
UPDATE ON THE FAIRGROUNDS REDEVELOPMENT

September 14, 2012

Some questions have been raised through the Fairgrounds Advisory Committee, as well as by other individuals who are curious about the current status of the Fairgrounds redevelopment project.

On May 18, 2012, the State of Michigan Land Bank Fast Track Authority (MLB) issued a Request for Proposals (RFP) for the purchase and development of the Fairgrounds property. The RFP was posted on MLB's website as well as on the websites for the Michigan Department of Technology Management and Budget, the Michigan Economic Development Corporation (MEDC), and the Detroit Economic Growth Corporation (DEGC).

The RFP was broadly written so as to attract a variety of ideas for the redevelopment of the Fairgrounds, and included minimal requirements common for development projects in order to ensure success and sustainability of the final project. The MLB Board of Directors voted to amend the minimal financial requirements, based upon feedback received during the process, in order to more closely align with current status of the real estate and financial markets.

On July 18, 2012, the MLB received a total of three anonymous proposals, all of which were deficient in some way. The MLB Board of Directors determined that all of the proposals had some merit, so all three bidders were given two weeks to correct their deficiencies and return the proposals to the MLB. The initial reviews of the anonymous proposals, as well as the review of the corrected deficiencies, were performed by an independent third-party, the MEDC Contracts & Grants Division. After the resubmissions, the MLB Board of Directors reviewed all proposals and determined that only one met all of the minimum criteria outlined in the RFP and would continue through the process for a full evaluation by the MLB Board of Directors.

The proposal, submitted by Magic Plus, LLC, includes a mixed-use development for the entire property that includes retail, residential, green space and entertainment uses. In addition, Magic Plus, LLC, proposes to renovate and utilize some of the existing buildings. This is a very preliminary schematic plan that will be thoroughly evaluated as the review process continues.

The proposal is currently going through the 'due diligence' phase, in which finances and overall project feasibility are reviewed in detail, and additional information will be requested as needed.

To ensure the property is developed as proposed, there will be appropriate legal agreements in place, as in any large scale development, that require benchmarks to be met by the developer, as well as penalties for not meeting those benchmarks.

In addition to the above, some other questions that have been raised include the following:

- Was there any relationship between any of the bidders and the Land Bank prior to the advertisement of the RFP?
 - No, there were no relationships.
- Within the RFP, it is stated that the MLB Board of Directors will select up to three viable proposals to be evaluated, yet only one is being reviewed.
 - Only one proposal met the criteria outlined in the RFP; therefore, only one proposal is moving forward for review.
- The RFP outlines specific supplemental information to be provided by bidders during the due diligence period. When will that information be provided?
 - As outlined in the RFP, the MLB will request any additional information by November 5, 2012.
- Although all of the proposals cited depth of experience, yet no bidder appears to have done a project the size of the Fairgrounds, and is this a concern?
 - The financial and project feasibility are being carefully reviewed as it pertains to the developer's capacity to complete this specific project, which includes the size of the development.
- How much of the 162 acres does Magic Plus, LLC, intend to develop?
 - A very preliminary site plan was provided, and if this developer is awarded the project, there will be more a more specific site plan with a timeline. At this point, it is expected that the selected developer will develop the entire parcel.
- What is the strategy being proposed by the bidder to raise/accumulate capital for the redevelopment of the Fairgrounds and how much of the bidders own money will be used to fund the project?
 - These questions will be discussed and reviewed during the financial due diligence process.

While the level of activity may appear quiet at this time, the redevelopment proposal is being thoroughly reviewed by individuals who specialize in large scale development projects and who have the expertise in the intricacies of financial tools and other aspects of due diligence requirements.

The MLB will continue to provide updates, as additional steps of the due diligence review are completed, and further welcomes any additional questions.

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Michigan Land Bank Fast Track Authority