

MEMORANDUM

TO: Tom Crawford, Interim City Administrator

FROM: CBRE

DATE: December 3, 2015

RE: Best and Final Offers (BAFOs) by Finalists for Development of Library Lot
CA Ventures/Hughes Properties/Acquest Realty (“CA/Hughes”)
Core Spaces/Myefski Architects/First Hospitality Group (“Core Spaces”)

This memorandum is intended not to be a comprehensive summary of the two finalists’ proposals, but rather to highlight key updates contained in the BAFOs submitted on November 17, 2015 and the differences between the proposals.

We have previously advised the City that both proposals satisfy the evaluation criteria set forth in the City’s Offering Memorandum. These criteria include:

- ✓ The proposed development’s benefit and value to the City
- ✓ Project planning, design and architecture (including public space and other goals)
 - Consistent with the recommendations of the City’s Plan Commission, including a plaza, mixed use development close to 700% FAR with an iconic addition to the skyline (note, each developer’s proposal is less than the 700% FAR by approximately 100-200%).
- ✓ Development team experience including urban development and references
- ✓ Financial criteria/capacity to perform and demonstrated access to equity/financing, etc.
- ✓ Experience with engaging public and community stakeholders

CA/HUGHES UPDATED RENDERING



CORE SPACES UPDATED RENDERINGS (“SCHEME B” AND “SCHEME C”)



SUMMARY	CA/Hughes	Core Spaces Scheme B	Core Spaces Scheme C
Total SF	273,334	352,496	322,524
Hotel SF/Keys	106,048/158	71,788/131	71,453/130
Ground Floor Retail SF	555	3,353	3,375
Apartments SF/Units	177,728/143	257,157/360	227,498/320
Office SF	N/A	20,198	20,198
Purchase Price	\$5.11 million	\$10.0 million	\$7.0 million
Incentives	None	None	None
Design	Updated design by removing most of ground floor retail for covered plaza; Removed staircase but kept upper level terraces (added rooftop terraces)	Developer removes some ground floor retail and other features to increase ground floor plaza. Reduced density by terracing building fronting 5th	Developer removes some ground floor retail and other features to increase ground floor plaza. Removes all development above plaza
Parking	Lease 200 spaces from DDA	Purchase 200 spaces for \$5.0 million or lease same	Purchase 200 spaces for \$5.0 million or lease same
Plaza SF (ground floor and not including sidewalks,	12,015 (development above)	12,000 (development above)	12,000 (no development above)

roads, etc.)

Sustainability

LEED Silver

LEED Silver

LEED Silver

The Civic Plaza has received significant attention throughout this process. Both teams' proposals:

- ✓ Satisfy the 12,000 SF requirement outlined by the Ann Arbor City Council resolution. This SF is fully contained within the property lines and does not include any of the area from the street used as Library Lane, public sidewalk along 5th Avenue, or any other existing public space
- ✓ Propose the developer own, maintain and program the civic plaza space
- ✓ Have devoted a significant amount of planning into ensuring the plaza becomes an active, safe, vibrant new public space in downtown Ann Arbor that enhances and contributes to their respective proposed developments
- ✓ Express intent to continue to engage with the City and public on their respective preliminary designs for the plaza
- ✓ Addressed programming of the plaza, although in different ways. CA/Hughes estimated revenues and expenses as essentially netting to zero (\$342,000 on each side); Core Spaces estimates incurring approximately \$30,000 for expenses as a sunk cost, rather than estimating potential revenues/expenses associated with events etc.

As this process has unfolded over previous months, it is our opinion that both developers are eminently qualified. CBRE has sought to remain impartial in our analysis of these proposals. The decision before you is which of the proposals best meets the goals of the City from a financial, quality of life and economic development perspective.

We look forward to assisting you with contract documents with your chosen developer.