

CITY OF OWOSSO
REGULAR MEETING OF THE CITY COUNCIL
TUESDAY, FEBRUARY 19, 2013
7:30 P.M.

Meeting to be held at City Hall
301 West Main Street

AGENDA

OPENING PRAYER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

APPROVAL OF THE AGENDA:

APPROVAL OF THE MINUTES OF REGULAR MEETING OF FEBRUARY 4, 2013:

ADDRESSING THE CITY COUNCIL

1. Your comments shall be made during times set aside for that purpose.
2. Stand or raise a hand to indicate that you wish to speak.
3. When recognized, give your name and address and direct your comments and/or questions to any City official in attendance.
4. Each person wishing to address the City Council and/or attending officials shall be afforded one opportunity of up to four (4) minutes duration during the first occasion for citizen comments and questions. Each person shall also be afforded one opportunity of up to three (3) minutes duration during the last occasion provided for citizen comments and questions and one opportunity of up to three (3) minutes duration during each public hearing. Comments made during public hearings shall be relevant to the subject for which the public hearings are held.
5. In addition to the opportunities described above, a citizen may respond to questions posed to him or her by the Mayor or members of the Council, provided members have been granted the floor to pose such questions.

PROCLAMATIONS / SPECIAL PRESENTATIONS

1. Foster Families Proclamation. A proclamation of the Mayor's Office honoring foster families.

PUBLIC HEARINGS

1. Industrial Facilities Exemption Certificate – Ruess Winchester. Conduct a Public Hearing to receive citizen comment regarding the application from Ruess Winchester, Inc. for an Industrial Facilities Exemption Certificate for real and personal property located at 705 McMillan Avenue.
2. Special Assessment District No. 2013-02 – Hazards and Nuisances. Conduct a public hearing to receive citizen comment regarding Resolution No. 2 for Special Assessment District No. 2013-02, Hazards and Nuisances, as it relates to unpaid costs incurred in the altering, repairing, tearing down, abating and removing of hazards and nuisances at 219 North Cedar Street.

CITIZEN COMMENTS AND QUESTIONS

CITY MANAGER REPORT

CONSENT AGENDA

1. First Reading and Set Public Hearing – Ordinance Amendment Chapter 38, Zoning. Conduct first reading and set a public hearing for March 4, 2013 to gather citizen comment on the proposed amendments to Chapter 38, Zoning, Sections 38-399 and 38-504(4)(a) of the Code of the City of Owosso to further define and provide clear regulation regarding temporary uses, temporary structures, and outdoor displays.
2. First Reading and Set Public Hearing – Ordinance Amendment Chapter 38, Zoning. Conduct first reading and set a public hearing for March 4, 2013 to gather citizen comment on the proposed amendments to Chapter 38, Zoning, Sections 38-393 and 38-396 through 38-398 of the Code of the City of Owosso to further define regulations pertaining to fences and hedges and to modernize the code through the incorporation of new design standards for commercial properties and new residential properties.
3. Set Public Hearing – IFT Exemption Amendment. Set a public hearing for Monday, March 4, 2013 to gather citizen comment on the application from Ruess Winchester, Inc., 705 McMillan Avenue, to amend the Industrial Facilities Tax Exemption Certificate originally approved in October 2011 to add an additional \$113,512.98 in new personal property.
4. Warrant No. 458. Accept Warrant No. 458 as follows:

Vendor	Description	Fund	Amount
Brown & Stewart, PC	Professional Services - Jan 15, 2013 – Feb 11, 2013	General	\$ 8,398.20
Johnson Controls, Inc	Planned Service Agreement – Feb 1, 2013 – Jul 31, 2013	General	\$11,641.00

5. Check Register – January 2013. Affirm check disbursements totaling \$2,140,133.68 for the month of January 2013.

ITEMS OF BUSINESS

1. CDBG Loan – Lebowsky Center Reconstruction. Consider loaning \$200,000 from the City's Community Development Block Grant fund to the Owosso Community Players to be used toward the reconstruction of the Lebowsky Center.
2. Property Purchase – Woodland Trails Condominium Project. Consider resolution authorizing the purchase, with conditions, of 17 unsold lots in the Woodland Trails Site Condominium project in an amount not to exceed \$40,000.

COMMUNICATIONS

1. Charles P. Rau, Building Official. January 2013 Building Department Report.
2. Charles P. Rau, Building Official. January 2013 Code Violations Report.
3. Michael T. Compeau, Public Safety Director. January 2013 Police Report.
4. Michael T. Compeau, Public Safety Director. January 2013 Fire Report.

CITIZEN COMMENTS AND QUESTIONS

NEXT MEETING

Monday, March 04, 2013

BOARDS AND COMMISSIONS OPENINGS

Building Board of Appeals, term expires 06-30-2015 (candidate must possess construction knowledge)

ADJOURNMENT

The City of Owosso will provide necessary reasonable auxiliary aids and services, 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/hearing upon seventy-two (72) hours notice to the City of Owosso. Individuals with disabilities requiring auxiliary aids or services should contact the City of Owosso by writing or calling the following: Amy K. Kirkland, City Clerk, 301 West Main Street, Owosso, MI 48867 or at (989) 725-0500. The City of Owosso Website address is www.ci.owosso.mi.us.

OWOSSO CITY COUNCIL

FEBRUARY 4, 2013

7:30 P.M.

PRESIDING OFFICER: MAYOR BENJAMIN R. FREDERICK

OPENING PRAYER: REVEREND CAL LONG
FIRST UNITED METHODIST CHURCH

PLEDGE OF ALLEGIANCE: JIM HARDWICK
OCTV CONTRIBUTOR

PRESENT: Mayor Benjamin R. Frederick, Mayor Pro-Tem Cindy S. Popovitch,
Councilpersons, Thomas B. Cook, Michael J. Erfourth, Christopher T.
Eveleth and Burton D. Fox.

ABSENT: Councilperson Loreen F. Bailey.

APPROVE AGENDA

Motion by Councilperson Eveleth to approve the agenda as presented.

Motion supported by Mayor Pro-Tem Popovitch and concurred in by unanimous vote.

APPROVAL OF THE MINUTES OF REGULAR MEETING OF JANUARY 22, 2013

Motion by Councilperson Fox to approve the Minutes of the Regular Meeting of January 22, 2013 as presented.

Motion supported by Mayor Pro-Tem Popovitch and concurred in by unanimous vote.

PROCLAMATIONS / SPECIAL PRESENTATIONS

CYSTIC FIBROSIS DAY PROCLAMATION

Mayor Frederick read aloud the following Proclamation of the Mayor's Office declaring February 8, 2013 as Cystic Fibrosis Day in the City of Owosso:

**A PROCLAMATION
OF THE MAYOR'S OFFICE OF THE CITY OF OWOSSO, MICHIGAN
PROCLAIMING FEBRUARY 8, 2013 AS
CYSTIC FIBROSIS AWARENESS DAY IN THE CITY OF OWOSSO**

Whereas, Cystic Fibrosis is an inherited chronic disease that affects the lungs and digestive system of about 30,000 children and adults in the United States; and

Whereas, a significant commitment of time and financial resources is required each day to effectively treat the symptoms of the disease and to help prolong the life of those with it; and

Whereas, research is the key to the continued development of new treatments to help and possibly someday cure patients with Cystic Fibrosis; and

Whereas, for 26 years a group of local families and volunteers has dedicated themselves to raising funds for CF research through their annual Cystic Fibrosis Dinner which has resulted in raising well over \$160,000; and

Whereas, because of efforts like theirs researchers have been able to develop exciting new therapies which target the root of the problem and not simply the symptoms, one of which was approved for use by the FDA in the past 12 months; and

Whereas, it is fitting to honor those living with CF and to recognize the achievements made by the local families, volunteers and organizations fighting to cure it here in Shiawassee County on the 26th anniversary of the Cystic Fibrosis Dinner.

NOW, THEREFORE, I, Benjamin R. Frederick, Mayor of the City of Owosso, Michigan, do hereby proclaim February 8, 2013 as "Cystic Fibrosis Awareness Day" in the City of Owosso, Michigan and do hereby encourage all citizens of this community to acknowledge and support the Cystic Fibrosis Foundation along with our local volunteers in their efforts to inform and serve the citizens of our community. We as a community proudly stand with those whose lives have been affected by Cystic Fibrosis – bonded by the shared goal of working toward a cure.

Proclaimed this 4th day of February, 2013.

CERTIFICATE OF APPRECIATION - JAMES HARDWICK

Mayor Frederick presented the following Certificate of Appreciation to James Hardwick thanking him for all of his work on the local cable access channels:

**A CERTIFICATE OF APPRECIATION
FROM THE MAYOR'S OFFICE
OF THE CITY OF OWOSSO, MICHIGAN
RECOGNIZING**

JAMES HARDWICK

The Mayor, on behalf of the City Council and all local residents,
expresses sincerest appreciation for his efforts in
preserving, operating, and improving the local cable access channel.

Mr. Hardwick has dedicated himself to this endeavor for close to 20 years. In that time he has established a non-profit organization, donated his time and equipment, produced countless programs, and served as a broadcaster, all in an effort to further the reach and increase the quality of the local cable channel to improve the lives of local residents.

We in the city therefore state the following:

Your passion is appreciated and your dedicated commitment to this area asset is worthy of
commendation.

The greater Owosso area has been the beneficiary of your time, efforts, and financial contributions to the
cable channel.

Through the work on the cable channel that you have provided, and continue to provide, residents have an outlet on which to share their views and receive information about local happenings. It is important to also remember that while much of your time was spent behind the camera, your work ethic and pride has shined through in the finished product.

It is the intent of this Office that your efforts not go unrecognized, and it is with great pride and honor that I, Benjamin R. Frederick, Mayor of the City of Owosso, offer to you a sincere:

"THANK YOU!"

PUBLIC HEARINGS

SITE PLAN REVIEW – 120 MICHIGAN AVENUE

City Manager Donald D. Crawford indicated that PUD developments require Council approval of the Site Plan. He also highlighted the Resolution of Support that is part of the Consent Agenda saying it was important for the City to formally express its support for the project to aid the developer in securing tax credits.

P. Craig Patterson, Vice President of Development for the Woda Group, presented the Site Plan for review. The City Council reviewed the Site Plan documents. The Planning Commission hearing, held January 14, 2013, resulted in approval of the Site Plan with the following conditions, which were incorporated as much as possible at this juncture, into the documents before Council this evening:

1. Administrative approval of final light pole heights and all light screening or shading elements.
2. Administrative approval of landscaping/screening elements (species) within the parameters of the site plan.
3. Administrative approval of water, sewer, and storm water utility connections, locations, sizes, and detention measures.
4. Administrative approval of proven accessibility of the final dumpster location.
5. Administrative approval of a construction access and/or mitigation plan.

A public hearing was conducted to receive citizen comment regarding review of the site plan for the Planned Unit Development at 120 Michigan Avenue (Lincoln House).

The following person commented in regard to the proposed site plan:

Brent Jones, SEDP Project Specialist, voiced the SEDP's support for the project saying the Woda Group was a proven company that would revitalize an historic building in the downtown.

Mayor Pro-Tem Popovitch commended the Woda Group for working with the Planning Commission and addressing all of their concerns.

Councilperson Cook expressed a strong desire to see more opportunity for water infiltration at the site saying it was important to take advantage of such opportunities to reduce the run-off into the river. Mr. Patterson noted that the firm tried very hard to increase green areas where possible but the site presented a challenge because of the small space. It was further noted the development, as planned, will not increase the amount of impervious surface on parcel. There was discussion regarding the timeline of the project, if the item would be presented to Council again at a future date, and potentially adding a condition to the Site Plan requiring consideration of a reduction in impervious surfaces.

Motion by Councilperson Fox to authorize the following resolution approving the site plan with conditions:

RESOLUTION NO. 07-2013

A RESOLUTION TO APPROVE THE SITE PLAN FOR THE LINCOLN HOUSE, A PLANNED UNIT DEVELOPMENT LOCATED AT 120 MICHIGAN AVENUE

WHEREAS, an owner interest in 120 Michigan Avenue, parcel number 050-700-001-008-00, petitioned to rezone this parcel from Multiple Family Residential (RM-2) to Planned Unit Development (PUD) for the purpose of constructing a building addition and using the site for senior housing; and

WHEREAS, the Owosso City Council approved the rezoning of this parcel on January 7, 2013; and

WHEREAS, local law requires PUD rezoning requests be accompanied by a valid site plan that must be approved by the city council; and

WHEREAS, the planning commission has reviewed and recommended approval of such a site plan at a public hearing on January 14, 2013; and

WHEREAS, the city council finds that this site plan meets or exceeds all of the requirements of the local zoning ordinance and the conditions of the PUD rezoning petition, specifically sections 38-390 and 38-395 of the Code of the City of Owosso.

NOW THEREFORE, BE IT RESOLVED THAT City of Owosso City Council, County of Shiawassee, State of Michigan, hereby approves the site plan as part of the rezoning petition for the Lincoln House project, subject to administrative approval of the following:

1. Final light pole heights and all light screening or shading elements.
2. Landscaping/screening elements (species) within the parameters of the site plan.
3. Water, sewer, and storm water utility connections, locations, sizes, and detention measures.
4. Proven accessibility of the final dumpster location.
5. A construction access and/or mitigation plan.
6. Consideration of a reduction in impervious surfaces.

Motion supported by Councilperson Eveleth.

Roll Call Vote.

AYES: Councilpersons Fox, Erfourth, Mayor Pro-Tem Popovitch, Councilpersons Cook, Eveleth, and Mayor Frederick.

NAYS: None.

ABSENT: Councilperson Bailey.

ORDINANCE AMENDMENT - LINCOLN HOUSE PILOT AGREEMENT

The proposed amendment would establish a Payment in Lieu of Taxes agreement for the Lincoln House senior housing project.

A public hearing was conducted to receive citizen comment regarding the proposed ordinance amendment to Chapter 32, Taxation, Sections 32-36 through 32-42, to establish a Payment in Lieu of Taxes agreement for the Lincoln House senior housing development.

There were no citizen comments.

Whereas, the Council, after due and legal notice, has met and there being no one to be heard, motion by Councilperson Eveleth that the following ordinance be adopted:

ORDINANCE NO. 739

AN ORDINANCE TO AMEND CHAPTER 32 TAXATION OF THE CODE OF ORDINANCES TO PROVIDE FOR A PAYMENT IN LIEU OF TAXES FOR THE LINCOLN HOUSE PROJECT

WHEREAS, the Woda Group, also known as the Lincoln House LDHA Limited Partnership, has proposed a 28 unit low income housing development that is to be targeted toward seniors; and

WHEREAS, the project is located at 120 Michigan Avenue, parcel number 050-700-001-008-00, at the corner of Michigan Avenue and Clinton Streets, partially within the former Lincoln School; and

WHEREAS, the City of Owosso 2012 Master Plan explicitly indicates that this property and structure would be ideally reused as senior housing; and

WHEREAS, the City of Owosso City Council has approved the rezoning of this parcel to PUD and subsequently approved the final site plan for the development; and

WHEREAS, the rents for the housing will be controlled for the purpose of creating affordable low income housing for seniors, thereby reducing property revenues; and

WHEREAS, the reuse of this vacant structure and the housing of senior citizens near the downtown has a recognized public purpose; and

WHEREAS, all zoning and site plan approvals required by ordinance have been approved by the city council.

NOW THEREFORE, THE CITY OF OWOSSO ORDAINS that Chapter 32, Taxation, Article III, Service Charge in Lieu of Taxes for Certain Housing Developments, Sections 32-36 through 32-42, of the City of Owosso city code be amended as follows:

SECTION 1. REPEAL. That Sections 32-36 through 32-42 of the *Code of Ordinances*, shall be repealed.

SECTION 2. NAME. The amended Ordinance shall be known and cited as the "City of Owosso Payment in Lieu of Taxes Ordinance."

SECTION 3. ADDITION. That new Sections 32-36 through 32-42 which read as follows, shall be adopted:

Sec. 32-36. - Preamble.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its elderly citizens of low income or citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCLA 125.1401 *et seq*; MSA 116.114(1) *et seq*). The City is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses not to exceed the taxes that would be paid but for this Act.

It is further acknowledged that such housing for elderly persons of low income and person of low income is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the periods contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such Ordinance and service charge.

The city further acknowledges that Owosso Limited Dividend Housing Association (a sponsor) has offered subject to receipt of a mortgage loan from the authority, to erect, own and operate a housing development identified as Owosso Mixed, MSHDA #618 on certain property located at (see legal description on file with the city clerk) in the city to serve persons of low income, and that the sponsor has offered to pay the city on account of the development an annual service charge for public services in lieu of all taxes.

The city further acknowledges that Lincoln House Limited Dividend Housing Association Limited Partnership (a sponsor) has offered subject to receipt of Low Income Housing Tax Credits from the Authority, to erect, own and operate a housing development identified as the Lincoln House on certain property located at 120 Michigan Avenue in the city to serve elderly persons and persons of low income, and that the sponsor has offered to pay the city on account of the development an annual service charge for public services in lieu of all taxes.

Sec. 32-37. - Definitions.

Authority means the Michigan State Housing Development Authority.

Act means the State Housing Development Authority Act, being Public Act 346 of 1966, of the State of Michigan, as amended.

Annual shelter rents means the total collections during an agreed annual period from all occupants of a housing development representing rents or occupancy charges exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.

Contract rents are as defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended.

Housing development means a development which contains a significant element of housing for elderly persons of low income or persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low income.

HUD means the Department of Housing and Urban Development of the United States Government.

For purposes of Owosso Mixed, Elderly persons means a family where the head of household is 62 years of age or older or a single person who is 62 years of age or older, or as otherwise defined by MSHDA.

For purposes of Lincoln House, Elderly persons of low income means elderly persons who are aged 55 and older or otherwise meet the eligibility criteria set by the Authority and/or federal government.

Persons of low income means persons and families eligible to move into a Housing Development.

Mortgage loan means a loan to be made by the Authority or Farmers Home Administration or the Department of Housing and Urban Development to a Sponsor for the construction and permanent financing of a Housing Development or a mortgage loan insured by HUD or a Federally aided mortgage as otherwise defined by the Act.

Sponsor means persons or entities which have applied to either the Authority for a Mortgage Loan to finance a Housing Development or to another governmental entity or is a federally-aided mortgage, as otherwise defined by the Act.

Utilities mean fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Development.

Sec. 32-38. - Class of Housing Developments.

It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be multiple dwellings for elderly persons of low income or persons of low income which are financed or assisted by the Authority or which have a Federally aided mortgage, as defined in the Act. It is determined that Owosso Mixed,

MSHDA #618 and the Lincoln House are of this class.

Sec. 32-39. - Establishment of Annual Service Charge for Owosso Mixed, MSHDA #618.

The housing development identified as Owosso Mixed, MSHDA #618 and the property on which it shall be constructed shall be exempt from all property taxes from and after the commencement of construction. The city, acknowledging that the sponsor and the authority have established the economic feasibility of the housing development in reliance upon the enactment and continuing effect of this article and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established herein, and in consideration of the sponsor's offer, subject to receipt of a mortgage loan from the authority, to construct, own and operate the housing development, hereby agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charges shall be equal to four (4) percent of the difference between contract rents actually collected and utilities.

Sec. 32-40. - Establishment of Annual Service Charge for Lincoln House.

Housing Developments for elderly persons of low income or persons of low income and the property on which they shall be constructed shall be exempt from all property taxes from and after the commencement of construction. The City, acknowledging that the Sponsor and the Authority, in the case of a Sponsor receiving a Federally aided mortgage, have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Developments for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, will accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to ten (10) percent of the difference between the Annual Shelter Rent actually collected and utilities.

Sec. 32-41. - Payment of Service Charge.

The service charge in lieu of taxes as determined under this Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before March 31st of each year.

Sec. 32-42. - Duration.

The tax exempt status of a Housing Development approved for such status by the City Council shall remain in effect and shall not terminate so long as the Mortgage Loan for such Housing Development remains outstanding and unpaid, as long as the property is subject to restrictive rents in compliance with the Low Income Housing Tax Credit program administered by MSHDA, or for such period as the Authority or other governmental entity has any interest in the property; provided, the construction of such Housing Development commences within two years from the effective date the City Council approves the Housing Development for tax exempt status as provided in this Ordinance.

SECTION 4. SEVERABILITY. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

SECTION 5. INCONSISTENT ORDINANCES. All ordinances or parts of ordinances inconsistent with the provisions of this Ordinance are repealed.

SECTION 6. EFFECTIVE DATE. This amendment shall become effective 20 days after passage.

SECTION 7. AVAILABILITY. This ordinance may be purchased or inspected in the city clerks' office, Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m.

Motion supported by Councilperson Erfourth.

Roll Call Vote.

AYES: Councilpersons Erfourth, Eveleth, Mayor Pro-Tem Popovitch Councilpersons Cook, Fox, and Mayor Frederick.

NAYS: None.

ABSENT: Councilperson Bailey.

SPECIAL ASSESSMENT DISTRICT NO. 2013-01 – HAZARDS & NUISANCES

A public hearing was conducted to receive citizen comment regarding Resolution No. 2 for Special Assessment District No. 2013-01, Hazards and Nuisances, as it relates to unpaid costs incurred in the altering, repairing, tearing down, abating and removing of hazards and nuisances located at 1064 Tracy Street.

There were no citizen comments.

Motion by Councilperson Eveleth to approve Resolution No. 2 establishing Special Assessment District No. 2013-01 – Hazards & Nuisances as follows:

RESOLUTION NO. 08-2013

**HAZARDS & NUISANCES ROLL FOR
1064 TRACY STREET**

WHEREAS, the City Council has met, after due and legal notice, and reviewed the Special Assessment Roll-Hazards and Nuisances prepared for the purpose of defraying the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances of the following described property described as follows:

PARCEL NUMBER	ADDRESS	BALANCE
050-602-014-008-00	1064 Tracy Street	\$4,821.94

and

WHEREAS, after hearing all persons interested therein and after carefully reviewing said Special Assessment Roll-Hazards and Nuisances the Council deems said Special Assessment Roll-Hazards and Nuisances to be fair, just and equitable and that the assessment contained thereon results in the special assessment being in accordance with the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances of said property.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Said Special Assessment Roll-Hazards and Nuisances as prepared by the City Assessor in the amount of \$4,821.94 is hereby confirmed and shall be known as Special Assessment Roll-Hazards and Nuisances No. 2013-01.
2. Said Special Assessment Roll-Hazards and Nuisances No. 2013-01 shall be placed on file in the office of the City Clerk who shall attach his warrant to a certified copy thereof within ten (10) days commanding the Assessor to spread the various sums shown thereon as directed by the City Council.

Motion supported by Councilperson Cook.

Roll Call Vote.

AYES: Councilperson Eveleth, Mayor Pro-Tem Popovitch, Councilpersons Cook, Fox, and Mayor Frederick.

NAYS: Councilperson Erfourth.

ABSENT: Councilperson Bailey.

CITIZEN COMMENTS AND QUESTIONS

Tom Manke, business owner at 118 South Washington Street, said he felt that Officer Kevin Pettigrew was owed a public apology by City Council for being fired without cause.

Eddie Urban, 601 Glenwood Avenue, announced that Purple Heart recipients were eligible for a free computer through the VA. He also spoke out against a recent proposal to lower property taxes for disabled veterans saying local communities will pay the price for the reduction in tax revenues. Lastly he donated several boxes of candy canes to the Public Safety Department to give to children they encounter in the line of duty.

Councilperson Eveleth thanked City Manager Crawford for speaking to the evening Kiwanis Club the previous Tuesday.

Councilperson Fox noted that it was hoped a sign advertising the Firemen's Memorial would be installed on the site of its future location by the end of the week.

Councilperson Cook thanked Mr. Urban for his comments on veterans and sought clarification on the proposed legislation to reduce property taxes for disabled veterans.

CITY MANAGER REPORT

City Manager Crawford highlighted several items on the Project Status List. He also distributed copies of the newly completed fee schedule. He asked that Council members look it over in the coming week and ask any questions they may have. Mayor Frederick inquired whether there could be any consolidation and simplification of the fees listed, particularly the building fees. It was noted the list had been closely examined and no further consolidations were planned at this time.

Mayor Frederick made note that it appears the State will continue crediting local municipalities for past cooperative efforts when calculating their EVIP stipends.

There were questions on when the 2013 street program would be announced, the status of the Bentley Park renovations, DEQ approval of the splash pad, new audience chairs for the Council Chambers, and making improvements to the audio/visual apparatus in the Council Chambers.

CONSENT AGENDA

Motion by Councilperson Eveleth to approve the Consent Agenda as follows:

Set Public Hearing-Industrial Facilities Exemption Certificate. Set a Public Hearing for Tuesday, February 19, 2013 to receive citizen comment regarding the application from Ruess Winchester, Inc. for an Industrial Facilities Exemption Certificate for real and personal property located at 705 McMillan Avenue as follows:

RESOLUTION NO. 09-2013

SETTING PUBLIC HEARING TO CONSIDER APPLICATION FOR

**AN INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE
RUESS WINCHESTER, INCORPORATED
705 McMILLAN AVENUE**

WHEREAS, a tax abatement application was received January 21, 2013 from Ruess Winchester, Incorporated per the City of Owosso Tax Abatement Policy of June 7, 2010; and

WHEREAS, application was also received January 21, 2013 from Ruess Winchester, Incorporated for a Real Property Industrial Facilities Tax Exemption Certificate; and

WHEREAS, the Industrial Facilities Tax Exemption certificate, being part of Act 198 of 1974, is available to the city of Owosso to attempt to induce industrial development; and

WHEREAS, the city of Owosso is a qualified local governmental unit under the Act and is permitted to grant an Industrial Facilities Tax Exemption Certificate as directed under the Act; and

WHEREAS, the Act requires the establishment of a qualified district encompassing the location of the property in question; and

WHEREAS, an Industrial Development District was established March 19, 1979 for property described as:

BLOCKS 8 & 9 ALSO BEG SW COR LOT 1, BLK 11 TH N 03°39', E 366.24', TH S 62°27', E
556.27' TH S 01°05', W 118.70' TH W TO POB INCLUDING VACATED ABREY AVE. & ALLEYS
ADJACENT AND WITHIN SAID BLOCKS. GEO. T. ABREY'S WOODLAWN PARK ADDN.; and

WHEREAS, it was determined by city staff that the Industrial Facilities Exemption Certificate is within the guidelines of the City of Owosso Tax Abatement Policy of June 7, 2010; and

WHEREAS, notification will be sent to all taxing jurisdictions per the City of Owosso Tax Abatement Policy of June 7, 2010.

NOW, THEREFORE, BE IT RESOLVED by the city council of the city of Owosso, Shiawassee County, Michigan that:

FIRST: the Owosso City Council sets a public hearing for February 19, 2013 on or about 7:30 p.m. in the council chambers for the purpose hearing comments from those within the proposed district, governmental taxing jurisdictions and any other resident or taxpayer, of the city of Owosso.

SECOND: the city clerk gives the notifications as required by law.

Demolition Authorization – 219 North Cedar Street. Authorize the demolition of the structure at 219 North Cedar Street and approve bid award to Fisher Gravel for the demolition in the amount of \$5,300.00 as follows:

RESOLUTION NO. 10-2013

**RESOLUTION AUTHORIZING EXECUTION OF A CONTRACT FOR SERVICES
BETWEEN THE CITY OF OWOSSO, MICHIGAN AND FISHER GRAVEL
FOR DEMOLITION OF 219 N. CEDAR STREET**

WHEREAS, the city of Owosso, Shiawassee County, Michigan, has determined that a home located at 219 North Cedar Street has deteriorated to a condition that it is unusable and has a blighting effect upon the neighborhood and community at large and has been determined to be a public nuisance; and

WHEREAS, proposals for the demolition of the structure were sought and received; and

WHEREAS, Fisher Gravel submitted the lowest bid in the amount of \$5,300.00.

NOW THEREFORE BE IT RESOLVED by the city council of the city of Owosso, Shiawassee County, Michigan that:

- FIRST: The city of Owosso has heretofore determined that it is advisable, necessary and in the public interest to employ Fisher Gravel, to demolish a structure at 219 North Cedar Street.
- SECOND: The mayor and city clerk of the city of Owosso are instructed and authorized to sign the document substantially in the form attached, Contract for Services between the City of Owosso, Michigan and Fisher Gravel, at a total cost of \$5,300.00 and authorize payment upon satisfactory completion.
- THIRD: The city manager is authorized to execute any required permits to proceed with the demolition.

Special Assessment District No. 2013-02 – Hazards and Nuisances. Authorize Resolution No. 1 setting a public hearing for Tuesday, February 19, 2013 to receive citizen comment regarding Special Assessment District No. 2013-02, Hazards and Nuisances, as it relates to unpaid costs incurred in the altering, repairing, tearing down, abating and removing of hazards and nuisances at 219 North Cedar Street as follows:

RESOLUTION NO. 11-2013

**SPECIAL ASSESSMENT DISTRICT NO. 2013-02
HAZARDS AND NUISANCES**

WHEREAS, the Assessor has prepared a special assessment roll for the purpose of specially assessing that portion of the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances more particularly hereinafter described to the properties specially benefited by said public improvement, and the same has been presented to the Council by the City Clerk.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Said special assessment roll is hereby accepted and shall be filed in the office of the City Clerk for public examination.
2. The Council shall meet at the Owosso City Hall, Owosso, Michigan at 7:30 o'clock p.m., on February 19, 2013 for the purpose of hearing all persons interested in said special assessment roll and reviewing the same.
3. The City Clerk is directed to publish the notice of said hearings once in *The Argus Press*, the official newspaper of the City of Owosso, not less than ten (10) days prior to said hearing and shall further cause notice of said hearing to be sent by first class mail to each owner of the property subject to assessment, as indicated by the records in the City Assessor's office as shown on the general tax rolls of the City, at least ten (10) days before the time of said hearing, said notice to be mailed to the addresses shown on said general tax rolls of the City.

The notice of said hearing to be published and mailed shall be in substantially the following form:

**NOTICE OF HEARING TO REVIEW
SPECIAL ASSESSMENT ROLL – HAZARDS AND NUISANCES
CITY OF OWOSSO
COUNTY OF SHIAWASSEE, MICHIGAN**

TO THE OWNERS OF THE OF THE FOLLOWING DESCRIBED PROPERTY:

PARCEL NUMBER	ADDRESS	BALANCE
050-660-011-001-00	219 North Cedar Street	\$10,094.73

TAKE NOTICE that a Special Assessment Roll-Hazards and Nuisances has been prepared for the purpose of defraying the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances of the above described property.

TAKE NOTICE THAT ANY HAZARDS/NUISANCES INVOICES OR CHARGES REMAINING UNPAID AS OF THEIR DUE DATE WILL BE INCLUDED ON THIS ROLL.

The said Special Assessment Roll-Hazards and Nuisances is on file for public examination with the City Clerk and any objections to said Special Assessment Roll-Hazards and Nuisances must be filed in writing with the City Clerk prior to the close of the hearing to review said Special Assessment Roll-Hazards and Nuisances.

TAKE FURTHER NOTICE that appearance and protest at this hearing is required in order to appeal the amount of the special assessment to the State Tax Tribunal if an appeal should be desired. A property owner or party in interest, his or her agent, may appear in person at the hearing to protest the special assessment or may file his or her appearance by letter and his or her personal appearance shall not be required. The property owner or any person having an interest in the property subject to the proposed special assessments may file a written appeal of the special assessment with the State Tax Tribunal within thirty days after confirmation of the special assessment roll if that special assessment was protested at this hearing.

TAKE FURTHER NOTICE that the City Council will meet at the Owosso City Hall, Owosso, Michigan at 7:30 p.m. on Tuesday, February 19, 2013 for the purpose of reviewing said Special Assessment Roll - Hazards and Nuisances and for the purpose of considering all objections to said roll submitted in writing. If you have questions regarding this notice, please contact the City Treasurer's Office at 725-0599.

Resolution of Support – Lincoln House. Authorize resolution of support for the Lincoln House project at 120 Michigan Avenue as follows:

RESOLUTION NO. 12-2013

**CITY OF OWOSSO
OWOSSO, MICHIGAN**

RESOLUTION TO SUPPORT THE LINCOLN HOUSE

WHEREAS, The Woda Group has proposed a 28 unit low income housing development that is to be targeted towards seniors at the corner of Michigan Avenue and Clinton Streets, utilizing the former Lincoln School; and

WHEREAS, the City of Owosso 2012 Master Plan explicitly indicates that this property and structure would be ideally reused as senior housing; and

WHEREAS, the City of Owosso has invested \$380,000 into the brick paving of Michigan Avenue, and \$44,500 in the resurfacing and new curbs on Clinton Street, other investments in the construction of the Walk of History within Curwood Castle Park, and the enhancement of the river walk trail on the east side of the river; and

WHEREAS, this historic structure is adjacent to the Michigan Avenue National Historic District and is also within a very short walk of the downtown, the Shiawassee Arts Center, Curwood Castle Park, the Don & Metta Mitchell Amphitheater, and numerous public and private service providers; and

WHEREAS, the City of Owosso intends to invest more resources into an integrated trail network, the downtown, and the facilitation of neighborhood development; and

WHEREAS, the City of Owosso City Council demonstrated their financial commitment for the Lincoln House by voting on February 4, 2013 to grant the Woda Group a 10% PILOT for a period of 20 years; and

WHEREAS, significant private and public investment has been made within downtown area near the Lincoln House, including:

1. Reconstruction of the Capital Bowl, with an estimated cost of \$2,100,000 and \$158,550 in TIF reimbursement to developer.
2. Reconstruction of the Lebowsky Theater (in progress) estimated at \$6,000,000 including a \$200,000 loan contribution from the local CDBG revolving loan fund.
3. Reconstruction of the Wesener Building, with an estimated cost of \$2,000,000 and \$442,811 in estimated TIF capture.

NOW, THEREFORE, BE IT RESOLVED, that the City of Owosso City Council commits its full support to the development of the Lincoln House.

Warrant No. 457. Authorize Warrant No. 457 as follows:

Vendor	Description	Fund	Amount
Michigan Municipal League Workers' Compensation Fund	Worker's Compensation Insurance	General	\$23,196.00
Rehmann Robson	Final billing- audit of year ended 6/30/12	General	\$ 5,000.00
General Code	Payment on Laserfiche software system	General	\$ 8,543.00

Motion supported by Mayor Pro-Tem Popovitch.

Roll Call Vote.

AYES: Councilpersons Cook, Erfourth, Eveleth, Fox, Mayor Pro-Tem Popovitch, and Mayor Frederick.

NAYS: None.

ABSENT: Councilperson Bailey.

ITEMS OF BUSINESS

EXECUTIVE SESSION

The agenda item to authorize the holding of an executive session at the conclusion of the second session of Citizen Comments and Questions for the purpose of discussing land acquisition was passed upon by Council, choosing instead to discuss the matter in open session.

LAND ACQUISITION – 1155 VANDEKARR ROAD

Considerable discussion was had regarding the proposed purchase of the 36 acre tract of land commonly known as 1155 Vandekarr Road. Topics included: the numerous opportunities for this particular piece of land, whether it could be annexed into the City, exactly what purpose the parcel will be used for, the reservations of a couple of Council members because of past experience purchasing land, using the parcel to tackle some Master Plan objectives like connecting trails, and setting a time limit for making plans for the parcel.

There was further discussion regarding investing in the future and taking advantage of opportunities while being good stewards of public funds. It was suggested specific plans for the parcel be presented to the Council within 12 months to avoid letting the land sit unutilized.

Motion by Councilperson Cook to approve the resolution authorizing the purchase of land adjacent to the City, commonly known as 1155 Vandekarr Road as follows:

RESOLUTION NO. 13-2013

AUTHORIZING THE PURCHASE OF REAL PROPERTY COMMONLY KNOWN AS 1155 VANDEKARR ROAD

WHEREAS, the City of Owosso was made aware of a 36 acre parcel of property available for sale on the southern edge of the City in Caledonia Charter Township, commonly known as 1155 Vandekarr Road; and

WHEREAS, said property could offer many development options for the city, including green space, recreational areas, a camp ground, industry, and public facilities; and

WHEREAS, said property is adjacent to current city property and may be annexed into the city to allow for further utilization; and

WHEREAS, the City Council desires to purchase said property and a reasonable price of \$180,000 has been negotiated with the seller, including approximate costs of \$300 for closing and nominal recording costs.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: The City of Owosso has heretofore determined it is advisable and in the public interest to purchase the 36 acre parcel commonly known as 1155 Vandekarr Road in the amount of \$180,000 plus closing, recording, and other miscellaneous costs not to exceed \$1,000.
- SECOND: The purchase is contingent upon the receipt of a satisfactory title search and a metes and bounds or other suitable description of the property.
- THIRD: The Mayor, City Clerk, and City Manager are hereby instructed and authorized to sign necessary documents and take necessary actions to complete the purchase.
- FOURTH: Payment for said property will be made with funds from the General Fund Balance.
- FIFTH: Specific plans for the parcel shall be proposed for inclusion in the Master Plan within 12 months of purchase.

Motion supported by Mayor Pro-Tem Popovitch.

Note: A supermajority is required for the purchase of land.

Roll Call Vote.

AYES: Mayor Pro-Tem Popovitch, Councilpersons Erfourth, Fox, Cook, and Mayor Frederick.

NAYS: Councilperson Eveleth.

ABSENT: Councilperson Bailey.

COMMUNICATIONS

Planning Commission. 2012 Annual Report.

Historical Commission. Minutes of January 14, 2013.

Planning Commission. Minutes of January 14, 2013.

Zoning Board of Appeals. Minutes of January 15, 2013.

Downtown Historic District Commission. Minutes of January 16, 2013.

Parks & Recreation Commission. Minutes of January 28, 2013.

Planning Commission. Minutes of January 28, 2013.

CITIZEN COMMENTS AND QUESTIONS

Michael Tillotson, 1299 South Shiawassee Street, commented regarding the sophisticated features of some audio/visual equipment.

Rodney Weinert, 524 Martin Street, expressed his frustration with the City planting trees underneath power lines in the right of way only to see Consumers Energy remove them for interfering with the power lines years later. He also asked if the drainage issue on his street could be looked into. He indicated drainage tile had been installed years ago but had become plugged over time and was now causing flooding during rains. And he noted he forgot the third issue he intended to inquire about. It was noted the drainage issue would be looked into.

Eddie Urban, 601 Glenwood Avenue, thanked Mr. Tillotson for his work in filming Council meetings over the years.

Tom Manke, business owner at 118 South Washington Street, thanked Council for recognizing Jim Hardwick for his work with the cable channels. He also asked if the City would start including all crimes on the weekly crime report as he feels some are being left off the list.

Craig Patterson, Woda Group Vice President of Development, thanked the Council, the Planning Commission and City staff for their efforts and support of the Lincoln House project. He indicated they will be applying to MSHDA for various credits on February 15th.

There was discussion regarding making audio and video of Council meetings more accessible, utilizing the new website to its full potential, City practices when planting trees under power lines, and approaching homeowners about planting trees on private property when it is not feasible to plant trees in the traditional right of way area.

Councilperson Cook announced the Alma College Percussion Ensemble was coming to town Friday, February 22nd, tickets are \$10.

Councilperson Eveleth indicated he was present for the elevation of Owosso High sophomore Ryan Comrie to the rank of Eagle Scout over the weekend. He went on to thank Mr. Comrie for his service project at Hopkins Lake.

Rodney Weinert, 524 Martin Street, was asked by Councilperson Fox to speak a second time and the request was allowed by the Mayor. He asked what plans the City had for the property behind him on Martin Street.

Mayor Pro-Tem Popovitch suggested a posting be placed on the City website looking for property owners willing to have a city tree planted on their private property.

NEXT MEETING

Tuesday, February 19, 2013

BOARDS AND COMMISSIONS OPENINGS

Building Board of Appeals, term expires 06-30-2015
(candidate must possess construction knowledge)

ADJOURNMENT

Motion by Councilperson Eveleth for adjournment at 9:25 p.m.

Motion supported by Mayor Pro-Tem Popovitch and concurred in by unanimous vote.

Benjamin R. Frederick, Mayor

Amy K. Kirkland, City Clerk



MEMORANDUM

DATE: January 29, 2013

TO: Mayor Benjamin Frederick, City Council, and Manager Don Crawford

FROM: Larry Cook, Assessor

RE: Tax Abatement Application – Ruess Winchester, Inc. 705 McMillan St.

On Monday, January 21, 2013, the city clerk received an application for a Tax Abatement along with an application for Real Property IFT, from R.W.I. Manufacturing. Initial review indicates the applicant meets the requirements for a tax abatement.

RWI was approved for an Industrial Facilities Tax Exemption in the fall of 2011 for their current facility, but have already outgrown that initial building. They are proposing a 10,000 square foot addition to the east end of that facility, at a cost of \$456,416. The footings have already been constructed. This expansion will retain 12 current employees and proposes an additional 2 full time employees with a pay scale exceeding \$15.00 per hour.

An Industrial Facilities Tax Exemption Certificate, Act 198 of 1974, is a tax abatement which reduces the tax burden by 50%. The applicant is applying for the IFT exemption on real property only. The previously granted Personal Property IFT has allowed them the flexibility to purchase the machinery and equipment in advance of this expansion. The IFT exemption may be granted for up to 12 years.

An Industrial Development District for that area was established 3-19-79. The next step in the process is to set a public hearing for Tuesday, February 19, 2013 for the purpose of hearing public comments on this Real Property IFT application. The city clerk has notified the taxing jurisdictions of this application as required under the city's abatement policy and as required under the act and will forward any responses to you.

As always, if you have any further questions, please feel free to contact me at (989) 725-0530.

RESOLUTION NO. ____

**APPROVING AN IFE APPLICATION
RUESS WINCHESTER, INCORPORATED
705 MCMILLAN AVENUE**

Minutes of a regular meeting of the City Council of the City of Owosso, held on February 19, 2013, at City Hall, 301 W. Main Street, Owosso, MI, 48867, at 7:30 p.m.

PRESENT:

ABSENT:

The following resolution was offered by:
and supported by:

Resolution Approving Application of Ruess Winchester, Incorporated for Industrial Facilities Exemption Certificates for Real Property

WHEREAS, pursuant to PA 198 of 1974, as amended, after a duly noticed public hearing held on March 19, 1979, this City Council, by resolution established an Industrial Development District; and

WHEREAS, Ruess Winchester, Incorporated has filed an application for Industrial Facilities Exemption Certificates with respect to real property within the Industrial Development; and

WHEREAS, before acting on said application, the City of Owosso held a hearing on February 19, 2013, in City Hall, at 301 W. Main Street, Owosso, MI, 48867, at 7:30 p.m. at which hearing the applicant, the Assessor and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, construction of and/or acquisition of the real property had not begun earlier than six (6) months before January 21, 2013, the date application received for the Industrial Facilities Exemption Certificates; and

WHEREAS, construction of the real property is calculated to and will, at the time of issuance of the certificates, have the reasonable likelihood to retain, create or prevent the loss of employment in the City of Owosso; and

WHEREAS, the aggregate SEV of property exempt from ad valorem taxes within the City of Owosso, after granting this certificates, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of property thus exempted.

NOW, THEREFORE, BE IT RESOLVED BY the City Council of the City of Owosso that:

FIRST: The City Council finds and determines that the granting of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under PA 198 of 1974, as amended and PA 225 of 1978, as amended shall not have the effect of substantially impeding the operation of the City of Owosso, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Owosso.

SECOND: The application from Ruess Winchester, Incorporated for the Industrial Facilities Exemption Certificate, with respect to Real Property on the following described parcel of real property situated within the Industrial Development District, to wit:

Real Parcel

PART OF BLKS 8 & 9, GEO T ABREYS WOODLAWN PARK ADD DESC AS
BEG AT A POINT N00°42'06"E ALONG THE W LN OF BLK 8 AND E LN OF
MCMILLAN 528.55' FROM SW COR OF SAID BLK 8 TO POB, TH CONT
N00°42'06"E ALONG SAID W LN OF BLK 8 AND E LN OF MCMILLAN AV
206.85', TH S89°58'12"E 443.36', S01°05'45"W 206.87', N89°58'12"W 441.94'
TO W LN BLK 8 AND POB.

District

BLOCKS 8 & 9 ALSO BEG SW COR LOT 1, BLK 11 TH N 03°39', E 366.24', TH
S 62°27', E 556.27' TH S 01°05', W 118.70' TH W TO POB INCLUDING
VACATED ABREY AVE. & ALLEYS ADJACENT AND WITHIN SAID BLOCKS.
GEO. T. ABREY'S WOODLAWN PARK ADDN

is hereby approved.

THIRD: The Industrial Facilities Exemption Certificates, when issued, shall be and remain
in force for a period of 12 years.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by
the City Council of City of Owosso, County of Shiawassee, Michigan, at a regular meeting held on
February 19, 2013.

Clerk's Signature

**INDUSTRIAL FACILITIES EXEMPTION CERTIFICATES ("IFEC")
LETTER OF AGREEMENT**

This agreement between **Ruess Winchester, Inc.** and **City of Owosso** is for the purpose of fulfilling the requirements of P.A. 198, as amended, in P.A. 224, Section 22. In consideration of approval of these exemption certificates, **Ruess Winchester, Inc.** understands that through its investment of \$456,416 real property and the **City of Owosso**, by its investment of the IFEC's, are mutually investing in and benefiting from this economic development project, and, furthermore, agree to the following:

1. The company shall supply to the City of Owosso-within 60 days of its first year of IFEC eligibility-information regarding the processes taking place on the premises and of any metals, gas or liquids used in that processes or stored on the premises. In addition any changes in those processes, use of materials or storage shall be reported to the City as they occur for the entire term of the certificate.

2. The Company understands that at the end of the term of this agreement, the real and personal property within the application will return to the tax rolls under the full millage assessment applied by the taxing jurisdictions. This provision is to make clear that the inducement to provide tax forgiveness on the personal property is a limited privilege in return for new jobs and new investment in the Owosso area, and that the plan of this agreement is to return this tax abated property into full participation in the support of community services, infrastructure, and public education.

3. The Company agrees to submit to the City Assessor reports, personal property tax statements, and employment information in accordance with the provisions of the Addendum attached to this Agreement.

We swear and affirm by our signatures below that no payment of any kind in excess of the fee allowed by PA 198 of 1974, as amended by PA 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certification application.

This agreement is assignable and transferable by either party with advance written consent. The agreement may only be altered upon mutual consent of both parties.

Ruess Winchester, Inc. (Company")

Date

Benjamin R. Frederick, Mayor
City of Owosso

Date

The map displays a grid of lots with various dimensions and street names. The streets shown are MONROE ST. at the top, McMILLAN AVE. on the left, and ABREY AVE. on the right. The lots are numbered, and the dimensions are given in feet. A red rectangle highlights a specific area in the lower right quadrant, which includes lots 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32. The map also shows a large 'X' drawn across the area, and a red rectangle is drawn around a portion of the lower right area.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) <u>Ruess Winchester Inc</u>	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 5 Digit Code) <u>3490</u>
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <u>705 McMillan St. Oquossong MI 48861</u>	1d. City/Township/Village (indicate which) <u>City</u>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Research and Development (Sec. 2(9))	3a. School District where facility is located <u>Oquossong</u>
<input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Rehabilitation (Sec. 3(1))	3b. School Code <u>Shiawassee</u>
4. Amount of years requested for exemption (1-12 Years) <u>12</u>	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

See attached

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	<u>456,416.00</u> Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total	<u>259,833.98</u> Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	<u>716,249.98</u> Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements	<u>3/01/13</u>	<u>6/01/13</u>	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements			<input type="checkbox"/> Owned <input type="checkbox"/> Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. ☐ Yes ☒ No

9. No. of existing jobs at this facility that will be retained as a result of this project. 12

10. No. of new jobs at this facility expected to create within 2 years of completion. 2

11. Rehabilitation applications only. Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	
b. TV of Personal Property (excluding inventory)	
c. Total TV	

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

12b. Date district was established by local government unit (contact local unit)

12c. Is this application for a speculative building (Sec. 3(8))?
☐ Yes ☒ No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name <i>Lisa Cantu</i>	13b. Telephone Number <i>989-725-5809</i>	13c. Fax Number <i>989-725-5970</i>	13d. E-mail Address <i>lisa@rwimfg.com</i>
14a. Name of Contact Person <i>Lisa Cantu</i>	14b. Telephone Number <i>989-725-5809</i>	14c. Fax Number <i>989-725-5970</i>	14d. E-mail Address <i>lisa@rwimfg.com</i>
15a. Name of Company Officer (No Authorized Agents) <i>Bret Ruess</i>			
15b. Signature of Company Officer (No Authorized Agents) <i>[Signature]</i>		15c. Fax Number <i>989-725-5970</i>	15d. Date <i>1/16/13</i>
15e. Mailing Address (Street, City, State, ZIP Code) <i>PO Box 847 Clio MI 48861</i>		15f. Telephone Number <i>989-725-5809</i>	15g. E-mail Address

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.		16d. School Code	
16c. LUCI Code		16e. Date of Resolution Approving/Denying this Application	
17. Name of Local Government Body			

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

APPLICATION FOR TAX ABATEMENT

Applicant (Official Company Name) Ruess Winchester Inc
Business Name (If Different) RWT MFG
Address of Proposed Project 705 McMillan St.
Owosso MI 48867
Mailing Address (If Different) PO Box 817
Owosso MI 48867

Do you own the property? Yes If no, what is your relationship? _____

Type of Abatement Requested (if known) PA198

Total square footage of all current buildings on site 11,232

Description of proposed project including type of current business activity and product to be manufactured (if applicable), size of proposed structure and proposed activity and/or product.

See attached

Give estimated cost of the following components applicable for the proposed project:

Land improvements (excluding land): _____
Building improvements: Size 10,000 sf \$ 456,416.⁰⁰
Machinery & Equipment: 259,833.98
Furniture & Fixtures: _____

Time schedule for start and completion of construction and equipment installation (if applicable):

Building:
Start Date 3/1/13
Completion Date 6/1/13

Equipment installation (if applicable):
Start Date See attached
Completion Date _____

Abatement Application

Page 2

Will project be owned or leased by applicant? Owned

Will machinery be owned or leased by applicant? Owned

How many employees do you currently employ? Full Time 11 Part Time 1

How many new employees do you estimate after project complete? Full Time 2
Part Time _____

When project is complete, how many will be:

Management/Professional 2 Wage level \$ 50,000

Skilled 9 Wage level \$ 17.00/hr

Semi-Skilled 3 Wage level \$ 15.00/hr

Un-Skilled _____ Wage level \$ _____

Name of Company Officer (contact person) Bret Ruess

Title President

Signature [Signature] Date 1/16/13

Phone Number 989-725-5809

For City Staff Use Only

Was the applicant given a copy of Tax Abatement Policy? Y N

Is an abatement district in place for this project? Y N

If no, legal description of proposed district. _____

If yes, type of district in place _____ Year established _____

Does the proposed project meet the guidelines for Tax Abatement under the policy? Y N

If no, explain _____

If yes, was notice given to taxing jurisdictions within the proposed project area? Y N

If yes, was notice given to applicant and proper state documents sent? Y N

Name of reviewer _____

Signature _____ Date _____

We are proposing an addition to our industrial building in the City of Owosso to better accommodate our growing contract manufacturing business.

We are proposing erecting a 10,000 sqft industrial building in addition to the existing 10,000 sqft building that will allow our operations to work in a safer and more productive manner .

The facility will be utilized mostly for final assembly for the type of contract manufacturing that RWI specializes in.

Bret Ruess

EQUIPMENT PURCHASES

<u>INSTALL DATE</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>COST</u>
03/20/12	SCISSOR LIFT	\$ 8,400.00
04/01/12	KOIKE PLATE PRO CUTTING SYSTEM	\$146,321.00
04/01/12	TABLE FOR CUTTING SYSTEM	\$ 13,924.79
04/01/12	AIR COMPRESSOR, TOOLING,AIRLINES	\$ 12,973.66
05/01/12	FORK TRUCK	\$ 19,200.00
09/26/12	(4) WELDERS , (1) PASSIVATOR	\$ 21,112.64
11/11/12	WALL FANS	\$ 5,435.79
12/15/12	AUTOMATIC COLD SAW	\$ 32,466.10

Abatement Schedule

This schedule applies to Industrial or Commercial Property as defined in 211.34c of the General Property Tax Act

RWI - 2013

1. Capital investment \$Up to \$100,000 \$100,001 to \$250,000 <u>\$250,001 to \$500,000</u> 456, 416 \$500,001 to \$1,000,000 \$1,000,001 to \$2,500,000 \$2,500,001 to \$5,000,000 \$5,000,001 and up	Years of tax abatement 1 2 <u>3</u> 4 5 6 7	Rehabilitated/restored additional two years in any capital investment
2. Job creation <u>as Full Time Equivalent</u> <u>(40hrs.per week)</u> 1-10 - 2 11-25 26-50 51 and up	Years of tax abatement <u>2</u> 3 4 5	
3. Job wages Average wage > 1.5x minimum wage Average wage > 2x minimum wage Average wage > 3x minimum wage	Years of tax abatement 2 <u>4</u> 6	
4. Number of years located in city of Owosso 2-10 11-15 - 13 16 and up	Years of tax abatement 1 <u>2</u> 3	
5. Employees with city of Owosso residency 1-10 11-25 26+	Years of tax abatement <u>1</u> 2 3	

12

Note: Total number of tax abatement years shall not exceed statutory limits.



301 W. MAIN ▪ OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: February 15, 2013

TO: City Council

FROM: Amy K. Kirkland
City Clerk

RE: Special Assessment – Hazards & Nuisances Roll for 219 N Cedar Street

The public hearing marks a part in the final step of establishing a special assessment lien for hazards & nuisances charges. To date we have received no comments on the proposed assessment. Subsequent to the hearing Council will be asked to consider whether the assessment roll merits approval.

RESOLUTION NO. ____

**HAZARDS & NUISANCES ROLL FOR
219 NORTH CEDAR STREET**

WHEREAS, the City Council has met, after due and legal notice, and reviewed the Special Assessment Roll-Hazards and Nuisances prepared for the purpose of defraying the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances of the following described property described as follows:

PARCEL NUMBER	ADDRESS	BALANCE
050-660-011-001-00	219 North Cedar Street	\$10,094.73

and

WHEREAS, after hearing all persons interested therein and after carefully reviewing said Special Assessment Roll-Hazards and Nuisances the Council deems said Special Assessment Roll-Hazards and Nuisances to be fair, just and equitable and that the assessment contained thereon results in the special assessment being in accordance with the unpaid costs incurred in the altering, repairing, tearing down, abating or removing of hazards and nuisances of said property.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Said Special Assessment Roll-Hazards and Nuisances as prepared by the City Assessor in the amount of \$10,094.73 is hereby confirmed and shall be known as Special Assessment Roll-Hazards and Nuisances No. 2013-02.
2. Said Special Assessment Roll-Hazards and Nuisances No. 2013-02 shall be placed on file in the office of the City Clerk who shall attach his warrant to a certified copy thereof within ten (10) days commanding the Assessor to spread the various sums shown thereon as directed by the City Council.



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: January 31, 2013

TO: OWOSSO CITY COUNCIL

FROM: Adam Zettel, AICP

RE: Zoning Ordinances: Temporary Uses and Design Standards

As the city begins implementation of the master plan, the planning commission and staff have been strategically engaged in incremental ordinance updates. As opposed to rewriting the entire code (a very costly and time consuming process), we have opted to use staff resources to approach a couple sections at a time. With that said, the planning commission has been engaged in reviewing existing standards as they relate to fences, temporary uses/structures, and outdoor sales. The commission has also ventured to create completely new regulations relating to new housing and commercial design guidelines.

This work has been going on for some months and follows on the shirrtails of some of the rezoning requests for Westown and the Lincoln House. The commission has held public workshops and public hearings on each of these ordinances and is recommending approval at the present time.

Temporary Uses and Structures

Though the current ordinance had some provisions for temporary uses, they were extremely cumbersome and did not provide much guidance. Essentially, if someone wanted to set up a hotdog stand, they would be required to go through a costly Zoning Board of Appeals process that would take no less than three to four weeks. Even then, the guidance was not explicitly set on how to make a decision and to what related uses it would apply.

Furthermore, there were no provisions for outdoors sales and display or sidewalk functions in the downtown. Both of these functions were viewed by the commission as essential

functions of business that could be carried out under the proper circumstances. To this end, the commission has drafted an ordinance that addresses the various types of temporary uses and structures one might expect in the city, as well as sidewalk type functions in the downtown. The key was to develop clear expectations and guidelines for these functions while streamlining permitting to an administrative function. This change has the effect of better institutionalizing these activities while making them easier for businesses to comply at the same time.

There are many details within the regulations that the commission and public deliberated on, but we think we were able to optimize the draft. However, new eyes often yield unexpected and important findings. As such, please take a close look at this ordinance. In the mean time, I recommend a public hearing be set on this version.

Design Standards

The city does not currently provide any design standards, and the fence standards were causing some problems with the building department because they were not specific enough. Some examples of issues created by a lack of design guidelines include inappropriate infill housing construction, prefab steel construction retail buildings, and a general lack of attention to aesthetic impacts of HVAC.

For these reasons, the master plan explicitly directed the city to engage in the creation of such standards. The planning commission and staff have reviewed needs and generated the attached standards as they relate to fences, commercial development, and new residential development. It is thought that these standards will promote a higher quality of structure and a higher standard of aesthetics in new structures without burdening property owners with unreasonable costs. The planning commission has held a public workshop and public hearing on this ordinance and unanimously recommends approval.

RESOLUTION NO. ____

**TO CONDUCT THE FIRST READING AND SET A PUBLIC HEARING FOR
AN ORDINANCE AMENDING CHAPTER 38 ZONING OF THE CODE OF ORDINANCES TO
PROVIDE FOR TEMPORARY USES, TEMPORARY STRUCTURES, AND OUTDOOR
DISPLAYS**

WHEREAS, the City of Owosso completed a master plan in 2012; and

WHEREAS, the master plan indicates that zoning changes should be pursued to modernize the city code; and

WHEREAS, the planning commission has held a public hearing on this proposed amendment and finds the changes to meet the guidelines of the master plan.

NOW THEREFORE, THE CITY OF OWOSSO ORDAINS that Chapter 38, Zoning, Article XVII, General Provisions, Sections 38-399 and 38-504(4)(a) of the City of Owosso city code be amended as follows:

SECTION 1. REPEAL. That Section 38-504(4)(a) of the *Code of Ordinances*, which read as follows, shall be repealed:

~~*Temporary permits.* For temporary structures for dwelling purposes, including trailer coaches, subject to the following procedures and limitations:~~

- ~~1.—An application for a permit for the erection or movement of a temporary structure for dwelling purposes, including trailer coaches, shall be made to the board on a special form used exclusively for that purpose.~~
- ~~2.—The board shall give due notice to the applicant and to all property owners within three hundred (300) feet of the property affected at least five (5) days before the hearing will be held on such application.~~
- ~~3.—A temporary permit shall not be granted unless the board finds adequate evidence that the proposed location or use will not be detrimental to property in the immediate vicinity; and that the proposed water supply and sanitary facilities have been approved by the county health department or the city director of public services.~~
- ~~4.—The board may impose any reasonable conditions, including setbacks, land coverage, off-street parking, landscaping, and other requirements deemed necessary to protect adjoining properties and the public welfare. The violation of any such condition shall automatically invalidate the permit.~~
- ~~5.—The permit issued shall clearly set forth the conditions under which the permit is granted and shall state that the proposed temporary dwelling structure is to be vacated upon expiration of a specific time limit not to exceed six (6) months. No permit shall be transferable to any other owner or occupant.~~

SECTION 2. ADDITION. That new Section 38-399 which read as follows, shall be adopted:

Sec. 38-399. Temporary structures and uses.

(a) *Temporary structures used for residential purposes.* A building or structure may be approved for temporary residential use only while damage to the principal dwelling due to fire, flood, ice, wind, or other natural disaster is being repaired. Any such temporary building shall not be used as a residence without prior review and approval by the building official.

Also, a manufactured dwelling unit or other approved living quarters may be occupied as a residence on a temporary basis on sites for which a building permit has been issued for construction, major repair, or remodeling of a new dwelling unit, subject to the following:

- (1) An occupancy permit is issued by the building official for the temporary residence.
- (2) Such permits may be issued by the building official for up to six months in duration and may be renewed for periods of up to six months, provided that work is proceeding in an expeditious manner.
- (3) Temporary structures shall comply with the setback standards for the district in which they are located.
- (4) The building official shall approve electrical and utility connections to any temporary structure.
- (5) An approved temporary structure may be moved onto a site 14 days prior to commencement of construction and shall be removed within 14 days following issuance of a certificate of occupancy for the permanent dwelling.

(b) *Performance guarantee.* The applicant shall furnish the city with a performance guarantee to assure removal of the temporary structure.

(c) *Temporary structures used for nonresidential purposes.* Temporary buildings for nonresidential use, including semi-trucks/trailers and concrete batch plants, shall be permitted only when the intended use is by a contractor or builder in conjunction with a construction project, and only after review and approval by the building official. Such temporary structures shall be removed immediately upon completion of the construction project and prior to a request for a certificate of occupancy for the project.

(d) *Permits.* Permits for the utilization of temporary structures shall be issued by the building official. The permit shall specify a date for the removal of the temporary structure, and the zoning administrator may require posting of a bond to insure removal. A certificate of occupancy shall be required for such structures.

(e) *Use as an accessory structure.* A temporary building or structure may only be used as an accessory building or structure if it meets all accessory structure requirements of this code.

(f) *Special events and other temporary uses.* The zoning administrator or building official may grant temporary use of land and structures for special events and other temporary uses, subject to the following general conditions:

- (1) The use must be one permitted as-of-right within the applicable zoning district.
- (2) Adequate off-street parking, site ingress/egress, and adequate clear vision areas shall be provided.
- (3) The applicant shall specify the exact duration of the temporary use.
- (4) Electrical and utility connections shall be approved by the building official.
- (5) A performance bond may be required to assure proper clean-up.
- (6) Review by and approval by the police and fire departments.
- (7) Approval of other applicable government agencies to ensure compliance with applicable health and safety regulations and standards.
- (8) The use must be carried out so as to meet all other zoning and general ordinance provisions and performance standards, including but not limited to signs, lighting, noise, etc.
- (9) The approval of the building official is required and all performance standards of this ordinance must be met.

(g) *Specific temporary use conditions.* The following conditions apply to specific temporary uses:

- (1) *Carnival, circus, festival, seasonal markets.*
 - a. *Operator, sponsor or beneficiary.* Government or not for profit entities only.
 - b. City council approval required.
- (2) *Sidewalk uses including display, sales, and other features.*
 - a. *Time.* Operating hours only. The business must be open and staffed.
 - b. *Location.* In the B-3 zoning district only.
 - c. *Sidewalk coverage.* An area no less than four feet wide shall be maintained for passage of pedestrians at all times.
 - d. *Uses.* For portable signs, display, sale, and/or service of onsite products and activities only, including retail goods and food service. No off-premise advertising, sales, or services are permitted (i.e. vendors are not permitted).
 - e. *Exceptions.* Planters, bike racks, and decorative features may remain outside provided they adhere to all performance standards of the ordinance.
 - f. *Additional requirements.* The approval of the building official and street administrator is required; owner must provide liability insurance for activities in the right-of-way.

(3) *Christmas tree sales:*

- a. *Maximum duration.* 45 days.
- b. *Clean-up.* Stumps, branches, and other debris shall be completely removed from site.
- c. Building official approval required.

(4) *Roadside produce or farm stands:* Because roadside stands are seasonal in character and utilized on a temporary basis, roadside stands shall be allowed in Business Districts by the city for periods not to exceed six months provided a temporary permit is obtained from the city and provided the following provisions are met:

- a. The sale of farm products in a roadside stand shall not take place within the dedicated right-of-way of any thoroughfare within the city, and assurances shall be made to the city that ample off-street parking has been provided, and adequate ingress and egress provided to the stand.
- b. No permanent structure of any type shall be erected, and upon discontinuance of the temporary use, the temporary structures shall be removed from the roadside.

(5) *Outdoor sales and display.*

- a. *Time.* Operating hours only. The business must be open and staffed.
- b. *Location.* In the B-1, B-2, & B-4 zoning districts only; front or side yards only; use cannot occur in areas dedicated to parking, storm water detention/collection, or areas required for emergency use or clear vision.
- c. *Lot coverage.* An area no more than two hundred (200) square feet shall be used as outdoor sales and display area.
- d. *Setbacks.* Setbacks from the right of way and all lot lines must be a minimum of 10 feet or that setback require by Article XVI, whichever is less.
- e. *Uses.* For display, sale, and/or service of onsite products and activities only. No off-premise advertising, sales, or services are permitted (i.e. vendors and/or leased space are not permitted).
- f. *Exceptions.* Gas stations may store product in the vicinity of the fueling islands/pumps provided the product does not inhibit parking, traffic circulation, fueling, or vehicle occupant ingress/egress.
- g. *Additional requirements.* The approval of the building official is required and all performance standards of this ordinance must be met. Any loose debris, damaged products, unsecured materials, or products determined to be junk, waste, or scrap in nature shall be deemed a nuisance per se.

SECTION 4. SEVERABILITY. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

SECTION 5. INCONSISTENT ORDINANCES. All ordinances or parts of ordinances inconsistent with the provisions of this Ordinance are repealed.

SECTION 6. EFFECTIVE DATE. This amendment shall become effective 20 days after passage.

SECTION 7. AVAILABILITY. This ordinance may be purchased or inspected in the city clerks' office, Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m.

SECTION 8. PUBLIC HEARING. A public hearing is set for Monday, March 4, 2013 at approximately 7:30 p.m. in the City Hall Council Chambers to hear citizen comment regarding the proposed amendment.

RESOLUTION NO. ____

**TO CONDUCT THE FIRST READING AND SET A PUBLIC HEARING FOR
AN ORDINANCE AMENDING CHAPTER 38 ZONING OF THE CODE OF
ORDINANCES TO PROVIDE FOR DESIGN STANDARDS**

WHEREAS, the City of Owosso completed a master plan in 2012; and

WHEREAS, the master plan indicates that zoning changes should be pursued to modernize the city code, specifically including new design standards; and

WHEREAS, the planning commission has held a public hearing on this proposed amendment and finds the changes to meet the guidelines of the master plan.

NOW THEREFORE, THE CITY OF OWOSSO ORDAINS that Chapter 38, Zoning, Article XVII, General Provisions, Sections 38-393 and 38-396 through 38-398 of the City of Owosso city code be amended as follows:

SECTION 1. REPEAL. That Section 38-393 of the *Code of Ordinances*, which read as follows, shall be repealed:

~~Sec. 38-393. Fences, walls, or screens.~~

~~(a) Definition. "Required yard" means that portion of any lot on which the erection of a main building is prohibited.~~

~~(b) Where permitted; height.~~

~~(1) In the residential districts; also the OS-1, B-1, B-2, B-3, B-4, C-OS, and P-1 districts: Fences, walls or screens are permitted on all lots of record within required side or rear yards, provided they do not exceed six (6) feet in height, measured from the surface of the ground, and are permitted in front required yards provided they do not exceed three (3) feet if of such a nature to obstruct vision; where fencing is open weave or chain link and does not obstruct vision, the permitted height shall be four (4) feet, measured from the ground surface except as otherwise provided in this chapter.~~

~~(2) In the I-1 and I-2 districts:~~

~~a. Fences, walls and screens are permitted in the required front, side and rear lots provided they do not exceed six (6) feet in the front yard and eight (8) feet in the side and rear lots. To preserve open space character in the front yard, fences higher than four (4) feet must be setback two (2) feet for each additional foot above four (4) feet.~~

~~b. Except as provided below, barbed wire strands are permitted on fences six (6) feet or higher on industrial parcels with the barbed wire tilted in toward the fenced parcel. Barbed wire is not permitted in the front yard on major streets.~~

~~(c) *Visibility at street intersections.* On any corner lot, no fence, wall or screen, whether structural or botanical, shall be more than thirty (30) inches above the curb or the centerline of the street pavement, or within twenty-five (25) feet of the intersection of the two (2) right-of-way lines, so as to interfere with motorists' vision across the corner.~~

~~(d) *Visibility at intersections of driveways or alleys with streets.* No fence, wall or screen, whether structural or botanical, may obstruct vision within twenty (20) feet in any direction of the intersection of the edge of a driveway with the right-of-way line. The area of non-obstructed vision shall be between the heights of three (3) feet and ten (10) feet measured from the centerline of the street pavement.~~

~~(e) *Prohibited fences.* Except for the provisions of (b)(2)b. above and (f) below, fences, walls or structural screens may not contain barbed wire, electric current, charges of electricity or any wire fence other than a chain link fence.~~

~~(f) *Essential services and school off-campus facilities and bus garages.* For essential services and off-campus school facilities and bus garages, the use of barbed wire atop fences six (6) feet in height is permitted in all zoning districts with the barbed wire tilted in toward the fenced parcel.~~

~~(g) *Installation.* Any fence with an unfinished side, e.g. stockade fence, shall be installed along or about a lot line so that the finished side of the fence faces the exterior of the lot.~~

~~(h) *Permit fee.* A permit shall be required with a fee to be prescribed by resolution of the council and paid to the city treasurer.~~

SECTION 2. REPLACE. That a new Section 38-393 which reads as follows, shall be adopted:

Sec. 38-393. Fences and hedges.

(a) A fence is defined as any partition, structure or gate that is erected as a dividing marker, barrier or enclosure.

(b) A hedge is defined as any bush, shrub or any living green fence of any nature that serves as a dividing marker, barrier or enclosure.

(c) Regulations applicable to R-1, R-2, RM-1, RM-2, OS-1, B-1, B-2, B-3, B-4, C-OS, and P-1.

(1) A fence shall not exceed six (6) feet in height in the rear or side lot of any parcel;

(2) Front yard (exterior side yard) fences or hedges must be of a decorative nature (chain-link is not considered to be of such quality), be less than fifty percent (50%) solid, impervious, or of an obscuring nature above a height of 30" above the curb or centerline of the street, and not exceed four (4) feet in total height;

(3) No fence or hedge shall extend across property lines;

(4) The finished side of any fence shall face away from the property on which the fence is located;

(5) No portion of any fence shall be constructed with or contain barbed wire, electric current or charge of electricity, glass, spikes or other sharp protruding objects;

(6) Fences must be maintained so as not to endanger life or property. Any fence which, through lack of maintenance or type of construction which will obstruct vision so to create a hazard to vehicular traffic or pedestrians upon the public streets and/or sidewalks shall be deemed a nuisance.

(7) Fences shall not be constructed, in whole or in part, with any of the following materials:

a. used materials, junk or other debris

b. scrap building materials or metals

a. organic materials known to be poisonous or hazardous to human or animal life

d. other materials which may be deemed unsafe to person or property by the Zoning Administrator or Building Official.

(8) No hedge shall be constructed with noxious weeds or grasses, as defined by PA 359 of 1941, being MCL 247.62.

(9) Screening walls are required as prescribed in section 38-389.

(d) Regulations applicable to industrial districts.

(1) Fences, walls and screens are permitted in the required front, side and rear lots provided they do not exceed six (6) feet in the front yard and eight (8) feet in the side and rear lots. To preserve open space and aesthetic character in the front yard, fences higher than four (4) feet must be setback two (2) feet for each additional foot above four (4) feet and all front yard fences must be black vinyl chain link or decorative in nature.

(2) Except as provided below, barbed wire strands are permitted on fences six (6) feet or higher on industrial parcels with the barbed wire tilted in toward the fenced parcel. Barbed wire is not permitted in the front yard.

(3) On any corner lot, no fence, wall or screen, whether structural or botanical, shall be more than thirty (30) inches above the curb or the centerline of the street pavement, or within twenty-five (25) feet of the intersection of the two (2) right-of-way lines, so as to interfere with motorists' vision across the corner.

(4) Screening walls are required as prescribed in section 38-389.

(e) The Zoning Administrator or Building Official may require removal, reconstruction, or repair of any fence or wall which, in their judgment is dilapidated, unsafe, or a threat to the health, safety and welfare of the residents of the City of Owosso.

(f) A permit shall be required for new fence construction, with a fee to be prescribed by resolution of the council.

SECTION 3. ADDITION. That new Sections 38-396, 38-397, and 38-398 which read as follows, shall be adopted:

Sec. 38-396. Mechanical equipment and utilities.

The following requirements shall apply to all site plans and new installations, not including replacement equipment and wind energy systems, for uses in the RM-1, RM-2, OS-1, B-1, B-2, B-3, B-4, and PUD zoning districts.

(a) Ground mounted mechanical equipment, such as blowers, ventilating fans, and air conditioning units, are permitted only in non-required side yards and in any rear yard, as determined by the Building Official/Zoning Administrator.

(b) Mechanical equipment shall be placed no closer than three (3) feet to any lot line in the B-3 zoning district.

(c) Any ground, building, or roof mounted mechanical equipment or utilities, including water and gas meters or related devices, utility boxes, transformers, elevator housings, stairways, tanks, heating, ventilation and air condition equipment (HVAC), and other similar equipment, shall comply with the following standards.

(1) All such equipment shall be screened by a solid wall, fence, landscaping, and/or architectural features that are compatible in appearances with the principal building.

(2) Roof mounted equipment shall not exceed a height of ten (10) feet above the surrounding roof surface, and shall occupy no more than fifteen percent (15%) of the total roof area. All roof mounted mechanical units must be screened so they are not visible from ground level.

Sec. 38-397. Commercial design requirements.

The following design requirements for commercial buildings shall be applied during site plan review to development within the RM-1, RM-2, OS-1, B-1, B-2, B-3, B-4, and PUD zoning districts. These standards shall also apply to those elevations and parking areas that face a state highway and are within 200 feet of the right-of-way.

(a) *Exterior building design.*

(1) Buildings shall possess architectural variety, but enhance the overall cohesive community character. All buildings shall provide architectural features, details, and ornaments such as archways, colonnades, cornices, recesses, projections, wall insets, arcades, window display areas, peaked roof lines, or towers.

(2) Building walls and roofs over 50 feet in length shall be broken up with varying building lines, windows, gables, and/or architectural accents such as pilasters, columns, dormers, or awnings.

(3) Window area or spandrel glass shall make up at least 20 percent or more of the exterior wall area facing the principal street(s).

(4) In addition, a portion of the on-site landscaping shall abut the walls so that the vegetation combined with the architectural features significantly reduce the visual impact of the building mass as viewed from the street. Additional landscaping requirements of this ordinance must also be satisfied.

(5) Overhead doors shall not face a public street or residential district. The Planning Commission can modify this requirement upon a determination that there is no reasonable alternative and the visual impact will be moderated through use of building materials, architectural features and landscaping beyond that required by the ordinance.

(6) Additions to existing buildings must complement the current building design with regard to height, proportions, scale, materials, and spacing of openings.

(b) *Building materials.*

(1) Durable building materials which provide an attractive, quality appearance must be utilized.

(2) The predominant building materials (50% or more of the face) should be quality materials such as earth-toned brick, native stone, and tinted/textured concrete masonry units and/or glass products.

(3) Other materials such as smooth-faced concrete block, EIFS panels, or pre-fabricated steel panels should only be used as accents and not dominate the building exterior of the structure.

(4) Metal roofs may be allowed if deemed by the Planning Commission to be compatible with the overall architectural design of the building.

(c) *Building colors.*

(1) Exterior colors shall be of low reflectance, subtle, neutral, or earth tone colors. The use of high intensity colors such as neon, metallic, or fluorescent for the facade and/or roof of the building are prohibited except as approved by the Planning Commission for building trim.

(2) The use of trademark colors not meeting this requirement must be approved by the Planning Commission.

(3) Mechanical and service features such as gutters, ductwork, service doors, etc. that cannot be screened must be of a color that blends in with the color of the building.

(d) *Roof design.*

(1) Roofs should be designed to reduce the apparent exterior mass of a building, add visual interest, and be appropriate to the architectural style of the building.

(2) Roofs shall have no less than two (2) of the following features:

a. Parapets concealing flat roofs and rooftop equipment, such as HVAC units from public view. The average height of such parapets shall not exceed fifteen (15) percent of the height of the supporting wall and such parapets shall not at any point exceed one-third (1/3) of the height of the supporting wall. Such parapets shall feature three-dimensional cornice treatment;

b. Overhanging eaves, extending no less than one (1) foot past the support walls;

c. Sloping roofs that do not exceed the average height of the supporting walls, with an average slope greater than or equal to one (1) foot of vertical rise for every three (3) feet of horizontal run and less than or equal to one (1) foot of vertical rise for every one (1) foot of horizontal run;

d. Three (3) or more roof slope planes.

e. A specific architectural element proposed by the applicant's architect that is acceptable to the City Planner and Planning Commission.

(e) *Customer entrances.*

(1) Each large retail establishment (15,000 square feet or more) on a site shall have clearly defined, highly visible customer entrances featuring no less than five (5) of the following:

a. canopies or porticos;

b. overhangs;

c. recesses/projections;

d. arcades;

- e. raised corniced parapets over the door;
- f. peaked roof forms;
- g. arches;
- h. outdoor patios;
- i. display windows;
- j. architectural details such as tile work and moldings which are integrated into the building structure and design;
- k. integral planters or wing walls that incorporate landscaped areas and/or places for sitting.
- l. a specific architectural element proposed by the applicant's architect that is acceptable to the City Planner and Planning Commission.

(2) Where additional units will be located in the large retail establishment, each such store may have at least one (1) exterior customer entrance, which shall conform to the above requirements.

(3) A bike rack or other acceptable form of bike parking or storage shall be provided near the primary entrance of all commercial structures in a ratio of no less than one bike slot or space for each ten parking spaces provided onsite, with a minimum of two such slots or spaces. This shall not apply to structures in the B-3 zoning district.

(f) *Community amenities.* Community amenities such as patio/seating areas, water features, art work or sculpture, clock towers, pedestrian plazas with park benches, or other features located adjacent to the primary entrance to the building(s) are highly encouraged and may be calculated as part of the landscaping requirement.

(g) *Signs.* Signs shall be in accordance with the city's sign ordinance. All sign bases shall be constructed of materials compatible with the architecture of the building(s) located on the premises.

(h) *Natural features.* Buildings shall be sited to protect existing natural areas such as steep natural grades, trees, significant groupings of healthy vegetation (shrubs and trees), and rock outcroppings. To the extent practical, these areas shall be incorporated into the overall site plan.

(i) *Building location and orientation.* New buildings shall have at least one principal building entrance oriented toward the front lot line.

(j) *Sidewalks.* All development shall include a provision for sidewalks within the site and within the right-of-way to provide connectivity between adjacent

sites, the public realm, parking areas, primary structures, and any other on-site amenities.

Sec. 38-398. – Residential dwelling design standards.

(a) *Intent.* This Section is intended to establish regulations for the construction of new residential dwellings zoned R-1 and R-2, including reconstructed and in-fill housing. The standards herein are intended to:

- (1) Prevent grossly dissimilar dwellings which would adversely affect the value of dwellings in the surrounding area.
- (2) Prevent adverse effects on the desirability of an area to existing or prospective homeowners.
- (3) Ensure the stability of the environment.
- (4) Promote the most appropriate use of real estate.
- (5) Increase the opportunity to realize the development pattern envisioned in the Owosso Master Plan.

These regulations are based on the finding that the cohesiveness and character of the city's neighborhoods are significant factors in the city's quality of life, contribute to the distinct character in the various neighborhoods and help retain property values. These regulations further ensure new housing units are harmonious with the general character of the adjacent houses and the city overall and ensure a stable housing stock. While some level of diversity is desirable, these regulations are intended to ensure the design variation of new homes is similar to the level of variation in existing homes in the immediate area, or surrounding neighborhoods with similar densities for new residential projects. The standards shall not be construed to prohibit innovative design concepts involving such matters as solar energy, view, unique land contour, or relief from the common or standard designed home.

(b) *Applicability.* The regulations of this Section shall apply to all new single family home construction zoned R-1 and R-2. Major home expansions where the homeowner is expanding the footprint of the home by forty percent (40%) or more shall comply with subsections TBD.D.9, TBD.D.10, and TBD.D.11, in addition to required building codes, to ensure the resulting home continues to maintain the character of the neighborhood. The standards shall not apply to minor home expansions, interior remodeling, or to residences outside of the one and two family zoning districts.

(c) *Approval.* Compliance with these regulations shall be determined by the Building and Zoning Administrator at the time the building permit is reviewed and shall be based on the standards of subsection D below.

(d) Standards

- (1) Each such dwelling unit shall comply with all pertinent building and fire codes. Additionally, all dwellings shall meet or exceed all applicable roof snow

load and strength requirements. Where there are conflicting applicable regulations, the more stringent shall apply.

(2) All construction required herein shall be commenced only after a building permit has been obtained in accordance with the City Building Code and other building regulations.

(3) Each such dwelling unit shall comply with the minimum standards listed throughout the zoning code for the Zoning District in which it is located, including minimum lot area, minimum lot width, minimum floor area, required setbacks and maximum building height.

(4) Each dwelling unit shall be firmly attached to a permanent basement or crawl space foundation constructed on the site in accordance with the City Building Code.

(5) The dwelling shall have an attached or detached structure of equal workmanship as the dwelling unit, designed for the parking and storage of vehicles. Said structure shall be functionally and aesthetically compatible in design and appearance with other residences in the surrounding area as defined in subsection 12 below. When attached to a mobile home, modular home, pre-fabricated home or pre-constructed home, said structure shall comply with all requirements of the Michigan Building Code relative to grade separation and fire restrictive requirements.

(6) Each such dwelling unit shall contain a storage area equal to or greater than ten percent (10%) of the square footage of the dwelling or one hundred (100) square feet, whichever shall be less. This storage area shall consist of a basement, attic or in a separate detached accessory structure that complies with the standards of this Section regarding accessory buildings and structures. The intent of these standards is to limit the extent of outdoor storage.

(7) The roof shall have a minimum 4:12 pitch and with a drainage system that will collect and concentrate the discharge of storm water or snow away from the sides of the dwelling. The roof shall be composed of metal or wood shake, asphalt, or other acceptable shingles. A roof overhang of not less than six (6) inches on all sides shall be provided, or alternatively with window sills or roof drainage systems concentrating roof drainage at collection points along the sides of the dwelling.

(8) A minimum of two (2) exterior doors shall be provided with the second one being in either the rear or side of the dwelling. All dwelling units shall be oriented toward the public right-of-way such that the façade that faces the street contains a door, windows, and other architectural features customary to the front facade of a residence.

(9) The width across any front, side or rear elevation shall be a minimum of twenty (20) feet and comply in all respects with the City Building Code.

(10) In-fill housing or development on vacant lots in an existing platted subdivision shall consider the gross floor area and lot coverage of surrounding

homes to ensure compatibility. The gross floor area and lot coverage of the proposed dwelling shall be at least ninety percent (90%) and no more than one-hundred and thirty-five percent (135%) of the average square footage of constructed single family dwellings within five hundred (500) feet, up to the boundary of the existing neighborhood, of the subject dwelling unit, with measurements made from the edge of the street.

(11) In-fill housing or development on vacant lots in an existing platted subdivision shall maintain a consistent front building line along the street. The front yard setback of the proposed dwelling shall be no less than ninety percent (90%) and no more than one-hundred and thirty-five percent (135%) of the average established front yard setback of other single family dwelling unit within five hundred (500) feet, up to the boundary of the existing neighborhood, of the subject dwelling unit, with measurements made from the edge of the street.

(12) Building appearance for all new single family dwelling unit construction shall be aesthetically compatible in design and appearance with other residences in the surrounding area.

Definitions for what constitutes the surrounding area are as follows:

(a) For new single family neighborhood development (in the form of a new subdivision plat or new site condominium project), the surrounding area is defined as the nearest existing neighborhoods with similar densities.

(b) For in-fill housing development where there are one (1) or a few isolated sites being developed within the existing neighborhood (in the form of an existing lot of record or recent land division), surrounding area shall be defined as within five hundred (500) feet, up to the boundary of the existing neighborhood, of the subject dwelling unit; with measurements made from the edge of the lot in each direction, including the opposite side of the street.

The determination shall be made by the Building and Zoning Administrator and in considering similarity and compatibility with the surrounding area the following features must be considered in order to meet this requirement:

1. Exterior building material used on the proposed dwelling
2. Roof style
3. The design and position of windows
4. Front entry design (presence of porches, front door location, etc.)
5. Garage style and design

If the Building and Zoning Administrator cannot reach a determination on architectural compatibility, the application shall be forwarded to the Planning Commission for review and final action.

(6) *Appeal.* An applicant may appeal the decision of either the Building and Zoning Administrator or the Planning Commission to the Zoning Board of Appeals. The City shall provide written notification of denial at the last address of record. A written application for an appeal hearing before the Zoning Board of Appeals shall be filed with the office of the Building and Zoning Administrator within 15 calendar days of the receipt of the notice of denial.

(7) *Exceptions.* The foregoing standards shall not apply to a mobile home located in a licensed mobile home park except to the extent required by state or federal law or otherwise specifically required in this ordinance and pertaining to such parks.

SECTION 4. SEVERABILITY. The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

SECTION 5. INCONSISTENT ORDINANCES. All ordinances or parts of ordinances inconsistent with the provisions of this Ordinance are repealed.

SECTION 6. EFFECTIVE DATE. This amendment shall become effective 20 days after passage.

SECTION 7. AVAILABILITY. This ordinance may be purchased or inspected in the city clerks' office, Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m.

SECTION 8. PUBLIC HEARING. A public hearing is set for Monday, March 4, 2013 at approximately 7:30 p.m. in the City Hall Council Chambers to hear citizen comment regarding the proposed amendment.



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: February 13, 2013

TO: Mayor Benjamin Frederick, City Council, and Manager Don Crawford

FROM: Larry Cook, Assessor

RE: IFT Exemption Amendment – Ruess Winchester, Inc. 705 McMillan St.

An application for amendment to their 2011 IFT Exemption was received from RWI, 705 McMillan. In October 2011, the City Council approved an IFT for RWI in the amount of \$1,000,000 for a new building and \$388,800 in personal property for this new facility. Due to business growth, the company had to purchase additional machinery and equipment totaling \$113,512.98, bringing the total cost to \$502,312.98. According to PA 198 of 1974, as amended, an existing IFT can be amended for a period not to exceed two years from the date of the original application.

As a reminder, an Industrial Facilities Tax Exemption Certificate, Act 198 of 1974, is a tax abatement which reduces the tax burden by 50%.

The next step in the process is to set a public hearing for Monday, March 4, 2013 for the purpose of hearing public comments on this Personal Property IFT amendment. The city clerk has notified the taxing jurisdictions of this application as required under the city's abatement policy and as required under the act and will forward any responses to you

As always, if you have any further questions, please feel free to contact me at (989) 725-0530.

RESOLUTION NO. ____

**SETTING PUBLIC HEARING TO CONSIDER APPLICATION FOR
AN AMENDMENT TO AN INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE
RUESS WINCHESTER, INCORPORATED
705 McMILLAN AVENUE**

WHEREAS, an application to amend their October 2011 IFT, (Certificate No. 2011-493) was received February 12, 2013 from Ruess Winchester, Incorporated; and

WHEREAS, the application will amend the personal property component of the original IFT by adding \$113,512.98 in new personal property to the original cost of \$388,800 for a new total personal property amount of \$502,312.98; and

WHEREAS, Act 198 of 1974 allows an application for tax abatement to be amended for a period up to two years after the original application; and

WHEREAS, an Industrial Development District was established March 19, 1979 for property described as:

BLOCKS 8 & 9 ALSO BEG SW COR LOT 1, BLK 11 TH N 03*39', E 366.24', TH S 62*27', E 556.27' TH S 01*05', W 118.70' TH W TO POB INCLUDING VACATED ABREY AVE. & ALLEYS ADJACENT AND WITHIN SAID BLOCKS. GEO. T. ABREY'S WOODLAWN PARK ADDN.; and

WHEREAS, the Industrial Facilities Tax Exemption certificate, being part of Act 198 of 1974, is available to the city of Owosso; and

WHEREAS, the city of Owosso is a qualified local governmental unit according to the Act and is permitted to grant an Industrial Facilities Tax Exemption Certificate; and

WHEREAS, it was determined by city staff that the Industrial Facilities Exemption Certificate is within the guidelines of the City of Owosso Tax Abatement Policy of June 7, 2010; and

WHEREAS, notification will be sent to all taxing jurisdictions per the City of Owosso Tax Abatement Policy of June 7, 2010.

NOW, THEREFORE, BE IT RESOLVED by the city council of the city of Owosso, Shiawassee County, Michigan that:

FIRST: the Owosso City Council sets a public hearing for March 4, 2013 on or about 7:30 p.m. in the council chambers for the purpose hearing comments for those within the proposed district, governmental taxing jurisdictions and any other resident or taxpayer; and

SECOND: the city clerk gives the notifications as required by law.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) <u>Ruess Winchester Inc</u>	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <u>3490</u>
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <u>705 McMillan St Owosso MI</u>	1d. City/Township/Village (indicate which) <u>City of Owosso</u>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Research and Development (Sec. 2(9))	3a. School District where facility is located <u>Owosso</u>
<input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Rehabilitation (Sec. 3(1))	3b. School Code <u>78110</u>
4. Amount of years requested for exemption (1-12 Years) <u>12</u>	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

See Attached

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	1,000,000.00 Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures: * Attach itemized listing with month, day and year of beginning of installation, plus total	502,312.98 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	1,502,312.98 Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	Owned <input checked="" type="checkbox"/> Leased <input type="checkbox"/>
Real Property Improvements	10/01/11	06/01/12	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	10/01/11	12/31/12	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. ☐ Yes ☒ No

9. No. of existing jobs at this facility that will be retained as a result of this project. 10

10. No. of new jobs at this facility expected to create within 2 years of completion. 5

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	
b. TV of Personal Property (excluding inventory)	
c. Total TV	

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

12b. Date district was established by local government unit (contact local unit)

12c. Is this application for a speculative building (Sec. 3(8))? ☐ Yes ☒ No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name <i>Lisa Cantu</i>	13b. Telephone Number <i>989-725-5809</i>	13c. Fax Number <i>989-725-5970</i>	13d. E-mail Address <i>lisa@rw.mfg.com</i>
14a. Name of Contact Person <i>Lisa Cantu</i>	14b. Telephone Number <i>989-725-5809</i>	14c. Fax Number <i>989-725-5970</i>	14d. E-mail Address <i>lisa@rw.mfg.com</i>
15a. Name of Company Officer (No Authorized Agents) <i>Bret Ruess</i>			
15b. Signature of Company Officer (No Authorized Agents) <i>[Signature]</i>		15c. Fax Number <i>989-725-5970</i>	15d. Date
15e. Mailing Address (Street, City, State, ZIP Code) <i>PO BOX 847, Owosso MI 48867</i>		15f. Telephone Number <i>989-725-5809</i>	15g. E-mail Address

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16a. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.		16c. LUCI Code 16d. School Code	
17. Name of Local Government Body		18. Date of Resolution Approving/Denying this Application	

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
1. LUCI Code	2. Begin Date Real	3. Begin Date Personal	4. End Date Real	5. End Date Personal

Equipment Purchases

<u>Install Date</u>	<u>Equipment Description</u>	<u>Cost</u>
12/01/11	Overhead Cranes	\$147,800.00
12/01/11	Press Brake	\$ 89,200.00
12/01/11	Koike Plate Pro Cutting System	\$148,921.00
12/01/11	Tooling	\$ 2,879.00
03/20/12	Scissor Lift	\$ 8,400.00
04/01/12	Table for Cutting System	\$ 13,924.79
04/01/12	Air Compressor, Tooling, Airlines	\$ 12,973.66
05/01/12	Fork Truck	\$ 19,200.00
09/26/12	(4)Welders, (1) Passivator	\$ 21,112.64
11/11/12	Wall Fans	\$ 5,435.79
12/15/12	Automatic Cold Saw	\$ 32,466.10



WARRANT 458

February 12, 2013

Vendor	Description	Fund	Amount
Brown & Stewart, PC	Professional Services - January 15, 2013 – February 11, 2013	General	\$ 8,398.20
Johnson Controls, Inc	Planned Service Agreement – February 1, 2013 – July 31, 2013	General	\$11,641.00
Total			\$20,039.20

CHECK REGISTER FOR CITY OF OWASSO
CHECK DATE FROM 01/01/2013 - 01/31/2013

Check Date	Bank	Check	Vendor Name	Description	Amount
Bank 1 GENERAL FUND (POOLED CASH)					
01/11/2013	1	120126	BLANCHET TERRY	UB refund for account: 1993500009	\$ 36.74
01/11/2013	1	120127	BURRELL REAL ESTATE	UB refund for account: 2132783003	\$ 41.23
01/11/2013	1	120128	MRYNEK HELEN	UB refund for account: 1490500001	\$ 62.83
01/11/2013	1	120129	TACO HOUSE	UB refund for account: 1558500001	\$ 14.78
01/11/2013	1	120130	BRANT JAMES	UB refund for account: 2515742003	\$ 24.81
01/11/2013	1	120131	123.NET	IT-DECEMBER 2012 SERVICE	\$ 32.00
01/11/2013	1	120132	ACCUMED BILLING INC	AMBULANCE BILLING SERVICES & STATE REPORTING	\$ 3,678.42
01/11/2013	1	120133	AFLAC	EMP DED-AFLAC PREMIUM	\$ 944.34
01/11/2013	1	120134	H K ALLEN PAPER CO	OFD-LINERS/BOWL CLEANER	\$ 59.20
01/11/2013	1	120135	AMERICAN SPEEDY PRINTING CENTERS	OPD-DOOR HANGERS (2000)	\$ 1,941.85
01/11/2013	1	120136	ANN ARBOR CREDIT BUREAU	BAD DEBT COLLECTION FEES	\$ 173.25
01/11/2013	1	120137	DAVID B BUTCHER	REIMBURSEMENT	\$ 14.00
01/11/2013	1	120138	C S H INCORPORATED	DPW-FURNACE PARTS	\$ 102.26
01/11/2013	1	120139	RANDY RAY CARLTON	TREE REMOVAL PROGRAM	\$ 13,185.00
01/11/2013	1	120140	CITY OF OWASSO	PETTY CASH-LIQUIDATE ACCOUNT	\$ 36.60
01/11/2013	1	120141	CONSUMERS ENERGY	DEC 2012-1506 W SOUTH ST	\$ 36,470.52
01/11/2013	1	120142	VOID		\$ -
			Void Reason: Created From Check Run Process		
01/11/2013	1	120143	CRAIG, JUDY ELAINE	COURSER SERVICE	\$ 162.00
01/11/2013	1	120144	BRAIN LOUGH	INSTALL 2 TREES	\$ 500.00
01/11/2013	1	120145	D & D TRUCK & TRAILER PARTS	FLEET-PARTS	\$ 2,293.89
01/11/2013	1	120146	DETROIT SALT COMPANY LLC	INVENTORY-SALT69.25-TONS	\$ 20,550.44
01/11/2013	1	120147	SANDY W DUFFIELD	REIMBURSEMENT	\$ 76.08
01/11/2013	1	120148	JAKE A DYE	REIMBURSEMENT	\$ 100.00
01/11/2013	1	120149	EMPLOYEE BENEFIT CONCEPTS INC	PAYROLL-JANUARY 2013-ADMIN FEE	\$ 400.00
01/11/2013	1	120150	ETNA SUPPLY COMPANY	WATER-PARTS	\$ 1,386.20
01/11/2013	1	120151	FEDEX	WWTP-SHIPPIING LAB SAMPLES	\$ 22.28
01/11/2013	1	120152	FIRST CONTRACTING INC	HOUSING-DRAW	\$ 10,040.40
01/11/2013	1	120153	FRONTIER	DECEMBER 2012 PHONE SERVICE	\$ 793.27
01/11/2013	1	120154	FUOSS GRAVEL CO.	CLASS II SAND-301.04/TONS	\$ 3,589.61
01/11/2013	1	120155	GILBERT'S DO IT BEST HARDWARE & APP	CITY HALL-SUPPLIES	\$ 113.94
01/11/2013	1	120156	GLOCK PROFESSIONAL INC	OPD-JASON SCHMITZ-ARMORERS COURSE-2/14/13	\$ 195.00
01/11/2013	1	120157	GOYETTE MECHANICAL	WWTP-BOILER INSPECTION AND STARTUP	\$ 897.00
01/11/2013	1	120158	GRAYMONT CAPITAL INC	WTP-QUICKLIME-48.6/TONS	\$ 6,337.60
01/11/2013	1	120159	HACH COMPANY	WTP-SUPPLIES	\$ 107.80
01/11/2013	1	120160	HALLIGAN ELECTRIC INC	WWTP-ANNUAL INFRARED SURVEY, REPAIRS	\$ 671.50
01/11/2013	1	120161	HURON & EASTERN RAILWAY COMPANY INC	TRAFFIC CONTROL DEVICES ANNUAL MAINT	\$ 4,930.00
01/11/2013	1	120162	HYDROTEX INC	LUBES FOR FLEET MAINTENANCE	\$ 2,299.33
01/11/2013	1	120163	IDEXX DISTRIBUTION CORPORATION	WTP-WP200H	\$ 848.97
01/11/2013	1	120164	INTERNATIONAL SOCIETY OF ARBORICULTURE	MEMBERSHIP-BILL BROOKS	\$ 209.00
01/11/2013	1	120165	LAMPHERE'S	CITY HALL-REPAIR LEAK IN COPPER LINE	\$ 632.44
01/11/2013	1	120166	LEGALSHIELD	PAY DED-LEGAL SHIELD	\$ 25.90
01/11/2013	1	120167	LOGICALS INC	NOVEMBER 2012-NETWORK ENGINEERING SUPPORT	\$ 6,664.00
01/11/2013	1	120168	LUDINGTON ELECTRIC, INC.	DDA-DOWNTOWN LIGHT REPAIR	\$ 429.99
01/11/2013	1	120169	MCMASTER-CARR SUPPLY CO	WWTP-SUPPLIES	\$ 41.09

04/11/2013	1	120170	MCHAUGHTON-MCKAY ELECTRIC COMPANY	PHONES-MATERIALS	\$	309.24
04/11/2013	1	120171	MEMORIAL HEALTHCARE CENTER	OPD-LAB	\$	16.00
04/11/2013	1	120172	METLIFE	EMP DED-MET LIFE PAYMENT	\$	26.84
04/11/2013	1	120173	MICHIGAN METER TECHNOLOGY GROUP INC	INVENTORY-METERS	\$	8,827.73
04/11/2013	1	120174	MISDU	EMP DED-HART/KLEEMAN/KENNEDY/BREWBAKER	\$	1,001.73
04/11/2013	1	120175	MUNIMETRIX SYSTEMS CORP.	SOFTWARE SUPPORT 10/1/12-9/30/13	\$	499.00
04/11/2013	1	120176	NAPA AUTO PARTS	FLEET-STOCK ITEMS	\$	284.88
04/11/2013	1	120177	NEXTEL COMMUNICATIONS	DEC 2012 CELL PHONE SERVICE/EQUIPMENT	\$	1,028.04
04/11/2013	1	120178	NORTHVEST ENERGY	STREETS-PROPANE FOR CRACK SEALING	\$	412.25
04/11/2013	1	120179	OFFICE DEPOT	IT-USB DRIVE	\$	540.06
04/11/2013	1	120180	OWOSSO BOLT & BRASS CO	WWTP-SUPPLIES	\$	121.60
04/11/2013	1	120181	OWOSSO CHARTER TOWNSHIP TREAS &	OWOSSO DRAIN PER AGREEMENT	\$	297.36
04/11/2013	1	120182	OWOSSO CHARTER TREA &	OWOSSO DRAIN PER AGREEMENT	\$	113.29
04/11/2013	1	120183	OWOSSO CHARTER TWP TREAS &	OWOSSO DRAIN PER AGREEMENT	\$	237.65
04/11/2013	1	120184	OWOSSO CHARTER TWP TREAS &	DRAIN ASSESSMENT PER AGREEMENT	\$	997.59
04/11/2013	1	120185	OWOSSO-WATER FUND	522 MILWAUKEE ST	\$	2,742.44
04/11/2013	1	120186	POLICE OFFICERS LABOR COUNCIL	EMP DED-OPD UNION DUES	\$	780.50
04/11/2013	1	120187	POLYDYNE INC	WWTP-AF 4500 POLYMER	\$	1,735.60
04/11/2013	1	120188	POSTMASTER	POSTAGE FOR AV APPLICATION	\$	105.83
04/11/2013	1	120189	POSTMASTER	PERSONAL PROPERTY STATEMENTS	\$	90.48
04/11/2013	1	120190	PUMMILL PRINT SERVICE LLC	ASSESSING-2013 PERSONAL PROPERTY TAX SET	\$	126.75
04/11/2013	1	120191	PYS HOLWOOD CHEMICALS INC	WTP-SODIUM FLUORIDE	\$	1,726.00
04/11/2013	1	120192	Q2A ASSOCIATES LLC	FINANCE DIR SERVICES-12/9/12-12/22/12	\$	3,255.00
04/11/2013	1	120193	QBE FIRST-ATTN: CLIENT SERVICES	1000 STATE ST		VOID
			Void Reason: WRONG AMOUNT-TO BE REISSUED 1/25/13-RSP			
04/11/2013	1	120194	RATHCO SAFETY SUPPLY, INC.	INVENTORY-STREET SIGNS AND BRACKETS	\$	265.22
04/11/2013	1	120195	REEVES WHEEL ALIGNMENT, INC.	OPD-IDS-TIRE REPAIR	\$	5,341.66
04/11/2013	1	120196	REPUBLIC SERVICES #237	JANUARY 2013-REFUSE SERVICE	\$	369.02
04/11/2013	1	120197	RESERVE ACCOUNT	FUNDS FOR POSTAGE MACHINE	\$	3,000.00
04/11/2013	1	120198	ROWE PROFESSIONAL SERVICES CO	ENGINEERING SERVICES FOR BENTLEY PARK	\$	396.00
04/11/2013	1	120199	RUTHYS LAUNDRY CENTER	OPD-DECEMBER 2012 DRY CLEANING	\$	681.13
04/11/2013	1	120200	SHIAWASSEE PHYSICIAN SERVICES	OPD-ANNUAL PHYSICAL	\$	59.57
04/11/2013	1	120201	SIGNATURE FORD-LINCOLN-MERCUY-JEEP	OPD-PARTS	\$	42.38
04/11/2013	1	120202	SMITH JANITORIAL SUPPLY	OPD-LINERS-CAR WASH	\$	815.12
04/11/2013	1	120203	SOUTHSIDE CAR WASH	OPD-DECEMBER 2012 CAR WASHES	\$	37.00
04/11/2013	1	120204	SPARTAN STORES LLC	EMP FUND-KENNY ARNETT RETIREMENT CACE	\$	68.46
04/11/2013	1	120205	I W H OWOSSO SPRINT	CELL PHONE HOLSTERS (3)	\$	89.97
04/11/2013	1	120206	ST JOHNS ANSWERING SERVICE INC	FEB 2013 ANSWERING SERVICE	\$	65.00
04/11/2013	1	120207	STATE OF MICHIGAN-DEPT OF T M & B	ANNUAL PROGRAM FEE-WIDEAL #358	\$	230.00
04/11/2013	1	120208	STECHSCHULTE GAS & OIL, INC.	FUEL PE 12/31/12	\$	4,769.26
04/11/2013	1	120209	STEPP MANUFACTURING CO INC	FLEET-PARTS FOR TAR MACHINE #275	\$	200.49
04/11/2013	1	120210	SURGARD PUBLIC SECTOR INC	OPD-OWSSO MAINT 1/1/13-12/31/13	\$	8,668.04
04/11/2013	1	120211	JESSICA UNANGST	INTERVIEW COMMITTEE WATER	\$	8.91
04/11/2013	1	120212	USA BLUE BOOK	WWTP-SUPPLIES	\$	757.36
04/11/2013	1	120213	VALLEY LUMBER	CITY HALL-SUPPLIES	\$	61.73
04/11/2013	1	120214	VIDACARE CORPORATION	OPD-AMBULANCE MEDICAL SUPPLIES	\$	937.62
04/11/2013	1	120215	WASTE MANAGEMENT OF MICHIGAN	DISPOSAL CHARGES-12/17/12-12/31/12	\$	2,151.22
04/11/2013	1	120216	WILLOUGHBY PRESS	ASSESSING-PER PROP ENVELOPES (575)	\$	45.00
04/11/2013	1	120217	WHS ELECTRICAL SUPPLY	DDA-LIGHTING REPAIR SUPPLIES	\$	665.73
04/24/2013	1	120218	MARK D AGNEW	OPD-DECALS FOR #20 & #39	\$	590.00
04/24/2013	1	120219	HK ALLEN PAPER CO	OPD-TOWELS/BOWL BLOCKS	\$	65.00

01/24/2013	1	120220	THE ARGUS PRESS	DEC 2012-PRINTING	\$	313.75
01/24/2013	1	120221	SLUMERICH COMMUNICATIONS SERVICE, I	OPD-STRIP OF UNIT 79	\$	240.00
01/24/2013	1	120222	HEATHER O BROOKS	RR CROSSING SIGNS	\$	175.00
01/24/2013	1	120223	BROWN & STEWART P C	PROFESSIONAL SERVICES	\$	10,770.39
01/24/2013	1	120224	THOMAS LEE BROWN	REIMBURSEMENT	\$	30.00
01/24/2013	1	120225	CARBON ENTERPRISES	ANTHRACITE-60 POUND BAGS		VOID
			Void Reason: CREDIT DID NOT APPLY-WRONG AMOUNT			
01/24/2013	1	120226	CALEDONIA CHARTER TOWNSHIP	PAYMENT PER WATER DISTRICT AGREEMENT	\$	18,816.41
01/24/2013	1	120227	CARQUEST AUTO PARTS STORE	FLEET-BRAKE LINE KIT FOR #306	\$	338.02
01/24/2013	1	120228	CENTRON DATA SERVICES, INC.	BILLING SERVICES FOR QTR ENDING 12/31/12	\$	5,368.36
01/24/2013	1	120229	CITY OF OWOSSO	13 PARCELS-OWOSSO DRAIN	\$	5,707.63
01/24/2013	1	120230	CLARK FIRE & SAFETY, INC.	OFD-REFILL EXTINGUISHERS	\$	60.00
01/24/2013	1	120231	COMFORT INN	CONF#266042970-ROXANE CRAMER	\$	382.50
01/24/2013	1	120232	CONSUMERS ENERGY	DEC 2012-300 E MONROE ST	\$	2,342.43
01/24/2013	1	120233	DALTON ELEVATOR	OFD-JAN 2012-CYLINDER RENTAL	\$	400.54
01/24/2013	1	120234	DELTA DENTAL PLAN OF MICHIGAN	DENTAL INSURANCE PREMIUM	\$	4,117.99
01/24/2013	1	120235	ENPCO INC	OFD-FIRE LIEUTENANT EXAM	\$	600.00
01/24/2013	1	120236	FRONTIER	TRAFFIC SIGNAL	\$	104.85
01/24/2013	1	120237	GOYETTE MECHANICAL	WWTP-REPAIR BOILER	\$	885.00
01/24/2013	1	120238	GRAINGER, INC.	WWTP-MECHANICAL SEAL PUMP SHAFT	\$	216.50
01/24/2013	1	120239	GRAYMONT CAPITAL INC	QUICKLIME-48.58/TONS	\$	6,334.88
01/24/2013	1	120240	INDEPENDENT NEWSPAPERS	HR-CROSSING GUARD AD	\$	53.50
01/24/2013	1	120241	INDEPENDENT STATIONERS	WWTP-FOLDERS	\$	81.08
01/24/2013	1	120242	INDUSTRIAL SUPPLY OF OWOSSO INC	WWTP-SEALS FOR BLOWER COUPLING	\$	33.60
01/24/2013	1	120243	INTERSTATE BILLING SERVICE INC	FLEET-FUEL PUMP/GASKET FOR #344	\$	66.74
01/24/2013	1	120244	JPC PLASTER & DRYWALL	PLASTER REPAIRS TO MAIN FLOOR OF LIBRARY	\$	11,780.00
01/24/2013	1	120245	KELLOGG HOTEL & CONFERENCE CENTER	WINTER SEMINAR-CHARLES RAU	\$	170.00
01/24/2013	1	120246	LANSING UNIFORM CO.	OPD-JACKET-JOE IBARA	\$	275.00
01/24/2013	1	120247	LOGICALIS INC	DEC 2012-NETWORK ENGINEERING	\$	7,301.37
01/24/2013	1	120248	JEFFERY L LUFF	REIMBURSEMENT	\$	15.00
01/24/2013	1	120249	MAURER HEATING & COOLING, INC.	WWTP-TROUBLESHOOT UPSTAIRS AD BLDG FURNACE	\$	100.00
01/24/2013	1	120250	MCMASTER-CARR SUPPLY CO	WWTP-CASTERS	\$	249.56
01/24/2013	1	120251	MICHIGAN ASSOCIATION OF MUNICIPAL C	INSTITUTE REGISTRATION-ROXANE CRAMER	\$	600.00
01/24/2013	1	120252	MICHIGAN FIRE INSPECTORS SOCIETY	CHARLES RAU	\$	30.00
01/24/2013	1	120253	MICHIGAN MUNICIPAL LEAGUE	CONTRIBUTIONS	\$	26.28
01/24/2013	1	120254	MICHIGAN PAVING & MATERIALS CO	2012 STREET IMPROVEMENT PROJECT	\$	307,237.43
01/24/2013	1	120255	MICHIGAN PUBLIC EMPLOYER LABOR RELA	REGISTRATION-JESSICA UNANGST	\$	100.00
01/24/2013	1	120256	MICHIGAN WATER ENVIRONMENT ASSOCIATES	OPERATORS DAY-GLUSKY/BLOOMFIELD/CAMERON	\$	600.00
01/24/2013	1	120257	MISDU	PAY DED-HART/KLEEMAN/KENNEDY/BREYBAKER	\$	958.97
01/24/2013	1	120258	DOUGLAS LEE MORRICE	REIMBURSEMENT	\$	10.00
01/24/2013	1	120259	MUTUAL EYE CLAIM AUDITS	VISION COVERAGE PREMIUM	\$	500.55
01/24/2013	1	120260	NORTHERN LAKE SERVICE, INC.	WWTP-MERCURY ANALYSES	\$	291.30
01/24/2013	1	120261	OFFICE DEPOT	PUBLIC SAFETY-SUPPLIES	\$	583.53
01/24/2013	1	120262	OWOSSO CHARTER TOWNSHIP	PER WATER AGREEMENT	\$	8,978.61
01/24/2013	1	120263	OWOSSO CHARTER TWP TREAS &	OWOSSO DRAIN ASSESSMENT PER CONSERVATION	\$	1,400.24
01/24/2013	1	120264	GARY L PALMER	ELECTRICAL INSPECTION SERVICES	\$	500.00
01/24/2013	1	120265	PHYSICIANS HEALTH PLAN OF MID-MICH	HEALTH INSURANCE PREMIUM	\$	73,878.32
01/24/2013	1	120266	PITNEY BOWES INC	MAILING MACHINE-FEEDER-1/1/13-12/31/13	\$	730.48
01/24/2013	1	120267	QBE FIRST-ATTN: CLIENT SERVICES	050-114-001-020-00-1000 STATE ST-SCOT CO	\$	350.29
01/24/2013	1	120268	S L C METER SERVICE, INC.	WATER INVENTORY-REPAIR CLAMPS	\$	738.73
01/24/2013	1	120269	GORDON R SETTLEMYRE	REIMBURSEMENT	\$	40.00

01/24/2013	1	120270	THE SHERWIN-WILLIAMS CO.	STREETS-WHITE PAINT	\$	56.34
01/24/2013	1	120271	SHIAWASSEE COUNTY CENTRAL DISPATCH	OPD-LEIN MAINT-10/1/12-12/31/12	\$	583.33
01/24/2013	1	120272	SHIAWASSEE COUNTY TREASURER	PAYOFF-DEEDED TO CITY-050-470-034-013-00	\$	1,014.08
01/24/2013	1	120273	SHIAWASSEE COUNTY TREASURER	HOMESTEAD DENIAL REFUND	\$	194.93
01/24/2013	1	120274	SHIAWASSEE FAMILY YMCA	PAY DED-MEMBERSHIPS	\$	199.75
01/24/2013	1	120275	TERRY LEE SMITH	REIMBURSEMENT	\$	930.00
01/24/2013	1	120276	SOLARWINDS	IT-VERSION UPGRADE-REMOTE SUPPORT	\$	380.80
01/24/2013	1	120277	STANDARD INSURANCE COMPANY	GROUP LIFE INSURANCE PREMIUM	\$	2,267.53
01/24/2013	1	120278	STATE OF MICHIGAN	WWTP-THREE MANUALS FOR OPERATORS	\$	45.00
01/24/2013	1	120279	STATE OF MICHIGAN	TRAFFIC SIGNAL ENERGY 4/1/12-8/30/12	\$	1,329.15
01/24/2013	1	120280	STATE OF MICHIGAN	WITHHOLDING TAX	\$	12,594.22
01/24/2013	1	120281	STATE OF MICHIGAN	OPD-SEX OFFENDER REGISTRATION FEES (3)	\$	90.00
01/24/2013	1	120282	STECHSCHULTE GAS & OIL, INC.	FUEL FE 1/15/13	\$	4,570.63
01/24/2013	1	120283	SUNNYSIDE FLORIST	EMP FUND-FUNERAL FLOWERS-RANDY MORRICE	\$	40.00
01/24/2013	1	120284	JESSICA UNANGST	COFFEE/DONUTS	\$	60.07
01/24/2013	1	120285	UNIQUE PAVING MATERIALS CORPORATION	UPM #2 WINTER MIX COLD PATCH	\$	4,719.54
01/24/2013	1	120286	UNITED PARCEL SERVICE	SHIPPING	\$	27.77
01/24/2013	1	120287	USA BLUE BOOK	WWTP-ORION POLISHING STRIPS	\$	614.60
01/24/2013	1	120288	WASTE MANAGEMENT OF MICHIGAN	DISPOSAL CHARGES	\$	3,136.28
01/24/2013	1	120289	WEB ASCENDER	IT-WEB SITE RECONSTRUCTION	\$	1,501.13
01/24/2013	1	120290	MERLE E WEST II	PLUMBING/MECHANICAL INSPECTION SERVICES	\$	600.00
01/24/2013	1	120291	DONALD WILLIAMS	IRRIGATION SYSTEM DAMAGED BY GLAESER DAWES	\$	240.00
01/25/2013	1	120292	STONE ROBERT	UB refund for account: 1810500007	\$	49.55
01/25/2013	1	120293	WILSON TIMOTHY	UB refund for account: 2129640007	\$	10.18
01/25/2013	1	120294	CLARK ARTHUR	UB refund for account: 2382090002	\$	47.88
01/25/2013	1	120295	SMITH JAMIE	UB refund for account: 1075000002	\$	19.04
01/25/2013	1	120296	METHAWAY MATTHEW	UB refund for account: 1668000005	\$	45.42
01/25/2013	1	120297	FIELDS/TARGETLINE	UB refund for account: 1303550003	\$	130.19
01/25/2013	1	120298	SHUSTER RYAN	UB refund for account: 3762570002	\$	27.10
01/25/2013	1	120299	MCKAY JOHN	UB refund for account: 2917140002	\$	45.05
01/25/2013	1	120300	NIEMI BARBARA	UB refund for account: 3377570006	\$	22.65
01/25/2013	1	120301	GALLARD TINA	UB refund for account: 3777570005	\$	68.72
01/25/2013	1	120302	BLUMERICH COMMUNICATIONS SERVICE, I	OPD-STRIP OF #80	\$	240.00
01/25/2013	1	120303	BUSINESS MICRO RESOURCE CORP	OFD-FIRE TOOLS SOFTWARE-ANNUAL FEE	\$	400.00
01/25/2013	1	120304	CARBON ENTERPRISES	ANTHRACITE-50 POUND BAGS	\$	4,925.25
01/25/2013	1	120305	MATTHEW S FRAY	OPD-MEAL REIMBURSEMENT	\$	4.49
01/25/2013	1	120306	PAT SEULECK WELL & SEPTIC INSPECTION	WEEKLY INSPECTION OF CITY WELLS	\$	525.00
01/25/2013	1	120307	KEVIN M. PETTIGREW	OPD-MEALS REIMBURSEMENT	\$	23.44
01/25/2013	1	120308	Q2A ASSOCIATES LLC	FIN DIR SERVICES-1/6/13-1/19/13	\$	4,084.50
01/25/2013	1	120309	WEB ASCENDER	JAN-MAR 2013-WEB SITE HOSTING	\$	150.00
01/18/2013	1	56(E)	MUNICIPAL EMPLOYEES RETIREMENT SYSTEM	POLICE COMMAND-DEC 2012 CONTRIBUTIONS	\$	6,808.26

1 TOTALS:

(3 Checks Voided)

Total of 182 Disbursements:

\$ 705,382.84

Bank 10 OWOSSO HISTORICAL FUND:

01/14/2013	10	4398	CONSUMERS ENERGY	515 N WASHINGTON ST	\$	510.68
01/14/2013	10	4399	FRONTIER	515 N WASHINGTON ST	\$	41.21
01/14/2013	10	4400	KENDRA NICHOLS	DEC 2012-GOULD HOUSE-SNOW REMOVAL	\$	50.00

01/14/2013	10	4401	OWOSSO-WATER FUND	515 N WASHINGTON ST	\$	160.50
01/22/2013	10	4402	CONSUMERS ENERGY	224 CURWOOD CASTLE DR	\$	441.64
01/22/2013	10	4403	LAMPHERE'S	515 N WASHINGTON APT 2	\$	113.70
01/31/2013	10	4404	CHARTER COMMUNICATIONS	515 N WASHINGTON ST #3	\$	168.35
01/31/2013	10	4405	SPECIALTY SALVAGE LLC	515 N WASHINGTON ST	\$	35.97
01/31/2013	10	4406	LORRAINE WECKWERT	SIGN/DISPLAY STAND	\$	382.47

10 TOTALS:

Total of 9 Disbursements: \$ 1,844.62

Bank 2 TRUST & AGENCY

01/14/2013	2	6209	DOWNTOWN DEVELOPMENT AUTHORITY	COLLECTIONS	\$	318.13
01/14/2013	2	6210	OWOSSO PUBLIC SCHOOLS	COLLECTIONS	\$	453,883.96
01/14/2013	2	6211	SHIAWASSEE AREA TRANSPORTATION AGENCY	COLLECTIONS	\$	157.63
01/14/2013	2	6212	SHIAWASSEE COUNTY TREASURER	COLLECTIONS	\$	168,371.12
01/14/2013	2	6213	SHIAWASSEE DISTRICT LIBRARY	COLLECTIONS	\$	78,735.68
01/14/2013	2	6214	SHIAWASSEE REGIONAL EDUCATION SERVICE	COLLECTIONS	\$	258,538.11
01/14/2013	2	6215	STATE OF MICHIGAN	IFT COLLECTIONS	\$	2,993.88
01/28/2013	2	6216	OWOSSO PUBLIC SCHOOLS	COLLECTIONS	\$	242,647.90
01/28/2013	2	6217	SHIAWASSEE AREA TRANSPORTATION AGENCY	COLLECTIONS	\$	192.75
01/28/2013	2	6218	SHIAWASSEE COUNTY TREASURER	COLLECTIONS	\$	78,974.18
01/28/2013	2	6219	SHIAWASSEE DISTRICT LIBRARY	COLLECTIONS	\$	13,491.39
01/28/2013	2	6220	SHIAWASSEE REGIONAL EDUCATION SERVICE	COLLECTIONS	\$	104,603.50

2 TOTALS:

Total of 12 Disbursements: \$ 1,432,906.22

REPORT TOTALS:

(3 Checks Voided)

Total of 200 Disbursements: \$ 2,140,133.68



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: February 14, 2013

TO: OWOSSO CITY COUNCIL

FROM: Adam Zettel, AICP

RE: **CDBG loan for the Lebowsky Center**

In 2011, the city reopened its specially designated community development fund for grants and loans for downtown properties and businesses. This fund is seeded with Community Development Block Grant dollars that were received by the city and are reusable explicitly for this purpose in accordance with the federal guidelines that enabled the city to receive those funds. Since that time, only one loan has been approved.

In accordance with the city's loan program, before you is a new request by the Owosso Community Players to borrow \$200,000 from the CDBG fund to provide a construction loan for the refurbishment of the Lebowsky Center, located at 114, 120, and 124 East Main Street.

This request is tied into the complete rehabilitation of the Lebowsky Theatre (Shiawassee Performing Arts Center). As you are aware, this structure experienced a devastating fire some years ago. The structure is undergoing a complete renovation and is nearing the final improvements that are necessary to reopen the theater. This effort still requires an enormous sum of money, approximately \$6,000,000.

Though this sum is largely accounted for with traditional financing, owner equity, and tax credits, there is a shortage of funds to complete the construction phase because of the reimbursement nature of certain state funds. As such, the petitioner is seeking a temporary bridge loan of \$200,000 that will be used to pay for the portion of the renovation that will be reimbursed after project completion by monies from the Michigan Strategic Fund as outlined in the term letter and proposal by Colliers International. These reimbursement

funds, totaling \$446,000, function as the sole source of security and are assigned to the Michigan Magnet Fund and the City of Owosso.

This project does not explicitly meet the retail preference criteria of the loan program, but it certainly does satisfy the intent of the program to support economic development, historic preservation, and downtown activity. The theater is recognized as an historic resource in the downtown, as well as a key asset in the community's vision for a culture and tourist reinforced economy. Summarily, I believe this is an important and viable project that the CDBG loan program would have an interest in supporting.

The loan review committee met on October 11, 2012 and reviewed the case. Based upon project financials, the project outcomes, and the intent of the loan program, the committee made the following recommendation:

The CDBG loan review committee recommends approval of the loan application as applied, conditioned upon review of the final lending instruments by the city's legal counsel and finance director.

This project has been delayed since this review due to the extensive input required to orchestrate and formalize the syndication of tax credits, the assignment of securities/obligations, and the establishment of accompanying entities and their respective legal instruments. However, the final loan package has been submitted and is now ready for approval.

Your packet contains the financial data provided for the loan application. Some of these details have changed. However, the securities and obligations of the city have not. It is important to note in your review that, due to the assignment of reimbursable funds, the risk for this loan agreement is not financial but is based on the risk of construction being completed per the state term sheet. Simply stated, regardless of how the project performs financially, if it is constructed to meet the term sheet specifications of the state, the city will be made whole.

Anyway, there is a lot to go through here, and for the record this is probably the most complex financing plan I have ever seen. To explain things more clearly, I have requested a representative of Colliers International attend the city council meeting.

Please call me with questions. Staff, including the city's external legal counsel, recommends approval of this loan request and directs the mayor and clerk to execute and record the legal instruments necessary to that end.

RESOLUTION NO.

**AUTHORIZING THE EXECUTION OF LOAN DOCUMENTS RELATED TO A
CDBG REVOLVING LOAN FUND LOAN TO OWOSSO COMMUNITY
PLAYERS FOR THE REHABILITATION OF THE LEBOWSKY CENTER AT
114, 120, AND 124 EAST MAIN STREET**

WHEREAS, the city of Owosso, Shiawassee County, Michigan, has determined that occupation and reoccupation of historic commercial structures downtown serves an economic and public benefit to the community; and

WHEREAS, the Owosso Community Players, operating out of the Lebowsky Center, create a unique economic and symbolic attraction for the downtown; and

WHEREAS, the Owosso master plan recognizes the importance of arts, entertainment, and culture in the downtown as it relates to improving the quality of life and generating sustainable economic activity; and

WHEREAS, the city of Owosso operates a Community Development Block Grant loan program, with program guidelines, to fund such activities; and

WHEREAS, the loan review committee has recommended approval of this loan under specific conditions that the city council finds fulfilled.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Owosso, Shiawassee County, Michigan that:

FIRST: The City of Owosso has heretofore determined that it is advisable, necessary and in the public interest to support the renovation of the Lebowsky Center.

SECOND: The mayor and city clerk are instructed and authorized to sign the loan documents substantially in the form attached to loan the Owosso Community Players \$200,000, provided that the submitted term agreement substantially reflects the existing term sheet and is approved by the city finance director.

THIRD: The accounts payable department, under the direction of the finance director, is authorized to release funds in the above amount immediately following the execution of all necessary loan documents.

FOURTH: The city finance director shall adjust the budget as needed, and the above expenses shall be paid from the Community Development Block Grant Fund.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF OWOSSO,
SHIAWASSEE COUNTY, MICHIGAN THIS 19TH DAY OF FEBRUARY, 2013.

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

CITY OF OWOSSO

ATTEST:

Benjamin R. Frederick, Mayor

Amy K. Kirkland, City Clerk

MCRP BRIDGE LOAN AGREEMENT

THIS MCRP BRIDGE LOAN AGREEMENT (this “**Agreement**”) dated as of February 26, 2013 by and among **CITY OF OWOSSO**, a Michigan municipal corporation (“**City**”), **MICHIGAN MAGNET FUND**, a Michigan nonprofit corporation (“**Magnet Fund**”) and **OWOSSO COMMUNITY PLAYERS**, a Michigan nonprofit corporation (“**Borrower**” or “**OCP**”). As used herein, City and Magnet Fund are individually referred to as a “**Lender**” and collectively referred to as the “**Lenders**”. As used herein, Borrower and Lenders are sometimes individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

RECITALS:

WHEREAS, Borrower has requested that Lenders make a loan in the maximum aggregate principal amount of Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) (the “**MCRP Bridge Loan**”); and

WHEREAS, the MCRP Bridge Loan will be evidenced by Borrower’s execution and delivery two cross-defaulted Promissory Notes, one to the City in the principal amount of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) of even date herewith representing an undivided interest 4/9th of the MCRP Bridge Loan (“**MCRP Bridge Loan Note Tranche A**”), and one to the Magnet Fund in the principal amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) of even date herewith representing an undivided interest of 5/9th of the MCRP Bridge Loan (“**MCRP Bridge Loan Note Tranche B**”) (each a “**MCRP Bridge Note**” and collectively, the “**MCRP Bridge Notes**”) the respective pro rata interest of each Lender in the MCRP Bridge Loan is called the “**Ownership Share**”; and

WHEREAS, on or after the date hereof all of the funds lent to Borrower pursuant to the MCRP Bridge Loan will be combined with a bridge loan from Chemical Bank, a Michigan banking corporation (“**Chemical Bank**”) and funds of the Borrower to make a leverage loan in the principal amount of Four Million Five Hundred and Forty Three Thousand Seven Hundred Fifty and 00/100 Dollars (\$4,543,750.00) (the “**Leverage Loan**”) to SPAC Investment Fund, LLC, a Delaware limited liability company (the “**Investment Fund**”) which will be combined with an equity investment in the amount of One Million Seven Hundred Six Thousand Two Hundred Fifty and 00/100 Dollars (\$1,706,250.00) by PNC New Markets Investment Partners, LLC, a Delaware limited liability company (“**PNCNMI**”) to make a capital contribution of Six Million Two Hundred Fifty Thousand and 00/100 Dollars (\$6,250,000.00) (the “**Capital Contribution**”) in MMF KK CDE, LLC, a Michigan limited liability company (“**MMF CDE**”) and shall be further used by MMF CDE to fund a loan to the Project Owner in the amount of Six Million Ninety Three Thousand Seven Hundred Fifty and 00/100 Dollars (\$6,093,750.00) (the “**Project Loan**”) for use in connection with the Project and will not be diverted or used in any other manner; and

WHEREAS, Shiawassee Center, a Michigan nonprofit, membership corporation (the “**Project Owner**”) whose sole member is OCP is engaged in the rehabilitation of the Joseph H. Lebowsky Center, a historic theatre and commercial buildings located on real property commonly known as 114, 120 and 124 E. Main Street and 123 Comstock Street, Owosso, Michigan 48867, consisting of approximately 34,986 square feet to be known as the Shiawassee

Performing Arts Center (the “**Project**”), which upon completion will be leased to OCP pursuant to the terms of a master lease (the “**Master Lease**”); and

WHEREAS, the “**Michigan Community Revitalization Program**” or “**MCRP**” is a State of Michigan incentive program available from the Michigan Strategic Fund, a Michigan public body corporate and politic (the “**MSF**”) pursuant to Section 125.2090 of the Michigan Strategic Fund Act, as amended, in cooperation with the Michigan Economic Development Corporation, a Michigan public body corporate (the “**MEDC**”), designed to promote community revitalization that will accelerate private investment in areas of historical declining values, contribute to the State of Michigan’s reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight, and protect natural resources of the State of Michigan; and

WHEREAS, effective February 8, 2013, the MEDC on behalf of the MSF issued a term sheet to the Project Owner (the “**MCRP Grant Term Sheet**”) recommending approval of a performance based grant in an amount equal to the lesser of 11% of “eligible investment” or Four Hundred Forty Six Thousand and 00/100 Dollars (\$446,000.00) (the “**MCRP Grant**”); and

WHEREAS, Project Owner expects the “minimum eligible investment” in the Project will be at least Four Million Four Hundred and Forty Six Thousand and 00/100 Dollars (\$4,446,000) (the “**Minimum Investment**”); and

WHEREAS, on or before date hereof, the MCRP Grant Term Sheet was replaced by certain agreement by and between the Project Owner and the MSF (the “**MCRP Grant Agreement**”) which contained the definitive terms and conditions of the MCRP Grant, and

WHEREAS, on or before the date hereof, OCP has established a deposit controlled account in the name of OCP at Chemical Bank to be called “MCRP Bridge Loan Disbursement Account” (the “**MCRP Account**”); and

WHEREAS, in consideration of the Master Lease, the Project Owner has granted to OCP an assignment of all rights, title and interest to full proceeds of the MCRP Grant (the “**MCRP Grant Proceeds**”) as evidenced by the Assignment of Grant Funds Agreement, dated as of even date herewith (the “**Assignment Agreement**”), a copy of which is attached hereto as EXHIBIT A; and

WHEREAS, the Assignment Agreement provides, in relevant part, for a process whereby a combination of payment by the MSF of the MCRP Grant Proceeds to OCP along with deposit of OCP’s own funds will cause the balance in the Account to be not less than Four Hundred and Fifty Thousand and 00/100 Dollars (\$450,000.00); and

WHEREAS, in consideration of and as security for the MCRP Bridge Loan, OCP has granted to the Magnet Fund and the City an assignment of all rights, title and interest to MCRP Grant Proceeds as evidenced by the Disbursement of Funds Agreement, dated as of even date herewith (the “**Disbursement Agreement**”), a copy of which is attached hereto as EXHIBIT B; and

WHEREAS, the Disbursement Agreement provides, in relevant part, for a process whereby, the balance in the Account up to Four Hundred and Fifty Thousand and 00/100 Dollars (\$450,000.00) will be paid in accordance with each Lender's respective Ownership Share; and

WHEREAS, based on the foregoing, along with certain agreements by the Borrower, MMF CDE, Investment Fund, Project Owner, and Chemical Bank, the Lenders have agreed to make the MCRP Bridge Loan to Borrower.

NOW, THEREFORE, based on the recitals and for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms when capitalized, including terms used in the Recitals of this Agreement or within a below defined term, shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined) unless the context indicates otherwise:

(a) **"Agreement"** means this MCRP Bridge Loan Agreement, together with Recitals and any schedules and exhibits hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms.

(b) **"Bridge Loans"** means collectively, the Chemical Bank Bridge Loan and the MCRP Bridge Loan.

(c) **"Code"** means the Internal Revenue Code of 1986, as amended.

(d) **"Collateral"** shall have the meaning as set forth in Section 3.1 of this Agreement.

(e) **"Event of Default"** means the events listed in Section 6.1 of this Agreement.

(f) **"Governmental Authority"** means any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, or public body, or any court, administrative tribunal, or public utility.

(g) **"Hazardous Material"** means and includes gasoline, petroleum, asbestos containing materials, explosives, radioactive materials or any hazardous or toxic material, substance or waste which is defined by those or similar terms or is regulated as such under any law or requirement of any Governmental Authority having jurisdiction over the Borrower or the Project or any portion thereof or its use, including: (i) any "hazardous substance" defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. § 9601(14) as may be amended from time to time, or any so-called "superfund" or "superlien" law, including the judicial

interpretation thereof; (ii) any “pollutant or contaminant” as defined in 42 U.S.C.A. § 9601(33); (iii) any material now defined as “hazardous waste” pursuant to 40 C.F.R. Part 260; (iv) any petroleum, including crude oil or any fraction thereof; (v) natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel; (vi) any “hazardous chemical” as defined pursuant to 29 C.F.R. Part 1910; and (vii) any other toxic substance or contaminant that is subject to any other law or requirement of any Governmental Authority.

(h) “**Indebtedness**” means and includes indebtedness and liabilities of whatsoever kind, nature and description owed to each Lender by Borrower, whether direct or indirect, absolute or contingent, due or to become due or whether now existing or hereafter arising, and howsoever evidenced or acquired, and whether joint or several, and including, all costs and expenses incurred by a Lender in connection with enforcement of the Loan Documents.

(i) “**Indemnified Party**” shall have the meaning as set forth in Article 5 of this Agreement.

(j) “**Loan Documents**” means this Agreement, the Bridge Notes, the Security Documents and any other document evidencing or securing the Indebtedness, (together with all modifications, amendments, renewals, extensions, restatements and replacements thereof).

(k) “**MCRP Documents**” means: (i) the Assignment of Grant Funds Agreement; and (ii) the Disbursement of Funds Agreement.

(l) “**Michigan Strategic Fund**” or “**MSF**” means the Michigan Strategic Fund, a Michigan public body corporate and politic.

(m) “**Permitted Liens**” means and includes senior liens of the Borrower with regard to the Leverage Loan, and such liens as are being in good faith appropriately contested and for which the Borrower has provided adequate reserves.

(n) “**Person**” means and includes an individual, partnership, corporation, limited liability company, trust, unincorporated organization, or Governmental Authority.

(o) “**Proceeding**” means legal or administrative proceedings, investigations or other action of any nature, pending or, to Borrower’s knowledge, threatened against or affecting it, which involves the possibility of any judgment or liability which may materially or adversely affect any of the Borrower’s property or its right to carry on its business as now conducted.

(p) “**Security Documents**” means the MCRP Documents and the UCC Financing Statements.

(q) “**UCC Financing Statements**” means such statements filed with the State of Michigan pursuant to the Uniform Commercial Code.

(r) “**Uniform Commercial Code**” (or any successor statute) as adopted and in force in the State of Michigan or, when the laws of any other state govern the method or

manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code (or any successor statute) of such state.

1.2 Construction. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement.

ARTICLE 2 – LOAN

2.1 Conditions Precedent to MCRP Bridge Loan. In addition to execution of the Loan Documents, all of which must be on terms and conditions satisfactory to the Lenders and their counsel, the following conditions precedent must be met to the satisfaction of Lenders and their counsel before the Lenders advance the MCRP Bridge Loan:

- (a) Each Lender shall have received a fully executed copies of the MCRP Documents;
- (b) Receipt and satisfactory review by each Lender of the availability of the required Chemical Bank Bridge Loan;
- (c) Receipt and satisfactory review by each Lender of the availability of required equity contribution to MMF CDE by PNCNMI;
- (d) Satisfactory review by each Lender of the availability of Borrower’s own funds in the minimum amount which combined with other funds will allow Borrower to make the Leverage Loan;
- (e) Each Lender shall have received evidence of a sub-allocation of new markets tax credit authority by the Magnet Fund to the MMF CDE in the amount of Six Million Two Hundred Fifty Thousand and 00/100 Dollars (\$6,250,000.00) with respect to the Project;
- (f) Each Lender shall have received certified resolutions authorizing execution, delivery and performance of the Loan Documents, and such other documentation as a Lender may reasonably require to evidence the authority of the Persons executing the Loan Documents;
- (g) Each Lender shall have received articles of organization and operating agreements for MMF CDE and the Investment Fund and articles of incorporation and bylaws for Borrower along with good standing certificates in the jurisdiction of formation;
- (h) Borrower shall have disclosed to each Lender in writing all of its known material liabilities, direct or contingent;
- (i) Each Lender shall have received an opinion from counsel for Borrower covering due authorization, execution and delivery and enforceability of the Loan Documents and also containing such other legal opinions as each Lender shall reasonably require;
- (j) Each Lender shall have received current bankruptcy, federal tax lien and judgment searches and searches of all UCC financing statements filed in each place UCC financing statements are to be filed hereunder, demonstrating the absence of adverse claims to the Collateral;

(k) Each Lender shall have received such evidence of such other materials, documents, papers or requirements regarding the Project and Project financing, including but not limited to sources and used of funds, budget, financial projections and insurance as each Lender shall reasonably request;

(l) Each Lender shall have received reasonable assurance that the Project Owner will qualify as a “qualified active low income community business” under Section 45(D)(d)(2) of the Code;

(m) Each Lender shall have received reasonable assurance that the Capital Contribution will qualify as “qualified equity investment” under Section 45(D)(b) of the Code;

(n) Each Lender shall have received reasonable assurance that Project Loan will qualify as “qualified low-income community investment” under Section 45(D)(d)(1) of the Code;

(o) Each Lender shall have received reasonable assurance that Project Owner will comply with the terms and conditions of the MCRP Grant, including Project completion date and certification of completion to allow the payment by the MSF of the MCRP Grant proceeds; and

(p) Each Lender shall have received reasonable assurance that Project Owner will incur “eligible costs” in excess of the Minimum Amount.

2.2 Payment. The entire outstanding principal balance under each of the Bridge Notes, plus all accrued and unpaid interest thereon, shall become due and payable as set forth in the Loan Documents.

2.3 Lost Instruments. If a Bridge Note or this Agreement is mutilated, destroyed, lost or stolen, Borrower upon receipt of Lender’s affidavit to such effect, deliver to a Lender, in substitution thereof, a new note or bridge loan agreement containing the same terms and conditions as the Bridge Note or this Agreement.

ARTICLE 3 – SECURITY

3.1 Collateral. The full and prompt payment to Lenders of all Indebtedness shall be secured, in part, by the MCRP Grant Proceeds as set forth in the Security Documents (the “*Collateral*”). Borrower acknowledges that the failure of the Michigan Strategic Fund to approve the assignment of the MCRP Grant Proceeds to Borrower is a separate and distinct Event of Default, which shall enable Lender to demand payment from Borrower in full of the MCRP Bridge Loan, without resorting to the MCRP Grant Proceeds.

3.2 MCRP Account. The Borrower shall have established the MCRP Account. The MCRP Account shall be a controlled account, to which the Borrower shall not have access without the consent of the Lenders, and it shall be pledged to the Lender as collateral security for the MCRP Bridge Loan . All fees and costs with the regard to the MCRP Account shall be paid by the Borrower.

3.3 Further Assurances; Authorization. Borrower will execute, or cause to be executed, and deliver to Lenders any and all documents necessary to give effect to this

Agreement, including, without limitation, the Security Documents. Borrower shall take such other action as may reasonably be requested by Lenders to give effect to or carry out the intent and purposes of this Agreement.

ARTICLE 4 – REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representation and Warranties. Borrower represents and warrants:

(a) Borrower is a nonprofit corporation duly organized, validly existing and in good standing under the laws of Michigan, and the office at which Borrower maintains its books and records is at 114 E. Main Street Owosso, Michigan 48867 (the “**Chief Executive Office**”). The principal place of business of the Borrower is at 114 E. Main Street, Owosso, Michigan 48867 the (“**Principal Place of Business**”). The federal tax identification number of the Borrower is 38-2369885;

(b) All risk of loss of the Collateral hereunder shall be upon Borrower;

(c) Subject to approval of Michigan Strategic Fund approving the assignment of the Collateral to OCP, as set forth in Section 3.1 of this Agreement, the Collateral is free and clear from any and all security interests, unpaid charges, attachments, levies, and liens of every kind, except for the liens and security interests in favor of the Lenders;

(d) It has the power and is duly authorized to enter into this Agreement and to execute and deliver to the Lenders, now and from time to time hereafter, additional instruments, resolutions, and agreements and other instruments or documents relating to the MRCP Bridge Loan. It has, by proper action, authorized and empowered those Persons whose signatures appear on this Agreement, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf;

(e) The execution by it of this Agreement or any other agreements, instruments, or documents which may, from time to time hereafter, be executed in respect hereto and delivered to Lenders, shall not constitute a breach of any provisions contained in its articles of incorporation or bylaws, or any agreements to which it is now a party and that the performance by it of its obligations hereunder or any agreements executed by it and delivered hereunder shall not constitute an event of default under any other agreement to which it is now a party;

(f) No consent, approval or authorization of or declaration, registration or filing with any Governmental Authority or nongovernmental Person required in connection with the execution, delivery and performance of this Agreement, except for such consents, approvals or authorizations of or declarations or filings with any Governmental Authority or non-governmental Person where the failure to so obtain would not have a material adverse effect on Borrower or which have been obtained as of any date on which this representation is made or remade;

(g) None of the statements, representations or warranties (financial or otherwise) furnished by the Borrower to the Lender in connection with this Agreement contain any untrue statements, nor omit or will omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances when made, not misleading in any material respect. There is no fact which the Borrower has not disclosed to the Lender in writing which has a material adverse effect on the properties, business or

condition (financial or otherwise) of the Borrower, or of the ability of the Borrower to fully perform its obligations under this Agreement;

(h) There is no undisclosed Proceeding;

(i) To the best of its knowledge, the Borrower is in compliance with all applicable requirements of any Governmental Authority having jurisdiction over the Borrower or the Project, including without limitation, the payment of taxes, the filing of tax returns and reports and is complying with all laws related to health and the environment. The Borrower possesses such franchises, licenses, permits, patents, copyrights, trademarks, and consents of appropriate governmental bodies to own its property and as are necessary or useful to carry on its ordinary course of business;

(j) It has good and valid title to all of its property and assets free of any adverse lien, security interest or encumbrance, except for Permitted Liens;

(k) No brokerage fees or commissions are payable by or to any Person in connection with this Agreement;

(l) All representations and warranties in this Agreement and any agreement given by Borrower to Lenders pursuant to this Agreement are true and correct in all material respects and no material fact has been omitted; and

(m) Borrower is not a “foreign person” within the meaning of Section 1445 or 7701 of the Code;

4.2 Affirmative Covenants. The Borrower covenants and agrees that so long as any Indebtedness is outstanding, the Borrower shall:

(a) Duly pay and discharge or cause to be paid and discharged all taxes, assessments, and other governmental charges imposed upon it and its properties or any part thereof or upon the income or profits there from, as well as all claims for labor, materials, or supplies, which if unpaid could become a lien or charge upon the Collateral;

(b) Carry on and conduct its business in substantially the same manner and in substantially the same fields as such business is now and has previously been carried on, and maintain its legal existence as a nonprofit corporation and its tax-exempt status under Code Section 501(c)(3);

(c) At all times, keep accurate and complete records of the Collateral. Lenders and their agents shall have the right at all reasonable times to examine and inspect the Collateral and to make extracts from the books and records related to the Collateral;

(d) Comply with all laws and requirements of any Governmental Authority having jurisdiction over the Borrower or the Project and deliver to each Lender such information and reports in form satisfactory to each Lender as each Lender may reasonably request from time to time to establish compliance with such laws and requirements; and

(e) Provide prompt written details of all Proceedings to each Lender.

(f) Provide prompt written notice of any Event of Default (as defined under the MCRP Grant Agreement) to each Lender.

4.3 Negative Covenants. Borrower covenants and agrees that so long as any Indebtedness is outstanding, Borrower shall not:

(a) Mortgage, pledge, assign, hypothecate, encumber, sell, lease or grant a security interest in the Collateral without the prior written approval of each Lender;

(b) Invest in, organize or participate in the organization or in the creation of any other business entity, or merge or consolidate with or into any other Person without the prior written approval of each Lender;

(c) Change its name or its state of organization without the prior written approval of each Lender; or

(d) Change its Principal Place of Business or its Chief Executive Office without giving each Lender at least sixty (60) calendar days prior written notice.

4.4 Principal Payments. The MCRP Bridge Loan shall be paid in full pursuant to the terms and provisions of the Bridge Note. The entire outstanding principal balance under the Bridge Note, plus all accrued and unpaid interest thereon, shall become due and payable on the maturity date as set forth in the Bridge Note.

4.5 Interest Payments and Return. The amounts outstanding under the Bridge Note will be paid and bear interest at the rate set forth in the Bridge Notes. The Parties acknowledge that Borrower has prepaid interest on the Bridge Notes through the maturity date as set forth in the Bridge Notes. Upon receipt by each Lender of the MCRP Grant Proceeds based on Ownership Share the amount of the prepaid interest shall be first applied toward any remaining outstanding principal balance on the Bridge Notes based on Ownership Share and any excess prepaid interest shall be promptly returned by each Lender to the Borrower.

ARTICLE 5 – INDEMNIFICATION

5.1 General. Borrower shall indemnify each Lender and their respective, officials, directors, employees and agents (each, an “*Indemnified Party*”) and defend and hold each Indemnified Party harmless from and against all claims, injury, damage, loss and liability, cost and expense (including reasonable attorneys’ fees and costs) of any and every kind to any Person or property by reason of: (i) any breach of representation or warranty; (ii) an Event of Default under this Agreement or any Loan Documents; (iii) all matters related to Hazardous Material and other environmental matters; or (iv) any other matter arising in connection with the MCRP Bridge Loan, the Collateral or the Borrower.

5.2 Exclusions. No Indemnified Party shall be entitled to be indemnified against its own fraud, gross negligence, willful misconduct, or violation of law.

ARTICLE 6 - DEFAULT AND REMEDIES

6.1 Event of Default. The Borrower shall be in default hereunder upon the occurrence of any of the following events (an “*Event of Default*”):

(a) Any failure to make any payment when due of principal or accrued interest on either Bridge Note or any other Indebtedness and such failure shall continue for ten (10) days after the date such payment was due;

(b) Any failure of the Michigan Strategic Fund to approve an assignment of the MCRP Grant Proceeds to Borrower;

(c) Non-performance of any covenant or agreement contained or referred to herein, or hereafter arising;

(d) If any warranty, representation or statement made or furnished to Lenders by or on behalf of Borrower, in connection with this Agreement, or to induce Lenders to make the MCRP Bridge Loan, proves to have been false in any material respect when made or furnished;

(e) If substantially all the assets of the Borrower shall be sold or transferred to any other Person; or

(f) Dissolution, termination of existence, insolvency, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Borrower or any endorser, guarantor or surety for the Borrower.

6.2 Monetary Default. Prior to constituting an Event of Default under Section 6.1(a) above, the Lenders shall provide the Borrower with notice of the occurrence of such event and ten (10) calendar days to cure such item.

6.3 Non-Monetary Default. Prior to constituting an Event of Default under Section 6.1(b), (c), (d), or (e) above, the Lenders shall provide the Borrower with notice of the occurrence of such event and thirty (30) calendar days to cure such item; provided, however, that if such failure is not capable of being cured by a sum of money and is not capable of being cured within said thirty (30) calendar days, then if Borrower promptly commences curative action within such original thirty (30) calendar day period and diligently pursues such curative action, such thirty (30) calendar day period may be extended for such period as shall be reasonably necessary to complete such cure, not exceeding a total of thirty (30) additional calendar days.

6.4 Rights and Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default, all of the Indebtedness shall, at the option of Lender and without any notice to or demand upon Borrower of any kind, become immediately due and payable, and each Lender shall thereupon have and may exercise from time to time any and all rights and remedies afforded to a Lender under the Uniform Commercial Code, together with every right and remedy available to a Lender available (which are cumulative and not exclusive) under applicable law or in equity.

6.5 Waiver. No delay or omission on a Lender's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will a Lender's action or inaction impair any such right or power. Acceptance of payment or waiver of any default shall not operate as a waiver of later defaults, nor of any other rights of the Lenders.

ARTICLE 7 – OWNERSHIP SHARE

7.1 Authority to Act. The Parties acknowledge that each Lender shall have the authority to deal with and communicate with the Borrower related to the MCRP Bridge Loan, provided however, that each Lender will take action under this Agreement only with ten (10) calendar days prior written notice to the other Lender. Except as specifically provided in this Agreement, or as otherwise required by law, each Lender shall use its good faith efforts to coordinate and cooperate with the other Lender in dealings with Borrower with respect to any rights, benefits and requests from Borrower as well as with respect to obligations of Borrower under the Loan Documents.

7.2 Documents. Each Lender shall retain its original Bridge Note and an original of all recorded and unrecorded Loan Documents and provide the other Lender with a copy of its Bridge Note.

7.3 Para passu. Except as otherwise provide in this Agreement, each Lender shall have a ratably concurrent and co-equal legal and beneficial interest in the MCRP Bridge Loan, each Loan Document, and all rights, remedies, payments and the Collateral equal to such Lender's Ownership Share, without any preference or priority over the Ownership Share of the other Lender in the MCRP Bridge Loan, Loan Documents, and all rights, remedies, payments and the Collateral.

ARTICLE 8 – NOTICES

8.1 Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, subject to confirmation of receipt, as follows:

City of Owosso

301 W. Main Street
Owosso, Michigan 48867
Attn: Adam Zettel, AICP
Email: adam.zettel@ci.owosso.mi.us
Telephone: 989.725.0544
Facsimile: 989.725.0526

with a copy to:

William C. Brown
114 E Main St Ste 218
Owosso, Michigan 48867
Email: billbrown1951@hotmail.com
Telephone: 989-729-0071
Facsimile: 989-729-9066

If to Magnet Fund

Michigan Magnet Fund
13342 Sherwood Drive
Huntington Woods, Michigan 48070
Email: bogdanaa@mmf1.org
Telephone: 313-445-1843
Facsimile: 432-204-1431

with a copy to: Lewis & Munday, A Professional Corporation
2490 First National Building
660 Woodward Avenue
Detroit, Michigan 48226
Attention: Charles A. Fiedler
E-mail: cfiedler@lewismunday.com
Telephone: 313-961-2550
Facsimile: 313-961-1270

If to Borrower: Owosso Community Players
PO Box 606
114 East Main Street
Owosso, Michigan 48867
Attention: Executive Director
Email: None
Telephone: 517-862-8082
Facsimile: 989-723-1488

with copy to: Warner Norcross & Judd LLP
900 Fifth Third Center
111 Lyon Street NW
Grand Rapids, Michigan 49503-2487
Attention: Cameron S. DeLong
Email: cdelong@wnj.com
Telephone: 616-752-2155
Facsimile: 616-222-2155

or to such other address as each Party may designate for itself by like notice given in accordance with this paragraph 8. The foregoing email addresses and telephone numbers are provided for information and convenience only and shall not constitute an allowed method of notice hereunder.

ARTICLE 9 – JURISDICTION AND VENUE; WAIVER OF JURY TRIAL

9.1 Jurisdiction. Except as may be otherwise expressly provided herein, this Agreement shall be construed in accordance with and governed by the laws of the State of Michigan, including the Uniform Commercial Code (excluding conflicts of law provisions), and applicable Federal law.

9.2 Waiver of Jury Trial. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. ANY JUDICIAL PROCEEDING BY ANY OF THE PARTIES INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER OR CLAIM IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT OR ANY OF THE LOAN DOCUMENTS, MAY BE BROUGHT ONLY IN A FEDERAL COURT LOCATED IN THE STATE OF MICHIGAN OR IN STATE COURTS IN SHIAWASSEE COUNTY, MICHIGAN.

ARTICLE 10 – MISCELLANEOUS

10.1 Entire Agreement. This Agreement constitutes and expresses the entire understanding between the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered, waived, modified, supplemented, discharged, cancelled, terminated, or amended orally or in any manner other than by an agreement in writing signed by the Parties.

10.2. Consultation with Counsel. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL BEFORE EXECUTING THIS AGREEMENT AND ARE EXECUTING SUCH AGREEMENT WITHOUT DURESS OR COERCION AND WITHOUT RELIANCE ON ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OTHER THAN THOSE REPRESENTATIONS, WARRANTIES AND COVENANTS SET FORTH IN THIS AGREEMENT.

10.3 Paragraph Headings. The paragraph headings in this Agreement are for convenience of reference only; they form no part of this Agreement and shall not affect its interpretation.

10.4 Severability. The provisions of this Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

10.5 Successors and Assigns. The rights, remedies, powers, and privileges of each Lender hereunder shall inure to the benefit of the successors and assigns of each Lender, and the duties and obligations of Borrower hereunder shall bind the successors and assigns of the Borrower.

10.6 Term of Agreement. This Agreement shall continue in full force and effect until all of the Indebtedness has been satisfied in full and the Loan Documents have been terminated.

10.7 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. For purposes of this Agreement, facsimile signatures shall also constitute originals.

10.8 No Consequential Damages, Etc. A Lender will not be responsible for any damages, consequential, incidental, special, punitive or otherwise, that may be incurred or alleged by any Person, including the Borrower as a result of this Agreement, the other Loan Documents, the transactions contemplated hereby or thereby, or the use of the proceeds of the MCRP Bridge Loan.

10.9 Expenses. Lenders, shall be paid on demand for all costs and expenses incurred by the Lenders in connection with the preparation, negotiation and delivery of this Agreement and the other Loan Documents, and any modifications thereto and the costs of filing or recording any such documents in all public offices deemed necessary by the Lenders.

10.10 Time. Time is of the essence of this Agreement.

10.11 Intercreditor Agreement. This Agreement and the rights of Lenders hereunder, are in all respects subject to the terms of the Intercreditor and Subordination Agreement, dated as of February __, 2013, by and among Chemical Bank, City, and Magnet Fund (the “*Intercreditor Agreement*”). In the event of any inconsistency between the terms of this Agreement and those of the Intercreditor Agreement, including without limitation prohibitions or limitations established in the Intercreditor Agreement regarding the rights of the Lender to act with respect to the Collateral or to exercise remedies following the occurrence of an Event of Default, the terms of the Intercreditor Agreement will govern and control.

10.12 Authority to Contract. The signatories below warrant that they are empowered to enter into this Agreement.

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[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

BORROWER:

OWOSSO COMMUNITY PLAYERS,

By: _____
Mike Kruszkowski, President

LENDERS:

MICHIGAN MAGNET FUND,

By: _____
Name: Ted S. Rozeboom
Title: President

CITY OF OWOSSO

By: _____
Benjamin R. Frederick
Its: Mayor

By: _____
Amy K. Kirkland
Its: Clerk

[SIGNATURE PAGE FOR MCRP BRIDGE LOAN AGREEMENT]



MICHIGAN COMMUNITY REVITALIZATION PROGRAM Performance Based Grant - Term Sheet

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Community Revitalization Program ("CRP"). While the CRP is operated and funded through the MSF, recommendation for approval of a CRP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: February 8, 2013

- 1. Company Name:** Shiawassee Center ("Company" or "Applicant")
- 2. Company Address:** 114 East Main Street
Owosso, Michigan 48867
- 3. Company EIN:** 46-0748474
- 4. Project Address ("Project"):** 114 East Main Street
if different than above 124 East Main Street
123 Comstock Street
Owosso, Michigan 48867
- 5. CRP Incentive Type:** Performance Based Grant
- 6. Maximum Amount of CRP Incentive:** Lesser of 11% of the Eligible Investment, as defined below, or \$446,000 ("CRP Incentive Award"). No CRP Incentive Award will be provided if the amount invested by the Company on the Project is less than the Minimum Eligible Investment
- 7. Project Description ("Project"):** The project will include rehabilitation of an existing historic and functionally obsolete theater located at 124 East Main Street. Project elements include installation of seating, furnishings and finishes, HVAC and electrical, orchestra lift, and stage rigging and other performing arts equipment. Work will also include the installation of exit stairs and HVAC systems on the adjacent property to the west located at 114 East Main Street. The building located to the south of the theater at 123 East Comstock will also include interior work to allow the space to be used for production setup.
- 8. Minimum Eligible Investment:** \$3,498,838 This is the minimum amount of eligible investment ("Eligible Investment") required to be invested by the Company on the Project to provide the basis of any CRP Incentive Award. The minimum is based on 80% of the total

eligible investment amount requested on the CRP grant application. At a minimum the Eligible Investment on the Project must be for (check all that may apply):

- ☐ (i) demolition
- ☒ (ii) with respect to a building – alteration, rehabilitation, improvement
- ☐ (iii) new building construction
- ☒ (iv) site improvements
- ☒ (v) addition of machinery, equipment or fixtures to the Project
- ☒ (vi) professional fees – architectural, engineering and similar fees **BUT NOT** soft costs (per MCL 125.2090a(d)(iv)).

The final terms and conditions of the requirements for the Eligible Investment on the Project shall be included in the final CRP Award agreement between the MSF and the Applicant (“Agreement”).

a. Start Date for Measurement of Eligible Investment

October 23, 2012

9. Project Qualifying As:

The Project must involve eligible property. Check all that apply:

- ☐ a. Facility (as defined in Brownfield Redevelopment Financing Act)
- ☒ b. Historic Resource
- ☐ c. Blighted Property
 - ☐ declared a public nuisance,
 - ☐ attractive nuisance to children
 - ☐ fire hazard or other safety hazard
 - ☐ unfit for intended use because of disconnection, destruction, removal or ineffective utilities, plumbing, heating, or sewage
 - ☐ tax reverted property owned by governmental unit
 - ☐ property owned by land bank
 - ☐ unfit for intended use because of substantial subsurface debris
- ☒ d. functionally obsolete property or
- ☒ e. “is adjacent or contiguous” to the above

(NOTE: Regardless of nature of eligible property, State Historic Preservation Office requirements, if applicable, will still need to be met.)

10. Municipality supporting the Project: City of Owosso

- a. **Municipality Support.** A condition for execution of the final Agreement is that the municipality has committed to provide: A bridge loan in the minimum amount of \$200,000. The final terms and conditions evidencing this support shall be included in the final Agreement.

11. Progress Milestones & Disbursement: The final terms and conditions of each of the Progress Milestones shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must demonstrate timely completion of all Progress Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement, and further shall include:

a. Commencement Progress

Milestone 1:

Demonstration by the Company to the satisfaction of the MSF of completion of all pre-improvement requirements as applicable and required by the MSF, including: A copy of closing and investment documents evidencing that a New Market Tax Credit Program transaction under Section 45D of the Internal Revenue Code has been closed resulting in the completion of a minimum of \$6 million in Qualified Low-Income Community Investment to the Company; copy of all construction permits; fully signed construction documents; and final approval of the municipality support.

**b. Completion of the Project
Progress Milestone 2**

Completion of Progress Milestone 1 and demonstration of the completion of all project investment for the Project as required by the MSF, including the issuance of a permanent certificate of occupancy, and if applicable, demonstration that the Project complies with the federal secretary of interior's standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CRF 67. In addition, the MSF may require that prior to any disbursement of any portion of the CRP Incentive Award:

- i. the results of any required updated background review of the Applicant and any required key personnel must be satisfactory to the MSF;
- ii. the results of any required title search and examination of any liens or other encumbrances upon the real property upon which the Project is located must be satisfactory to the MEDC, including:
 - (a) reflecting that legal title or possession is or will be vested in the Applicant as required by the MSF,
 - (b) reflecting that real estate taxes have been or will be paid as required by the MSF, and
 - (c) reflecting the lack of liens or other encumbrances which may affect the business integrity of the Applicant as determined by the MSF, or arrangements for the payment or removal of liens or other encumbrances have been made to the satisfaction of the MSF;
- iii. that the Applicant shall provide sworn statements, copies of lien waivers, and other affidavits and records from the

Applicant, contractors, subcontractors, and suppliers, all as may be required and in form and substance satisfactory to the MSF; and

- iv. that the Applicant shall pay in full the out of pocket expenses incurred by the MEDC or the MSF with respect to the approval of the disbursement of the CRP Incentive Award.

The final terms and conditions of all of the Progress Milestones and requirements for any applicable updated background review and title search and examination shall be included in the final Agreement.

12. Term of Agreement:

From execution of the Agreement until the date three (3) years after the completion of the final Progress Milestone.

13. Assignment

The Applicant may apply in writing to the MSF for approval of assignment of the grant or assignment of the payment of grant proceeds, which assignment is subject to terms and conditions acceptable to the MSF.

14. Repayment Provisions:

Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement, and may include any or all of the following:

- a. A penalty, reduction of all or a portion of the CRP Incentive Award, repayment of any portion of any disbursement of the CRP Incentive Award, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Agreement, any reporting requirements defined in the final Agreement, or otherwise violates the MSF Act.
- b. In addition to the MCRP's standard default repayment terms, the following shall also apply. The final Agreement is expected to include requirements for certain annual payments to the MSF. It is currently anticipated that beginning with the year ending December 31, 2014 and each of the 11 years thereafter the Company shall pay an income participation payment to the MSF in the amount of the 40% of the income participation base. The amount of the Income Participation Payment shall be limited to \$10,000 during any fiscal year which includes the compliance period under the New Markets Tax Credit program. The final terms and conditions of the income participation shall be included in the final Agreement.

15. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company on an annual basis will be included in the final Agreement, but will include such Project reporting as actual investment related to the Project, total leasable square footage, State Equalized Value and taxable value of the real property, finalized sources and uses statement (including developer equity and fee), income statements that include net operating income, debt service, cash flow after debt service, and any other information or data necessary for the MSF to satisfy its reporting requirement pursuant to MCL 125.2090d. Additionally, other reporting items such as patents, copyrights, trademarks, licensing agreements, and products commercialized will be reported on as well.

16. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed CRP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CRP Incentive Award, unless authorized and coordinated in advance with the MEDC.

This Term Sheet is an outline of the structure of the proposed CRP Incentive Award and does not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the CRP Incentive Award contemplated hereby. It should not in any way be viewed as a commitment by or an obligation of the MEDC, the MSF or any other entity to extend financial accommodations to the Applicant and is subject to, among other things, the approval of the request under MEDC's internal approval process and by the MSF Board. Any final CRP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the CRP; (ii) satisfactory municipality support; (iii) available MSF funding; (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence, as required, the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer; (v) approval of an award by the MSF; and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

The Applicant cannot assign this Term Sheet without the prior written consent of the MEDC.

MCRP BRIDGE LOAN NOTE TRANCHE A

\$200,000.00

February 26, 2013

FOR VALUE RECEIVED, the undersigned, Owosso Community Players, a Michigan non-profit corporation (“**Borrower**”), promises to pay to the order of the City of Owosso, a Michigan municipal corporation (“**Lender**”) or its successors or assigns, in immediately available funds, to be paid to holder the principal sum of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) or such lesser sum, advanced to Borrower (the “**Bridge Loan**”) together with any interest thereon until the principal sum is paid in full, pursuant to and in accordance with the provisions of that certain MCRP Bridge Loan Agreement (the “**Bridge Loan Agreement**”) and this MCRP Bridge Loan Note Tranche A (this “**Bridge Note**”). All payments to be paid in currency which at the time or times of payment is legal tender for public and private debts in the United States of America. Each payment hereunder shall be applied first to advanced costs, charges and fees, then to accrued interest, and then to principal when due.

1. **DEFINITIONS.** For the purposes of this Bridge Note, unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to such terms in the Bridge Loan Agreement. The following definitions (some of which are restated from those definitions contained in the Bridge Loan Agreement) shall apply to the words and phrases used herein:

“**Borrower**” shall have the meaning as set forth in the Introductory Paragraph.

“**Bridge Loan**” shall have the meaning as set forth in the Introductory Paragraph.

“**Bridge Loan Agreement**” shall have the meaning as set forth in the Introductory Paragraph.

“**Bridge Loan Documents**” shall mean this Bridge Note, the Bridge Loan Agreement, and all other documents, instruments and agreements which evidence, secure or are otherwise executed in connection with the Bridge Loan, including all amendments, modifications, renewals, extensions, restatements and replacements thereof.

“**Bridge Note**” shall have the meaning as set forth in the Introductory Paragraph.

“**Business Day**” shall mean any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in Detroit, Michigan.

“**Default Rate**” shall mean a rate of interest per annum equal to 2.000% in excess of the interest rate in effect on the date of any Event of Default.

“**Event of Default**” shall mean any of those events set forth in Section 6.1 of the Bridge Loan Agreement.

“**Funding Date**” shall mean the date the advance under this Bridge Note is deposited into the Borrower’s bank account.

“**Lender**” shall have the meaning as set forth in the Introductory Paragraph.

“**Maturity Date**” shall mean exactly eighteen (18) months after the Funding Date.

“**Interest Rate**” shall mean 6.000% simple interest per annum. Interest on this Bridge Note shall be calculated upon a 360-day year and thirty (30) days in each month.

2. **INTEREST RATE; PAYMENT TERMS.**

Interest Rate. The principal amount of this Bridge Note shall for the period from the Funding Date bear interest at the Interest Rate. From and after the date of any Event of Default hereunder and continuing so long as any Event of Default shall exist, interest on all principal amounts outstanding under the Bridge Loan shall accrue at the Default Rate.

Payment Terms.

- (a) All interest with respect to this Bridge Note from the Effective Date until the Maturity Date shall be paid on the Funding Date. Beginning with the first calendar quarter which includes the Maturity Date, any and all interest on any outstanding principal balance shall be payable in arrears in quarterly installments on the 10th day of the last month of each calendar quarter being March, June, September and December (a “**Quarterly Interest Payment**”), with each such Quarterly Interest Payment representing interest through the end of the calendar quarter, March, June, September and December.
- (b) The entire outstanding principal balance under this Bridge Note plus any other amounts due hereunder shall become due and payable on the Maturity Date.
- (c) If any payment is not paid when due (whether by acceleration or otherwise), Borrower agrees to pay to Lender a late fee of 5% of the payment amount. After an Event of Default, Borrower agrees the Interest shall be increased to the Default Rate.
- (d) All sums payable by Borrower hereunder or pursuant to this Bridge Note or the other Bridge Loan Documents shall be paid in full without setoff or counterclaim by reason of any claim Borrower may have against Lender.
- (e) Payments of principal and interest shall be made to Lender by crediting prior to 3:00 p.m., Eastern Time, on the date when due, by bank wire transfer of immediately available funds, pursuant to such wire transfer instructions as Lender may designate for itself by notice to the Borrower. Concurrently with each payment, Borrower shall identify whether such

payment (or any portion thereof) represents principal, interest or otherwise. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Failure to make payments on this Bridge Note on the date such amount becomes due and payable after any applicable grace period shall constitute an Event of Default hereunder.

3. This Bridge Note is secured by the Security Documents.

4. Notwithstanding any provision to the contrary in this Bridge Note, in no contingency or event whatsoever shall the interest rate charged on the Bridge Loan exceed the maximum rate of interest permitted under applicable state and/or Federal usury law. Any payment of interest that would be deemed unlawful under applicable law for any reason shall be deemed received on account of, and will automatically be applied to reduce, the principal sum outstanding and any other sums (other than interest) due and payable to the Lender under this Bridge Note, or in Lender's discretion, returned to Borrower, and the provisions hereof shall be deemed amended to provide for the highest rate of interest permitted under applicable law.

5. Wherever possible each provision of this Bridge Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Bridge Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Bridge Note. No delay or failure on the part of Lender in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as acquiescence in any default, nor shall any single or partial exercise by Lender of any right or remedy preclude any other right or remedy. Lender, at its option, may enforce its rights against any collateral securing this Bridge Note without enforcing its rights against Borrower or any other property or indebtedness due or to become due to Borrower. Borrower agrees that, without releasing or impairing Borrower's liability hereunder, Lender may at any time release, surrender, substitute or exchange any collateral securing this Bridge Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Bridge Note.

6. The Borrower waives (except as provided herein) demand, protest, presentment for payment and notice of nonpayment and agrees to pay all costs of collection when incurred, including reasonable attorneys' fees and costs, and to perform and comply with each of the covenants, conditions, provisions and agreements of the Borrower contained in the Bridge Loan Documents.

7. Time is of the essence with respect to this Bridge Note. No extension of the time for the payment of this Bridge Note made by agreement with any person now or hereafter liable for the payment of this Bridge Note shall operate to release, discharge, modify, change or affect

the original liability under this Bridge Note, either in whole or in part, of the Borrower if not a party to such agreement.

8. All of the terms, covenants and agreements of the Bridge Loan Agreement and the other Bridge Loan Documents are incorporated herein by reference.

9. Borrower certifies that the proceeds of the Bridge Loan are to be used for the purposes described in the Bridge Loan Agreement.

10. The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrowers may have or assert against the Lender or any other person. This Bridge Note may be prepaid, in whole or in part, without premium or penalty.

11. Whenever an Event of Default shall have occurred, the Lender may exercise the remedies specified in the Bridge Loan Agreement, including the right to declare all payments hereunder immediately due and payable.

12. This Bridge Note shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Michigan without regard to the choice of law rules of that State, except to the extent that any of such laws may now or hereafter be preempted by Federal law.

13. This Bridge Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

14. Borrower agrees that there are no conditions or understandings which are not expressed in this Bridge Note, the Bridge Loan Agreement, and the other Bridge Loan Documents. A facsimile or other reproduction of a signature of the Borrower to this Bridge Note shall bind such Borrower to the same extent as the manual signature of such Borrower.

15. Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Bridge Note without the prior written consent of Lender. Borrower agrees that Lender may assign some or all of its rights and remedies described in this Bridge Note without notice to, or prior consent from, the Borrower.

16. The representative of Borrower subscribing below represents that he has full power, authority and legal right to execute and deliver this Bridge Note and that the debt hereunder constitutes a valid and binding obligation of such Borrower.

BORROWER AND LENDER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF MICHIGAN OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, AND (B) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAWS OF ANY STATE (I) TO THE RIGHT, IF ANY, TO TRIAL BY JURY,

(II) TO OBJECT TO JURISDICTION WITHIN THE STATE OF MICHIGAN OR VENUE IN ANY FEDERAL COURT LOCATED IN THE STATE OF MICHIGAN OR ANY STATE COURT LOCATED IN SHIAWASSEE COUNTY, MICHIGAN, AND (III) TO THE RIGHT, IF ANY, TO CLAIM OR RECOVER ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN ACTUAL DAMAGES.

THE INDEBTEDNESS, RIGHTS AND OBLIGATIONS EVIDENCED BY THIS INSTRUMENT ARE SUBJECT TO THE INTERCREDITOR AND SUBORDINATION AGREEMENT DATED AS OF FEBRUARY 26, 2013

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SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Borrower has caused this Bridge Note to be duly executed as of the day and year first above written.

BORROWER:

OWOSSO COMMUNITY PLAYERS

By _____
Mike Kruszkowski, President

[Signature page to the Bridge Loan Note Tranche A)]

Schedule 1

MCRP BRIDGE LOAN NOTE TRANCHE B

\$250,000.00

February 26, 2013

FOR VALUE RECEIVED, the undersigned, Owosso Community Players, a Michigan non-profit corporation (“**Borrower**”), promises to pay to the order of the Michigan Magnet Fund, a Michigan nonprofit corporation (“**Lender**”) or its successors or assigns, in immediately available funds, to be paid to holder the principal sum of Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00) or such lesser sum, advanced to Borrower (the “**Bridge Loan**”) together with any interest thereon until the principal sum is paid in full, pursuant to and in accordance with the provisions of that certain MCRP Bridge Loan Agreement (the “**Bridge Loan Agreement**”) and this MCRP Bridge Loan Note Tranche B (this “**Bridge Note**”). All payments to be paid in currency which at the time or times of payment is legal tender for public and private debts in the United States of America. Each payment hereunder shall be applied first to advanced costs, charges and fees, then to accrued interest, and then to principal when due.

1. **DEFINITIONS.** For the purposes of this Bridge Note, unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to such terms in the Bridge Loan Agreement. The following definitions (some of which are restated from those definitions contained in the Bridge Loan Agreement) shall apply to the words and phrases used herein:

“**Borrower**” shall have the meaning as set forth in the Introductory Paragraph.

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“**Bridge Loan Agreement**” shall have the meaning as set forth in the Introductory Paragraph.

“**Bridge Loan Documents**” shall mean this Bridge Note, the Bridge Loan Agreement, and all other documents, instruments and agreements which evidence, secure or are otherwise executed in connection with the Bridge Loan, including all amendments, modifications, renewals, extensions, restatements and replacements thereof.

“**Bridge Note**” shall have the meaning as set forth in the Introductory Paragraph.

“**Business Day**” shall mean any day other than a Saturday, Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in Detroit, Michigan.

“Default Rate” shall mean a rate of interest per annum equal to 2.000% in excess of the Interest Rate.

“Event of Default” shall mean any of those events set forth in Section 6.1 of the Bridge Loan Agreement.

“Funding Date” shall mean the date the advance under this Bridge Note is deposited into the Borrower’s bank account.

“Interest Rate” shall mean 6.000% simple interest per annum calculated upon a 360-day year and thirty (30) days in each month.

“Lender” shall have the meaning as set forth in the Introductory Paragraph.

“Maturity Date” shall mean exactly eighteen (18) months after the Funding Date.

2. **INTEREST RATE; PAYMENT TERMS.**

Interest Rate. The principal amount of this Bridge Note shall for the period from the Funding Date bear interest at the Interest Rate. From and after the date of any Event of Default hereunder and continuing so long as any Event of Default shall exist, interest on all principal amounts outstanding under the Bridge Loan shall accrue at the Default Rate.

Payment Terms.

- (a) All interest with respect to this Bridge Note from the Effective Date until the Maturity Date shall be paid on the Funding Date. Beginning with the first calendar quarter which includes the Maturity Date, any and all interest on any outstanding principal balance shall be payable in arrears in quarterly installments on the 10th day of the last month of each calendar quarter being March, June, September and December (a **“Quarterly Interest Payment”**), with each such Quarterly Interest Payment representing interest through the end of the calendar quarter, March, June, September and December.
- (b) The entire outstanding principal balance under this Bridge Note plus any other amounts due hereunder shall become due and payable on the Maturity Date.
- (c) If any payment is not paid when due (whether by acceleration or otherwise), Borrower agrees to pay to Lender a late fee of 5% of the payment amount. After an Event of Default, Borrower agrees the Interest shall be increased to the Default Rate.
- (d) All sums payable by Borrower hereunder or pursuant to this Bridge Note or the other Bridge Loan Documents shall be paid in full without setoff or counterclaim by reason of any claim Borrower may have against Lender.

- (e) Payments of principal and interest shall be made to Lender by crediting prior to 3:00 p.m., Eastern Time, on the date when due, by bank wire transfer of immediately available funds, pursuant to such wire transfer instructions as Lender may designate for itself by notice to the Borrower. Concurrently with each payment, Borrower shall identify whether such payment (or any portion thereof) represents principal, interest or otherwise. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Failure to make payments on this Bridge Note on the date such amount becomes due and payable after any applicable grace period shall constitute an Event of Default hereunder.

3. This Bridge Note is secured by the Security Documents.

4. Notwithstanding any provision to the contrary in this Bridge Note, in no contingency or event whatsoever shall the interest rate charged on the Bridge Loan exceed the maximum rate of interest permitted under applicable state and/or Federal usury law. Any payment of interest that would be deemed unlawful under applicable law for any reason shall be deemed received on account of, and will automatically be applied to reduce, the principal sum outstanding and any other sums (other than interest) due and payable to the Lender under this Bridge Note, or in Lender's discretion, returned to Borrower, and the provisions hereof shall be deemed amended to provide for the highest rate of interest permitted under applicable law.

5. Wherever possible each provision of this Bridge Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Bridge Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Bridge Note. No delay or failure on the part of Lender in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as acquiescence in any default, nor shall any single or partial exercise by Lender of any right or remedy preclude any other right or remedy. Lender, at its option, may enforce its rights against any collateral securing this Bridge Note without enforcing its rights against Borrower or any other property or indebtedness due or to become due to Borrower. Borrower agrees that, without releasing or impairing Borrower's liability hereunder, Lender may at any time release, surrender, substitute or exchange any collateral securing this Bridge Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Bridge Note.

6. The Borrower waives (except as provided herein) demand, protest, presentment for payment and notice of nonpayment and agrees to pay all costs of collection when incurred, including reasonable attorneys' fees and costs, and to perform and comply with each of the covenants, conditions, provisions and agreements of the Borrower contained in the Bridge Loan Documents.

7. Time is of the essence with respect to this Bridge Note. No extension of the time for the payment of this Bridge Note made by agreement with any person now or hereafter liable for the payment of this Bridge Note shall operate to release, discharge, modify, change or affect the original liability under this Bridge Note, either in whole or in part, of the Borrower if not a party to such agreement.

8. All of the terms, covenants and agreements of the Bridge Loan Agreement and the other Bridge Loan Documents are incorporated herein by reference.

9. Borrower certifies that the proceeds of the Bridge Loan are to be used for the purposes described in the Bridge Loan Agreement.

10. The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrowers may have or assert against the Lender or any other person. This Bridge Note may be prepaid, in whole or in part, without premium or penalty.

11. Whenever an Event of Default shall have occurred, the Lender may exercise the remedies specified in the Bridge Loan Agreement, including the right to declare all payments hereunder immediately due and payable.

12. This Bridge Note shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Michigan without regard to the choice of law rules of that State, except to the extent that any of such laws may now or hereafter be preempted by Federal law.

13. This Bridge Note may not be changed orally, but only by an agreement in writing signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

14. Borrower agrees that there are no conditions or understandings which are not expressed in this Bridge Note, the Bridge Loan Agreement, and the other Bridge Loan Documents. A facsimile or other reproduction of a signature of the Borrower to this Bridge Note shall bind such Borrower to the same extent as the manual signature of such Borrower.

15. Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Bridge Note without the prior written consent of Lender. Borrower agrees that Lender may assign some or all of its rights and remedies described in this Bridge Note without notice to, or prior consent from, the Borrower.

16. The representative of Borrower subscribing below represents that he has full power, authority and legal right to execute and deliver this Bridge Note and that the debt hereunder constitutes a valid and binding obligation of such Borrower.

BORROWER AND LENDER EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF

MICHIGAN OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, AND (B) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAWS OF ANY STATE (I) TO THE RIGHT, IF ANY, TO TRIAL BY JURY, (II) TO OBJECT TO JURISDICTION WITHIN THE STATE OF MICHIGAN OR VENUE IN ANY FEDERAL COURT LOCATED IN THE STATE OF MICHIGAN OR ANY STATE COURT LOCATED IN SHIAWASSEE COUNTY, MICHIGAN, AND (III) TO THE RIGHT, IF ANY, TO CLAIM OR RECOVER ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN ACTUAL DAMAGES.

THE INDEBTEDNESS, RIGHTS AND OBLIGATIONS EVIDENCED BY THIS INSTRUMENT ARE SUBJECT TO THE INTERCREDITOR AND SUBORDINATION AGREEMENT DATED AS OF FEBRUARY 26, 2013

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Borrower has caused this Bridge Note to be duly executed as of the day and year first above written.

BORROWER:

OWOSSO COMMUNITY PLAYERS

By _____
Mike Kruskowski, President

[Signature page to the Bridge Loan Note Tranche B)]

**ACCOUNT PLEDGE AGREEMENT
(MCRP GRANT DISBURSEMENT ACCOUNT)**

This **ACCOUNT PLEDGE AGREEMENT (MCRP GRANT DISBURSEMENT ACCOUNT)** (this “**Agreement**”), dated as of February 26, 2013, is made by and among **OWOSSO COMMUNITY PLAYERS**, a Michigan nonprofit corporation (the “**Borrower**” or “**OCP**”) in favor of **MICHIGAN MAGNET FUND**, a Michigan nonprofit corporation (“**Magnet Fund**”), and **CITY OF OWOSSO**, a Michigan municipal corporation (“**City**”). As used herein, City and Magnet Fund are individually referred to as a “**Lender**” and collectively referred to as the “**Lenders**”. As used herein, Borrower and Lenders are sometimes individually referred to as a “**Party**” and collectively referred to as the “**Parties**”.

RECITALS:

A. **WHEREAS**, pursuant to that certain MCRP Bridge Loan Agreement by and between Lenders and Borrower of even date (such agreement, as hereafter amended, supplemented, restated or modified from time to time, the “**Bridge Loan Agreement**”), Lenders have agreed, subject to the terms and conditions set forth therein, to make loans in the aggregate principal amount of Four Hundred and Fifty Thousand and 00/100 Dollars (\$450,000.00) to Borrower (collectively, the “**Bridge Loan**”) with such Bridge Loan to be evidenced by the “**Bridge Notes**,” as defined in the Bridge Loan Agreement (the Bridge Notes, as hereafter amended, supplemented, restated or modified from time to time, and together with the Bridge Loan Agreement and all other agreements or documents now or in the future executed or delivered by Borrower to Lenders in connection with the Bridge Loan and this Agreement, the “**Bridge Loan Documents**”); and .

B. **WHEREAS**, on or before the date hereof, Shiawassee Center, a Michigan nonprofit corporation (“**Center**”) and OCP entered into an Assignment of Grant Funds Agreement (the “**Assignment Agreement**”) that obligates Center to assign to OCP its right to receive the disbursements of the full amount of any proceeds of a grant under the Michigan Community Revitalization Program (the “**MCRP Grant Proceeds**”); and

C. **WHEREAS**, per the terms of the Assignment Agreement, the MCRP Grant Proceeds assigned to OCP will be directly deposited by the Michigan Strategic Fund into a controlled bank account in the name of OCP for further disbursement by the Borrower pursuant to the terms of the Disbursement of Grant Funds Agreement dated the even date hereof (the “**Disbursement Agreement**”); and

D. **WHEREAS**, the Borrower has established a certain deposit account at Chemical Bank, a Michigan banking corporation (the “**Bank**”) for receipt of the MCRP Grant Proceeds as a condition to the Lender’s advance of the Bridge Loan under the Bridge Loan Agreement the Lenders have required that the Borrower pledge its interest in such account to the Lender, as security for the Bridge Loan.

SECTION 1. DEFINITIONS

Capitalized terms not otherwise defined herein shall have the meanings set forth in, and the interpretations applicable thereto under, the Bridge Loan Documents.

SECTION 2. ESTABLISHMENT OF ACCOUNT

The Borrower has established with the Bank a separate special, segregated and irrevocable cash collateral account in the form of an interest bearing account (a “***deposit account***” as such term is defined in Section 9-102(a) of the UCC) which shall be maintained at the Bank (the “***MCRP Grant Disbursement Account***”), which MCRP Grant Disbursement Account shall be established in the name of the Borrower. The MCRP Grant Disbursement Account is also referred to herein as the “***Account***.” The Account is to be owned by the Borrower. The account number of the Account is set forth on **Schedule I** attached hereto. The Account shall not be evidenced by a passbook or similar writings. Any funds in the Account shall be disbursed upon the terms and conditions provided in the Disbursement Agreement. All interest earned on the funds held in the Disbursement Account shall remain in the Account and shall be disbursed upon the terms and conditions provided in the Disbursement Agreement; provided that in the event that the principal and interest on the Bridge Loan is paid in full, any remaining interest in the Account shall be disbursed to Borrower following the date that the Bridge Loan is paid in full and thereafter the Account shall be closed.

SECTION 3. PLEDGE

As collateral security for the prompt payment in full of the Bridge Loan when due, the Borrower hereby pledges, assigns, hypothecates and transfers to the Lenders lien and security interest in and to the Account and all cash, investments, investment property, securities or other property at any time on deposit in or credited to the Account, including all income or gain earned thereon and any proceeds thereof (collectively, the “***Collateral***”). The Lenders shall perfect its security interest in the Collateral pursuant to a Control Agreement among Lenders, the Bank and Borrower dated as of the date hereof.

SECTION 4. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that (a) no prior lien or encumbrance exists on the Collateral, and the Borrower will not grant or suffer to exist any such lien or encumbrance in the future, other than in favor of the Lenders; (b) the Borrower is the legal owner of the Collateral and has the right to pledge and grant a security interest in the Collateral without the consent of any other Party; and (c) this Agreement has been duly authorized, executed and delivered by the Borrower and is the legal, valid, binding and enforceable obligation of such Party, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and subject to general equitable principles, including without limitation the principle that equitable remedies, such as the remedy of specific performance, are subject to the discretion of the court.

SECTION 5. DEFAULT

Upon the occurrence of an Event of Default, as defined in the Bridge Loan Agreement, the Lenders, as secured party shall be authorized in its discretion to declare any or all of the obligations to be immediately due and payable without demand or notice as provided in the Bridge Loan Documents, and may exercise any one or more of the rights and remedies granted pursuant to this Agreement or given to a secured party under the Uniform Commercial Code of the applicable state, as it may be amended from time to time, or otherwise at law or in equity, including without limitation the right to sell or otherwise dispose of any or all of the Collateral at public or private sale, with or without advertisement thereof, upon such terms and conditions as it may deem advisable and at such prices as it may deem best. The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by the Lenders will be applied to the secured obligations in the order determined by the Lenders.

SECTION 6. ADDITIONAL PROVISIONS

Section 6.1 Conflicts.

In the event of any conflict between the provisions of this Agreement and the provisions of any of the Bridge Loan Documents, the provisions of this Agreement shall prevail.

Section 6.2 Amendments and Waivers of this Agreement.

This Agreement may be amended, supplemented, restated or modified only with the written consent of the Lenders. No waiver of any provision of this Agreement shall be effective unless consented to in writing by the Party against which such waiver is to be effective.

Section 6.3 Notices and Information.

All notices and other communications hereunder shall be in writing and shall be personally delivered, delivered by overnight courier or sent by telecopier, to the respective Parties at their respective addresses set forth in the Bridge Loan Agreement, or to such other address for a Party as such Party shall specify in writing to the other Parties. Notices and other communications shall be deemed delivered to a Party when delivered by one of the above-specified methods to the indicated location of such Party and receipt of a counter signature acknowledging receipt by an individual at such location.

Section 6.3 Transfer of Obligations; Parties in Interest.

In the event of any transfer by the Lenders of the Bridge Notes, such transfer shall be made expressly subject to the terms of this Agreement, which shall be binding on the transferee to the same extent as its transferor. All of the terms and provisions of this Agreement shall inure to the benefit of and be binding upon and enforceable by the respective successors and assigns of the parties, whether so expressed or not and, in particular, shall inure to the benefit of and be enforceable by any future holder or holders of the Bridge Notes.

Section 6.4 Further Assurances.

The Borrower hereby irrevocably authorizes the Lenders, at any time and from time to time, to execute (on behalf of the Borrower), file and record against the Borrower any notice, financing statement, continuation statement, amendment statement, instrument, document or agreement under the Uniform Commercial Code that the Lenders may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest granted hereunder or to enable the Lenders exercise or enforce its rights hereunder with respect to such security interest. Without limiting the generality of the foregoing, the Borrower hereby irrevocably appoints the Lenders as the Borrower's attorney-in-fact to do all acts and things in the Borrower's name that the Lenders may deem necessary or desirable. This power of attorney is coupled with an interest with full power of substitution and is irrevocable. The Borrower hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof.

Section 6.5 Governing Law; Jurisdiction; Waiver of Jury Trial.

THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN WITHOUT GIVING EFFECT TO CONFLICT OR CHOICE OF LAW PRINCIPLES.

THE BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE COLLATERAL AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER OR CLAIM IN ANY WAY ARISING OUT OF, RELATED TO OR CONNECTED WITH THIS AGREEMENT OR THE COLLATERAL MAY BE BROUGHT ONLY IN A FEDERAL COURT LOCATED IN THE STATE OF MICHIGAN OR IN STATE COURTS IN SHIAWASSEE COUNTY, MICHIGAN.

Section 6.6 Miscellaneous.

The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement (together with the Bridge Loan Documents) embodies the entire agreement and understanding among the Parties relating to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision in this Agreement refers to any action taken or to be taken by any person, or which such person is prohibited from taking, such provision shall be applicable, whether such action is taken directly or indirectly by such person, whether or not expressly specified in such provision. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in counterparts (and by different Parties in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. A facsimile or

other reproduction of a signature of a Party shall bind such Party to the same extent as the manual signature of such Party.

Section 6.7 Intercreditor Agreement.

This Agreement, and the rights of Lenders hereunder, are in all respects subject to the terms of the Intercreditor Agreement and Subordination Agreement dated as of the date hereof (the “***Intercreditor Agreement***”). In the event of any inconsistency between the terms of this Agreement and those of the Intercreditor Agreement, including without limitation prohibitions or limitations established in the Intercreditor Agreement regarding the rights of the Lenders to act with respect to the Collateral or to exercise remedies following the occurrence of an Event of Default, the terms of the Intercreditor Agreement will govern and control.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Parties have caused this Account Pledge Agreement (MCRP Grant Disbursement Account) to be executed as of the date first above written.

BORROWER:

OWOSSO COMMUNITY PLAYERS ,

By:_____

Name: Mike Kruszkowski

Title: President

LENDERS:

MICHIGAN MAGNET FUND,

By:_____

Name: Ted S. Rozeboom

Title: President

CITY OF OWOSSO,

By:_____

Name: Benjamin R. Frederick

Its: Mayor

By:_____

Name: Amy K. Kirkland

Its: Clerk

**SIGNATURE PAGE TO ACCOUNT PLEDGE AGREEMENT
(MCRP GRANT DISBURSEMENT ACCOUNT)**

SCHEDULE I

MCRP GRANT DISBURSEMENT ACCOUNT

Account Number _____, established at Chemical Bank in the name of Owosso Community Players.

ASSIGNMENT OF GRANT FUNDS AGREEMENT

THIS ASSIGNMENT OF GRANT FUNDS AGREEMENT ("**Agreement**") is made as of February 26, 2013, by and between **SHIAWASSEE CENTER**, a Michigan nonprofit corporation, of 114 East Main Street, Owosso, Michigan 48867 ("**Center**") and **OWOSSO COMMUNITY PLAYERS**, a Michigan nonprofit corporation, of 114 East Main Street, Owosso, Michigan 48867 ("**Players**"). As used herein, Center and Players are sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS:

A. **WHEREAS**, Center plans to renovate and rehabilitate the property located at 114 and 124 East Main Street and 123 Comstock Street in Owosso, Michigan (the "**Property**"). The Property is considered brownfield property and a historic resource; and

B. **WHEREAS**, the "**Michigan Community Revitalization Program**" or "**MCRP**" is State of Michigan incentive program available from the Michigan Strategic Fund, a Michigan public body corporate and politic (the "**MSF**") pursuant to Section 90 of the Michigan Strategic Fund Act, as amended, MCLA 125.2090, in cooperation with the Michigan Economic Development Corporation, a Michigan public body corporate (the "**MEDC**"), designed to promote community revitalization that will accelerate private investment in areas of historical declining values, contribute to the State of Michigan's reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight, and protect natural resources of the State of Michigan; and

C. **WHEREAS**, the Property will be redeveloped for use as a performing arts center and other allowed use (the "**Project**") with such Project to be leased to Players under the terms of a Master Lease dated as of February 21, 2013 (the "**Master Lease**"). The Project involves certain costs that qualify as "eligible investment" under Section 125.2090 of Michigan Strategic Fund Act, as amended (the "**MSF Act**"). The MSF Act allows for a grant or loan in the amount of up to 25% of the "eligible investment" at the Property; and

D. **WHEREAS**, effective February 8, 2013, the MEDC on behalf of the MSF issued a term sheet to the Center (the "**MCRP Grant Term Sheet**") recommending approval of a performance based grant in an amount equal to the lesser of 10% of "eligible investment" or Four Hundred Forty Six Thousand and 00/100 Dollars (\$446,000.00) (the "**MCRP Grant**") and containing such other terms and conditions; and

E. **WHEREAS**, Center expects the "minimum eligible investment" in the Project will be in excess of Four Million Four Hundred and Forty Six Thousand and 00/100 Dollars (\$4,446,000) (the "**Minimum Investment**"); and

F. **WHEREAS**, on or before the date hereof, the MCRP Term Sheet will be replaced by the certain Michigan Community Revitalization Program Grant Agreement by and between the Center and the MSF (the "**MCRP Grant Agreement**") which contained the definitive terms and conditions of the MCRP Grant; and

G. **WHEREAS**, the MCRP Grant Agreement provides, in relevant part, that following completion of the “Milestones” (as such term is defined in the MCRP Grant Agreement), Center must complete and deliver to the MEDC a Request for Disbursement (as such term is defined in the MCRP Grant Agreement) in order to request payment of the MCRP Grant for the Project; and

H. **WHEREAS**, as allowed by the MSF Act, the MCRP Grant Agreement provides that upon completion of all the Milestones, the Center may submit a request to the MSF for MSF approval of the assignment by the Center of all of a portion of its rights and obligations under the MCRP Grant Agreement, including the right to disbursement of the MCRP Grant; and

I. **WHEREAS**, Center desires to assign to Players its right to receive the disbursements of the full amount of the MCRP Grant (the “**MCRP Grant Proceeds**”); and

J. **WHEREAS**, unless otherwise required by the MSF as a condition of the assignment, all rights and obligation under the MCRP Grant other than the right to receive the MCRP Grant Proceeds shall remain with Center.

AGREEMENT:

NOW, THEREFORE, in consideration of covenants and agreements hereinafter contained and for entering in to the Master Lease and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Assignment.** Center hereby assigns all rights, title and interest of Center to Players with respect to the MCRP Grant Proceeds. Promptly following completion of the Milestones, Center will as contemporaneously as possible submit to the MEDC a Request for Disbursement and submit to MSF a request for assignment along with such required background information on Players as shall be required by the MSF on such required forms (the “**Assignment Request**”), requesting assignment of the MCRP Grant Proceeds to Players. The total amount of the MCRP Grant Proceeds that Center is assigning to Players in this Agreement is referred to as the “**Assigned Grant Amount.**” The Assignment Request submitted by Center to the MEDC shall direct the MSF to disburse the Assigned Grant Amount to Players by means of electronic funds transfer to the following bank account:

Name: Owosso Community Players-MCRP Bridge Loan Account (or such other name determined by Chemical Bank)

Bank: Chemical Bank

Account # _____

ABA# _____

2. **Notices.** Any notice required or which may be given under this Agreement shall be in writing and either delivered personally or sent by overnight courier to the address set forth below. Such notice shall be deemed given one (1) business day after the date so sent:

To Center:

Shiawassee Center
114 East Main Street
Owosso, Michigan 48867
Attn: Charles Quick
Title: President

To Players:

Owosso Community Players
114 East Main Street
Owosso, Michigan 48867
Attn: Mike Kruszkowski
Title: President

3. **Waiver.** No delay or failure on the part of any Party to exercise any right or remedy under this Agreement shall operate as a waiver. Any waiver of any such right or remedy shall be in writing, shall be limited as stated in such writing and shall not operate as a waiver of any other right or remedy under this Agreement.

4. **Assignment.** A Party may not assign their rights under this Agreement nor delegate their obligations and duties hereunder without the prior written consent of the other Party, provided however, that Center grants consent to Players to enter into a Disbursement of Grant Funds Agreement with the City of Owosso and Michigan Magnet Fund.

5. **Entire Agreement.** This Agreement and the Recitals constitutes (and all documents referenced herein) the entire agreement between the Parties and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the subject matter hereof.

6. **Further Acts.** The Parties, subject to the terms and conditions of this Agreement, shall use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under the MCRP Grant Agreement, the MSF Act and other applicable laws, rules or regulations to consummate and make effective the transactions contemplated by this Agreement.

7. **Miscellaneous.** (a) Each Party represents to the others that it has been duly authorized to execute and deliver this Agreement and to perform its obligations hereunder and that no consent or approvals, other than MEDC approval of the Request for Disbursement and MSF approval of Assignment Request are required in connection with the execution and performance of this Agreement. (b) This Agreement may be executed in one or more counterparts which together shall constitute the agreement between the Parties. Facsimile or email signature pages of this Agreement shall be valid and binding as original signatures and shall be considered an agreement of such Party to fully execute and deliver originally signed copies of this Agreement. (c) This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective agents, representatives, successors and permitted assigns.

The Parties have executed this Assignment of Grant Funds Agreement as of the date first written above.

SHIAWASSEE CENTER

OWOSSO COMMUNITY PLAYERS

By _____
Charles Quick

By _____
Mike Kruszkowski

Its: President

Its: President

Center

Players

CONTROL AGREEMENT
(MCRP Grant Disbursement Account)

THIS CONTROL AGREEMENT (this “**Agreement**”) dated as of February ___, 2013, is entered into by and among **OWOSSO COMMUNITY PLAYERS**, a Michigan nonprofit corporation (the “**Debtor**”), of 114 E. Main Street, P.O. Box 606, Owosso, Michigan 48867, **MICHIGAN MAGNET FUND**, a Michigan nonprofit corporation and **CITY OF OWOSSO**, a Michigan municipal corporation, both as lenders and secured parties (together, the “**Secured Parties**”), both c/o Michigan Magnet Fund, at 13342 Sherwood Drive, Huntington Woods, Michigan 48070, and **CHEMICAL BANK**, a Michigan banking corporation, as depositary bank (the “**Bank**”), of 100 E. Main Street, Owosso, Michigan 48867-3133.

RECITALS

A. The Secured Parties have loaned and advanced to Debtor loans in the aggregate principal amount of Four Hundred Fifty Thousand and 00/100 Dollars (\$450,000.00) (collectively, the “**Loans**”) evidenced by certain promissory notes, a loan agreement and related documents, instruments and agreements, of even date with this Agreement (all such documents, instruments and agreements now or hereafter evidencing or securing the Loans are hereinafter collectively referred to as the “**Loan Documents**”).

B. To induce the Secured Parties to make the Loans, Debtor has executed and delivered an Account Pledge Agreement (MCRP Grant Disbursement Account) of even date herewith in favor of the Secured Parties (the “**Pledge Agreement**”) pursuant to which Debtor has agreed to pledge, assign and grant the Secured Parties a security interest in the “Account,” as defined on Exhibit A attached hereto (such account referred to herein as the “**Account**”).

C. The Secured Parties, the Debtor and the Bank are entering into this Agreement to perfect the security interest of the Secured Parties in the Account.

AGREEMENT

NOW, THEREFORE, in consideration of their mutual covenants and promises, the parties agree as follows:

1. **The Account.** All parties agree that the Account is a “deposit account” within the meaning of Article 9 of the Uniform Commercial Code of the State of Michigan (the “**UCC**”). Bank has not and shall not agree with any third party to comply with instructions or other directions concerning the Account or the disposition of funds in the Account originated by such third party without the prior written consent of the Secured Parties and the Debtor.

2. **Representations and Warranties.**

(a) Debtor hereby represents and warrants to the Secured Parties that (i) it is the sole and exclusive owner of the Account; and (ii) it has not previously assigned, encumbered or granted a security interest in the Account to any other person or party.

(b) Bank hereby represents and warrants to the Secured Parties that (i) it maintains the Account in the name of the Debtor; and (ii) it is not aware of any claim or interest of any party, other than the Debtor and the Secured Parties, in and to the Account.

3. **Subordination of Security Interest.** Bank hereby subordinates to the rights and interests of the Secured Parties all security interests, encumbrances, claims and rights of setoff it may have, now or in the future, against the Account or any funds in the Account other than: (a) the Bank's customary fees and charges; (b) any claim of the Bank against the Debtor with respect to items deposited to the Account that are subsequently returned unpaid or otherwise uncollected; and (c) for the reversal of provisional credits.

4. **Control.** This Agreement evidences the Secured Parties' control over the Account. The Bank shall comply with instructions originated by the Secured Parties directing disposition of the funds in the Account without further consent by the Debtor.

5. **Permitted Investments.** Monies held from time to time in the Account may be invested and reinvested in investments at the written direction (which may be in the form of a standing instruction) of an authorized officer of the Debtor with the approval of the Secured Parties; provided, however, that at any time after the Bank has received written notice from the Secured Parties that an "Event of Default" as defined in the Loan Documents shall have occurred and is continuing, such monies shall be invested at the direction of the Debtor, with the approval of the Secured Parties, only in investments with a maturity of 30 calendar days or less. Each of the parties acknowledges that the Bank shall be permitted to make such investments as set forth herein in a fund for which the Bank, or an affiliate of the Bank, serves as an investment advisor, administrator, servicing agent and/or custodian or subcustodian, provided that such investments are offered at market rates. The Bank shall not be held liable by reason of any losses on investments of the Account except for such losses which may result from the bad faith, gross negligence, willful misconduct or fraud of the Bank.

6. **Statements, Confirmations and Notices of Adverse Claims.** Bank shall send copies of all statements concerning the Account to the Debtor and the Secured Parties at the addresses set forth in the preamble of this Agreement. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or any funds credited thereto, Bank shall promptly notify the Secured Parties and Debtor thereof.

7. **Customer Agreement.** If there is a conflict between this Agreement and any other agreement between the Bank and the Debtor governing the Account, the terms of this Agreement will prevail.

8. **Termination.** This Agreement shall continue in effect until the Secured Parties have notified Bank in writing that this Agreement is terminated, or until the security interest of the Secured Parties in the Account has been terminated. Upon receipt of such notice the obligations of Bank hereunder with respect to the operation and maintenance of the Account after the receipt of such notice shall terminate, and the Secured Parties shall have no further right to originate instructions concerning the Account.

9. **Complete Agreement.** This Agreement and the instructions and notices required or permitted to be executed and delivered hereunder (i) set forth the entire agreement of the parties with respect to the subject matter hereof (except for any depository agreement, if any, as

between the Bank and Debtor) and (ii) supersede any prior agreement and contemporaneous oral agreements of the parties concerning its subject matter.

10. **Amendments.** No amendment, modification or (except as otherwise specified in Section 8 above) termination of this Agreement, nor any assignment of any rights hereunder (except to the extent contemplated under Section 12 below), shall be binding on any party hereto unless it is in writing and is signed by each of the parties hereto, and any attempt to so amend, modify, terminate or assign except pursuant to such a writing shall be null and void. No waiver of any rights hereunder shall be binding on any party hereto unless such waiver is in writing and signed by the party against whom enforcement is sought.

11. **Severability.** If any term or provision set forth in this Agreement shall be invalid or unenforceable, the remainder of this Agreement, other than those provisions held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

12. **Successors.** The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors, assigns, heirs and personal representatives. This Agreement may be assigned by the Secured Parties to any successor of the Secured Parties under the Pledge Agreement with Debtor, provided that written notice thereof is given by the Secured Parties to Bank.

13. **Notices.** Except as otherwise expressly provided herein, any notice, order, instruction, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by facsimile, electronic mail, or other electronic means and electronic confirmation of error-free receipt is received or upon receipt of notice sent by overnight courier or certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth next to such party's name in the preamble of this Agreement. Any party may change its address for notices in the manner set forth above.

14. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts. A facsimile or other reproduction of a signature of a party to this Agreement shall bind such party to the same extent as the manual signature of such party.

15. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan and the provisions of Article 9 of the Uniform Commercial Code now or hereafter in effect.

[CONTINUED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Control Agreement as of the date first set forth above.

BANK:

SECURED PARTIES:

CHEMICAL BANK

MICHIGAN MAGNET FUND

By: _____
Donald D. Levi
Vice President

By: _____
Ted S. Rozeboom
President

DEBTOR:

CITY OF OWOSSO

OWOSSO COMMUNITY PLAYERS

By: _____
Mike Kruszkowski
President

By: _____
Benjamin R. Frederick
Mayor

By: _____
Amy K. Kirkland
Clerk

[SIGNATURE PAGE TO CONTROL AGREEMENT]

EXHIBIT A

Account

DISBURSEMENT OF GRANT FUNDS AGREEMENT

THIS DISBURSEMENT OF GRANT FUNDS AGREEMENT ("**Agreement**") is made as of February 26, 2013 (the "**Effective Date**") by and among **OWOSSO COMMUNITY PLAYERS**, a Michigan nonprofit corporation, of 114 East Main Street, Owosso, Michigan 48867 ("**Players**"), **CITY OF OWOSSO**, a Michigan municipal corporation, of 301 West Main Street, Owosso, Michigan 48867 ("**City**") and **MICHIGAN MAGNET FUND**, a Michigan nonprofit corporation, whose address is 13342 Sherwood Drive Huntington Woods, Michigan 48070 ("**MMF**"). As used herein, Players, City and MMF are sometimes individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS:

A. **WHEREAS**, Shiawassee Center, a Michigan nonprofit corporation ("**Center**"), plans to renovate and rehabilitate the property located at 114 and 124 East Main Street and 123 Comstock Street in Owosso, Michigan (the "**Property**"). The Property is considered brownfield property and a historic resource; and

B. **WHEREAS**, the "**Michigan Community Revitalization Program**" or "**MCRP**" is a State of Michigan incentive program available from the Michigan Strategic Fund, a Michigan public body corporate and politic (the "**MSF**") pursuant to Section 90 of the Michigan Strategic Fund Act, as amended, MCL 125.2090, in cooperation with the Michigan Economic Development Corporation, a Michigan public body corporate (the "**MEDC**"), designed to promote community revitalization that will accelerate private investment in areas of historical declining values, contribute to the State of Michigan's reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight, and protect natural resources of the State of Michigan; and

C. **WHEREAS**, the Property will be redeveloped for use as a performing arts center and other allowed use (the "**Project**") with such Project to be leased to Players. The Project involves certain costs that qualify as "eligible investment" under Section 125.2090 of Michigan Strategic Fund Act, as amended (the "**MSF Act**"). The MSF Act allows for a grant or loan in the amount of up to 25% of the "eligible investment" at the Property; and

D. **WHEREAS**, effective February 8, 2013, the MEDC on behalf of the MSF issued a term sheet to Center (the "**MCRP Grant Term Sheet**") recommending approval of a performance based grant in an amount equal to the lesser of 10% of "eligible investment" or Four Hundred Forty Six Thousand and 00/100 Dollars (\$446,000.00) (the "**MCRP Grant**") and containing such other terms and conditions; and

E. **WHEREAS**, Center expects the "minimum eligible investment" in the Project will be in excess of Four Million Four Hundred and Sixty Thousand and 00/100 Dollars (\$4,460,000) (the "**Minimum Investment**"); and

F. **WHEREAS**, on or before the date hereof, the MCRP Grant Term Sheet was replaced by the certain Michigan Community Revitalization Program Grant Agreement by and

between Center and the MSF (the “**MCRP Grant Agreement**”) which contained the definitive terms and conditions of the MCRP Grant; and

G. **WHEREAS**, the MCRP Grant Agreement provides, in relevant part, that following completion of the “Milestones” (as such term is defined in the MCRP Grant Agreement), Center must complete and deliver to the MEDC a Request for Disbursement (as such term is defined in the MCRP Grant Agreement) in order to request payment of the MCRP Grant for the Project; and

H. **WHEREAS**, as allowed by the MSF Act, the MCRP Grant Agreement provides that upon completion of all the Milestones, the Center may submit a request to the MSF for MSF approval of the assignment by the Center of all or a portion of its rights and obligations under the MCRP Grant Agreement, including the right to disbursement of the MCRP Grant; and

I. **WHEREAS**, on February 21, 2013, Center and Players entered into an Assignment of Grant Funds Agreement (the “**Assignment Agreement**”) that obligates Center to assign to Players its right to receive the disbursements of the full amount of the MCRP Grant (the “**MCRP Grant Proceeds**”); and

J. **WHEREAS**, per the terms of the Assignment Agreement, the MCRP Grant Proceeds assigned to Players will be directly deposited by the MSF into a controlled bank account in the name of Players (the “**Account**”); and

K. **WHEREAS**, the City and MMF have agreed to grant or extend certain financial accommodations to the Players pursuant to the Bridge Loan Agreement dated as of the Effective Date (the “**Bridge Loan Agreement**”); and

L. **WHEREAS**, to induce the City and MMF to execute the Bridge Loan Agreement, Players has agreed to grant City and MMF a security interest in the MCRP Grant Proceeds; and

M. **WHEREAS**, Players will deposit such additional funds into the Account to cover all obligations to the City and MMF as set forth in the Bridge Loan Agreement (the “**Additional Funds**”). The MCRP Grant Proceeds and Additional Funds are collectively referred to as the “**Account Funds**” and are expected to total not less than \$450,000; and

N. **WHEREAS**, Players authorizes disbursement of the Account Funds to the City and MMF according to the terms and conditions of this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Additional Funds.** Players shall deposit the Additional Funds into the Account prior to or within five (5) business days after the MSF deposit of the MCRP Grant Proceeds into the Account.

2. **Disbursement of Funds.** Within one (1) business day, following deposit of the Account Funds into the Account, the Account Funds shall be disbursed to the City and MMF as follows:

- 4/9 to the City
- 5/9 to the MMF

3. **Notices.** Any notice required or which may be given under this Agreement shall be in writing and either delivered personally or sent by overnight courier to the address set forth below. Such notice shall be deemed given one (1) business day after the date so sent:

To Players:

Owosso Community Players
114 East Main Street
Owosso, Michigan 48867
Attn: Mike Kruszkowski
Title: President

To City:

City of Owosso
301 West Main Street
Owosso, Michigan 48867
Attn: Benjamin R. Frederick
Title: Mayor

To MMF:

Michigan Magnet Fund
13342 Sherwood Drive
Huntington Woods, Michigan 48070
Attn: Al Bogdan
Title: Chief Business Development Officer

4. **Waiver.** No delay or failure on the part of any Party to exercise any right or remedy under this Agreement shall operate as a waiver. Any waiver of any such right or remedy shall be in writing, shall be limited as stated in such writing and shall not operate as a waiver of any other right or remedy under this Agreement.

5. **Assignment.** A Party may not assign their rights under this Agreement nor delegate their obligations and duties hereunder without the prior written consent of the other

Parties. Notwithstanding the foregoing, City and MMF may assign this Agreement to any of its affiliates without the prior consent of Players.

6. **Entire Agreement.** This Agreement constitutes (and all documents referenced herein) the entire agreement between the Parties and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the subject matter hereof.

7. **Miscellaneous.** (a) Each Party represents to the others that it has been duly authorized to execute and deliver this Agreement and to perform its obligations hereunder and that no consent or approvals, other than MEDC approval of a Request for Disbursement and assignment, are required in connection with the execution and performance of this Agreement. (b) This Agreement may be executed in one or more counterparts which together shall constitute the agreement between the parties. Facsimile or email signature pages of this Agreement shall be valid and binding as original signatures and shall be considered an agreement of such Party to fully execute and deliver originally signed copies of this Agreement. (c) This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective agents, representatives, successors and assigns.

The Parties have executed this Disbursement of Grant Funds Agreement as of the date first written above.

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[SIGNATURE PAGE FOLLOWS]

PLAYERS:

OWOSSO COMMUNITY PLAYERS

By: _____
Mike Kruszkowski

Its: _____
President

CITY:

CITY OF OWOSSO

By: _____
Benjamin R. Frederick

Its: _____
Mayor

By: _____
Amy K. Kirkland

Its: _____
Clerk

MMF:

MICHIGAN MAGNET FUND

By: _____
Ted S. Rozeboom

Its: _____
President

L&M 2/13/13 DRAFT

INTERCREDITOR AND SUBORDINATION AGREEMENT

This **INTERCREDITOR AND SUBORDINATION AGREEMENT** (the "**Agreement**") is made as of February xxx, 2013 by and among CHEMICAL BANK, a Michigan banking corporation (the "**Bank**"), the CITY OF OWOSSO, a Michigan municipal corporation (the "**City**"), and MICHIGAN MAGNET FUND, a Michigan nonprofit corporation ("**Magnet Fund**") and, together with the City, the "**Junior Lenders**"). As used in this Agreement, Bank, City and Magnet Fund are individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS

WHEREAS, the Bank has extended, or plans to extend, a term loan in a principal amount up to \$2,555,000 (the "**Bank Bridge Loan**") to Owosso Community Players, a Michigan nonprofit corporation (the "**Borrower**"). The Bank Bridge Loan is governed by a certain Bridge Loan Agreement dated as of even date herewith, made by and between the Bank, as lender and the Borrower, as borrower (as such agreement may from time to time hereafter be amended, modified or restated, the "**Bank Bridge Loan Agreement**"). The proceeds of the Bank Bridge Loan, together with the proceeds of the "MCRP Bridge Loan" (defined below) and certain other funds provided by the Borrower, will be loaned (the "**Leverage Loan**") by the Borrower to SPAC Investment Fund, LLC, a Delaware limited liability company (the "**Investment Fund**"), and used by the Investment Fund, along with other funds, to make a qualified equity investment in MMF KK CDE, LLC, a Michigan limited liability company (the "**CDE**"). The CDE shall use the proceeds of such qualified equity investment to make a qualified low-income community investment ("**QLICI**") (in the form of a direct loan) in Shiawassee Center, a Michigan nonprofit corporation (the "**Project Owner**"); the Project Owner will use the proceeds of the QLICI to finance the rehabilitation of the Joseph H. Lebowsky Center, a historic theatre and commercial buildings located on real property commonly known as 114, 120 and 124 E. Main Street and 123 Comstock Street, Owosso, Michigan 48867, consisting of approximately 34,986 square feet to be known as the Shiawassee Performing Arts Center (the "**Project**"); and

WHEREAS, the Bank Bridge Loan is and will be secured by a first priority lien and security interest in all of the following, all products and proceeds thereof and all books and records pertaining thereto: (i) the Borrower's entire right, title and interest in certain Michigan Brownfield Redevelopment Tax Credits and Michigan Historic Tax Credits relating to the Project; (ii) all cash, accounts, donor pledges, donor receivables and general intangibles relating to or arising out of the Borrower's capital campaign relating to the Project; (iii) the "**Capital Campaign Account**," as defined in the Bank Bridge Loan Agreement; the "**Interest Reserve Account**" as defined in the Bank Bridge Loan Agreement (items (i), (ii), (iii) and (iv) referred to (collectively herein as the "**Bank Exclusive Collateral**"); and (iv) all right, title and interest of the Borrower in the Leverage Loan and all collateral security therefor; and

WHEREAS, the Junior Lenders have extended, or plan to extend, a term loan in the principal amount of \$450,000 (the "**MCRP Bridge Loan**") to the Borrower. The MCRP Bridge Loan is governed by a certain MCRP Bridge Loan Agreement dated as of even date herewith, made by and between the Junior Lenders, as lender and the Borrower, as borrower (as such agreement may from time to time hereafter be amended, modified or restated, the "**MCRP Bridge Loan Agreement**"). Under the terms of the MCRP Bridge Loan Agreement each of the Junior Lenders holds a ratable, concurrent and co-equal interest in the MCRP Bridge Loan based on Ownership Share (as defined in the MCRP Bridge Loan Agreement). The proceeds of the MCRP Bridge Loan will be loaned by the Borrower to the Investment Fund as part of the Leverage Loan as described above; and

WHEREAS, the MCRP Bridge Loan is and will be secured by certain collateral described in the MCRP Bridge Loan Agreement, including (i) a first priority lien and security interest in the Borrower's entire right, title and interest, including all proceeds thereof in a Michigan Community Revitalization Program grant in the maximum amount of \$446,000, awarded to the Project Owner with respect to the Project (the "**MCRP Grant**") with said proceeds of the MCRP Grant assigned by the Project Owner to the Borrower; and (ii) the "**MCRP Account**," as defined in the MCRP Bridge Loan Agreement; items (i) and (ii) referred to collectively herein as the "**Junior Lender's Exclusive Collateral**"; and (iii) all right, title and interest of the Borrower in the Leverage Loan and all collateral security therefor; and

WHEREAS, as a condition precedent to each of the Bank's and the Junior Lenders' extensions of credit to the Borrower, each has required that all of them enter into this Agreement, in order to set forth certain agreements regarding the relative priorities of the Bank Bridge Loan and the MCRP Bridge Loan, and of their respective collateral interests securing the same.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Parties Intended to be Benefited. All understandings, covenants, and agreements contained herein are solely for the benefit of the Bank and the Junior Lenders, and there is no other person or entity (including the Borrower) that is intended to be benefited, in any way, by this Agreement.

2. Subordination of Debt. Any and all obligations and liabilities of Borrower to the Junior Lenders with respect to the MCRP Bridge Loan (as from time to time amended and any restatement, modification or refinancing of the same), including principal and interest, whether direct or indirect, absolute or contingent, secured or unsecured, due or to become due, now existing or hereafter arising and howsoever evidenced (the "**Subordinated Indebtedness**"), are subordinated in right of payment to any and all obligations and liabilities of Borrower to the Bank with respect to the Bank Bridge Loan (as from time to time amended and any restatement, modification or refinancing of the same), including principal and interest, whether direct or indirect, absolute or contingent, secured or unsecured, due or to become due, now existing or hereafter arising and howsoever evidenced (the "**Senior Indebtedness**").

3. Subordination of Liens. Other than as provided in Section 6 below with respect to the MCRP Grant, the Junior Lenders hereby subordinate all liens, security interests, mortgages and rights of any kind which Junior Lenders may now have or hereafter acquire in any of the real or personal property of the Borrower or any guarantor, tangible or intangible, to all present and future security interests, liens, and mortgages of the Bank in such real or personal property of the

Borrower or any guarantor securing the Senior Indebtedness. The foregoing subordination shall be effective notwithstanding the order of attachment or perfection of any such liens, security interests and mortgages or the provisions of the Uniform Commercial Code (as in effect in the State of Michigan) or any other applicable laws or regulations, now or hereafter enacted or in effect.

4. Limitation on Collection of Subordinated Indebtedness. Other than as provided in Section 6 below with respect to the MCRP Grant, and other than as provided in Section 27 of this Agreement: (i) the Junior Lenders shall not ask, take or receive from the Borrower (or any guarantor of the Subordinated Indebtedness), by way of setoff or in any other manner, the whole or any part of the Subordinated Indebtedness, and the Junior Lenders hereby waive any right of offset with respect to the Subordinated Indebtedness; and (ii) except and only to the extent that the commencement of a legal action may be required to toll the running of any applicable statute of limitations, the Junior Lenders shall not take any action to accelerate, demand, collect or enforce all or any portion of the Subordinated Indebtedness or to exercise any of the Junior Lenders' rights in any guaranty or security now or hereafter held for the Subordinated Indebtedness.

5. Remittance of Collections. Except for the MCRP Grant, should the Junior Lenders receive any payment, distribution of security or proceeds with respect to the Subordinated Indebtedness in violation of the terms of this Agreement, prior to the satisfaction of the Senior Indebtedness, whether by way of agreement of compromise, or liquidation, dissolution or other winding up of the Borrower or any guarantor, or in the event of any sale, receivership, insolvency or bankruptcy proceedings or assignment for the benefit of creditors, or any proceeding by or against the Borrower or any guarantor, for relief in bankruptcy or otherwise, the Junior Lenders shall promptly deliver such proceeds to the Bank in the form received (except for endorsement or assignment by the Junior Lenders when requested by the Bank) for application to the Senior Indebtedness, and, until so delivered, the same shall be held by the Junior Lenders for the benefit of the Bank. In the event the Junior Lenders fail to make any such endorsement or assignment, the Bank, or any of its officers or employees on behalf of the Bank, is irrevocably authorized to make the same.

6. MCRP Grant. Notwithstanding anything in this Agreement to the contrary, the Bank agrees that it does not have, and shall not acquire, any lien, claim or security interest with respect to the MCRP Grant, and the lien subordination provisions set forth in Section 3 of this Agreement shall not apply to the MCRP Grant. Nothing in this Agreement shall be deemed to prevent or restrict the Junior Lenders from taking any action to enforce its rights and remedies against the Borrower with respect to the MCRP Grant.

7. Bank Exclusive Collateral. Notwithstanding anything in this Agreement to the contrary, the Junior Lenders agree that they do not have, and shall not acquire, any lien, claim or security interest with respect to Bank Exclusive Collateral. In the event that either of the Junior Lenders shall at any time receive any proceeds of the Bank Exclusive Collateral, such Junior Lender shall promptly remit the same to the Bank for application to the Bank Bridge Loan.

8. Junior Lender's Exclusive Collateral. Notwithstanding anything in this Agreement to the contrary, the Bank agrees that it does not have, and shall not acquire, any lien, claim or security interest with respect to Junior Lender's Exclusive Collateral. In the event that the Bank shall at any time receive any proceeds of the MCRP Grant, the Bank shall promptly

remit the same to the Junior Lenders based on the Ownership Share (as defined in the MCRP Bridge Loan Agreement) for application to the MCRP Bridge Loan.

9. No Impairment. Nothing contained in this Agreement is intended to or shall impair or shall affect the relative rights of the Junior Lenders and creditors of the Borrower other than the Bank.

10. Junior Lender Interests Pari Passu. The Junior Lenders agree that their respective rights and interests in the MCRP Bridge Loan and all collateral security therefor (including, without limitation, the MCRP Grant) are in all respects ratable, concurrent and co-equal based on Ownership Share, according to the terms of the MCRP Bridge Loan Agreement.

11. Continuous Agreement. This Agreement shall constitute a continuing agreement and shall remain in effect at all times while any portion of the Bank Bridge Loan or MCRP Bridge Loan remains outstanding, unless and until cancelled by the Parties. Any notice of revocation of this Agreement by either Junior Lender or Bank shall not affect this Agreement in relation to any indebtedness, obligations or liabilities of the Borrower or any guarantor existing at the date of termination (including the face amount of obligation which permits future advances by the Bank or either Junior Lender to the Borrower) or any indebtedness, obligations or liabilities created thereafter pursuant to any commitment of the Bank or either Junior Lender to the Borrower existing at the date of termination, or any extensions or renewals of any such indebtedness, obligations, liabilities or commitments, whether in whole or in part, and as to all such indebtedness, obligations, liabilities and commitments and extensions or renewals thereof, this Agreement shall continue in effect until the same shall have been fully paid with interest.

12. Additional Documents. The Bank and the Junior Lenders agree to execute and deliver, upon the request of the other, such documents and instruments (appropriate for filing, if requested) as may be reasonably necessary or appropriate to fully implement or to fully evidence the understandings and agreements contained in this Agreement.

13. Governing Law. The validity of this Agreement, its construction, interpretation and enforcement, and the rights of the Parties, shall be determined under, governed by and construed in accordance with the laws of the State of Michigan (other than its conflict of law provisions). The Bank and each of the Junior Lenders each waives any right it may have to assert the doctrine of *forum non conveniens* or to object to such venue, and hereby consents to any court-ordered relief entered in such courts.

14. Validity and Severability. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforced to the maximum extent of its validity or enforceability.

15. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, admissible into evidence, and all of which together shall be deemed to be a single instrument.

17. Effect of Bankruptcy. This Agreement shall be and remain enforceable notwithstanding any bankruptcy or other insolvency proceeding by or against the Borrower.

18. No Waiver; Integration; Amendments. No delay, failure or discontinuance of the Parties in exercising any right, power or remedy hereunder shall affect such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect the further exercise thereof or the exercise of any other right, power or remedy. The rights, powers, and remedies of the Bank and the Junior Lenders hereunder are cumulative and not exclusive. Any waiver, permit, consent, or approval of any kind by the Bank or the Junior Lenders of any breach of or default under this Agreement, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in such writing. This Agreement constitutes the entire understanding of the Parties as to the matters set forth in this Agreement. This Agreement may be amended or modified only in writing signed by the Parties.

19. Disclosure. Neither the Bank nor the Junior Lenders shall have any obligation to disclose to the others any information or material about Borrower which is acquired by it in any manner, even if the other party is unsuccessful in obtaining any such information or material from Borrower.

20. No Commitment to Lend by the Bank. It is understood and agreed that this Agreement shall in no way be construed as a commitment or agreement by the Bank to make financing available to the Borrower. The Bank may terminate any such financing at any time, in accordance with the terms and conditions of the Bank Loan Agreement.

21. No Commitment to Lend by Junior Lenders. It is understood and agreed that this Agreement shall in no way be construed as a commitment or agreement by the Junior Lenders to make financing available to the Borrower. The Junior Lenders may terminate any such financing at any time, in accordance with the terms and conditions of the MCRP Bridge Loan Agreement.

22. Prohibition Against Disposition or Encumbrance of Subordinated Indebtedness. The Junior Lenders shall not assign, subordinate, transfer, hypothecate or dispose of the Subordinated Indebtedness or any part thereof while any of the Senior Indebtedness remains unpaid, without the Bank's prior written consent.

23. Alteration of Terms of Senior Indebtedness. At any time and from time to time, either before or after any notice of revocation of this Agreement, the Bank may enter into such agreement or agreements with the Borrower as the Bank may deem proper extending the time of payment or renewing or otherwise altering the terms of all or any of the Senior Indebtedness, or affecting any security underlying any or all of such obligations, or may exchange, sell or surrender or otherwise deal with any such security, or may release any balance of funds of the Borrower on deposit with the Bank, (except for such MCRP Grant proceeds deposited with the Bank pursuant to the MCRP Bridge Loan Agreement), without notice to the Junior Lenders and without in any way impairing or affecting this Agreement.

24. Invalidity and Waivers. The invalidity of any provision of this Agreement shall not affect the validity of the remainder of any such provision or the remaining provisions of this Agreement. No waiver shall be deemed to be made by the Bank or a Junior Lender of any of its rights under this Agreement unless the same shall be in writing signed on behalf of the Bank or Junior Lender and each such waiver, if any, shall be a waiver only with respect to the specific

matter or matters to which the waiver relates and shall in no way impair the rights or obligations of the Bank or the Junior Lenders in any other respect at any time.

25. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be delivered or sent to the Parties at the following addresses:

If to Borrower:	Owosso Community Players PO Box 606 114 East Main Street Owosso, Michigan 48867 Attention: Executive Director
With copy to:	Warner Norcross & Judd LLP 900 Fifth Third Center 111 Lyon Street NW Grand Rapids, Michigan 49503-2487 Attention: Cameron S. DeLong
If to Bank:	Chemical Bank 100 E. Main Street Owosso, Michigan 48867-3133 Attention: Donald D. Levi
With copy to:	Varnum LLP 251 North Rose Street, 4th Floor Kalamazoo, MI 49007 Attention: William A. Dornbos
If to City:	City of Owosso 301 W. Main Street Owosso, Michigan 48867 Attn:
With copy to:	William C. Brown 114 E. Main Street Owosso, Michigan 48867
If to Magnet Fund:	Michigan Magnet Fund 13342 Sherwood Drive Huntington Woods, Michigan 48070 Attn: Albert Bogdan
With copy to:	Lewis & Munday, A Professional Corporation 2490 First National Building 660 Woodward Avenue Detroit, Michigan 48226 Attention: Charles A. Fiedler

or to such other addresses as may be designated by the Parties by notice to the other Parties hereto in the manner specified in this Section. All notices and other communications shall be deemed to have been given at the time of actual delivery thereof to such address, or, unless sooner delivered, if sent by certified or registered mail, postage prepaid, to such address, on the third day after the date of mailing, provided, however, that notices of a change in address shall not be effective until received.

26. Waiver of Jury Trial. The Bank and each of the Junior Lenders hereby waives the right to trial by jury in any action or proceeding based upon, arising out of, or in any way relating to this Agreement, as it may be amended from time to time, whether sounding in contract or tort or otherwise.

27. Permitted Payments on MCRP Bridge Loan. The Borrower shall be allowed to make scheduled payments of principal and interest (to include any prepayments of principal and any balloon payments due at maturity) on the MCRP Bridge Notes (as set forth in the MCRP Bridge Loan Agreement) at the interest rates and upon the terms provided in such MCRP Bridge Notes as in effect as of the date of this Agreement to the extent the source of such payments comes completely from MCRP Grant proceeds regardless of whether a default or event of default with respect to the Senior Indebtedness then exists or has occurred (a “**Default**”). Further, until such time as the Bank notifies the Borrower and the Junior Lenders of a Default (such notice a “**Default Notice**”), the Borrower may pay and Junior Lenders may receive any and all scheduled payments of interest and principal (but not including any prepayments of principal or any balloon payments due at maturity) on the MCRP Bridge Notes from sources other than MCRP Grant proceeds at the interest rates and upon the terms provided in such Bridge Notes as in effect as of the date of this Agreement. Upon the Bank giving a Default Notice to the Borrower and the Junior Lenders, the provisions of this Section 27 shall be void except as with regard to the MCRP Grant proceeds and all other provisions of this Agreement shall be in full force and effect.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

BANK:

CHEMICAL BANK

By: _____
Name: Donald D. Levi
Its: Vice President

MICHIGAN MAGNET FUND

By: _____
Name: Ted S. Rozeboom
Its: President

CITY OF OWOSSO

By: _____
Name: Benjamin R. Frederick
Its: Mayor

By: _____
Name: Amy K. Kirkland
Its: Clerk

**[SIGNATURE PAGE TO
INTERCREDITOR AND SUBORDINATION AGREEMENT]**

RESOLUTION AUTHORIZING THE PURCHASE OF 17 LOTS IN THE WOODLAND TRAILS
CONDOMINIUM PROJECT UPON THE SATISFACTION OF SPECIFIED REQUIREMENTS

WHEREAS, the Woodland Trails Condominium (“Woodland Trails”), a site condominium project, was established in March 2004 and work on the development of same commenced in 2004; and

WHEREAS, the Master Deed for Woodland Trails was recorded with the Shiawassee County Register of Deeds on March 26, 2004, Instrument No: 3119201; and

WHEREAS, the Master Deed provided for the establishment of the Association and the Association’s Bylaws (the Master Deed and the Association’s Bylaws are collectively referred to herein as the “Condominium Documents”); and

WHEREAS, all of the streets within Woodland Trails have been laid out and partially constructed as private streets; and

WHEREAS, due to certain financial conditions, the developer has been unable to complete the construction of the private streets within Woodland Trails; and

WHEREAS, the Association has asked the City to complete construction of the streets within Woodland Trails and to make said streets public streets; and

WHEREAS, the City is willing to complete the construction of the streets within Woodland Trails at the sole cost of the lot, or unit, owners within Woodland Trails and/or the Association, and is willing to assume jurisdiction over the same as public streets subject to specified terms and conditions; and

WHEREAS, the Association is the owner of certain sanitary sewer, storm sewer and water lines that run through Woodland Trails; and

WHEREAS, the Association desires to dedicate and transfer the ownership of said sanitary sewer system, storm water system and water system (“the Utility Systems”) to the City; and

WHEREAS, the City is willing to accept said dedication and take over the ownership and operation of the Utility Systems subject to specified terms and conditions.

NOW, THEREFORE, it is hereby agreed that the city manager, city attorney, mayor and city clerk are authorized to proceed with the acquisition of 17 lots by accepting a deed from the developer, Woodside West, LLC, release of mortgage by The State Bank, and payment of an amount to not exceed \$50,000 in delinquent taxes and charges provided that:

1. the association by a 4/5 vote of the co-owners release the city as owner of the 17 lots from all responsibilities of developer or successor developer.
2. the association release the city from being an association member which would include voting rights, payment of association assessments and dues, and hold the city harmless

from any liabilities that may become the responsibility of the association. The Association shall also indemnify and hold the City harmless for all attorney fees and costs incurred in defending any action brought by any member of the Association or any lot or site owner within Woodland Trails in any other forum challenging this agreement, the Association's authority to enter into this agreement (including the damages it suffers as a result of any judicial finding that the Association had no authority to enter into this agreement), the special assessment, or any other action on the part of the City to fulfill the terms of this agreement.

3. the association agrees that special assessments may be levied against the property owners by the city for street and utility repairs and maintenance now or at some time in the future, any design and construction engineering expenses, legal or professional fees, mailing and publishing expenses.
4. the city intends to sell the lots with the proceeds going to cover the cost of obtaining the properties, paying taxes, and repairing and maintaining the streets and utilities.
5. The proceeds of the special assessment established as provided in paragraph 3, above, will be used by the City to finance the completion of the construction of the streets and utility repairs within Woodland Trails and to pay or reimburse the City for all costs incurred by the City in establishing the special assessment district, including, without limitation, any design and construction engineering expenses, legal or professional fees, mailing and publishing expenses.
6. The Association hereby conveys, grants and dedicates to the City the Utility Systems up to the point of their connection to the water and sewer leads at each unit in Woodland Trails and the City agrees to accept said grant of dedication and conveyance and to assume ownership and operation of the Utility Systems; provided, however, that if such dedication requires an amendment to the condominium master deed to be effective, the City shall be under no obligation to accept such dedication unless it is provided with evidence that such amendment has been completed. Otherwise, the dedication by the Association shall be accomplished in the manner required by law and shall be in a form approved by the City's legal counsel. The City's acceptance of the dedication by the Association shall be by city council resolution.
7. The Association shall assign to the City all easements it may have, if any, for the maintenance, repair and/or replacement of the Utility Systems or any component thereof and shall, as may be necessary, grant to the City easements for maintenance, repair and/or replacement of the Utility Systems. The easement shall have a width of ten (10) feet for the water lines and shall extend five (5) feet on either side of the center of said water lines. The easement shall have a width of twenty (20) feet for the sewer lines and shall extend ten (10) feet on either side of the center of said sewer lines. The Association shall also grant easements to the City to allow storm sewer and street surface runoff water to drain into and across any and all detention and/or retention ponds that may exist on Association property.

8. The Association shall dedicate and transfer to the City all other utility improvements it owns within the right of way of all of the streets within Woodland Trails, said improvements to include the street light poles and related equipment.
9. The city manager may refuse to proceed with the matters included in this authorization if the Association fails to agree to the terms contained in this resolution or if the transaction cannot be completed by March 18, 2013.

Donald D. Crawford

From: Mark Semans [mark@semans.org]
Sent: Friday, February 15, 2013 2:22 PM
To: Donald D. Crawford
Cc: Mike & Mary Vuckovich; Lyle & Tracy Pratt; Rebecca Frase; Mike Elliott; Ken & Patty Stevens; Bozena Bienias; Chris Christenson
Subject: Woodland Trails Condominiums
Importance: High

*Just received from
Association*

Don,

Items for your action and consideration:

- 1- Successor Developer: The Association is not going to buy the lots to become the developer.
- 2- Our attorney does not see how any vote of Association could or would change that.
- 3- The Association IS interested in making sure the condo project gets developed properly.
- 4- The Association IS interested in discussing assigning the Association Developer rights so we can review, approve, and monitor building plans (there is a unit going to be built on a purchased lot this spring/summer).
- 5- The Association IS interested in being the sales contact for future units. (someone has to do all this-would be glad to off-load this from the City)
- 6- The Association views this as a joint partnership with the City as will act as such (not a legal agreement, but in desired outcomes).
- 7- The Association wants to see a draft of the proposal for a comprehensive deal, so we can have our attorney review in a unhurried fashion.
- 8- The Association expects this deal to have three party approval: City, Woodside, and The Association.
- 9- The Association is proposing (as part of the deal with Woodside Builders):
 - a) Street ownership transfer to the City
 - b) Formal sewer approval be given
 - c) In consideration of items a & b above, no dues will be assessed against the lots the City owns
 - d) As a good faith gesture of partnership the Association will keep the lots the City owns mowed in good condition.

I want to stress that time is short and we want our attorney in the loop in this. He is copied on the email. Please have Bill work with him to draft an agreement.

Thanks.

--

Mark Semans
(989) 627-8252

cc: Association Board, Chris Christenson 810-232-1112



301 WEST MAIN STREET • OWOSSO, MICHIGAN 48867-2958

MEMORANDUM

TO: Mr. Donald Crawford
FROM: William C. Brown, City Attorney
DATE: February 4, 2013
RE: Woodland Trails

CONDOMINIUM ACT

559.103 "Administrator" means department of consumer and industry services.

559.104 "Condominium Unit" means that portion of project intended for separate ownerships and use.

559.106 Administrator can exempt ^{the}entitles from being considered a "developer".

559.151 Developer can terminate the project with 4/5 vote of co-owners.

559.184(a) Developer must give prospective purchaser list of warranties. (Get closing packet).

559.235 "Successor Developer" is one that gets the lesser of 10 units or 75% of the units. Must comply with the Act.

Successor Developer assumes all express written contractual warranty obligations for defects in workmanship and materials unless:

- there is an insurance policy for such defects;
- there is an escrow account.

559.275 Powers of administrator severely limited.

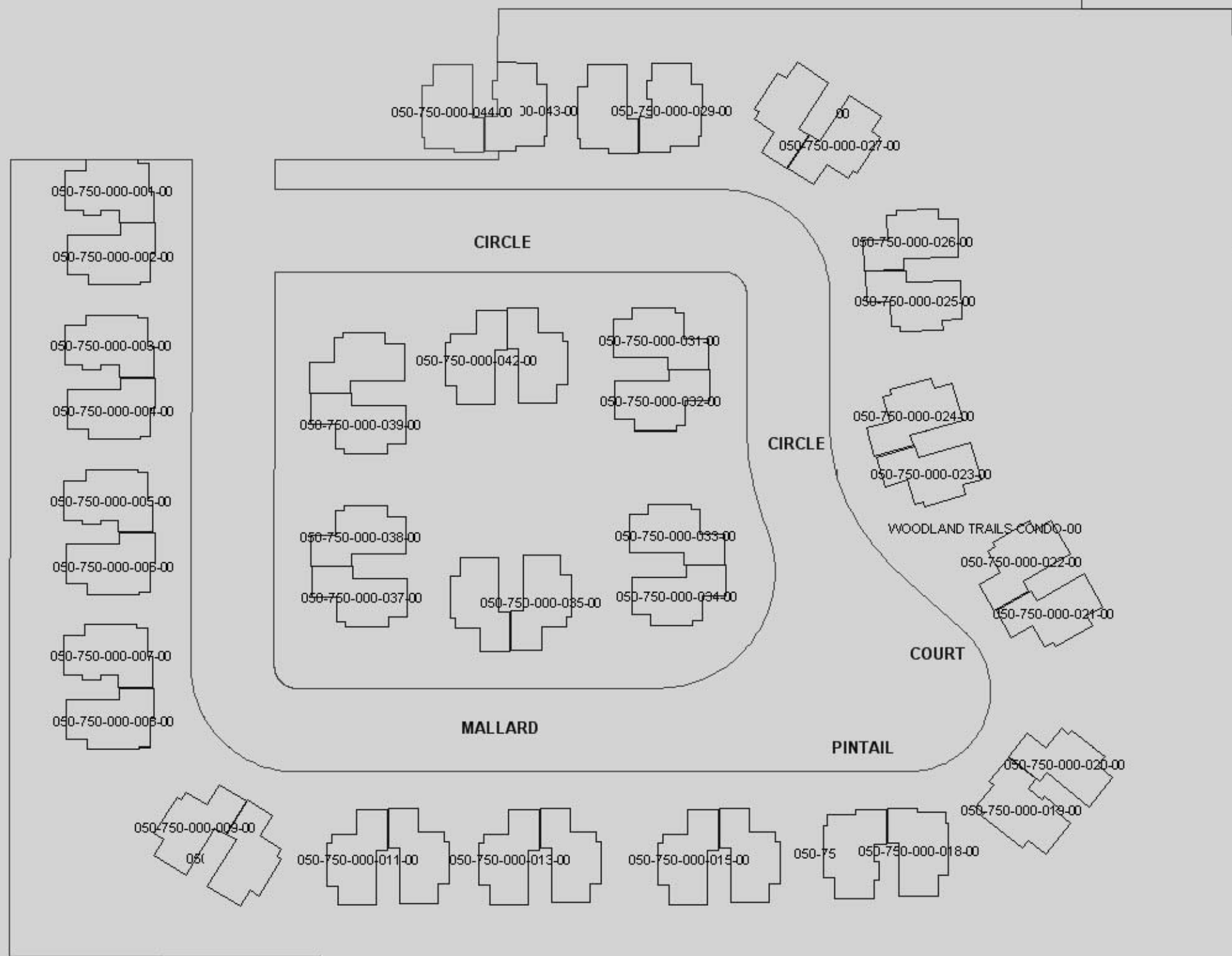
559.276 Statute of Limitations: 2 years after cause of action accrues.

MASTER DEED

- Made pursuant to Act 50 of the Public Acts of 1978, Condominium Act.
- Deed intended to bind Developer and assigns (3rd paragraph).
- Article III, Section 10, "Construction and Sales" period lasts as long as developer owns any unit.
- Article III, Section 12, "Developer" includes Woodside West LLC and its assigns.
- Article VII, Developer reserves the right to enlarge units, in Developer's sole discretion.
- Article VII, Section 4, Developer can amend Deed.
- Article VIII, Section 1, Developer has discretion to build recreational facilities. Can ask co-owners to pay. Developer has no obligation to build recreational facilities.

BYLAWS

- Article II, Section 7, Developer not responsible for monthly assessment. Developer will pay assessments for completed units.
- Article III calls for arbitration.
- Article VI Developer approves improvements and plantings.
- Developer has right to maintain an office.
- Article VIII, Section 2, Developer has one vote per unit. (Per Article V, Section 1 "Unit" is the land).
- Article XXI, Rights Reserved to Developer; all rights under law and documents. Assignable. Rights terminate at the conclusion of the Construction and Sales period.



**SPECIAL ASSESSMENT DISTRICT AGREEMENT
BETWEEN
THE CITY OF SWARTZ CREEK
AND
HERITAGE VILLAGE CONDOMINIUM ASSOCIATION**

This agreement is made this_____ day of June, 2011, by and between the City of Swartz Creek, a Michigan Municipal Corporation, with principal offices at 8083 Civic Drive, Swartz Creek, Michigan 48473 ("City") and Heritage Village Association of Swartz Creek, a Michigan Non-Profit Corporation, with principal offices at 5232 S. Morrish Rd., Swartz Creek, Michigan 48473 ("Association").

WHEREAS, the Heritage Village Condominium ("Heritage Village"), a site condominium project, was established in August 2002 and work on the development of same commenced in 2002; and

WHEREAS, the Master Deed for Heritage Village was recorded with the Genesee County Register of Deeds on October 9, 2002, Instrument No: 200210290121507; and

WHEREAS, the Master Deed provided for the establishment of the Association and the Association's Bylaws (the Master Deed and the Association's Bylaws are collectively referred to herein as the "Condominium Documents"); and

WHEREAS, all of the streets within Heritage Village have been laid out and partially constructed as private streets; and

WHEREAS, due to certain financial conditions, the developer has been unable to complete the construction of the private streets within Heritage Village; and

WHEREAS, the Association has asked the City to complete construction of the streets within Heritage Village and to make said streets public streets;

WHEREAS, the City is willing to complete the construction of the streets within Heritage Village at the sole cost of the lot, or unit, owners within Heritage Village and/or the Association, and is willing to assume jurisdiction over the same as public streets subject to the terms and conditions set forth in this agreement;

WHEREAS, the Association is the owner of certain sanitary sewer, storm sewer and water lines that run through Heritage Village; and

WHEREAS, the Association desires to dedicate and transfer the ownership of said sanitary sewer system, storm water system and water system ("the Utility Systems") to the City; and

WHEREAS, the City is willing to accept said dedication and take over the ownership and operation of the Utility Systems under the terms and conditions set forth in this agreement;

NOW, THEREFORE, it is hereby agreed between the City and the Association, acting through their duly authorized representatives, as follows:

1. Establishment of Special Assessment District.

As soon as practicable after execution of this agreement, the City shall take all necessary steps as required by law to establish a special assessment district consisting of all units, or sites, within Heritage Village, said units, or sites, being described in Exhibit "A" attached hereto and incorporated herein, for the purpose of completing the construction of the streets within Heritage Village. Such proceedings include obtaining cost estimates for the completion of construction of said streets, adopting resolutions to propose the creation of a special assessment district, conducting a public hearing thereon, adopting resolutions creating the special assessment district and creating a special assessment roll, conducting a public hearing on said special assessment roll and adopting a final resolution confirming the special assessment roll.

2. Petition in Opposition.

If the City is presented with a petition at or before the first public hearing in the special assessment process signed by the owners of record of more than 20% of the units, or sites within Heritage Village, the City shall have no duty to proceed with the special assessment process unless it subsequently receives a petition signed by the owners of record of no less than 50% of the front footage of the units, or sites, within Heritage Village. Such petition shall conform to and comply with the requirements of Chapter 14 of the Swartz Creek City Code.

3. Execution of Construction Contract; Termination of Agreement.

Upon confirmation of the special assessment roll, the City will execute the appropriate contracts for the completion of the construction of said streets and will cause said construction to be completed as soon as practicable; provided, however, that the Association may terminate this agreement if, after determining the cost of construction of the streets, it decides it does not want the City to proceed with the project, in which event it shall reimburse the City for all costs incurred by the City up to that point in time in proceeding to establish the special assessment district, including any legal and professional fees incurred by the City therein.

4. Dedication and Acceptance of Streets.

Upon completion of the construction of all of the streets, the Association will dedicate same to the public and the City will accept said dedication, thereby making said streets, right of ways, sanitary sewers, storm sewers, water lines and public streets part of the City's public street system, a copy of such utility systems attached hereto as "Exhibit B"; provided, however, that if such dedication requires an amendment to the condominium master deed, the City shall be under no obligation to accept such dedication unless it is provided with evidence that such amendment has been completed. Otherwise, the dedication by the Association shall be accomplished in the manner required by law and shall be in a form approved by the City's legal counsel. The City's acceptance of the dedication by the Association shall be by city council resolution.

5. Financing of Construction.

The proceeds of the special assessment established as provided in paragraph 1, above, will be used by the City to finance the completion of the construction of the streets within Heritage Village and to pay or reimburse the City for all costs incurred by the City in establishing the special assessment district, including, without limitation, any design and construction engineering expenses, legal or professional fees, mailing and publishing expenses.

6. Estimated Construction, Administrative & Total Special Assessment Cost.

Based on bids received, it is estimated that the total cost of completing repairs of said streets will be approximately One-Hundred Fifty-Eight Thousand Dollars (\$158,000). Estimated detail cost model is attached and listed as "Exhibit C". Said sum will be raised by a special assessment against every unit, or site, within the Heritage Village Condominium.

7. Previously Paved Streets.

There are two streets within Heritage Village which have previously been paved but the units, or sites, on said streets are nevertheless included within the special assessment district as said units are benefitted by the pavement of the remaining streets in Heritage Village resulting in the completion of the condominium development and by the fact that said streets will be dedicated to the public and accepted by the City as public streets, along with the water, sanitary and storm sewer lines within said streets as well as the street lighting and other public improvements within the street rights of way.

8. Association responsibility for Delinquent Assessments.

If, after completion of the statutory collection process for unpaid taxes and special assessments, there still remains any unpaid special assessment for any lot or site within the special assessment district, the Association shall be responsible to the City, within a reasonable amount of time, for any such special assessments which are delinquent, unpaid and uncollectable for any unit, or site, within Heritage Village, including any tax reverted lots or sites, and shall, if necessary, exercise the assessment authority it has pursuant to the Condominium Documents to specially assess its members to raise the funds necessary to pay for said delinquent assessments

9. Street Construction Standards.

The streets shall be constructed in accordance with the road construction standards of the City, and the City will be obligated to accept the public dedication of such streets only if it is determined that they in fact meet those standards. The City will impose this requirement upon the contractor in the construction contract for the streets.

10. Protest to Tax Tribunal; Indemnification.

If the owner of any lot, or site, within Heritage Village should protest the necessity for such special assessment or the amount thereof to the Michigan Tax Tribunal, and such protest is upheld by the Michigan Tax Tribunal, then the Association will further indemnify the City for

the loss of any such special assessment; and, if necessary, the Association will exercise the assessment authority it has pursuant to the Condominium Documents in order to raise the funds necessary to do so.

The Association shall indemnify and hold the City harmless for the cost of defending any appeal to the Michigan Tax Tribunal of any special assessment for said streets within Heritage Village, and will reimburse the City for any costs and attorneys fees incurred by the City in defending same.

11. Action Brought in Another Forum; Indemnification.

The Association shall also indemnify and hold the City harmless for all attorneys fees and costs incurred in defending any action brought by any member of the Association or any lot or site owner within Heritage Village in any other forum challenging this agreement, the Association's authority to enter into this agreement (including the damages it suffers as a result of any judicial finding that the Association had no authority to enter into this agreement), the special assessment, or any other action on the part of the City to fulfill the terms of this agreement.

12. Composition of the Utility Systems.

The Utility Systems consist of that sanitary sewer system, storm water system and water system currently existing in Heritage Village (excluding sewer leads to individual units and water leads after shut-off valves up to individual units) as more particularly described and depicted in Exhibit "B" hereto, including any easements for maintenance, repair and/or replacement of same.

13. Conveyance, Dedication and Acceptance of the Utility Systems.

The Association hereby conveys, grants and dedicates to the City the Utility Systems up to the point of their connection to the water and sewer leads at each unit in Heritage Village as depicted on Exhibit "B"; and the City agrees to accept said grant of dedication and conveyance and to assume ownership and operation of the Utility Systems as described in Exhibit "A;" provided, however, that if such dedication requires an amendment to the condominium master deed to be effective, the City shall be under no obligation to accept such dedication unless it is provided with evidence that such amendment has been completed. Otherwise, the dedication by the Association shall be accomplished in the manner required by law and shall be in a form approved by the City's legal counsel. The City's acceptance of the dedication by the Association shall be by city council resolution.

14. Repair and Maintenance Easement.

The Association shall assign to the City and easements it may have, if any, for the maintenance, repair and/or replacement of the Utility Systems or any component thereof and shall, as may be necessary, grant to the City easements for maintenance, repair and/or replacement of the Utility Systems. The easement shall have a width of ten (10) feet for the water lines and shall extend five (5) feet on either side of the center of said water lines. The easement shall have a width of twenty (20) feet for the sewer lines and shall extend ten (10) feet on either side of the center of said sewer lines. The Association shall also grant

easements to the City to allow storm sewer and street surface runoff water to drain into and across any and all detention and/or retention ponds that may exist on Association property.

15. Other Street Right of Way Improvements.

The Association shall dedicate and transfer to the City all other utility improvements it owns within the right of way of all of the streets within Heritage Village, said improvements to include the street light poles and related equipment.

16. Notices.

Whenever it is necessary or required by law or by this agreement that notice be given by one party to this agreement to the other party, unless otherwise specifically authorized in writing, such notice shall be personally delivered or sent by first class mail, postage prepaid, to the following:

To the City:

Mr. Paul Bueche,
City Manager
City of Swartz Creek
8083 Civic Drive
Swartz Creek, MI 48473

With a copy to:

Richard J. Figura, Esq.
SIMEN, FIGURA & PARKER, P.L.C.
5206 Gateway Centre
Flint, MI 48507

To the Association:

Heritage Village Condominium Association of Swartz Creek

With a copy to:

17. Resident agent and officers of the Association.

The Association shall advise the City annually by January 15th, of the names and addresses of its resident agent and its officers.

18 Entire Agreement.

This agreement constitutes the entire agreement between the parties and shall be deemed to supersede and cancel any other agreements between them relating to the transactions herein contemplated. None of the prior and contemporaneous negotiations, preliminary drafts, or prior versions of this contract leading up to its execution and not set forth herein shall be used by any of the parties to construe or affect the validity of this contract.

19. Amendments.

This agreement may be amended or modified only by a document in writing executed by both the City and the Association.

20. Assignment.

Any assignment of this agreement by either party to another person or entity shall not be effective against the other party unless such other party approves such assignment in writing.

21. Applicable Law.

This Agreement shall be governed by, interpreted, construed, and enforced pursuant to and in accordance with the laws of the State of Michigan.

22. Severability.

If any provision of this Agreement is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of this Agreement which shall remain in full force and effect and enforceable in accordance with its terms.

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CITY OF SWARTZ CREEK

Richard B. Abrams, Mayor

Juanita Aguilar, City Clerk

**HERITAGE VILLAGE CONDOMINIUM
ASSOCIATION OF SWARTZ CREEK**

_____, President

_____, Secretary

To: Owosso City Council
 From: Charles Rau, Building Official
 Date: 02/04/2013
 Subject: Building Department Report for January, 2013

Category	Estimated Cost	Permit Fee	Number of Permits
Apartments - Add & Alt	\$202,000	\$1,545.00	1
Consultation	\$0	\$40.00	1
Electrical	\$0	\$1,130.00	9
Garage, attached	\$13,000	\$144.00	1
Mechanical	\$0	\$1,432.00	11
Non-Res. Add/Alter/Repair	\$2,212,000	\$17,401.00	3
Plumbing	\$0	\$798.00	8
Res. Add/Alter/Repair	\$83,247	\$1,795.00	17
Sign	\$0	\$70.00	2
Totals	\$2,510,247	\$24,355.00	53

2012 COMPARISON TOTALS

		BUILDING PERMITS ONLY	-	21
JANUARY, 2012 TOTALS	\$403,613	\$7,622.50		53

The Non-Residential category has one building permit for the Lebowsky Theater.

MMS
 02/04/2013

Enforcements By Category

02/06/13

1 / 4

JANUARY, 2013

AUTO REP/JUNK VEH

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0010	705 W STEWART ST	LETTER SENT	Resolved	01/03/13	01/11/13	N
ENF 13-0011	1221 W SOUTH ST	REF TO POLICE	REF TO POLICE	01/03/13		Y
ENF 13-0024	409 N SAGINAW ST	COMPLIED	Resolved	01/07/13	01/24/13	Y
ENF 13-0031	647 N WATER ST	REF TO POLICE	Resolved	01/10/13	02/02/13	Y
ENF 13-0050	413 N SAGINAW ST	REF TO POLICE	Resolved	01/09/13	02/01/13	Y
ENF 13-0061	413 N SAGINAW ST	LETTER SENT	Resolved	01/29/13	01/30/13	Y

Total Entries: 6

BUILDING VIOL

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0007	718 ABREY AV	VN SENT	Resolved	01/02/13	01/10/13	Y
ENF 13-0008	427 CORUNNA AV	REF TO RAU	Resolved	01/02/13	01/03/13	Y
ENF 13-0017	420 S CEDAR ST	NO CHANGE	Extension Granted	01/04/13		N
ENF 13-0018	218 S OAK ST	REF TO MERLE	Resolved	01/07/13	01/23/13	Y
ENF 13-0019	1019 FLETCHER ST	NO VIOLATION	No Violation	01/07/13	01/08/13	N
ENF 13-0021	311 DIMMICK ST	LETTER SENT	Letter Sent	01/08/13		VAC
ENF 13-0022	601 GLENWOOD AV	SET INSPECTION	Resolved	01/08/13	01/11/13	N
ENF 13-0026	1301 HERMAN ST	REF TO RAU	No Violation	01/10/13	01/14/13	Y
ENF 13-0035	838 BROADWAY AV	NO VIOLATION	No Violation	01/11/13	01/11/13	N
ENF 13-0036	824 E MAIN ST	VN SENT	Resolved	01/11/13	01/18/13	VAC
ENF 13-0037	514 N DEWEY ST	INSPECTION	Resolved	01/11/13	01/15/13	Y
ENF 13-0039	123 W EXCHANGE ST	MEMO TO FIRE DEPT.	REF TO RAU	01/11/13		COMM
ENF 13-0041	653 N PARK ST	PERMIT ISSUED	Resolved	01/11/13	01/16/13	Y
ENF 13-0042	701 N PARK ST	REF TO RAU	Resolved	01/11/13	01/28/13	N
ENF 13-0044	1208 DEVONSHIRE CT	REF TO RAU	REF TO RAU	01/15/13		N
ENF 13-0052	804 GRAND AV	REF TO RAU	REF TO RAU	01/21/13		N

Enforcements By Category

02/06/13

2 / 4

JANUARY, 2013

ENF 13-0054	409 E COMSTOCK ST	LETTER SENT	Letter Sent	01/23/13		N
ENF 13-0055	229 S CEDAR ST	REF TO RAU	REF TO RAU	01/23/13		VAC COMM
ENF 13-0059	1119 S SHIAWASSEE ST	VN SENT	Letter Sent	01/28/13		N
ENF 13-0062	301 CORUNNA AV	CLOSE PER RAU	Resolved	01/31/13	02/01/13	Y
ENF 13-0063	513 FLETCHER ST	REF TO BURK	Resolved	01/31/13	01/31/13	Y

Total Entries: 21

FRONT YARD PARKING

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0043	1108 DINGWALL DR	NO VIOLATION	No Violation	01/14/13	01/19/13	N

Total Entries: 1

GARBAGE & DEBRIS

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0003	615 CLINTON ST	REF TO POLICE	Resolved	01/02/13	01/03/13	Y
ENF 13-0004	651 GLENWOOD AV	CLEANED UP	Resolved	01/02/13	01/23/13	VAC
ENF 13-0023	501 E COMSTOCK ST	COMPLIED	Resolved	01/09/13	01/24/13	Y
ENF 13-0025	401 E KING ST	REF TO POLICE	Resolved	01/09/13	02/01/13	Y
ENF 13-0027	1004 PEARCE ST	REF TO POLICE	Resolved	01/09/13	02/03/13	VAC
ENF 13-0028	727 W MAIN ST	REF TO POLICE	REF TO POLICE	01/10/13		Y
ENF 13-0029	610 WOODLAWN AV	COMPLIED	Resolved	01/10/13	01/28/13	N
ENF 13-0030	612 WOODLAWN AV	RESOLVED	Resolved	01/10/13	01/28/13	N
ENF 13-0032	744 WOODLAWN AV	REF TO POLICE	REF TO POLICE	01/10/13		N
ENF 13-0033	749 WOODLAWN AV	REF TO POLICE	REF TO POLICE	01/10/13		N
ENF 13-0047	540 E MASON ST	REF TO POLICE	Resolved	01/16/13	02/01/13	Y
ENF 13-0048	1121 S SHIAWASSEE ST	REF TO POLICE	Resolved	01/13/13	02/01/13	N
ENF 13-0051	1419 CLEVELAND ST	REF TO POLICE	Resolved	01/11/13	02/01/13	N
ENF 13-0053	432 E MASON ST	REF TO POLICE	REF TO POLICE	01/19/13		Y

Enforcements By Category

02/06/13

3 / 4

JANUARY, 2013

ENF 13-0058	520 ADAMS ST	RESOLVED	Resolved	01/25/13	01/25/13	Y
ENF 13-0060	912 W MAIN ST	LETTER SENT	Letter Sent	01/29/13		VL

Total Entries: 16

MULTIPLE VIOLATIONS

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0014	621 WOODLAWN AV	REF TO RAU	Resolved	01/03/13	01/31/13	REPO
ENF 13-0015	652 N PARK ST	COMPLIED	Resolved	01/04/13	01/29/13	Y
ENF 13-0016	313 MICHIGAN AV	REF TO POLICE	Resolved	01/04/13	01/26/13	Y
ENF 13-0034	621 N SAGINAW ST	REF TO POLICE	REF TO POLICE	01/10/13		N

Total Entries: 4

RENTAL UNIT VIOL

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0038	1221 W MAIN ST	CLOSED	Resolved	01/11/13	01/31/13	Y

Total Entries: 1

SIGN VIOL

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0009	224 N BALL ST	PERMIT ISSUED	Resolved	01/03/13	01/10/13	COMM

Total Entries: 1

ZONING

Enforcement Number	Address	Previous Status	Status	Filed	Closed	Rental
ENF 13-0006	514 S PARK ST	CLOSED	Resolved	01/02/13	01/16/13	N
ENF 13-0056	107 S HICKORY ST	NO VIOLATION	No Violation	01/23/13	01/25/13	Y
ENF 13-0057	1161 JACKSON DR	OWNER CALLED	REF TO RAU	01/25/13		VAC

Total Entries: 3

Enforcements By Category

02/06/13

4 / 4

JANUARY, 2013

Total Records: 53

Total Pages: 4

RENTAL COLUMN DEFINITIONS

Y - Yes, it's a rental

N - No, it's not a rental - owner occupied

APTS - Apartment Building

COMM - Commercial

REPO - Repossession

TRAIL - Trailer Park

VAC - Vacant House

VL - Vacant Lot



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: February 8, 2013

TO: City Council

FROM: Michael Compeau
Director of Public Safety

RE: January Police Report

Attached are the statistics for the police department for January 2013. This report includes activity for the month of January and year to date statistics. Also attached is a list of field contacts. Field contacts are incidents that the police are dispatched to that require no further follow up than the police officers initial response.

There was no burning complaint in January.



Case Assignment/Clearance Report For January, 2013

Month, Year: 01, 2013

Offenses	Current Month		Year-To-Date		Percent Cleared
	Assigned	Cleared	Assigned	Cleared	
PART I OFFENSES					
ROBBERY	0	2	0	2	0 %
AGGRAVATED ASSAULT	2	2	2	2	100 %
BURGLARY	4	3	4	3	75 %
LARCENY	17	12	17	12	70 %
MOTOR VEHICLE THEFT	0	0	0	0	0 %
SIMPLE ASSAULT	5	4	5	4	80 %
ARSON	0	0	0	0	0 %
FORGERY & UTTERING	0	0	0	0	0 %
COUNTERFEITING	0	0	0	0	0 %
FRAUD	6	1	6	1	16 %
EMBEZZLEMENT	0	0	0	0	0 %
WEAPON CRIMES- CARRY, POSS,	1	0	1	0	0 %
PROSTITUTION	0	0	0	0	0 %
SEX OFFENSES 1/ UNDER AGE -	0	0	0	0	0 %
NARCOTICS VOLIATIONS	8	8	8	8	100 %
GAMBLING VIOLATIONS	0	0	0	0	0 %
VANDALISM-DAMAGE-DESTRUCTIO	0	0	0	0	0 %
HOMICIDE 1	0	0	0	0	0 %
HOMICIDE	0	0	0	0	0 %
RAPE / NON - FAMILY	0	0	0	0	0 %
SEX OFFENSES 2	0	0	0	0	0 %
PARENTAL KIDDNAP	0	0	0	0	0 %
KIDNAPPING	0	0	0	0	0 %
BURGLARY RESIDENTIAL	3	1	3	1	33 %
BURGLARY COMMERCIAL	1	0	1	0	0 %
RESISTING/OBSTRUCTING	1	1	1	1	100 %
PART I OFFENSES	48	34	48	34	70 %
PART II OFFENSES					
PAROLE/PROBATION VIOLATION	0	0	0	0	0 %
NATURAL DEATH	3	1	3	1	33 %
RETAIL FRAUD	1	1	1	1	100 %
RUNAWAY	0	0	0	0	0 %
VIOLATION PPO/ COURT ORDER	0	0	0	0	0 %

Offenses	Current Month		Year-To-Date		Percent Cleared
	Assigned	Cleared	Assigned	Cleared	
FAMILY NONSUPPORT	0	0	0	0	0 %
SUSPICIOUS DEATH	0	0	0	0	0 %
TRAFFIC OFFENSES OTHER	6	3	6	3	50 %
CRIMINAL CASE OTHER	0	0	0	0	0 %
WARRANT ARREST	15	15	15	15	100 %
SUSPICIOUS CIRCUMSTANCES	4	4	4	4	100 %
WARRANT ADVISED	0	0	0	0	0 %
MENTAL ORDER-ECO / TDO	4	3	4	3	75 %
DOMESTIC ASSAULT/SITUATION	20	13	20	13	65 %
ILLEGAL DUMPING	0	0	0	0	0 %
FOUND PROPERTY	5	4	5	4	80 %
RECOVERED PROPERTY	0	0	0	0	0 %
ANNOYING PHONE CALLS	0	0	0	0	0 %
TRESPASSING	1	1	1	1	100 %
DOA	0	0	0	0	0 %
ANIMAL COMPLAINTS	0	0	0	0	0 %
MISSING PERSON	2	2	2	2	100 %
WARRANT OBTAINED	0	0	0	0	0 %
PROPERTY-LOST	0	0	0	0	0 %
SAFEKEEPING OF WEAPON	0	0	0	0	0 %
SUICIDE AND ATTEMPTED SUICIDES	0	0	0	0	0 %
TRAFFIC - HIT & RUN	1	0	1	0	0 %
FIRES - NOT ARSON	1	1	1	1	100 %
LOST PROPERTY	1	1	1	1	100 %
NON-CRIMINAL CASE	7	5	7	5	71 %
CRIMES AGAINST FAMILY &	0	0	0	0	0 %
DRIVING WHILE IMPAIRED	4	4	4	4	100 %
LIQUOR LAW VIOLATIONS	1	0	1	0	0 %
DISORDERLY CONDUCT	2	2	2	2	100 %
OTHER CRIMES	10	6	10	6	60 %
IMPOUND / TOW FOLLOW-UP	3	1	3	1	33 %
FALSE ALARM	1	1	1	1	100 %
MOTOR VEHICLE CRASH	47	37	47	37	78 %
THREATS	0	0	0	0	0 %
PROPERTY CRIMES, POSS, SALE,	0	0	0	0	0 %
DAMAGE TO PROPERTY	9	6	9	6	66 %
PART II OFFENSES	148	111	148	111	75 %
Grand Totals:	196	145	196	145	73 %

Field Contact By Reason Summary Report

January 2013

Reason for Contact	Count
911 Hang Up	16
False Alarm Commercial	10
False Alarm Residential	3
All Other Service Reports	20
Animal Complaints Other	18
Assist Ambulance	4
Assist To Other Dept	10
Attempt To Locate	17
Barking Dog	2
Burning Ordinance	1
Civil Dispute	11
Code Enforcement - Owosso	5
Deliver Emergency Message	1
Disturbance	6
Failed To Pay	1
Fight / No Assault	1
Fireworks	1
Found Property	3
Gun Permit/register	53
Harrassment	5
Investigate Vehicle	1
Lobby Walk-in	1
Loud Music	2
Loud Party	1
Damage To Property	1
Motorist Assist	3
Open Door	8
Ordinance Violation	3
Parking Problem	61
Pawn Ticket	180
Peace Officer	16
Reckless Driver	4
Road Hazard	5

Reason for Contact	Count
Suspicious Person	19
Suspicious Situation	42
Suspicious Vehicle	14
Trouble With Kids	17
Trouble With Neighbor	11
Trouble With Subject	57
Trespassing	1
Phone Harassment	4
Unwanted Subject	10
Vacation Check On Home	1
Welfare Check	20
Wire Down	4
Work Traffic	116



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MEMORANDUM

DATE: February 7, 2013

TO: City Council

FROM: Michael Compeau
Director of Public Safety

RE: January Fire Report

During the month of January the Fire Department responded to 214 Ambulances calls.

- 151 were city residents.
 - 13 in town transfers to other facilities or homes
 - 27 out of town transfers
 - 111 to local hospitals
- 32 were non-residents.
 - 3 out of town transfers
 - 29 to local hospitals
- 31 required no transport.

During the month of January the Fire Department responded to 20 fire calls.

- 4 auto accident
- 14 false alarms/ good intent calls (resident smelled smoke called but nothing found)
- 1 carbon dioxide
- 1 fire

During the month of January the Fire Department completed the following:

- Thirty-Eight rental inspections
- Thirty rental re-inspections
- Fifteen blight reports submitted by the fire department