

**LOAN AGREEMENT**  
**City of Manitowoc**  
**and**  
**Lake Michigan Trans-Lake Shortcut, Inc.**

This Agreement (“Agreement”) is made by and between the **City of Manitowoc, WI, a Municipal Corporation**, 900 Quay Street, Manitowoc WI 54220-4543 (“City”), and **Lake Michigan Trans-Lake Shortcut, Inc.**, a Michigan Domestic Profit Corporation located at 701 Maritime Drive, Ludington, MI, 49431 who operates the S.S. Badger (“Badger”), for the purposes of financing repairs to the City-owned dock which Badger seasonally uses.

**Preamble.** The City of Manitowoc owns a dock at 900 S Lakeview Street, Manitowoc, WI, that is used by Badger for purposes of seasonally unloading passengers, as well as other marine vessels. The dock sustained damage in 2020 and needs counterweight replacement to ensure continued safe docking for the Badger and other vessels. The City and Badger entered into a lease in 2012 where the parties agree to “reach agreement on the splitting of costs for such repairs.”

City has applied for and received a Harbor Assistance Program (HAP) Grant in the amount of \$720,000 from the State of Wisconsin to assist with improvements at the dock. The HAP Grant requires a 20% local match of \$180,000, which the City and Badger have agreed to split. Badger has asked the City for a \$90,000 loan to assist with their share of the dock improvements.

Accordingly, in consideration of the mutual covenants and promises set forth below, the parties agree as follows:

1. **Loan.** The City shall loan to Badger, and Badger shall borrow from the City, the principal sum of \$90,000, with simple interest thereon at the rate of **3.5%** per year until paid in full (“Loan”).
2. **Loan Term and Initial Disbursement.** The term of the Loan shall be **five years**. Badger may make full or partial payments, but the loan must be paid in full, including all interest as assessed by the City’s Finance Department, no later than August 31, 2025, subject to Section 4 below regarding forgiveness. Full disbursement of the Loan shall occur no later than February 1, 2021.
3. **Late Fees.** A late payment penalty in the amount of 12 per cent for any portion of the required payment which is more than ten (10) consecutive calendar days due from the due date shall be assessed and payable on the 11th day after the applicable monthly payment date. The late payment or nonpayment charge shall be payable upon demand, in order to compensate the City for its administrative expenses relating to the collection of past due or overdue amounts.
4. **Forgiveness for Continued Operations.** The City will forgive \$20,000 of this note for each year that Badger continues to operate, beginning with the 2021 sailing season. If Badger operates each season through the 2025 sailing season, the City will forgive any remaining principal balance (including any accrued but unpaid interest thereon) and declare the loan satisfied no later than August 30, 2025.
5. **Prepayment.** Badger may, at any time and without premium or penalty, prepay all or any portion of the Loan. Any payments made will reduce the amount of principal forgiven.
6. **Ceasing of Operations.** Should Badger cease operations, this note and any accrued interest

will become payable immediately.

7. **Security.** This loan shall be unsecured.
8. **Records.** Badger shall maintain complete, accurate and organized books and records of any and all receipts and disbursements of the proceeds of the Loan, as are consistent with U.S. generally accepted accounting or auditing principles. Badger shall retain said books and records for seven years from the date of repayment of the Loan. Any authorized representative of the City of Manitowoc or the State of Wisconsin shall at all reasonable times be given access to, and the right to copy, any and all such books or records.
9. **Taxes.** Badger shall be responsible for any and all taxes payable as a result of this loan. City is not providing Badger with any financial or tax advice.
10. **Applicable Law.** This Agreement shall be governed by, construed under, and enforced in accordance with, the law of the State of Wisconsin. Any litigation resulting from this Agreement shall be in Manitowoc County Circuit Court, Manitowoc, Wisconsin.
11. **Notices.** All notices shall be delivered via first class mail, postage prepaid, to the addresses listed in this Agreement.
12. **Relationship of Parties.** Nothing in this Agreement nor any act of City or the Badger shall be deemed or construed to create any relationship of third party beneficiary, of principal or agent, of limited or general partners, of joint venture, or of any association whatsoever between the parties hereto.
13. **Entire Agreement.** This Agreement constitutes the entire Agreement between the parties and shall become a binding and enforceable Agreement among the parties hereto upon the full and complete execution and unconditional delivery of this Agreement by all parties hereto. No prior verbal or written Agreement shall survive the execution of this Agreement. In the event of an alteration of this Agreement, the alteration shall be in writing and shall be signed by all the parties in order for the same to be binding upon the parties.
14. **Authority to Bind.** By signing this agreement, all signatories warrant that they have authority to bind either City or Badger.
15. **Assignment.** Badger may assign this note with the written consent of the City.
16. **Date.** This Agreement shall be dated and effective and binding as of the date of the last execution.

[signature page to follow]

