

December 1, 2010

Lorne Hewines, President  
Equipment Assets, Inc.  
1200 Knowles Street, Bldg. #2  
Royal Oak, MI 48067

**Re: Code Compliance – 1200 Knowles Street**

Dear Mr. Hewines:

As you are aware, the City has received a number of complaints from a variety of residents about the odor, smoke, and truck traffic associated with Equipment Assets' current exterior operations at 1200 Knowles Street. In addition to enforcement action that has been initiated by the State of Michigan Department of Natural Resources and Environment's Air Quality Division, the City has identified multiple Code violations and Zoning Ordinance violations at the site.

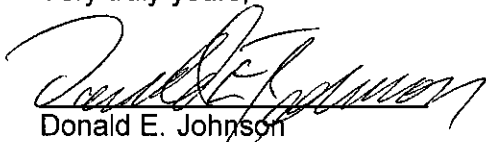
We appreciate the fact that you and members of your staff have been willing to discuss this situation with the City. In the course of these discussions, Equipment Assets has acknowledged that this site is not an appropriate location for its current operations. The City has been advised that Equipment Assets is in the process of securing a new location in the City of Troy, and will cease operations in Royal Oak no later than the end of this calendar year.


In light of this, rather than have both the City and your company expend time and other resources in taking and responding to formal enforcement action by the City, we are proposing that the parties reach an agreement. If Equipment Assets will agree to either move all operations out of the City of Royal Oak by December 31, 2010, or if it has not moved its operations out of the City by that time, to cease its current exterior operations by December 31, 2010, the City will agree not to pursue any Code violations or Zoning Ordinance violations against the business for the current exterior operations during that period of time. On the other hand, the City expressly reserves the right to pursue any and all Code violations and/or Zoning Ordinance violations by the business if for any reason Equipment Assets does not move all operations out of the City by December 31, 2010, or cease its current exterior operations by December 31, 2010.

We would also propose that the related appeal pending before the City's Zoning Board of Appeals be withdrawn.

If you are in agreement with this proposal, please sign below and return one copy of this letter to me. If you have any questions or want to discuss these issues further, please contact my office.

Very truly yours,

  
Donald E. Johnson  
City Manager

  
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Lorne Hewines

cc: David W. Gillam, City Attorney  
Jason Craig, Building Official  
Christopher M. Jahnke, Chief of Police  
Patrick Mulligan, Fire Chief  
Timothy E. Thwing, Director of Planning