



Morningside Equities Group, Inc.  
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October 18, 2013

Mr. James H. Chaconas  
Vice President  
Colliers International  
400 East Washington Street  
Ann Arbor, MI 48104  
VIA E-MAIL: [jim.chaconas@colliers.com](mailto:jim.chaconas@colliers.com)

**Re: 350 South 5<sup>th</sup> Avenue, Ann Arbor, MI 48104**

Dear Jim:

Thank you for the invitation to submit this letter of intent for acquisition of the above-referenced property. Utilizing the information that you provided, we prepared a mixed-use development concept that maximizes the property's value. Our concept does not include student housing.

Morningside's experience in Ann Arbor dates back to 2003, when we developed the highly successful Liberty Lofts project, which combines 68 residences with 19,000-sf of commercial space which is leased to the University of Michigan. Over the years, Morningside has forged positive relationships with Ann Arbor staff, elected officials, and stakeholders.

Based in Chicago with a Michigan regional office in Ann Arbor, Morningside specializes in the creation of mixed-use and multi-family developments throughout the Midwest and has developed over \$700 million of residential and commercial real estate for affiliated entities. The common threads of these projects include midrise/mixed-use buildings, urban infill locations, technically complex entitlements, and public/private partnerships. Construction is nearing completion of our latest development, a 306-unit multifamily building in downtown Wheaton, Illinois. In the months ahead, we will break ground on a \$120 million mixed-use development in Northbrook, Illinois. You can learn more about Morningside and view our entire portfolio of completed projects at [MorningsideUSA.com](http://MorningsideUSA.com).

Morningside Equities Group, Inc. or its affiliated assignee ("Purchaser") is prepared to acquire the Property (as defined below) from the City of Ann Arbor ("Seller"), under the following terms and conditions:

- Property:** An approximately 0.8-acre site identified on the plat map as PIN 09-09-29-404-001, on an as-is where-is basis with all faults ("Property"). All portions of the property will be vacant and not subject to any lease at the time of closing.
- Purchase Price:** Four million two hundred thousand (\$4,200,000) dollars to be paid in cash at closing (plus or minus prorations), and the Property will be free and of all liens and encumbrances except permitted exceptions as described in the Contract.
- Earnest Money:** An earnest money deposit of one hundred and five thousand (\$105,000) dollars will be deposited in escrow upon mutual execution of the Contract ("Earnest Money"). If the Purchaser elects to proceed following the Investigation Period (as defined below), an additional one hundred and five thousand (\$105,000) dollars will be deposited in escrow.
- Investigation Period:** Purchaser will have sixty (60) days from delivery of all documents required under the Contract, to conduct a due diligence investigation ("Investigation Period"). The investigation will include examination of leases, title, survey, property records, engineering and environmental studies, etc. Seller agrees to cooperate with Purchaser and its agents and provide reasonable access to the Property and all relevant documents necessary to complete this investigation. During the Investigation Period, Purchaser may elect, at its sole discretion, not to proceed with the purchase of the Property, in which event the Earnest Money deposit will be returned to Purchaser.
- Municipal Approval:** Immediately following the Investigation Period, the Purchaser will commence and thereafter diligently pursue the necessary zoning approvals for Purchaser's proposed development plan. Purchaser may terminate the Contract and receive remittance of its Earnest Money if, for any reason, Purchaser has not obtained all necessary zoning permits and municipal approvals to Purchaser's satisfaction (excluding building permits and the like) on or before one hundred eighty (180) days following the Investigation Period ("Municipal Approval Period"). Seller agrees to fully cooperate with Purchaser, as Purchaser shall reasonably require, during the Municipal Approval process. Seller may unilaterally terminate the Contract, if at any time, Purchaser is not diligently pursuing the necessary municipal approvals.


- Closing:** Closing will occur thirty (30) days following the end of the Municipal Approval Period ("Closing"), at which time Seller will deliver to Purchaser a general warranty deed conveying title to the Property free and clear of all mortgages and liens and also an assignment of Seller's interest in any and all leases, agreements, architectural and engineering plans, studies, surveys, service contracts, governmental approvals, personal property, and other similar items relative to the Property. Seller will provide an extended coverage title insurance policy with zoning 3.1, survey, access, creditor's rights, utilities, owner's comprehensive, PIN, contiguity, and other endorsements as Purchaser shall reasonably require. Seller shall provide an ALTA improvement survey (certified to Purchaser, title company, and lender(s)) and pay for deed transfer, transfer taxes, and one-half (1/2) of any escrow fees. Real estate taxes and other standard prorations will be apportioned to Closing on an accrual basis.
- Broker:** Purchaser and Seller acknowledge that Colliers International is the sole broker utilized in this transaction ("Broker"). All costs associated with Broker, including commissions and fees, are to be paid solely by the Seller. Seller agrees to indemnify Purchaser from any claim made by the Broker.
- No Shop:** Seller hereby acknowledges that Purchaser will incur significant expenses in connection with negotiating the Contract and conducting Purchaser's due diligence review of the Property. In order to protect Purchaser from actual damage, Seller agrees that, while under contract, Seller shall terminate all negotiations with any other parties concerning the Property and shall not negotiate or enter into any contracts, leases or agreements to sell, lease, or otherwise convey possession of the Property, or any portion thereof or interest therein, to any other party. Further, while under contract, Seller shall not commit, agree to or acquiesce in any act which could, in any way, affect or impair Purchaser's intended use of the Property, including, but not limited to contracting for services that run with the land or property improvements.
- Purchase Agreement:** Seller shall deliver to Purchaser an agreement of purchase and sale ("Contract") within ten (10) days of acceptance of this letter containing customary representations, warranties, and covenants, among other items. In the event Purchaser and Seller have not fully executed the Contract within thirty (30) days thereafter, all provisions of this letter will be considered null and void.

Mr. Jim Chaconas  
October 4, 2013  
Page 4 of 4

Unless previously accepted and delivered to the offices of the Purchaser (whether by hard copy, e-mail, or fax), this offer expires on **Friday, October 25, 2013 at 5:00 p.m.** (EDT). Purchaser and Seller agree that this proposal constitutes a letter of intent only and not a binding agreement. Both parties agree to work diligently and in good faith towards execution of the Contract that will set forth the complete terms of this transaction.

We look forward to consummating a mutually beneficial transaction with the City of Ann Arbor.

Very truly yours,  
MORNINGSIDE EQUITIES GROUP, INC.



Ronald S. Mucha  
Senior Vice President

cc: David M. Strosberg, Morningside

**Accepted by:**  
CITY OF ANN ARBOR

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title