

B

RFP Response

Sale of the Michigan State Fair Grounds

July 18, 2012

Financial Submission

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Bidder Information

Joel I. Ferguson
1223 North Turner
Suite 300
Lansing, Michigan
48906

Phone: 517.371.2515

Legal Entity:

Magic Plus, LLC

Organization and Year

Magic Plus, LLC

2012

Contact for RFP

Joel I. Ferguson
1223 North Turner
Suite 300
Lansing, Michigan
48906

lucyjif@aol.com

Phone 517.371.2515
Fax 517.371.2537

Signed Release Attachment B

Signed Purchaser's Acknowledgement Attachment C

**REQUEST FOR PROPOSAL
MICHIGAN STATE FAIRGROUNDS PROPERTY
RFP-Doc-MSF01**

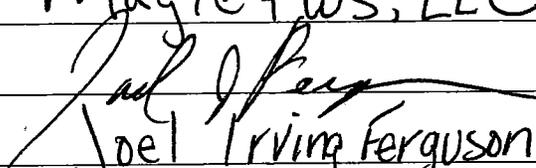
RELEASE, WAIVER OF LIABILITY, AND COVENANT NOT TO SUE

1. I understand I have permission to enter the former Michigan State Fairgrounds located in the City of Detroit, Michigan, and more specifically described in the attached Offer to Purchase Real Property (the "Offer") Exhibit 1 – Legal Description (the "Property").

2. I covenant and agree that I will refrain from commencing any action or proceeding, or prosecuting any pending action or proceeding, on account of any matter released hereunder.

3. I absolutely and unconditionally release and forever discharge the State of Michigan and its departments, commissions, boards, institutions, arms, agencies, and instrumentalities, including without limitation, the State of Michigan Land Bank Fast Track Authority, the Michigan Strategic Fund, and the Michigan Economic Development Corporation, and their respective past, present, and future directors, officers, employees, attorneys, agents, representatives, indemnitors, and insurers (collectively the "State") from all claims that I directly, indirectly, derivatively, or in any other capacity ever had, now have, or hereafter can, shall, or may have arising out of entry on and inspection of the Property.

4. I acknowledge this release is a full release. I expressly waive and assume the risk of any and all claims for damages that may hereafter arise out of my entry on and inspection of the Property, including those of which I do not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect my decision to enter into this agreement.

Magic Plus, LLC [Name of Entity (Please Print)]
 [Signature]
By: Joel Irving Ferguson [Name (Please Print)]
Its: Partner [Title]
Date: 7/17/12

Civil and Criminal Background Consent form
Attachment D

**STATE OF MICHIGAN LAND BANK FAST TRACK AUTHORITY
KEY PERSON QUESTIONNAIRE**

Must be completed for EACH person who is a business entity, person includes affiliates, subsidiaries, officer, directors, managerial employees and any person(s) who, directly or indirectly, hold a pecuniary interest of that business entity of 20% or more ("Key Persons").

BACKGROUND		
Company Name <u>Magic HUS, LLC</u>		
Full Name (First, Middle, and Last) <u>Joel Irving Ferguson</u>		
-Please indicate full middle name — or — check for No Middle Name <input type="checkbox"/>		Position and Title <u>Partner</u>
Formerly Known As Name(s) (First, Middle, and Last) —including but not limited to maiden name(s). Please indicate full middle name — or — check for No Middle Name <input type="checkbox"/>		
Residence Address (Street/P.O. Box/City, State and Zip Code) <u>1223 North Turner #300 Lansing, MI 48906</u>		
Date of Birth <u>11/14/38</u>	Telephone Number <u>517.371.2515</u>	Email Address <u>lucyjif@aol.com</u>
BUSINESS INTEGRITY: Check "Yes" or "No" for each of the following. Provide details on every "Yes" response on a separate sheet of paper.		
YES	NO	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Convictions: Have you <u>ever</u> been convicted been of, or entered a plea of nolo contendere in, any criminal proceeding, or are you currently a defendant in any criminal proceeding, other than a minor traffic offense.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Taxes: Do you currently owe past due taxes to any government entity, or have had filed against you, or ever been served, a complaint, lien, judgment, or other notice filed with any public body regarding the payment of any tax required under federal, state or local law.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bankruptcy: <u>You had</u> or <u>have an</u> ownership interest in any business, or in which you served as an officer or director, which has ever been declared bankrupt by a court, or been the subject of a voluntary or involuntary filing of any type of bankruptcy or insolvency.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Agency Proceedings and Civil Litigation: Do you <u>presently</u> , or <u>have you ever</u> been, a respondent/defendant in any administrative agency proceedings or civil litigation involving allegations of embezzlement, theft, forgery, bribery, falsification or destruction of records, dishonesty, deception, fraud, misrepresentation, civil conspiracy, breach of contract, unethical or unlawful business practices, false claims, securities violations, or any other claim that may be relevant to determining business integrity.

CONSENT AND CERTIFICATION	
I consent to the release of information concerning the information contained herein to the State of Michigan Land Bank Fast Track Authority (MLB), Michigan Economic Development Corporation (MEDC), or any of their designees. I specifically authorize the MLB and MEDC, or any of their designees, to do a criminal and civil background check on me.	
I, <u>Joel Ferguson</u> , certify that the information provided in this statement is, complete, true and accurate.	
Signature <u>[Handwritten Signature]</u>	
Date <u>7/17/12</u>	

Purchase Price Offer

See attached documents

OFFER TO PURCHASE REAL PROPERTY

~~THIS OFFER TO PURCHASE REAL PROPERTY~~ (the "Offer") is entered into between Magic Plus, LLC, a LLC, (the "Buyer"), and the State of Michigan Land Bank Fast Track Authority (the "Seller"). Buyer agrees to purchase from Seller the land, structures and improvements (the "Property") located in the City of Detroit, County of Wayne, State of Michigan, commonly known as the former Michigan State Fairgrounds, containing 157.47 acres, more or less, and legally described on the attached Exhibit 1, under the following terms and conditions:

1. Purchase Price. Buyer will pay to Seller the sum of See Attachment - A Dollars (\$) at Closing. The Property is subject to all applicable building and use restrictions, liens, encumbrances, charges, title exceptions, and easements, if any, affecting the Property.

2. Irrevocable Offer. This Offer is irrevocable except as set forth in Paragraph 6 with respect to cancellation during the Inspection Period.

2.1 The Seller, by executing the acceptance portion hereof and including the same in a response addressed to Buyer pursuant to Section 12. Notices, of this Offer, will cause this Offer, without further action of either party, to become a binding contract for the sale of Property.

3. Approvals. Notwithstanding any other provision of this Offer, Buyer acknowledges that sale of the Property must be approved by the State of Michigan Land Bank Fast Track Authority Board of Directors prior to Closing. Seller makes no representation that the State of Michigan Land Bank Fast Track Authority Board of Directors will approve this Offer.

4. Earnest Money. Upon execution of this Offer, the Buyer will deliver an earnest money deposit in the form of a cashier's or certified check in the amount of Twenty Five Thousand Dollars (\$25,000) made payable to the State of Michigan (the "Earnest Money"). The Earnest Money will be credited to the Purchase Price at Closing. Buyer will not be entitled to any interest earned on the Earnest Money.

4.1 Upon acceptance of this Offer, Fifty percent (50%) is immediately non-refundable. Buyer acknowledges that the Earnest Money is deemed non-refundable and the Buyer will have no right, claim or interest in or to such Earnest Money. Buyer further acknowledges that the balance of the Earnest Money deposit will only be refundable under the conditions set forth in Section 6 and that the full amount of the Earnest Money is non-refundable as liquidated damages in the event of default or failure by Buyer to perform any of its obligations under the terms of this Offer. In the event that the State of Michigan Land Bank Fast Track Authority Board of Directors does not approve the transaction the Earnest Money will be returned in its entirety to the Buyer.

5. Closing. The Closing will occur at a location and time agreed upon by both the Seller and Buyer, not more than fifteen (15) calendar days after the State of Michigan Land Bank Fast Track Authority Board of Directors approves the transaction.

5.1. The Quitclaim Deed will be prepared by Seller, all other closing documents will be prepared by the buyer. Closing costs and special assessments, if any, will be paid by Buyer.

5.2. At Closing, after receipt of the balance of the Purchase Price in the form of a certified check, cashier's check or electronic funds from Buyer, Seller will convey title to the Property by Quitclaim Deed, prepared and approved by the Seller, subject to any liens, charges, actions, encumbrances, restrictive covenant and title exceptions, and subject to the provisions of Public Act 74 of 2012 and Public Act 75 of 2012.

5.4. The execution and delivery of the Quitclaim Deed by the Seller will be deemed to be in full performance and discharge of all the terms and conditions of this Offer to be observed or performed by Seller, except those that are stated expressly to survive the Closing.

6. Inspection Period.

6.1. Buyer acknowledges that it has had the opportunity for physical inspection of the Property prior to entering into this Agreement, and will accept the Property "AS IS, WHERE IS, WITH ALL FAULTS" that is, in its present condition. It will be the sole responsibility of the Buyer to make its own investigations, studies, tests, reports, and other due diligence inquiries as to the Property as deemed appropriate to Buyer prior to entering into this Agreement.

6.2. Seller authorizes Buyer to enter the Property, with prior notification to Seller, to conduct investigations and studies, and Buyer hereby releases Seller of any and all liability associated with entry and inspection, and warrants that it will comply with applicable regulations regarding environmental and other matters. The Buyer will have until 1:00 p.m., December 4, 2012, to conduct investigations and other due diligence inquiries regarding the Property (the "Inspection Period").

6.3. After its inspection, if the Buyer is not reasonably satisfied with the results of its investigations and due diligence inquiries, the Buyer, no later than 1:00 p.m., December 4, 2012, may cancel this Offer to Purchase Real Property, at Buyer's sole discretion. If Buyer cancels, it will provide the Seller with copies of any and all its due diligence materials acquired during the Inspection Periods, including but not limited to, environmental reports, surveys, title commitments, and other due diligence materials, and be entitled to a return of Fifty percent (50%) of the original Earnest Money.

7. Environmental. Buyer agrees that the Seller assumes no liability or responsibility for the presence of any toxic, hazardous, polluting or injurious substances on, in, or below the Property. Except as expressly stated herein, Seller makes no representations as to any toxic, hazardous,

certain local ordinances and regulations (including zoning and use requirements) to which the Property was not previously subject to because it was owned by the State. Buyer acknowledges that in certain substantial respects the Property may not comply with such statutes, rules, ordinances and regulations and may have to be substantially altered or repaired to become compliant. Buyer acknowledges that it will comply with all zoning and use requirements. The Buyer acknowledges that the Seller is under no obligation to take any action to bring the Property into compliance with such statutes, and that the Buyer has had the opportunity to make a personal inspection of the Property. The Buyer further acknowledges that it is the Buyer's responsibility to consult with all State and local regulatory agencies, which have and will continue to have, or will obtain jurisdiction.

11. Fees and Commissions. If any person asserts a claim to a fee, commission or other compensation in relation to this transaction, as a broker, finder, or other capacity or for performance of services as a broker or finder in connection with this Offer, the Buyer will (a) indemnify, defend and hold harmless the Seller against and from any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought thereon (including without limitation, any and all attorney fees and costs incurred in defending against such claim) and (b) satisfy promptly any settlement or judgment arising from any such claim or any action or proceeding brought thereon. Buyer acknowledges that Seller has not used the services of a broker in connection with this transaction.

12. Notices. Notices under this Offer must be delivered to:

Buyer: Joel Ferguson
1273 N. Turner
Suite 300
Lansing, MI 48906

Seller:
State of Michigan Land Bank Fast Track Authority
Attn: Kim Homan, Executive Director
300 N. Washington Square
Lansing, MI 48913.

Facsimile or electronic notices will not be accepted.

13. Buyer Representations and Warranties. Buyer represents and warrants to Seller:

13.1. Buyer has the full right, power and authority to purchase the Property as provided in this Offer and to carry out Buyer's obligations hereunder, and all requisite action necessary to authorize Buyer to enter into this Offer and to carry out its obligations hereunder have been, or by the Closing will have been, taken. The person signing this Offer on behalf of Buyer is authorized to do so.

13.2. There is no action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding pending against Buyer which, if adversely determined, could interfere with the consummation of the transaction contemplated by this Offer.

13.3. The representation and warranties of Buyer will survive Closing.

14. Public Policy Provisions.

14.1. Nondiscrimination. Pursuant to MCL 37.2209 and MCL 37.1209, Buyer will comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101 et seq.; the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101 et seq.; and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it will not discriminate against any employee or applicant for employment, to be employed in the performance of this Offer, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Buyer agrees to include in every subcontract entered into for the performance of this Offer this covenant not to discriminate in employment. A breach of this covenant will constitute a material breach of a contract arising out of this Offer.

14.2. Unfair Labor Practices. Pursuant to MCL 423.324, the State may void a contract if Buyer or any of its contractors, subcontractors, manufacturers, or suppliers appear in the register compiled pursuant to 1980 PA 278, MCL 423.321 et seq. A breach of this covenant will constitute a material breach of a contract arising out of this Offer.

15. Termination. If the Buyer fails to perform any of its obligations under this Offer, the Seller will provide written notice of default to the Buyer. If the Buyer fails to cure within thirty (30) days after the Seller's written notice, Seller may terminate this Offer and any monies paid hereunder may be retained by the Seller as liquidated damages.

16. Miscellaneous Provisions.

16.1. It is expressly understood and agreed that neither the Seller nor the Buyer may assign its interest under this Offer or any portion thereof without the prior written consent of the other party, its successors or assigns.

16.2. Prior to Closing, any news releases or other media releases to the public of information with respect to the sale of the Property or any matters set forth in this Offer will be made only in the form approved by Seller in writing.

16.3. Each provision of this Offer is severable from all other provisions of the Offer and, if one or more of the provisions of the Offer is declared invalid, the remaining provisions of this Offer will remain in full force and effect.

16.4. This Offer may be changed or modified only if in writing and signed by both parties.

16.5. Each party will, without further consideration, execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively this Offer. Without limiting the generality of the foregoing, Buyer will, if requested by Seller, execute acknowledgments of receipt with respect to any materials delivered by Seller to Buyer with respect to the Property. The provisions of this Section will survive Closing.

16.6. The provisions of this Offer and of the documents to be executed and delivered at Closing are and will be for the benefit of Seller and Buyer only and are not for the benefit of any third party. Accordingly, no third party will have the right to enforce the provisions of this Offer or of the documents to be executed and delivered at Closing.

16.7. This Offer may be executed in any number of counterparts, each of which will be deemed an original, and all of which when taken together, will constitute the same instrument.

16.8. Captions and headings used in this Offer are for information and organizational purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Offer.

16.9. Except as expressly stated herein, Seller makes no representation or warranty as to the truth, accuracy or completeness of any materials, data or information delivered or made available by Seller to Buyer in connection with the transaction contemplated hereby. Buyer acknowledges and agrees that all materials, data and information delivered or made available by Seller to Buyer in connection with the transaction contemplated hereby are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer will be at the sole risk of Buyer, except as otherwise expressly stated herein. Without limiting the generality of the foregoing provisions, Buyer acknowledges and agrees that (a) any environmental or other report with respect to the Property which is delivered or made available by Seller to Buyer will be for general informational purposes only, (b) Buyer will not have any right to rely on such report delivered or made available by Seller to Buyer, but rather will rely on its own inspections and investigations of the Property and any reports commissioned by Buyer with respect thereto, (c) neither Seller nor the person or entity which prepared any such report delivered or made available by Seller to Buyer will have any liability to Buyer for any inaccuracy in or omission from any such report, and (d) Buyer will assume all liability and costs associated with federal, state and/or local environmental laws or regulations.

17. Governing Law. This Offer is governed by, and construed in accordance with, the laws of the State of Michigan.

18. **Entire Agreement.** This instrument constitutes the entire agreement between the Seller and the Buyer, and there are no other terms, conditions, promises, understandings, statements or representations, express or implied, oral or written, concerning the transaction contemplated hereunder. This Offer will inure to the benefit of and bind both parties and their respective agents, representatives, successors and assigns.

19. **Effective Date.** The Effective Date of this Offer will be the date signed as accepted by the Executive Director of the State of Michigan Land Bank Fast Track Authority.

BUYER:

Magie Plus, LLC [Name of Entity (Please Print)]

[Signature] [Signature]

By: Soel Ferguson [Name (Please Print)]

Its: Partner [Title]

Date: 7/17/12

ACCEPTANCE:

On this _____ day of _____, 2012, the State of Michigan, by its Land Bank Fast Track Authority acting pursuant to Public Acts 258 of 2003; 74 of 2012; and 75 of 2012, accepts the foregoing Offer according to its terms.

STATE OF MICHIGAN
LAND BANK FAST TRACK AUTHORITY

By: Kim Homan
Its: Executive Director

Date: _____

EXHIBIT A
Purchase Price of Property

In determining the Purchase Price of the Michigan State Fair Property ("Property") the best example of value is the Gateway Project. The Gateway Project began eight (8) years ago with a plan to secure a number of major retailers for the Development. The Project was unable to obtain leases from any of the major retailers. In the Fall of 2010 Meijer considered an offer to come to the site under certain conditions which included:

- A. Meijer would be provided 20 acres at no cost to Meijer;
- B. The Developer would build out the entire site including a complete build out of the Meijer site;
- C. Meijer would receive a number of financial incentives; and
- D. The developer would secure a 20,000 square foot retail tenant.

The development of the Meijer's site evidences the fact that the Property has little or no value until developed. A developer has to incur substantial costs in order to develop the site and make it viable for a mixed use development.

The fair market value of the Property should be based on the future value created by the development. In order to obtain the future value for determining the purchase price we feel that Magic Plus, LLC has the best plan, vision, team and capability to perform.

Therefore, the Buyer is offering a purchase price for the Property payable in the amount equal to 1% of any of the net lease revenue that the Buyer receives for the Property or in the alternative 1% of the net proceeds received on the sale of the Property. Payments will be made at the time the sale or lease proceeds received by the Buyer.

Earnest Money

Qualifications

Anderson House Office Building 124 North Capitol Ave. Lansing, Michigan 48909

A steel structure, 14 stories high building housing various governmental officials and staff for the Michigan House of Representatives. Completed in 1999 at a cost of 40 MM. Project delivered on time, on budget. Refer project questions to the House of Representative's Business Office, Lansing, Michigan 48909.

Michigan State Police Headquarters Building 333 South Grand Ave. Lansing, Michigan 48933

A low 5 story building with design features that protect the structure from security threats requiring special beam, fence and location configuration. Completed in 2009 at a cost of 39MM. Project was delivered on time and on budget. Refer questions to the State of Michigan Office of Management and Budget, Lansing, Michigan 48909

Riverfront Towers and Town homes 601 North Cedar Lansing, Michigan 48912

A 10 story, high rise apartment building. Building has 275,000 square feet with 276 rental units. The building was completed in 1980 and functions as both senior and low income housing. The project was completed on time and on budget. Refer questions to First Corporation, 4275 Five Oaks Drive Lansing, Michigan 48911

Past Performance with the State of Michigan

Heart of the City, LLC
1989 Lease with the State of Michigan

Anderson House of Representative Building
1999 Lease and Sale to the State of Michigan

Michigan State Police Headquarters
2009 Lease and Sale to the State of Michigan

Contract Performance

No contract terminated.

Litigation Disclosure

No Litigation to disclose.

Organizational Documents

See Attached.

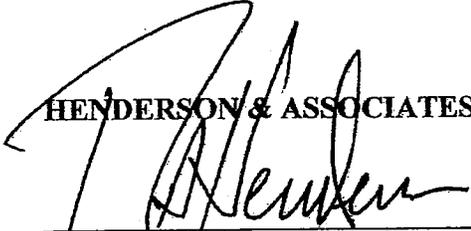
AFFIDAVIT OF RICHARD A. HENDERSON
FOR HENDERSON & ASSOCIATES, PC

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

The undersigned, being first duly sworn, deposes and states as follows:

1. That Affiant is a Certified Public Accounting firm represented by Richard A. Henderson who is duly licensed to practice public accounting in the State of Michigan.
2. This Affidavit is given pursuant to a request for proposals from the State of Michigan Land Bank Fast Track Authority in relation to the Michigan State Fairgrounds Property.
3. That Affiant provides professional accounting and tax services for Magic Plus, LLC ("Company").
4. That Affiant has personal knowledge of the financial condition of Company.
5. The Company has access, through its Members, to liquidity in excess of \$2,000,000.00 and a net worth in excess of \$10,000,000.00.

Further, Affiant sayeth not.


HENDERSON & ASSOCIATES, PC

Date: July 17, 2012

By: Richard A. Henderson

Subscribed and sworn to before me, a Notary Public, this 17 day of July, 2012 by Richard A. Henderson for Henderson & Associates, PC.

~~MARY A. COLTHORP~~
~~NOTARY PUBLIC-STATE OF MICHIGAN~~
~~COUNTY OF INGHAM~~
My Commission Expires Nov. 27, 2013


MARY A. COLTHORP, Notary Public
Commissioned in INGHAM County, MI
Acting in INGHAM County, MI
My Commission Expires: 11/27/2013

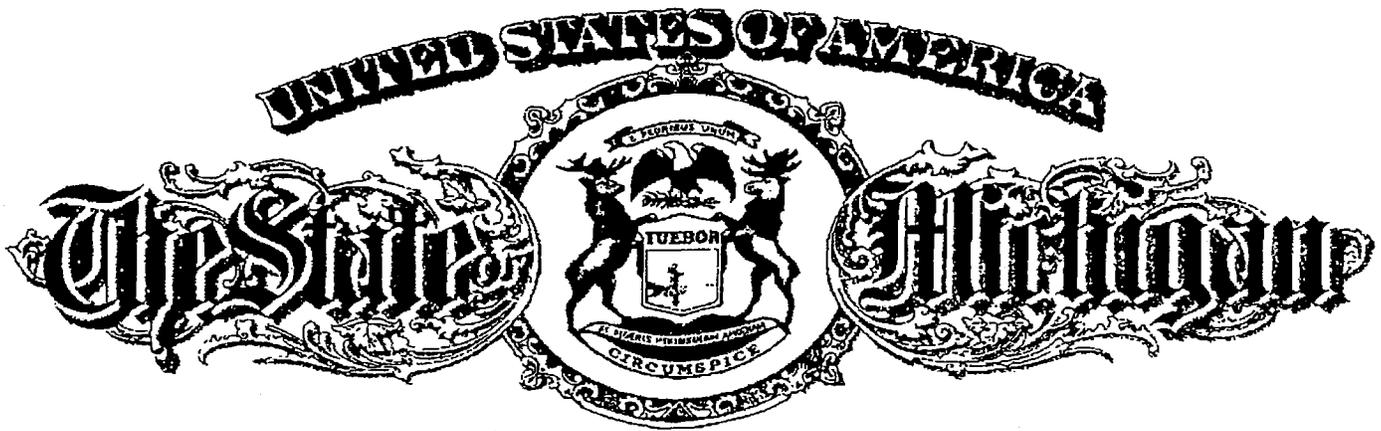
SCHEDULE OF REAL ESTATE OWNED

Borrower's Name (Borrower Principal Name):
Proposed Project Name:

Jeel I. Ferguson

Borrower / Borrower Principal Name (i) (Owner(s) of property (include all legal and beneficial owners)): One schedule for each borrower.

A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.	M.	N.	O.	P.	Q.
Property Name & Address	Type of Property & Number of Units	Acquisition Date of Property	Ownership Role & Percentage (%)	Current Physical Occupancy Percentage (%)	Annual Net Income	Assumed Capitalization Rate	Present Market Value	Outstanding Amount of Mortgages, Liens, & Dates	Interest Rate & Dates	Sum Excluding Amount of Mortgages, Liens	Current Equity	Annual Effective Gross Rental & Commercial Income	Annual Operating Expenses	Annual Debt Service	Debt Service Coverage Ratio - Income + Depreciation + Interest	Pending Judgments, Legal Suits, or Actions, or Bankruptcy Claims?
								Balance	Rate							
								Maturity	Type							
Capital Shores 600 Cadillac Shores Drive Cadillac, MI 49601-2695	Apartments 102,080 S.F. 110 Units	1978	General Partner 25.48%	95.00% 3/31/12	\$200,000	10.00%	\$2,000,000	\$0	n/a	\$0	\$509,800	\$877,316	\$591,020	\$0	N/A	No
Capital Family 600 S. Sycamore Street Lansing, MI 48933-2288	Apts & Townhm 175,836 S.F. 146 Units	2005	Limited & General 50.00%	84.00% 3/31/12	(\$160,000)	10.00%	\$2,400,000	\$5,523,822 \$2,298,691	12/1/34 6/1/33	\$7,822,513	(\$2,711,257)	\$1,230,210	\$563,976	\$453,500	1.12	No
Capital Commons II 600 S. Sycamore Street Lansing, MI 48933-2288	Townhomes 175,836 S.F. 144 Units	1997	Limited & General 50.00%	76.00% 3/31/12	(\$176,600)	10.00%	\$2,300,000	\$4,397,585 \$2,896,746 \$446,671	12/1/32 Unroll Paid Sale or amortization	\$7,241,002	(\$2,470,501)	\$1,076,640	\$716,722	\$292,296	1.60	No
Capital Senior 500 S. Pine Street Lansing, MI 48933-2245	Apts. 224,120 S.F. 200 Units	1980	General Partner 21.93%	98.00% 3/31/12	\$980,000	10.00%	\$9,800,000	\$881,480	10/1/12	\$881,480	\$2,045,017	\$1,129,375	\$87,898	\$623,200	1.73	No
Elmwood Park 1030 Woodale Lane Lansing, MI 48917-2085	Apts & Townhm 170,095 S.F. 286	1977	General Partner 25.50%	99.00% 3/31/12	\$435,000	10.00%	\$4,250,000	\$2,165,185	8/1/19	\$2,165,185	\$551,628	\$1,242,644	\$841,701	\$370,992	1.88	No
Hillview Terrace 601 Highland Drive Troy, MI 48064-4488	Apts. 116,000 S.F. 125 Units	1980	General Partner 16.48%	100.00% 3/31/12	\$72,000	10.00%	\$720,000	\$1,595,173	8/1/31	\$1,595,173	(\$144,229)	\$664,320	\$531,019	\$92,508	1.67	No
Maple Village 1221 S. Main Street Adrian, MI 49221-4319	Apts & Townhm 222,828 S.F. 201 Units	1980	General Partner 17.15%	100.00% 3/31/12	\$1,199,000	10.00%	\$11,990,000	\$971,809	10/1/12	\$971,809	\$1,889,670	\$2,289,564	\$1,048,766	\$944,010	1.88	No
Riverfront 601 N. Cedar Street Lansing, MI 48912-1235	Apts & Townhm 285,020 S.F. 278 Units	1979	General Partner 25.72%	98.00% 3/31/12	\$983,000	10.00%	\$9,930,000	\$5,267,745	3/1/21	\$5,267,745	\$170,332	\$2,435,894	\$1,293,077	\$607,984	1.47	No
Serenity Place 216 S. Clinton Street Grand Ledge, MI 48837-2071	Apts. 85,000 S.F. 100 Units	1978	General Partner 20.38%	98.00% 3/31/12	\$235,000	10.00%	\$2,350,000	\$1,487,649	5/1/20	\$1,487,649	\$173,356	\$870,480	\$694,728	\$238,908	1.79	No
Stadium Drive 4249 Lakeside Drive Kalamazoo, MI 49008-8705	Apts & Townhm 186,630 S.F. 167 Units	1980	General Partner 25.49%	98.00% 3/31/12	\$23,000	10.00%	\$230,000	\$4,808,674	6/1/22	\$4,808,674	(\$1,167,104)	\$1,641,722	\$838,897	\$927,520	1.13	No
Vineyard Place 508 Vineyard Place Drive Dowagiac, MI 49047-2147	Apts. 116,520 S.F. 120 Units	1980	General Partner 25.72%	98.00% 3/31/12	\$113,500	10.00%	\$1,135,000	\$3,085,284	12/1/22	\$3,085,284	(\$501,613)	\$1,084,349	\$642,161	\$486,996	0.94	No
Capital Commons Center 400 S. Pine Lansing, MI	Comm. Real Estate	2006	Limited 47.50%		\$986,000	10.00%	\$9,960,000	\$4,906,358				\$4,425,760	\$1,477,995	\$2,642,220	1.12	No
Two Riverside 1229 Lockport Three Rivers, MI 49083-2699	Apts. 139,392 S.F. 126 Units	2011	General Partner 26.67%	99.00% 3/31/12	\$123,000 (four months)	10.00%	\$4,690,000	\$1,037,846 \$4,423,085	2/1/21 8/1/16	\$1,037,846 \$4,423,085	(\$1,680,458)	\$416,043	\$224,497	\$424,968	1.66	No
					\$4,020,900		\$50,735,000	\$60,223,803		\$60,223,803	(\$18,054,929)	\$20,364,517	\$10,451,997	\$8,384,502		



Department of Licensing and Regulatory Affairs
Lansing, Michigan

This is to Certify That

MAGIC PLUS, LLC

was validly organized on March 30, 2011 as a Limited Liability Company. Said Limited Liability Company is validly in existence under the laws of this state and has satisfied its annual filing obligations.

This certificate is issued pursuant to the provisions of 1993 PA 23, as amended, to attest to the fact that the company is in good standing in Michigan as of this date.

This certificate is in due form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.



In testimony whereof, I have hereunto set my hand, in the City of Lansing, this 17th day of July, 2012

[Signature] Director

Bureau of Commercial Services

Sent by Facsimile Transmission
1082037

Michigan Department of Energy, Labor & Economic Growth

Filing Endorsement

This is to Certify that the ARTICLES OF ORGANIZATION (DOMESTIC L.L.C.)

for

MAGIC PLUS, LLC

ID NUMBER: D5699Q

received by facsimile transmission on March 29, 2011 is hereby endorsed

Filed on March 30, 2011 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 31ST day of March, 2011.

A handwritten signature in black ink, appearing to read "A. Schepke", written over a horizontal line.

Director

Bureau of Commercial Services

BCS/CD-700 (Rev. 05/10)

MICHIGAN DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES										
Date Received	(FOR BUREAU USE ONLY)									
This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.										
<table border="1" style="width: 100%;"> <tr> <td colspan="3">Name Patrick T. Reid / REID AND REID</td> </tr> <tr> <td colspan="3">Address 110 W. Michigan Avenue, Suite 750</td> </tr> <tr> <td>City Lansing</td> <td>State MI</td> <td>ZIP Code 48933</td> </tr> </table>		Name Patrick T. Reid / REID AND REID			Address 110 W. Michigan Avenue, Suite 750			City Lansing	State MI	ZIP Code 48933
Name Patrick T. Reid / REID AND REID										
Address 110 W. Michigan Avenue, Suite 750										
City Lansing	State MI	ZIP Code 48933								
EFFECTIVE DATE:										

Document will be returned to the name and address you enter above. If left blank, document will be returned to the registered office.

ARTICLES OF ORGANIZATION
For use by Domestic Limited Liability Companies
(Please read information and instructions on reverse side)

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned executes the following Articles:

ARTICLE I

The name of the limited liability company is: Magic Plus, LLC

ARTICLE II

The purpose or purposes for which the limited liability company is formed is to engage in any activity within the purposes for which a limited liability company may be formed under the Limited Liability Company Act of Michigan.

ARTICLE III

The duration of the limited liability company if other than perpetual is: _____

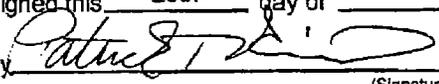
ARTICLE IV

- The name of the resident agent at the registered office is: Joel I. Ferguson
- The street address of the location of the registered office is:
1223 Turner Street, Suite 300, Lansing, _____, Michigan 48912
(Street Address) (City) (Zip Code)
- The mailing address of the registered office if different than above:
_____, Michigan _____
(P.O. Box or Street Address) (City) (Zip Code)

ARTICLE V (Insert any desired additional provision authorized by the Act; attach additional pages if needed.)

Empty box for Article V provisions.

Signed this 28th day of March, 2011

By: 
(Signature(s) of Organizer(s))

Patrick T. Reid, Agent/Attorney
(Type or Print Name(s) of Organizer(s))

**OPERATING AGREEMENT
OF
MAGIC PLUS, LLC**

A Michigan Limited Liability Company

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into as of the 30th day of March, 2011, by and between the parties listed on **Exhibit A** of this Agreement (collectively, the "Members" and each a "Member").

In consideration of the mutual promises of the parties, and of good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, the Members mutually agreed as follows:

ARTICLE I - FORMATION OF LIMITED LIABILITY COMPANY

Section 1.1 Formation. The Company has been organized as a Michigan Limited Liability Company under and pursuant to the Michigan Limited Liability Company Act, being Act No. 23, Public Acts of 1993, as amended from time to time (or any successor law thereto) (the "Act") by the filing of the Articles of Organization ("Articles"), which have been filed on March 30, 2011 with the Department of Consumer and Industry Services-Corporation, Securities and Land Development Bureau.

Section 1.2 Name. The name of the limited liability company is Magic Plus, LLC (the "Company"). The Company may also conduct its business under one or more assumed names, filed in accordance with the provisions of the Act.

Section 1.3 Purposes. The purposes of the Company are to engage in any activity for which Limited Liability Companies may be formed under the Act. The Company shall have all the powers necessary or convenient to effect any purpose for which it is formed, including all powers granted by the Act.

Section 1.4 Registered Office and Resident Agent. The registered office and resident agent of the Company shall be as designated in the initial Articles or any amendment thereof. The registered office and/or resident agent may be changed from time to time. Any such change shall be made in accordance with the Act. If the Resident Agent shall ever resign, the Company shall promptly appoint a successor.

Section 1.5 Principal Office. The principal office of the Company shall be located at 1223 Turner Street, Suite 300, Lansing, Michigan 48906, or at such other location as may determine from time to time.

Section 1.6 Term. The Company begins upon the filing of its Articles of Organization and shall continue in existence for the period fixed in the Articles or any amendment for the duration of the Company, or until the Company shall be sooner dissolved and its affairs wound up in accordance with the Act or this Agreement.

Section 1.7 Members and Percentage of Interest. The names and addresses of the Members of the Company are set forth on **Exhibit A** attached to and made a part of this Agreement. Each Member shall have a percentage interest (“Interest” or “Sharing Ratio”) in the Company as set forth opposite his or her name on **Exhibit A**.

Section 1.8 Intention for Company. The Members have formed the Company as a Limited Liability Company under and pursuant to the Act. The Members specifically intend and agree that the Company is not a partnership (including a limited partnership) or any other venture, but a Limited Liability Company under and pursuant to the Act. No Member shall be construed to be a partner in the Company or a partner of any other Member or person in the Articles, this Operating Agreement, and the relationships created thereby and arising therefrom shall not be construed to suggest otherwise.

Section 1.9 Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in such Member’s individual name or right, and each Member’s interest in the Company shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its real and personal property in the name of the Company and not in the name of any Member.

ARTICLE II - CAPITAL CONTRIBUTIONS

Section 2.1 Initial Commitments and Contributions. By the execution of this Operating Agreement, the initial Members hereby agree to make the capital contributions set forth in the attached **Exhibit A**. The interests of the respective Members in the total capital of the Company (their respective “Sharing Ratios,” as adjusted from time to time to reflect changes in the Capital Accounts of the Members and the total Capital in the Company) is also set forth in **Exhibit A**. Any additional Member (other than an assignee of a membership interest who has been admitted as a Member) shall make the capital contribution set forth in an Admission Agreement. No Member shall have any right to withdraw or to be repaid any capital contribution except as provided in this Operating Agreement. Each Member shall be obligated to make capital contributions to the extent of any unfulfilled commitment.

Section 2.2 Additional Contributions. In addition to the initial capital contributions, the Members may determine from time to time that additional capital contributions are needed to enable the Company to conduct its business and affairs. Upon making such a determination, notice thereof shall be given to all Members in writing at least fifteen (15) business days prior to the date on which such additional contributions are due. Such notice shall describe in reasonable detail, the purposes and uses of such additional capital, the amounts of additional capital required, and the date by which payment of the additional capital is required. Each Member shall be obligated to make such additional capital contribution to the extent of any unfulfilled commitment.

Section 2.3 Failure to Contribute. If any Member fails to make a capital contribution when required, the Company may, in addition to the other rights and remedies the Company may have under the Act or applicable law, take such enforcement action (including the commencement and prosecution of court proceedings) against such Member as the Members consider appropriate. Moreover, the remaining Members may elect to contribute the amount of such required capital themselves according to their respective Sharing Ratios. In such an event, the remaining Members shall be entitled to treat such amounts as an extension of credit to such defaulting Member, payable upon demand, with interest accruing thereon at the rate of 7% per annum until paid, all of which shall be secured by such defaulting Member's interest in the Company, each Member who may hereafter default, hereby granting to each Member who may hereafter grant such an extension of credit, a security interest in such defaulting Member's interest in the Company.

Section 2.4 Maintenance of Capital Accounts. The Company shall establish and maintain capital accounts for each Member and Assignee. Each Member's capital account shall be increased by (1) the amount of any money actually contributed by the Member to the capital of the Company, (2) the fair market value of any property contributed, as determined by the Company and the contributing Member at arm's length at the time of contribution (net of liabilities assumed by the Company or subject to which the Company takes such property, within the meaning of Section 752 of the Code), and (3) the Member's share of Net Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 3.3 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member. Each Member's capital account shall be decreased by (1) the amount of any money actually distributed by the Company to the Member, (2) the fair market value of any property distributed to the Member, as determined by the Company and the contributing Member at arm's length at the time of distribution (net of liabilities of the Company assumed by the Member or subject to which the Member takes such property within the meaning of Section 752 of the Code), and (3) the Member's share of Net Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 3.3 hereof, and the amount of any liabilities of such Member assumed by the Company or which one secured by any property contributed by such Member to the Company. All Members promise that their capital accounts shall be maintained at all times in the same proportions to each other as their Sharing Ratios in the Company as set forth in **Exhibit A**, unless new additional Members are added or there is an agreed upon change to such capital accounts.

Section 2.5 Distribution of Assets. If the Company at any time distributes any of its assets in-kind to any Member, the capital account of each Member shall be adjusted to account for that Member's allocable share of the net profits or net losses that would have been realized by the Company had it sold the assets that were distributed at their respective fair market values immediately prior to their distribution.

Section 2.6 Other Matters.

- (a) Except as otherwise provided in this Agreement or as required by the Act:
 - (i) No Member gives up any of his or her rights to be repaid his or her Capital Contributions in favor of any other Members;
 - (ii) No Member shall have the right to demand or receive property other than cash in return of such Member's Capital Contributions; and
 - (iii) No Member shall have the right to demand and receive property or cash of the Company in return of such Member's Capital Contribution until the termination of the Company.
- (b) No Member shall receive any interest, salary or draw with respect to such Member's Capital Contributions or such Member's Capital Account or for services rendered on behalf of the Company or otherwise in such Member's capacity as a Member, except as otherwise provided in this Agreement.
- (c) No person shall be admitted to the Company as a Member without the unanimous consent of the Members.

ARTICLE III - ALLOCATIONS

Section 3.1 Profits. After giving effect to the special allocations set forth in Section 3.3, Profits for any fiscal year shall be allocated among the Members in proportion to their Sharing Ratios.

Section 3.2 Losses.

- (a) After giving effect to the special allocations set forth in Section 3.3, Losses for any fiscal year shall be allocated among the Members in proportion to their Sharing Ratios.

- (b) The Losses allocated to any Member pursuant to Section 3.2(a) shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 3.2(a), the limitation set forth in this Section 3.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations. In the event all Members have Adjusted Capital Account Deficits, Losses shall be allocated in accordance with Section 3.2(a).

Section 3.3 Special Allocations.

- (a) **Minimum Gain Chargeback.** Notwithstanding any other provision of this Section 3, if there is a net decrease in the Company's Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) to the extent and subject to the exceptions set forth in the Minimum Gain chargeback requirements set forth in Treasury Regulation Section 1.704-2(f). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. This Section 3.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-1(f) of the Treasury Regulations and shall be interpreted consistently therewith.
- (b) **Qualified Income Offset.** In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulation Section 1.704(b)(2)(ii)(d)(4), Section 1.704-1(b)(2)(ii)(d)(5) or Section 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.3 (b) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 3 have been tentatively made as if this Section 3.3(b) were not in the Operating Agreement.
- (c) **Gross Income Allocation.** In the event any Member has a deficit Capital Account at the end of any fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(I) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.3(c) shall be made only if an to the extent and to the extent that such Member would have a deficit Capital Account in excess of such sum after all the other allocations provided in this Section 3 have been made as if Section 3.3(b) and this Section 3.3(c) were not in the Operating Agreement.

- (d) **Nonrecourse Deductions.** Nonrecourse Deductions for any fiscal year shall be specially allocated to the Members in proportion to their Sharing Ratios.
- (e) **Member Nonrecourse Deductions.** Any Member Nonrecourse Deductions, as the term partner nonrecourse deductions is defined in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Treasury Regulations, for any fiscal year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).
- (f) **Section 754 Adjustments.** To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1 (b)(2)(iv)(m)(2) or Section 1.704-1 (b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of his/her interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their Sharing Ratios in the event that Treasury Regulations Section 1.704-1 (b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Treasury Regulations Section 1.704-1 (b)(2)(iv)(m)(4) applies.
- (g) **Allocations Relating to Taxable Issuance of Company Interests.** Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest by the Company to a Member (the "Issuance Items") shall be allocated among Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each Member if the Issuance Items had not been realized.

Section 3.4 Tax Allocations: Code Section 704(c). In accordance with Code Section 704(c) and the Treasury Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its agreed upon fair market value at the time of contribution. In addition, if Company property is revalued and Capital Accounts are adjusted, then subsequent allocations of income, gain, loss and deduction for tax purposes with respect to the revalued property shall take into account the variation between the properties' tax basis and book value in the same manner under Code Section 704(c) and the Treasury Regulations thereunder.

Section 3.5 Compliance with Code Section 704(b). The special allocations in Sections 3.3 are intended to comply with the Treasury Regulations promulgated under Code Section 704(b). Notwithstanding any other provision of this Section 3, those special allocations shall be taken into account in computing subsequent allocations of Profit, Loss, income, gain, loss and deductions pursuant to this Section 3, so that, to the extent possible, the net amount of any item so allocated and the Profit, Loss, income gain, loss and deductions allocated to each Member pursuant to this Section 3 shall be equal to the net amount that would have been allocated to each such Member pursuant to this Section 3 if those special allocations had not occurred.

Section 3.6 Advice of Tax Counsel. Upon the advice of the Company's Tax Counsel, this Section 3 may be amended by the members to Comply with the Code and the Treasury Regulations promulgated under Section 704 of the Code.

Section 3.7. Other Allocation Rules.

- (a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by a Majority in Interest of the Members using any permissible method under Code Section 706 and the Treasury Regulations promulgated thereunder.
- (b) All allocations to the Members pursuant to this Section 3 shall, except as otherwise provided, be divided among them in proportion to their Sharing Ratios.
- (c) The Members are aware of the income tax consequences of the allocations made by this Section 3 and agree to be bound by the provisions of this Section 3 in reporting their shares of Company income and loss for income tax purposes.

Section 3.8. Definitions. Capitalized words and phrases used in this Operating Agreement have the following meanings:

- (a) For purposes of this Agreement, "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:
 - (i) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Operating Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and
 - (ii) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

- (b) "Minimum Gain" means as of any date has the meaning set forth in Treasury Regulations Section 1.704-2(d). Minimum Gain shall be computed separately for each Member, applying principles consistent with both the foregoing definition and the Treasury Regulations promulgated under Code Section 704(b).
- (c) "Profit or Loss" means the income or loss, as the case may be, of the Company for a period as determined in accordance with Code Section 703(a)(1), including each item of income, gain, loss or deduction required to be separately stated, the excluding items specifically allocated under Section 3.3.

ARTICLE IV - DISTRIBUTIONS, PROFITS, AND LOSSES

Section 4.1 Distributions. Members may make distributions from time to time. Distributions may be made only after the Members determine in their reasonable judgment, that the Company has sufficient cash on hand which exceeds the current and the anticipated needs of the Company to fulfill its business purposes (including, needs for operating expenses, debt service, acquisitions, reserves and mandatory distributions, if any). All distributions shall be made to the Members in accordance with their Sharing Ratios. Distributions shall be in cash or property or partially in both, as determined by the Members. No distribution shall be declared or made if, after giving it effect, the Company would not be able to pay its debts as they become due in the usual course of business or the Company's total assets would be less than the sum of its total liabilities plus, the amount that would be needed if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members upon dissolution that are superior to the rights of the Members receiving the distribution.

Section 4.2 Timing of Distributions. Distributions, if any, shall be made at intervals determined by the Members to those persons recognized on the books of the Company as Members on the day of the distribution.

Section 4.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution or allocation to the Company or the Members shall be treated as amounts distributed to the Members pursuant to this Section for all purposes under this Operating Agreement. The Members are authorized (but not obligated) to withhold from distributions, with respect to allocations, to the Members and to pay over to any federal, state, or local governments any amounts required to be so withheld pursuant to the Code or any provision of any other federal, state or local law and shall allocate such amounts to the Members with respect to such amount was withheld.

Section 4.4 Distributions in Kind. If a Member is entitled to receive a distribution (including but not limited to any return of a Capital Contribution), the Company may distribute cash, notes, property or a combination thereof to the Member. However, the Member shall not be compelled to accept a distribution in a form other than cash to the extent that the percentage of the asset distributed to the Member would otherwise exceed the Member's Sharing Ratio percentage. If any assets of the Company are distributed to the Members in kind, such assets shall be valued on the basis of the fair market value thereof on the date of the distribution.

ARTICLE V- MANAGEMENT

Section 5.1 Management by Members. The business of the Company will be managed by the Members. The business and affairs of the Company shall be managed under the direction and control of the Members, and all powers of the Company shall be exercised by or under the authority of the Members. No other person shall have any right or authority to act for or bind the Company except as permitted in this Agreement or as required by law.

Section 5.2 General Powers. Except as may otherwise be provided in this Operating Agreement, the ordinary and usual decisions concerning the business and affairs of the Company shall be made by the Members. The Members have the power, on behalf of the Company, to do all things necessary or convenient to carry out the business and affairs of the Company, including the power to: (a) purchase, lease or otherwise acquire any real or personal property; (b) sell, convey, mortgage, grant a security interest in, pledge, lease, exchange or otherwise dispose of or encumber any real or personal property; (c) open one or more depository accounts and make deposits into (and) checks and withdrawals against such accounts; (d) borrow money, incur liabilities, and other obligations; (e) enter into any and all agreements and execute any and all contracts, documents and instruments; (f) engage employees and agents, define their respective duties, and establish their compensation or remuneration; (g) establish pension plans, trusts, profit sharing plans, and other benefit and incentive plans for Members, employees and agents of the Company; (h) obtain insurance covering the business and affairs of the Company and its property and the lives and well being of its Member employees and agents; (i) commence, prosecute or defend any proceeding in the Company's name; (j) participate with others in partnerships, joint ventures and other associations and strategic alliances; and (k) execute all documents to effectuate the above powers.

Section 5.3 Limitation on Authority of Members.

- (a) No Member is an agent of the Company solely by virtue of being a Member, and no Member has authority to act for the Company solely by virtue of being a Member.
- (b) Provisions contained in this Section 5 supersedes any authority granted to the Members pursuant to Sections 401 or 406 of the Act. Any Member who takes any action or binds the Company in violation of this Section 5 shall be solely responsible for any loss and expense incurred by the Company as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

ARTICLE VI - MEETINGS OF MEMBERS

Section 6.1 Voting. All Members shall be entitled to vote on any matter submitted to the Members. Notwithstanding the foregoing, the Members shall have the right to vote on all of the following:

- (a) The dissolution of the Company;
- (b) Merger of the Company;
- (c) An Amendment to the Articles of Organization.

Section 6.2 Required Vote. Unless a greater vote is required by the Act or the Articles, the affirmative vote or consent of a majority of the Sharing Ratios of all the Members entitled to vote or consent on such matter shall be required.

Section 6.3 Meetings. An annual meeting of Members for the transaction of such business as may properly come before the Meeting, shall be held at such place, on such date and at such time as the Members shall determine. Special meetings of Members for any proper purpose or purposes may be called at any time by Members holding not less than thirty percent (30%) of the Sharing Ratios of all Members. The Company shall deliver or mail written notice stating the date, time, place, and purpose of any meeting to each Member entitled to vote at the meeting. Such notice shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 6.4 Attendance at Meeting. Any Member's attendance at a meeting constitutes a waiver of objection to:

- (a) lack of notice or defective notice of the meeting unless the Member at the beginning of the meeting objects to the holding of the meeting or transacting business at the meeting; and
- (b) consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 6.5 Electronic Participation. A Member shall be deemed to be present in person at a meeting of Members if such Member participates in a meeting of Members by a conference telephone or by other similar communications equipment through which all persons participating in the meeting may communicate with each other and all participants are advised of the communications equipment and the names of the participants in the conference are divulged to all participants.

Section 6.6 Consent. Any action required or permitted to be taken at an annual or special meeting of the Members may be taken without a meeting, without prior notice, and without a vote, if consents in writing, setting forth the action so taken, are signed by the Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all membership interests entitled to vote on the action were present and voted. Every written consent shall bear the date and signature of each member who signs the consent. Prompt notice of the taking of action without a meeting by less than unanimous written consent shall be given to all Members who have not consented in writing to such action.

Section 6.7 Other Businesses of Members. No Member will be required to devote full time effort to the Company. Each of the Members shall devote such time to the Company business as they, in their sole discretion, deem necessary to further the interests of the Company. Nothing contained in this Agreement shall be construed as preventing a Member from engaging in any other business activity, including an activity that would compete with this Company.

ARTICLE VII - ASSIGNMENT AND WITHDRAWAL

Section 7.1 New Members; Substitute Members and Transferees. No new Members may be admitted to the Company without the prior written consent of all Members, which consent may be withheld in a Member's sole discretion. Unless otherwise required by law, no Member has the right to sell, assign, transfer, mortgage, or pledge his or her Interest, or any part of his or her Interest, in the Company or grant the right to become a substitute Member to an assignee of all or any part of his or her Interest, except with the prior written consent of all Members, which consent may be withheld in a Member's sole discretion, and any attempt to do so is null and void. If admitted, the substitute Member has, to the extent assigned, all of the rights and powers, and is subject to all of the restrictions and liabilities of a Member. Subject to the other provisions of this Agreement, a transferee of an Interest in the Company shall be admitted as a Member only after completion of the following:

- (a) The transferee accepts and agrees in writing to be bound by the terms and provisions of this Agreement;
- (b) The transferor pays or reimburses the Company for all legal fees and filing costs incurred by the Company in connection with the admission of the transferee as a Member; and
- (c) If the transferee is not an individual, the transferee provides the Company with evidence satisfactory to counsel for the Company of the authority of such transferee to become a Member under the terms and provisions of this Agreement.

Section 7.2 Overriding Restrictions on Transfer. Notwithstanding anything else contained in this Agreement, a Member's Interest may not be assigned, in whole or in part:

- (a) if the assignment, alone or when combined with other transactions, would result in a termination of the Company within the meaning of Section 708 of the Internal Revenue Code of 1986, as amended;

- (b) without an opinion of counsel satisfactory to the Company that the assignment is subject to an effective registration under, or exempt from the registration requirements of, the applicable state and federal securities laws; and
- (c) unless and until the Company receives from the assignee the information and agreements that the Company may reasonably require, including, but not limited to, any taxpayer identification number and any agreement that may be required by any taxing jurisdiction.

Section 7.3 Transfers Not in Compliance with This Article Void. Any attempted assignment of a Member Interest, or any part thereof, not in compliance with this Article is null and void ab initio and will be treated as a withdrawal in violation of this Operating Agreement by the assigning Member.

Section 7.4 Right of First Refusal. Subject to this Section 7, no Member (the "Selling Member") may sell, assign or transfer all or any portion of his Membership Interest in the Company (the "Offered Membership Interest") unless he first notifies the Company and the other Members of the Company (the "Offeree(s)") of the identity of the prospective buyer, assignee or transferee and sends to the Company and the Offerees a copy of the written Offer (the "Offer") and unless the Selling Member shall first Offer to sell the Offered Membership Interest in the Company to the Offerees, with each Offeree being offered the proportion of the membership that is equal to the Offered Membership Interest multiplied by a fraction, the numerator which is each Offerees's Sharing Ratio and the denominator of which is the aggregate of the Sharing Ratios of all Offerees, for the same price and on the same terms as those being offered to the Selling Member in the Offer. The Offerees shall have thirty (30) days after receiving said Offer to accept said Offer. Any Membership Interest not purchased by any Offerees within the said thirty (30) day option period shall be offered to those remaining Offeree Members who did purchase their respective proportionate Membership Interest from the Selling Member. Pursuant to the foregoing, said purchase is to be in equal amounts where more than one (1) remaining Offeree wishes to so purchase and for the same price and on the same terms that apply to the foregoing purchases. If the Offerees, in the aggregate, do not elect, by the end of the second option period, to purchase the entire original Offered Membership Interest, the Selling Member shall, for a period of ninety (90) days after the expiration of the two (2) thirty (30) day option periods set forth above, be free to sell the Offered Membership Interest to any purchaser for the exact price and upon the exact terms disclosed in the Offer. Notwithstanding this Paragraph, such purchaser shall not become a substitute Member of the Company unless the express written consent of all the other remaining Members is obtained. Otherwise, the purchaser shall become an assignee of a membership interest subject to 6.6 of this Agreement.

Section 7.5 No Assumption of Liability. An assignee of a Member's Interest, who is not admitted as a Member, will have no liability as a Member of the Company solely as a result of the assignment.

Section 7.6 Rights of Assignees. The assignee of a Member's Interest, even one who is already a Member, has no right to become a Member or exercise any rights of a Member (including, voting on or otherwise assenting to Company action), with respect to the assigned interest, unless admitted as a substitute Member as provided in this Agreement.

Section 7.7 Termination of Membership; Liability. Except as otherwise provided, a Member ceases to be a Member upon assignment of all of his or her Interest. The assignor is not released from his or her liability to the Company under Sections 302 and 308 of the Act, even if the assignee becomes a Member.

Section 7.8 Withdrawal. Before the dissolution and winding up of the business of the Company, no Member may voluntarily withdraw from the Company except with the prior written consent of all Members. If a Member withdraws in violation of this Section 7.8, such Member is not entitled to any distributions (under Section 305 or Section 808 of the Act) and the Company may recover from the withdrawing Member any damages for breach of this Agreement in excess of the amount that would otherwise be distributable to the Member under Sections 305 or 808 of the Act.

Section 7.9 Expulsion. A Member may be expelled from the Company only for cause and only upon the affirmative vote of a majority of the Sharing Ratios of all the Members. The Member whose expulsion is in question will be entitled to vote on the matter of expulsion. Expulsion will be at a meeting of the Members called expressly for that purpose, and the Member whose expulsion is in question will be given reasonable advance notice of the allegations against the Member and an opportunity to be heard at the meeting.

ARTICLE VIII - DISSOLUTION AND LIQUIDATION OF THE COMPANY

Section 8.1 Dissolution; Right to Continue. Upon an event of dissolution (as defined below), a majority of the remaining Members, if any, shall have the right to consent to continue the business of the Company by written agreement within ninety (90) days after the event giving rise to the dissolution. Events of dissolution include the following:

- (a) The unanimous consent of the Members;
- (b) The entry of a decree of judicial dissolution.

Section 8.2 Liquidation and Termination. Subject to any restrictions in any agreement to which the Company is a party, the Company may be terminated after dissolution if the remaining Members do not elect to continue the Company as provided in this Agreement. If the Company is terminated, the Members shall promptly liquidate and terminate the affairs of the Company by discharging all debts and liabilities of the Company and by distributing all assets in accordance with the Act and this Agreement.

ARTICLE IX - BOOKS AND RECORDS

Section 9.1 Books and Records. The Members shall keep or cause to be kept proper and complete records and books of account of all Company business and these records shall be open to inspection by any Member or the Member's duly authorized representative at any reasonable time during normal business hours. Any Member may make copies of the records and books of account. The Company shall keep its books and records on the basis of accounting determined to be in the best interests of the Company as selected by the Members from time to time. Within seventy-five (75) days after the end of each taxable year and at the expense of the Company, the Members shall cause to be prepared a complete accounting of the affairs of the Company, together with whatever appropriate information is required by each Member for the purpose of preparing such Member's income tax return for that year, which accounting and other information shall be furnished to each Member. The accounting and other information that shall be furnished to each Member shall include, but is not necessarily limited to:

- (a) A report setting forth, as of the end of and for each fiscal year, a profit and loss statement, a balance sheet, and a statement showing the amounts allocated to each Member during the year; and
- (b) Other information as in the judgment of the Members shall be reasonably necessary for the Members to be advised of the results of operations of the Company.

Section 9.2 Records Maintained at Registered Office. The Company shall maintain at its principal office the records referred to in this Agreement, including, but not limited to, the following:

- (a) A current list of the full name and last known address of each Member;
- (b) A copy of the Articles of Organization, together with any amendments to the Articles of Organization;
- (c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;
- (d) Copies of any financial statements of the Company for the three most recent years;
- (e) A copy of this Agreement; and
- (f) Copy of records that would enable a Member to determine the Members' shares of the Company's distributions and their relative voting rights.

Section 9.3 Tax Matters. Joel I. Ferguson shall designate the Company's tax matters partner ("Tax Matters Partner") and will initially handle federal tax matters for the Company. The Tax Matters Partner shall have all powers and responsibilities provided in Section 6221, et ea., of the Internal Revenue Code of 1986, as amended. The Tax Matters Partner will take action as may be necessary to cause each other Member of the Company to become a "notice partner," within the meaning of Section 6223 of the Code.

Section 9.4 Special Basis Adjustment. In connection with any Permitted Transfer of a Company Interest, the Members shall cause the Company, at the written request of the Transferor or the Transferee, on behalf of the Company and at the time and in the manner provided in Treasury Regulations 1.754-Kb), to make an election to adjust the basis of the Company's property in the manner provided in Sections 734(b) and 743 (b) of the Code, and such Transferee shall pay all costs incurred by the Company in connection therewith, including without limitation, reasonable attorneys and accountants fees.

Section 9.5 Bank Accounts. All funds of the Company shall be deposited in Company checking or other bank accounts, subject to such authorized signatures as the Members may determine.

Section 9.6 Fiscal Year. The fiscal year of the Company shall end on the 31st day of December in each year.

ARTICLE X - LIABILITY AND INDEMNIFICATION

Section 10.1 Exculpation of Liability. Unless otherwise provided by law or expressly assumed, a person who is a Member or Manager, or both, shall not be liable for the acts, debts or liabilities of this Company.

Section 10.2 Indemnification. Except as otherwise provided in this Article, the Company shall indemnify any Member and may indemnify any employee or agent of the Company who was or is a party or threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Company by reason of the fact that such person is or was a Member, employee or agent of the Company against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit or proceeding, if the person acted in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner that such person reasonably believed to be in the best interests of the Company and with respect to a criminal action or proceeding, if such person had no reasonable cause to believe such person's conduct was unlawful. To the extent that a Member, employee or agent of the Company has been successful on the merits or otherwise in defense of an action, suit or proceeding or in defense of any claim, issue or other matter in the action, suit or proceeding, such persons shall be indemnified against actual and reasonable expenses, including attorneys' fees, incurred by such person in

connection with the action, suit or proceeding and any action, suit or proceeding brought to enforce the mandatory indemnification provided herein. Any indemnification permitted under this Article, unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination that the indemnification is proper under the circumstances because the person to be indemnified has met the applicable standard of conduct and upon an evaluation of the reasonableness of expenses and amounts paid in settlement. This determination and evaluation shall be made by a majority vote of the Members who are not parties or threatened to be made parties to the action, suit or proceeding. Notwithstanding the foregoing to the contrary, no indemnification shall be provided to any Member, employee or agent of the Company for or in connection with the receipt of a financial benefit to which such person is not entitled, voting for or assenting to a distribution to Members in violation of this Operating Agreement or the Act, or a knowing violation of law.

ARTICLE XI - MISCELLANEOUS

Section 11.1 Registration. Each Member hereby acknowledges and represents that:

- (a) The acquired membership interest in the Company has not been registered under the Securities Act of 1933, as amended, or under the securities laws of the State of Michigan or any other state, in reliance upon applicable exemptions under said laws and may not be assigned or otherwise transferred without registration or an exemption therefrom; and
- (b) Notwithstanding any provisions contained in this Agreement, no Company interest or membership interest may be offered or sold and no transfer of such interest will be made either by the Company or the Members unless:
 - (i) Such interest is registered under the Securities Act of 1933 and any applicable securities laws of the State of Michigan; or
 - (ii) An opinion of counsel for the Company is obtained to the effect that such registration is not necessary.

Section 11.2 Investment Decision. Each Member hereby further acknowledges and represents that:

- (a) The Member is acquiring his Membership Interest in the Company for investment purposes only and not with a view to distribution or resale thereof; and
- (b) The Member has made an independent investment analysis in deciding to become a Member, has had the opportunity to investigate the business of the Company, the qualifications of the other Members and the tax and financial implications of an investment in the Company and has deemed the investment appropriate for him.

Section 11.3 Representations and Warranties. Each Member, and in the case of an organization, the person(s) executing this Agreement on behalf of the organization, hereby represents and warrants to the Company and each other Member that: (a) if the Member is an organization, that it is duly organized, validly existing, and in good standing under the laws of its state of organization and that it has full organizational power to execute and agree to this Agreement to perform its obligations hereunder; and (b) that the Member is acquiring its interest in the Company for the Member's own account as an investment and without an intent to distribute the interest.

Section 11.4 Binding Provisions. The covenants and agreements contained in this Agreement shall be binding upon the heirs, personal representatives, successors and permitted assigns of the respective Members.

Section 11.5 Severability of Provisions. Each provision of this Agreement shall be considered severable and if for any reason any provision or provisions of this Agreement are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement that are valid.

Section 11.6 Specific Performance and Damages. The Members understand and agree that any Member may suffer irreparable damage in the event that this Agreement is not specifically performed according to its terms. Accordingly, the Members agree that all of the terms of this Agreement will be enforceable in a court having equity jurisdiction by a decree of specific performance or by injunction or by both; provided, however, that the foregoing will not be construed as prohibiting any of the Members from pursuing any additional remedies for a breach or threatened breach of this Agreement, including the recovery of damages.

Section 11.7 Notices. Any notice required or permitted to be given under this Agreement will be sufficient and deemed delivered if in writing, signed, and personally delivered or deposited in the United States mails in a sealed envelope addressed to the Member at the Member's address as it appears on the records of the Company in the case of notice to the Member, or to the Company's principal place of business and the Company's registered office, if different, in the case of notice to the Company, with postage prepaid.

Section 11.8 Entire Agreement. This Agreement constitutes the entire understanding and agreement among the Members with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements and understandings, inducements, or conditions, express or implied, oral or written, except as contained in this Agreement.

Section 11.9 No Third Party Beneficiaries. Nothing contained in this Agreement shall create or be deemed to create any rights or benefits in any third parties.

Section 11.10 Amendment of Agreement and Articles of Organization. Neither this Agreement, nor the Articles of Organization, a form of which is attached to this Agreement as **Exhibit B**, may be amended or modified, except with the unanimous written consent of all Members.

Section 11.11 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 11.12 Captions. Captions are used in this Agreement for the convenience of the parties only and are not intended to be used in the interpretation of this Agreement.

Section 11.13 Counterparts. This Agreement may be executed in counter parts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same instrument, binding on the Members. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

IN WITNESS WHEREOF, the Members execute this Agreement as of the date first written above.

MAGIC PLUS, LLC

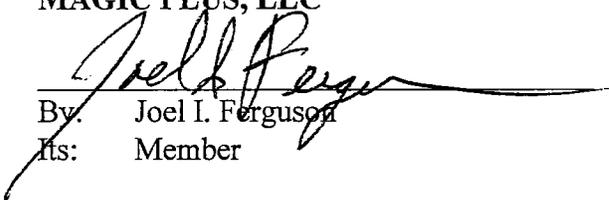

By: Joel I. Ferguson
Its: Member

EXHIBIT A

<u>Member</u>	<u>Initial Capital Contribution</u>	<u>Members Percentage of Interest</u>
Joel I. Ferguson	45.00	45%
Ervin Johnson	45.00	45%
Marvin Beatty	10.00	10%

EXHIBIT B

ARTICLES OF ORGANIZATION

RESOLUTION OF MAGIC PLUS, LLC

RESOLVED, that Joel I. Ferguson is a Member of Magic Plus, LLC ("Company") and he authorized on behalf of the Company to submit a proposal to the State of Michigan Land Bank Fast Track Authority pursuant to its request for proposals for the Michigan State Fairgrounds Property.

BE IT FURTHER RESOLVED, that Joel I. Ferguson is also authorized to sign all attachments required in the request for proposals.

The above resolution was unanimously adopted by the Members.

MAGIC PLUS, LLC

Date: July 10, 2012


By: Joel I. Ferguson
Its: Member

Copy of Development Proposal

See attached.

Summary

Detroit is a proud and vibrant city with a rich history of economic successes. Recognizing that the sale of the former Michigan State Fairground property (MSFG) is another opportunity for success, we have assembled a team of individuals with extensive experience developing housing, retail, entertainment and mixed use properties. Our proposal is to develop the Michigan State Fairground property into an economically transformative destination for living, shopping and entertainment.

We propose a dynamic plan to transform the former Michigan State Fair grounds into a catalyst of regional economic growth. Our proposal is not only about Detroit, but extends regionally; re-establishing the vital economic link to Detroit and its metropolitan neighbors. Our proposal for development underscores a basic framework to identify, compliment and connect to the existing economic revitalization taking place within the City of Detroit, the Metropolitan region and throughout the State of Michigan.