

PARKING AGREEMENT  
LIBRARY LOT PROJECT

THIS PARKING AGREEMENT (the "Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and among the **City of Ann Arbor**, a Michigan municipal corporation (the "City"), of 310 East Huron, P.O. Box 8647, Ann Arbor, Michigan 48107, the **Ann Arbor Downtown Development Authority**, a public body corporate formed and existing pursuant to the Michigan Downtown Development Authority Act, Act 197 of 1975, as amended (the "DDA"), and **Core Spaces Ann Arbor Fifth LLC**, a Delaware limited liability company ("Core Spaces"), of 540 West Madison Street, Suite 2500, Chicago, Illinois 60661.

RECITALS:

A. The City is the owner of a certain parcel of real property located in the City of Ann Arbor, Washtenaw County, Michigan, commonly known as 319 South Fifth Avenue, Ann Arbor which is legally described in attached Exhibit A (the "Library Lot Property"), upon which the City has developed and constructed, and the DDA operates, the Library Lane Structure, a 711 parking space underground and surface public parking garage (the "Parking Structure").

B. The City, as seller, and Core Spaces, as purchaser, are parties to a certain Agreement of Sale dated as of May 31, 2018 (the "Purchase Agreement"), pursuant to which the Parking Structure is contemplated to become one unit of a multi-unit condominium project to be established pursuant to the Michigan Condominium Act, as amended, with the air rights over and above the Library Lot Property to become one or more additional units (the "Air Space Unit(s)"), to be sold and conveyed to, and developed by, Core Spaces as a multi-use commercial real estate project (the "Project") into one or more condominium units (the "Units"), all subject to and upon the terms and conditions of the Purchase Agreement. One of the Units in the condominium will be developed and operated as a multi-family apartment project (the "Apartments Unit")

C. Pursuant and subject to the terms and conditions of the Purchase Agreement, the City has agreed to make certain parking permits available to Core Spaces during the construction of the Project for parking, staging and storing of construction materials, and upon completion of the Project, to lease (or cause the DDA to lease) to Core Spaces, or its successors and assigns, as owners of the Apartments Unit, a certain number of parking permits for occupants and guests of the Project and its component parts.

D. The City, the DDA and Core Spaces are entering into this Parking Agreement for the purpose of more particularly setting forth their understandings and agreements with respect to the foregoing.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth hereinbelow, the parties hereto agree as follows:

1. Construction Period Permits. From and after commencement of actual physical construction of the Project, the City and/or DDA will lease to Core Spaces permits for up to but not more than 20 parking spaces in the Parking Structure, at a location or locations approved by the City and the DDA, for the parking of construction-related vehicles, construction staging and/or

the storage of construction materials for the construction of the Project. Core Spaces shall give written notice to the City and the DDA of the specific number of permits needed not less than 60 days prior to the start date for permits. Core Spaces shall be solely responsible, at its expense, for the repair, maintenance and cleaning of the parking spaces so utilized, and shall defend, indemnify and hold harmless the City and the DDA from and against any and all damages and liability of any nature caused by or attributable in whole or in part to such usage. Use of permits under this Paragraph 1 shall cease and terminate not later than 60 days following substantial completion of the Project; provided, however, that any permits in use under this Paragraph that overlaps with the post-construction lease of permits to Core Spaces under Paragraph 2 hereof shall accordingly reduce the number of post-construction permits available to Core Spaces until such time as such construction period usage ceases in its entirety. Core Spaces shall pay to the DDA the following fees ("Construction Parking Permit Fees") for each permit issued and/or space occupied, in whole or in part, under this Paragraph 1: (i) an initial fee at the time of and for the issuance of any card required to obtain access under the permit, which fee shall be at the then prevailing charge for such access cards, (ii) a monthly permit fee at the then prevailing charge as established by the DDA and the City for a Standard Permit or Limited Permit, as applicable, for each calendar month during which the permit is issued to or space occupied, in whole or in part by Core Spaces (or its contractors, agents or representatives), and (iii) a monthly contract surcharge in the initial amount of 20% of the total monthly permit fees. The monthly fees payable under subparagraphs (ii) and (iii) of this Paragraph 1 shall be due and payable, in advance, on or before the first day of each calendar month during the construction period; provided, however, that in the event the start date of such usage is other than the first day of a calendar month, such fees for that month shall be prorated and payable on or before the issuance of the first such permit. Upon termination of Core Spaces construction period usage under this Paragraph 1, the spaces used hereunder shall be returned to the City/DDA broom clean and otherwise in the condition existing as of the commencement of usage hereunder.

2. Lease of Parking Permits.

A. The Parking Structure. Upon issuance of the first temporary or final certificate of occupancy for the Apartments Unit (the "Commencement Date"), the City and/or the DDA will lease to Core Spaces, or its successor or assign as owner of the Apartments Unit, permits for 196 parking spaces to be assigned standard (i.e., 24 hour / 7 day access) monthly parking permits ("Standard Permits") in the Parking Structure, the location of which spaces will be determined by the City and/or the DDA. Core Spaces may, in its discretion and by written notice to the City and the DDA, elect to designate certain of the foregoing permits to be issued as overnight/limited access monthly permits ("Limited Permits"), in accordance with and subject to the hours and other terms and conditions of the Overnight/Limited Access (or Limited Pass) Monthly Parking Permit Rules of the City or DDA, as applicable, in effect from time to time ("Limited Access Rules"). As of the date hereof, the Limited Access Rules restrict usage to the period of 3:30 pm to 9:00 am Monday through Friday, and all day on Saturdays and Sundays, and do not permit parking in the applicable parking structure during other hours, except for specifically designated holidays. Any remaining hours after deducting the total time allowed for Limited Permits issued from the total time allowed for 196 Standard Permits (24-hour equivalents) shall be available for additional permits; provided, however, that under no circumstances shall more than the total equivalent of 196 Standard Permits be issued or utilized at any time. The maximum number of parking permits that may be leased to Core Spaces hereunder shall be reduced by the number of spaces within the

Parking Structure wholly or in part occupied or obstructed by the Project or any elements (structural or otherwise) of the Project.

B. Other Parking Structures. Additionally, on the Commencement Date, the City and/or the DDA will lease to Core Spaces for the benefit of the Units permits for 85 parking spaces to be assigned Standard Permits, and permits for 80 parking spaces to be assigned Limited Permits, in the City-owned Fourth and William Structure, the location of which spaces will be determined by the City and/or the DDA. All parking permits in the Fourth and William Structure may be replaced by the City with permits in another structure in the same parking district if the Fourth and William Parking Structure is not in use. For purposes hereof, the parking district includes the Parking Structure, the Fourth and William Structure and the Fourth and Washington Structure.

C. Adjustments/Reductions of Parking. The above numbers of parking spaces permitted to Core Spaces shall be subject to the following:

- i. Core Spaces shall give written notice to the City and the DDA of its specific parking permit requirements not less than 60 days prior to the Commencement Date. Thereafter, Core Spaces shall give written notice to the City and the DDA of its parking requirements for the following calendar year not less than 60 days prior to the end of each calendar year. The number of leased parking permits hereunder shall never exceed the totals above, but during the first three (3) years after the Commencement Date, the total number of leased permits can fluctuate upward and downward by a maximum number of 50 (full time equivalent) permits. After the first three years, Core Spaces shall be allowed, upon not less than 60 days prior written notice to the City and the DDA, to permanently reduce the overall number of parking permits to the minimum amount of parking required for the Project by Ann Arbor City Code.
- ii. Core Spaces may elect, at its sole discretion, and upon not less than 90 days prior written notice to the City and the DDA, to relinquish and release all or any portion of the 196 parking permits at the Library Lane Structure so that these permits may be used to accommodate other needs unrelated to the Project. In that event, and subject to availability as determined by the DDA, the number of parking permits released shall still be provided in the Fourth and William Structure.
- iii. Core Spaces may at any time, and on not less than 60 days' prior written notice to the City and the DDA, elect to permanently reduce the overall number of parking permits to the minimum amount of parking required for the Project by Ann Arbor City Code.

D. Subleasing. Core Spaces, or its successor or assignee of the Apartments Unit, shall be permitted from time to time to sublease parking permits to residential tenants, hotel operator (including without limitation for employee and/or guest parking) and other lessee entities that operate within the Project including, but not limited to, office tenants and retail tenants, including employees of above, as well as for visitor and customer use (each a "Permitted Subtenant"). In addition, Core Spaces, or its successor or assignee as owner of the Apartments Unit, shall have the right from time to time to sublease (or assign as the case may be) parking permits to owners of other Units in the Project and such other Unit owners shall be permitted to sublease such parking permits to Permitted Subtenants that use or occupy their respective Unit. In connection with the

foregoing, Core Spaces (and/or the Unit owner) shall have complete and sole discretion as to the rate it charges any such Permitted Subtenant (i.e., the rental rate charged to any such sublessee may be more than or less than the rate that Core Spaces pays to the City or the DDA under this Agreement). Core Spaces, and/or a Unit owner, shall not permit its Permitted Subtenants to further sublease parking permits and shall include language satisfactory to the City in its reasonable business discretion prohibiting subleasing in all of its leases associated with the Project. Unauthorized subletting of parking permits shall make those permits subject to cancellation in the sole discretion of the City.

E. Temporary Unavailability. If, during the term of this Agreement, maintenance, renovation or repairs are required to the Parking Structure, the City and/or the DDA, as the case may be, shall use commercially reasonable efforts to minimize the effect of such maintenance, renovation or repairs upon the utilization of the parking permits leased under this Agreement. If despite such efforts, the utilization of some or all of those permits must be temporarily suspended, then the City or DDA, as the case may be, shall use commercially reasonable efforts to arrange for alternative parking arrangements for the affected permit holders at the nearest available City-owned parking facility offering monthly permits. Core Spaces shall remain liable to the City and the DDA for all permit fees accrued and payable under this Agreement unless no alternative parking is offered or available.

3. Permit Fees/Rental Rates. Core Spaces shall pay to the City and/or the DDA, as designated from time to time by the City, the following fees for each permit issued under this Agreement (“Permit Fee”): (i) an initial fee at the time of and for the issuance of a card required to obtain access under the permit, which fee shall be at the then prevailing charge for such access cards; (ii) a monthly fee at the then prevailing charge as established by the DDA and the City for a Standard Permit or Limited Permit, as applicable and based on the relative numbers of each type of permit issued at any given time; and (iii) a monthly contract surcharge of 20% of the total monthly permit fees. The monthly fees payable under subparagraphs (ii) and (iii) shall be due and payable, in advance, on or before the first day of each calendar month during the Term and any Renewal Term; provided, however, that in the event the Commencement Date is other than the first day of a calendar month, such fees for that month shall be prorated and payable on or before the Commencement Date. The City and/or the DDA, as applicable, shall have the right, from time to time during the term of this Agreement, to revise the permit fees and contract surcharges to correspond to authorized changes to the then prevailing rates by not less than 60 days prior written notice; provided, however, that in no event shall the permit fees increase more in any given calendar year than the average increase of such fees and surcharges in all City-owned parking garages located in the parking district consisting of the Parking Structure, the Fourth and William Structure and the Fourth and Washington Structure.

4. Term. This Agreement is effective upon execution and shall terminate and expire twenty (20) years after the Commencement Date (the “Initial Term”). Core Spaces shall have the option to renew this Agreement for two (2) successive additional terms of fifteen (15) years each (each, a “Renewal Term”), provided written notice of renewal is provided to the City and the DDA not less than six (6) months prior to the end of the Initial Term, or the applicable prior Renewal Term, as the case may be. Renewal of this Agreement shall be subject to the following: (i) Core Spaces shall not be in default under this Agreement either on the date of exercise of the renewal nor at any time prior to the start of the applicable new Renewal Term.

5. Default/Termination.

A. The following shall constitute Events of Default by Core Spaces hereunder:

- (i) The failure by Core Spaces to pay any Construction Parking Permit Fees or Permit Fees after the date for payment specified in Paragraph 1 and/or Paragraph 3, as the case may be (a "Monetary Breach"), and the failure to remedy such breach within fourteen (14) days after written notice thereof; or
- (ii) The breach by Core Spaces of any other terms or conditions of this Agreement (a "Non-Monetary Breach"), and the failure to remedy such breach within thirty (30) days after written notice thereof; provided, however, that if any such Non-Monetary Breach is not capable of cure within thirty (30) days, then the Non-Monetary Breach shall not be deemed an Event of Default if and so long as Core Spaces commences its cure within such thirty (30) day period, and thereafter diligently prosecutes such cure to completion.

B. Upon the occurrence of an Event of Default, the City or the DDA, as applicable, may, at its option and election:

- (i) Immediately terminate this Agreement by written notice to Core Spaces, in which event all outstanding permits issued and in effect as of the date of termination shall be revoked and cancelled;
- (ii) Seek specific performance of Core Spaces' obligations and liability under the terms and conditions of this Agreement; or
- (iii) In the event of termination under subparagraph B(i), seek as damages (x) all costs incurred by the City/DDA (as the case may be) in connection with enforcement of this Agreement, including without limitation reasonable attorneys' fees, (y) all accrued and unpaid Construction Permit Fees and/or Permit Fees and other charges hereunder through the date of termination, together with interest thereon at the rate of 6% over the prime rate published from time to time by the Wall Street Journal (the "Default Rate"), and (z) an amount equal to all Permit Fees that would otherwise be payable under this Agreement for a period of one hundred twenty (120) days from and after the date of termination, together with interest thereon at the Default Rate.

6. Assignment. Except as expressly permitted in the following sentence, this Agreement shall not be assigned in whole or in part by Core Spaces without the prior written approval of the City which will not be unreasonably withheld. Notwithstanding the foregoing, Core Spaces, or a future owner of the Apartments Unit, shall have the right to assign, transfer, mortgage, secure or collaterally assign this Agreement solely in connection with, and as a part of, the assignment, transfer, mortgage, financing or other conveyance of the Apartments Unit (or portion thereof). The Unit owners, City and DDA agree to provide reasonable estoppel certificates

related to compliance with this Agreement in connection with the sale, assignment, mortgage or transfer of a Unit and/or to provide reasonable documents that confirm such assignment upon the request of Core Spaces and/or a future owner of the Apartments Unit

7. Notices. All notices permitted or required to be given hereunder shall be in writing and sent by a nationally recognized overnight courier service (such as Federal Express), certified mail, postage prepaid, return receipt requested, hand delivered, or by electronic mail (provided that a hard copy of such electronic mail is also delivered by an overnight carrier) addressed as follows:

If to the City:

City of Ann Arbor  
Guy Larcom City Hall  
301 East Huron Street  
Ann Arbor, Michigan 48107-8647  
Attention: Howard S. Lazarus  
City Administrator  
Email: [hlazarus@a2gov.org](mailto:hlazarus@a2gov.org)

With copy to:

Stephen K. Postema  
City Attorney  
Guy Larcom City Hall  
301 East Huron Street  
Ann Arbor, Michigan 48107-8647  
Email: [spostema@a2gov.org](mailto:spostema@a2gov.org)

If to the DDA:

Ann Arbor Downtown Development Authority  
150 South Fifth Avenue, Suite 301  
Ann Arbor, Michigan 48104  
Attention: Susan Pollay, Executive Director  
Email: [spollay@a2dda.org](mailto:spollay@a2dda.org)

If to Core Spaces:

Core Campus Investment Partners LLC  
1643 N. Milwaukee Ave., 5<sup>th</sup> Floor  
Chicago, Illinois 60647  
Attention: Marc Lifshin  
Email: [marcl@corespaces.com](mailto:marcl@corespaces.com)

and:

Core Campus Investment Partners LLC  
540 W. Madison Street, Suite 2500  
Chicago, Illinois 60661  
Attention: David B. Nelson  
Email: [dnelson@drwholdings.com](mailto:dnelson@drwholdings.com)

or to such other address or addresses as the parties may designate from time to time by notice given in accordance with this Paragraph. Any such notice shall be deemed given on the date of delivery to such Overnight Courier, or hand delivery, as the case may be. All notices given in accordance with the terms hereof shall be deemed received on the date of delivery (or, in the case of electronic mail, the date of transmission) if delivered (or, in the case of electronic mail, transmitted) before 5:00 p.m. local time on a business day in the place of the recipient, and if otherwise delivered, on the next business day following the date of such delivery or when delivered personally.

8. Miscellaneous.

- A. This Agreement, which may be executed in multiple counterparts, or by electronic signature and/or delivery (with the same effect as if original execution copies) is to be governed by and construed under the laws of the State of Michigan that are applied to contracts made and to be performed in that state, and may be modified or amended only as set forth herein or by a written instrument executed by the City, the DDA and Core Spaces. The captions are used only as a matter of convenience and are not to be considered a part hereof.
- B. No waiver of any provision or condition of this Agreement by any party shall be valid unless in writing, signed by such party. No such waiver shall be taken as a waiver of any other or similar provision or of any future event, act, or default. If any action by any party shall require the consent or approval of another party, the consent or approval of the action on any one occasion shall not be deemed a consent to or approval of that action on any subsequent occasion or a consent to or approval of any other action on the same or any subsequent occasion.
- C. This Agreement and the rights and responsibilities set forth herein shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors, and permitted assigns. The City, DDA, and Core Spaces agree to record a memorandum evidencing this Agreement at or prior to the Closing Date, as defined in the Purchase Agreement.
- D. Neither party is the agent, partner or joint venture partner of the other; neither party has any obligation to the other except as specified in this Agreement.
- E. No party other than Core Spaces, the City and the DDA, and their successors and permitted assigns, shall have any right to enforce or rely upon this Agreement,

which is binding upon and made solely for the benefit of the parties hereto, and their respective successors or permitted assigns, and not for the benefit of any other party.

- F. Whenever this Agreement requires that something be done within a specified period of days, that period shall (i) not include the day from which the period commences, (ii) include the day upon which the period expires, (iii) expire at 5:00 p.m. local time on the day upon which the period expires, and (iv) unless otherwise specified herein, be construed to mean calendar days; provided, that if the final day of the period falls on a Saturday, Sunday or legal holiday, the period shall extend to the first business day thereafter.
- G. If one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, that invalidity, illegality or unenforceability shall not affect any other provision hereof.

[signatures on following pages]



This Agreement is executed as of the date first set forth above.

CITY: CITY OF ANN ARBOR, a Michigan municipal corporation

By: \_\_\_\_\_  
Name: Christopher M. Taylor  
Title: Mayor  
Dated: \_\_\_\_\_, 201\_

By: \_\_\_\_\_  
Name: Jacqueline Beaudry  
Title: Clerk  
Dated: \_\_\_\_\_, 201\_

Approved as to Substance:

By: \_\_\_\_\_  
Name: Howard S. Lazarus  
Title: City Administrator  
Dated: \_\_\_\_\_, 201\_

Approved as to Form:

By: \_\_\_\_\_  
Name: Stephen K. Postema  
Title: City Attorney  
Dated: \_\_\_\_\_, 201\_

[Additional signature pages follow.]

[Signature page to Parking Agreement]

DDA:

ANN ARBOR DOWNTOWN DEVELOPMENT  
AUTHORITY

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

Its Chairman

Date: \_\_\_\_\_, 201\_

Approved as to Substance

\_\_\_\_\_  
Susan Pollay, Executive Director

Date: \_\_\_\_\_, 201\_

[Signature page to Parking Agreement]

CORE SPACES: CORE SPACES ANN ARBOR FIFTH LLC,  
a Delaware limited liability company

By: Convexity Management LLC, a Delaware  
limited liability company, Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: Core Campus Manager, LLC, a Delaware  
limited liability company, Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT A

LIBRARY LOT PROPERTY

City of Ann Arbor, Washtenaw County, State of Michigan, more particularly described as:

LAND LOCATED IN THE CITY OF ANN ARBOR, COUNTY OF WASHTENAW, STATE OF MICHIGAN, AND DESCRIBED AS FOLLOWS:

PARCEL 1: LOTS 3 AND 4 IN BLOCK 3 SOUTH OF HURON STREET, RANGE 5 EAST, ORIGINAL PLAT OF VILLAGE (NOW CITY) OF ANN ARBOR, AS RECORDED IN TRANSCRIPTS, PAGE 152, WASHTENAW COUNTY RECORDS.

PARCEL 2: LOT 5 BLOCK 3 SOUTH OF HURON STREET, RANGE 5 EAST, ORIGINAL PLAT OF VILLAGE (NOW CITY) OF ANN ARBOR, AS RECORDED IN TRANSCRIPTS, PAGE 152, WASHTENAW COUNTY RECORDS.

PARCEL 3: THE SOUTH 30 FEET OF LOT 6 AND NORTH 36 FEET OF LOT 6, BLOCK 3 SOUTH OF HURON STREET, RANGE 5 EAST, ORIGINAL PLAT OF VILLAGE (NOW CITY) OF ANN ARBOR, AS RECORDED IN TRANSCRIPTS, PAGE 152, WASHTENAW COUNTY RECORDS.

Parcel ID: \_\_\_\_\_

[CONVERT TO UNIT NUMBER WHEN AVAIABLE]

