



**Holland Satellite SmartZone  
Local Development Finance Authority (LDFA)  
Board of Directors Meeting  
September 27, 12:00 p.m.  
Holland City Hall, 270 S River Ave, 2nd floor Training Room**

**A. Board of Directors Meeting Agenda**

1. Call to Order
2. Public Comments
3. Minute Review/Approval 6.21.23 Meeting
4. SmartZone Financial Report FY23 Year End (unaudited)
5. SmartZone Financial Report 8.31.2023
6. Next Center 1<sup>st</sup> Floor Lease
7. LDFA Board Terms
8. Lakeshore Advantage SURGE Center Update
9. Adjourn
  - i. Next Meeting December 13, 2023, City of Holland City Hall



**Holland Satellite SmartZone  
Local Development Finance Authority (LDFA)  
Board of Directors Meeting  
June 21, 2023, 12:00 p.m.**

Members Present: Peter Beukema, Marcia Bishop, Brian Burch, Vince Bush, Luciano Hernandez, Lynn McCammon, Jill Miller, Randall Schipper, Doug Zylstra and Mike Morin

Ex-Officio Members Present: Greg Barry, Paul Sachs, and Scott Spoelhof

Absent: Anne Harten, Charley Hasemann, Steve Bulthuis, Fred Molnar and Keith VanBeek

Lakeshore Advantage Staff: Amanda Chocko, Angela Huesman and Jennifer Owens

City of Holland Staff: Michelle Ferguson

Copies to: City of Holland Clerk, Holland Charter Township Clerk and Ottawa County Clerk

**A. Informational Meeting Agenda – started at 12:02 pm**

**1. Update of goals, priorities, and projects**

Angela Huesman presented the update for the Next Center and discussed some of the change to the building from the original plans. The project is slated to start late Summer 2023 and be completed late fall 2024.

**2. Public Comments/Questions**

No Public Comments.

**B. Board of Directors Meeting Agenda**

**1. Call to Order**

A quorum being present the meeting was called to order at 12:11 pm



## **2. Public Comments**

Brian asked if there were any public comments. As there were no public comments, he moved on to the first order of business.

## **3. Minute Review/Approval 3.22.23 Meeting**

Motion made by Peter Beukema to approve minutes. Supported by Randy Schipper. Motion unanimously approved.

## **4. SmartZone Financial Report 5.31.2023**

Lynn McCammon gave a financial recap of where the revenue and expenses were as of 5/31/23. Also reminded the board of the two upcoming projects that were approved at the March 2023 meeting. Board accepted as information.

## **5. Next Center 1<sup>st</sup> Floor Lease**

Presented by Angela Huesman. The funds that have been requested from the board will be used for the lease payments. Randy Schipper discussed the lease that is being drawn up. They will be coming back to the September meeting for approval of the lease. Currently the lease is scheduled to be a 5 year contract in accordance with the timing of the end of the current terms of the SmartZone district. The SmartZone district can extend for another 5 years without State Legislative approval, they could extend for an additional 15 years if they get State Legislative approval. Board accepted as information.



## **6. Executive Committee Reappointments**

Lynn McCammon presented information regarding SmartZone board and executive committee appointments. The agreement with City for services states “The City will monitor board member terms and notify the member or appointing body for needed renewal or new appointment. The City will also facilitate orientation of new board members, offboarding board members, and ensure Executive Committee positions are reappointed every two years”. This sparked a discussion on when the reappointments should happen and the phase out of current board members. The City of Holland, Lakeshore Advantage and the SmartZone Board Secretary will be looking into term limits and the phase out schedule from the formation documents and if they need to be amended. This information will be shared at the September meeting. Motion made by Peter Beukema with support by Vince Bush. Motion unanimously approved.

## **7. Lakeshore Advantage SURGE Center Update**

Amanda Chocko highlighted how the SURGE center is doing so far this year. She highlighted companies and events at the SURGE center. They also welcomed a new staff member at the SURGE center. Board accepted as information.

## **8. Adjourn**

Motion made by Peter Beukema to adjourn (12:44 pm). Support by Randy Schipper. Motion unanimously approved.

- **Next Meeting September 27, 2023, City of Holland City Hall**

# Holland LDFA SmartZone

**Meeting Date:** September 27, 2023

**Agenda Item:** 4

**Subject:** June 30, 2023 Financial Report

**Prepared By:** Lynn McCammon

**Recommendation:** LDFA SmartZone Board approval of the Financial Report for the fiscal year ending June 30, 2023 (unaudited)

LDFA SmartZone Board approved the FY 2023 Budget in March 2022. Attached is the Budget Performance Report through June 30, 2023, which represents 99.0% of the fiscal year (July 1, 2022 through June 30, 2023).

## Revenues

Year-to-date revenues totaled \$570,306.46, or 106% of budget. City of Holland Tax collections came in \$4,278 higher than expected. With market rates on the rise investment income came in \$10,110 more than the budgeted amount of \$8,000. Also, new for the FY 2023 the tenant income came in \$17,530 higher than budgeted. These increased line items help us come in \$31,106 higher than expected for the year.

## Expenditures

Total expenditures through June 30<sup>th</sup> totaled \$316,079.32, or 89% of budget. Variances include unspent funds in the entrepreneurial programming line item as well as the marketing events. Also, the furniture that was ordered for the SURGE center came in \$9,674 under budget. The unspent amounts in the infrastructure line items as of year-end will be rolled over to FY 2024 and included with the amounts allocated for the approved project contributions (Lakeshore Advantage prepaid rent and City Ice Rink).

## Summary

106% of revenues have been collected for Fiscal Year 2023. Fiscal year ended \$31,106 above the amended budget of \$539,200. Bringing the total revenues collected for Fiscal Year 2023 to \$570,306

89% of expenditures have been paid for Fiscal Year 2023. Fiscal Year ended \$39,880 below the amended budget of \$355,960. Bringing the total expenditures paid for Fiscal Year 2023 to \$316,079.32.

This represents totals for Fiscal Year End, but these are yet to be audited and may change slightly. The SmartZone audit is scheduled to begin alongside the City of Holland's audit on September 28, 2023.



# Budget Performance Report

Fiscal Year to Date 06/30/23  
Exclude Rollup Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund <b>Y01 - Smartzone Fund</b>										
<b>REVENUE</b>										
Department <b>000 - General Revenues</b>										
450582.C	Contributions from Other Govts From City of Holland	345,000.00	1,200.00	346,200.00	.00	.00	350,478.17	(4,278.17)	101	271,710.91
450582.H	Contributions from Other Govts Holland Township	157,300.00	(12,300.00)	145,000.00	.00	.00	144,187.81	812.19	99	69,419.28
480665.0	Investment Income General	2,000.00	6,000.00	8,000.00	1,832.47	.00	18,110.49	(10,110.49)	226	3,464.48
480665.X	Investment Income Market Adjustment	.00	.00	.00	.00	.00	.00	.00	+++	(12,560.60)
480669.SZ	Rental SmartZone Tennant Income	25,000.00	(10,000.00)	15,000.00	8,447.00	.00	32,529.99	(17,529.99)	217	.00
490568	Local Grant	.00	25,000.00	25,000.00	.00	.00	25,000.00	.00	100	.00
Department <b>000 - General Revenues Totals</b>		<b>\$529,300.00</b>	<b>\$9,900.00</b>	<b>\$539,200.00</b>	<b>\$10,279.47</b>	<b>\$0.00</b>	<b>\$570,306.46</b>	<b>(\$31,106.46)</b>	<b>106%</b>	<b>\$332,034.07</b>
<b>REVENUE TOTALS</b>		<b>\$529,300.00</b>	<b>\$9,900.00</b>	<b>\$539,200.00</b>	<b>\$10,279.47</b>	<b>\$0.00</b>	<b>\$570,306.46</b>	<b>(\$31,106.46)</b>	<b>106%</b>	<b>\$332,034.07</b>
<b>EXPENSE</b>										
Department <b>240 - Smartzone</b>										
722804.0	Contractual-Legal General	1,000.00	(1,000.00)	.00	.00	.00	.00	.00	+++	112.00
722805.1	Contractual-Finance Independent Audit	1,000.00	.00	1,000.00	.00	.00	1,000.00	.00	100	1,000.00
722805.3	Contractual-Finance Accounting & Budget	12,360.00	.00	12,360.00	.00	.00	12,360.00	.00	100	3,870.00
722807.C	Contractual-Architect/Engineer Infrastructure Development -City	185,479.00	(185,479.00)	.00	127.50	.00	1,020.00	(1,020.00)	+++	20,946.00
722807.H	Contractual-Architect/Engineer Infrastructure Development -HCT	62,935.00	(62,935.00)	.00	.00	.00	.00	.00	+++	2,424.00
722807.U	Contractual-Architect/Engineer Infrastructure Development	142,498.00	(142,498.00)	.00	.00	.00	.00	.00	+++	.00
722809.61	Contractual-Misc Management Services	150,000.00	.00	150,000.00	37,500.00	.00	150,000.00	.00	100	50,000.00
722809.69	Contractual-Misc Entrepreneurial Programming	51,800.00	.00	51,800.00	10,425.79	.00	35,993.02	15,806.98	69	38,905.82
722809.SZ	Contractual-Misc SmartZone Administrative Service	.00	.00	.00	.00	.00	.00	.00	+++	7,770.00
722809.DDA	Contractual-Misc DDA Services	8,300.00	.00	8,300.00	8,300.00	.00	8,300.00	.00	100	7,900.00
723910.L	Commercial Insurance Premiums Liability Insurance	1,700.00	.00	1,700.00	.00	.00	1,695.00	5.00	100	1,695.00
723942.0	Building Rental/Lease General	84,000.00	.00	84,000.00	21,000.00	.00	84,000.00	.00	100	.00
723955.0	Misc. General	.00	800.00	800.00	217.51	.00	1,100.97	(300.97)	138	641.23
723955.M	Misc. Misc Marketing Events	21,000.00	.00	21,000.00	610.30	.00	5,284.06	15,715.94	25	2,572.90
730970.E	Admin/Legal A&E Engineering/Architect	.00	.00	.00	.00	.00	.00	.00	+++	10,000.00
730980.0	Office Equipment/Furniture General	.00	25,000.00	25,000.00	.00	.00	15,326.27	9,673.73	61	.00
Department <b>240 - Smartzone Totals</b>		<b>\$722,072.00</b>	<b>(\$366,112.00)</b>	<b>\$355,960.00</b>	<b>\$78,181.10</b>	<b>\$0.00</b>	<b>\$316,079.32</b>	<b>\$39,880.68</b>	<b>89%</b>	<b>\$147,836.95</b>
<b>EXPENSE TOTALS</b>		<b>\$722,072.00</b>	<b>(\$366,112.00)</b>	<b>\$355,960.00</b>	<b>\$78,181.10</b>	<b>\$0.00</b>	<b>\$316,079.32</b>	<b>\$39,880.68</b>	<b>89%</b>	<b>\$147,836.95</b>
Fund <b>Y01 - Smartzone Fund Totals</b>										
<b>REVENUE TOTALS</b>		<b>529,300.00</b>	<b>9,900.00</b>	<b>539,200.00</b>	<b>10,279.47</b>	<b>.00</b>	<b>570,306.46</b>	<b>(31,106.46)</b>	<b>106%</b>	<b>332,034.07</b>
<b>EXPENSE TOTALS</b>		<b>722,072.00</b>	<b>(366,112.00)</b>	<b>355,960.00</b>	<b>78,181.10</b>	<b>.00</b>	<b>316,079.32</b>	<b>39,880.68</b>	<b>89%</b>	<b>147,836.95</b>
Fund <b>Y01 - Smartzone Fund Totals</b>		<b>(\$192,772.00)</b>	<b>\$376,012.00</b>	<b>\$183,240.00</b>	<b>(\$67,901.63)</b>	<b>\$0.00</b>	<b>\$254,227.14</b>	<b>(\$70,987.14)</b>		<b>\$184,197.12</b>
Grand Totals										
<b>REVENUE TOTALS</b>		<b>529,300.00</b>	<b>9,900.00</b>	<b>539,200.00</b>	<b>10,279.47</b>	<b>.00</b>	<b>570,306.46</b>	<b>(31,106.46)</b>	<b>106%</b>	<b>332,034.07</b>



# Budget Performance Report

Fiscal Year to Date 06/30/23

Exclude Rollup Account

EXPENSE TOTALS	722,072.00	(366,112.00)	355,960.00	78,181.10	.00	316,079.32	39,880.68	89%	147,836.95
Grand Totals	(\$192,772.00)	\$376,012.00	\$183,240.00	(\$67,901.63)	\$0.00	\$254,227.14	(\$70,987.14)		\$184,197.12

# Holland LDFA SmartZone

**Meeting Date:** September 27, 2023

**Agenda Item:** 5

**Subject:** August 31, 2023 Financial Report

**Prepared By:** Lynn McCammon

**Recommendation:** LDFA SmartZone Board approval of the Financial Report for the two months ending August 31, 2023.

LDFA SmartZone Board approved the FY 2024 Budget in March 2023. FY 2024 revenues are budgeted at \$647,500 and budgeted expenditures total \$1,150,532. This includes a \$503,032 planned use of reserves allocated for projects approved in FY 2023. Attached is the Budget Performance Report through August 31, 2023, which represents 16.66% of the fiscal year (July 1, 2023 through June 30, 2024).

The City is currently preparing for the audit, which is scheduled for October. The final FY 2023 audit report will be presented at the December meeting.

## Revenues

Year-to-date revenues totaled \$464,352.50, or 72% of budget. This is made up of Tax collections received from the City and the Township. Tax Collections for Fiscal Year 2024 start as of July 1<sup>st</sup> and continue through February 29<sup>th</sup>. Final tax payments from the County will occur in April 2024.

## Expenditures

Fiscal Year 2024 Adopted budget has been set for \$1,150,532. Year-to-date expenditures are only \$43 which is due to timing of expenditures.

## Approved projects

The SmartZone Board approved \$1,000,000 for the Lakeshore Advantage project, payable as prepaid rent, and a \$500,000 contribution to the City of Holland Ice Rink project in March 2023. Both commitments will be paid over a three-year period, dependent on available cash flow. The FY 2024 budget included \$633,675 for the Lakeshore Advantage prepaid rent and \$166,667 for the ice rink. No payments have been made to date.



# Budget Performance Report

Fiscal Year to Date 08/31/23  
Exclude Rollup Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund <b>Y01 - Smartzone Fund</b>										
<b>REVENUE</b>										
Department <b>000 - General Revenues</b>										
450582.C	Contributions from Other Govts From City of Holland	450,000.00	.00	450,000.00	318,590.75	.00	438,485.91	11,514.09	97	350,478.17
450582.H	Contributions from Other Govts Holland Township	167,500.00	.00	167,500.00	25,866.59	.00	25,866.59	141,633.41	15	144,187.81
480665.0	Investment Income General	5,000.00	.00	5,000.00	.00	.00	.00	5,000.00	0	18,110.49
480669.SZ	Rental SmartZone Tennant Income	25,000.00	.00	25,000.00	.00	.00	.00	25,000.00	0	32,529.99
490568	Local Grant	.00	.00	.00	.00	.00	.00	.00	+++	25,000.00
Department <b>000 - General Revenues Totals</b>		<b>\$647,500.00</b>	<b>\$0.00</b>	<b>\$647,500.00</b>	<b>\$344,457.34</b>	<b>\$0.00</b>	<b>\$464,352.50</b>	<b>\$183,147.50</b>	<b>72%</b>	<b>\$570,306.46</b>
<b>REVENUE TOTALS</b>		<b>\$647,500.00</b>	<b>\$0.00</b>	<b>\$647,500.00</b>	<b>\$344,457.34</b>	<b>\$0.00</b>	<b>\$464,352.50</b>	<b>\$183,147.50</b>	<b>72%</b>	<b>\$570,306.46</b>
<b>EXPENSE</b>										
Department <b>240 - Smartzone</b>										
722804.0	Contractual-Legal General	500.00	.00	500.00	.00	.00	.00	500.00	0	.00
722805.1	Contractual-Finance Independent Audit	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0	1,000.00
722805.3	Contractual-Finance Accounting & Budget	14,140.00	.00	14,140.00	.00	.00	.00	14,140.00	0	12,360.00
722807.C	Contractual-Architect/Engineer Infrastructure Development -City	166,667.00	.00	166,667.00	85.00	.00	127.50	166,539.50	0	1,020.00
722807.LSA	Contractual-Architect/Engineer Infrastructure Development LSA	633,675.00	.00	633,675.00	.00	.00	.00	633,675.00	0	.00
722809.61	Contractual-Misc Management Services	150,000.00	.00	150,000.00	.00	.00	.00	150,000.00	0	150,000.00
722809.69	Contractual-Misc Entrepreneurial Programming	56,000.00	.00	56,000.00	.00	.00	.00	56,000.00	0	35,993.02
722809.DDA	Contractual-Misc DDA Services	11,000.00	.00	11,000.00	.00	.00	.00	11,000.00	0	8,300.00
723910.L	Commercial Insurance Premiums Liability Insurance	1,750.00	.00	1,750.00	.00	.00	.00	1,750.00	0	1,695.00
723942.0	Building Rental/Lease General	93,000.00	.00	93,000.00	.00	.00	.00	93,000.00	0	84,000.00
723955.0	Misc. General	800.00	.00	800.00	.00	.00	.00	800.00	0	1,100.97
723955.M	Misc. Misc Marketing Events	22,000.00	.00	22,000.00	.00	.00	.00	22,000.00	0	5,284.06
730980.0	Office Equipment/Furniture General	.00	.00	.00	.00	.00	.00	.00	+++	15,326.27
Department <b>240 - Smartzone Totals</b>		<b>\$1,150,532.00</b>	<b>\$0.00</b>	<b>\$1,150,532.00</b>	<b>\$85.00</b>	<b>\$0.00</b>	<b>\$127.50</b>	<b>\$1,150,404.50</b>	<b>0%</b>	<b>\$316,079.32</b>
<b>EXPENSE TOTALS</b>		<b>\$1,150,532.00</b>	<b>\$0.00</b>	<b>\$1,150,532.00</b>	<b>\$85.00</b>	<b>\$0.00</b>	<b>\$127.50</b>	<b>\$1,150,404.50</b>	<b>0%</b>	<b>\$316,079.32</b>
Fund <b>Y01 - Smartzone Fund Totals</b>										
<b>REVENUE TOTALS</b>		<b>647,500.00</b>	<b>.00</b>	<b>647,500.00</b>	<b>344,457.34</b>	<b>.00</b>	<b>464,352.50</b>	<b>183,147.50</b>	<b>72%</b>	<b>570,306.46</b>
<b>EXPENSE TOTALS</b>		<b>1,150,532.00</b>	<b>.00</b>	<b>1,150,532.00</b>	<b>85.00</b>	<b>.00</b>	<b>127.50</b>	<b>1,150,404.50</b>	<b>0%</b>	<b>316,079.32</b>
Fund <b>Y01 - Smartzone Fund Totals</b>		<b>(\$503,032.00)</b>	<b>\$0.00</b>	<b>(\$503,032.00)</b>	<b>\$344,372.34</b>	<b>\$0.00</b>	<b>\$464,225.00</b>	<b>(\$967,257.00)</b>		<b>\$254,227.14</b>
Grand Totals										
<b>REVENUE TOTALS</b>		<b>647,500.00</b>	<b>.00</b>	<b>647,500.00</b>	<b>344,457.34</b>	<b>.00</b>	<b>464,352.50</b>	<b>183,147.50</b>	<b>72%</b>	<b>570,306.46</b>
<b>EXPENSE TOTALS</b>		<b>1,150,532.00</b>	<b>.00</b>	<b>1,150,532.00</b>	<b>85.00</b>	<b>.00</b>	<b>127.50</b>	<b>1,150,404.50</b>	<b>0%</b>	<b>316,079.32</b>
Grand Totals		<b>(\$503,032.00)</b>	<b>\$0.00</b>	<b>(\$503,032.00)</b>	<b>\$344,372.34</b>	<b>\$0.00</b>	<b>\$464,225.00</b>	<b>(\$967,257.00)</b>		<b>\$254,227.14</b>

## LEASE

This Lease ("Lease") is entered into \_\_\_\_\_, 2023, by and between Lakeshore Advantage Corporation, a Michigan nonprofit corporation, whose address is 201 W. Washington, Suite 410, Zeeland, Michigan 49464 ("Landlord"), and Holland SmartZone Local Development Finance Authority, a Michigan governmental authority, whose address is 270 S. River Avenue, Holland, Michigan 49423 ("Tenant").

### Recitals

A. Landlord is the owner of the real property located at 65 East Seventh Street and 167 College Avenue, Holland, Michigan 49423, in the City of Holland, Ottawa County, Michigan, and legally described on attached **Exhibit A** ("Property") on which Landlord is building a new office building ("Building").

B. Tenant is willing to lease from Landlord and Landlord is willing to lease to Tenant the ground floor of the Building to house an entrepreneurial support center and related offices and to host community gatherings in support of this mission (collectively "SURGE Center Purposes").

C. Tenant is willing to prepay the Rent for the Lease from the proceeds of one or more grants from the State of Michigan to Tenant.

D. Landlord and Tenant have also entered into a separate "Contract for Services" whereby Landlord will operate the Surge Center.

### Terms of Agreement

In consideration of the mutual covenants herein contained, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree to the following:

**1. Leased Premises.** Landlord leases to Tenant and Tenant leases from Landlord, the entire ground floor of the Building, exclusive of common or mechanical areas (as the same may be determined by the parties from time-to-time), together with improvements, fixtures, and rights appurtenant thereto, including the non-exclusive right to use common areas with other occupants of the Building ("Premises"). Construction of the Building is ongoing as of the execution of this Lease. Landlord shall make reasonable efforts to achieve substantial completion of the construction of the Building and Premises by January 31, 2025. The Premises shall be built out by the Landlord in accordance with the plans and specifications attached hereto as **Exhibit B** and initialed by the parties. If the construction of the Building or completion of the Premises is delayed for reasons beyond the reasonable control of Landlord, Landlord shall have no liability to Tenant for any damages caused thereby, nor shall this Lease be void or voidable by Landlord or Tenant.

**2. Term of Lease.** The term of this Lease ("Term") shall commence on the date Landlord delivers possession of the Premises to Tenant ("Commencement Date") and continue until December 31, 2030, unless sooner terminated as provided in this Lease. If for any reason

the Contract for Services ends or if for any reason Tenant is no longer operating the SURGE Center, Landlord may upon ninety (90) days' notice to Tenant terminate the Term of this Lease. If Tenant's authority is extended, Tenant shall have the first option to renew this Lease for the Premises at then current market rental rates.

**3. Condition of Premises.** Tenant's entry into possession shall constitute conclusive evidence against Tenant that the Premises are in good order and satisfactory condition and suitable for the purposes for which they are leased by Tenant at the time of Tenant's taking possession of the Premises, unless the parties otherwise agree in a "punchlist" prepared by them at the time possession is delivered.

**4. Rent.**

- a. Tenant shall pay to Landlord as rent for the original Term of this Lease the amount of One Million Dollars (\$1,000,000.00) ("Rent").
- b. Rent shall be paid in advance as follows: \$633,675 on the \_\_\_\_\_, \$183,162 on \_\_\_\_\_, and \$183,162 on \_\_\_\_\_. e. Each installment shall be payable in advance, without notice or demand and without any setoff, abatement, deduction, reduction or counterclaim of any kind.
- c. Notwithstanding the foregoing, when Tenant receives anticipated funds from SmartZone Tax Increment Financing (TIF) earmarked for purposes of Rent, Tenant shall promptly pay such amounts to Landlord even if the next installment of Rent is not yet due and Landlord shall credit such prepayments against the installment(s) of Rent next coming due. If this Lease or the Term of this Lease is terminated before December 31, 2030, for any reason other than an uncured default of Tenant under this Lease, Tenant shall be entitled to a pro rata refund of any prepaid Rent for unused portion of the Term.

**5. Taxes.** Landlord shall promptly pay when due all real estate taxes and assessments, special or otherwise, and all municipal water and sanitary sewer charges which become due and payable with respect to the Premises during the Term (including installments of any special assessments presently existing upon the Premises). If, at any time after any tax, assessment, water or sewer bill or charge against the Premises shall become delinquent, Tenant may pay the same at any time thereafter, and Landlord shall reimburse Tenant the amount paid within thirty (30) days after written notice of such payment from Tenant to Landlord. Tenant shall pay during the Term of this Lease when due and before the same become delinquent personal property taxes, if any, levied on Tenant's equipment, inventory, furniture and other personal property and contents at the Premises.

**6. Insurance.** Landlord shall, at its expense, insure the Premises against loss or damage under a policy or policies of fire and extended coverage insurance, including additional perils with such policy naming Tenant as an additional insured. Tenant shall at its expense, obtain and maintain the following insurance coverage commencing on the Commencement Date and thereafter throughout the Term: (i) "Special Form" (f/k/a "all risks") property insurance on all of Tenant's personal property that may at any time be located at the Premises, to the full extent of its replacement value; (ii) commercial general liability coverage with respect to the Premises and Tenant's presence, operations and activities in the Premises with a per occurrence coverage limit

of not less than One Million Dollars and no/100 (\$1,000,000.00) for bodily injury, death, and property damage, with such policy naming Landlord as an additional insured; and (iii) workers' compensation insurance covering all of Tenant's employees to at least the statutory limits set forth under Michigan law. Tenant shall bring or keep property upon the Premises solely at its own risk, and Landlord shall not be liable for any damages thereto or any theft thereof including, but not limited to, damages or theft to Tenant's Work.

Each party shall notify the other of any termination or cancellation of any policy at required herein least 30 days in advance of that event. Each policy shall contain a waiver of subrogation provision. If a party does not have the required insurance in place, the other party may, at its election, procure and from time to time renew such insurance, and the amounts expended therefore, shall be reimbursed by the party required to provide such insurance within thirty (30) days after notice of payment from the other party. Each party's insurance shall provide primary coverage. Prior to the Commencement Date, each party shall deliver to the other evidence of its required insurance coverage.

**7. Repairs and Maintenance.** Landlord shall be responsible for maintenance of the Building, including walls, roof, plumbing, electrical, windows, doors, elevators, stairwells, and floor and including painting, structural maintenance, repair, and replacement, and for the heating, ventilation and air conditioning system(s), and water heater, and the exterior grounds; however, any such maintenance, repairs, or replacement for the Premises or Property caused by the negligent acts or omissions of Tenant, its agents, employees, contractors, and subcontractors shall be the responsibility of Tenant. Landlord will also provide maintenance and janitorial services to the Premises at Landlord's expense.

**8. Alterations.** Except as otherwise provided in this Lease, Tenant may not alter or add to the Premises without Landlord's prior written consent, which approval will not be unreasonably withheld. Landlord shall have no obligation to make any alteration or addition to the Premises during the Term. Any improvements or alterations shall be done without unreasonably disturbing other tenants in their use of the Building. Unless Tenant elects otherwise, all right, title, and interest to any alterations and additions to the Premises during the Term, except for trade fixtures and removable equipment which are owned by Tenant, shall be the property of Landlord, shall be deemed a part of the Premises, and shall remain on and be surrendered with the Premises upon termination of this Lease, without cost or expense to Landlord. Tenant agrees to pay for the cost of removing any work done in violation of this provision and restoring the Premises to their condition prior to such work. Tenant further agrees to pay for the cost of removing any alterations, additions and restoring the Premises to their original condition at the expiration or termination of this Lease, subject to approved alterations, additions or improvements made under this Section, normal and customary wear and tear, casualty that is covered or required to be covered under this Lease, ordinary depreciation, and obsolescence excepted.

**9. Covenant against Liens.** Nothing in this Lease shall authorize Tenant to, and Tenant shall not, do any act which will in any way encumber the title of Landlord in and to the Premises, nor shall the interest or estate of Landlord in the Premises be in any way subject to any claim of lien whatsoever by virtue of any act or omission of Tenant. Any claim to a lien upon the Premises arising from any act or omission of Tenant shall be valid only against Tenant and shall

in all respects be subordinate to the title and rights of Landlord, and any person claiming through Landlord, in and to the Premises. Tenant, at Tenant's sole cost, shall remove or bond any lien or encumbrance on its interest in the Premises arising as a result of the act or omission of Tenant within thirty (30) days after it has arisen; provided, however, that Tenant may in good faith contest any such item if Tenant posts a bond or other security deemed adequate by Landlord in Landlord's sole discretion.

**10. Assignment or Subleasing.** Tenant may not assign this lease or sublet the Premises or any portion thereof without in each case first obtaining Landlord's written consent, which consent Landlord may withhold in its sole discretion for any reason or no reason. Landlord may not assign its obligations under this lease without in each case first obtaining Tenant's written consent, which Tenant may withhold in its sole discretion for any reason or no reason.

**11. Use of Premises.** Tenant shall use the property solely for SURGE Center Purposes. Tenant will not use the Premises, or permit the Premises to be used, for the doing of any act or thing that constitutes a violation of any law, order, ordinance, or regulation of any government authority.

**12. Utilities.** Landlord shall provide all centrally metered utilities for the Premises. Tenant hereby acknowledges and agrees that Landlord shall not be liable in any way for any damage or inconvenience caused by the cessation or interruption of utilities including, without limitation, heating, air-conditioning, electricity, janitor or other service, if any, occasioned by fire, accident, strikes, necessary maintenance, alterations, or repairs, or other causes beyond Landlord's reasonable control and Tenant shall not be entitled to any abatement or reduction of Rent by reason thereof.

**13. Indemnification.**

(a) To the extent allowed under applicable law, Tenant will indemnify and hold harmless Landlord against and from (a) any and all penalties, damages, or charges imposed for any violation of any laws of the United States or the State of Michigan or any local public ordinances resulting from Tenant's conduct or those present by Tenant's invitation; (b) any and all loss, cost, damage, or expense arising out of any accident or other occurrence causing injury to any person or property whomsoever or whatsoever due directly to the use or occupancy of the Premises or any part thereof by Tenant or by any person present by Tenant's invitation; and (c) any and all expense arising out of any failure of Tenant in any respect to comply with the requirements and provisions hereof. Tenant's liability under this Lease extends to the acts and omissions of any assignee or subtenant, and any manager, member, officer, director, shareholder, agent, contractor, employee, customer, invitee or licensee of any assignee or subtenant.

(b) Landlord will indemnify and hold harmless Tenant against and from (a) any and all penalties, damages, or charges imposed for any violation of any laws of the United States or the State of Michigan or any local public ordinances resulting from the conduct of Landlord; (b) any and all loss, cost, damage, or expense arising out of any accident or other occurrence causing injury to any person or property whomsoever or whatsoever due

directly to the use or occupancy of the Building, other than the Premises by Landlord or by any person other than Tenant or those present by Tenant's invitation; and (c) any and all expense arising out of any failure of Landlord in any respect to comply with the requirements and provisions hereof.

**14. Environmental.** Landlord shall hold Tenant harmless and indemnify and defend Tenant with respect to, any condition or matter constituting a violation of any law relating to hazardous substances: (1) which existed prior to the Commencement Date; (2) which was not caused by Tenant or Tenant's agents, employees, contractors or invitees; or (3) to the extent such violation is caused by, or results from the acts or neglects of Landlord or Landlord's agents, employees, contractors, or invitees. Tenant shall indemnify, defend and hold Landlord, its successors, subtenants, assigns, officers, directors, shareholders, members, managers, employees and agents, harmless from and against any and all liabilities, obligations, damages, penalties, claims, costs and expenses, including reasonable attorneys' fees, paid or incurred as a result of or in connection with any release of hazardous materials on the Premises if caused by Tenant or persons acting under Tenant or present on the Premises at Tenant's invitation.

**15. Fire or Destruction.** If the Building is more than sixty percent (60%) destroyed by the elements, fire, or other causes, either Landlord or Tenant may terminate this Lease within thirty (30) days after the destruction by providing written notice to the other party. If either party exercises such option, the Term shall terminate, and Landlord shall reimburse Tenant for any prepaid Rent prorated based on the date Tenant surrenders possession of the Premises. If neither party elects to terminate this Lease or the destruction is less than that threshold, Landlord shall promptly make the repairs necessary to restore the Building. Tenant shall be entitled to an abatement of Rent during the construction period, unless Landlord provides Tenant with alternative premises reasonably acceptable to Tenant during such construction period.

In the event of any controversy as to the extent of damage to the Building, the determination of any member of the American Institute of Appraisers selected for the purpose of determining the extent of such damage by the parties, or, if they are unable to agree within five (5) days of the casualty, the chief judge of the circuit court of Ottawa County, Michigan, acting in a ministerial capacity and not in a judicial capacity, shall be final and binding upon the parties; and the expenses of any such determination shall be borne equally by the parties. In making determination of the extent of such damage, the appraiser so appointed shall determine the extent of such destruction by comparing the cost of repairing the damage with the cost of reproducing the Premises on the basis of then-existing costs.

**16. Condemnation.** If the Premises, or any material part thereof, shall be appropriated by an entity having the power of eminent domain, or if the Premises are conveyed by the Landlord in lieu of condemnation, Tenant shall have the right, at its option, if in the reasonable exercise of its discretion, the Premises remaining are no longer adequate for the purposes described in Section 11 above, to terminate this Lease by providing Landlord with written notice of the termination, and Landlord shall reimburse Tenant for any prepaid Rent prorated as of the date Tenant surrenders possession of the Premises. If the Tenant does not elect to terminate this Lease in the case of a partial taking, Tenant shall be entitled to a partial reimbursement of any prepaid Rent for the portion of the Premises taken for the balance of the Term. Any award by the condemning authority

for the value of the real property taken shall be the property of Landlord, but Tenant shall have the right to its claims for special damages relating to the removal of trade fixtures and interruption of business and any amount awarded for such purposes shall be the property of Tenant.

**17. Default; Remedies.**

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If a party fails to perform any obligation under this Lease or otherwise defaults, and such failure or other default continues beyond a reasonable period of time, not to exceed thirty (30) days after the defaulting party's receipt of written notice from the other party specifying in reasonable detail the nature of such failure (unless such default is not reasonably capable of being cured within such thirty (30) day period and Landlord is diligently prosecuting such cure to completion) the nondefaulting party may, by written notice to the defaulting party, elect to: (a) bring an action for specific performance or for damages; or (b) exercise all remedies available to the nondefaulting party at law and equity.

**19. Quiet Enjoyment.** Landlord covenants and agrees with Tenant that upon Tenant's paying the Rent and observing and performing all the terms, covenants and conditions on Tenant's part to be performed and observed, Tenant may peaceably hold, possess, and enjoy the Premises for the full Term without any interference by Landlord or any person claiming by, through, or under Landlord. Landlord will defend the title to the Premises and the use and occupancy of the Premises by Tenant against the lawful claims of all persons whomsoever, except those claiming by, through, or under Tenant.

**20. Access to Premises.** Landlord or its agents shall have the right to enter upon the Premises at all reasonable hours for the purpose of inspecting the same or for any other reason, provided that Landlord has given Tenant reasonable prior written notice of Landlord's intent to enter. In the event of emergency, Landlord shall be permitted to enter the Premises without notice. Landlord may also, during the last six (6) months of the Term or renewal term, place upon the Premises the usual notices "To Let" and "For Rent," which notices Tenant shall permit to remain thereon without molestation.

**21. Subordination; Attornment; Estoppel Certificate.** This Lease shall be subject and subordinate to the interests of the holders of any notes secured by mortgages on the Premises, now or in the future, and to all ground or underlying leases and to all renewals, modifications, consolidations, replacements and extensions thereof, and while the provisions of this Section are self-executing, Tenant shall execute such customary documents as may be reasonably necessary to affirm or give notice of such subordination. Such subordination shall be contingent upon Landlord or any mortgagee providing Tenant with a customary non-disturbance agreement that does not adversely increase Tenant's obligations or adversely decrease Tenant's rights and privileges under this Lease.

Upon request of the holder of any note secured by a mortgage on the Building, the Property or the Premises that has entered into the foregoing non-disturbance agreement, Tenant shall agree in writing that no action taken by such holder to enforce said mortgage shall terminate

this Lease or invalidate or constitute a breach of any of its provisions, and Tenant shall attorn to such mortgagee, or to any purchaser of the Premises at any foreclosure sale, or sale in lieu of foreclosure, for the balance of the Term on all the terms and conditions herein contained. While the provisions of this Section are self-executing, all persons affected thereby shall execute such documents necessary to affirm or give notice of such attornment.

At the request of Landlord, Tenant shall within ten (10) days deliver to Landlord, or anyone designated by Landlord, a certificate stating and certifying as of its date (a) the date to which Rent and other charges under this Lease have been paid, (b) whether or not there are then existing any setoffs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof on the part of Tenant to be performed or complied with (and, if so, specifying the same), and (c) if such be true, that this Lease is unmodified and in full force and effect and Landlord is not in default under any provision of this Lease. Upon the same terms and conditions as provided in this Section, Landlord shall provide an estoppel certificate to Tenant within ten (10) days of Tenant's request.

**22. Surrender of Premises on Termination and Holdover.** Upon the expiration or termination of this Lease, whether by lapse of time, operation of law or pursuant to the provisions of this Lease, Tenant shall surrender the Premises in as good order and condition, reasonable use and wear and tear, damage by fire and the elements, and other casualty excepted. Tenant shall remove all of Tenant's personal property (including, without limitation, all trade fixtures, removable equipment, signs, symbols and trademarks pertaining to its business) from the Premises and repair any damage to the Premises caused by such removal. If Tenant shall fail or refuse to surrender possession of the Premises to Landlord upon termination or expiration of this Lease, Landlord may immediately, without notice, re-enter the Premises and dispossess all persons and effects therefrom, using such force as may be necessary. Landlord shall also be entitled to such other remedies as may be provided it by law or in equity. Any holding over by Tenant after the end of the Term shall be on a month-to-month basis only and shall not create any year-to-year or longer tenancy. Tenant shall acquire no other rights with respect to the Premises.

**23. Notices.** All notices to be given hereunder may be given in person or registered or certified US Mail to the intended receiving party at the address at the top of this Lease or such other address that party shall have provided to the delivery party by a notice under this section.

**24. Obligations Survive.** All provisions of this Lease allocating responsibility or liability between the parties, including without limitation the indemnity provisions contained in Section 13, shall survive the termination of this Lease. No obligation which survives the term of this Lease shall give Tenant any possessory interest in the Premises nor have the effect of extending the Term of this Lease.

**25. Memorandum of Lease.** Neither party to this Lease shall record or file this Lease (or any memorandum hereof) in the public records of any county or state.

**27. Liability Limitation.** Notrustee, director, officer, manager, member, employee, representative, asset manager, investment advisor or agent of Landlord, nor any of their respective successors and assigns, shall be personally liable in any connection with this Lease. If Landlord is in default under this Lease, and as a consequence, Tenant recovers a money judgment against Landlord, Tenant shall be entitled to have execution upon such judgment only upon Landlord's estate in the Premises and not out of any other assets of Landlord. No director, officer, or employee of Tenant shall be personally liable in any connection with this Lease.

**28. Counterparts and Electronic Signatures.** This Lease may be executed in counterparts, all such executed counterparts shall constitute the same agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. In order to expedite the transaction contemplated herein, signatures transmitted electronically and electronic signatures may be used in place of original signatures on this Lease.

**29. Binding Effect.** This Lease shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns.

**30. Miscellaneous.** Either party's failure to enforce any term of this Lease shall not be deemed a waiver of the enforcement of that or any other term. The receipt by Landlord of Rent with knowledge of a breach of any term of this Lease shall not be deemed a waiver of such breach, nor shall partial payment of rent be deemed a waiver of Landlord's right to the full amount thereof. Each provision of this Lease shall be deemed both a covenant and a condition. This Lease may be modified only by a written instrument signed by both parties. All rights and remedies of Landlord and Tenant hereunder are cumulative, and not exclusive, and shall be in addition to all other rights and remedies provided by applicable law. Failure to exercise or delay in exercising any right or remedy hereunder shall not operate as a waiver thereof, nor excuse future performance. No waiver, discharge, or renunciation of any claim or right arising out of a breach of these terms and conditions shall be effective unless in writing signed by the party so waiving and supported by consideration. Any waiver of any breach shall be a waiver of that breach only and not any other breach, whether prior or subsequent thereto. The losing party shall pay all reasonable attorneys' fees and expenses incurred by the winning party in enforcing any provisions of this Lease. This Lease shall be governed by and construed in accordance with the laws of the State of Michigan. If any provision of this Lease should be or become invalid, such invalidity shall not in any way affect any of the other provisions of this Lease, which shall continue to remain in full force and effect. This Lease constitutes the entire agreement between the parties with respect to the subject matter and supersedes any prior or contemporaneous oral or written agreements with respect to its subject matter.

[Signature Page Follows]

The parties hereto have caused this Lease to be executed effective as of the date first above written.

Lakeshore Advantage Corporation

Holland SmartZone Local Development  
Finance Authority

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

#29278737v6

## **EXHIBIT A**

### **Legal Description of the Property**

Land located in the City of Holland, County of Ottawa, and State of Michigan, described as follows:

All that part of the Northeast 1/4 of Section 29, Town 5 North, Range 15 West, described as bounded on the West by the East line of College Avenue, bounded on the South by the North line of 7<sup>th</sup> Street, bounded on the North by the Chesapeake and Ohio Railroad right of way and bounded on the East by a line parallel with the East line of College Avenue and 86 feet East thereof.

The Property address and tax parcel numbers listed below are provided solely for informational purposes, without warranty as to accuracy or completeness. If the information listed below is inconsistent in any way with the legal description listed above, the legal description listed above will control.

Property Address: 65 East Seventh Street, Holland, Michigan 49423  
167 College Avenue, Holland, Michigan 49423

Tax Parcel Nos.: 70-16-29-279-010, 70-16-29-279-011

**EXHIBIT B**

**Plans and Specifications for Buildout of Premises**