

## Cover Letter

8/11/23

The Boardman Neighbors met recently with TCAPS to discuss the future of the administration building. Most people learned about the plans to demolish the building, and almost everyone in attendance was dismayed, saddened, and even outraged. Can we, the neighbors and city residents, just watch while an iconic centerpiece of the neighborhood is torn down because it's easiest, most profitable, and convenient? The answer is no.

The following day, we began the process to save the building. From experience we knew this is not the most profitable idea, but that is not our motive. We both believe in the quality of the neighborhood and the surrounding community. And to this end, we are committed to preserving the building as an enduring symbol of Traverse City history.

Days later, following several meetings with friends and community partners, we formed Boardman Building, LLC with the goal of preserving the building and redeveloping the property.

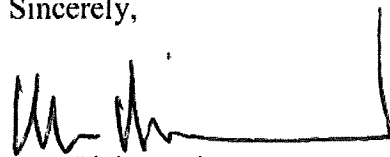
Our plans are to reconfigure the existing building with 13-15 residential units. An additional 3 townhouse style homes will be added to the east side of the building. All units will have covered parking and access to outdoor spaces. This type of renovation is more costly than new construction. All units will be sold at fair market value. The building will be preserved.

Ken Richmond and Eric Gerstner are the primary members of the Boardman Building, LLC and will be directly responsible for all planning and decisions regarding the project. We have assembled a comprehensive team of the best professionals from within our community to help plan, advise, fund, and ultimately rebuild and restore the Boardman School Building. It is our sincere hope this project will succeed.

Offered Price Seven Hundred Fifty Thousand Dollars (\$750,000)

Thank you for considering our proposal and we apologize for the late submission. Please review the accompanying support materials and site plan.

Sincerely,



Ken Richmond  
(231) 946-0400



Eric Gerstner  
(231) 409-4100

Boardman Building, LLC  
PO Box 562  
Suttons Bay, MI 49682

Kenneth C Richmond, AIA

Richmond Architects • Historic Renovation / Restoration / Downtown Mixed-Use Residential

**Carnegie Library:** 1902 original, 1967 addition, Traverse City, MI, Grand Traverse Heritage Center  
Board Member, Building Committee Member, 1999-2000

8,000 sq. ft. renovation and restoration

Agencies—Michigan State Historic Preservation Office (SHPO), City of Traverse City Historic Districts Commission, Traverse Area District Library (TADL)

**Traverse City State Hospital Building 88:** 1975 original Munson Clinic, 2001-2002 renovation, Grand Traverse Commons, Traverse City, MI, Architect

5,000 sq. ft. renovation and change in use with building additions

Agencies—SHPO, National Trust for Historic Preservation, Grand Traverse Commons  
Redevelopment Corporation (GTCRC), City of Traverse City, Grand Traverse County, and Garfield Township

**Traverse City State Hospital Building 50:** 1890 Kirkbride Asylum, Traverse City, MI,

Consulting Architect with preservation effort, 1998- 2000

400,000 sq. ft. renovation and change in use with building additions

Agencies—SHPO, National Trust for Historic Preservation, GTCRC, City of Traverse City, Grand Traverse County, and Garfield Township

**Fishtown :** Early 20<sup>th</sup> Century Fishing Village, Fishtown Preservation Society, Leland, MI

Board Member, Site Committee Member, 2016 - Present

Architect, Dock and Building High-Water Reconstruction

"Other Side," Fish Shanty 1,200 sq. ft. renovation and building stabilization

Agencies—SHPO, National Trust for Historic Preservation, City of Leland, Leelanau County

**Port Onieda Farm Buildings and Olson House:** Late 19<sup>th</sup> Century Agriculture District and Farm House,  
Preserve Historic Sleeping Bear, Sleeping Bear Dunes National Lakeshore, MI,  
Board Member, 2003-2013

Consulting Architect, Restoration of Agriculture Re-Use

Agencies—SHPO, Sleeping Bear Dunes National Lakeshore

**Washington Place:** Mixed-Use, 23-Unit Residential Building on 5 floors with underground parking,  
Traverse City, MI, Architect (with Environment Architects), 2016

73,300 sq. ft. New construction within the context of historic neighborhood

Agencies—Traverse City Historic District Commission, City of Traverse City

**Eric Gerstner**      **8/9/2023**

University of Michigan, B.S. Architecture 1982

Resident of Traverse City and Suttons Bay since 1996

**Professional Licenses**

- Individual Builder License
- Master Electrical License
- Electrical Contractor License

**Notable Projects**

- Tru Fit Trouser Building, Traverse City 2005-present. Renovation of 22,000 SF vacant factory into mixed use space. Three additional buildings added in recent years.
- Briny Building, Manistee Michigan 1997-2016. Complete restoration/renovation of a 50,000 SF brick/timber frame building. Received designation for State Historic Preservation.
- Various residential remodels throughout the neighborhoods of Traverse City.

Ken Richmond and Eric Gerstner have a combined 84 years of professional work in architecture and construction and a combined 61 years of living and working in Traverse City.



Troy A. Noble  
First Vice President, Commercial Loans  
Traverse City, MI 49684  
231.649.4912

July 26, 2023

Eric Gerstner  
PO Box 562  
Suttons Bay, MI 49682

Dear Eric:

Honor Bank is pleased to provide you with the following financing proposal for the finance of your purchase and renovation of 412 Webster Street, Traverse City, MI. We have enjoyed our existing relationship and look forward to working with you on this exciting new project. This proposal is subject to approval and should not yet be considered a commitment. The following is what we propose subject to these terms and conditions and subject to the final approval of Honor Bank.

**Borrower:** Eric Gerstner  
**Loan:** Commercial real estate mortgage  
**Amount:** TBD  
**Purpose:** Purchase and renovate commercial real estate at 412 Webster St., Traverse City, MI 49684

**Confidentiality:** **All terms and conditions of this letter shall remain confidential and not shared with anyone without consent of Honor Bank.**

**Conditions**  
**Precedent to**

- Funding:**
1. Receipt and satisfactory review of an updated real estate appraisal ordered by Honor Bank. Loan advance not to exceed of **80% of the new appraisal** or cost, whichever is less.
  2. Receipt and review of environmental questionnaires on property being mortgaged. It should be noted there could be additional



environmental investigation by 3<sup>rd</sup> parties should historical or proposed uses and findings warrant them.

3. Annual receipt of personal financial statements and IRS tax returns on borrowers and all guarantors and related entities.
4. Receipt and satisfactory review of renovation budget.
5. Survey of property acceptable to the bank.
6. Final due diligence and underwriting of Honor Bank.

Thank you very much for the opportunity to provide a proposal for your financing needs and be able to assist with your needs in the future. I look forward to discussing this with you in further detail. If there are any terms or conditions that would make this proposal more appealing, please bring it to my attention.

Best Regards,

Troy Noble  
First Vice President, Commercial Loans

Boardman School, LLC  
Consultants/Advisors

<u>Name</u>	<u>Title/Role</u>
Allen, Maurie & Betsy	Active Boardman Neighbor
Bergman, Jody	VP - Estimating, Comstock Const.
Bulloch, Matt	Active Boardman Neighbor
Clulo, Tim	Attorney
Derenzy, Jean	CEO TC DDA
Edmondson, Jim	President, Trison Engineering (Structural Eng)
Graetz, Debra	TC - NOBO District, President
Jackson, James	Sr. Project Mgr, Otwell Mawby (Asbestos Assessment)
Jozwiak, Scott	Jozwiak Consulting (Civil Engineer)
Kleinrichert, Ken	Realtor, Coldwell Banker
Meredith, Mary	Boardman Neighborhood, President
Minervini, Raymond	The Minervini Group   MAM Contracting
Motil, Megan	Principal Parallel Solution (Strategic Planning)
Schilkey, Gary	Active Boardman Neighbor
Scrudato, Deni	Active Boardman Neighbor
Scrudato, John	Active Boardman Neighbor
Sivek, Mark	Active Boardman Neighbor
Soyring, Russ	Retired - City Planner
Tobin, Suzannah	President, Historic Districts, TC
Welch, John	Financial Consulting
Wenzlick, Susan	Sr. Brownfield Consultant, Fishbeck
Werner, Tim	TC City Commissioner
Weston, Dave	City of TC - Zoning Admin

**Anticipated Project Schedule**

August 2023	Enter into purchase agreement.
September 2023	
October 2023	Due diligence and environmental analysis.
November 2023	
2024	Close on Purchase of the Building when TCAPS vacates.

## SUMMARY

### *Development Goals and Objectives (from the RFP)*

- *To provide a use that is the highest and best use for the community.*
- *To provide for uses of the property that complement and enhance the surrounding properties.*
- *To prevent the property from being used for uses detrimental to TCAPS and /or the community.*
- *Subject to other goals and objectives, to maximize the amount paid to the District.*

The Boardman School Building has a long and enduring presence in Traverse City. It commands a visually prominent position in proximity to the courthouse and government center. The building is also a visual anchor to the Boardman Neighborhood much as the Central Grade School anchors the Central Neighborhood. Community engagement to date has shown an overwhelming desire to retain and preserve the Boardman School Building. To this end, we believe that our plan is the highest and best use for the building.

The Boardman School Building sits at an entrance to the neighborhood. Webster Street is a quiet residential street lined with historic single family homes. Most of us know that change and increasing density are a reality in Traverse City. We also know that it is possible to direct and manage this change for the good of the community. We firmly believe that preserving and renovating the structure for residential use will complement and enhance the neighborhood.

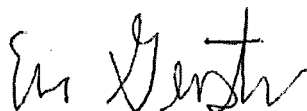
A thoughtful and quality renovation of the Boardman School building into residential housing will be an asset to the neighborhood and community at large. Our project includes residential units both in the renovated school building and a new build on the property, to maximize the number of units; a gain for the community's housing needs as well as providing an additional tax base which will benefit TCAPS.

Preserving the building is not the cheapest or fastest way to redevelop the property, but we believe this is the best course for the community, TCAPS and the future. . We have assembled a local team of knowledgeable and experienced professionals to help guide the development process. We are well into the design plans as well as the process of determining environmental remediation costs, and construction costs. To this end, we feel strongly that the price offered is a fair and honest valuation of the property and can result in a positive outcome for the TCAPS school district.

Sincerely,



Ken Richmond



Eric Gerstner



## **EXHIBIT B-1**

### **PURCHASE AGREEMENT**

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 2023, by and between Traverse City Area Public Schools, a Michigan school district operating under the Revised School Code, MCL 380.1, *et seq*, as amended, whose address is 412 Webster Street, Traverse City, Michigan 49686 (the "Seller") and Boardman Building, LLC, a Michigan limited liability company, whose address is PO Box 562, Suttons Bay, MI 49682 (the "Purchaser"), for the transfer by the Seller to the Purchaser of approximately 43,560 square feet (1 acre) of real property, including an approximately 31,427 square foot building, located at 412 Webster Street, Traverse City, Grand Traverse County, Michigan, described as follows:

Lots 1, 2, 3 & 4, Block 15, Original Plat of Traverse City, Grand Traverse County, Michigan

Tax Identification No. 28-51-798-059-00

(hereinafter sometimes the "Property"), upon the following terms and conditions:

I. Property Transferred. The Purchaser shall purchase and receive and the Seller shall sell the Property and, if any, all easements and all other interests and rights of Seller that are appurtenant to the real estate, including, but not limited to, all right, title, and interest, if any, of the Seller in and to any land lying in street, road, or avenue in front of, within, adjacent to, or adjoining such land.

II. Purchase Price. The Property shall be purchased for the sum of Seven Hundred Fifty Thousand and 00/100 Dollars (\$750,000.00). The entire purchase price shall be paid in certified funds by Purchaser to Seller at closing.

III. Property Description. The Property consists of a parcel of land of approximately 1 acre in size located at 412 Webster Street, Traverse City, Grand Traverse County, Michigan, together with all easements, rights, improvements, appurtenances, and hereditaments, and with property tax parcel identification number 28-51-798-059-00. The exact boundaries, size, and topography of the Property shall be determined by survey to Purchaser's satisfaction. Purchaser, at its sole cost, shall have the surveyor provide an ALTA survey, including a legal description of the property to which Seller and Purchaser agree to be used for a title commitment. The survey shall be certified to the Seller, the Purchaser, and the title company.

IV. Closing. Closing of the sale described herein shall take place at the office of Seller's Superintendent of Schools or at Seller's option, the title company which provides the title commitment as required in Paragraph X, herein, and on a date mutual selected by the parties that is on or after May 31, 2024, but in no event shall the closing be held later than June 30, 2024, unless otherwise agreed in writing by the parties.

V. Property Taxes and Assessments. Purchaser shall be responsible for all property taxes and assessments on the Property that become due after the date of closing.

VI. Inspections. The sale of the Property shall be contingent upon the Purchaser's testing, analysis, inspection, and evaluation of the Property. The Purchaser shall have ninety (90) days from the effective date of this Agreement in which to obtain such investigations, evaluations, and testing of the Property (the "Inspection Period"). Purchaser's inspections may include: (a) a physical inspection of aspects of the Property; (b) an environmental analysis and investigation of the property; (c) investigating the availability and condition of utility and sewage services and systems, including but not limited to gas, water, electric, sanitary sewer, storm sewer, and telephone services and systems; (d) making soil tests, borings, and other engineering, environmental, and architectural tests and evaluations; (e) reviewing and analyzing all applicable building and use restrictions, building codes, and all other federal, state, and local statutes, codes, ordinances, rules, and regulations relating to the ownership, development or use of the Property (subparagraphs (a) and (e) shall be referred to as the "Inspections"). The Purchaser shall indemnify and hold Seller harmless from and against any liability, including attorneys' fees incurred by the Seller arising out of the acts or omissions of Purchaser or Purchaser's agents or employees with regard to the Inspections. In the event the Purchaser is dissatisfied with the results of the Inspections, Purchaser shall have the option to rescind and terminate this Agreement without penalty or liability by notifying the Seller in writing prior to the expiration of the Inspection Period. In the event of such termination, Purchaser shall deliver to the Seller, free of charge, a copy of any and all reports or surveys prepared in accordance with this Paragraph VI. All of Purchaser's Inspections shall be performed at Purchaser's sole cost and expense.

VII. Rezoning/Site Plan. In connection with any rezoning and/or site plan approval which may be required by Purchaser to accomplish its use and/or development of the Property, Seller agree that it shall hereafter: (a) sign any instrument required for the rezoning or site plan of any portion or portions of the Property as may be desired by Purchaser; (b) furnish evidence of ownership of the Property; (c) not hinder or object to the subject rezoning or site plan approval; and (d) shall otherwise fully cooperate and assist with Purchase in obtaining any rezoning and/or site plan approval at no cost to Seller; provided however, that (i) such rights and capacities shall not create any encumbrances upon the Property or obligations upon Seller that cannot be undone in the event a Closing does not occur, and (ii) all expenses with respect to such rezoning and/or site plan approval shall be paid by Purchaser.

VIII. Disclosure and Disclaimer of Warranties. The Seller discloses the following: \_\_\_\_\_

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AT THE CLOSING, THE PURCHASER WILL CONFIRM IN WRITING THAT IT HAS INSPECTED THE PROPERTY AND AGREES TO TAKE THE PROPERTY "AS IS" AND IN ITS PRESENT CONDITION AND THAT THERE ARE NO OTHER ADDITIONAL WRITTEN OR ORAL UNDERSTANDINGS. EXCEPT FOR THE WARRANTIES CONTAINED IN PARAGRAPH XII, HEREIN, CONCERNING THE STATUS OF TITLE OF THE PROPERTY, SELLER EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES ON THE PROPERTY.

IX. Environmental Matters. It is the intention and agreement of the Seller and the Purchaser that following conveyance of the Property to the Purchaser, the Seller shall have no liability or exposure with respect to any environmental remediation required on the Property or with respect to claims of third parties arising out of or based upon exposure, subsequent to such conveyance, to hazardous substances or other conditions known or unknown that may be in or about the Property, and, as stated above, the Purchaser is accepting the Property in its "as is" condition with full liability therefor. The Seller and the Purchaser agree if a conveyance of the Property occurs:

(a) The Purchaser shall, at its sole expense, be responsible for and pay the cost of investigation, repairs, and modifications as are necessary to ensure that the Property is safe and appropriate for its intended uses and that the Property complies with all applicable building codes or other applicable laws or regulations and are not in violation of any federal, state, or local laws, regulations, or orders pertaining to the environment or use of the Property.

(b) The Purchaser shall not look to the Seller or its successors or assigns for any reimbursement, apportionment, or contribution with respect to the liability assumed and expenditures incurred by Purchaser pursuant to subparagraphs (a), above by reason of the existence of any hazardous waste (as above defined) or that may be assessed as response costs or investigative costs by any governmental agency, whether such right be pursuant to common law or by statute.

(c) The provisions of this Paragraph IX shall, in the case any one or more of the same is deemed to be unenforceable, be severable, meaning that the unenforceability of any given provisions shall not affect the enforceability of the remaining provisions.

(d) This Paragraph IX shall inure to the benefit and be binding upon the Purchaser and its successors and assigns, including any party to whom any of the Property is conveyed or leased in whole or in part, by the Purchaser.

(e) The provisions of subparagraphs (a) through (d), above, shall survive closing. At the Seller's option, at the closing, the provisions of subparagraphs (a) through (d) shall be placed in recordable form, signed, and acknowledged by Purchaser and Seller and then recorded by Seller, at its expense, with the Grand Traverse County, Michigan, Register of Deeds.

X. Evidence of Title. The Seller shall, at its expense, as soon as practical and in any event within fifteen (15) days from the effective date of this Agreement, provide Purchaser with a commitment for an owner's policy of title insurance in the amount of the purchase price, showing Seller's title to be in good and marketable condition, with standard printed exceptions removed at closing and subject to mortgages, judgments, and other liens that can and will be satisfied out of the proceeds of sale, easements, restrictions and reservations of record, taxes, and assessments not yet due and payable and any matters that would be shown by an accurate land title survey. The title commitment shall be updated as of the date of closing. Within fifteen (15) days of receipt of the commitment for title insurance, the Purchaser shall notify Seller of any restrictions, reservations, limitations, easements, liens, and other conditions of record (together hereinafter called "Title Defects"), disclosed in such commitment that would unreasonably interfere with Purchaser's proposed use of the Property. Should Purchaser notify the Seller of any such Title Defects, Seller shall have until the closing date to cure or remove same. If such objections are not cured by the date set for closing, the Purchaser may, at Purchaser's option, terminate this Agreement, or alternatively set a date with Seller to extend the closing date to a mutually agreed upon closing date so as to provide Seller with an additional opportunity to cure said Title Defects. In the event such reasonable objections are not cured by the date set for closing or any extension thereof and Purchaser elects not to waive its title objections, Purchaser may terminate this Agreement and neither party shall have any further liability to the other under this Agreement.

XI. Attorney's Opinion. Purchaser acknowledges that Seller has recommended that the Purchaser retain an attorney to pass on the marketability of the title to the Property and to review the details of the sale before the closing.

XII. Warranty Deed. At the Closing, Seller shall deliver to Purchaser a good and sufficient

general warranty deed. Said deed shall warrant title to the Property free and clear of all liens, encumbrances, and conflicting claims of ownership other than the following:

- (a) building and zoning laws, ordinances, and regulations;
- (b) recorded and existing building and use restrictions or other restrictions relating to the use or improvement of the Property;
- (c) recorded and existing restrictions, if any;
- (d) recorded and existing utility or roadway easements, and rights-of-way; and,
- (e) all other rights, restrictions, reservations, easements, and other matters of record disclosed in the commitment for title insurance mentioned in Paragraph X, above that do not fall as a result of the closing and which will appear on the final owners policy of title insurance.

XIII. Time of Essence. Time is of the essence with respect to all dates and times set forth in this Agreement.

XIV. Cost of Closing. At Closing, the Seller shall pay for the title insurance required pursuant to Paragraph X herein, transfer tax (if any), preparation of any warranty deed and/or services on behalf of the Seller. At Closing, the Purchaser shall pay the costs or fees for recording the warranty deed, preparation and filing of the Real Property Transfer Affidavit, any inspections, zoning approvals, and attorney's opinion and/or services on behalf of Purchaser. The Seller and the Purchaser shall each pay one-half (1/2) of the closing fee imposed by the title company for closing this transaction.

XV. Termination. If, by reason of the other party's inability to perform a provision of this Agreement, either Purchaser or Seller is not obligated to complete this Agreement, then either Purchaser or Seller may terminate this Agreement by delivering to the other party written notice of termination and, thereupon, this Agreement shall terminate with the same effect as though the Agreement had never been entered into. Purchaser or Seller may nevertheless waive one or more conditions, the fulfillment of which are conditions precedent to their performance, without prejudice to their right subsequently to assert other conditions or to make a claim against the other party with respect to any breach of the representations or warranties made by that party.

XVI. Whole Agreement. This Agreement constitutes the entire agreement between the parties and shall be deemed to supersede and cancel any other agreement between the parties relating to the transactions herein contemplated. None of the prior and contemporaneous negotiations, preliminary drafts, or prior versions of this Agreement leading up to its execution and not set forth herein shall be used by any of the parties to construe or affect the validity of this Agreement. Each party acknowledges that no representation, inducement, or condition not set forth herein has been made or relied upon by either party.

XVII. Amendments. This Agreement may be amended or modified only by a document in writing executed by each of the parties named above.

XVIII. Successors and Assigns. This Agreement shall bind and benefit the parties hereto and their respective successors and assigns.

XIX. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

XX. Effective Date. This Agreement shall become effective as of the date upon which the last of the parties listed below shall have signed this Agreement.

XXI. Counterpart Signatures. This Agreement may be executed in one or more counterparts, including facsimile copies, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

*(Signatures appear on the following page)*

**SELLER:**

**TRAVERSE CITY AREA PUBLIC  
SCHOOLS, a Michigan general powers  
school district**

By: \_\_\_\_\_  
John VanWagoner II, Ph.D.

Its: Superintendent of Schools

Dated: \_\_\_\_\_, 2023

**PURCHASER:**

**BOARDMAN BUILDING, LLC, a**  
**Michigan limited liability company**

\_\_\_\_\_  
Kenneth C. Richmond

Its: Member

\_\_\_\_\_  
Eric R. Gerstner

Eric R. Gerstner

Its: Member

Dated: 8-11-2023, 2023