

REIMBURSEMENT AGREEMENT

This Brownfield Reimbursement Agreement (the “**Reimbursement Agreement**”) is made as of **April 25, 2016**, among the Charlotte Brownfield Redevelopment Authority (the “**Authority**”), a public body corporate with offices at 111 East Lawrence Street, Charlotte, MI 48813; and Spartan Motors USA, Inc., a Michigan Corporation, with a business address of 1541 Reynolds Road, Charlotte, MI 48813 (the “**Developer**” or “**Spartan Motors**”). The Authority and the Developer, collectively, shall be referred to as the “**Parties**” throughout the Agreement. The Authority and the Developer, collectively, shall be referred to as the “**Parties**” throughout the Agreement.

RECITALS

A. The Authority was created by the City of Charlotte (the “**City**”) pursuant to the Brownfield Redevelopment Financing Act, 1996 P.A. 381, as amended (the “**Act**”), and, pursuant to the Act, the Authority has prepared a Brownfield Plan to include the Property (as defined below) which was duly approved by the City Council on Monday, March 14, 2016 following a public hearing on Monday, March 8, 2016, a copy of which is attached as **Exhibit A** (the “**Brownfield Plan**”).reimbursement

B. The Developer intends to develop the property in the City of Charlotte which is described on the attached **Exhibit B** (the “**Property**”) and which, as defined by Part 201 of Michigan’s Natural Resources and Environmental Protection Act (P.A. 451, as amended) and included in the Brownfield Plan is an “eligible property” and is therefore commonly referred to as a “brownfield.”

C. The Developer has also entered into a Development Agreement with the City of Charlotte and the Authority, a copy of which is attached as **Exhibit C** (the “**Development Agreement**”).

D. Provided it obtains any needed zoning and building approvals from the City and others, the Developer plans to develop on the Property certain improvements (the “**Improvements**”) as described in the Brownfield Plan. The Improvements will increase the tax base for the relevant taxing jurisdictions and support the employment base in Charlotte. The Improvements include eligible activities as defined by the Act (the “**Eligible Activities**”).

E. In order to make the Improvements on the Property, the Developer will incur costs to complete the Eligible Activities. These costs are more fully described in the Brownfield Plan (“**Eligible Costs**”). It is recognized that the Brownfield Plan is based upon estimated costs and may increase or decrease depending on the nature and extent of the Brownfield conditions and other unknown conditions encountered on the Property. The actual cost of those Eligible Activities encompassed by this Plan that will qualify for reimbursement from tax increment revenue of the Authority from the Property shall be governed by the terms of this Agreement. No costs of Eligible Activities will be qualified for reimbursement except to the extent permitted in accordance with the terms and conditions of this Agreement, Brownfield Plan and the Act. The amount reimbursed for eligible activities may be adjusted up or down between the various categories of Eligible Activities, up to the maximum total reimbursement of \$972,550.00.

F. In accordance with the Act and the Brownfield Plan, the Parties desire to use the property tax revenues that are generated from an increase in the Property’s taxable value due to the

Improvements (“**Tax Increment Revenues**” or “TIR”) to reimburse the Developer for Eligible Costs it incurs in improving the Property.

G. The Parties are entering into this Agreement to establish the terms and conditions and the procedures for such reimbursement with Tax Increment Revenues as they are generated.

TERMS AND CONDITIONS

In exchange for the consideration in and referred to by this Agreement, the Parties agree as follows:

1. Brownfield Plan. To the extent provisions of the Brownfield Plan conflict with this Agreement, the terms and conditions of the Brownfield Plan control. To the extent provisions of the Brownfield Plan or this Agreement conflict with the Act, then the Act controls.
2. Construction of Development. The Developer shall proceed with due care and diligence to complete the Improvements and undertake and complete the Eligible Activities resulting in the Eligible Costs, all in accordance with this Agreement, the Brownfield Plan, Development Agreement and all applicable laws, rules, regulations, permits, orders, and authorized requirements of any official or agency of competent jurisdiction.
3. Capture of Taxes. The parties agree that this Agreement and the TIR collected and distributed pursuant to the Brownfield Plan are intended to fund the Eligible Costs and the Authority’s costs as described in the Brownfield Plan.
4. Submission of Costs. For those Eligible Costs for which the Developer seeks reimbursement from the Authority, the Developer shall submit to the Authority such of the following as may be required by Authority representatives:
 - (a) a written statement detailing the costs,
 - (b) a written explanation as to why the amounts requested are subject to reimbursement pursuant to the Brownfield Plan and this Agreement,
 - (c) copies of invoices from the consultants, contractors, engineers, attorneys or others who provided such services,
 - (d) copies of waivers of liens by the contractors, subcontractors and material suppliers;
 - (e) if not already submitted, copies of the contract with the contractor or supplier providing the services or supplies for which reimbursement is sought;
 - (f) a statement from the engineer and project manager overseeing the work recommending payment; and
 - (g) any other information which may be reasonably required by state authorities or reasonably required by the Authority.

The Developer may submit a reimbursement request including such information whenever it is available even though TIR for the reimbursement may not be available at the time of submittal. As TIR become available, the Authority will reimburse the Developer those Eligible Costs which have been approved by the Authority as directed by the Brownfield Plan. The Developer and

Authority agree that the Authority may do so but is not obligated to reimburse Eligible Activities conducted after April 30, 2017

5. Payments. Payments to the Developer shall be made as follows:

(a) Within sixty (60) days of its receipt of the materials identified in paragraph 4 above, the Authority shall decide whether the payment request is for Eligible Costs and whether such costs are accurate. If the Authority determines all or a portion of the requested payment is for Eligible Costs and is accurate, it shall see that the portion of the payment request that is for Eligible Costs is processed for payment as provided in subparagraph (b) below. If the Authority disputes the accuracy of any portion of any payment request or that any portion of any payment is for Eligible Costs, it shall notify the Developer in writing of its determination and the reasons for its determination. The Developer shall have thirty (30) days from its receipt to provide the Authority a written response to the Authority's decision and the reasons given by the Authority. Within thirty (30) days of receiving the written response from the Developer, the Authority shall make a final determination on the eligibility of the disputed cost(s) and inform the Developer in writing of its determination. The final determination shall be binding upon the Developer.

(b) Once it approves any request for payment as Eligible Costs and approves the accuracy of such costs, the Authority shall pay to the Developer pursuant to the Brownfield Plan and Development Agreement, as amended,. The City of Charlotte and Charlotte Brownfield Redevelopment Authority ("CBRA") will make best efforts to remit payment for approved Eligible Costs to Spartan Motors as soon as new TIR becomes available, and shall do so within 30 days of receipt of TIR following standard payment of taxes by Spartan Motors.

(c) The repayment obligation under this Agreement shall expire upon the payment by the Authority to the Developer of all CBRA approved amounts due the Developer under this Agreement or on December 31, 2040, whichever occurs first.

(d) The sole source for any reimbursement shall be such TIR as described in the Brownfield Plan. To the extent permitted by law, such reimbursements, once approved by the Authority under subparagraph (b) above shall be and remain valid and binding obligations of the Authority until paid or until expiration of the time for payment as provided in subparagraph (c), or if the Developer is in default of the Development Agreement.

(1) Payment for Administrative Fees. The Authority will collect a payment for administrative fees annually from TIR equaling 10 percent of the amount of TIR collected each year that is derived from "Local Taxes", as defined by the Act. The purpose of this payment is to cover administrative costs and fees, as defined in section 7(h) of Act 381, that are part of the approval of the Brownfield Plan, an Act 381 Work Plan and any Eligible Activity on an eligible property. The payment is a reimbursable administrative cost subject to TIR under Section 13(16) and Section 13(19) of the Act, and the satisfaction and performance of the terms of this Agreement. The Developer acknowledges that payment of the administrative fees will be made from TIR before payments to the Local Site

Remediation Revolving Fund (“LSRRF”) and before any payments of amounts due to the Developer hereunder.

(2) Payment for Local Site Remediation Revolving Fund. The Authority will collect a payment each year for deposit into the LSRRF. The payment will equal five percent of the amount of TIR collected each year that is derived from “Local Taxes”, as defined by the Act. Collection and use of the payments deposited into the LSRRF will be in accordance with Section 8 and Section 13(5) of the Act. The Developer acknowledges that payment of the LSRRF will be made from TIR before any payments of amounts due to the Developer hereunder.

6. Assignment of Future Reimbursement Revenue. The Developer may assign, with the Authority’s written approval, all or part of its rights and obligations under this Agreement to any affiliate or successor in interest. Developer shall, no later than sixty (60) days prior to such assignment, notify the Authority as specified under Subparagraph 10(e).

7. Adjustments. If, due to an appeal of any tax assessment or reassessment by Spartan Motors, Inc., the Authority is required to reimburse any TIR to taxing entities, the Authority may deduct the amount of any such reimbursement from any amounts due and owing the Developer or, if all amounts due the Developer under this Agreement have been fully paid, the Authority may invoice the Developer for the amount of such reimbursement and the Developer shall pay the Authority such invoiced amount within sixty (60) days of the Developer’s receipt of the invoice from the Authority. Nothing in this agreement shall limit the right of the Developer to appeal any tax assessment.

8. Obligation to Fund Eligible Activities. The Developer shall pay for the Eligible Costs with its own funds, in addition to the use of funds from the Lansing Regional Brownfield Coalition’s Fiscal Year 2015 Environmental Protection Agency (EPA) Assessment Grant related to this redevelopment project. The Developer shall receive reimbursement from the Authority by available TIR as described in the Brownfield Plan. The EPA Assessment Grant funds will have third priority after CBRA administrative and LSRRF costs, and shall be paid back with TIR in full prior to the reimbursement of any Developer funded Eligible Costs. It is anticipated that there will be sufficient available TIR to pay for all Eligible Costs under this Agreement. However, if for any reason increased TIR from the Development do not result in sufficient revenues to satisfy such obligations, the Developer agrees and understands that it will have no claim or further recourse of any kind or nature against the City or the Authority and the Developer shall assume full responsibility for any such loss or costs. This paragraph shall not reduce the obligation to reimburse on the part of the City or the Authority, and if additional TIF is forthcoming, reimbursement shall continue according to the terms of this Agreement.

9. Indemnification. The Developer shall defend, indemnify, and hold the City and the Authority, and their agents, representatives, and employees (hereinafter “Indemnified Persons”) harmless from any loss, expense (including reasonable legal counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from injuries to persons or property as a result of the ownership, operation, use or maintenance of the Improvements.

Comment [KL1]: Need to understand City’s stance on this. We could remove ability to assign reimbursement revenues, but I would recommend keeping this to allow flexibility for Spartan and the CBRA into the future. The Development Agreement can spell out the specifics of when and how the PA198 and Brownfield TIF incentives would be rescinded. Since Brownfield TIF is a redevelopment-based incentive as opposed to a business expansion incentive, and that redevelopment investment will occur over the next year, I would recommend leaving this section as is here.

10. Miscellaneous.

(a) This is the entire agreement between the parties as to its subject matter. All previous negotiations, statements and preliminary instruments of the parties or their representatives are merged in this Agreement. The Agreement shall not be amended or modified except in writing signed by all the parties. It shall not be affected by any course of dealing and the waiver of any breach shall not constitute a waiver of any subsequent breach of the same or any other provision.

(b) This Agreement and the rights and obligations under this Agreement except as previously noted, are un-assignable and non-transferable without the consent of the other parties. It shall, however, be binding upon any successors or permitted assigns of the parties.

(c) This Agreement shall terminate when all reimbursements required under this Agreement have been made or the Brownfield Plan obligation to the Developer expires, whichever occurs first.

(d) All parties had input into the drafting of this Agreement and all had the advice of legal counsel before entering into this Agreement. In the event any ambiguity of any language in this Agreement arises, such ambiguity shall not be construed against any party.

(e) Notices shall be complete when delivered by personal delivery, by courier or delivery service (such as UPS, FedEx or other service) or by certified mail, return receipt requested to the addresses first written above. If any party refuses to accept delivery when presented, delivery shall be deemed to have occurred at the time of such refusal. Any such notice and communication shall be addressed as follows:

If to Authority: Charlotte Brownfield Redevelopment Authority
111 East Lawrence Avenue
Charlotte, MI 48813
Attn: Bryan Myrkle

If to Developer: Spartan Motors USA, Inc.
1541 Reynolds Road
Charlotte, MI 48813
Attn: Tom Kivell

(f) This Agreement shall be governed by the laws of the State of Michigan.

(g) This Agreement may be signed in multiple identical copies, each of which shall be deemed to be an original copy, and each facsimile or electronic copy shall constitute a legally binding, enforceable document.

(h) The captions and headings in this Agreement are for convenience only and in no way limit, define or describe the scope or intent of any provision in this Agreement.

(i) Each party shall take all actions required of it hereunder as expeditiously as possible and shall cooperate to the fullest extent possible with the other parties and with any individual, entity or governmental agency regarding the purposes of this Agreement. Each party shall execute and deliver all documents necessary to accomplish the purposes and intent of this Agreement, including, but not limited to, such documents or agreements as may be required by the Developer's lenders with respect to securing financing from such lenders.

By signing below, all parties represent and warrant their authority to enter into this agreement on behalf of their respective organizations. The parties have signed this Agreement as of the date first written above.

SPARTAN MOTORS USA, INC.

**CHARLOTTE BROWNFIELD
REDEVELOPMENT AUTHORITY**

By: _____
Thomas T. Kivell, Secretary

By: _____
Bryan Myrkle, CBRA Administrator

EXHIBIT A
BROWNFIELD PLAN

See Attached

EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY

The location of the Project consists of two parcels and is commonly known as 1014 Reynolds Road and 1023 Reynolds Road, Charlotte, Michigan (“Project Area”) and legally described as follows:

1014 Reynolds Road:

- Parcel #200-045-600-151-00, Lot #15. Dean’s Industrial Park, City of Charlotte, 1986.

1023 Reynolds Road:

- Parcel #200-024-100-081-00, COM 901 FT S OF NE COR OF W 1/2 OF NW 1/4, S 188 FT, W 30 FT, S 311 FT, W 60 FT, S 50 FT, E 60 FT, S 562.8 FT, W 570 FT, N 1111.8 FT, E 600 FT TO BEG. SEC.24, T2N, R5W, CITY OF CHARLOTTE 1986. EASEMENT RECORDED ON L401 P57 HAS BEEN VACATED BY CITY IN L2066 P1025 IN 2006 AND L 2071 P 984

1023 REYNOLDS ROAD DESCRIPTION DOES NOT MATCH THE TITLE WORK

This description is:

Part 1:

Commencing at a point 1089 feet South of the Northeast corner of the West 1/2 of the Northwest 1/4 of Section 24, T2N, R5W, City of Charlotte, Eaton County, Michigan; thence South 585.8 feet; thence West 600 feet; thence North 585.8 feet; thence East 600 feet to beginning, EXCEPT commencing at a point 1400 feet South and 30 feet West of said Northeast corner; thence South 50 feet; thence West 60 feet; thence North 50 feet; thence East 60 feet to beginning for Reynolds Lift Station.

Part 2:

Commencing at a point 1674.8 feet South of the Northeast corner of the West 1/2 of the Northwest 1/4 of Section 24, T2N, R5W, City of Charlotte, Eaton County, Michigan; thence South 363 feet; thence West 600 feet to the East right of way line of Reynolds Road; thence North along said right of way 363 feet; thence East 600 feet to beginning, EXCEPT the South 25 feet.

Part 3:

Commencing at a point 901.0 feet South 00 degrees 02 minutes East of the Northeast corner of the West 1/2 of the Northwest 1/4 of Section 24, T2N, R5W, City of Charlotte, Eaton County, Michigan; thence South 00 degrees 02 minutes East 188.0 feet, thence South 89 degrees 44 minutes 10 seconds West 600.00 feet to the East line of Reynolds Road; thence North 00 degrees 02 minutes West 188.00 feet along the East line of Reynolds Road; thence North 89 degrees 44 minutes 10 seconds East 600.00 feet to the place of beginning.

EXHIBIT C
Development Agreement Summary

Spartan Motors USA, Inc. will begin site development regarding parcel 1014 & 1023 Reynolds Road, Charlotte, MI in March 14, 2016 and will conclude all development activity by March 31, 2017. The anticipated investment for this project is approximately \$6.3 million dollars and is projected to create approximately 35 new full time positions including direct labor assembly, quality & maintenance technicians, engineering and supervisory level. The high level details of the development will be as follows for each parcel:

1014 Reynolds Road (Plant #10 vehicle storage lot):

- Prep site w/ silt fence
- Demo old plant foundations, slab and asphalt pavement
- Establish grade, apply asphalt millings & compact
- Dig detention pond
- Fence & light
- Development will be completed by June 30, 2016

1023 Reynolds Road (Plant #12 80Ksqft manufacturing building):

- Prep site with silt fence
- Demo remainder of old Carefree building
- Install and tie into storm & sewer systems, utilities (electric, water & gas)
- Site prep & grade
- Install foundations
- Install storm sewer systems
- Erect pre-engineered modular building
- Install manufacturing equipment & tooling
- Install dockwells and docking systems
- Pave site
- Development will be completed by April 30, 2017.

EXHIBIT D

EXHIBIT E