AGREEMENT

This AGREEMENT is entered into as of February 4, 2014, by and between Harbor Shores Community Redevelopment Inc., a Michigan nonprofit corporation ("Harbor Shores"), and the City of Benton Harbor, Michigan, a Michigan municipal corporation (the "City").

Recitals:

A. By deeds dated June 27, 2006, and January 30, 2007, the City conveyed the property described on Exhibit A hereto (the "Property") to Harbor Shores, or one of its affiliate entities (the "Conveyance"), believing that it could be developed as part of the Harbor Shores community transformation project. The purchase price for the Property paid by Harbor Shores was based upon the land being suitable for future development.

B. In reliance on the developability of the Property, and as part of Harbor Shores’ mission as a not-for-profit entity to help create new tax base in the community, Harbor Shores agreed to provide design services, seek to obtain a funding grant from the Michigan Department of Transportation, and provide local matching funds, all in support of the extension of Klock Road in the City east to Paw Paw Avenue from its present point of terminus at North Shore Drive. If extended, Klock Road would serve the Property as well as other land, including land owned by Modern Plastics Corporation ("Modern Plastics"), which at the time of the Conveyance was a working business employing people in the City. Harbor Shores’ commitment in respect of the extension of Klock Road was set forth in Section 2.03(b)(iv) of a lease between the parties dated July 25, 2008 (the "Lease"). A copy of that provision is attached hereto as Exhibit B.

C. It has been determined that the Property is not developable at any reasonable cost, because the Property was formerly used by the City as the site of a public dump.

D. Since the time of the Conveyance and the execution of the Lease, Modern Plastics has entered bankruptcy and has been dissolved. It no longer employs anyone in the vicinity of the Property, and the site of its former business operations is vacant, contaminated, and in disrepair.
E. Since the time of the Conveyance and the execution of the Lease, the City has suffered financial hardship, and its financial affairs have been placed in the hands of an emergency manager.

F. Because development prospects for the Property and other land in the vicinity of the Property are at best uncertain, there is no present need to extend Klock Road, but the City is in need of funds to support, among other things, its pension obligations and current operations.

G. Harbor Shores has agreed to waive any claim it might have in respect of the non-developability of the Property.

H. By a letter dated September 9, 2013 (the “Letter”), Harbor Shores invited the City to (i) evaluate the assumptions surrounding the Conveyance and the Lease and the facts and circumstances that exist today and (ii) consider whether an arrangement different than that contemplated by Section 2.03(b)(iv) of the Lease might be appropriate. A copy of the Letter is attached hereto as Exhibit C and incorporated herein by reference.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties have agreed as follows:

1. The Recitals set forth above are adopted by the parties and made a material part of this Agreement.

2. Harbor Shores hereby waives any and all claims it might have against the City in respect of the non-developability of the Property and covenants and agrees to bring no action against the City as a result thereof.

3. Upon satisfaction of the conditions set forth in Paragraph 6, Harbor Shores agrees to make a cash payment to the City in the amount of One Hundred Fifty Thousand Dollars ($150,000) (the “Funds”). To secure payment, Harbor Shores shall, promptly after execution of this Agreement by both parties, deposit with an escrow agent acceptable to both parties an irrevocable letter of credit having a face amount of One Hundred Fifty Thousand Dollars ($150,000). Following compliance with the provisions of Paragraph 6 below and (i) receipt of approval from the office of the Attorney General, or alternatively, (ii) the passage of 60 days without receipt of any objection from the office of the Attorney General, this Agreement shall be effective, Harbor Shores shall tender the Funds to the City, and the City shall be entitled to use the Funds in its discretion and without limitation. If Harbor Shores fails to do so, the City shall be entitled to take possession of the letter of credit and present it for payment. If the Attorney
General refuses to approve this Agreement, then the letter of credit shall be returned to Harbor Shores, and each party shall be released from its obligations under this Agreement, which shall then be deemed null and void.

4. Section 2.03(b)(iv) of the Lease is deleted, and Harbor Shores shall have no further obligations in respect of the extension of Klock Road.

5. Harbor Shores shall consult with representatives of the Michigan Department of Transportation to help develop a satisfactory resolution of the use of the grant funds that had been set aside for the Klock Road extension project.

6. To the extent required by Section 7.11 of the Lease, the parties shall provide the Michigan Attorney General and the head of the charitable trust section of the Michigan Attorney General’s office with notice of this Agreement. Harbor Shores and the City shall each contact the office of the Attorney General to determine if approval of this Agreement is required and, if so, to solicit that approval.

The parties have caused this Agreement to be executed by their authorized representatives.

HARBOR SHORES COMMUNITY REDEVELOPMENT INC.

By: [Signature]

D. Jeffrey Noel

Its: President

CITY OF BENTON HARBOR

By: [Signature]

Tony Saunders

Its: Emergency Manager
Parcel 77

Commencing 110.11 feet West and 230 feet South of the center of Section 18, Town 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan; thence South 17°30' East 104.86 feet to the Point of Beginning; thence South 17°30' East 101.42 feet to railroad; thence North 42°50' East 131.93 feet; thence West 120.23 feet to the Point of Beginning.

Also Described as:
That part of the Southwest quarter of Section 18, Township 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan, described as: Commencing at the North quarter corner of said Section 18; thence South 01°13'24" West on the North and South quarter line of said Section 18 a distance of 2638.30 feet to the center of said Section 18; thence North 88°41'33" West on the East and West quarter line of said Section 18 a distance of 651.50 feet to the Westerly right of way line of the CSX Railroad; thence Southwesterly 165.12 feet on said Westerly right of way line and on an 1868.61 foot radius curve to the right whose chord bears South 41°17'05" West 165.06 feet; thence North 01°37'05" East on said Westerly right of way line 12.49 feet; thence South 44°41'27" West (deeded South 42°50' West) on said Westerly right of way line 293.63 feet to the Point of Beginning of the land herein described; thence continuing South 44°41'27" West (deeded South 42°50' West) on said Westerly right of way line 132.87 feet (deeded 131.93 feet) to the Easterly right of way line of Klock Road; thence North 15°48'51" West (deeded North 17°30' West) on said Easterly right of way line 102.04 feet (deeded 101.42 feet); thence South 88°14'33" East parallel with said East and West quarter line 121.31 feet (deeded East 120.23 feet) to the Point of Beginning. Containing 0.14 of an acre more or less.

Parcel 78

Commencing 828.75 feet West and 82.5 feet South of the center of Section 18, Town 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan; thence West 355.1 feet; thence South 17°30' East 154.66 feet; thence East 27.3 feet; thence South 17°30' East to C&O Railroad right of way; thence North 42°50' East 372 feet; thence Northwesterly to Point of Beginning except above described Parcel 77.

Also Described as:
That part of the Southwest quarter of Section 18, Township 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan, described as: Commencing at the North quarter corner of said Section 18; thence South 01°13'24" West on the North and South quarter line of said Section 18 a distance of 2638.30 feet to the center of said Section 18; thence North 88°41'33" West on the East and West quarter line of said Section 18 a distance of 651.50 feet to the Westerly right of way line of the CSX Railroad; thence Southwesterly 105.60 feet on said Westerly right of way line and on an 1868.61 foot radius curve to the right whose chord bears South 40°22'23" West 105.59 feet; thence North 88°14'33" West (deeded West) parallel with said East and West quarter line 109.73 feet to the Point of Beginning of the land herein described; thence South 23°04'27" East 79.58 feet to said Westerly right of way line; thence South 44°41'27" West (deeded South 42°50' West) on said Westerly right of way line 239.13 feet; thence South 88°14'33" West parallel with said East and West quarter line 121.31 feet (deeded West 120.23 feet) to the Easterly right of way line of Klock Road; thence North 15°48'51" West (deeded North 17°30' West) on said Easterly right of way line 104.86 feet to the North right of way line of Klock Road; thence North 88°14'33" West (deeded West) parallel with said East and West quarter line and on said North right of way line 26.01 feet (deeded 22.33 feet); thence North 15°48'51" West 154.55 feet (deeded North 17°30' West 154.66 feet); thence South 88°14'33" East (deeded West) parallel with said East and West quarter line 355.10 feet to the Point of Beginning. Containing 1.57 acres more or less.
EXHIBIT A, Page 3

Parcel 79

Part of the Northeast quarter of the Southwest quarter of Section 18, Town 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan, described as follows: Commencing 828.75 feet Westerly and 82.5 feet Southerly from the Northeast corner of the Southwest quarter of said Section 18; thence Easterly 100 feet to the Chicago and West Michigan (now Pere Marquette) Railway right of way; thence Southwesterly along said Railway right of way 100 feet; thence Northwesterly to the Place of Beginning, being in the City of Benton Harbor, Berrien County, Michigan.

Also Described as:
That part of the Southwest quarter of Section 18, Township 4 South, Range 18 West, City of Benton Harbor, Berrien County, Michigan, described as: Commencing at the North quarter corner of said Section 18; thence South 01°13’24” West on the North and South quarter line of said Section 18 a distance of 2638.30 feet to the center of said Section 18; thence North 88°14’33” West on the East and West quarter line of said Section 18 a distance of 631.50 feet to the Westerly right of way line of the CSX Railroad; thence Southwesterly 105.60 feet on said Westerly right of way line and on an 1868.61 foot radius curve to the right whose chord bears South 40°22’23” West 105.59 feet to the Point of Beginning of the land herein described; thence continuing Southwesterly 59.52 feet on said Westerly right of way line and on an 1868.61 foot radius curve to the right whose chord bears South 42°54’16” West 59.51 feet; thence North 01°37’08” East on said Westerly right of way line 12.49 feet; thence South 44°41’27” West (deeded South 42°50’ West) on said Westerly right of way line 54.50 feet; thence North 23°04’27” West 79.58 feet; thence South 88°14’33” East (deeded East) parallel with said East and West quarter line 109.73 feet to the point of Beginning. Containing 0.90 of an acre more or less.
EXHIBIT C, Page 2

Unbeknownst to the City of Benton Harbor and Harbor Shores, this land proved to be non-developable to its highest and best use inasmuch as this was an area in which many decades ago, the City of Benton Harbor used the land as a public dumpsite. Upon discovering the land was not suitable for its development Harbor Shores notified the City of this fact and chose not to seek reimbursement of the elevated land price charged by the City.

The idea of building a road along this area was based upon the vision of providing the local share of a state grant that Harbor Shores secured to enable future development opportunities. Through no fault of anyone, the obligations by the City of Benton Harbor in providing land that met the development criteria first envisioned have subsequently changed since the Lease Agreement was first executed.

The current and future use of Modern Plastics remains in question:

Several years ago as the Lease Agreement was entered into between Harbor Shores and the City of Benton Harbor, Cornerstone Alliance and the Whirlpool Foundation provided funding to help keep the Modern Plastics facility operating and providing jobs for area residents. A portion of the funding from Harbor Shores for the construction of the Klock Road extension was intended to support a mixed use concept made popular in the early 20th century. Namely residential and recreational development near employment centers.

Since the Lease Agreement was executed, Modern Plastics has gone into bankruptcy, and the future reuse of this parcel remains in serious question.

As you may know, over $100,000 of taxes is in arrears for this parcel of property. The Berrien County government has advanced to the City of Benton Harbor its portion of the taxes that have not been paid. Should these back taxes not be paid, or when the property is sold, and the sale proceeds not be sufficient to cover these back taxes, the County of Berrien will be required to seek restitution from the City of Benton Harbor for approximately $300,000.

After Modern Plastics went into bankruptcy, the U.S. EPA sent its emergency response division into the facility to help clean up spilled oils from transformers. Several hundreds thousand dollars was incurred by the Federal EPA, and to the best of our knowledge, the Federal EPA has within its rights the opportunity of placing a lien on the property for reimbursement of these emergency response expenditures.

Harbor Shores incurred the costs to do an environmental assessment of the Modern Plastics parcel of property only to find the cost for environmental remediation, building demolition and capping in preparation for the re-use of the property to commercial and industrial standards would run north of $1.5 million. Sum total, back taxes, environmental clean up and restitution
of state and federal expenditures, if any, run in excess of $250,000 per acre. Hence our concern over the viable future re-use of the parcel.

Given all the uncertainties associated with the Modern Plastics parcel, the unknown intentions of those that have financial interests in the property and the enormous expenses required for bringing this property back to proper re-use coupled with the fact the land purchased from the City of Benton Harbor adjacent to the proposed road is not suitable for its intended development, we are predisposed to question whether or not constructing a road from North Shore Drive to Paw Paw Ave. is in the best interests of the community. Furthermore, for Harbor Shores to expend the fees for the road construction would require us to seek proper recompense from the City of Benton Harbor for land that was claimed to have been developable at the time.

Therefore, we would like to meet with you to explore the best vehicle to resolve this matter in a manner that is in the best interests of the community.

Sincerely

Bob McLeester
Harbor Shores Community Redevelopment, Inc.

Cc: Jeff Nuel
EXHIBIT C. Page 4

EXHIBIT 1

HARBOR SHORES LEASE AGREEMENT

This Harbor Shores Lease Agreement (this "Lease") is entered into by and between the City of Benton Harbor, a Michigan municipal corporation, whose principal business address is 200 East Wagner Street, Post Office Box 648, Benton Harbor, Michigan 49022-0648, and Harbor Shores Community Redevelopment Inc. ("Harbor Shores"), a Michigan non-profit corporation, whose principal business address is 400 Riverview Drive, Suite 420, Benton Harbor, Michigan 49022. The Parties (as hereinafter defined) hereby amend and restate the terms and conditions on which the City of Benton Harbor will lease to Harbor Shores portions of Jean Klock Park (as defined below) and portions of property contiguous to Jean Klock Park commonly known as Parcel 8A (as defined below) for development of three (3) golf holes that will be included in a public golf course that is part of the Harbor Shores Project (as defined in Section 1.01(k) below). The City of Benton Harbor and Harbor Shores shall be collectively referred to in this Lease as the "Parties."

Recitals

On May 4, 1917, J.N. Klock and Carrie E. Klock (collectively, the "Klocks") executed a deed ("Deed") conveying certain property to the City of Benton Harbor "and to its assigns." Also, on June 18, 1947, Judge Edward Westin of the Berrien County Circuit Court entered a decree ("Decree") reforming the Deed by eliminating that portion of the property that the Klocks granted to the City of Benton Harbor without warranty. As a result, the City of Benton Harbor owns in fee simple the remaining property commonly known as "Jean Klock Park."

On November 3, 2005, the City of Benton Harbor and Harbor Shores entered into a Development Cooperation Agreement ("Act 425 Agreement") by and among the City of Benton Harbor, St. Joseph, and Harbor Shores. The subject of the Act 425 Agreement is an economic development project (as defined in Section 1.01(k) below) to be located in the City of Benton Harbor, Benton Township, and St. Joseph, Michigan. Also, on April 13, 2006, the City of Benton Harbor and Harbor Shores entered into a Memorandum of Understanding, as amended, regarding the Project ("Memorandum of Understanding"). The Memorandum of Understanding provides for sale of certain City of Benton Harbor-owned land (not including any portion of Jean Klock Park) for the Project and sets forth additional terms regarding community benefits, parks and recreation, and zoning. Additionally, Harbor Shores and the City of Benton Harbor entered into a Rezoning Agreement relating to the Project ("Rezoning Agreement").

Pursuant to the foregoing agreements, the City of Benton Harbor and Harbor Shores entered into the Harbor Shores Golf Course Agreement, dated effective January 22, 2007 ("Prior Agreement") to expand and improve Jean Klock Park as part of the Project, to provide for the maintenance and operation of Jean Klock Park, Parcel 8A and the Park Expansion Property (as defined in the Prior Agreement) and to lease certain interior portions of Jean Klock Park and portions of Parcel 8A to Harbor Shores for construction and operation of three (3) holes of a public golf course, contingent upon approval by the Michigan Department of Natural Resources ("MDNR"), Michigan Natural Resources Trust Fund ("MNRTF") Board, and National Park Service ("NPS"), and based on the terms and conditions set forth in the Prior Agreement.
Section 2.03. Consideration.

(a) Rent. In consideration of the leasehold estate of the Leased Premises granted to Harbor Shores and the covenants of the City of Benton Harbor provided in this Lease, Harbor Shores shall pay to the City of Benton Harbor annual installments of rent ("Rent") for each year of the initial thirty-five (35) year term and each year of all renewal terms. Except for the first installment of Rent, each annual installment of Rent shall be payable on the first day of the applicable year of the term. The first installment of Rent for the first year of the term shall be payable upon commencement of construction of the golf course or by June 30, 2007, whichever is earlier. For the first year of the term, Rent shall be Thirty Thousand and No/100 Dollars ($30,000.00). For each succeeding year thereafter during the Initial Term, Rent shall be increased by one percent (1%) annually over the Rent for the previous year. Following each such adjustment, the term "Rent," as used in the Lease, shall mean Rent as most recently adjusted.

(b) Additional Rent. Additionally, in consideration of the leasehold estate of the Leased Premises granted to Harbor Shores in this Lease, during the Initial Term of this Lease, Harbor Shores shall provide the following which shall be considered "Additional Rent":

(i) Harbor Shores' fee simple conveyance of the park expansion property as defined and described in the Park Improvements and Maintenance Agreement. This consideration has a total estimated value of Nine Hundred Ninety Nine Thousand Five Hundred and no/100 Dollars ($999,500.00) and has previously been conveyed to the City of Benton Harbor under the terms and conditions of the Prior Agreement;

(ii) Harbor Shores' construction and conveyance of the park improvements for Jenn Klock Park and Parcel 8A as described in the Park Improvements and Maintenance Agreement. This consideration has a total estimated value of One Million and no/100 Dollars ($1,000,000.00);

(iii) Harbor Shores' construction and improvement of West Klock Road pursuant to the letter from Jeffrey Noel to Pete Mitchell attached as Exhibit D to this Lease, contingent upon the proceeds of the applicable MDOT Grant in the amount of Five Hundred Forty Four Thousand Five Hundred Fifty and no/100 Dollars ($544,550.00) being utilized for the improvement of West Klock Road. The total cost of the West Klock Road project is One Million Eight Hundred Eighty-Five Thousand Four Hundred Twenty-Two and no/100 Dollars ($1,885,422.00). Harbor Shores will pay One Million Three Hundred Forty Thousand Eight Hundred Seventy Two and no/100 Dollars ($1,340,872.00) towards the West Klock Road project;

(iv) Harbor Shores' construction and improvement of East Klock Road pursuant to the letter from Jeffrey Noel to Pete Mitchell attached as Exhibit D to this Lease,
EXHIBIT C, Page 6

contingent upon the proceeds of the applicable MDOT Grant in the amount of Four Hundred Ninety Eight Thousand Three Hundred and no/100 Dollars ($498,300.00) being utilized for the improvement of East Klock Road. The total cost of the East Klock Road project is Eight Hundred Seventy Three Thousand Nine Hundred Fifty Four and no/100 Dollars ($873,954.00).

Harbor Shores will pay Three Hundred Seventy Five Thousand Six Hundred Fifty Four and no/100 Dollars ($375,654.00) towards the East Klock Road project;

(v) Harbor Shores' construction and improvement of Graham Avenue pursuant to the letter from Jeffrey Noel to Pete Mitchell attached as Exhibit D to this Lease, contingent upon the proceeds of the applicable MDOT Grant in the amount of One Million Nine Hundred Ninety Thousand Eight Hundred and no/100 Dollars ($1,990,800.00) being utilized for the improvement of Graham Avenue. The total cost of the Graham Avenue project is Three Million One Hundred Thousand Five Hundred Sixty Six and no/100 Dollars ($3,100,666.00).

Harbor Shores will pay One Million One Hundred Nine Thousand Seven Hundred Sixty Six and no/100 Dollars ($1,109,766.00) towards the Graham Avenue project;

(vi) Harbor Shores' construction and conveyance of the park expansion improvements as described in the Park Improvements and Maintenance Agreement. This consideration has a total estimated value of Five Hundred Thousand Eight Hundred Fifty and no/100 Dollars ($500,850.00);

(vii) Harbor Shores' maintenance, as described in Sections 3.02(a) of the Park Improvements and Maintenance Agreement, of Jem Klock Park and Parcel 8A (but not including the Leased Premises), and the park expansion property (as defined in the Park Improvements and Maintenance Agreement), which includes, but is not limited to, the following: sand and dune maintenance; trash removal; cleaning of public restrooms; lawn mowing and related landscaping trimming and maintenance; and other customary park maintenance items. Notwithstanding the foregoing, Harbor Shores' maintenance obligations under this Subsection (vii) do not include maintenance as the result of special events or public road maintenance or repair or replacement of any of the non-golf course related infrastructure located within Jem Klock Park, Parcel 8A or the park expansion property as described in the Park Improvements and Maintenance Agreement. The Parties acknowledge that the consideration under this Subsection (vii) has a total estimated value of One Hundred Fifteen Thousand and no/100 Dollars ($115,000.00) annually (based on 2006 dollars); and

(viii) Beginning with the first year of the term of this Lease, Harbor Shores' annual payment to the City of Benton Harbor Community Benefits Program (as defined below) which will be used by the City of Benton Harbor for the City of Benton Harbor Community Benefits Program to be developed by the City of Benton Harbor with input from the Golf Course Oversight Panel solely to support activities directly related to the City of Benton Harbor Community Benefits Program (as defined below). For purposes of this Lease, the annual amount that Harbor Shores must pay to the City of Benton Harbor Community Benefits Program shall be the greater of (i) Five Thousand and no/100 Dollars ($5,000.00), or (ii) the amount determined pursuant to the following formula: twenty percent (20%) of the "Annual Net Operating Income", which will be defined as all golf course gross income (including greens fees, pro shop fees, range and lesson fees, as well as golf course facility rental fees,
EXHIBIT C, Page 7

By signing this Lease, the Parties hereto hereby agree to enter this Lease effective as of

[Signature]
2008 ("Effective Date").

CITY OF HENSON HARBOR

By: [Signature]

Richard Murch
City Manager

By: [Signature]

Willie L. Cook
Mayor

By: [Signature]

Clair Pugh-Tall
City Attorney

By: [Signature]

Jedea Taylor
City Clerk

[Signatures continued on next page]