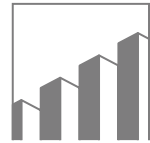




LIBRARY PLAZA

ANN ARBOR, MICHIGAN

November 17, 2015



November 17, 2015

Gordon Hendry
First Vice President
CBRE
101 W. Washington Street, Suite 1000E
Indianapolis, IN 46204

BEST AND FINAL OFFER FOR THE CITY OF ANN ARBOR LIBRARY LOT

Dear Mr. Hendry:

Pursuant to your request for a “best and final offer”, our Team is pleased to submit the enclosed revised conceptual plans and related documents in order to secure an opportunity to continue working with the City, and its constituents, on the development of the Library Lot with a mix of complementary public and private uses. Our proposed uses seek to balance the City’s objectives of creating a unique sustainable public space while contributing to the vibrancy of downtown, and realizing the economic benefits induced by the property sale, ongoing fiscal impacts and creation of employment. The following briefly reiterate the characteristics of our plan, approach, and the demonstrated strengths of our Team:

- **12,000 SQUARE FOOT PLAZA** – We have consistently offered a unique 12,000 square foot plaza in our plans in accordance with the Offering Memorandum. The Plaza was originally framed by our building and the Library on 3 sides in recognition of the weaknesses of Liberty Plaza, the recommendations of the PAC report and direction of placemaking expert Project for Public Spaces, all to assure its activation, security and long term success. In response to brief engagements with the selection committee and public, we demonstrated possible revisions to both the Plaza layout and details related to its use and functionality, many of which have been embraced by residents. In conformance with the recent request that the 12,000 square foot Plaza be provided at grade without including public rights of way or sidewalk, the attached conceptual plan represents a further refinement of the Plaza. We look forward to an opportunity to engage with the City and stakeholders in the design and operation of a successful public private development utilizing this concept as a springboard.
- **FLEXIBILITY OF DESIGN AND PUBLIC ENGAGEMENT** – Our Team has, and will continue to embrace the opportunity for further refinement of our building plans. We look forward to leveraging the proven public engagement processes offered by PPS to assure the Plaza design process is transparent and will benefit from the expertise of PPS in creating an operating plan to assure the Plaza’s long term success.
- **COMPLIANCE WITH ZONING** – The proposed plan remains in compliance with the underlying zoning.
- **CONSTRUCTABILITY** – We have worked with the City’s parking deck design team at Carl Walker, Inc. to assure our plan is completely compatible with the underlying structural elements of the City owned garage without requiring any invasive structural changes that have the potential of compromising the garage or requiring a loss of parking spaces. Our plan maximizes the use of the existing underlying structural elements in order to provide the City with a return on its investment in those structural elements.
- **TEAM** – Our Team has a demonstrated track record of success in Ann Arbor including the development of Landmark, redevelopment of the Border’s building and numerous projects for which architectural services were provided. Additionally, as evidenced by the case studies initially provided, our Team has extensive depth of experience in financing and developing each of the proposed private uses. The involvement of Project for Public Spaces, a recognized leader in the design, redesign and operation of public spaces around the world, will serve to ensure the success of Ann Arbor’s Library Plaza.

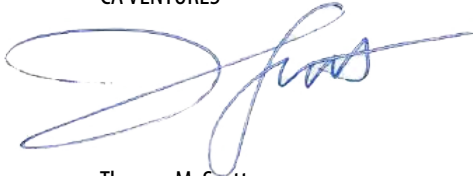
In addition to modifying our conceptual plans, our Team has reanalyzed our proposed purchase price. We have deliberately revisited our floor plans, construction costs, market assumptions, sources of capital and overall pro-forma in an effort to increase the offering price for the underlying land without jeopardizing the financial viability of the project. However, an increase in our estimated construction costs resulting from proposed changes in design driven by the Plaza, in addition to prospective market driven increases in capital costs, outweigh modest increases in rentable square footage. Nonetheless, our Team is pleased to propose its original offer of \$7,075,000 for further consideration by the City. It is imperative from our perspective, as well as that of the City's, that the overall funding of this development be in accordance with sound underwriting criteria and our offer is consistent with that principle.

We look forward to responding to any questions or concerns that arise as a result of this submission and would invite an opportunity to reengage with the selection committee to discuss our proposal.

Thank you again for your time and consideration.

Sincerely,

CA VENTURES



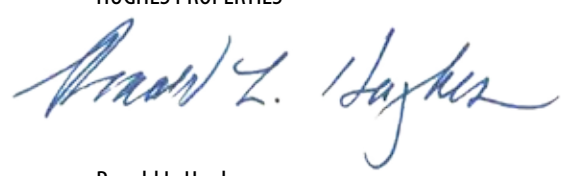
Thomas M. Scott
CEO

ACQUEST REALTY ADVISORS

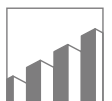


Douglas T. Smith
Vice President

HUGHES PROPERTIES



Ronald L. Hughes
CEO



LIBRARY PLAZA

THE URBAN PLAZA

Library Plaza is located at the northeast corner of Fifth Avenue and Library Lane and will include 12,015 SF of public plaza, not including public sidewalks or right of way. The southern portion of the Plaza adjacent to Library Lane, can be expanded by closing the lane to vehicular traffic for larger events using existing removable bollards. The northerly portion of the Plaza is conceptually shown as covered by a portion of the hotel that extends to Fifth Avenue and the existing public alley, and is supported by dramatic two-story high columns.

The covered portion will create a two-story high outdoor space which opens to the larger open Plaza. A two story high glass stair will be clad in channel glass (matching the glass wall in the parking deck), to provide a dramatic glowing lantern in the Plaza at night.

Library Plaza's final design will be the result of a public process lead by Project for Public Spaces (PPS), but as conceptualized for purposes of our proposal the design shows a large central lawn, public art, decorative wood-look paving, pedestrian scaled lighting, comfortable benches, flexible movable seating and tables, raised platforms for seating and small events, trash receptacles, and bike racks.

In the current site plan a series of gardens are proposed along Fifth Avenue to reflect the desire of residents for a park setting. The gardens could be at-grade with a mix of shade and under story trees, as well as other plantings that will draw the attention of pedestrians from Liberty Street and at the same time will buffer, shelter and protect the activities held in the Plaza from the street. The pedestrian sidewalk along the east side of Fifth Avenue will be redirected to enter the covered Plaza at the corner of the building. Proposed are several seating areas nested into the gardens that will provide additional opportunities for park users to stop and enjoy the green spaces.

The existing curving glass cover of the parking deck stair will now double as a roof to shelter additional seating in the Library Plaza. Additional shade trees will be added along Library Lane to create a southern edge to the outdoor reading room of the Library Plaza and add shade.

Access to and from the central parking deck elevator and stair core is fully maintained from the northeast corner of Library Plaza.

We propose to work with the city and our neighbors to enhance and activate the existing public alley to create a more pedestrian friendly mid-block connection and hope to work with our neighbors to extend this pedestrian connection all the way to Liberty Plaza. We suggest we could enclose refuse areas, add shade trees, seating options, pedestrian scaled lighting, green walls and art murals along the alley to activate the linear space for pedestrian usage.

Our team will conduct a full Placemaking public engagement process to create a shared vision for the Plaza. Placemaking is a way to ensure that the planning process is efficient and cost effective because it achieves the goals that matter most to the community in the long term: broad approval within

the community; the creation of a dynamic social gathering place; a plan for management and programming the new public space; and a feasible project with high return on investment.

PPS has applied the Placemaking approach with government agencies and municipalities, downtown development organizations and neighborhood associations, libraries and arts organizations, to name a few.

The livability of cities today is not measured at the skyline, but at the ground level in the streets, plazas, parks, and markets that are the shared public realm.

Placemaking is an inclusive, comprehensive, multi-sectoral approach that business and governmental leaders can easily embrace, and non-government organizations and citizens can support and participate in. The Library will be one of the partners in activating the Library Plaza with the possibility for them to use the outdoor spaces for Library related activities. The possibility to close Library Lane between the Library building and the Plaza will accommodate event options up to 2,000 people. It could be a great place for markets, book fairs, movies, musical performances and lectures.

THE USES

We propose to construct a six story hotel with about 77 king rooms, 73 double queen rooms and 8 suites, totaling about 158 guest rooms. Level one will include a grade level lobby and lounge, hotel administration spaces and service spaces near the alley. A large hotel lounge will include a kitchen, dining area, bar and coffee area. The exterior will be glazed with a storefront system that will face and activate the adjacent 12,015 SF Library Plaza. A large pre-function area, banquet room and catering kitchen is located on level two overlooking Library Plaza. A large fitness center will be located on level 3, adjacent to an outdoor roof terrace located over the banquet room, and will also have great views of Library Plaza below. This fitness center and outdoor roof terrace will be shared with the apartment residents. The Hotel totals about 106,600 SF.

Above the Hotel, eleven stories of market rate apartments will provide about 88 one bedroom units, 55 two bedroom units totaling about 158 units. Level 7 includes a shared outdoor roof terrace adjacent to Library Plaza for apartment residents, and a second rooftop terrace on Level 18 will offer spectacular panoramic views of the city.

The outdoor roof terraces will include shade trees in large containers, lounge seating, umbrella tables, outdoor fireplaces, a seasonal kitchen, serving area and barbeque area for resident use. The apartment building totals about 177,700 SF.

Together, the hotel and apartment building total about 285,136 SF. The total FAR area is about 273,113 SF for a FAR of 402% on the 67,954 SF site area, well below the 700% maximum allowable FAR permitted with premiums in the D1 Core District.

SUMMARY

TOTAL SF 285,136

Floor	Elevation	Hotel SF	Apt. SF	Hotel Service SF	Retail SF	Public Space SF	Total SF	Shaft and Stairs SF	FAR Area	Rentable SF	Finished Ceiling Ht.
Roof Slab	180'-0"										
Penthouse	170'-6"										
17th	160'-0"		15,900				15,900	550	15,350	12,763	8'-8"
16th	150'-8"		15,900				15,900	550	15,350	12,763	8'-8"
15th	141'-4"		15,900				15,900	550	15,350	12,763	8'-8"
14th	132'-0"		15,900				15,900	550	15,350	12,763	8'-8"
13th	122'-8"		15,900				15,900	550	15,350	12,763	8'-8"
12th	113'-4"		15,900				15,900	550	15,350	12,763	8'-8"
11th	104'-0"		15,900				15,900	550	15,350	12,763	8'-8"
10th	94'-8"		15,900				15,900	550	15,350	12,763	8'-8"
9th	85'-4"		15,900				15,900	550	15,350	12,763	8'-8"
8th	76'-0"		15,900				15,900	550	15,350	12,763	8'-8"
7th	66'-8"		14,079				14,079	550	13,529	10,730	8'-8"
6th	56'-0"	19,545	560	1,144			21,249	911	20,338		10'-8"
5th	46'-0"	19,545	560	1,144			21,249	911	20,338		9'-4"
4th	36'-0"	19,863	560	1,144			21,567	911	20,652		9'-4"
3rd	26'-0"	19,863	560	1,144			21,567	911	20,652		9'-4"
2nd	16'-0"	12,124	560	5,569			18,253	967	17,286		9'-4"
1st	0'-0"	2,452	1,849	2,511	555	805	8,172	1,362	6,810		14'-0"
Total		93,392	177,728	12,656	555	805	285,136	12,023	273,113	138,360	

Maximum Allowable Floor Area Ratio (FAR) by Right (400%)	(67,954 SF x 4.00) = 273,334
Site Area including Library Lane From Offering Memorandum	67,954 SF
Proposed Floor Area Ratio (FAR)	(273,113 SF FAR / 67,954 SF Site Area) x 100 = 402%
Hotel Roof Terrace SF	2,565
7th Floor Residence Roof Terrace SF	5,409
17th Floor Residence Roof Terrace SF	3,474
Urban Plaza - Grade Level Library Lot SF	12,015

UNITS

Floor	Hotel King	Hotel Dbl Queen	Hotel Suite	Apartment 1/1	Apartment 2/2	Total Hotels	Total Apt.	Total Hotel Beds	Total Apt Beds
17th				8	5		13		
16th				8	5		13		
15th				8	5		13		
14th				8	5		13		
13th				8	5		13		
12th				8	5		13		
11th				8	5		13		
10th				8	5		13		
9th				8	5		13		
8th				8	5		13		
7th				8	5		13		
6th	19	16	2			37			
5th	19	16	2			37			
4th	19	16	2			37			
3rd	16	16	2			34			
2nd	4	9	0			13			
1st									
Total	77	73	8	88	55	158	143	231	198

LIBRARY PLAZA



CONCEPTUAL RENDERING - SUBJECT TO CHANGE

LIBRARY PLAZA



CONCEPTUAL RENDERING - SUBJECT TO CHANGE

LIBRARY PLAZA



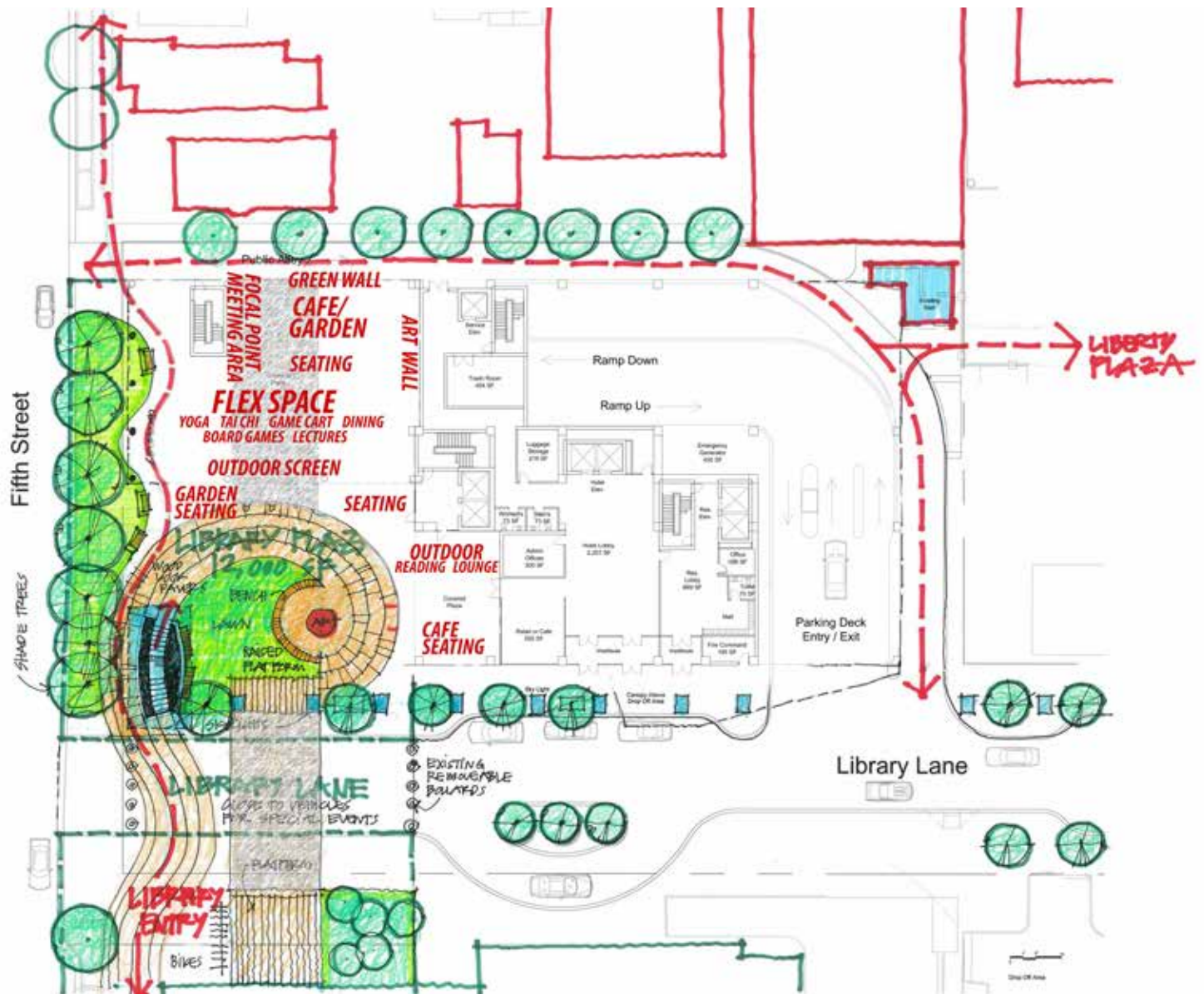
CONCEPTUAL RENDERING - SUBJECT TO CHANGE

LIBRARY PLAZA



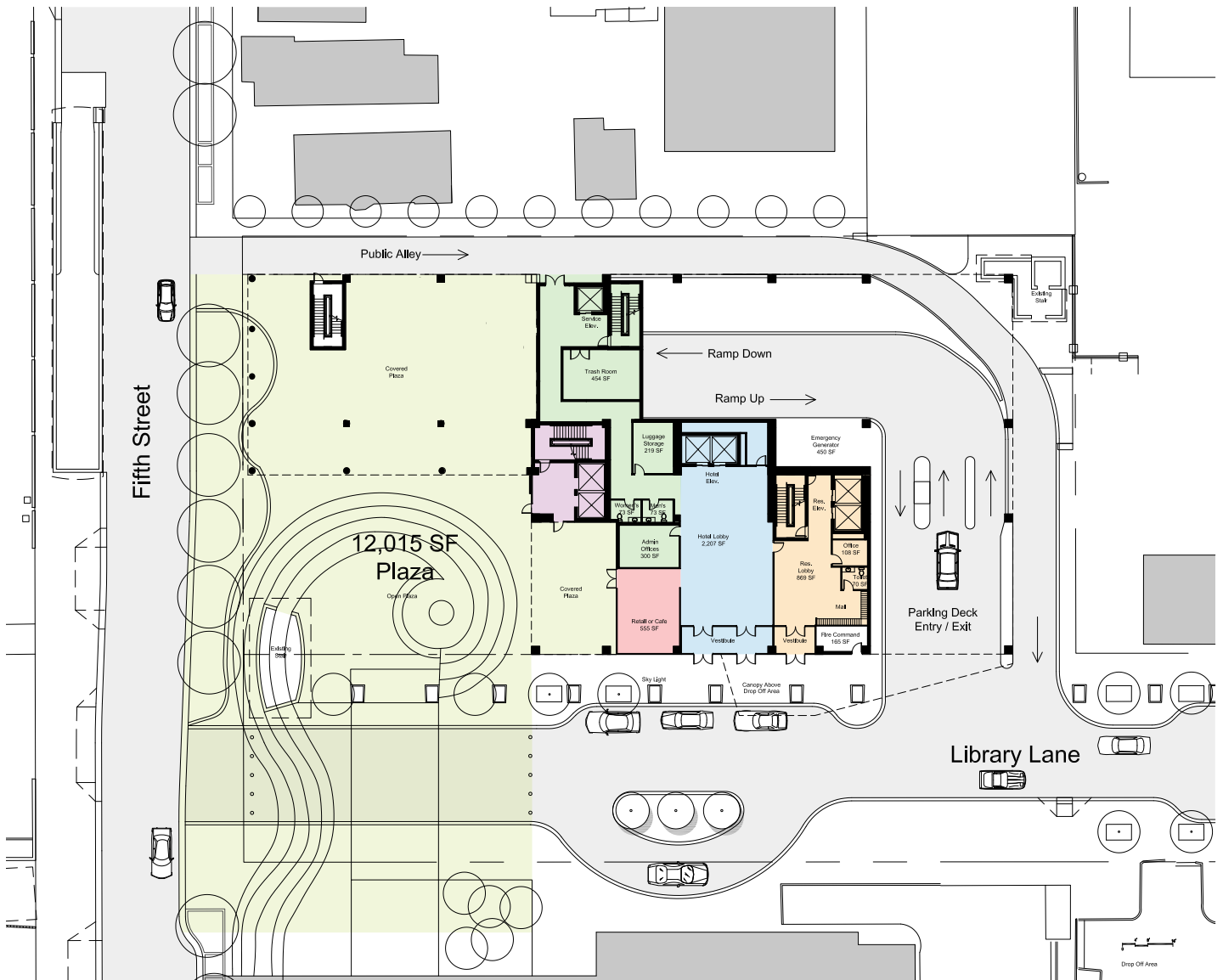
CONCEPTUAL RENDERING - SUBJECT TO CHANGE

THE PLAZA



CONCEPTUAL - SUBJECT TO CHANGE

FLOOR PLANS



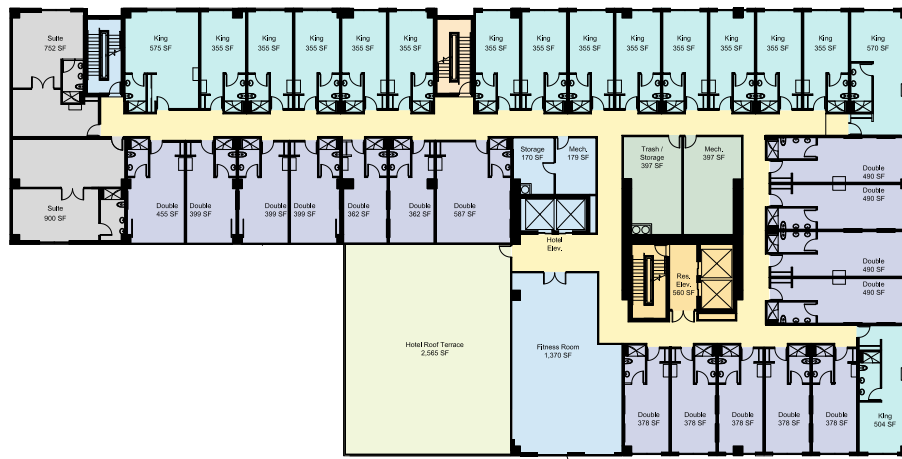
 **1st Floor**

CONCEPTUAL - SUBJECT TO CHANGE

FLOOR PLANS



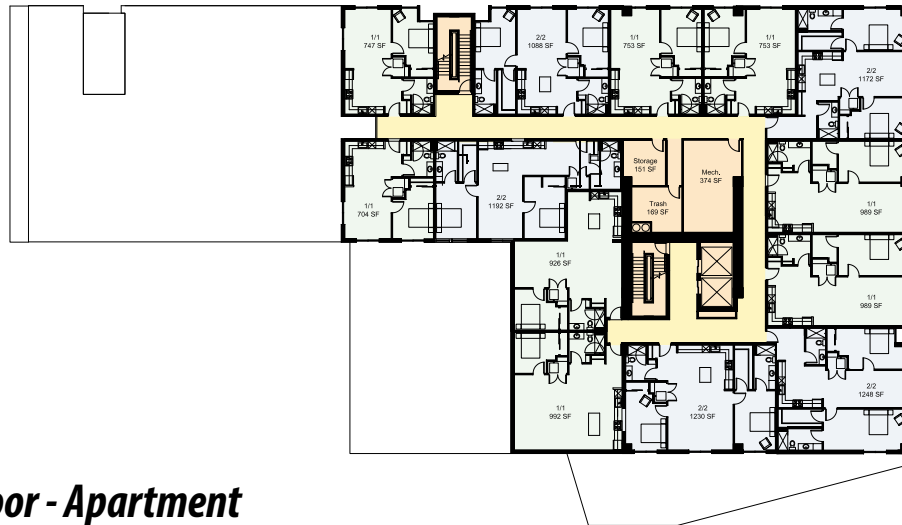
2nd Floor - Hotel



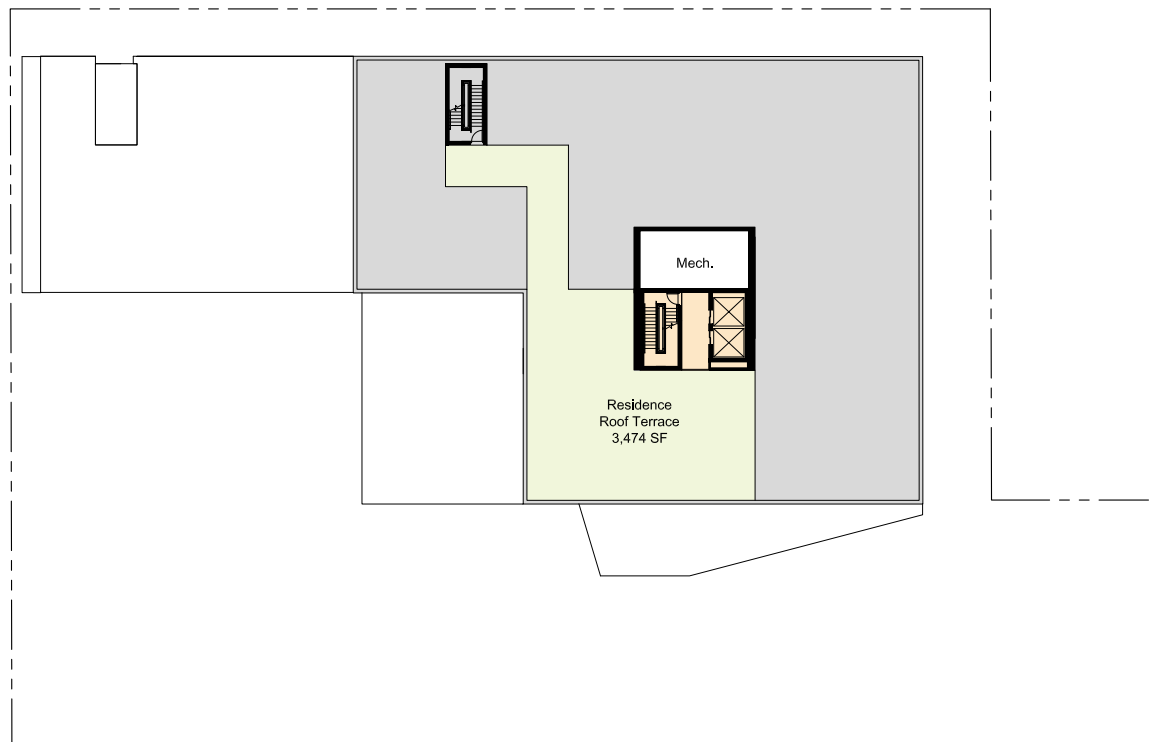
3rd Floor - Hotel

CONCEPTUAL - SUBJECT TO CHANGE

FLOOR PLANS



 **8th-17th Floor - Apartment**



 **Roof Plan**

CONCEPTUAL - SUBJECT TO CHANGE



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