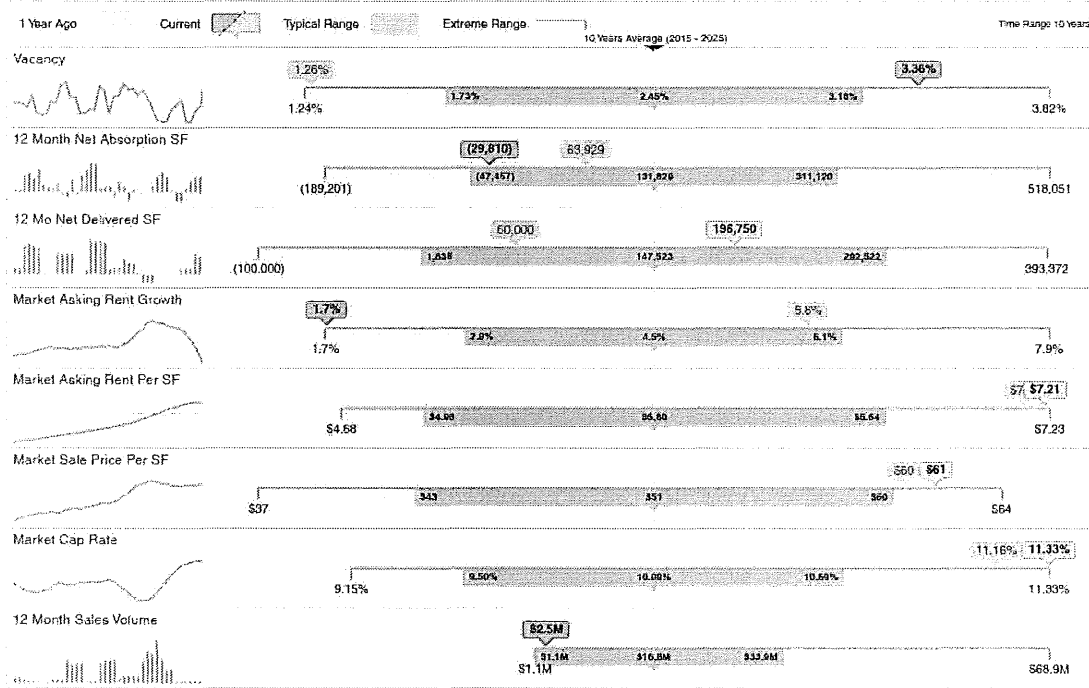
#### **Analysis of General Industrial Market Data in the Tippecanoe Market**

The Lafayette-West Lafayette industrial market is characterized as consisting of several large manufacturers, an emerging distribution segment and a multitude of small industrial properties catering to vendors, suppliers and distributors.

While the subject falls within the small industrial properties market segment, it is somewhat unique because of its atypically large supporting site of 4.00 acres. The subject's configuration of 14,860 SF of office/warehouse space on 4.00 acres with a land-to-building ratio of 11.73 is more typical of contractor facilities which include open yard space for equipment and temporary materials storage. Most comparable properties are owner-occupied. The lack of comparable leased properties in the Lafayette-West Lafayette market requires a dual analysis, where market rent for the subject improvements on a typical site land area is estimated and added to the estimated market rent for additional supporting land and site improvements.

The graph below summarizes industrial market trends for Tippecanoe County as aggregated by CoStar.

## Key Performance Indicators



Based on the above information the Tippecanoe market appears to reflect moderating demand and rent growth. Average asking rent is \$7.21 per SF, in comparison with \$6.88 per SF a year ago, and rents ranging from \$4.98 to \$6.64 over the past 10 years.

## Availability of Comparable Market Rent Data

The subject's supporting site is larger than the typical supporting site in the Lafayette-West Lafayette industrial market. Operations comparable to the subject require outside yard storage for equipment and materials/supplies. The land-to-building (LTB) ratio for similar facilities ranges between 1 to 7.5 to 1 to 12. The subject's land-to-building ratio (based on the gross building area) is 14,860 SF divided by 4.00 acres (174,240 SF), or 11.73.

Most of the industrial rent comparables in the Lafayette-West Lafayette industrial market have LTB ratios ranging from 2.00 to 6.00. The appraisers also searched available data bases state-wide for comparable properties that have been leased. However, most of these properties are owner-occupied. Thus, it is necessary to estimate the subject's additional supporting site in order to estimate the compensating equivalent additional market rent.

Land-to-building ratios for non-contractor type industrial properties in the Lafayette-West Lafayette are calculated in the table below.

**Land to Building Ratio Analysis**

Location	SF/GBA	Land Area/Acres	Land Area/SF	LTB Ratio
Klondike	20,412	1.71	74,488	3.65
Schuyler	18,080	2.01	87,556	4.84
Industrial Dr.	10,651	0.55	23,958	2.25
McCarty	16,540	1.29	56,192	3.40
Industrial Dr.	10,750	0.55	23,958	2.23
Dale Dr.	22,040	2.87	125,017	5.67
Creasy Ct.	13,216	1.38	60,113	4.55
<b>Analysis</b>				
Minimum				2.23
Maximum				5.67
Average				3.80
Median				3.65
<b>Subject</b>				
SF/GBA	14,860	1.28	55,725	3.75
Subject Site		<u>4.00</u>	<u>174,240</u>	
		2.72	118,515	

Based on the above analysis, the subject's site directly supporting the office/warehouse which is comparable to local properties is 3.75 (LTB ratio) X 14,860 SF/GBA = 55,725 SF, or 1.28 acres. The resulting required additional supporting site is 2.72 acres. The market value of this additional supporting site is capitalized in the market rent analysis as a component of the subject's market rent.

**Summary and Conclusions**

The subject's basic physical characteristics, site area, gross building area, land-to-building ratio and percentage office area conform to current market standards for properties in the Lafayette-West Lafayette industrial real estate market with similar office/warehouse/yard requirements. While market rent data is not available for directly comparable properties with larger site areas, market data for industrial properties with comparable gross building areas and percentage office areas on smaller site is available. Thus, local market data permits an estimate of market rent based on these comparable rents, plus market rent for the additional ground and site improvements typical of a construction company in the subject's market area.

# Property Analysis

## Land Description and Analysis

Land Description	
Land Area	4.00 acres; 174,240 SF
Source of Land Area	Public Records
Primary Street Frontage	County Rd.250 - 260 feet
Shape	Rectangular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	18157C0128D
Date	September 25, 2009
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of West Lafayette
Zoning Designation	GB
Description	General Business
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Wide range of commercial, retail, service, wholesale, self-storage warehousing and contracting uses.
Other Land Use Regulations	None known
Utilities	
Service	Provider
Water	Private Well
Sewer	American Suburban Utilities, Inc.
Electricity	Duke Energy
Natural Gas	Vectren Energy Delivery
Local Phone	Multiple Providers

The subject supporting site is the rectangular south part of an irregular parent parcel (Parcel #79-06-10-251-004.000-022) which has a land area of 17.486, according to the property record card. The subject's supporting site has a calculated land area of 4.00 acres, based on scaled measurements from the Schneider Engineering Beacon GIS website for Tippecanoe County, Indiana.



The site is estimated to have 260 feet of frontage on the north side of West County Road 250 North and an estimated depth of 670 feet. The site is level at street grade, except for a berm along the frontage. Access is via a gated 50-foot wide commercial drive.

The depth of the site, and therefore its land area, is based on the north property line transecting the warehouse at the north bay, as shown in the following exhibits. The north bay of the warehouse is not utilized by American Suburban Utilities, Inc. and is excluded from the subject's gross leasable area and its calculated land area. Exclusion of the north bay results in site depth of 670 feet and the estimated site area of 4.00 acres.

As discussed in summary comments in the industrial market analysis this site area is within the range of site areas typically supporting construction companies with similar building improvements areas in the Lafayette-West Lafayette market area. Thus, the site area of 4.00 acres is concluded to be reasonable for the subject, given its gross building area and construction-related industrial use.

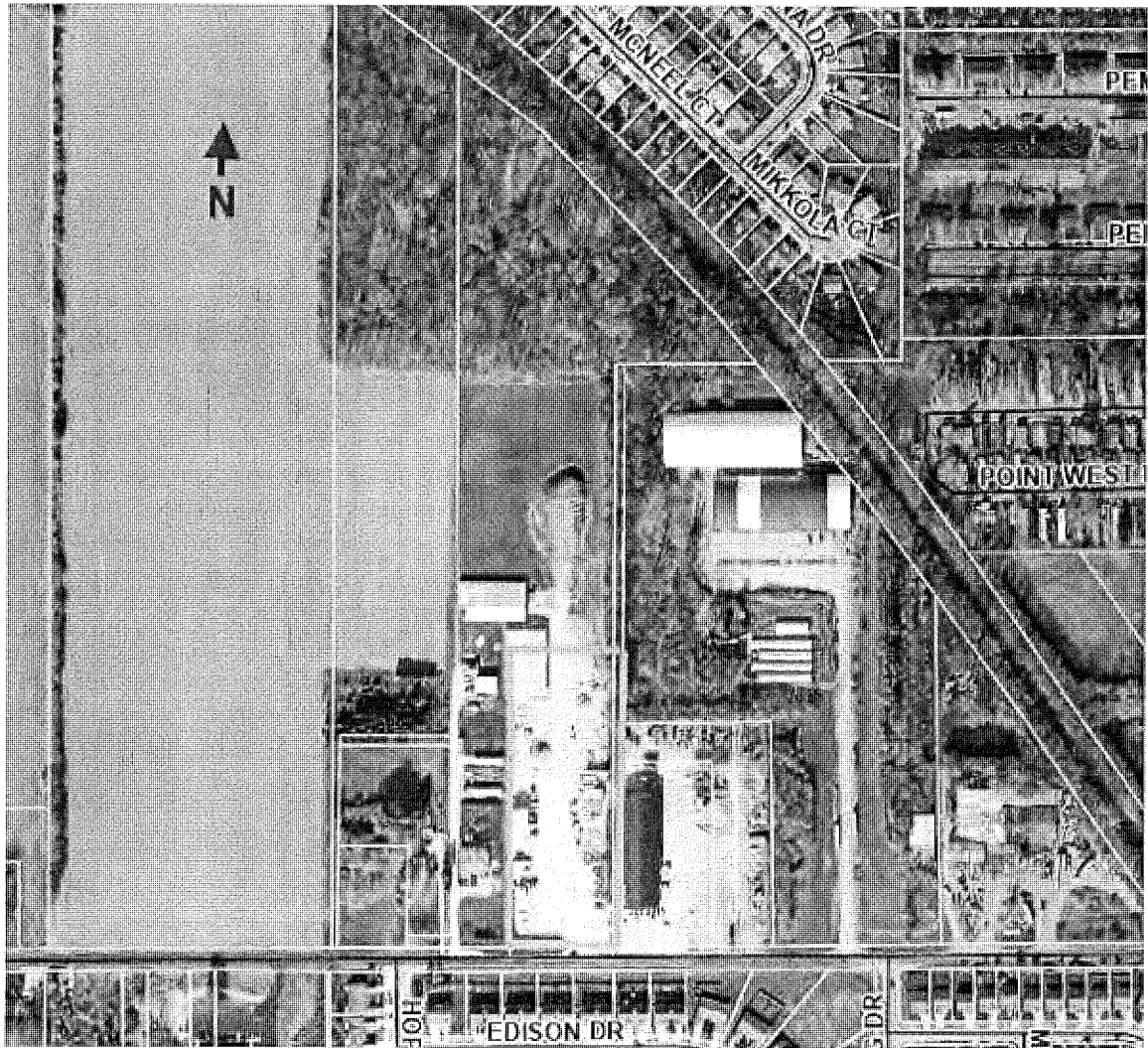
### **Easements, Encroachments and Restrictions**

A current title report was not available for review. There are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

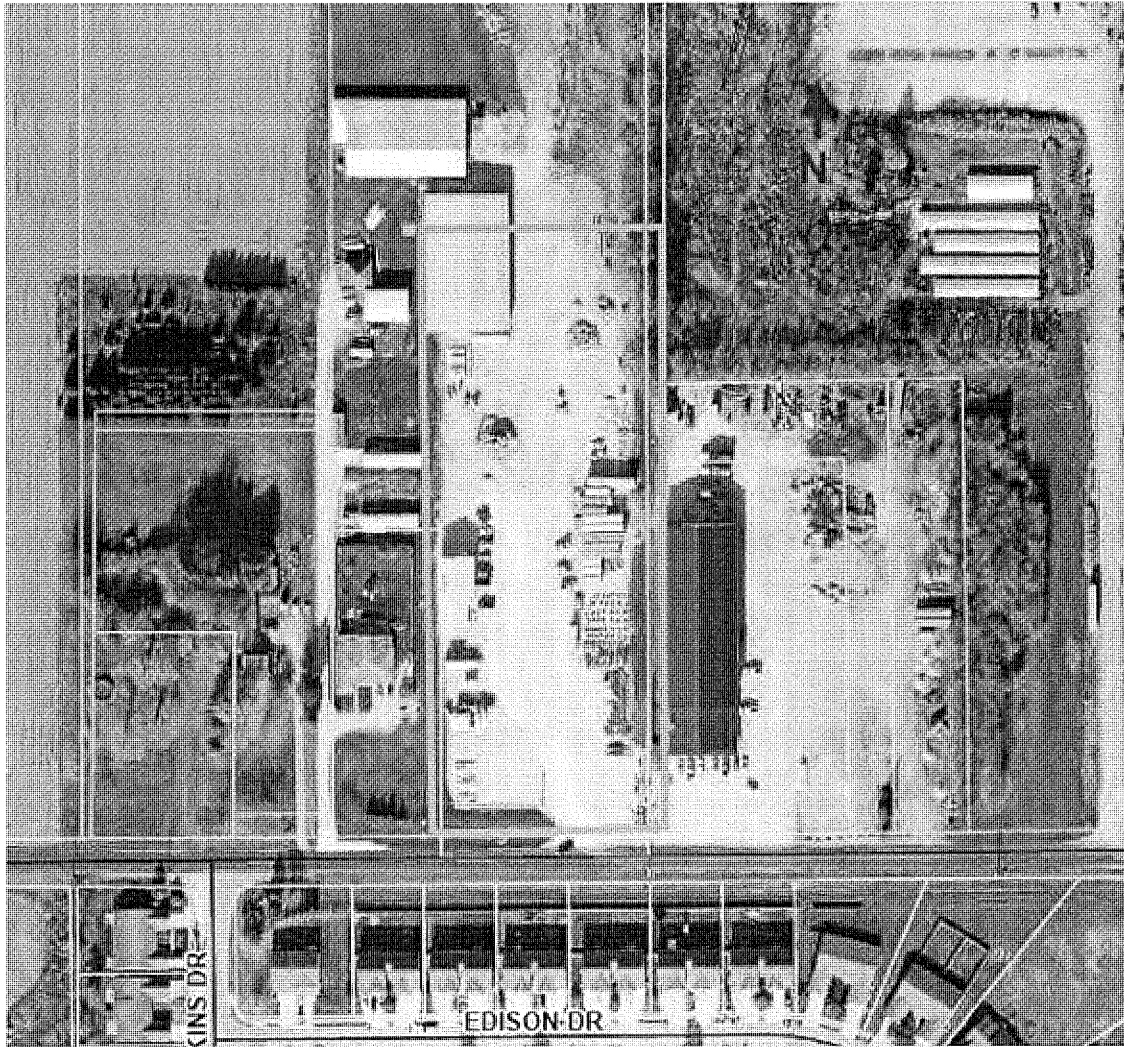
### **Conclusion of Site Analysis**

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include wide range of commercial, retail, service, wholesale, self-storage warehousing and contracting uses.. No other restrictions on development are apparent.

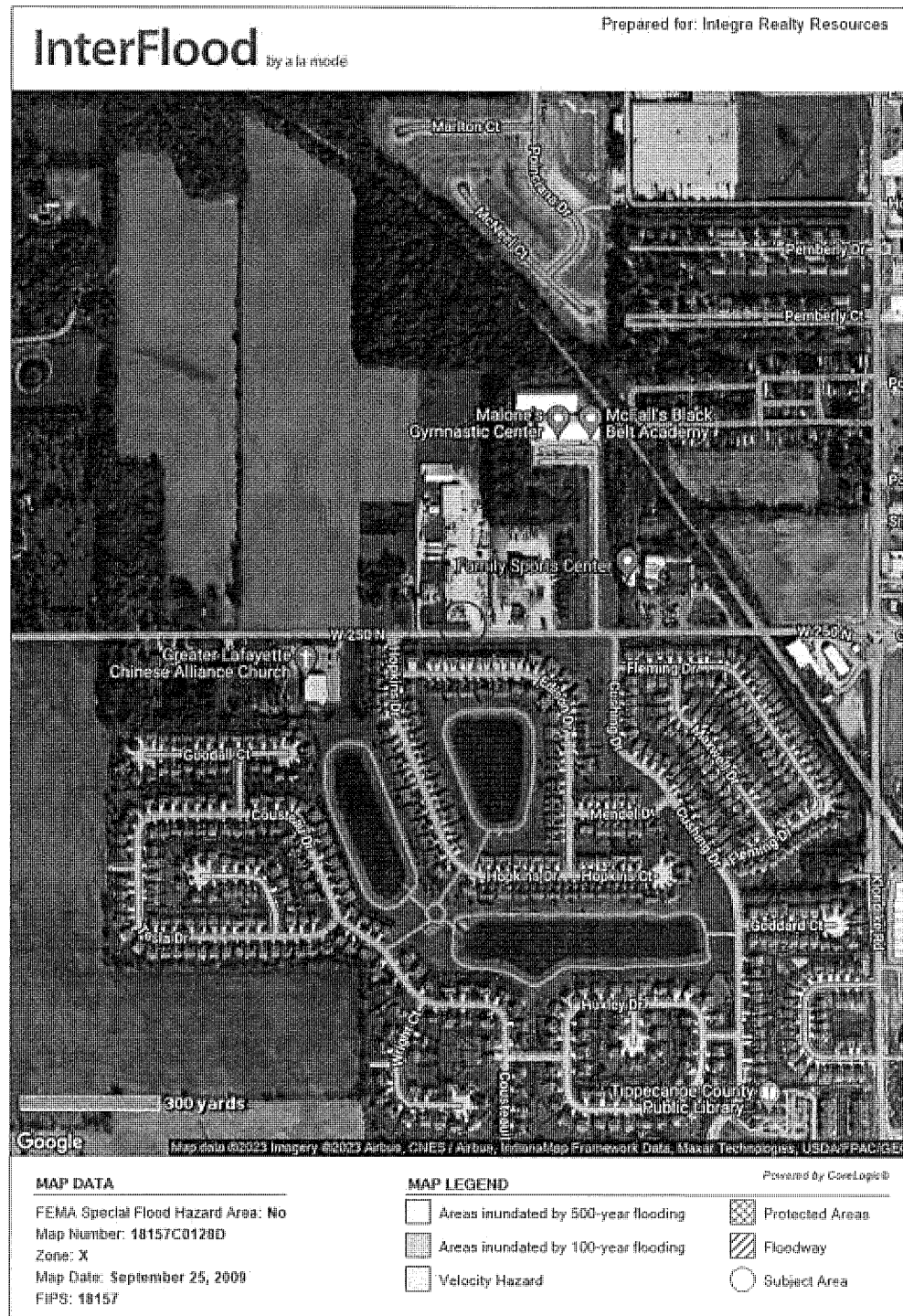
## Aerial Plat, Including Parent Parcel



## Close-Up Aerial Plat



## Flood Hazard Map



## Improvements Description and Analysis

### Overview

The subject consists of the real estate required to support the business, engineering and field operations of American Suburban Utilities, Inc. American Suburban Utilities, Inc. is a private wastewater treatment utility serving the West Lafayette and north and west adjoining Tippecanoe County area. The real estate includes a total gross building area (and gross leasable area) of 14,860 square feet, including an office with 4,545 square feet, 10,315 square feet of warehouse area, site improvements and a supporting site with an estimated land area of 4.00 acres.

The following description of the property is based on an interior-exterior inspection by James Seet and measured drawings provided by the client. The measured drawings are consistent with spot measurements made during a previous inspection and on dimensions indicated on the property record card. General characteristics of the improvements are summarized in the following tables.

Improvements Description			
	Overall Property	Office	Warehouse
Name of Property	American Suburban Utilities Headquarters	–	–
General Property Type	Industrial	–	–
Specific Use	Office Warehouse	–	–
Occupancy Type	Single Tenant	–	–
Percent Leased	100%	–	–
Number of Buildings	2	1	1
Stories	2	2	1
Construction Class	–	D	S
Construction Type	–	Wood frame	Metal
Construction Quality	–	Average	Average
Condition	–	Average	Average
Gross Building Area (SF)	14,860	4,545	10,315
Gross Leasable Area (SF)	14,860	–	–
Percent Office Space	31%	–	–
Land Area (SF)	174,240	–	–
Land to Building Ratio	11.73	–	–
Floor Area Ratio (GBA/Land SF)	0.085	–	–
Building Area Source	Public Records	–	–
Year Built	–	1998	2003
Year Renovated	–	Updated	–
Actual Age (Yrs.)	–	26	21
Estimated Effective Age (Yrs.)	–	21	21
Estimated Economic Life (Yrs.)	–	35	35
Remaining Economic Life (Yrs.)	–	14	14

Construction Details		
	Office	Warehouse
Foundation	Concrete slab on grade	Concrete slab on grade
Structural Frame	Wood-framed	Steel
Exterior Walls	Vinyl lap siding	Metal
Roof	Pitched, composition shingles	Standing seam metal
Ceiling Height in Feet	10	18
Bays	—	3
Drive-in Doors	—	4
Interior Finishes	Carpeting, laminated flooring, painted drywall, surface-mounted florescent lighting	Concrete floors, vinyl-faced insulation, surface-mounted high performance florescent lighting
HVAC	Multiple central forced air units/AC	Ceiling-mounted space heating
Restrooms	Multiple	One
Site Improvements		
Landscaping	Small front yard	
Outside Storage Yard	Gravel on base	
Gates/Fencing	Approximately 630 LF of chain link fencing on east and south property lines	
Miscellaneous Utility Structures	Two 8' x 40' utility storage structures, fenced fueling station	

### Occupancy Status

The subject is part of a parent parcel and is occupied by a single tenant in a non-arm's length lease agreement with the owner of the parent parcel. The tenant is American Suburban Utilities, Inc., and the principal of American Suburban Utilities, Inc. is the owner of the parent parcel.

The tenant occupies office building, a specified part of the rear warehouse building, and the rectangular 4.00-acre south part of the parent parcel (the supporting site) improved with gravel base and chain link fencing along the east property line and part of the frontage. The north property line of the leased premises transects the rear warehouse building, excluding the fourth bay as noted in the following exhibits.

The tenant develops, operates, maintains and manages the wastewater treatment utility serving Wabash and Tippecanoe Townships in the Tippecanoe County area. The tenant's business includes the following scope of operations:

- Engineering design and subcontracting and management of the construction/maintenance of the overall system, including new components.
- Monitoring, maintenance of and emergency response repairs to the overall system.
- Temporary staging of gravel/sand, manhole sections/covers, replacement pipe or other such materials for sewer maintenance/repair.

- Advance Staging of materials, repair/replacement blowers, pumps, process equipment and emergency equipment or other such materials or equipment to facilitate maintenance and emergency repairs.
- Interior-exterior storage of maintenance equipment, including a fleet of dump trucks, back hoes and other necessary related equipment.
- Equipment maintenance and repair.
- Secured central fueling station for different types of equipment.
- Full-time field staff for maintenance and monitoring operations.
- Full-time engineering staff for engineering design, maintenance and emergency repair operations.
- Clerical staff for accounting and customer response.
- Clerical staff for management of customer service-sales counter.
- Executive staff for management of overall operation and regulatory reporting.
- Ongoing physical record storage.

This scope of operations is similar to a mid-sized contracting/maintenance company. The comparable facilities summarized in the market analysis are a point of reference in judging a reasonable size for a facility required to support the subject business operations.

### Improvements Analysis

The subject consists of separate office and warehouse structures totaling 14,860 square feet of gross building area and gross leasable area supported by a 4.00-acre site and site improvements. The client provided measured floor plans indicating the interior dimensions of the office rooms and of the warehouse bays. Based on these floor plans, the office component of the property has a usable area of 4,545 square feet. Some of the site improvements, such as the utility storage structures and fueling station are considered to be personal property for purposes of this valuation.

Following is a more detailed description of the functional areas of the property. The letters are keyed to the floor plans following this section.

#### Office

- A. Vestibule and Public Restroom: The main customer entrance which includes a customer service counter and restroom.
- B. Workstation: Open space with table available for customer service consultations.



- C. General Office-Customer Service: Open office space surrounded by knee wall. The employee in this space is responsible for all customer service functions which include answering all incoming calls and assisting anyone that comes to the customer service counter. Other duties include taking payments, assisting field staff with 811 paperwork for filing, general filing, mailing of monthly billings, office cleaning, cleaning and stocking both plant locations, any other duties which may be assigned by the President.
- D. Workstation: Open workspace with desk available for part-time employee assisting with various administrative functions.
- E. Employee Entrance-Mailroom: Employee entrance corridor with mail and communication station.
- F. Copier, Plotter and Billing Equipment Room: Central printing facility serving administrative, engineering and billing functions.
- G. Engineering-Development: Private office for engineer, responsible for reviewing and facilitating compliance by new subdivision developers with IDEM permits, municipal sewer permits, and system engineering plans and specifications developed for additions to the system by engineering consultants.
- H. Field-Plan Storage: Storage area for field engineering plans for pending, currently active and recently closed projects, as well as existing system components requiring maintenance and/or emergency repairs. Quick access to the plans in physical form is necessary for daily group consultations at the field desk concerning the daily planned work schedule.
- I. Field and 811 Desk: Open work area with counter-style field desk, phones, computer stations (for access to CAD plans), and plan layout counter. This room houses the 811-emergency response station and provides space for group meetings with field staff concerning the daily planned and emergency response work schedule. This room also has the main field staff entrance.
- J. Storage: Secured and unsecured records and supplies storage.
- K. Office: Small office available for private consultations.
- L. File Room: Unsecured records and supplies storage
- M. First Floor Conference Room: Small conference room available for meetings with customers, developers, outside engineering consultants, regulatory agency representatives and employee consultations and/or interviews. This room is also available as a temporary private workspace for outside engineering consultants, regulatory agency personnel or any other or any other people or groups with a stake in the system. A small adjoining restroom is available.
- N. Office: Billing-Customer Service: Private office space for the employee with various critical administrative duties, including weekly computer system back-ups, technical services in



assisting customers with billing and specific service needs, back-up assistance with all billing processes, monitoring of equipment fleet fuel usage and monthly field personnel duties, assistance with 811 filings and processes, and any other duties as signed by the President.

- O. Office: Billing-Permits: Private office space for the employee with the primary responsibility for maintaining and monitoring customer accounts, filing, documenting and maintaining records for all new requested sewer permits within the service area, and providing back-up assistance with both walk-in and call-in customer service needs. An adjoining kitchenette and restroom are available to the front work area.
- P. Second Floor Conference Room: Executive conference room utilized for larger group meetings. An adjoining kitchenette and restroom are available.
- Q. Office: Accountant-Regulatory Accounting: Private office for the employee responsible for all regulatory issues up to and including assisting with rate cases, required regulator financial reporting, communications with Regulatory attorneys and accountants, maintaining files for assets, IDEM filings, day-to-day accounting for IURC filings and required annual reporting to the IURC, and any other duties as assigned by the President.
- R. Office: Accountant-Special Projects/Integration: Private office for the part-time employee responsible for managing and integrating regulatory accounting software on projects as needed, including data input, producing monthly reports for regulatory accountants, back-up for accountants, assisting with all special projects as needed, and any other duties as assigned by President.
- S. Office: Accountant-A/P and Corporate Tax: Private office for employee responsible for all accounts payable functions, including payroll, monthly credit card and bank account reconciliation, financial reporting for tax purposes for the President, communications with banks and corporate CPAs, and any other duties as assigned by the President.
- T. Storage: Secured storage of accounting, financial and executive management records.
- U. Office: General-Purchasing-Vendor Correspondence: Private office for employee responsible for vendor purchase orders, communications, accounting, records, receipts and quotes and providing information to accounting staff, and for maintaining and restocking supply closet as needed, as well as performing any other duties assigned by the President.
- V. Office: Accounting-Assistant: Private office for employee responsible for assisting office accountants with varied projects and other duties assigned by the President.
- W. Storage: General office supplies closet.
- X. Engineering-Field: Private office for employee responsible for supporting the technical operations of the utility, including monitoring day-to-day treatment and collection systems operations and performance, analyzing data for internal management use, overall systems,

programs and projects monitoring and management, as well as other duties as assigned by the President.

### **Maintenance Facility**

The maintenance facility enables utility staff to maintain, repair and provide interior storage for equipment utilized in utility operations.

- A. Bay #1: Active maintenance bay with equipment, tools, workbenches and employee facilities (restroom and locker room) necessary to maintain and repair equipment utilized in utility operations. As with any construction-related business, equipment is typically maintained internally to minimize the inefficiency of service interruptions due to equipment downtime. Also, many pieces of equipment require regular maintenance at manufacturer specified intervals, usually specified as hours of service, to maintain equipment warranties. Internal equipment maintenance and repair extends the service life of these pieces of equipment and the efficiency of the overall field operation. This bay can accommodate up to three pieces of equipment at a time.
- B. Bay #2: Equipment storage and welding bay. As with any construction-related business, certain equipment which is critical to operations is typically stored inside. The equipment stored in Bay #2 is on standby for emergency and on-going repairs and can be damaged or degraded by freezing weather. The Vac Truck, various pumps and hoses, camera truck, backhoe, generator and air compressor are all pieces of equipment subject to damage, stiffness, extended initial warm-up, freezing fuel lines, etc., if exposed to freezing weather for extended periods of time. Interior storage extends the service life of these pieces of equipment and the efficiency of the overall field operation.
- C. Bay #3: This bay is dedicated to staging of material and equipment necessary for maintenance or replacement of system components. As with any construction-related business, an interior space for assembly of components prior to installation (rather than field assembly under unpredictable weather conditions) benefits the efficiency and performance of the operation. Various system components which have a statistical probability of failure after a certain service life can be assembled and staged in this space, ready for quick installation, minimizing utility system service failures and interruptions.

### **Quality and Condition**

The office component of the property, originally built in 1998 is of average construction quality. It has been updated and is in average condition. The warehouse component was constructed in 2003 of average construction quality and is in average condition. The outside storage yard is gravel and is in average condition. It is unknown when the chain link fence was installed, but it appears to be in average condition.

### **Functional Utility**

The subject property appears to be typical of an industrial property in the contracting/maintenance-related market segment in the Lafayette-West Lafayette market. Based on its gross building area of

14,860 square feet and 4.00-acre supporting site area, its land-to-building ratio of 11.73 is consistent with and bracketed by the average and median land-to-building ratios of the four comparable contracting/maintenance-related properties noted in the market analysis of 12.95 and 11.72, respectively.

While the percentage of the subject's office area (31%) is greater than the middle of the range for the range (23% - 27%) four comparable properties noted in the market analysis, it is bracketed by these properties, which range from 5% to 32%. Additionally, design standards utilized in the office leasing market specify a range from 125 to 225 square feet of usable area per employee when considering space needs for a prospective office tenant. The subject's space per employee of 192.45 square feet is higher than the average of 150 square feet used by institutions with uniform functions as noted in the market analysis. However, the functions performed within the subject office space described above include a mix of individual and group activities supported by the need for extensive office equipment operations and construction plan and record storage. Based on these factors, it is reasonable to conclude that the office space associated with the subject's construction-related use is not super-adequate.

#### **Deferred Maintenance**

No deferred maintenance is apparent from the property inspection, and none is identified based on discussions with ownership.

#### **ADA Compliance**

Based on the property inspection and information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance, if that assessment is required for the intended purpose of this report.

#### **Hazardous Substances**

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

#### **Personal Property**

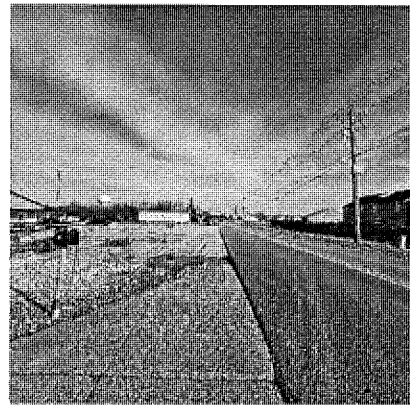
The appraisal assignment is specifically focused on the value of the real property only. Items of personal property are excluded from consideration.

#### **Conclusion of Improvements Analysis**

Overall, the quality, condition, and functional utility of the improvements are average for their age and location in comparison with competing properties with similar physical characteristics in the Lafayette-West Lafayette market.



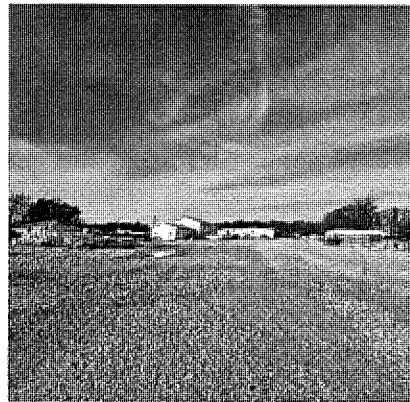
Entrance Drive Looking North  
(Photo Taken on December 20, 2024)



CR 250 Looking East  
(Photo Taken on December 20, 2024)



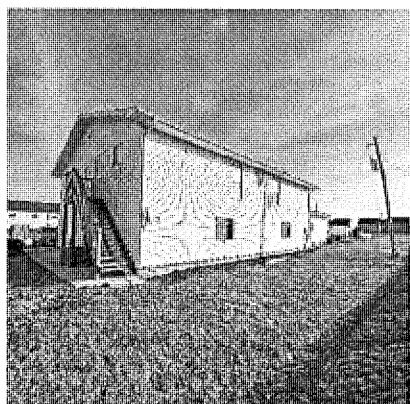
CR 250 Looking West  
(Photo Taken on December 20, 2024)



South Yard Looking North from Entrance  
(Photo Taken on December 20, 2024)



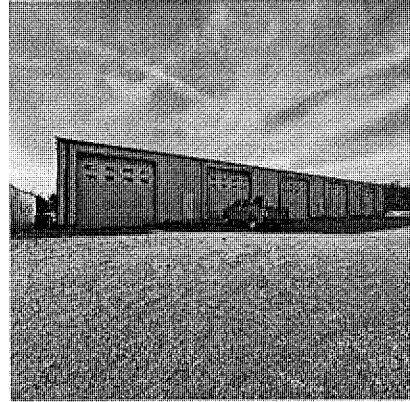
Office Building South and East Elevations  
(Photo Taken on December 20, 2024)



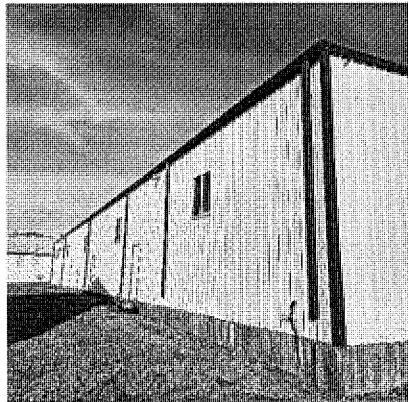
Office Building North and West Elevations  
(Photo Taken on December 20, 2024)



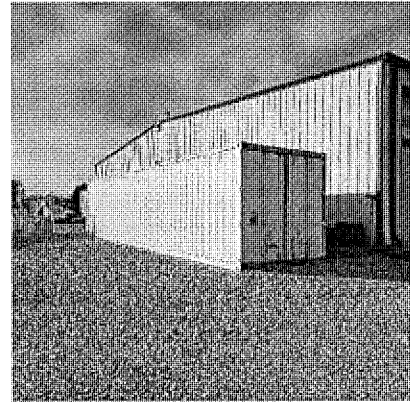
Maintenance Facility South and East Elevations  
(Photo Taken on December 20, 2024)



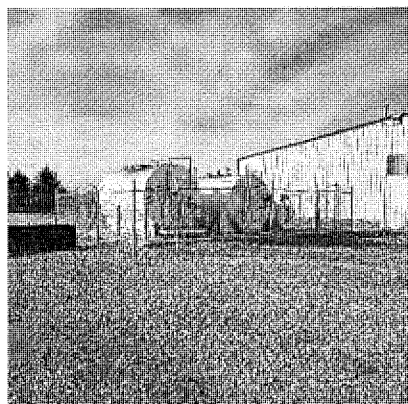
Maintenance Facility East Elevation  
(Photo Taken on December 20, 2024)



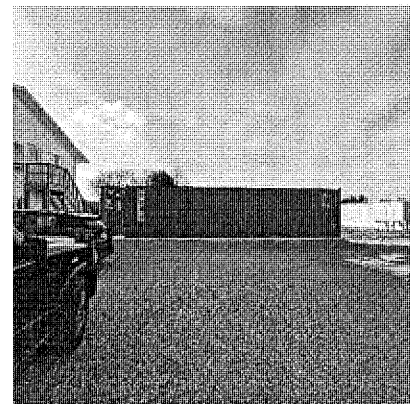
Maintenance Facility West Elevation  
(Photo Taken on December 20, 2024)



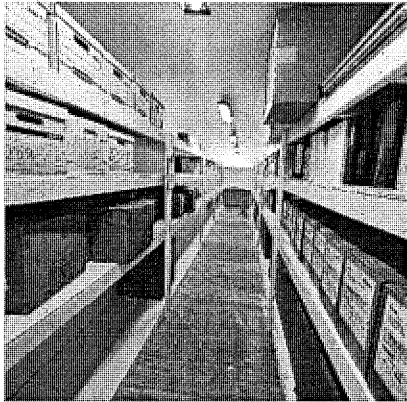
Equipment Storage Container  
(Photo Taken on December 20, 2024)



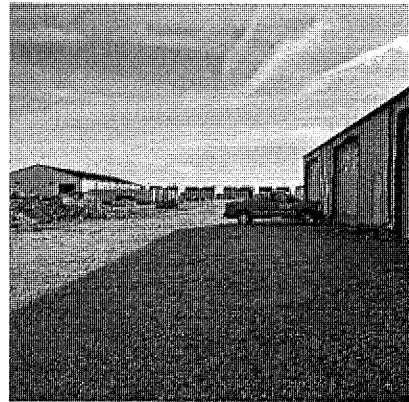
Fueling Station  
(Photo Taken on December 20, 2024)



Records Storage Container  
(Photo Taken on December 20, 2024)



Records Storage Container Interior  
(Photo Taken on December 20, 2024)



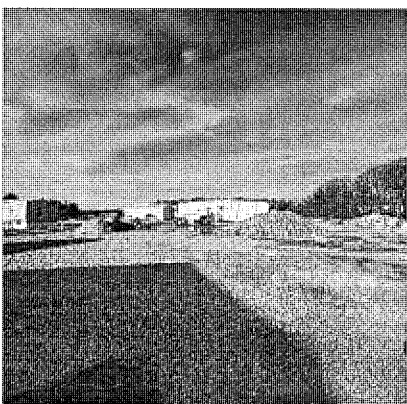
View of Yard Looking South from North Property Line  
(Photo Taken on December 20, 2024)



Pan South Southeast  
(Photo Taken on December 20, 2024)



Pan Southeast  
(Photo Taken on December 20, 2024)



Materials Staging in Yard  
(Photo Taken on December 20, 2024)



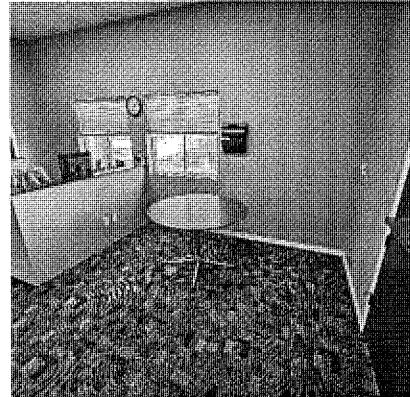
Manhole Staging in Yard  
(Photo Taken on December 20, 2024)



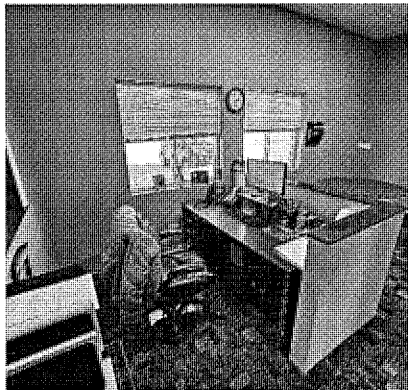
**Office Building**



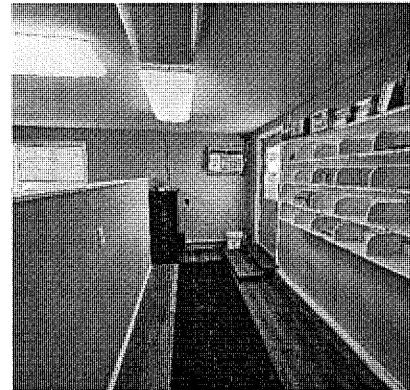
**A - Vestibule and Public Restroom**  
(Photo Taken on December 20, 2024)



**B - Workstation**  
(Photo Taken on December 20, 2024)



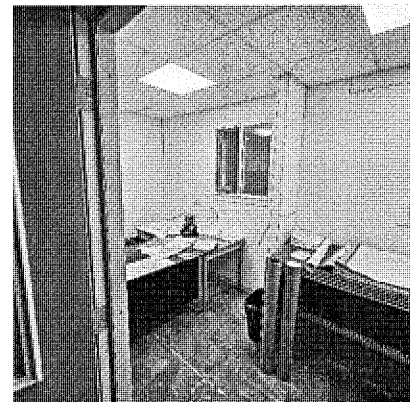
**C - Workstation**  
(Photo Taken on December 20, 2024)



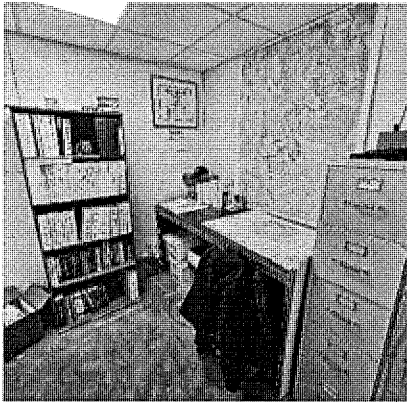
**E – Employee Entrance/Mailroom**  
(Photo Taken on December 20, 2024)



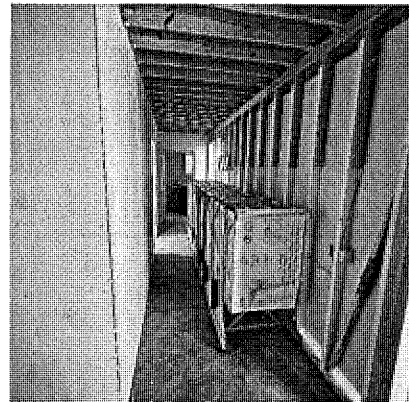
**F – Copier, Plotter and Billing Equipment Room**  
(Photo Taken on December 20, 2024)



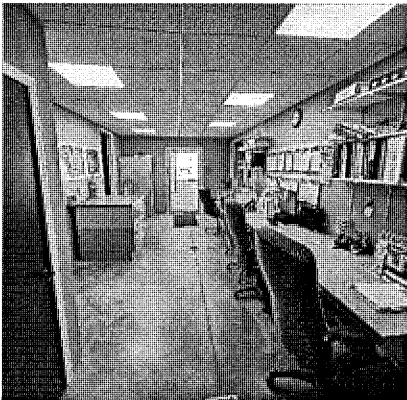
**G – Engineering Development**  
(Photo Taken on December 20, 2024)



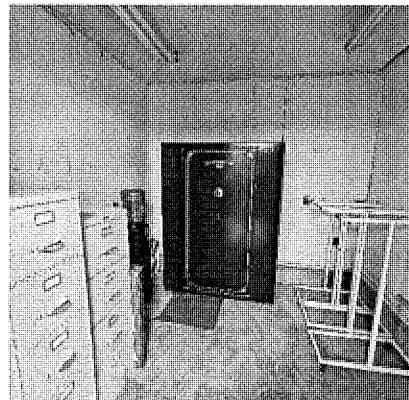
X – Engineering-Field  
(Photo Taken on December 20, 2024)



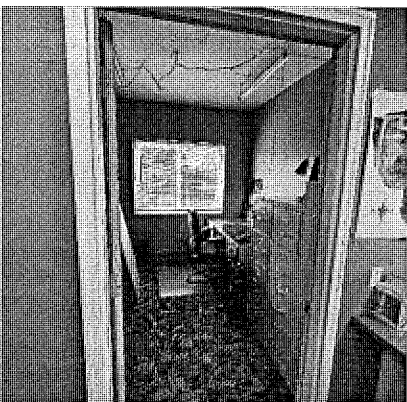
H – Field/Plan Storage  
(Photo Taken on December 20, 2024)



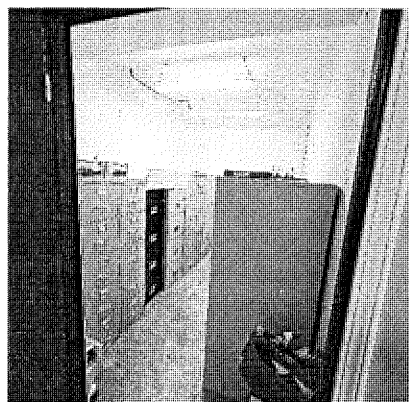
I – Field Desk/811  
(Photo Taken on December 20, 2024)



J - Storage  
(Photo Taken on December 20, 2024)

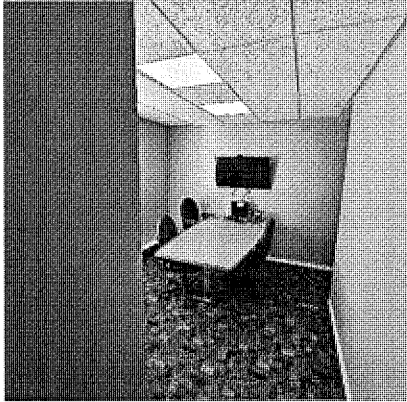


K - Office  
(Photo Taken on December 20, 2024)

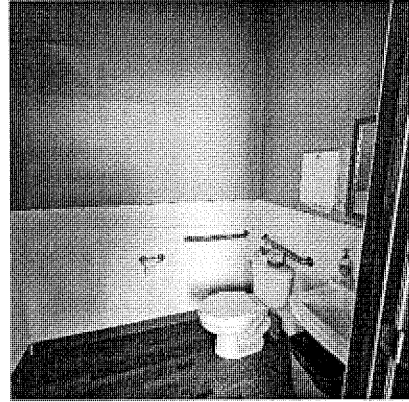


L – File Room  
(Photo Taken on December 20, 2024)





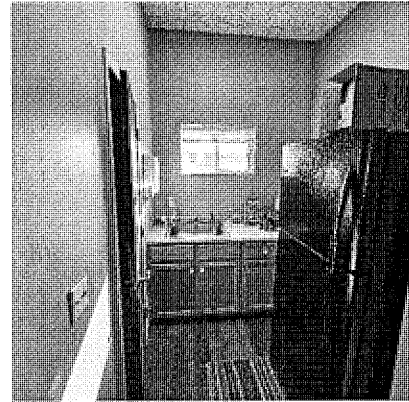
M – First Floor Conference Room  
(Photo Taken on December 20, 2024)



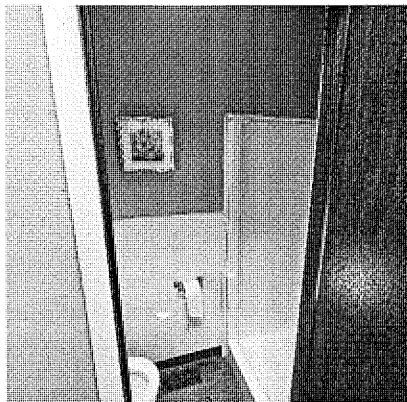
Adjoining Restroom  
(Photo Taken on December 20, 2024)



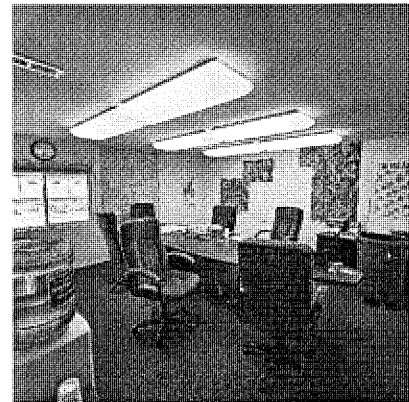
N – Office – Billing/Customer Service  
(Photo Taken on December 20, 2024)



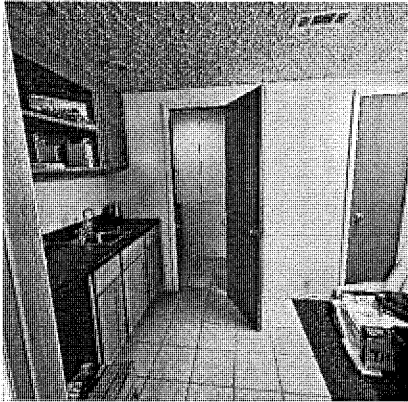
Adjoining Kitchenette  
(Photo Taken on December 20, 2024)



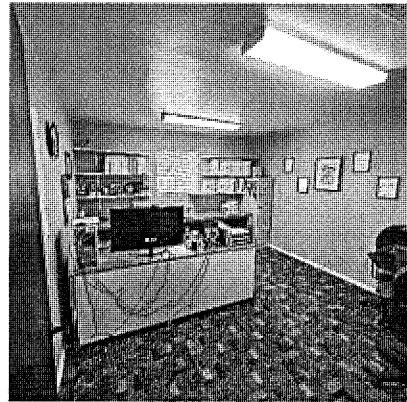
Adjoining Restroom  
(Photo Taken on December 20, 2024)



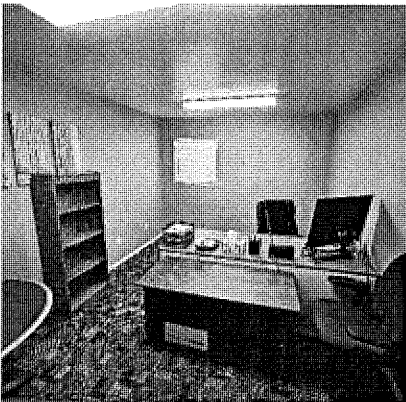
P – Conference Room  
(Photo Taken on December 20, 2024)



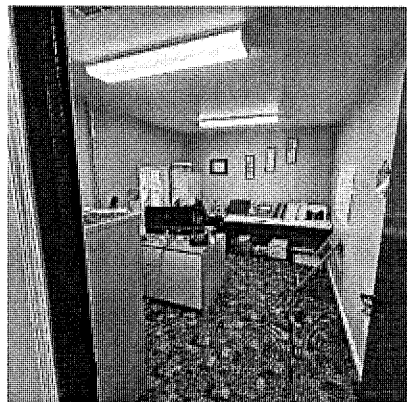
Adjoining Kitchenette and Bathroom  
(Photo Taken on December 20, 2024)



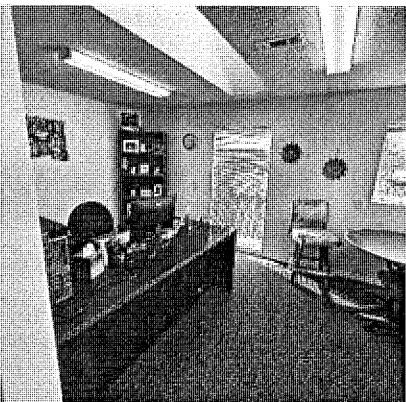
Q - Office Accountant, Regulatory Accounting  
(Photo Taken on December 20, 2024)



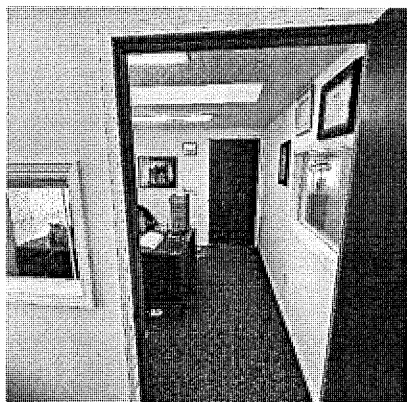
R - Office Accountant, Special Projects/Integration  
(Photo Taken on December 20, 2024)



S - Office Accountant, A/P and Corporate Tax  
(Photo Taken on December 20, 2024)



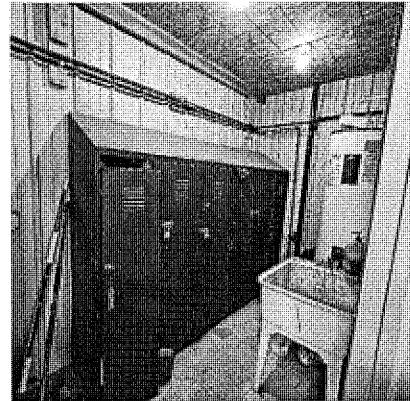
V - Office Accounting, Assistant  
(Photo Taken on December 20, 2024)



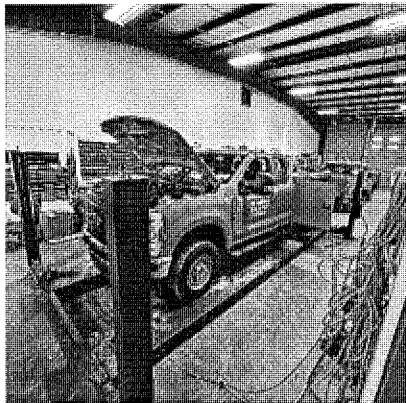
U - Office Accounting, Purchasing-Vending  
Correspondence  
(Photo Taken on December 20, 2024)

**Maintenance Facility (Warehouse)**

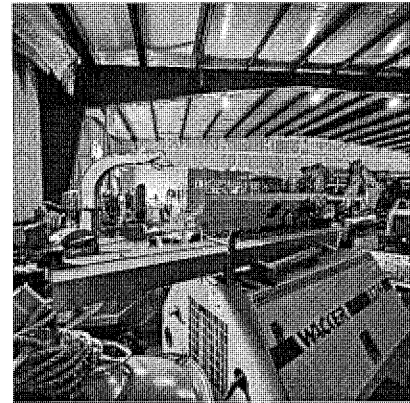
Bay #1 – Equipment Maintenance  
(Photo Taken on December 20, 2024)



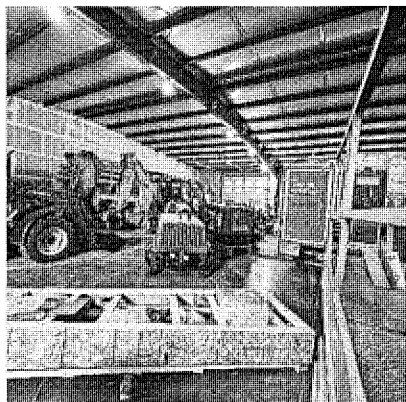
Bay #1 – Locker Room/Bathroom  
(Photo Taken on December 20, 2024)



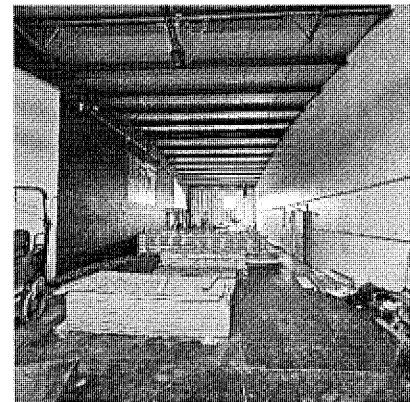
Bay #1 – Equipment Maintenance  
(Photo Taken on December 20, 2024)



Bay #2 – Equipment Storage  
(Photo Taken on December 20, 2024)

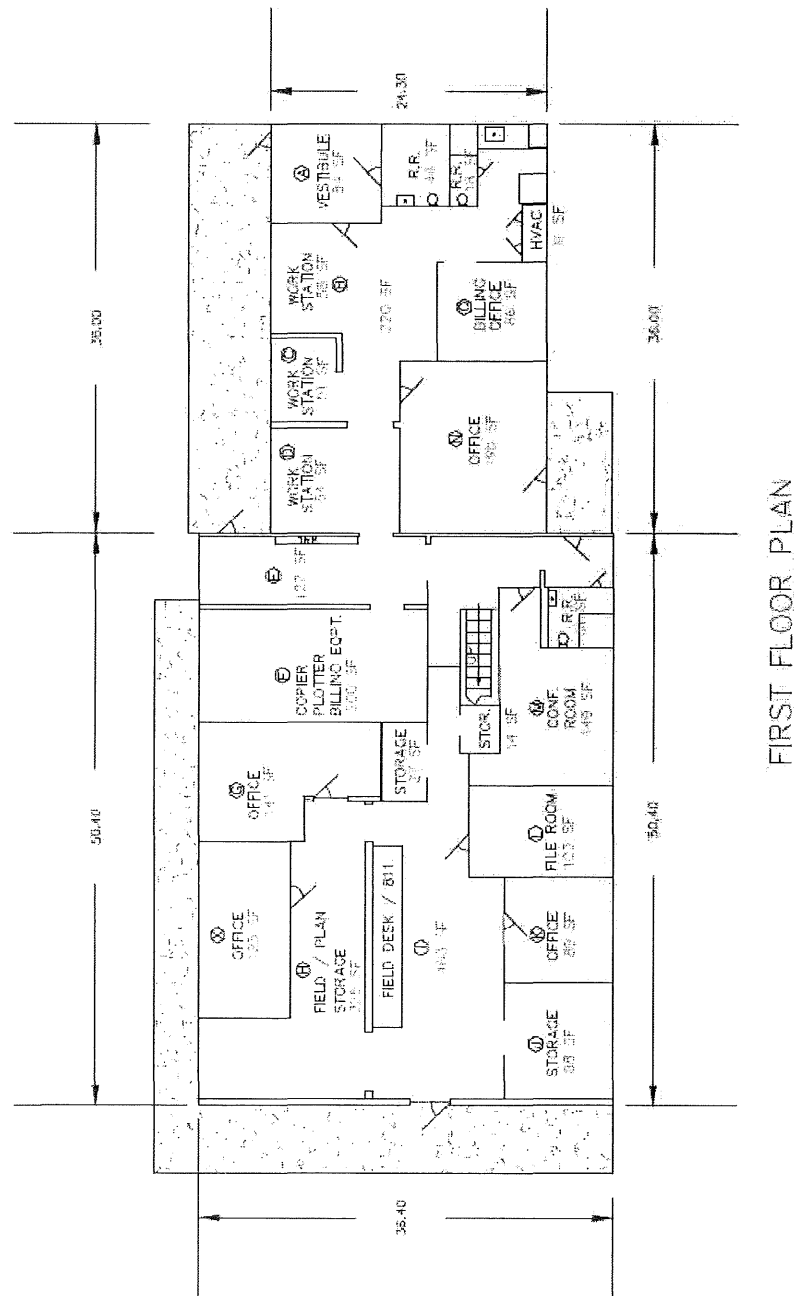


Bay #2 – Equipment Storage  
(Photo Taken on December 20, 2024)

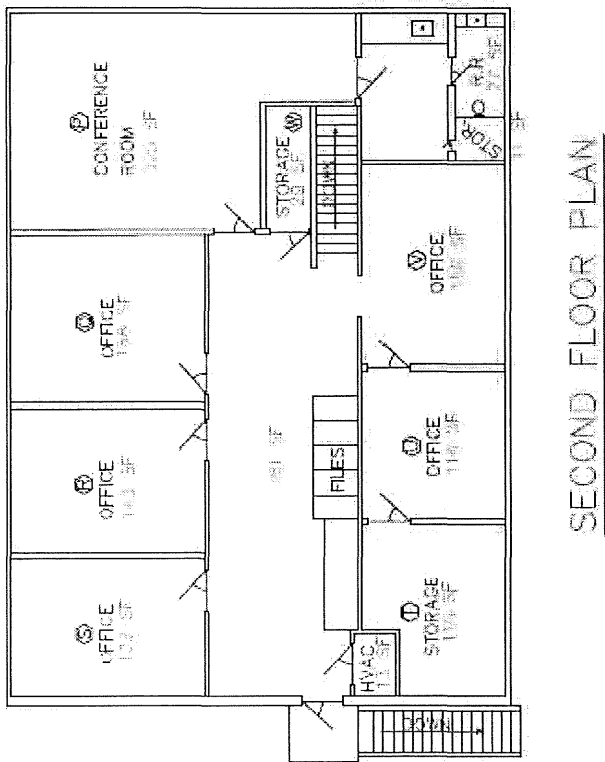


Bay #3 – Inside Materials Storage  
(Photo Taken on December 20, 2024)

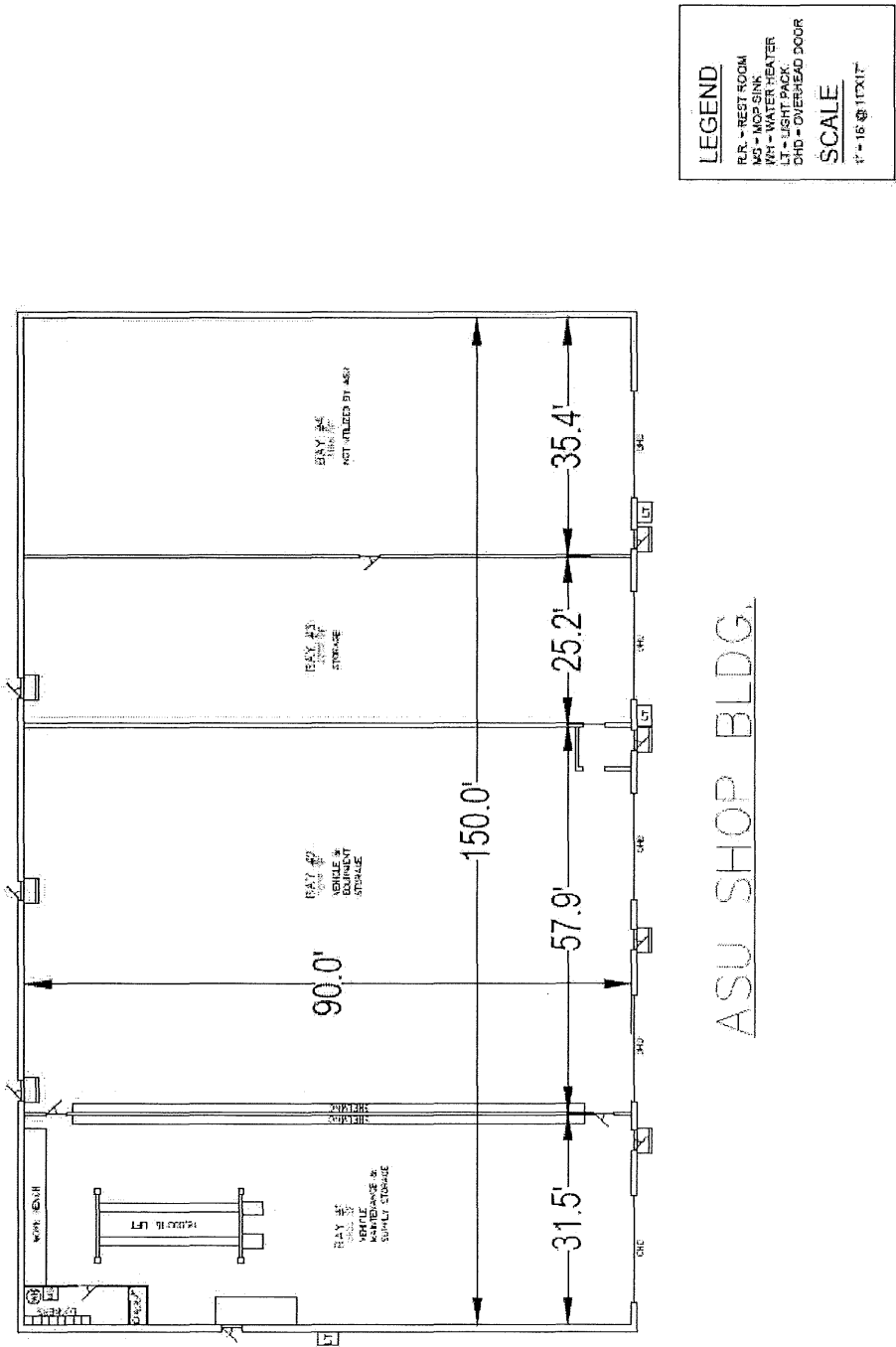
## Office Floor Plan, Floor 1



Office Floor Plan, Floor 2



Warehouse



## Real Estate Taxes

Property taxes are levied in proportion to the “True Tax Value” of the real property which is known as ad valorem taxes. The 2011 Real Property Assessment Manual defines “True Tax Value” as “Market Value-In-Use” which is further defined as, “The market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property.”<sup>13</sup>

In the case of agricultural land, “True Tax Value” shall be the value determined in accordance with the guidelines adopted by the Department of Local Government Finance and Indiana Code Section 6-1.1-4-13.

True Tax Value may be considered as the price that would induce the owner to sell the real property, and the price at which the buyer would purchase the real property for a continuation of use of the property for its current use. In markets in which sales are not representative of the utility to the owner, either because the utility derived is higher than indicated sales prices, or in markets where owners are motivated by non-market factors such as the maintenance of a farming lifestyle even in the face of a higher use value for some other purpose, True Tax Value will not necessarily equal value-in-exchange. The market value-in-use standard includes a market value-in-exchange component in markets where there are regular exchanges for the current use. The true tax value of property under this definition is to be determined as of the applicable assessment date.

### House Enrolled Act (HEA) 1001 (Public Law 146-2008)

On March 19, 2008 various tax rates were capped for all property classes under a law known as the “Circuit Breaker” (House Enrolled Act (HEA) 1001 (Public Law 146-2008). The law was effective as of January 1, 2008 (retroactive) for property taxes due and payable in 2009 with revisions dated December 1, 2008 as follows:

**Property taxes for Homestead are capped at 1% beginning pay-2010.** The *Homestead* classification effective January 1, 2009 is defined as an “individual’s principal place of residence” and located in Indiana.

**Property taxes for Residential Property are capped at 2% beginning pay-2010.** The *Residential Property* classification is defined as (a) a single-family dwelling that is not part of a homestead and the land, not exceeding one (1) acre on which the dwelling is located; (b) Real property consisting of (i) a building that includes two (2) or more dwelling units; (ii) any common areas shared by the dwelling units; and (iii) the land, not exceeding the area of the building footprint on which the building is located. (c) Land rented or leased for the placement of a manufactured home or mobile home including any common areas.

**Property taxes for Long Term Care Property are capped at 2% beginning pay-2010.** Pursuant to HEA 1001, Section 216 added IC 6-1.1-20.6-2.3 as a new section to Indiana Code, effective as of January 1, 2009, the *Long Term Care Property* classification is defined as (a) is used for the long term care of an impaired individual; and (b) is one of the following: (i) A health facility licensed under IC 16-28; (ii) A housing with services established that is allowed to use the term “assisted living” to describe the housing with services and operations to the public; (iii) An independent living home that, under

<sup>13</sup> 2011 Real Property Assessment Manual, Indiana Dept. of Local Government Finance, p. 6

contractual agreement, serves not more than eight (8) individuals who: (A) have a mental illness or developmental disability; (B) require regular but limited supervision; and (C) reside independently of their families.

**Property taxes for Agricultural Land are capped at 2% beginning pay-2010.** Pursuant to HEA 1001, Section 213 added IC 6-1.1-20.6-0.5 as a new section to Indiana Code, effective as of January 1, 2009, the *Agricultural Land* classification is defined as land assessed as agricultural land under the real property assessment rules and guidelines of the Department.

**Property taxes for Nonresidential Real Property are capped at 3% beginning pay-2010.** Pursuant to HEA 1001, Section 218 added IC 6-1.1-20.6-2.5 as a new section to Indiana Code, effective as of January 1, 2009, the *Nonresidential Real Property* classification is defined as (a) **Real property** that: (i) is not (A) a homestead; or (B) residential property; and (ii) consists of: (A) a building or other land improvement; and (B) the land, not exceeding the area of the building footprint or improvement footprint, on which the building or improvement is located. (b) **Undeveloped land** in the amount of the remainder of: (i) the area of a parcel; minus (ii) the area of the parcel that is part of: (A) a homestead; or (B) residential property.

In November 2010, Indiana voters adopted a statewide referendum to amend Indiana's Constitution with the caps described above.

#### Overview of Cyclical Reassessment Process

In accordance with Senate Enrolled Act 19-2012, starting July 1, 2014, the "general reassessment" of property has been replaced with a "cyclical reassessment". The change was adopted to spread the reassessment activities (inclusive of inspections and changes to assessments) in each assessment jurisdiction over a four-year period. Thus, in each year of the cycle, 25% of the parcels are reassessed and the remaining 75% of the properties are trended annually to reflect the effect of cyclical reassessments.

In each county, all parcels of real property must be divided into four groups, and each group must contain at least 25% of the parcels within each class of real property within the particular county. The reassessment commences on July 1<sup>st</sup> of each year within the period and must be completed on or before January 1<sup>st</sup> of the following year. For example, for the March 1, 2015 assessment date, reassessment commences July 1, 2014 and must be completed by January 1, 2015. All property must be reassessed once during each reassessment cycle.

#### Subject Assessment and Real Estate Taxes

Real estate taxes and assessments for the last full tax year are shown in the following table.

Taxes and Assessments - 2023 Payable 2024						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	Avg. Tax Rate	Ad Valorem Taxes	Total
Pt. 79-06-10-251-004.000-022			\$691,900	1.5082%	\$10,435	\$10,435



Tippecanoe County utilizes an income approach to establish a total assessment for commercial properties, with no allocation of the assessment between land and improvements. The subject's parent parcel is classified as "Other Commercial Structures". Thus, the subject's real estate tax liability is calculated for the tax year 2023 payable 2024 on a total assessment of \$691,900.

The client has provided an allocation of the tax for the subject part of the parent parcel for the past two years. The allocated tax for 2023 payable 2024 was \$6,164.33, or \$0.4148 per square foot of gross leasable area. If the subject were to be formally partitioned as a separate tax parcel from the current parent parcel, the tax liability may increase. Under triple net lease terms, the tenant is responsible for the real estate tax expense, but it is still instructive to view the subject as an individual tax parcel in comparison with comparable properties in Tippecanoe County.

Summarized below are properties discussed in the market analysis as being most comparable in terms of use and physical characteristics in the Lafayette-West Lafayette market.

Tax Comparables							
No.	Property Name	Year Built	SF	Total Assessed Value	Assessed Value/SF	Total Taxes	Taxes/SF
1	Mid-States	1981	7,640	\$202,200	\$26.47	\$4,977	\$0.65
2	J.R. Kelly Corporation	1995	22,168	\$988,700	\$44.60	\$24,336	\$1.10
3	Tri-Eco, Inc.	1973	14,100	\$282,800	\$20.06	\$6,982	\$0.50
4	Milestone Construction	1998	27,813	\$991,800	\$35.66	\$24,412	\$0.88
Analysis							
	Minimum				\$20.06		\$0.50
	Maximum				\$44.60		\$1.10
	Average				\$31.67		\$0.78
	Median				\$31.02		\$0.77
Subject	Projected	1998	14,860	\$468,090	\$31.50	\$11,522	\$0.78

Based on the above analysis, real estate tax liabilities for comparable properties range from \$0.50 to \$1.10 per square foot, with an average and median tax liability of \$0.77 and \$0.78 per square foot respectively. This analysis indicates that the tax liability allocated by the client may be low. If the subject were to be partitioned from the parent parcel and subject to assessment by Tippecanoe County as an independent parcel, the tax liability may increase.

## Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value and represents the use of an asset that maximizes its productivity.

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned GB, General Business. Permitted uses include a wide range of commercial, retail, service, wholesale, self-storage warehousing and contracting uses.. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. While the predominant new land development pattern in the area is mixed-density residential development, the subject is part of an established commercial-light industrial enclave with adaptive uses serving the surrounding residential area. Thus, it is not unreasonable to conclude that light industrial use is the most probable highest and best use within this enclave. Additionally, it is not unusual for facilities supporting utility infrastructure to be integrated with residential areas, further supporting light industrial use as the most probable highest and use for the subject.

#### Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for light industrial use in the subject's area. It appears a newly developed light industrial use on the site would have a value commensurate with its cost. Therefore, light industrial use is considered to be financially feasible.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than light industrial use. Accordingly, light industrial use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for light industrial use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

**As Improved**

The subject site is improved with the headquarters facility for the wastewater treatment system serving Wabash and Tippecanoe Townships in the Tippecanoe County area, which is consistent with the highest and best use of the site as though vacant. The existing improvements have positive functional utility in their current use, as discussed in the market analysis and description and analysis of the improvements. None-the less, several scenarios are examined to analyze feasibility, as follows:

**Demolition:** The value of the existing improved property exceeds the value of the site, as though vacant. Thus, demolition is not feasible.

**Conversion:** A repurposing of the subject property is not likely to result in significantly higher rental rates or property value. Converting the subject property to an alternative use is not applicable in this case, nor is it likely.

**Expansion:** The subject property comprises 4.00 acres. The site is improved with a use requiring outside storage. There is no excess or surplus land available for expansion. The property's building to land ratio of 11.73 falls within the typical range observed among competing properties noted in the market analysis. Expansion appears unlikely.

**Renovation:** The subject has an overall effective age of 21 years, and is in average, updated condition. It does not appear that renovation of the property would significantly increase rental rates or property value.

**Continuation:** The current use of the subject property supporting the development and management of a suburban wastewater utility appears to meet the four criteria for highest and best use. Based on the analysis above, a continuation of the current use is concluded to be financially feasible. For further support, a cost feasible rent analysis suggesting viability for the subject is presented below.

**Most Probable Buyer**

The most probable buyer, if the property was to continue in its present use, is the municipality of West Lafayette.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties and vacant land.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Market Data Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

A market data comparison approach is utilized to estimate the market rent for the leased premises. The subject is occupied by a utility maintenance company which requires a facility that will support office, engineering and field operations. This occupancy is a specialty industrial niche, and while it is considered to be an industrial occupancy, a search of the Integra Realty Resources national data base, as well as other state-level data bases, reveals that there is no available market data which is directly comparable with this occupancy.

However, there is market data available to support a reasonable estimate of the subject's market rent based on a two-step approach.

1. Analyze the functional utility of the subject's existing real estate based on its physical characteristics in comparison to local properties in related industrial fields, and
2. Estimate the subject's market rent based on available local industrial market data.

While the subject property is occupied by a utility maintenance company and is not a construction company, its use falls into a specialty industrial market niche which shares many physical characteristics with industrial properties utilized by construction and construction-related companies. These characteristics include office, engineering and field functions and the site and space requirements to support these functions. While comparable properties exist in the Lafayette-West Lafayette market, lease information was either unavailable to the appraisers, or the properties were owner occupied and involved no lease. However, an analysis of these properties indicates that the subject's land to building ratio and office percentage of gross leasable area are bracketed by local construction companies indicating that the characteristics of subject facility are typical for its use.

Three local comparable rents of industrial properties with similar building improvement characteristics situated on smaller sites are available for analysis. Since the subject's supporting site is larger than typical in the Lafayette-West Lafayette industrial rental market, the value of the additional land and the contributory value of the additional site improvements are estimated and capitalized as additional annual rent components to calculate the total market rent for the subject leased premises. The cost approach is utilized to estimate the contributory value of the additional site improvements. The methodology used is relied upon by market participants and considered relevant in developing credible assignment results.

## Land Valuation

Since the subject has 2.72 acres of additional land in comparison with other small industrial properties in the Lafayette-West Lafayette market, it is necessary to value the subject's underlying land to calculate additional rent for the additional land.

To develop an opinion of the subject's land value, as though vacant and available to be developed to its highest and best use, the sales comparison approach is used. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. The research focused on transactions within the following parameters:

- Location: Lafayette-West Lafayette market area.
- Size: 3.0 to 7.0 acres
- Use: Commercial-industrial use.
- Transaction Date: Within the past three years.

For this analysis, price per acre is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

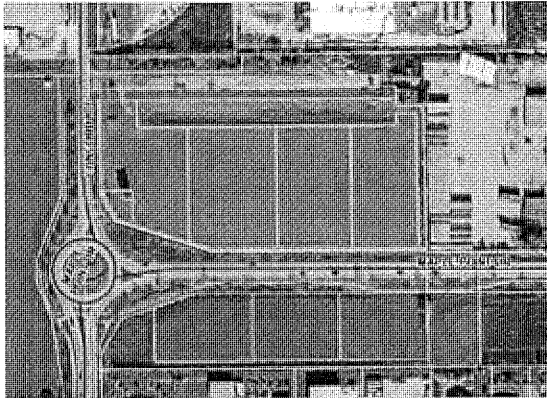
## Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Land: Concord Rd 2725 Concord Rd. Lafayette Tippecanoe County IN	Mar-22 Closed	\$487,500	307,969 7.07	I3	\$1.58	\$68,953
	Comments: Sale of a vacant tract of land located at the northeast corner of the Concord Road and Maple Point Drive roundabout, just west of Sagamore Parkway, on the southeast side of Lafayette. The tract consisted of four lots ranging in size from 1.28 acres to 1.64 acres, along with 0.12-acre corner Outlot A and a rear 1.27-acre, 70' x 670' strip known as Outlot C. Each parcel was acquired for \$81,250. The small Outlot A was improved with a two-sided, four-panel billboard. The easternmost lot, the 1.28-acre Lot 4 (3430 Maple Point Drive), is to be developed with a 15,000 square foot flex building with expected completion by December 2022.						
2	Land: Industrial 3459 McCarty Ln. Lafayette Tippecanoe County IN	Nov-22 Closed	\$210,000	158,253 3.63	GB	\$1.33	\$57,803
	Comments: Sale of a vacant parcel of land located in McCarty Industrial Park, situated in the southeast quadrant of McCarty Lane and Sagamore Parkway South, on the southeast side of the city of Lafayette, Tippecanoe County. The property appears to have been purchased by a Life Sciences company (Integra LifeSciences), but the intended use of the buyer is unknown.						
3	Land: E Old CR 350 S E. Old County Road 350 S. Lafayette Tippecanoe County IN	Jan-24 Closed	\$460,000	434,293 9.97	I3	\$1.06	\$46,138
	Comments: Sale of land on southeast side of Lafayette between US 52 and Interstate 65. In an area experiencing industrial development. Zoned I3. Assessor address is E CR 400 S but parcel's frontage is along Old CR 350 S.						
4	Land: Inari Expansion 1436 Win Hentschel Blvd. West Lafayette Tippecanoe County IN	Apr-22 Closed	\$410,000	165,005 3.79	OR	\$2.48	\$108,237
	Comments: Sale of a vacant parcel of land located at the northwest corner of Win Hentschel Boulevard and Kent Avenue, in the Purdue Research Park, on the north side of West Lafayette. The property includes a public trail along with a drainage swale which encumbers approximately 1.09 acres across the western portion of the site. The parcel was purchased by the property owner adjacent north for expansion of their greenhouse operation.						
5	Land: Commercial NEQ Twyckenham & S 9th St Lafayette Tippecanoe County IN	Jun-21 Closed	\$230,000	190,967 4.38	NB	\$1.20	\$52,464
	Comments: This is the sale of a parcel of land on the north side of Twyckenham Blvd. just east of S 9th Street on the southeast side of Lafayette. The land has good visibility but poor accessibility from Twyckenham Blvd. which is elevated over the railroad tracks which border the property along its northeast side. The land adjoins retail uses at the northeast corner with S 9th Street.						
	Subject American Suburban Utilities Headquarters West Lafayette, IN			174,240 4.00	GB		

### Comparable Land Sales Map



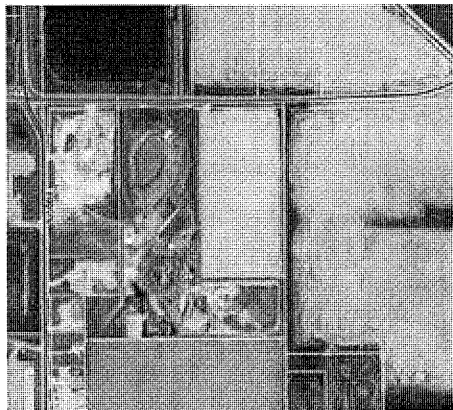




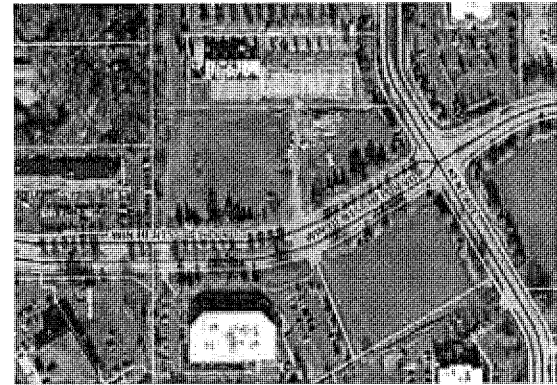
Sale 1  
Land: Concord Rd



Sale 2  
Land: Industrial



Sale 3  
Land: E Old CR 350 S



Sale 4  
Land: Inari Expansion



Sale 5  
Land: Commercial

## **Analysis and Adjustment of Sales**

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

### **Transactional Adjustments**

#### **Real Property Rights Conveyed**

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

#### **Financing Terms**

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

**Conditions of Sale**

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

**Expenditures Made Immediately After Purchase**

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

**Market Conditions**

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

The sales took place from June 2021 to January 2024. Market conditions have generally been strengthening. The adjustment grid accounts for this trend with upward adjustments over this period through the effective date of value.

**Property Adjustments****Location**

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1, 2 and 5 are similar to the subject. No adjustments are necessary. Sale 4 is adjusted downward for superior location. Sale 3 is adjusted upward for inferior location.

**Access/Exposure**

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1 and 4 are superior to the subject. Downward adjustments are applied. Sales 2 and 3 are inferior to the subject. Upward adjustments are applied.

**Size**

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 2, 4 and 5 are similar to the subject and require no adjustment. Sales 1 and 3 are larger than the subject and require upward adjustments.

**Shape and Topography**

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

Sales 1, 2 and 3 are similar to the subject and require no adjustment. Sales 4 and 5 are inferior to the subject. Upward adjustments are applied.

**Zoning**

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of GB - General Business.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is superior to the subject. A downward adjustment is applied.

**Adjustments Summary**

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	American Suburban Utilities Headquarters	Land: Concord Rd	Land: Industrial	Land: E Old CR 350 S	Land: Inari Expansion	Land: Commercial
Address	3350 W. County Rd.250 N.	2725 Concord Rd.	3459 McCarty Ln.	E. Old County Road 350 S.	1436 Win Hentschel Blvd.	NEQ Twyckenham & S 9th St
City	West Lafayette	Lafayette	Lafayette	Lafayette	West Lafayette	Lafayette
County	Tippecanoe	Tippecanoe	Tippecanoe	Tippecanoe	Tippecanoe	Tippecanoe
State	Indiana	IN	IN	IN	IN	IN
Sale Date		Mar-22	Nov-22	Jan-24	Apr-22	Jun-21
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$487,500	\$210,000	\$460,000	\$410,000	\$230,000
Price Adjustment		—	—	—	—	—
Description of Adjustment						
Effective Sale Price		\$487,500	\$210,000	\$460,000	\$410,000	\$230,000
Square Feet	174,240	307,969	158,253	434,293	165,005	190,967
Acres	4.00	7.07	3.63	9.97	3.79	4.38
Zoning Code	GB	I3	GB	I3	OR	NB
Price per Acre		\$68,953	\$57,803	\$46,138	\$108,237	\$52,464
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	12/30/2024	Mar-22	Nov-22	Jan-24	Apr-22	Jun-21
Annual % Adjustment	3%	8%	6%	3%	8%	11%
Cumulative Adjusted Price		\$74,470	\$61,272	\$47,523	\$116,895	\$58,234
Property Adjustments						
Location		—	—	20%	-20%	—
Access/Exposure		-10%	10%	10%	-20%	—
Size		5%	—	5%	—	—
Shape and Topography		—	—	—	5%	10%
Zoning		—	—	—	-5%	—
Net Property Adjustments (\$)		-\$3,723	\$6,127	\$16,633	-\$46,758	\$5,823
Net Property Adjustments (%)		-5%	10%	35%	-40%	10%
Final Adjusted Price		\$70,746	\$67,399	\$64,155	\$70,137	\$64,058
Range of Adjusted Prices						
Average		\$64,058 - \$70,746				
Indicated Value		\$67,299				
		\$67,000				

**Land Value Conclusion**

Prior to adjustments, the sales reflect a range of \$46,138 - \$108,237 per acre. After adjustment, the range is narrowed to \$64,058 - \$70,746 per acre, with a mean value indication of \$67,299 per acre and a median value indication of \$67,399 per acre. Given the diversity of the sales, greatest emphasis in the value conclusion is given to the middle of the range, round down.

Based on the preceding analysis, the land value conclusion for the subject is presented as follows:

<b>Land Value Conclusion</b>	
Indicated Value per Acre	\$67,000

Based on the above analysis, the concluded value of the additional 2.72 acres of supporting land is calculated as 2.72 acres X \$67,000 per acre = \$182,240.

## Cost Approach

A limited cost approach is utilized to estimate the contributory value of site improvements situated on the additional land. The contributory value is capitalized to an annual rent in the next section. The steps taken to apply the cost approach are:

- Estimate the replacement cost new of the existing improvements under current market conditions.
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements.

The following tables summarize the valuation by the cost approach.

<b>Replacement Cost Estimate</b>					
<b>Site Improvements</b>					
<i>Item</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Gravel Storage Yard	Average	118,483	SF	\$1.43	\$169,431
Chain Link Fence	Average	630	LF	\$19.23	\$12,115
Subtotal - Site Improvement Costs					\$181,546
Plus: Indirect Cost				2%	\$3,631
Subtotal					\$185,177
Plus: Entrepreneurial Incentive				10%	\$18,518
<b>Total Site Improvement Costs</b>					<b>\$203,694</b>
Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Incentive, which are appraiser's estimates.					

<b>Site Improvements - Unit Costs</b>					
<b>Site Improvement 1 Name:</b>		Gravel Storage Yard			
Quality:	Average	Unit Cost	\$1.39	Current Multiplier	1.060
Section:	66	Other:		Local Multiplier	0.970
Page:	1	Other:			
Unit:	SF	Subtotal:	\$1.39	Final Unit Cost	\$1.43
<b>Site Improvement 2 Name:</b>		Chain Link Fence			
Quality:	Average	Unit Cost	\$18.70	Current Multiplier	1.060
Section:	66	Other:		Local Multiplier	0.970
Page:	4	Other:			
Unit:	LF	Subtotal:	\$18.70	Final Unit Cost	\$19.23
Source: Marshall Valuation Service					

**Estimate of Depreciation****Site Improvements**

Replacement Cost New		\$203,694
Less: Deferred Maintenance		\$0
Remaining Cost		\$203,694
Depreciation: Economic Age-Life Method	56.7%	-\$115,430
Total Depreciation		-\$115,430
<i>Depreciated Replacement Cost</i>		<i>\$88,264</i>

<b>Depreciated Replacement Cost</b>		<b>\$88,264</b>
<b>Rounded:</b>		<b>\$90,000</b>

**Depreciation Worksheet - Site Improvements**

Site Imp #	Item	Effect Age (Yrs)	Life Expect (Yrs)	S/L Deprec %	Depr. Override %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Depr. Override
1	Gravel Storage Yard	11	20	55.0%		\$190,101	93.3%	51.3%	0.0%
2	Chain Link Fence	16	20	80.0%		\$13,593	6.7%	5.3%	0.0%
<b>Total</b>						<b>\$203,694</b>	<b>100.0%</b>	<b>56.7%</b>	<b>0.0%</b>

Based on the above analysis, the contributory value of the site improvements situated on the 2.72 acres of additional supporting land is \$90,000.



## Market Rent Analysis

In the following market rent analysis, market rent is first estimated for the subject office and warehouse improvements supported by a 1.28-acre site utilizing local comparable industrial rents. The supporting site land area is calculated based on an analysis of land-to-building ratios for typical small industrial properties in the Lafayette-West Lafayette market. It is noted in the land description that there are no leased industrial properties in the local market with comparable supporting land areas.

Thus, the next step is to capitalize the value of the additional 2.72-acres of land and the contributory value of the additional site improvements to annual rent components in order to calculate a total market rent for the subject property "as is"; An office/warehouse property situated on a 4.00-acre supporting site.

## Leased Status of Property

The subject is leased in a non-arm's length transaction where the owner of the property is a principal in the tenant, American Suburban Utilities, Inc. A copy of the lease was not available to the appraisers for review. Since the lease is a non-arm's length lease, the most appropriate tact is to consider any lease in place as not pertinent to the analysis, and to analyze lease terms as supported by available market data.

Typical industrial leases of single tenant properties are on triple net lease terms, where the division of responsibilities for the property operating expenses is as summarized in the table below.

Subject Expense Structures		
Space Type	Office-Warehouse	
Lease Type	Triple Net	
	Owner	Tenant
Real Estate Taxes		X
Insurance		X
Utilities		X
Repairs/Maintenance		X
Management	X	

Under the above triple net lease terms, the tenant is responsible for all operating expenses, except management expenses. The landlord may wish to retain control of certain expenses, such as real estate taxes or insurance, because of the risk to the landlord's position in the property if for any reason the tenant does not pay them. Even when the landlord pays some expenses directly, as long as the lease specifies that the tenant is responsible for reimbursing the landlord for these expenses, the lease is still considered to be a triple net lease. The line-item expense most often paid directly by the tenant is utilities, as the accounts are easy to set-up and there is less risk of property liens in the event of nonpayment.

Within the Lafayette-West Lafayette market, single tenant industrial properties are also leased on a modified gross basis, where some of the operating expenses are paid by the tenant and some are paid

by the landlord. These leases are commonly referred to as single net or double net leases. Under a single net lease, the tenant is responsible for real estate tax expenses, and under a double net lease, the tenant is responsible for real estate taxes and insurance.

Sometimes, industrial properties are also leased on a full-service, or industrial gross, basis. These tend to be large industrial properties originally constructed for a single manufacturing tenant which have been subdivided for adaptive reuse by multiple tenants. Under a full-service lease, the landlord is responsible for all property operating expenses. Since it is often impractical to bill multiple tenants for their share of operating expenses, the cost of the operating expenses to the landlord are included in the industrial gross rental rate.

Regardless of lease terms, the starting point in establishing market rent is the triple net market rent, where only management expenses are paid by the landlord. Under all other lease terms, the additional expenses carried by the landlord are typically reflected in the rental rate. Properties, such as the subject, almost always rent on a triple net basis, where expenses paid by the landlord (other than management expenses) are either paid directly by the tenant or are reimbursed on a 100% basis by the tenant.

Thus, in any comparable rent analysis, it is necessary to analyze the operating expenses of the property to account for differences in the division of responsibility for expenses per terms specified in the lease. The following data on the subject's available operating expenses and operating expenses at comparable properties are summarized in the following table as the basis for this analysis.

Expense Analysis per Square Foot							
	Comp Data *				Subject		
	Comp 1	Comp 2	Comp 3	Comp 4	Historical and Projected Expenses		
Year Built	1982	1976	2023	1983	1998		
SF	13,216	13,750	14,720	28,340	14,860		
	Modified			Modified			
Prevailing Lease Type	Gross	Triple Net	Triple Net	Gross	Triple Net		
Operating Data Type	In Place	In Place	Pro-forma	Pro-forma	Actual	Actual	IRR
Year	2021	2022	2023	2023	2023	2024	Projection
Real Estate Taxes	\$1.27	\$0.46	\$1.02	\$1.35	\$0.44	\$0.41	\$0.41
Insurance	\$0.18	\$0.01	\$0.41	\$0.38	\$0.00	\$0.00	\$0.25
Utilities	\$0.01	\$0.05	\$0.00	\$0.26	\$0.95	\$0.68	\$0.82
Repairs/Maintenance	\$0.54	\$0.82	\$0.79	\$1.14	\$0.00	\$0.00	\$0.82
Management	\$0.00	\$0.26	\$0.50	\$0.39	\$0.00	\$0.00	\$0.30
Total	\$2.00	\$1.60	\$2.71	\$3.52	\$1.38	\$1.09	\$2.60
*Comp 1: Industrial Office/Warehouse, 50 Creasy Ct. , Lafayette, IN							
Comp 2: Confidential							
Comp 3: Industrial Warehouse, 1680 - 1690 Porter St. , Crown Point, IN							
Comp 4: Park Fletcher - Building 26, 2643-2707 Rand Rd. , Indianapolis, IN							

Historical data on the subject's operating expenses are available for the real estate taxes and utilities line items. All other subject operating expenses are projected based on the operating expenses for the comparable properties summarized in the above table.

As noted in the real estate tax section, the subject is part of a parent parcel, and real estate taxes for the subject are allocated by the client from the total tax liability for the parent parcel. The most recent real estate tax expense for the subject was \$0.41 per square foot. This is in comparison with the range of real estate tax expenses for the comparable properties across the state from \$0.46 to \$1.27 per square foot, with an average of \$1.03 per square foot. The local tax comparables noted in the real estate tax section have a lower range from \$0.50 to \$1.10 per square foot with average and median of \$0.77 and \$0.78 per square foot respectively. The local tax comparables are construction company facilities with similar site and building characteristics as the subject. This analysis indicates that the tax liability allocated by the client may be low. If the subject were to be partitioned from the parent parcel and subject to assessment by Tippecanoe County as an independent parcel, the tax liability may increase. For purposes of this valuation, the current tax liability of \$0.41 per square foot is utilized.

Comparable insurance expenses range from \$0.01 to \$0.41 per square foot with an average of \$0.25 per square foot. The projected insurance expense for the subject is \$0.25 per square foot.

The subject's average expense for utilities over the past two years, \$0.82 per square foot, is projected for the subject. This expense is almost always born by the tenant, regardless of lease terms. The expense, if any, indicated for the comparable properties under this line item appears to reflect common area utility expenses born by the landlord. Typically, utilities are paid by the tenant under all lease terms.

Repairs and maintenance expenses for the comparable properties range from \$0.54 to \$1.14 per square foot with an average expense of \$0.82 per square foot. The projected repairs and maintenance expense for the subject is \$0.82 per square foot.

Management expenses are typically carried by the landlord and reflected in the triple net rental rate. Comparable expenses for this line item range from \$0.26 to \$0.50 per square foot with an average of \$0.29 per square foot. The projected expense for this line item is \$0.30 per square foot.

Based on the above analysis, the total operating expenses for the subject are projected to be \$2.60 per square foot, allocated per line item as projected above. This is in comparison with and is bracketed by the range of the total expenses for comparable properties from \$1.60 to \$3.52 per square foot.

### Market Rent Analysis

To estimate market rent for the subject, the research focused on comparable rentals within the following parameters:

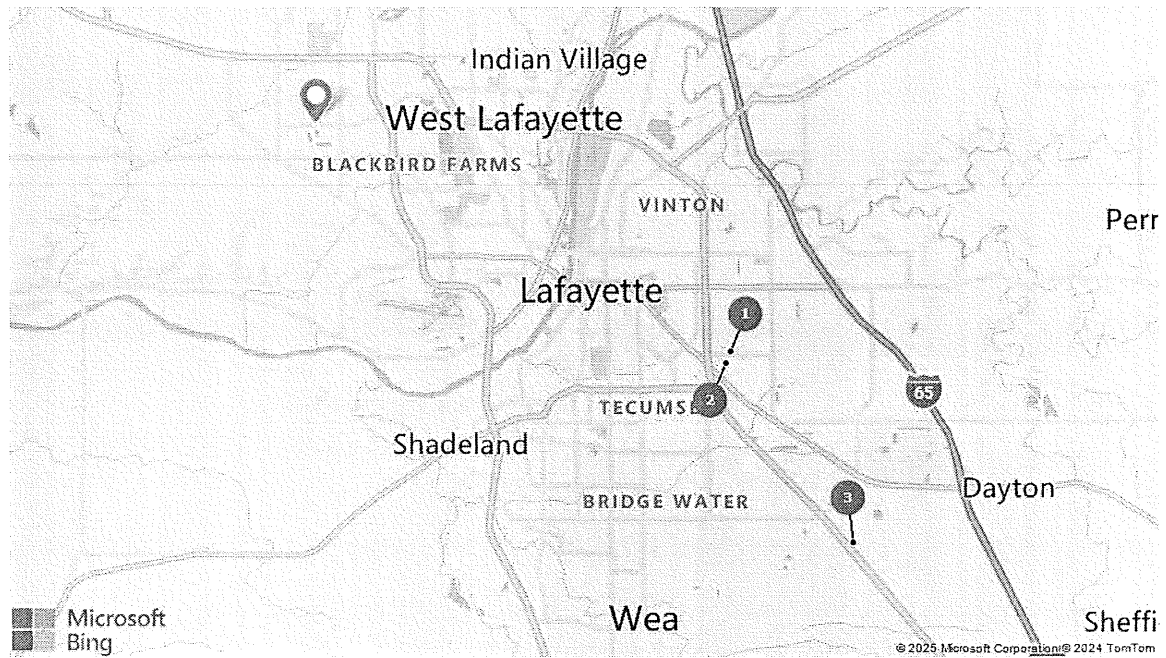
- Location: Lafayette-West Lafayette market.
- Property Type: Industrial office/warehouse.
- Size: 10,000 to 22,000 SF/GLA.
- Date: Within the past three years.

Comparable rentals considered most relevant are summarized in the following table.

## Summary of Comparable Rentals - Office-Warehouse

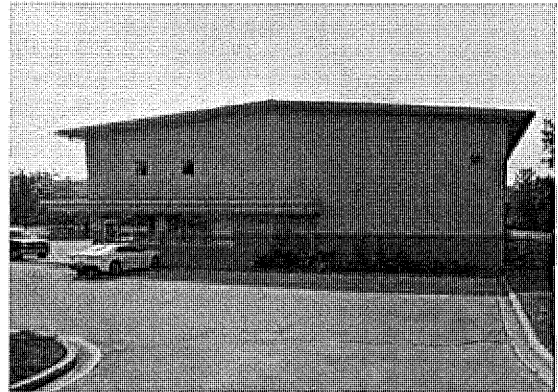
No.	Property Information	Tenant	SF	Clear Height; % Office	Lease Start	Term (Mos.)	Effective Rent/SF	Escalations	Lease Type
1	Warehouse 1425 Industrial Dr. Lafayette Tippecanoe County IN <i>Comments: This property is located in a small industrial park just east of Sagamore Parkway on the east side of Lafayette, Indiana. The improvements consist of a 10,651 SF industrial building constructed in 1991. The interior features 6% office space, 12 to 15 ceiling heights, two drive-in doors, one dock door. The rental rate is \$5.75 per square foot per year on a triple net basis.</i>	Unknown	10,651	13 6%	Jun-22	36	\$5.75	None	Triple Net
2	Industrial Warehouse 3535 McCarty Ln. Lafayette Tippecanoe County IN <i>Comments: This property is located adjacent south of a movie theater and adjacent north of a retail shopping center, just south of McCarty Lane on the east side of Lafayette, Indiana. The improvements consist of a 16,540 square-foot industrial building constructed in 1996. The interior features 12% office space, 20-foot ceiling heights, and seven drive-in doors. The rental rate is \$5.65 per square foot per year on a triple net basis.</i>	Phoenix Paramedic	10,400	20 12%	May-22	36	\$5.65	None	Triple Net
3	Ludo Fact 4673 Dale Dr. Lafayette Tippecanoe County IN <i>Comments: Double net lease renewal of industrial office/warehouse on the south side of Lafayette. The prior lease term was 37 months, commencing on 4/1/2018 at \$4.50/SF, triple net, with annual escalation of 2.0%. The change in rental rate and lease terms appears to be a compromise between tight market conditions and the interest in retaining a tenant.</i>	—	22,040	20 10%	Dec-21	—	\$5.57	Fixed Steps	Modified Gross

### Comparable Rentals Map





Lease 1  
Warehouse



Lease 2  
Industrial Warehouse



Lease 3  
Ludo Fact

## Analysis and Adjustment of Rents

The rents are compared to the subject and adjusted to account for material differences that affect value. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired analysis.

While percentage adjustments are presented in the adjustment grid that follows, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market behavior and perception. Except for market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-10% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable rent in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its rent is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its rent is adjusted upward.

Transactional adjustments are applied for expense structure, conditions of lease, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, and economic characteristics. Adjustments are considered for the following factors, in the sequence shown below.

### Expense Structure

The subject is assumed to be leased on a triple net lease basis. Rents 1 and 2 are similar and require no adjustment. Rent 3 is leased on a double net basis where the landlord is responsible for insurance expenses. Thus, a downward adjustment of \$0.25 per square foot is applied.

### Conditions of Lease

The leases represent finished product of both the building shell and tenant improvements. No adjustments are necessary.

### Market Conditions

The comparable rents were signed from December 2021 to June 2022. No adjustment for market conditions is made, but rather the effective rent is utilized in the analysis. Rents 1 and 2 have fixed rents throughout their terms and no adjustment is made. Rent 3 has a base rent of \$5.25, starting in 2021 with an escalation clause for 2% annual increases. Thus, the effective rent reflecting these increases in 2024 is used in the analysis.

### Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Rent 3 is inferior to the subject and an upward adjustment is made. No adjustments are necessary for Rents 1 and 2.

**Access/Exposure**

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

**Size**

Differences in rental rates are often attributable to variation in sizes of leased space.

Rents 1 and 2 are superior to the subject. Downward adjustments are applied. Rent 3 is inferior to the subject. An upward adjustment is applied.

**Effective Age/Condition**

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject was constructed in 1998, has an effective age of – years, and is in – condition. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa.

Rents 1 and 2 are similar to the subject and require no adjustment. Rent 3 is newer than the subject, and a downward adjustment is applied.

**Physical Characteristics**

Elements considered include floor area coverage, office build-out ratio, clear height and loading doors if applicable.

All of the comparables are inferior to the subject. Upward adjustments are applied.

**Adjustments Summary**

The following table summarizes the adjustments discussed above and applied to each comparable rent.



**Rental Adjustment Grid - Office-Warehouse**

	Subject	Comparable 1	Comparable 2	Comparable 3
Property Name	American Suburban Utilities Headquarters	Warehouse	Industrial Warehouse	Ludo Fact
Address	3350 W. County Rd.250 N.	1425 Industrial Dr.	3535 McCarty Ln.	4673 Dale Dr.
City	West Lafayette	Lafayette	Lafayette	Lafayette
County	Tippecanoe	Tippecanoe	Tippecanoe	Tippecanoe
State		IN	IN	IN
Lease Start Date		Jun-22	May-22	Dec-21
Lease Term (Months)		36	36	Unknown
Tenant Name		Lansing Building Products	Phoenix Paramedic Solutions	Ludofact
Leased SF	14,860	10,651	10,400	22,040
Lease Type	Triple Net	Triple Net	Triple Net	Modified Gross
% Office	31%	6%	12%	10%
AC %	31%	6%	22%	10%
Ceiling Height	18'	13'	20'	20'
Year Built	1998	1990	1996	2005
<b>Effective Rent/SF/Yr</b>		<b>\$5.75</b>	<b>\$5.65</b>	<b>\$5.57</b>
<b>Transactional Adjustments</b>				
Expense Structure				
\$ Adjustment		—	—	-\$0.25
Conditions of Lease				
% Adjustment		—	—	—
Market Conditions	12/30/2024	Jun-22	May-22	Dec-21
Annual % Adjustment		—	—	—
<b>Cumulative Adjusted Rent</b>		<b>\$5.75</b>	<b>\$5.65</b>	<b>\$5.32</b>
<b>Property Adjustments</b>				
Location		—	—	10%
Access/Exposure		—	—	—
Size		-5%	-5%	5%
Effective Age/Condition		—	—	-10%
Physical Characteristics		10%	5%	5%
Net Property Adjustments (\$)		\$0.29	\$0.00	\$0.53
Net Property Adjustments (%)		5%	0%	10%
<b>Final Adjusted Price</b>		<b>\$6.04</b>	<b>\$5.65</b>	<b>\$5.85</b>
<b>Range of Adjusted Rents</b>		<b>\$5.65 - \$6.04</b>		
<b>Average</b>		<b>\$5.85</b>		
<b>Indicated Rent</b>		<b>\$5.85</b>		

After analysis, the overall range is \$5.65 to \$6.04 per square foot per year, with an average rent indication of \$5.85 and a median rent indication of \$5.85. Greatest emphasis in the concluded market rent is given to the middle of the range.

#### Market Rent for Building/Site Improvements on 1.28-Acre Site

Based on the preceding analysis of comparable rentals and trends evident in the market, market lease terms for the subject improvements and 1.28-acre site are concluded as follows:

Concluded Market Lease Terms						
Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)
Office-Warehouse	14,860	\$5.85	\$/SF/Yr	Fixed	Triple Net	36

As discussed above in the section on Leased Status of the Property, the triple net rent is the base rent typical of single-tenant industrial properties, where the tenant pays for operating expenses, except for management expenses. It was noted that sometimes, industrial properties are leased on a modified gross basis, where the landlord pays some operating expenses, and the tenant pays the balance of the operating expenses. Typical forms of the modified gross lease are the double net lease and the single net lease. Under the double net lease, the tenant agrees to pay for real estate taxes and insurance, but the landlord carries the maintenance and repair expenses. Under the single net lease, the tenant agrees to pay for real estate taxes, but the landlord carries the insurance and maintenance/repair expense. (The tenant typically always pays utility expenses in a single-tenant industrial property lease). Thus, under these two modified gross lease terms, the additional expenses carried by the landlord are added to the base rent to calculate the total market rent.

The table below indicates what the total market rent would be under double net and single net terms.

Concluded Market Rent Under Different Lease Terms			
Expenses Included	Triple Net	Double Net	Single Net
Real Estate Taxes	\$0.00	\$0.00	\$0.00
Insurance	\$0.00	\$0.00	\$0.25
Utilities	\$0.00	\$0.00	\$0.00
Maintenance/Repair	\$0.00	0.82	0.82
Expenses Carried by Landlord	\$0.00	\$0.82	\$1.07
Base Market Rent	\$5.85	\$5.85	\$5.85
Additional Rent	\$0.00	\$0.82	\$1.07
Total Market Rent	\$5.85	\$6.67	\$6.92

### Calculation of Additional Rent

Based on the foregoing land valuation, calculation of the additional rent for the 2.72-acres of additional supporting land is summarized in the table below.

Calculated Rent for Additional Land			
Line Item	Area/Acres	\$/Acre	Total Value
Additional Land	2.72	\$67,000	\$182,289
Rent Factor (Cap Rate)			7.50%
Annual Rent			\$13,672
Rounded			\$14,000

Based on the foregoing cost approach, calculation of the additional rent for the contributory value of site improvements situated on the additional supporting land is summarized in the table below.

Calculated Rent for Additional Site Improvements	
Line Item	Calculated Contributory Value
Gravel Yard and Fencing	\$90,000
Rent Factor (Cap Rate)	15%
Calculated Annual Rent	\$13,500
Rounded	\$14,000

### Total Rent

As discussed in the foregoing analysis, the typical lease terms for a single-tenant industrial property are triple net lease terms. Adding all the rent components calculated above results in a total annual triple net rent as follows.

Calculated Total Triple Net Rent				
Line Item	Rent/SF/GLA	SF/GLSA	Total Rent	Total Rent, Rounded
Building and Supporting Site	\$5.85	14,860	\$86,931	\$87,000
Additional Land				\$14,000
Additional Site Improvements				\$14,000
Total Market Rent	\$7.74			\$115,000
Terms				Triple Net

Based on the above discussion of double net and single net lease terms, the calculation of the total annual rent under these terms are summarized in the following tables.

---

**Calculated Total Double Net Rent**


---

Line Item	Rent/SF/GLA	SF/GLSA	Total Rent	Total Rent, Rounded
Building and Supporting Site	\$6.67	14,860	\$99,116	\$99,000
Additional Land				\$14,000
Additional Site Improvements				\$14,000
Total Market Rent	\$8.55			\$127,000
Terms				Double Net

---



---

**Calculated Total Single Net Rent**


---

Line Item	Rent/SF/GLA	SF/GLSA	Total Rent	Total Rent, Rounded
Building and Supporting Site	\$6.92	14,860	\$102,831	\$103,000
Additional Land				\$14,000
Additional Site Improvements				\$14,000
Total Market Rent	\$8.82			\$131,000
Terms				Single Net

---

## Conclusion of Value

Based on the foregoing analysis, our conclusion of market rent for the subject “as is” is as follows:

Value Conclusion			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Annual Rent, Triple Net Terms
Market Rent	Leasehold	December 30, 2024	\$115,000

### Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.

1. The land area for the supporting site is part of a larger parcel and is estimated via scaled measurements from the Tippicanoe County Beacon GIS website. No survey providing a certified land area for the supporting site was available for review. It is assumed for purposes of this valuation that the estimated land area of 4.00 acres is reasonably accurate.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results

### Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, the probable exposure time is 9 to 12 months.

### Marketing Period

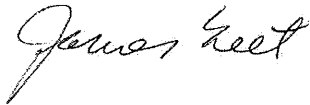
Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. The subject’s marketing period is estimated at 9 to 12 months.

## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. James D. Seet has made a personal inspection of the property that is the subject of this report. Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS has completed the continuing education program for Designated Members of the Appraisal Institute.



James D. Seet  
Senior Analyst  
Indiana Certified General Appraiser  
#CG40300092



Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS  
Senior Managing Director  
Indiana Certified General Appraiser  
#CG69100223

Date of Certification: February 27, 2025

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal



covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates for assistance in a matter before the Indiana Utility Regulatory Commission. It may not be used or relied upon by any parties, other than you (American Suburban Utilities, Inc.) or the Indiana Utility Regulatory Commission. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Indianapolis, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. **IRR - Indianapolis is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal**

report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Indianapolis. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR - Indianapolis is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

---

**Extraordinary Assumptions and Hypothetical Conditions**

---

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The land area for the supporting site is part of a larger parcel and is estimated via scaled measurements from the Tippicanoe County Beacon GIS website. No survey providing a certified land area for the supporting site was available for review. It is assumed for purposes of this valuation that the estimated land area of 4.00 acres is reasonably accurate.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

---

## **Addendum A**

### **Appraiser Qualifications**

# James D. Seet

## Experience

Senior Analyst for Integra Realty Resources – Indianapolis, employed since 1999. Property types valued include land, including agricultural land, farmsteads, subdivisions, small income properties and larger, more complex office, retail, industrial, special use and mixed-use properties. Interests appraised include fee simple, leased fee, leasehold, partial interests, easements, and mineral rights. Valuations have been utilized for mortgage lending, marriage dissolution, estate planning, condemnation, insurance settlements, litigation, and corporate asset management.

Background includes: Appraiser Trainee for Michael D. Moore Appraisal Company, Inc. from December 1997 thru March 1999. General Manager for R.L. Young Company, Commercial Realtors and Developers from June 1992 thru November 1997, Owner operator of James Seet Fine Design & Remodeling from 1980 thru 1992, Project Manager, Ohio-Kentucky-Indiana Regional Council of Governments 1973-1980, Project Manager, Wisconsin State Department of Natural Resources in 1973 and Staff Planner, Ohio-Kentucky-Indiana Regional Planning Authority in 1972.

## Professional Activities & Affiliations

Member: Appraisal Institute

## Licenses

Indiana, Certified General Appraiser, CG40300092, Expires June 2026

## Education

Bachelor of Arts, Indiana University, 1972  
(Major: Economics)

Master of Community Planning, University of Cincinnati, 1977

Successfully completed numerous real estate and related courses and seminars sponsored by the Appraisal Institute, accredited universities, and others.

Integra Realty Resources  
Indianapolis

4981 North Franklin Road  
Indianapolis, IN 46226

T 317-546-4720  
F 317-546-1407

irr.com



# Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS

## Experience

Senior Managing Director for Integra Realty Resources—Indianapolis. Background includes two years as Staff Appraiser for the Indiana State Highway Commission and over forty years serving the public in real estate valuation and consulting. Recent experience is concentrated in major urban and suburban development projects, as well as public development and redevelopment projects. Valuations have been performed on various property types including single and multi-tenant retail properties, apartment complexes, single and multi-tenant industrial properties, low to high rise office buildings, mixed use facilities, residential subdivision analyses, and vacant land for different uses. Specialized real estate valued includes military bases, hospitals and medical centers, nursing homes, churches, and recreational properties. Valuations have been performed for mortgage loan purposes, equity participation and due diligence support, estate planning, condemnation proceedings, insurance purposes, and real estate tax valuation. Assignments have included the valuation of proposed properties, distressed properties, contaminated properties, market studies and Railroad Corridors. Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members and the American Society of Real Estate (ASA) continuing education requirements.

Real Property Valuation & Consultation - 1972-Present.

## Professional Activities & Affiliations

Level III Certified Indiana Assessor-Appraiser  
Appraisal Institute (National Finance Committee)  
Appraisal Institute (Leadership Development)  
Appraisal Institute (General Experience Subcommittee)  
Appraisal Institute (General Admissions Committee)  
Appraisal Institute (Qualifying Education Committee)  
Appraisal Institute (Past Member National Board of Directors)  
Appraisal Institute (Past President-Hoosier State Chapter)  
Member: Indiana Association of Realtors  
Member: Metropolitan Indianapolis Board of Realtors  
Member: American Society of Appraising (ASA) 1979  
Member: Urban Land Institute  
Member: IREM  
Appraisal Institute, Designated Member (MAI) 1989  
Appraisal Institute, Senior Residential Appraiser (SRA) 1982  
Certified Commercial Investment Member (CCIM) 2000  
Royal Institute of Chartered Surveyors, Fellow (FRICS) 2008

## Licenses

Indiana, Certified General Appraiser, CG69100223, Expires June 2026  
Indiana, Broker, RB14004311, Expires June 2026  
Kentucky, Certified General Appraiser, 003441, Expires July 2025  
Illinois, Certified General Appraiser, 553001596, Expires September 2025  
Florida, Certified General Appraiser, RZ1893, Expires November 2026  
Michigan, Certified General Appraiser, 1201004011, Expires July 2025  
Ohio, Certified General Appraiser, 2006007069, Expires December 2025  
South Carolina, Certified General Appraiser, CG6526, Expires June 2026  
Colorado, Certified General, CG200001923, Expires December 2025

Integra Realty Resources  
Indianapolis

4981 North Franklin Road  
Indianapolis, IN 46226

T 317.546.4720  
F 317.546.1407

irr.com



# Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS

## Education

Bachelor of Science Degree, Ball State University, 1972  
(Major Study: Business Administration)

Successfully completed numerous real estate and related courses and seminars sponsored by the Appraisal Institute, Commercial Investment Real Estate Institute, and accredited universities.

## Qualified Before Courts & Administrative Bodies

Qualified as an expert witness in several courts and jurisdictions, including U.S. Bankruptcy Court and Federal Tax Court. Litigation support work has included consulting and review services, as well as valuation services.



The Society's Board of Examiners Certifies That

**Michael C. Lady**

Is hereby awarded the designation

**Accredited Senior Appraiser**

**Real Property**

**Real Property (All Property Types)**

and is entitled to use the designation in accordance with the Society's bylaws and administration rules.

Robert A. Bergman, MAI  
President, ASA  
1220 Lakeshore Drive  
Chicago, IL 60606-5001  
(312) 462-1000



Dr. Maria Gonzalez, Jr., MAI  
President, ASA  
1220 Lakeshore Drive  
Chicago, IL 60606-5001  
(312) 462-1000

Integra Realty Resources  
Indianapolis

4981 North Franklin Road  
Indianapolis, IN 46226

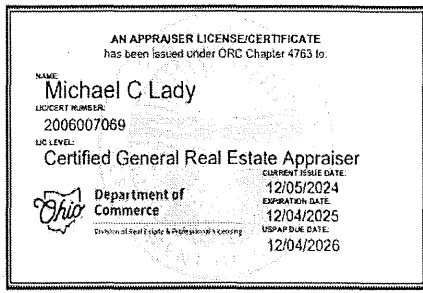
T 317.546.4720  
F 317.546.1407

irr.com

mlady@irr.com - 317.546.4720 x222





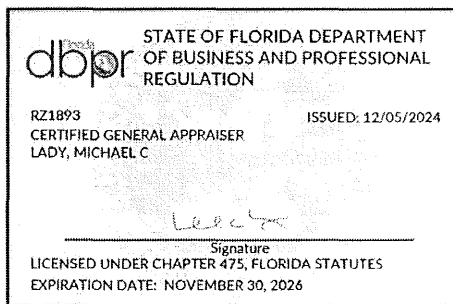


Ohio-12-4-2025

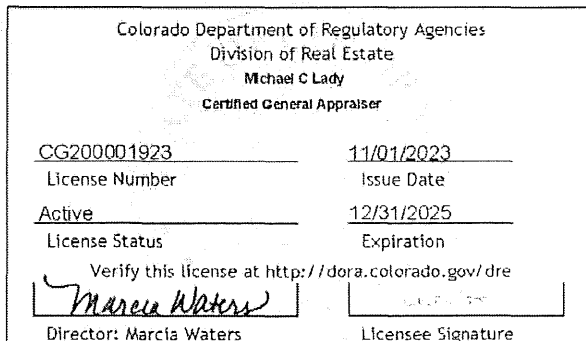
STATE OF OHIO - DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
BUREAU OF PROFESSIONAL LICENSING  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
LICENSE  
MICHAEL CONRAD LADY

LICENSE NO. 1205004011 EXPIRATION DATE 07/31/2025 23153090603

Michigan-7-31-2025



Florida-11-30-2026



Colorado- 12-31-2025



Illinois-9-30-2025

In the name and by the Authority of the  
Commonwealth of Kentucky



Kentucky-7-1-2025



South Carolina-6-30-2026



Indiana Broker 6-30-2026

## **Addendum B**

### **IRR Quality Assurance Survey**

## IRR Quality Assurance Survey

### **We welcome your feedback!**

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

### **Integra Quality Control Team**

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: [quality.irr.com](https://quality.irr.com)

## **Addendum C**

### **Financials and Property Information**

ADMINISTRATIVE INFORMATION

PARCEL NUMBER  
79-06-10-251-004.000-022

Parent Parcel Number

Property Address  
3350 W 250 N

Neighborhood  
13001 Commercial on Income Approach

Property Class  
499 Com Other commercial structure

TAXING DISTRICT INFORMATION

Jurisdiction 79 Tippecanoe

Area 010 Wabash

Corporation N

District 022 022

Section & Plat 10

OWNERSHIP

LODS SCOTT L

3350 W 250 N

WEST LAFAYETTE, IN 47906 USA

PT NE SEC 10 TWP 23 R5 15.878 A & 0.608 A & PT SW NE SEC 10 TWP 23 R5 1.00 A

Tax ID 132015000469

TRANSFER OF OWNERSHIP

Date

03/01/2012

LODS SCOTT L

\$0

Printed 05/03/2024 Card No. 1 of 4

COMMERCIAL

Area	010	Wabash	VALUATION RECORD							
Corporation	N		Assessment Year	01/01/2019	01/01/2020	01/01/2021	01/01/2022	01/01/2022	01/01/2023	01/01/2024
District	022	022	Reason for Change							
Section & Plat	10			4Y Reval	4Y Reval	4Y Reval	4Y Reval	4Y Reval	4Y Reval	4Y Reval
Site Description			VALUATION	L	164300	164300	164300	0	0	0
			Appraised Value	E	419200	445500	470500	663400	663400	691900
				T	583500	609800	634800	663400	663400	691900
			VALUATION	L	164300	164300	164300	0	0	0
			True Tax Value	E	419200	445500	470500	663400	663400	691900
Topography:				T	583500	609800	634800	663400	663400	691900
Public Utilities:			LAND DATA AND CALCULATIONS							
Water										
Street or Road:			Rating	Measured	Table	Prod. Factor				
Paved			Soil ID	Acreage		-or-				
Neighborhood:			-or-	-or-		Depth Factor				
Static			Actual	Effective	Effective	-or-	Base	Adjusted	Extended	Influence
			Frontage	Frontage	Depth	Square Feet	Rate	Rate	Value	Factor
Zoning:			Land Type							Value
Legal Acres:			1 HOMESITE		1.0000	1.00	30000.00	30000.00	30000	30000
17.4860			6 PRIMARY COMMERCIAL	7	6.1747	1.00	64100.00	64100.00	395800	395800
			7 SECONDARY COMMERCIAL	7	3.8232	1.00	44800.00	44800.00	171280	171280
Admin Legal			8 UNDEVELOPED USABLE COMMERCIAL	7	5.4755	1.00	32100.00	32100.00	175760	175760
17.4860										

180m: 18p 19 Change

3/5/18: VALUE ADDED FOR RES CARD TO TOTAL AV. JVK

190m: 19 p 20 Change

1/18/19: PROP CLASS CHANGE FROM 401 TO 499. VALUE FOR HOMESITE

AND ADDITIONAL UNDEVELOPED USABLE COM LAND ADDED TO TOTAL AV. JVK

BP:

BP#E10250 10/18/17 REPAIR METER BOX BONDING TO RE-ENERGIZE POWER

CB12: Parcels Combined for 2012 p 13

COMBINED 1.0 A + IMPROVEMENTS FROM 132-01500-0645

(79-06-10-251-010.000-022) & 0.608 A FROM 132-01500-0623

(79-06-10-251-009.000-022) FOR 12PAY13 PER REQUEST OF

ASSESSOR'S OFFICE. RECLASSIFIED & REVALUED THE

LAND AS COMMERCIAL. 8/6/12 PK (LM)

FARMLAND COMPUTATIONS

Parcel Acreage

81 Legal Drain NV [-]

82 Public Roads NV [-]

83 UT Towers NV [-]

9 Homesite(s) [-]

91/92 Excess Acreage[-]

TOTAL ACRES FARMLAND

TRUE TAX VALUE

17.4860

Supplemental Cards

TRUE TAX VALUE

772840

Measured Acreage

Average True Tax Value/Acre

TRUE TAX VALUE FARMLAND

Classified Land Total

Homesite(s) Value (+)

Excess Acreage Value (+)

Supplemental Cards

TOTAL LAND VALUE

772800

IMPROVEMENT DATA

PHYSICAL CHARACTERISTICS

03 04 05 06 07

(LCM: 92.00)

SPECIAL FEATURES

SUMMARY OF IMPROVEMENTS

Description	Value	ID	Use	Strv Hgt	Const Type Grade	Year Const	Eff Year	Cond	Base Rate	Feat- ures	Adj Rate	Size or Area	Computed Value	Phys Depr	Obsol Depr	Market Adj	% Comp	Value
03 : D		03	LEANTO	12.00	C	1964	1964	AV	6.39	Y	5.88	22x132	17080	65	0	116	100	6900
04 : D		04	T3AW	12.00	C	1964	1964	AV	12.03	Y	7.06	60x132	55920	65	0	116	100	22700
05 : D		05	T3AW	10.00	C	1964	1964	AV	17.55	N	15.29	32x 48	23490	65	0	116	100	9500
06 : D		06	LEANTO	9.00	C	1977	1977	AV	5.58	Y	5.13	14x 46	3300	65	0	116	100	1300
		07	T3AW	16.00	C	2003	2003	AV	10.50	N	9.78	90x150	132030	40	0	116	100	91900

Data Collector/Date

Appraiser/Date

Neighborhood

Supplemental Cards  
TOTAL IMPROVEMENT VALUE

79 03/01/2002

Neigh 13001 AV

132300

Date

VALUATION RECORD

Assessment Year

Reason for Change

VALUATION

Site Description

LAND DATA AND CALCULATIONS

Land Type	Rating	Measured	Table	Prod. Factor	Base	Adjusted	Extended	Influence	Value
	Soil ID	Acreage		-or-					
	-or-	-or-		Depth Factor					
	Actual	Effective	Effective	-or-					
	Frontage	Frontage	Depth	Square Feet	Rate	Rate	Value	Factor	

CB12: Parcels Combined for 2012 p 13  
 LAND AS COMMERCIAL. 8/6/12 PK (LM)  
 COM:  
 EUM 10/12/95 B/R APPEALED LAND, GRADE AND  
 CONDITION (DENIED) MISSED OUTBUILDINGS ADDED  
 AND CORRECTIONS TO COMMERCIAL BUILDING MADE  
 FF 9-29-97 BP #17843 - MH ON PERSONAL PROPERTY -  
 JENNIFER RIVERA  
 AUA 1998: 3-1-98 CHANGES PER STATE TAX BOARD &  
 PARTIAL BP COMPLETION  
 PK 2009: DELETE BLDG 1 & ADJ; CHG SQ FT OF BLDG 2;  
 CHG MEZZ FROM UNFINISHED TO FINISHED; DELETE PFB  
 & INT WITH STALLS PER SAW CLT  
 10/26/86 .395 A TO NEW TRACT 132-01500-062

Supplemental Cards  
 TOTAL LAND VALUE

# IMPROVEMENT DATA

## PHYSICAL CHARACTERISTICS

### ROOFING

Built-up

### WALLS

	B	1	2	U
Frame		Yes		
Brick				
Metal				
Guard				

### FRAMING

	B	1	2	U
Wd Jst	0	2664	0	500

### FINISH

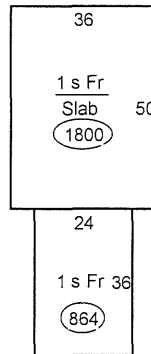
	UF	SF	FO	FD
1	0	1000	0	1664
U	0	0	500	0
Total	0	1000	500	1664

### HEATING AND AIR CONDITIONING

	B	1	2	U
Heat	0	864	0	500
A/C	0	864	0	500

### PLUMBING Residential Commercial

	#	TF	#	TF
Full Baths				
Half Baths				
Extra Fixtures				5
TOTAL	0			5



01

P Key	GCI12	GCI18	00
#Units			
AVSize			
Floor	1	1	M1
Perim	292	292	0
PAR	11	11	0
Height	10	15	10
Use	INDOFF	SMSHOP	GENRET
Use SF	1664	1000	500
Use %	62.46%	37.54%	100.00%

Rate	138.04	100.97	29.24
Fr Adj	-11.83	-12.47	0.00
WH Adj	-4.24	1.44	0.00
Ot Adj	0.00	0.00	0.00
BASE	121.97	89.94	0.00
BPA %	100%	100%	0%

Subtot	121.97	89.94	29.24
--------	--------	-------	-------

U Fin	0.00	0.00	0.00
Ot Adj	0.00	0.00	0.00
IntFin	0.00	0.00	0.00
Div W	0.00	0.00	0.00
Lightg	0.00	0.00	0.00
AirCon	-2.29	0.00	5.00
Heat	-4.28	-1.60	0.00
Sprink	0.00	0.00	0.00

SF Pr	115.40	88.34	34.24
x SF	192030	88340	0

Subtot	280370
Plumb	8000
SpFeat	0
ExFeat	0
TOTAL	288370
Qual/Gr	D+2

(LCM: 92.00)

RCN 238770

Use Dep 80/ 0 80/ 0 0/ 0

## SPECIAL FEATURES

## SUMMARY OF IMPROVEMENTS

Description	Value	ID	Use	Strv Hgt	Const Type	Grade	Year Const	Eff Year	Cond	Base Rate	Feat- ures	Adj Rate	Size or Area	Computed Value	Phvs Depr	Obsol Depr	Market Adj	% Comp	Value
C		INDOFF		0.00		D+2	1998	1998	AV	0.00	N	0.00	3164	238770	80	0	116	100	55400
01		MEZZ		1.00		D+2	1998	1998	AV	29.24	N	28.30	10x 50	14180	74	0	116	100	4300

Data Collector/Date

Appraiser/Date

Neighborhood

Neigh 13001 AV

Supplemental Cards  
TOTAL IMPROVEMENT VALUE

59700



Date

VALUATION RECORD

Assessment Year

Reason for Change

VALUATION

Site Description

LAND DATA AND CALCULATIONS

Land Type	Rating	Measured	Table	Prod. Factor	Base	Adjusted	Extended	Influence	Value
	Soil ID	Acreage		-or-					
	-or-	-or-		Depth Factor					
	Actual	Effective	Effective	-or-					
	Frontage	Frontage	Depth	Square Feet	Rate	Rate	Value	Factor	

COM:  
10/28/86 .395 A TO NEW TRACT 132-01500-062  
10/28/86 TRANSFERRED IN ERROR, SHOULD NOT  
HAVE TRANSFERRED  
AU4 1996: ADDED MODULAR BLDG/LAND COMBINED  
AU4 1999: 3-1-99 BP #16587 @95% COMPLETE  
AU4 2000: 3-1-00 BP #16587 COMPLETE  
AU6 2004: 3-1-2004 BP#24373 COMPLETE  
AU6 2006: ASSESSED VALUE TRENDED PER IC 6-1.1-4.5  
EJM 01/23/96 1 A TO 132-01500-064-5  
EJM 01/23/96 COMBINE COMBINED WITH 132-01500-057-9  
EJM 01/23/96 DISSOLUTION DISSOLVE P 82-9  
EJM 01/23/96 PARCELIZATION - CORRECT ACREAGE  
EJM 06/02/00 QCD LODS KAREN S TO LODS SCOTT L

Supplemental Cards  
TOTAL LAND VALUE

## IMPROVEMENT DATA

## PHYSICAL CHARACTERISTICS

## ROOFING

Built-up

## WALLS

	B	1	2	U
Frame				
Brick		Yes		
Metal				
Guard				

## FRAMING

	B	1	2	U
Wd Jst	0	672	0	0

## FINISH

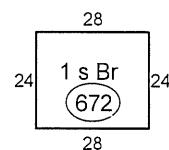
	UF	SF	FO	FD
1	0	0	0	672
Total	0	0	0	672

## HEATING AND AIR CONDITIONING

	B	1	2	U
Heat	0	672	0	0
A/C	0	672	0	0

## PLUMBING Residential Commercial

	#	TF	#	TF
Full Baths				
Half Baths				
Extra Fixtures	2			
TOTAL	2		0	



P Key	GCM25
#Units	
AVSize	
Floor	1
Perim	104
PAR	15
Height	9
Use	GENOFF
Use SF	672
Use %	100.00%

Rate	192.24
Fr Adj	-7.40
WH Adj	-17.22
Ot Adj	0.00
BASE	167.62
BPA %	100%

Subtot	167.62
--------	--------

U Fin	0.00
Ot Adj	0.00
IntFin	0.00
Div W	0.00
Lightg	0.00
AirCon	0.00
Heat	0.00
Sprink	0.00

SF Pr	167.62
x SF	112640

Subtot	112640
Plumb	1600
SpFeat	0
ExFeat	0
TOTAL	114240
Qual/Gr	C

(LCM: 92.00)

RCN	105100
-----	--------

Use Dep	49/ 0
---------	-------

## SPECIAL FEATURES

## SUMMARY OF IMPROVEMENTS

Description	Value	ID	Use	Strv Hgt	Const Type	Grade	Year Const	Eff Year	Cond	Base Rate	Feat-ures	Adj Rate	Size or Area	Computed Value	Phvs Depr	Obsol Depr	Market Adj	% Comp	Value
		C	GENOFF	0.00		C	1994	1994	AV	0.00	N	0.00	672	105100	49	0	116	100	62200

Data Collector/Date

Appraiser/Date

Neighborhood

Neigh 13001 AV

Supplemental Cards

TOTAL IMPROVEMENT VALUE

62200

TRANSFER OF OWNERSHIP

Date

VALUATION RECORD

Assessment Year  
Reason for Change

VALUATION

Site Description

LAND DATA AND CALCULATIONS

Land Type	Rating	Measured	Table	Prod. Factor	Base	Adjusted	Extended	Influence	Value
	Soil ID -or- Actual Frontage	Acreage -or- Effective Frontage	Effective Depth	-or- Depth Factor -or- Square Feet					

COM:  
EJM 06/02/00 QCD LODS KAREN S TO LODS SCOTT L  
EJM 06/27/00 EASEMENT LODS SCOTT L & KAREN S TO  
TIFMONT-REMC  
EJM 07/14/05 SURVEY  
EJM 10/06/95 SURVEY  
EJM 10/31/96 B/R APPEALED BLDGS (DENIED)  
FEM 12-6-95 BP #15476 2 PIECE MODULAR FOR STORAGE  
NO UTILITIES  
FEM 5-20-03 BP#24373 PFR  
PF 10-4-94 BP #12253 COMPLETE  
PF 3-1-97 BP #16587 - NOT STARTED  
PF 3-1-98 BP #17842 & 17843 COMPLETE  
PF 3-1-99 ALL SHEDS WERE REMOVED BY 3-1-97

Supplemental Cards  
TOTAL LAND VALUE

## PHYSICAL CHARACTERISTICS

Occupancy: Single family

Story Height: 1.0  
 Finished Area: 2480  
 Attic: None  
 Basement: None

## ROOFING

Material: Asphalt shingles

## FLOORING

Sub and Joists 1.0  
 Vinyl tile 1.0  
 Carpet 1.0

## EXTERIOR COVER

4/6 Masonry 1.0

## INTERIOR FINISH

Drywall 1.0

## ACCOMMODATIONS

Finished Rooms 1

## HEATING AND AIR CONDITIONING

Primary Heat: Central Warm Air  
 Lower Full Part  
 /Bsmt 1 Upper Upper

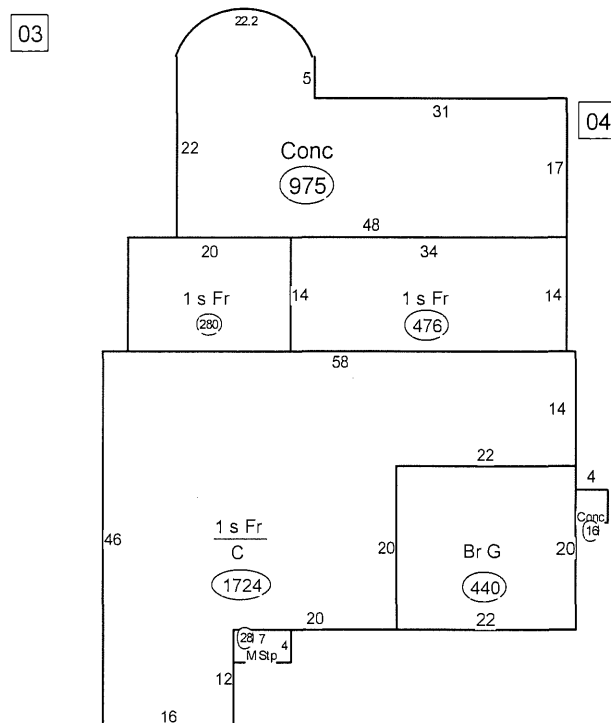
## PLUMBING

#  
 3 Fixt. Baths 2 6  
 Kit Sink 1 1  
 Water Heat 1 1  
 TOTAL 8

## REMODELING AND MODERNIZATION

Amount Date

## IMPROVEMENT DATA



Construction	Base Area	Floor Area	Finished Area	Sq Ft	Value
1 WOOD FRAME	2480	1.0	2480		148580

1724 Crawl ---- 7680

TOTAL BASE 156260

Row Type Adjustment 1.00%

SUB-TOTAL 156260

0 Interior Finish 0

0 Ext Lvg Units 0

0 Basement Finish 0

Fireplace(s) 0

Heating 0

Air Condition 0

Frame/Siding/Roof 9090

Plumbing Fixt: 8 2400

SUB-TOTAL ONE UNIT 167750

SUB-TOTAL 0 UNITS 167750

Description	Value	Garages	
MSTP	1600	0 Integral	0
CONCP	130	440 Att Garage	14500
CONCP	4980	0 Att Carports	0
		0 Bsmt Garage	0
		Ext Features	6710

SUB-TOTAL (LCM: 92.00)

Quality Class/Grade C

GRADE ADJUSTED VALUE 173840

## SPECIAL FEATURES

## SUMMARY OF IMPROVEMENTS

Description	Value	ID	Use	Stry Hgt	Const Type	Grade	Year Const	Eff Year	Cond	Base Rate	Feat- ures	Adj Rate	Size or Area	Computed Value	Phys Depr	Obsol Depr	Market Adj	% Comp	Value
D : Remod 2003		D	DWELL	1.00	94	C	1960	1973	AV	0.00	N	0.00	2480	173840	40	0	113	100	117900
		G01	ATTGAR	0.00	7					32.96	N	32.96	20x 22	14500	0	0	0	100	0
		03	DETGAR	0.00	1	C	1995	1995	AV	46.99	N	43.23	15x 16	10380	24	0	100	100	7900
		04	UTLSHED	0.00	1	C	2012	2012	AV	26.02	N	23.94	8x 8	1530	35	0	100	100	1000

Data Collector/Date

Appraiser/Date

Neighborhood

Supplemental Cards

TOTAL IMPROVEMENT VALUE

126800

79 03/01/2002

Neigh 13001 AV

## **Addendum D**

### **Comparable Data**

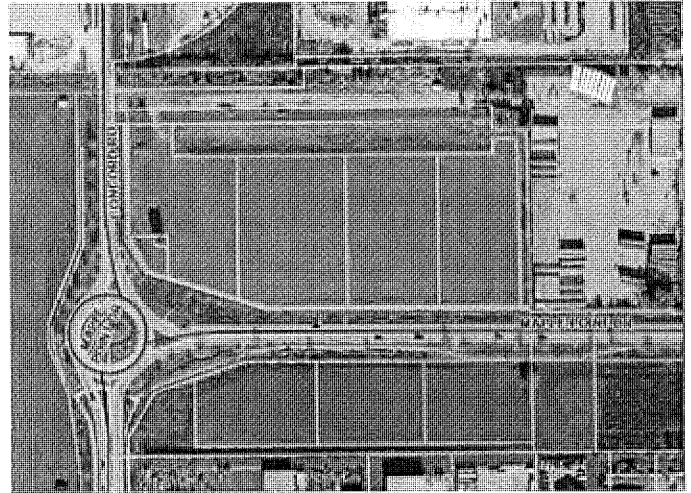
## Land Sales

# Land Sale Profile

Sale No. 1

## Location & Property Identification

Property Name: Land: Concord Rd  
Sub-Property Type: Commercial, Industrial  
Address: 2725 Concord Rd.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe  
  
Market Orientation: Industrial Park  
  
IRR Event ID: 2928636



## Sale Information

Sale Price: \$487,500  
Effective Sale Price: \$487,500  
Sale Date: 03/07/2022  
Recording Date: 03/09/2022  
Sale Status: Closed  
\$/Acre(Gross): \$68,953  
\$/Land SF(Gross): \$1.58  
\$/Acre(Usable): \$68,953  
\$/Land SF(Usable): \$1.58  
Grantor/Seller: TCC Investments, LLC  
Grantee/Buyer: Whiskir, LLC  
Property Rights: Fee Simple  
% of Interest Conveyed: 100.00  
Financing: Cash to seller  
Document Type: Warranty Deed  
Verification Type: Secondary Verification

Usable/Gross Ratio: 1.00  
Shape: Irregular  
Topography: Level  
Corner Lot: Yes  
Zoning Code: I3  
Zoning Desc.: Industrial  
Flood Plain: No  
Utilities: Electricity, Water Public, Sewer, Gas  
Source of Land Info.: Public Records

## Comments

Sale of a vacant tract of land located at the northeast corner of the Concord Road and Maple Point Drive roundabout, just west of Sagamore Parkway, on the southeast side of Lafayette. The tract consisted of four lots ranging in size from 1.28 acres to 1.64 acres, along with 0.12-acre corner Outlot A and a rear 1.27-acre, 70' x 670' strip known as Outlot C. Each parcel was acquired for \$81,250. The small Outlot A was improved with a two-sided, four-panel billboard. The easternmost lot, the 1.28-acre Lot 4 (3430 Maple Point Drive), is to be developed with a 15,000 square foot flex building with expected completion by December 2022.

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
Legal/Tax/Parcel ID: 79-11-03-202-001.000-033;  
79-11-03-202-002.000-033;  
79-11-03-202-003.000-033;  
79-11-03-202-004.000-033;  
79-11-03-202-008.000-033;  
79-11-03-202-010.000-033  
  
Acres(Usable/Gross): 7.07/7.07  
Land-SF(Usable/Gross): 307,969/307,969

Land: Concord Rd

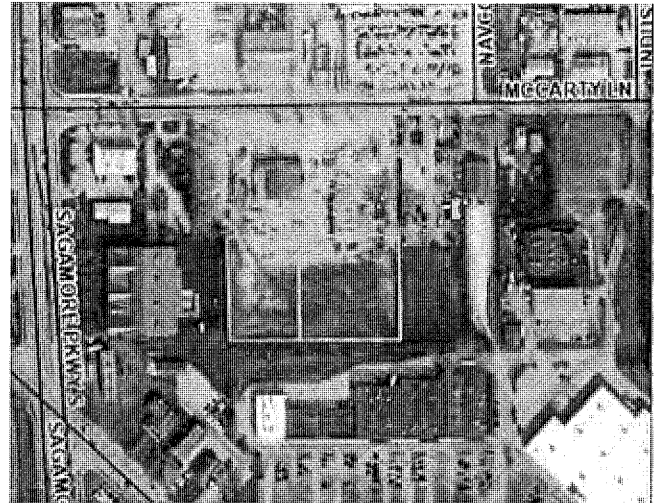


# Land Sale Profile

Sale No. 2

## Location & Property Identification

Property Name: Land: Industrial  
Sub-Property Type: Commercial, Industrial  
Address: 3459 McCarty Ln.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe  
  
Market Orientation: Suburban  
  
IRR Event ID: 3006526



## Sale Information

Sale Price: \$210,000  
Effective Sale Price: \$210,000  
Sale Date: 11/21/2022  
Sale Status: Closed  
\$/Acre(Gross): \$57,803  
\$/Land SF(Gross): \$1.33  
\$/Acre(Usable): \$57,803  
\$/Land SF(Usable): \$1.33  
Grantor/Seller: W & W Lafayette Properties, LLC  
Grantee/Buyer: MYALL, LLC  
Assets Sold: Real estate only  
Property Rights: Fee Simple  
Financing: Cash to seller  
Conditions of Sale: Arm's-length  
Document Type: Warranty Deed  
Verification Type: Secondary Verification  
Secondary Verific. Source: Sales Disclosure and CoStar

Topography: Level  
Vegetation: Minimal  
Corner Lot: No  
Frontage Feet: 40  
Frontage Desc.: McCarty Lane  
Frontage Type: 2 way, 2 lanes each way  
Traffic Control at Entry: None  
Traffic Flow: Moderate  
AccessibilityRating: Average  
Visibility Rating: Below average  
Zoning Code: GB  
Zoning Desc.: General Business  
Flood Plain: No  
Flood Zone: Outside of 500-year floodplain  
  
Flood Zone Designation: X  
Utilities: Electricity, Water Public, Sewer, Gas, Telephone  
Source of Land Info.: Public Records

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
Legal/Tax/Parcel ID: Parcel #79-07-34-200-011.000-004  
Acres(Usable/Gross): 3.63/3.63  
Land-SF(Usable/Gross): 158,253/158,253  
Usable/Gross Ratio: 1.00  
Shape: Irregular

## Comments

Sale of a vacant parcel of land located in McCarty Industrial Park, situated in the southeast quadrant of McCarty Lane and Sagamore Parkway South, on the southeast side of the city of Lafayette, Tippecanoe County. The property appears to have been purchased by a Life Sciences company (Integra Life Sciences), but the intended use of the buyer is unknown.

Land: Industrial





# Land Sale Profile

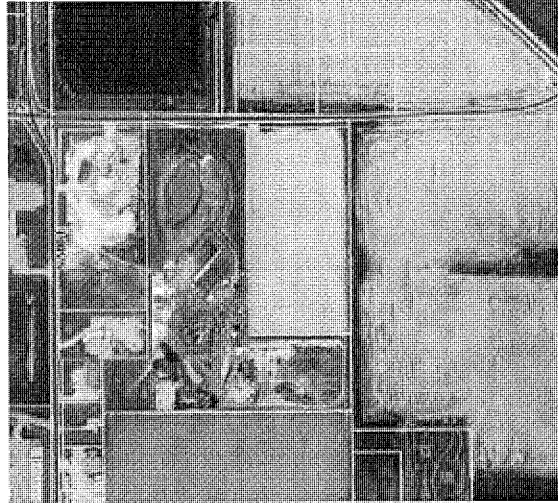
Sale No. 3

## Location & Property Identification

Property Name: Land: E Old CR 350 S  
Sub-Property Type: Commercial, Industrial  
Address: E. Old County Road 350 S.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe

Market Orientation: Suburban

IRR Event ID: 3211345



## Sale Information

Sale Price: \$460,000  
Effective Sale Price: \$460,000  
Sale Date: 01/25/2024  
Sale Status: Closed  
\$/Acre(Gross): \$46,138  
\$/Land SF(Gross): \$1.06  
Grantor/Seller: 600 Land Inc.  
Grantee/Buyer: American Realty of Lafayette, LLC  
Property Rights: Fee Simple  
Financing: Cash to seller  
Conditions of Sale: Arm's-length  
Verification Type: Secondary Verification

## Comments

Sale of land on southeast side of Lafayette between US 52 and Interstate 65. In an area experiencing industrial development. Zoned I3. Assessor address is E CR 400 S but parcel's frontage is along Old CR 350 S.

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
Legal/Tax/Parcel ID: 79-12-07-300-018.000-012  
Acres(Gross): 9.97  
Land-SF(Gross): 434,293  
Shape: Rectangular  
Topography: Level  
Zoning Code: I3  
Zoning Desc.: Industrial  
Utilities Desc.: All utilities near site  
Source of Land Info.: Public Records

Land: E Old CR 350 S

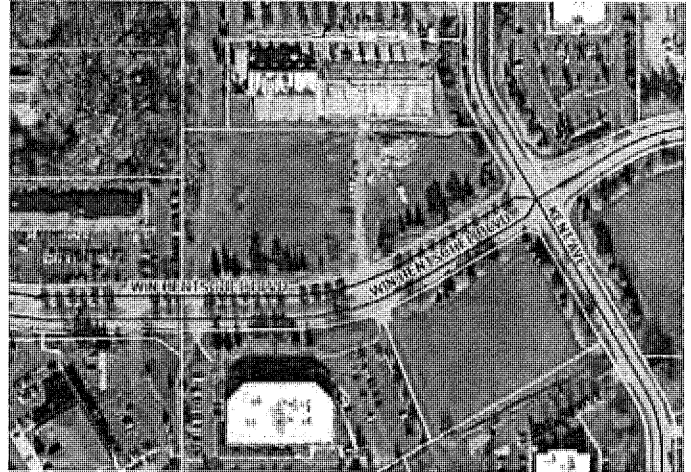


# Land Sale Profile

Sale No. 4

## Location & Property Identification

Property Name: Land: Inari Expansion  
Sub-Property Type: Commercial  
Address: 1436 Win Hentschel Blvd.  
City/State/Zip: West Lafayette, IN 47906  
County: Tippecanoe  
  
Market Orientation: Suburban  
  
IRR Event ID: 2919898



## Sale Information

Sale Price: \$410,000  
Effective Sale Price: \$410,000  
Sale Date: 04/26/2022  
Sale Status: Closed  
\$/Acre(Gross): \$108,237  
\$/Land SF(Gross): \$2.48  
\$/Acre(Usable): \$151,852  
\$/Land SF(Usable): \$3.49  
Grantor/Seller: Purdue Research Foundation  
Grantee/Buyer: West Lafayette Greenhouse Phase 2, LLC  
  
Assets Sold: Real estate only  
Property Rights: Fee Simple  
Financing: Cash to seller  
Document Type: Warranty Deed  
Verification Type: Secondary Verification  
Secondary Verific. Source: Sales Disclosure

Corner Lot: Yes  
Frontage Feet: 680  
Frontage Desc.: Win Hentschel Boulevard  
Frontage Type: 2 way, 1 lane each way  
Traffic Control at Entry: Stop sign  
Traffic Flow: Low  
AccessibilityRating: Average  
Visibility Rating: Average  
Zoning Code: OR  
Zoning Desc.: Office/Research Zones  
Flood Plain: No  
Flood Zone Designation: X  
Utilities: Electricity, Water Public, Sewer, Gas, Telephone  
Source of Land Info.: Public Records

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
Legal/Tax/Parcel ID: 79-06-01-400-007.000-035  
Acres(Usable/Gross): 2.70/3.79  
Land-SF(Usable/Gross): 117,612/165,005  
Usable/Gross Ratio: 0.71  
Shape: Irregular  
Topography: Level  
Vegetation: Trees and grasses

## Comments

Sale of a vacant parcel of land located at the northwest corner of Win Hentschel Boulevard and Kent Avenue, in the Purdue Research Park, on the north side of West Lafayette. The property includes a public trail along with a drainage swale which encumbers approximately 1.09 acres across the western portion of the site. The parcel was purchased by the property owner adjacent north for expansion of their greenhouse operation.

Land: Inari Expansion



# Land Sale Profile

Sale No. 5

## Location & Property Identification

Property Name: Land: Commercial  
Sub-Property Type: Commercial  
Address: NEQ Twyckenham & S 9th St  
City/State/Zip: Lafayette, IN 47909  
County: Tippecanoe

Market Orientation: Suburban

IRR Event ID: 2923614



## Sale Information

Sale Price: \$230,000  
Effective Sale Price: \$230,000  
Sale Date: 06/03/2021  
Recording Date: 06/08/2021  
Sale Status: Closed  
\$/Acre(Gross): \$52,464  
\$/Land SF(Gross): \$1.20  
\$/Acre(Usable): \$52,464  
\$/Land SF(Usable): \$1.20  
Grantor/Seller: Twyckenham Crossing  
Grantee/Buyer: Synergy TNT, LLC  
Property Rights: Fee Simple  
Financing: Cash to seller  
Verified By: Clark R. Chumley  
Verification Date: 09/27/2022  
Verification Type: Secondary Verification

Zoning Code: NB  
Zoning Desc.: Neighborhood Business  
Flood Plain: No  
Flood Zone Designation: X  
Utilities: Electricity, Water Public, Sewer, Gas  
Source of Land Info.: Public Records

## Comments

This is the sale of a parcel of land on the north side of Twyckenham Blvd. just east of S 9th Street on the southeast side of Lafayette. The land has good visibility but poor accessibility from Twyckenham Blvd. which is elevated over the railroad tracks which border the property along its northeast side. The land adjoins retail uses at the northeast corner with S 9th Street.

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
Legal/Tax/Parcel ID: 79-11-04-151-001.000-032  
Acres(Usable/Gross): 4.38/4.38  
Land-SF(Usable/Gross): 190,967/190,967  
Usable/Gross Ratio: 1.00  
Shape: Irregular  
Corner Lot: No  
AccessibilityRating: Below average  
Visibility Rating: Above average

Land: Commercial



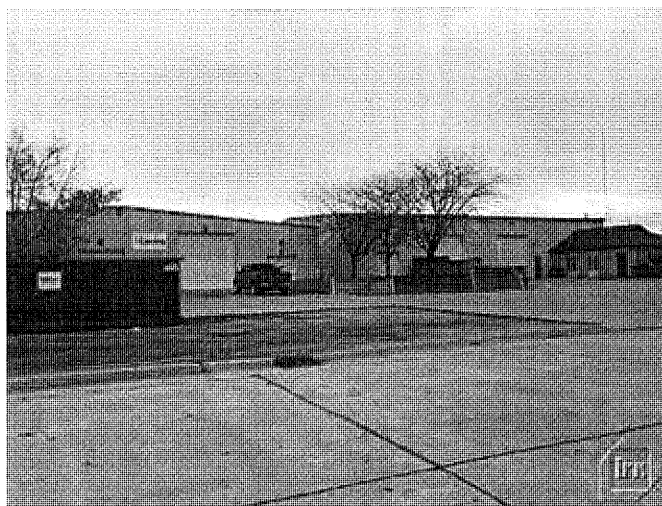
## Lease Comparables

# Industrial Lease Profile

Lease No. 1

## Location & Property Identification

Property Name: Warehouse  
Sub-Property Type: Warehouse  
Address: 1425 Industrial Dr.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe  
Submarket: Lafayette  
Market Orientation: Industrial Park  
  
IRR Event ID: 2622559



## Space Information

Space Type: Industrial  
Full Building Lease: Yes  
Leased Area: 10,651

## Lease Information

Lease Status: Signed Lease  
Lessor: Tetzloff LLC  
Lessee: Unknown  
Lease Signed Date: 03/11/2022  
Start/Available Date: 06/09/2022  
Term of Lease: 36 months  
Lease Measure: \$/SF/Yr  
Face Rental Rate: \$5.75  
Effective Rental Rate: \$5.75  
Escalation Type: None  
Transaction Reliability: Researched

## Lease Expense Information

Reimbursement Method: Triple Net  
Landlord Pays: Management Fees, Structural Repairs  
Tenant Pays: RE Taxes, Property Insurance, Utilities, Repairs & Maintenance, CAM

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
  
Legal/Tax/Parcel ID: 79-07-27-477-006.000-004  
GBA-SF: 10,651  
NRA-SF: 10,651  
Acres(Usable/Gross): 0.55/0.55  
Land-SF(Usable/Gross): 23,958/23,958  
Usable/Gross Ratio: 1.00  
Year Built: 1990  
M&S Class: S  
No. of Buildings/Stories: 1/1  
No. of Truck Doors: 1.00  
Overhead/Grade/Bay: 4.00  
Percent Office: 6.00  
Air-Conditioned: 6.00  
Clear Height(Feet): 13.00  
Fire Sprinkler Type: None  
Air-Conditioning Type: Office  
Shape: Rectangular  
Topography: Level  
Corner Lot: No  
Bldg. to Land Ratio FAR: 0.44  
Land to Building Ratio: 2.25  
Utilities: Electricity, Water Public, Sewer, Gas  
Source of Land Info.: Public Records

## Comments

This property is located in a small industrial park just east of Sagamore Parkway on the east side of Lafayette,

Warehouse



## Comments (Cont'd)

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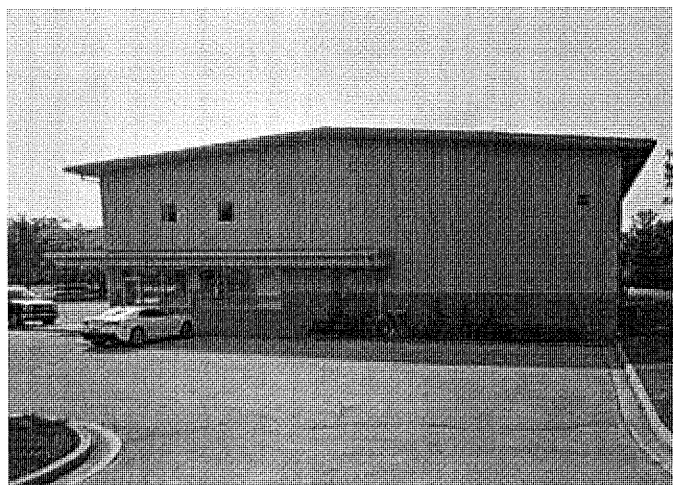
Indiana. The improvements consist of a 10,651 SF industrial building constructed in 1991. The interior features 6% office space, 12 to 15 ceiling heights, two drive-in doors, one dock door. The rental rate is \$5.75 per square foot per year on a triple net basis.

# Industrial Lease Profile

Lease No. 2

## Location & Property Identification

Property Name: Industrial Warehouse  
Sub-Property Type: Warehouse, General Warehouse  
Address: 3535 McCarty Ln.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe  
Submarket: Lafayette  
Market Orientation: Suburban  
  
IRR Event ID: 2936852



## Space Information

Space Type: Office/Warehouse  
Full Building Lease: No  
Leased Area: 10,400  
% Office (leased space): 12%  
% AC (leased space): 22%  
Ceiling Height (ft): 20.00

Landlord Pays: Management Fees, Structural Repairs  
Tenant Pays: RE Taxes, Property Insurance, Utilities, Repairs & Maintenance, CAM

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN  
  
Legal/Tax/Parcel ID: Parcel  
#79-07-34-226-021.000-004  
GBA-SF: 16,540  
NRA-SF: 16,540  
Acres(Usable/Gross): 1.29/1.29  
Land-SF(Usable/Gross): 56,192/56,192  
Usable/Gross Ratio: 1.00  
Year Built: 1996  
Property Class: C  
M&S Class: S  
Construction Quality: Average  
Improvements Cond.: Average  
Exterior Walls: Metal  
No. of Buildings/Stories: 1/1  
Multi-Tenant/Condo.: Yes/No  
Ceiling Height: 20.00  
Overhead/Grade/Bay: 7.00  
Percent Office: 12.00  
Office Finishes Quality: Average  
Air-Conditioned: 22.00  
Clear Height(Feet): 20.00

## Lease Information

Lease Status: Signed Lease  
Lessor: Autotech Performance Center, Inc.  
Lessee: Phoenix Paramedic Solutions  
  
Lease Signed Date: 02/09/2022  
Start/Available Date: 05/10/2022  
Expiration Date: 05/09/2025  
Term of Lease: 36 months  
Lease Measure: \$/SF/Yr  
Face Rental Rate: \$5.65  
Effective Rental Rate: \$5.65  
Escalation Type: None  
Transaction Reliability: Researched

## Lease Expense Information

Reimbursement Method: Triple Net

Industrial Warehouse



## Improvement and Site Data (Cont'd)

Mezzanine:	Yes
Total Parking Spaces:	30
Park. Ratio 1000 SF GLA:	1.81
No. Surface Spaces:	30
Park. Ratio 1000 SF GBA:	1.81
Parking Conformity:	Yes
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Vegetation:	Trees and grasses
Corner Lot:	No
Frontage Feet:	190
Frontage Desc.:	McCarty Lane
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Low
Accessibility Rating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.29
Land to Building Ratio:	3.40
Zoning Code:	GB
Zoning Desc.:	General Business
Flood Plain:	No
Flood Zone:	Outside of 500-year floodplain
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

## Comments

This property is located adjacent south of a movie theater and adjacent north of a retail shopping center, just south of McCarty Lane on the east side of Lafayette, Indiana. The improvements consist of a 16,540 square-foot industrial building constructed in 1996. The interior features 12% office space, 20-foot ceiling heights, and seven drive-in doors. The rental rate is \$5.65 per square foot per year on a triple net basis.



# Industrial Lease Profile

Lease No. 3

## Location & Property Identification

Property Name: Ludo Fact  
Sub-Property Type: Warehouse  
Address: 4673 Dale Dr.  
City/State/Zip: Lafayette, IN 47905  
County: Tippecanoe  
Submarket: Lafayette  
Market Orientation: Industrial Park  
  
IRR Event ID: 3052796



## Space Information

Space Type: Office/Warehouse  
Full Building Lease: Yes  
Leased Area: 22,040

## Lease Information

Lease Status: Signed Lease  
Lease Signed Date: 11/18/2021  
Start/Available Date: 12/01/2021  
Lease Measure: \$/SF/Yr  
Face Rental Rate: \$5.25  
Effective Rental Rate: \$5.25  
Escalation Type: Fixed Steps  
Transaction Reliability: Verified

## Lease Expense Information

Reimbursement Method: Modified Gross  
Reimbursement Desc.: NN  
Landlord Pays: Property Insurance, Management Fees, Structural Repairs  
  
Tenant Pays: RE Taxes, Utilities, Repairs & Maintenance

## Improvement and Site Data

MSA: Lafayette-West Lafayette, IN

Legal/Tax/Parcel ID: 79-11-12-452-001.000-031  
GBA-SF: 22,040  
NRA-SF: 22,040  
Acres(Gross): 2.88  
Land-SF(Gross): 125,452  
Year Built: 2005  
M&S Class: S  
No. of Buildings/Stories: 1/1  
No. of Truck Doors: 3.00  
Overhead/Grade/Bay: 4.00  
Percent Office: 9.00  
Clear Height(Feet): 20.00  
Fire Sprinkler Type: Wet  
Bldg. to Land Ratio FAR: 0.18  
Land to Building Ratio: 5.69  
Zoning Code: I-3  
Zoning Desc.: Industrial  
Bldg. Phy. Info. Source: Public Records  
Source of Land Info.: Public Records

## Comments

Double net lease renewal of industrial office/warehouse on the south side of Lafayette. The prior lease term was 37 months, commencing on 4/1/2018 at \$4.50/SF, triple net, with annual escalation of 2.0%. The change in rental rate and lease terms appears to be a compromise between tight market conditions and the interest in retaining a tenant.

Ludo Fact



## **Addendum E**

### **Engagement Letter**

Integra Realty Resources  
Indianapolis

4981 North Franklin Road  
Indianapolis, IN 46226

T 317-546-4720  
F 317-546-1407  
info@irr.com  
www.irr.com



December 16, 2024

Mr. Scott Lods  
American Suburban Utilities  
3350 West County Road 250 North  
West Lafayette, Indiana 47906

Via Email: [slods@asutilities.com](mailto:slods@asutilities.com)  
Phone # 765-463-3856

SUBJECT: Proposal/Authorization for Valuation Services-  
American Suburban Utilities Headquarters  
3350 West County Road 250 North  
West Lafayette, Indiana 47906  
Part Parcel #79-06-10-251-004.000-022

Dear Mr. Lods:

Upon your acceptance of this letter agreement, Integra Realty Resources – Indianapolis will prepare an appraisal of the referenced property.

The purpose of the appraisal is to provide an opinion of the fair market rent of the leasehold interest in the above referenced property. The intended use of the appraisal is for **assistance in an Indiana Utility Regulatory Commission matter**. The use of the appraisal by anyone other than you or your designated representatives for the defined use is prohibited.

The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. Choose an item.

In accordance with our correspondence, the scope of this assignment will require IRR – Indianapolis to consider all relevant and applicable approaches to value as determined during the course of our research, property analysis, and preparation of the report.



December 16, 2024

Page 2

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an **Appraisal Report**-Choose an item.. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

IRR – Indianapolis is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. ("Integra") shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Indianapolis. In addition, it is expressly agreed that in any action which may be brought against IRR – Indianapolis and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

The total fee for this assignment will not exceed [REDACTED] [including expenses] and the delivery date will be **four (4) weeks** (Note: Fee/timing valid 10 (ten) days from quote) from your acceptance of this letter agreement, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require a retainer of [REDACTED] in order to initiate the assignment.** The fees will be due and payable within 30 days of the delivery of the reports. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys' fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed. Upon default, we shall be permitted to file a lien against the Subject Properties for any amounts owed pursuant to this engagement.

An electronic (PDF) appraisal report will be provided via email. (a copy of the appraisal report will be provided *if requested*). The delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Properties, as well as our receipt of all requested information necessary to complete the assignment.



December 16, 2024

Page 3

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, IRR – Indianapolis and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

INTEGRA REALTY RESOURCES – INDIANAPOLIS

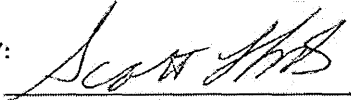


Michael C. Lady, MAI, SRA, ASA, CCIM, FRICS  
Senior Managing Director  
Certified General Real Estate Appraiser  
Indiana Certificate # CG69100223  
Telephone: 317-546-4720, ext.222  
Email: mlady@irr.com

MCL/clis

Attachments

AGREED & ACCEPTED THIS 17 DAY OF DECEMBER, 2024

BY: 

AUTHORIZED SIGNATURE

SCOTT L. LODS, PRESIDENT  
NAME (PRINT)



# STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION  
101 W. WASHINGTON STREET, SUITE 1500E  
INDIANAPOLIS, INDIANA 46204-3407



<http://www.in.gov/iurc>  
Office: (317) 232-2701  
Facsimile: (317) 232-6758

March 13, 2025

J. Christopher Janak  
Bose McKinney & Evans, LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204

Via electronic mail

Dear Mr. Janak:

Thank you for submitting the Lease Agreement between Scott Lods and American Suburban Utilities, Inc. ("ASU").

Indiana Utility Regulatory Commission ("IURC" or "Commission") staff have reviewed the Lease Agreement, and it appears to violate the order of the Commission in IURC Cause No. 45649 U. The following terms of the Lease Agreement must be amended to comply with the Commission's order:

1. In IURC Cause No. 45649 U, the Commission found it unreasonable for ASU to rent 13,212 square feet of space and accepted the position of the Indiana Office of Utility Consumer Counselor ("OUCC") that only 3,207 square feet was actually needed and used by ASU. In stark contrast, the submitted Lease Agreement is for an increased amount of 14,860 square feet of space. **The square footage under the Lease Agreement must be reduced to 3,207 square feet.**

I also note that, according to the Indiana Secretary of State website, Mr. Lods appears to have another business at the same address as ASU.

2. The Commission found the "triple net lease" term in the 2020 lease from IURC Cause No. 45649 U to be unreasonable; however, the Lease Agreement provides a similar triple net lease, which could make ASU responsible for all operating costs associated with the building, including property taxes and insurance. Moreover, Section 9(b) of the Lease Agreement explains that the Structural Elements and Building Systems may be ASU's responsibility. **The triple net lease term and the assignment of responsibility to ASU for the Structural Elements and Building Systems must be removed from the Lease Agreement.**

Mr. J. Christopher Janak

Page 2

March 13, 2025

3. The Lease Agreement contains a Holdover Possession provision (Section 2), requiring ASU to pay 150% of the Base Rent (\$9,583.33/mo.) if the “Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term [2/28/26], without written consent of the Landlord...” Staff believes this provision is unreasonable – if a new contract is not executed in time, the responsibility should fall on Mr. Lods, not ASU. **The Holdover Possession provision must also be removed from the Lease Agreement.**

**Please respond by COB on March 27, 2025**, with an amended version of the Lease Agreement.

Failure to amend the Lease Agreement as indicated above will result in my requesting that the Commission open an investigation pursuant to Indiana Code section 8-1-2-49(2) to determine whether the Lease Agreement is in the public interest and, if not, to disapprove this affiliate contract.

If you have any questions or would like to discuss the Lease Agreement terms, please contact me at 317-232-2092 or [BHeline@urc.IN.gov](mailto:BHeline@urc.IN.gov).

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script, reading "Beth E. Heline".

Beth Heline  
General Counsel

Cc: Curt Gassert, Director, IURC Water/Wastewater Division  
Daniel Le Vay, Deputy Consumer Counselor, OUCC

**BOSE  
McKINNEY  
& EVANS LLP**

ATTORNEYS AT LAW

**J. Christopher Janak**

Direct Dial: (317) 684-5249

Fax: (317) 223-0249

E-Mail: jjanak@boselaw.com

**RECEIVED**  
**MAR 27 2025**  
INDIANA UTILITY REGULATORY COMMISSION

March 27, 2025

Beth Heline,  
General Counsel  
Indiana Utility Regulatory Commission  
PNC Center  
101 W Washington St. Suite 1500 East  
Indianapolis, IN 46204

RE: IC 8-1-2-49 Filing for American Suburban Utilities, Inc.

Dear Ms. Heline:

Thank you for your letter dated March 13, 2025 (the "**Commission Letter**") setting forth your concerns on behalf of the Indiana Utility Regulatory Commission ("**IURC**" or the "**Commission**") regarding the Lease between Scott L. Lods and American Suburban Utilities, Inc. ("**ASU**") that ASU submitted on February 28, 2025 (the "**Original Lease**"). Enclosed herewith is a revised draft of the Original Lease (the "**Revised Lease**") together with a "redline" comparison between the Revised Lease and the Original Lease. The purpose of letter is to address the comments set forth in the Commission Letter and narrow the remaining issues that may need to be reviewed if the Commission determines that an investigation pursuant to Indiana Code section 8-1-2-49(2) is needed.

The Commission Letter states that the Original Lease appears to violate the Order of the Commission in Cause No. 45649 U (the "**45649U Order**") and concludes that the Original Lease required amendment as follows:

1. The square footage under the Lease must be reduced to 3,207 square feet.
2. The triple net lease term and the assignment of responsibility to ASU for the Structural Elements and Building Systems must be removed.
3. The Holdover Provision must be removed.

In the discussion below, we address each of these requests in turn.

**1. Square Footage Issue.** The Commission Letter states that in the 45649U Order, the Commission determined it unreasonable for ASU to rent 13,212 square feet of space and "accepted the position of the Indiana Office of Utility Consumer Counselor (the "**OUC**") that only 3,207 square feet was actually needed and used by ASU." Respectfully, as set forth below, ASU's position is that such determination by the OUC in Cause No. 45649 U was not based on any actual investigation or similar evidentiary support and that if an investigation was conducted, then it would evidence that the 13,212 square feet is indeed needed and used. Further, ASU addresses below the comment in the Commission Letter regarding other businesses using the same address as ASU.



Beth Helene, General Counsel  
Indiana Utility Regulatory Commission  
March 27, 2025  
Page Two

(a) **Evidentiary Support.** The 45649U Order provides no indication that any OUCC witness or representative conducted a field visit to any of ASU's offices, maintenance buildings, treatment plants or any other ASU facility during the course of Cause No. 45649 U. This is because no such field visit or any other investigation was indeed conducted. Rather, the determination in the 45649U Order as to the proper square footage to be leased was based simply on conclusive statements of witnesses for the OUCC. ASU acknowledges that on page 48 of the 45649U Order, the Commission stated that ASU failed to offer support for the increased square footage and that the Commission made a similar finding as to lack of support for the increased square footage in Cause No. 44676. It was and is ASU's intention to correct such failure and provide the Commission with the support needed to address the square footage issue by engaging Integra Realty Resources ("IRR") to provide its Appraisal of Real Property report dated February 27, 2025 ("2025 Appraisal"). A copy of the 2025 Appraisal was included with the submittal of the Original Lease. In contrast to the OUCC's determination, the 2025 Appraisal did include an onsite property inspection (See page 9 setting forth inspection date of December 30, 2024). In addition, the 2025 Appraisal includes a discussion as to IRR's scope of work, including data sources (See page 8), a detailed discussion as to the "Occupancy Status" of the property (See pages 35-36), and an "Improvements Analysis" (See pages 36-51). This information demonstrates that IRR conducted a detailed and thorough investigation. ASU believes that such detail and thoroughness supports a conclusion that the determinations made in the 2025 Appraisal are better supported than the conclusive statements of the OUCC witnesses referenced in 45649U Order.

(b) **Square Footage Needed and Used.** The 2025 Appraisal provides a detailed description of the functional areas of the property together with photographs and floor plans showing how the property is utilized by ASU. While there are many areas within the 2025 Appraisal that address the square footage issue, pages 36-51 specifically detail the design and use of ASU's office space and maintenance facilities, compares ASU to other similar businesses and then concludes as follows:

**"Functional Utility**

The subject property appears to be typical of an industrial property in the contracting/maintenance related market segment in the Lafayette-West Lafayette market. Based on its gross building area of 14,860 square feet and 4.00-acre supporting site area, its land-to-building ratio of 11.73 is consistent with and bracketed by the average and median land-to-building ratios of the four comparable contracting/maintenance-related properties noted in the market analysis of 12.95 and 11.72, respectively.

While the percentage of the subject's office area (31%) is greater than the middle of the range for the range (23% - 27%) four comparable properties noted in the market analysis, it is bracketed by these properties, which range from 5% to 32%. Additionally, design standards utilized in the office leasing market specify a range from 125 to 225 square feet of usable area per employee when considering space needs for a prospective office tenant. The subject's space per employee of 192.45 square feet is higher than the average of 150 square feet used by institutions with uniform functions as noted in the market analysis. However, the functions performed within the subject office space described above include

Beth Helene, General Counsel  
Indiana Utility Regulatory Commission  
March 27, 2025  
Page Three

a mix of individual and group activities supported by the need for extensive office equipment operations and construction plan and record storage. ***Based on these factors, it is reasonable to conclude that the office space associated with the subject's construction-related use is not super-adequate.*** [Emphasis added]

Also, on page 40 of the 2025 Appraisal, IRR states that:

**“Conclusion of Improvements Analysis**

Overall, the quality, condition, and functional utility of the improvements are average for their age and location in comparison with competing properties with similar physical characteristics in the Lafayette-West Lafayette market.”

The 2025 Appraisal supports a finding that the leased square footage is consistent with what is needed for ASU's use and is in fact being used. In other words, the office and maintenance facilities (and the representative square footage of those facilities) currently being used in utility operations is reasonable and necessary. However, ASU also understands that the 2025 Appraisal that was submitted on February 28, 2025 has not been subject to formal Commission inquiry and investigation. Again, it is ASU's hope that the 2025 Appraisal provides the Commission with proper support for the current square footage required and being used by ASU in its utility operations. However, if additional analysis and investigation is required, ASU is committed to working through those processes with the Commission and OUCC.

**(c) Other Businesses for Mr. Lods.** The Commission Letter noted that Mr. Lods appears to have another business at the same address as ASU. ASU would like to clear up the confusion on this issue.

First, ASU believes that the “other business” that was referred to in the Commission Letter was L-3 Corp. That business has not operated since December, 2024 when its assets and obligations were transferred to ASU pursuant to the Commission's order in Cause No. 46017.

Secondly, neither L-3 Corp. nor any other business was operated by Mr. Lods at any time from the premises being leased by ASU. As stated in the 2025 Appraisal (See page 29), the property included in the Original Lease and in IRR's analysis is part of a larger parcel or property:

“The subject supporting site is the rectangular south part of an irregular parent parcel (Parcel #79-06 10-251-004.000-022) which has a land area of 17.486, according to the property record card. The subject's supporting site has a calculated land area of 4.00 acres, based on scaled measurements from the Schneider Engineering Beacon GIS website for Tippecanoe County, Indiana.”

Mr. Lods' business was located on the remaining acres that was part of the larger parcel that are not being leased to ASU, albeit with the same mailing address. However, ASU does understand the confusion that this has caused and is working to provide the Indiana Secretary of State with new mailing locations for any

Beth Heline, General Counsel  
Indiana Utility Regulatory Commission  
March 27, 2025  
Page Four

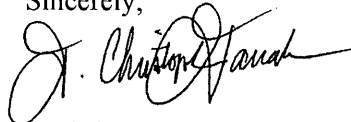
other businesses located on the remaining acreage. It is Mr. Lods' and ASU's intention that ASU continue to use the current address.

**2. Triple Net Lease.** The proposed annual rent and other terms set forth in the Original Lease were based on the 2025 Appraisal. In the 45649U Order, the Commission stated that ASU failed to provide support for a triple net lease. ASU's belief and intent was that the 2025 Appraisal provided this support with its discussion as to the various lease structures. ASU elected for a triple net structure in the Original Lease so that ASU would pay the actual amount of expense for items that would otherwise be estimated and used to "gross up" the rental due under a different lease structure. However, the comments within the Commission Letter make it clear that the triple net structure of the Original Lease is not acceptable. Therefore, in the Revised Lease, ASU has pivoted from a triple net lease to a gross lease. As such, the rental has been increased from \$115,000 per year to \$137,164.33 per year, but the typical triple net reimbursement obligations have been eliminated. This increase in rent conforms to the "single net" rent set forth on page 81 of the 2025 Appraisal, plus an amount for the real estate taxes that will be due and payable in 2025. The additional amount for the real estate taxes is necessary because, as discussed on page 79 of the 2025 Appraisal, the single net rent did not include an amount for real estate taxes. Therefore, for a fully gross lease, the base rent needs to include an amount for real estate taxes. The amount for real estate taxes that was incorporated into the new rental amount in the Revised Lease is based on the prorated portion of the actual taxes due and payable for the subject property in 2024, which is the most current information available.

**3. Holdover.** After reviewing the Commission Letter, ASU understands the Commission's position with the 150% rent requirement. In the Revised Lease, the language providing for an increase in rent to 150% of the prior rent has been removed. If a holdover occurs, the lease would be on a month-to-month basis at the same rent and other terms, and either party could terminate by written notice.

We hope this letter and the Revised Lease address the concerns of the Commission. If you have any questions or comments, please feel free to contact me.

Sincerely,



J. Christopher Janak

JCJ

Attachments Included

cc: Curt Gassert, Water/Wastewater Division, Indiana Utility Regulatory Commission  
Daniel LeVay, Deputy Consumer Counselor, Office of Utility Consumer Counselor

Affiliate Contract Number: 2025-1

**LEASE**

THIS LEASE (this "**Lease**") is entered into as of the 1st day of March, 2025 (the "**Effective Date**"), by and between SCOTT L. LODS ("**Landlord**") and AMERICAN SUBURBAN UTILITIES, INC., an Indiana corporation ("**Tenant**"). This Lease supersedes any and all prior agreements by and between the Landlord and Tenant with regard to the Leased Premises (as hereinafter defined).

**WITNESSETH:**

In consideration of the mutual covenants and agreements contained herein, Landlord and Tenant hereby agree as follows:

1. **Leased Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the property commonly known as 3350 West 250 North, West Lafayette, Indiana in Tippecanoe County, Indiana, which property includes (a) approximately four (4) acres of land; (b) one or more buildings containing approximately 4,545 gross leasable square feet of office space and 10,315 gross leasable square feet of warehouse space (collectively, the "**Building**") and any related improvements owned by Landlord located thereon (the Building and such other improvements being collectively referred to herein as the "**Improvements**"); and (c) all easements, rights-of-way, and other rights appurtenant thereto. Such property, including the Building and other Improvements are collectively referred to as the "**Leased Premises.**"

2. **Lease Term and Holding Over.**

(a) **Lease Term.** The initial term of this Lease (the "**Lease Term**") shall be for a period commencing on March 1, 2025 (the "**Commencement Date**") and ending at 11:59 p.m. on February 28, 2026.

(b) **Holdover Possession.** If Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease, with the consent of Landlord, then such holding over and continued possession shall create a tenancy from month to month upon and subject to the same terms and conditions of this Lease in effect when the Lease Term expires, except for the length of the term of this Lease ~~and the Base Rent amount due during any such hold-over period.~~ At any time, either party may terminate such tenancy from month to month upon thirty (30) days written notice delivered to the other party in accordance with Section 20. ~~If Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term, without the written consent of Landlord, then Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all claims, judgments, liabilities, losses, costs, and expenses arising from, or in connection with, such possession. During any holdover period, Tenant shall pay to Landlord for each day that it holds over 150% of the Base Rent (as defined in Section 3) in effect when expiration or termination of this Lease occurs, prorated on a daily basis during such holdover period.~~

3. **Rent.**

(a) **Payment of Base Rent.** Tenant shall pay to Landlord annual base rent (the "**Base Rent**") in the amount of \$~~115,000.00~~ 137,164.33, which shall be payable in equal monthly installments of



~~\$9,583.33~~ \$11,430.36 in advance (without abatement, offset, deduction or prior demand) on or before the first day of each full and partial calendar month during the Lease Term.

(b) Additional Rent. All charges payable by Tenant other than Base Rent are called "Additional Rent." Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due either to the applicable taxing authority, insurance carrier, utility service provider or other provider, directly, or to Landlord upon demand with the next monthly installment of Base Rent.

(c) Past Due Payments. If any Base Rent, Additional Rent or any other sums, charges, or payments required to be paid by Tenant to Landlord under this Lease shall become overdue for a period in excess of ten (10) days, then such unpaid amounts shall bear interest from the date due to the date of payment at the rate of twelve percent (12%) per annum (the "Default Rate"). Such interest shall be in addition to, and not in lieu of, any other right or remedy that Landlord may have hereunder, at law, or in equity.

(d) Place of Payments. All payments of Base Rent or any other sums, charges, or payments to be paid by Tenant to Landlord under this Lease required to be made, and all statements required to be delivered, by Tenant to Landlord shall be made and delivered to Landlord at its address set forth in Section 20, or to such other address as Landlord specifies to Tenant in accordance with that Section.

4. Landlord's Work. Tenant acknowledges and agrees that Tenant is already in possession of the Leased Premises, that Tenant has had an opportunity to inspect the Leased Premises, that the Leased Premises is acceptable to Tenant, that Landlord shall have no responsibility to make any improvements to the Leased Premises.

~~5. Operating Expenses. In addition to the Base Rent specified in this Lease, commencing on the Commencement Date Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord with respect to the Leased Premises to the extent customarily paid by tenants under so-called "triple net" leases ("Operating Expenses").~~

~~5. [Intentionally omitted]~~

6. Use of Leased Premises. The Leased Premises shall be occupied and used solely for office, distribution, warehousing, and ancillary uses related thereto to the extent permitted by applicable law. Tenant covenants and agrees that the Leased Premises shall not be used for any treatment, storage or disposal of, or otherwise contaminated by, any Hazardous Substances (as hereinafter defined); provided, however, that Tenant shall be entitled to store and use such Hazardous Substances on the Leased Premises which are incidental to and necessary for the operation of Tenant's business so long as Tenant complies with all local, state and federal laws, statutes, ordinances, rules, and regulations applicable to such storage or use, and Tenant further covenants and agrees that:

(a) Tenant shall not permit any waste, damage, or nuisance in, on or about the Leased Premises, or use or permit the use of the Leased Premises for any unlawful purpose;

(b) Tenant shall conduct its business and keep the Leased Premises safe, clean and in compliance with all guidelines, rules and regulations of the health, fire, building, environmental and other offices and governmental agencies having jurisdiction over Tenant's business and/or the Leased Premises, and shall comply with all laws, ordinances, rules, regulations, orders and decrees of any governmental entity or personnel now or hereafter affecting or relating to the Leased Premises or the use thereof (including, without limitation, all applicable zoning ordinances);

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(c) Tenant shall not dump or otherwise dispose of on the Leased Premises any chemicals, metals, garbage, trash or other industrial by-products and incidentals to Tenant's business and all waste removal facilities shall use proper, leak-proof and fireproof containers and no foreign substance of any kind shall be placed on or near the Leased Premises and the expense of any breakage, stoppage, contamination, spillage or damage resulting from a violation of this provision shall be borne by Tenant;

(d) Tenant shall comply with and shall use its best efforts to cause its agents, employees, customers, invitees, licensees, and concessionaires to comply with all recorded instruments encumbering the Leased Premises and all reasonable rules and regulations established by Landlord from time to time;

(e) Tenant shall indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, from and against any and all claims, judgments, liabilities, losses, costs, and expenses arising from, or in connection with: (i) any escape, storage, usage, or spillage of any Hazardous Substances by Tenant (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises; or (ii) any transportation of any Hazardous Substances to or from the Leased Premises by Tenant (or its employees, agents, contractors, invitees, or licensees), whether or not such storage, usage, or transportation constitutes a failure of Tenant fully to observe or perform its obligations under this Lease. The claims, judgments, liabilities, losses, costs, and expenses from and against which Tenant has agreed to indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, under this Subsection shall include the following: (i) any obligation or liability of Tenant or Landlord under any law, ordinance, rule, regulation, order or decree to remove any Hazardous Substance, or contaminated soil or groundwater, from the Leased Premises, "clean up" any contamination of the soil or the groundwater in, on, or under the Leased Premises, or perform any remediation of or for the Leased Premises; (ii) all charges, fines, or penalties imposed by governmental authority or under any law, ordinance, rule, regulation, order or decree governing Hazardous Substances; and (iii) all claims by, and liabilities to, any third party;

(f) Landlord shall indemnify, defend and hold harmless Tenant, and any party affiliated with Tenant, from and against any and all claims, judgments, liabilities, losses, costs, and expense arising from or in connection with (i) any escape, storage, usage, or spillage of any Hazardous Substances by Landlord (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises during the Lease Term; or (ii) any recognized environmental conditions existing on the Leased Premises prior to the date Tenant occupied the Leased Premises as a result of the actions of Landlord; provided, however, that Landlord shall have no obligation to indemnify, defend and hold Tenant harmless from, and Tenant shall remain liable and responsible for all, any and all claims, judgments, liabilities, losses, costs, and expenses arising from the exacerbation of such recognized environmental conditions by Tenant (or its employees, agents, contractors, invitees, or licensees).

~~(e)(g)~~ Each party hereto shall give written notice to the other of any violation, claim, judgment, liability, loss, cost or expense that may give rise to either party's indemnity obligations under Sections 6(e) or 6(f) above, promptly upon discovery or knowledge thereof. The indemnifying party (the "**Indemnifying Party**") shall defend the other party (the "**Indemnified Party**") with counsel selected by the Indemnifying Party that is reasonably acceptable to the Indemnified Party. The Indemnified Party shall have the right to retain its own counsel, at its own cost and expense; provided however that, so long as the Indemnifying Party diligently discharges its defense obligation, the Indemnifying Party shall at all times have the right to lead and conduct the defense of the respective claim or proceeding, but at all times keeping the Indemnified Party advised of all relevant facts concerning the defense of such claim or proceeding. The Indemnifying Party shall have the right to settle any claims or proceedings provided that the Indemnified Party gives its prior written consent, which shall not unreasonably be withheld, conditioned or delayed.

The term "**Hazardous Substances**" means (i) any "hazardous wastes" as defined under RCRA, (ii) any

"hazardous substances" as defined under CERCLA, (iii) any toxic pollutants as defined under the Clean Water Act, (iv) any hazardous air pollutants as defined under the Clean Air Act, (v) any hazardous chemicals as defined under TSCA, (vi) any hazardous substances as defined under EPCRA, (vii) radioactive materials covered by the Atomic Energy Act, (viii) similar wastes, substances, pollutants, chemicals regulated under analogous state and local laws, (ix) asbestos, (x) polychlorinated biphenyls, (xi) petroleum and petroleum products or synthetic fuels or any fraction thereof, (xii) any substance the presence of which on the property in question is prohibited under any applicable environmental law; (xiii) substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "oil," "regulated substances," "restricted hazardous wastes," "special wastes" or words of similar import under any applicable state or local statutes, ordinances and/or regulations; and (xiv) any other substance which under any applicable environmental law requires remediation or special handling or notification of or reporting to any federal, state or local governmental entity in its generation, use, handling, collection, treatment, storage, recycling, treatment, transportation, recovery, removal, discharge or disposal.

Landlord and Tenant's indemnification obligations under this Section 6 shall survive the expiration or earlier termination of this Lease.

7. **Alterations.** Tenant shall not make any installations, alterations or additions in or to the Leased Premises ("**Alterations**") without securing the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, Tenant shall have the right, without obtaining Landlord's consent (but with prior notice to Landlord), to perform the following Alterations to the Leased Premises (collectively, the "**Permitted Alterations**"): (A) improvements that are decorative in nature (e.g., painting) and do not affect the structure or any building systems at the Leased Premises, and (B) improvements that (i) do not affect the Building's or other Improvements' systems, (ii) do not affect the roof, foundation or any other Structural Elements (as defined in Section 9(a) below), and (iii) cost less than \$25,000.00 in the aggregate. Any Alterations, including Permitted Alterations, shall be made at Tenant's expense. No less than thirty (30) days prior to commencing any Alterations, including without limitation Permitted Alterations, Tenant shall deliver to Landlord a written notice describing the proposed Alterations with particularity, and providing Landlord copies of plans and specifications for the proposed Alterations, together with a statement of the good faith estimated cost of such Alterations. All Alterations, excepting only Tenant's unattached personal property, shall become the sole property of Landlord upon the expiration of the Lease Term or earlier termination of this Lease; provided, that Landlord shall have the right to require Tenant to remove any such Alterations upon the expiration of the Lease Term or earlier termination of this Lease, in which event, Tenant shall repair any and all damage to the Leased Premises resulting from such removal and shall surrender the part of the Leased Premises altered or improved in as good a condition as on the date that Tenant originally accepted possession of the Leased Premises.

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8. **Utilities and Taxes.**

(a) **Utilities.** From and after the Commencement Date, Tenant shall procure and pay the cost of, directly to the appropriate utility service supplier, all natural gas, heat, light, power, sewer service, telephone, cable, water, refuse disposal and other utilities and services supplied to the Leased Premises, including without limitation, any connection and servicing fees, permit fees, inspection fees, and fees to reserve utility capacity. In the event any such charges are not paid by Tenant at the time when the same are payable, Landlord may, but shall not be obligated to, pay the same and charge Tenant the cost thereof, which charge shall be payable by Tenant as Additional Rent upon Landlord's written demand. It is understood and agreed that except as otherwise provided herein, Landlord shall be under no obligation to furnish any utilities to the Leased Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Leased Premises, unless such interruption is caused by the gross

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negligence or willful misconduct of Landlord, its employees or agents. If any equipment installed by Tenant requires additional utility facilities, the costs of installing such additional facilities shall be borne by Tenant.

(b) Real Estate Taxes and Assessments. Landlord shall be responsible for payment of all real estate taxes with respect to the Leased Premises due and payable during the Lease Term.

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~~(b) Real Estate Taxes and Assessments.~~ From and after the Commencement Date, Tenant shall pay directly to the appropriate governmental authority all Real Estate Taxes due and payable during the Lease Term, and no less than ten (10) days prior to the date any payment of Real Estate Taxes is due. Tenant shall deliver to Landlord satisfactory evidence that the payment has been paid and discharged in full. Notwithstanding the foregoing, Landlord, at its sole option, may at any time elect for Landlord to pay any Real Estate Taxes directly to the applicable payee, and in such event, then Tenant shall reimburse Landlord for any such Real Estate Taxes as Operating Expenses hereunder. The obligations of Tenant hereunder with respect to the payment of Real Estate Taxes levied during the final calendar year of the Lease Term shall survive the termination of this Lease.

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The term "Real Estate Taxes" shall mean: (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Leased Premises (including, without limitation, the Building and other Improvements); all fixtures taxable as real property and all future improvements and fixtures or any alterations or additions constructed pursuant to Section 7, (collectively the "Taxable Real Property"); (ii) any tax on the Landlord's right to receive, or the receipt of, rent or income from the Taxable Real Property or against Landlord's business of leasing the Taxable Real Property (excluding Landlord's federal or state income, capital gains, inheritance or estate taxes); (iii) any tax, assessment or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Taxable Real Property by any governmental agency; (iv) any tax imposed upon this transaction or based upon a re-assessment of the Taxable Real Property due to a change of ownership, as defined by applicable law, or other transfer of all or part of Landlord's interest in the Taxable Real Property; and (v) any charge or fee replacing any tax previously included within the definition of Real Estate Tax. In this regard, Real Estate Taxes shall include all charges levied, assessed or imposed, whether general or special, ordinary or extraordinary, unforeseen as well as foreseen, of any kind and nature, made, assessed, levied or imposed upon, or which become a lien upon, the Taxable Real Property, or any part of the Taxable Real Property, or upon this Lease, and are due and payable during or are otherwise attributable to the Lease Term, as well as assessments for sidewalks, streets, sewers, water, or any other public improvements and any other improvements or benefits which shall, during the Lease Term, be levied, assessed or imposed, or become a lien upon the Taxable Real Property, or any part of the Taxable Real Property, or upon this Lease, and become due and payable during or are otherwise attributable to the Lease Term. In the event any Real Estate Taxes are assessed against the Leased Premises as part of a larger parcel, then Landlord shall allocate a fair and equitable amount of such assessments to the Leased Premises. Landlord, at its

(c) Other Taxes and Assessments. Tenant shall pay and discharge, as and when assessed: (i) all taxes, levies, and charges imposed on, against, or with respect to the conduct of its business operations in, on, or from the Leased Premises; and (ii) all taxes, levies, and charges imposed on, against, or with respect to its trade fixtures, equipment, inventory, and other personal property in, on, or about the Leased Premises. In addition to the foregoing, Tenant shall pay an amount equal to any sales or use tax on all amounts classified as Base Rent or Additional Rent which may be now or hereafter imposed by any lawful governmental authority.

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## 9. Maintenance and Repairs.

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(a) **Maintenance by Landlord.** During the Lease Term, Landlord shall, except as otherwise provided in this Lease, make all necessary non-routine repairs, replacements and maintenance to the Leased Premises, including, without limitation, exterior roof, exterior walls (excluding painting), foundation, and structural components of the Building (collectively, the "Structural Elements"), all repairs, maintenance and replacement to all parking and drive areas serving the Leased Premises, and the mechanical, electrical and plumbing systems and equipment, utility systems, fire suppression system, dock door equipment and the heating, ventilation, and air-conditioning systems serving the Leased Premises (collectively, the "Building Systems"); provided, however that Landlord shall not be required to make any repairs or take any such action until Landlord receives written notice from Tenant in accordance with Section 9(c) below. ~~The annually amortized cost of such repairs, replacements and maintenance shall be included in Operating Expenses; provided however, to~~ the extent any such repairs, replacements or maintenance are required because of the negligence, misuse or default of Tenant, its employees, agents, contractors, customers or invitees, Landlord shall make such repairs at Tenant's sole expense. ~~Except as expressly provided in this Section 9(a), Landlord shall have no other maintenance or repair responsibilities for the Leased Premises or the Building.~~

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Notwithstanding the foregoing and anything herein to the contrary, in no event shall Landlord be responsible for making any repairs or replacements which are occasioned by: (i) any negligence, intentional act, or willful misconduct of Tenant or its employees, contractors, or agents; (ii) Tenant's failure to observe or perform any term, condition, or covenant of this Lease to be observed or performed by Tenant; (iii) installation or maintenance by Tenant of any exterior signs, satellite dishes, antennae, communications facilities, or equipment, lines, or cable; (iv) installation or maintenance by Tenant of any trade fixtures, equipment, or other personal property; (v) Tenant making any alterations or improvements to the Leased Premises; all of which repairs and replacements shall be made promptly by Tenant at its cost and expense; or (vi) overloading of the floor of the Building beyond its structurally rated capacity. In the event any repairs or replacements are necessary as a result of any of the foregoing, Landlord may elect to complete such repairs at Tenant's sole cost and expense.

(b) **Maintenance by Tenant.** ~~Any and all repairs, replacements, maintenance and other care of the Leased Premises which are not expressly the responsibility and obligation of the Landlord under Section 9(a), above, will be the responsibility of the Tenant, all of which will be performed and completed at Tenant's sole cost and expense all as reasonably necessary to keep and maintain the Improvements in good order, condition, and repair including, without limitation, all repairs, maintenance and replacement to all parking and drive areas serving the Leased Premises, and the mechanical, electrical and plumbing systems and equipment, utility systems, fire suppression system, dock door equipment and the heating, ventilation, and air-conditioning systems serving the Leased Premises (collectively, the "Building Systems"). In addition, Tenant shall perform all routine maintenance and upkeep of the Structural Elements of the Leased Premises (including, without limitation, any painting). Without limiting the generality of the foregoing, In addition to any other obligations of Tenant hereunder, Tenant shall implement: (i) a janitorial program of cleaning sufficient to keep the Leased Premises in a safe, clean, and sanitary condition at all times; (ii) a program of grass cutting and landscape maintenance sufficient to keep all landscaped areas in a safe, clean, and slightly condition at all times; (iii) a regularly scheduled program of preventive maintenance and repair of the Building Systems, which complies with the requirements of the applicable manufacturers', suppliers', and contractors' warranties, and which keeps and maintains the Building Systems in good order, condition, and repair at all times (such preventive maintenance contracts shall meet or exceed Landlord's standard maintenance criteria, and shall provide for inspection and maintenance of the Building Systems on at least a semi-annual basis); (iv) a regularly scheduled program of sealing, re-topping, and striping all driveways and parking lots which complies with the requirements of the applicable manufacturers', suppliers', and contractors' warranties, and which keeps and maintains all driveways and parking lots in a safe, clean, and slightly condition at all times; and (v) proper ice and snow removal that maintains all driveways, parking lots, private drive lanes and sidewalks in a safe condition. Tenant shall not~~

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~~be responsible for making any repairs occasioned by any gross negligence, intentional act, or willful misconduct of Landlord or its employees, contractors, or agents, all of which repairs shall be made promptly by Landlord at its cost and expense.~~

(c) Notice. Tenant shall give Landlord prompt written notice of the need for any maintenance, replacement or repairs which Landlord is obligated to make under the foregoing Section 09(a) above and of any material damage to the Leased Premises or any part thereof.

(d) Warranties. If, and to the extent, Landlord receives warranties from the manufacturers, contractors or installers of certain portions of the Leased Premises, or the systems, equipment or fixtures comprising the same ("**Third Party Warranties**"), Landlord will reasonably assist Tenant in connection with the administration and enforcement of any such Third Party Warranty to the extent they impact the Leased Premises.

#### 10. Assignment and Subletting

(a) Requirements of Landlord's Consent. Tenant shall not assign this Lease or any interest therein, without Landlord's prior written consent (which may be granted or withheld in Landlord's sole discretion). Tenant shall not sublet the whole or any part of the Leased Premises or permit any other persons, including concessionaires or licensees, to operate in, on or from, or occupy the same for any purposes without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the requirement for such consent to any subsequent assignment or subletting. Upon any assignment of this Lease or subletting of all or part of the Leased Premises, Tenant shall not be relieved of liability for the payment of the Rent or for the timely observance and performance of all of the terms, covenants and conditions of this Lease on Tenant's part to be performed or observed.

(b) Assignment by Operation of Law. Any transfer of this Lease by operation of law and any change in control, merger, consolidation, liquidation, or transfer of all or substantially all of the assets of Tenant shall constitute an assignment for purposes of this Lease.

(c) Documentation. No assignment of this Lease by Tenant or subletting of all or any portion of the Leased Premises shall be effective unless and until Tenant shall deliver to Landlord (i) all information reasonably requested by Landlord in connection with a transfer, and (ii) an agreement, in form and substance reasonably satisfactory to Landlord, pursuant to which (i) in the case of an assignment, such assignee assumes and agrees to be bound by all of the provisions of this Lease and confirming the assignee's agreement to accept and be bound by all of the Tenant's obligations under this Lease; and (ii) in the case of a sublease, such subtenant acknowledges that its sublease is subject and subordinate to this Lease and agrees to be bound by the Lease.

(d) Default. In the event of a default by Tenant, Tenant shall not have the right to request that Landlord consent to an assignment, sublet or other transfer of this Lease until such time as said default is cured to Landlord's satisfaction.

(e) Assignment by Landlord. Landlord may assign its rights under this Lease in connection with any sale or conveyance of all or any portion of its interest in the Leased Premises. In the event of a sale or conveyance of the Landlord's interest in the Leased Premises, from and after the date of such transfer, the obligations and duties of the Tenant, excluding such obligations or duties that occurred prior to the assignment, shall be owed to the new landlord and Tenant shall attorn to the purchaser and recognize such purchaser as Landlord under this Lease.

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11. **Access to Leased Premises.** Tenant shall permit Landlord and its agents to enter upon the Leased Premises at all reasonable times to inspect and examine the Leased Premises and to show the Leased Premises to prospective purchasers, mortgagees, and tenants. Except in the event of an emergency, Landlord agrees to comply with Tenant's reasonable security requirements for accessing the Leased Premises. Tenant shall permit Landlord and its agents to enter upon the Leased Premises at reasonable times and upon reasonable notice (except in the event of an emergency) to make such repairs (including the bringing of materials that may be required therefor into or upon the Leased Premises) as Landlord may reasonably deem necessary without any such act constituting any eviction of Tenant in whole or in part, without Base Rent in any manner abating while such repairs are being made by reason of loss or interruption of Tenant's business in the Leased Premises, and without responsibility for any loss or damage to Tenant's business or property. Landlord's foregoing right of entry shall not be construed to impose upon Landlord any obligation or liability whatsoever for the maintenance or repair of the Leased Premises except as expressly provided in this Lease.

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12. **Insurance and Indemnification.**

(a) **Real Property Insurance.** During the Lease Term, Landlord (1) shall maintain "Special Form" property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible if Landlord so chooses; and (2) may maintain commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate or such other amounts as Landlord may determine. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. ~~The cost of all insurance maintained by Landlord, including without limitation, the amount of any applicable deductibles, shall be included in Operating Expenses.~~

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(b) **Tenant Liability Insurance:** At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall maintain in full force and effect a commercial general liability insurance policy for the Leased Premises with coverage limits of at least \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate, including without limitation, terrorism and providing for "excess" or "umbrella" commercial general liability coverage of at least \$2,000,000.00. For the avoidance of doubt, the "excess" or "umbrella" commercial general liability coverage shall not provide excess coverage for auto liability or employer's liability. The commercial general liability policy shall be issued on a then current ISO form, or such other form, that is in either case acceptable to Landlord and Landlord's Mortgagee (as defined in Section 17 below). At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall also maintain a Business Auto Policy issued on an occurrence basis with minimum limits of coverage that are not less than \$100,000 per accident. The Business Auto Policy shall be written on the current ISO edition of ISO CA 00 01 or equivalent. This insurance shall be primary and non-contributory, i.e., with respect to a loss covered by Tenant's policy, the proceeds of such policy must be exhausted before Landlord or Landlord's liability insurer would be liable for any payment due to such loss.

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(c) **Insurance on Tenant's Property.** All of Tenant's trade fixtures, equipment, merchandise and other personal property shall be kept at Tenant's sole risk and expense, and Tenant, at Tenant's expense, shall maintain in full force and effect throughout the Lease Term "Special Form" property insurance on its trade fixtures, equipment, merchandise and other personal property in or upon the Leased Premises, and all alterations, additions and improvements to the Leased Premises made by Tenant for their full insurable value on a replacement cost basis, if obtainable, and if not obtainable, for the full amount of the estimated cash value for such property.

(d) **Workmen's Compensation; Employer's Liability.** Tenant shall comply with the provisions of the workmen's compensation law and shall insure its liability thereunder. Tenant shall



maintain in full force and effect Employer's liability insurance in the amount of not less than \$1,000,000 each accident for bodily injury and not less than \$1,000,000 for each employee for bodily injury or disease.

(b)(e) General Insurance Provisions. All insurance policies required to be maintained by Tenant pursuant to this Section 12 (excluding, however, the workmen's compensation insurance) will name Landlord and Landlord's Mortgagee as additional insureds. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with then current ISO additional insured endorsement, or such other endorsement, in either case as may be approved by Landlord and Landlord's Mortgagee (which shall not include any language excluding coverage for the acts or omissions of the additional insured). For each type of insurance which Tenant is required to maintain under this Lease, Tenant shall furnish to Landlord an endorsed copy of such insurance policy together with all endorsements showing that each such type of insurance is in full force and effect and may not be amended or cancelled (or materially changed) without thirty (30) days prior written notice to Landlord. If Tenant fails to deliver any policy, evidence of insurance or renewal to Landlord required under this Lease within ten (10) days of written notice from the Landlord, or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance, together with interest thereon from the date of such payment, at the Default Rate, within fifteen (15) days after receipt of a statement that indicates the cost of such insurance. Tenant agrees that the payment by Landlord of any such premium shall not be deemed to waive or release the default in the payment thereof by Tenant, or the right of the Landlord to take such action as may be permissible hereunder, as is the case of default in the payment of Rent. Tenant shall maintain all insurance required under this Lease with companies reasonably satisfactory to Landlord who are licensed to do business in the State of Indiana and who hold a "Financial Strength Rating" of no less than "Excellent" (A or A- Rating) as set forth in the most current issue of "Best Key Rating Guide". Except as otherwise provided herein, Tenant shall pay all premiums for the insurance policies to be maintained by Tenant pursuant to this Section 12 no later than the due date. In the event of a loss or claim covered by a policy to which Landlord or Landlord's Mortgagee is an additional insured and/or loss payee, Tenant shall also be liable for the payment of any deductible amount under the applicable insurance policies maintained pursuant to this Section. Tenant shall not do or permit anything to be done which invalidates any such insurance policies. The deductible under each policy to be maintained by Tenant hereunder shall be in a commercially reasonable amount. If the forms of policies, endorsements, certificates, or evidence of insurance required by this Section are superseded or discontinued, Landlord with have the right to require other equivalent forms. Subject to the waiver of subrogation set forth in Section 12(f), the amount and coverage of insurance maintained hereunder shall not limit either party's liability nor relieve either party of any other obligation under this Lease. Landlord may from time-to-time require reasonable increases in any such limits consistent with the insurance being required by institutional owners of similar projects in the area.

(e)(f) Waiver of Subrogation. Each of the parties hereto hereby waives and releases any and all rights of recovery which it might have against the other for any business interruption, liability, loss or damage, whether or not caused by any alleged negligence of the other party, its agents, licensees or invitees, to the extent that such business interruption, liability, loss or damage is covered by any insurance required to be maintained under this Lease. Each policy of insurance required under this Lease shall contain an endorsement to such effect. The foregoing will not, however, release or discharge any party hereunder for or from any liability to the extent of the amount of the deductible feature under the applicable insurance policy, to the extent that the covered loss was caused by that party's own negligence or willful misconduct. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with the then current ISO Waiver of Transfer of Rights of Recovery Against Others Endorsement, or such other endorsement, in either case as approved by Landlord.



(g) Tenant's Waiver of Claims. All property kept or stored in, upon or about the Leased Premises by Tenant shall be so kept or stored at the sole risk of Tenant; and Tenant shall hold Landlord harmless from any claims, costs, or expenses, arising out of damage thereto. Landlord shall not be liable for, and Tenant waives all claims against Landlord for, any injuries, damages (including, but not limited to, indirect, special, or consequential damages) or losses of or to such property or otherwise, sustained by Tenant and not covered by insurance.

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(h) Indemnification: Responsibility for Damages.

(i) Tenant assumes all risks and responsibilities for accidents, injuries or damages to person or property and agrees to indemnify, defend and hold harmless Landlord from any and all claims, liabilities, losses, costs and expenses arising from or in connection with (i) the condition of those portions of the Leased Premises which Tenant is obligated to maintain or any other failure by Tenant to perform any covenant required to be performed by Tenant under this Lease, (ii) use or control of the Leased Premises, (iii) the conduct of Tenant's business from the Leased Premises, or (iv) any other act or omission or the negligence of Tenant, or Tenant's officers, directors, employees, contractors, invitees or agents. Tenant shall be liable to Landlord for any damages to the Leased Premises and for any act done by Tenant or any person coming on the Leased Premises by the license or invitation of Tenant, express or implied (except Landlord, its agents, or employees).

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(ii) Landlord agrees to indemnify, defend and hold harmless Tenant from any and all claims, liabilities, losses, costs, and expenses arising from or in connection with the gross negligence or wrongful act of Landlord or Landlord's officers, directors, employees, contractors, invitees, or agents.

(+)(iii) Nothing contained in this Section 12(h) shall limit (or be deemed to limit) the waivers contained in Sections 12(f) and (g) above. In the event of any conflict between the provisions of Sections 12(f) and (g) above and this Section 12(h), the provisions of Sections 12(f) and (g) shall prevail. This Section 12(h) shall survive the expiration or earlier termination of this Lease.

13. Fire and Other Casualty. In the event of damage to, or total or partial destruction of, the Building or any fixtures, equipment, or systems which constitute a part of the Building by fire or other casualty ("Casualty Damage"), the insurance proceeds, if any, which, as a result of the Casualty Damage, are payable under any "Special Form" property insurance maintained by ~~Tenant pursuant to Section 12(b) above~~, Landlord shall be payable to, and be the sole property of, Landlord, ~~and Tenant shall pay to Landlord the amount of any deductible or co-insurance feature applicable to such insurance policy.~~ Subject to the terms and conditions of this Section, Landlord ~~shall may~~, to the extent that insurance proceeds (including any deductible or co-insurance amounts provided by Tenant) are available therefor, cause the prompt and diligent repair and replacement of the Building and the Leased Premises as soon as reasonably possible so that it is in substantially the same condition as existed prior to the Casualty Damage; provided that Landlord shall not be obligated to repair or replace any item which was not part of the Improvements existing as of the Effective Date, including without limitation, any alterations, improvements or additions of or to the Leased Premises made by Tenant. ~~Notwithstanding the foregoing provision of this Section, in the event: (a) the portions of the Leased Premises to be restored by Landlord are so damaged or destroyed that they cannot be restored within one (1) year after the date of the damage or destruction, (b) the damage or destruction is not covered by the "Special Form" property insurance policy maintained by Landlord in accordance with Section 12 hereof and Landlord does not undertake to commence restoration of the Leased Premises within one hundred fifty (150) days after the date of such damage or destruction, (c) the insurance proceeds (reduced by any application thereof by Landlord's Mortgagee to its mortgage debt) are insufficient for~~

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~~restoration of the Leased Premises and Landlord does not undertake to commence such restoration within one hundred fifty (150) days after the date of such damage or destruction, or (d) applicable law does not permit the restoration of the Leased Premises to substantially the same condition as at the commencement of the Lease Term; then Landlord shall not be obligated to restore the Leased Premises and Landlord may, after one hundred fifty (150) days following the damage or destruction, terminate and cancel this Lease upon fifteen (15) days written notice to Tenant, and all obligations hereunder except those due or mature shall thereupon cease and terminate. If However, if~~ substantial Casualty Damage occurs during the ~~last year of the Lease Term~~, then ~~either~~ Landlord or Tenant ~~may~~, at their respective option, ~~may~~ terminate this Lease upon ninety (90) days' written notice to the other party, and all obligations hereunder, except those due or mature, shall cease and terminate. Base Rent shall be abated proportionately (based upon the proportion that the unusable space in the Building due to a Casualty Damage bears to the total space in the Building) for each day that the Building or any part thereof is unusable by reason of any such Casualty Damage.

14. **Eminent Domain.** In the event that all or a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof all or a substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, and such taking, condemnation or sale renders the Leased Premises unsuitable for operation of the Tenant's business therein, this Lease shall, at the option of either party, terminate on the date possession of all or such part of the Leased Premises is transferred to the condemning authority. All Base Rent shall be paid up to the date of termination; and all compensation awarded or paid for the taking or sale in lieu thereof shall belong to and be the sole property of Landlord; provided, however, Landlord shall not be entitled to any award made to the Tenant for loss of business or cost of removal or relocation of stock and personal property. In the event that less than a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof a less than substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, then the Base Rent will be equitably adjusted to reflect the portion of the Leased Premises that has been taken or condemned.

#### 15. **Default and Remedies.**

(a) **Events of Default.** Each of the following shall be deemed a default by Tenant:

(i) Tenant's failure to pay Base Rent or any other sums, charges or payments required to be paid by Tenant to Landlord under this Lease as herein provided when due;

(ii) Tenant's failure to perform any other term, condition, or covenant of this Lease to be observed by Tenant;

~~(iii)~~(iii) Tenant shall fail to execute any instrument of subordination or attornment or any estoppel certificate in accordance with Section 17 of this Lease within the time periods set forth in Section 17 following Landlord's request for the same in accordance such Section;

~~(iv)~~(iv) Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, except, in each case, as permitted in this Lease;

~~(v)~~(v) The sale of Tenant's leasehold interest hereunder pursuant to execution;

~~(vi)~~(vi) Tenant becomes insolvent;

~~(vii)~~(vii) The adjudication of Tenant as a bankrupt;

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~~(vii)~~(viii) The making by Tenant of a general assignment for the benefit of creditors;

~~(viii)~~(ix) The appointment of a receiver in equity for Tenant's property if such appointment is not vacated or satisfied within thirty (30) days from the date of such appointment;

~~(ix)~~(x) The appointment of a trustee or receiver for Tenant's property in a reorganization, arrangement or other bankruptcy proceeding if such appointment is not vacated or set aside within thirty (30) days from the date of such appointment;

~~(x)~~(xi) Tenant's filing of a voluntary petition in bankruptcy or for reorganization or arrangement; or

~~(xi)~~(xii) Tenant's filing of an answer admitting bankruptcy or agreeing to reorganization or arrangement.

(b) Landlord's Right Upon Tenant's Default. In the event of any default provided in Clause (i) of foregoing Subparagraph (a) and the continuance of such a default for five (5) days (except that the five (5) day grace period shall not be applicable if Tenant fails to pay Base Rent as herein provided when due on three (3) or more occasions during the Lease Term), or in the event of any default provided in Clause (ii) of foregoing Subparagraph (a) and the continuance of such default for ten (10) days following written notice from Landlord to Tenant (except in the event such default is of a nature as not to be reasonably susceptible to cure within said ten (10) day period, in which case the period of cure shall be extended so long as Tenant commences its efforts to cure within said ten (10) day period and thereafter diligently pursues the same to completion) or in the event of any other default provided in foregoing Subparagraph (a) without any demand or notice, Landlord may:

(i) elect to terminate this Lease;

(ii) in the event that Tenant has failed to perform any of its covenants under this Lease other than a covenant to pay Base Rent, perform the covenant or covenants of Tenant which are in default (entering upon the Leased Premises for such purpose, if necessary) in which case Tenant shall pay Landlord all expenses incurred therefore, including reasonable attorneys' fees; and Landlord's performance of any such covenant shall not be construed as a waiver of Tenant's default or of any other right or remedy of Landlord in respect of such default, nor as a waiver of any covenant, term or condition of this Lease;

(iii) immediately re-enter upon the Leased Premises, remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the sole cost and for the account of Tenant, all without service of notice or resort to legal process, without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby, and without such re-entry being deemed to terminate this Lease; and/or

(iv) pursue all other rights and remedies to which Landlord may be entitled hereunder, at law or in equity.

(c) Re-Letting. In the event Landlord re-enters upon the Leased Premises as provided in Clause (iii) of foregoing Subparagraph (b), or takes possession of the Leased Premises pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease, or from time to time without terminating this Lease, make alterations and repairs for the purpose of re-letting

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the Leased Premises and re-let the Leased Premises or any part thereof for such term or terms (which may extend beyond the Lease Term) at such rental and upon such other terms and conditions as Landlord reasonably deems advisable. If Landlord fails to re-let the Leased Premises, Tenant shall pay to Landlord the Base Rent and Additional Rent reserved in this Lease for the balance of the Lease Term as those amounts become due in accordance with the terms of this Lease. Upon each re-letting, all rentals received from such re-letting shall be applied: first to payment of costs of such alterations and repairs; second, to the payment of Base Rent, Additional Rent and any other indebtedness due and unpaid hereunder; and the remainder, if any, shall be held by Landlord and applied in payment of future Base Rent and Additional Rent as it becomes due and payable hereunder. If the rentals received from such re-letting during any month are less than amounts to be paid hereunder by Tenant during that month, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No re-entry or taking of possession by Landlord of the Leased Premises shall be construed as an election to terminate this Lease unless a written notice of termination is given to Tenant. Notwithstanding any re-letting without termination, Landlord may at any time thereafter elect to terminate this Lease for Tenant's previous default.

(d) Damages Upon Termination. In the event that Landlord at any time terminates this Lease for any default by Tenant, in addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such default, including costs of recovering the Leased Premises, making alterations and repairs for the purpose of re-letting, and the value at the time of such termination of the excess, if any, of the amount of Base Rent and charge equivalent to Base Rent reserved in this Lease for the remainder of the Lease Term over then reasonable rental value of the Leased Premises for the remainder of the Lease Term less any reasonably anticipated vacancy period. All such amounts shall be immediately due and payable from Tenant to Landlord.

(e) Default Indemnification. Upon any default by Tenant hereunder, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord and arising from, or in connection with, a default by Tenant under this Lease or exercising Landlord's rights and remedies with respect to such default.

(f) Landlord Default and Remedies. Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and such failure continues for a period of thirty (30) days after written notice from Tenant to Landlord, or such longer period as may be reasonably required to complete such cure so long as Landlord has commenced curing that default within that thirty (30) day period, and thereafter, diligently pursues such cure to completion. Tenant shall not have the right to set-off against any Base Rent or Additional Rent any damages which Tenant may purport to have sustained by reason of Landlord's failure to perform any of the terms, covenants or conditions contained in this Lease on its part to be performed. If Landlord is in default under this Lease, Tenant's sole right and remedy shall be to recover a money judgment against Landlord, and Tenant's rights to recovery shall be limited to the Landlord's right, title, and interest in and to the Leased Premises as more particularly set forth herein. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and in no event may Tenant terminate this Lease, for breach of Landlord's obligations hereunder.

16. Surrender. Upon the expiration of the Lease Term or earlier termination of this Lease, Tenant shall quit and surrender to Landlord the Leased Premises, broom clean and in good order, condition and repair and otherwise in the condition and in a state of repair consistent with the requirements specified in Section Error! Reference source not found.9(b) above, ordinary wear and tear and acts of Casualty Damage which Landlord is obligated to repair or replace excepted; provided, that Tenant shall remove its personal property and any property affixed to the Leased Premises or improvements, additions or alterations to the Leased Premises which Landlord directs Tenant to remove and repair any damage to the Building caused by such removal. If Tenant shall fail to remove any property or improvements, additions, or

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alterations that it is obligated to remove, Landlord may cause all or any item of such property or improvements, additions, or alteration to be removed at Tenant's expense. Tenant hereby agrees to pay all costs and expenses of any removal and of the repair of any damage to the Leased Premises caused by such removal. On the expiration or earlier termination of this Lease, Tenant shall, in addition to the foregoing, deliver to Landlord all keys and combinations to locks, safes and vaults. Any and all property remaining on the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease shall, at the option of Landlord, become the property of Landlord and Landlord may dispose of and/or remove any such property without any liability whatsoever to Tenant. Tenant's obligation to observe and perform these covenants shall survive the expiration of the Lease Term or earlier termination of this Lease.

17. **Subordination.** This Lease is and shall be subordinate to the lien of any mortgage, deed to secure debt or any other method of financing or refinancing now or hereafter encumbering the Leased Premises (the "**Mortgage Lien**"), and to all advances made, or hereafter to be made, upon the security thereof; provided that, upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver a subordination agreement in form and substance reasonably requested by Landlord or any mortgage lender or lien holder ("**Landlord's Mortgagee**"), if such subordination agreement provides that the rights of Tenant under this Lease, and the possession of the Leased Premises by Tenant, shall not be disturbed so long as Tenant is not in default hereunder. If any proceedings are brought for the foreclosure of any Mortgage Lien, then Tenant shall: (a) attorn to the purchaser upon any sale resulting directly or indirectly from such proceedings; and (b) recognize the purchaser as Landlord hereunder. Upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver an estoppel certificate in form and substance reasonably requested by Landlord or that may be reasonably requested by Landlord's Mortgagee or any prospective purchaser, mortgage lender, or lien holder.

18. **Covenant of Quiet Enjoyment.** Landlord agrees that if Tenant performs all the covenants and agreements herein provided to be performed by Tenant, Tenant shall, at all times during the Lease Term, have the peaceable and quiet enjoyment of possession of the Leased Premises without any manner of hindrance from Landlord or any persons claiming under Landlord, subject, nevertheless, to the terms and conditions of this Lease.

19. **Mechanic's Liens.** Tenant shall not suffer or give cause for the filing of any mechanic's lien or other lien or encumbrance against the Leased Premises. In the event any mechanic's lien or other lien or encumbrance is filed against the Leased Premises or any part thereof for work claimed to have been done for, or material claimed to have been furnished to, the Tenant, Tenant shall cause such mechanic's lien or other lien or encumbrance to be discharged of record within thirty (30) days after filing by bonding or as provided or required by law or in any other lawful manner or shall provide evidence that the lien or encumbrance is being contested by proceedings adequate to prevent foreclosure of the lien or encumbrance, together with satisfactory indemnity (in an amount not less than one hundred fifty percent (150%) of the claimed lien or encumbrance) to Landlord within thirty (30) days after the filing thereof. Tenant shall indemnify, defend, and hold harmless Landlord from all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord as a result of, or in connection with, any such mechanic's lien or other lien or encumbrance. All liens suffered or caused by Tenant shall attach to Tenant's interest only. Nothing in this Lease shall be deemed or construed to constitute consent to, or request of, any party for the performance of any work for, or the furnishing of any materials to, Tenant, nor as giving Tenant the right or authority to contract for, authorize, or permit the performance of any work or the furnishing of any materials that would permit the attaching of a mechanic's lien or other lien or encumbrance.

20. **Notices.** Unless otherwise specifically provided in this Lease or by law, all notices or other communications required or permitted by this Lease or by law shall be in writing and shall be personally

delivered or sent by certified mail, return receipt requested, postage prepaid, or sent for overnight delivery by a nationally recognized courier such as Federal Express, addressed to the other party as follows:

Landlord: Scott L. Lods  
PO Box 2154  
West Lafayette, IN 47907

Tenant: American Suburban Utilities, Inc.  
3350 West 250 North  
West Lafayette, IN 47906

Any party may change its address for notice from time to time by serving notice on the other party as provided above. The date of service of any notice served by mail shall be the date upon which such notice is deposited in a post office of the United States Postal Service.

## 21. Miscellaneous Provisions.

(a) Memorandum of Lease. The parties hereto shall not record this Lease nor a memorandum thereof, but upon request of Landlord, Tenant shall execute a "memorandum of lease" suitable for recording.

(b) Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating between the parties hereto the relationship of principal and agent, partnership, joint venture, or any relationship other than the relationship of landlord and tenant.

(c) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Base Rent, Additional Rent, or other amount due hereunder shall be deemed to be other than on account of the Base Rent, Additional Rent, or other amount first due hereunder. No endorsement or statement on any check or letter accompanying any check or payment of Base Rent, Additional Rent or other amount shall be deemed to be an accord and satisfaction, and Landlord may accept any such check or payment without prejudice to the right of Landlord to recover the balance of such Base Rent, Additional Rent or other amount or to pursue any other right or remedy.

(d) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

(e) Authority. Each person executing this Lease represents and warrants that he or she has been duly authorized to execute and deliver this Lease by the entity for which he or she is signing, and this Lease is the valid and binding agreement of such entity, enforceable in accordance with its terms.

(f) Waivers. No waiver of any covenant or condition or the breach of any covenant or condition of this Lease shall be deemed to constitute a waiver of any subsequent breach of such covenant or condition or justify or authorize a non-observance upon any occasion of such covenant or condition or any other covenant or condition. The acceptance of Base Rent, Additional Rent or any other payment or amount by Landlord at any time when Tenant is in default of any covenant or condition shall not be construed as a waiver of such default or Landlord's right to terminate this Lease on account of such default.

(g) Remedies Cumulative. Subject to the limitations set forth in Section 15(f) above, the remedies of Landlord and Tenant hereunder shall be cumulative, and no one of them shall be construed

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as exclusive of any other of any remedy provided by law or in equity. The exercise of any one such right or remedy by the Landlord or Tenant shall not impair its standing to exercise any other such right or remedy.

(h) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

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(\*) (i) Benefit of Persons Affected. Subject to the provisions of Section 10, this Lease and all of the terms and provisions hereof shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of Landlord and Tenant except as otherwise expressly provided herein.

(j) Construction. Whenever in this Lease a singular word is used, it shall also include the plural wherever required by the context and vice versa. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days. All indemnities set forth herein shall survive the expiration or earlier termination of this Lease. The captions of this Lease are for convenience only and do not in any way limit or alter the terms and conditions of this Lease. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days, unless business days are specified. Notwithstanding anything to the contrary anything set forth herein, if Landlord is delayed in, or prevented from, observing or performing any of its covenants hereunder or satisfying any condition or requirement hereunder as the result of an act or omission of Tenant or any other cause which is not within the reasonable control of Landlord including, without limitation, inclement weather, pandemic, epidemic, governmental shutdowns, earthquakes, floods, tornados, hurricanes, tropical storms, acts of God, acts of civil or military authorities, riots, insurrections, acts of government, acts of any public enemy, the unavailability of materials, equipment, services or labor, fires, explosions, strikes, failure of transportation, and utility or energy shortages or acts or omissions of public utility providers ("Force Majeure"), then such completion, correction, observation, performance, or satisfaction shall be excused for the period of days that such completion, correction, observation, performance, or satisfaction is delayed or prevented, and the dates and deadlines for completion, observation, performance, and satisfaction set forth herein, as applicable, shall be extended for the same period.

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(k) Entire Agreement; Amendments. This instrument contains the entire agreement between the parties hereto with respect to the subject matter hereof. All representations, promises and prior or contemporaneous undertakings between such parties are merged into and expressed in this instrument, and any and all prior agreements between such parties are hereby cancelled. The agreements contained in this instrument shall not be amended, modified, or supplemented except by a written agreement duly executed by both Landlord and Tenant.

(l) Landlord's Consent. If Landlord breaches any obligation of reasonableness, then the sole remedy of Tenant shall be an action for specific performance or injunction to enforce the obligation, and Tenant shall not be entitled to any monetary damages for, or in connection with, a breach of such obligation, unless the breach is willful or in bad faith, in which event Tenant shall be entitled to all remedies at law or in equity.

(m) Attorneys' Fees. In the event that any proceeding or litigation is commenced by either party to enforce the terms of this Lease, then the prevailing party shall be entitled to an award of its reasonable attorneys' fees and court costs incurred in connection with such proceeding or litigation. For the purposes of this Section, the term "prevailing party" shall mean the party that receives all or substantially all of the relief sought by the party in the litigation or proceeding.



~~(n) Financial Statements. During the Lease Term, and to the extent that the same are not otherwise readily available as a result of public filings, Tenant shall provide to Landlord on an annual basis, a copy of Tenant's most recent financial statements prepared as of the end of Tenant's fiscal year within thirty (30) days after the completion thereof. Such financial statements shall be signed by Tenant, who shall attest to the truth and accuracy of the information set forth in each such financial statement. All financial statements shall be prepared in conformity with generally accepted accounting principles, consistently applied.~~

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~~(o)(n) Governing Law. This Lease shall be governed by and construed in accordance with the internal laws of the State of Indiana.~~

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~~(p)(o) Counterparts. This Lease may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.~~

~~(q)(p) Indemnification for Leasing Commissions. The parties hereby represent and warrant that there was no real estate broker involved in the negotiation and execution of this Lease and that no party is entitled, as a result of the actions of the respective party, to a commission or other fee resulting from the execution of this Lease. Each party shall indemnify the other from any and all liability for the breach of this representation and warranty on its part and shall pay any compensation to any other broker or person who may be entitled thereto.~~

~~(r)(q) Anti-Terrorism Certification. Landlord and Tenant each represents and warrants that; (i) it is not listed on the Special Designated Nationals and Blocked Persons list as maintained and updated by the United States Treasury Department Office of Foreign Asset Control, (ii) it is not an entity with whom Anti-Terrorism Laws (as hereinafter defined) would prohibit one from doing business, (iii) it will not violate Anti-Terrorism Laws, and (iv) it is not and will not do business with any person or entity that would violate Anti-Terrorism Laws. Landlord and Tenant each covenants that it shall indemnify, hold harmless and defend the other party from and against any and all claims, losses, damages, costs and expenses arising out of or in any way relating to the violation of any Anti-Terrorism Laws regardless of whether such violation constitutes a breach of the representations, warranties, covenants and agreements set forth in this paragraph including, but not limited to: (a) claims of third parties (including governmental agencies) for damages, penalties, response costs, or other relief; and (b) any and all expenses or obligations incurred at, before and after any trial or appeal therefrom, including without limitation, reasonable attorneys' fees and other expenses. "Anti-Terrorism Laws" for purposes hereof, shall mean, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "USA Patriot Act"), (b) Executive Order No. 13224: Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001, (c) the International Emergency Economic Power Act, 50 U.S.C. § 1701 et. seq., and (d) any other legal requirements relating to money laundering or terrorism.~~

~~(s)(r) Benefit of Landlord and Tenant. This Lease and the rights and obligations of Landlord and Tenant herein contained shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and permitted assigns.~~

22. **Limitation of Liability.** The term "Landlord" as used in this Lease, as far as the covenants and agreements of Landlord in this Lease are concerned, shall be construed to mean only the holder or holders of Landlord's interest in this Lease at the time in question. In the event of any transfer of Landlord's interest under this Lease or in the Leased Premises, then the Landlord herein named (and in case of any subsequent transfer, then transferor) shall be automatically freed and relieved, as to occurrences after the date of such transfer, from all duties and obligations relating to the performance of any covenants or

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agreements on the part of Landlord to be performed or observed after such transfer. Notwithstanding anything to the contrary provided in this Lease, no officer, official, director, partner, agent, trustee, beneficiary, or employee of Landlord shall be personally liable for the performance or nonperformance of any agreement, covenant or obligation of Landlord hereunder, and Tenant's remedies shall not include a personal money judgment against Landlord or against any of the foregoing persons. Tenant's sole and exclusive remedy at law or in equity shall be to proceed against and foreclose the interest and title of Landlord (or such successor in interest) in and to the Leased Premises (and the proceeds from the sale of such interest and title as to any liability for a default not cured or satisfied in full) for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord (or by such successor in interest) of any of Landlord's obligations hereunder.

**23. Affiliate Contract and IURC Requirements.**

(a) Affiliate Contract. Landlord and Tenant acknowledge that this Lease is an "Affiliate contract" as defined in General Administrative Order of the Indiana Utility Regulatory Commission 2016-5 ("GAO 2016-5") and as such, this Lease shall not be effective unless it is first filed with the Indiana Utility Regulatory Commission (the "IURC").

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(b) Appraisal. References is hereby made to that certain Appraisal Report dated February 10, 2025 prepared for Tenant by Integra Realty Resources, File Number 118-2024-2618 (the "Appraisal"). The parties acknowledge and agree that (i) typical industrial leases such as this Lease are on "triple net" lease terms; (ii) the Appraisal concluded that the "Market Rent" for the Leased Premises as of December 30, 2024 was \$115,000, annually based on triple net terms, and (iii) the Base Rent and other terms set forth in this Lease were determined based upon reference to the Appraisal.

(c) Exclusion of Certain Terms. Notwithstanding anything to the contrary set forth in this Lease and in accordance with GAO 2016-5, any provisions in this Lease that provide for any of the following are hereby excluded (i) terms providing for automatic contract renewal or renewal without notice to all contracting parties and the IURC; (ii) terms providing for an effective date prior to filing with the IURC; and (iii) terms providing for anything that is contrary to Tenant's own tariff, policies, or rules.

(d) Affiliate Contract Number. In compliance with GAO 2016-5, the discreet affiliate contract number for this Lease is the number set forth on page 1 of this Lease.

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**SIGNATURE PAGE TO LEASE**

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Lease by their respective officers duly authorized as of the day and year first above written.

**LANDLORD:**

\_\_\_\_\_  
Scott L. Lods

**TENANT:**

**AMERICAN SUBURBAN UTILITIES, INC.,**  
an Indiana corporation

By: \_\_\_\_\_  
Scott L. Lods, President

4943954-24943954.4

Affiliate Contract Number: 2025-1

**LEASE**

THIS LEASE (this “**Lease**”) is entered into as of the 1st day of March, 2025 (the “**Effective Date**”), by and between SCOTT L. LODS (“**Landlord**”) and AMERICAN SUBURBAN UTILITIES, INC., an Indiana corporation (“**Tenant**”). This Lease supersedes any and all prior agreements by and between the Landlord and Tenant with regard to the Leased Premises (as hereinafter defined).

**WITNESSETH:**

In consideration of the mutual covenants and agreements contained herein, Landlord and Tenant hereby agree as follows:

1. **Leased Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the property commonly known as 3350 West 250 North, West Lafayette, Indiana in Tippecanoe County, Indiana, which property includes (a) approximately four (4) acres of land; (b) one or more buildings containing approximately 4,545 gross leasable square feet of office space and 10,315 gross leasable square feet of warehouse space (collectively, the “**Building**”) and any related improvements owned by Landlord located thereon (the Building and such other improvements being collectively referred to herein as the “**Improvements**”); and (c) all easements, rights-of-way, and other rights appurtenant thereto. Such property, including the Building and other Improvements are collectively referred to as the “**Leased Premises.**”

2. **Lease Term and Holding Over.**

(a) **Lease Term.** The initial term of this Lease (the “**Lease Term**”) shall be for a period commencing on March 1, 2025 (the “**Commencement Date**”) and ending at 11:59 p.m. on February 28, 2026.

(b) **Holdover Possession.** If Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease, with the consent of Landlord, then such holding over and continued possession shall create a tenancy from month to month upon and subject to the same terms and conditions of this Lease in effect when the Lease Term expires, except for the length of the term of this Lease. At any time, either party may terminate such tenancy from month to month upon thirty (30) days written notice delivered to the other party in accordance with Section 20.

3. **Rent.**

(a) **Payment of Base Rent.** Tenant shall pay to Landlord annual base rent (the “**Base Rent**”) in the amount of \$137,164.33, which shall be payable in equal monthly installments of \$11,430.36 in advance (without abatement, offset, deduction or prior demand) on or before the first day of each full and partial calendar month during the Lease Term.

(b) **Additional Rent.** All charges payable by Tenant other than Base Rent are called “**Additional Rent.**” Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due either to the applicable taxing authority, insurance carrier, utility service provider or other provider, directly, or to Landlord upon demand with the next monthly installment of Base Rent.



(c) Past Due Payments. If any Base Rent, Additional Rent or any other sums, charges, or payments required to be paid by Tenant to Landlord under this Lease shall become overdue for a period in excess of ten (10) days, then such unpaid amounts shall bear interest from the date due to the date of payment at the rate of twelve percent (12%) per annum (the “**Default Rate**”). Such interest shall be in addition to, and not in lieu of, any other right or remedy that Landlord may have hereunder, at law, or in equity.

(d) Place of Payments. All payments of Base Rent or any other sums, charges, or payments to be paid by Tenant to Landlord under this Lease required to be made, and all statements required to be delivered, by Tenant to Landlord shall be made and delivered to Landlord at its address set forth in Section 20, or to such other address as Landlord specifies to Tenant in accordance with that Section.

4. Landlord’s Work. Tenant acknowledges and agrees that Tenant is already in possession of the Leased Premises, that Tenant has had an opportunity to inspect the Leased Premises, that the Leased Premises is acceptable to Tenant, that Landlord shall have no responsibility to make any improvements to the Leased Premises.

5. [Intentionally omitted]

6. Use of Leased Premises. The Leased Premises shall be occupied and used solely for office, distribution, warehousing, and ancillary uses related thereto to the extent permitted by applicable law. Tenant covenants and agrees that the Leased Premises shall not be used for any treatment, storage or disposal of, or otherwise contaminated by, any Hazardous Substances (as hereinafter defined); provided, however, that Tenant shall be entitled to store and use such Hazardous Substances on the Leased Premises which are incidental to and necessary for the operation of Tenant’s business so long as Tenant complies with all local, state and federal laws, statutes, ordinances, rules, and regulations applicable to such storage or use, and Tenant further covenants and agrees that:

(a) Tenant shall not permit any waste, damage, or nuisance in, on or about the Leased Premises, or use or permit the use of the Leased Premises for any unlawful purpose;

(b) Tenant shall conduct its business and keep the Leased Premises safe, clean and in compliance with all guidelines, rules and regulations of the health, fire, building, environmental and other offices and governmental agencies having jurisdiction over Tenant’s business and/or the Leased Premises, and shall comply with all laws, ordinances, rules, regulations, orders and decrees of any governmental entity or personnel now or hereafter affecting or relating to the Leased Premises or the use thereof (including, without limitation, all applicable zoning ordinances);

(c) Tenant shall not dump or otherwise dispose of on the Leased Premises any chemicals, metals, garbage, trash or other industrial by-products and incidentals to Tenant’s business and all waste removal facilities shall use proper, leak-proof and fireproof containers and no foreign substance of any kind shall be placed on or near the Leased Premises and the expense of any breakage, stoppage, contamination, spillage or damage resulting from a violation of this provision shall be borne by Tenant;

(d) Tenant shall comply with and shall use its best efforts to cause its agents, employees, customers, invitees, licensees, and concessionaires to comply with all recorded instruments encumbering the Leased Premises and all reasonable rules and regulations established by Landlord from time to time;

(e) Tenant shall indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, from and against any and all claims, judgments, liabilities, losses, costs, and



expenses arising from, or in connection with: (i) any escape, storage, usage, or spillage of any Hazardous Substances by Tenant (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises; or (ii) any transportation of any Hazardous Substances to or from the Leased Premises by Tenant (or its employees, agents, contractors, invitees, or licensees), whether or not such storage, usage, or transportation constitutes a failure of Tenant fully to observe or perform its obligations under this Lease. The claims, judgments, liabilities, losses, costs, and expenses from and against which Tenant has agreed to indemnify, defend and hold harmless Landlord, and any party affiliated with Landlord, under this Subsection shall include the following: (i) any obligation or liability of Tenant or Landlord under any law, ordinance, rule, regulation, order or decree to remove any Hazardous Substance, or contaminated soil or groundwater, from the Leased Premises, "clean up" any contamination of the soil or the groundwater in, on, or under the Leased Premises, or perform any remediation of or for the Leased Premises; (ii) all charges, fines, or penalties imposed by governmental authority or under any law, ordinance, rule, regulation, order or decree governing Hazardous Substances; and (iii) all claims by, and liabilities to, any third party;

(f) Landlord shall indemnify, defend and hold harmless Tenant, and any party affiliated with Tenant, from and against any and all claims, judgments, liabilities, losses, costs, and expense arising from or in connection with (i) any escape, storage, usage, or spillage of any Hazardous Substances by Landlord (or its employees, agents, contractors, invitees, or licensees) in, on, or about the Leased Premises during the Lease Term; or (ii) any recognized environmental conditions existing on the Leased Premises prior to the date Tenant occupied the Leased Premises as a result of the actions of Landlord; provided, however, that Landlord shall have no obligation to indemnify, defend and hold Tenant harmless from, and Tenant shall remain liable and responsible for all, any and all claims, judgments, liabilities, losses, costs, and expenses arising from the exacerbation of such recognized environmental conditions by Tenant (or its employees, agents, contractors, invitees, or licensees).

(g) Each party hereto shall give written notice to the other of any violation, claim, judgment, liability, loss, cost or expense that may give rise to either party's indemnity obligations under Sections 6(e) or 6(f) above, promptly upon discovery or knowledge thereof. The indemnifying party (the "**Indemnifying Party**") shall defend the other party (the "**Indemnified Party**") with counsel selected by the Indemnifying Party that is reasonably acceptable to the Indemnified Party. The Indemnified Party shall have the right to retain its own counsel, at its own cost and expense; provided however that, so long as the Indemnifying Party diligently discharges its defense obligation, the Indemnifying Party shall at all times have the right to lead and conduct the defense of the respective claim or proceeding, but at all times keeping the Indemnified Party advised of all relevant facts concerning the defense of such claim or proceeding. The Indemnifying Party shall have the right to settle any claims or proceedings provided that the Indemnified Party gives its prior written consent, which shall not unreasonably be withheld, conditioned or delayed.

The term "**Hazardous Substances**" means (i) any "hazardous wastes" as defined under RCRA, (ii) any "hazardous substances" as defined under CERCLA, (iii) any toxic pollutants as defined under the Clean Water Act, (iv) any hazardous air pollutants as defined under the Clean Air Act, (v) any hazardous chemicals as defined under TSCA, (vi) any hazardous substances as defined under EPCRA, (vii) radioactive materials covered by the Atomic Energy Act, (viii) similar wastes, substances, pollutants, chemicals regulated under analogous state and local laws, (ix) asbestos, (x) polychlorinated biphenyls, (xi) petroleum and petroleum products or synthetic fuels or any fraction thereof, (xii) any substance the presence of which on the property in question is prohibited under any applicable environmental law; (xiii) substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "oil," "regulated substances," "restricted hazardous wastes," "special wastes" or words of similar import under any applicable state or local statutes, ordinances and/or regulations; and (xiv) any other substance which under any applicable environmental law requires remediation or special handling or notification of or reporting to any federal, state or local governmental entity in its generation, use, handling, collection, treatment, storage, recycling, treatment, transportation, recovery, removal, discharge or disposal.

Landlord and Tenant's indemnification obligations under this Section 6 shall survive the expiration or earlier termination of this Lease.

7. **Alterations.** Tenant shall not make any installations, alterations or additions in or to the Leased Premises ("**Alterations**") without securing the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, Tenant shall have the right, without obtaining Landlord's consent (but with prior notice to Landlord), to perform the following Alterations to the Leased Premises (collectively, the "**Permitted Alterations**"): (A) improvements that are decorative in nature (e.g., painting) and do not affect the structure or any building systems at the Leased Premises, and (B) improvements that (i) do not affect the Building's or other Improvements' systems, (ii) do not affect the roof, foundation or any other Structural Elements (as defined in Section 9(a) below), and (iii) cost less than \$25,000.00 in the aggregate. Any Alterations, including Permitted Alterations, shall be made at Tenant's expense. No less than thirty (30) days prior to commencing any Alterations, including without limitation Permitted Alterations, Tenant shall deliver to Landlord a written notice describing the proposed Alterations with particularity, and providing Landlord copies of plans and specifications for the proposed Alterations, together with a statement of the good faith estimated cost of such Alterations. All Alterations, excepting only Tenant's unattached personal property, shall become the sole property of Landlord upon the expiration of the Lease Term or earlier termination of this Lease; provided, that Landlord shall have the right to require Tenant to remove any such Alterations upon the expiration of the Lease Term or earlier termination of this Lease, in which event, Tenant shall repair any and all damage to the Leased Premises resulting from such removal and shall surrender the part of the Leased Premises altered or improved in as good a condition as on the date that Tenant originally accepted possession of the Leased Premises.

8. **Utilities and Taxes.**

(a) **Utilities.** From and after the Commencement Date, Tenant shall procure and pay the cost of, directly to the appropriate utility service supplier, all natural gas, heat, light, power, sewer service, telephone, cable, water, refuse disposal and other utilities and services supplied to the Leased Premises, including without limitation, any connection and servicing fees, permit fees, inspection fees, and fees to reserve utility capacity. In the event any such charges are not paid by Tenant at the time when the same are payable, Landlord may, but shall not be obligated to, pay the same and charge Tenant the cost thereof, which charge shall be payable by Tenant as Additional Rent upon Landlord's written demand. It is understood and agreed that except as otherwise provided herein, Landlord shall be under no obligation to furnish any utilities to the Leased Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Leased Premises, unless such interruption is caused by the gross negligence or willful misconduct of Landlord, its employees or agents. If any equipment installed by Tenant requires additional utility facilities, the costs of installing such additional facilities shall be borne by Tenant.

(b) **Real Estate Taxes and Assessments.** Landlord shall be responsible for payment of all real estate taxes with respect to the Leased Premises due and payable during the Lease Term.

(c) **Other Taxes and Assessments.** Tenant shall pay and discharge, as and when assessed: (i) all taxes, levies, and charges imposed on, against, or with respect to the conduct of its business operations in, on, or from the Leased Premises; and (ii) all taxes, levies, and charges imposed on, against, or with respect to its trade fixtures, equipment, inventory, and other personal property in, on, or about the Leased Premises. In addition to the foregoing, Tenant shall pay an amount equal to any sales or use tax on all amounts classified as Base Rent or Additional Rent which may be now or hereafter imposed by any lawful governmental authority.

9. **Maintenance and Repairs.**

(a) Maintenance by Landlord. During the Lease Term, Landlord shall, except as otherwise provided in this Lease, make all necessary non-routine repairs, replacements and maintenance to the Leased Premises, including, without limitation, exterior roof, exterior walls (excluding painting), foundation, and structural components of the Building (collectively, the “**Structural Elements**”), all repairs, maintenance and replacement to all parking and drive areas serving the Leased Premises, and the mechanical, electrical and plumbing systems and equipment, utility systems, fire suppression system, dock door equipment and the heating, ventilation, and air-conditioning systems serving the Leased Premises (collectively, the “**Building Systems**”); provided, however that Landlord shall not be required to make any repairs or take any such action until Landlord receives written notice from Tenant in accordance with Section 9(c) below. To the extent any such repairs, replacements or maintenance are required because of the negligence, misuse or default of Tenant, its employees, agents, contractors, customers or invitees, Landlord shall make such repairs at Tenant’s sole expense.

Notwithstanding the foregoing and anything herein to the contrary, in no event shall Landlord be responsible for making any repairs or replacements which are occasioned by: (i) any negligence, intentional act, or willful misconduct of Tenant or its employees, contractors, or agents; (ii) Tenant’s failure to observe or perform any term, condition, or covenant of this Lease to be observed or performed by Tenant; (iii) installation or maintenance by Tenant of any exterior signs, satellite dishes, antennae, communications facilities, or equipment, lines, or cable; (iv) installation or maintenance by Tenant of any trade fixtures, equipment, or other personal property; (v) Tenant making any alterations or improvements to the Leased Premises; all of which repairs and replacements shall be made promptly by Tenant at its cost and expense; or (vi) overloading of the floor of the Building beyond its structurally rated capacity. In the event any repairs or replacements are necessary as a result of any of the foregoing, Landlord may elect to complete such repairs at Tenant’s sole cost and expense.

(b) Maintenance by Tenant. In addition to any other obligations of Tenant hereunder, Tenant shall implement: (i) a janitorial program of cleaning sufficient to keep the Leased Premises in a safe, clean, and sanitary condition at all times; (ii) a program of grass cutting and landscape maintenance sufficient to keep all landscaped areas in a safe, clean, and sightly condition at all times;

(c) Notice. Tenant shall give Landlord prompt written notice of the need for any maintenance, replacement or repairs which Landlord is obligated to make under the foregoing Section 0 above and of any material damage to the Leased Premises or any part thereof.

(d) Warranties. If, and to the extent, Landlord receives warranties from the manufacturers, contractors or installers of certain portions of the Leased Premises, or the systems, equipment or fixtures comprising the same (“**Third Party Warranties**”), Landlord will reasonably assist Tenant in connection with the administration and enforcement of any such Third Party Warranty to the extent they impact the Leased Premises.

## **10. Assignment and Subletting.**

(a) Requirements of Landlord’s Consent. Tenant shall not assign this Lease or any interest therein, without Landlord’s prior written consent (which may be granted or withheld in Landlord’s sole discretion). Tenant shall not sublet the whole or any part of the Leased Premises or permit any other persons, including concessionaires or licensees, to operate in, on or from, or occupy the same for any purposes without Landlord’s prior written consent, which consent may be withheld in Landlord’s sole and absolute discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the requirement for such consent to any subsequent assignment or subletting. Upon any assignment of this Lease or subletting of all or part of the Leased Premises, Tenant shall not be relieved of liability for the

payment of the Rent or for the timely observance and performance of all of the terms, covenants and conditions of this Lease on Tenant's part to be performed or observed.

(b) Assignment by Operation of Law. Any transfer of this Lease by operation of law and any change in control, merger, consolidation, liquidation, or transfer of all or substantially all of the assets of Tenant shall constitute an assignment for purposes of this Lease.

(c) Documentation. No assignment of this Lease by Tenant or subletting of all or any portion of the Leased Premises shall be effective unless and until Tenant shall deliver to Landlord (i) all information reasonably requested by Landlord in connection with a transfer, and (ii) an agreement, in form and substance reasonably satisfactory to Landlord, pursuant to which (i) in the case of an assignment, such assignee assumes and agrees to be bound by all of the provisions of this Lease and confirming the assignee's agreement to accept and be bound by all of the Tenant's obligations under this Lease; and (ii) in the case of a sublease, such subtenant acknowledges that its sublease is subject and subordinate to this Lease and agrees to be bound by the Lease.

(d) Default. In the event of a default by Tenant, Tenant shall not have the right to request that Landlord consent to an assignment, sublet or other transfer of this Lease until such time as said default is cured to Landlord's satisfaction.

(e) Assignment by Landlord. Landlord may assign its rights under this Lease in connection with any sale or conveyance of all or any portion of its interest in the Leased Premises. In the event of a sale or conveyance of the Landlord's interest in the Leased Premises, from and after the date of such transfer, the obligations and duties of the Tenant, excluding such obligations or duties that occurred prior to the assignment, shall be owed to the new landlord and Tenant shall attorn to the purchaser and recognize such purchaser as Landlord under this Lease.

**11. Access to Leased Premises.** Tenant shall permit Landlord and its agents to enter upon the Leased Premises at all reasonable times to inspect and examine the Leased Premises and to show the Leased Premises to prospective purchasers, mortgagees, and tenants. Except in the event of an emergency, Landlord agrees to comply with Tenant's reasonable security requirements for accessing the Leased Premises. Tenant shall permit Landlord and its agents to enter upon the Leased Premises at reasonable times and upon reasonable notice (except in the event of an emergency) to make such repairs (including the bringing of materials that may be required therefor into or upon the Leased Premises) as Landlord may reasonably deem necessary without any such act constituting any eviction of Tenant in whole or in part, without Base Rent in any manner abating while such repairs are being made by reason of loss or interruption of Tenant's business in the Leased Premises, and without responsibility for any loss or damage to Tenant's business or property. Landlord's foregoing right of entry shall not be construed to impose upon Landlord any obligation or liability whatsoever for the maintenance or repair of the Leased Premises except as expressly provided in this Lease.

**12. Insurance and Indemnification.**

(a) Real Property Insurance. During the Lease Term, Landlord (1) shall maintain "Special Form" property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible if Landlord so chooses; and (2) may maintain commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate or such other amounts as Landlord may determine. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary.

(b) Tenant Liability Insurance: At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall maintain in full force and effect a commercial general liability insurance policy for the Leased Premises with coverage limits of at least \$1,000,000 per occurrence for bodily injury to, or death of, any persons and \$2,000,000 in the aggregate, including without limitation, terrorism and providing for "excess" or "umbrella" commercial general liability coverage of at least \$2,000,000.00. For the avoidance of doubt, the "excess" or "umbrella" commercial general liability coverage shall not provide excess coverage for auto liability or employer's liability. The commercial general liability policy shall be issued on a then current ISO form, or such other form, that is in either case acceptable to Landlord and Landlord's Mortgagee (as defined in Section 17 below). At all times during the Lease Term or any earlier occupancy of all or any portion of the Leased Premises, Tenant shall also maintain a Business Auto Policy issued on an occurrence basis with minimum limits of coverage that are not less than \$100,000 per accident. The Business Auto Policy shall be written on the current ISO edition of ISO CA 00 01 or equivalent. This insurance shall be primary and non-contributory, i.e., with respect to a loss covered by Tenant's policy, the proceeds of such policy must be exhausted before Landlord or Landlord's liability insurer would be liable for any payment due to such loss.

(c) Insurance on Tenant's Property. All of Tenant's trade fixtures, equipment, merchandise and other personal property shall be kept at Tenant's sole risk and expense, and Tenant, at Tenant's expense, shall maintain in full force and effect throughout the Lease Term "Special Form" property insurance on its trade fixtures, equipment, merchandise and other personal property in or upon the Leased Premises, and all alterations, additions and improvements to the Leased Premises made by Tenant for their full insurable value on a replacement cost basis, if obtainable, and if not obtainable, for the full amount of the estimated cash value for such property.

(d) Workmen's Compensation; Employer's Liability. Tenant shall comply with the provisions of the workmen's compensation law and shall insure its liability thereunder. Tenant shall maintain in full force and effect Employer's liability insurance in the amount of not less than \$1,000,000 each accident for bodily injury and not less than \$1,000,000 for each employee for bodily injury or disease.

(e) General Insurance Provisions. All insurance policies required to be maintained by Tenant pursuant to this Section 12 (excluding, however, the workmen's compensation insurance) will name Landlord and Landlord's Mortgagee as additional insureds. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with then current ISO additional insured endorsement, or such other endorsement, in either case as may be approved by Landlord and Landlord's Mortgagee (which shall not include any language excluding coverage for the acts or omissions of the additional insured). For each type of insurance which Tenant is required to maintain under this Lease, Tenant shall furnish to Landlord an endorsed copy of such insurance policy together with all endorsements showing that each such type of insurance is in full force and effect and may not be amended or cancelled (or materially changed) without thirty (30) days prior written notice to Landlord. If Tenant fails to deliver any policy, evidence of insurance or renewal to Landlord required under this Lease within ten (10) days of written notice from the Landlord, or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance, together with interest thereon from the date of such payment, at the Default Rate, within fifteen (15) days after receipt of a statement that indicates the cost of such insurance. Tenant agrees that the payment by Landlord of any such premium shall not be deemed to waive or release the default in the payment thereof by Tenant, or the right of the Landlord to take such action as may be permissible hereunder, as is the case of default in the payment of Rent. Tenant shall maintain all insurance required under this Lease with companies reasonably satisfactory to Landlord who are licensed to do business in the State of Indiana and who hold a "Financial Strength Rating" of no less than "Excellent" (A or A- Rating) as set forth in the most current issue of "Best Key Rating Guide". Except as otherwise provided herein, Tenant shall pay all premiums for the insurance policies to be

maintained by Tenant pursuant to this Section 12 no later than the due date. In the event of a loss or claim covered by a policy to which Landlord or Landlord's Mortgagee is an additional insured and/or loss payee, Tenant shall also be liable for the payment of any deductible amount under the applicable insurance policies maintained pursuant to this Section. Tenant shall not do or permit anything to be done which invalidates any such insurance policies. The deductible under each policy to be maintained by Tenant hereunder shall be in a commercially reasonable amount. If the forms of policies, endorsements, certificates, or evidence of insurance required by this Section are superseded or discontinued, Landlord will have the right to require other equivalent forms. Subject to the waiver of subrogation set forth in Section 12(f), the amount and coverage of insurance maintained hereunder shall not limit either party's liability nor relieve either party of any other obligation under this Lease. Landlord may from time-to-time require reasonable increases in any such limits consistent with the insurance being required by institutional owners of similar projects in the area.

(f) Waiver of Subrogation. Each of the parties hereto hereby waives and releases any and all rights of recovery which it might have against the other for any business interruption, liability, loss or damage, whether or not caused by any alleged negligence of the other party, its agents, licensees or invitees, to the extent that such business interruption, liability, loss or damage is covered by any insurance required to be maintained under this Lease. Each policy of insurance required under this Lease shall contain an endorsement to such effect. The foregoing will not, however, release or discharge any party hereunder for or from any liability to the extent of the amount of the deductible feature under the applicable insurance policy, to the extent that the covered loss was caused by that party's own negligence or willful misconduct. In furtherance of the foregoing, the commercial general liability insurance policy maintained pursuant to Section 12(b) above shall be endorsed with the then current ISO Waiver of Transfer of Rights of Recovery Against Others Endorsement, or such other endorsement, in either case as approved by Landlord.

(g) Tenant's Waiver of Claims. All property kept or stored in, upon or about the Leased Premises by Tenant shall be so kept or stored at the sole risk of Tenant; and Tenant shall hold Landlord harmless from any claims, costs, or expenses, arising out of damage thereto. Landlord shall not be liable for, and Tenant waives all claims against Landlord for, any injuries, damages (including, but not limited to, indirect, special, or consequential damages) or losses of or to such property or otherwise, sustained by Tenant and not covered by insurance.

(h) Indemnification; Responsibility for Damages.

(i) Tenant assumes all risks and responsibilities for accidents, injuries or damages to person or property and agrees to indemnify, defend and hold harmless Landlord from any and all claims, liabilities, losses, costs and expenses arising from or in connection with (i) the condition of those portions of the Leased Premises which Tenant is obligated to maintain or any other failure by Tenant to perform any covenant required to be performed by Tenant under this Lease, (ii) use or control of the Leased Premises, (iii) the conduct of Tenant's business from the Leased Premises, or (iv) any other act or omission or the negligence of Tenant, or Tenant's officers, directors, employees, contractors, invitees or agents. Tenant shall be liable to Landlord for any damages to the Leased Premises and for any act done by Tenant or any person coming on the Leased Premises by the license or invitation of Tenant, express or implied (except Landlord, its agents, or employees).

(ii) Landlord agrees to indemnify, defend and hold harmless Tenant from any and all claims, liabilities, losses, costs, and expenses arising from or in connection with the gross negligence or wrongful act of Landlord or Landlord's officers, directors, employees, contractors, invitees, or agents.

(iii) Nothing contained in this Section 12(h) shall limit (or be deemed to limit) the waivers contained in Sections 12(f) and (g) above. In the event of any conflict between the provisions of Sections 12(f) and (g) above and this Section 12(h), the provisions of Sections 12(f) and (g) shall prevail. This Section 12(h) shall survive the expiration or earlier termination of this Lease.

**13. Fire and Other Casualty.** In the event of damage to, or total or partial destruction of, the Building or any fixtures, equipment, or systems which constitute a part of the Building by fire or other casualty (“**Casualty Damage**”), the insurance proceeds, if any, which, as a result of the Casualty Damage, are payable under any “Special Form” property insurance maintained by Landlord shall be payable to, and be the sole property of, Landlord. Subject to the terms and conditions of this Section, Landlord may, to the extent that insurance proceeds (including any deductible or co-insurance amounts provided by Tenant) are available therefor, cause the prompt and diligent repair and replacement of the Building and the Leased Premises as soon as reasonably possible so that it is in substantially the same condition as existed prior to the Casualty Damage; provided that Landlord shall not be obligated to repair or replace any item which was not part of the Improvements existing as of the Effective Date, including without limitation, any alterations, improvements or additions of or to the Leased Premises made by Tenant. However, if substantial Casualty Damage occurs during the Lease Term, then either Landlord or Tenant may, at their respective option, terminate this Lease upon ninety (90) days’ written notice to the other party, and all obligations hereunder, except those due or mature, shall cease and terminate. Base Rent shall be abated proportionately (based upon the proportion that the unusable space in the Building due to a Casualty Damage bears to the total space in the Building) for each day that the Building or any part thereof is unusable by reason of any such Casualty Damage.

**14. Eminent Domain.** In the event that all or a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof all or a substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, and such taking, condemnation or sale renders the Leased Premises unsuitable for operation of the Tenant’s business therein, this Lease shall, at the option of either party, terminate on the date possession of all or such part of the Leased Premises is transferred to the condemning authority. All Base Rent shall be paid up to the date of termination; and all compensation awarded or paid for the taking or sale in lieu thereof shall belong to and be the sole property of Landlord; provided, however, Landlord shall not be entitled to any award made to the Tenant for loss of business or cost of removal or relocation of stock and personal property. In the event that less than a substantial part of the Leased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain, or that in lieu thereof a less than substantial part of the Leased Premises is sold to a public or quasi-public body under threat of condemnation, then the Base Rent will be equitably adjusted to reflect the portion of the Leased Premises that has been taken or condemned.

**15. Default and Remedies.**

(a) Events of Default. Each of the following shall be deemed a default by Tenant:

(i) Tenant’s failure to pay Base Rent or any other sums, charges or payments required to be paid by Tenant to Landlord under this Lease as herein provided when due;

(ii) Tenant’s failure to perform any other term, condition, or covenant of this Lease to be observed by Tenant;

(iii) Tenant shall fail to execute any instrument of subordination or attornment or any estoppel certificate in accordance with Section 17 of this Lease within the time periods set forth in Section 17 following Landlord's request for the same in accordance such Section;

(iv) Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, except, in each case, as permitted in this Lease;

(v) The sale of Tenant's leasehold interest hereunder pursuant to execution;

(vi) Tenant becomes insolvent;

(vii) The adjudication of Tenant as a bankrupt;

(viii) The making by Tenant of a general assignment for the benefit of creditors;

(ix) The appointment of a receiver in equity for Tenant's property if such appointment is not vacated or satisfied within thirty (30) days from the date of such appointment;

(x) The appointment of a trustee or receiver for Tenant's property in a reorganization, arrangement or other bankruptcy proceeding if such appointment is not vacated or set aside within thirty (30) days from the date of such appointment;

(xi) Tenant's filing of a voluntary petition in bankruptcy or for reorganization or arrangement; or

(xii) Tenant's filing of an answer admitting bankruptcy or agreeing to reorganization or arrangement.

(b) Landlord's Right Upon Tenant's Default. In the event of any default provided in Clause (i) of foregoing Subparagraph (a) and the continuance of such a default for five (5) days (except that the five (5) day grace period shall not be applicable if Tenant fails to pay Base Rent as herein provided when due on three (3) or more occasions during the Lease Term), or in the event of any default provided in Clause (ii) of foregoing Subparagraph (a) and the continuance of such default for ten (10) days following written notice from Landlord to Tenant (except in the event such default is of a nature as not to be reasonably susceptible to cure within said ten (10) day period, in which case the period of cure shall be extended so long as Tenant commences its efforts to cure within said ten (10) day period and thereafter diligently pursues the same to completion) or in the event of any other default provided in foregoing Subparagraph (a) without any demand or notice, Landlord may:

(i) elect to terminate this Lease;

(ii) in the event that Tenant has failed to perform any of its covenants under this Lease other than a covenant to pay Base Rent, perform the covenant or covenants of Tenant which are in default (entering upon the Leased Premises for such purpose, if necessary) in which case Tenant shall pay Landlord all expenses incurred therefore, including reasonable attorneys' fees; and Landlord's performance of any such covenant shall not be construed as a waiver of Tenant's default or of any other right or remedy of Landlord in respect of such default, nor as a waiver of any covenant, term or condition of this Lease;



(iii) immediately re-enter upon the Leased Premises, remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the sole cost and for the account of Tenant, all without service of notice or resort to legal process, without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby, and without such re-entry being deemed to terminate this Lease; and/or

(iv) pursue all other rights and remedies to which Landlord may be entitled hereunder, at law or in equity.

(c) Re-Letting. In the event Landlord re-enters upon the Leased Premises as provided in Clause (iii) of foregoing Subparagraph (b), or takes possession of the Leased Premises pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease, or from time to time without terminating this Lease, make alterations and repairs for the purpose of re-letting the Leased Premises and re-let the Leased Premises or any part thereof for such term or terms (which may extend beyond the Lease Term) at such rental and upon such other terms and conditions as Landlord reasonably deems advisable. If Landlord fails to re-let the Leased Premises, Tenant shall pay to Landlord the Base Rent and Additional Rent reserved in this Lease for the balance of the Lease Term as those amounts become due in accordance with the terms of this Lease. Upon each re-letting, all rentals received from such re-letting shall be applied: first to payment of costs of such alterations and repairs; second, to the payment of Base Rent, Additional Rent and any other indebtedness due and unpaid hereunder; and the remainder, if any, shall be held by Landlord and applied in payment of future Base Rent and Additional Rent as it becomes due and payable hereunder. If the rentals received from such re-letting during any month are less than amounts to be paid hereunder by Tenant during that month, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. No re-entry or taking of possession by Landlord of the Leased Premises shall be construed as an election to terminate this Lease unless a written notice of termination is given to Tenant. Notwithstanding any re-letting without termination, Landlord may at any time thereafter elect to terminate this Lease for Tenant's previous default.

(d) Damages Upon Termination. In the event that Landlord at any time terminates this Lease for any default by Tenant, in addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such default, including costs of recovering the Leased Premises, making alterations and repairs for the purpose of re-letting, and the value at the time of such termination of the excess, if any, of the amount of Base Rent and charge equivalent to Base Rent reserved in this Lease for the remainder of the Lease Term over then reasonable rental value of the Leased Premises for the remainder of the Lease Term less any reasonably anticipated vacancy period. All such amounts shall be immediately due and payable from Tenant to Landlord.

(e) Default Indemnification. Upon any default by Tenant hereunder, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord and arising from, or in connection with, a default by Tenant under this Lease or exercising Landlord's rights and remedies with respect to such default.

(f) Landlord Default and Remedies. Except as otherwise provided in this Lease, Landlord shall be in default under this Lease if Landlord fails to perform any of its obligations hereunder and such failure continues for a period of thirty (30) days after written notice from Tenant to Landlord, or such longer period as may be reasonably required to complete such cure so long as Landlord has commenced curing that default within that thirty (30) day period, and thereafter, diligently pursues such cure to completion. Tenant shall not have the right to set-off against any Base Rent or Additional Rent any damages which Tenant may purport to have sustained by reason of Landlord's failure to perform any of the terms, covenants or conditions contained in this Lease on its part to be performed. If Landlord is in default under this Lease, Tenant's sole right and remedy shall be to recover a money judgment against Landlord,

and Tenant's rights to recovery shall be limited to the Landlord's right, title, and interest in and to the Leased Premises as more particularly set forth herein. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and in no event may Tenant terminate this Lease, for breach of Landlord's obligations hereunder.

16. **Surrender.** Upon the expiration of the Lease Term or earlier termination of this Lease, Tenant shall quit and surrender to Landlord the Leased Premises, broom clean and in good order, condition and repair and otherwise in the condition and in a state of repair consistent with the requirements specified in **Section Error! Reference source not found.** above, ordinary wear and tear and acts of Casualty Damage which Landlord is obligated to repair or replace excepted; provided, that Tenant shall remove its personal property and any property affixed to the Leased Premises or improvements, additions or alterations to the Leased Premises which Landlord directs Tenant to remove and repair any damage to the Building caused by such removal. If Tenant shall fail to remove any property or improvements, additions, or alterations that it is obligated to remove, Landlord may cause all or any item of such property or improvements, additions, or alteration to be removed at Tenant's expense. Tenant hereby agrees to pay all costs and expenses of any removal and of the repair of any damage to the Leased Premises caused by such removal. On the expiration or earlier termination of this Lease, Tenant shall, in addition to the foregoing, deliver to Landlord all keys and combinations to locks, safes and vaults. Any and all property remaining on the Leased Premises after the expiration of the Lease Term or earlier termination of this Lease shall, at the option of Landlord, become the property of Landlord and Landlord may dispose of and/or remove any such property without any liability whatsoever to Tenant. Tenant's obligation to observe and perform these covenants shall survive the expiration of the Lease Term or earlier termination of this Lease.

17. **Subordination.** This Lease is and shall be subordinate to the lien of any mortgage, deed to secure debt or any other method of financing or refinancing now or hereafter encumbering the Leased Premises (the "**Mortgage Lien**"), and to all advances made, or hereafter to be made, upon the security thereof; provided that, upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver a subordination agreement in form and substance reasonably requested by Landlord or any mortgage lender or lien holder ("**Landlord's Mortgagee**"), if such subordination agreement provides that the rights of Tenant under this Lease, and the possession of the Leased Premises by Tenant, shall not be disturbed so long as Tenant is not in default hereunder. If any proceedings are brought for the foreclosure of any Mortgage Lien, then Tenant shall: (a) attorn to the purchaser upon any sale resulting directly or indirectly from such proceedings; and (b) recognize the purchaser as Landlord hereunder. Upon request by Landlord, Tenant shall within twenty (20) days after such written request execute and deliver an estoppel certificate in form and substance reasonably requested by Landlord or that may be reasonably requested by Landlord's Mortgagee or any prospective purchaser, mortgage lender, or lien holder.

18. **Covenant of Quiet Enjoyment.** Landlord agrees that if Tenant performs all the covenants and agreements herein provided to be performed by Tenant, Tenant shall, at all times during the Lease Term, have the peaceable and quiet enjoyment of possession of the Leased Premises without any manner of hindrance from Landlord or any persons claiming under Landlord, subject, nevertheless, to the terms and conditions of this Lease.

19. **Mechanic's Liens.** Tenant shall not suffer or give cause for the filing of any mechanic's lien or other lien or encumbrance against the Leased Premises. In the event any mechanic's lien or other lien or encumbrance is filed against the Leased Premises or any part thereof for work claimed to have been done for, or material claimed to have been furnished to, the Tenant, Tenant shall cause such mechanic's lien or other lien or encumbrance to be discharged of record within thirty (30) days after filing by bonding or as provided or required by law or in any other lawful manner or shall provide evidence that the lien or encumbrance is being contested by proceedings adequate to prevent foreclosure of the lien or encumbrance,

together with satisfactory indemnity (in an amount not less than one hundred fifty percent (150%) of the claimed lien or encumbrance) to Landlord within thirty (30) days after the filing thereof. Tenant shall indemnify, defend, and hold harmless Landlord from all claims, judgments, liabilities, losses, costs, and expenses incurred by Landlord as a result of, or in connection with, any such mechanic's lien or other lien or encumbrance. All liens suffered or caused by Tenant shall attach to Tenant's interest only. Nothing in this Lease shall be deemed or construed to constitute consent to, or request of, any party for the performance of any work for, or the furnishing of any materials to, Tenant, nor as giving Tenant the right or authority to contract for, authorize, or permit the performance of any work or the furnishing of any materials that would permit the attaching of a mechanic's lien or other lien or encumbrance.

**20. Notices.** Unless otherwise specifically provided in this Lease or by law, all notices or other communications required or permitted by this Lease or by law shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or sent for overnight delivery by a nationally recognized courier such as Federal Express, addressed to the other party as follows:

Landlord: Scott L. Lods  
PO Box 2154  
West Lafayette, IN 47907

Tenant: American Suburban Utilities, Inc.  
3350 West 250 North  
West Lafayette, IN 47906

Any party may change its address for notice from time to time by serving notice on the other party as provided above. The date of service of any notice served by mail shall be the date upon which such notice is deposited in a post office of the United States Postal Service.

**21. Miscellaneous Provisions.**

(a) Memorandum of Lease. The parties hereto shall not record this Lease nor a memorandum thereof, but upon request of Landlord, Tenant shall execute a "memorandum of lease" suitable for recording.

(b) Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating between the parties hereto the relationship of principal and agent, partnership, joint venture, or any relationship other than the relationship of landlord and tenant.

(c) Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Base Rent, Additional Rent, or other amount due hereunder shall be deemed to be other than on account of the Base Rent, Additional Rent, or other amount first due hereunder. No endorsement or statement on any check or letter accompanying any check or payment of Base Rent, Additional Rent or other amount shall be deemed to be an accord and satisfaction, and Landlord may accept any such check or payment without prejudice to the right of Landlord to recover the balance of such Base Rent, Additional Rent or other amount or to pursue any other right or remedy.

(d) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

(e) Authority. Each person executing this Lease represents and warrants that he or she has been duly authorized to execute and deliver this Lease by the entity for which he or she is signing, and this Lease is the valid and binding agreement of such entity, enforceable in accordance with its terms.

(f) Waivers. No waiver of any covenant or condition or the breach of any covenant or condition of this Lease shall be deemed to constitute a waiver of any subsequent breach of such covenant or condition or justify or authorize a non-observance upon any occasion of such covenant or condition or any other covenant or condition. The acceptance of Base Rent, Additional Rent or any other payment or amount by Landlord at any time when Tenant is in default of any covenant or condition shall not be construed as a waiver of such default or Landlord's right to terminate this Lease on account of such default.

(g) Remedies Cumulative. Subject to the limitations set forth in Section 15(f) above, the remedies of Landlord and Tenant hereunder shall be cumulative, and no one of them shall be construed as exclusive of any other of any remedy provided by law or in equity. The exercise of any one such right or remedy by the Landlord or Tenant shall not impair its standing to exercise any other such right or remedy.

(h) Severability. The invalidity or unenforceability of any particular provision of this Lease shall not affect the other provisions, and this Lease shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

(i) Benefit of Persons Affected. Subject to the provisions of Section 10, this Lease and all of the terms and provisions hereof shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of Landlord and Tenant except as otherwise expressly provided herein.

(j) Construction. Whenever in this Lease a singular word is used, it shall also include the plural wherever required by the context and vice versa. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days. All indemnities set forth herein shall survive the expiration or earlier termination of this Lease. The captions of this Lease are for convenience only and do not in any way limit or alter the terms and conditions of this Lease. All references in this Lease to periods of days shall be construed to refer to calendar, not business, days, unless business days are specified. Notwithstanding anything to the contrary anything set forth herein, if Landlord is delayed in, or prevented from, observing or performing any of its covenants hereunder or satisfying any condition or requirement hereunder as the result of an act or omission of Tenant or any other cause which is not within the reasonable control of Landlord including, without limitation, inclement weather, pandemic, epidemic, governmental shutdowns, earthquakes, floods, tornados, hurricanes, tropical storms, acts of God, acts of civil or military authorities, riots, insurrections, acts of government, acts of any public enemy, the unavailability of materials, equipment, services or labor, fires, explosions, strikes, failure of transportation, and utility or energy shortages or acts or omissions of public utility providers ("**Force Majeure**"), then such completion, correction, observation, performance, or satisfaction shall be excused for the period of days that such completion, correction, observation, performance, or satisfaction is delayed or prevented, and the dates and deadlines for completion, observation, performance, and satisfaction set forth herein, as applicable, shall be extended for the same period.

(k) Entire Agreement; Amendments. This instrument contains the entire agreement between the parties hereto with respect to the subject matter hereof. All representations, promises and prior or contemporaneous undertakings between such parties are merged into and expressed in this instrument, and any and all prior agreements between such parties are hereby cancelled. The agreements contained in this instrument shall not be amended, modified, or supplemented except by a written agreement duly executed by both Landlord and Tenant.

(l) Landlord's Consent. If Landlord breaches any obligation of reasonableness, then the sole remedy of Tenant shall be an action for specific performance or injunction to enforce the obligation, and Tenant shall not be entitled to any monetary damages for, or in connection with, a breach of such obligation, unless the breach is willful or in bad faith, in which event Tenant shall be entitled to all remedies at law or in equity.

(m) Attorneys' Fees. In the event that any proceeding or litigation is commenced by either party to enforce the terms of this Lease, then the prevailing party shall be entitled to an award of its reasonable attorneys' fees and court costs incurred in connection with such proceeding or litigation. For the purposes of this Section, the term "prevailing party" shall mean the party that receives all or substantially all of the relief sought by the party in the litigation or proceeding.

(n) Governing Law. This Lease shall be governed by and construed in accordance with the internal laws of the State of Indiana.

(o) Counterparts. This Lease may be executed in separate counterparts, each of which when so executed shall be an original; but all of such counterparts shall together constitute but one and the same instrument.

(p) Indemnification for Leasing Commissions. The parties hereby represent and warrant that there was no real estate broker involved in the negotiation and execution of this Lease and that no party is entitled, as a result of the actions of the respective party, to a commission or other fee resulting from the execution of this Lease. Each party shall indemnify the other from any and all liability for the breach of this representation and warranty on its part and shall pay any compensation to any other broker or person who may be entitled thereto.

(q) Anti-Terrorism Certification. Landlord and Tenant each represents and warrants that; (i) it is not listed on the Special Designated Nationals and Blocked Persons list as maintained and updated by the United States Treasury Department Office of Foreign Asset Control, (ii) it is not an entity with whom Anti-Terrorism Laws (as hereinafter defined) would prohibit one from doing business, (iii) it will not violate Anti-Terrorism Laws, and (iv) it is not and will not do business with any person or entity that would violate Anti-Terrorism Laws. Landlord and Tenant each covenants that it shall indemnify, hold harmless and defend the other party from and against any and all claims, losses, damages, costs and expenses arising out of or in any way relating to the violation of any Anti-Terrorism Laws regardless of whether such violation constitutes a breach of the representations, warranties, covenants and agreements set forth in this paragraph including, but not limited to: (a) claims of third parties (including governmental agencies) for damages, penalties, response costs, or other relief; and (b) any and all expenses or obligations incurred at, before and after any trial or appeal therefrom, including without limitation, reasonable attorneys' fees and other expenses. "**Anti-Terrorism Laws**" for purposes hereof, shall mean, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "USA Patriot Act"), (b) Executive Order No. 13224: Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001, (c) the International Emergency Economic Power Act, 50 U.S.C. § 1701 *et. seq.*, and (d) any other legal requirements relating to money laundering or terrorism.

(r) Benefit of Landlord and Tenant. This Lease and the rights and obligations of Landlord and Tenant herein contained shall inure to the benefit of and be binding upon Landlord and Tenant and their respective successors and permitted assigns.

**22. Limitation of Liability**. The term "Landlord" as used in this Lease, as far as the covenants and agreements of Landlord in this Lease are concerned, shall be construed to mean only the holder or

holders of Landlord's interest in this Lease at the time in question. In the event of any transfer of Landlord's interest under this Lease or in the Leased Premises, then the Landlord herein named (and in case of any subsequent transfer, then transferor) shall be automatically freed and relieved, as to occurrences after the date of such transfer, from all duties and obligations relating to the performance of any covenants or agreements on the part of Landlord to be performed or observed after such transfer. Notwithstanding anything to the contrary provided in this Lease, no officer, official, director, partner, agent, trustee, beneficiary, or employee of Landlord shall be personally liable for the performance or nonperformance of any agreement, covenant or obligation of Landlord hereunder, and Tenant's remedies shall not include a personal money judgment against Landlord or against any of the foregoing persons. Tenant's sole and exclusive remedy at law or in equity shall be to proceed against and foreclose the interest and title of Landlord (or such successor in interest) in and to the Leased Premises (and the proceeds from the sale of such interest and title as to any liability for a default not cured or satisfied in full) for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord (or by such successor in interest) of any of Landlord's obligations hereunder.

**23. Affiliate Contract and IURC Requirements.**

(a) Affiliate Contract. Landlord and Tenant acknowledge that this Lease is an "Affiliate contract" as defined in General Administrative Order of the Indiana Utility Regulatory Commission 2016-5 ("**GAO 2016-5**") and as such, this Lease shall not be effective unless it is first filed with the Indiana Utility Regulatory Commission (the "**IURC**").

(b) Appraisal. References is hereby made to that certain Appraisal Report dated February 10, 2025 prepared for Tenant by Integra Realty Resources, File Number 118-2024-2618 (the "**Appraisal**"). The parties acknowledge and agree that (i) typical industrial leases such as this Lease are on "triple net" lease terms; (ii) the Appraisal concluded that the "Market Rent" for the Leased Premises as of December 30, 2024 was \$115,000, annually based on triple net terms, and (iii) the Base Rent and other terms set forth in this Lease were determined based upon reference to the Appraisal.

(c) Exclusion of Certain Terms. Notwithstanding anything to the contrary set forth in this Lease and in accordance with GAO 2016-5, any provisions in this Lease that provide for any of the following are hereby excluded (i) terms providing for automatic contract renewal or renewal without notice to all contracting parties and the IURC; (ii) terms providing for an effective date prior to filing with the IURC; and (iii) terms providing for anything that is contrary to Tenant's own tariff, policies, or rules.

(d) Affiliate Contract Number. In compliance with GAO 2016-5, the discreet affiliate contract number for this Lease is the number set forth on page 1 of this Lease.

**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK;  
SIGNATURE PAGE FOLLOWS]**

**SIGNATURE PAGE TO LEASE**

IN WITNESS WHEREOF, the parties have executed or caused the execution of this Lease by their respective officers duly authorized as of the day and year first above written.

**LANDLORD:**

\_\_\_\_\_  
Scott L. Lods

**TENANT:**

**AMERICAN SUBURBAN UTILITIES, INC.,**  
an Indiana corporation

By: \_\_\_\_\_  
Scott L. Lods, President

4943954.4



June 5, 2025

Loraine Seyfried  
Chief Administrative Law Judge  
Indiana Utility Regulatory Commission  
101 West Washington Street, Suite 1500 East  
Indianapolis, IN 46204

**Re: Request for Commission Investigation of American Suburban Utilities, Inc. (ASU)  
Affiliate Lease Agreement between Scott L. Lods and ASU**

Dear Judge Seyfried:

I request that the Indiana Utility Regulatory Commission ("IURC" or "Commission") open an investigation regarding the attached Affiliate Lease Agreement between American Suburban Utilities, Inc. (ASU) and Scott L. Lods. IURC Water & Wastewater Division staff and General Counsel staff ("IURC staff") have reviewed the Affiliate Lease Agreement, and, pursuant to Indiana Code 8-1-2-49(2), it does not appear to be in the public interest as it is contrary to a prior Commission order.

The Affiliate Lease Agreement stems from IURC Cause No. 45649 U. In that case, OUCC witness Ms. Sullivan stated that "ASU's pro forma lease expense is overstated because it includes square footage not reasonably needed to operate the utility." Ms. Sullivan recommended ASU be authorized 3,207 square feet, which included 1,407 square feet of the expanded main floor and 1,800 square feet of the garage space. Ms. Sullivan also noted that the Commission's 44676 Order disallowed ASU's rent expense because ASU did not support the additional space and limited ASU to 2,664 square feet. The Commission accepted the OUCC's position and found "only 3,207 square feet was actually needed and used by ASU" for its utility operations. The Commission rejected the affiliated lease agreement as not being in the public interest. The Commission also raised concerns about ASU's share of operating costs. The Commission directed ASU to submit a revised Affiliate Lease Agreement that reflected the Commission's findings.

In November 2023, ASU submitted another affiliated lease agreement which contained 16,650 square feet. IURC staff concluded that the affiliate lease contract did not comply with GAO 2016-5 or the Commission's Order in IURC Cause No. 45649 U. General Counsel communicated this with ASU's attorney, who withdrew that agreement.



ASU submitted a revised Affiliate Lease Agreement on February 28, 2025. The contract was a triple-net lease for 14,860 square feet. The contract included a “Holdover Possession” provision that required ASU to pay 150% base rent if the “Tenant holds over and remains in possession of the Leased Premises after the expiration of the Lease Term [2/28/26], without written consent of the Landlord...”

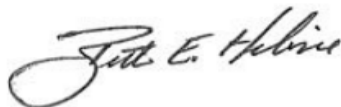
IURC staff believed that the “Holdover Possession” provision was unreasonable, and some terms in the triple-net lease were problematic, including ASU being responsible for all upkeep of “Structural Elements” and “Building System” under “Maintenance by Tenant” and would have to cover all capital improvements at the Landlord’s request. ASU would also be required to pay the Landlord’s real estate taxes (which includes 4 acres), any maintenance incurred by the Landlord, and structural and general liability insurance. IURC staff believed the contract did not comply with the Commission’s 45649 U Order, in regard to the square footage, which leased 14,860 square feet compared to the 3,207 square feet allowed in the Order.

General Counsel sent a letter to ASU’s attorney, Christopher Janak at Bose, McKinney & Evans, LLP, on March 13, 2025, requesting amendments that included reducing the square footage to 3,207, removing the triple-net lease term, “Holdover Possession” provisions, and the assignment of responsibility terms. On March 27, 2025, Mr. Janak, representing ASU, submitted a letter and amended contract that removed the triple net lease term and holdover provisions, but increased the lease amount and did not reduce the square footage.

IURC staff was unable to determine if the increased lease amount (\$22,164.33) was reasonable until the appropriate amount of lease space was established, which was determined to total 3,207 square feet in the Commission’s 45649 U Order. After discussing with IURC staff, General Counsel sent a response to Mr. Janak on April 23, 2025, requesting that ASU either withdraw their contract and address it in their upcoming rate case, or General Counsel would refer the issue to the Commission for investigation pursuant to Indiana Code section 8-1-2-49(2) to determine whether the Affiliate Lease Agreement is in the public interest and, if not, to disapprove the affiliate contract. Mr. Janak responded that ASU wanted to move forward with an investigation.

Thus, pursuant to IC 8-1-2-49(2), I am referring the matter to the Commission for investigation. Please let me know if you have any questions.

Sincerely,



Beth Heline  
General Counsel

cc: Stephanie Hodgin, Chief of Staff  
Curt Gassert, Director, Water/Wastewater Division  
Christopher Janak, Bose, McKinney & Evans LLP