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August 30, 2012

Mr. Roger Penske
Chairman
M-1 RAIL
600 Renaissance Center
Suite 1740
Detroit, Michigan 48243

Dear Mr. Penske:

The Michigan Economic Development Corporation (MEDC) has identified an amount not to exceed $5 million dollars to support the marketing and promotional activities of M-1 Rail. The funding would be available in annual installments not to exceed $715,000 per year for 7 years, subject to: (i) annual budget approval by the MEDC Executive Committee; (ii) a detailed advertising plan agreed to between the MEDC and M-1 RAIL; and (iii) the terms and conditions of the final agreement.

In addition to the conditions noted above, prior to disbursement of any funds, the following milestones must be completed:

1. Clearance of the current review by the following three agencies: i) U.S. Department of Transportation; ii) the State of Michigan; and iii) the City of Detroit;
2. Demonstration of success in securing a $25 million federal grant for the project;
3. Demonstration of project costs which are known and based on advanced design;
4. Demonstration M-1 Rail has secured sufficient funding to build, operate and maintain an optimal streetcar system, as conveyed by binding, written commitments from external financing sources; and
5. Formal decision by the M-1 Rail Board of Directors to move forward with construction.

We look forward to seeing the M-1 RAIL line contribute to economic and community development opportunities within the City of Detroit.

Sincerely,

Michael A. Finney
President & CEO