**ADDENDUM NO. 1 (ND-170)**

Lease Rate, Annual Increase, Renewals, etc.

This Addendum No. 1 (“**Addendum**”) is made and entered into effective as of the \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2021, as an addendum to the Standard Commercial/Industrial Building Lease dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2021 (the “**Lease**”), between HOLLINGSWORTH INVESTMENTS XIII, a Tennessee general partnership (“**Lessor**”), and PALLTRONICS, INC., a Michigan corporation (“**Lessee**”), and SOLYCO, LLC d/b/a SOLYCO ADVISORS, a Michigan limited liability company (“**Guarantor**”), for a 253,052 square foot building located at 288 Quality Drive, Mocksville, North Carolina 27028, being 30.826+/- acres in the SouthPoint Business Park (collectively, the building and land shall be referred to as the “**Premises**”).

WITNESSETH:

WHEREAS, Lessor and Lessee entered into the Lease as stated above. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Lease; and

WHEREAS, Guarantor has read, understands and approves the changes made to the Lease herein and executes this Addendum to acknowledge his, her or its agreement that the changes herein will not change or limit his, her or its guaranty of the Lease; and

WHEREAS, Lessee and Lessor desire to further amend the Lease as provided herein.

NOW, THEREFORE, in consideration of the terms, conditions and mutual promises contained herein, and in the Lease, as amended hereby, the parties hereto agree as follows:

1. **EARLY OCCUPANCY FOR FREE**

Upon the Lease and Addendum being fully executed, and subject to any permitting required, appropriate damage deposit, proof that the utilities have been transferred to Lessee, proof insurance has been secured with a copy of the insurance policy and certificate on insurance naming Lessor as additional insured, then the Lessee may occupy the facility pre-term rent free (“**Early Occupancy**”). Prior to Early Occupancy, the parties will walk through the facility together and once completed will execute an Acceptance of Early Occupancy notice. During Early Occupancy, the Lessee shall be subject to all of the terms and conditions of the Lease.

1. **LEASE COMMENCEMENT DATE**

The Lease Commencement Date shall be defined as the later date of (1) the receipt of a Certificate of Occupancy sufficient to allow the intended use of the Premises, or (2) One Hundred Twenty (120) days from execution of the Lease. This Lease Commencement Date shall be commemorated in a lease addendum signed by Lessee and Lessor as soon as is practical after such date is determined. Additionally, the parties will walk through the facility together and once completed will execute an Acceptance of Premises and Acknowledgment of Lease Commencement notice.

1. **LEASE RATE**

Annual Triple Net Lease Rate is as follows:

First Year Rate: $4.49/square foot/year.

**Plus** Additional Rent for Office/Restrooms: 5,886 SF: $0.87/square foot/year, as described in the Upfits section below (the “**Additional Rent**”).

Upon the first anniversary date of the Lease Commencement Date and for all consecutive anniversaries thereafter, the lease base rental rate and Additional Rent will be adjusted each year by three percent (3%).

1. **RENEWALS FOR THE PREMISES**

Lessor hereby grants to Lessee three (3) successive five (5) year renewals under the same terms and conditions as the Lease.

1. **UPFITS**

The Lessor shall provide and construct tenant improvements to the Premises consisting of office, restrooms and breakroom, all totaling approximately 5,886 SF and built in accordance with the specifications established in the Standard Commercial Office Specifications attached to the Lease as **Exhibit C** (collectively, the “**Upfits**”). The Overall Floor Plan and Office Plan sketches attached to the Lease as **Exhibit B, D, and E** provide further details regarding the location and scope of Upfits. **Exhibit A** attached to the Lease shows paved and marked twenty (20) trailer drop spaces. Lessor shall (i) obtain and provide detailed construction drawings, (ii) seek and obtain all buildings permits to complete the Upfits; and (iii) pursue construction in a good and workmanlike manner in compliance with all applicable laws, codes, and regulations. Lessor shall substantially complete the Upfits within 120 days of execution of the Lease.

Requirements for the Upfits are outlined below:

* Finish out 10 dock doors with 40,000 lb manual pit levelers, dock seals, dock locks and LED dock swing arm lights.
* Build 5,886 SF of main office with customary finishes. The office space of 5,886 SF as shown on **Exhibit E** attached to the Lease.
* Combination small shipping office, small trucker lounge and single trucker restroom as shown on **Exhibit F** attached to the Lease.
* Approximate 15’ x 20’ Maintenance Mgr office near the designated maintenance shop.
* Upgrade electrical service to 4000A, 240/480V, 3 phase, 4 wire electrical switchgear panel with bollards or fenced protection
* 12’ x 15’ covered, fenced, open air exterior shelter to house an air compressor with a concrete pad and power.
* 6 “Big Ass”, or equivalent, large fans in the production area
* 30 FC LED lights

Lessee may request additions or changes to the agreed upon plans for the Upfits. Any cost increases or decreases associated therewith will impact the base rental rate for the Premises. The rental rate adjustment will be calculated using the formula below in Lease Rate Adjustments for Changes in Scope of Work.

Additionally, Lessee has the option to self-perform the Upfits and forego the Additional Rent described in Section 3 above, if it is to their tax advantage under current tax law. If Lessee chooses to self-perform Upfits, Lessor must approve construction plans, before work commencement, and Lease Commencement date will be 120 calendar days from Lease execution, since completion of construction will not be under the control of the Lessor.

Premises to be delivered where-is, “As Is, Where Is,” except for Lessor’s Warranties as described in Section 10 of this Addendum.

1. **LEASE RATE ADJUSTMENTS FOR CHANGES IN SCOPE**

Rental Rate adjustments, if any, will begin upon the Lease Commencement Date. In the event Lessee requests a change order or modification to the Upfits that affects the costs thereof, the annual rental rate for the Premises identified in Section 3 above for Upfits may be adjusted up or down pursuant to a prior written change order agreement for building improvements signed by Lessor and Lessee by using the following formula: $0.034SF/$50,000 (as calculated on 253,052 S.F.) change in direct subcontractor costs.

Such rental rate adjustment formula would also apply to any other portion of the scope of Upfits which is changed from that described herein or in the Lease, lease amendments, and any associated exhibits, and such changes shall be documented by a fully executed Change Order signed by Lessee and Lessor. The total change orders to the scope of work through this formula is limited to $1,250,000 change addition or reduction in the cost of construction.

Lessee shall pay monthly rent for the Premises during the term of the Lease in accordance with Section 3 above, as may be adjusted by this section, at the time and place described in the Lease. All other amounts required to be paid by Lessee under this Lease shall be considered to be additional rent and shall be payable as provided in the Lease.

1. **CAPITAL IMPROVEMENTS**

Section 6 of the Lease is hereby amended to include the following:

Notwithstanding Lessee’s responsibilities for maintenance and repairs, capital expenses will be calculated by determining the useful life of the asset and prorating the expense for the remaining years of the Lease. Lessor agrees to pay any amount above $2,500 on any necessary HVAC capital expense.

1. **FIRST RIGHT OF REFUSAL**

Lessor grants to Lessee a first right of refusal to lease the adjacent property known as Project ND-158 located on Lot 11 (“**ND-158**”), beginning upon the signing of this Lease and expiring ten (10) business days after Lessor pulls a building permit for ND-158.

If Lessee fails to exercise the Option within the Option Period, the Option shall become null and void. If the Lessee elects to exercise the above Option, Lessee shall execute a lease for ND-158 within fifteen (15) calendar days after said notification to Lessor.

1. **BROKERS**

Lessor and Lessee each represent and warrant to the other that neither party is represented by a broker or other agent in connection with the Lease other than Binswanger, who represents the Lessee on this base building. Lessor shall pay commission fees as defined in a separate agreement to Broker upon receiving a fully executed Lease.

1. **WARRANTIES**

Lessor shall assign to Lessee all third-party contractor’s manufacturers and equipment warranties which Lessor has obtained in connection with the Premises or shall have them issued directly to the Lessee by the manufacturers. During the term of the Lease, warranty of the roof shall remain with Lessor. Upon any termination of the Lease, all warranties assigned, issued or delivered to Lessee shall be assigned, reassigned or delivered to Lessor. The assignments, reassignments or redelivery shall be deemed to occur automatically with the termination of the Lease, without the need for further documentation; however, Lessee agrees to execute and deliver the appropriate documents necessary and appropriate to do so upon any termination upon request.

Lessor guarantees to Lessee the Premises work against defective design, workmanship and materials, latent or otherwise, for a period of one (1) year from the execution of the Lease (the “**Warranty Period**”).

1. **QUIET ENJOYMENT**

Lessor covenants that Lessee, upon paying when due the Rent and additional rent herein provided for and observing and keeping all provisions of this Lease on its part to be observed and kept, shall quietly have and enjoy the Premises during the term of this Lease, without hindrance or molestation by anyone claiming by, through or under Lessor, subject, however, to the exception, reservations, and provisions of this Lease.

1. **LANDLORD LIEN WAIVERS**

The Lessor shall execute, at Lessee’s request, one or more Landlord Lien Waiver forms in favor of Lessee’s lenders in a form reasonably acceptable to such lenders and acceptable to Lessor and Lessor's lender**.**

1. **SUBORDINATION, NON-DISTURBANCE & ATTORNMENT**

The Mortgagees Rights and Financial Info provision of this Lease are conditioned upon the delivery to Lessee by Lessor’s lender of an executed Subordination, Non-Disturbance Attornment Agreement in a form reasonably acceptable to Lessee and consistent with prior practices. Lessor represents and warrants to Lessee that as of the date of this Lease, that the Premises is not subject to any liens of any type or nature except by a Deed of Trust.

1. **AUTHORIZATIONS**

Lessor represents and warrants that: (a) Lessor has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Lessor.

Lessee represents and warrants that: (a) Lessee has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Lessee.

If Guarantor is not an individual, then Guarantor represents and warrants that: (a) Guarantor has taken all actions required by law, its governing documents or otherwise to authorize the execution, delivery and performance of this Addendum; and (b) this Addendum has been duly executed and delivered by a duly authorized officer of Guarantor.

Lessee and Guarantor have further authorized and taken all actions required by law, their governing documents or otherwise to authorize the execution, delivery and performance of any previous, present, and future amendments and change orders that may occur to be executed by Lessee or its local representatives.

1. **MISCELLANEOUS**

This Addendum shall be attached to, made a part of and wholly merged into the Lease. The Lease, supplemented by this Addendum, is to remain in full force and effect and is to be deemed superseded by this Addendum to the extent necessary to implement the terms of this Addendum. If there is a conflict between the terms of this Addendum and the Lease, the terms of this Addendum shall control.

Lessee, Guarantor, and Lessor have agreed to the above terms and conditions to the Lease and to this Addendum. No supplement, modification or amendment of the Lease or this Addendum shall be binding unless executed in writing by Lessee and Lessor.

Should any provision(s) in this Addendum be declared void or voidable by a court of competent jurisdiction, the provision(s) shall be considered severed from the Addendum and all remaining provisions shall remain in full force and effect.

No provision of this Addendum will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

This Addendum may be executed and delivered by facsimile or PDF signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

The parties hereto agree that all of the terms of the Lease which are not otherwise amended by this Addendum shall remain in effect.

[SIGNATURES ON THE FOLLOWING PAGE]

[Signature Page to Addendum No. 1]

Executed by each party to be effective as of the date first above written.

**LESSEE:**

PALLTRONICS, INC.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Name: Witness
Title:

**GUARANTOR:**

SOLYCO, LLC d/b/a SOLYCO ADVISORS

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Name: Witness
Title:

**LESSOR:**

HOLLINGSWORTH INVESTMENTS XIII

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 Joseph A. Hollingsworth, Jr. Witness
 Managing Partner

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