



June 8, 2023

The Honorable Rich Hofeld, Mayor
Village of Homewood
220 Chestnut Road
Homewood, IL 60430

RE: Letter of Intent - Acquisition and Redevelopment of Property in Homewood, IL

Dear Mayor Hofeld:

Apparel Redefined (“AR”) is pleased to propose the following non-binding Letter of Intent (LOI) to the Village of Homewood (the “Village”) for the entering into a contract for the sale/purchase of that certain property located at 1313 and 1351 175th Street in Homewood (the “Property”).

The following paragraphs reflect the general understanding of the matters described herein and each party acknowledges that the provisions are not intended to constitute a complete statement of, or a legally binding or enforceable obligation on the part of, the Village or AR. Upon acceptance of this Letter of intent, AR shall prepare and deliver a draft of the Purchase and Sale Agreement (the “PSA”) to the Village. The parties will then endeavor to negotiate, finalize, and enter into a mutually acceptable PSA which shall fully define the other terms and conditions of this transaction, as agreed upon between the parties as soon as reasonably possible. If a Contract is not prepared, authorized, executed, and delivered for any reason, no party to this LOI, shall have any liability to any other party for any reason.

The provisions of this LOI are as follows:

- A. PROPERTIES:** 1351 175th St., Homewood, Illinois (“Property 1”), currently owned by the Village. Property 1 is vacant land covering an area of approximately 187,500 sq. ft. Property 1 Property index numbers are 29-32-101-066-0000; -067-0000; -068-0000; and -076-0000.

1313 175th St., Homewood, Illinois (“Property 2”). Property 2 consists of approximately 1.3 acres of land, a 9,526 sq. ft. 2-story office building, and 65 surface level parking spaces. Property 2 property index numbers (PINs) are as follows: 29-32-101-047-0000 and 29-32-101-048-0000.

Property 1 and Property 2 are collectively referred to as the “Properties” and include all personal property.

On the terms and subject to the provisions to be set forth in the Contract to be negotiated and entered into by the parties, AR would purchase the Properties from the Village for a nominal amount (\$2).



- B. REDEVELOPMENT OF THE PROPERTIES:** After closing on the Property, AR will construct a 50,000 sq. ft. (approximately) manufacturing facility (the “Manufacturing Building”) on Property 1 and occupy Property 2 as AR’s corporate headquarters. AR may incur renovations to the office building on Property 2 to accommodate its intended operations. AR may retain current tenant(s) in the office building.

The Manufacturing Building will conform to applicable Village codes.

- C. CONTRACT:** The contracts to purchase the Properties would contain the usual and customary conditions of those typically found in commercial real estate contracts for real property of a similar nature. They will also include the following:

1. Due Diligence Period: Once the real estate purchase agreement is signed, the parties shall proceed to the “Due Diligence Period.” The Due Diligence Period shall be for 30 days from the time of signing the agreements and shall include the Village providing to AR, the following:
 - i. The most recent title policy or title commitment on the Property in the possession or control of the Village together with all related documents;
 - ii. The most recent ALTA survey and topographic study for the Property;
 - iii. Legal description of the Property;
 - iv. Zoning compliance review for each of the Properties, all zoning approvals, and notices regarding the said Property;
 - v. Declaration of covenants, conditions, restrictions, reservations, and easements for the Property;
 - vi. Any third-party engineering, environmental reports (including but not limited to Phase I and Phase I reports, NFR letters, asbestos, lead and/or mold abatement reports and underground storage tank testing and closure reports), appraisals, soil tests, boring reports, foundation reports (logs of pilings), termite, or radon studies;
 - vii. A true, correct, and complete copy of each written lease and each guaranty (together with any amendments), and a certification that there are no oral leases or oral understandings, if any;
 - viii. An accounting of all of the expenses related to the Properties, including but not limited to, maintenance of the Properties, all utility bills and repair bills since January 1, 2021 if known by the Village;
 - ix. A true, correct, and complete copy of each written service contract (together with amendments thereto, if any) and a true, correct, and complete written summary of each oral service contract, together with copies of any and all other contracts and agreements relating to the operation, maintenance, and repair of the Properties;
 - x. A list of all personal property, if any, owned by the Village, located at the Properties, and used or useful in connection with its operation and maintenance;



- xi. A list of all permits, partial certificates of occupancy, certificates of occupancy, warranties, government notices, special assessments, code violations and unexpired guaranties and copies of same in the Village's possession or control;
 - xii. A copy of existing insurance policies and certificates and any pending claims against the Property;
 - xiii. A schedule of pending litigation, if any, affecting the Property or the Village's ability to convey the Property;
 - xiv. A building inspection report outlining necessary improvements that will need to be made to the building or Properties; and
 - xv. Any and all other matters as AR may deem reasonably necessary to satisfy itself, in its sole discretion, concerning the Properties.
2. Financing: Any financing required, in Purchaser's discretion to redevelop the Property, including but not limited to, governmental assistance in the form of tax increment financing (TIF), tax-exempt financing inducement ordinance; Class 8 ordinance for Property 2 and Class 8 or Class 6b ordinance for Property 1, C-PACE assessment ordinance, enterprise zone benefits, Illinois EDGE tax credits and construction loans, may not be completed within the 30-day period. The Parties agree to negotiate a forgivable loan from the Village to AR from areawide incremental tax collections or the existing TIF Fund Balance to assist with extra-ordinary site preparation costs.
3. Governmental Approvals: AR shall be permitted 60 days after the expiration of the Due Diligence period to secure, to its sole satisfaction the necessary zoning, land use, development agreements, and financial incentive agreements to accommodate its desire uses for the Property. AR may terminate the contract without liability to the Village, provided it gives written notice to the Village of its desire to terminate same within the said this 60-day governmental approval period.
4. Condition of Premises: AR is taking the property "As Is."
5. American Land Title Association ("ALTA") Survey: The ALTA survey would be obtained by the Village at Village's expense and would be completed no later than 30 days after execution of the Contract.
6. Title Insurance and Deed: The Village, at the Village's sole expense, would provide to AR a standard ALTA commitment for title insurance. Additional endorsements to, and extended coverage, of the commitment and the type of deed would be as negotiated between the Village and AR in the Contract. The Village and AR shall execute all real estate transfer tax declarations and real estate transfer tax shall be paid as set forth in the Contract.



- D. CLOSING:** If a Contract is entered into between AR and the Village, the parties intend that the proposed transaction would be consummated 30 days after the end of the Due Diligence Period and the Governmental Approval Period (“Closing”).
- E. EXCLUSIVITY PERIOD:** During the term of the Contract, the Village shall not market or negotiate for the sale of the Property with any other party until the parties agree in writing to terminate the Contract.
- F. EDGE TAX CREDIT:** In light of the requirements associated with the state of Illinois financial incentives (EDGE tax credits) both parties understand that AR is pursuing EDGE tax credits through the Illinois Department of Commerce and Economic Opportunity (DCEO). Both parties agree that approval of the EDGE tax credits (the “Credits”) is a significant financial incentive and that, if not for the Credits, the project would not occur in Illinois. Therefore, both parties agree that if the Credits are not approved by the DCEO, AR may terminate the LOI and the PSA without any liability to any party. AR has not entered into any real estate purchase or lease agreements for the Property at this time. In the case of leases, land and building purchase agreements, language shall be incorporated into same which allows AR, “in its sole discretion,” to void the agreement during its due-diligence period. AR has not made any public announcements regarding commitments to expand in Illinois.
- G. EXPENSES.** Each party shall bear its own costs and expenses incurred in connection with this letter agreement and the transaction.

If the above outline of terms and conditions is acceptable, please indicate by signing below. All parties to these transactions intend that this proposal be superseded by a Contract. In the meantime, all parties agree to proceed in accordance with terms and conditions outlined in this LOI. The Village understands the purpose of this LOI is establishing the conditions and process to enter into a formal agreement. This LOI is only binding on the parties during the Contract Negotiation period. If the Purchase Agreement is not mutually executed within the Contract Negotiation Period for any reason whatsoever or no reason at all, this LOI shall expire, and no party shall have any further rights or duties hereunder. The Village shall not solicit other offers during the Contract Negotiation Period.

Very truly yours,

John LaRoy
CEO, Apparel Redefined

cc: Napoleon Haney, Village of
Homewood Angela Mesaros,
Village of Homewood Joseph
Pilewski, Pilewski Financial, LLC



[Signatures Page Follows]



Accepted and agreed by:

Village of Homewood, Illinois

Date

Accepted and agreed by:

Apparel Redefined

Date