

**Request for Proposal**  
**City of Ann Arbor**  
**Development of City-Owned Property**  
**RFP-743**

**Acquisition Cost Proposal**  
**&**  
**Project Financing**  
**(Sections 12 & 13)**

**'All Seasons of Ann Arbor'**

**A Mixed Use Development**

**The Beztak Companies**  
31731 Northwestern Highway  
Suite 250W  
Farmington Hills, MI 48334  
248.737.6115

**SECTION 12**

**ACQUISITION COST PROPOSAL**

The acquisition of the subject 1.2 acre site is proposed on the following terms and conditions:

Interest to be acquired:	99-year lease of air rights, plus renewal terms, including necessary easements for support, access, and utilities
Lessee:	A Michigan limited liability company to be formed, in which the Beztak Companies, it affiliates and/or principals are the primary members.
Lessor:	The City of Ann Arbor, or one of its agencies or instrumentalities.
Date of Commencement of Lease:	Concurrent with completion of subsurface parking deck, as evidenced by a certificate of occupancy or such other evidence as is reasonably acceptable.
Lease Payments:	\$100,000 per year, payable in equal monthly installments, in advance, with the first payment due on the date of commencement of the lease, and subsequent installments due and payable on each monthly anniversary thereof.
Conditions Precedent to Obligation of Lessee to Enter Lease:	<p>Completion of parking deck and infrastructure, consistent with plans and specifications approved by Lessee;</p> <p>Receipt of final site plan approval and all other entitlements required by Lessee for the development of the proposed All Seasons of Ann Arbor (the "Project");</p> <p>Lessee's receipt of financing commitment for the development and construction of the project, in form and substance reasonably acceptable to Lessee; and</p> <p>Agreement to provide reserved parking for residents and visitors to the Project, at rate or rates to be agreed upon.</p>

**SECTION 13**

**PROJECT FINANCING**

**Financing Schedule**

Negotiate Terms of and Finalize Lease Agreement with City	May 2010
Complete Architectural Schematics and Civil Engineering	November 2010
Prepare Financing Packages for Submission to Lending Prospects	January 2011
Submit application for construction financing	May 2011
Obtain Land Surveys	April 2010
Obtain Commitments for Title Insurance	April 2010
Obtain Environmental Site Assessments	June 2011
Obtain Market Study	June 2011
Complete Plans and Specifications	June 2011
Obtain Appraisal	June 2011
Receive, Review and Negotiate and Accept Financing Commitment(s)	July 2011
Receive and Review Loan Documents	August 2011
Close Construction Loan	October 2011

It is anticipated that the Project will be conventionally financed, and may utilize HUD-insured construction and permanent loans.

**ALL SEASONS OF ANN ARBOR  
STABILIZED OPERATING PROFORMA**

**Apartment Unit Mix and Rental Rates:**

Description	Avg. Square Ft.	Monthly Rate	Number of Units	Stabilized Annual Rent	Net Rentable Area
35 1 Bedroom 1 Bath	750	3,200	26	998,400	19,500
35 1 Bedroom 1 Bath-Enhanced	750	3,600	26	1,123,200	19,500
103 2 Bedroom 2 Bath	950	3,700	76	3,374,400	72,200
27 2 Bedroom 2 Bath - Enhanced	950	4,100	20	<u>984,000</u>	<u>19,000</u>
<b>TOTALS</b>			<b>148</b>	<b>6,480,000</b>	<b>130,200</b>
Second Person Rent and Miscellaneous Income(2% of Gross)				129,600	
Vacancy and Collection Loss @ 5.00%				(330,480)	
<b>APARTMENT EFFECTIVE GROSS INCOME</b>				<b>6,279,120</b>	

		Per Unit	Annual
Management Fee @ 3.00%		1,273	188,374
Advertising, Sales Expense, Resident Activities		836	123,728
Food Services		4,074	602,952
Housekeeping and Laundry		1,092	161,616
Repairs and Maintenance		569	84,212
Maintenance Payroll		351	51,948
Office Payroll		2,445	361,860
Administrative		271	40,108
Insurance		635	93,980
Utilities		1,562	231,176
Property Taxes		4,806	711,270
Other (i.e., professional fees, auto expense, payroll taxes, fringe benefits, etc.)		1,495	221,260
Replacement Reserves		<u>200</u>	<u>29,600</u>
<b>Total Apartment Expenses</b>		<b>19,609</b>	<b>2,902,084</b>

APARTMENT NET OPERATING INCOME 3,377,036

**Retail Rental Income:**

	Square Footage	Ave. 5 Yr rent/SF	Annual Rent
Building One	6,000	26	156,000
Building Two			
Space A	2,400	19	45,600
Space B	1,500	21	31,500
Space C	1,400	21	29,400
Space D	<u>1,200</u>	21	<u>25,200</u>
<b>Total-Retail</b>	<b>12,500</b>		<b>287,700</b>
Vacancy @ 10%			<u>(28,770)</u>
<b>Effective Gross Income-Retail</b>			<b>258,930</b>

Retail Expenses	Per SF	Annual Expenses
Common Area Maintenance	3.50	43,750
Property Taxes	6.00	75,000
Insurance	0.35	4,375
Non-reimbursable Maintenance	1.10	13,750
Other Expenses	0.35	<u>4,375</u>
Total Expenses		141,250
Less: Recovered Expenses		<u>(127,434)</u>
Net Expenses-Retail		<b>(13,816)</b>

**Net Operating Income-Retail** **245,114**

**Less: Land Lease Payments to City** **100,000**

**Net Operating Income-Apartments and Retail** **3,522,151**

