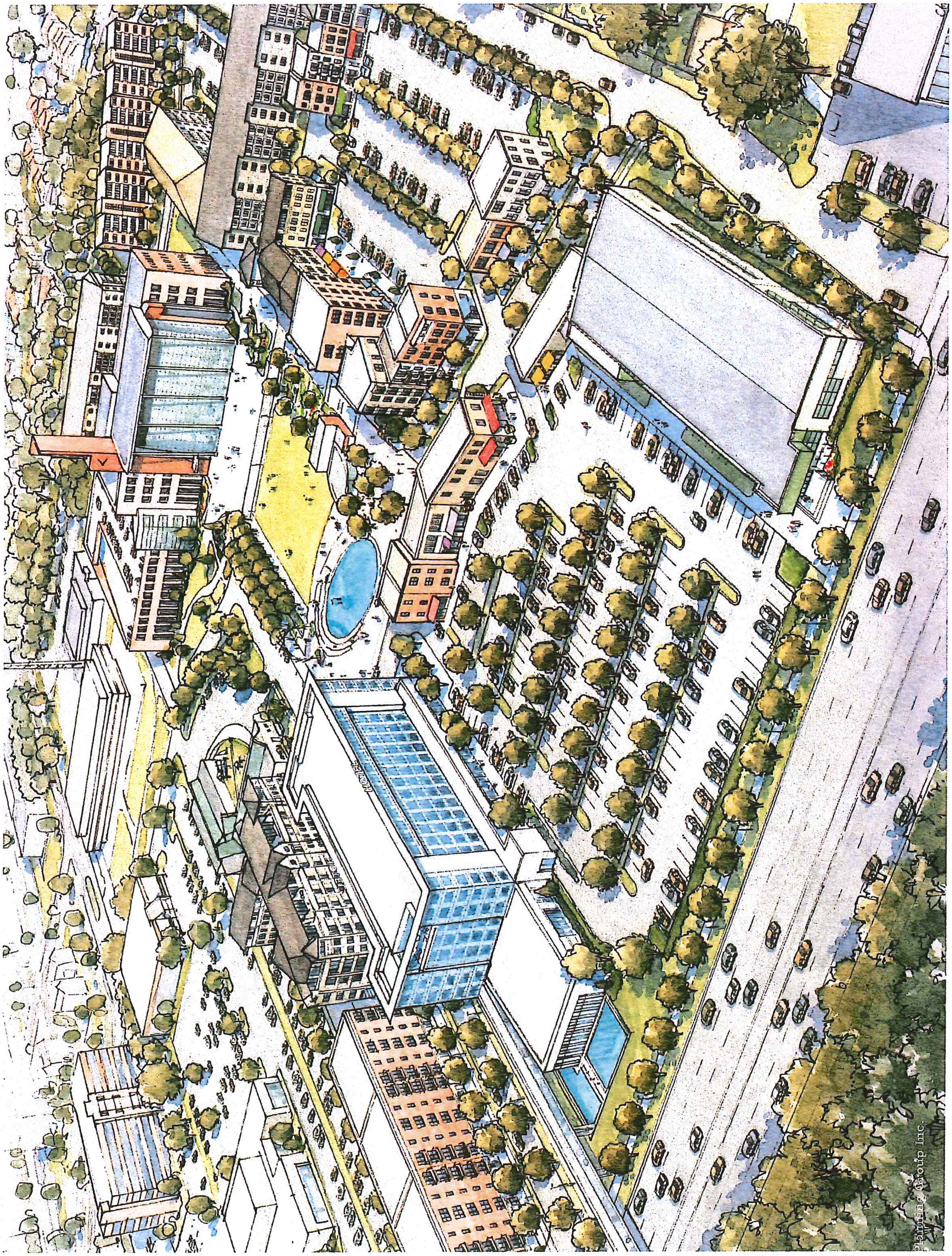

Planning Group Inc.


HOTEL
JAVA
© 2017, Gibbs Planning Group Inc.

May 2021
Warren Towne Center Update

A. Working off plans from the beginning of Warren.
    a. Each administration has moved the ball down the field, and now we have the opportunity to finish the plan.
    b. Final approved plan that is our guide was passed in 2005/2006.
    c. Highlights of the plan in packet
B. Retail market analysis and plan update done by Gibbs Planning Group
    a. Shows a need for upscale retail and food entertainment choices.
    b. Retail Study with Bob Gibbs bio in packet
C. Hotel Feasibility Study by HVS Group
    a. Shows a need in the market for an upscale hotel with amenities..
    b. Study was updated in February 2021 in packet
D. Plante Moran real estate and development specialists consulting through the entire process.
    a. Including crafting the Request for Proposals, Nation Wide Developers Search, confirming each developer pro formas and numbers etc...
    b. Copy of RFQ in packet
E. Highly respected leaders in each industry:
    a. Flaherty & Collins, Marriott/Acquest,
    b. F&C and Acquest proposals in packet
    c. F&C and Acquest Letters of Intent in packet
    d. How the numbers work in packet
F. This project "Fills the Gap" in Warren.
    a. The immediate Downtown area has low, middle and higher priced homes and low & middle priced apartments. Also many mid-range hotels, retail and restaurants.

b. This project will bring Premium rate loft/apartments, full service Marriott Tribute Hotel and Upscale retail & dining.
c. Warren currently has approximately $7 Million Dollar Leakage in retail and upscale dining & entertainment.
d. In all planning public sessions around Warren, the Towne Center was highly requested by residents.
    i. Becket Rader master plan info. In packet

G. Working with GM to bring connectivity and world class image to Warren. GM is helping in many ways, including, engineering assistance, room guarantees, and concert and event sponsorships, $200,000 Donation to Police & Fire Benevolent Fund! Installation of charging stations, autonomous shuttle opportunity...
    a. Cadillac Dealer Group and auto executives, inventors, engineers and vendors, from all over the world will visit and spend their money in Warren.
    b. Note from John Blanchard from GM in support of the project.

H. Help from Michigan Economic Development Corp (MEDC) with conditional approval of Transformational Brownfield funding plan.

I. In addition to GM, TACOM, FCA, Proper Group, and many other Warren Companies are also happy about the project. Many suppliers and workers are staying outside of Warren, and a place to stay and be entertained is welcome.

J. Ascension St. Joh Macomb is looking to open an Urgent Care/Physician office in the new retail center.

K. Along with the construction of the new District Courthouse, the Towne Center will be complete.

L. Plan is revenue positive and will not cost Warren taxpayers one cent. Additional new taxes will continue to help Warren grow.

PART I.
INTRODUCTION

A. Purpose of the Downtown Development Act.

The Downtown Development Authority Act, Act 197 of Public Acts of 1975 of the State of Michigan, as amended, (Act), was created to prevent and correct property value deterioration of business districts, promote economic growth and revitalization, encourage historic preservation, authorize the acquisition and disposal of interest in real and personal property, authorize the creation of a Downtown Development Authority (DDA), and to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities described in locally adopted development plans for the downtown development district of the community involved.

The Act provides communities with the necessary legal, monetary, and organizational tools to attack problems of urban decline and stagnation, and to revitalize downtown districts either through public initiated projects or in cooperation with private development projects.

Each DDA develops its own plan to make use of these tools to promote the revitalization of its community.

Some properties located within the boundaries of the City of Warren Downtown Development Authority, (DDA), have remained undeveloped or have been deteriorating for many years. In order to halt such deterioration and to stimulate development of the downtown area of the City, the Mayor and City Council decided that it is in the best interest of the City to create a DDA and to request that the DDA establish a plan for the development of the Downtown District.

The City showed its commitment to the purposes of the Act by lawfully approving a Development and Tax Increment Financing Plan on May 25, 1993 and later amending this plan on December 14, 1999 and March 26, 2002. This Development and Tax Increment Financing Plan is designed to replace the plan(s) currently in place.

B. Establishment of the Downtown Development Authority of the City of Warren and the Creation of the City of Warren Downtown Development District

On April 27, 1993, the Warren City Council approved a Resolution of Intent Calling a Hearing Regarding Establishment of a Downtown Development Authority and Designation of a Downtown District. Notice of the time and place of the hearing was published, posted, and mailed in a timely fashion in accordance with the requirements of Section 18 of the Act.

On May 25, 1993, the City of Warren Council held a public hearing on the establishment of a Downtown Development Authority and adopted Ordinance No. 80-432 creating the Downtown Development Authority of the City of Warren. The DDA was given all of the powers and duties prescribed for a DDA pursuant to the Act including the power to levy ad valorem taxes on the real and tangible personal property in the Downtown District. The Downtown District is the general area designated by the DDA for development activities and tax increment financing procedures as set forth in the Act. It is identified by ordinance as a "business district" and is zoned and used principally for business.

On May 25, 1993, the City of Warren Council approved by Resolution the appointment of eight (8) individuals to serve together with the City of Warren Mayor as Directors on the Downtown Development Authority Board.

C. Legal Authority for the Downtown Area

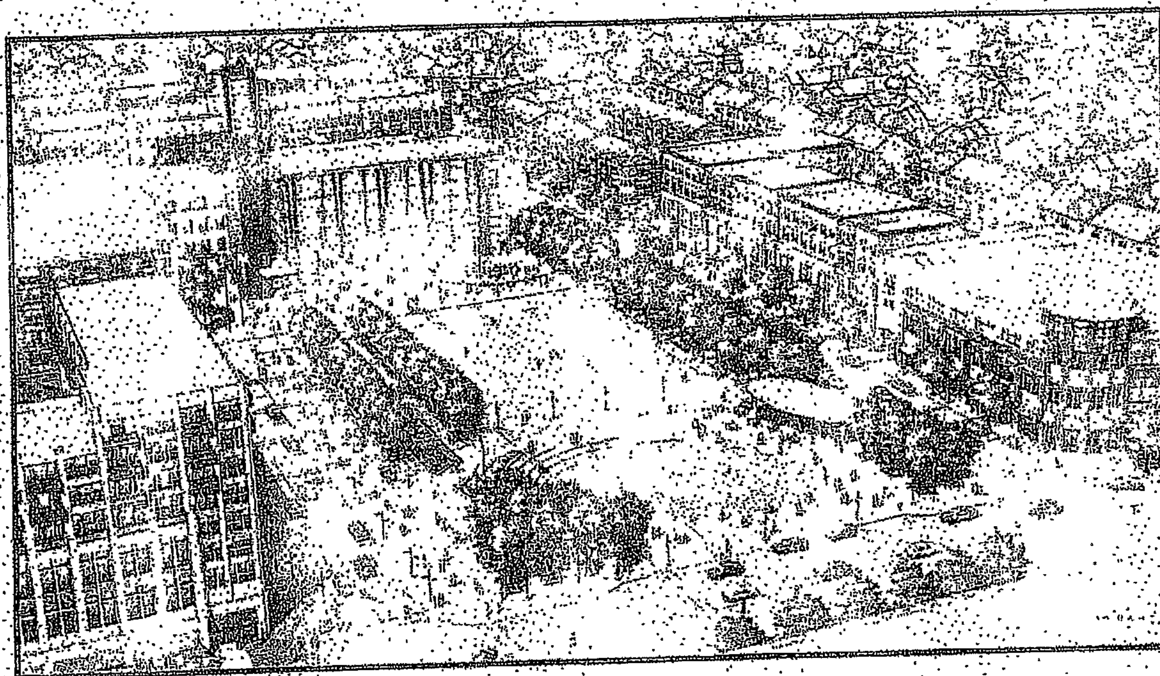
Public Act 197 of 1975 provides the legal mechanism for the community to address the need for economic development and revitalization in its central business district. The DDA has the power to prepare development plans for specific areas within a downtown district, described in the Act as "development areas". The DDA has designated the entire area within the DDA Boundaries as the Development Area to be developed under this Development Plan.

In 2004, section 1(k) of the Act, the definition of "downtown district" was amended to allow the expansion of Warren's DDA District to include the southern portion of the Van Dyke corridor as proposed herein. The Act now states:

> "Downtown district" means that part of an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act. A downtown district may include 1 or more separate and distinct geographic areas in a business district as determined by the municipality if the municipality is a city that surrounds another city and that other city lies between the 2 separate and distinct geographic areas. If the downtown district contains more than 1 separate and distinct geographic area in the downtown district, the separate and distinct geographic areas shall be considered 1 downtown district.

D. Findings for Authority's Determination of Necessity for the Development Area

The need for establishing the Development Area stems from the City's desire to facilitate economic growth in the community through various public improvements. The activities of the DDA will encourage the development of new private uses, which will prevent further deterioration, create new jobs, attract new businesses, and generate an increase in the tax base of all taxing jurisdictions in the Development Area.



CITY OF WARREN
DOWNTOWN DEVELOPMENT AUTHORITY

AMENDED
DEVELOPMENT PLAN
AND
TAX INCREMENT FINANCE PLAN

2005

Approved by the Downtown Development Authority of the City of Warren
on July 12, 2005
for submittal to the Warren City Council.

Approved by the Warren City Council
on March 28, 2006
subsequent to a public hearing held on August 23, 2005.

CITY OF WARREN OFFICIALS

MAYOR

Hon. Mark A. Steenbergh

CITY CLERK

Richard Paul Sulaka

CITY TREASURER

Marilyn Marchwinski Marrocco

CITY COUNCIL

James R. Fouts, Council President

Mary M. Kamp, Council Vice President

Kathy J. Vogt, Council Secretary

Melinda S. Moore, Assistant Council Secretary

Donna K. Caumartin, Councilwoman

Michael W. Chupa, Councilman

Carolyn A. Moceri, Councilwoman

Keith J. Sadowski, Councilman

Michael J. Wiecek, Councilman

TABLE OF CONTENTS

Retail Market Analysis

Warren City Square

Prepared for:

Warren Downtown Development Authority

Prepared by:

Gibbs Planning Group

04 October 2016

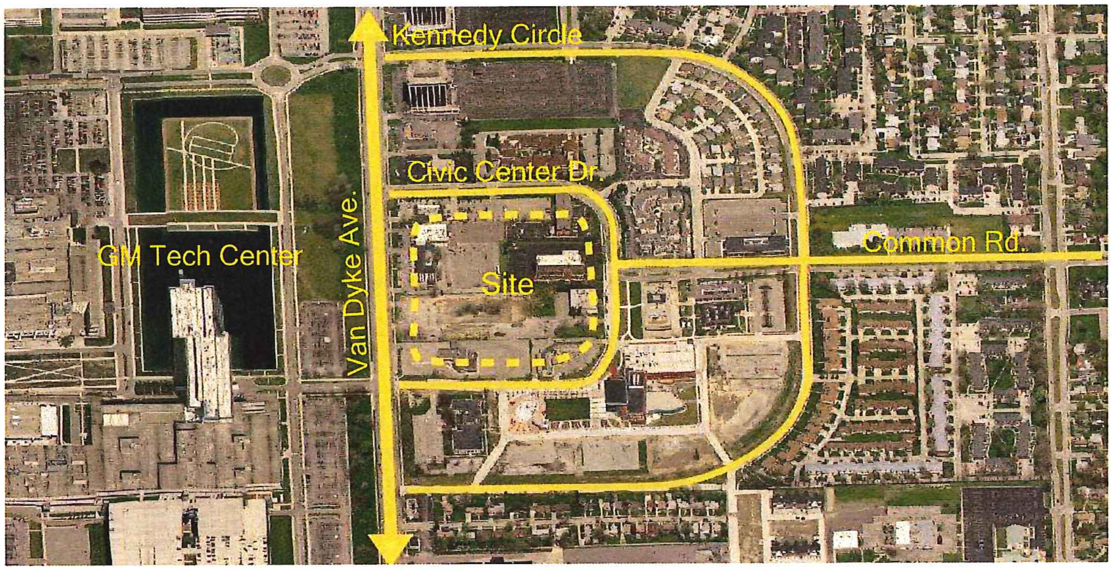


Figure 1: *The Warren study area, shown above, can presently support an additional 73,200 sf of retail and restaurant development.*

Executive Summary

This study finds that the designated Warren City Square study area has an existing demand for up to 73,200 sf of new retail development producing up to $24.4 million in sales. By 2021, this demand will likely generate up to $25.6 million in gross sales.

Please find below a summary of the total new supportable retail:

19,100	sf	Grocery Stores
7,800	sf	General Merchandise Stores
6,900	sf	Limited-Service Eating Places
6,700	sf	Full-Service Restaurants
4,700	sf	Special Food Services
5,200	sf	Miscellaneous Store Retailers
4,200	sf	Apparel Stores
3,700	sf	Department Store Merchandise
3,400	sf	Sporting Goods & Hobby Stores
3,200	sf	Bars, Breweries & Pubs
2,200	sf	Electronics & Appliance Stores
2,000	sf	Office Supplies & Gift Stores
1,700	sf	Book & Music Stores
1,400	sf	Shoe Stores
1,000	sf	Jewelry Stores
73,200	**sf**	**Total**

This new retail demand could be absorbed by existing businesses and/or with the opening of 20-30 new stores and restaurants. If constructed as a new shopping center, the development would be classified as a community or lifestyle type center by industry definitions and could include 2-4 limited service eating restaurants, 2-3 apparel stores, 2-3 miscellaneous retailers, 2-3 special food services, 1-3 full-service restaurants, 1-2 sporting goods stores, 1-2 new merchandise stores, 1-2 new drinking establishments, a new grocery store and an assortment of other retail and restaurant offerings.

Trade Area Boundaries

This study estimates that the Warren study site has an approximately 59 square-mile primary trade area, limited by Big Beaver Road to the North, Utica and Gratiot Roads to the West, E 8 Mile Road to the South, and John R Road to the West. The boundaries roughly equate to an eight-mile north-south radius and an eight-and-a-half-mile east-west radius.

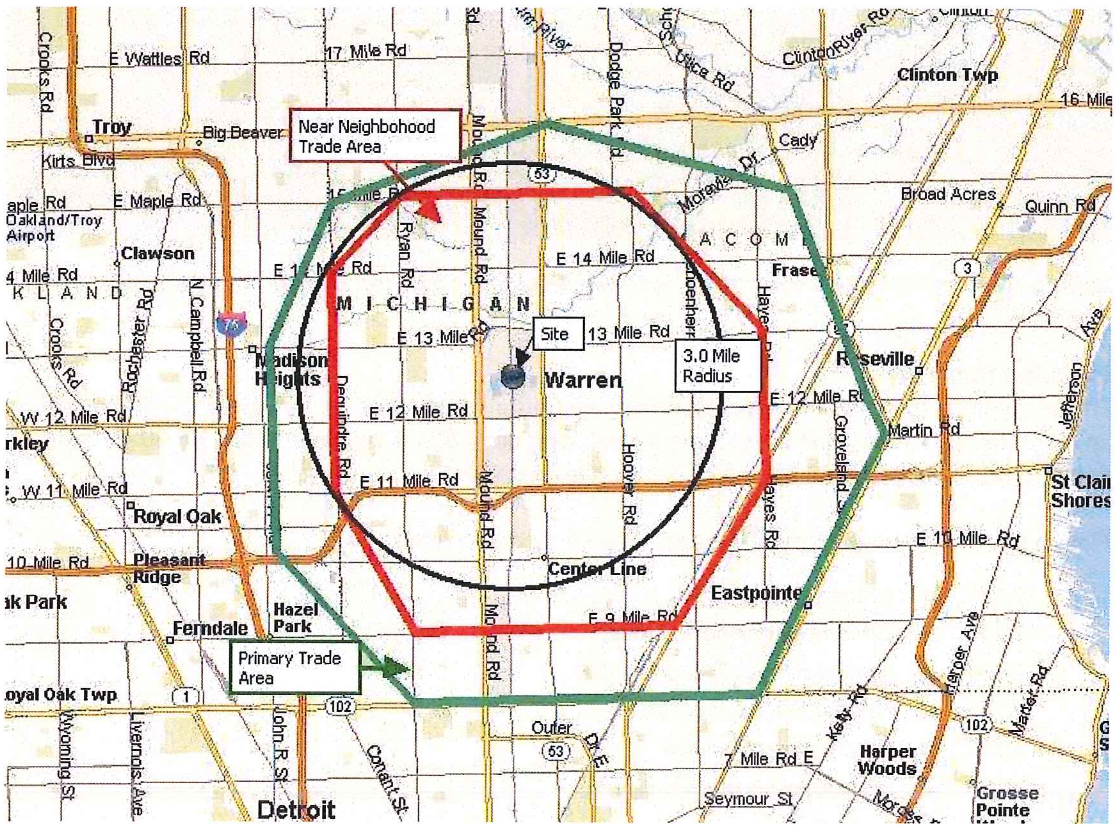


Figure 2: The Warren subject site has an approximate 59 square-mile primary trade area (shown above in green). The near neighborhood trade area (shown in red) extends five to six miles north-south along Van Dyke Road.

Shopping Competition

There are several major shopping centers within a six-mile radius of Warren, summing to 6,800,000 sf of Gross Leasable Area (GLA) over 512 stores.

Two regional centers are in proximity to the Warren study site. Approximately four and a half miles northwest of the study area is **Oakland Mall**, located at 1-75 and 14 Mile Road in Troy. This 1,500,000 sf center, the largest concentration of retail and restaurant competition within the primary trade area, offers 177 stores anchored by Dick's Sporting Goods, JCPenney, Macy's and

Sears. Several big-box stores border its periphery, most notably a new Field & Stream. Oakland Mall opened in 1968 and is owned by CBRE. **Macomb Mall**, approximately six miles east of Warren, is a 933,000 sf enclosed regional mall on Gratiot Road and Masonic Avenue in Roseville. It offers 75 stores anchored by Babies-R-Us, Dick's Sporting Goods, Kohl's, Old Navy and Sears. Macomb Mall opened in 1964 and is managed by Lormax Stern.

Several shopping centers lie in easy proximity north of the study area. **Market Place Shopping Center**, located on the northeast corner of 15 Mile and Van Dyke Avenue Roads, lies less than three miles north of the study area. This community center is host to an MJR Movie Theatre and a Target, among a variety of other stores fixed in the 260,000 sf of GLA. **Dodge Park Plaza Shopping Center**, a 101,350 sf strip center situated about a mile east of the Market Place Shopping Center on 15 Mile at Dodge Park Road, is home to Aco Hardware, Rite Aid, Dollar General, Jovan's Steakhouse and other small restaurants and service-oriented tenants. Approximately 3.5 miles north of the study site, **Crossroads Plaza Shopping Center** is located at Metropolitan Pkwy. and Van Dyke Road. The 245,000 sf community center is anchored by Home Depot and Meijer.

The Shops at Sterling Ponds include a Walmart and a Value City Furniture, which anchor eleven retailers and restaurants over approximately 450,000 sf of GLA. Opened in 1996, the center is about two miles northwest of the site on 14 Mile and Van Dyke Roads. **Oakland Plaza**, at John R. and 14 Mile Roads, is slightly more than four miles northwest of the site. Opened in 1982, it is approximately 200,000 sf of GLA, with 21 stores including Barnes & Noble, Michaels, Planet Fitness and T.J. Maxx. Immediately next door on John R is **Oakland Square**, a 236,000 sf shopping center of seven stores anchored by Kohl's and a Bed Bath and Beyond. Oakland Square opened in 1986. Lastly, **Sterling Heights Center** is located on the south side of Metropolitan Parkway and Dequindre Road approximately four and a half miles northwest of the site. Opened in 2010, this 277,000 sf community center of fifteen stores is anchored by Target and a Lowe's.

Two miles south of the site on Van Dyke Road is **Majestic Plaza Shopping Center**, home to several county and state offices, A Dollar General, and a number of other small restaurants and retailers. The **Universal Shopping Center**, on Dequindre and 12 Mile Road, offers 618,000 sf of GLA three miles southwest of the site. Burlington Coat Factory, Kroger and Target anchor 53 stores, with a Cinemark movie theater. This center has been open since 1965. Slightly further from the site is **The Madison Center**, four and a half miles southwest. The Madison center is a 340,000 sf shopping center of 13 small and service-oriented stores as well as eateries, anchored by Lowe's with an adjacent Home Depot. Madison Center has been open since 1962 and is located on John R. and 12 Mile Roads.

Southeast of the study area, **Tech Plaza** is located less than half a mile away, and is home to 24 stores anchored by a Walmart. The 322,000 community center at Van Dyke and 12 Mile Roads was opened in 1960. A larger community center, **Hoover Eleven,** is located on Hoover and 11 Mile Roads, two miles southeast of the study area. Among its 280,719 sf of GLA are 47 stores anchored by Dunham's Sports, Kroger and Marshalls. **Bel-Air Centre** on Van Dyke Road and Groesbeck Hwy. (Route 97) is slightly more than four and a half miles southeast of the study area. This community center opened in 1985 offers 17 stores in 445,000 sf, anchored by a Forman Mills and a Luxury Cinema. Almost five miles southeast of the study site is **Eastgate Shopping Center**, located near the junction of 1-696 and Ten-and-a-Half Mile Road and Gratiot Avenue. The

300,000 sf shopping center opened in 1953 is anchored by Kroger, Save-A-Lot and T.J.Maxx, along with 30 other stores.

Trade Area Demographics

The study site's near neighborhood trade area includes 120,200 people, which is expected to increase at an annual rate of 0.57 percent to 123,600 people by 2021. Households in the near neighborhood trade area sum to 49,400, increasing to 50,900 households by 2021 at an annual rate of 0.59 percent. The 2016 average household income is $59,000 and is estimated to increase to $64,600 by 2021. Median household income in the area is $48,500 and estimated to increase to $53,800 by 2021; 29.4 percent of households in the near neighborhood trade area earn above $75,000 per year. The average household size of 2.40 persons in 2016 is expected to remain the same through 2021; the 2016 median age is 42.8 years old.

Table 1: Demographic Characteristics

Demographic Characteristic	*Near Neighborhood Trade Area*	*Primary Trade Area*	*State of Michigan*	*United States*
2016 Population	**120,200**	216,600	9,954,631	323,580,600
2016 Households	**49,400**	86,700	3,921,078	121,786,200
2021 Population	**123,600**	221,800	10,067,335	337,326,100
2021 Households	**50,900**	88,900	3,975,704	126,694,300
2016-2021 Annual Pop Growth Rate	**0.57%**	0.47%	0.23%	0.84%
2016-2021 Annual HH Growth Rate	**0.59%**	0.49%	0.28%	0.79%
2016 Average Household Income	**$59,000**	$58,100	$68,067	$77,000
2016 Median Household Income	**$48,500**	$46,900	$50,744	$54,100
2021 Average Household Income	**$64,600**	$63,400	$74,973	$59,500
2021 Median Household Income	**$53,800**	$52,600	$56,730	$84,000
% HHs Incomes $75,000 or higher	**29.4%**	28.1%	32.5%	36.4%
% Bachelor's Degree	**14.6%**	13.2%	16.8%	18.8%
% Graduate or Professional Degree	**6.8%**	6.1%	11.1%	11.6%
Average Household Size	**2.40**	2.47	2.48	2.59
Median Age	**42.8**	40.9	39.9	38.0

Table 1: *Key demographic characteristics of the study area's trade areas, compared to the State of Michigan and the U.S.*

In comparison, the study site's primary trade area includes a current population of 216,600 people, which is expected to increase at an annual rate of 0.47 percent to 221,800 people by 2021. These existing and new residents living in the primary trade area will be served primarily by the downtown area and the growing population will find their needs met by new markets. The 86,700 households are expected to increase at an annual rate of 0.49 percent, increasing to 88,900 households by 2021. The 2016 average household income is very similar to the near neighborhood trade area at $58,100, and is estimated to increase to $63,400 by 2021. Median household income in the primary trade area is $46,900 and estimated to increase to $52,600 by 2021. Household incomes over $75,000 are earned by 28.1 percent of households in the primary trade area. The average household size of 2.47 persons in 2016 is expected to remain the same through 2021. Slightly younger than the near neighborhood trade area median age, the 2016 median age of the primary trade area is 40.9 years old. Residents in these trade areas will regularly shop in the study area.

Table 2: 2016 & 2021 Supportable Retail Table

Retail Category	Estimated Supportable SF	2016 Sales/SF	2016 Estimated Retail Sales	2021 Sales/SF	2021 Estimated Retail Sales	No. of Stores
Retailers						
Apparel Stores	4,160	$270	$1,123,200	$285	$1,185,600	2 - 3
Book & Music Stores	1,740	$225	$391,500	$235	$408,900	1
Department Store Merchandise	3,670	$245	$899,150	$255	$935,850	1
Electronics & Appliance Stores	2,190	$325	$711,750	$340	$744,600	1
Florists	890	$245	$218,050	$255	$226,950	1
General Merchandise Stores	7,780	$285	$2,217,300	$300	$2,334,000	1 - 2
Grocery Stores	19,070	$430	$8,200,100	$450	$8,581,500	1
Jewelry Stores	1,040	$380	$395,200	$400	$416,000	1
Miscellaneous Store Retailers	4,350	$275	$1,196,250	$290	$1,261,500	2 - 3
Office Supplies & Gift Stores	2,040	$270	$550,800	$285	$581,400	1
Shoe Stores	1,380	$310	$427,800	$325	$448,500	1
Sporting Goods & Hobby Stores	3,380	$260	$878,800	$275	$929,500	1 - 2
Retailer Totals	**51,690**	**$293**	**$17,209,900**	**$308**	**$18,054,300**	**14 - 18**
Restaurants						
Bars, Breweries & Pubs	3,240	$325	$1,053,000	$340	$1,101,600	1 - 2
Full-Service Restaurants	6,670	$350	$2,334,500	$370	$2,467,900	1 - 3
Limited-Service Eating Places	6,900	$340	$2,346,000	$355	$2,449,500	2 - 4
Special Food Services	4,660	$320	$1,491,200	$335	$1,561,100	2 - 3
Restaurant Totals	**21,470**	**$334**	**$7,224,700**	**$350**	**$7,580,100**	**6 - 12**
Retailer & Restaurant Totals	**73,160**	**$303**	**$24,434,600**	**$318**	**$25,634,400**	**20 - 30**

Table 2: *The study site's primary trade area has demand for almost 73,200 sf of new retail and restaurants.*

Assumptions

The projections of this study are based on the following assumptions:

- No other major retail centers are planned or proposed at this time and, as such, no other retail is assumed in our sales forecasts.
- No other major retail will be developed within the trade area of the subject site.
- The region's economy will stabilize at normal or above normal ranges of employment, inflation, retail demand and growth.
- The new retail development will be planned, designed, built, leased and managed as a walkable town center, to the best shopping center industry practices of the American Planning Association, Congress for New Urbanism, the International Council of Shopping Centers and Urban Land Institute.
- Parking for the area is assumed adequate for the proposed uses, with easy access to the retailers in the development.

- Visibility of the shopping center or retail is assumed to meet industry standards, with signage as required to assure good visibility of the retailers.

Limits of Study

The findings of this study represent GPG's best estimates for the amounts and types of retail tenants that should be supportable in the Warren study area's primary trade area by 2021. Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. It should be noted that the findings of this study are based upon generally accepted market research and business standards. It is possible that the study site's surrounding area could support lower or higher quantities of retailers and restaurants yielding lower or higher sales revenues than indicated by this study, depending on numerous factors including respective business practices and the management and design of the study area.

This study is based on estimates, assumptions and other information developed by GPG as an independent third party research effort with general knowledge of the retail industry, and consultations with the client and its representatives. This report is based on information that was current as of October 4, 2016, and GPG has not undertaken any update of its research effort since such date.

This report may contain prospective financial information, estimates, or opinions that represent GPG's view of reasonable expectations at a particular time. Such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our market analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected values or results contained in this study will be achieved.

This study ***should not*** be the sole basis for designing, financing, planning, and programming any business, real estate development, or public planning policy. This study is intended only for the use of the client and is void for other site locations, developers, or organizations.

\- *End of Study* -

Appendix EXHIBIT A1: Community Profile

Gibbs Planning Group

Community Profile

Warren Primary Trade Area
Area: 59.44 square miles

Prepared by Gibbs Planning Group

Population Summary	
2000 Total Population	219,012
2010 Total Population	213,378
2016 Total Population	216,619
2016 Group Quarters	2,009
2021 Total Population	221,801
2016-2021 Annual Rate	0.47%
Household Summary	
2000 Households	88,196
2000 Average Household Size	2.46
2010 Households	85,436
2010 Average Household Size	2.47
2016 Households	86,736
2016 Average Household Size	2.47
2021 Households	88,896
2021 Average Household Size	2.47
2016-2021 Annual Rate	0.49%
2010 Families	54,764
2010 Average Family Size	3.10
2016 Families	54,809
2016 Average Family Size	3.12
2021 Families	55,753
2021 Average Family Size	3.12
2016-2021 Annual Rate	0.34%
Housing Unit Summary	
2000 Housing Units	90,550
Owner Occupied Housing Units	76.2%
Renter Occupied Housing Units	21.2%
Vacant Housing Units	2.6%
2010 Housing Units	92,036
Owner Occupied Housing Units	68.0%
Renter Occupied Housing Units	24.9%
Vacant Housing Units	7.2%
2016 Housing Units	94,418
Owner Occupied Housing Units	65.9%
Renter Occupied Housing Units	25.9%
Vacant Housing Units	8.1%
2021 Housing Units	96,989
Owner Occupied Housing Units	65.7%
Renter Occupied Housing Units	25.9%
Vacant Housing Units	8.3%
Median Household Income	
2016	$46,939
2021	$52,603
Median Home Value	
2016	$105,317
2021	$127,115
Per Capita Income	
2016	$23,552
2021	$25,694
Median Age	
2010	39.7
2016	40.9
2021	41.6

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A2: Community Profile

Gibbs Planning Group

Community Profile

Warren PTA
Area: 59.44 square miles

Prepared by Gibbs Planning Group

2016 Households by Income	
Household Income Base	86,708
<$15,000	13.0%
$15,000 - $24,999	11.5%
$25,000 - $34,999	12.1%
$35,000 - $49,999	15.9%
$50,000 - $74,999	19.5%
$75,000 - $99,999	13.7%
$100,000 - $149,999	10.6%
$150,000 - $199,999	2.6%
$200,000+	1.2%
Average Household Income	$58,115
2021 Households by Income	
Household Income Base	88,868
<$15,000	13.3%
$15,000 - $24,999	11.0%
$25,000 - $34,999	12.5%
$35,000 - $49,999	10.0%
$50,000 - $74,999	20.5%
$75,000 - $99,999	15.4%
$100,000 - $149,999	12.5%
$150,000 - $199,999	3.3%
$200,000+	1.3%
Average Household Income	$63,404
2016 Owner Occupied Housing Units by Value	
Total	62,229
<$50,000	15.1%
$50,000 - $99,999	31.8%
$100,000 - $149,999	29.1%
$150,000 - $199,999	16.2%
$200,000 - $249,999	4.5%
$250,000 - $299,999	1.1%
$300,000 - $399,999	1.3%
$400,000 - $499,999	0.2%
$500,000 - $749,999	0.3%
$750,000 - $999,999	0.2%
$1,000,000 +	0.2%
Average Home Value	$117,293
2021 Owner Occupied Housing Units by Value	
Total	63,732
<$50,000	11.8%
$50,000 - $99,999	25.8%
$100,000 - $149,999	22.9%
$150,000 - $199,999	26.2%
$200,000 - $249,999	8.0%
$250,000 - $299,999	2.0%
$300,000 - $399,999	1.8%
$400,000 - $499,999	0.4%
$500,000 - $749,999	0.6%
$750,000 - $999,999	0.3%
$1,000,000 +	0.2%
Average Home Value	$137,356

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A3: Community Profile

Gibbs Planning Group

Community Profile

Warren PTA
Area: 59.44 square miles

Prepared by Gibbs Planning Group

2010 Population by Age	
Total	213,379
0 - 4	5.9%
5 - 9	5.9%
10 - 14	6.3%
15 - 24	12.9%
25 - 34	12.8%
35 - 44	13.7%
45 - 54	15.3%
55 - 64	11.3%
65 - 74	7.5%
75 - 84	5.8%
85 +	2.6%
18 +	77.7%
2016 Population by Age	
Total	216,618
0 - 4	5.7%
5 - 9	5.8%
10 - 14	5.9%
15 - 24	11.9%
25 - 34	13.3%
35 - 44	12.9%
45 - 54	14.2%
55 - 64	13.3%
65 - 74	8.7%
75 - 84	5.5%
85 +	2.8%
18 +	79.2%
2021 Population by Age	
Total	221,802
0 - 4	5.5%
5 - 9	5.7%
10 - 14	6.0%
15 - 24	10.9%
25 - 34	13.4%
35 - 44	12.8%
45 - 54	13.1%
55 - 64	13.8%
65 - 74	10.3%
75 - 84	5.8%
85 +	2.8%
18 +	79.4%
2010 Population by Sex	
Males	103,086
Females	110,292
2016 Population by Sex	
Males	105,041
Females	111,579
2021 Population by Sex	
Males	108,018
Females	113,784

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A4: Community Profile

Gibbs Planning Group

Community Profile

Warren PTA
Area: 53.44 square miles

Prepared by Gibbs Planning Group

2010 Population by Race/Ethnicity	
Total	213,378
White Alone	80.9%
Black Alone	11.1%
American Indian Alone	0.4%
Asian Alone	4.6%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.4%
Two or More Races	2.5%
Hispanic Origin	2.0%
Diversity Index	35.7
2016 Population by Race/Ethnicity	
Total	216,619
White Alone	75.1%
Black Alone	15.3%
American Indian Alone	0.4%
Asian Alone	5.9%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.4%
Two or More Races	2.9%
Hispanic Origin	2.3%
Diversity Index	43.6
2021 Population by Race/Ethnicity	
Total	221,801
White Alone	69.7%
Black Alone	19.3%
American Indian Alone	0.4%
Asian Alone	6.9%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.5%
Two or More Races	3.2%
Hispanic Origin	2.5%
Diversity Index	49.8
2010 Population by Relationship and Household Type	
Total	213,378
In Households	99.1%
In Family Households	82.0%
Householder	25.7%
Spouse	17.5%
Child	32.1%
Other relative	4.4%
Nonrelative	2.4%
In Nonfamily Households	17.0%
In Group Quarters	0.9%
Institutionalized Population	0.7%
Noninstitutionalized Population	0.2%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A5: Community Profile

Gibbs Planning Group **Community Profile**

Warren PTA
Area: 53.44 square miles

Prepared by Gibbs Planning Group

2016 Population 25+ by Educational Attainment	
Total	153,368
Less than 9th Grade	5.0%
9th - 12th Grade, No Diploma	9.4%
High School Graduate	29.7%
GED/Alternative Credential	4.0%
Some College, No Degree	22.5%
Associate Degree	10.1%
Bachelor's Degree	13.2%
Graduate/Professional Degree	6.1%
2016 Population 15+ by Marital Status	
Total	179,175
Never Married	35.1%
Married	44.9%
Widowed	7.8%
Divorced	12.2%
2016 Civilian Population 16+ in Labor Force	
Civilian Employed	92.2%
Civilian Unemployed	7.8%
2016 Employed Population 16+ by Industry	
Total	98,332
Agriculture/Mining	0.2%
Construction	4.9%
Manufacturing	21.2%
Wholesale Trade	2.8%
Retail Trade	12.3%
Transportation/Utilities	3.7%
Information	1.4%
Finance/Insurance/Real Estate	4.8%
Services	45.7%
Public Administration	3.0%
2016 Employed Population 16+ by Occupation	
Total	98,333
White Collar	53.8%
Management/Business/Financial	10.9%
Professional	17.2%
Sales	10.2%
Administrative Support	15.6%
Services	19.8%
Blue Collar	26.4%
Farming/Forestry/Fishing	0.2%
Construction/Extraction	4.6%
Installation/Maintenance/Repair	3.6%
Production	11.1%
Transportation/Material Moving	6.9%
2010 Population By Urban/ Rural Status	
Total Population	213,378
Population Inside Urbanized Area	100.0%
Population Inside Urbanized Cluster	0.0%
Rural Population	0.0%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A6: Community Profile

Gibbs Planning Group

Community Profile

Warren PTA
Area: 59.44 square miles

Prepared by Gibbs Planning Group

2010 Households by Type	
Total	85,436
Households with 1 Person	30.6%
Households with 2+ People	69.4%
Family Households	64.1%
Husband-wife Families	43.6%
With Related Children	18.6%
Other Family (No Spouse Present)	20.5%
Other Family with Male Householder	5.5%
With Related Children	2.6%
Other Family with Female Householder	15.0%
With Related Children	8.6%
Nonfamily Households	5.3%
All Households with Children	30.2%
Multigenerational Households	4.0%
Unmarried Partner Households	6.5%
Male-female	5.9%
Same-sex	0.5%
2010 Households by Size	
Total	85,436
1 Person Household	30.6%
2 Person Household	30.7%
3 Person Household	16.0%
4 Person Household	12.8%
5 Person Household	6.0%
6 Person Household	2.4%
7 + Person Household	1.4%
2010 Households by Tenure and Mortgage Status	
Total	85,436
Owner Occupied	73.2%
Owned with a Mortgage/Loan	49.5%
Owned Free and Clear	23.7%
Renter Occupied	26.8%
2010 Housing Units By Urban/ Rural Status	
Total Housing Units	92,036
Housing Units Inside Urbanized Area	100.0%
Housing Units Inside Urbanized Cluster	0.0%
Rural Housing Units	0.0%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT A7: Community Profile

Gibbs Planning Group

Community Profile

Warren PTA
Area: 59.44 square miles

Prepared by Gibbs Planning Group

Top 3 Tapestry Segments		
	1.	Traditional Living (12B)
	2.	Rustbelt Traditions (5D)
	3.	Midlife Constants (5E)
2016 Consumer Spending		
Apparel & Services: Total $		$129,146,793
Average Spent		$1,488.96
Spending Potential Index		74
Education: Total $		$89,684,005
Average Spent		$1,033.99
Spending Potential Index		73
Entertainment/Recreation: Total $		$192,328,147
Average Spent		$2,217.40
Spending Potential Index		76
Food at Home: Total $		$337,976,205
Average Spent		$3,896.61
Spending Potential Index		78
Food Away from Home: Total $		$200,881,892
Average Spent		$2,316.02
Spending Potential Index		75
Health Care: Total $		$365,964,881
Average Spent		$4,219.30
Spending Potential Index		80
HH Furnishings & Equipment: Total $		$116,341,607
Average Spent		$1,341.33
Spending Potential Index		76
Personal Care Products & Services: Total $		$47,400,392
Average Spent		$546.49
Spending Potential Index		75
Shelter: Total $		$997,642,366
Average Spent		$11,502.06
Spending Potential Index		74
Support Payments/Cash Contributions/Gifts in Kind: Total $		$159,218,101
Average Spent		$1,835.66
Spending Potential Index		79
Travel: Total $		$118,396,750
Average Spent		$1,365.02
Spending Potential Index		73
Vehicle Maintenance & Repairs: Total $		$69,572,205
Average Spent		$802.11
Spending Potential Index		77

Data Note: Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The

Source: Consumer Spending data are derived from the 2013 and 2014 Consumer Expenditure Surveys, Bureau of Labor Statistics. Esri.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2016 and 2021. Esri converted Census 2000 data into 2010 geography.

Appendix EXHIBIT B1: Business Summary

Gibbs Planning Group

Business Summary

Warren Primary Trade Area
Area: 59.44 square miles

Prepared by Gibbs Planning Group

Data for all businesses in area				
Total Businesses:		7,836		
Total Employees:		135,001		
Total Residential Population:		216,619		
Employee/Residential Population Ratio:		0.62:1		

	Businesses		Employees	
by SIC Codes	Number	Percent	Number	Percent
Agriculture & Mining	137	1.7%	956	0.7%
Construction	622	7.9%	4,309	3.2%
Manufacturing	697	8.9%	20,598	15.3%
Transportation	237	3.0%	6,256	4.6%
Communication	78	1.0%	373	0.3%
Utility	32	0.4%	418	0.3%
Wholesale Trade	480	6.1%	8,444	6.3%
Retail Trade Summary	1,712	21.8%	27,189	20.1%
Home Improvement	133	1.7%	1,743	1.3%
General Merchandise Stores	59	0.8%	1,333	1.0%
Food Stores	161	2.1%	3,103	2.3%
Auto Dealers, Gas Stations, Auto Aftermarket	267	3.4%	6,629	4.9%
Apparel & Accessory Stores	58	0.7%	387	0.3%
Furniture & Home Furnishings	125	1.6%	2,685	2.0%
Eating & Drinking Places	491	6.3%	8,218	6.1%
Miscellaneous Retail	418	5.3%	3,091	2.3%
Finance, Insurance, Real Estate Summary	660	8.4%	20,340	15.1%
Banks, Savings & Lending Institutions	307	3.9%	18,227	13.5%
Securities Brokers	33	0.4%	169	0.1%
Insurance Carriers & Agents	91	1.2%	722	0.5%
Real Estate, Holding, Other Investment Offices	228	2.9%	1,221	0.9%
Services Summary	2,874	36.7%	40,355	29.9%
Hotels & Lodging	36	0.5%	780	0.6%
Automotive Services	385	4.9%	2,027	1.5%
Motion Pictures & Amusements	138	1.8%	1,646	1.2%
Health Services	568	7.2%	10,426	7.7%
Legal Services	88	1.1%	433	0.3%
Education Institutions & Libraries	175	2.2%	7,474	5.5%
Other Services	1,482	18.9%	17,568	13.0%
Government	110	1.4%	5,498	4.1%
Unclassified Establishments	195	2.5%	264	0.2%
Totals	7,836	100.0%	135,001	100.0%

Appendix EXHIBIT B2: Business Summary

Gibbs Planning Group

Business Summary

Warren PTA
Area: 59.44 square miles

Prepared by Gibbs Planning Group

	Businesses		Employees	
by NAICS Codes	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing & Hunting	12	0.2%	81	0.1%
Mining	4	0.1%	19	0.0%
Utilities	3	0.0%	102	0.1%
Construction	660	8.4%	4,505	3.3%
Manufacturing	715	9.1%	20,089	14.9%
Wholesale Trade	479	6.1%	8,441	6.3%
Retail Trade	1,162	14.8%	18,354	13.6%
Motor Vehicle & Parts Dealers	173	2.2%	6,310	4.7%
Furniture & Home Furnishings Stores	46	0.6%	2,066	1.5%
Electronics & Appliance Stores	74	0.9%	524	0.4%
Bldg Material & Garden Equipment & Supplies Dealers	130	1.7%	1,713	1.3%
Food & Beverage Stores	140	1.8%	2,696	2.0%
Health & Personal Care Stores	127	1.6%	1,013	0.8%
Gasoline Stations	94	1.2%	319	0.2%
Clothing & Clothing Accessories Stores	82	1.0%	544	0.4%
Sport Goods, Hobby, Book, & Music Stores	50	0.6%	263	0.2%
General Merchandise Stores	59	0.8%	1,333	1.0%
Miscellaneous Store Retailers	160	2.0%	1,186	0.9%
Nonstore Retailers	27	0.3%	389	0.3%
Transportation & Warehousing	213	2.7%	6,095	4.5%
Information	145	1.9%	1,609	1.2%
Finance & Insurance	435	5.6%	19,245	14.3%
Central Bank/Credit Intermediation & Related Activities	309	3.9%	18,234	13.5%
Securities, Commodity Contracts & Other Financial	33	0.4%	169	0.1%
Insurance Carriers & Related Activities; Funds, Trusts & Other	92	1.2%	842	0.6%
Real Estate, Rental & Leasing	309	3.9%	1,524	1.1%
Professional, Scientific & Tech Services	535	6.8%	6,764	5.0%
Legal Services	101	1.3%	474	0.4%
Management of Companies & Enterprises	7	0.1%	16	0.0%
Administrative & Support & Waste Management & Remediation	364	4.6%	4,637	3.4%
Educational Services	185	2.4%	7,557	5.6%
Health Care & Social Assistance	684	8.7%	13,085	9.7%
Arts, Entertainment & Recreation	101	1.3%	1,475	1.1%
Accommodation & Food Services	550	7.0%	9,352	6.9%
Accommodation	36	0.5%	780	0.6%
Food Services & Drinking Places	514	6.6%	8,571	6.3%
Other Services (except Public Administration)	967	12.3%	6,288	4.7%
Automotive Repair & Maintenance	327	4.2%	1,672	1.2%
Public Administration	110	1.4%	5,498	4.1%
Unclassified Establishments	195	2.5%	264	0.2%
Total	7,836	100.0%	135,001	100.0%

Gibbs
Planning Group

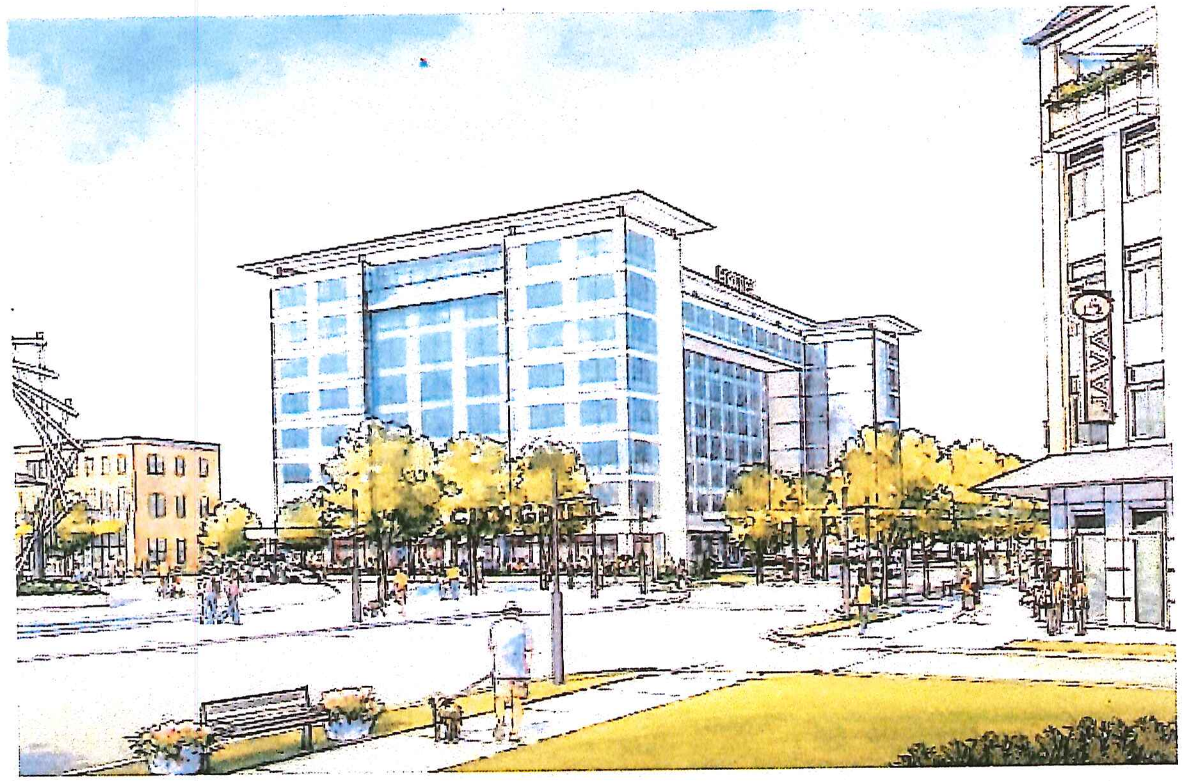
Robert Gibbs, ASLA, AICP

Robert Gibbs is a professional planner, landscape architect, new urbanist and real estate advisor.

- Founder and Director Gibbs Planning Group
- Teaches at Harvard's Architecture School 25 years +
- Named 100 most influential Planners of Century
- Consulted on over 1000 Cities & Developments
- Consulted in all 50 States
- Australia, Asia, Europe, South America, Russia, New Zealand
- Consulted for Auckland, Birmingham, Charleston, Grosse Pointe, Palm Beach, Portland, Seattle
- Planned the Village of Rochester Town Center
- Authored: Principles of Urban Retail Planning
- Co-Authored 10 Planning Books
- Presently Consulting in Naples, Mexico & Poland
- Advisor to Dan Gilbert - Bedrock
- Honored by Clinton Presidential Library
- Featured in Boston Globe, NY Times, Wall Street Journal
- Graduate Oakland University & University Michigan
- Named 2012 Distinguished Alumni Oakland University
- Registered Landscape Architect
- Professional Planner
- Presently completing his second master plan for Birmingham
- Hosts Michigan Planning Today Cable Show
- Celebrating 40th Anniversary with Elizabeth
- Resides in Bloomfield, Michigan

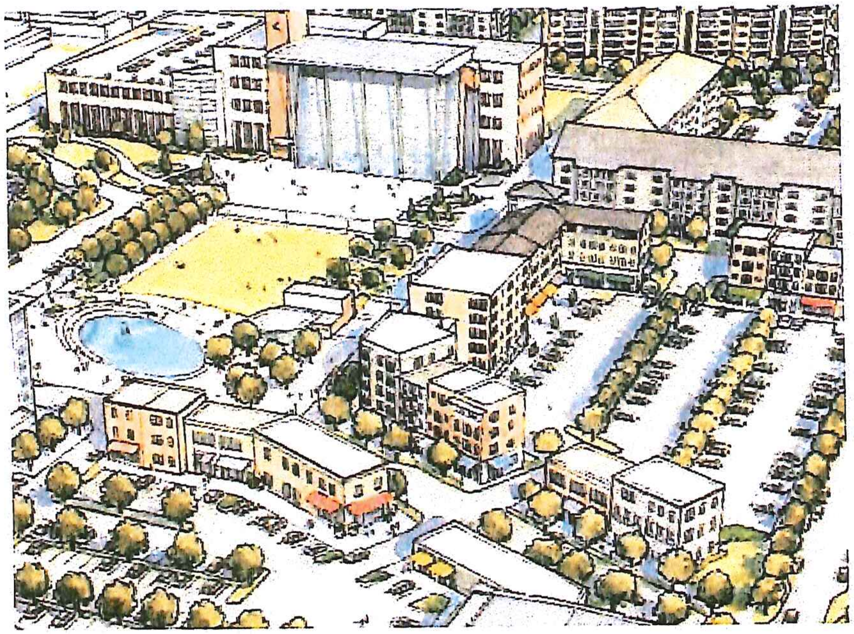
Warren Town Center
Master Plan

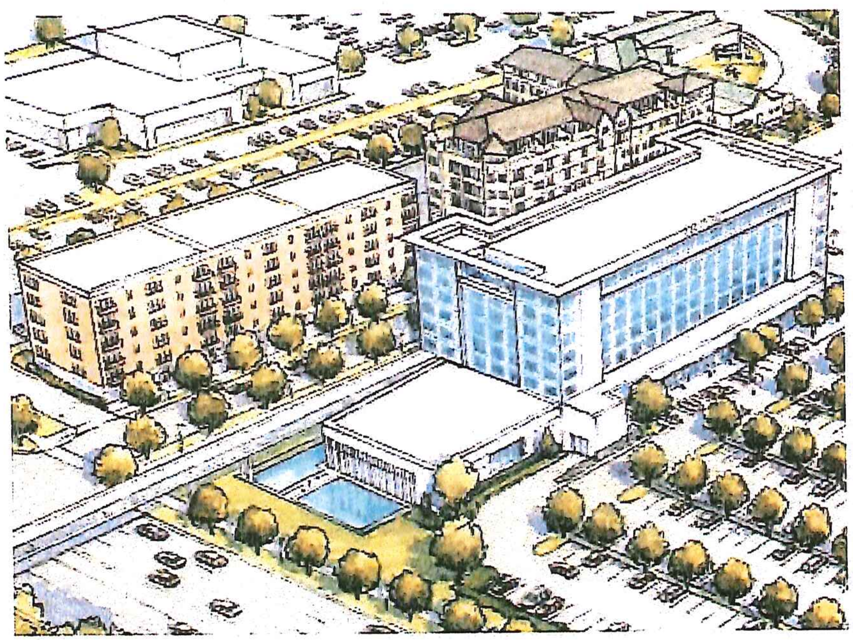
Warren, Michigan



Prepared By:
Gibbs Planning Group
Birmingham, Michigan

May 2017





Master Plan Overview

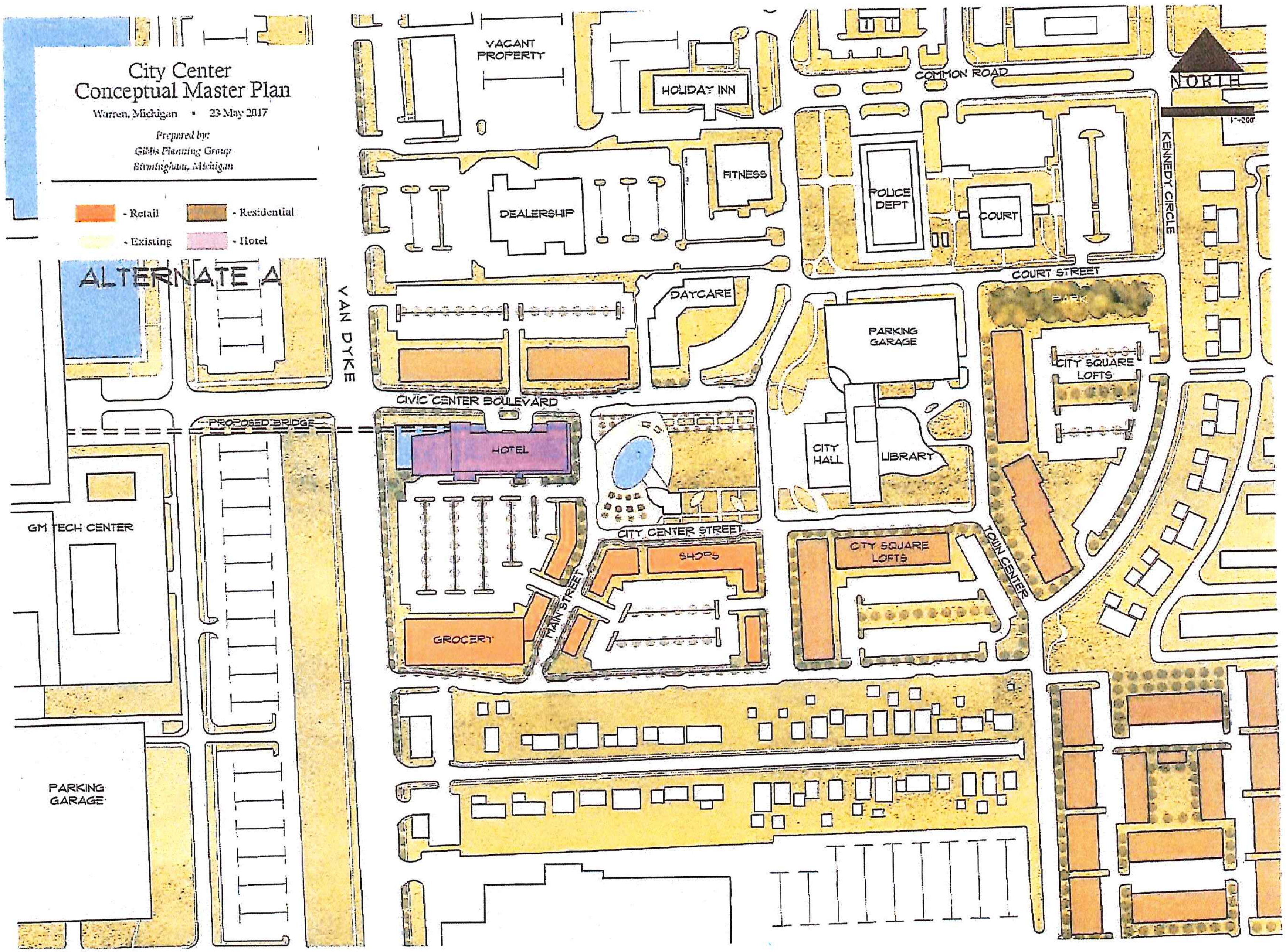
The proposed Warren Town Center was planned by Gibbs Planning Group to provide a new, attainable vision for a walkable, mixed-use urban center on the city-owned Civic Campus. The plan combines the community's desires for a centrally located hotel and grocery store with the demand for new multi-family housing in a market-based reality that positions the City of Warren to appeal to developers and remain competitive among area peers.

The Civic Campus was originally planned in the late 1960s as the adjacent GM Technical Center brought thousands of good paying jobs to the Warren economy. However, the plan failed to foster the creation of an urban center and the resulting development was disjointed and fell short of the potential for such a well-located site. Two updates to the plan were created in the 90s and 2000s that leveraged city-owned parcels to create the urban center desired by so many Warren residents and workers. Ambitious in nature, economic forces and the Great Recession ultimately rendered the previous plans unrealistic despite significant infrastructure investment by the City. Now, with more enabling economic conditions and emerging trends in urban development towards walkable, mixed-use town centers, the City is motivated to advance a master plan that spurs desired economic development and improves the quality of life for Warren residents.

Central to the Warren Town Center is a new eight-story hotel at the intersection of Van Dyke and Civic Center Boulevard. Given notable amounts of business travel generated by the GM Tech Center and the numerous suppliers and vendors associated with the automotive industry based in Warren, and the lack of suitable business accommodations outside of downtown Detroit and Troy, there is believed to be a considerable demand for new hotel rooms in the market. Adjacent the hotel would be a new full-service grocery store. With the amount of traffic on Van Dyke and a void in the mid- to high-end grocery market, there is a strong desire in the community for a quality grocer to add diversity to the local supply. These two uses require direct visibility from Van Dyke, but also have differing usage patterns that provide the opportunity for shared parking that can limit the amount surface parking lots in the plan. The hotel is proposed to have a connection with the GM Tech Center via an above ground walkway spanning over Van Dyke.

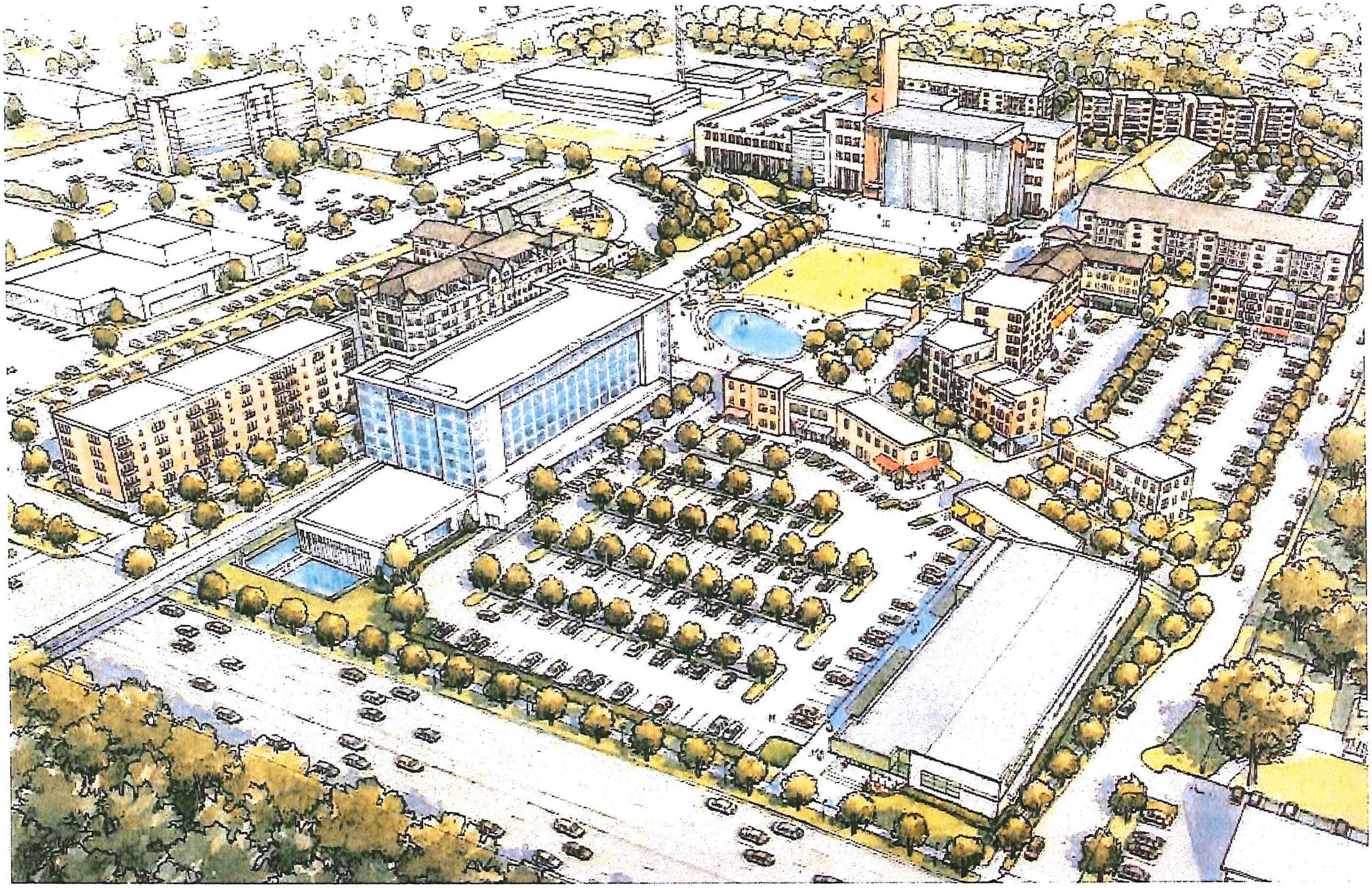
A town center anchored by a grocery store and hotel creates a desirable environment for small- to mid-sized retailers to flourish as well as to attract new residents who want to be able to walk to nearby urban amenities. As such, the block to the north of the hotel is populated with two multi-family residential buildings with ground floor retail. Similarly, to the east of the grocery, inline retail buildings create a walkable Main Street adjacent to the central square. These buildings may have office or residential on the upper floors, adding the mixture of uses on the site.

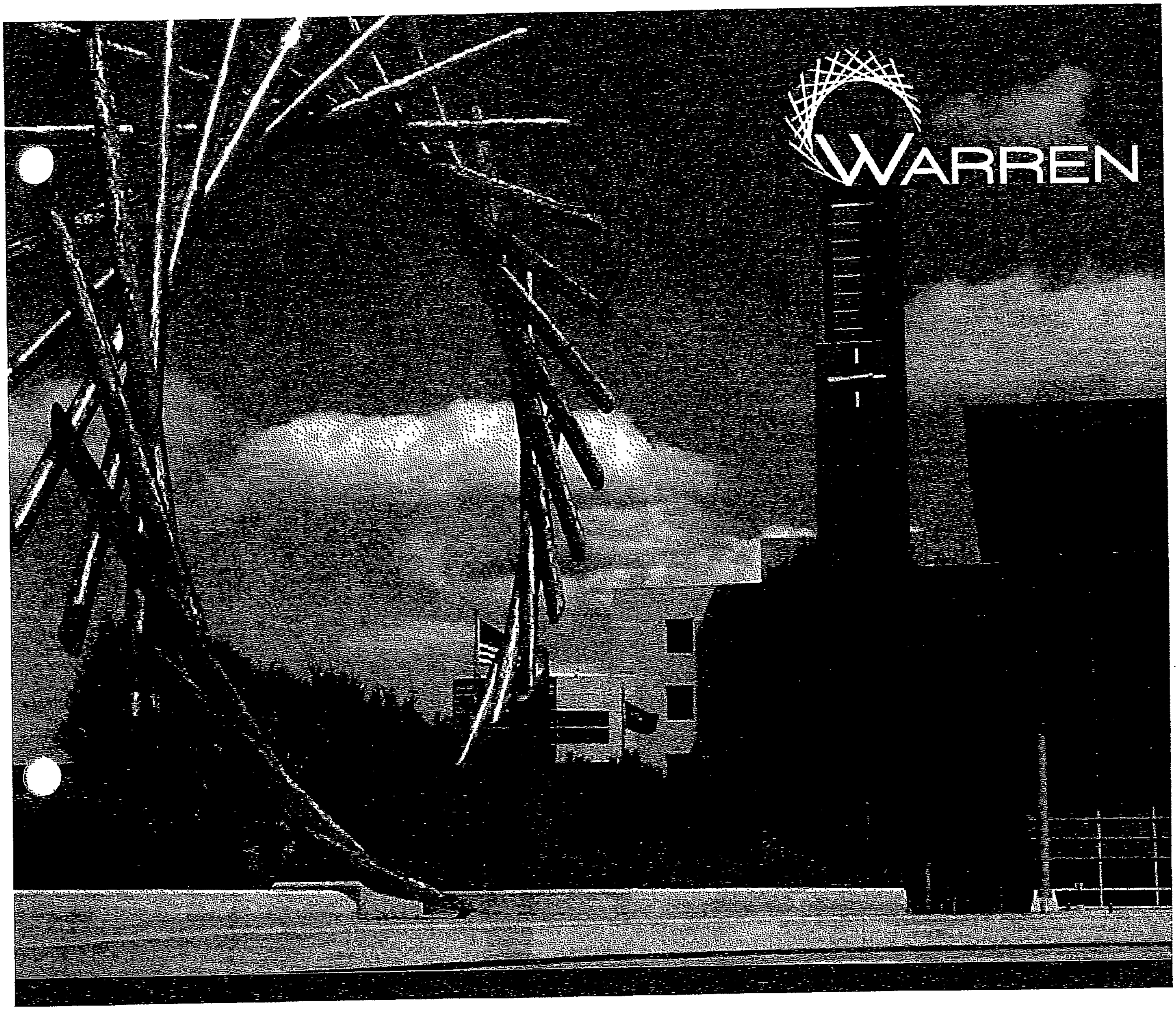
Overall, the plan could include a 200+ room hotel, 400 to 500 new residential units (including 200 units proposed by City Square Lofts project) and 60,000 to 80,000 square feet of new retail. Except for the existing Chase Bank, which would move from its current location into one of the proposed buildings, all other existing building are expected to remain in their current form as is the central square.



Warren Town Center Master Plan


HOTEL
JAVA





March 13, 2018

DRAFT

Statement of Qualifications

SOQ-W-9693

Warren Towne Center | Mixed Use Development Opportunity

plante moran CRESA
REAL ESTATE CONSULTANTS

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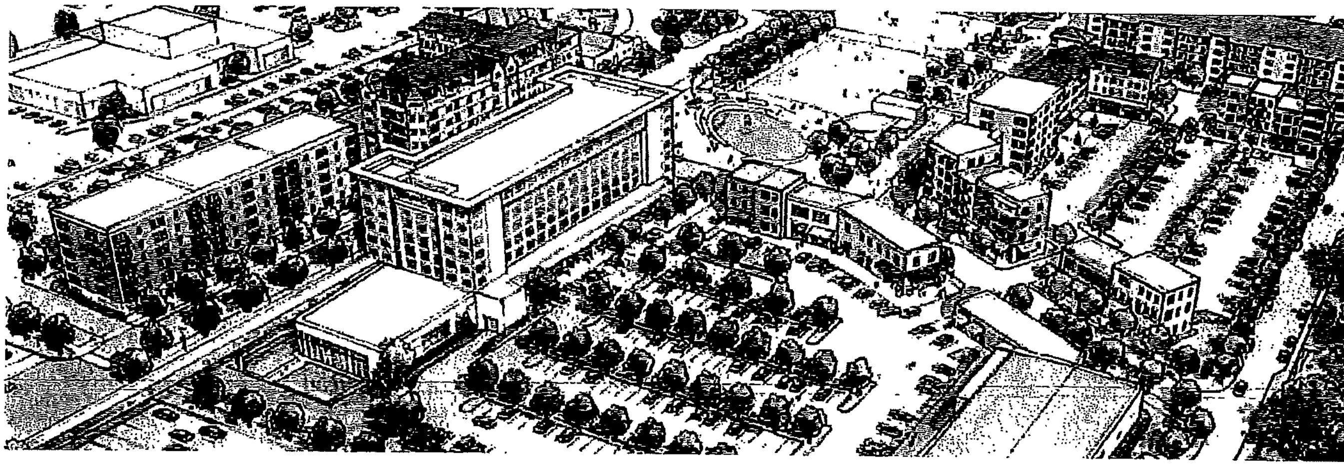
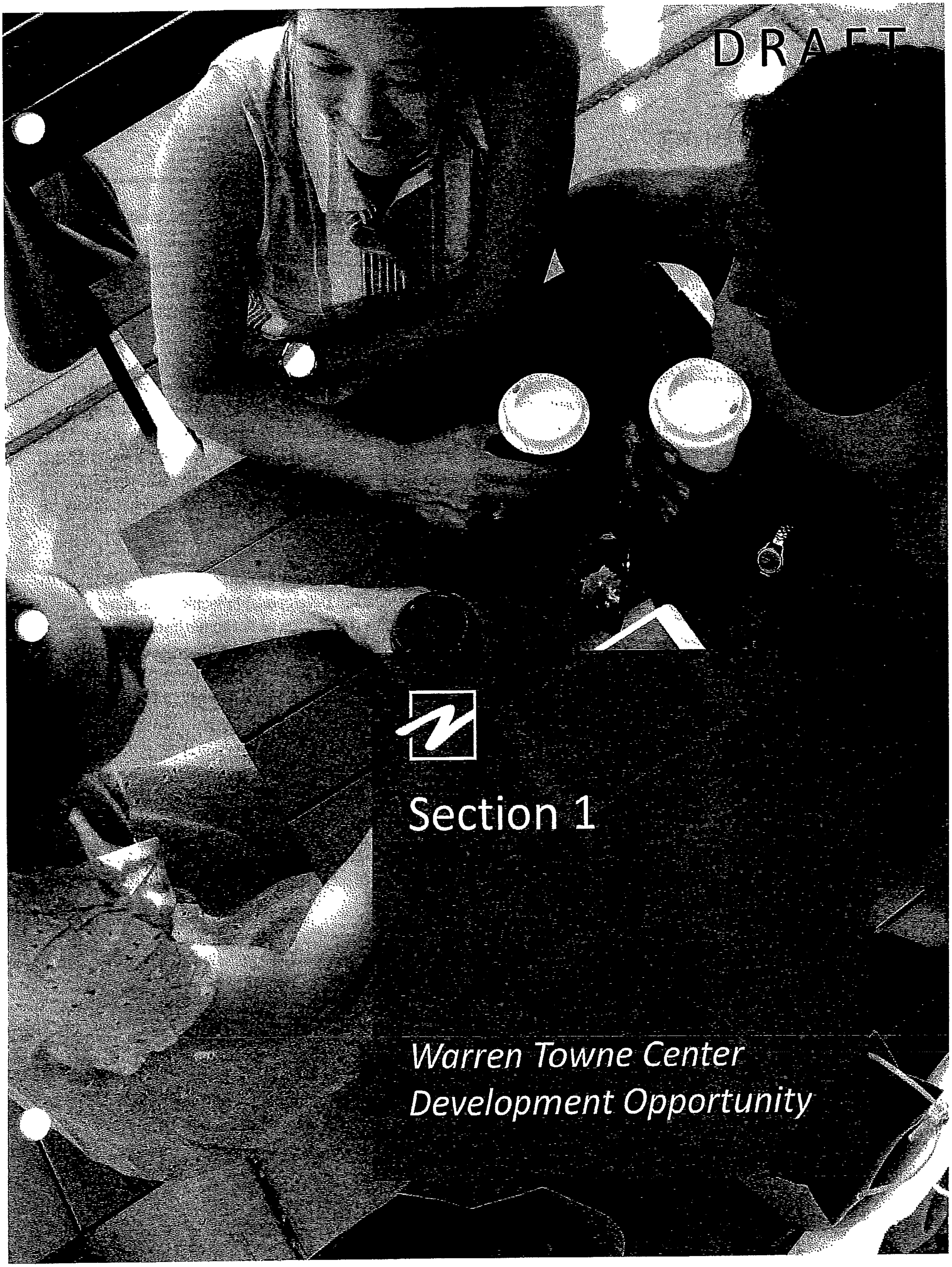


March 13, 2018

Statement of Qualifications

Warren Towne Center

Mixed Use Development Opportunity



Section 1

Warren Towne Center Development Opportunity

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Welcome

Thank you for your interest in this Statement of Qualifications (SOQ) for the proposed Warren Towne Center, a walkable mixed use development to be built on City of Warren Downtown Development Authority ("DDA") owned property and envisioned by the DDA and City of Warren ("City") to include a hotel, retail and residential uses ("Project"). The Project benefits from the oversite of the DDA. The conceptual plan for the Project is organized around the City Square and integrated with the existing City Hall and Library, all of which sit across from the General Motors Global Technical Center, the 710 acre campus housing over 25,000 GM employees focused on design and engineering.

The intent of this SOQ is to provide the Project parameters and program as contemplated by the DDA and to solicit interest and qualifications from the real estate development community to implement the vision as conceptualized in Exhibit B. After reviewing the SOQ's submitted, the DDA may ask one or more respondents to participate in an interview process in order for the DDA to better understand the scope of the proposals submitted. Subsequently, the DDA may engage with a respondent(s) (the "Developer"), in an Exclusivity Agreement and a Development Agreement to move forward with the Project. The DDA anticipates the selection of a Developer(s) who will lead a team qualified to entitle, finance, design, construct and manage all or a part of the Project, subject to the discretion of the DDA.

The DDA is interested in a high quality development that contributes to the quality of life for its citizens and is in close alignment with its vision. The City and DDA expect to work closely with the selected Developer(s) to facilitate required governmental permits and entitlements. Additionally, while the DDA would like to minimize its economic involvement, consideration will be given to well justified and documented requests by the Developer(s) for economic assistance. The DDA expects the selected Developer(s) will enter into a comprehensive agreement ("Development Agreement") with the DDA that details the terms and conditions under which the DDA and Developer(s) will endeavor to bring the Project, or portion thereof, to fruition.

This SOQ and the SOQ Collaboration Site provides instructions on the SOQ process as well as supporting material. The table of contents delineates all of the information available.

Please note that the proposal is due no later than **Wednesday, May 30 2018 at 12:30 PM, ET** and must include all items listed in Section 2, SOQ REQUIREMENTS. Additionally, please follow all directions outlined in the SOQ PROCESS – SUMMARY & TIMELINE segment of Section 2.

No contact should be made directly with any representatives of the City or DDA. All communication, including any questions pertaining to the SOQ, or document clarification requests shall be made by email and directed through:

Jessica Zanetti, Administrative Assistant
Email: jessica.zanetti@plantemoran.com

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Disclaimer

This is a confidential SOQ which is intended solely for the limited use of interested parties in determining their level of interest in the Project. This package was prepared by Plante Moran Cresa ("PMC"), on behalf of, the City of Warren DDA. It contains select basic profile information pertaining to the Property and Project and does not purport to be all-inclusive or contain all of the information that interested parties may desire. Any market analysis projections and property development scenarios and plans are provided for general reference purposes only and, therefore, are subject to material variation.

Additional information, documentation and an opportunity to inspect the Property may be made available to qualified parties. The DDA and PMC expect that the SOQ recipient will independently evaluate the Property and improvements and acknowledge that any information, whether written or oral, including but not limited to, any information in the form of maps, surveys, plats, soil reports, engineering studies, zoning studies, environmental studies, inspection reports, plans, specifications or similar materials pertaining to the Property and the improvements situated thereon, any and all records or other documents pertaining to the use and occupancy of the Property, the cost and expense of maintenance, operation, or development thereof, and any and all other matters concerning the condition, suitability, integrity, marketability, compliance with the law, or other attributes or aspects of the Property and improvements thereon, are being furnished solely as a courtesy in order to facilitate the examination and investigation of the Property and that DDA and PMC have not verified the accuracy of any statements or other information therein contained nor the qualifications of the persons preparing such information.

DDA and PMC disclaim any and all responsibility related to the foregoing and such information provided shall not be deemed to constitute a representation or warranty of the DDA or PMC with respect to the accuracy, authenticity, completeness or applicability of the contents thereof, nor shall DDA or PMC be liable for any errors, omissions or inaccuracies therein and no legal commitments or obligations shall arise by reason of this SOQ or any future documents or information provided. None of the evaluation materials furnished will be used in any way that is detrimental to DDA or PMC or for any purpose other than evaluating the SOQ recipient's interest in the Property.

DDA and PMC each hereby reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. The DDA and PMC shall have the right to amend this SOQ by addendum. The DDA and PMC accept no financial responsibility for any costs incurred by interested parties during the SOQ process. All submittals become the property of the DDA and may be used as deemed appropriate, except those items agreed to be confidential and appropriately marked or protected. The DDA shall have no legal commitment or obligation to any entity reviewing this SOQ or any evaluation material, unless and until, a written agreement relating to Property has been fully executed, delivered and approved by DDA and its legal counsel and any condition to DDA's obligations thereunder have been satisfied or waived. The SOQ recipient hereby acknowledges and agrees that neither DDA nor PMC shall be liable for any brokerage commissions or finder's fees should it engage any third-party in identifying the Property, analyzing or negotiating the conveyance of the Property.

In this SOQ, certain documents are described in summary form. The summaries do not purport to be complete, nor necessarily accurate descriptions of the full documents involved, nor do they purport to constitute a legal analysis of the provisions of the documents. Interested Parties are expected to independently review all such documents. Photocopying or other duplication is not authorized.

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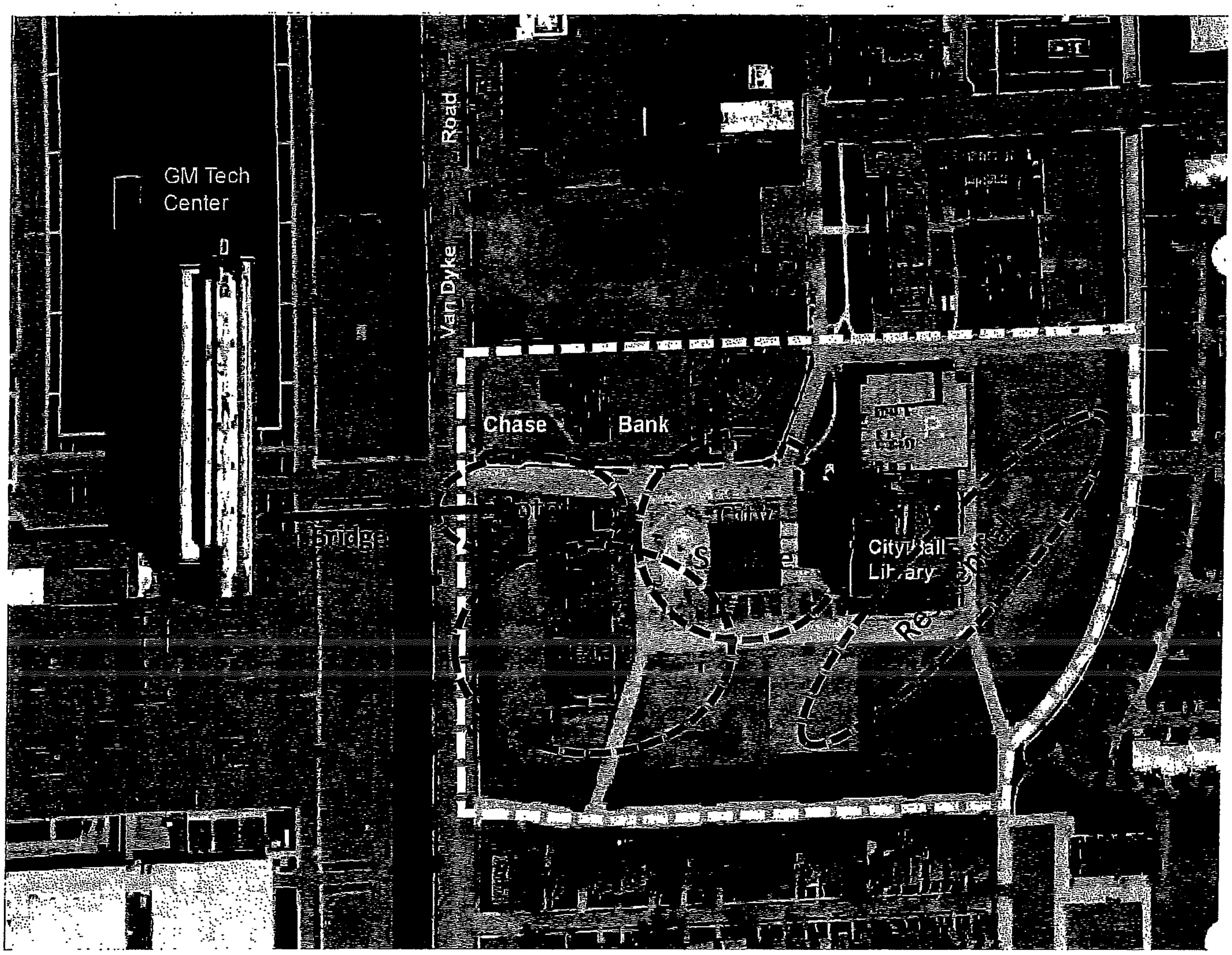
Property Summary

Overview

The Property is situated along Van Dyke Road between Twelve Mile Road and Thirteen Mile Road in Warren, Michigan. Consisting of approximately 16 acres, the Property is owned by the City and on the civic campus, which has been improved and developed with government offices and amenities for residents including a library, fitness facilities, a farmer's market, community center, splash pad, and open green space. The Property has been concept planned for the desired uses and the City will facilitate and expedite entitlements and zoning modifications requisite to implement an agreed upon plan. Underground utilities are on site and collector roads installed.



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Property Summary Continued

Location and Market

Warren, Michigan is home to approximately 135,000 residents with a median age of 39.4 years. Warren is the third most populated City in the State of Michigan and the largest City in Macomb County. The City is economically diverse with median household incomes of approximately $45,000 and several major employment centers within the City limits. The Property is located along a major commercial corridor within the City, with approximately 24,000 - 27,000 cars passing by each day, according to SEMCOG data.

Of particular note is the Property's location directly across from the General Motors Global Technical Center – the headquarters for GM's design and engineering personnel.. This 710 acre research and development campus includes 38 buildings and is home to 25,000 - 30,000 employees at a given time. The campus is currently undergoing a new wave of investment including a $1 billion, 360,000 square foot expansion that will include new alternative energy, vehicle engineering, and pre-production facilities. General Motors has expressed its commitment to this project and has committed funds to aid with certain aspects of the infrastructure development for the project.

In addition to General Motors, the U.S. Army Tank-automotive and Armaments global Command center (TACOM) houses approximately 3,500 employees in a facility located approximately 2.5 miles from the Property. TACOM is a research based military facility dedicated to developing new battlefield technologies, mobility, and logistics solutions for the army.

Finally, Fiat Chrysler recently announced the relocation of a manufacturing facility from Mexico to a location approximately 4.5 miles from the Property. This relocation will result in approximately 2,500 new jobs and $1 billion of new investment. See Exhibit E for additional demographic and economic data.

Infrastructure

The DDA is committed to facilitating this project for the enhancement of the community and the local economy. Accordingly, the DDA will consider mitigating the costs of the infrastructure improvements necessary to deliver "pad ready" development sites. The specifics therein shall be negotiated once a Developer(s) has been selected, but may include costs and fees relating to water/sewer, roadways, hardscape, storm detention, lighting, and other utilities. Respondents should consider this when developing their proposed deal structure and economics and provide justification for any requests.

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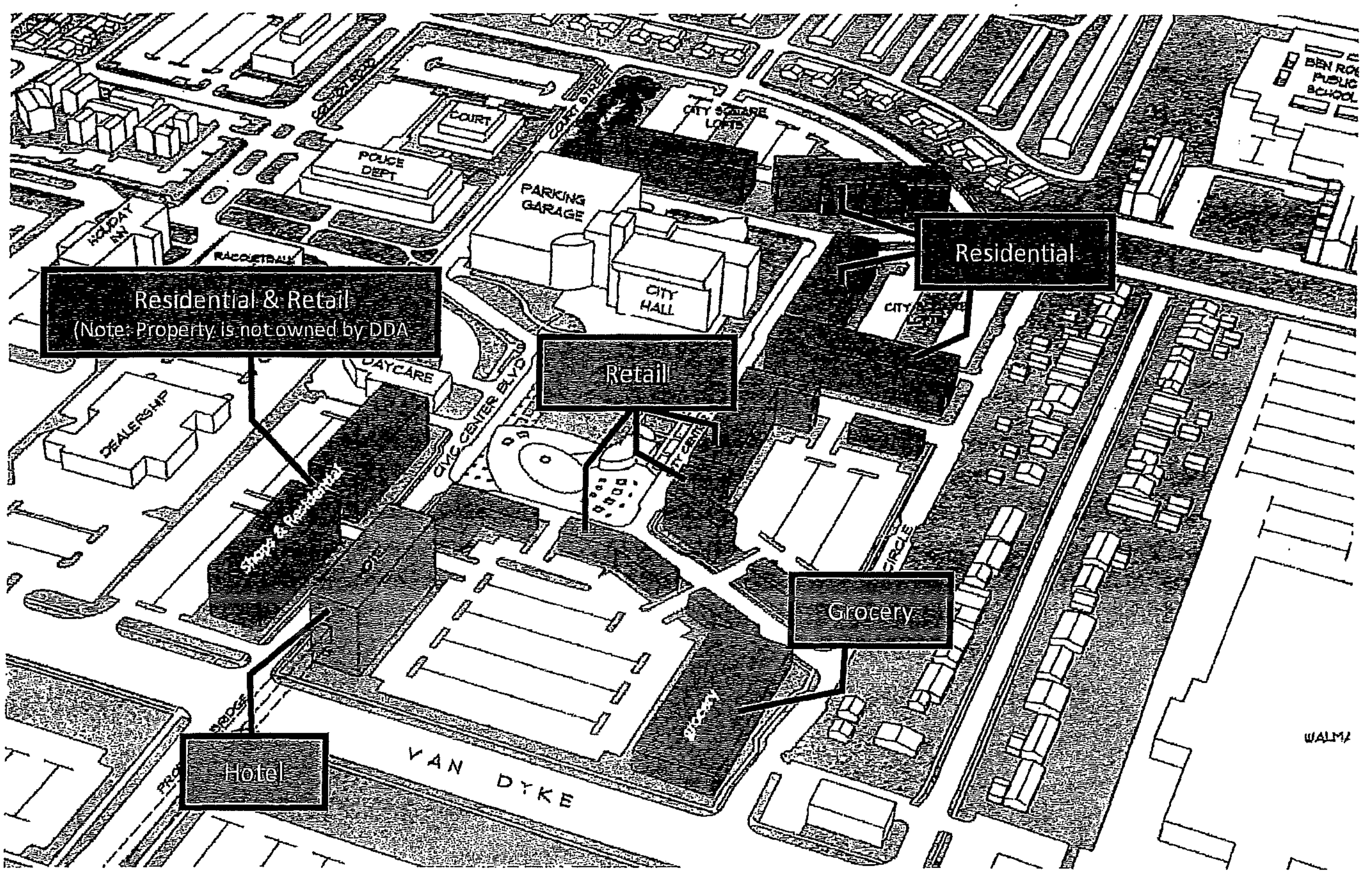
Proposed Uses

Background

In 2017, the DDA engaged with Gibbs Planning Group to provide a new, attainable vision for a walkable, mixed-use urban center within the civic campus. In conjunction with Gibbs, the DDA established this concept plan to include a mixture of hotel, retail, and multifamily use. The intent of the plan is to create a cohesive, walkable environment that may be utilized by residents, workers, and visitors alike, and it is anticipated that a pedestrian bridge will be constructed across Van Dyke to connect the campus to the GM Tech Center. The cost of this pedestrian bridge is not expected to be borne by the Developer(s).

Overall, it is anticipated that the plan could accommodate an upscale hotel, 400-500 new residential units, and 60,000 - 80,000 square feet of retail development. ***It is important to note that the DDA has committed to this plan and general layout. All respondents should keep this in mind when preparing their materials and proposals.***



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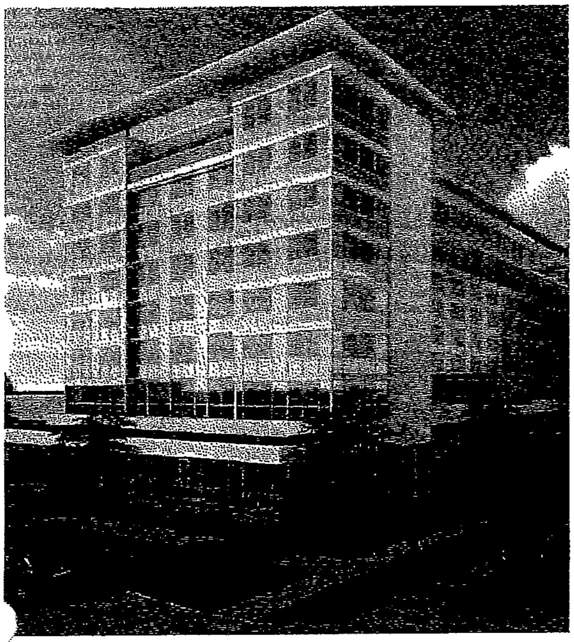
Proposed Uses



Hotel

Central to the development is a conceptual eight story (or similar), 175-200 room hotel at the intersection of Van Dyke and Civic Center Boulevard. The DDA believes that the presence of the GM Technical Center, among other major local employers, will drive sufficient demand for room nights for a hotel of this size and quality. In fact, GM alone generates up to 15,000 full service hotel room nights alone for its employees traveling to the Tech Center. This is not inclusive of vendors or other non-GM employees traveling to the site. A suitable, full service hotel with a national flag would capture room nights currently being absorbed by hotels in other surrounding suburban office markets with better hotel alternatives than currently exist in the City.

The DDA envisions a full service hotel with a nationally recognized "flag", such as Marriott (Starwood), Hilton, or Hyatt. While the specific programming, including the number of rooms, should be developed and vetted by the respondent, it should include meeting space for up to 300 people, a fitness center, 3 meal restaurant/bar space, a rooftop bar/lounge and a sufficient level of amenities to be attractive to a business traveler.

DRAFT

Proposed Uses Continued

Retail

To the south of the hotel, the plan contemplates a premium grocery anchored town center retail component. The grocery anchor is anticipated to be a local or regional, high quality brand that can serve as a catalyst for smaller inline retailers to locate along the balance of the retail corridor.

The inline retail component is expected to be a walkable, "Main Street" style development designed to encourage pedestrian traffic and to foster cohesion with other uses on the site. Additionally, the retail buildings may also include residential or office space located on upper floors.

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Proposed Uses Continued

2016 Supportable Retailers & Restaurants*

Retail Category	Estimated Supportable SF	2016 Sales/SF	2016 Estimated Retail Sales	2021 Sales/SF	2021 Estimated Retail Sales	No. of Stores
Retailers						
Apparel Stores	4,160	$270	$1123200	$285	$1,185,600	2-3
Book & Music Stores	1,740	$225	$391,500	$235	$408,900	1
Department Store Merchandise	3,670	$245	$899,150	$255	$935,850	1
Electronics & Appliance Stores	2,190	$325	$711,750	$340	$744,600	1
Florists	890	$245	$218,050	$255	$226,950	1
General Merchandise Stores	7,780	$285	$2,217,300	$300	$2,334,000	1-2
Grocery Stores	19,070	$430	$8,200,100	$450	$8,581,500	1
Jewelry Stores	1,040	$380	$395,200	$400	$416,000	1
Miscellaneous Store Retailers	4,350	$275	$1,196,250	$290	$1,261,500	2-3
Office Suppliers & Gift Stores	2,040	$270	$550,800	$285	$581,400	1
Shoe Stores	1,380	$310	$427,800	$325	$448,500	1
Sporting Goods & Hobby Stores	3,380	$260	$878,800	$275	$929,500	1-2
Retailer Totals	51,690	$293	$17,209,900	$308	$18,054,300	14-18
Restaurants						
Bars, Breweries, & Pubs	3,240	$325	$1,053,000	$340	$1,101,600	1-2
Full-Service Restaurants	6,670	$350	$2,334,500	$370	$2,467,900	1-3
Limited-Service Eating Places	6,900	$340	$2,346,000	$355	$2,449,500	2-4
Special Food Services	4,660	$320	$1,491,200	$335	$1,561,100	2-3
Restaurant Totals	21,470	$334	$7,224,700	$350	$7,580,100	6-12
Retailer & Restaurant Totals	73,160	$303	$24,434,600	$318	$25,634,400	20-30

*The above table has been extracted from the Retail Market Study found in Exhibit C

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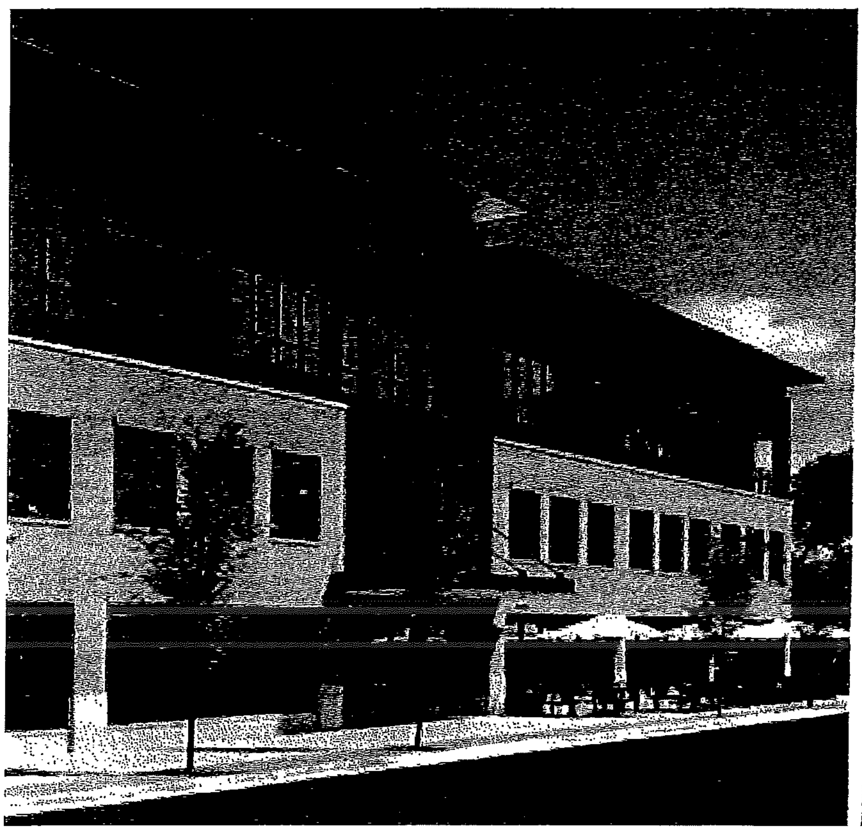
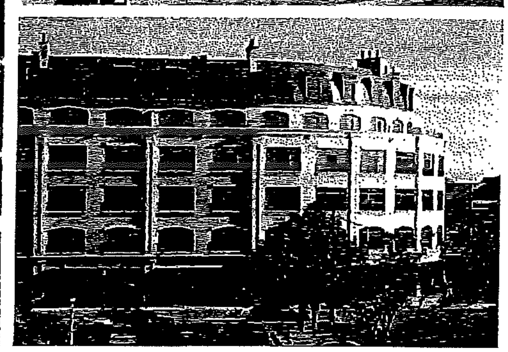
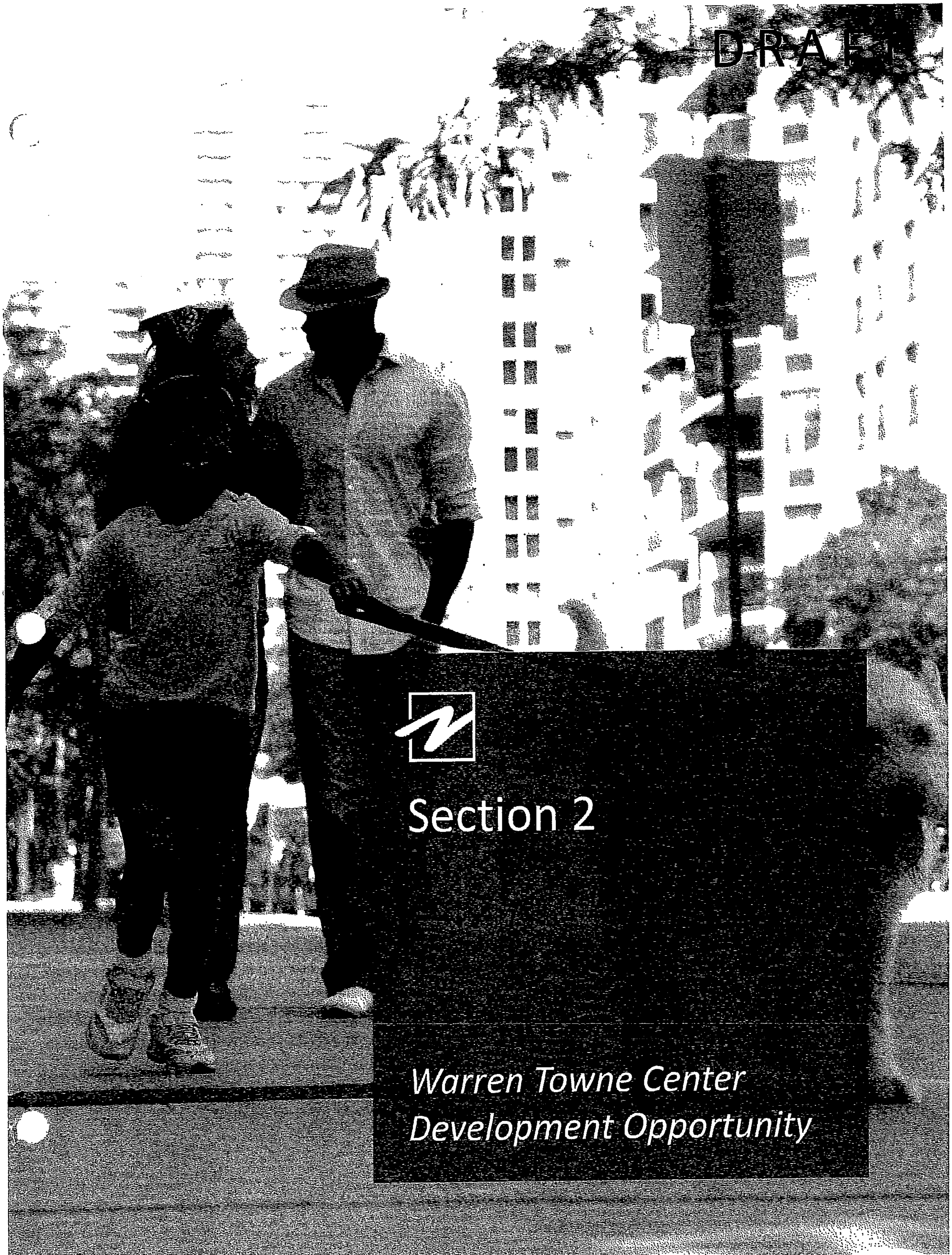
Proposed Uses Continued

Residential

The residential component of the plan is envisioned to include several hundred residential units for sale or rent. The plan shows conceptual mixed use buildings to the north of the hotel pad on property currently occupied by Chase Bank and not owned or controlled by the DDA. Chase Bank, a valued member of the community, is aware and supportive of the DDA's plan. The DDA will consider the integration of the property into the Project, subject to the interests of Chase Bank or evidence the property is otherwise under control. A variety of additional multifamily buildings of varying types are depicted to the east of the retail corridor. The residential development should be high quality and market driven, however the DDA is open to considering different types of housing and development configurations. As mentioned above, the option exists for there to be residential uses above the proposed ground floor retail.







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Section 2

Warren Towne Center Development Opportunity

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SOQ Process Summary & Timeline

Issue Statement of Qualifications:	Monday, April 9, 2018
Site Visit/Tour/Q and A:	Tuesday, April 24, 2018 at 9 AM, ET First Floor Conference Room, Warren City Hall 1 City Square, Warren MI 48093
Deadline for Questions:	Monday, April 30th, 2018 at 3 PM, ET
Responses to Questions Provided Via Addendum:	Monday, May 7th, 2018
Proposals Due:	Wednesday, May 30, 2018 at 12:30 PM, ET City of Warren, Division of Purchasing One City Square, 4th floor Warren, MI 48093
Selection and Notification of the "Finalists"	TBD if necessary
Interview of Finalists	TBD if necessary
Notification of Developer(s)	TBD

The date and time of a tour of the Property, which will include a discussion of the overall vision for the property and opportunity for questions regarding the SOQ and Project/Property, are as noted above. Should it be necessary, PMC reserves the right to change and/or add additional tour dates and send notification of the new time to the SOQ recipients.

After reviewing the SOQ's submitted, the DDA may ask one or more respondents to participate in an interview process in order for the DDA to better understand the scope of the proposals submitted. Subsequently, the DDA may engage with a respondent(s) (the "Developer"), in an Exclusivity Agreement and a Development Agreement to move forward with the Project. The DDA anticipates the selection of a Developer(s) who will lead a team qualified to entitle, finance, design, construct and manage all or a part of the Project, subject to the discretion of the DDA.

All respondents to this SOQ are subject to instructions communicated in this document, and are cautioned to completely review the entire SOQ and follow instructions carefully. Responses to the SOQ will be reviewed in detail, and the respondents deemed to be the most qualified in the disciplines involved, and meeting the minimum requirements of the SOQ, may be invited to make an oral presentation to the DDA, and may be asked to submit supplemental material intended to substantiate or clarify information submitted in the original SOQ response. The DDA reserves the right to accept or reject any responses in the best interest of the DDA. The awarded Developer(s) will have a demonstrated track-record of providing development services of similar size and scope for clients similar to the City of Warren. It is assumed that no parties have engaged a broker for this transaction. The Developer(s) will be responsible for paying their own broker fees, as required.

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SOQ Process Summary & Timeline Continued

1. Proposals should include all information listed in the SOQ Requirements, Section 2 herein.

2. Submit one (1) original in an envelope and also submit two (2) additional copies along with one (1) complete RFP on a USB Flash Drive in a separate sealed container – do not submit original and copies in same container.

3. **SEALED PROPOSALS <u>MUST BE DELIVERED TO THE DIVISION OF PURCHASING,</u>**

CITY OF WARREN,
ONE CITY SQUARE, 4TH FLOOR
WARREN, MI 48093-5289,

<u>ON, OR BEFORE, 12:30 PM, WEDNESDAY, MAY 30, 2018</u>

PROPOSALS SHOULD BE MARKED

"SOQ-W-9693 Developer(s) OF WARREN TOWNE CENTER

SOQs received after 12:30 pm of the date they are due will not be accepted or will be marked late, and retained unopened. SOQs will be transported to the Auditorium, Warren Community Center, 5460 Arden, Warren, MI after the Purchasing Department has registered and sorted the Statements. They will be opened at 1:00 pm.

4. All contact regarding the property shall be with Plante Moran Cresa via email as directed below. No contact should be made directly with any representatives of the City or DDA.

5. All communication, including questions related to the SOQ or document clarification requests shall be made by email and directed through the below. The DDA of Warren will not respond to questions submitted after the aforementioned Deadline for Questions.

Jessica Zanetti, Administrative Assistant
Email: Jessica.Zanetti@plantemoran.com

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SOQ Process Summary & Timeline Continued

IMPORTANT- A RESTRICTION OF COMMUNICATION IS IN EFFECT FOR THIS PROJECT.

6. From the time of advertisement of this SOQ solicitation, through proposal evaluation until final award is made to a successful Finalist and such award is announced, interested respondents are not allowed or permitted to communicate about this SOQ solicitation or scope with any staff or any official representatives of Warren or their consultants involved in this procurement, except for submission of questions as instructed in the SOQ, or as provided by any existing work agreement(s). Respondents are restricted from making public statements or press releases about their selection as Finalists or their apparent award. For violation of this restriction, Warren reserves the right to reject the submittal of the offending respondent.

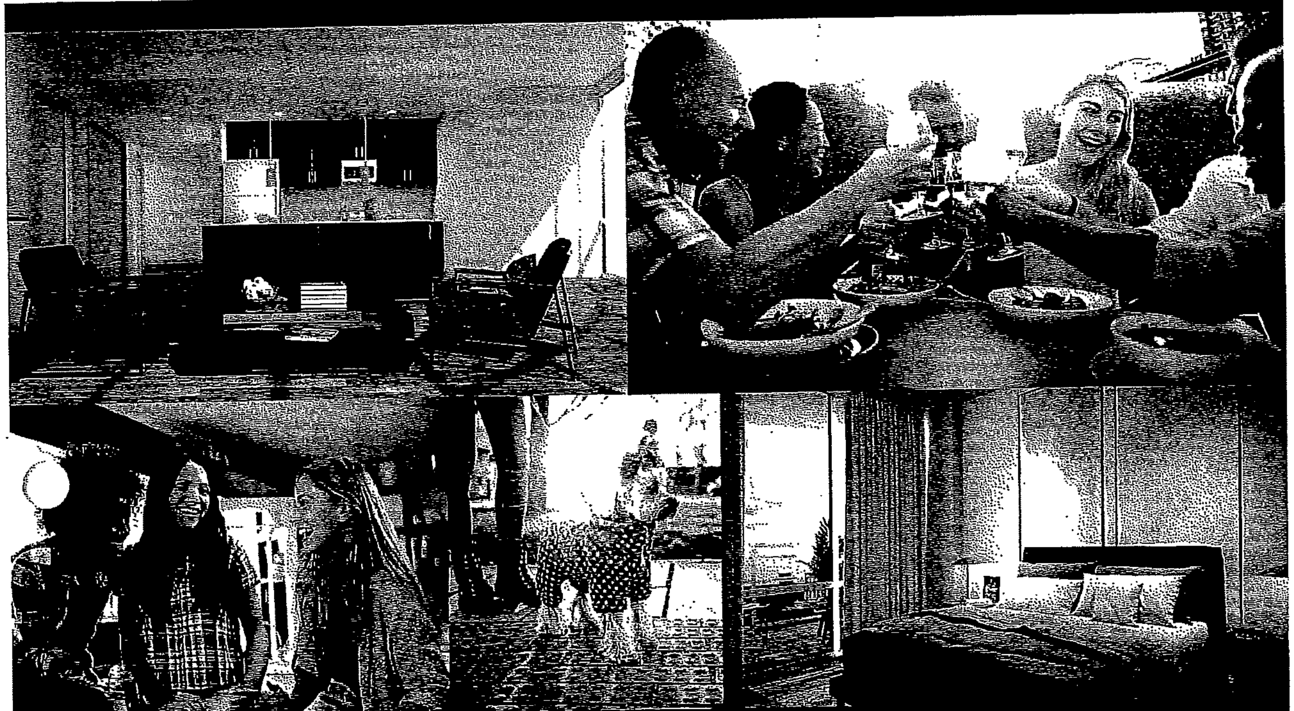
7. All respondents to this SOQ are subject to instructions communicated in this document, and are cautioned to completely review the entire SOQ and follow instructions carefully. The DDA retains the right to reject any or all statements of qualifications or subsequent submittals and/or proposals, and to waive technicalities, irregularities, and informalities, and retains the right to cancel or conclude this SOQ at any time without selecting a firm to provide the described services, without any liability to any respondents, or any other person or entity, and is under no obligation to make an award relating to this SOQ to any person or entity.

The DDA is requesting that respondents list the question in the order that they appear and submit the responses directly under each question. Failure to list the question followed by a response may result in the SOQ response not being clearly understood and considered.

The respondents written response to the SOQ Requirements will provide the basis for the DDA's evaluation and guide selection of Finalists and the Developer(s). The DDA anticipates the selection of a Developer(s) who will lead a team qualified to entitle, finance, design, construct and manage all or a part of the Project, subject to the discretion of the DDA. Relevant experience, demonstrated financial wherewithal, proposed economics and proposal details, amongst other criteria subject to the discretion of the DDA, will be carefully considered.

FLAHERTY & COLLINS
PROPERTIES

Statement of Qualifications
SOQ-W-9693 of WARREN TOWNE CENTER



Presented to:
City of Warren
One City Square, 4th Floor
Warren, MI 48093

For More Information Contact:

Julie Collier
Vice President, Development
Flaherty & Collins Properties
jcollier@flco.com
317.816.9300

Brian Prince
Vice President, Development
Flaherty & Collins Properties
bprince@flco.com
317.816.9300

May 29, 2018

City of Warrren
One City Square, 4th Floor
Warren, MI 48093

RE: SOQ-W-9693 Developer(s) of WARREN TOWNE CENTER

Flaherty & Collins Properties (F&C) is pleased to submit our statement of qualifications for the Warren Towne Center development opportunity. We look forward to the opportunity to work with the City of Warren, Michigan to partner on this exciting Project.

We believe our extensive experience and proven track record make us the best and most uniquely qualified developer to undertake this exciting development. If selected, F&C commits to deliver a first-class, high-quality, innovative mixed-use development in a timely and efficient manner. We are committed to proposing on the entire site, however we believe that our time would be best spent having some up-front discussions with the City about the current market and the subsidy that would be needed to make this project financially feasible.

We believe this project is only viable with City participation. From our standpoint, we offer surety of execution and our open book approach allows us show you our financial proformas and work with you to make the project financially viable. If we can reach an agreement to make the project economically feasible, we will deliver on our end to deliver a high-quality project. Our "open book" approach to our development process is integral to our success as public-private infill developers, and we would welcome the City of Warren to ask any of our current or previous government partners how we are to work with as project partners.

F&C understands the importance of open communication and transparency when it comes to public private partnerships. In this regard, we have worked very closely on previous development projects with municipalities to ensure the key objectives and goals of all involved are met. And we have the experience and means to make this deal work without the help of outside investors, which means you don't have to rely on that contingency to realize this project. If we are chosen to continue discussions, we will present the City of Warren with our one-page proformas that outline the financial scope of the project. This will be a framework from which to begin discussions.

We embrace discussions of the financial incentives needed to fund the financial gap on a project of this caliber. F&C has the expertise and experience with myriad forms of financing and we understand what is required to attract capital and bring a project to fruition. As a result of working with municipalities across the country on public-private partnerships, we have experience with many different economic incentive tools, as shown in the charts on pages 49-51. We will work collaboratively with the City to determine the most efficient method of filling the financial gap. The financial gap is determined from our standpoint based on achieving a certain return on cost that will attract bank financing.

We are professional partners; having closed over 30 projects with a value of more than $2 billion, we have a vast portfolio of experience that positions us to have unique development insight when it comes to these transformative projects. We were recently chosen to redevelop a portion of Grand Rapids' waterfront. Through working with the City and the state on economic incentives, we realized that Michigan incentives in their current structure are not ideal for private developers. We continue to have discussions with the City and the MEDC to determine what incentives can be used to close the gap on the project.

We believe you should select a development team that you believe can deliver on your vision and who has a track record of proving that they follow through on their commitments. You also want a partner who will be good to work with and has experience working with municipalities; public private projects require patience on both sides and a willingness to listen to the needs of the City. Your community has caught our attention. What happens at Warren Towne Center will have an impact on how outsiders view Warren as well. We feel we are uniquely qualified to get to the table with you and negotiate a project that we all will be proud of.

We believe we are the best and most qualified developer to execute and deliver upon this development. The materials to follow will provide more detail to support each of these points.

- Corporate Experience. F&C, which has over 490 employees, has developed 58 projects and more than 10,000 units in the past 15 years with a value in excess of $1 billion, currently manages nearly 120 properties and over 17,600 units in 12 states, and has been involved with the construction of over 15,000 units in 20 states. In addition, F&C has developed, or is developing, over 400,000 square feet of retail space, 25,000 square feet of office space and 9,000 total parking spaces. F&C is fully integrated with in-house development, construction and property management professionals and has the ability to structure, procure and close complicated, multi-layered financing.

- Team Members. The senior management team assigned to the Project has over 200 years of combined experience in real estate development. The project team has extensive experience and a proven track record with similar mixed-use urban-core oriented developments; four that are currently under development.

- Financing Capacity. F&C has proven its ability to finance and structure complicated public-private partnerships. We have the financial strength to bring transactions to a successful closing; partially attributed to our strong, long-standing relationships with numerous financial institutions.

We have developed a process that has successfully delivered keystone projects for cities across the country. If we can work with the City of Warren, Michigan on a feasible financing plan for the incentives, we know we can deliver a quality and transformative project. We hope this letter and our qualifications outlined later in this response is used as a basis for a discussion to work on a plan together.

We thank you for allowing us the opportunity to provide this proposal and we are very excited about working with you.

Sincerely,

David Flaherty
CEO
Flaherty & Collins Properties
One Indiana Square
Suite 3000
Indianapolis, IN 46204
317.816.9300
dflaherty@flco.com

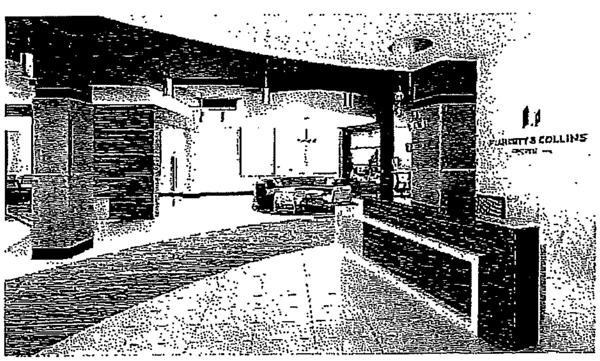
FLAHERTY & COLLINS
PROPERTIES

Table of Contents

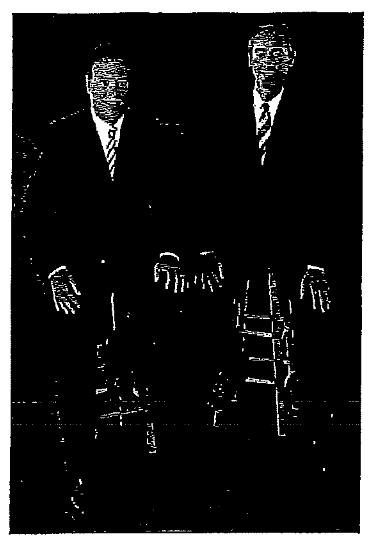
Developer Information

FLAHERTY & COLLINS
PROPERTIES

Location	One Indiana Square, Suite 3000 Indianapolis, IN 46204 P: 317.816.9300 F: 317.816.9310 www.flco.com
Founded	1993
Executive Leadership	David M. Flaherty – Chief Executive Officer Jerry Collins, CPM – President Brian Ploss, CPA – Chief Financial Officer
Number of Employees	490+
Product Types	Multifamily-over-retail, market rate, affordable housing, mid- and high-rise, historic rehab



Flaherty & Collins Properties
Corporate Headquarters



Principals:
Jerry Collins & David Flaherty

FLAHERTY & COLLINS
PROPERTIES

Developer Overview

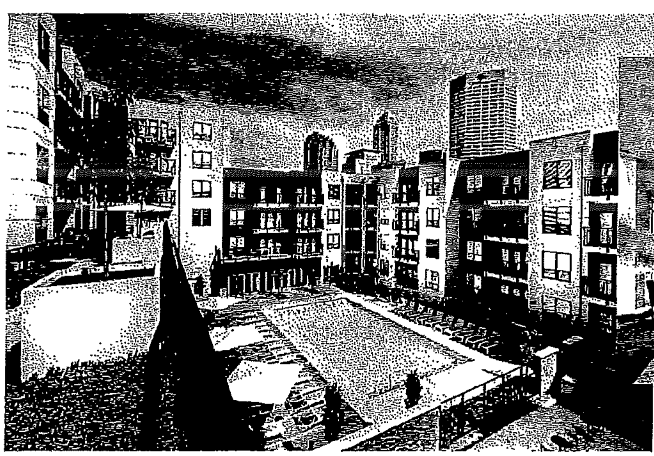
Flaherty & Collins Properties (F&C) is the most active mixed-use, multi-family developer in the Midwest, with over one-half billion dollars currently in development in Indianapolis, Cincinnati, Minneapolis/St. Paul, Chicago, St. Louis, Covington, Tulsa, New Albany, Kokomo, Elkhart, Mishawaka, Washington, D.C. and Kansas City.

A full-service, fully integrated company, Flaherty & Collins Properties consists of three main departments: Development, Construction and Management. The talented and experienced professionals at Flaherty & Collins Properties specialize in complex infill deals that have a public-private component.

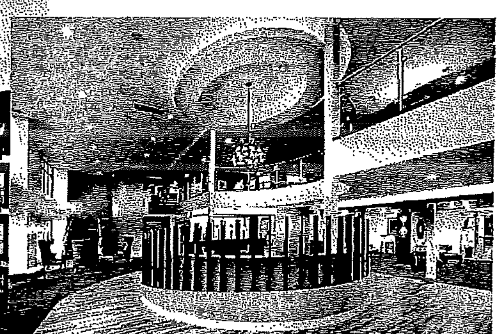
Formed in 1993 by David. M. Flaherty and Jerry Collins, F&C has been consistently ranked as a Top 50 developer nationally for the past eight years for multi-family developments based on number of units built. Currently, Flaherty & Collins manages 17,610 units in 12 states.

Flaherty & Collins has earned Accredited Management Organization (AMO®) designation from the Institute of Real Estate Management (IREM®). This designation is given to an exclusive group of companies that meets rigorous standards.

With over 490 employees, Flaherty & Collins focuses on building trust, managing long-term partnerships and developing strong communication channels.



Axis – Indianapolis, IN



The Heights Linden Square – Gladstone, MO

Development

Flaherty & Collins Development has produced 50+ properties and over 10,000 units. These developments include multiple tax-credit, market rate, affordable housing, mixed-use and public-private projects, with a wide range of financing techniques, structures and capital sources. The F&C Development team will provide leadership from feasibility studies, site selection, financing, design, and leasing to project stabilization. Our results driven experts will work together to minimize challenges and facilitate the development process. Thorough research and market analysis, combined with custom project development, result in satisfied stakeholders, profitable projects and a pleasing array of lifestyle choices for residents, customers and the community as a whole.

Cosmopolitan on the Canal – Indianapolis, IN

Construction

Flaherty & Collins Construction has vast experience in all types of construction, including high-rise, mid-rise, commercial, mixed-use and wood-frame to concrete and steel construction. F&C is in the unique position of being able to use our internal construction team on any development. This bring tremendous value to the overall project.

Ninety7Fifty on the Park – Orland Park, IL

Management

Flaherty & Collins Management currently oversees 116 properties and 17,610 units in 12 states. We are an Accredited Management Organization (AMO), with three Certified Public Accountants (CPAs) on our staff. Our experience bridges all phases of property management, including: marketing, lease-up strategies, budgeting, forecasting, demographic studies, resident programs, relocation strategies and other facets of the property management business. F&C Management has tremendous experience marketing its own properties as well as working with owners on third-party management contracts.

Development Team Overview

Our Development team is guided by results-driven experts, who carefully review feasibility studies, research and market analysis, site selection, financing, design and leasing to project stabilization to provide a customized project development.

From multifamily-over-retail to affordable housing, we currently have projects in Illinois, Indiana, Kentucky, Michigan, Minnesota, Missouri, Oklahoma and Ohio. Each location is carefully evaluated for design, product-e and amenities. F&C has developed 25 mixed-use properties, totaling nearly 7,000 units and 164,500 SF of retail. These projects include over 6,200 garage parking spaces and 131,535 SF of office space.

We have extensive experience using a variety of products, including: conventional construction loans, mezzanine debt, joint venture, private equity, tax-exempt bonds, 501 (c) 3 bonds, LIHTC tax credits, HOME, AHP, HOPE VI and other associated affordable housing.

Development Key Personnel

David Flaherty	CEO
Deron Kintner	General Counsel
Duane Miller	Vice President, Community Development & Asset Mgmt.
Ryan Cronk	Vice President, Development
Jim Crossin	Vice President, Development
Austin Carmony	Vice President, Development
Julie Collier	Vice President, Development
Brian Prince	Vice President, Development
Brandon Bogan	Vice President, Preconstruction & Design Services
Brian Moore	Vice President, Marketing & Communications
Kathleen Desautels	Director of Development Services
Drew Rosenberger	Developer

Construction Team Overview

The Construction team at Flaherty & Collins has over 100 years of combined experience in all types of construction, including: high-rise, mid-rise, commercial, mixed-use, wood-frame, concrete and steel.

A licensed general contractor, the product offering covers the entire spectrum: multifamily-over-retail, market rate apartments, affordable housing communities, mid-rise apartments and renovations. We use a national base of subcontractors and the building process is managed to maximize efficiency while minimizing costs.

Our Construction experts also take a value engineering approach on every development, managing all construction supervision, scheduling, cost control and vendor / subcontractor selection.

FLAHERTY & COLLINS
CONSTRUCTION

Construction Key Personnel

Chris Kirles	President
Mike Fox	Vice President, Operations
Jason Schoettle	Vice President
Ed Duda	Project Executive
Jeff Hammersley	Project Manager
Brandon Bogan	Director, Design & Preconstruction
Alison Langebartels	Director, Construction Accounting
Gordon Benner	Construction Consultant

	Communities	Units	Contract Value
Completed New Construction:	35	5,198	$358 million
Properties Under Construction:	5	1,049	$108.5 million
Planned New Construction:	11	2,761	$1 billion
Completed Rehabilitation:	8	1,228	$47.5 million
TOTAL CONSTRUCTION:	59	10,136	$1.9 billion

Property Management Team Overview

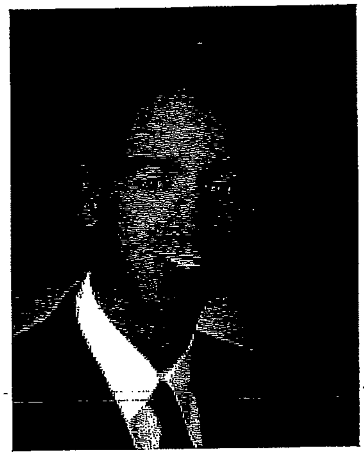
With a full-service and caring on-site staff, the Flaherty & Collins Management team provides a focused and balanced approach to all phases of property management including: marketing, lease-up strategies, budgeting, forecasting, demographic studies, resident programs and relocation strategies.

An AMO®-designated company (awarded by the IREM®), our management team exceeds expectations of owners and residents with skill, experience and customer service.

Using targeted marketing programs, skilled maintenance technicians, a talented on-site staff and comprehensive accounting and reporting has managed 268 properties and more than 44,600 units since 1993.

Property Management Key Personnel

Jerry Collins, CPM	President
Jill Meals-Herron	Senior Vice President, Property & Asset Mgmt.
Kristin Quinn, CPM	Vice President, Property & Asset Management
Rob Elsby, CPA	Controller
Flo Brengle	Commercial Real Estate Property Manager
Wendy Conner	Regional Property Manager
Teri Hedemark	Regional Property Manager
Alma Slash	Regional Property Manager
Aggie Woods	Regional Property Manager
Carrie Blastic	Regional Property Manager
Gavin Greene	Regional Property Manager
Michael Collins, CPM	Regional Property Manager
Melissa Barrett	Regional Property Manager
Sarah Simmons	Regional Property Manager
Angela Peoples	Regional Property Manager
Kim Whitaker	Director of Compliance
Chris Guess	Human Resource Director
Melissa DeLong	Marketing Manager
Derek Miller	Creative Marketing Manager



DAVID FLAHERTY

Chief Executive Officer, Principal
35 Years of Experience

dflaherty@flco.com

"My vision for Flaherty & Collins Properties is continuing growth – and we have the right people in place to make that happen. We have a proven track record of performance, the experience required, and the drive to be successful in an ever changing real estate market."

RESPONSIBILITIES

David, along with his partner Jerry Collins, is responsible for the strategic direction, operation, and profitability of Flaherty & Collins Properties. Working with his experienced development team, David is instrumental in seeking out real estate opportunities and leading the process that turns those opportunities into successful transactions for his clients and his company. He has been responsible for the completion of hundreds of real estate transactions including acquisitions, dispositions, development, and financing.

ACCREDITATIONS / ORGANIZATIONS

National Association of Home Builders Multifamily Division-Leadership Board
National Multi Housing Council
Board of Visitors/Indiana University School of Business, Indianapolis
Indianapolis Bar Association
Indiana Real Estate Broker
Vision Communities, Inc. – Board Member

PROFESSIONAL EXPERIENCE

After graduating from law school in 1984, David joined Revel Companies, an Indianapolis-based full service real estate company, until 1993, when he and Jerry Collins founded Flaherty & Collins Properties.

EDUCATION

BS Business, concentration in real estate, 1981
Indiana University – Bloomington, Indiana

JD, School of Law, 1984
Indiana University – Indianapolis, Indiana

PERSONAL

Dave is married with two children. Dave enjoys snow skiing, running, and coaching children's athletics.

JERRY K. COLLINS, CPM

President, Principal
40 Years of Experience

jcollins@flco.com

"What makes Flaherty & Collins Properties unique is our flexibility. We work hard at finding creative solutions to complex problems. We're enthusiastic about our business, and we bring that enthusiasm and flexibility to every assignment."

RESPONSIBILITIES

Jerry, along with co-owner David Flaherty, is responsible for the strategic direction, operation and profitability of Flaherty & Collins Properties. He is involved in all aspects of the company and its services, particularly property management, development, construction and human resources. He brings a common sense approach to a complicated business, focusing on providing quality services and outstanding products, as well as recruiting top real estate talent.

ACCREDITATIONS / ORGANIZATIONS

Certified Property Manager (CPM)
Indiana Real Estate Broker
Indiana Apartment Association - 2013 Chairman of the Board of Directors
Indiana Commercial Board of Realtors - Charter Member
Residential Property Management Curriculum Board/ Ball State University - Founding Member & Vice President
Vision Communities, Inc. - Board Member

PROFESSIONAL EXPERIENCE

Jerry has worked in the real estate business more than 35 years, including construction, commercial brokerage and property management. Before co-founding Flaherty & Collins in 1993, his experience included:

Revel Companies (Indianapolis, IN)
Senior Vice President,
Property & Asset Management

F.C. Tucker Commercial Real Estate Co. (Indianapolis, IN)
Broker

EDUCATION

BS
Ball State University - Muncie, Indiana

PERSONAL

Jerry is married with two sons. He enjoys boating and outdoor activities. An avid reader, Jerry has spent many years exploring the Lewis & Clark Trail.

JULIE COLLIER

Vice President, Development
14 Years of Experience

jcollier@flco.com

"As a developer with Flaherty & Collins Properties, I am able to combine my past career experience in marketing with the community development knowledge I gained during my graduate studies. Through this combination I hope to support communities with beneficial partnerships that produce vibrant and resilient neighborhoods."

RESPONSIBILITIES

Julie is responsible for coordinating and managing the community development process, from project planning through stabilization and asset management. Her responsibilities include organizing housing and mixed-use development efforts, project management, assisting with grant funding and tax credit procurement, collaborating with community groups, and preparing and evaluating financial projections and project budgets.

EDUCATION

BS Sales Management
Purdue University – West Lafayette, Indiana

MS Historic Preservation
Master of Urban and Regional Planning
Ball State University, Muncie, Indiana

ACCREDITATIONS / ORGANIZATIONS

Urban Land Institute

PERSONAL

Julie enjoys the outdoors, particularly when hiking, running or snow skiing is involved. She also enjoys spending time with friends and family, and drawing and painting.

PROFESSIONAL EXPERIENCE

Prior to her graduate studies, Julie worked for six years in the commercial real estate industry in several marketing roles. She gained valuable experience in corporate branding, business development, project management, and sales. While at Akridge in Washington, DC, Julie discovered her passion for historic preservation, urban redevelopment and public/private partnerships with the Gallery Place and Carroll Square developments, both located in the heart of the District. Her experience includes:

Flaherty & Collins Properties (Indianapolis, IN)
Developer

Ball State University (Muncie, IN)
Graduate Student – Master of Urban & Regional Planning and Master of Science, Historic Preservation

Custom Living (Indianapolis, IN)
Associate

CBRE (Chicago, IL) (Bellevue, WA)
Marketing Manager

Akridge (Washington, D.C.)
Marketing Assistant

BRIAN R. PRINCE II

Vice President, Development
9 Years of Experience

bprince@flco.com

"By combining my legal background with my knowledge of commercial real estate, I hope to bring value to each project. Additionally, I will use these acquired skills to continue to help Flaherty & Collins Properties objective to transform communities across the country."

RESPONSIBILITIES

Brian is responsible for identifying new markets for development opportunities as well as assisting in procuring tax credits for projects. Additionally, Brian analyzes financial projections, budgets, and overall feasibility of a project, while also working with local communities and property management to ensure the overall success of projects.

EDUCATION

J.D.
Indiana University –
Robert H. McKinney School of Law
Indianapolis, IN

B.A. General Studies
Indiana University – Indianapolis, IN

ACCREDITATIONS

ULI Member
Licensed Indiana Real Estate Broker

PERSONAL

Brian enjoys playing sports and attending sporting events.

PROFESSIONAL EXPERIENCE

Prior to Law School, Brian has worked for J.P Morgan Chase as well as CNO Financial in various marketing and financial capacities. Brian also worked on an investment team that packaged and sold rental properties to investors nationally, while working for Silver Realty. While in Law School, Brian has gained valuable experience by working as a law clerk with a firm that primarily handles real estate related matters, additionally, Brian has worked with Ambrose Property Group and the Indiana Economic Development Corporation (IEDC). His experience at the IEDC allowed him to leave with a vast knowledge of development related tax credits.

Thomas Law Group (Zionsville, IN)
Law Clerk

Indiana Economic Development Corporation (Indianapolis, IN)
Legal Intern

Ambrose Property Group (Indianapolis, IN)
Development Intern

BRIAN L. PLOSS

Chief Financial Officer
26 Years of Experience

bploss@flco.com

"Flaherty & Collins Properties is the largest third party real estate management company in Indiana, and one of the Midwest's largest developers and constructors of multifamily properties. We have a great reputation and great talent. We care about our clients, and we work to protect their investments and increase their financial return."

RESPONSIBILITIES

Brian oversees the financial operations of development, property management and construction. His responsibilities include budget preparation and monitoring, financial reporting and analysis, corporate performance/profit improvement, human resources, office management and permanent refinancing.

EDUCATION

BS Business,
Accounting & Corporate Financial Management
Ball State University – Muncie, Indiana

PERSONAL

Brian is married with two children. He enjoys golf, basketball and renovating antique tractors.

PROFESSIONAL EXPERIENCE

Since graduating with honors from Ball State University, Brian has worked in accounting and financial management, specializing in real estate. His experience includes:

Creative Financial Staffing (Indianapolis, IN)
Vice President / Project Manager

George S. Olive & Co. CPA (Indianapolis, IN)
Senior Accountant

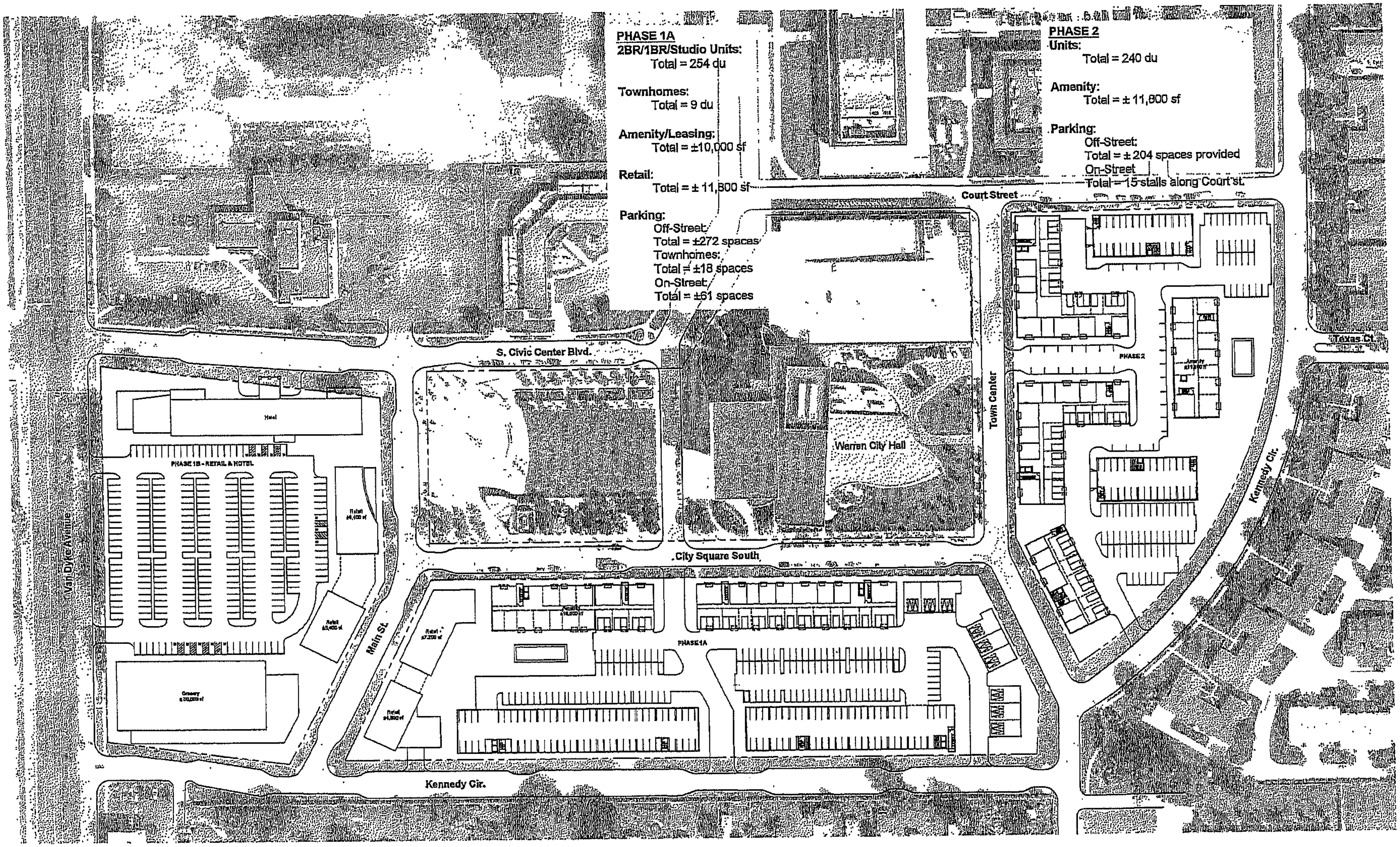
ACCREDITATIONS / ORGANIZATIONS

American Institute of Certified Public Accountants
Indiana Real Estate Broker
Indiana CPA Society – Member

FLAHERTY & COLLINS
PROPERTIES

Warren Town Center

For More Information Contact:
Brian Prince
Vice President, Development
Flaherty & Collins Properties
bprince@flco.com
P: 317.816.9300
F: 317.816.9301



ktgy

Architecture + Planning
343 W Erie Suite #220
Chicago, IL 60654
888.456.5849
ktgy.com

Flaherty & Collins Properties
One Indiana Square, Suite 3000
Indianapolis, IN 46204

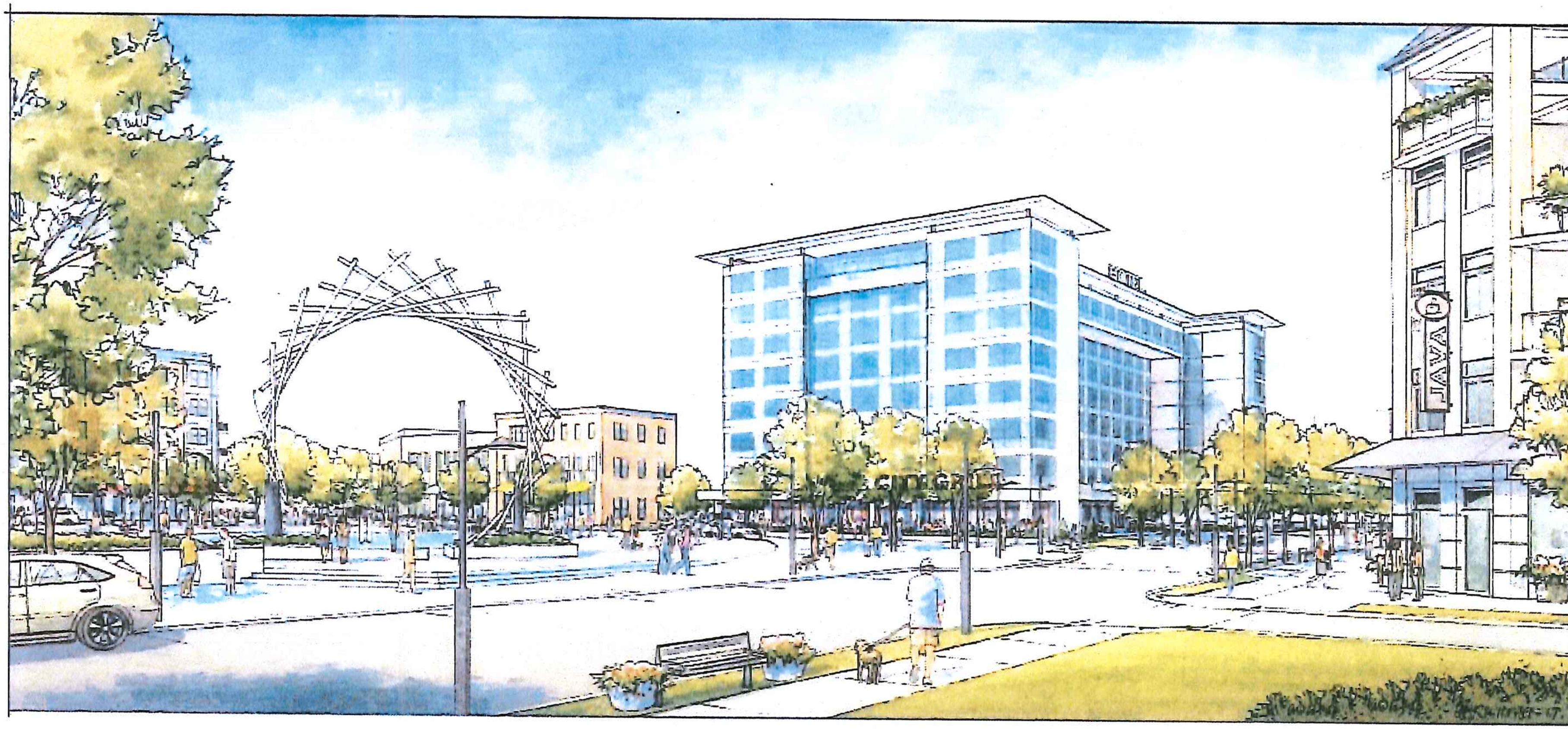
WARREN TOWNE CENTER
WARREN, MI 48093 #180546

CONCEPT SITE
OCTOBER 29, 2018

0 30 60 120

SCHEME 10
GROUND FLOOR

A1.0


JAVA

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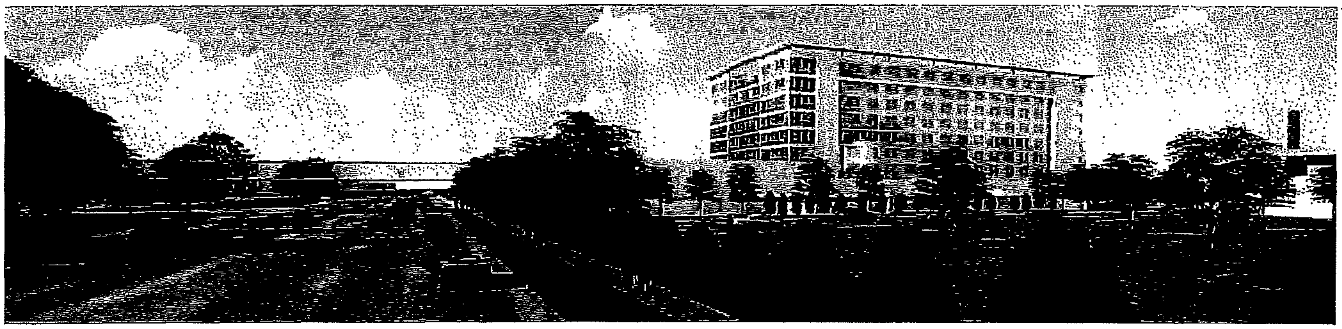
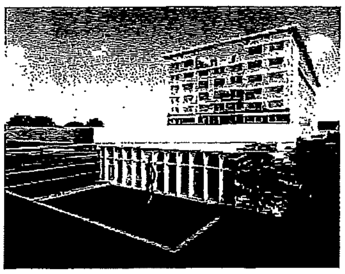
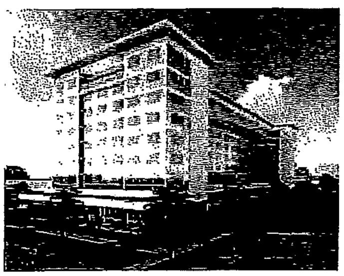






EXECUTIVE SUMMARY

Acquest Realty Advisors/Acquest Development brings to this development opportunity a unique combination of full service hotel development experience, the most important of which is the proven ability to combine public and private resources to fulfill critical needs in the community. We speak not only to fulfilling obvious business and private needs as relates to high end meeting and lodging facilities demanded by General Motors, but equally important to serve as a catalyst for accelerating the residential and retail development integral to a walkable, mixed use urban center envisioned by the City of Warren.

In addressing all of the requirements of the "Statement of Qualifications", we have emphasized that this is a process involving several components. The first and most important is to recognize that a full service, Marriott branded hotel developed within the Warren Towne Center master plan will cost significantly more than those hotels in the immediate Warren market with which it will compete. It follows that average daily rates for such a hotel must therefore be proportionately higher to justify its development. How much higher rates will the market support? Therein lies the essence of the risk factor faced by investors and lenders a like.

For example, a recent independent study done in 2016 estimated market rates for a new, full service hotel at the proposed location at $150/day. Our team's estimate uses $179/day and even with that higher number our SOQ response calculates a possible "economic gap" of $15 million.

The techniques to cover this "economic gap" represent the second component in the skill set of the Acquest Team. Our SOQ response identifies the principle stakeholders, all of which have a vested interest in making this critical undertaking happen. General Motors Technical Center operations should significantly benefit from the proposed development and particularly its hotel element.

Accordingly, our design and scope criteria must be in accordance with its needs and require General Motors ultimate approval. In turn, we must make a cost-benefit case for its economic participation to include the proposed pedestrian bridge and the means by which to capture its huge business demands. The City of Warren represents the second critical stakeholder.

We view the development of this hotel as the catalyst for the creation of the Towne Center and its significant residential and retail components. The City has certain economic tools at its disposal and has given every indication as to its willingness to be an active stakeholder including its sponsorship of this SOQ. The third required participant in this process is the State of Michigan and the various economic incentive programs it has at its disposal.

Pulling all of this together is the final component of our historical success. We have assembled a strong and experienced team dealing with all of the critical development components to assure success.

Barton Malow Company is the preeminent construction professional with an enviable track record on behalf of the City of Warren, General Motors and certainly the hospitality industry specifically.

Rabun Rasche Rector Reece is a nationally known architectural firm specializing only in the hospitality industry.

Piper Jaffray is one of the nation's foremost hospitality oriented investment bankers assuring confidence in bringing the necessary debt and equity to the table.

Finally, **Acquest's** long and favorable relationship with Marriott International rounds out our team.

a. **Define what part of the Project the Developer is proposing on - hotel, retail, residential, a combination or all.**

Our development team's submittal is for the hotel component of the Project alone. Our team members have many contacts and working relationships with residential and retail developers and welcome the opportunity to assist the City in qualifying and identifying potential residential and retail partners and, of course, will work closely with the selected developers of other components of the Project.

b. **Name of Developer entity submitting SOQ, Tax ID#, year entity established. If several entities or principals thereof are expected to form a new entity for the purposes of the Project, provide the information for each entity.**

The developer entity submitting this SOQ will be led by Acquest Realty Advisors/Acquest Development. (Tax ID # 38-2333278). The Acquest entities have been in business since 1980. As is typical at this stage of the competitive process, other investors will be admitted to the development entity subject to the mutual satisfaction with the participation by the City of Warren and General Motors to cover the economic "gap" as otherwise estimated in our response to Section 3b. to this "SOQ". Also, please note our responses to Sections 3c. and 3d. to this "SOQ" wherein we describe our proposed equity approach, both institutionally and locally subject to reasonable economic participation by both the City of Warren and General Motors and other stockholders as well.

c. **Please complete the "Acknowledgment" form enclosed herein and submit separately.**

d. **Primary contact name, phone number, street address, email address and website. Provide annual revenue for the past 3 years and prospective revenue for next 3 years with a list of projects forthcoming. Describe workload and ability to adequately manage the proposed project.**

Primary Contact Name:	David G. Ong President Acquest Realty Advisors, Inc. Chairman Acquest Development, Inc.
Phone Number Office:	248-645-5130
Phone Number Cell:	248-515-9867
Office Address:	40701 Woodward Ave., Suite 100 Bloomfield Hills, Michigan 48302
e-mail address:	ong@acquestrealty.com

Annual Revenue for Past three years:
Development/Project Management Fees:

Medium to large six figures exclusive of other team members whose respective revenues are substantial and whose exact roles are yet to be defined.

Oversight on behalf of the City of Ft. Myers, Florida of $91,000,000 hotel and convention center development. Project management of $10,000,000 hotel refurbishment of 310 room Marriott Hotel originally developed by Acquest in Kingsport, Tennessee.

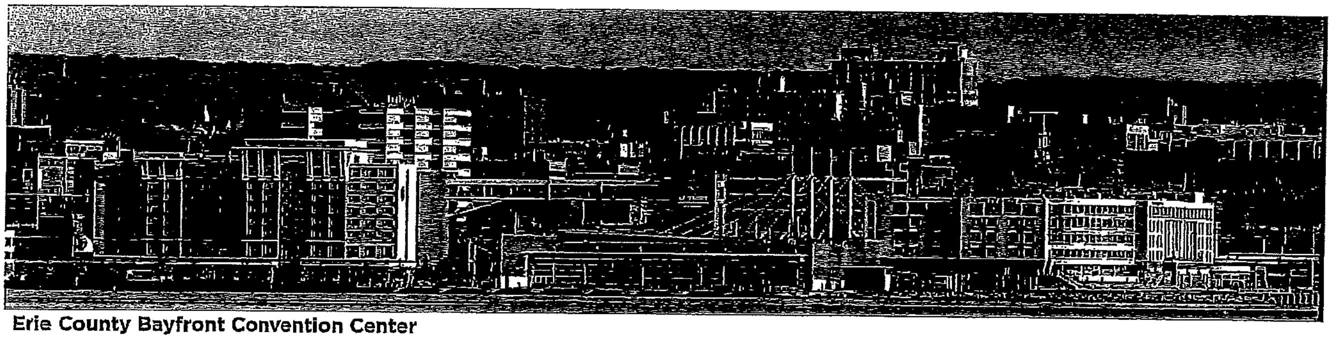
Acquest has historically developed as many as three major new hotel Developments concurrently, all out of state and remote from our corporate headquarters. The subject development is local facilitating real time management of the development process and intimate contact with local parties to be engaged as part of our proposed development.

e. Please give a brief overview of the Developer including scope of services, product type, etc., and provide bios for its principals.

Since 1980, Acquest Realty Advisors, Inc. has served an institutional client base by providing real estate investment advisory and asset management services. Today, Acquest Realty Advisors, Inc. asset manages a portfolio of real estate assets totaling millions of dollars for its corporate, private and public sector clients. As its client base expanded to include major corporations (such as The Dow Chemical Company, Dow Corning Corporation and Eastman Chemical Company), municipalities and other governmental agencies, major hospitals and universities, Acquest has also expanded its roster of real estate services. In response to an increasing client demand for turn key development services, Acquest Development, Inc. was formed. Acquest Development, Inc.'s activities have grown to significant proportions in recent years and its portfolio of successfully completed projects now includes many diverse projects, ranging in scope from medical office buildings to large conference hotels and convention centers.

Acquest takes single-source responsibility for each project, coordinating all of the pre-development, design, construction, pre-opening and completion activities. Acquest's team of development professionals is proficient in all aspects of the development process including site selection, land acquisition and entitlement, financial feasibility analysis, project budgeting and scheduling; the structuring of ownership and financing options.

Its efforts have been primarily focused on public/private partnership projects. Its successful experiences in developing the $23 million H Hotel, (formerly the Ashman Court Marriott Hotel and Conference Center) in Midland, Michigan and the $47 million Meadow View Marriott Conference Resort & Convention Center, which opened in Kingsport, Tennessee in late 1996, have helped to establish Acquest's reputation in the public/private arena. Both of these projects have successfully matured under Acquest's asset management and have recently completed major expansions.



Erie County Bayfront Convention Center

Acquest developed a multi-use project in the state capital of New Jersey. This public/private partnership project includes a 200-room hotel, conference center and 657-space parking garage. The Trenton Marriott Conference Hotel connects to the completely restored, 1,800 seat historic War Memorial Performing Arts Theater. The State of New Jersey, and the City of Trenton, are the public sector participants in this $57 million project, which opened in April 2002. Acquest was responsible for developing the project, for structuring the public sector participation, and the tax-exempt bond financing.

ERIE COUNTY CONVENTION CENTER AUTHORITY

ACQUEST
Realty Advisors, Inc.

Barton Malow

In late 2004, Acquest was selected, in competition with several nationally recognized development companies, to act as the developer for the Erie County Convention Center Authority ("ECCCA") and coordinated the development and financing for a $100 million complex consisting of a 136,000 square foot convention center, a 200-room headquarters hotel and a 300-car parking garage all on Erie's bayfront in downtown Erie, Pennsylvania. In that role, Acquest was responsible for attracting and negotiating the Sheraton Hotel (Starwood) franchise. Likewise, it negotiated a management contract with White Lodging Services Corp, one of the nation's foremost hotel management companies. Acquest was responsible for negotiating and administering construction management agreements with the Barton Malow Company, and the architectural services agreement with DRS Architects. It was also charged with advising the ECCCA on various funding options for the project and represented the ECCCA in its negotiations with the investment banking community. The Erie Bayfront Convention Center opened in August of 2007 and the Sheraton Erie Bayfront Hotel opened for business in May 2008.

Similarly, in 2007 an Acquest-led development team was awarded the development rights to the hotel component of the Harrison Square mixed use project in downtown Fort Wayne by the City's redevelopment agency. The development consists of a $27 million, 250-room full service urbanized Courtyard by Marriott convention center hotel connected to the Grand Wayne Convention Center, a $30 million minor-league baseball stadium for the Fort Wayne Wizards, 180 phased condos, 90,000 square feet of phased retail/ commercial, a 900-car parking garage and numerous public parks. Acquest structured the development agreement and financing which included a combination of private equity, traditional debt and public investment including $6 million in state tax credits, recapture of room tax, property tax abatement and infrastructure development including a walkway connecting the hotel to the Grand Wayne Center. In partnership with White Lodging, who will own and operate the hotel, Acquest broke ground in late June of 2009.

Most recently an Acquest led development team, consisting of Populous (formerly HOK/Venue), and Boorn Partners, which was engaged by the City of Ft. Myers, FL to assist it with the creation of a Riverfront Redevelopment Plan to include the expansion of the Harborside Event Center, the development of a 200-room flagged, first class hotel, public spaces, infrastructure improvements, unique restaurant, retail and entertainment venues, and an expanded and revised marina and riverfront. In August of 2009 the Riverfront Redevelopment Plan was approved by the City of Fort Myers and in April 2010 an amended Downtown Master Plan, which incorporates the "Acquest Riverfront Redevelopment Plan", was adopted by the City Council. Acquest continues to assist the City as it moves through the implementation of this phased plan. Over $1M of state grant funding was captured for the first phase of the plan, a signature water feature basin connecting the riverfront with the downtown was completed in 2012. A Marriott Autograph Hotel located on the basin broke ground in May 2018.

Detailed information on Acquest Realty Advisors and Acquest Development, Inc, and the biographies of its principals are provided in the Appendix to this SOQ.

f. Please delineate if the operator will be a different entity than the Developer. If so, provide the above (a-f) for the entity.

As has been the case in every one of the several hotels which Acquest has developed, either Marriott Hotel Services, Inc. (a subsidiary of Marriott International, Inc.) or a third party management company approved by Marriott, has been engaged as the hotel operator. That will hold true as respects the proposed hotel. Marriott International is a public company and is the largest hospitality company in the country.

Marriott Contact as relates to our proposed hotel:

Bob Molinary
Vice President-Lodging Development
Marriott International, Inc.
7025 N. Scottsdale Road, Suite 230
Scottsdale, Arizona 85253

Phone: 303-249-8523
E-mail: bob.molinary@marriott.com

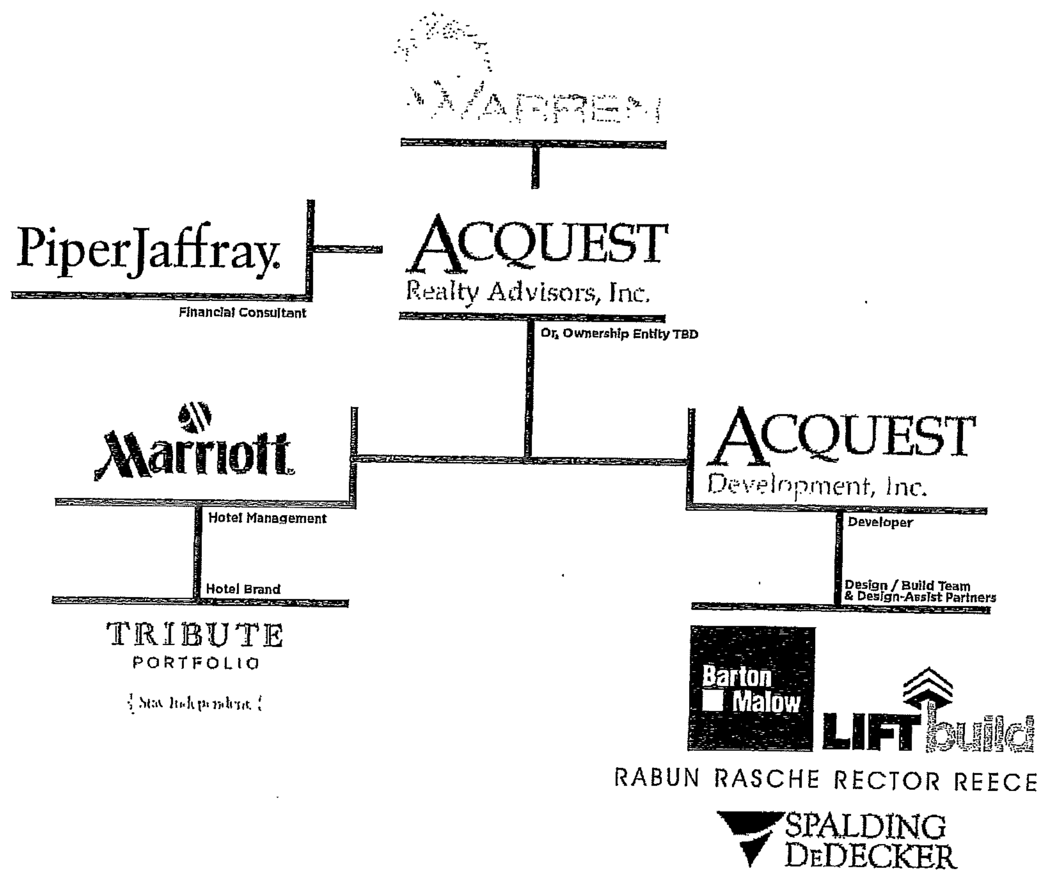
g. If the Developer plans to partner with other respondents, please describe the terms of the partnership (including a description of the partner firm and the respective roles each entity will have) and provide details of projects on which the firms have worked together.

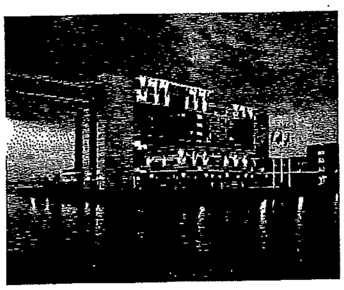
Acquest as the responding developer to this SOQ (for the hotel component alone) does not intend to partner with any other separate responder. Having said that, members of our team including prospective equity interests, would be open to adding to our team other interested parties otherwise separately responding for any of the components to this SOQ, provided such parties bring unique talent and resources to our team.

h. Please provide an organizational chart for the Developer entity, and partnering entities, who will be committed to this project.

i. Confirm that the Developer entity will be able to meet the City's insurance requirements enclosed herein.

The Development entity will be able to meet all of the City's reasonable





a. Describe the Developer's development and management experience (List projects including size, location franchisors and tenants, as applicable).

Acquest's development portfolio includes the following hotels:

- The H Hotel, Midland, MI
  managed by Dolce International; 104 rooms
- MeadowView Marriott Hotel, Conference & Convention Center, Kingsport, TN
  managed by Marriott Hotel Services; 310 rooms
- Lafayette Yard Marriott Hotel, Trenton, NJ
  managed by Marriott; 199 rooms
- Erie Sheraton Bayfront Hotel & Convention Center, Erie, PA
  managed by White Lodging; 203 rooms
- The Courtyard Marriott Hotel, Ft. Wayne, IN
  managed by White Lodging; 250 rooms

b. Describe with detail three (3) projects the Developer has developed within the past ten (10) years that demonstrate relevant related experience. (name, image, location, product type, franchisors, tenants/tenant mix, number of keys/units/sf, total project size ($), date of development, architect and general contractor, delivery method). Include details regarding structuring and financing.

Please refer to the Addendum to this SOQ for detailed project profiles.

c. Please describe any additional previous projects you feel represent a mutually beneficial collaboration with a municipality or governmental organization.

Acquest's hotel development efforts have been primarily focused on public/private partnership projects in secondary and tertiary cities. Acquest works to align the project's scope, design and brand with the market demand and, as the financial architect, it identifies public resources and reconciles the project programming with public and private capital sources and return requirements to create a viable funding approach and sustainable business model.

All of Acquest's hotel projects have had some element of public participation ranging in scope from infrastructure support, TIF, and state and local grants to bond funding, and has required that the private sector developer work closely with the public sector in satisfying important public economic development goals while still returning an attractive return to the private investors.

d. Provide the name and contact information for up to three (3) municipal/governmental officials with whom the Developer has worked to complete similar projects within the last ten (10) years.

- Grant Alley, City Attorney
  City of Ft. Myers, Florida
  220 Second Street
  Ft. Myers, Florida 33902
  239.321.7050
- Don Paight, Former Director
  Community Redevelopment Authority
  City of Ft. Myers
  12140 Carissa Commerce Ct.
  FT. Myers, Florida, 33966
  239.481.3800
- John A. "Casey" Wells
  Executive Director
  Erie Events, Inc.
  809 French Ct.
  Erie, Pennsylvania 16501
  814.453.7117

e. Provide the names and contact information for relevant tenants and/or franchisors, as applicable, with whom the Developer has worked and who are similar to those expected to be interested in occupying the Property.

See Section 1 (f) of this SOQ

f. Please provide the name and contact information for your proposed architectural and engineering firm for this project. Alternatively, provide the names of those with whom you expect to consider working with on the Project.

Rabun Rasche Rector Reece
Bob Rasche
Phone: 404.522.9455
Email: rasche@rabunarchitects.com

Spalding DeDecker (Civil Engineering & Surveying)
Cathy DeDecker
Phone: 248.762.0393
Email: cdedecker@sda-eng.com

g. Please provide a list of projects that the Developer and architectural and engineering firm have worked on together.

Barton Malow was the Construction Manager working with Acquest Development for the Erie Sheraton Bayfront Hotel and Convention Center.

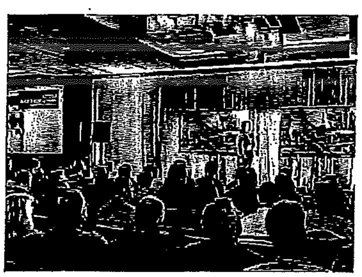
Rabun Rasche Rector Reece worked with Acquest in developing the conceptual hotel drawings and program for the City of Warren's Master Plan as well as developing conceptual hotel plans for the Ft. Myers development.

h. Please provide the name and contact information for your proposed construction manager / general contractor for this project. Alternatively, provide the names of those with whom you expect to consider working with of the Project.

Barton Malow Company
Marisa Varga
Phone: 248.331.6716
Email: marisa.varga@bartonmalow.com

i. The Project will require the use of Prevailing Wage. Please confirm your understanding of this.

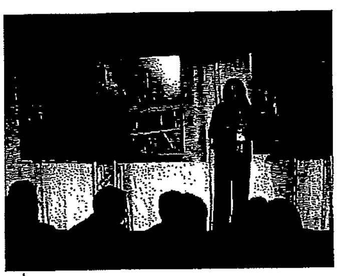
We understand that this project will require the use of Prevailing Wage.



j. Describe the Developer's track record for assuring MWBEs and local businesses are provided with an opportunity to provide services as part of the Project.

Acquest has had extensive experience complying with various community MWBE programs as well as with Workforce Inclusion (local businesses) in both its Trenton, NJ and Erie, PA projects. Some of these programs have been state or federally mandated if state or federal funding sources were utilized in the project. In each project we met or exceeded the goals set for MWBE and Workforce Inclusion.

Barton Malow Company has a Core Purpose of Building with the American Spirit: People, Projects, Communities. With that, it has always been a priority to provide opportunities for community outreach and establish workforce development and find opportunities to enhance our already diverse subcontractor and supplier base. Barton Malow was successful in exceeding the requirements set for the Erie County Convention Center along with Acquest.



ERIE COUNTY CONVENTION CENTER GOAL: ESTABLISHED AT 10% EXCEEDED WITH 13%

Before ground-breaking, the Erie County Convention Center Authority (ECCCA) pledged that minorities would be fairly represented on the Bayfront construction site. However, the call for carpenter apprentices yielded only one minority applicant! This was a clear call to action for the team. Cheryl Bowlson, Barton Malow's manager of business diversity, organized the citywide effort, bringing together public and private groups, all intent on bettering the ECCCA goal of 10%.

Two grassroots organizations (Preferred Systems/Bishops Institute and Urban Erie Community Development Corporation) recruited and screened 800 applicants, and continued to monitor program progress and worker retention.

Barton Malow held job fairs and welcomed inquiries at the building site. Ms. Bowlson trained local organizations on how to implement the program, improve retention and report statistics. The unions took an active role: Where apprenticeship and skills testing had once been held out of town, a location was set up in Erie.

Well in advance of construction, labor leaders and the minority community worked together to spell out their needs and expectations. Union members took applicants up to the union hall.

The result: Trades were 63 percent local, and minorities handled about 13 percent of the construction jobs (surpassing official project goals).

In practical terms, this meant about 25 minority trades on site, on average, at any point in the project. This skilled workforce continues to benefit the city. In addition, construction managers and owners now planning projects continue to call Barton Malow for guidance.

a. Please indicate how the Developer expects the City to convey its interest in the property to the Developer entity - fee simple title, land lease, or other, and indicate the proposed economic consideration for the property.

At the present time we envision a long term land lease with respect to the hotel component of this SOQ. As has been the case in other public-private partnerships in which we have participated, we propose land rent payable to the City of Warren as a percentage of the hotel's gross income above an agreed upon threshold beginning at such time as the tax abatement, as hereinafter discussed, expires.

b. Please provide a preliminary sources and uses of financing including identification of the potential providers of the debt and equity required for the Project. Provide a narrative explanation of proforma estimating the financial "gap", if any. Any economic incentives required and their value should be clearly identified and justified in the SOQ.

Please refer to the Appendix for a complete analysis of preliminary sources and uses of financing related to the development of the hotel. The investment contemplated by this SOQ has been exposed to qualified investors, however one must take note that, at a minimum, a preliminary development agreement between the City of Warren and, at least tangentially, with General Motors must be negotiated before specific equity and debt sources can even begin to craft letters of intent.

The Appendix starts with a number of assumptions not the least of which is an approximate 200 room full service hotel. That number has implications for minimum economic efficiency for a full service hotel while not trying to dominate the local hotel market. Having engaged one of the country's premier hotel architectural firms, Rabun Rasche Rector Reece out of Atlanta to conceptualize such a hotel in conformance with Gibb's Planning Group's site master plan and thereafter charging Barton Malow to put together a detailed order of magnitude cost estimate supplemented by a similar detailed estimate of soft costs prepared by Acquest, we arrive at an initial estimate of all in development cost of approximately $57 million.

Similarly, using Acquest's significant data base, we prepared a ten year operating pro forma using typical operating margins in the context of an average daily rate assumption of $179 and occupancies stabilizing at 72%.

Programing the net present value over ten years of net operating income using an assumption of current market discount rates results in an economic value of such a hotel ranges from $42 million to $47 million approximately $10 million to $15 million less than its estimated development cost. (the economic gap). These calculations must ultimately be validated or adjusted through a third party economic valuation/feasibility study conducted by a recognized consulting firm such as CBRE, JLL or HVS.

Such a study forms the basis for not only committing equity and debt but also to independently calculate the gap and to estimate required public and corporate incentives. Such a study should be commissioned by the City in order to avoid any conflict of interest and to justify public incentives to the tax payers.

An existing gap, and we respectfully submit there is a gap, the magnitude of which needs to be independently supported, can only be covered by certain City, corporate or state economic contributions or incentives. From the City's early indications, a ten year tax abatement might be available as would with the land and infrastructure costs.

General Motor's' overtures to underwrite the cost of the proposed pedestrian bridge linking the development to the Tech Center is indeed critical but the calculation of the economic gap does not take that into effect. Obviously, any economic incentive offered at the state level must be aggressively pursued. Given that there are no other full service hotels in the market and therefore no other investment comparable hotels on which to underwrite such an investment, participation by all stakeholders is a prerequisite.

c. The equity source will be asked to provide written confirmation, subject to a confidentiality agreement, that the equity is available to finance this transaction upon selection of a Developer(s) for the Project. Please affirm your understanding of this.

Please see response to c. and d. below.

d. Prior to selection, the Developer(s) and or its principals will be asked to provide a financial statement, subject to a confidentiality agreement, or other evidence that sufficiently demonstrates the financial wherewithal to implement the Project or portion thereor. Please affirm your understanding of this.

It is difficult to affirm our understanding of both the requirements of Sections 3c. and 3d. In both sections it appears the City wants to have firm written agreements from debt and equity sources as a condition precedent to awarding the development rights to the otherwise successful respondent. We respectfully submit that this is not possible and in conflict with the provisions of Section 7-Proposed Development Agreement and Section 8-Letter of Intent.

While our investment banker partner, Piper Jaffray, with which we have successfully worked extensively in the past as relates to similar public/private partnerships, is more than willing to attest to its ability to place the necessary debt and equity with its clients SUBJECT TO a final development agreement satisfactory IN ALL RESPECTS to its investment client(s).

The exact identity of its client (s) or for that matter any investor, debt or equity, let alone any written commitments requires a development agreement to be executed to the complete satisfaction of the investor including but not limited to the mutual agreement of the amount of the "gap" as independently estimated, and the means by which that gap will be covered, the exact investment enhancements proposed by the City, the exact investment enhancements proposed by General Motors, the exact investment enhancements available through the State of Michigan, the exact structure of Marriott's branding and management options, and the execution of final design and construction contracts.

All of the foregoing is intended to be identified, negotiated and committed during a proposed six month "due diligence" period. This is the strength of our team, i.e., the proven ability to negotiate the interests of all parties involved in this development process in a candid, fully transparent manner.

e. Please affirm your understanding that contracts for the development and construction of the Project are subject to Michigan's Prevailing Wage laws.

We affirm our understanding that contracts for the development and construction of the Project are subject to Michigan's Prevailing Wage laws.

f. Please provide references from two (2) to three (3) lending sources with whom you have engaged, and who can speak generally to their working relationship with your firm on a project of this size and scope.

- Alan Ott, Retired Chairman of the Board
  Chemical Bank
  Midland, Michigan
  Phone: 989.839.5333
- Peter Phillippi, Managing Director
  Hospitality Finance Group
  Phone: 602.808.5427

g. Please state the annual value of all development activities performed during the last five years.

Over the past five years Acquest has been involved in development activities aggregating over 8 figures in dollar value.

Most recently we have been the development manager on behalf of the City of Ft. Myers Florida's $25,000,000 investment in a $91,000,000 hotel and convention center project.

Additionally, we have represented Eastman Chemical in the $10,000,000 redevelopment of its 310 room Marriott Hotel. Beyond five years, we have had single source responsibility in the development of several hotel projects ranging in value from $30,000,000 to over $100,000,000.

a. Are there any judgments, claims, arbitration proceedings or suits pending or outstanding against your organization or its principals, officers, or any proposed partner? If so, please provide details.

Acquest:
None.

Rabun Rasche Rector Reece:
None.

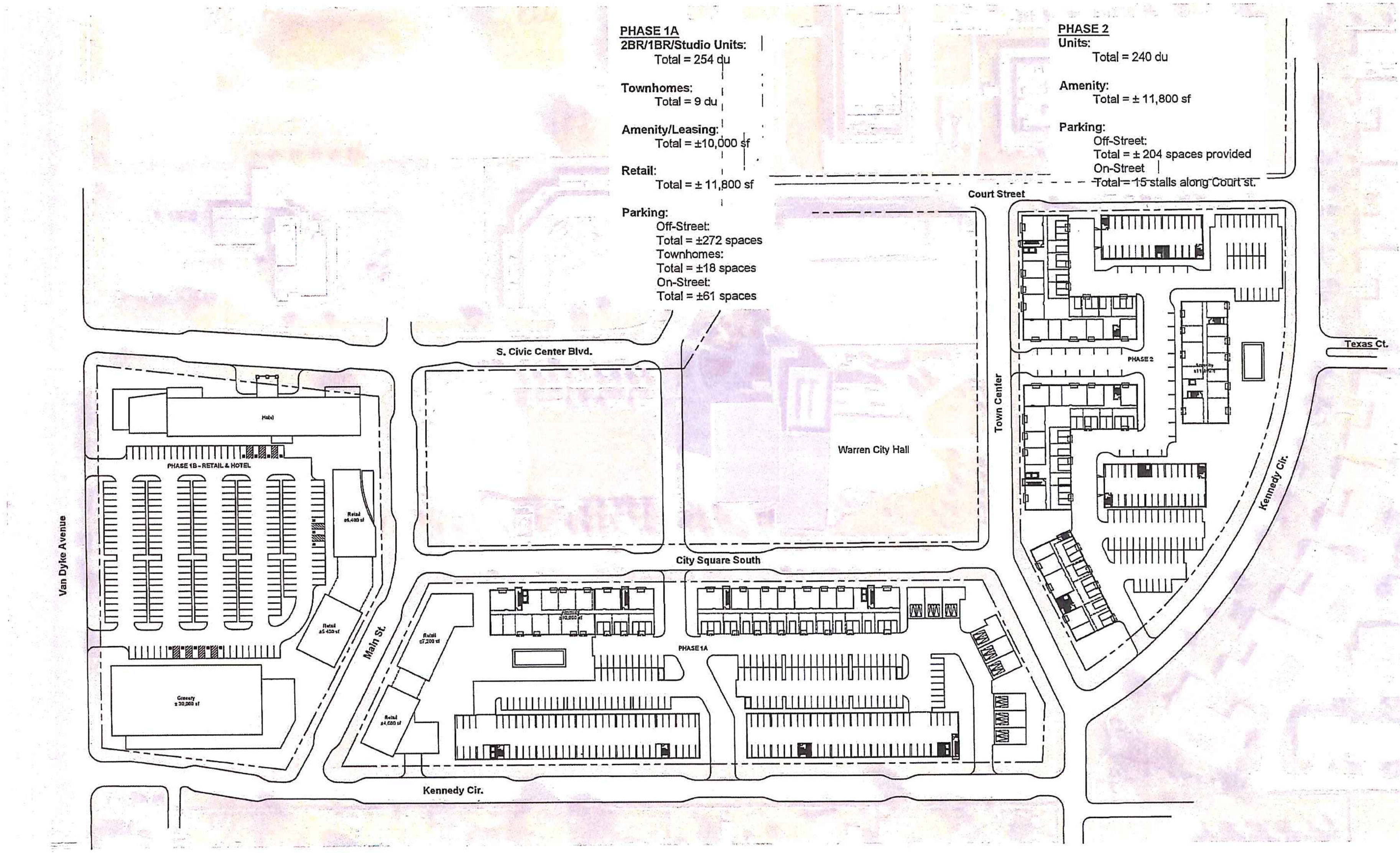
Barton Malow Company:
During the past ten years, Barton Malow Company has managed or put in place well in excess of ten billion dollars' worth of construction work and issued hundreds of subcontracts. In the ordinary course of its business during that period, the Company has been involved in claims and, occasionally, litigation or arbitration arising from its projects. Compared with the volume of work performed, there have been few such issues, and no pending matter is large enough to have a material impact on ongoing operations or business results.

b. Provide a Statement of Disclosure, which will allow Warren to evaluate possible conflicts of interest. Respondents must provide, in their own format, a statement of all potential legal or otherwise significant conflicts of interest possibly created by the respondents or their proposed team being considered in the selection process or by the respondent's or their team's involvement in the project. Respondents should provide information as to the nature of relationship(s) with parties in such potential conflicts.

Statement of Disclosure: In October 2016, Acquest entered into a consulting contract with the City of Warren Downtown Development Authority to take the Mayor's vision of a full service hotel integral to the Warren Towne Center to the next level.

Acquest engaged both Barton Malow and Rabun Rasche Rector Reece, who are part of this response to the SOQ to conceptualize and provide preliminary cost estimates of a 200 room full service hotel. As of December 31, 2017, Acquest resigned in writing as consultant to the DDA, in order to avoid any conflict of interest in competing for the development rights pursuant to this SOQ, (See resignation letter dated December 31, 2017. Included for reference, as follows.)


RETAIL
1001
RETAIL



ktgy

Architecture + Planning
343 W Erie Suite #220
Chicago, IL 60654
888.456.5849
ktgy.com

Flaherty & Collins Properties
One Indiana Square, Suite 3000
Indianapolis, IN 46204

WARREN TOWNE CENTER
WARREN, MI 48093 #180846

CONCEPT SITE
OCTOBER 26, 2018

0 30 60 120

SCHEME 10
GROUND FLOOR

A1.0

Warren Towne Center Investment Information:

Total Investment in Towne Center:
Warren Commons Apartments: $11 Million
Hartsig School Property: $18 Million (Brownfield assistance)
Marriott Tribute Hotel $58 Million ($11.75 Million Gap Financing)
Multi Family Upscale apartments: $55 Million ($14.5 Million Gap Funding)
Upscale Retail Center: $15 Million ($3 Million Gap funding)

**** Gap funding will come from $35 Million Dollar Bond. ($4.5 Million for upgrades to Fire/EMS station number 4)**

Bonds will be paid by Transformational Brownfield Credits to be assigned to DDA to make the bond payments. The remaining bond payments will be covered by the additional taxes captured in the development area.

**** This walkable downtown project will be a transformation for Warren's future at $0 cost to Warren residents.**

ACQUEST
Realty Advisors, Inc.

40701 Woodward Avenue, Suite 100
Bloomfield Hills, Michigan 48304
(248) 645-5130
(248) 645-2565 – Fax
Acquestrealty.com

July 22, 2020

Mr. Tom Bommarito
Director C.E.D. Development
City of Warren
One City Square
Warren, Michigan 48093

RE: Letter of Intent as Relates to "SOQ-W9692"

Mesdames and Gentlemen:

Acquest Development is pleased to have been selected as the hotel developer for the proposed hotel development at the Warren Town Center (the "Property"). The letter of intent below is meant to outline the major business terms for a development agreement between the City of Warren (the "City") and Acquest Development ("Acquest").

Acquest and its development and investment partners propose to develop an approximately 200- room full-service hotel to be developed and operated pursuant to the brand standards and other requirements of a Marriott International Tribute flag. Design drawings and plans have been developed to a conceptual/ schematic stage by our architect partner, Rabun Rasche Rector Reece out of Atlanta. Barton Malow has committed to act as our construction partner implementing its unique Lift-Build construction system. Our investment banking partner is Piper Sandler's industry leading Hospitality Finance Group. The final scope of the hotel development and the plan of finance will continue to be developed in coordination with the DDA and the other strategic partners, including General Motors.

As discussed in our ongoing pre-development meetings, this letter of intent is conditioned on the following items being satisfied within a reasonable time frame.

1. **Property:** The Property is comprised of an approximately 3 acre land parcel. The property being conveyed to Acquest is described in Exhibit A.

2. **Improvements:** City will enter into a Development Agreement (the "Agreement") with Acquest to provide, at a minimum the following improvements: a minimum of 190 room upscale full-service hotel (the "Project").

3. **Land Conveyance:** The City will convey ownership of the Property to Acquest pursuant to the terms of the development agreement. The property will be delivered to Acquest by City to begin construction once the following have occurred:

    a. Execution of a mutually agreed upon Development Agreement;
    b. Approval of zoning and site plan by the City;
    c. Approval of brownfield development plan by the City;
    d. Equity and construction financing approved by the City;
    e. Architectural drawings completed;
    f. Procurement of building permits;

4. **Construction Timing:** Construction must begin within 6 months of closing on the property and must be completed within 24 months.

5. **City Contributions:** City shall provide the following:

   a. City shall contribute the Property to Acquest, clear of liens, encumbrances and special assessments. The City shall provide a ground lease during construction and will convey fee simple ownership upon substantial completion of the Project.
   b. City shall contribute $11.75 million of the Project into an escrow account, which will be used to fund development costs of the Project (the "Gap Payment"). The owner's equity will be contributed prior to any funding from the Gap Payment escrow. The funds will be released not more than once per month at the City's sole approval, which will not be reasonably withheld. Funding of each construction draw will be 80% by the lender, and 20% by the Gap Payment escrow. If the construction lender will not agree to that percentage then we will revisit proposed percentage split by the lender with the City.
   c. City shall provide available utilities to the Property, including electricity, gas, water, storm and sanitary sewers. City shall also support area infrastructure improvements that will service the Project.
   d. City will coordinate establishing an Operations and Easement Agreement ("OEA") to provide for common area maintenance and repairs for common elements shared by the Property and the adjacent Multi-family/ Retail Property. The OEA will be managed by Papa Joe's Gourmet Market and Catering LLC. The costs associated with the OEA will be split evenly between the property and Papa Joe's Gourmet Market and Catering LLC.
   e. City agrees to cap the assessed value of the Property at $25,000,000 in year 1, with annual increases not to exceed 2.0% during the first 5 years.

6. **Acquest Contributions:** Acquest shall provide the following:

   a. Acquest shall identify the equity/debt structure necessary to complete the hotel with appropriate reserve. The City will approve the equity/debt structure prior to closing on the property.
   b. The total construction cost of the Project shall be at least $50.0 million.
   c. Acquest shall assign its right to any tax increment financing reimbursements to City.
   d. Acquest shall reimburse 50% of the costs associated with the construction of the shared surface parking lot to Papa Joe's Gourmet Market and Catering LLC (the "Retail Developer").

We look forward to working in close collaboration with the City, its strategic partners and constituents to bring this exciting project to fruition and we agree to commit the design, development, operational and financial resources necessary in our partnership with the City.

If you have questions or we can provide any additional information, please do not hesitate to contact me.

Very truly yours,

David G Ong
President
Acquest Realty Advisors

September 1, 2020

Mr. Tom Bommarito
Director C.E.D. Development
City of Warren
One City Square, Suite 210
Warren, MI 48093

RE: Letter of Intent ("LOI") – Warren Town Center Development

Dear Mr. Bommarito:

Enclosed in this letter of intent ("LOI") is an initial overview the proposed redevelopment of the Warren Town Center property (the "Property") in the City of Warren ("City") by Flaherty & Collins Development, LLC ("FCD"). The LOI summarizes FCD's initial proposal that will be the basis for continuing discussions with the intent of moving toward the execution of a formal development agreement for the Property and development as identified below:

Property:	The Property is comprised of an approximately 6 acre land parcel. The Property being conveyed to FCD is described on Exhibit A.
Improvements:	City will enter into a Development Agreement (the "Agreement") with FCD to provide, at a minimum, the following improvements: two hundred forty (240) units of market rate apartments and townhomes, adequate parking, and site improvements (the "Project").
Land Conveyance:	The Property will be delivered to FCD by City to begin construction once the following have occurred:

- Execution of the Development Agreement;
- Execution of a Land Conveyance;
- Approval of brownfield development plan by the City;
- Approval of zoning and site plan;
- Procurement of building permits;
- Environmental due diligence confirming the Property can be used for residential use

Construction Timing: Construction must begin within 3 months of closing on the property and must be completed within 24 months.

City Contributions: City shall, subject to approvals of the local governing bodies, provide the following:

- City shall contribute the Property to FCD, clear of liens, encumbrances and special assessments. The City shall provide a ground lease for the Property during the construction period and will convey fee simple ownership upon substantial completion of the Project.

- City shall contribute $14.5 million into an escrow, which will be used to fund development costs of the Project (the "Gap Payment"). FCD's equity will be contributed prior to any funding from the Gap Payment escrow. The funds will be released not more than once per month at the City's sole approval, which will not be unreasonably withheld. Funding of each construction draw will be 80% by the lender, and 20% by the Gap Payment escrow. If the construction lender will not agree to that percentage then we will revisit the proposed percentage split by the lender with the city.

- City agrees to cap the assessed value of the Property at $30,000,000 in year 1, with an annual increase not to exceed 2.0% during the first 5 years.

- City shall provide available utilities to the Property, including electricity, gas, water, storm and sanitary sewers. City shall also support area infrastructure improvements that will service the Project.

- City shall provide FCD reasonable access to the Property for the purpose of conducting due diligence such as environmental assessments and inspections.

FCD Contributions

FCD shall provide the following:

- FCD shall contribute a minimum of $3.0 million of equity to the Project prior to City funding the Gap Payment.
- The total development cost of the Project shall be at least $50.0 million.
- FCD shall assign its right to any tax increment financing reimbursements to City.
- FCD and/or its affiliates and principals shall maintain a net worth of $120 million until substantial completion of the Project.
- David Flaherty will provide a personal guaranty equal to the amount of that certain construction loan, which such guarantee shall be for the duration of the earlier of: (i) the date on which occupancy of ninety (90 %) is obtained; (ii) or five (5) years following the date of construction commencement.

Phase 2 Residential

City shall grant FCD a right of first refusal to purchase the Phase 2 property for a 12-month period following substantial completion of Phase 1 of the Project.

Hotel Pad Option

City shall have a put option to FCD for construction of the Hotel Property in the event that Acquest does not complete the development of the Hotel Project. FCD shall be required to step into all terms and conditions of the development agreement between City and Acquest for the Hotel Project.

Retail Pad Option

City shall have a put option to FCD for construction of the Retail Property in the event that Papa Joe's does not complete the development of the Retail Project. FCD shall be required to step into all terms and conditions of the development agreement between City and Papa Joe's for the Retail Project.

Contingencies:

In addition to the delivery conditions noted above, the following contingencies shall be applicable:

- Contingent upon approval of final contract terms by the City;
- Economic incentives satisfactory to FCD; and
- Approvals by local governing bodies

Local Contractors:

FCD will hire local contractors on the Project, and FCD will make every effort to hire locally as well for other jobs related to the Project.

Non-Binding

This LOI is non-binding and the overview outlined herein will serve as the basis for more accurately detailing the Project in the Agreement to come. Upon acceptance, the parties will amend the Preferred Developer and Exclusivity Agreement to establish the parties' rights pending completion of the target goals stated in this letter.

Thank you for the opportunity to submit this LOI, we very much look forward to moving forward on this exciting transformative project in the City.

Very Truly Yours,

Brian Prince II, J.D.
Principal and VP of Development
Flaherty & Collins Properties

City of Warren, MI
Development Funding Summary

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Hotel	$25,000,000	$27,500,000	$30,000,000	$32,500,000	$35,000,000
Multi	$30,000,000	$32,500,000	$35,000,000	$37,500,000	$40,000,000
Retail	$3,000,000	$3,750,000	$4,500,000	$5,250,000	$6,000,000
Real Property Value	**$58,000,000**	**$63,750,000**	**$69,500,000**	**$75,250,000**	**$81,000,000**
Hotel	$12,500,000	$13,750,000	$15,000,000	$16,250,000	$17,500,000
Multi	$15,000,000	$16,250,000	$17,500,000	$18,750,000	$20,000,000
Retail	$1,500,000	$1,875,000	$2,250,000	$2,625,000	$3,000,000
Assessed Value	**$29,000,000**	**$31,875,000**	**$34,750,000**	**$37,625,000**	**$40,500,000**
RE Tax Milage Rate	66.67	66.67	66.67	66.67	66.67
Yr 1 RE Taxes	$1,933,430	$2,125,106	$2,316,783	$2,508,459	$2,700,135
RE Tax Milage Rate (Warren)	34.50	34.50	34.50	34.50	34.50
Yr 1 City of Warren Tax Capture	$1,000,500	$1,099,688	$1,198,875	$1,298,063	$1,397,250
Yr 1-20 City of Warren Tax Capture	$22,030,000	$24,214,000	$26,398,000	$28,582,000	$30,766,000
DSCR	1.05x	1.05x	1.05x	1.05x	1.05x
Yr 1-20 Bond Payments	$20,981,000	$23,061,000	$25,141,000	$27,221,000	$29,301,000
Max Bond Value	**$15,825,000**	**$17,394,000**	**$18,963,000**	**$20,532,000**	**$22,101,000**

SOURCES & USES OF FUNDING					
Stabilized Basis (8.0% yield)	$89,484,000	$87,088,000	$84,693,000	$82,296,000	$79,901,000
Development Costs	$121,672,000	$121,672,000	$121,672,000	$121,672,000	$121,672,000
Development Gap Funding	**$32,188,000**	**$34,584,000**	**$36,979,000**	**$39,376,000**	**$41,771,000**
Bond Funding	$15,825,000	$17,394,000	$18,963,000	$20,532,000	$22,101,000
Brownfield Credit	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000
Cash Contribution	$4,363,000	$5,190,000	$6,016,000	$6,844,000	$7,670,000
Sources of Funding	**$32,188,000**	**$34,584,000**	**$36,979,000**	**$39,376,000**	**$41,771,000**

TABLE XX: WARREN TOWN HALL PRIORITIES

PRIORITIES	NUMBER OF VOTES	PRELIMINARY GOALS
Greenspace: more well maintained and connected parks, areas for athletics and organized group activities, park and Dallas and Ryan, accessible parks, more greenspaces, landscaping and beautification, clean and green, preserve and enhance greenspaces	70	Preserve and increase open greenspaces that can be used for recreation.
Downtown: International plaza with restaurants and entertainment, multiuse, vibrant downtown, walkable downtown	58	A multi-use walkable downtown that offers a diverse range of eateries, retail, and entertainment.
Housing: Well maintained, less rental properties, long term residency, solar panels and wind energy, realistic density, attract new residents, less drug houses, and owner-occupied homes	52	Committed and invested residents
Entertainment: More entertainment, small business, growth, TACOM museum, theater, vibrant arts, culture, and entertainment, entrepreneurial, growth, tourist destination	48	Small business growth and new diverse business development
Healthy Living: medical centers, gyms, parks, health stores, more biking and walking options, pedestrian living, nonmotorized options, locally produced products and food, walkable districts	35	Healthy lifestyle options including recreation and nutrition
Education: Better schools/educations, invest in schools, training, apprenticeships, no school of choice, encourage good schools	32	Quality schools that improve the greater Warren Community
South Warren: Viable, Safe, Clean, and organized South Warren, beautification and nicer	29	A South Warren that is clean, safe, beautiful, and viable
Infrastructure: Good roads, improve road safety, sustainable infrastructure, better traffic control, remove blight, maintenance of properties	21	Safe and sustainable roads that ease traffic congestion
Communication: Better communication between city and residents, unified city, forums to interact, equal services, measurable progress	17	Opportunities for consistent communication between the city and residents
City Services Priorities: less crime, more patrols, a plan for marijuana facilities, mass transit	15	A city that ensures safety and accessibility for all community residents
Senior Priorities: more senior housing, new senior center, more programs, funding	3	Dedicated services, housing, and programs for senior citizens

City of Warren Master Plan

Economic Development

January 2019

The U.S. has long since broken the pattern of living and working in a factory town. Determining where people live and work is a complicated task in the modern globalized economy, as some could work remotely in Michigan for a company on another continent, others are self-employed at their home office, and most of us grind through the daily commute from one city to the next. The census survey records the industry of employment for a city's residents, which does not necessarily equate to the jobs that are available in that city. On top of that, it is no guarantee that a major employer would attract employees who have choices when deciding where to live. Therefore, it takes several different exercises to analyze what industries Warren worker's provide labor to (employed persons who live in Warren but may work elsewhere), where they commute for employment, and what types of jobs are offered in Warren. In this section, those who live in Warren and work elsewhere will be referred to as "Warren workers" or the "Warren workforce" whereas as those who work in Warren but live elsewhere will be referred to as "jobholders."

In addition to employment composition and commuting patterns, economic development for planning purposes is rooted in land use. The land use discussion largely centers on identifying vacant or underutilized properties, planning for their revitalization, and ensuring that zoning ordinances are not hindering business growth. The combination of the two—understanding the state of the economy and its relation to land use patterns—can pivot a city towards business and job growth befitting its regional context.

State of the Economy

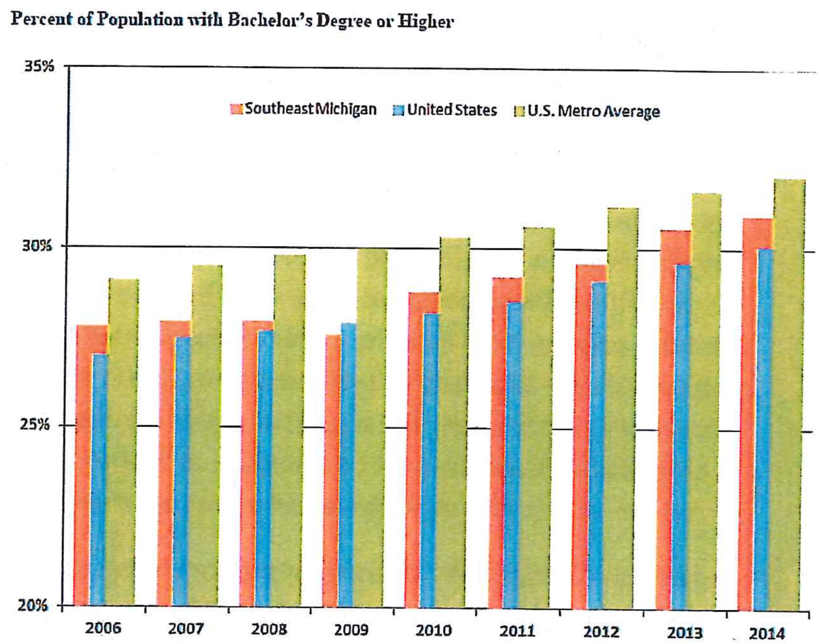
As of 2018, the economy is in a good place. The recent recovery has not been even-handed and some have benefited more than others in this prosperous period, but generally Michiganders are better off now than in 2000. The economic crisis started earlier in Michigan than the rest of the country; the lost decade from 2000-2009 had the worst unemployment rates in the nation, which made the state's current rebound harder than in other places. Between 2009-2016,[1] however, Michigan has produced at pre-recession levels and has grown faster than the US. Some permanent damage was done: an estimated quarter million fewer jobs exist now and are unlikely to come back.[2] Overall unemployment rates are low, even though in Warren the 6.2% unemployment rate hangs higher than all larger aggregate geographies by as much as 1.5%. If anywhere in

[1] The Bridge. "Michigan's Economy Is Bigger Than Ever. Now Is The Time to Diversify." March 2018. https://www.bridgemi.com/economy/michigans-economy-bigger-ever-now-time-diversify

[2] Detroit Free Press. "250,000 Michigan Jobs May Be Gone Forever, Despite Economic Rebound." February 2018. https://www.freep.com/story/money/business/john-gallagher/2018/02/22/michigan-recession-economy-jobs/308236002/

Michigan is going to ride that wave to recovery (or crash), it's the southeast region, where some of the state's power house institutions reside and where about half of the state's population lives and works.

While the region forges ahead with job growth and declining poverty, the SEMCOG report "Partnering for Prosperity" found that there is a skill gap at every level in the workforce, referring to a mismatch between the training and/or certification deemed necessary by local employers and the skills that the workforce possesses. Part of the skill gap could be attributed to comparatively low education attainment levels. In comparison to other metro areas in the U.S., southeast Michigan lags on its percentage of persons with a bachelor's degree or higher.[3] This could become increasingly detrimental to economic prosperity as a college education is a minimum requirement for high-paying jobs in fields that are growing (discussed more below). For decades, workers were able to find decent paying jobs with little education, but safe and steady jobs nowadays are more likely to necessitate a degree.



Warren Workers

Employment Sectors for Warren's Workforce

Over half of Warren's workforce is made up of manufacturing (23.4%), education / health care / social assistance (19.4%), and retail trade (10.6%), practically mirroring Macomb County's workforce. This represents a fairly diverse workforce; in terms of industry distribution, workers are not too concentrated in any one field. A diversified workforce will help to mitigate the effects of economic slowdowns on the City of Warren, hopefully such that fewer people will experience unemployment, underemployment, evictions and mortgage

[3] SEMCOG. "Partnering for Prosperity: Economic Development Strategy for Southeast Michigan." 2016. file:///C:/Users/Michelle/Downloads/PartneringForProsperityEconomicDevelopmentStrategyForSoutheastMichiganFebruary2016%20.pdf

defaults, and the other negative consequences of a contracted macro economy. Comparing these proportions to 2010, near the low point of the Great Recession, it appears that the retail sector did indeed provide some relief for a portion of workers in the manufacturing and education / health care / social assistance industries (ACS 1-year estimates).

Industry	Percent employment, 2010	Employees, 2010	Percent employment, 2017	Employees, 2017
Manufacturing	19.9	10,608	23.4	14,169
Education / health care/ social assistance	18.5	9,830	19.4	11,752
Retail trade	13.2	7,039	10.6	6,409

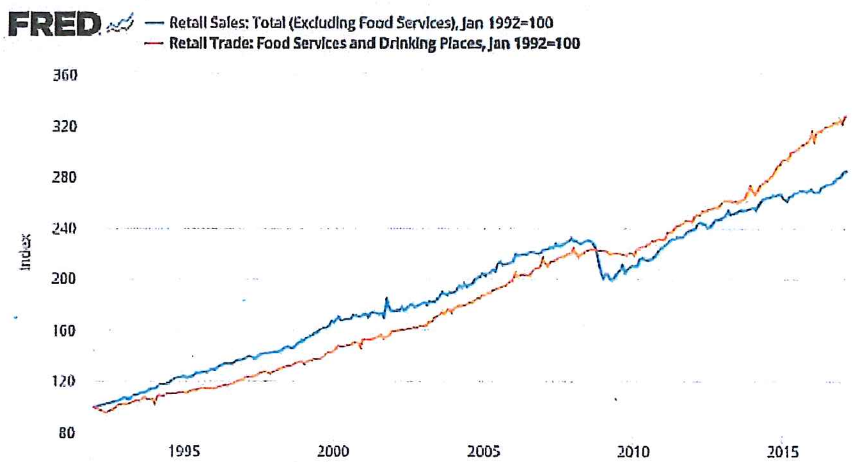
The Midwest needs no reminder that manufacturing has suffered over the last several decades, but despite its decline, Warren's locational advantage remains relatively strong when compared to national employment in manufacturing, which has languished at 10.3% of all workers. The higher concentration of manufacturing is likely to endure due to the infrastructure network and expertise in the region, but its absolute numbers may continue to slip. According to SEMCOG's forecasted jobs by industry, the "old economy" jobs in manufacturing are expected to decline, while the "new economy" jobs are forecast to grow. The distinction between the two economies describes how the U.S. has transitioned from the former, which can be generally described as land-intensive commodity-production, to the latter, which are knowledge-based industries that tend to trade services over physical goods. That shift chiseled away at southeast Michigan's economic base and is expected to continue: manufacturing jobs in the region will shrink by 26.9% between 2015-2045, for an estimated loss of almost 71,000 jobs.[4] The recent news of General Motors laying off 14,000 workers affecting Michigan (including in Warren), Ohio, and Maryland is an ominous glimpse into the future.[5] On the other hand, education and healthcare services are "new economy" sectors expected to grow by 6.3% and 28.4%, respectively during the same 30-year period, which is good news for the one in five Warren workers already in that field.

4 SEMCOG. Community Profiles: Economy & Jobs. https://semcog.org/community-profiles#EconomyJobs

5 The Washington Post. "GM Thinks Layoffs Will Boost Its Bottom Line. The Reality Is More Complicated." December 2018. https://www.washingtonpost.com/news/monkey-cage/wp/2018/12/02/gm-thinks-layoffs-will-boost-its-bottom-line-the-reality-is-more-complicated/?noredirect=on&utm_term=.b8d84b268422

There is a caveat to the all forecasting: It's the best tool in our toolbox, but it comes with limitations. SEMCOG calculations are based on steady economic growth until 2045, although it is likely that there will be another dip in the market before then, but when and the extent of its effects are unknown.

Source: St. Louis Federal Reserve



Retail doesn't fit neatly into either "old" or "new" economy descriptions, but it is definitely experiencing disruption. Some researchers have coined the term "Retail Apocalypse" to refer to the nationwide shedding of brick and mortar stores. In 2017, an estimated 9,000 stores closed, including big brand name chains like Macy's, Sears, and J.C. Penney, and a 33% uptick was predicted for in 2018—outpacing the number of store closures during the Great Recession.[6] The most prominent theories to explain the record-high closures are that people are buying online at greater rates; the U.S. had over built mall space in the previous decades; stagnating wages leave people with less disposable income to shop; and preferences have shifted from spending on material goods to experiences, such as traveling and meals out with friends.[7] Another potential contributor to declining retail jobs is automation. Meijer and Kroger have already implemented "scan and go" system that has the potential to leave stores cashier-less.

The land use challenge presented by the retail apocalypse is daunting, because it is directly related to what many think of as "community vitality." For example, many of the participants at the visioning sessions requested a downtown hub of retail and entertainment, and survey respondents strongly preferred traditional downtown-style development over strip mall retail. In order to facilitate that in a meaningful way, the City will need to proceed with caution, understand the changing ideal ratio of that mix, and recruit companies that are bucking this "apocalyptic" trend.

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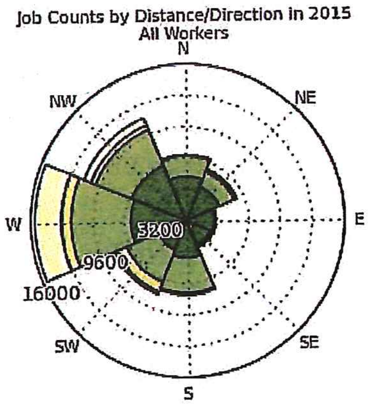
[6] Business Insider. "A Tsunami of Store Closings Is About to Hit the US—And It's Expected to Eclipse the Retail Carnage of 2017." January 2018. https://www.businessinsider.com/store-closures-in-2018-will-eclipse-2017-2018-1

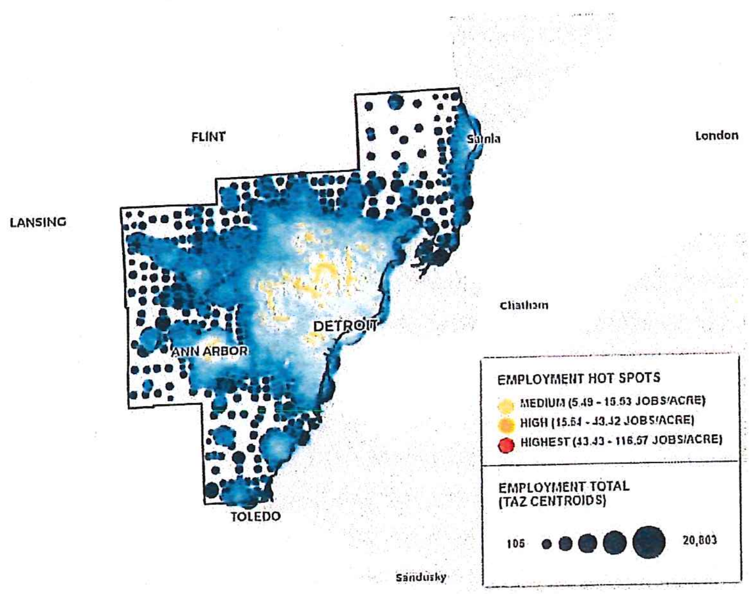
[7] The Atlantic. "What In The World Is Causing the Retail Meltdown of 2017?" April 2017. https://www.theatlantic.com/business/archive/2017/04/retail-meltdown-of-2017/522384/

Where Do Warren Workers Commute?



Most Warrenites are fortunate to not have to travel too far for work: over half travel less than 10 miles (54%). When they do have to travel farther than that, the greatest proportion head due west, followed by northwest. Using SEMCOGs Employment Density heat map, jobs per acre are calculated by employment sector which helps to get a better idea of where Warren workers may travel to reach certain jobs. Outside of Warren (which already has one of the highest concentrations of manufacturing jobs in the region), a high concentration of manufacturing jobs are located northwest of the City in Troy and Pontiac, and directly north in Sterling Heights. Heading west, there are several employment hubs that attract workers: Southfield and Farmington Hills are employment hotspots for wholesale trade, professional, technical, and scientific services, and financial services, and Novi for retail trade.[8] Detroit, primarily downtown, is the hottest employment center in the region with up to 116.5 jobs per acre. As of 2010, 11% of Warren workers were employed in Detroit, likely for jobs in finance, health care services, leisure and hospitality, and professional, scientific, and technical services.[9]

All Jobs, Employment Density



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8 SEMCOG. Employment Density. https://maps.semcog.org/EmploymentDensity/

9 SEMCOG. Community Profiles. Where Residents Work 5-Year ACS 2010.

Wages & Business Development

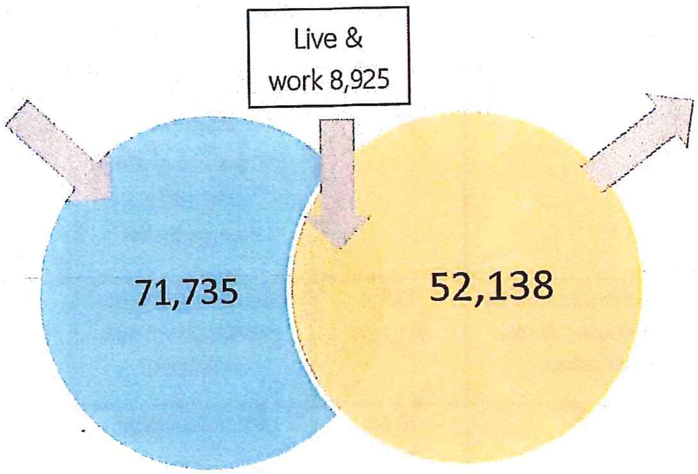
The influence and impact of wages extends beyond the individual household level. In addition to seriously diminishing the quality of life for workers and those who depend on them, low wages tend to attract businesses that cater to and exploit low-income households. This pattern is obvious when observing low-income areas, where check-cashing, fast-food, and pawn shops cluster in comparison to higher-income neighborhoods. The reasoning behind where businesses locate is based largely on household income and purchasing power. Some cities understand this to mean that an effective strategy is to gentrify: attract high income earners to begin the inevitable process of pushing out poorer folks and the "undesirable" businesses associated with them. This is not a thoughtful, practical, or equitable solution. First, it does not solve the problem. From a regional perspective, it is counter-productive for each municipality to plan on pushing low-income households outside of its boundaries. From a city perspective, removing unwanted businesses doesn't necessarily leave behind a building footprint that is conducive to better quality development or wealthier folks coming to take their place—absent an improvement in the overall economic environment, it may simply result in a vacancy.

Despite their impact on land use, wages are outside the jurisdiction of land use planning, and municipal oversight in general (with some exceptions such as a livable wage ordinance). But there are some actionable connections. To mitigate unequitable effects of business development, the City can upgrade and enforce the standards along commercial corridors so that some parts of the City do not have diminished access to safe and beautiful spaces. In addition, business development incentives with a land use connection, such as tax abatements and real estate contributions, should be assessed against the criteria of *improving prosperity for as many existing citizens as possible*—not just a few potential employees or neighboring property owners, and certainly not with the chief goal of attracting outsiders. Rather, by adhering to as many good planning principles as possible rather than tailoring the City's offerings to meet the specific demands of an individual developer, these incentives can be used to achieve the greatest overall prosperity.

Jobs in Warren

According to the 1966 Master Plan, Warren was a major employment center in the metropolitan area, providing more than 45,000 jobs and projected to grow. It's not hard to believe its modern history began as an economic hub, considering that in 1950 General Motors built the $200,000,000 Technical Center and accompanying offices there, and the population doubled for two decades in a row. Tied to employment centers is the high volume of commuters entering the City: as of 2015, 71,735 people came to Warren for work, 52,135 people lived in Warren and left the City for work, and 8,925 people lived and worked in the City. Those who hold jobs in Warren tend to travel a bit farther to get there, mainly from places north of the City.

Almost one in five jobholders in Warren travel 25 miles or greater, some from outside of the region as far as Flint or Lansing.



ESRI Business Analyst's "Business Summary Report" records that in 2018 there were 4,176 businesses with just over 80,000 jobs in Warren. Similarly, the census' On the Map platform reported that in 2015, there were 80,660 jobs in Warren, suggesting that business growth has stayed about the same in the last three years. Using the North American Industrial Classification System, ESRIs report shows that in Warren jobholders are concentrated in the same employment sectors as Warren workers but in different proportions. Professional, scientific, and tech services employ one-quarter of job holders in the City (24.9%), followed by manufacturing (12.8%), and retail trade (10.8%). Its position in the region and proximity to freight trains and interstates has attracted numerous corporate headquarters to the City.

Corporate Headquarters[10]

Art Van Furniture
Asset Acceptance
Big Boy International Restaurants
Bosco's Pizza Company
Campbell-Ewald
Gardner-White Furniture
General Motors
Metro Credit Union
Noble International
TI Automotive Global
Universal Truckload Services, Inc.
U.S. Manufacturing
Witzenmann USA, LLC

Top Industries: Workers vs. Jobholders

Warren Workers		*Warren Jobholders*	
Sector	*%*	*Sector*	*%*
Manufacturing	*23.4% (14,169)*	*Professional, scientific, management, admin and waste management*	*26.8% (21,473)*
Educational services, healthcare, social assistance	*19.4% (11,752)*	*Educational services, healthcare, social assistance*	*16.3% (13,029)*
Retail	*10.6% (6,409)*	*Manufacturing*	*12.8% (10,234)*
Professional, scientific, management, admin and waste management	*10.3% (5,984)*	*Retail*	*10.8% (8,608)*

Manufacturing in Warren

The histories of General Motors and Warren are intimately linked, and investment in the 710-acre GM Technical Center and the Vehicle Engineering Center has cemented the longevity of its link to the City. On this site alone, an estimated 8,000 automotive engineers and technicians are working to design the future of GM vehicles. GM also announced in 2017 that it will investing another $1 billion, part of which will be used to design a studio for developing autonomous vehicles.[11] Similar to a college campus, the Tech Center showcases how modern industry works: a variety of skill levels and educational backgrounds work together to create an innovative product. This is similar to typical new economy ventures like the campuses that "build" software in say, Silicon Valley, with a key difference being that the final product still needs to be manufactured. Three daily shifts of workers at Chrysler's Dodge City manufacturing complex produce 1,400 vehicles per day. It has been Warren's strength to modernize with industry and respond quickly to a changing

[10] City of Warren. Businesses in Warren. https://www.cityofwarren.org/index.php/businesses-in-warren2

[11] Crains Detroit. "GM Doubling Design Space At Warren Tech Center As Part of $1 Billion Investment." August 2017. https://www.crainsdetroit.com/article/20170830/news/637776/gm-doubling-design-space-at-warren-tech-center-as-part-of-1-billion

economic climate. For example, the City successfully redeveloped the former 135-acre Detroit Arsenal Tank Plant within seven years to open for new business,[12] a precedent that will be helpful for redeveloping and repurposing properties throughout the City.

Market Analysis

What do Warrenites Spend Money On?

One way to gauge demand for products and/or services is to examine where and how residents spend their money relative to another entity. Esri compiles consumer data to clarify how people spend their money, and then compares it to the national average. The table on consumer behavior shows where Warrenites are spending more than households nationally. The choices recorded are just as much an indication of what is available as to what is preferable. For instance, spending $100 at a convenience store on a monthly basis may represent a preference for this type of shopping, or it may also be a desperate cry for another way to shop that is not currently accessible. Based on a consumer survey, data is collected on adults' "psychographics," a term used in market research to understand consumer's attitudes, aspirations, and buying habits. Relative to the country as a whole, buying American products is important to Warrenites. Warren residents also stated that price is usually more important than name brand, and that they tend to use coupons for brands they buy often.

Product/Consumer Behavior	Comparison to U.S.
Shopped at convenience store	+4
Bought/changed motor oil	+5
Fast food drive through	+6
Owns two TVs	+6
Owns a pet	+6
Household has no landline	+7
Spent less than $500 on home computer	+7
Have a smart phone	+9
Drank cola	+11
Spent $100 at convenience store in last 30 days	+12
Reads a daily paper	+18
Play video/electronic game	+21
Bought cigarettes at convenience store in last 30 days	+45

When consumers leave the City to shop, a retail leakage ensues. A leakage refers to a sector that is losing money; in this case, it represents the money that leaves Warren to be spent retail options elsewhere. For example, the "leakiest" retailer segments in Warren are clothing / accessory stores, electronics / appliance stores, sporting goods, hobby, book, and music stores to the estimated tune of $7,343,0273 in just those three sectors. The retail gap, the difference between what is supplied and what residents demand,

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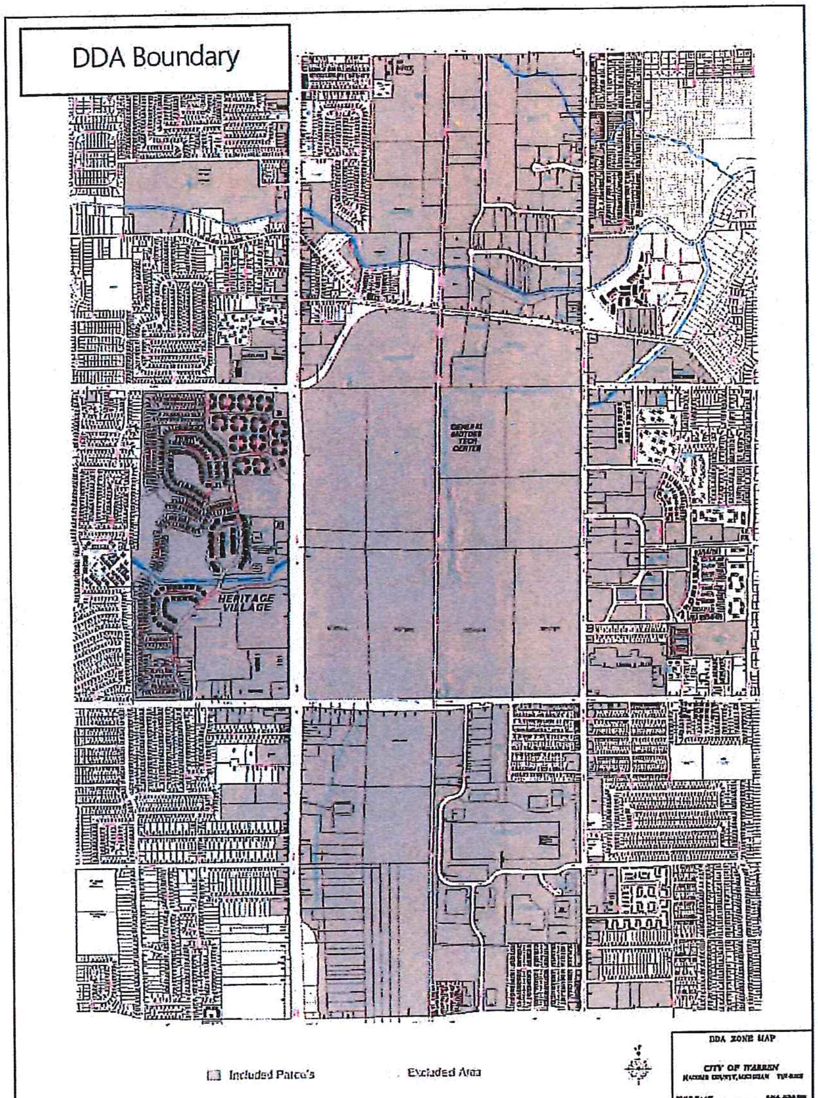
[12] City of Warren. Businesses in Warren. https://www.cityofwarren.org/index.php/businesses-in-warren2

underscores the potential success certain retailers could have in such a large city. The positive side of leaky retail are the surplus sectors, retail sectors that draw customers from outside of the City. Where Warren flourishes is in motor vehicle and parts, furniture and home furnishings, health and personal care, food and beverage, building materials, garden equipment, and supply stores, and gas stations.

Planning for economic development strategies should be data-driven. With this information, Warren is better armed for business recruitment, can better advise the inquiries of potential business owners, and can adjust permitted land uses to ensure that demands are properly accounted for in the zoning ordinance. For example, the residents' vision for local businesses in a walkable environment would be well-served by planning and zoning activities when the standards for location, dimensions, parking, circulation, and landscaping are purposely crafted to make that experience come to fruition.

Industry	Supply	Demand	Gap	Retail or Leakage
Clothing and accessories	$26,941,492	$71,665,376	$44,723,884	Leakage
General merchandise	$185,142,524	$220,411,015	$35,268,491	Leakage
Sporting goods, hobby, book, music	$20,691,302	$37,780,839	$17,089,537	Leakage
Electronics and appliances	$33,298,539	$44,915,391	$11,616,852	Leakage
Miscellaneous	$42,177,816	$52,882,586	$10,704,770	Leakage
Non store retailers	$18,262,702	$26,596,953	$8,334,251	Leakage
Health and personal care	$171,955,401	$104,942,810	-$67,012,591	Surplus
Furniture and home furnishings	$72,353,238	$46,140,692	-$26,212,546	Surplus
Gasoline stations	$265,075,083	$167,686,856	-$97,388,227	Surplus
Motor vehicle and parts	$407,529,290	$307,288,203	-$100,241,087	Surplus
Building materials, garden equipment and supply	$128,321,990	$100,365,485	-$27,956,505	Surplus
Food and beverage	$350,166,434	$256,735,388	-$93,431,046	Surplus
Food services and drinking places	$177,613,595	$145,938,610	-$31,674,985	Surplus

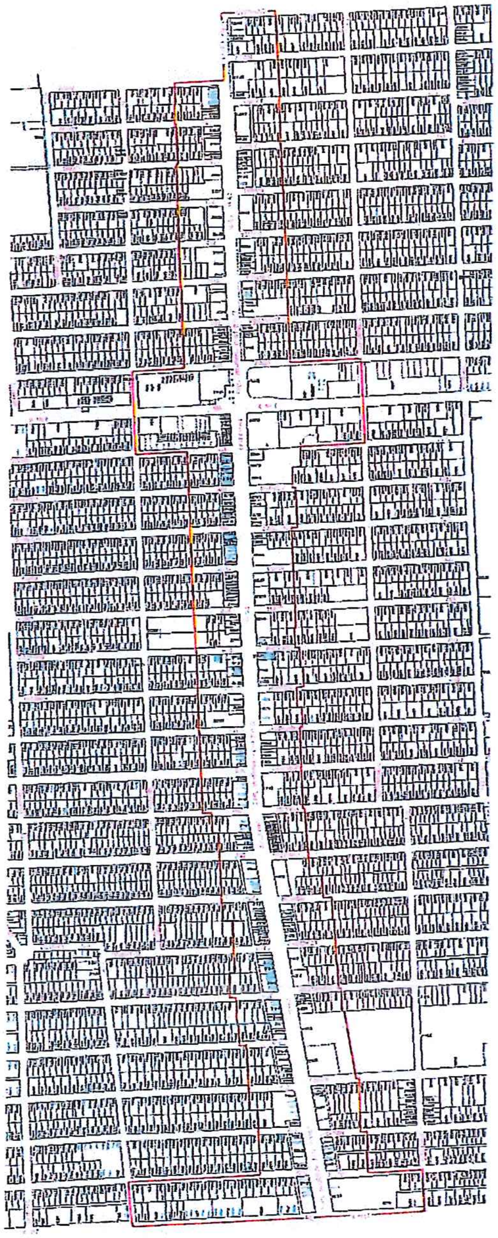
Downtown Development Authority (DDA) Efforts



A DDA is an authority that is enabled by the state to manage a pre-determined area known as the community's downtown district. In their inception, DDAs were intended to fund public improvements that create a vibrant and welcoming core in typically distressed areas. In Warren, the DDA boundaries go from 11 Mile north to 14 Mile Road, encompassing the GM Tech Center and City Hall. To the west it extends to include Heritage Village but is largely bordered by Mound Road, and to the east, Van Dyke Avenue.

Another economic development tool is called Tax Increment Finance which is managed by a Tax Increment Finance Authority (TIFA), which functions similarly to a DDA in that its boundaries are defined and is rooted in economic development. A TIFA has the power to authorize planned debt financing to be repaid by the future spike in tax revenues from new investment within a specific boundary. It is one of the few ways communities can jumpstart a waning tax base and focus the resulting prosperity in a contained geography. In Warren, these two boundaries, the DDA and the TIF, do not overlap, where in most cities they do. Warren's TIFA was formed in 1986 on Van Dyke between 8 Mile and Stephens Road with the hope that that public investment would spur private growth within its boundaries and the

TIF Boundary



increase in tax dollars will be captured to repay the original debt. The mission statement reads that the TIFA is charged with eliminating blight, generate tax revenue, create jobs, and raise property values.[13] Any gains made before the initial debt is paid off are typically reinvested in infrastructure and general improvements to garner compounding positive effects.

TIF: Financial mechanism used to correct and prevent the deterioration of the downtown (or defined TIF district)

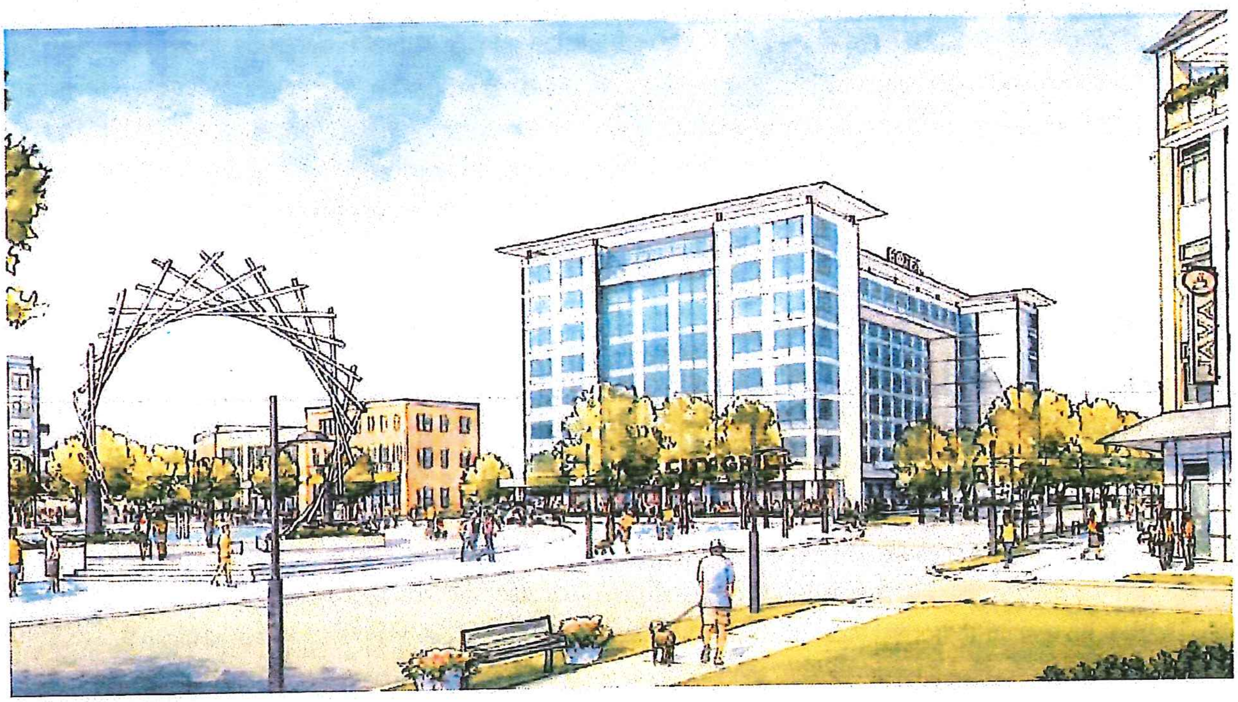
TIFA: The authority that manages the TIF. They are beholden to a Development Plan that outlines what projects will be completed within the TIF district.

DDA: The authority that manages the downtown district to help correct a market failure. If the TIF and DDA have the same boundaries, then the DDA can manage the TIF. The DDA is also beholden to a Development Plan so that money accrued is spent on projects within the district.

Source: Michigan Downtown Association

[13] City of Warren. T.I.F.A Mission Statement. 1994. http://www.cityofwarren.org/images/stories/ced-development/tifa-plan.pdf

Strategies



Town Center

The proposed Warren Town Center would take advantage of the popular and iconic City Hall's civic space and adjacency to the GM Tech Center. A key feature of this development is an eight-story hotel to accommodate the numerous visitors related to Warren's automotive industry, and its physical connection to the GM Tech Center by an above ground walkway across Van Dyke. Next to the hotel would be another anchor, a full-service grocery store, with spaces available for small- to mid-sized retailers to move in along the walkable Main Street. The retail analysis conducted prior to the site plan approximates demand for over 73,000 square feet of retailer and restaurant space. Surrounding the town center would be 400-500 residential units to build up the necessary density to support these retailers. The buildings are considering office or residential space on the upper floors to develop a truly mixed-used core. This proposal goes far in accomplishing what many Warrenites voiced a longing for in the visioning session: a recognizable center.

Van Dyke Corridor Study

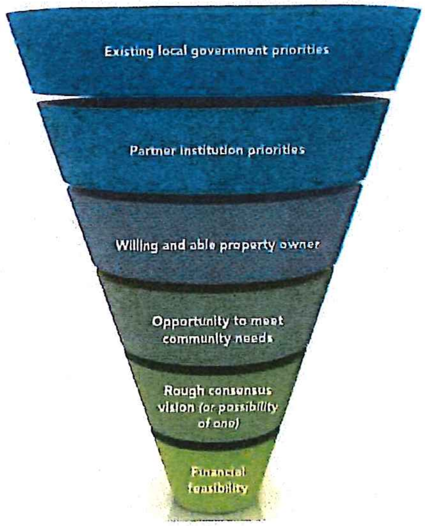
Physical improvements are another contributor to economic development. The Van Dyke Corridor, between 8 Mile Road and I-696 in the TIF district, could use public investment that would create an enticing approach to the mixed-use development. The investment would be a win-win in that it polishes the public realm, improves the user's experience, and could motivate private sector investment along the corridor. The corridor study identified pedestrian enhancements such as intersection crossing enhancements, refuge islands, access management, sidewalk improvements, shared parking arrangement, among others. There was also a call to make the corridor more social, to make the route part of the attraction and not just means to an end. The elements of sociability mentioned coincide with design principles that make pedestrians feel safer: lighting, fixed sidewalks, graffiti removal, green space, and improved appearance of store facades. A physical transformation could encourage walkability and drive more foot traffic to the retail hub. While the improvements make sense in the TIF district, it would also be worthwhile for the City to spend money enhancing the section of the Van Dyke Corridor near where the new town center is proposed. Similarly, an inviting walk up could increase the number of people who will visit the new development.

Redevelopment Ready Sites

Redevelopment Ready Communities® (RRC) is a program managed by the Michigan Economic Development Corporation as a voluntary certification designed to help cities attract investment and residents. To participate, the state agency requires that cities follow the RRC "best practices," which are based on improving planning, zoning, and development processes to signal to potential investors that a municipality has a thoughtful, practical, consistent, and efficient system for managing development. One of the important tasks on the list of best practices is to identify and prioritize sites that are vacant, obsolete, or underutilized in areas that have a large impact, like downtowns or neighborhoods. The difference in this approach is that the process is community-driven, as opposed to waiting for the private market to come to the City with a satisfactory idea.

The community assembles important information about the selected sites, convenes to determine its preferred vision for each, identifies potential resources and incentives that could help complete that vision, and proactively markets the sites to developers who would appropriately develop the space. This approach is designed to accomplish more desirable outcomes because it is community supported, well researched, and proactively targets developers with the expertise to complete such a vision.

Where to Start?



The sites for RRC should be selected by consensus, but the program offers some guidelines to start compiling promising candidates. Redevelopment possibilities can be a range of mis- or poorly-used parcels, including:

- Vacant land
- Surface parking lots
- Former industrial sites
- Brownfields
- Historic rehab or adaptive reuse
- Vacant storefronts
- Vacant upper stories

Starting with sites that have these characteristics can bring them back on the tax roll and fulfill community needs that are going unmet. The challenge is generally that there has been a good reason these properties have not been updated, including common obstacles such as deficient infrastructure, environmental degradation, absentee landowner, conflict with city officials, and others. An inventory and documentation of a site's current land conditions, ownership status, challenges are the first action to take, then broadening the questions to: what does the City want to achieve? What type of development is feasible? What resources are available to induce investment?

Selected Sites
Map based on methodology for selection and brief explanation of sites

Summary

Preliminary Recommendations

- Ensure that the types of businesses permitted along commercial corridors include retail options that are in demand
- Target public investment along Van Dyke starting closer to the proposed town center and moving outward along the corridor and in the TIF district
- Use DDA funds to offer incentives to local entrepreneurs as a way to cultivate and retain talent such as providing training on how to write business plans, sharing relevant market and property-specific data with them, or provide financial incentives for the types of business you want to develop in the City

Redevelopment

- Create a community visioning strategy for potential redevelopment properties
- Assemble information on each site and create an attractive packet
- Market sites to reputable developers who understand the community's vision and market analysis

Warren Town Center

Economic Impact Analysis

Warren, Michigan

Prepared For:

City of Warren

Prepared By;

Gibbs Planning Group

08 February 2021

Warren Town Center in Warren, Michigan

Economic Impact Analysis

***Figure 1:** The proposed Warren Town Center is east of Van Dyke Avenue and south of South Civic Center Boulevard, in Warren, Michigan.*

Executive Summary

This report analyzes the economic and fiscal impacts, both temporary and ongoing, of the proposed Warren Town Center – a mixed-use redevelopment on 14.7 acres east of Van Dyke Avenue and adjacent to Warren City Hall. The initial phase of the prospective development consists of 230 multifamily residential units, a 194-room hotel and 49,000 square feet of retail development (grocery store, dining and shops); a later phase will include an additional 250 multifamily units.

Project construction would produce temporary economic impacts consisting of approximately $221 million in one-time net new economic output (sales) in the City of Warren, 1,032 new temporary jobs and $58 million in new local earnings. Most (85 to 90 percent) of the temporary output, jobs and earning impacts would be *directly* due to project construction, with the remainder due to *indirect* and *induced* multiplier effects as construction-related firms buy local supplies and local households spend newfound earnings in the local economy.

Once fully operational, the Warren Town Center project would generate nearly $47 million in ongoing, annual economic output (sales) for City of Warren establishments. It would also support approximately 259 local jobs with total earnings of $7.2 million annually.

Annual property tax revenues would increase by an estimated $4.2 million after Phase 1 (of which $1.8 million would be allocated to the city), rising to $6.0 million annually at project completion (of which $2.6 million would flow to city funds). On the other hand, the project would result in annual new municipal service costs of approximately $1.6 million after Phase 1, rising to $2.4 million annually once Phase 2 is complete. Therefore, the net fiscal impact to the city would be approximately +$170,000 annually, rising to just over +$203,000 annually after project completion.

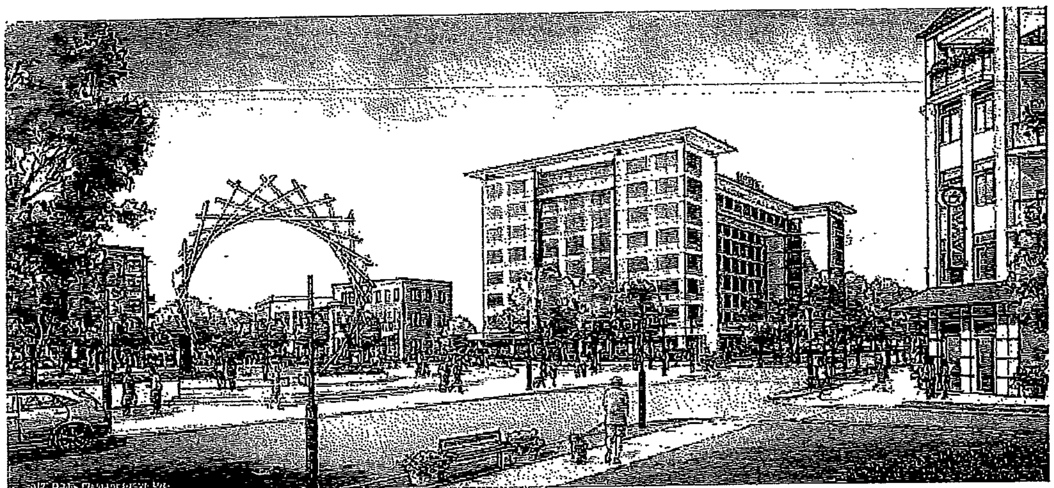


Figure 2: *The Warren Town Center was planned to provide a new, attainable vision for a walkable, mixed-use urban center on the city-owned civic campus.*

Background

Gibbs Planning Group (GPG) has been retained by the City of Warren to evaluate and quantify the likely economic and fiscal impacts of the proposed Warren Town Center development. The project as planned consists of mixed-use development including retail, dining, market-rate apartments, lodging and potentially other related land uses.

This economic and fiscal impact analysis includes estimates of the following:

- Short-term impacts to the local economy (defined as the City of Warren) from project construction including direct and indirect employment and output
- Long-term, ongoing impacts to the local Warren economy, including output (primarily sales) from ongoing project operation (using BEA RIMS II multipliers where applicable)
- Fiscal impacts to City of Warren as follows:
    - Long-term annual revenues from project operation (property taxes, sales/use taxes, lodging taxes, etc.)

- Long-term annual cost of major City service categories due to project, based on a property value-based fair share apportioning of municipal costs to the net new project land uses.

This analysis is based on existing site plan assumptions as to type and quantity of land uses, a set absorption timetable and reasonable construction cost estimates. Essential data inputs were obtained from the US Census, the Bureau of Economic Analysis, Macomb County Assessor and City of Warren budgets and related financial statements.

Economic Impacts: Concepts & Assumptions

Direct, Indirect & Induced Impacts

Central to the field of economic impact analysis is the understanding that when a new policy or project leads to new direct local spending (e.g. retail sales, hotel visits, facility construction), that economic activity may continue to ripple through the local economy as some of those direct expenditures get re-spent on Warren-based goods and services by local firms and households.

Economists refer to the initial round of activity as *direct* impacts. When this direct spending is re-spent by establishments to buy supplies and services necessary to satisfy the initial demand (such as when a new restaurant pays a local linen service to launder tablecloths, napkins and uniforms) these business-to-business transactions constitute *indirect* impacts. Similarly, the employees of direct impact firms will spend at least some of their new wages on local goods and services. This household-level re-spending is referred to as *induced* impacts.

Measures: Output, Employment, Earnings

All of the above impacts are typically estimated using three main economic measures. The first measure, *output*, is the total value of the goods exchanged locally in a given wave of spending (whether direct, indirect, or induced). For construction, direct output is simply the total value of the thing constructed. For hotels and restaurants, direct output is the sum of total sales[1].

In the course of producing their output, local establishments will create new jobs and pay new wages to those workers. Thus, *employment* and *earnings* (which also include proprietor profits) are two additional measures of potential impact.

To estimate output, employment and earnings occurring due to direct, indirect and induced spending, analysts rely on so-called economic "multipliers" that are calibrated to reflect the inter-relationship across hundreds of industry categories over all U.S. counties. There are a number of private firms (including IMPLAN and REMI) that will provide multiplier estimates based on proprietary models. The underlying information used by these providers is tied to a matrix of industry input-output data tracked by the US Bureau of Economic Analysis (BEA), and is also

[1] Output for retail establishments, for somewhat more complicated reasons relating to how the Bureau of Economic Analysis tracks inter-industry spending, is limited to retailers' margins on sales, to avoid double-counting with manufacturing and wholesaler activity.

sold directly to researchers through the BEA's Regional Input-Output Modeling System (RIMS II) program. The analysis reported here uses RIMS II multipliers to calculate the expected ripple effects due construction and operation of the subject development.

Temporary vs. Ongoing

Finally, impacts can also be classified based on whether they result from one-time, temporary activity such as facility construction or ongoing activity related to continuing facility operations. This analysis reports estimated impacts from both temporary construction-related activity and ongoing operations-based measures (reported here both as annual figures and as a cumulative net present value, where applicable).

Fiscal Impacts: Concepts & Assumptions

In some ways, the analysis of fiscal impacts is more straightforward than that for economic impacts. With a specific focus on the City of Warren, this report outlines the changes to tax revenues and city service costs likely to result from development of the subject project (with commentary on Macomb County and state of Michigan)

Revenues

The primary source of municipal revenue for the City of Warren is property taxes. Purchases in Michigan are subject to sales and use taxes, which are applied at the state level with revenues distributed to counties and municipalities based on formulas that are largely population-based. The City of Warren does not have a separate municipal sales tax. Thus, new local sales and hotel rentals would have only a marginal, indirect, impact on the city's fiscal revenue flows. While Michigan municipalities are allowed to charge income taxes, Warren is not one of these cities.

To determine property tax obligation, the City of Warren Assessing Department appraises all real property in the city to estimate actual market value ("true cash value"). These estimated market values are converted to assessed values at a ratio of 50%. The assessed tax value is then multiplied by applicable millage rates to determine each parcel's annual property tax bill.

In the adopted fiscal 2020 budget for Warren, property taxes account for over $69 million in expected revenue for General Fund budget items (including general government, public safety, and public services such as inspections, engineering and street lighting). Another $29 million in property taxes go to other non-general fund Warren budget areas (including funds dedicated to sanitation, library, recreation, and local street replacement/repair).

While property taxes are by far the largest revenue source for Warren expenditures, both the General Fund and the four other specific funds receive additional funding from other sources. The largest of these sources is intergovernmental revenue sharing – a common mechanism in the State of Michigan, wherein locally-gathered state sales taxes and significant portions of the local property tax millage feed into a statewide fund for redistribution back to counties and municipalities. Because the chain of funding flows through this revenue-sharing arrangement is indirect and not amenable to tracking, this analysis focuses only on the property tax portion of both revenues and corresponding expenditure budgets[2].

The four City-owned tax parcels making up the subject property currently have zero assessed value and are currently exempt from property taxes. As such, the total value of any redevelopment occurring on the assembly would be fully realized in the form of new potentially taxable value

Taxing authorities and millage rates applicable for the subject parcels are summarized in the table at right. Millage rates are multiplied by the assessed property value (again, expressed in Michigan as 50% of the true cash value estimate) divided by 1,000, to arrive at a property's annual tax obligation.

Property Tax Millage Breakdown		
Taxing Authority	**Millage Rate**	
WARREN OPERATING	8.5420	
CITY ROAD IMPROV	2.0549	
EMS	0.2843	
LIBRARY	1.0757	
SANITATION	2.5550	
ACT 345 POL/FIRE	4.9848	
POLICE OPERATING	0.9531	
FIRE OPERATING	0.9531	
POL & FIRE OPER	4.7953	
RECREATION	0.9488	
ZOO AUTHORITY	0.0977	
ART INSTITUTE	0.1950	
City of Warren Subtotal		**27.4397**
MACOMB CNTY OPER	0.4415	
MCC OPERATING	1.4387	
MAC INT SCH DIST	4.7296	
STATE ED TAX	6.0000	
WAR CON OPERATIN	17.9463	
WAR CON DEBT/SF	4.7800	
MACOMB CTY DEBT	0.0000	
MACOMB VETERANS	0.0674	
HURON-CLINT PARK	0.2117	
SMART	0.9926	
All Other Subtotal		**36.6078**
Total, City + All Other Authorities		**64.0475**

Source: City of Warren Assessing Department; based on Summer 2020 and Winter 2019 rates

Expenditures

To determine the impact of new development on City service costs, we employ a fair-share approach, assuming that added residents and commercial activity will increase service burdens in approximate proportion to the existing ratio of costs to developed property. While those ratios could be calculated on a per-capita basis, the resulting multipliers would understate (or omit) the cost of servicing new commercial land uses.

A more equitable method, employed here, takes a pro-rata value-based approach -- assumes that municipal service costs should rise in general proportion to the increase in property *value* added by new development. Therefore, for each budget category, the fair share cost allocation should equal the expenditure total covered by property taxes, divided by the total valuation of all City of Warren parcels.

[2] Finally, other revenues sources such as those due to fees, fines, permits and direct charges for services are assumed here to match their corresponding specific municipal costs closely enough that they can be ignored as self-supporting and net- neutral in this analysis.

In 2018, the estimated actual value of the City's combined parcels was $7.17 billion. So, the $69.2 million in citywide property taxes budgeted for General Fund spending works out to $9.65 per $1,000 in actual citywide property value. Together with expenditures for library, recreation, sanitation and local road repair funds, the calculated fair share of citywide municipal expenditures is $12.42 per $1,000 in actual property value.

Development Program & Phasing

The project as currently proposed includes an initial phase of 230 multifamily units, along with a 25,000 square foot grocery store and 24,000 square feet of additional retail (assumed for this analysis to be comprised of 14,000 square feet of dining/food service space and 10,000 of assorted other retail shops). Phase 1 also includes a 194-room hotel of approximately 160,000 square feet.

A Phase 2, comprised of 250 additional multifamily units (including 9 townhomes), is planned to follow at an unspecified date. For this analysis, we assume that Phase 1 construction takes place in a Year Zero, with operations running in Year 1. Phase 2 is assumed to be built and operational by Year 6.

An optional $3,000,000 pedestrian connector bridge is desired for Phase 1 to connect the project to the massive GM Tech Center west of the project site across Van Dyke Avenue. This valuable add-on would affect construction period economic impacts but is not assumed to change the project's ongoing economic or fiscal impact figures.

City of Warren Budget Expenditures by Category

	2020 Budget Expenditures	Property Tax Portion of Budget	Expenditures per $1K actual value (based on 2018 total actual value of $7.17 billion)
General Government	$27,956,000		
Public Safety (Police, Fire)	$70,256,000		
Public Services & Planning	$17,608,000		
General Fund Subtotal	**$115,820,000**	**$69,240,000**	**$9.65**
Library	$5,318,000	$4,308,000	$0.60
Recreation	$5,652,000	$3,139,000	$0.44
Sanitation	$9,490,000	$8,374,000	$1.17
Local Roads	$7,435,000	$3,986,000	$0.56
Total	**$143,715,000**	**$89,047,000**	**$12.42**

Findings

The following tables show inputs and calculated estimates summarizing the short and long-term impacts of the proposed development. The first table, below, is the only one that shows impacts at the county level. As mentioned in the assumptions section, the BEA RIMS II impact multipliers used in this analysis are calibrated at the county level. For the project at hand, *direct* effects on the City of Warren should be equal to those countywide estimates, since they relate to sales and jobs taking place on the subject property itself. However, for *indirect* and *induced* effects, our estimates must include an adjustment to convert countywide impacts to reflect the likely share taking place within the City of Warren. The final column in the table below shows a 0.28 factor to make that adjustment. That fraction assumes that Warren's 28% share of total Macomb County employment is a reasonable indicator of the City's share of all ripple-effect establishment and household spending of direct-effect dollars.

After adjusting for Macomb County – to – Warren effects (28% for indirect and induced), the table below shows that construction of the subject project should result in nearly $200 million in Warren economic output, 1,032 temporary local jobs and almost $58 million in new earnings for Warren employees. These totals include the direct hard and soft cost spending needed to construct the project, as well spin-off rounds of spending as direct firms buy supplies and services from other firms in Warren (indirect) and construction industry workers and their households spend new wages on local goods and services (induced).

Economic Impacts, Short-Term/Construction

Construction Impacts to Macomb County

		Output/Economic Activity	Jobs	Earnings		*Macomb-to-Warren adjustment*
Phase 1 & 2	Direct	$190,396,741	974	$57,857,000		*1*
	Indirect	$64,676,000	216	$11,874,000		*0.28*
	Induced	$45,289,000	279	$9,573,000		*0.28*
Phase 1 Only	Direct	$130,397,111	684	$40,574,000		*1*
	Indirect	$43,098,000	159	$7,754,000		*0.28*
	Induced	$31,389,000	192	$6,633,000		*0.28*

Construction Impacts to City of Warren

		Output/Economic Activity	Jobs	Earnings
Phase 1 & 2	Direct	$190,396,741	974	$57,857,000
	Indirect	$18,109,000	60	$3,325,000
	Induced	$12,681,000	78	$2,680,000
	Total	$221,186,741	1,112	$63,862,000
		$130,397,111	684	$40,574,000
Phase 1 Only	Direct	$12,067,000	44	$2,171,000
	Indirect	$8,789,000	54	$1,857,000
	Induced	$151,253,111	782	$44,602,000
	Total	$190,396,741	974	$57,857,000

Economic Impacts, Long-Term/Operations

Once each phase of the project is constructed and fully operational, its hotel and retail components will begin to generate new direct economic activity. Based on draft pro forma information from the prospective development team, the hotel is anticipated to generate approximately $14 million in direct annual revenues from room rental, food & beverage and other hotel activities. Together with modest spin-off indirect and induced spending, we estimate the total annual economic output in Warren to rise by $15 million from the hotel component alone, with 107 permanent new jobs and $3.3 million in new earnings for Warren employees.

Similarly, the grocery component is expected to generate $4.3 million in total direct, indirect and induced output in Warren. Remember that for retail stores (but not restaurants), the BEA counts only the *margin* on sales, after cost of goods, in their output calculations. Together with the likely restaurant and non-grocery retail elements, Phase 1 retail in total should generate more than $10.7 million in annual output, 119 jobs and about $2.6 million in net new local wages.

Annual Net New Economic Impact of Project Operations, by Land Use (City of Warren)

	Output	Jobs	Earnings
Hotel	$15,171,785	104	$3,306,490
Retail - grocery	$4,352,468	44	$1,135,926
Retail - other	$853,425	9	$222,731
Retail - restaurant	$5,782,856	67	$1,314,152
Phase 1 Residential	$9,828,338	17	$581,317
Phase 2 Residential	$10,682,976	19	$631,866
Total	$46,671,848	259	$7,192,482

Constant Year 1 (uninflated) dollars

To account for effects of new apartment residents moving to the subject project, we follow the BEA's methodology for estimating the impact of that net new spending power. Based on typical project rents and a 30%-of-gross income affordability estimate, we assume that typical project new households will earn approximately $66,000 per year in Year 1 dollars. That input yields net new Warren spending of approximately $9.8 million from Phase I households and $10.7 million from Phase 2 households – supporting across both phases a total of 36 new local jobs and over $1.2 million in new local wages.

Fiscal Impacts, Long-Term/Operations

City of Warren Property Tax Revenue - Inputs

	Project Actual Cash Value	Assessed Value (50%)	Start Year	City Millage	Total Millage
Phase 1	$130,397,111	$65,198,556	1	27.4397	64.0475
Phase 2	$56,674,445	$28,337,223	6	27.4397	64.0475
Total, Phase 1 & 2	$187,071,557	$93,535,778		27.4397	64.0475

As with economic impacts, our fiscal impact estimates assume that net new development resulting from the project is approximately 50% of the actual development totals by land use. This assumption is reflected in both revenue and expenditure calculations below.

Also, unlike with economic calculations based on operations, there is no two-year ramping-up period to arrive at full effect. Once construction is complete on each phase, the phase is assumed to be at full potential value.

Once Phase I is complete, the project will generate approximately $4.2 million in annual property tax revenue, with $1.8 million allocated to the City of Warren (in constant, uninflated Year 1 dollars). By full project completion, annual property tax revenues will increase to $6.0 million annually in total, with $2.6 million flowing to City of Warren funds.

City of Warren Property Tax Revenue Impacts

Property Tax Revenue - City of Warren Portion (all in Year 1 dollars -- no inflator)							
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7...
Phase 1	$1,789,029	$1,789,029	$1,789,029	$1,789,029	$1,789,029	$1,789,029	$1,789,029
Phase 2						$777,565	$777,565
Total	$1,789,029	$1,789,029	$1,789,029	$1,789,029	$1,789,029	$2,566,594	$2,566,594

Property Tax Revenue Impacts -- Total

Property Tax Revenue – Total, City of Warren & Other Entities (all in Year 1 dollars -- no inflator)							
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7...
Phase 1	$4,175,804	$4,175,804	$4,175,804	$4,175,804	$4,175,804	$4,175,804	$4,175,804
Phase 2						$1,814,928	$1,814,928
Total	$4,175,804	$4,175,804	$4,175,804	$4,175,804	$4,175,804	$5,990,733	$5,990,733

After Phase 1 completion, the project should result in annual new municipal service costs for the City of approximately $1.5 million, rising to $2.1 million annually once Phase 2 is complete (calculated as a pro-rata "fair share" based on share of citywide property value).

Fair Share Expenditure Impacts

	Project Actual Value	**Citywide Cost per $1,000 in Property Actual Value**	**Estimated Municipal Costs Due to Project**
Phase 1	$130,397,000	$12.42	$1,619,000
Total Phase 1 & 2	$187,071,000	$12.42	$2,364,000

Thus, the project is expected to generate a **moderate positive net fiscal flow** to the City of approximately +$170,000 annually, rising to +$203,000 annually after Phase 2 is complete. These net positive fiscal impacts should continue through the life of the project, subject of course to changes in mill levy rates and City budgets.

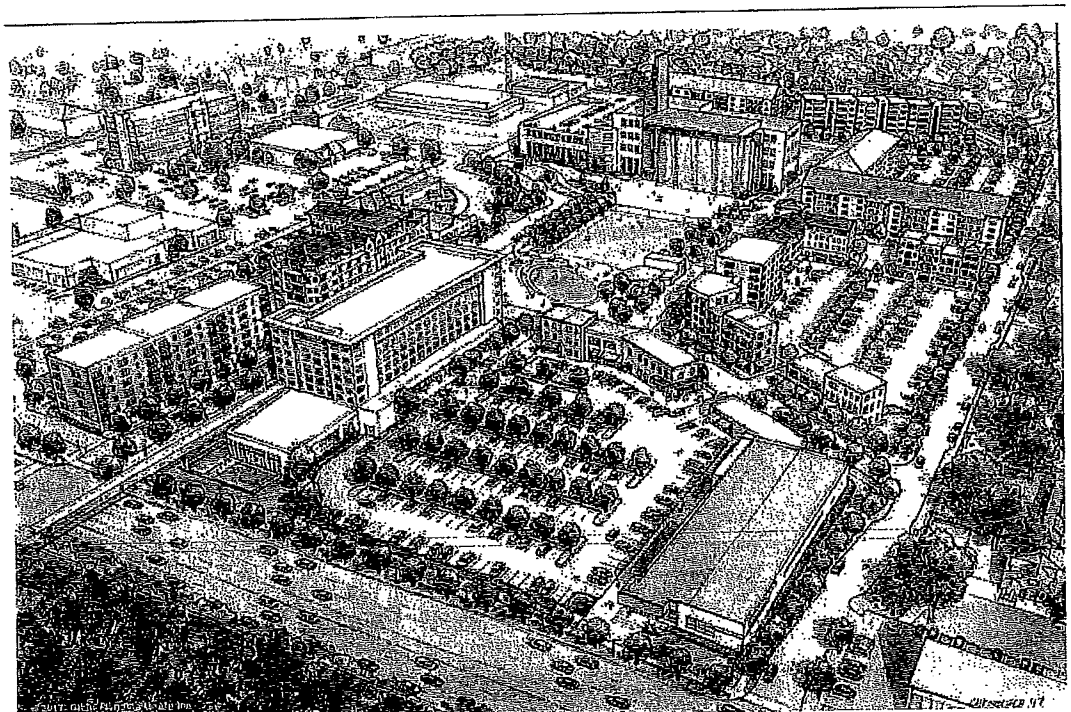


Figure 3: Watercolor rendering of the Warren Town Center.

Limits of Study

The findings of this study represent GPG's best estimates of the economic and fiscal impact of the proposed Warren Town Center development. Every reasonable effort has been made to ensure that the data contained in this study reflects the most accurate information possible and is reliable. However, this analysis relies heavily on cost and revenue inputs provided by the development team. While those assumptions appear reasonable, if those inputs prove to be overly aggressive the resulting impact estimates shown here may overstate positive effects on jobs and economic activity.

This analysis is *not* intended to serve as an investigation of market feasibility for any of the proposed project elements. All findings reported here regarding likely impacts are based on a development program and absorption time frame provided by the development team.

The actual economic and fiscal impacts of the Warren Town Center development may vary from those described in this report, and the variations may be material. Therefore, no warranty or representation is made by GPG that any of the projected results contained in this study will be achieved.

-- End of Study --

TRANSFORMATIONAL BROWNFIELD PLAN PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield Redevelopment Financing Act, 1996 Public Act (PA) 381, as amended (Act 381), effective July 24, 2017, incorporates Transformational Brownfield Plans (TBP), which affords developers the opportunity to capture a portion of specific incremental taxes generated from large-scale transformational projects for a specified time period.

A TBP is defined under Act 381 as a Brownfield Plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The plan must be a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses. Other requirements include minimum thresholds of capital investment depending on the population size of the municipality in which the development is proposed.

A TBP allows for the capture of five new sources of tax revenues associated with a project, in addition to incremental revenue from property taxes. The additional tax revenues available include the following: (1) Construction Period Income Tax; (2) Construction Period Sales Tax Exemptions, (3) Construction Period Use Tax Exemptions; (4) Income Tax Capture; and (5) Withholding Tax Capture. These tax revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of the new sources of revenue is limited to up to 20 years.

The Michigan Strategic Fund (MSF) is the project-authorizing entity, and can approve no more than five TBPs in a calendar year statewide and no more than five TBPs in any individual local unit for the duration of the program, which ends December 31, 2022. In the event the MSF approves fewer than five plans in a calendar year, the unused approval authority shall carry forward into future calendar years and remain available until December 31, 2022. No new TBPs can be approved after December 31, 2022, and no unused plans can carry over past that date. A TBP approved prior to that date would remain in effect and could be amended.

An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas with a target that at least 35% of all TBPs over the life of the program be located in cities, villages, and townships with populations under 100,000. The MSF will reserve 15% of the funds for these projects.

AMENDMENTS

A TBP may be amended to add parcels of property, increase or reduce capture, or change project scope of work. Any amendment that proposes to change the project so that it would no longer be transformational, will result in the TBP being revoked. Each amendment must be approved by both the local unit of government and the MSF, and must be consistent with approval requirements of a TBP. Amendments are not considered new plans and plans may be amended beyond December 31, 2022.

FEES

The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees[1]. Annual administrative fees are estimated to be between 0.8 and 0.9 percent of TBP awards. For TBP requested awards greater than or equal to $1.5 million a non-refundable application fee of $208,000 will be charged and collected by the MSF[2]. This application fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. In the event that an amendment is required for TBP awards greater than or equal to $1.5 million, a non-refundable amendment fee of $208,000 will be charged and collected by the MSF. This amendment fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. For TBP requested awards less than $1.5 million a non-refundable application fee of $30,000 will be charged and collected by the MSF. In the event that an amendment is required for TBP requested awards less than $1.5 million, a non-refundable amendment fee of $30,000 will be charged and collected by the MSF. For any transfer of a TBP award the MSF will charge and collect a $7,000 transfer fee.

ELIGIBLE APPLICANTS

A project may be located in any community but must involve a minimum level of capital investment based on the size of the community, as follows:

Population	Investment
Greater than or equal to 600,000	$500,000,000
150,000 - 599,999	$100,000,000
100,000 - 149,999	$75,000,000
50,000 - 99,999	$50,000,000
25,000 - 49,999	$25,000,000
Less than 25,000	$15,000,000

These limitations can be waived by the MSF to allow TBPs in certain areas where:

- the population is under 25,000, if the development would not be economically feasible otherwise;
- the Michigan State Housing Development Authority has approved the expenditure of federal blight elimination funds;
- the municipality is subject to a state of emergency for drinking water contamination; or
- the eligible property is a historic resource and would not otherwise be transformed.

ELIGIBLE ACTIVITIES

TBP eligible activities include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, along with eligible activities currently allowed under Act 381.

ELIGIBLE PROPERTY

[1] PA 46 of 2017 Sec. 8a. (3)(a),(i),(ii),(iv) (p. 7)

[2] MSF Act 270 of 1984, 125.2007 Powers and duties of fund, Sec. 7. (j)

Documentation that the project is located on an eligible property is required at the time the application is submitted. Eligible property includes one or more of the following:

1. Facility: As defined in Public Act 451 of 1994, MCL 324.20101, means any area, place, or property where a hazardous substance in excess of concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. A Phase I and Phase II Baseline Environmental Assessment is used to determine whether the property is a facility. The MEDC will confirm with the Michigan Department of Environment, Great Lakes and Energy (DEGLE)who will certify the property as a facility after adequate documentation is received from the developer.

2. Historic Resource: A publicly or privately owned historic building or structure, individually listed, or located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169. Documentation is required to verify any of the above designations.

3. Functionally Obsolete: Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself, or the property's relationship with other surrounding property as determined by a Michigan Advanced Assessing Officer or a Michigan Master Assessing Officer.

4. Blighted: Property that meets any of the following criteria as determined by the respective unit of government, building official, or assessor when applicable:
   - Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
   - Is an attractive nuisance to children because of physical condition, use, or occupancy;
   - Is a fire hazard, or is otherwise dangerous to the safety of persons or property;
   - Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
   - Is tax reverted property owned by a qualified local governmental unit (QLGU), by a county, or by the state of Michigan. Tax–reverted property that is sold, leased, or transferred after the property is in a Brownfield Plan is still considered blighted property for purposes of Act 381;
   - Is property owned, by or under the control of, a land bank fast track authority (LBFTA) under the Land Bank Fast Track Act, 2003 PA 258, whether or not it is located within a QLGU. Property that is sold, leased or transferred by a LBFTA after the property is in a Brownfield Plan is still considered blighted property for purposes of this act; and
   - Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

5. Transit-oriented Property: Property that houses a transit station in a manner that promotes transit ridership or passenger rail use.

6. Transit-oriented Development: Infrastructure improvements that are located within ½ mile of a transit station or transit-oriented property that promotes transit ridership or passenger rail use as determined by the municipality.

7. Undeveloped Property: Property that was eligible property in a previously approved brownfield plan abolished under section 14(8).

PROGRAM KEY COMPONENTS

1. The project must be a mixed-use development, defined as a real estate project with planned integration of some combination of retail, office, residential, or hotel uses. The project can be a single development on eligible property, or consist of a series of developments on eligible properties (even if they are not contiguous) that are part of a related program of investment meeting the following requirements:
   - The developments are proposed to be undertaken concurrently or in reasonable succession.
   - For developments under affiliated ownership, the developments are reasonably contiguous and are a part of a program investment in a logically defined geographic area, including, but not limited to, a Downtown District (as defined in the Downtown Development Authority Act) or a principal shopping district or business improvement district (as defined in the Shopping Areas Redevelopment Act). Other areas related to those districts that will promote infill development may also be considered.
   - For developments with unrelated ownership, projects must meet the provisions above, and are part of a master development plan, area plan, sub-area plan, or similar development plan that has been approved or adopted by resolution of the governing body.
   - The designation of the developments as a related program of investment is consistent with the purposes of this act and is not a combination of unrelated or minimally related projects calculated to meet the minimum investment threshold.

2. The TBP allows for five kinds of revenue from income tax and withholding tax capture and exemptions from sales tax and use tax as follows:
   - Construction Period Income Tax Capture Revenues: Funds equal to the amount of income tax levied and imposed in a calendar year on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within the TBP. Excluded are wages paid to employees of the owner or developer of the project.

   - Construction Period Sales Tax and Use Tax Exemptions:
     a. A sales tax exemption for the purchase of tangible personal property for use in eligible brownfield redevelopment activities on eligible property included in a TBP, to the extent that the tangible personal property will be affixed and made a structural part of the real property or infrastructure improvements included within the TBP.

     b. A use tax exemption on tangible personal property acquired by a person engaged in the business of altering, repairing, or improving real estate for others, or to the manufacture of a specific product if the property or product is to be affixed or made a structural part of the real property included within a TBP, to the extent that those improvements are eligible activities on eligible property within a TBP.

     The MSF shall require the owner or developer of the eligible property to report the actual value of the sales and use tax exemptions each tax year of the construction period and at the end of the construction period.
   - Income Tax Capture Revenues: Funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a TBP exceeds the initial income tax value (the value in the tax year when the resolution

adding TBP property is adopted). A TBP cannot propose to use more than 50% of the income tax capture revenues.

- Withholding Tax Capture Revenues: The amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value. Excludes those domiciled within the eligible TBP property and construction period tax capture revenues. A TBP cannot propose to use more than 50% of the withholding tax capture revenues.

  These tax increment revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of the new sources of revenue is limited to up to 20 years.

3. A TBP that proposes to use more than $1.5 million in any one year in withholding tax capture revenues and income tax capture revenues require the developer or owner to:
   - Pay for an independent, third-party economic and fiscal impact analysis to determine whether the plan will result in an overall positive fiscal impact to the state;
   - Pay for an independent, third-party underwriting analysis to determine whether the amount of captured taxable value, construction period tax capture revenues, withholding tax capture revenues and income tax capture revenues estimated to result from the plan are reasonable; and
   - Verify with the MSF that the State Treasurer concurs with the third party fiscal and economic analysis determination that the project will result in an overall positive fiscal impact to the state.

4. Projects that are requesting consideration for a TBP will not be eligible if other MSF program assistance is available to fill the financing gap. If the MSF supports a TBP, that project(s) is not eligible for funding under the Michigan Community Revitalization Program (MCRP).

5. Project construction must start within 12 months of MSF Board approval.

6. The owner or developer must certify the actual capital investment upon completion of TBP construction, or completion of a specific phase, prior to the MSF initiating reimbursement from the construction period income tax capture, income tax capture, and withholding tax capture. If the actual capital investment is less than the amount included in the plan, the MSF has the right to modify the amount of reimbursement and take other recourse.

7. The MSF is required to approve a proposed change in ownership of eligible property subject to a transformational brownfield plan for which reimbursement will continue, prior to the assignment or transfer of the development and reimbursement agreement.

PROGRAM LIMITS

The MSF may authorize incentives for large development projects totaling up to $1.0 billion across all TBPs for the duration of the program.

1. Income Tax and Withholding Tax:
    - Commitments and disbursements of income and withholding tax capture revenue are limited to a total of up to $800 million over the life of the program.
    - Commitments and disbursements of income and withholding tax capture revenue are limited to $40 million annually across all TBPs. If the $40 million threshold is not reached in a given year, the remaining balance will be carried forward into subsequent years for disbursement.
    - A TBP cannot use more than 50% of the income and withholding tax capture revenues to reimburse eligible activities.
    - A TBP cannot award more than 25% of the annual allocation to any one project per year, not including amendments. With amendments, no more than a total 50% of annual allocation.
    - The available tax revenue from any source for a TBP will be limited to an amount that is needed to make the project economically viable.
    - No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

2. Construction Period Tax Capture Revenue and Exemptions:
    - A total of up to $200 million can be captured and exempted from a combination of construction period tax capture revenue in the TBP and sales and use tax exemptions on certain tangible personal property. A TBP can capture 100% of the construction period tax capture for transmittal to the brownfield authority or developer.
    - Disbursements of construction period tax capture revenue and the value of the sales and use tax exemptions do not have an additional annual reimbursement cap.
    - The available tax revenue from any source for a TBP is limited to an amount that is needed to make the project economically viable.
    - No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

ECONOMIC AND FISCAL IMPACT ANALYSIS CRITERIA

MSF must determine that a TBP will result in an overall positive fiscal impact to the state before it is approved. In making that determination, the following will be taken into account:

- The potential displacement of tax revenue from other areas of the state, and
- The effects of the TBP on economic development in the surrounding area.

TBPs proposing to use more than $1.5 million in any year in withholding and income tax capture revenues require an independent economic and fiscal impact analysis conducted by a third-party, paid for by the developer via the application fees or amendment fees. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than $1.5 million in annual withholding and income tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

If the TBP proposes to use more than $1.5 million in any one year in withholding and income tax capture then the State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.

UNDERWRITING CRITERIA

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing.

TBPs proposing to use more than $1.5 million in any one year in withholding and income tax capture revenues require an independent underwriting analysis conducted by a third-party, paid for by the developer via the application fees or amendment fees. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than $1.5 million in annual withholding and income tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

If a TBP proposes to use more than $1.5 million in any one year in withholding and income tax capture, then the State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.

1. Evaluation of specific underwriting criteria, including at minimum the following:
   - Assessment of how much traditional debt the project should be able to support/attract
   - Developer and consultant fees limited to 4% of the total development cost of the project
   - Reasonableness assessment of any related-party costs and expenses
   - Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation
   - Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing
   - Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.

2. Reasonableness assessment of the proposed rental structure and assumptions

3. Reasonableness assessment of the proposed operating expenses

4. Reasonableness assessment of the proposed development costs

5. Process conducted to analyze and determine the project's economic viability

6. A full financial and underwriting review will be completed on any future amendments and requests for project support.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT

The process below is a high level overview of the Transformational Brownfield Plan (TBP) consideration process from project identification through execution of a final agreement. TBP projects require the approval of the Brownfield Redevelopment Authority (BRA), the local unit of government, and the Michigan Strategic Fund (MSF). If environmental activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (DEGLE) is also required.

1. Local partners, developers, or the BRA engage early with the Michigan Economic Development Corporation (MEDC) Community Assistance Team (CAT) staff for initial project evaluation and determination of appropriate incentive match. CAT will collect intake evaluation documentation including, but not limited to, project investment summary

and a projected tax increment revenue table.

2. Project will undergo an internal review and an initial determination of appropriate TBP fit. CAT staff will issue a soft commitment letter outlining potential MSF support and inviting an application.

3. Development team and BRA prepare a TBP combined Brownfield/Work Plan package, including the application fee, and submit to MEDC staff for review.

4. MEDC will evaluate the full TBP package and will conduct underwriting and economic impact analyses. Projects anticipating more than $1.5 million of annual tax capture are required to undergo 3rd party underwriting and economic impact analyses and the applicant will pay the necessary 3rd party fees as part of their application fee. Following analyses results, MEDC staff and the Michigan Department of Treasury (Treasury) must evaluate and concur on a recommended TBP tax capture package before it is forwarded to the MSF Board.

5. After confirming the TBP package is administratively complete[3], MEDC staff will provide a Summary of Terms to the development team outlining the business terms for the proposed incentive.

6. Following feedback from MEDC (and potentially based on 3rd party analyses) the TBP documents will be updated and submitted for local BRA and governing body approval; then the TBP final package is submitted to MEDC for MSF consideration.

7. MEDC conducts civil and criminal background checks and a business suitability review. MEDC then presents the TBP recommendation to the MSF Board with the community, development team and a representative from Treasury. Following MSF action, a final agreement will be drafted by the MEDC and executed between MSF, Treasury, the BRA and the development entity(ies).

8. Reporting is required throughout the construction period, as well as annually through the reimbursement period.

ADDITIONAL TERMS AND CONDITIONS

1. Owners or developers that receive a TBP designation will be subject to the MSF Background Review Policy, as may be revised from time to time by the MSF. Additional due diligence may be required at the discretion of the MSF.

2. Owners or developers that receive a TBP designation from the MSF will be required to execute a development agreement with the MSF. The Development Agreement will be performance-based and will set forth the terms and conditions of the TBP designation including, but not limited to, the term of the plan, the total amounts of tax capture the owner or developer may receive, periodic reporting requirements.
3. Owners or developers are expected to maintain detailed records demonstrating that the award recipient incurred and paid the required investment at the project location. Failure to maintain adequate records may result in adverse action by the MSF, up to and including termination of the reimbursement agreement. In addition, the MSF, MEDC, Auditor General, and the

[3] Administratively complete means the TBP and all required supporting documentation is determined to be complete by MEDC staff and the underwriting and economic impact analyses are complete and a determination of a positive fiscal impact to the state has been confirmed.

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DEVELOPMENT (/PUBLICSQUARE/CATEGORY/DEVELOPMENT)

Designing and building mixed-use centers in the suburbs

Retail success is tricky in new urban places—so pay attention to fundamental principles because buying and selling are essential activities in a walkable urban center.

ROBERT STEUTEVILLE (/node/538) DEC. 11, 2019

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This is one of a series (https://www.cnu.org/publicsquare/category/retail-or-mixed-use) of ongoing Public Square *articles on the market, technological, and cultural transformation of the $5 trillion retail industry—and how it relates to a continued shift toward walkable, urban living.*

Mixed-use centers—often in suburban locations—continue to be built from the ground up in many communities across the US. This commercial component is important because many new urban developments are planned or under construction, and most include retail. Retail is an essential part of a walkable urban center—and has been the case for as long as people have been selling goods in the marketplace.

Living spaces, offices, and restaurants in new urban centers in the suburbs tend to be very successful, but the retail has been less profitable in many instances. Pros and cons of mixed-use centers are on display at the Shops at West End in St. Louis Park, Minnesota—just west of

Minneapolis. The Shops at West End is "pretty much" the only walkable urban place outside of downtown that is available for major commercial development, according Sam Newberg, a commercial real estate analyst in the Twin Cities area.

The Shops at West End was hit economically by the Great Recession. Since then, it has struggled along with the shopping center/mall industry, according to *the Minneapolis/St. Paul Business Journal*. "The first phase, a 349,000-square-foot retail center, has lived a rocky life and still has a vacancy rate north of 25 percent. But focusing on the struggles of the retail portion of the project ignores the fact that the area is red-hot with the development of apartments, hotels, and the largest suburban speculative office project since the recession." Developers have completed 779 apartments around the West End since 2013 and are constructing 262 more. A final multifamily project will break ground this winter, adding another 207 apartments. All told, developers will surpass $350 million worth of investment and construct 1,248 apartments in the West End and neighboring parcels between 2012 and 2020. This development would not have happened if not for the urban retail, according to the *Business Journal*.

Mixed-use urban centers can be seen as a glass half full or half empty, but overall, one could say the glass is *more* than half full. The need for walkable urban places continues to grow, and this demand will drive planning and development for decades to come. Conventional retail in suburban malls is struggling, and that makes for a carrot-and-stick incentive that is driving more retailers into urban formats (https://www.cnu.org/publicsquare/2019/12/04/changes-retail-encourage-walkable-urban-designs).

The retail in some mixed-use centers has struggled for a variety of reasons. Some of these centers are losing anchors—just like enclosed malls—due to the current crisis of department stores. Also, some were designed with too much retail to begin with—like an outdoor mall with mixed-use added in ways that suggests it was just an after-thought.

Bayshore Town Center in Glendale, Wisconsin, a first-ring suburb of Milwaukee, was designed with too much retail (about 1.2 million square feet). Like a lot of malls, Bayshore has been hit with department store woes. Sears closed, and then Boston Store (formerly owned by Bon-Ton), leaving two anchors empty. Nordstrom's Rack plans to open in 2020, and complex announced a conversion of much of its vacant space to offices, a hotel, and apartments. The plan is to reduce retail space (https://shoppingcenterbusiness.com/cypress-equities-acquires-1-2-million-square-foot-bayshore-town-center-near-milwaukee-plans-repositioning/?fbclid=IwAR0YLtXhMyyTT2h3k1NGhwhCB7TEI4tnN5m3OA57EZ6z7OLRZ-kZz9dXEoM) by 37 percent.

Mixed-use centers need a broad mix of tenants to succeed, explains Lee Sobel, a long-time urbanist with experience in commercial real estate. "The failures don't offer a true mix of uses," he says. "These are the shopping and dining destinations surrounded by parking lots. The good ones will survive due to location, demographics, and tenants."

The need for visibility

Other urban centers hide the stores from passing traffic, ignoring a basic rule of retail success, says Robert Gibbs, author of *Urban Retail*. "There's been an overconfidence in the importance of aesthetic qualities—the architecture and placemaking over the fundamentals of retail. When they work, the retail, residential, office and hotels produce above market rents," he says.

The retail in Rockville Town Square in Rockville, Maryland, struggled at first, partly because it was not visible from the main road. But the office, residential, and civic space (a public library), were all successful. A grocery store went out of business—and it has been replaced by local grocer. The storefront commercial space is now mostly leased, largely with local and regional shops and restaurants—and there are a few national chains, such as a CVS pharmacy, Verizon store, and Gold's Gym.

Unique local stores in a new urban center are refreshing—even if they don't achieve the sales/square foot of national chains. "When you start seeing mixed-use town centers with the exact same retailers as others, something has gone wrong," says Kennedy Smith, a main street economics consultant. More high-density residential is being built all around Rockville Town Square, which should strengthen the retail, which already appears to have turned a corner.

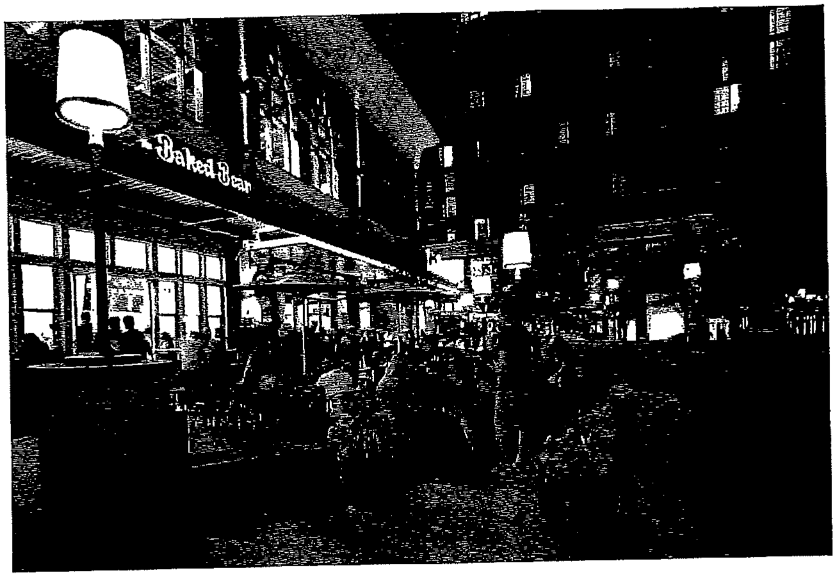
Some mixed-use centers were designed without anchors, which is a mistake in all but the smallest scale projects: Anchors draw shoppers and support the smaller stores. "Every mixed-use project should have at least one anchor store," notes Sharon Woods of LandUseUSA | Urban Strategies. "This may be a department store, grocery, hardware, pharmacy, or furniture store. In some markets, a cluster of destination-type restaurants can also serve as an anchor. These anchors are essential for attracting patrons that can then be converted into impulse and repeat shoppers."

Town centers sometimes feel artificial or contrived because the main street isn't a through street, Gibbs adds—they start and stop in the middle of nowhere. A real town is located on a main highway that connects part of the region together. If you build a town center on an arterial thoroughfare, you get more authenticity. Woods explains: "main street tenants have the best chance of succeeding when they are aligned along and facing the main traffic arterial. Tenants located along perpendicular or side streets tend to have less than half of the exposure to passing traffic, and therefore will be significantly disadvantaged."

Overall, office and residential uses are more of a sure bet, Gibbs says: "Shopping is an elective activity compared to living in a house and working in a job. You can have the worst office park and you have to go to work." A successful retail project "has to make it easy for people to shop," he says. Mixed-use centers depend on a combination of destination and impulse buying, Woods explains. "In successful retail projects, the smaller tenants will depend on cross-shopping generated by destinations and anchor stores, plus impulse shopping from drive-by traffic."

Variety of activities

Mixed-use centers in the suburbs need a real variety of activities, including social and civic spaces. Pike & Rose in Montgomery County, Maryland, is a case in point. It's got anchors like an LL Bean store and clothing retailer H&M. Pike & Rose also includes a 17,000 square foot rooftop farm, a hotel, a bowling alley/restaurant, a live music venue (increasingly common in urban centers), and movie theaters. It's got substantial office space and housing.



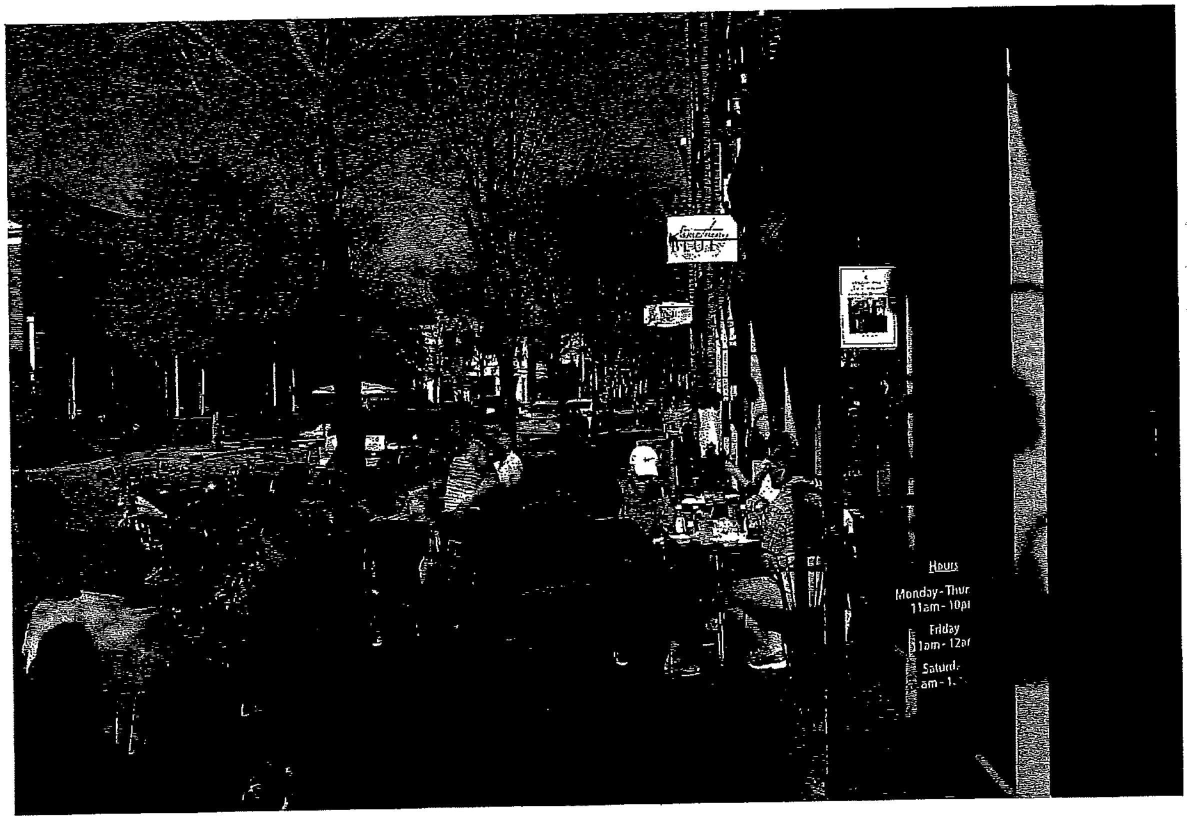
A restaurant with the LL Bean store and other uses at Pike & Rose. Source: Federal Realty

The Mosaic District in Fairfax, Virginia, consists of city blocks built from the ground up—it used to be a drive-in movie theater, then a movie theater. It is located near a Metro station. Anchors include a multistory Target and Great Gatherings, a large store that offers game furnishings. There's a Mom's Organic Market and a variety of retailers from Lululemon Athletica to Williams-Sonoma. Food options of all kinds are available, and an eight-screen cinema (a takeoff on location's historic use). The site hosts a farmer's market and a variety of festivals. A range of housing types and price points has been built, including condominiums, apartments, townhouses. The Mosaic is also the home to a custom shirt manufacturer. The center has been a catalyst for redevelopment around it, and new construction is ongoing.

Mixed-use centers are sometimes confused with, and distinct from, so-called "lifestyle centers," which have no residential units and little mixed-use. They were commonly built in the 2000s by conventional retailer developers who wanted to create urban experience without changing the fundamental business model of the mall. A lifestyle center is essentially a mall with no roof, and is often surrounded by parking. A lifestyle center can feel overly contrived and even phony as an urban place because it does not include the various uses of an urban center—and should be avoided by developers and cities alike.

Mixed-use urban centers come in many types to suit whatever kind of walkable place is being created. Sometimes they are built on a very small scale for the purpose of providing destinations and urbanity—rather than meeting significant shopping needs. About 70 businesses are located in Norton Commons, Louisville, Kentucky, even though the development has little or no access to drive-by traffic.

The businesses in Norton Commons comprise a mix of restaurants, which are fairly successful, and personal businesses located out of the owners' properties—some of which may be part-time operations. There are no chain stores—and Norton Commons is not unlike many small main streets in that regard. The businesses offer a sense of place and liveliness to this new town that attracts residents and outsiders alike. Nearby drivable retail meets day-to-day shopping needs. Developer David Tomes attributes the better-than-expected mixed-use to a daytime office population in Norton Commons—plus a YMCA that serves as an anchor, attracting many outsiders from several miles around.



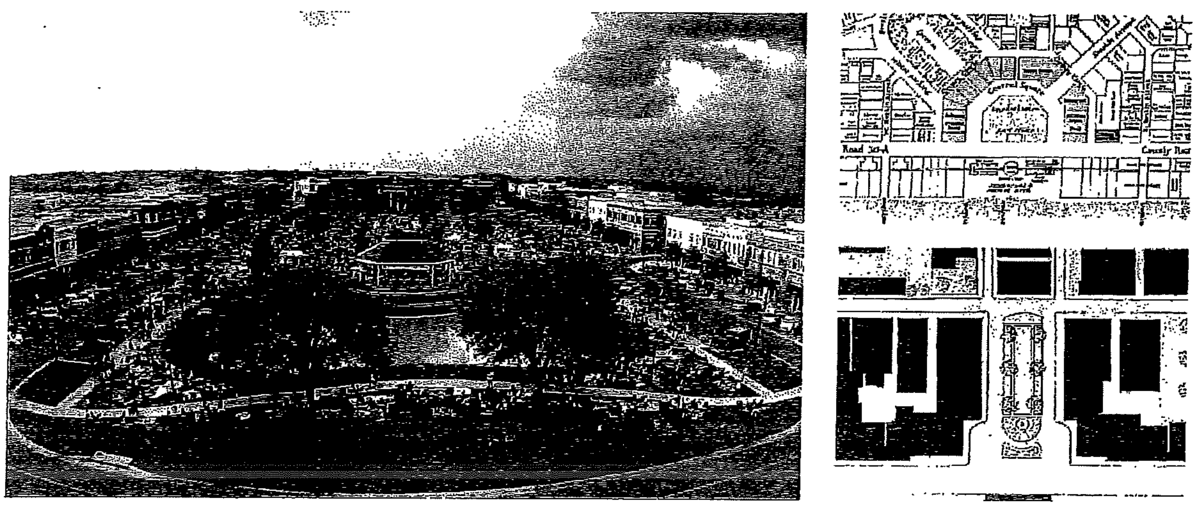
A cafe in Norton Commons. Source: Traditional Town LLC

Drive-by traffic

Mixed use centers of all sizes rely on drive-by traffic, Wood notes. "The smaller the project, the more essential it is to have excellent visibility to impulse shoppers," she says. "Larger centers are more likely to have anchors and a mix of destination-type stores to help compensate. Small town centers without anchors are the riskiest—and if they don't have visibility to traffic then they shouldn't even be considered."

One solution is to build a pair of **one-way couplets**, a concept created by CNU co-founder Peter Calthorpe San Elijo Hills project in San Diego, California. The thoroughfare carries 40,000 cars per day, plenty to support retail. Each side of the couplet has two one-way lanes and is designed like a street, with parallel parking on each side. "Some people are opposed to one-way couplets because there is a lot of bad history couplets. Some were badly designed and too far apart," Gibbs says, explaining that with good design "the Calthorpe model does work."

Another solution is what Gibbs calls the "**retail crescent**," which was built in a project called The Glen, outside of Chicago. The design brings through-traffic to the main street via a slight crescent-shaped diversion. Still another is what called "**Lake Forest model**," where shops are grouped around a new public space on one side of an adjacent highway. The model is named after Lake Forest, Illinois, one of the first planned shopping centers in the US, which opened in 1916. The shops are all visible from the highway. In the 1980s, Seaside, the first neighborhood-scale new urban project, used the Lake Forest model.



The Lake Forest Model: At left is a photo of Southlake Town Square in Southlake, Texas, which opens to a street carrying through traffic. Photo courtesy of Cooper & Stebbins. At right are plans for Seaside's square, and the historic Lake Forest town center.

Mixed-use urban centers in the suburbs continue to be built, driven by demand for urban living. Employers are locating in such centers because that's where their young employees want to be. Municipalities, also, are looking to revitalize first-ring suburbs. As shopping malls die, this will open more opportunities for building these places. Finally, the residential market in walkable communities is strong. Mixed-use centers have long relied on retail to provide the draw, and that is still partly true. But the retail industry is in flux today and so developers and designers need to think about other strategies to generate activity—especially entertainment and food-related uses.

Although urban centers often end up getting similar retail tenants to single-use malls, they are more flexible—which is an advantage in this uncertain retail climate. Urban centers may be more driven by the development of living and working spaces. And, developers need to be aware of basic rules of retail. "The retail in mixed-use urban centers needs to adhere to fundamental shopping center principles," says Gibbs. "Mostly, they need a green grocery, a street with parking, anchors, living spaces, office, a hotel, and off-street parking."

MIXED-USE (/PUBLICSQUARE/437) URBAN RETAIL (/PUBLICSQUARE/442)

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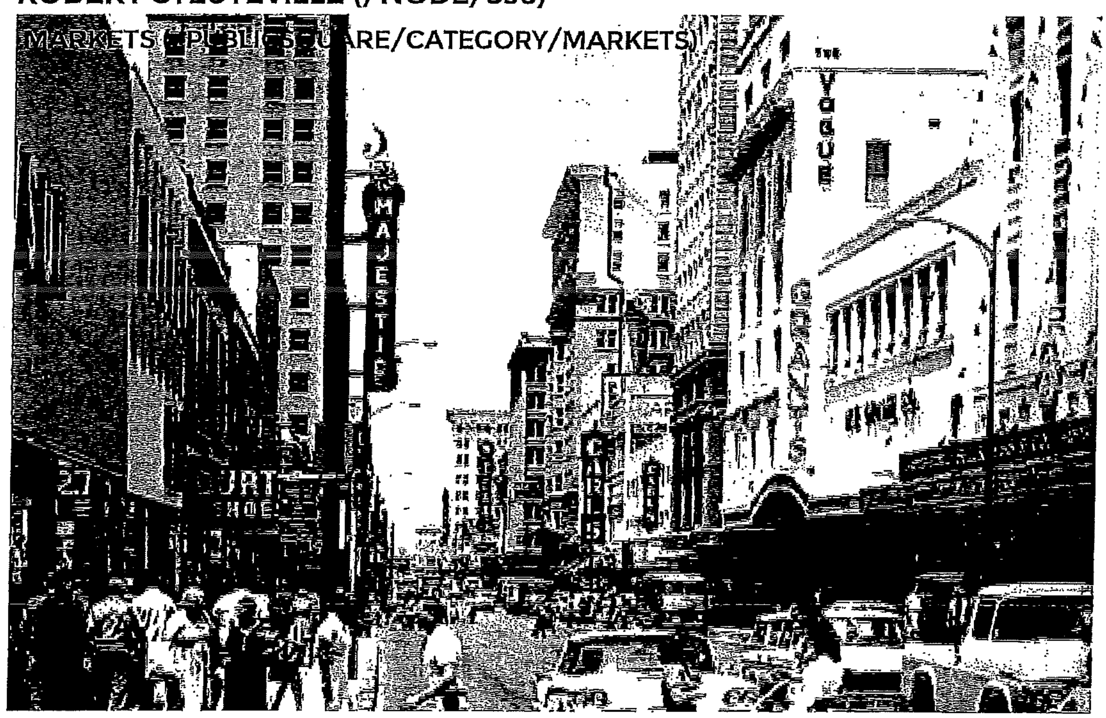

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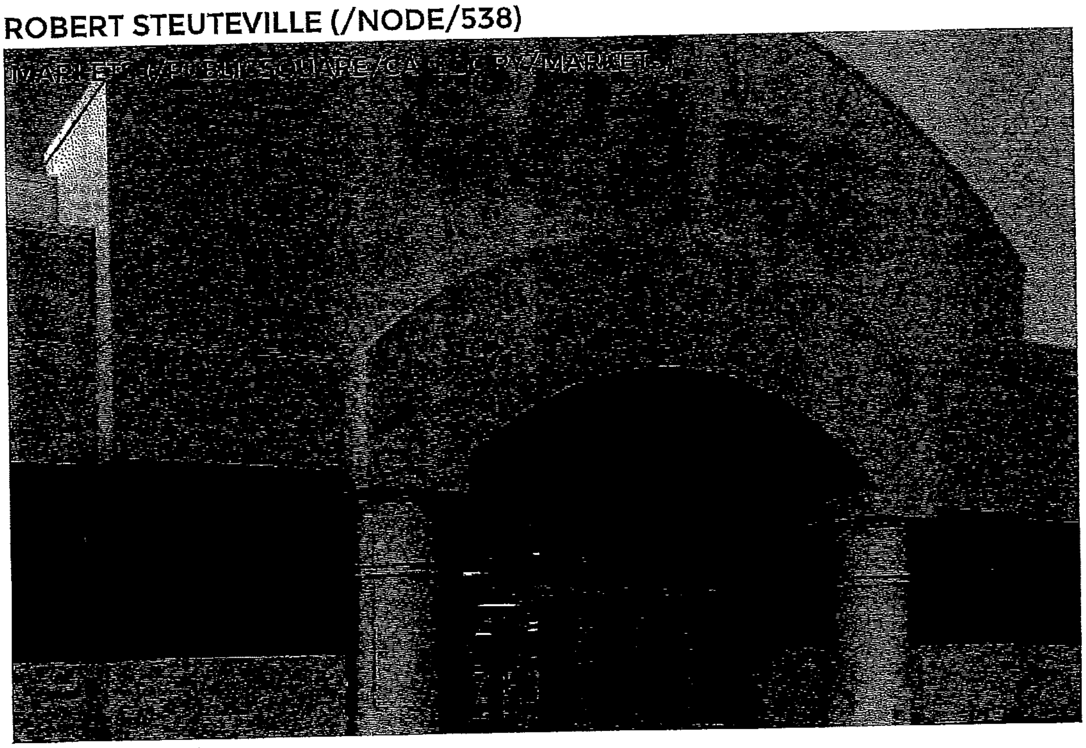

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SHARON WOODS (/NODE/7627)

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Chris • 3 days ago

I like the nuance you discuss here, as it's often left out of conversations about mixed-use and walkable retail developments. One thing that is probably worth adding to the conversation is the reality of non-compete clauses in lease contracts for anchor tenants. Because grocery chains often sell more than groceries, for instance, some actually seek to control what other tenants are co-located within the same center. This is a policy opportunity to address, I think.

Another thing I've seen from my experience is that mixed-use centers are most successful when they are attractive to people of all ages and stages of life. It seems part of the secret sauce is having retailers, amenities, and entertainment options that appeal to children as well as adults. I'm curious if there are exceptions to this, either positive or negative...

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