



Leelanau County Government Center

Leelanau County Land Bank Authority (LC-LBA)

Website: <https://www.leelanau.gov/lclbameetings.asp>

8527 E. Government Center Dr., Suite 105
Suttons Bay MI 49682 231-256-9838

Date: May 23, 2023

State Land Bank Authority (SLBA)
Post Office Box 30766
Lansing MI 48909

Subject: 1. Letter of Interest: Michigan Land Bank Authority - Blight Elimination Program
RFP 2023-005 Grant Proposal - TCWC

At a meeting held Tuesday, May 23, 2023, the Leelanau County Land Bank Authority approved a Resolution authorizing submittal of an application for the Michigan Blight Elimination Program. This Letter of Interest is for consideration of the attached application for a proposed project in Elmwood Township, Leelanau County.

Respondent name: Leelanau County Land Bank Authority
Address: 8527 E. Government Center Dr., Suite 104 Suttons Bay MI 49682
County: Leelanau
Contacts: John Gallagher, Chairman, jgallagher@leelanau.gov 231-256-9838
Trudy Galla, tgalla@leelanau.gov 231-256-9812

Traverse City Whiskey Co (TCWC)
Address: 9940 S Center Hwy Traverse City MI
County: Leelanau
Contact: Jared Rapp, Manager/member jr@tcwhiskey.com

If you have any questions regarding the attached application, or need any further information, please feel free to contact me.

On behalf of the Leelanau County Land Bank Authority and the applicant, we hope you look favorably upon this application.

Sincerely,

John Gallagher, Chairman
Leelanau County Land Bank Authority

R E S O L U T I O N 2023-005

Leelanau County Land Bank Authority Grant Application to State Land Bank Authority TCWC Project

WHEREAS, on May 23, 2023 the Leelanau County Land Bank Authority approved submission of the Grant Application to the State Land Bank Authority; and,

WHEREAS, the submission of this Grant Application is due May 31, 2023 to the State Land Bank Authority and,

WHEREAS, the Leelanau County Land Bank Authority believes such a grant would be consistent with its public purpose as stated in MCL 124.752; and,

NOW, THEREFORE, BE IT RESOLVED that the Leelanau County Land Bank Authority approves the submission of the Grant Application to the State Land Bank Authority on behalf of TCWC for a property in Elmwood Township and authorizes the Chairman to enter into a grant agreement, disburse the grant funds and do all other things reasonably necessary and appropriate for the administration of this grant consistent with this Resolution.

APPROVED: _____
Date

AYES:

NAYS:

RECUSED:

Blight Elimination Grant—RFP 2023-05

Property Address: 9440 S. Center Hwy. Traverse City, MI (Elmwood Twp), Leelanau County, MI
Parcel Numbers: 004-008-010-40, 004-008-009-00

NARRATIVE

Traverse City Whiskey Co. (“TCWC”), through its subsidiary TCWC Holding Company LLC, acquired the long-abandoned Cherry Growers Property at 9440 S. Center Highway in Elmwood Township (“Property”) in 2018. The Property is blighted. It has not been maintained nor had plumbing, heating or sewerage for many years and is unfit for its intended use. TCWC has undertaken planning to redevelop the Property into a world-class agritourism destination including a state-of-the-art distillery, homeplace/visitor’s center and barrel aging complex, cocktail cherry manufacturing facility and a thoughtfully-planned community park, incorporating a strategy for adaptive re-use of the existing buildings wherever possible, with several new additions. At its eventual completion, the Property will be expanded from approximately 31,000 square feet to nearly 70,000 square feet.



The following Eligible Activities that are described below are necessary to demolish three vacant residential and commercial structures on the property and stabilize the remaining two blighted industrial structures to preserve their economic viability for future rehabilitation and the addition of new square footage as well as the construction of the new park.

The development plan is to revitalize the abandoned structures and incorporate them into the long-term vision for the Property. The project was to be divided into three phases: 1. A newly-constructed specialized warehouse known as a Rickhouse, 2. Renewing and expanding the production building into a distillery, office space and fulfillment warehouse, and, 3. The construction of a new visitors center and cocktail cherry manufacturing plant together with a community park on the Southern end of the complex. Upon completion, the project is expected

to create more than one hundred new, well-paying manufacturing jobs for area residents. Phase one, the Rickhouse, has been nearly completed but construction on Phases 2 and 3 have not yet commenced and cannot proceed until the blighted conditions on the property are addressed.

During the course of pre-construction engineering after TCWC engaged its licensed General Contractor, Erhardt Construction, it was determined that the large building (“the Plant”) on the property contains significant amounts of exposed contamination as identified in the attached Environmental Site Assessments and asbestos reports (Exhibit A). The Plant is in very poor condition and will require either a substantial amount of restorative work to prevent further decay of the building or, in the alternative, complete demolition of the Plant which is of historical value to the area. Photographs depicting the condition of the Property are attached as Exhibit B.

Virtually the entire roof of the Plant is failing and is at risk of collapse in several locations. Its drainage system is nonfunctional. There are dozens of protrusions throughout the roof, with the membrane being too decrepit to repair. The support infrastructure and decking for the roof has also become corroded due to neglect and is unable to safely and reliably hold the weight of the roof, its condition notwithstanding. Masonry is failing in numerous locations of the Plant which presents additional exposure to the elements and critters and has created a structural hazard that will progress if not repaired. There are remnants of the ammonia-based refrigeration system that present a safety hazard and must be removed. The Plant is in a state where numerous doors of all kinds are unable to be adequately secured and this has resulted in at least one confirmed trespassing incident and repeated visits by the Sheriff’s Department to investigate intrusions. The inability to adequately light the property on the interior sections away from outer doors has complicated the ability to fully document the state of despair within the Plant.

The large Property is surrounded on three sides by residences, including two neighborhoods where children reside. The pavement surrounding the Property displays scores of metal protrusions, including rebar, piping and other dangerous conditions which present a risk to the area residents that frequently ride their bikes and otherwise recreate on and around the property, which is adjacent to the TART Trail. Additionally, the retaining wall has not been maintained in many years and is at risk of collapse which elevates the risk of harm to the public due to its location adjacent to a large field near the main road. These will be restored to a safe condition through this work.

The property contains several other outbuildings including an abandoned home and garage which contain hazardous materials including asbestos and lead and must be demolished as well as an abandoned scale house which is at risk of imminent demise due to continued exposure to the elements and a lack of utilities, which will be repaired as part of this work. There is also an office addition on the East side of the Plant that must be demolished as it is not habitable and cannot be saved.

There is standing water throughout the Plant's slab and certain exterior areas including portions of the roof which cannot be drained. This has led to pervasive black mold throughout the Property which is contaminating the air in and around the buildings. The standing water also provides a problematic breeding ground for mosquitos that spread diseases such as West Nile Virus, Eastern Equine Encephalitis and other mosquito-borne viruses. The Plant has also been identified as containing lead and other toxic materials which need to be abated and present a risk both to public health on the property and in the surrounding area. All of these conditions will be remediated as part of the work being presented in this request.

Electrical conditions throughout the property are so poor that ongoing power cannot be maintained such that the buildings can be adequately heated or lit at dusk to protect the public from hazards. The request is also to restore the electrical capabilities on the property so that it can be adequately lit for safety and heated.

All of the blighted conditions referenced above will be resolved for a cost of \$2,344,224.00. This includes \$388,962 of overhead and profit to the general contractor, who has considerable experience in this type of work. A detailed breakdown of all costs is attached as Exhibit C. If Grant funds are awarded, TCWC will match funding to bear the cost of constructing a new sewer line (\$650,000), repairs/replacement to the fire suppression, fire extinguishers and fire alarm system (\$150,000-\$200,000), replacement and installation of new electrical switchgear (\$450,000) and a community park on the site (\$1,200,000). **The minimum amount of funds that TCWC is committing to address blight on the property is \$2,450,000 (104.5% of the requested Grant amount).** The total remaining development work planned for the property exceeds \$20,000,000.

TCWC has been working with the community, including the Township staff, neighboring cities, local business groups and neighboring landowners on nearly all aspects of its development plans since their inception. Through this project, It has sought to forge a working relationship with members of the Michigan Spirits Association to address the lack of infrastructure to scale that is an obstacle to growth for Michigan's distilling community. In addition, it has been recognized for its leadership in innovation by the Cherry Marketing Institute.

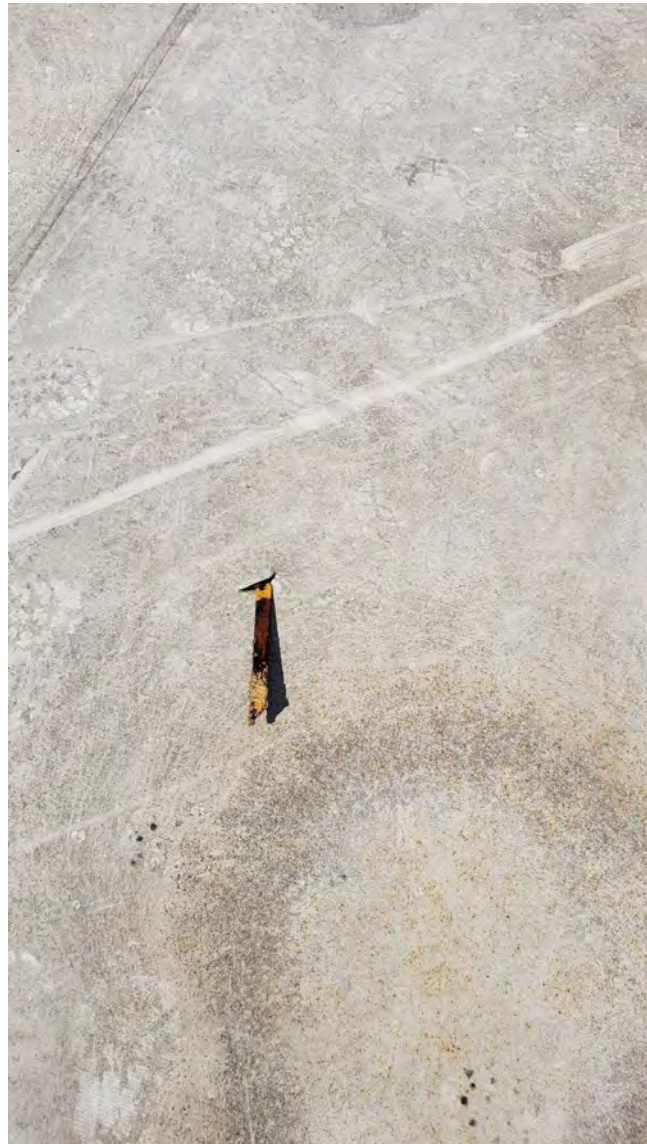
TCWC's request for the Blight Elimination Grant proceeds is supported by two neighboring landowners and operators of some of the most well-respected businesses in the County, including Bregman Brother's Winery (Ed Bregman) as well as Farm Club (Gary Jonas). It is also supported by Elmwood Township Supervisor Jeff Shaw, State Representative John Roth, United States Congressman Jack Bergman as well as others. The project overall has also been supported by the Lieutenant Governor and Governor's office, the Michigan Economic Development Corporation., State Senator DeMoose, State Senator Wayne Schmidt, State Representative Curt VanderWall, the Office of U.S. Senator Debbie Stabenow, U.S. Senator Gary Peters and the Distilled Spirits Council of the United States, all of whom previously attended the groundbreaking at the site. Specific letters of support are attached as Exhibit D.

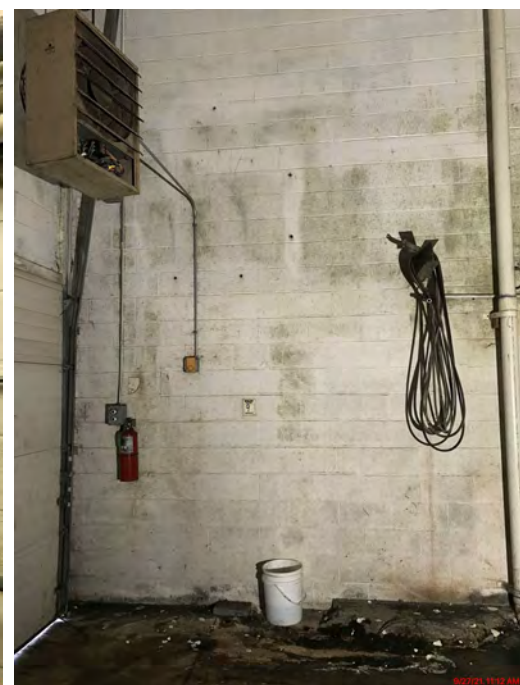
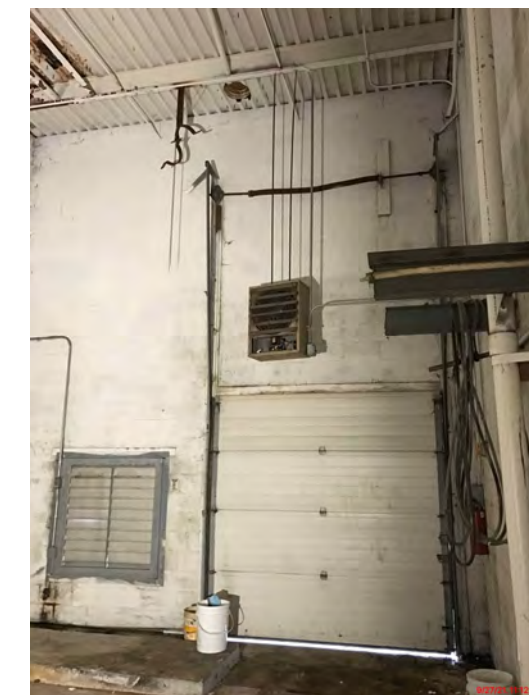
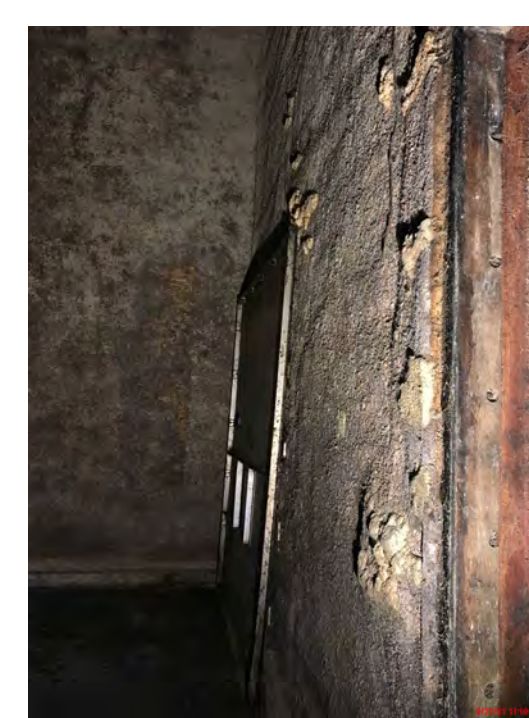
In the event that the entirety of the blight removal request cannot be funded by the Blight Elimination Program, TCWC is prepared to utilize its available working capital credit facilities and SBA 504 loan to complete the project; however, the high and unexpected nature of many of these expenses is certain to delay completion of the project, including the elimination or scaling down of Phase 3 and substantially reducing the number of new jobs that would be created. Additionally, the ability of TCWC to fund the entirety of the community park component (Exhibit E) is contingent upon the award of Grant funding for blight removal.

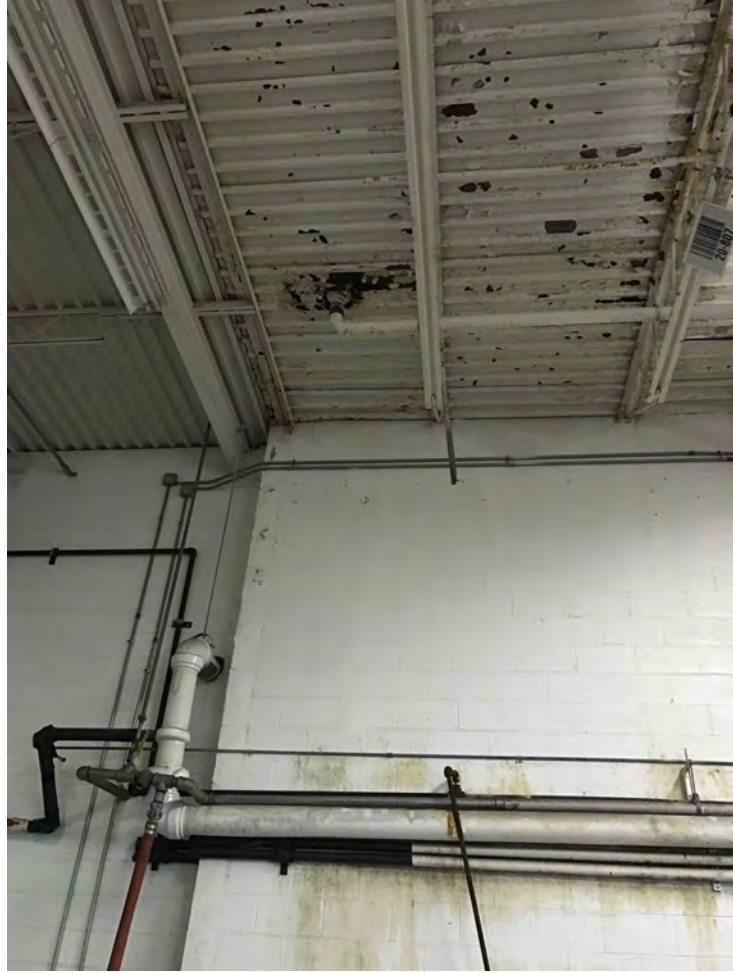
Respectfully Submitted,

Jared Rapp
Traverse City Whiskey Co.













9/27/21 11:04 AM



9/27/21 11:04 AM



9/27/21 11:04 AM



9/27/21 11:04 AM



9/27/21 11:04 AM

ACCESS AND DEMOLITION AGREEMENT

This **ACCESS AND DEMOLITION AGREEMENT**, dated as of May __, 2023, between the Leelanau County Land Bank Authority, a Michigan public body corporate, whose address is 8527 E. Government Center Drive, Suttons Bay, MI 49682 W (the "**Land Bank**") and TCWC Holding Company, LLC whose address is 13975 S. Robinson Rd., Traverse City, MI 49684 ("**Landowner**").

Recitals

1. The Land Bank is seeking funds from the Michigan State Land Bank Authority's (the "SLBA") Blight Elimination Program (RFP 2023-005) to complete blight elimination and demolition activities in Leelanau County.
2. Landowner owns the real property which is identified on the attached Exhibit A (the "Subject Property").
3. There are one or more structures located on the Subject Property which are blighted and which the Land Bank and Landowner agree require demolition. Such structures are identified on the attached Exhibit **B** (the "Blighted Structures").
4. This Access and Demolition Agreement is necessary to permit the Land Bank to seek funding through RFP 2023-005 and to accomplish Demolition Activities, as outlined further below, if funding is ultimately awarded.

Accordingly, in consideration of the mutual promises stated in this Agreement, the Parties agree as follows:

1. Recitals. The foregoing Recitals are expressly incorporated as part of this Agreement, and the Parties confirm and represent to one another that said Recitals are true and correct to the best of their knowledge, information, and belief.

2. Access to Subject Property. The Land Bank and its agents and authorized representatives shall have the right to enter upon the Subject Property for any purpose related to the Land Bank's response to RFP 2023-005 and to complete any Demolition Activities as contemplated by this Agreement. The Land Bank's right to access the Subject Property shall commence upon the effective date of this Agreement.

3. Demolition Activities. If the Land Bank is awarded funding pursuant to RFP 2023-005, the Land Bank shall complete Demolition Activities on the Subject Property. Demolition Activities shall mean the removal of the Blighted Structures as well as any accompanying debris located on the Subject Property as well as any necessary fill and grading required to render the Subject Property safe due to the removal of the Blighted Structures. All Demolition Activities shall be completed by a licensed and insured contractor in a manner consistent with all applicable building, zoning, permitting, and environmental requirements. Demolition Activities shall be considered complete upon the provisions of written certification of same to Landowner by the Land Bank.

4. Obligations Contingent Upon Funding. The Land Bank's obligation to complete Demolition Activities as outlined in this Agreement is contingent upon the Land Bank being awarded funding pursuant to the SLBA's Blight Elimination Program (RFP 2023-005). If the Land Bank is not awarded funding pursuant to RFP 2023-005, the Land Bank shall have no further obligation with respect to this Agreement and this Agreement shall be null and void.

5. Right to Terminate. The Land Bank shall have the right to terminate this Agreement prior to the commencement of Demolition Activities if funding received pursuant to RFP 2023-005 is not sufficient to cover said Demolition Activities. Termination shall be effective upon written notice to Landowner of the Land Bank's exercise of said right to terminate.

6. Representations and Warranties

The Parties represent and warrant that they have read, understand, and agree to this Agreement and that the terms hereof are contractual and not by way of recital, and that they have signed this Agreement of their own free will; and that in making this Agreement they have obtained the advice of legal counsel if so desired.

Each party represents and warrants that the person signing this Agreement has authority to bind the party and enter into the Agreement.

Landowner represents and warrants that they own the Subject Property and have not heretofore sold, conveyed, or assigned to any other person or entity all or any portion of title to the Subject Property.

7. Waiver. Waiver of any right of the Parties under this Agreement shall not constitute a subsequent or continuing waiver of such right or any other rights under this Agreement.

8. Severability. Wherever possible each provision of this Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited thereunder, such provision shall be ineffective to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Agreement.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors, heirs, personal representatives and assigns.

10. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of Michigan, and the rights and obligations of the Parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Michigan without regard to principles of conflict of law.

11. Entire Agreement. This Agreement supersedes all prior agreements between the Parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the Parties.

12. Counterparts and Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which is deemed an original but all of which together shall constitute one agreement. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.

To evidence the Parties' agreement to this Agreement, each party has executed and delivered it on the date indicated under that party's signature.

Leelanau County Land Bank Authority

By: _____
John A. Gallagher III
Chair

Date: _____

Landowner

By: _____
Jared Rapp
Manager/Member

Date: _____

EXHIBIT A
SUBJECT PROPERTY

The following parcel of real property located in Elmwood Township, County of Leelanau, State of Michigan:

PARCEL 1

Part of Section 8, T28N, R11W, Elmwood Township, Leelanau County, Michigan more fully described as follows: Commencing at the West 1/4 corner of said Section 8; thence along the East-West 1/4 line of said Section South 88°36'44" East 968.57 feet (recorded as North 89°30'14" East); thence South 01°33'11" West 63.31 feet; thence North 82°16'14" East 633.89 feet to the point of beginning; thence North 01°56'44" West 308.03 feet; thence North 78°54'00" East 379.91 feet to the centerline of Center Highway (County Road 633); thence along said centerline on the arc of a 5161.80 foot radius curve to the right 362.22 feet (Chord=South 19°56'10" East 362.14 feet); thence South 85°45'12" West 166.85 feet; thence South 04°14'48" East 77.40 feet; thence South 85°45'12" West 308.50 feet; thence North 13°42'09" West 73.93 feet to the point of beginning.

PARCEL 2

Part of Section 8, T28N, R11W, Elmwood Township, Leelanau County, Michigan more fully described as follows: Commencing at the West 1/4 corner of said Section 8; thence along the East-West 1/4 line of said Section South 88°36'44" East 968.57 feet (recorded as North 89°30'14" East); thence South 01°33'11" West 63.31 feet to the point of beginning; thence North 82°16'14" East 633.89 feet; thence South 13°42'09" East 73.93 feet; thence North 85°45'12" East 308.50 feet; thence North 04°14'48" West 77.40 feet; thence North 85°45'12" East 166.85 feet to the centerline of Center Highway (County Road 633); thence along said centerline South 18°23'33" East 459.91 feet; thence North 78°27'43" West 419.92 feet; thence South 8°32'48" East 1042.54 feet; thence North 84°42'01" West 426.12 feet; thence South 82°10'53" West 257.10 feet; thence South 37°09'14" West 363.20 feet; thence North 88°12'02" West 286.44 feet; thence North 08°07'10" East 475.53 feet; thence North 84°17'34" East 525.56 feet; thence North 21°59'08" West 1089.91 feet to the point of beginning.

Commonly known as 9440 South Center Highway Traverse City, MI 49684 and Further identified by tax parcel ID numbers 004-008-010-40 and 004-008-009-00.

EXHIBIT B
BLIGHTED STRUCTURES

REC'D LEELANAU COUNTY
2018 JUNE 27 11:50 AM

REC'D LEELANAU COUNTY
2018 JUNE 29 4:13 PM

Leelanau County STATE OF MICHIGAN
Dorothy M. Miller Register of Deeds



RECORDED
July 02, 2018 10:58 AM
Liber 1333 Page 419-421
3P FEE: \$30.00



DMM Liber 1333 Page 419 #2018003700

COVENANT DEED

The Grantor: Cherry Growers, Inc, a Michigan corporation (Debtor in Possession in case # 17-04127 U.S. Bankruptcy Court Western District of Michigan), ("Grantor") the address of which is: P.O. Box 90, Grawn, MI 49637 conveys unto Grantee: TCWC Holding Company, LLC, a Michigan limited liability company, ("Grantee")

the address of which is: 13975 S. Robinson Rd, Traverse City, MI 49684
the premises in the Township of Elmwood, County of Leelanau, Michigan described as

Land situated in the Township of Elmwood, County of Leelanau, State of Michigan

PARCEL 1 004 - 008 - 009 - 00 ✓ 24
Part of Section 8, T28N, R11W, Elmwood Township, Leelanau County, Michigan more fully described as follows:

Commencing at the West 1/4 corner of said Section 8; thence along the East-West 1/4 line of said Section South 88°36'44" East 968.57 feet (recorded as North 89°30'14" East); thence South 01°33'11" West 63.31 feet; thence North 82°16'14" East 633.89 feet to the point of beginning; thence North 01°56'44" West 308.03 feet; thence North 78°54'00" East 379.91 feet to the centerline of Center Highway (County Road 633); thence along said centerline on the arc of a 5161.80 foot radius curve to the right 362.22 feet (Chord=South 19°56'10" East 362.14 feet); thence South 85°45'12" West 166.85 feet (recorded as 167.86 feet); thence South 04°14'48" East 77.40 feet; thence South 85°45'12" West 308.50 feet; thence North 13°42'09" West 73.93 feet to the point of beginning.

PARCEL 2 004 - 008 - 010 - 40 ✓ 24
Part of Section 8, T28N, R11W, Elmwood Township, Leelanau County, Michigan more fully described as follows:

Commencing at the West 1/4 corner of said Section 8; thence along the East-West 1/4 line of said Section South 88°36'44" East 968.57 feet (recorded as North 89°30'14" East); thence South 01°33'11" West 63.31 feet to the point of beginning; thence North 82°16'14" East 633.89 feet; thence South 13°42'09" East 73.93 feet; thence North 85°45'12" East 308.50 feet; thence North 04°14'48" West 77.40 feet; thence North 85°45'12" East 166.85 feet (recorded as 167.86 feet) to the centerline of Center Highway (County Road 633); thence along said centerline South 18°23'33" East 459.91 feet; thence North 78°27'43" West 419.92 feet; thence South 8°32'48" East 1042.54 feet; thence North 84°42'01" West 426.12 feet; thence South 82°10'53" West 257.10 feet; thence South 37°09'14" West 363.20 feet; thence North 88°12'02" West 286.44 feet; thence North 08°07'10" East 475.53 feet; thence North 84°17'34" East 525.56 feet; thence North 21°59'08" West 1089.91 feet to the point of beginning.

CERTIFICATION: LEELANAU COUNTY, MICHIGAN, I hereby certify, that all taxes returned to this office are paid for the (5) years preceding the date of recording. This does not include taxes in the process of collection by Township, Cities or Villages. Return of Reverse charges, Michigan Tax Tribunal charges, or charges due to Homestead exemptions or corrections. JANA V. ... Leelanau County Treasurer

Commonly Known as: 9440 S. Center Hwy, 9440 S. Center Hwy

Tax Parcel ID: 45-004-008-009-00 and 45-004-008-010-40

Together with all the tenements, hereditaments, and appurtenances to it, for the sum of (Real Estate Transfer Tax Valuation Affidavit filed in accordance with P.A. 134 of 1966 and 330 of 1993, as amended.)


The Grantor covenants and agrees that the grantor has not previously done, committed, or willingly suffered to be done or committed any act, matter or thing that would cause the premises or any part thereof to be charged or encumbered in title, estate, or otherwise and that they will defend the granted premises to the grantee, grantee's heirs and assigns forever against the lawful claims and demands of all persons claiming by, from or under Grantor, but against no other claims or persons.

These premises may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The grantor grants to the grantee the right to make ALL division(s) under section 108 of the land division act, Act No. 288 of the Public Acts of 1967.

Executed by the undersigned on June 20, 2018


Cherry Growers, Inc
a Michigan corporation


By: Eric MacLeod
Its: President / General Manager

(Debtor in Possession in case # 17-04127 U.S. Bankruptcy
Court Western District of Michigan)

STATE OF Michigan)
) ss
COUNTY OF Leelanau)

The foregoing covenant deed was acknowledged before me this 20th day of June 2018 by Eric MacLeod, President / General Manager of Cherry Growers, Inc., a Michigan corporation.



Notary Public

County, _____
My commission expires: _____
Acting in _____ County

TERRENCE J. RAVEN II
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF GRAND TRAVERSE
My Commission Expires April 23, 2021
Acting in the County of Leelanau

When recorded return to:
Grantee

Send subsequent tax bills to:
Grantee

Drafted by:
Terrence J. Raven II
13919 S. W. Bay Shore,
Traverse City, MI 49684

45-18594296-TRV

LEASE

THIS LEASE is made effective this 10th day of July, 2018, by TCWC Holding Company, LLC (“Landlord”), and TCWC. LLC (“Tenant”).

1. **AGREEMENT.** Landlord leases 9440 S. Center Hwy. Traverse City, MI (the “Leased Premises”) to Tenant, and Tenant leases the Leased Premises from Landlord, according to the terms of this Lease.

2. **TERM.** The term of this Lease will begin on the sooner of January 1, 2019 or when the Michigan Liquor Control Commission approves the license transfer from 13975 S. Robinson Road. Traverse City, MI (the “Commencement Date”) and will end on December 31, 2020 and will be renewed for annual terms thereafter until terminated by Tenant at least six (6) months prior to the renewal or with the prior consent of Landlord.

3. **RENT.** Tenant will pay Landlord as rent for the Leased Premises the sum of Ten Thousand Dollars and 00/100 (\$10,000) per month in advance, without notice, demand, offset, or counterclaim, on the first day of each month. Rent will be paid by first class mail to Landlord’s designated agent as directed in writing on each monthly invoice.

4. **PASS THROUGH OPERATING EXPENSES.**
In addition to the minimum rent, Tenant agrees to reimburse Landlord for all direct operating expenses including security, insurance, supplies, labor, utilities, communications, and other operating expenses related directly to Tenant’s occupancy. Within 10-days following the end of each calendar month, Tenant shall receive a written statement showing the amount of the expenses for the preceding calendar month. Tenant shall refund Landlord for expenses from the preceding calendar month within 10-days following the date of receipt.

5. **ACCEPTANCE OF THE PREMISES.** Tenant accepts the Leased Premises in its present condition. Landlord will not be obligated to make any additional alterations or improvements to the Leased Premises on account of this Lease.

6. **PARKING.** Landlord agrees that, during the term of this Lease, Tenant will be entitled to park not more than the legally permitted number of vehicles in the adjacent parking lot for any reason.

6. **USE.** Tenant shall use and occupy the Leased Premises solely for purposes conforming with State law and local ordinance except where the use is an existing non-confirming use and shall not use the Leased Premises for any other purpose without the prior approval of landlord.

7. **LANDLORD’S RIGHTS REGARDING ACCESS.** Landlord shall have no right to enter the Leased Premises. The Leased Premises will remain locked at all times when the Tenant of the Leased Premises is not physically present on the Leased Premises. Although the Leased Premises may be unlocked when the Tenant of that Leased Premises is physically

present, no one is permitted to enter that Leased Premises unless the Tenant or its agent is present and permits access.

8. **TAXES.** Tenant shall be responsible for any taxes hereunder including that which is related to Tenant's personal property only.

9. **MAINTENANCE AND REPAIR.** Landlord shall at its expense, maintain, repair and keep the Leased Premises in good condition including but not limited to the walls, plumbing, HVAC and electrical system. Landlord shall be responsible to maintain the asphalt parking lot.

11. **UTILITIES.** Landlord shall pay all charges and deposits for gas and electric utility servicing at or on the Leased Premises during the term of this Lease. Landlord shall pay for the cost of sewer and water to the Leased Premises. Tenant shall be responsible for reimbursing utility costs per Section 4 of this Lease. Landlord shall not be liable for damages should the furnishing of any utilities be interrupted by fire or other casualty, accident, strike, labor dispute or disagreement, the making of any necessary repairs or improvements, or any other causes beyond the reasonable control of Landlord.

12. **DEFAULT.** If Tenant does any of the following:

- (1) Fails to pay any sums to Landlord when due, including rent and does not cure the default within 10 days;
- (2) Fails to perform any other covenant or condition of the Lease and does not cure the other default within 30 days after written notice from Landlord specifying the default; or
- (3) Is adjudicated bankrupt or makes any assignment for the benefit of creditors,

Landlord may:

- a) Accelerate the full balance of the rent payable for the remainder of the term and sue for the sums due;
- b) Terminate this Lease; and/or
- c) Remove Tenant's effects and re-let the Leased Premises for the account of Tenant for rent and upon terms that are satisfactory to Landlord, crediting the proceeds, after deducting the costs and expense of reentry, alterations, additions, and re-letting, to the unpaid rent and the other amounts due under this Lease during the remainder of the term, and Tenant shall remain liable to Landlord for the balance owed.

If suit is brought to recover possession of the Leased Premises, to recover any rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant to be performed by Tenant, and a breach is established, then Tenant shall pay to Landlord all costs and expenses incurred in the action, including reasonable attorney fees, which shall be deemed to have been incurred on the commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

13. **STRICT PERFORMANCE.** Landlord insists on strict performance of the terms, covenants and conditions of this Lease, and any other documentation provided by Landlord to Tenant governing the use of the Leased Premises.

14. **NOTICES.** All notices required under this Lease shall be in writing and shall be deemed to be given if either delivered personally or mailed by certified or registered mail to Landlord's agent or to Tenant at the Leased Premises or to any other address that either party furnishes in writing to the other.

15. **APPLICABLE LAW.** This Lease shall be construed under the laws of the State of Michigan. If any provision of this Lease or portions of this Lease or their application to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

16. **RECORDING.** The Tenant shall not record this Lease without the written consent of the Landlord; however, upon the request of either party the other party shall join in the execution of a memorandum or so-called "short form" of this Lease for the purpose of recordation. The memorandum or short form of this Lease shall describe the parties, the Leased Premises and the term of this Lease and shall incorporate this Lease by reference.

Landlord and Tenant have executed this Lease on the date first written above.

LANDLORD:
TCWC Holding Company LLC

By: 

Jared Rapp
Its: Authorized Agent

TENANT:
TCWC, LLC

By: 

Jared Rapp
Its: Authorized Agent

Area	Description	Takeoff Quantity	Grand Total		
	Demolition				\$ 293,790
	Building Demolition			\$ 187,820	
Remodel	Remove Office Addition	5,600.00 cuft	2,800		
Remodel	Remove Roof Canopy	40.00 sqft	400		
Remodel	Abatement Allowance	1.00 ls	100,000		
Remodel	Decommissioning - WMI	1.00 ls	29,621		
Site	Remove Concrete Ramp / CMU Wall	700.00 sqft	2,800		
Site	Remove House, Garage, & Utilities	1.00 lsum	52,199		
	Structure Demolition			\$ 21,466	
Remodel	D/R metal deck	4,584.00 sqft	21,466		
	Envelope Demolition			\$ 41,895	
Remodel	D/R Spray Foam on CMU Walls	10,260.00 sqft	20,520		
Remodel	D/R Spray Foam on Metal Deck & Joists (CO2 Blast)	6,150.00 sqft	15,375		
Remodel	Remove overhead doors	9.00 each	2,754		
Scale House	D/R roofing / Deck	290.00 sqft	1,695		
Scale House	D/R windows	4.00 each	1,551		
	Interiors Demolition			\$ 16,150	
Scale House	Remove doors & frames	2.00 each	918		
Scale House	D/R acoustical ceilings	240.00 sqft	315		
Remodel	D/R Foam Board insulation on Walls, Scrape Glue	10,400.00 sqft	14,918		
	General Trades Demolition			\$ 765	
Scale House	D/R 2x Roof Framing	300.00 lnft	765		
	Demolition GC's			\$ 25,694	
Remodel	Demolition tools & equipment	1.00 ls	2,650		
Remodel	Forklifts / Loaders	4.00 mos	9,794		
Remodel	Rubbish & dump fees	1.00 ls	12,720		
Scale House	Rubbish & dump fees	1.00 ls	530		
	Earthwork & Sitework				\$ 450,188
	Earthwork			\$ 123,978	
Site	D/R Asphalt Paving	4,052.00 sqyd	16,208		
Site	Sawcut Asphalt Paving	810.00 lnft	5,670		

Site	D/R Sidewalks	800.00 sqft	800		
Site	Hydroseed with prep and mulch	10,000.00 sqyd	20,000		
Site	Grade for Asphalt	2,600.00 sqyd	5,200		
Site	6" Sand subbase	450.00 sqyd	2,700		
Site	6" gravel base	2,600.00 sqyd	23,400		
Site	Stone Parking Areas	2,500.00 sqyd	50,000		
	Roads & Walks			\$	226,210
Site	Fine grade for paving	2,800.00 sqyd	4,200		
Site	1 1/2" Asphalt base course	2,800.00 sqyd	42,000		
Site	1 1/2" Asphalt wearing course	2,800.00 sqyd	42,000		
Site	Parking lot striping	25.00 each	300		
Site	Handicapped Striping	4.00 each	240		
Site	Handicapped Signs - (F/I)	4.00 each	1,400		
Site	24" Curb & Gutter	500.00 lnft	12,500		
Site	Grade for walks and curbs	700.00 sqyd	2,100		
Site	Concrete sidewalks	2,400.00 sqft	28,800		
Site	Concrete Stairs	1.00 lsum	15,000		
Site	Concrete paving	9,000.00 sqft	77,670		
	Landscaping			\$	100,000
Site	Retaining wall	1,000.00 sqft	100,000		
	Masonry				\$ 59,600
Roof	Block - 8" - Reinforced/grouted/insulation	240.00 sqft	9,600	\$	9,600
	Masonry Restoration			\$	50,000
Remodel	Misc. Patch & Repair	1.00 lsum	50,000		
	Structural Steel				\$ 115,912
	Structural Steel			\$	115,912
Remodel	Reinforce Existing Room Joists	5,100.00 sqft	60,904		
Remodel	Replace metal deck	4,584.00 sqft	55,008		
	Moisture & Thermal Prot.				\$ 784,362
	Membrane Roofing			\$	782,500
Remodel	Re-Roof existing	31,000.00 sqft	775,000		
Scale House	Membrane roofing per sqft	300.00 sqft	7,500		

	Roof Flashings & Trim			\$	630	
Scale House	Gutter & Downspouts	42.00 Inft	630			
	Caulking & Sealants			\$	1,232	
Remodel	Sealant @ Expansion Joints	200.00 Inft	616			
Remodel	Sealant @ Control Joints	200.00 Inft	616			
Site	Sealant @ Walk/Paving Expansion Joints	40.00 Inft	123			
	Doors & Windows					\$ 17,674
	Hollow Metal Doors & Frms			\$	11,674	
Remodel	Hollow Metal Frames - double, std height	2.00 each	1,463			
Remodel	Hollow Metal Doors 3070 or equal	4.00 each	9,069			
Scale House	Hollow Metal Doors 3070 or equal	2.00 each	1,142			
	Special Doors			\$	6,000	
Remodel	8x8 OHD	2.00 each	3,000			
Remodel	14x14 OHD	1.00 each	3,000			
	Painting & Wallcovering					\$ 131,084
Remodel	Paint Existing CMU Exterior Walls	20,000.00 sqft	30,000			
Remodel	Paint Existing CMU Walls - Raw Storage	5,420.00 sqft	6,504			
Remodel	Paint Existing CMU Walls - Fermentation	4,400.00 sqft	6,600			
Remodel	Paint Existing CMU Walls - Barrel	5,300.00 sqft	7,950			
Remodel	Paint Existing CMU Walls - Production	5,000.00 sqft	7,500			
Remodel	Paint Existing CMU Walls - Loading A	2,520.00 sqft	3,780			
Remodel	Paint Existing CMU Walls - Fin Storage	880.00 sqft	1,320			
Remodel	Paint Existing CMU Walls - Mechanical	4,300.00 sqft	6,450			
Remodel	Paint exposed structure < 30' high - Bottling	8,100.00 sqft	16,200			
Remodel	Paint exposed structure < 30' high - Fermentation	4,700.00 sqft	9,400			
Remodel	Paint exposed structure < 30' high - Fin Storage	3,400.00 sqft	6,800			
Remodel	Paint exposed structure < 30' high - Barrel	4,050.00 sqft	8,100			
Remodel	Paint exposed structure < 30' high - Production	4,000.00 sqft	8,000			
Remodel	Paint exposed structure < 30' high - Mechanical	1,200.00 sqft	2,400			
Remodel	Paint exposed structure < 30' high - Raw Storage	3,600.00 sqft	7,200			
Remodel	Paint exposed structure < 30' high - Serv Corridor	240.00 sqft	480			
Scale House	Paint Walls - Epoxy	1,100.00 sqft	2,200			

Scale House	Paint hollow metal door and frame	2.00 each	200		
	Equipment				\$ 18,800
	Loading Dock Equipment				
Remodel	Loading Dock Equipment Repair	1.00 ls	18,800		
	Electrical				\$ 73,399
Site	Electrical	1.00 ls	55,050		
Site	Lighting	1.00 ls	18,350		
				Subtotal:	\$ 1,944,810
				GC's / O&P @ 20%:	\$ 388,962
				Total:	<u>\$ 2,333,772</u>

SUMMARY OF TERMS AND CONDITIONS

- Borrower:** TCWC, LLC, TCWC Holding Company, LLC, and RGI Brands, LLC (the "*Borrower*")
- Lender:** Truist Bank (the "*Bank*")
- Guarantors:** Unlimited, unconditional guaranties of Jared Rapp, Steven Rapp, Chris Fredrickson, Moti Goldring, and Jared S Rapp Living Trust (the "Guarantors", and together with the Borrower, the "Obligors"). If multiple guarantors, guaranties must be joint and several in nature.
- Facility:**
- A. A non-revolving construction loan converting to an amortizing term loan (the "*Mini-Perm*") upon completion of the construction period.
 - B. A non revolving construction loan with no conversion (the "*Interim Loan*")
- Loan Amount:** The lesser of (i) \$18,576,000, (ii) 90% of the actual Project Cost including the appraised value of the real estate as determined by an appraisal acceptable to Bank in its sole discretion plus eligible financed loan fees (total Project Cost is estimated at \$20,640,000, or (iii) 92% of the appraised value of the real estate as determined by an appraisal acceptable to Bank in its sole discretion.
- References in this letter referring to "Loan Amount" mean the total of the *Mini-Perm Loan* and the *Interim Loan*.
- A. The amount of the Mini-Perm Loan is limited to 64% of the total Project Cost
 - B. The amount of the Interim Loan will be the total Loan Amount, less the Mini-Perm Loan amount, limited to a maximum of 26% of the total Project Cost.

Purpose: Proceeds will be used for commercial real estate renovations and equipment purchases.

Sources and Uses: The following is a summary of the anticipated application of the proceeds of the Facility and the anticipated sources and uses of other funds associated with the project(s) to which the Facility relates:

Asset Financed	Bank	CDC/SBA	Borrower Cash Equity	Total
CRE Purchase	\$0	\$0	\$705,000	\$705,000
Construction	\$13,082,718	\$0	\$1,176,124	\$14,258,842
Soft Costs	\$143,282	\$1,157,425	\$0	\$1,300,707
Contingency	\$0	\$1,425,884	\$0	\$1,425,884
Equipment Purchases	\$0	\$2,589,141	\$0	\$2,589,141
Furniture & Fixture Purchases	\$0	\$177,550	\$0	\$177,550
Loan Origination Fee	\$0	\$0	\$132,225	\$132,225
Estimated Closing Costs	\$0	\$0	\$50,651	\$50,651
Total	\$13,226,000	\$5,350,000	\$2,064,000	\$20,640,000

Maturity Date:

- A. 132 months from the closing date.
- B. 15 months from the closing date.

Construction Period: Construction is to begin no later than thirty (30) days following the date of the loan closing and is to be completed within 12 months.

Interest Rate:

- A. The "Rate" shall be floating at a spread of Daily Simple SOFR plus 250 bps.
- B. The "Rate" shall be floating at a spread of Daily Simple SOFR plus 250 bps.

Loan Origination

Fee: \$132,225.00
All fees charged in connection with the SBA 504 portion of the financing package will be quoted by **Michigan Certified Development Corp**, a Certified Development Corporation, in its commitment letter to you.

Deposit for Closing Costs: Upon acceptance of the commitment evidenced by the attached commitment letter and this Summary of Terms and Conditions, Borrower shall deposit with Truist an amount equal to \$15,000 (the "Deposit"). Truist shall apply the Deposit to cover costs and expenses related to the Mini-Perm and Interim Loan (collectively, the "Facility") including, without limitation, appraisals, surveys and environmental inspections (the "Expenses"). If the Facility closes, the amount of the Deposit remaining after payment of the Expenses shall be applied to the remaining closing costs payable by Borrower in connection with the Facility and any surplus after the payment of such closing costs shall be returned to the Borrower. In the event the Facility does not close, the Deposit less the Expenses shall be returned to the Borrower.

Repayments:

- A.** Interest only payments shall be payable monthly for the first 12 months. Thereafter, payments consisting of 119 consecutive installments of principal and interest estimated at time of this proposal of \$64,452. The final payment equal to the unpaid balance of principal plus accrued and unpaid interest and any other amounts owed, due and payable on the Maturity Date.
- B.** Interest only payments on amounts disbursed will be due monthly. The CDC will quote the payment in its long-term loan in its commitment letter to you.

Payments by Auto-Debit: The Borrower agrees to execute a Truist agreement authorizing the Bank to initiate charges to a Truist deposit account for all payments due pursuant to this Facility.

Collateral: Collateral shall consist of the following:

Mini-Perm Loan:

- 1. A Mortgage, Deed of Trust or Deed to Secure Debt (as applicable, the "Security Instrument") providing Bank with a first priority mortgage lien/security interest in real property commonly known as 9440 S. Center Hwy, Traverse City, MI, 49684 (the "Property"). The true legal description of the Property to be acceptable to Bank or Bank's closing attorney.
- 2. Assignment of any and all leases, subleases, and tenancies now or hereafter covering all or any part of said Property and all rents and profits therefrom.
- 3. All improvements now or hereafter located on the Property, all fixtures, and other attachments on the Property ("Improvements").
- 4. Specific equipment UCC filing on machinery, equipment and FF&E owned or hereafter acquired by Borrower.

Interim Loan:

- 1. A Mortgage, Deed of Trust or Deed to Secure Debt (as applicable, the "Security Instrument") providing Bank with a second priority mortgage lien/security interest in real property commonly known as 9440 S. Center Hwy, Traverse City, MI, 49684 (the "Property"). The true legal description of the Property to be acceptable to Bank or Bank's closing attorney.
- 2. Assignment of any and all leases, subleases, and tenancies now or hereafter covering all or any part of said Property and all rents and profits therefrom.
- 3. All improvements now or hereafter located on the Property, all fixtures, and other attachments on the Property ("Improvements").
- 4. Specific equipment UCC filing on machinery, equipment and FF&E owned or hereafter acquired by Borrower.

Additional collateral may be required based on collateral requirements of Bank and SBA based upon underwriting.

Prepayment:

- A.** No prepayment penalty.
- B.** Terms of prepayment on the SBA Debenture funding will be including in SBA Loan Documents.

Expenses and Indemnification:

The Borrower will pay all reasonable costs and expenses of the Bank (including, without limitation, the reasonable fees, charges, and disbursements of the Bank's counsel (including in-house counsel) in connection with the preparation, administration, and enforcement of all documentation executed in connection with the Facility.

Bank Counsel:

Bank counsel is required

Events of Default:

Usual and customary for Bank in transactions of this type, including without limitation, the failure by any "Obligor" (Obligor shall include the Borrower, and all Guarantors and any parties which own any Collateral) to pay when due, whether by acceleration or otherwise, any amount owed under the Note; the occurrence of any event of default under any agreement or loan document executed in conjunction with the Note or the failure of any Obligor to perform any covenant, promise or obligation contained in the Note or any other agreement to which any Obligor and the Bank are parties; the breach of any of any Obligor's representation or warranties contained in the Note or any other agreement with the Bank; the failure of any Obligor to pay when due any amount owed to any creditor other than the Bank under a written agreement calling for the payment of money; the death, declaration of incompetency, dissolution, liquidation, merger, consolidation, termination or suspension of usual business of any Obligor; any person or entity, or any group of related persons or entities, shall have or obtain legal or beneficial ownership of a majority of the outstanding voting securities or rights of any Obligor that is not a natural person, other than any person or entity, or any group of related persons or entities that has such majority ownership as of the date of the Note; the insolvency or inability to pay debts as they mature of any Obligor, the application for the appointment of a receiver for any Obligor, the filing of a petition or the commencement of a proceeding by or against any Obligor under any provision of any applicable Bankruptcy Code or other insolvency law or statute, or any assignment for the benefit of creditors by or against any Obligor; the entry of a judgment or the issuance or service of any attachment, levy or garnishment against any Obligor or the property of any Obligor or the repossession or seizure of property of any Obligor; a determination by the Bank that a material adverse change in the financial condition of any Obligor has occurred since the date of the Note; any Obligor commits fraud or makes a material misrepresentation at any time in connection with the Note or any Collateral; any deterioration or impairment of any Collateral or any decline or depreciation in the value of any Collateral which causes Collateral in the judgment of the Bank to become unsatisfactory as to character or value; the sale or transfer by any Obligor of all or substantially all of such Obligor's assets other than in the ordinary course of business; the termination of any guaranty of the Note by a Guarantor.

Representations and Warranties:

Usual and customary for the Bank in transactions of this type

Conditions Precedent

Documentation Required for Closing: Bank's obligation to disburse the proceeds of the Loan is subject to certain conditions precedent which must be satisfied before the closing. In the event any of these conditions precedent is not fulfilled on or prior to the closing date, Bank may, in Bank's sole and absolute discretion, terminate this Commitment. The satisfaction of the conditions precedent is Borrower's responsibility and Borrower should take all such actions as are appropriate in order to assure that the necessary appraisals, inspections, reports, commitments, and other such matters are ordered or initiated and completed at the earliest possible time. These conditions precedent include the following (and all information, reports, and documents must be satisfactory to Bank in Bank's sole discretion)

1. Note: The Mini-Perm shall be evidenced by a promissory note of Borrower (the "Note"). The Note shall provide that after the Note becomes due, whether by acceleration or otherwise, the Note shall bear interest at the default interest rate set forth therein.
2. Security Instrument: The Note shall be secured by a perfected first priority Security Instrument on the Property and Improvements, and all appurtenances thereto. The Note shall also be secured by a first priority Assignment of Rents and Leases. The description of the Property contained in or attached to the Security Instrument shall conform to the description in the title policy and survey referred to below. The Security Instrument shall contain, among other things, a due-on-sale and due-on-encumbrance clause, an indemnification against liability or loss resulting from hazardous or toxic wastes, a waiver of any right of

appraisement, dower, curtesy, and homestead rights, and, a prohibition against the transfer of ownership interests of Borrower.

3. Title Insurance: Bank shall receive a standard ALTA mortgagee title insurance commitment (to be issued to and reviewed and approved by Bank prior to closing) and policy in the amount of the Mini-Perm issued by a company licensed to do business in the state in which the Property is located and acceptable to Bank, insuring Bank's first lien position and all appurtenances thereto. The commitment shall commit to insure and the policy shall affirmatively insure reasonable means of ingress and egress to and from the Property and must otherwise be satisfactory to Bank. The policy shall contain no matters objectionable to Bank, including, without limitation, exceptions with respect to mechanics' and materialmen's liens, prior years' taxes, matters of survey, deed restrictions, prior encumbrances of any nature, restrictive covenants, setback lines, etc. Bank must be provided with copies of all exceptions noted in the commitment and policy prior to the Mini-Perm closing. The policy shall be issued at or after closing in accordance with the commitment. The policy shall include such affirmative endorsements as the Bank deems necessary.
4. Attorney's Opinion: Bank shall receive, at its option, an opinion of counsel for any non-individual Borrower, any general partner of Borrower, and any non-individual Guarantor, with respect to, among other things, the due formation of the respective entities and the due execution and enforceability of the Loan Documents, all in a form and substance satisfactory to Bank.
5. Survey: The Bank shall receive a current plat of survey of the Property and Improvements, which survey shall comply with the Bank's survey requirements attached hereto as Schedule A. The survey shall also comply with all applicable laws, rules and regulations of all governmental authorities having jurisdiction thereon. The survey shall include a certification as to the location of the Property and Improvements within any special flood, mudslide or erosion hazard area ("flood hazard area"). If the Property or Improvements or any part thereof is located within a flood hazard area, then, notwithstanding any contrary provision of this Commitment, this Commitment may be terminated by Bank at its sole option. Prior to disbursement for payment to the general contractor in excess of 90% of the construction contract amount, the Bank may also require a final as-built survey conforming to the requirements herein and showing the location of the completed improvements.
6. Leases: The Bank shall receive, if applicable, copies of any existing or contemplated leases of any part of the subject Property and Improvements, together with a rent roll for the Property and Improvements.
7. Appraisal: Bank shall receive an appraisal of the Property and Improvements in form and amount satisfactory to Bank. The appraisal shall be ordered by Bank from an appraiser acceptable by Bank. The cost of the appraisal shall be paid by Borrower. The appraisal must indicate an "as completed" value which the overall LTV does not exceed 90%. The true legal description of the Property to be acceptable to Bank or Bank's closing attorney.
8. Environmental Due Diligence: Bank shall receive evidence that the Property and Improvements comply with all applicable laws and regulations pertaining to the protection and preservation of the environment and that none of the Improvements contain asbestos containing material or any other material subject to regulation by local, state or federal environmental authorities. Such evidence may include (without limitation), Bank's environmental checklist, environmental assessment, or a Phase I Environmental Assessment of the Property and Improvements which has been prepared by an environmental engineer satisfactory to Bank, who shall conduct soil and chemical testing, addressing the probability of toxic or hazardous wastes on, at or adjacent to the Property (in soil or water), taking into consideration the history of the Property and Improvements and its uses, adjacent land uses and the results of a site inspection by such engineer, and certifying that there are no hazardous or toxic wastes on or at the Property. Such Phase I Environmental Assessment shall be performed in accordance with the most recent promulgated standards of the American Society for Testing and Materials ("ASTM's") for Environmental Site Assessments for Commercial Real Estate (ASTM Designation E 1527 and 1528). If any such evidence discloses the existence or probable existence of any toxic or hazardous wastes or asbestos of any quantity on or at the Property and Improvements, Bank reserves the right, in its sole discretion, to conduct soil, water or asbestos sampling and analysis (also referred to as a Phase II Environmental Assessment), or to void this Commitment.

In the event that there is suggestion of any environmental problem on, at or adjacent to the Property, either prior to or after loan closing, Bank may, at its option, require evidence of the nature of the problem and any remediation, all at Borrower's expense. Such evidence may include opinions and certifications from appropriate governmental authority, Borrower's counsel, and/or an environmental specialist acceptable to Bank. Should the Property or Improvements contain toxic or hazardous material of any quantity unacceptable to Bank prior to closing of the Mini-Perm, Bank reserves the right, in its sole discretion, to void this Commitment.

9. Hazard/Windstorm: Bank shall receive evidence of hazard insurance policies which must include fire, vandalism, malicious mischief and windstorm coverage (if applicable), in an amount sufficient to avoid co-

insurance liability and equal to the total replacement value of the Improvements with extended coverage endorsement covering all Improvements located on the land. All such policies (1) must be issued by a company approved by Bank and licensed to transact business in the state in which the Property is located; (2) must contain a standard mortgagee clause designating the Bank, its successors or assigns, as mortgagee and, if contents are part of the Collateral, the Bank, as loss payee; and (3) must contain provisions providing for written notice to Bank at least 30 days prior to any cancellation, termination or modification thereof or of any coverage provided that, if such cancellation or termination is due to non-payment of premiums, the time period for such notice may not be less than ten (10) days.

10. Liability Insurance: Bank shall receive evidence of liability insurance in form and in an amount satisfactory to Bank issued by a company approved by Bank and Bank shall be named as an additional insured on such policy.
11. Flood Insurance: If the Improvements (or any part thereof) are located in a special flood hazard area according to the Federal Emergency Management Agency ("FEMA"), then Borrower shall obtain a flood insurance policy insuring Bank in an amount equal to the amount of the Mini-Perm, plus the outstanding balance of any senior liens, or the replacement value of the Improvements located in the special flood hazard area, whichever is less, and shall conform to the second to last paragraph of Paragraph Number 5. An independent flood insurance determination may be made by Bank or its representatives or agents for the Property and Improvements, the cost of which shall be paid for by Borrower. If, after closing, the area in which the Property or any part thereof) is located, is remapped and if the Property or Improvements or any part thereof is determined to be located in a special flood hazard area, Borrower shall be required to obtain and maintain a flood insurance policy in accordance with the provisions of this Paragraph. If, within forty-five (45) days of receipt of notification from Bank that the Property and Improvements has been reclassified by FEMA as being located in a special flood hazard area, and Borrower has not provided sufficient evidence of flood insurance, Bank is mandated under federal law to purchase flood insurance on behalf of Borrower, and Bank will add the associated costs to the principal balance of the Mini-Perm. If the Property or any portion thereof is located in a flood hazard area, this Commitment may be terminated by Bank at its sole option.
12. Organizational Documents and Borrowing Authorization: Bank shall receive (a) a copy of any non-individual Obligor's organizational documents; (b) a borrowing resolution/consent authorizing the Facility, the pledge of Collateral to secure the Facility and the execution of the Loan Documents by the board of directors / shareholders / members or managers of Borrower, as applicable, and (c) a certificate of incumbency evidencing the appropriate officer and specimen signature of such person.
13. UCC Financing Statements: Uniform Commercial Code Financing Statements, properly filed, providing Bank with a valid second priority security interest/lien on all items of furnishings, fixtures, equipment, and other items and types of personal property now owned or hereafter acquired by Borrower and located on the Property and used or useable in the construction, operation and maintenance of the Improvements.
14. Affirmative Covenants: Usual and customary for Bank in transactions of this type, including without limitation: (i) delivery of updated financial information, including but not limited to current financial statements in form satisfactory to the Bank.
 - a. Borrower's annual CPA Reviewed financial statements due within 120 days after FYE.
 - b. Borrower's quarterly company prepared financial statements due within 45 days after each fiscal quarter end.
 - c. Personal tax returns, K-1s due upon Bank's request.
 - d. Annual personal financial statement due upon Bank's request.
15. Negative Covenants: Usual and customary of Bank in transactions of this type, including without limitation restrictions on liens, additional indebtedness and dividend payments if an event of default exists.
16. Contracts between Borrower, its Architect, Engineer and Contractor: All contracts between Borrower, the architect of record, the engineer of record and the general contractor shall be submitted to Bank for approval and must be satisfactory to Bank in all respects. The Construction Contract must be either a fixed cost or a guaranteed maximum cost contract. Borrower's interest in each such contract shall be assigned to Bank, with such assignment consented and agreed to by the architect, the engineer or the general contractor, as the case may be, such consent to provide that upon a default in the Mini-Perm, Bank shall have the same rights to enforce the performance under each such contract as Borrower has. As to the architect's contract and engineer's contract, Bank shall have the right (without limitation) to use the plans, drawings and specifications to complete the project without further payment or charge of any kind and to require the architect or engineer to complete the performance of all duties set forth therein upon payment of the unpaid portion of the compensation called for by such contract. The Construction Contract shall contain a complete cost breakdown

analysis indicating costs of materials, labor and chattels and a reasonable itemization of other items therein contained. The retainage provisions in the Construction Contract must be satisfactory to Bank. No changes in the Construction Contract will be made without the prior written consent of Bank. The general contractor must also agree in writing, addressed to Bank, to comply for the benefit of Bank with the provisions of the immediately preceding sentence.

The minimum retainage percentage required by Bank is 10% **[5% for TN]**. Prior to final disbursement for payment to the general contractor in excess of 90% of the construction contract amount, Bank may require, without limitation, a certification of substantial completion by Borrower's architect (in form and content satisfactory to Bank), a complete breakdown of all costs incurred in connection with the Premises and assurance satisfactory to Bank that all labor and materials supplied to the Premises have been or will with such disbursement be fully paid for and that no right exists on the part of any party to claim a lien against the Premises, or any portion thereof.

17. Cost Breakdown: Borrower shall provide Bank with a cost breakdown and will include all items of direct and indirect costs of the Premises (the "Cost Breakdown"), such Cost Breakdown to be reviewed and approved by Bank. All costs must, to the extent possible, be verified by fixed cost contracts, and all items of cost incapable of verification by means of fixed cost contracts must be supportable as reasonable estimates. It is imperative that all items of cost be identified. All Mini-Perm disbursements shall be made in accordance with the Cost Breakdown. Deviations from the Cost Breakdown must be approved in advance in writing by Bank.

If contracts for particular line items, or actual expenditures, should actually be less than indicated on the Cost Breakdown, the unused funds allocated to that line item may, with the prior written consent of Bank, be shifted to other line items, as needed, and if unused they will be ultimately shifted to the contingency category on the Cost Breakdown.

18. Construction Loan Agreement: A Construction Loan Agreement specifying, among other things, that Bank shall at all times have the right to retain sufficient funds necessary to complete the Improvements and to pay for the cost of the Improvements and the other items set forth in the Cost Breakdown referred to above. Loan disbursements will be made only for certifiable costs included in the approved Cost Breakdown referred to above. **The Construction Loan Agreement shall also include a certification from Borrower to the effect that no construction work of any kind has commenced on the Premises and no materials have been placed or stored on the Premises prior to the recordation of the Security Instrument. Construction shall not begin prior to the date of the Mini-Perm closing but is to begin no later than thirty (30) days following the date of the Mini-Perm closing or such later date as Bank agrees to in writing and is to be completed on or before the conclusion of the Construction Phase.**
19. Architect's Certificate: The architect of record shall certify to Bank that (i) the construction of the Improvements as completed in accordance with final plans and specifications will comply with the requirements of the Fair Housing Act; (ii) that all required licenses, permits and other governmental approvals for the construction of the Improvements have been issued; (iii) that the Premises, if and when the Improvements are completed in accordance with the final plans and specifications, will comply with all zoning, fire and building code, etc. statutes and regulations to which the Premises is subject; and (iv) that the recommendations contained in any subsoil report have been included in the final plans and specifications.
20. Final Plans and Specifications and Site Plan: Two copies of the final plans and specifications and site plan, together with written evidence of approval of the final plans and specifications and site plan by Borrower, and any other person having the right or option, by law or agreement, to approve such plans and specifications and site plan (collectively, the "Approving Parties"). Any changes in the final plans and specifications and site plan not otherwise permitted in this Commitment Letter shall require the prior written approval of the Approving Parties and the prior written consent of Bank. All construction shall be in accordance with the plans and specifications.
21. Permits and Authorizations: Building permits and any other governmental licenses, permits and approvals required for construction of the Improvements (or, as appropriate, for the occupancy and operation of the Property) shall have been issued, and legible, true copies of each furnished to Bank, including, without limitation, approval regarding traffic capacity from the applicable jurisdiction. Borrower shall also provide evidence satisfactory to Bank of the availability of sewer, water, gas, electrical and telephone services to the Property, including letters of availability from the providers of such services.
22. General Contractor / Performance and Payment Bonds: The general contractor must be satisfactory to Bank. To approve the general contractor, Bank may require, prior to closing, information on the general contractor, including without limitation, the most recent 2 years' financial statements, lists of suppliers and subcontractors (with names and telephone numbers), bank references (with names and telephone numbers), and experience

resume. Bank reserves the right to require that Borrower and the general contractor provide payment and performance bonds from a surety acceptable to Bank and naming Bank as a dual-obligee, in form and substance acceptable to Bank, to be issued no later than the start of construction of the Improvements.

23. Equity: The equity requirements (if any are required in light of the cost breakdown) shall be advanced by Borrower prior to Bank's first disbursement of loan funds. As evidence of payment of any required equity on behalf of Borrower, Bank shall require copies of paid receipts of the appropriate invoices or bills for services rendered by persons such as architects, landscape architects, engineers, attorneys, title insurance companies, and the like, and all requests for disbursements of any sums in respect of hazard insurance premiums, bond premiums, permits, utility connection charges, or other charges imposed by any public utility or governmental unit shall be accompanied by the statement or invoice setting forth such charges or premiums. Should an individual category on the Cost Breakdown exceed the budgeted amount needed to complete the Improvements, then an equity injection must be made by Borrower unless a budgetary savings in the same or a greater amount is realized in a different category as determined by Bank.
24. Architect: The architect must be satisfactory to Bank. To approve the architect, Bank reserves the right to require, prior to closing, information on the architect, including without limitation, the most recent three years' financial statements, bank references (with names and telephone numbers), and experience resume.
25. Zoning: Bank shall have received written evidence that the Property and Improvements and its use are in compliance with all applicable zoning ordinances and land use laws and regulations without regard to any conditional or non-conforming use permit. Such evidence may consist of a certification from the appropriate governmental authority, a legal opinion from an attorney satisfactory to Bank, a zoning endorsement to the title insurance policy or a zoning report from a zoning consulting firm.
26. Disbursements. Any disbursements will be made jointly to the Borrower and the General Contractor, vendor or other person. The initial funding of the Mini-Perm must occur within thirty (30) days after the closing of the Mini-Perm. Disbursements will be made no more frequently than monthly and upon satisfactory inspection of the Improvements, in accordance with AIA Document G702, or a similar document, and such document, along with certified in-place cost estimates, shall be properly completed and executed by the general contractor and the independent inspecting representative of Bank. The Borrower shall furnish Bank with lien waivers signed by the general contractor and all major subcontractors and suppliers for all work done and material supplied that were included in the preceding requisition, which waivers shall be furnished at the date of disbursement of the next requisition or thirty (30) days after the last requisition, whichever date shall first occur. At the option of Bank, all requisitions shall be supported by copies of bills or statements for all expenses for which a disbursement is requested. At no time shall the Bank be required to disburse Mini-Perm funds in excess of the amount recommended by Bank's independent inspecting representative. The Borrower must furnish the Bank with an accurate and fully completed W-9 or W-8 tax form for itself and any person that is to receive funds directly. At no time shall the Bank be required to disburse Mini-Perm funds to anyone that has not provided Bank with the W-9 or W-8 forms required in the prior sentence. Borrower agrees that Bank may disburse automatically from the Mini-Perm proceeds the monthly interest payment due, on its due date or any date thereafter the Bank may choose, provided said interest has not theretofore been duly paid.
27. Compliance With Governmental Regulations. The Property shall comply with all applicable building codes and all other applicable local, state and federal laws, rules, regulations and/or requirements, including but not limited to the American Disabilities Act.
28. Subordination of Leases. Bank may, at its sole option, require that any and/or all of the leases affecting the Property be made subject and subordinate to the Bank's. Bank may also require that a Subordination Non-Disturbance and Attornment Agreement (SNDA) in form satisfactory to Bank be executed by any and/or all tenants.
29. Further Encumbrances. The Borrower agrees that it shall not pledge, transfer, convey or otherwise encumber the Collateral, including any of the improvements, furniture, fixtures, and equipment now or hereafter located on the Property or grant any rights or easements affecting the Property without the prior written consent of the Bank.
30. No Adverse Change. No part of the Collateral shall be damaged and not repaired to the satisfaction of the Bank, nor taken in condemnation or other like proceeding, nor shall any such proceeding be pending or contemplated. Neither Borrower nor any tenant under any assigned lease, nor any guarantor of the Facility, or of any such lease, shall be involved in any bankruptcy, reorganization, dissolution or insolvency proceeding.
31. Bank's Right To Waive. The Bank reserves the right to waive, in whole or in part, any of the terms and conditions hereunder or in any of the documents referenced herein. The Bank further reserves the right to reinstate any such term or condition so waived subsequent to any such waiver.

32. Stored Materials: Disbursements in respect of any application for payment to the general contractor for stored materials shall be permitted only if such stored materials have been delivered to and stored on the site or such materials have been stored in a local bonded warehouse and, in either event, insured to the satisfaction of Bank. Bank, at its option, may require a security agreement and UCC Financing Statements specifically covering such materials and granting to Bank a first security interest therein for off-site storage. At no time shall the aggregate amount of such disbursements exceed ten percent (10%) of the total amount of the construction contract.
33. Certificate of Occupancy: Prior to disbursement for payment to the general contractor in excess of 90% of the Construction Contract amount, Bank shall require a Certificate of Occupancy or other evidence satisfactory to Bank stating that the Improvements have been completed in accordance with applicable governmental requirements.
34. Independent Inspecting Representative: Bank may, at its sole option, appoint an independent inspecting representative, who shall be an engineer or architect, for the purposes of (i) reviewing and advising Bank with respect to the final plans and specifications, (ii) reviewing invoices for construction costs and the general contractor's applications for payment for amounts shown on monthly disbursement requests, (iii) making monthly inspections of the progress of the work, and (iv) reporting to Bank the accuracy of such monthly invoices and monthly disbursement requests, the percentage of completion thereof and the quality of construction and compliance with plans and specifications. Each request for disbursement of loan funds for work performed shall be approved by Borrower, the architect of record, the independent inspecting representative, and Bank. Bank shall have the right, but shall not be required, to rely conclusively upon the report of the independent inspecting representative as to the percentage of work completed and the amount to be disbursed in connection with any request for disbursement. The costs and expenses incurred in connection with the use of the independent inspecting representative shall be paid by Borrower.
35. Signs: At Bank's request, Borrower shall place upon the Premises a sign advertising the fact that financing is being provided by Bank.
36. Related Agreements: Bank shall have received executed copies of all agreements of any nature whatsoever to which the Borrower is a party affecting or relating to the use, operation, development, or construction of the Improvements on the Property.
37. Easements: Bank shall have received evidence that all easements for utilities, parking, ingress and egress and any other easements deemed necessary, are in place for the benefit of the Property. At Bank's option, the legal description in Bank's deed to secure debt or mortgage will include the easement rights granted by such easements and the title insurance policy will insure that said easement rights are valid and superior to all liens.
38. Shareholder Notes: Bank shall be in receipt of all of Borrower's notes payable to Guarantors which must be subordinated to Bank debt. All payments to shareholders and/or affiliate debt must cease immediately in the event of delinquency/default on Bank debt until such time that Bank debt has been brought current. Terms of the note for all amounts shall be subject to satisfactory review by Bank.
39. AML Due Diligence: Bank shall be in receipt of: (a) all financial, formation and other information required by the Bank on Borrower, Guarantor(s) and their constituent entities and any other entities specified by the Bank, including all due diligence materials to verify authority, identity and background information for regulatory purposes under applicable "know your customer" and anti-money laundering laws, as deemed necessary by the Bank in its sole and absolute discretion, and (b) such other information and due diligence deliveries as are requested by and acceptable to Bank, including, but not limited to, legal documentation and attorney opinion letters.
40. No Default or Material Adverse Change: The funding of the Facility shall be subject to accuracy of representations and warranties as of the date of such loan and no event of default or incipient default under the Mini-Perm or the Interim Loan shall have occurred and be continuing as of the date of such loan or would result from making the Mini-Perm or the Interim Loan. Additionally, there shall not have occurred, in the opinion of the Bank, any material adverse change in the business or financial condition of Borrower or any Guarantor or in any other state of facts submitted to the Bank in connection with the Facility, from that which existed at the time the Bank initially considered the proposed Facility.
41. This commitment is contingent upon the participation of Michigan Certified Development Corp, a Certified Development Corporation (the "CDC"), through the approval of a SBA 504 loan.
42. SBA Approval: This credit approval by the Bank is subject to review and separate approval of the U.S. Small Business Administration. Any and all terms and conditions as imposed by the SBA Loan Authorization in order to satisfy the requirements therein shall be deemed applicable to this commitment as well. This credit would not

be available to you, from us, upon the terms and conditions and in the amount set forth in this commitment without the participation of the SBA.

43. Additional Matters:

- a. Approval is subject to the satisfactory review of the General Contractor.
- b. Primary operating deposit accounts to be opened and maintained at Truist for the life of the loans.

Governing Law Jurisdiction of the Loan: Michigan.

This Summary of Terms is intended as an outline of certain material terms of the Loan and does not purport to describe all of the terms and conditions, representations and warranties, covenants and other provisions that could be contained in the definitive Loan Documents.

SCHEDULE A

Truist Bank Survey Requirements

An acceptable survey shall meet the following requirements:

1. The survey must be certified by a surveyor licensed in the jurisdiction in which the Property is located.
2. The survey must be certified to Borrower, Truist Bank, its successors and assigns and the applicable title company.
3. The survey must be dated no more than 90 days prior to the date the Security Instrument is recorded.
4. The survey must be acceptable to the title insurance company for purposes of insuring title free and clear of survey matters.
5. The survey must show the following:
 - the dimensions and total square footage (land area) of the Property;
 - the location of an accurate, identifiable point of beginning and the boundaries of the Property by courses and distances;
 - all land lot, district and section lines and city, county and state boundaries intersecting or adjacent to the Property;
 - the location of all buildings, structures and other improvements (including sidewalks, curbs, parking areas and fences) on the Property and the distance from the improvements to adjoining exterior property lines;
 - established building lines/setbacks, if any;
 - the location of all easements, servitudes, or rights of way on the Property, or other similar exceptions listed in the commitment for the title insurance policy for the Property (except that blanket easements may be shown as such), including any exceptions shown on a record map or plat, together with complete recording information;
 - the location and dimensions of any encroachments by (i) the improvements on the Property onto any adjacent property, street, alley, or easements located on the Property, and (ii) improvements on any adjacent property, street or alley onto the Property;
 - the number, size and location of parking spaces on the Property;
 - indication of access (such as curb cuts and driveways) to adjoining streets and highways and the status of such roadways as public or private and the width thereof;
 - a legend of all symbols and abbreviations used on the survey;
 - the date of original preparation of the Survey and each revision date thereof; and
 - the location of any flood plain areas on the Property or the certification that none of the Property lies within the 100 year flood plain.
6. The legal description of the Property shown on the survey must conform to the legal description shown in the commitment for a loan title insurance policy for the Property. A metes and bounds description, a lot and block description, or a description of the Property bounded on all sides by dedicated streets or alleys is acceptable as long as it corresponds to the legal description shown in such title insurance commitment. If the title insurance commitment refers to a recorded plat, then such plat with appropriate recording references must be indicated on the survey.
7. A surveyor's certificate will be acceptable if it is printed as a legend on the survey or is attached to and specifically identifies the survey. The form of surveyor's certificate shall be as follows:

SURVEYOR'S CERTIFICATE

The undersigned (the "Surveyor") hereby certifies to BORROWER, TRUIST BANK, and unto ("Title Company") that (a) this plat of survey ("Survey") is true and correct and prepared from an actual on-the-ground survey of the real property (the "Property") shown hereon; (b) such Survey was conducted by the Surveyor, or under his supervision, in accordance with the minimum technical standards set forth in the field notes shown hereon; (c) all monuments shown hereon actually exist, and the location, size and type of material thereof are correctly shown; (d) except as shown hereon, there are no encroachments onto the Property or protrusions therefrom, there are no improvements on the Property, and there are no visible easements or rights-of-way on the Property and there are no visible discrepancies, conflicts, shortages in area or boundary line conflicts; (e) the size, location and type of improvements are as shown hereon; (f) all recorded easements which either encumber or benefit the property have been correctly platted hereon; (g) the lines of all abutting dedicated public streets and easement areas providing access to the Property, together with the width and name thereof, and the location of all driveways and curb cuts along such abutting streets and easement areas, are as shown hereon; (h) the location of all applicable set back and building lines are as shown; (i) the Property is not located within the 100 year flood plain; and (j) the boundaries, dimensions and other details shown hereon are true and correct.

Certified this ____ day of _____, _____.

Signature of Surveyor

Registered Land Surveyor Number _____

Address _____

[OFFICIAL SEAL]



Black-Eyed Susan
Flowers June-September



Bee Balm
Flowers June-August



Common Juniper
Fruits Sep-Dec



Smooth Aster
Blooms August-October



Native Asplbe (False Goat's Beard)
Flowers May-July



Hybrid Witch Hazel
Blooms Feb-Mar



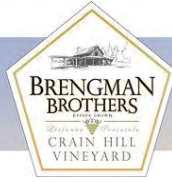
BLD
Landscape Design, LLC



BLD







To whom it may concern,

On behalf of Bregman Brothers Winery, I am writing to highly recommend Traverse City Whiskey Co. as a deserving participant in the Blight Elimination Program. Our business is located directly next door to the future site of their distillery, which has been an eyesore going back over a decade.

I have personally witnessed Traverse City Whiskey Co.'s positive influence on our neighborhood over the past five years. We have watched them slowly chip away at improving the property, making incremental progress as they are able. Their involvement in the Blight Elimination Program will undoubtedly amplify their efforts to make a lasting difference in our community.

In my opinion, Traverse City Whiskey Co. is an ideal candidate for the Blight Elimination Program. Their proven track record, unwavering dedication to sustainability, and remarkable community impact make them a standout choice. By supporting their participation, you would be investing in a business that aligns perfectly with the program's objectives.

Should you require any further information or references, please do not hesitate to reach out to me.

Sincerely,

Ed Bregman

Ed Bregman
Partner, Bregman Brothers Winery



The Charter Township of Elmwood, Leelanau County

10090 E. Lincoln Rd., Traverse City, MI 49684

Office (231) 946-0921 • Fax (231) 946-9320

May 9, 2023

John Gallagher

Leelanau County Land Bank

Dear John,

The Elmwood Township Board has voted on multiple occasions to support the Traverse City Whiskey (TC Whiskey) project in Elmwood Township. The Township is supportive of the TC Whiskey application for the Blight Elimination Grant.

TC Whiskey would be an ideal candidate to receive funds for demolition of a blighted sight. The former Cherry Growers building and grounds have deteriorating for many years, and the TC Whiskey project will transform this site into an amazing facility, which will become a destination in Elmwood Township. The project will increase the value of the property multifold, will create jobs in Elmwood Township, and will take a rundown, eyesore and transform it into something everyone can be proud of.

Sincerely,

Jeffrey K Shaw, DC

Elmwood Township Supervisor



May 9, 2023

Mr. John Gallagher III
Leelanau County Land Bank

Dear John:

I am writing to express my enthusiastic support for Traverse City Whiskey Co.'s application for the Blight Elimination Program. As a member of the community and neighboring business owner, I understand the importance of preserving historic properties and revitalizing our neighborhoods, and I believe that this support will help further that goal.

The rehabilitation of a decrepit property can be a daunting and costly task, but it is a crucial investment in the future of our community. The proposed project will not only bring new life to a once vibrant, now blighted property but will also contribute to the revitalization of the area and provide new opportunities for businesses and jobs.

I am impressed with Traverse City Whiskey Co.'s commitment to the project and their plans to use the grant funds to remove the abandoned and decrepit buildings from the property and protect the skeleton of the Cherry Growers building so that it can be restored to its former glory. This rehabilitation project will not only enhance the visual appeal of the area but also increase property values, bring in modern infrastructure and create new business opportunities, which will undoubtedly have a positive impact on the community as a whole.

I believe that Traverse City Whiskey Co. is a deserving recipient of this support and will make great use of the funds to carry out their vision. The project is timely, it aligns with the community's interests and needs, and it will contribute to the betterment of the area for decades to come.

Thank you for considering this application, and I urge you to support this worthy project.

Cheers,

Gary Jonas

A handwritten signature in black ink, appearing to read "G. Jonas".

Owner, Farm Club & The Little Fleet