

From: [Mark Bell](#)
To: [Tim Dempsey](#)
Cc: [Thomas Fehrenbach](#); [Steve Willobee](#); [James Litwin](#)
Subject: RE: ground lease
Date: Tuesday, July 2, 2019 3:34:15 PM
Attachments: [image001.png](#)

Tim,

Thank you.

In regard to the rent commencement of the Ground Lease, there are a couple of items to point out please.

First, it is triggered by the "Certificate of Occupancy", not a "Temporary Certificate of Occupancy (TCO)". Right now we have a TCO that only allows for (1) Level 1 of the garage to be occupied, and (2) it can only be occupied by Target employees. With 80% of the garage not being able to be occupied, and, the limited portion that can be occupied is by a very limited group (Target employees), we are obviously not at a point of "Certificate of Occupancy".

Second, for the first year following the Certificate of Occupancy, the Ground Lease is calculated on a pro-rata basis based on the leasing of B1. I have attached a screenshot of the MDA stipulating these provisions.

Therefore, we do not agree that payments are due July 1, 2019.

If you have any questions, or if you think a meeting is needed, please let us know. My wife is being induced next week with baby #3, so I may not be able to make a meeting in person, but I'm sure Steve and James can attend.

If we don't talk before the 4th of July, please have a safe and enjoyable Holiday Weekend with your family.

Thanks Tim.

As further described in the Master Ground Lease, the Developer shall pay the City \$200,000 annually as rent under the Master Ground Lease, with an annual rental adjustment not to exceed the lesser of 1.5% or the change in CPI. The \$200,000

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annual rent shall commence following the issuance of the Certificate of Occupancy for Building B2, and for that first year thereafter shall be a pro-rata payment of the \$200,000 annual rent based on the percentage of Building B1 that is leased. Starting one year after the issuance of the Certificate of Occupancy for Building B2, 100% of the annual rent will become payable annually, regardless of the percentage of Building B1 that is leased.

From: Tim Dempsey <tdempse@cityofeastlansing.com>
Sent: Friday, June 28, 2019 3:32 PM
To: Mark Bell <mark@harbor-bay.com>
Cc: Thomas Fehrenbach <tfehren@cityofeastlansing.com>
Subject: ground lease

Mark,

The Ground Lease payments are triggered by a certificate of occupancy for the parking garage. As you may know, that has been issued for access by Target employees. Per the ground lease, payments are due July 1.

Please let me know if you have any questions or want to discuss.

Thanks,

Tim