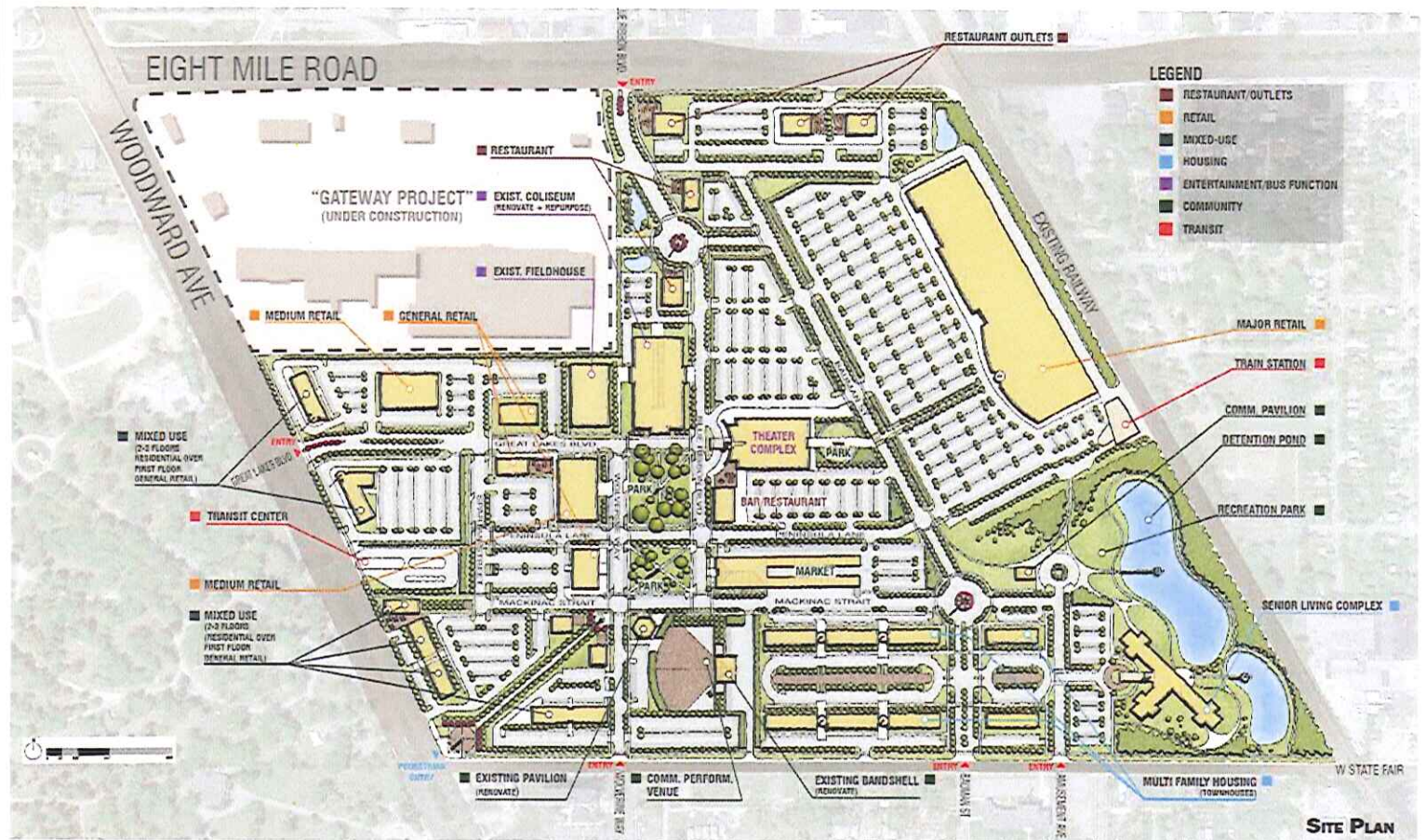


# Michigan Land Bank Fast Track Authority Fairgrounds Mixed-Use Redevelopment - 10/17/2012



**REDICO®**  
Building the Best in Real Estate™

## Agenda

- Introductions
- Project Strengths & Opportunities
- Phased Redevelopment
  - Phase I – Eight Mile Restaurants, Retail and Theater
  - Phase II – Multi-Family Residential
  - Phase III – Woodward Mixed-Use
  - Phase IV – Senior Living
- Next Steps



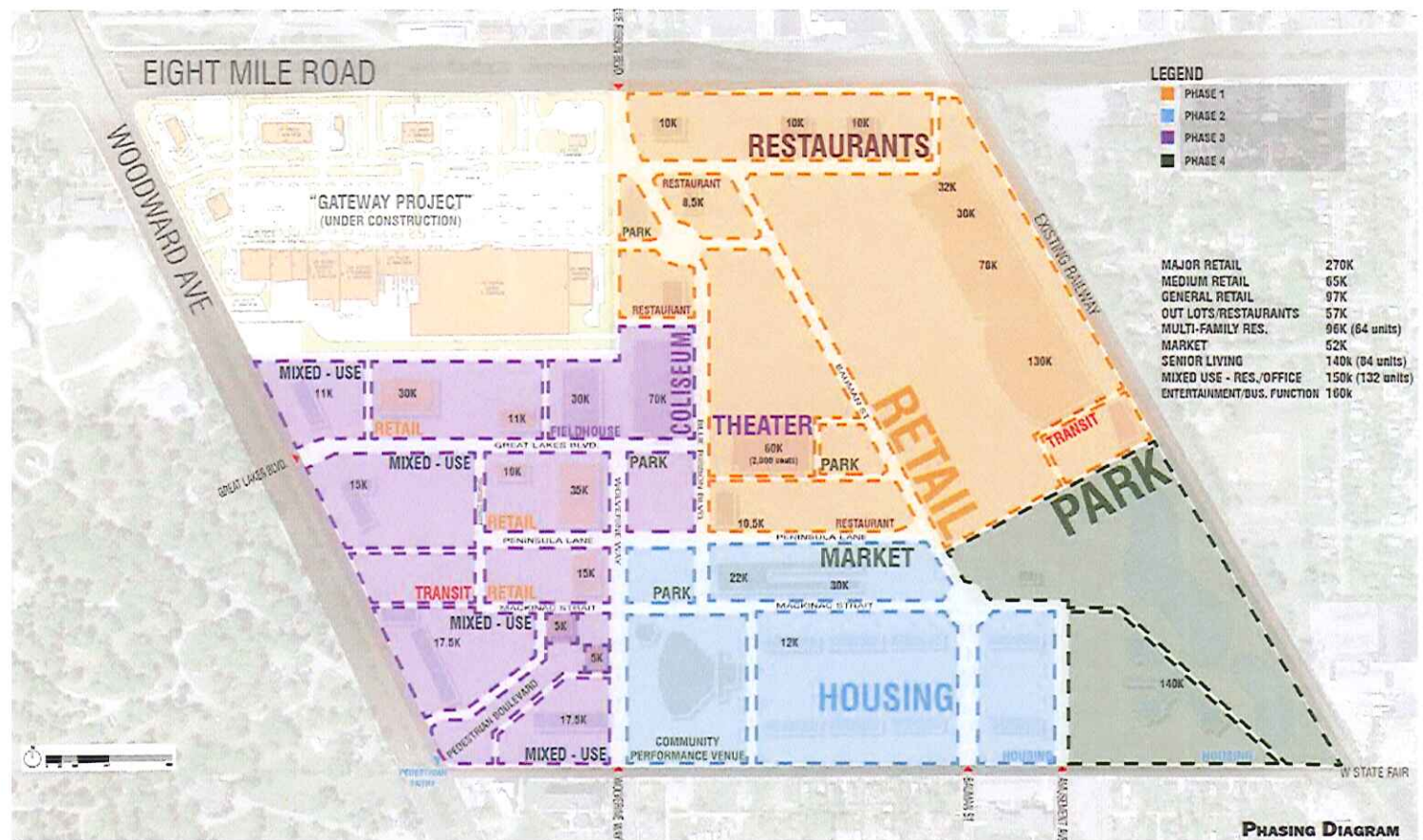
## Project Strengths & Opportunities

- Strong Development Team
  - Ferguson Development
  - REDICO
  - Marvin Beatty
  - Ervin 'Magic' Johnson
- Regional Shopping & Entertainment Destination
- Neighborhood Demographics
- Build On Success of Gateway Marketplace
- Retailer Interest
- Need for Senior Living Options in Detroit
- Need for Newer Residential Product





# Phased Redevelopment



## Phase I – Retail, Restaurants & Theater

- 61 Acres
- Currently Programmed for 379,000 Square Feet
- 130,000 Square Foot Major-Anchor Retail
- 102,000 Square Feet Mid-Anchor Retail
- 39,360 Square Feet In-Line Retail
- 2,000 Seat Multi-Plex Theater
- Six Outlots for Restaurants, Financial Services, Other
- Total Investment – \$44.2 Million
- Investment IRR – 20.4%
- Schedule Milestones
  - 1/1/13 – Commence Due Diligence and Pre-Leasing
  - 2/25/14 – Close on Property and Commence Construction
  - 6/1/15 – Grand Opening



## Phase I – Sources and Uses

### Sources of Funds

Equity Requirement	4,565,848.33
Construction Loan Proceeds	19,048,563.63
TIF Loan Proceeds	10,900,000.00
NMTC Projected Proceeds	9,692,893.88
<b>Total Sources of Funds</b>	<b>\$ 44,207,306</b>

### Uses of Funds

Land and Predevelopment Costs	(965,750.00)
Soft Costs	8,900,968.23
Hard Construction Costs	29,089,903.99
Financing Costs	5,282,640.00
Contingency	5.0% 1,899,543.61
Distribution	-
<b>Total Uses of Funds</b>	<b>\$ 44,207,306</b>



## Phase II – Multi-Family Residential

- 30 Acres
- 64 Market Rate Units
- Average Unit Size – 1,500 Square Feet
- 52,000 Square Foot Market
- Magic Plus, LLC to Construct Horizontal Improvements, Ground Lease Market Pad and Sell Multi-Family Site to Residential Developer
- Total Investment – \$3.5 Million
- Investment IRR – 12%
- Schedule Milestones
  - 7/1/13 – Commence Due Diligence
  - 3/7/14 – Close on Property and Commence Horizontal Improvements
  - 7/16/14 – Residential Developer to Commence Multi-Family Construction
  - 5/20/15 – Grand Opening





## Phase II – Sources and Uses

### Sources of Funds

Equity Requirement	461,489.45
Construction Loan Proceeds	-
TIF Loan Proceeds	1,200,000.00
Community Development Block Grant	850,000.00
Michigan Strategic Fund - Grant	1,000,000.00
<b>Total Sources of Funds</b>	<b>\$ 3,511,489</b>

### Uses of Funds

Land and Predevelopment Costs	(1,861,000.00)
Soft Costs	1,069,885.62
Hard Construction Costs	4,046,771.00
Financing Costs	-
Contingency	5.0% 255,832.83
Distribution	-
<b>Total Uses of Funds</b>	<b>\$ 3,511,489</b>





## Phase III – Woodward Mixed-Use

- 42 Acres
- 65,000 Square Feet Mid-Anchor Retail
- 36,000 Square Feet General Retail
- 26,035 Square Feet – In-line Retail
- 132 Market Rate Apartments Above In-Line Retail
- Renovation & Adaptive Re-use of Coliseum
- Continued Use of Joe Dumar's Fieldhouse
- Total Investment – \$54.5 Million
- Investment IRR – 14.9%
- Schedule Milestones
  - 1/1/14 – Commence Due Diligence and Pre-Leasing
  - 3/24/15 – Close on Property and Commence Construction
  - 6/1/16 – Grand Opening



## Phase III – Sources and Uses

### Sources of Funds

Equity Requirement	10,585,174.98
Construction Loan Proceeds	26,751,578.67
TIF Loan Proceeds	9,700,000.00
NMTC Projected Proceeds	7,512,328.06
Michigan Strategic Fund Grant	-
<b>Total Sources of Funds</b>	<b>\$ 54,549,082</b>

### Uses of Funds

Land and Predevelopment Costs	-
Soft Costs	7,317,047.77
Hard Construction Costs	39,485,411.00
Financing Costs	5,406,500.00
Contingency	2,340,122.94
Distribution	-
<b>Total Uses of Funds</b>	<b>\$ 54,549,082</b>



## Phase IV – Senior Living

- 23 Acres (5 Acres Senior Living / 18 Acre Park)
- 56 Assisted Living / 28 Memory Care
- American House Senior Living Management
- Total Investment – \$18.2 Million
- Investment IRR – 16.4%
- Schedule Milestones
  - 1/1/14 – Commence Due Diligence
  - 2/24/15 – Close on Property and Commence Construction
  - 4/7/16 - Occupancy



## Phase IV – Sources and Uses

### Sources of Funds

Equity Requirement	3,208,407.98
Financing Proceeds	11,050,000.00
TIF Loan Proceeds	2,900,000
Michigan Strategic Fund - Grant	1,000,000.00
<b>Total Sources of Funds</b>	<b>\$ 18,158,407.98</b>

### Uses of Funds

Land and Predevelopment Costs	\$ -
Soft Costs	2,196,369.50
Hard Construction Costs	13,150,000.00
Financing Costs	1,294,720.00
Contingency	5.00% 767,318.48
Lease Up Reserve	750,000.00
Distribution	-
<b>Total Uses of Funds</b>	<b>\$ 18,158,407.98</b>





## Overall Project – Sources and Uses

### Sources of Funds

Equity Requirement	18,820,920.73
Financing Proceeds	56,850,142.29
TIF Loan Proceeds	24,700,000
NMTC Proceeds (Net)	17,205,222
Community Block Grant	850,000
Michigan Strategic Fund - Grant	2,000,000.00
<b>Total Sources of Funds</b>	<b>\$ 120,426,284.96</b>

### Uses of Funds

Land and Predevelopment Costs	\$ (2,826,750.00)
Soft Costs	\$ 19,484,271.11
Hard Construction Costs	\$ 85,772,085.99
Financing Costs	\$ 11,983,860.00
Contingency	5.00% \$ 5,262,817.86
Lease Up Reserve	750,000.00
Distribution	-
<b>Total Uses of Funds</b>	<b>\$ 120,426,284.96</b>

Overall IRR – 16.7%



## Next Steps

- Selection of Magic Plus as Developer of Fairgrounds
- Negotiation of Purchase and Sale Agreement and Development Agreement with the Land Bank
- Amendment of Existing or Establishment of New Corridor Improvement District for Tax-Increment Financing
- Letters of Interest from Community Development Entities for New Markets Tax Credits Allocation

