



Michigan

OFFICE OF COMMUNITY DEVELOPMENT

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

Memorandum

To: Downtown Development Authority
Courtney Nicholls, Village Manager

From: Michelle Aniol, Community Development Manager

Re: RRSites UM Presentation Follow-up

Date: September 17, 2014

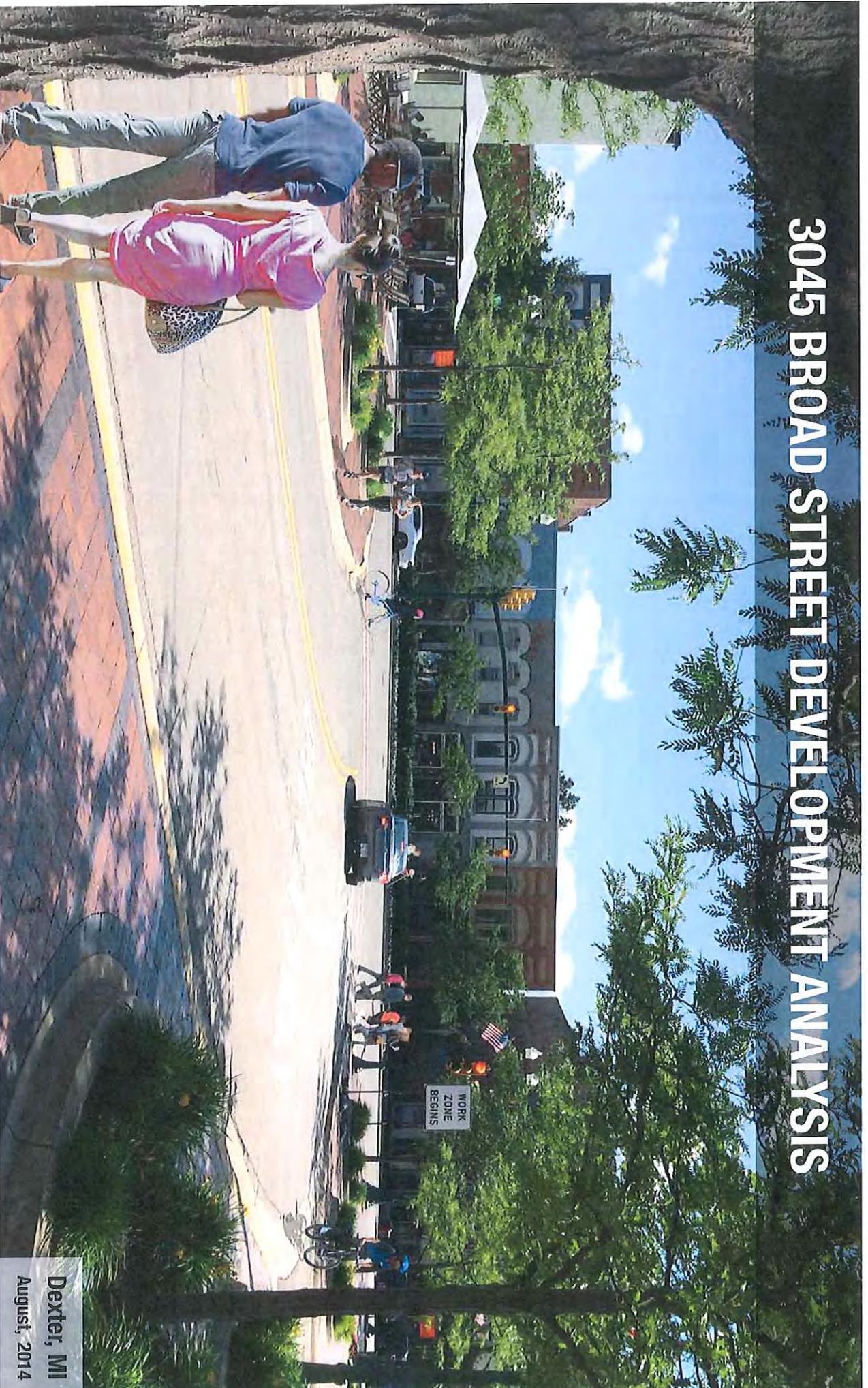
On Thursday, August 28th Professor Allen and his students presented their preliminary findings to approximately 30 elected and appointed Village officials, developers, real estate professionals and other community stakeholders. Copies of the presentation materials are provided for your reference and information.

The Real Estate Development Feasibility Chart

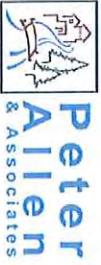
The steps below represent the risks for the development of new or rehabilitated real estate.
The order outlines the steps required to properly conduct the feasibility process.



3045 BROAD STREET DEVELOPMENT ANALYSIS



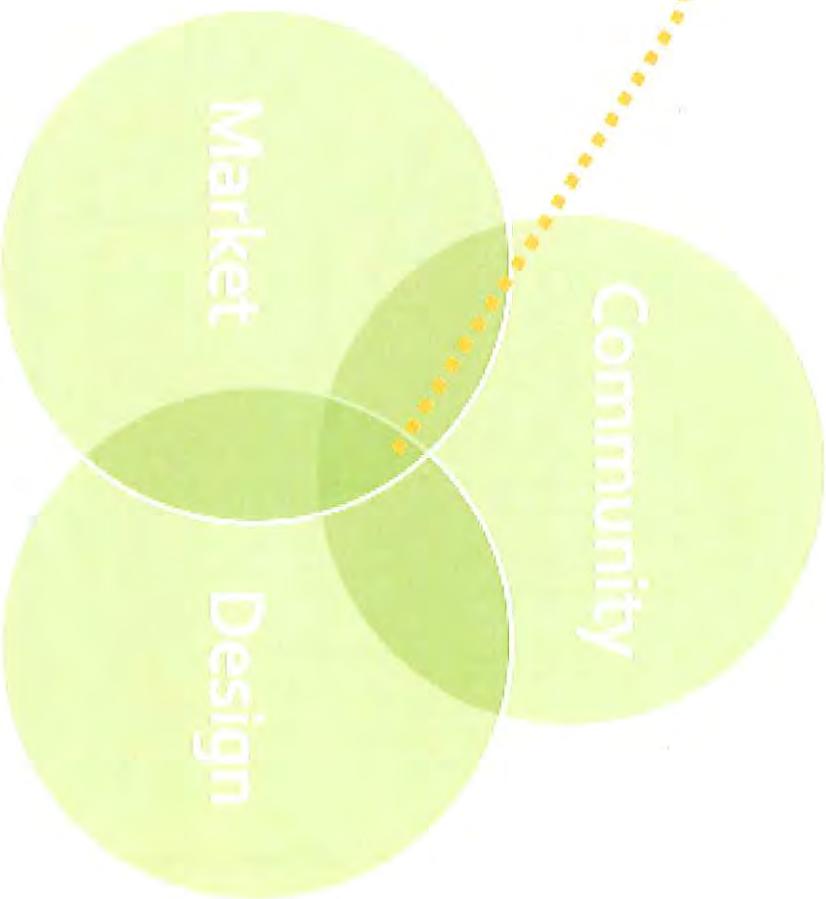
Dexter, MI
August, 2014



MEDC + PETER ALLEN & ASSOCIATES CONSULTING

Holistic Analysis

- ▶ Expertise in:
- ▶ Real Estate
- ▶ Policy
- ▶ Law
- ▶ Urban Planning
- ▶ Economics
- ▶ Finance
- ▶ Architecture



The Real Estate Development Feasibility Chart



Development Success

Objectives / Benchmarks

- Before tax and after tax cash returns of at least 8%-10%/yr
- Upvaluing opportunities yield best R.O.I.s
- Psychic income
- Appreciation doubles this overall yield

- 1 Economic Cycles**
Stabilized completion may take 3-5 years
• The cycle - stabilize
• Post cycle - rebound tax
• Thrifts of growth
• Good deals in bad markets
- 2 Environmental**
Climate change is an opportunity
• Your Water, Power, Flood
• Significant natural features
• Flood Map
- 3 Market Research**
Opportunities under your nose
• HUD's 100% Air Rights
• Pre-market/years
• Landowner's looking
• Generation of creative class and empty markets
- 4 WOW/ Architecture!**
Does my property lend itself to design?
• Site planning
• Certainty & Subsidy
• Efficiency & WOW factor
• Partner with architect
• Social Potential
- 5 Construction**
How soon? How much?
• On time & on budget
• Construction vs. other
• Proctor requirements
• Partner with General Contractor
- 6 Social and Community Goals**
What does the community want to become?
• Place making
• Pop. shift rate
• Walk Score, Transit Score, Bike Score
- 7 Political Approvals**
What do NIMBYs and politicians want to see?
• Seasonic
• Landmarking and main
• Preservation
• Economic development and jobs
- 8 Equity and Debt**
Ideal LTV
• Cap Rate: Trend
• Return on cost
• Single tax cash flow
• High tax cash flow
• Internal rate of return cap-
• Future appreciation
- 9 Taxes**
Should I go real estate for tax reasons?
• Before and After tax analysis
• Depreciation
• IRS Changes
• LLC Partners
• Tax Credits
- 10 Sales and Leasing**
Am I serving my customer 100%?
• Pro forms
• Pre-lease/Pre-sale
• Entry, Low cost
- 11 Property & Asset Management**
My tenants are my partners. How can I help them grow?
• Create relative income
• REIT
• Entry level jobs
- 12 Legal Relationships**
Handshakes & trust are as important as contracts
• LLC & Trusts/Trusts
• How many partners
• Co-ownership
- 13 Personal and Family**
You can make... or lose a lot of money
• Capitalize on it as investment
• Risk tolerance
• Preserve financial learning

SPECIAL DEVELOPMENT RISKS

- 1 Environmental Clean-up**
ASTI Environmental will discuss issues shortly.
- 2 Sub-Station Re-location**
\$1 Million +/- in cost and 3-5 years to relocate. Correct??
- 3 Site Utilities**
Per CHM, \$800,000 in storm sewer, water, and sanitary utility leads to serve this site. Correct??
- 4 Water Detention**
Need a Storm Water Management Plan (\$200,000 +/-) plus implementation plan for the downtown area.
- 5 City Election**
Options for the city voters to decide: Density/Height: market appeal to millennials and/or active retirees.



DEXTER AMENITIES

WALKSCORE



SOMEWHAT WALKABLE

55

BICYCLING



+ BORDER TO BORDER TRAIL
+ EXISTING & PROPOSED BIKE LANES

BUSES

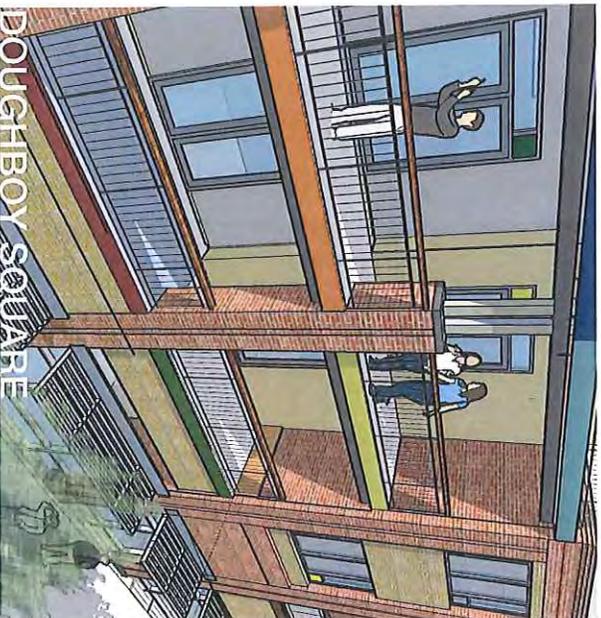


+ WESTERN WASHTEENAW AREA
VALUE EXPRESS (WAVE)
+ AATA ROUTES (ROUTE 9)



LOW-RISE RESIDENTIAL

with Close Proximity to Water Frontage



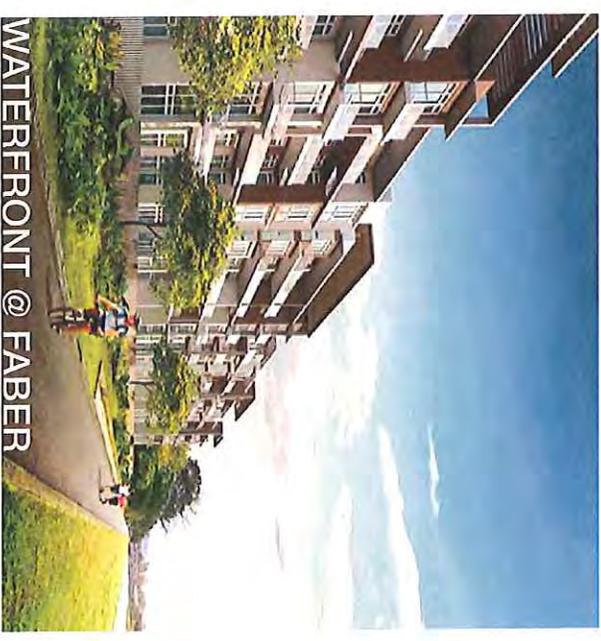
Location : Pittsburgh, PA
Developer : Central Real Estate Holdings

Key Attributes:
Balconies
Material Use & Context



Location : Columbus, OH
Developer : Santer Communities

Key Attributes:
Parking On site
Project Scale

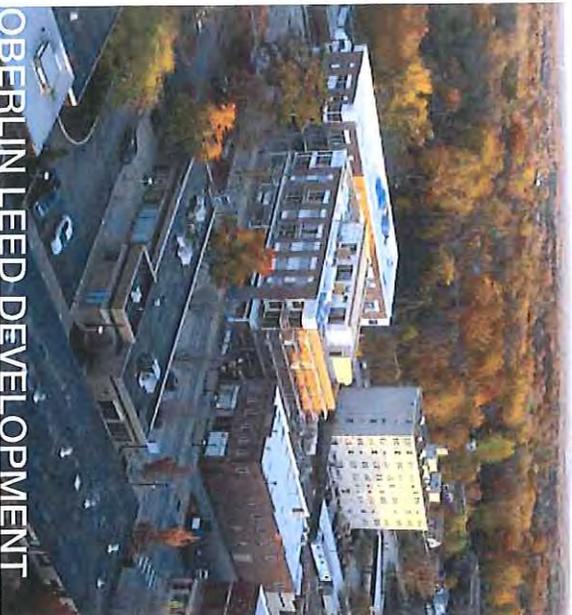


Location : Faber Heights, Singapore
Developer : World Class Land

Key Attributes:
Pathway Integration
Building Design

LOW-RISE RESIDENTIAL

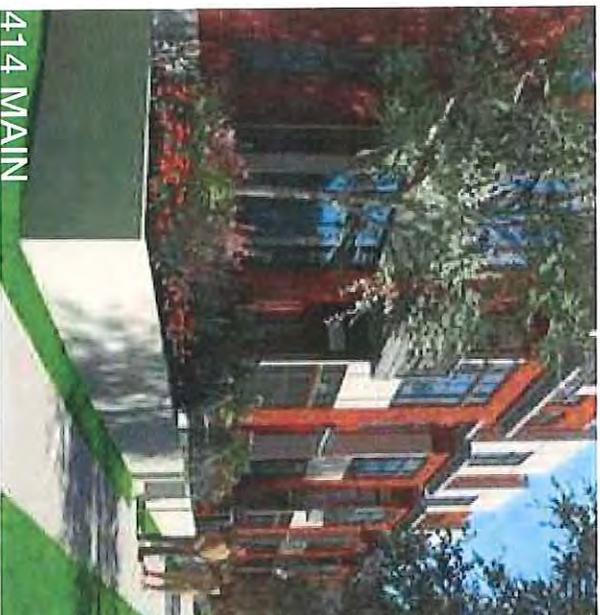
with Close Proximity to Water Frontage



OBERLIN LEED DEVELOPMENT

Location : Oberlin, OH
Developer: Sustainable Community Assoc.

Key Attributes:
Sustainable Design
Rooftop Deck and Balconies



414 MAIN

Location : Ann Arbor, MI
Developer : Tom Fitzsimmons

Key Attributes:
Sidewalk Presence
Flats Style Residential



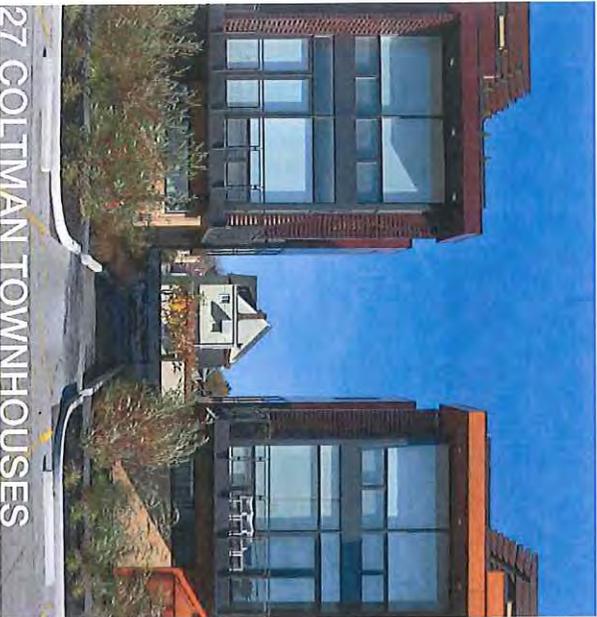
BETHESDA TOWNHOUSES

Location : Bethesda, MD
Developer : EYA

Key Attributes:
Public Path Addressed
Balconies

TOWNHOME RESIDENTIAL

with High Density Planning



27 COLTMAN TOWNHOUSES

Location : Cleveland, OH
Developer : Adobe Living, LLC

Key Attributes:
Private Outdoor Spaces
Sustainable Design



ARMSTRONG PLACE

Location : San Francisco, CA
Developer : Bridge Housing

Key Attributes:
2.33 Acre Site with 124 Units
2012 ULI Award
Townhouses Above Garages



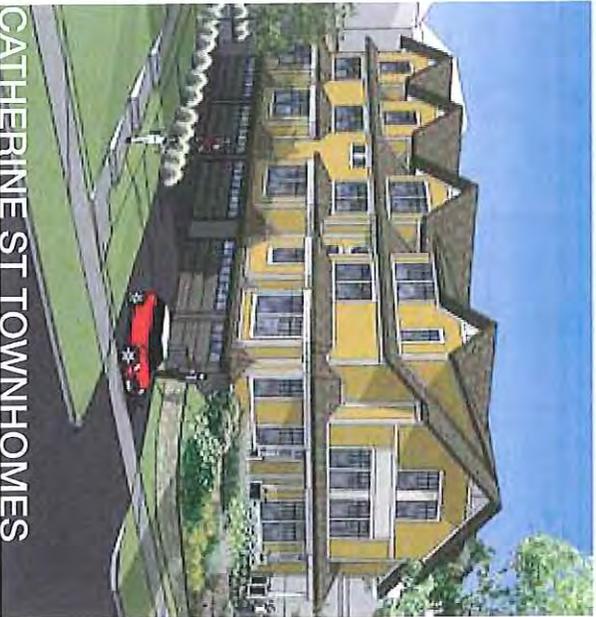
ELM STREET PLACE

Location : San Francisco, CA
Developer : MSPDI Turk, LLC

Key Attributes:
Community Space
Entry Sequence

TOWNHOME RESIDENTIAL

with High Density Planning



CATHERINE ST TOWNHOMES

Location : Ann Arbor, MI
Developer: Tom Fitzsimmons

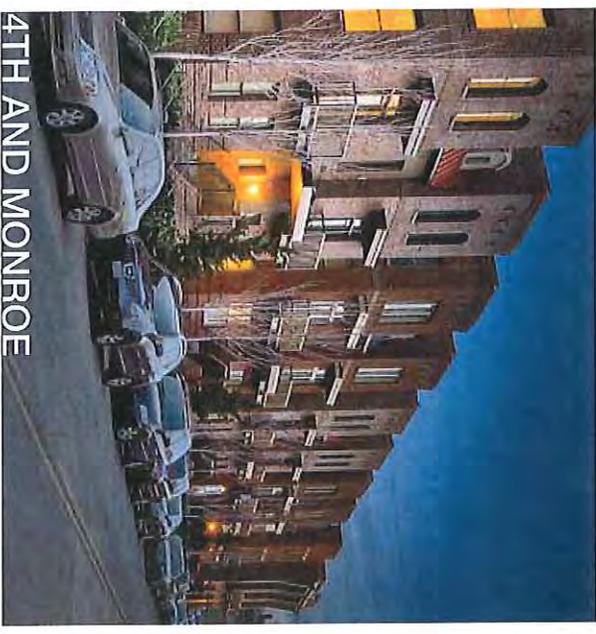
Key Attributes:
Stick Built Construction
Garage with Living Above



BAGLEY TOWNHOMES

Location : Grand Rapids, MI
Developer : Orion Real Estate Solutions

Key Attributes:
High End Townhouses
Brick Details (For Sale)



4TH AND MONROE

Location : Nashville, TN
Architect : MCD Real Estate Group

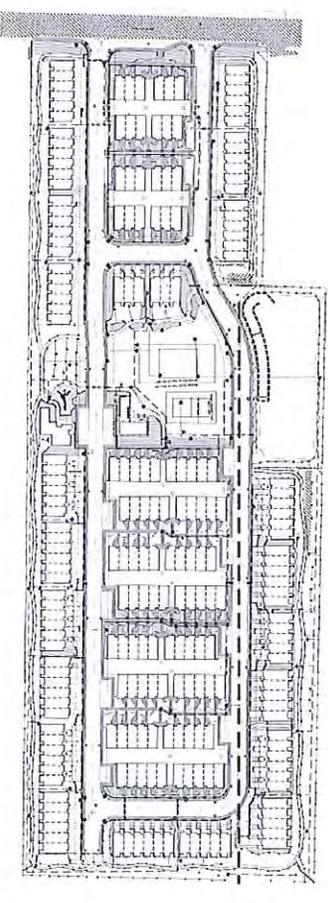
Key Attributes:
Street Presence
Jogging Facade

SUNRISE MANOR TOWNHOMES

Bonney Lake, WA
[group architect]



KEY ATTRIBUTES:
High Density Townhouses
Community Area
Two-Car Garage per Unit



[source: <http://grouparch.com/portfolio/sunrise-manor-townhomes/>]

ACCORDIA LIVING

Cambridge, UK
2008
[FCB Studios]



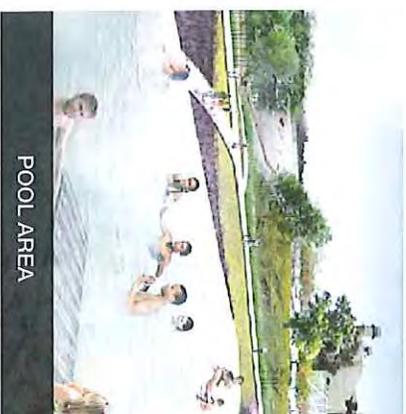
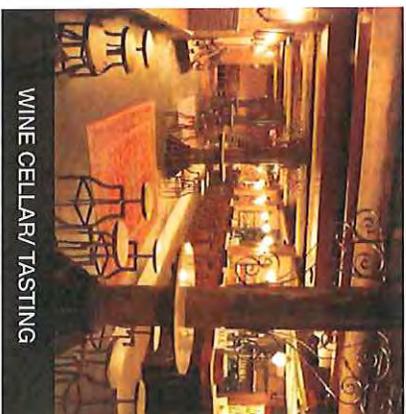
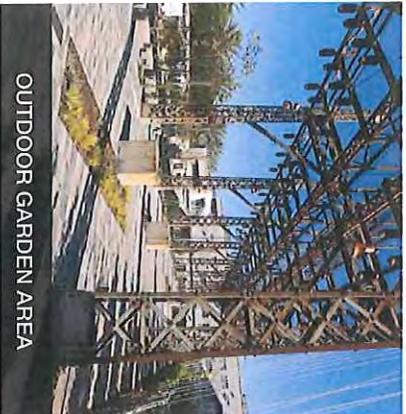
KEY ATTRIBUTES:
High Density Townhouses
Play Area for Kids



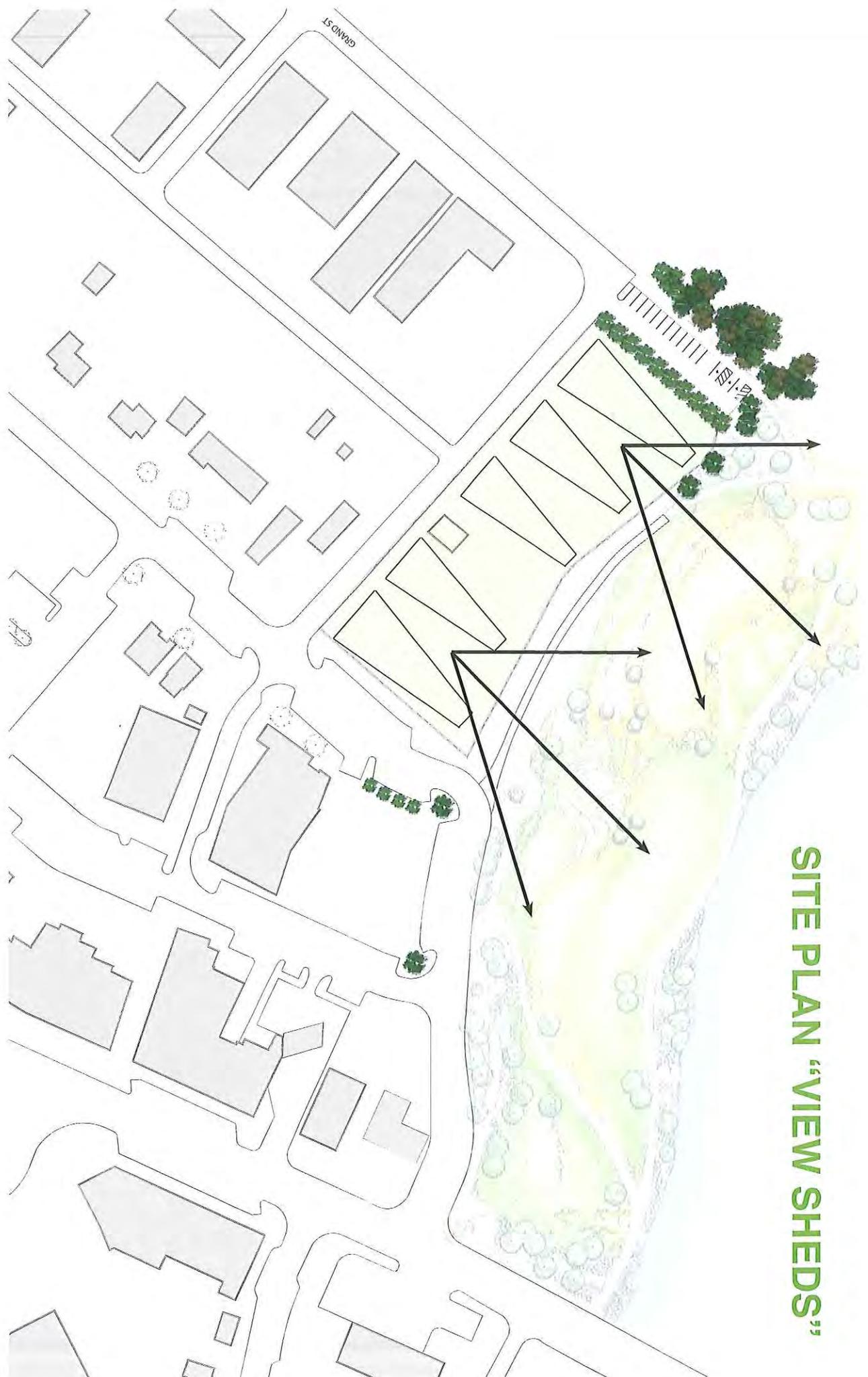
[source: <http://fcbstudios.com/workview/accordia?sort=highlight>]

SUB-STATION DESIGN

Repurposing of Existing Building



Upon relocating this DTE substation, it is important to rethink its potential and possibilities as a building. Repurposing the old substation at 3045 Broad provides the opportunity to create a gathering place for the Dexter community and the future residents of the 3045 Broad Street Townhome development.



SITE PLAN "VIEW SHEDS"



SCHEME ONE - LOW DENSITY

55 Units



SCHEME TWO - MEDIUM DENSITY

72 Units



SCHEME THREE - HIGH DENSITY

92 Units

Dexter Leader > News

Concept for old industrial site in Dexter begins to take shape

Tuesday, September 2, 2014

By Jim Pruitt

jpruitt@heritage.com

Twitter: [@BigPruitt](https://twitter.com/BigPruitt)

Transforming a razed industrial site into a landmark is a goal of the Village of Dexter and achieving that goal was the focus of a special presentation Aug. 28.

Around 30 people attended a presentation by University of Michigan Professor Peter Allen and two of his students on the prospects for 3045 Broad St. The presentation and work Allen and his students performed are funded by the Michigan Economic Development Corp. and are part of the Redevelopment Ready Communities program in which the village is participating.

The goal of the meeting was to have the attendees tell Allen and his team what they would like to see happen at the site, which was recently razed.

"It is impossible for us to tell you what to have (at the site)," Allen said.

The site carries several development risks before getting the site ready for development. These include:

- Environmental cleanup. Thomas Wackerman, president of ASTI Environmental of Brighton, said the cost to clean up the site will be directly linked to the type and scope of development. The key issue to remove contaminated soil to guard the quality of indoor air.

The project will require a combination of remediation and subterranean vapor collection, Wackerman said.

The site will also require a layer of protection from metals and chemicals in the soil that is typically associated with a brownfield site. This could mean buildings, walkways or pavement or 18 inches of fill, Wackerman said.

The problem or source area can be removed and the rest of the property can be maintained through control and management with the goal of protecting human health and the environment.

"Be prepared for surprises in any brownfield development," Wackerman said.

DTE Substation relocation – Allen estimates the cost around \$1 million and anticipates three to five years to accomplish.

Village Trustee Jim Carson said the move would be very costly and the village does not have it on its capital improvement project list. There is an option to put the substation in the industrial park and Carson talked about the village offering land

there to DTE in exchange for the Broad Street property.

Carson said moving substation to the industrial park could eliminate brownouts for businesses there.

Trustee Paul Cousins said the village could give the utility tax credits for 10-20 years, but wondered if it was legal or moral to do so.

"(Tax credits) might motivate them, but I have no experience," Allen said. "You could tell them you want to build 50-75 condos that could mean lot of electricity."

Community Development Manager Michelle Aniol said she is dealing with a senior vice president for DTE on the matter.

"It's a big public policy issue," Allen said. "Tax abatements are available and moral, but the way DTE is regulated makes it complicated."

- Site Utilities – According to Village engineers OHM, this will cost \$800,000 for storm sewer, water and sanitary utility leads to the site. A higher density development could make that amount more reasonable.

- Water detention – the village needs a storm water management plan (\$200,000) and an implementation plan for the downtown area.

The list could mean any prospective developer would have to come up with \$5 million just to be in the position of building on the site. Depending on the density of development the project would cost between \$13 million to \$22 million.

Allen also talked about several points relating to real estate development feasibility

- Environmental-climate change is an opportunity
- Market research – opportunities under your nose
- WOW Architecture-Does my property reflect timelessness and flexible design.
- Construction – How soon? How much?
- Social and community goals – What does the community want to become?
- Political approvals – What do NIMBYs (Not in my back yard) and politicians want to see?

The discussion focused on making the site a residential development targeted at mix of millennials (25-35-year-olds) and retirees. The site could house 50-95 units depending on the desired density and the style of architecture chosen.

Notions of adding a retail element were rejected as impractical as the site's location is not close enough to downtown. Another point is that for a retail center to be successful it needs to be a destination and have parking close to the shops.

Attendees learned about Walk Score, a new metric for determining a community's desirability to the target audiences. The measure is scaled from 1-100; where each point that makes a town walkable to run errands, go to work and for leisure activities, the score rises.

For example, Ann Arbor and its various neighborhoods score in the 90s, while Dexter is about 55. Saline comes in at 61.

Dexter has a good mix of shops and restaurants downtown, but parking is an issue, Allen said. That would be a need for the site as older adults and retirees generally require two spots, while the millennials would normally only need one.

Some discussion was had about building an underground parking garage that the public could access as well. Another option is for the village to vacate the portion of Broad Street that runs by the site and use it for parking.

Allen's team showed attendees about 20 slides, many with various architecture styles used in different places around the region, nation and world. The sites included various densities and parking options.

The Broad Street site is likely to have 50-92 units. What kind of view the residents will have of Mill Creek as it winds its way by and how tall the buildings will be are key points a developer and the village will have to hammer out.

Allen presented buildings with three and five stories to gauge interest. Some builders said a five-story site would be too costly. The village code calls for three stories, Village Trustee Paul Cousins said.

"Is the city open to four or five stories," Allen asked.

The site will likely have to be a planned unit development to allow for flexibility in use and design. Community Development Manager Michelle Aniol said a PUD is a possibility.

The site is highly prized and the village needs to make it special.

"(The village) is not going to come across another piece of land like this," attendee Matt Kowalski said. "So it is a key site, we want to make sure it is a landmark."

Allen said the architecture has to be stunning, especially if this is to be a site that is individual unit owners. That is the WOW Architecture concept.

"The architecture needs to be very distinctive, remarkable architecture," Allen said. "It has to be stunning architecture and you can do that on a budget."

Allen said the village will have to market the site to get 10 people to commit to living there to make it feasible to continue. Prices would be around \$250 a square foot, he said.

"You can make a profit on this," Allen said.

But first the village will have to work with local business owners who have second-floor spaces for rent. Officials estimate there are 5-20 such sites in the downtown.

The objective will be to market downtown living in Dexter to millennials living in Ann Arbor and other communities. This demographic typically loves this kind of lifestyle, Allen said.

Allen's team estimates rents at the development would be \$1,200 a month for a 600-square-foot 1 bedroom apartment and \$1,600 for a 2-bedroom. If the units were sold as condos, the mortgage payments would be \$731 and \$942 per month respectively, based on 20 percent down and 3 percent for taxes.

"You might say no one is getting these kinds of rents in Dexter," Allen said. "That's probably true. But that doesn't mean there aren't 50-100 people, some combination of active seniors and young 25-35-year-olds that would love to live in Dexter."

Allen said this group paying these rents in Ann Arbor and he believes they would love the quality of life, including the commute, very appealing.

To determine the market, you get people to commit to buy a condo and when a quarter of the units are pre-sold, then construction can commence, Allen said.

City Charter Commission President John Hansen liked the concept.

"I love looking forward; it's not too many years ago I couldn't envision this. Good schools are an assumption, don't lose track of support of the district for this."

Allen will return in about three weeks to make a final presentation.

*Jim Pruitt is a multimedia reporter for Washtenaw Now. He can be reached via email at jpruitt@digitalfirstmedia.com. Follow him on **Twitter** and **Tout**.*

URL: http://www.heritage.com/articles/2014/09/03/dexter_leader/news/doc5405c73413f0f998817113.prt

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Michelle Aniol

From: Peter Allen <peter@ptallen.com>
Sent: Thursday, August 28, 2014 4:42 PM
To: Michelle Parkkonen; Jennifer Rigterink; Clarke Lewis; Dang Duong; Michelle Aniol; Peter Allen
Subject: Fwd: Dexter Financial and Presentation Notes
Attachments: Dexter Financial (V.2).xlsx; Dexter Presentation Notes (28AUG2014).docx; 8.26.14 Dexter Presentation.pdf; 8.28.14 Dexter Recommendation & Presentation Notes (28AUG2014).docx

All: Great turnout for the Dexter presentation today. Here attached are the preliminary deliverables. Dang, Clarke and I discussed next steps and here are our thoughts for you to consider:

Final recommendation by Peter, Dang and Clarke for you all to consider:

1. Delay our Final Presentation to early Nov after the election
2. Give the city adequate time to address the costs and timing for their infrastructure and environmental cleanup problems (environmental conditions, storm and sanitary utility leads, relocating the DTE Substation, and sale and uses for the adjacent site—perfects comps!) The current mayor, running for reelection and employed by Wade Trim, seemed to agree to take on the responsibility for all these city issues, which must be resolved to attract a developer and resolve a fair price and terms for the site.
3. Expand our scope to include the other city owned land across Broad St to the south.
4. Researching the environmental clean up to include removing all the contaminated soil, and then backfill with a basement to be used for resident (& public?) parking
5. **Also, time this presentation to coincide with the Developer Showcase.** Two developers were there today: Steve Brouwer and Robertson Bros from Birmingham.

Thoughts? peter

----- Forwarded message -----

From: Dang Duong <dveduong@umich.edu>
Date: Thu, Aug 28, 2014 at 3:53 PM
Subject: Dexter Financial and Presentation Notes
To: Peter Allen <peter@ptallen.com>, Clarke Lewis <cglewis@umich.edu>

Clarke, please send this latest version excel to Michel.

Dang

On Thu, Aug 28, 2014 at 12:16 PM, Dang Duong <dveduong@umich.edu> wrote:
Revised:

Base construction cost - rent: \$110/GSF
Base construction cost - sale: \$120/GSF

Rental rate: \$2/NSF
Sale rate: \$225/NSF

--

Peter Allen, President, Peter Allen & Assoc.

Peter@ptallen.com; 734-358-0060

Visit our web site for your real estate needs; Peter Allen website: www.ptallen.com

Lecturer, Ross School of Business and Taubman School of Architecture & Urban Planning, University of Michigan, since 1981

Presentation to Dexter Aug 28, 2014 1-2:45 pm at Dexter Public Library

Final recommendation by Peter, Dang and Clarke:

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5. Also, time this presentation to coincide with the Developer Showcase. Two developers were there today: Steve Brouwer and Robertson Bros from Birmingham.

About 35 Attendees with their comments:

Phil Meckis

Dick (collier)

Paul (Collier)

Rob (Dexter Research Center)

Michael

Carol (DDA)

John (Charter Comm)

Sally (Zoning brd)

Randy (DDA)

John Evans (Swisher)

Jeff

RCC

Jim

Fred (DDA)

Paul cousins

Donna

John Smith

Jolly Knight

Allison Bishop

John

Tim

Steve

Michel Aniol

Peter

- Direct relationship btwn walkscore and value of prop
- One way to make a 4 story like a 3 story is to step back top floor
- Good sun angle for solar energy
- Stacking townhouses with a flat - possibilities

(Steve?) (Pres of Wave board)

- DTE doesn't have it in capital improvement project and don't know when to start relocate substation
- Brown out in industrial park, so moving substation can help them solve brownout problem
- If Client consider moving to industrial park can give a great incentive
- Doesn't think redevelopment has anything to do with election
 - Peter says debatable issues? Eliminate political risk
- Wave is running on demand and schedule bus services
- He thought of path has always been mixed-use
- If power station not moved? Peter says can't do residential

Matt

- Can't manuf water but it doesn't get factored in walkscore
- Is city open to 5 story? Depends, a lot is in design
 - Michel says PUD opportunity here
- Wants to make site a landmark (distinctive architecture)
- Thinks should have mix of high quality view and more affordable unit (mix of products)

- Thinks doesn't have density to support half hour bus service
 - Reiterates need for parking (2-car)
 - Peter says could be phased, have surface parking temporarily, to see how parking are really needed

Paul

- Give DTE tax credit for 10-15 years instead of trading property?
- Might give them econ incentive of new electrical consumption due to new condos
- Likes the Trapezoid idea do to creation of community
- Opportunity to move Broad St since village owns contiguous properties, less environmental contamination on adjacent sites
- This site w/out adjacent site doesn't make sense

Michel

- Talking to senior officer at DTE
- Confident that some work can be done on storm water mgmt plan but waiting on grant
- Since we don't have road in front, could reduce density for retail
 - Peter says pocket garden, landscaping in front?

Steve Brouwer

- No experience in moving substation
- Parking will affect density
- On his site, 8 residential, 8-10 parking, retail-office use
 - 6-8 months to build his site
- Doesn't like retail on city site

Tom

- Moral to give tax credit to DTE, but the way DTE is reg is a problem

Phil

- Parking on site is key because sometimes parking is filled
- Mixed use? Adds to building cost
- Can we build parking on adjacent sites?

(Black-stripe gentleman)

- Maybe doesn't have to be linear to creek

Tim?

- Likes open space for kids to play
- 2-car garage makes sense, were a community that uses cars a lot, have 2-car garage under condos, 1200 sf

Carol? (Gray hair Lady)

- Have scale that's sympathetic to historic downtown (2-story)

- Doesn't like higher building
- Show views of various densities from various angles

Tim (developer)

- \$80/SF hardcost if 3-story
- Going 4-story will raise cost due to things like elevator
- Stack flats has sound problem, says townhouses with the separation space may work better
- Idea for him is 20 units/acre

(Blue)

- Lobby state for stop in Dexter (commuter or high speed)

Orange

- Has lived in this Trapezoid configuration – noise tends to resonate, and not enough separate of neighbors, and maximize # of views would min quality of view

Tom Wakerman (ASTI)

Implement controls and build on brownfield – location is worth the effort

- 1: Could put a surface over entire site to encapsulate it
- 2: Clean up completely for residential? Cost too much
- 3: always going to be incidental things so be prepared for uncertainty in brownfield develop
- 4: Requires long-term maintenance
 - At grade parking would reduce long-term maintenance
- Michigan strategic fund – grant for Brownfield
- Kill 2 birds with one stone: Can get rid of contaminated soil and build 1 underground level of parking – possible (have to get rid of more soil than usual)

John

- Loves this and thinks there's public support
- Item 0: good schools exist here, need constant care and vigilance

John Evans

- Many people say parking is limited in Dexter at certain times and days

Shawn Keough

- Village Pres, engineer, doesn't think would cost up to \$5M for environmental clean

Property Location: 3045 Broad Street, Dexter, MI
 Approximate Site Size: 2.2 acres or 95,832 sf
 Michigan Cost Modifier 101

Development Data	Total SF	Development Description
Townhouses under Flats (4 Stories)	65,600	(Phase 1) Flats @ 800SF - 1000SF above Townhouses @ 2000SF - 2400SF
Townhouses under Townhouses w/ Garages Below	88,000	(Phase 2) Townhouse stacked on top of one another @ 2000 SF
Green Space	11,250	(Phase 1) Middle Void Common Space
Parking	0	Incorporated into Townhouse/Flat Unit mix
Total Development Area	153,600	SF
Floor Area Ratio	1.60	

Base Hard Cost of New Vertical Construction	Base Cost / SF	Base Cost	Upgrade % Applied	Total Base Cost	Cost / SF Dev. Type	Cost / SF Total
Townhouses / Flats (3-4 Stories)	\$110	7,288,160	1.00	\$ 7,288,160	\$ 111.10	\$ 47.45
Townhouses w/ Garages Below	\$110	9,776,800	1.00	\$ 9,776,800	\$ 111.10	\$ 63.65
Green Space	\$5	56,813	1.00	\$ 56,813	\$ 5.05	\$ 0.37
Parking	\$.50	0	1.00	\$ -	NA	\$ -
Base Construction Cost Estimate		17,121,773		\$ 17,121,773		\$ 64.02

Final Cost of Construction Estimate	Total	per SF
Total Base Cost of Construction Estimate	\$ 17,121,773	111.47
Site Work (Clean-Up and Utilities)	\$ 800,000	5.21
Subtotal - Hard Construction Costs	\$ 17,921,773	116.68
Construction Project Management Fees (2% of Total Construction Costs)	\$ 358,435	2.33
Initial Site Survey	\$ 5,000	0.03
Third party reports	\$ 30,000	0.20
Finance Fee (1.5% mortgage)	\$ 213,937	1.39
Architectural / Engineering Fees (6% of Total Construction Costs)	\$ 1,075,306	7.00
Permit Fees est.	\$ 171,268	1.12
Plan Review Fees est	\$ 10,000	0.07
Team soft costs and fees	\$ 684,871	4.46
Subtotal - Soft Construction Costs	\$ 2,548,817	16.59
Total Project Hard and Soft Construction Costs	\$ 20,470,589	133.27
Contingency	\$ 1,023,529	6.66
Total Project Hard and Soft Construction Costs w/ Contingency	\$ 21,494,119	139.94

Dexter: For-Rent Proforma (Phase 1)

Cost and Revenue Assumptions			\$/ GSF		Financing Assumptions			Key Ratios						
Land and Acquisition	\$1,000,000	\$15.24	Debt	75.00%	\$ 8,002,997	Gross Sq Ft (GSF)	65,600							
Hard Construction Costs	\$7,288,160	\$111.10				Net Leasable Sq Ft (NSF)	55,760							
Site Work (Clean-Up and Utilities)	\$ 800,000	\$12.20				Equity	25.00%		Avg Monthly Resid Rent/NSF	\$2.00				
Green Space	\$56,813	\$0.87				Total	100.00%			Cost/GSF	\$162.66			
Parking	\$0	\$0.00				Annual	5.000%	0.417%	Annual Expenses/GSF	\$7.26				
Soft Costs and 5% Contingencies	\$ 1,525,690	\$23.26				Monthly	25	300						
Total	\$10,670,662	\$162.66				Payment	561,417	\$46,785						
Gross Residential Revenues	\$1,338,240													
Rental Increase Projections									3.00%	3.00%	3.00%	3.00%	3.00%	
Operating Expense Projections									2.00%	2.00%	2.00%	2.00%	2.00%	
Operating Revenues			\$/ GSF per Yr	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5					
Gross Scheduled Income		\$20.40	\$111,520	\$1,338,240	\$1,378,387	\$1,419,739	\$1,462,331	\$1,506,201						
Vacancy Rate	6.0%	\$1.22	\$6,691	\$80,294	\$82,703	\$85,184	\$87,740	\$90,372						
Gross Rental Income		\$19.18	\$104,829	\$1,257,946	\$1,295,684	\$1,334,554	\$1,374,591	\$1,415,829						
Gross Income		\$19.18	\$104,829	\$1,257,946	\$1,295,684	\$1,334,554	\$1,374,591	\$1,415,829						
Operating Expenses			% of Gross Inc											
Repairs and Maintenance	6.0%	\$1.15	\$6,290	\$75,477	\$76,986	\$78,526	\$80,097	\$81,698						
Property Management Fees	4.0%	\$0.77	\$4,193	\$50,318	\$51,324	\$52,351	\$53,398	\$54,466						
Admin	3.0%	\$0.58	\$3,145	\$37,738	\$38,493	\$39,263	\$40,048	\$40,849						
Property Taxes	6.8%	\$1.30	\$7,091	\$85,090	\$86,791	\$88,527	\$90,298	\$92,104						
Insurance	3.0%	\$0.58	\$3,145	\$37,738	\$38,493	\$39,263	\$40,048	\$40,849						
Salaries and Wages	4.0%	\$0.77	\$4,193	\$50,318	\$51,324	\$52,351	\$53,398	\$54,466						
Utilities	5.0%	\$0.96	\$5,241	\$62,897	\$64,155	\$65,438	\$66,747	\$68,082						
Other Op Ex	6.0%	\$1.17	\$6,290	\$76,986	\$78,526	\$80,097	\$81,698	\$83,332						
Total Op. Exp.	37.9%	\$7.26	\$39,714	\$476,562	\$486,093	\$495,815	\$505,732	\$515,846						
Net Operating Income			62.1%	\$11.91	\$65,115	\$781,383	\$809,590	\$838,739	\$868,859	\$899,983				
Note: NOI/ft				\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14					
Return on Cost (NOI/Total Cost)					7.32%	7.59%	7.86%	8.14%	8.43%					
Less Debt Service			\$8.56	\$46,785	\$561,417	\$561,417	\$561,417	\$561,417	\$561,417					
Before Tax Cash Flow			\$3.35	\$18,331	\$219,967	\$248,174	\$277,322	\$307,443	\$338,566					
Note: Before Tax ROI					8.25%	9.30%	10.40%	11.52%	12.69%					
Plus Principal Reduction			\$2.52	\$13,751	\$165,014	\$173,188	\$181,766	\$190,769	\$200,218					
Note: Interest on Loan			\$6.04		\$396,402	\$388,229	\$379,651	\$370,647	\$361,198					
Less Dep. Exp. - Building (Yrs)			27.50	(\$4.04)	(\$22,085)	(\$265,024)	(\$265,024)	(\$265,024)	(\$265,024)	(\$265,024)				
Taxable income			\$1.83	\$9,996	\$119,957	\$156,338	\$194,065	\$233,188	\$273,760					
Taxes			35.0%	(\$0.64)	(\$3,499)	(\$41,985)	(\$54,718)	(\$67,923)	(\$81,616)	(\$95,816)				
After Tax Cash Flow			\$2.71	\$14,832	\$177,982	\$193,456	\$209,400	\$225,827	\$242,750					
Note: After Tax ROI					2.22%	2.42%	2.62%	2.82%	3.03%					
Capitalized value at:			8.00%	\$148.89	\$9,767,292	\$10,119,881	\$10,484,239	\$10,860,743	\$11,249,782					
Remaining Mortgage					\$7,837,982	\$7,664,795	\$7,483,028	\$7,292,259	\$7,092,041					

Dexter: For-Rent Proforma (Phase 2)

Cost and Revenue Assumptions			Financing Assumptions		Key Ratios				
Land and Acquisition	\$0	\$0.00	Debt	75.00%	\$8,867,593	Gross Sq Ft (GSF)	88,000		
Hard Construction Costs	\$9,776,800	\$111.10				Net Leasable Sq Ft (NSF)	74,800		
Site Work (Clean-Up and Utilities)	\$0	\$0.00	Equity	25.00%	\$2,955,864	Avg Monthly Resid Rent/NSF	\$2.00		
Green Space	\$0	\$0.00	Total	100.00%	\$11,823,457		Cost/GSF	\$134.36	
Parking	\$0	\$0.00				Annual Expenses/GSF	\$7.26		
Soft Costs and 5% Contingencies	\$2,046,657	\$23.26							
Total	\$11,823,457	\$134.36							
Gross Residential Revenues	\$1,795,200		Interest Rate	Annual 5.000%	Monthly 0.417%				
			Amort Period	25	300				
			Payment	\$622,069	\$51,839				
Rental Increase Projections				3.00%	3.00%	3.00%	3.00%	3.00%	
Operating Expense Projections				2.00%	2.00%	2.00%	2.00%	2.00%	
Operating Revenues		\$/ GSF per Yr	Monthly	Projected					
				Year 1	Year 2	Year 3	Year 4	Year 5	
Gross Scheduled Income		\$20.40	\$149,600	\$1,795,200	\$1,849,056	\$1,904,528	\$1,961,664	\$2,020,513	
Vacancy Rate	6.0%	\$1.22	\$8,976	\$107,712	\$110,943	\$114,272	\$117,700	\$121,231	
Gross Rental Income		\$19.18	\$140,624	\$1,687,488	\$1,738,113	\$1,790,256	\$1,843,964	\$1,899,283	
Gross Income		\$19.18	\$140,624	\$1,687,488	\$1,738,113	\$1,790,256	\$1,843,964	\$1,899,283	
Operating Expenses		% of Gross Inc							
Repairs and Maintenance	6.0%	\$1.15	\$8,437	\$101,249	\$103,274	\$105,340	\$107,447	\$109,595	
Property Management Fees	4.0%	\$0.77	\$5,625	\$67,500	\$68,850	\$70,227	\$71,631	\$73,064	
Admin	3.0%	\$0.58	\$4,219	\$50,625	\$51,637	\$52,670	\$53,723	\$54,798	
Property Taxes	6.8%	\$1.30	\$9,512	\$114,145	\$116,427	\$118,756	\$121,131	\$123,554	
Insurance	3.0%	\$0.58	\$4,219	\$50,625	\$51,637	\$52,670	\$53,723	\$54,798	
Salaries and Wages	4.0%	\$0.77	\$5,625	\$67,500	\$68,850	\$70,227	\$71,631	\$73,064	
Utilities	5.0%	\$0.96	\$7,031	\$84,374	\$86,062	\$87,783	\$89,539	\$91,330	
Other Op Ex	6.0%	\$1.17	\$8,437	\$103,274	\$105,340	\$107,447	\$109,595	\$111,787	
Total Op. Exp.	37.9%	\$7.26	\$53,274	\$639,291	\$652,077	\$665,118	\$678,421	\$691,989	
Net Operating Income	62.1%	\$11.91	\$87,350	\$1,048,197	\$1,086,036	\$1,125,138	\$1,165,543	\$1,207,294	
Note: NOI/ft			\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14	
Return on Cost (NOI/Total Cost)				8.87%	9.19%	9.52%	9.86%	10.21%	
Less Debt Service		\$7.07	\$51,839	\$622,069	\$622,069	\$622,069	\$622,069	\$622,069	
Before Tax Cash Flow		\$4.84	\$35,511	\$426,128	\$463,967	\$503,069	\$543,474	\$585,225	
Note: Before Tax ROI				14.42%	15.70%	17.02%	18.39%	19.80%	
Plus Principal Reduction		\$2.08	\$15,237	\$182,842	\$191,898	\$201,403	\$211,379	\$221,849	
Note: Interest on Loan		\$4.99		\$439,227	\$430,171	\$420,666	\$410,690	\$400,220	
Less Dep. Exp. - Building (Yrs)	27.50	(\$4.04)	(\$29,627)	(\$355,520)	(\$355,520)	(\$355,520)	(\$355,520)	(\$355,520)	
Taxable income		\$2.88	\$21,121	\$253,450	\$300,345	\$348,952	\$399,333	\$451,554	
Taxes	35.0%	(\$1.01)	(\$7,392)	(\$88,707)	(\$105,121)	(\$122,133)	(\$139,767)	(\$158,044)	
After Tax Cash Flow		\$3.83	\$28,118	\$337,421	\$358,846	\$380,936	\$403,708	\$427,181	
Note: After Tax ROI				3.81%	4.05%	4.30%	4.55%	4.82%	
Capitalized value at:	8.00%	\$148.89		\$13,102,465	\$13,575,450	\$14,064,223	\$14,569,290	\$15,091,171	
Remaining Mortgage				\$8,684,751	\$8,492,853	\$8,291,450	\$8,080,071	\$7,858,222	

Dexter: For-Rent Proforma (Phases 1+2)

Cost and Revenue Assumptions			\$/ GSF		Financing Assumptions			Key Ratios		
Land and Acquisition	\$1,000,000	\$6.51	Debt	75.00%	\$16,870,589	Gross Sq Ft (GSF)	153,600			
Flats Hard Construction Costs	\$17,064,960	\$111.10	Equity	25.00%	\$5,623,530	Net Leasable Sq Ft (NSF)	130,560			
Site Work (Clean-Up and Utilities)	\$800,000	\$5.21	Total	100.00%	\$22,494,119	Avg Monthly Resid Rent/NSF	\$2.00			
Green Space	\$56,813	\$0.37				Cost/GSF	\$146.45			
Parking	\$0	\$0.00				Annual Expenses/GSF	\$7.26			
Soft Costs and 5% Contingencies	\$3,572,346	\$23.26								
Total	\$22,494,119	\$146.45								
Gross Residential Revenues	\$3,133,440									
Rental Increase Projections					3.00%	3.00%	3.00%	3.00%	3.00%	
Operating Expense Projections					2.00%	2.00%	2.00%	2.00%	2.00%	
Operating Revenues			\$/ GSF per Yr	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5	
Gross Scheduled Income		\$20.40	\$261,120	\$3,133,440	\$3,227,443	\$3,324,266	\$3,423,994	\$3,526,714		
Vacancy Rate	6.0%	\$1.22	\$15,667	\$188,006	\$193,647	\$199,456	\$205,440	\$211,603		
Gross Rental Income		\$19.18	\$245,453	\$2,945,434	\$3,033,797	\$3,124,811	\$3,218,555	\$3,315,111		
Gross Income		\$19.18	\$245,453	\$2,945,434	\$3,033,797	\$3,124,811	\$3,218,555	\$3,315,111		
Operating Expenses			% of Gross Inc							
Repairs and Maintenance	6.0%	\$1.15	\$14,727	\$176,726	\$180,261	\$183,866	\$187,543	\$191,294		
Property Management Fees	4.0%	\$0.77	\$9,818	\$117,817	\$120,174	\$122,577	\$125,029	\$127,529		
Admin	3.0%	\$0.58	\$7,364	\$88,363	\$90,130	\$91,933	\$93,772	\$95,647		
Property Taxes	6.8%	\$1.30	\$16,603	\$199,234	\$203,219	\$207,283	\$211,429	\$215,657		
Insurance	3.0%	\$0.58	\$7,364	\$88,363	\$90,130	\$91,933	\$93,772	\$95,647		
Salaries and Wages	4.0%	\$0.77	\$9,818	\$117,817	\$120,174	\$122,577	\$125,029	\$127,529		
Utilities	5.0%	\$0.96	\$12,273	\$147,272	\$150,217	\$153,221	\$156,286	\$159,412		
Other Op Ex	6.0%	\$1.17	\$14,727	\$180,261	\$183,866	\$187,543	\$191,294	\$195,120		
Total Op. Exp.	37.9%	\$7.26	\$92,988	\$1,115,853	\$1,138,170	\$1,160,934	\$1,184,152	\$1,207,835		
Net Operating Income			62.1%	\$11.91	\$152,465	\$1,829,581	\$1,895,626	\$1,963,877	\$2,034,403	
Note: NOI/ft				\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14	
Return on Cost (NOI/Total Cost)					8.13%	8.43%	8.73%	9.04%	9.37%	
Less Debt Service				\$7.70	\$98,624	\$1,183,485	\$1,183,485	\$1,183,485	\$1,183,485	
Before Tax Cash Flow				\$4.21	\$53,841	\$646,095	\$712,141	\$780,391	\$850,917	
Note: Before Tax ROI					11.49%	12.66%	13.88%	15.13%	16.43%	
Plus Principal Reduction				\$2.26	\$28,988	\$347,856	\$365,086	\$383,169	\$402,148	
Note: Interest on Loan				\$5.44	\$835,630	\$818,400	\$800,316	\$781,337	\$761,418	
Less Dep. Exp. - Building (Yrs)			27.50	(\$4.04)	(\$51,712)	(\$620,544)	(\$620,544)	(\$620,544)	(\$620,544)	
Taxable income				\$2.43	\$31,117	\$373,407	\$456,683	\$543,017	\$632,521	
Taxes			35.0%	(\$0.85)	(\$10,891)	(\$130,692)	(\$159,839)	(\$190,056)	(\$221,382)	
After Tax Cash Flow				\$3.36	\$42,950	\$515,403	\$552,302	\$590,336	\$629,535	
Note: After Tax ROI					3.06%	3.27%	3.50%	3.73%	3.97%	
Capitalized value at:			8.00%	\$148.89	\$22,869,757	\$23,695,331	\$24,548,462	\$25,430,033	\$26,340,953	
Remaining Mortgage					\$16,522,733	\$16,157,647	\$15,774,478	\$15,372,330	\$14,950,263	

Dexter: For-Sale Residential Condominiums

Phase I	Phase II	Total SF	Efficiency (5% for Common Area)	Phase 1 Usable SF (NSF)	Phase 2 Usable SF (NSF)	Total NSF
65,600	88,000	153,600	0.95	62,320	83,600	145,920

Unit Type	# of Units	NSF/ Unit	Total NSF	Price/NSF	Price/Unit	Cost/NSF (at \$120/GSF)	Cost/Unit	Net Proceed/ Unit	Total Net Proceed	Return on Cost
Flats	42	760	31,920	\$225	\$171,000	\$181	\$137,730	\$33,270	\$1,397,339	13.1%
Townhouses	75	1520	114,000	\$225	\$342,000	\$129	\$196,839	\$145,161	\$10,887,074	92.1%
Total	117		145,920			\$154			\$12,284,413	54.6%

Property Location: 3045 Broad Street, Dexter, MI
 Approximate Site Size: 2.2 acres or 95,832 sf
 Michigan Cost Modifier 101

Development Data	Total SF	Development Description
Flats (3-4 Stories)	43,200	(Phase 1&2) 54 Flats @ 800SF - 1000SF (Half Each Phase)
Townhouses w/ Garages Below	43,200	(Phase 1&2) 18 Townhouses @ 2400SF w/ Garage (Half Each Phase)
Green Space	11,250	(Phase 1) Middle Void Common Space
Parking	13,500	(Phase 1&2) Underneath units at grade and some surface parking.
Total Development Area	86,400	SF
Floor Area Ratio	0.90	

Base Hard Cost of New Vertical Construction	Base	Base Cost	Upgrade %	Total	Cost / SF	Cost / SF
	Cost / SF		Applied	Base Cost	Dev. Type	Total
Townhouses / Flats (3-4 Stories)	\$110	4,799,520	1.00	\$ 4,799,520	\$ 111.10	\$ 55.55
Townhouses w/ Garages Below	\$110	4,799,520	1.00	\$ 4,799,520	\$ 111.10	\$ 55.55
Green Space	\$10	113,625	1.00	\$ 113,625	\$ 10.10	\$ 1.32
Parking	\$50	681,750	1.00	\$ 681,750	\$ 50.50	\$ 7.89
Base Construction Cost Estimate		10,394,415		\$ 10,394,415		\$ 64.76

Final Cost of Construction Estimate	Total	
	Total	per SF
Total Base Cost of Construction Estimate	\$ 10,394,415	120.31
Site Work (Clean-Up and Utilities)	\$ 800,000	9.26
Subtotal - Hard Construction Costs	\$ 11,194,415	\$ 129.56
Construction Project Management Fees (2% of Total Construction Costs)	\$ 223,888	2.59
Initial Site Survey	\$ 5,000	0.06
Third party reports	\$ 30,000	0.35
Finance Fee (1.5% mortgage)	\$ 129,878	1.50
Architectural / Engineering Fees (6% of Total Construction Costs)	\$ 671,665	7.77
Permit Fees est.	\$ 103,994	1.20
Plan Review Fees est	\$ 10,000	0.12
Team soft costs and fees	\$ 415,777	4.81
Subtotal - Soft Construction Costs	\$ 1,590,202	\$ 18.41
Total Project Hard and Soft Construction Costs	\$ 12,784,617	\$ 147.97
Contingency	\$ 639,231	7.40
Total Project Hard and Soft Construction Costs w/ Contingency	\$ 13,423,848	\$ 155.37

Dexter: For-Rent Proforma (Phase 2)

Cost and Revenue Assumptions			\$/ GSF		Financing Assumptions			Key Ratios			
Land and Acquisition	\$1,000,000	\$11.57	Debt	75.00%	\$10,817,886	Gross Sq Ft (GSF)	86,400				
Flats Hard Construction Costs	\$9,599,040	\$111.10				Net Leasable Sq Ft (NSF)	73,440				
Site Work (Clean-Up and Utilities)	\$800,000	\$9.26				Equity	25.00%		\$3,605,962		
Green Space	\$113,625	\$1.32				Total	100.00%		\$14,423,848		
Parking	\$681,750	\$7.89				Avg Monthly Resid Rent/NSF	\$2.00				
Soft Costs and 5% Contingencies	\$2,229,433	\$25.80				Cost/GSF	\$166.94				
Total	\$14,423,848	\$166.94	Annual	Monthly		Annual Expenses/GSF	\$7.26				
Gross Residential Revenues	\$1,762,560		Interest Rate	5.000%		0.417%					
			Amort Period	25		300					
			Payment	\$758,883		\$63,240					
Rental Increase Projections			3.00%	3.00%	3.00%	3.00%	3.00%				
Operating Expense Projections			2.00%	2.00%	2.00%	2.00%	2.00%				
Operating Revenues			\$/ GSF per Yr		Monthly		Projected				
					Year 1	Year 2	Year 3	Year 4	Year 5		
Gross Scheduled Income		\$20.40	\$146,880	\$1,762,560	\$1,815,437	\$1,869,900	\$1,925,997	\$1,983,777			
Vacancy Rate	6.0%	\$1.22	\$8,813	\$105,754	\$108,926	\$112,194	\$115,560	\$119,027			
Gross Rental Income		\$19.18	\$138,067	\$1,656,806	\$1,706,511	\$1,757,706	\$1,810,437	\$1,864,750			
Gross Income		\$19.18	\$138,067	\$1,656,806	\$1,706,511	\$1,757,706	\$1,810,437	\$1,864,750			
Operating Expenses			% of Gross Inc								
Repairs and Maintenance	6.0%	\$1.15	\$8,284	\$99,408	\$101,397	\$103,424	\$105,493	\$107,603			
Property Management Fees	4.0%	\$0.77	\$5,523	\$66,272	\$67,598	\$68,950	\$70,329	\$71,735			
Admin	3.0%	\$0.58	\$4,142	\$49,704	\$50,698	\$51,712	\$52,746	\$53,801			
Property Taxes	6.8%	\$1.30	\$9,339	\$112,069	\$114,311	\$116,597	\$118,929	\$121,307			
Insurance	3.0%	\$0.58	\$4,142	\$49,704	\$50,698	\$51,712	\$52,746	\$53,801			
Salaries and Wages	4.0%	\$0.77	\$5,523	\$66,272	\$67,598	\$68,950	\$70,329	\$71,735			
Utilities	5.0%	\$0.96	\$6,903	\$82,840	\$84,497	\$86,187	\$87,911	\$89,669			
Other Op Ex	6.0%	\$1.17	\$8,284	\$101,397	\$103,424	\$105,493	\$107,603	\$109,755			
Total Op. Exp.	37.9%	\$7.26	\$52,306	\$627,667	\$640,221	\$653,025	\$666,086	\$679,407			
Net Operating Income	62.1%	\$11.91	\$85,762	\$1,029,139	\$1,066,290	\$1,104,681	\$1,144,351	\$1,185,343			
Note: NOI/ft			\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14			
Return on Cost (NOI/Total Cost)				7.13%	7.39%	7.66%	7.93%	8.22%			
Less Debt Service		\$8.78	\$63,240	\$758,883	\$758,883	\$758,883	\$758,883	\$758,883			
Before Tax Cash Flow		\$3.13	\$22,521	\$270,256	\$307,407	\$345,797	\$385,468	\$426,460			
Note: Before Tax ROI				7.49%	8.52%	9.59%	10.69%	11.83%			
Plus Principal Reduction		\$2.58	\$18,588	\$223,055	\$234,103	\$245,698	\$257,868	\$270,641			
Note: Interest on Loan		\$6.20		\$535,829	\$524,780	\$513,185	\$501,015	\$488,242			
Less Dep. Exp. - Building (Yrs)	27.50	(\$4.04)	(\$29,088)	(\$349,056)	(\$349,056)	(\$349,056)	(\$349,056)	(\$349,056)			
Taxable income		\$1.67	\$12,021	\$144,254	\$192,453	\$242,440	\$294,280	\$348,045			
Taxes	35.0%	(\$0.58)	(\$4,207)	(\$50,489)	(\$67,359)	(\$84,854)	(\$102,998)	(\$121,816)			
After Tax Cash Flow		\$2.54	\$18,314	\$219,767	\$240,048	\$260,943	\$282,470	\$304,644			
Note: After Tax ROI				2.03%	2.22%	2.41%	2.61%	2.82%			
Capitalized value at:	8.00%	\$148.89		\$12,864,238	\$13,328,624	\$13,808,510	\$14,304,393	\$14,816,786			
Remaining Mortgage				\$10,594,831	\$10,360,728	\$10,115,030	\$9,857,162	\$9,586,520			

Dexter: For-Sale Residential Condominiums

Flats	Townhouses	43,200	86,400	0.95	Efficiency (5% for Common Area)		Phase 1 Usable SF (NSF)	Phase 2 Usable SF (NSF)	Total NSF	
					41,040	41,040				
									82,080	
Unit Type	# of Units	NSF/Unit	Total NSF	Price/NSF	Price/Unit	Cost/NSF (at \$120/GSF)	Cost/Unit	Net Proceed/Unit	Total Net Proceed	Return on Cost
Flats	54	760	41,040	\$225	\$171,000	\$186	\$141,154	\$29,846	\$1,611,676	22.3%
Townhouses	27	1520	41,040	\$225	\$342,000	\$186	\$282,308	\$59,692	\$1,611,676	22.3%
Total	81		82,080			\$186			\$3,223,352	22.3%

	For Rent			For Sale			
	Rents Required	Net Square Foot	Rent/Month Required	Annual Income Required (Rents at 33%)	Unit Cost	Loan (80%)	Monthly Mortgage Payment
Flats	1 bdrm, 1ba	600	\$1,200	\$43,200	\$135,000	\$108,000	\$731
	2 bdrm, 1ba	800	\$1,600	\$57,600	\$180,000	\$144,000	\$942
	3 bdrm, 2ba	1500	\$3,000	\$108,000	\$337,500	\$270,000	\$1,678
Townhouse							

Property Location: 3045 Broad Street, Dexter, MI
 Approximate Site Size: 2.2 acres or 95,832 sf
 Michigan Cost Modifier 101

Development Data	Total SF	Development Description
Flats (3-4 Stories)	26,400	(Phase 1) 33 Flats @ 800SF - 1000SF
Townhouses w/ Garages Below	52,800	(Phase 2) 22 Townhouses @ 2400SF w/ Garage
Green Space	11,250	(Phase 1) Middle Void Common Space
Parking	8,250	(Phase 1) Underneath units at grade and some surface parking.
Total Development Area	79,200	SF
Floor Area Ratio	0.83	

Base Hard Cost of New Vertical Construction	Base	Base Cost	Upgrade %	Total	Cost / SF	Cost / SF
	Cost / SF		Applied	Base Cost	Dev. Type	Total
Flats (3-4 Stories)	\$110	2,933,040	1.00	\$ 2,933,040	\$ 111.10	\$ 37.03
Townhouses w/ Garages Below	\$110	5,866,080	1.00	\$ 5,866,080	\$ 111.10	\$ 74.07
Green Space	\$10	113,625	1.00	\$ 113,625	\$ 10.10	\$ 1.43
Parking	\$50	416,625	1.00	\$ 416,625	\$ 50.50	\$ 5.26
Base Construction Cost Estimate		9,329,370		\$ 9,329,370		\$ 80.76

Final Cost of Construction Estimate	Total	
	Total	per SF
Total Base Cost of Construction Estimate	\$ 9,329,370	117.80
Site Work (Clean-Up and Utilities)	\$ 800,000	\$ 10.10
Subtotal - Hard Construction Costs	\$ 10,129,370	\$ 127.90
Construction Project Management Fees (2% of Total Construction Costs)	\$ 202,587	\$ 2.56
Initial Site Survey	\$ 5,000	\$ 0.06
Third party reports	\$ 30,000	\$ 0.38
Finance Fee (1.5% mortgage)	\$ 116,570	\$ 1.47
Architectural / Engineering Fees (6% of Total Construction Costs)	\$ 607,762	\$ 7.67
Permit Fees est.	\$ 93,344	\$ 1.18
Plan Review Fees est	\$ 10,000	\$ 0.13
Team soft costs and fees	\$ 373,175	\$ 4.71
Subtotal - Soft Construction Costs	\$ 1,438,439	\$ 18.16
Total Project Hard and Soft Construction Costs	\$ 11,567,809	\$ 146.06
Contingency	\$ 578,390	\$ 7.30
Total Project Hard and Soft Construction Costs w/ Contingency	\$ 12,146,199	\$ 153.36

Dexter: For-Rent Proforma (Phase 1)

Cost and Revenue Assumptions			Financing Assumptions		Key Ratios				
Land and Acquisition	\$1,000,000	\$/ GSF \$37.88	Debt	75.00% \$ 4,451,675	Gross Sq Ft (GSF)	26,400			
Hard Construction Costs	\$2,933,040	\$111.10	Equity	25.00% \$ 1,483,892	Net Leasable Sq Ft (NSF)	22,440			
Site Work (Clean-Up and Utilities)	\$800,000	\$30.30	Total	100.00% \$ 5,935,566	Avg Monthly Resid Rent/NSF Cost/GSF	\$2.00			
Green Space	\$113,625	\$4.30			Annual Expenses/GSF	\$7.26			
Parking	\$416,625	\$15.78							
Soft Costs and 5% Contingencies	\$672,276	\$25.47							
Total	\$5,935,566	\$224.83							
Gross Residential Revenues	\$538,560								
Rental Increase Projections					3.00%	3.00%	3.00%	3.00%	3.00%
Operating Expense Projections					2.00%	2.00%	2.00%	2.00%	2.00%
Operating Revenues			\$/ GSF per Yr	Monthly	Projected				
					Year 1	Year 2	Year 3	Year 4	Year 5
Gross Scheduled Income		\$20.40	\$44,880	\$538,560	\$554,717	\$571,358	\$588,499	\$606,154	
Vacancy Rate	6.0%	\$1.22	\$2,693	\$32,314	\$33,283	\$34,281	\$35,310	\$36,369	
Gross Rental Income		\$19.18	\$42,187	\$506,246	\$521,434	\$537,077	\$553,189	\$569,785	
Gross Income		\$19.18	\$42,187	\$506,246	\$521,434	\$537,077	\$553,189	\$569,785	
Operating Expenses			% of Gross Inc						
Repairs and Maintenance	6.0%	\$1.15	\$2,531	\$30,375	\$30,982	\$31,602	\$32,234	\$32,879	
Property Management Fees	4.0%	\$0.77	\$1,687	\$20,250	\$20,655	\$21,068	\$21,489	\$21,919	
Admin	3.0%	\$0.58	\$1,266	\$15,187	\$15,491	\$15,801	\$16,117	\$16,439	
Property Taxes	6.8%	\$1.30	\$2,854	\$34,243	\$34,928	\$35,627	\$36,339	\$37,066	
Insurance	3.0%	\$0.58	\$1,266	\$15,187	\$15,491	\$15,801	\$16,117	\$16,439	
Salaries and Wages	4.0%	\$0.77	\$1,687	\$20,250	\$20,655	\$21,068	\$21,489	\$21,919	
Utilities	5.0%	\$0.96	\$2,109	\$25,312	\$25,819	\$26,335	\$26,862	\$27,399	
Other Op Ex	6.0%	\$1.17	\$2,531	\$30,982	\$31,602	\$32,234	\$32,879	\$33,536	
Total Op. Exp.	37.9%	\$7.26	\$15,982	\$191,787	\$195,623	\$199,535	\$203,526	\$207,597	
Net Operating Income	62.1%	\$11.91	\$26,205	\$314,459	\$325,811	\$337,541	\$349,663	\$362,188	
Note: NOI/ft			\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14	
Return on Cost (NOI/Total Cost)				5.30%	5.49%	5.69%	5.89%	6.10%	
Less Debt Service		\$11.83	\$26,024	\$312,289	\$312,289	\$312,289	\$312,289	\$312,289	
Before Tax Cash Flow		\$0.08	\$181	\$2,171	\$13,522	\$25,253	\$37,374	\$49,899	
Note: Before Tax ROI				0.15%	0.91%	1.70%	2.52%	3.36%	
Plus Principal Reduction		\$3.48	\$7,649	\$91,789	\$96,336	\$101,108	\$106,116	\$111,372	
Note: Interest on Loan		\$8.35		\$220,499	\$215,953	\$211,181	\$206,173	\$200,917	
Less Dep. Exp. - Building (Yrs)	27.50	(\$4.04)	(\$8,888)	(\$106,656)	(\$106,656)	(\$106,656)	(\$106,656)	(\$106,656)	
Taxable income		(\$0.48)	(\$1,058)	(\$12,696)	\$3,202	\$19,704	\$36,834	\$54,615	
Taxes	35.0%	\$0.17	\$370	\$4,444	(\$1,121)	(\$6,897)	(\$12,892)	(\$19,115)	
After Tax Cash Flow		\$0.25	\$551	\$6,614	\$12,401	\$18,356	\$24,482	\$30,784	
Note: After Tax ROI				0.15%	0.28%	0.41%	0.55%	0.69%	
Capitalized value at:	8.00%	\$148.89		\$3,930,739	\$4,072,635	\$4,219,267	\$4,370,787	\$4,527,351	
Remaining Mortgage				\$4,359,885	\$4,263,549	\$4,162,442	\$4,056,326	\$3,944,954	

Dexter: For-Rent Proforma (Phase 2)

Cost and Revenue Assumptions			Financing Assumptions		Key Ratios					
Land and Acquisition	\$0	\$0.00	Debt	75.00%	\$5,407,975	Gross Sq Ft (GSF)	52,800			
Hard Construction Costs	\$5,866,080	\$111.10		Equity	25.00%	\$1,802,658	Net Leasable Sq Ft (NSF)	44,880		
Site Work (Clean-Up and Utilities)	\$0	\$0.00		Total	100.00%	\$7,210,633	Avg Monthly Resid Rent/NSF	\$2.00		
Green Space	\$0	\$0.00					Cost/GSF	\$136.57		
Parking	\$0	\$0.00				Annual Expenses/GSF	\$7.26			
Soft Costs and 5% Contingencies	\$1,344,553	\$25.47								
Total	\$7,210,633	\$136.57								
Gross Residential Revenues	\$1,077,120									
Rental Increase Projections				3.00%	3.00%	3.00%	3.00%	3.00%		
Operating Expense Projections				2.00%	2.00%	2.00%	2.00%	2.00%		
Operating Revenues			\$/ GSF per Yr	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5	
Gross Scheduled Income		\$20.40	\$89,760	\$1,077,120	\$1,109,434	\$1,142,717	\$1,176,998	\$1,212,308		
Vacancy Rate	6.0%	\$1.22	\$5,386	\$64,627	\$66,566	\$68,563	\$70,620	\$72,738		
Gross Rental Income		\$19.18	\$84,374	\$1,012,493	\$1,042,868	\$1,074,154	\$1,106,378	\$1,139,570		
Gross Income		\$19.18	\$84,374	\$1,012,493	\$1,042,868	\$1,074,154	\$1,106,378	\$1,139,570		
Operating Expenses			% of Gross Inc							
Repairs and Maintenance	6.0%	\$1.15	\$5,062	\$60,750	\$61,965	\$63,204	\$64,468	\$65,757		
Property Management Fees	4.0%	\$0.77	\$3,375	\$40,500	\$41,310	\$42,136	\$42,979	\$43,838		
Admin	3.0%	\$0.58	\$2,531	\$30,375	\$30,982	\$31,602	\$32,234	\$32,879		
Property Taxes	6.8%	\$1.30	\$5,707	\$68,487	\$69,856	\$71,254	\$72,679	\$74,132		
Insurance	3.0%	\$0.58	\$2,531	\$30,375	\$30,982	\$31,602	\$32,234	\$32,879		
Salaries and Wages	4.0%	\$0.77	\$3,375	\$40,500	\$41,310	\$42,136	\$42,979	\$43,838		
Utilities	5.0%	\$0.96	\$4,219	\$50,625	\$51,637	\$52,670	\$53,723	\$54,798		
Other Op Ex	6.0%	\$1.17	\$5,062	\$61,965	\$63,204	\$64,468	\$65,757	\$67,072		
Total Op. Exp.	37.9%	\$7.26	\$31,965	\$383,574	\$391,246	\$399,071	\$407,052	\$415,193		
Net Operating Income			62.1%	\$11.91	\$52,410	\$628,918	\$651,622	\$675,083	\$699,326	
Note: NOI/ft				\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14	
Return on Cost (NOI/Total Cost)					8.72%	9.04%	9.36%	9.70%	10.05%	
Less Debt Service				\$7.19	\$31,614	\$379,374	\$379,374	\$379,374	\$379,374	
Before Tax Cash Flow				\$4.73	\$20,795	\$249,545	\$272,248	\$295,709	\$319,952	
Note: Before Tax ROI					13.84%	15.10%	16.40%	17.75%	19.14%	
Plus Principal Reduction				\$2.11	\$9,292	\$111,507	\$117,031	\$122,827	\$128,911	
Note: Interest on Loan				\$5.07	\$267,866	\$262,343	\$256,546	\$250,463	\$244,077	
Less Dep. Exp. - Building (Yrs)			27.50	(\$4.04)	(\$17,776)	(\$213,312)	(\$213,312)	(\$213,312)	(\$213,312)	
Taxable income				\$2.80	\$12,312	\$147,740	\$175,966	\$205,224	\$235,551	
Taxes			35.0%	(\$0.98)	(\$4,309)	(\$51,709)	(\$61,588)	(\$71,828)	(\$82,443)	
After Tax Cash Flow				\$3.75	\$16,486	\$197,836	\$210,660	\$223,880	\$237,509	
Note: After Tax ROI					3.66%	3.90%	4.14%	4.39%	4.65%	
Capitalized value at:			8.00%	\$148.89	\$7,861,479	\$8,145,270	\$8,438,534	\$8,741,574	\$9,054,702	
Remaining Mortgage					\$5,296,467	\$5,179,437	\$5,056,609	\$4,927,698	\$4,792,402	

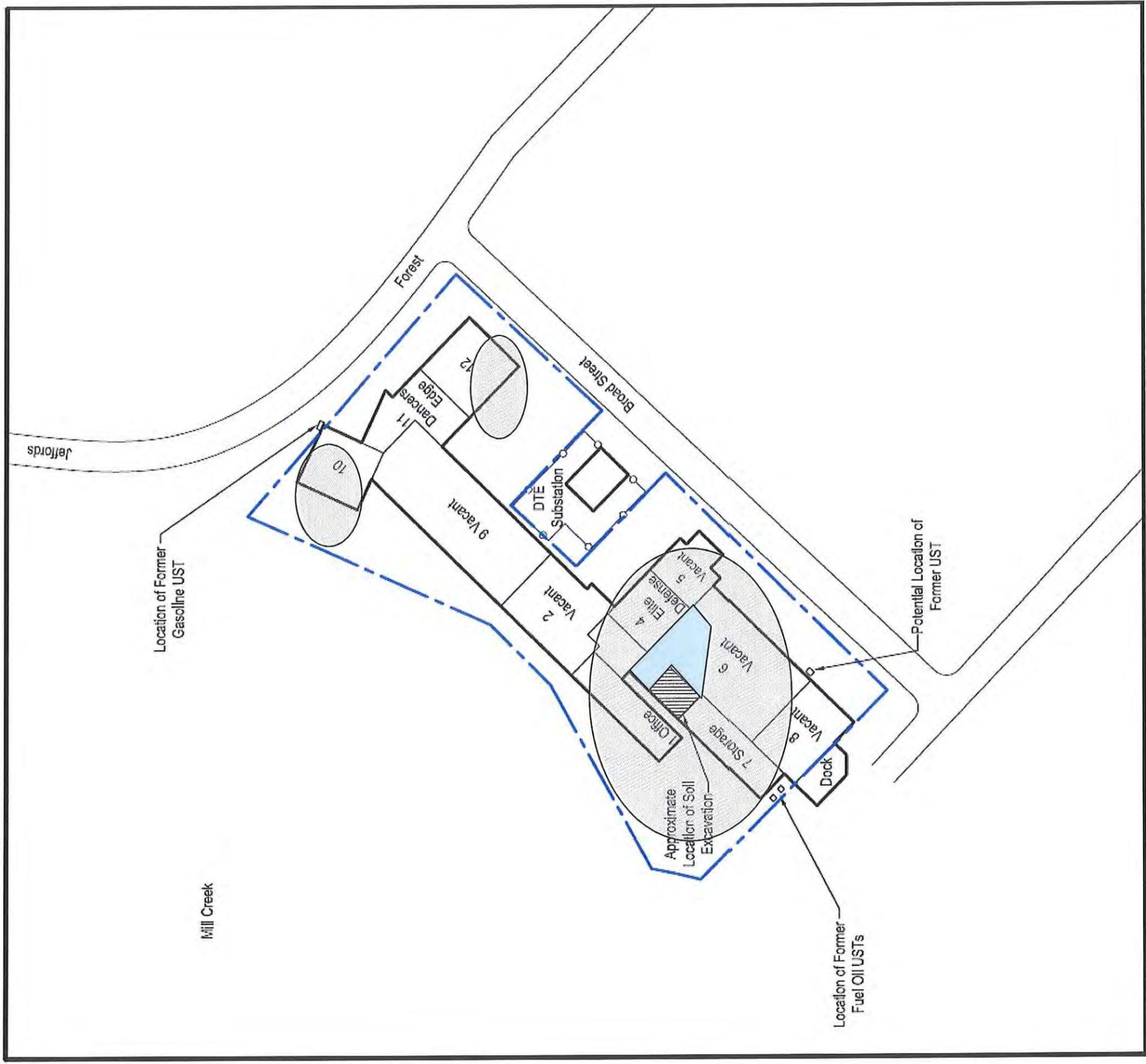
Dexter: For-Rent Proforma (Phase 2)

Cost and Revenue Assumptions			Financing Assumptions		Key Ratios				
Land and Acquisition	\$1,000,000	\$/ GSF	Debt	75.00%	\$9,859,649	Gross Sq Ft (GSF)	79,200		
Flats Hard Construction Costs	\$8,799,120	\$111.10	Equity	25.00%	\$3,286,550	Net Leasable Sq Ft (NSF)	67,320		
Site Work (Clean-Up and Utilities)	\$800,000	\$10.10	Total	100.00%	\$13,146,199	Avg Monthly Resid Rent/NSF	\$2.00		
Green Space	\$113,625	\$1.43				Cost/GSF	\$165.99		
Parking	\$416,625	\$5.26				Annual Expenses/GSF	\$7.26		
Soft Costs and 5% Contingencies	\$2,016,829	\$25.47							
Total	\$13,146,199	\$165.99							
Gross Residential Revenues	\$1,615,680		Interest Rate	Annual	5.000%	Monthly	0.417%		
			Amort Period		25		300		
			Payment		\$691,662		\$57,639		
Rental Increase Projections				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating Expense Projections				2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Operating Revenues			\$/ GSF per Yr	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Scheduled Income		\$20.40	\$134,640	\$1,615,680	\$1,664,150	\$1,714,075	\$1,765,497	\$1,818,462	
Vacancy Rate	6.0%	\$1.22	\$8,078	\$96,941	\$99,849	\$102,844	\$105,930	\$109,108	
Gross Rental Income		\$19.18	\$126,562	\$1,518,739	\$1,564,301	\$1,611,230	\$1,659,567	\$1,709,354	
Gross Income		\$19.18	\$126,562	\$1,518,739	\$1,564,301	\$1,611,230	\$1,659,567	\$1,709,354	
Operating Expenses			% of Gross Inc						
Repairs and Maintenance	6.0%	\$1.15	\$7,594	\$91,124	\$92,947	\$94,806	\$96,702	\$98,636	
Property Management Fees	4.0%	\$0.77	\$5,062	\$60,750	\$61,965	\$63,204	\$64,468	\$65,757	
Admin	3.0%	\$0.58	\$3,797	\$45,562	\$46,473	\$47,403	\$48,351	\$49,318	
Property Taxes	6.8%	\$1.30	\$8,561	\$102,730	\$104,785	\$106,880	\$109,018	\$111,198	
Insurance	3.0%	\$0.58	\$3,797	\$45,562	\$46,473	\$47,403	\$48,351	\$49,318	
Salaries and Wages	4.0%	\$0.77	\$5,062	\$60,750	\$61,965	\$63,204	\$64,468	\$65,757	
Utilities	5.0%	\$0.96	\$6,328	\$75,937	\$77,456	\$79,005	\$80,585	\$82,197	
Other Op Ex	6.0%	\$1.17	\$7,594	\$92,947	\$94,806	\$96,702	\$98,636	\$100,609	
Total Op. Exp.	37.9%	\$7.26	\$47,947	\$575,362	\$586,869	\$598,606	\$610,578	\$622,790	
Net Operating Income	62.1%	\$11.91	\$78,615	\$943,377	\$977,432	\$1,012,624	\$1,048,989	\$1,086,564	
Note: NOI/ft		\$1.17	\$1.17	\$14.01	\$14.52	\$15.04	\$15.58	\$16.14	
Return on Cost (NOI/Total Cost)				7.18%	7.44%	7.70%	7.98%	8.27%	
Less Debt Service		\$8.73	\$57,639	\$691,662	\$691,662	\$691,662	\$691,662	\$691,662	
Before Tax Cash Flow		\$3.18	\$20,976	\$251,715	\$285,770	\$320,962	\$357,326	\$394,902	
Note: Before Tax ROI				7.66%	8.70%	9.77%	10.87%	12.02%	
Plus Principal Reduction		\$2.57	\$16,941	\$203,297	\$213,366	\$223,935	\$235,027	\$246,668	
Note: Interest on Loan		\$6.17	\$6.17	\$488,366	\$478,296	\$467,727	\$456,636	\$444,994	
Less Dep. Exp. - Building (Yrs)	27.50	(\$4.04)	(\$26,664)	(\$319,968)	(\$319,968)	(\$319,968)	(\$319,968)	(\$319,968)	
Taxable income		\$1.71	\$11,254	\$135,044	\$179,168	\$224,929	\$272,385	\$321,602	
Taxes	35.0%	(\$0.60)	(\$3,939)	(\$47,265)	(\$62,709)	(\$78,725)	(\$95,335)	(\$112,561)	
After Tax Cash Flow		\$2.58	\$17,037	\$204,450	\$223,061	\$242,237	\$261,992	\$282,341	
Note: After Tax ROI				2.07%	2.26%	2.46%	2.66%	2.86%	
Capitalized value at:	8.00%	\$148.89		\$11,792,218	\$12,217,905	\$12,657,801	\$13,112,361	\$13,582,054	
Remaining Mortgage				\$9,656,352	\$9,442,986	\$9,219,051	\$8,984,024	\$8,737,356	

Dexter, For-Sale Residential Condominiums

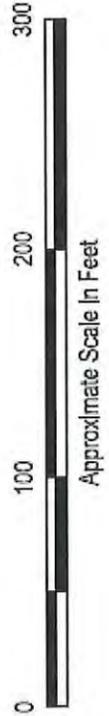
Phase I	Phase II	Total SF	Efficiency (5% for Common Area)	Phase 1 Usable SF (NSF)	Phase 2 Usable SF (NSF)	Total NSF
26,400	52,800	79,200	0.95	25,080	50,160	75,240

Unit Type	# of Units	NSF/ Unit	Total NSF	Price/NSF	Price/Unit	Cost/NSF (at \$120/GSF)	Cost/Unit	Net Proceed/ Unit	Total Net Proceed	Return on Cost
Flats	35	760	26,600	\$225	\$171,000	\$247	\$187,466	(\$16,466)	(\$576,298)	-9.7%
Townhouses	32	1520	48,640	\$225	\$342,000	\$154	\$233,704	\$108,296	\$3,465,471	48.1%
Total	67		75,240			\$185			\$2,889,174	22.0%



LEGEND

- Approximate Property Line
- Approximate VOC Impact Areas
- Approximate Remaining VOC Source Area



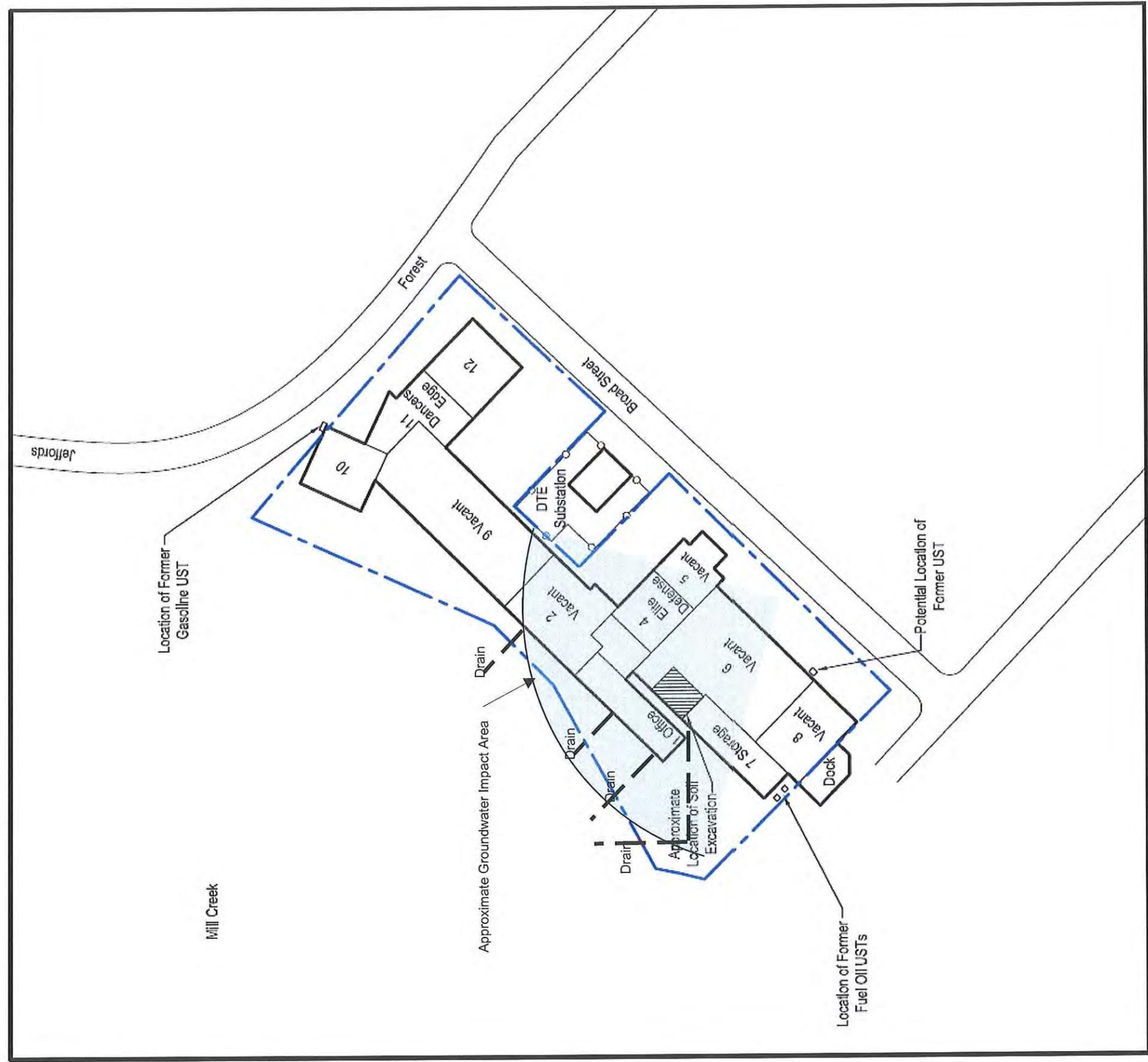
3045 Broad St.

Dexter, MI



Created by: TJW August 25, 2014

Figure 1: Site Issues Map - Soils



3045 Broad St.

Dexter, MI



Created by: IJW August 25, 2014

Figure 2: Site Issues Map - Groundwater

Table 1
3045 Broad Street
Dexter, Michigan
Issues Table for Purchaser

Issue	Description of Issue	Activity to be Conducted	Estimated Cost Range	Assumptions/Comments	Estimated Time for Completion
Pre-purchase Due Diligence	Identification of the Property as a facility in the Phase II ESA	Completion of Phase I and Baseline Environmental Assessment (BEA)	\$4,600	Required to maintain statutory liability protection for innocent landowner or bona fide purchaser	4-6 weeks. Phase I must be completed prior to purchase. BEA must be completed within 45 days of purchase
		Completion of Section 7a Compliance report (Due Care Plan)	\$2,000 without DEQ Approval, \$4,000 with DEQ Approval	Change in use requires new Due Care Plan. DEQ approval required if federal funds are used.	Plan completed 2 weeks after receipt of development plan, DEQ approval requires 2-3 months
Considerations for Redevelopment of Property	Arsenic above residential direct contact criteria	Additional sampling may be completed on surface and near surface for utilization of 95% Upper Confidence Level calculation for determination if results are above cleanup criteria.....and/or.....	\$4,500 for additional sampling and report		Soil sampling could be completed within two weeks of approval
		Capping with clean soil, asphalt, or concrete, or soil removal of upper 1-2 feet	Soil removal or capping cost dependant on site redevelopment	Part of construction costs. Removed soils to be characterized or disposed at landfill	During construction of building
	Identified soil and groundwater VOC impacts above the volatilization to indoor air inhalation and soil gas results above screening levels Unacceptable risk for uncontrolled development for residential and non-residential.	Additional soil, groundwater, and soil gas sampling to determine extent	Estimated cost of \$12,500-15,000	Presumptive remedy recommended	Report provided 4-5 weeks from approval
		Removal of VOC source area soils	Estimated cost of \$150,000 - 240,000	Based on limited sampling completed in area. Estimate based on average cost for removal, transportation, and disposal of hazardous material at \$200 per cubic yard. Estimated 750-1,200 cubic yards.	1-2 weeks for field work
		Remediation of VOC impacted groundwater using pump and treat....or.....	TBD	Not required as part of Due Care Requirements	Dependant on plume. Estimated range 1 year to 10 years
		Remediation of VOC impacted groundwater using wellands as a treatment system.	TBD	Not required as part of Due Care Requirements.	Dependant on plume. Estimated range 1 year to 10 years
		Installation of sub-slab system under proposed building. Installation of epoxy coating on slab.	\$32,000 - 40,000 based on 16,000SF building footprint	Would require air monitoring and possible permit process with DEQ. Potential long term operation and maintenance requirements.	During construction of building
		Soil removal for utilities and building foundations	Any soil removed from Property will need to be properly characterized and land filled. Engineered backfill will be necessary in utility lines.	Dependent on site development plans	
	Underground storage tanks (USTs)	Any USTs encountered during redevelopment will have to be removed.	TBD	USTs were historically located on the Property as detailed in the Phase I ESAs. Former owner provided information on USTs at four locations, but one UST location around original manufacturing building is unknown and may exist under building	Prior to construction of building
		Completion of Geophysical survey around building	\$3,000-5,000		1 week for field work

Table 1
 3045 Broad Street
 Dexter, Michigan
 Issues Table for Purchaser

Issue	Description of Issue	Activity to be Conducted	Estimated Cost Range	Assumptions/Comments	Estimated Time for Completion
Considerations for Redevelopment of Property	Demolition of current buildings	Asbestos abatement completed			
	Fill Material	Extensive fill material may require the removal of soil and placement of engineered fill for building development. Removed soils must be characterized or disposed in landfill	Dependent on site development plans		During construction of building
	Monitoring Wells	Site design can not interfere with monitoring wells or remediation. Monitoring wells may only be relocated once before 2018.	Dependent on site development plans	Based on Restrictive Covenant and general due care requirements	During construction of building
	Landscaping and Site Work	No surface water impoundments. No modifications to on-site drainage features that would cause surface water to accumulate on-site	Dependent on site development plans	Based on Restrictive Covenant	During construction of building
Considerations for Operation of Property	General	Notification of Buyers			
		Site Plan can not exacerbate existing conditions. All surfaces with hard cover must be maintained with hard cover.			
	Arsenic above residential direct contact criteria	Operation and Maintenance of Cover	TBD		Ongoing
	VOC Impacts to soils and groundwater	Operation and Maintenance of System. Possible vent sampling	TBD		Ongoing
	Groundwater	No use of groundwater.			Ongoing
	Soils	No unsupervised digging. Removed soils characterized or disposed in landfill. Maintain all surfacing materials as current, and as needed for engineered controls	TBD		Ongoing