

From: Mark Bell <mark@harbor-bay.com>
To: Tim Dempsey <tdempse@cityofeastlansing.com>
Date: 10/20/2017 12:12 PM
Subject: RE: Connecting Today

4pm EST is good. Let's plan for that. I'll call you on your office phone if that works. Couple of ancillary notes:

1. Jarrod Smith may have already, or if not, should be contacting Tom Yeadon on a final remaining question Tom had on the Builder's Risk Coverage. I am hoping that Jarrod's answer puts this topic to rest.

1. Jim Kiefer will be sending over the complete performance bond from Chubb, in an amount 125% of the GMP for the public infrastructure and parking garage. The math is: \$23,969,845 X 125% = \$29,962,306

1. I would be remiss if I didn't ask you, on a personal note, to put "perspective" on the changes sent over yesterday, most notably the performance bond topic. To summarize, the developer has: (1) been in business since 1856, (2) never defaulted on a loan/development, (3) compromised with the city and agreed to go through a rigorous third party review, which the end conclusion resulted in the support and validation of this development and the developer, (4) we agreed and have provided a proof of funding letter, (5) are purchasing the bonds via an affiliated accredited investor in an effort to make this deal work, resulting in more "skin in the game", (6) have provided language on the bond indenture to make the city a co-beneficiary, (7) have now offered a letter of credit or similar mechanism for "demolition and restoration". The accumulation of the aforementioned points result in a solid deal for developer and city and epitomizes a good private/public partnership, in my humble opinion. We are electing to invest an immense amount of money in the East Lansing community, in order to develop a dynamic, transformational development that will have profound economic dividends for the city and region.

We cannot offer a performance bond for developer default, as no such performance bond exists. We cannot offer a letter of credit for \$25M, as this makes the deal un-financeable. We cannot go to Lloyd's of London and get a specialty insurance contract, as we're out of time and this puts an undue burden on the project. I do not think that any of these options are necessary, given items 1-7 above, but the city certainly is entitled to its opinion.

One thing is certain -- we are out of time on this development, and we must accordingly each make our own decision, developer and city, on whether to come together or alternatively walk away.

Thank you Tim.

Regards,

Mark J. Bell
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From: Tim Dempsey [mailto:tdempse@cityofeastlansing.com]
Sent: Friday, October 20, 2017 9:51 AM
To: Mark Bell <mark@harbor-bay.com>
Subject: Re: Connecting Today

Mark,

Yes, I can call you around 4 p.m. EST. We are meeting internally on the Dykema info provided yesterday at 3 p.m.

Unless you have any new information that would be useful ahead of time, then we can chat earlier.

Tim

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>>> Mark Bell <mark@harbor-bay.com<mailto:mark@harbor-bay.com>> 10/20/2017 10:36 AM
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Tim,

Is there a good time to connect today ahead of the weekend?

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