

Local Development Finance Authority

Regular Meeting Agenda

Monday, May 16, 2016
4:00 p.m., Council Chambers
South Haven City Hall



1. Call to Order

2. Roll Call

Chairman Art Bolt, Thomas Erdmann, Eugen Gawreliuk, Mike Henry, Robert Herrera, Stephanie Timmer, Andy Klavins, Christine Valentine, Barbara Craig

3. Approval of Agenda

4. Approval of Minutes – April 11, 2015

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

6. Financial Report

7. Economic Development Report

8. 220 Aylworth – Bohn Building Offers

9. General Comments

10. Adjourn

RESPECTFULLY SUBMITTED,
Kate Hosier,
Secretary, LDFA

SOUTH HAVEN CITY HALL IS BARRIER FREE AND THE CITY OF SOUTH HAVEN WILL PROVIDE THE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES FOR PERSONS WITH DISABILITIES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE MEETING TO INDIVIDUALS WITH DISABILITIES AT THE MEETING UPON SEVEN (7) DAYS NOTICE TO THE SOUTH HAVEN CITY HALL.

Local Development Finance Authority

Regular Meeting Minutes

Monday, April 11, 2016
4:00 p.m., Council Chambers



City of South Haven

1. Call to Order by Valentine at 4:00 p.m.

2. Roll Call

Present: Tom Erdmann, Eugen Gawreliuk, Mike Henry, Bob Herrera, Andy Klavins, Stephanie Timmer, Christine Valentine
Absent: Art Bolt

3. Approval of Agenda

Motion by Timmer, second by Erdmann to approve the April 11, 2016 Regular Meeting Agenda as presented.

All in favor. Motion carried.

4. Approval of Minutes – December 14, 2015

Motion by Timmer, second by Klavins to approve the December 14, 2016 Regular Meeting Minutes as written.

All in favor. Motion carried.

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

6. Financial Report

Hosier reviewed the Financial Report.

Motion by Erdmann, second by Henry to accept the financial report.

All in favor. Motion carried.

7. Economic Development Report

McCloughan updated the board on economic developments.

8. 220 Aylworth – Bohn Building - Payment Request

Hosier noted that this invoice is for the feasibility study, showing the viability of the building as it currently stands and noting problems with the building.

Motion by Henry, second by Timmer to approve payment of the 220 Aylworth Bohn Building invoices for feasibility study.

All in favor. Motion carried.

9. 2016-2017 Budget

Hosier noted this is a mirror of last year's budget and this is the projected budget for LDFAs 1, 2 and 3.

Motion by Erdmann, second by Klavins to approve the 2016 – 2017 Projected budget as presented.

All in favor. Motion carried.

10. General Comments

Klavins thanked McCloughan for attending a recent meeting to encourage getting jobs in the city.

McCloughan said we will be seeing a different style of meeting next time around.

11. Adjourn

Motion by Erdmann, second by Klavins to adjourn at 4:19 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary

City of South Haven
Local Development Finance Authority
For the period ended April 30, 2016

	LDFA #1	LDFA #2	LDFA #3
Revenues			
Property Tax Captures	204,552	34,822	55,349
Interest Income	3,908	1,479	6,089
Land Sales			-
Other Revenue State PPT reimb	-	-	-
Other Transfers In	-	-	-
Total Revenue	208,460	36,300	61,438
Expenditures			
Economic Liaison	13,337	14,671	16,466
Administrative Costs	-	-	-
Professional Fees	14,884	-	-
Contractual Services	16	-	1,089
Capital Projects	88,265	-	-
General Fund Administration	-	25,000	29,167
Transfer to Building Authority Debt Service	-	10,820	-
MEDC Loan Payments			20,406
Transfer to St. Joe Project Debt Service	100,000	-	-
Other Transfers Out	-	-	-
Total Expenditures	216,502	50,491	67,128
Year-to-Date Fund Gain/(Loss)	<u>(8,043)</u>	<u>(14,191)</u>	<u>(5,690)</u>
Cash and Investments			
Cash	207,208	31,450	58,969
Certificates of Deposit	262,850	-	
Other Financial Investments	291,898	124,770	494,131
Total	761,956	156,220	553,100
Land Assets - 345 Kalamazoo St	5.19 acres	\$ 46,710	Mkt Value per assessor
Land Assets - 1391 Kalamazoo St	1.54 acres	\$ 36,729	Mkt Value per assessor
220 Aylworth Ave	13.22 acres	\$ 118,980	Mkt Value per assessor
1280 Kalamazoo St.	3.48 acres	\$ 31,320	Mkt Value per assessor
LDFA Debt Obligations			
St. Joe Projects Bonds - Final Maturity - May 2027	\$120,000/Year		
DPW Relocation Bonds - Final Maturity - Nov. 2021		\$13,990 Average/Year	
MEDC Loan -0% Interest - Final Payment - April 2016			\$27,208/Year



Agenda Item 8

Offers for 220 Aylworth Ave “Bohn Building”

Background Information:

The Local Finance Development Authority (LDFA) board will be asked to choose between two offers (or chose neither offer) for the property located at 220 Aylworth known as the “Bohn Building.” In 2012, the LDFA acquired the Bohn building and has listed the property with NAI Wisinski for \$750,000 since December 2014.

In February 2016, the LDFA funded an assessment of the facility which investigated the building’s environmental issues, roof condition, fire suppression system status, costs to convert the facility for cold storage, and a review of the southwest retention pond. Most notable item in the report were the improvements needed for the building to fit for occupancy: \$279,000 - \$283,000 in estimated costs. Additionally, the roof has areas of obvious leakage, an estimate to seal the roof is approximately \$44,000 - \$54,000. The cost to correct building code deficiencies is estimated at \$29,000 - \$40,000. Also the costs to remove mold from ceiling and structural steel is around \$25,000 - \$30,000. Regardless of which action the LDFA Board intends to pursue (option A or B or no to both), these improvements to make the building occupiable will have to be paid by the LDFA.

Option 1: Lukela Group, LLC

Lukela Group, LLC is a Michigan Limited Liability Company with Sean Russell and Renee Russell as its managing members. Lukela proposes a three-phase, \$3.4 million proposal with the potential to attract 116 or more full-time permanent jobs. Their goal is to utilize the existing buildings and property to provide commercial and or industrial storage space while attracting suitable manufacturers. They intend to bring the building up to code and address deficiencies noted in the facility assessment report from Abonmarche: failing roof, non-working HVAC, lead based paint and mold removal, occupancy code requirements, etc. Lukela Group, LLC offers a purchase price of \$338,338 which includes the 7% commission (\$23,333.66), Kalamazoo Street construction (\$54,418.76), unpaid Utility RTS charges (\$20,964.78) resulting in approximately \$275,000 in net proceeds to the LDFA. The city’s staff and attorney have been working with Lukela for several months refining the buy/sell agreement; however, Lukela Group, LLC has stated that time is of the essence and that a signed agreement on this property must occur by June 1, 2016.

Option 2: Coach Marine Group

Coach Marine Group has expressed their interest in the property by submitting a Letter of Intent for the property. They have proposed a purchase price of \$10,000 with the intention to invest a minimum of \$650,000 in real or personal property improvements and to hire at least 80 new employees at the property. If the Letter of Intent is executed, they intend to put \$1,000 earnest

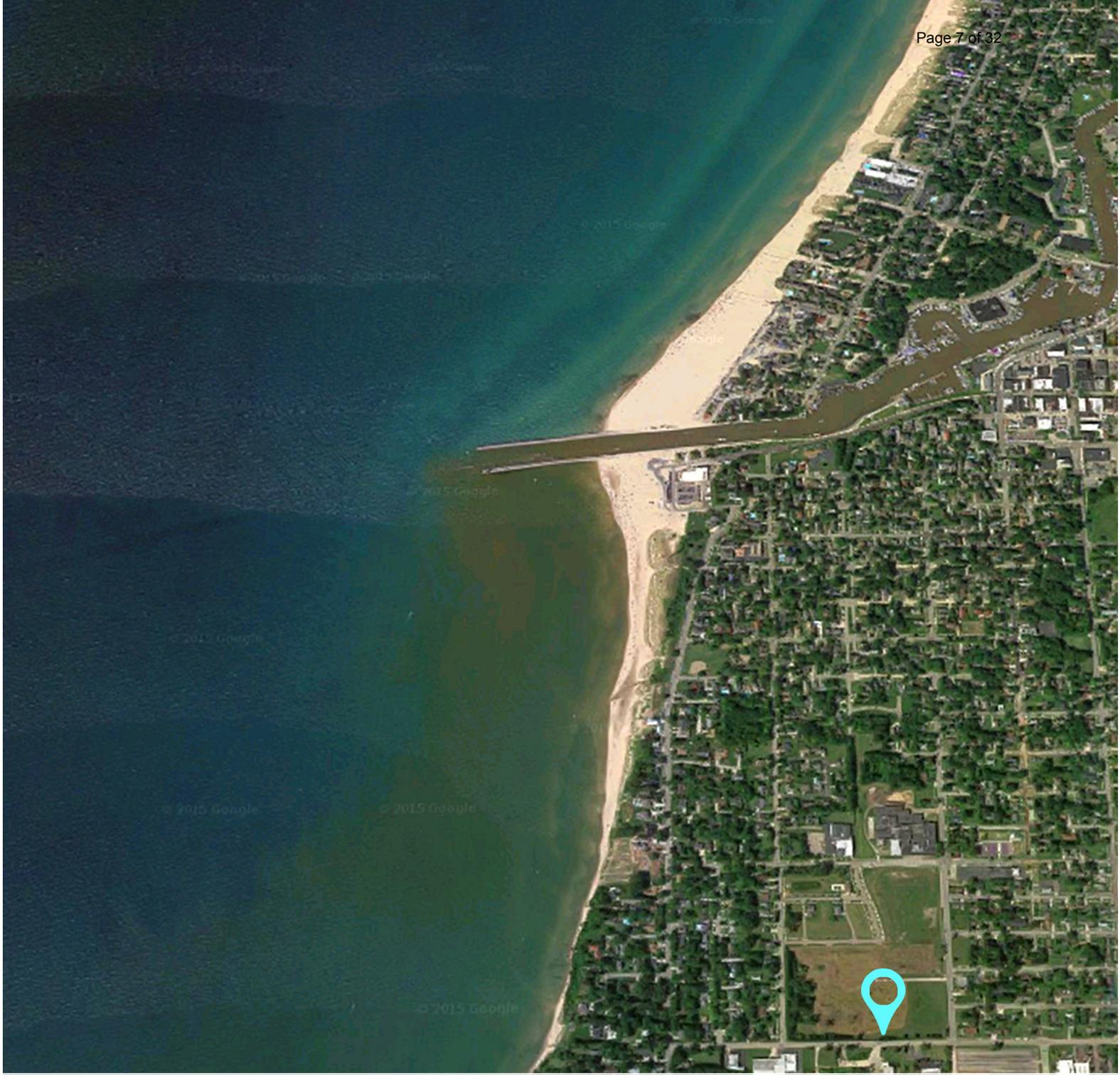
money in escrow for 150 days during the Due Diligence Period. Please note that this offer is relatively new and will require time to develop a buy/sell agreement.

Recommendation:

Staff recommends the Lukela Group, LLC offer but requests direction as to which proposal staff should pursue.

Support Material:

Bohn Building Facility Assessment
Lukela Group, LLC Proposal
Draft Purchase Agreement with Lukela Group, LLC
Net Proceeds Worksheet of Lukela Group, LLC
Letter from Lukela Group, LLC
Letter of Intent from Coach Marine Group



City of South Haven

220 Aylworth Facility Assessment and Cost Estimates

February 4, 2016

MEMORANDUM

DATE: February 4, 2016
TO: Brian Dissette, City Manager - City of South Haven
FROM: Jeff Saylor, Abonmarche Consultants
RE: 220 Aylworth Facility Assessment and Cost Estimates

After our last meeting, Abonmarche was tasked with further investigation of five areas of concern: environmental issues, the roof condition, fire suppression system status, costs to convert the facility for cold storage, and a review of the southwest retention pond. Following is our report of these items.

Environmental Issues

Mold – Samples were taken from existing mold at the ceilings and steel frame of the east wing of the building. The mold was identified as cladosporium – the most common mold found in indoor air. No regulatory standard for mold spore exists. Removal is not required by any standards or regulations but is advisable to protect occupants with allergies or immune deficiencies.

- Cost to remove mold from ceiling and structural steel: \$25,000-\$30,000

Paint – Most painted surfaces inside the building area pose no safety concerns to building occupants if left undisturbed. All handrails (yellow or brown) are not safe to the touch and the paint should be removed or encapsulated – covered with non-toxic paint (see BDN report).

Painted surfaces that may be disturbed or demolished that tested positive for lead, chromium or cadmium should be dealt with by contractors with the proper training and certifications (see BDN report).

Flaking/falling ceiling paint at west storage area does contain lead but can be disposed of by a contractor having the required certification in lead training.

Minimum costs required for paint encapsulation or removal are:

- | | |
|--|------------------------|
| • Paint handrails at stairways and guardrails with chromium or cadmium content | \$1,000 |
| • Remove loose paint from ceiling of west area | \$12,000 |
| • Collect/dispose of all removed paint | <u>\$3,000-\$4,000</u> |
| Total | \$16,000-\$17,000 |

Roof

The roof was inspected at the areas of obvious leakage. All "low-slope" roofing, primarily at southwest corner of building, requires replacement. The standing seam roofing, on most of the building, requires some sealing at raised seams. Overall scope of these repairs could not be determined due to weather conditions. Costs are outlined below:

- | | |
|---|-------------------|
| • NW roof valley low slope roof replacement | \$6,000-\$7,000 |
| • SW low slope roof – replacement | \$24,000-\$32,000 |
| • Seal standing seam metal roofing with seam sealer (allowance) | <u>\$15,000</u> |
| Total | \$44,000-\$54,000 |

Fire Suppression System

The fire suppression system was inspected and found to be drained down in most locations. Winterization of lines was completed at the time of inspection.

Cold Storage

The building is not suitable and costs are excessive for cold storage use in warm weather months. Replacing all six 20-ton units with similar new units would only allow interior temperatures to be held around 60 degrees.

Maintaining 40 degree temperatures would require different equipment – refrigeration equipment with supplemental space heater for use in winter. The building also is not insulated properly for summer refrigeration. The present insulation must be upgraded. All doors and overhead doors will require replacement because the existing doors are not insulated. Even with upgrading, condensation forming on the exterior walls and roof is possible because the building was not designed and built for cold storage.



Approximate additional costs to convert the 46,000 sf area to cold storage (beyond estimates above) are:

• Refrigeration equipment installed	\$550,000-\$600,000
• Space heating (for winter)	\$60,000
• Additional insulation at walls/roof	\$90,000
• Door replacement (pass doors, overhead)	\$15,000
• Remove existing HVAC equipment, modify siding at penetrations	<u>\$15,000-\$20,000</u>
Total	\$730,000-\$785,000

Note: Costs identified in item #6 below, for 20 ton HVAC units, would be eliminated with this option.

Retention Pond

The retention pond, in the southwest corner of the property, manages stormwater on site. There is a visible bulge under the liner near the sidewalk side of the pond. The bulge could be caused by numerous issues, such as uneven settlement exposing a rootball or other debris. A small earthslide beneath could also cause a bulge. This is not a major concern but can be corrected, if desired.

Normal maintenance of the pond includes weed control, inspection of the area for issues, monitoring for rodents, and keeping any outlet clear.

- Estimated cost range to repair liner/bulge: \$3,000-\$8,000

Following is a recap of our previous report of improvements needed for occupancy:

Building Code Deficiencies

1. Add 2 exit doors where noted on plan – needed to eliminate dead end or reduce travel distance to an exterior exit (at south exterior wall), with concrete stoops \$5,000-\$6,000
 2. Add exit sign and emergency lighting at west end warehouse and second floor offices (after new electrical service in place) \$12,000-\$18,000
 3. Renovate the restrooms to comply with ADA \$12,000-\$16,000
- \$29,000-\$40,000



Building Improvements Needed for Occupancy

4. Re-grade ground at south side – water enters under doors from higher ground	\$2,000-\$3,000
5. Get sprinkler systems operational (wet & dry) (approximated cost, to be confirmed).	\$3,000-\$4,000
6. No heating units work presently – building requires heat in order for the “wet” fire suppression system to be used (all but West end of building), (must heat building – to avoid ground freezing & heaving of foundations).	
• Add space heaters at 5000 sf space near SW corner	\$3,000-\$5,000
• Replace 4 (of 6) 20 ton HVAC units, repair ductwork	\$120,000-\$140,000
• Replace units serving offices (minimal heat with 2 units)	\$20,000-\$25,000
7. Replace 2 exit doors at south exterior wall and at west sprinkler service room	\$2,000
8. Replace 3 overhead doors (two presently sliding doors)	\$15,000-\$18,000
9. Replace siding and roof flashing at exterior walls of west storage room and south bump-out (no insulation – space not insulated)	\$37,000
10. Replace heater at dry suppression system room (assumed in need of replacement)	\$1,000
11. Install new 600 amp service	\$10,000-\$15,000
12. Install separation wall, overhead door, and pass door at entry to unheated West end warehouse space.	\$8,000-\$10,000
13. Minimal ventilation system for West end warehouse space (fan and intake louver.)	\$7,000-\$8,000
	<u>\$279,000-\$283,000</u>





220 Aylworth Avenue

Lukela Group, LLC

February 5thth, 2016

City of South Haven
539 Phoenix Street
South Haven, Michigan 49090

Dear Mr. Dissette,

Thank you for the opportunity to present a brief summary proposal of the 220 Aylworth Avenue project. Included is a description of the managing members' education, professional skills, and experience. Also included is a brief description of the initial project goals, development phases and projected funding estimates. We continue to be excited to move forward with a purchase contract in order to proceed with the due diligence work and the ultimate purchase/development of this project.

Thank you in advance,

A handwritten signature in black ink, appearing to read "Sean Russell / Renee Russell". The signature is fluid and cursive, with the two names connected by a slash.

Sean Russell / Renee Russell

Lukela Group, LLC

Investor Information

Lukela Group, LLC is a Michigan Limited Liability Company with Sean Russell and Renee Russell as its managing members.

Sean Russell was raised in South Haven and is a graduate of South Haven High. He went on to earn a Bachelor's of Science from Arizona State University and was an officer in the United States Air Force for 15 years. Sean is currently a contract pilot and continues to serve as a Major in the United States Air Force Reserves as a Combat Aviation Advisor and Foreign Internal Defense (FID) specialist. Sean has also been investing and managing commercial/residential real estate for 15 years.

Renee Russell was also raised in the South Haven community and a graduate of the South Haven School system. Renee then earned a Bachelor's of Art degree, as well as a Master's of Business Administration. Professionally, Renee has 18 years of accounting and financial analysis experience, mostly in the manufacturing sectors, to include Fortune 500 employment. Also, Renee has been investing and/or consulting in commercial/residential real estate for almost 20 years.

After having worked and lived throughout the U.S. for many years, Sean and Renee returned to the South Haven community in 2012 to raise their family and continue their investment business. Combined, they have been involved in over 1.5 million dollars in real estate/investment transactions.

Project Description/Goals

220 Aylworth

The Lukela Group, LLC is very excited to present our three-phase, \$3.4 million proposal at 220 Aylworth. This project has the potential to attract 116+ full-time, permanent jobs. We are confident that our attainable project goals will not only create these jobs, but are also integral to bolstering a renewed industrial presence within the local South Haven area. The 220 Aylworth property was once an industrial focal point and is currently one of the last industrial spaces within South Haven. The Lukela Group is committed to restoring 220 Aylworth to a “value-added” condition.

Overall Goals:

- * Utilize existing buildings/property to provide commercial/industrial storage space, while attracting suitable manufacturers
- * Restore vacant industrial space to a revenue producing state
- * Create value within the community via long term, permanent job creation
- * Return “non-producing” property to the tax base
- * Revitalize undeveloped industrial area and provide economic opportunities for the local area
- * Secure industrial opportunities for the future that will complement the current agricultural and tourism industries
- * Create a “public-private partnership” to address environmental challenges
- * Eliminate blighted office building

Phase I

220 Aylworth

Key Elements:

Investment:	\$1.2 million
Job creation:	2 full-time, 3 part-time
Completion timeline:	5 months
Financing:	Commercial Lending/Private Equity/ Brownfield Funding/ Local Incentives

Phase one will require an estimated \$1.2 million (including acquisition cost). The main warehouse and surrounding property will be revitalized while existing space for commercial indoor/outdoor storage will be exploited. Local contractors and firms are to be utilized when possible while the following deficiencies are addressed: failing roof, non-working HVAC, environmental factors (lead based paint/mold removal, brownfield considerations,) occupancy codes and other repairs as needed for commercial storage. An estimated two full-time (1 office/1 operations) and three part-time (seasonal) employees will be required. In achieving phase one's objectives, further decay of the industrial space will be halted, the property tax base will be increased and future opportunities secured.

Phase II

220 Aylworth

Key Elements:

Investment:	\$85,000
Job creation:	74+ full-time
Completion timeline:	2 years
Financing:	Private Equity/State & Local incentives

Phase two will require partnerships with commercial brokers specializing in industrial leasing. Site appropriate, job producing manufacturers will be sought out to best utilize the rehabilitated space. It is estimated that approximately 74+ full-time employees will be recruited once the entire building is appropriately utilized. Completion of phase two will contribute to fulfilling a current need of permanent, year-round local employment. An estimated \$85k will be needed for advertising, recruiting & manufacturers suitability work.

Phase III

220 Aylworth

Key Elements:

Investment:	\$2.1 million
Job creation:	40 full-time
Completion timeline:	5 years
Financing:	Commercial Lending/Private Equity/ State and Local incentives

Phase three will begin approximately five years after phases one and two are complete. An estimated \$2.1 million will be required to further develop the under-utilized remaining 13 acres. A “public-private” partnership and Federal/State/Local funding may be sought to install a service road/utilities to provide further industrial access. Potentially, two 20,000 sq ft manufacturing warehouses with office space will be constructed. This planned development continues to generate value for South Haven, to include job creation of an estimated 20 employees per parcel. Phase three will be dependent on variables including the future economy and marketing factors that directly impact solvency.

Project Financing

220 Aylworth

Phase	Total Investment	Jobs created	Financing
I	\$1,200,000	2 full-time, 3 part-time	Commercial Lending/Private Equity/Brownfield Funding/ Local Concessions
II	\$85,000	74 full-time*	Private Equity/State & Local incentives
III	\$2,100,000	40 full-time*	Commercial Lending/Private Equity/State and Local incentives
Totals	\$3,385,000	116 Jobs	

A blend of private equity and traditional lending will be utilized for procurement and development of this project. The managing members have several viable avenues of project funding due to the projected profitability and already accomplished Environmental Survey Assessments. Additional details will be available on a confidential basis. Purchase and financing is subject to environmental factors, governmental permitting and other due diligence as customarily required by the developer and/or lenders.

*Conservative estimates based on 1,000 square feet/employee (light industrial/manufacturing average is 500-750 square feet/employee.)

**Actual project costs, lending options and the development Phases are estimates, dependent on due diligence results, property appraisal and market conditions.

REAL ESTATE PURCHASE AND DEVELOPMENT AGREEMENT

This Real Estate Purchase Agreement is made as of [REDACTED], 2016 (the “Effective Date”), between the Local Development Finance Authority of the City of South Haven, a Michigan public body corporate, of 539 Phoenix Street, South Haven, MI 49090 (“Seller”) and Lukela Group, L.L.C., a Michigan limited liability company with a registered address of 70412 County Road 388, South Haven, MI 49090 (“Buyer”).

RECITALS

A. Seller owns the following described approximately 16.8 acres of real property in the City of South Haven (the “City”), VanBuren County, Michigan (the “Property”).

1280 Kalamazoo Street – Tax Parcel No. 80-53-220-002-10 – approximately 3.5 acres:

A851-A1 15-1-17 732-502 895-471 1098-354 1266-856 1297-670 1578-86 COM AT NE COR OF LOT 1, TH S 0 DEG 00'12"W ALG E L OF LOT 1 177.79 FT TO BEG, TH S 0 DEG 00'12"W ALG E L OF LOT 1 466.26 FT, TH S 89 DEG 36'44"W 198.95 FT, TH N 0 DEG 42'47"E 167.54 FT, TH N 89 DEG 53'18"W 146.13 FT, TH N 0 DEG 10'41"W 80.67 FT, TH N 89 DEG 57'07"W 70.76 FT, TH N 0 DEG 08'05"E 218.71 FT, TH N 89 DEG 57'04"E 413.51 FT TO BEG. TOGETHER WITH AND SUBJECT TO AN EASEMENT. IRVING T OLSON INDUSTRIAL SUBDIVISION.

220 Aylworth – Tax Parcel No. 80-53-220-001-10 – approximately 13.3 acres:

A851-1 15-1-17 732-502 895-471 1098-354 1266-856 1297-670 1578-86 BEG AT NE COR OF LOT 1, TH S 0 DEG 00'12"W ALG E L OF LOT 1 177.79 FT, TH S 89 DEG 57'04"W 413.51 FT, TH S 0 DEG 08'05"W 218.71 FT, TH S 89 DEG 57'07"E 70.76 FT, TH S 0 DEG 10'41"E 80.67 FT, TH S 89 DEG 53'18"E 146.13 FT, TH S 0 DEG 42'47"W 167.54 FT, TH S 89 DEG 36'44"W 22.45 FT, TH S 0 DEG 00'12"W 218.26 FT, TH N 89 DEG 59'48"W 269.0 FT, TH S 0 DEG 00'12"W 414.70 FT TO S L OF LOT 1, TH N 89 DEG 21'02"W ALG S L OF LOT 1 276.97 FT, TH N 0 DEG 04'12"E ALG W L OF LOT 1 1283.87 FT, TH S 89 DEG 21'36"E ALG N L OF LOT 1 764.90 FT TO BEG. TOGETHER WITH AND SUBJECT TO AN EASEMENT FOR INGRESS AND EGRESS. IRVING T OLSON INDUSTRIAL SUBDIVISION.

B. Buyer wishes to buy and redevelop the Property making significant investments detailed below (the “Needed Improvements”) to ensure it is usable and in compliance with applicable codes for use initially as a storage facility and subsequently for industrial uses (the “Project”).

<u>Task #</u>	<u>Task</u>	<u>Completed within X Years of Closing</u>
1	All utilities (including 600 amp electric svc to main building)	1
2	Two exit doors w/concrete stoops	2
3	Emergency signs and lighting	1
4	Renovate restrooms to ADA compliance	3
5	Roof repairs	1
6	Re-grade exterior – south side	2
7	Sprinkler system check/repair	2
8	Add space heaters 5000 SF unheated space	3
9	Replace 4 (of 6) HVAC units	2
10	Replace conditioning units serving office space	3

<u>Task #</u>	<u>Task</u>	<u>Completed within X Years of Closing</u>
11	Replace 2 exterior doors south/west	2
12	Replace 3 overhead doors	2
13	Replace siding and roof flashing at exteriors	3
14	Replace heater at dry suppression system room	3
15	Remove lead based paint and dispose (14,400 sq. ft.)	3
16	Minimal ventilation system – west end	3
17	Seal and stripe north parking area	4
18	Mold remediation	2
19	Retention pond maintenance	3
20	Demolition blighted 8,500 sq. ft. office building	3

C. The parties agree that Buyer’s purchase and redevelopment of the Property will have significant advantages to the community by restoring it to the property tax roll, addressing its blighted condition, addressing environmental concerns, and providing additional industrial space that will be needed in the community.

D. The parties wish to enter into this Agreement to set forth the terms and conditions of the Buyer’s purchase and redevelopment of the Property.

TERMS AND CONDITIONS

For valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree:

1. Purchase and Sale.

A. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property, subject to easements and restrictions of record as well as those required by this Agreement.

B. The total “**Purchase Price**” for the Property is \$333,338.00, which Buyer shall pay to Seller at the Closing (defined below) by certified funds or wire transfer of immediately available funds.

C. Within 3 days after the Effective Date, Buyer will deposit with Seller the sum of \$20,000.00 as **Earnest Money**. At Closing, the Earnest Money will be credited against the Purchase Price. The Earnest Money will be refunded to Buyer if Buyer terminates this Agreement prior to the expiration of the Due Diligence Period (defined below) as permitted in this Agreement or if Seller breaches any provision of this Agreement. The Earnest Money will become the Seller’s property if Buyer breaches this Agreement or terminates this Agreement after expiration of the Due Diligence Period.

D. Buyer acknowledges that Seller has made and is making no representations or warranties regarding the condition of the Property, its fitness to any purpose or use, or the presence or absence of any hazardous or toxic substances or materials. Buyer accepts the Property on an “as is, where is” basis. Without limiting the foregoing, Buyer accepts all existing buildings, structures and other improvements on the Property in an “as is, where is” condition. Buyer shall be solely responsible for any demolition of such structures and necessary removal and abatement of asbestos, lead paint, mold, and any other hazardous substances or materials, if any, at its sole cost and expense. Buyer also acknowledges it has the opportunity and is undertaking the sole responsibility to inspect the Property and records concerning the Property and is making its own judgment as to the suitability of the Property for its use. By completing its purchase of the Property (“**Closing**”), Buyer will be accepting title to Property and its condition with no recourse against Seller or its predecessors in title for any condition of the Property.

2. Title Commitment. Promptly after the Effective Date, Seller will order from the Lighthouse Group, 207

E. Paw Paw Street, Paw Paw, MI 49079, or another title insurance agent Seller reasonably selects (the “**Title Company**”), a commitment for a standard coverage owner’s policy of title insurance in the amount of the Purchase Price. If the title insurance commitment discloses any matters of title not acceptable to Buyer (the “**Title Exceptions**”), Buyer shall notify Seller in writing about them within 15 days after Buyer’s receipt of the title commitment. Seller may, at Seller’s option, cure or obtain insurance over the Title Exceptions disclosed by Buyer on or before the expiration of the Due Diligence Period (as defined below). If Seller is

unable or elects not to cure or obtain necessary insurance over the Title Exceptions, Buyer may either terminate this Agreement prior to the expiration of the Due Diligence Period (and Buyer shall receive a refund of the Earnest Money) or accept such title to the Property as Seller is able to provide, without reducing or abating the Purchase Price. Buyer's failure to terminate this Agreement prior to the expiration of the Due Diligence Period shall be deemed Buyer's election to accept such title to the Property as Seller is able to provide and waive any Title Exceptions not otherwise cured or insured over by Seller. At the Closing, Seller shall pay the cost of the premium for the standard coverage owner's title insurance policy and any endorsements Seller has previously agreed to obtain in response to the Title Exceptions, and Buyer shall pay for any extended coverage portion of the owner's policy of title insurance Buyer desires, any lender's policy of title insurance, and any endorsements Buyer desires.

3. Survey. Promptly after the Effective Date, Buyer, at Buyer's expense may obtain any survey of the Property with such requirements as Buyer desires (the "**Survey**"). If within 15 days after Buyer receives the Survey, Buyer notifies Seller that an encroachment on the Survey, or any other matter shown on the Survey may or will, in Buyer's good faith judgment, impair the value of the Property or Buyer's intended use of the Property, Seller will have until the expiration of the Due Diligence Period to remedy such condition(s). If Seller fails to or elects not to remedy the unsatisfactory condition(s) within this time, Buyer will have the same options as provided in Section 2 of this Agreement with respect to Title Exceptions.

4. Inspections.

A. Within 150 days of the Effective Date of this Agreement (the "**Due Diligence Period**"), Buyer may enter the Property and conduct, at Buyer's expense, such surveys, inspections, investigations, appraisals and tests of the Property as Buyer may desire, including without limitation any environmental assessments and tests.

B. All physical entry and activity upon the Property by or for Buyer or its employees, agents, contractors or consultants, including environmental consultants (collectively, "**Buyer's agents**") for any purpose under this Agreement must comply with all applicable laws and regulations, must be performed in a manner that will not unreasonably interfere with the ongoing use of the Property by Seller or others, and must be as unobtrusive as reasonably possible. Buyer must promptly return the Property to substantially its original condition upon completion of such inspections and tests, on an ongoing basis, and must repair any and all damage to the Property caused by Buyer or Buyer's agents and/or arising from such entry by Buyer or Buyer's agents.

C. Entry on and performance of the work on the Property as permitted in subsections 4.A and 4.B above shall be the Buyer's own risk and responsibility or the risk and responsibility of Buyer's agents.

D. Throughout the Due Diligence Period Buyer shall maintain commercial general liability insurance covering all activities of it and/or Buyer's agents on the Property with a minimum combined single limit of liability of at least \$1,000,000 per occurrence and a general aggregate limit of at least \$2,000,000, naming Seller as an additional insured on such policy. Buyer shall provide Seller reasonably acceptable evidence of such policy prior to entry onto the Property by Buyer or Buyer's agents.

E. Seller shall extend reasonable cooperation to Buyer and Buyer's agents to facilitate such inspections, investigations, appraisals and tests, and Seller grants to Buyer and Buyer's agents the right to gain entry to the Property to survey and inspect the Property and to perform such soil and other engineering tests and studies thereon as Buyer reasonably deems necessary or desirable.

F. Buyer hold Seller (for purposes of this paragraph, including Seller's officers and employees) harmless from, indemnify Seller for, and defend Seller (with legal counsel reasonably acceptable to Seller) against any liability, cost, expense or damage (including without limitation all legal costs and attorneys' fees) resulting of any acts or omissions of Buyer or Buyer's agents in connection with exercise of Buyer's rights under subsections 4.A and 4.B above. These obligations will survive any termination or rescission of this Agreement and the Closing.

5. Project Description.

A. The Project consists of 3 phases of development. **Phase 1** consists of renovating the main warehouse and surrounding property while using existing space for commercial inside and outside storage. **Phase 2** consists of leasing the space renovated as part of Phase 1 or manufacturers and

other industrial concerns. **Phase 3**, anticipated to occur perhaps as many as 5 years later, consists of redeveloping the remaining vacant property for use by manufacturers or other industries.

B. The Needed Improvements listed in Recital B above, are to be completed within the timeframes stated in Recital B as part of Phase 1 and the early part of Phase 2.

6. Rezoning and Site Plan Approval. During the Due Diligence Period, Buyer may apply for and seek any rezoning, zoning ordinance text amendments, special use approvals, site plan approvals, and variances that are necessary or desirable for the Project (collectively, the "**Zoning Approvals**"). Nothing in this Agreement shall obligate any City official or body, including, without limitation, the Zoning Administrator, Building Inspector, Planning Commission, Zoning Board of Appeals or City Council to exercise any discretion in any particular way in making any decisions under the City Zoning Ordinance or other applicable ordinances. Instead City officials and bodies shall act in accordance with their duties under applicable laws and ordinances. No Zoning Approval granted during the Due Diligence Period shall be binding on the Property if the Closing does not occur.

7. Brownfield Funding. During the Due Diligence Period, Buyer may seek from the Brownfield Redevelopment Authority of the City of South Haven (the "**BRA**") and the City an amendment to the BRA's brownfield plan and a reimbursement agreement to provide reimbursement from brownfield tax increment revenues for the costs incurred by Buyer to perform eligible activities as defined by 1996 PA 381, as amended, MCL 125.2651 *et seq.* ("**Act 381**"), which may include some of the costs of the Needed Improvements and would include baseline environmental assessment activities, due care activities, additional response activities, demolition of structures that is not response activity, lead and asbestos abatement, and preparing the brownfield and work plans all as defined in Act 381. Buyer shall take steps to obtain or assist the BRA and City in obtaining state agency approvals needed for the capture of state education and local school taxes.

8. Buyer's Right to Terminate. Buyer shall have until the end of the Due Diligence Period (inclusive of any extension thereto) to (i) inspect the Property, and to conduct such tests and feasibility studies of the Property, as Buyer deems advisable, (ii) obtain the Zoning Approvals, and (iii) obtain the approvals needed under section 7 of this Agreement for reimbursement of the costs of eligible activities from brownfield tax increment revenues. If Buyer does not receive such Zoning Approvals, is not satisfied with such reviews, tests or studies, or with any other matter relating to the Property, Buyer may terminate this Agreement at its sole discretion with or without cause by giving written notice of termination to Seller at any time prior to the expiration of the Due Diligence Period. If Buyer elects to terminate this Agreement, Buyer shall deliver to Seller all reports and studies relating to the Property resulting from the inspection of the Property, and all documents previously delivered to Buyer from Seller. Upon such termination, the Earnest Money shall be returned to Buyer, and neither party shall have any further rights or obligations one to the other, except for those that expressly survive the termination of this Agreement. If Buyer does not terminate this Agreement prior to the expiration of the Due Diligence Period as provided in this section, Buyer shall be deemed to have accepted and approved the condition of the Property and to have decided to close it the purchase of the Property with or without the Zoning Approvals and the approvals needed under section 7 of this Agreement for reimbursement of the costs of eligible activities from brownfield tax increment revenues, and the Earnest Money shall be deemed non-refundable to Buyer except in the event of Seller's breach or failure to perform under this Agreement.

9. Closing. The Closing shall occur following the satisfaction or waiver of all conditions specified in this Agreement or on such other date as the Parties agree, but not later than 30 days after the expiration of the Due Diligence Period (the "**Closing Date**"), unless otherwise mutually agreed to by the Parties in writing. The Closing will occur with the Title Company or at such other place as the parties agree. On the Closing Date, the Earnest Money will be applied as a credit against the Purchase Price. At Closing, the following documents, in such form and content as is reasonably satisfactory to Seller and Buyer, must be executed and delivered:

A. The Deed (as defined below) signed by Seller, conveying marketable title to the Property to Buyer, subject to those items listed in the title insurance commitment which Buyer has not objected to or has otherwise accepted.

B. A closing statement detailing all prorations and adjustments.

C. An owner's affidavit, and any other document reasonably required by the Title Company, Seller or Buyer, as may be customary or necessary to effectuate the Closing.

10. Closing Expenses and Adjustments.

A. There are no property taxes levied against the Property.

B. Seller shall pay the \$54,418.76 Kalamazoo Street reconstruction project special assessment levied against the Property. There are no other special assessments levied against the Property.

C. Buyer shall pay the costs of (re)connecting the buildings to the City's water and sanitary sewer systems which will require payment of \$20,964.78 in unpaid readiness to serve charges if paid by April 30, 2016, and an additional \$514.19 per month after that date.]

D. The parties also understand the conveyance of the Property should be exempt from transfer taxes. Nevertheless, Seller must pay any transfer taxes or conveyance fees associated with the conveyance of the Property.

E. Seller and Buyer shall split equally any closing fee charged by the Title Company. Seller shall pay for the recording of the Deed.

11. Possession. Seller shall deliver possession of the Property to Buyer at Closing.

12. Representations and Warranties.

A. Seller represents and warrants to Buyer the following, as of the Effective Date, which representations and warranties will continue to be true and accurate as of the Closing Date:

1. The execution and delivery of this Agreement, the consummation of the transactions provided for in this Agreement, and compliance with the terms of this Agreement will not conflict with, or result in a breach of, any other agreement of Seller or any judgment, order or decree of any court having jurisdiction over Seller or the Property. This Agreement and all instruments executed or to be executed by Seller in connection with this Agreement are, or when executed will be, legal, valid, and binding instruments enforceable against Seller in accordance with their respective terms and conditions.

2. To the best of Seller's knowledge, there is no pending or threatened litigation, proceeding, lien, or governmental investigation relating to the Property, there is no pending or threatened condemnation action affecting the Property, and no such condemnation action is contemplated by any governmental authority.

3. Seller has not made any agreement that is binding on Seller or the Property to sell the Property to any party other than Buyer. Seller has not granted to any party an option to purchase the Property, which is enforceable or exercisable now, or at any time in the future.

B. Buyer represents and warrants to Seller the following, as of the Effective Date, which representations and warranties will continue to be true and accurate as of the Closing Date:

1. Buyer is a limited liability company, duly organized and validly existing under Michigan laws.

2. Buyer has, or prior to the Closing Date will have, duly and properly taken all proceedings required to be taken by or on the part of Buyer to authorize the execution, delivery, and carrying out of this Agreement.

3. Buyer is not a party to any contract, settlement, judicial order, or other agreement of any kind which would prohibit or otherwise restrict its ability to purchase any of the Property from Seller pursuant to this Agreement.

13. Remedies. Except as otherwise specifically provided in this Agreement, the following remedies shall apply to any breach of this Agreement occurring prior to closing.

A. Seller's remedy for Buyer's breach or failure to perform under this Agreement, or if Buyer gives notice of termination of the Agreement other than as permitted hereunder, will be, after giving Buyer

written notice of the default(s) and the opportunity to cure within 15 days after receiving such notice: (i) termination of this Agreement and (ii) Seller's retention of the Earnest Money.

B. Buyer's remedy for Seller's breach or failure to perform under this Agreement will be, after giving Seller written notice of said default(s) and the opportunity to cure same within 15 days after receiving written notice of such default(s), to terminate this Agreement by written notice delivered to Seller prior to the Closing, and upon receipt of such notice, receive payment of the Earnest Money.

After the Closing, the Parties shall be entitled to damages and to equitable remedies as generally applicable under Michigan law.

14. Brokers. Buyer and Seller have both engaged a broker. Fees and commissions shall be split between the brokers shall be paid by Seller pursuant to a separate agreement between Seller and Seller's broker, no other fees or commissions shall be paid, and the Parties mutually represent and warrant to one another that none is due. Each of Buyer and Seller shall indemnify, defend, and hold the other party harmless from any liability, cost, expense or damage (including without limitation all legal costs and attorneys' fees) caused to or incurred by the other party as a result of any breach of the foregoing representation and warranty.

15. Development of the Property. Buyer's completion of the Needed Improvements is a primary motivation for Seller to sell the Property to Buyer at the Purchase Price which has been significantly reduced from Seller's asking price.

A. Accordingly, if Buyer fails to complete the Needed Improvements by the date specified for each task, the Seller's Board may adopt a resolution requiring Buyer to pay an additional \$50,000.00 for the Purchase of the Property. The Seller's Board shall not consider such a resolution until it has first given Buyer notice of the meeting as which it will be considered and given Buyer an opportunity to address the Board regarding the proposed resolution.

B. The Seller's Board, before adopting that resolution, shall consider any comments and information offered by Buyer, including reasons for delays in completing the Needed Improvements, such as changes in market conditions, changes in the national or state economy, changes in lending regulations, unforeseen site conditions, unforeseen added costs, unforeseen regulatory requirements, delays in obtaining required permits, weather abnormalities, illness or injuries suffered by key personnel of Buyer, or such other factors as may be constitute circumstances under which the Seller's Board and Buyer might instead agree on extending the time for completing the Needed Improvements. If Seller requires payment, it shall be made within 30 days of invoice therefore from Seller.

C. This section 15 of this Agreement shall survive the Closing.

16. Miscellaneous.

A. This Agreement constitutes the entire agreement between the Parties with respect to its subject matter and it supersedes all other agreements between the Parties regarding its subject matter. Any waiver, alteration or modification of this Agreement will not be valid unless in writing and duly executed by both Parties.

B. Both parties had input into the drafting of this Agreement and had the advice of legal counsel before entering into this Agreement. Therefore, this Agreement shall be construed as mutually drafted. The captions are only for reference and shall not affect the interpretation of this Agreement. However, the recitals are an integral part of this Agreement. Whenever an officer is mentioned by title in this Agreement, it shall be construed as meaning that officer or his/her designee or, if the office is abolished or duties transferred to another officer, to the officer to whom such duties are assigned.

C. Neither party may assign this Agreement or any rights, duties or obligations under this Agreement without the express, prior written authorization of the other party following action by such party's governing body. Such authorization shall not be unreasonably withheld, delayed or conditioned. This Agreement shall be binding on the Parties and their permitted successors and assigns. However, no other parties are intended to benefit from or be beneficiaries of this Agreement.

D. Should further documentation reasonably be needed to effectuate the provisions and intent of this Agreement, each party shall sign and deliver such further documents as are reasonably needed without undue delay or conditions.

E. This Agreement will be governed by the laws of the State of Michigan, without regard to its conflicts of law principles. If any term or provision of this Agreement or the application of any term or provision to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable will not be affected, and each term and provision of this Agreement will be valid and enforced to the fullest extent permitted by law.

F. Jurisdiction and venue for any action brought pursuant to or to enforce any provision of this Agreement shall be solely in the state courts in VanBuren County Michigan. To the extent not prohibited by law, the prevailing party in any such action shall, in addition to any other remedies, be entitled to recover its actual costs incurred to investigate, bring, maintain or defend any such action from its first accrual or first notice thereof through all appellate and collection proceedings, which costs shall include, without limitation, actual, reasonable attorney fees, expert fees, filing fees, discovery costs, travel expenses, and other cost resulting from such action.

G. All notices required under this Agreement must be in writing and will be deemed to have been received, and therefore given, (1) when delivered personally, (2) the date actually delivered after mailing first class certified mail, return receipt requested, with postage prepaid, through the United States Postal Service, or (3) the first business day after deposit with a national overnight courier service with next day delivery requested, addressed to the party to be so notified at the address first provided above. Any party may at any time change its address for notice to it by notice to the other party.

H. Either party may record this Agreement in the official records of VanBuren County, Michigan.

I. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement, and will become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Signatures on this Agreement, as well as on any other documents to be executed under this Agreement, may be delivered by facsimile or electronic mail in lieu of an original signature, and the parties will treat facsimile signatures and electronic mail signatures as original signatures, and be bound by this provision; provided however, that as to this Agreement, the Deed, and any other document to be recorded pursuant to the terms hereof, the parties shall deliver original signatures to such documents, in recordable form, to the Title Company at such times as required hereunder (or, if not otherwise specified, then within 3 business days following delivery of any facsimile or electronic mail signatures).

Seller and Buyer have signed this Agreement as of the date first written above.

**LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF SOUTH HAVEN**

STATE OF MICHIGAN
COUNTY OF VAN BUREN

By: _____
Arthur Bolt, Chairperson

On _____, 2016, Arthur Bolt and Kate Hosier who are personally known to me as the Chairperson and Secretary, respectively, of the Local Development Finance Authority of the City of South Haven, appeared before me and acknowledged their signatures on behalf of that entity.

By: _____
Kate Hosier, Secretary

*
Notary Public, VanBuren County, MI
Acting in VanBuren County, MI
My commission expires: _____

LUKELA GROUP, L.L.C.

STATE OF MICHIGAN
COUNTY OF VAN BUREN

By: _____
Sean Russell, Member

On _____, 2016, Sean Russell and Renee Russell, who are personally known to me as a member and manager, respectively, of Lukela Group, L.L.C., appeared before me and acknowledged their signatures on behalf of that entity.

By: _____
Renee Russell, Manager

*
Notary Public, VanBuren County, MI
Acting in VanBuren County, MI
My commission expires: _____

Drafted by and when recorded return to:
Scott G. Smith
Dickinson Wright PLLC
200 Ottawa Ave, NW, Suite 1000
Grand Rapids, MI 40503

No transfer tax is due for this document because no interest in real property is conveyed by this document.

GRAPIDS 57671-37 401888v5

Purchase Price	\$	333,338.00	
Less 7% Commission on Sale	\$	(23,333.66)	
Less Title Commitment-Title Ins		-1500	
Less Transfer Tax/Conveyance fees		0	there is an applicable exemption
Less Deed Recording		-50	
Less Title Co. Closing Fees @ 50%		0	
Less Broker Fees		0	Part of the commission
Less Kazoo St. Construction	\$	(54,418.76)	
Add unpaid Utility RTS charges	\$	20,964.78	
Net to City of South Haven	\$	275,000.36	

9 May 2016

South Haven LDFA Board Members,

Thank you for taking the time to review and discuss our offer on the 220 Aylworth project. We continue to be excited and anxious to proceed with the purchase/renovation work in order to preserve and utilize this property. We are confident that this deal will satisfy the investment goals on both sides of this transaction.

Unfortunately, time is not on our side. Our revised offer and the associated improvements needed to halt the building deterioration have been on the table for several months now. In order for us to move forward with the work needed to complete this purchase (additional environmental work, further contractor estimates, lender required documentation, etc.), we will need a signed agreement (purchase price \$333,338.00) on this property by June 1st, 2016.

Thank you again for your time,

Sean Russell
Renee' Russell
Lukela Group LLC

May 4, 2016

Mr. Brian Dissette
City Manager
City of South Haven
539 Phoenix Street
South Haven, MI 49090

Re: Former Bohn Piston Property 220 Alyworth

Dear Mr. Dissette:

This letter of intent ("**LOI**") is intended to set forth the basic terms under which Coach Marine Group ("**Purchaser**") is willing to purchase the property described below from the Local Development Finance Authority ("**City**"):

1. **Property:** The property is described as approximately 84,900 SF manufacturing building with loading dock, and 8,500 SF office building situated on approximately 16.8 acres located at 220 Alyworth, South Haven, Michigan ("**Property**").
2. **Purchaser's Contact Information:** Purchaser's address is 17475 Airline Hwy., Prairieville, Louisiana 70769; Attention: Wendell Payne.
3. **Purchase Price:** The purchase price for the Property shall be \$10,000.00 (the "**Purchase Price**") provided Purchaser agrees to invest a minimum of \$650,000 in real or personal property improvements to the Property and agrees to hire at least 80 new employees at the Property.
4. **Earnest Money Deposit:** Within fifteen (15) business days of the execution of a binding, definitive purchase agreement (the "**Purchase Agreement**"), Purchaser shall deposit the sum of One Thousand Dollars (\$1,000) (the "**Earnest Money**") with the Chicago Title of Michigan, Inc., at 941 West Milham Road, Portage, Michigan 49024 who shall act as escrow agent (the "**Title Company**"). The Earnest Money shall be refundable to Purchaser should Purchaser decide not to proceed with the purchase of the Property at any time during or at the end of the Due Diligence Period (as defined herein).
5. **Due Diligence Period:** Purchaser shall have a period of one hundred fifty (150) days from the execution of the Purchase Agreement to perform soil analysis, surveys, environmental analysis, title examination and other such due diligence, which Purchaser deems reasonably necessary in connection with the Property, subject to reasonable limitations to be set forth in the Purchase Agreement (the "**Due Diligence Period**"). Said inspection's include but are not limited to, all authorizations and permits, curb cut, building and renovation approvals, permits, zoning and subdivision interpretations and confirmations, and all variances, utility permits, authorizations and easements necessary for Purchaser's intended use. Purchaser shall have the right to terminate the Purchase Agreement during the Due Diligence Period for any reason, in which event the Earnest Money shall be returned to Purchaser.
6. **Due Diligence Items:** Within ten (10) business days of the execution of this LOI, City shall deliver to Purchaser the following items to the extent City is in possession of such items: (i) the latest survey of the Property; (ii) City's title insurance commitment (or owner's policy, if available) for the Property; (iii) any environmental site assessment reports and any geotechnical reports applicable to the Property; and (iv) other due diligence documentation reasonably requested by Purchaser.

7. **Financial Incentives.** Purchaser shall, within the Due Diligence Period, have the right to apply for, pursue and obtain all governmental approvals necessary or desirable to receive the benefit of development incentives available to the Property from federal, state or local governmental authorities pursuant to applicable law, including without limitation, tax abatements, tax credits, tax exemptions, tax increment financing, grants, bonds and special zoning designations ("**Incentives**"). If Purchaser elects to apply for any such Incentives, (i) Purchaser shall diligently pursue the requisite approvals and authorizations and shall do all things necessary to facilitate the approval process, (ii) the City shall cooperate with Purchaser and provide such documentation, information, consent, and assistance as Purchaser may reasonably request in furtherance of securing such Incentives at no out-of-pocket cost to the City.
8. **Closing:** The "Closing" shall take place not later than fifteen (15) days after the expiration of the Due Diligence Period.
9. **Title/Survey/Environmental:** Upon execution of the Purchase Agreement, Purchaser will be entitled to order a title commitment for the Property from the Title Company and have a surveyor conduct an ALTA/ACSM survey of the Property. Additionally, Purchaser will have the right to conduct environmental assessments of the Property in one or more phases, including the procurement and analysis of samples of soil, groundwater, surface water, indoor air, or any other environmental medium located at the Property.
10. **Broker:** Dane Davis of NAI Wisinski and Cindi Compton of Berkshire Hathaway are the listing brokers on this listing agreement and will be acting as the City's agent on this proposed transaction. Margo Green, Independent Broker, is Purchaser's agent with regards to the proposed transaction. No other brokers, real estate agents or finder is due any fee or commission in connection with this transaction. A brokerage commission of \$35,000.00 shall be paid by Purchaser and distributed in accordance with the listing agreement.
11. **Closing Costs.** As customary in the state of Michigan.
12. **Site Condition:** The City, at the City's sole cost and expense, shall run new electrical, natural gas and sewer utility service, as necessary, to the Property.
13. **Exclusive Dealing.** From the date of this LOI and until the earlier of: (a) written notification by Purchaser of an intention to abandon the purchase of the Property (in which case there would be no further obligation on any Party to continue to negotiate a Purchase Agreement); (b) the execution of the Purchase Agreement; or (c) thirty (30) days from the date of this LOI, the City shall not, directly or indirectly, solicit, entertain or consider any other offer or proposal for the sale or development of the Property (a "**Competing Proposal**") and the City hereby agrees to promptly notify Purchaser of any such Competing Proposal.
14. **Expenses.** Except as otherwise specifically provided in this LOI each Party shall be liable for and pay all of their respective expenses, including all due diligence costs, expenses of legal counsel, accountants and other advisors, incurred at any time in connection with pursuing or consummating the Purchase Agreement or the transactions contemplated herein.
15. **Non-Binding Letter:** This letter outlines the principal business terms to be incorporated into the Purchase Agreement. Neither Purchaser nor City shall be bound by the terms hereof until such time as the Purchase Agreement has been executed by both parties.
16. **Assignment.** Purchaser may freely assign this LOI and the Purchase Agreement, but Purchaser shall not be released from liability under this LOI or the Purchase Agreement.

[Remainder of Page Intentionally Left Blank; Signature(s) Follow]

This LOI is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties agree that this proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease agreement and imposes no duty on either party to continue negotiations. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may propose different terms from those summarized herein, enter into negotiations with other parties or unilaterally terminate all negotiations with the other party hereto. If you have questions, please feel free to contact me at (225) 324-0696 or email me at xmmpayne@gmail.com.

Best regards,

Purchaser Acknowledged and Agreed:

COACH MARINE GROUP

By: 
Printed Name: Wendell Payne
Its: _____
Date: 5/5/2016

City Acknowledged and Agreed:

CITY OF SOUTH HAVEN LOCAL DEVELOPMENT
FINANCE AUTHORITY

By: _____
Printed Name: _____
Its: _____
Date: _____