



City of  
Jonesville

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**CITY OF JONESVILLE  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
SPECIAL MEETING  
AGENDA  
AUGUST 24, 2015 - 7:30 A.M.  
CITY HALL**

- 1. CALL TO ORDER**
- 2. PRESENTATIONS AND RECOGNITIONS**
  - A. None
- 3. APPROVAL OF AGENDA**
- 4. PUBLIC COMMENT**
- 5. NEW BUSINESS**
  - A. Subordination Agreement – Ritz Craft Corporation
- 6. OTHER BUSINESS**
- 7. ADJOURNMENT**

**[Action]**



To: Jonesville LDFA Board  
From: Jeffrey M. Gray, City Manager   
Date: August 21, 2015  
Re: Manager Report and Recommendations – August 24, 2015 LDFA Special Meeting

**5. A. Subordination Agreement – Ritz Craft Corporation**

**[Action]**

The LDFA will recall that the Purchase and Sale Agreement with the Ritz Craft Corporation for their property in the Industrial Park included language to address the eventual construction of a second phase on the vacant property that they purchased north of their existing facility. The language is attached and includes provisions for the return of that land to the City if the expansion is not commenced.

The provision has been extended on a couple of occasions and was last extended by the LDFA in 2009 for 10 years to end on April 15, 2019.

Ritz Craft is currently refinancing an expiring bond for the project. The proposed mortgager is requiring the City sign a Subordination Agreement so that the new mortgage will remain in first position in the event of foreclosure. The effect of the Agreement will prevent us from enforcing reversion of the property to the City without approval of the mortgage company during the term of the mortgage. We have been advised that the loan will have a 15 year term.

Mayor Snow and I have been in communication with the Title Company, mortgager, and Ritz Craft to consider other options to the Agreement. Unfortunately, other options are not possible in time to accomplish a required August 25<sup>th</sup> closing.

Other provisions of our agreement with Ritz Craft will remain intact with the Subordination Agreement, including the provision that the unused property may not be sold by Ritz Craft. Market conditions have slowed the planned expansion; however, Ritz Craft indicates that they have built the onsite infrastructure to plan for the future expansion. We certainly support their future growth on the property.

I recommend a motion to authorize the City Manager to execute the Subordination Agreement for the Ritz Craft Corporation mortgage at 118 Deal Parkway. *Please refer to the attached language from the Purchase and Sale Agreement, Minutes of the April 15, 2009 LDFA meeting, and Subordination Agreement.*

I apologize for the need for a special meeting in such short order from our previous meeting. The details and urgency of this issue were not made apparent to us until after the LDFA regular meeting. Thank you for making yourselves available to address this.