



DEVELOP MICHIGAN REAL ESTATE FUND

**APRIL
2018**

**ANNUAL FUND
IMPACT REPORT**

PREPARED BY CINNAIRE DEVELOPMENT FINANCE MANAGEMENT



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Disclaimer: Every reasonable effort has been made to ensure that the data contained in this report reflects the most accurate and complete information possible. Many of the figures presented are based on estimates or information from the project sponsor. Other projections have been derived from these estimates/information by Cinnaire Development Finance Management (CDFM) and DePaolis & Associates using financial modeling software IMPLAN and follow on consultations with project representatives. In the case of projections, an effort has been made to provide the reader with a statement of assumptions that detail the sources of data and/or methods by which statistics were generated. No responsibility is assumed for inaccuracies in reporting by project representatives or any other data source used in preparing this report. No warranty or representation is made by CDFM or DePaolis & Associates that any of the estimates contained in this report will be achieved.

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1.0 INTRODUCTION

1.1 REPORT CONTRIBUTORS

DEVELOP MICHIGAN



Develop Michigan (DMI) is an innovative not-for-profit development finance organization formed through a partnership between the Michigan Strategic Fund, Cinnaire Corporation and the Development Finance Group. Develop Michigan plays a dynamic role in financing commercial real estate projects and is designed to augment current efforts to transform and rehabilitate the Michigan economy. DMI launched the DMI Real Estate Fund (“the Fund”)

to make mezzanine capital investments and senior debt investments in a broad array of real estate projects, seeking to achieve Double Bottom Line (DBL) goals. See Fund Description on page 2 for more information. This DMI Real Estate Fund Impact Report has been commissioned by the Fund and made available to investors, project sponsors and the general public in an effort to provide transparency to the anticipated impacts the investments may make within the state of Michigan. For more information on DMI and the Fund please see: www.developmichigan.net.

CINNAIRE DEVELOPMENT FINANCE MANAGEMENT

Cinnaire Development Finance Management (CDFM) is the successor to Develop Michigan Management Group. As such, CDFM is the Investment Manager for the DMI Real Estate Fund and has prepared this 2017 Annual Fund Impact Report. CDFM is a partnership between Cinnaire Corporation (formerly known as Great Lakes Capital Fund) (www.Cinnaire.com) and the Development Finance Group (DFG). Cinnaire, a Lansing-based, non-profit Community Development Financial Institution has over 25 years and \$4 billion of investment experience. DFG is a partnership consisting of Strategic Development Solutions (SDS) (www.sdsgroup.com) and First Infrastructure (www.firstinfrastructure.com). Economic Innovation International Inc. (Economic Innovation) serves as a consultant to CDFM. DFG along with Economic Innovation have a 43-year history of designing and successfully building more than fifteen development finance organizations across the nation. SDS conducts project and portfolio impact reports on behalf of investors, government entities and developers/ project sponsors focused on projects around the country. SDS is the lead partner in preparing this report, using the methodology it has developed over the past 11 years, incorporating substantial input from impact investors to provide a robust impact reporting report. SDS is available at Impact@sdsgroup.com to answer any questions relative to this 2017 Annual Impact Report.

DEPAOLIS & ASSOCIATES

Dr. Fernando DePaolis is an independent consultant focused on designing and implementing quantitative economic analysis (www.depaolis-associates.com). Fernando is an expert in quantitative economic analysis with particular expertise in regional modeling tools such as RIMS II and IMPLAN. Fernando has over twenty years of applied economic analysis work within the United States and overseas, including consultancies for national and local governments, and a wide range of national and international non-governmental organizations. He is also a professor at the Middlebury Institute of International Studies (Monterey, CA), where he teaches courses in quantitative economic analysis, including use of IMPLAN and other programs. Fernando was born in Argentina and holds a Ph.D. in urban planning from the University of California, Los Angeles.

1.2 FUND DESCRIPTION

The Develop Michigan Real Estate Fund, LP (“DMIRF” or the “Fund”) seeks to make mezzanine capital investments (including subordinated debt and/or preferred equity) and senior debt investments in a broad array of real estate projects in the State of Michigan, including industrial, retail, office, multifamily and mixed use. The investments focus on rehabilitation, repositioning, value add and the refinancing of distressed assets. The general partner of the Fund is DEVMI GP, LLC (the “General Partner” or the “GP”), which is wholly owned by Develop Michigan, Inc. (“DMI”). DMI is the nonprofit organization that has launched the larger Develop Michigan initiative to promote economic development throughout the State of Michigan. The Fund sponsors (the “Sponsors”), Cinnaire and the Development Finance Group, LLC, are the partners of Cinnaire Development Finance Management (“CDFM”). CDFM serves as the Investment Manager (the “Manager”) of the Fund. The Sponsors have extensive experience in real estate investment in Michigan. The Fund has raised \$60 million and is no longer seeking commitments.

The Fund seeks to achieve the following double bottom line goals: (i) generate risk-adjusted market rates of return for its investors (the first bottom line) and (ii) contribute to Michigan’s public welfare through economic development activities, including job creation, job retention, revitalization and tax revenue generation resulting from investments that are located in and/or benefit low- and/or moderate-income communities and their residents (the second bottom line). In view of the Fund’s objective to create quantifiable improvements to the public welfare, the Fund’s investments may generate positive Community Reinvestment Act considerations for its investors. However, there is no assurance that the Fund will, in fact, produce such results.

1.3 IMPACT REPORT COMPONENTS AND PROCESS

This Impact Report seeks to analyze and present the impacts of the investments made by the Develop Michigan Real Estate Fund (DMIRF). In doing so, for each DMIRF investment, the report provides a detailed project history and overview and describes projected impacts for projects that have been funded and are under construction, and the actual impacts (with projected future revenue valuations) for projects that have been completed. There are four areas of impacts that are analyzed and are described in this section:

- Economic Development
- Social and Community Development
- Environmental
- Fiscal Returns to Government

METHODOLOGY

The information in this Report is collected at various stages. Outlined below is the overall methodology utilized. For each of the impact sections, there is a more specific description of how CDFM collects the information and data relative to those specific impacts. As described below, CDFM collects impact data on DMIRF Investments throughout the investment process to ensure that the information is updated regularly for each annual Impact Report:

1. Pre-Investment: During underwriting, CDFM collects impact data to determine whether an investment fits with the mission of the Fund. This information is collected directly from the developer/project sponsor, in a standardized format and direct interviews are undertaken to better understand the information and to ensure it is complete. This information is presented to the CDFM investment team, in the loan package, and is considered in conjunction with the project's financial review.
2. At Closing: During the closing process, a more thorough impact review is conducted. DFG members from Strategic Development Solutions (SDS), who undertake impact reports nationally, ensure that all the information needed for this impact report is thoroughly collected prior to the close of the transaction. Direct conversations are often held in order to best understand the process. These interviews may be between the project sponsor staff, development team consultants, community stakeholders and other investor staff to elicit relevant project data and projected impacts through interviews and other data collection processes. In addition, CDFM completes the collection of project area demographics, socio-economics and other relevant information to more fully present the complete scope of the project and its qualitative impacts on the surrounding community.
3. Post-Close: DePaolis & Associates works directly with SDS to assess the full scope of project characteristics and utilize fiscal policy and economic data to run relevant analyses, considering both construction and operational phases. Please see Appendix A for further description of IMPLAN, the software used for these projections. SDS works closely with the economists and incorporates the fiscal and economic projections into the impact report to illustrate the short-term and long-term trajectory of these impacts.
4. Post-Stabilization: CDFM wants to ensure that all the projected impacts are updated based on actual and realized activities. Within six-months of a project's stabilization, CDFM reviews the prior projected data and makes updates based on the actual numbers. Thus, jobs, wage levels, revenues and other such items are all updated. To the extent there are major changes in a project during the life of

the DMI investment, the future Reports will also make updates to the specific project to account for these changes.

EVALUATING ECONOMIC DEVELOPMENT IMPACTS

In measuring the Second Bottom Line effectiveness of each investment, SDS and DePaolis & Associates apply quantitative economic analysis to the project data. DePaolis & Associates, which specializes in quantitative analysis of this type, is responsible for the economic model that determines the projections for this section. The economic impact analysis provides a forecast of the project's employment and output effects on the local economy. Two time periods are considered:

| | |
|---------------------|--|
| Construction: | the period that covers the predevelopment planning process to construction completion; |
| Project Operations: | the annual recurring on-site operations of the project; |

In addition to quantitative data produced by IMPLAN, SDS conducts interviews with project stakeholders to assess impacts such as area revitalization and the quality and accessibility of jobs created.

EVALUATING SOCIAL & COMMUNITY DEVELOPMENT IMPACTS

Social and Community Development Impact analysis examines how an investment positively impacts the community in which it is located. These impacts include the provision of products and services such as healthy foods, healthcare, charities and non-profit organizations providing services, recreational or community amenities such as parks or other beneficial elements. A significant impact highlighted is the "place making" component projects have in their community.

EVALUATING ENVIRONMENTAL IMPACTS

Environmental Impact Analysis looks at how the project benefits the environment. Information derived from the developer/project sponsor is collected and included in the report relative to energy efficiency, LEED (or other) certifications, environmental clean-up such as Brownfield remediation, reduced CO₂ emissions, reduction in water usage, encouraging walking and non-motorized transportation, encouraging density and non-surface parking and inclusion of other smart growth principles.

EVALUATING FISCAL IMPACTS

The fiscal impact analysis establishes the amount of tax revenues generated by each project, and, if government subsidy is involved, the payback period for the public-sector investment (subsidy) in the project. There are two tax-generating periods analyzed:

| | |
|---------------------|---|
| Construction: | the tax revenues generated during the construction period; |
| Project Operations: | the tax revenues resulting from the recurring annual on-site operations of the project; |

Three levels of government were accounted for in determining the "cumulative tax revenue" projections used for this analysis: federal, state and city. In the case of a payback period analysis, the 20-year present value (PV) of the cumulative tax revenues are then compared to the taxpayer invested subsidy into the project. Fiscal impacts result from the economic activity generated by the direct, indirect and induced spending, and include all payments made to governments. Both federal fiscal impacts and state and local impacts are estimated. The separation between state and local taxes is often difficult to estimate with certainty and thus they are aggregated. Further assumptions regarding methodology are in Appendix B.

The quantitative economic and fiscal impacts outlined in the report are drawn from IMPLAN, a computer-based input-output modeling system used by over 1,500 federal, state and local agencies, research universities and non-profit organizations. The model captures what each business or sector must purchase from every other sector in order to produce a dollar's worth of goods or services. Further information regarding IMPLAN is in Appendix A.

1.4 WHY DEVELOP MICHIGAN PROVIDES AN IMPACT REPORT

This report uses a combination of quantitative data and qualitative information to comprehensively capture, analyze and communicate the full scope of a project's benefits and impacts. This impact report is an internal document created for the use of the Fund's management and the investors to serve the following:

INVESTORS/LENDERS

Investors in the Develop Michigan Real Estate Fund seek to understand the impacts of this mission-driven Fund. This is particularly true of bank investors, which might be eligible to receive Community Reinvestment Act (CRA) consideration for their investments.

GOVERNMENT AND TAXPAYERS

As stewards of the taxpayers' dollars, local, state and federal government typically want to understand the impacts of projects they help finance. Reports such as this help these government entities to understand and communicate the value and return on the taxpayers' investment in these efforts. This is particularly true in the case of Develop Michigan Real Estate Fund. The Michigan Strategic Fund, having made a substantial public-sector investment, needs to understand how this government support translates into impacts such as: improving the lives of lower-income families, revitalization, catalytic impacts, as well as meeting the state's goals of increasing "place making" in communities across the state. The fiscal assessment of the tax revenues potentially generated over 20 years also helps inform policy makers of the revenues generated as a result of these investments.

DMIRF MANAGEMENT AND STAFF

By comprehensively reporting the impacts, continuously seeking investor feedback on our process and reporting, and updating the impacts annually, DMIRF management and staff can better understand the extent of the impacts the investments are making. This feedback loop allows us to fine-tune our internal processes and deployments strategies in order to best meet the mission of the Fund.

1.5 FUND IMPACT OVERVIEW

| | METROPOLITAN HOTEL | NORTH CHANNEL | WOOLWORTH | GRAND RAPIDS INDUSTRIAL PORTFOLIO | TRAILHEAD | 2017 TOTALS |
|---|--|---|--|---|--|-------------------|
| Project Description | | | | | | |
| Location | Detroit | Manistee | Detroit | Grand Rapids, Wyoming & Lansing | Royal Oak | |
| LMI Community Status | Middle-Income | Middle-Income | Low-Income | Low-Income | Middle-Income | |
| Asset Type | Mixed-Use | Mixed-Use | Mixed-Use | Mixed-Use | Mixed-Use | |
| Closing Date | 6/21/2017 | 12/15/2017 | 12/6/2017 | 11/15/2017 | 6/13/2017 | |
| Development Size | 100,000 sq. ft. | 21,720 sq. ft. | 18,183 sq. ft. | 2,837,596 sq. ft. | 114,648 sq. ft. | 3,092,147 sq. ft. |
| Total Project Cost | \$34M | \$4.9M | \$32.5M | \$24.9M | \$54.9M | \$151.2M |
| DMIRF Loan Size | \$5.62M | \$1M | \$1M | \$8M | \$1M | \$16.6M |
| Low-Income Community Impacts | | | | | | |
| Economic Benefits for Low-Income Persons | 30 (100%) jobs available to LMI individuals | At least 20 (91%) jobs accessible to LIPs | 34 (20%) housing units affordable (80% AMI) | Expands job opportunities and retains residents | 69 (85%) FTE jobs available to LIPs | |
| Social/Community Benefits | Preservation and reuse of a historic building | Reduce blight in a transitional neighborhood | Increased commercial and retail space in an LIC | Rent concession/reduction for community-based businesses | Transit-oriented development and urban infill | |
| Economic & Fiscal Impacts* | | | | | | |
| Direct Operations Jobs Created | 45 | 22 | TBD | TBD | 82 | 149 |
| Indirect & Induced Permanent Jobs Created | 18 | 6 | N/A | TBD | N/A | 24 |
| Annual Average Employee Compensation | \$2.1M | \$0.6M | N/A | TBD | N/A | \$2.7M |
| Annual Average Economic Output | \$7.9M | \$2.4M | N/A | TBD | N/A | \$10.3M |
| Catalytic Impacts | Visitors will increase demand for restaurants and stores | Additional properties have been acquired for rehabilitation | Expected increase in population in surrounding area | Encourage economic diversification to broaden range of jobs within the city | Will create demand for additional amenities and business in the area | |
| Other Economic Impacts | Promote business development in high-density areas | Allow local entrepreneurs to expand their businesses | Attract and retain businesses in the surrounding LIC | Several new industrial businesses are expected to be created | Provide needed market-rate housing in the area | |
| Construction Tax Revenue Generated | \$2.9M | \$0.2M | N/A | TBD | N/A | \$3.1M |
| Annual Operational Tax Revenue Generated | \$1.4M | \$0.3M | N/A | TBD | N/A | \$1.7M |
| Environmental Impacts | | | | | | |
| Other Environmental Impacts | Use of recycled materials; complimentary bicycles for guests; Energy Star appliances | Remediation of contaminated soils and waste | Rehabilitation of vacant building; soil remediation | Expected remediation of brownfield sites | Removal of contaminated soil; brownfield remediation | |
| Walk Score** | 96 | 78 | 82 | 59-80 | 84 | |

*Employee Compensation, Economic Output and Tax Revenues generated include indirect and induced impacts

**Walk Score: 90-100 Walker's Paradise; 70-89 Very Walkable; 50-69 Somewhat Walkable; 0-49 Car-Dependent

| | RESIDENCES AT THIRTY TWO 50 | FLAGSTAR STRAND THEATRE | TRUMBULL AND PORTER HOTEL | 2016 TOTALS |
|---|--|--|--|-----------------|
| Project Description | | | | |
| Location | Auburn Hills | Pontiac | Detroit | |
| LMI Community Status | Middle-Income | Low-Income | Unclassified | |
| Asset Type | Mixed-use with ground level retail and market rate apartment units above | Mixed-use: theater, retail, restaurant | Flagged full-service hotel | |
| Closing Date | 10/17/16 | 2/22/16 | 9/22/16 | |
| Development Size | 39,779 sq. ft. | 45,628 sq. ft. | 177,351 sq. ft. | 262,758 sq. ft. |
| Total Project Cost | \$7.3M | \$19.8M | \$10.8M | \$37.9M |
| DMIRF Loan Size | \$0.8M | \$4.74M | \$7.85M | \$13.4M |
| Low-Income Community Impacts | | | | |
| Economic Benefits for Low-Income Persons | 12 (80%) LMI tenant retail jobs. | 30-40 (37-50%) positions for LMI | 100% of 71 (50 FTE) positions for LMI positions. | |
| Social/ Community Benefits | Needed market-rate housing near universities. Accepts housing vouchers | Increases access to the arts for underserved Pontiac students and community. Reduces blight. | Showcases local artists in interior design. Transformation of blighted property. | |
| Economic & Fiscal Impacts* | | | | |
| Direct Operations Jobs Created | 15 | 81 | 71 (50 FTE) | 167 (146 FTE) |
| Indirect & Induced Permanent Jobs Created | 6 | 27 | 32 | 65 |
| Annual Average Employee Compensation | \$0.8M | \$3.3M | \$3.0M | \$7.1M |
| Annual Average Economic Output | \$2.2M | \$9.3M | \$9.8M | \$21.3M |
| Catalytic Impacts | Housing will help spur local development in downtown area. | Promote more traffic into other downtown commercial areas | Location helps increase tourism access which will support the recovery of the Detroit economy. | |
| Other Economic Impacts | Increased walkability in Downtown area will benefit local businesses | New customers will attract and retain businesses | Made in Michigan interior initiative for the decor. | |
| Construction Tax Revenue Generated | \$1.1M | \$4.9M | \$2.0M | \$8.0M |
| Annual Operational Tax Revenue Generated | \$0.4M | \$1.4M | \$1.7M | \$3.5M |
| Environmental Impacts | | | | |
| Other Environmental Impacts | Brownfield Remediation, National Green Building Standard Certification | Brownfield Remediation, Reuse | Reuse, reduced gas consumption by 25%; bike fleet for guests | |
| Walk Score** | 61 | 49 | 79 | |

*Employee Compensation, Economic Output and Tax Revenues generated include indirect and induced impacts

**Walk Score: 90-100 Walker's Paradise; 70-89 Very Walkable; 50-69 Somewhat Walkable; 0-49 Car-Dependent

| | CAPITOL PARK LOFTS | EAST MAIN REDEVELOPMENT | WRIGHT OPERA BLOCK (FORECLOSURE) | HARRIS LOFTS (FORECLOSURE) | DARTMOUTH SQUARE APARTMENTS (EXITED) | 2015 TOTALS (EXCLUDES THE FOREFRONT) |
|---|---|--|---|--|--|--------------------------------------|
| Project Description | | | | | | |
| Location | Detroit | Milan | Alma | Grand Rapids | Inkster | |
| LMI Community Status | Low-Income | Middle-Income | Middle-Income | Moderate-Income | Moderate-Income | |
| Asset Type | Mixed-Use | Mixed-Use | Mixed-Use | Mixed-Use | Apartments | |
| Closing Date | 3/26/15 | 3/10/15 | 3/24/15 | 5/20/15 | 1/28/15 | |
| Development Size | 81,036 sq. ft. | 24,860 sq. ft. | 38,968 sq. ft. | 38,000 sq. ft. | 97,500 sq. ft. | 280,364 sq. ft. |
| Total Project Cost | \$22.7M | \$5.61M | \$5.2M | \$4.5M | \$2.1M | \$40.1M |
| DMIRF Loan Size | \$ 7.25M | \$1.62M | \$1.62M | \$2.76M | \$1.45M | \$14.7M |
| Low-Income Community Impacts | | | | | | |
| Economic Benefits for Low-Income Persons | 65 (52%) construction and 103 (100%) permanent jobs for LIPs | At least 8 (51%) housing units must be for LMI residents | 23 (51%) jobs must go to LMI workers | Majority of the 32 jobs are accessible to LIPs | 126 units (100%) will accept voucher holders | |
| Social/Community Benefits | Enhanced walkability and placemaking | State of the art commercial space available | Housing targeted to Alma College students | Apprenticeship program for art students | Helps maintain quality housing stock | |
| Economic & Fiscal Impacts* | | | | | | |
| Direct Operations Jobs Created | 103 | 25 | 45 | 32 | 2 | 207 |
| Indirect & Induced Permanent Jobs Created | 23 | 5 | 10 | 17 | N/A | 55 |
| Annual Average Employee Compensation | \$3.7M | \$0.8M | \$1.7M | \$1.7M | \$0.2M | \$ 8.1M |
| Annual Average Economic Output | \$7.6M | \$1.7M | \$4.1M | \$5.1M | \$0.5M | \$19.0M |
| Catalytic Impacts | Has brought other developers to renovate 17 other properties within the Capitol Park District | Increases density in the downtown; Encourages further downtown development | Supports redevelopment of the central business district | Invigorates the arts community in the area | Reinvigorates the area | |
| Other Economic Impacts | Critical component of the master plan for remaking downtown Detroit | City Council established a Commercial Rehabilitation Tax Abatement Policy | Flexible leases at 30% below market to encourage economic development | Renovation revitalizes Heartside Art District | Located in blighted single family housing area | |
| Construction Tax Revenue Generated | \$2.5M | \$1.4M | \$0.6M | \$1.0M | \$0.5M | \$6.0M |
| Annual Operational Tax Revenue Generated | \$1.5M | \$0.3M | \$0.8M | \$0.6M | \$0.1M | \$3.3M |
| Environmental Impacts | | | | | | |
| Other Environmental Impacts | Transit-oriented development; contains greenspace | LEED compliant; recycling building materials | Built to LEED standards; 90% of building materials re-used | Brownfield; Smart Growth | Reduces blight | |
| Walk Score** | 98 | 50 | 54 | 95 | 33 | |

*Employee Compensation, Economic Output and Tax Revenues generated include indirect and induced impacts

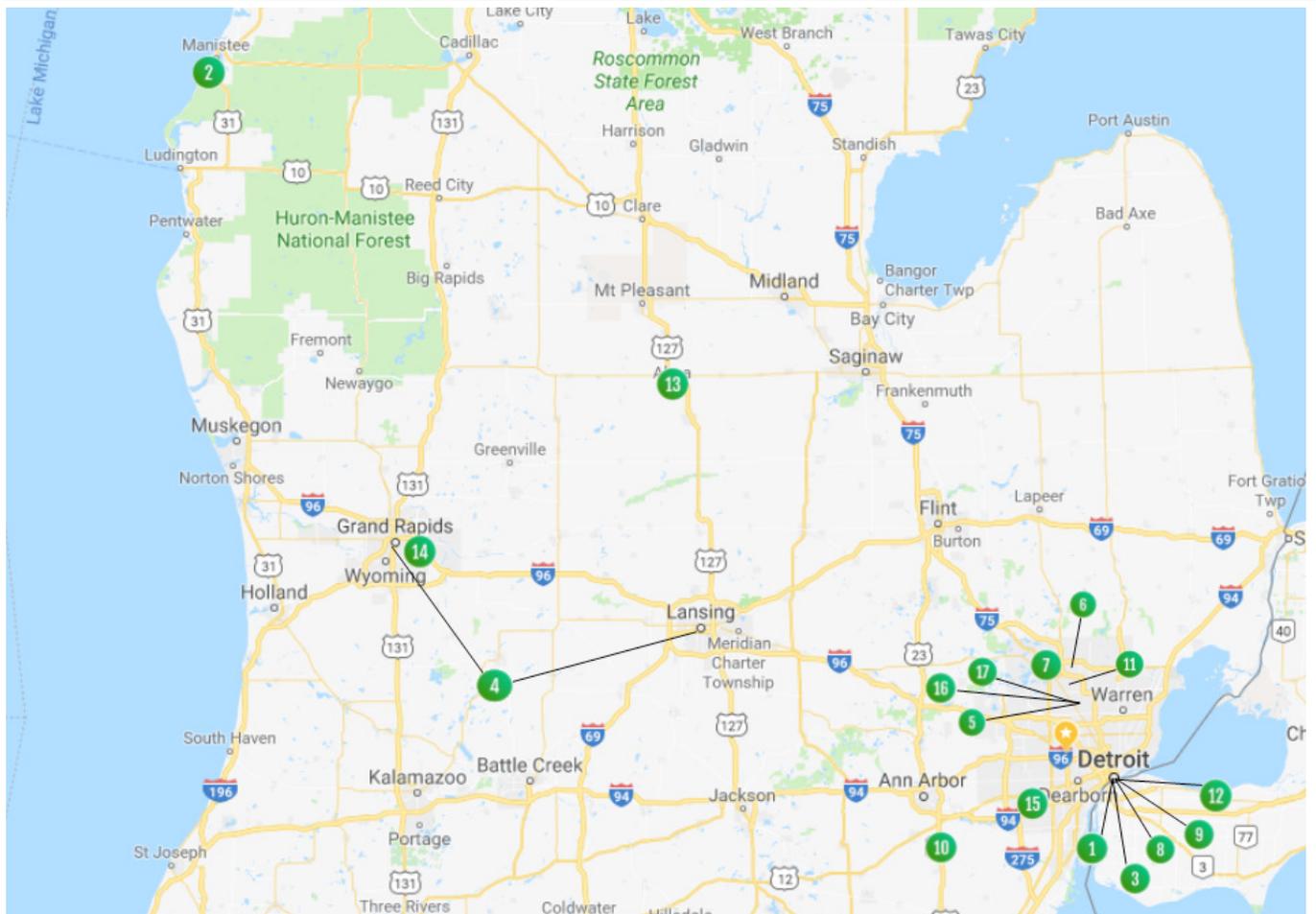
**Walk Score: 90-100 Walker's Paradise; 70-89 Very Walkable; 50-69 Somewhat Walkable; 0-49 Car-Dependent

| | THE FOREFRONT (INCLUDES 2ND INVESTMENT IN 2015) | INTERNATIONAL CENTER BUILDING | 332 LINCOLN (EXITED) | PRONTO! BUILDING (EXITED) | 2014 TOTALS |
|---|---|---|---|---|---|
| Project Description | | | | | |
| Location | Birmingham | Detroit | Royal Oak | Royal Oak | |
| LMI Community Status | Upper-Income | Middle-Income | Middle-Income | Upper-Income | |
| Asset Type | Mixed-Use | Mixed-Use | Mixed-Use | Mixed-Use | |
| Closing Date | 8/20/15; 5/29/14 | 9/30/14 | 10/8/14 | 10/8/14 | |
| Development Size | 48,500 sq. ft. | 202,568 sq. ft. | 36,000 sq. ft. | 16,000 sq. ft. | 303,068 sq. ft |
| Total Project Cost | \$14.9M | \$37.6M | \$2.35M | \$1.75M | \$56.6M |
| DMIRF Loan Size | \$ 4.77M | \$5.6M | \$1.50M | \$1.50M | \$13.37M |
| Low-Income Community Impacts | | | | | |
| Economic Benefits for Low-Income Persons | 100% of 160 construction (37 FTE) jobs accessible to LIPs | Over 120 (18%) jobs accessible to LIPs | 33 (60%) jobs accessible to LIPs | 51 (76%) jobs accessible to LIPs | |
| Social/Community Benefits | Enhanced walkability and placemaking | Increased walkability | Revitalizing industrial area; first food option in that area | Retail and food options for area | |
| Economic & Fiscal Impacts* | | | | | |
| Direct Operations Jobs Created & Retained | Created: 40 | Created: 44 Retained: 607 | Created: 43 Retained:12 | Created: 17 Retained: 67 (47 FTE) | Created: 144 Retained: 686 (666 FTE) |
| Indirect & Induced Permanent Jobs Created | 33 | 22 | 2 | 10 | 67 |
| Annual Average Employee Compensation | \$4.4M | \$2.6M | \$2.7M | \$1.4M | \$11.1M |
| Annual Average Economic Output | \$10M | \$6.3 | \$6.9M | \$3.1M | \$26.3M |
| Catalytic Impacts | Expected to encourage the redevelopment of similar properties | Several buildings in the downtown area currently being renovated as mixed use developments | Supports craft beer industry which is backed by state legislation | Attracts businesses and entrepreneurs through 'placemaking' | |
| Other Economic Impacts | Increased housing; supports the retail district | Supports the continued operation of the building and employment of low-to moderate-income employees | Additional tenants to be start-up or incubator type | Meets demand for small office space | |
| Construction Tax Revenue Generated | \$13.9M | N/A | \$0.5M | N/A | \$14.4M |
| Annual Operational Tax Revenue Generated | \$1.0M | \$0.7M | \$0.7M | \$0.3M | \$2.7M |
| Environmental Impacts | | | | | |
| Other Environmental Impacts | Brownfield redevelopment; steel recycled during construction; Energy Star appliances in all units, bicycle rack on site | Walkability encourages alternative transportation | Adaptive reuse of obsolete warehouse; walkability encourages alternative transportation | Walkability encourages alternative transportation | |
| Walk Score** | 93 | 97 | 83 | 90 | |

*Employee Compensation, Economic Output and Tax Revenues generated include indirect and induced impacts

**Walk Score: 90-100 Walker's Paradise; 70-89 Very Walkable; 50-69 Somewhat Walkable; 0-49 Car-Dependent

2.0 PROJECT OVERVIEWS



| # | Project Name | Developer | City | Investment Year | Page Number |
|------------------------|-----------------------------------|----------------------------------|---------------------------------|-----------------|-------------|
| 1 | Metropolitan Building | Metropolitan Hotel Partners, LLC | Detroit | 2018 | 11 |
| 2 | North Channel | North Channel Investors, LLC | Manistee | 2017 | 17 |
| 3 | Woolworth | Grasso Holdings, Inc. | Detroit | 2017 | 23 |
| 4 | Grand Rapids Industrial Portfolio | Griffin Cooksey | Grand Rapids, Wyoming & Lansing | 2017 | 28 |
| 5 | Trailhead Royal Oak | Trailhead RO Parent, LLC | Royal Oak | 2017 | 35 |
| 6 | Residences at Thirty Two 50 | Foremost Development Company | Auburn Hills | 2016 | 41 |
| 7 | Flagstar Strand Theatre | Strand Theater Owner, LLC | Pontiac | 2016 | 45 |
| 8 | Trumbull and Porter Hotel | Corktown Hotel LLC | Detroit | 2016 | 50 |
| 9 | East Main Street Redevelopment | Wabash & Main, LLC | Milan | 2015 | 56 |
| 10 | The Forefront | 400 S. Old Woodward LLC | Birmingham | 2014 & 2015 | 61 |
| 11 | International Center Building | 400 Monroe Ltd Partnership | Detroit | 2014 | 66 |
| Exited Projects | | | | | |
| 12 | Capitol Park Lofts | 1145 Griswold Street, LLC | Detroit | 2015 | 70 |
| 13 | Wright Opera Block | Kurt Wassenaar | Alma | 2015 | 75 |
| 14 | Harris Lofts | Robert Dykstra | Grand Rapids | 2015 | 80 |
| 15 | Dartmouth Square Apartments | Ginosko Development Company | Inkster | 2015 | 85 |
| 16 | 332 Lincoln | 6300 Hughes LLC | Royal Oak | 2014 | 88 |
| 17 | Pronto! Building | 600 Washington LLC | Royal Oak | 2014 | 93 |

2.1 ACTIVE PROJECT OVERVIEWS

ELEMENT DETROIT AT THE METROPOLITAN BUILDING

Detroit, Wayne County



EXTENDED STAY HOTEL

This project includes the acquisition of the Metropolitan Building which has been vacant for 40 years; funds construction of the interior and exterior renovations; and provides initial permanent financing of the proposed 110-room “Element” Extended Stay Hotel with first floor retail.

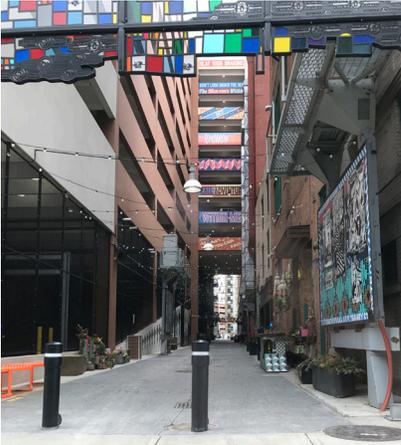
This 100,000 square foot building will provide 2,000 square feet of meeting space on the mezzanine/second floor with city skyline views, the ground floor and lower level will have approximately 7,000 square feet of retail, and there will be an outdoor rooftop patio. The hotel will operate as Starwood Hotels and Resorts Worldwide, Inc. Element Hotels brand which will serve complimentary healthy breakfasts and evening wine receptions.

| PROJECT OVERVIEW | |
|-----------------------------------|--|
| PROJECT BASICS | |
| Location | 33 John R. Street Detroit, MI 48226 |
| Asset Type | Mixed-use historic rehabilitation |
| Owner | Metropolitan Hotel Partners |
| Total Project Cost | \$34M |
| DMIRF Financing | \$5.6M |
| Investment Date | Early 2018 |
| Projected Exit Date | 6/21/2024 |
| Project Timeframe | Start Date: June 2017 End Date: July 2018 |
| COMMUNITY NEED | |
| LMI Community Status ¹ | Middle |
| Area Median Income ² | \$188.89% |
| Poverty Rate ³ | 21.6% |
| Unemployment Rate ⁴ | 5.7% |
| Economic Zones | Historic District |

“The new Element will help meet demand for high-caliber extended lodging in downtown Detroit, as well as address the growing demand for business and leisure travel to downtown, particularly given its close proximity to the city’s top entertainment attractions. With its historical appeal, smart design and diverse offerings, Element Detroit and the Metropolitan Building will serve an important role in the growth of the city and in our ongoing drive to preserve the City’s architectural gems.”

- David Di Rita, Roxbury Group⁵

The top level of the hotel was initially planned to be a “Miley Cyrus” suite, but will now be made into an open bar and lounge space with fire pits. Above it will be a small VIP level. There are also plans to have an “activated alleyway,” which transforms alleyways into more usable and attractive public spaces within cities.⁶



An existing activated alleyway by the Z garage is full of activity on the weekends

SPONSOR BACKGROUND

METROPOLITAN HOTEL PARTNERS, LLC

Metropolitan Hotel Partners, LLC is a joint venture between Detroit-based Means Group and the Roxbury Group.

Means Group is a creative land solutions company. This full-service construction management company and construction consulting firm was founded in 1998 by Eric Means. Since inception, Means Group has strived to create and optimize capital and assets that improve the physical landscape we live in.

The Roxbury Group is a Detroit-based real estate development and consulting firm founded in 2005 by principals David Di Rita and Stacy Fox. The firm specializes in complex real estate and economic development projects, and corporate real estate services and support. The Roxbury team provides clients with the benefits of a full-service in-house real estate and facilities function, acting as a strategic interface between senior management, and the outside real estate brokerage, construction and development communities. Roxbury principals and team members have over 40 years of combined experience in

all facets of commercial real estate acquisition, finance, development and project management. Last December, the Roxbury Group opened the Aloft Hotel in the renovated David Whitney Building on Woodward. In 2014, The Roxbury Group completed the Aloft Detroit in the historic David Whitney building and partnered with Starwood Hotels and Resorts a national hospitality brand. Thus, its familiarity and experience with Starwood made it easy to choose a partner for the Element Detroit.

O'BRIEN CONSTRUCTION COMPANY, INC.

Originally named Waterford Construction Company, Eddie O'Brien founded the firm in 1962. The original name reflected its earliest base of operations in Waterford, Michigan. As the firm grew, they relocated their headquarters a few times finally settling in Troy, Michigan. On average, the firm completes 10-20 projects per year. O'Brien Construction possesses specific expertise as a Construction Manager and General Contractor. Their market focus is strongest in the multi-family residential, historic preservation and renovation, mixed-use and municipal sectors. Over the past decade, O'Brien Construction has successfully restored and renovated numerous buildings with historic or aged significance. Currently, they have two historic renovation projects under construction (the Wayne State University Thompson Home and the Elliott Building, both located in Detroit) and one upcoming (the Packard Plant Administration Building in Detroit). O'Brien construction has successfully completed over 540 units, consisting of 9 buildings, of Historic Tax Credit projects. In addition to renovating numerous other historic buildings in Southeast Michigan. A significant percentage of their projects exist in various urban centers and specifically in the City of Detroit. This experience has enabled their team to develop significant relationships with City staff members who are critical to the successful delivery of any project.

PROJECT GENESIS

The historic Metropolitan Building opened in 1925 and has been vacant since 1977. The Downtown Development Authority sold the building to the development team for \$250,000. Average purchase price for downtown Detroit properties is approximately \$50 per square foot, which would make the fair market value of the property around \$5.5 million. The substantial discount is

due to the priority the DDA places on creating activity in the area that helps revitalize the larger community. In March of 2015, the Means Group had initially planned to develop residential apartments. However, in 2015, they decided to switch the renovation of the derelict Metropolitan Building to development of an extended-stay hotel. Detroit’s Downtown Development Authority approved that change in plans a few months later in August 2015. The developer, Means Group then partnered with the Detroit-based Roxbury Group to plan a hotel instead.⁷

SITE BACKGROUND



“Detroit’s downtown hotel market languished for years because of slack demand, with properties such as the old Hotel Pontchartrain, now the Crowne Plaza Detroit Downtown Riverfront, closing for long periods and other properties struggling to get to a break-even point.

But the recovery of the domestic auto industry in recent years plus the revitalization of downtown and the \$277 million expansion and renovation of Cobo Center have lured many conventions and trade shows to downtown,

sparking new interest in hotels.”⁸

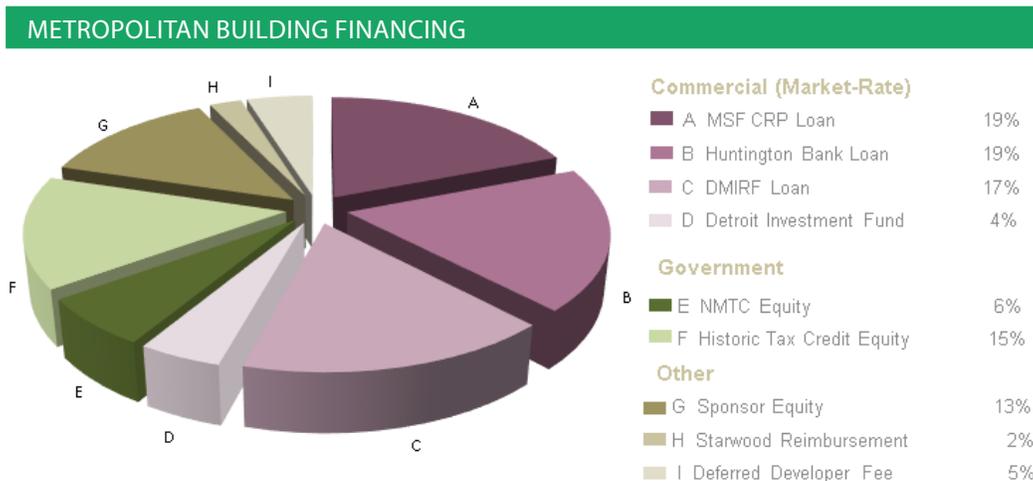
The 14-story neo-gothic Metropolitan Building was designed by Weston and Ellington, a Detroit firm, and in 1925 it opened as a jewelry emporium; the upper floors housed diamond cutters, goldsmiths, and silver workers with lower levels of retail.⁹ Vacant since 1977, the longest vacancy in Detroit, the building had been vandalized over the years and the city has spent tens of thousands to board up broken windows and set up scaffolding and netting to prevent pieces of the exterior from falling onto sidewalks.¹⁰

PROJECT FINANCING

| PROJECT FINANCING | |
|----------------------------|----------------|
| MSF CRP Loan | \$6.5M |
| Huntington Bank Loan | \$6.4M |
| DMIRF Loan | \$5.6M |
| Detroit Investment Fund | \$1.5M |
| NMTC Equity | \$2.2M |
| Historic Tax Credit Equity | \$5.0M |
| Sponsor Equity | \$4.5M |
| Starwood Reimbursement | \$0.8M |
| Deferred Developer Fee | \$1.7M |
| Total Financing | \$34.1M |

IMPACT ON LOW-INCOME PERSONS

On February 28, 2017, the DMI Investment Committee approved a second mortgage loan facility of up to \$5.62M to Metropolitan Hotel Partners, LLC. The proceeds of the facility will be used in conjunction with an



| PROJECT IMPACTS | |
|---|--------------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| 30 jobs created will employ low- to moderate-income individuals | |
| Rehabilitate a building that stood vacant for 40 years, which will catalyze growth in immediate and neighboring low-moderate income areas | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 200 |
| Permanent Jobs | 30 FT, 15 PT |
| 20-Year Compensation Impact | \$49.9M |
| Total Tax Generated (20-Year PV) | \$30.5M |
| Taxpayer Breakeven | Year 10 |
| 20-Year Taxpayer ROI | 216.9% |
| Modified IRR | 11.6% |
| ENVIRONMENTAL IMPACTS | |
| Element Hotels commit to operate sustainable and green practices | |
| Use of natural lighting to reduce energy use | |
| Eco-friendly and recycled materials in design and construction | |
| Waste reduction practices utilized in operations | |
| Indoor air quality improved by use of low VOC paints | |

up to \$6.38M first mortgage loan from Huntington Bank; an up to \$1.5M shared second position loan with Detroit Investment Fund (DIF), New Market Tax Credits, Federal Historic Tax Credits and a Community Revitalization Program (CRP) Performance Based Loan (to the Owner of Borrower) from the Michigan Strategic Fund. The Loan was to have been secured by a second mortgage lien, subordinate only to Huntington Bank’s \$6.38M first mortgage lien, on the property. The primary source of repayment for the Loans (Huntington, DMIRF and Invest Detroit) as proposed by the developer will be a refinance mortgage totaling \$18.14M no later than 2024.

ECONOMIC IMPACT

The Metropolitan Hotel is expected to create 30 new permanent jobs. Based on wage information from the Bureau of Labor Statistics and 2016 current income limits from HUD, the majority of jobs being created at the Metropolitan Hotel will meet the low- and moderate-income threshold.

This project will serve as a catalyst for redevelopment in the immediate area and should have some additional impact on the adjacent low- and moderate-income cen-

| ECONOMIC IMPACT SUMMARY | |
|--------------------------------------|--------------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$3.9M |
| Economic Output | \$9.4M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$13.6M |
| Economic Output | \$39.3M |
| AREA IMPACTS | |
| Housing helps spur local development | |

tracts. This development aligns with Detroit’s goal to encourage development in commercial and mixed-use corridors, promote development in high-density areas that includes both day and evening activities, and to re-use and preserve historic buildings and sites. The Metropolitan Building’s activation is a significant milestone for Detroit’s “comeback.” Hotels carry a huge economic multiplier as it relates to the spin-off business for restaurants and other stores in the community. This increase demand will be served in part by the 3rd-party retail in the building. These uses in turn add value to the surrounding neighborhood which is mostly multifamily and office, catalyzing future development.

Currently, much of the work at the construction site includes historic renovations to the lower levels of the building and the disposal of debris from the site. The single largest cost of nearly \$500,000 is for egress of the second stairwell. The installation of elevators will also take some time, as there are few elevator operators in the area.



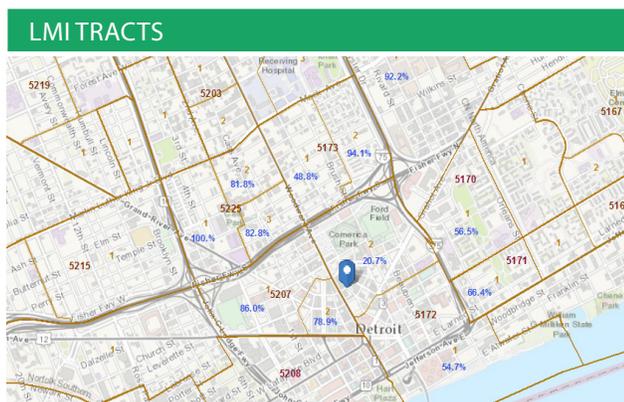
COMMUNITY & ECONOMIC DEVELOPMENT IMPACT

The City of Detroit’s Master Plan of Policies (MPP) last updated in 2009, details several policy goals aimed at improving the social, economic and physical development and conservation of the city. Many of these policies goals are targeted to the Metropolitan Hotel location and surrounding area.

Based on HUD data, the area the project is located within as well as the surrounding block groups are low-income.

As noted in the financing section, The Michigan Strategic Fund (MSF) approved a CRP loan for the project. The CRP legislation passed by the Michigan Legislature in 2011 states the following: The legislature finds and declares that any activity under this chapter to promote community revitalization will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job- generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state and is a public purpose and of paramount concern in the interest of the health, safety, and general welfare of the citizens of this state. It is the intent of the legislature that the economic benefits resulting from this chapter occur substantially within this state.¹¹

The Metropolitan Hotel is in a vibrant commercial and mixed-use corridor and is near other high visibility developments. The Metropolitan Hotel is a new business locating in a designated historic area in downtown Detroit.



This community is in dire need of additional business activity and services. While located in a middle-income census tract (5172), this project is surrounded by four adjacent low income census tracts (5173,5179,5207,5225) that will benefit from the added foot traffic and economic activity that are within 2 – 4 blocks of the project. Six of the seven adjacent census tracts have a poverty rate of at least 20%. The Metropolitan will serve as an economic hub for the area, generating business activity and revitalizing the surrounding low- income commercial areas.

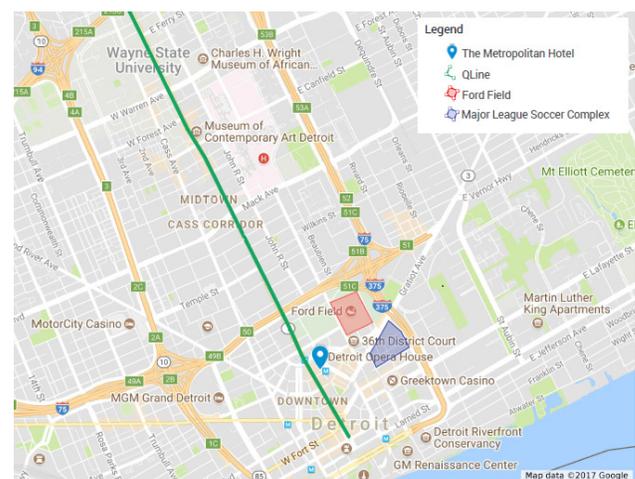
ENVIRONMENTAL IMPACT

The Element philosophy is to satisfy guests’ needs while keeping the environment in mind

Element has made a brand-wide commitment for all of its Hotels to operate to sustainable and green practices¹²:

- All guest room kitchen appliances are Energy Star rated
- Uses as many recycled materials as possible in design and construction
- The Element design incorporates eco-friendly materials wherever possible
- The design of the hotel will utilize natural lighting which will reduce energy use
- Floors feature carpets with up to 100% recycled content and recycled carpet cushions
- Art on the walls is mounted on a base made from recycled tires
- Low VOC (volatile organic compounds) paints improve indoor air quality for guests and staff
- Use silverware and glassware to reduce waste generated by plastic utensils and paper cups
- Bath amenities are in a dispenser system rather than wasteful multiple mini-bottles
- Guest rooms include recycling bins for paper, plastic and glass

PROJECT TRANSIT ACCESS



The project is located along the Q Line and The Element will provide complimentary bicycles both of which will

encourage the use of alternate transportation around the local area.

FISCAL IMPACT

The City of Detroit is showing its support by extending a tax abatement under the Obsolete Property Revitalization Act (OPRA) which could result in savings of approximately \$6,700,000. The OPRA legislation was passed by the Michigan Legislature in 2000 (Public Act 146) as a means to promote redevelopment of blighted/obsolete properties in certain qualified local governmental units. The City of Detroit is considered a qualified local governmental unit under the OPRA legislation.

This project has utilized \$5.6M of DMI investment. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (24 months) is \$4M (PV). The projected cumulative tax revenue generated from annual operations total \$26.4M (PV). This brings the projected total cumulative tax revenue generated from the construction and operations of the facility to be \$30.5M (PV). By Year 10, the project is expected to achieve the taxpayer breakeven point as the cumulative taxpayer revenues generated equal the amount of the original taxpayer subsidy of \$14 million. The 20-year cumulative tax revenues result in a Return on the Taxpay-

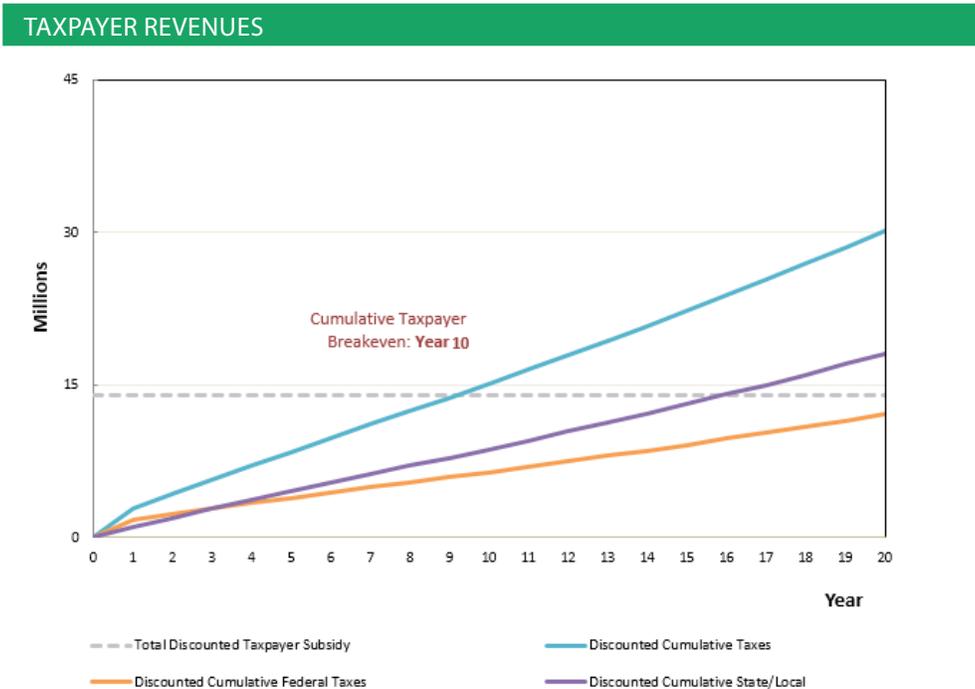
| TAXPAYER SUBSIDY | | | |
|-------------------------------|----------------|----------------|--------------------|
| GOVERNMENT SOURCE | INVESTMENT | SUBSIDY | PRESENT VALUE (PV) |
| NMTC | \$6.6M | \$2.6M | \$2.3M |
| City of Detroit Tax Abatement | \$6.7M | \$6.7M | \$6.7M |
| Historic Tax Credits | \$5.0M | \$5.0M | \$5.0M |
| TOTAL | \$18.3M | \$14.3M | \$14.0M |

ers’ Investment of 216.9%. The Modified Internal Rate of Return to taxpayers is 11.6%.

The benefit to the project in terms of the ratio of the \$34 million total project cost to the 20-year present value (PV) tax revenues generated as a result of the investment is a ratio of roughly 1:0.9 or the PV of the tax revenues over the 20-year period is over 89 % of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|-----------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.9M | \$17.6M |
| Federal | \$0.5M | \$12.9M |
| TOTAL | \$1.4M | \$30.5M |
| BENEFIT OF INVESTMENT | | |
| Project Cost to Tax Revenue Ratio | | 1:09 111% |

*Combined construction and operations revenues



NORTH CHANNEL

Manistee, Manistee County



MIXED-USE RETAIL/RESIDENTIAL

The property is located within the commercial Main Street Downtown Authority district in the City of Manistee. It consists of three parcels—parcels #2, #3, #4. Parcel #2 contains a vacant 21,720-square foot building without a basement and consists of the “South Building,” having two floors, and the contiguous “North Building” containing three floors. Parcels #3 and #4 are vacant land.

Residences are located on neighboring properties northwest and west of the property, and commercial properties are located north and northeast of the property. A city park is located east of the Property on the east side of Washington Street. The Manistee River Channel is located immediately south of Parcel #3.

The city’s South Washington Street redevelopment plan includes the already-completed Phase I, a new condominium building on parcel #1 and its parking lot, and Phase II, the redevelopment of the North Channel Outlet building on parcel #2. The proposed Phase II project involves the redevelopment of the historic former North Channel Outlet building into 14-residential apartments on the 2nd and 3rd floors. The North Channel Brewing Company will occupy the first floor as a restaurant and brewery. The redevelopment will include 20 parking spaces for tenants.

| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | 86 Washington Street Manistee, MI 49660 |
| Asset Type | Mixed-use (Retail/Residential) |
| Owner | North Channel Investors, LLC |
| Total Project Cost | \$4.9M |
| DMIRF Financing | \$0.97M |
| Investment Date | 12/15/2017 |
| Projected Exit Date | 7/21/2018 |
| Project Timeframe | Start: March 2017 Finish: May 2018 |
| COMMUNITY NEED | |
| LMI Community Status | Middle; non-metro |
| Area Median Income | 84.66% |
| Poverty Rate | 13.6% |
| Unemployment Rate | 6.1% |
| Economic Zones | Historic District; Downtown Development District |

SPONSOR BACKGROUND

COMPANY OVERVIEW/DEVELOPMENT TEAM

North Channel Investors, LLC was organized in April 2014 for acquiring and renovating the Subject Property. The company is owned by John Groothuis (30%), Dave TenCate (30%) and T. Eftazziadis (40%). John Groothuis and Dave TenCate are co-owners of Capstone Companies, however Capstone does not have a direct link to this transaction with DMI.

John Groothuis, a resident of Grand Haven, graduated from Grand Valley State University (Grand Haven is located approximately 90 miles and 90 minutes south of Manistee along the western shore of Lake Michigan). Prior to joining Capstone in 2009, Mr. Groothuis had been involved in the banking business since 1988. Mr. Groothuis was the CEO and President of what was then Grand Haven Bank, and was more recently the Community Bank President of Macatawa Bank in Grand Haven. Mr. Groothuis has served on the boards of directors for several local organizations, including Downtown Grand Haven, Inc, the economic development agency in Grand Haven, Michigan. During his twenty-plus year career, Mr. Groothuis has assisted countless banking customers assess commercial real estate investments, and brings a wealth of real estate and financial experience and contacts to the Capstone team. Below is a list of some of his commercial real estate ventures.

- Construction of a 14,000 SF banking center building for Grand Haven Bank in 2001,
- Purchase of 20,000 SF defunct manufacturing facility and conversion to Auto Zone-anchored retail center in 2003,
- Own/manage 10-plus office/retail centers comprising over 100,000 SF, and
- Development of 20,000 SF, 16-unit residential condominium project in Manistee, MI in 2015.

David TenCate, a resident of Grand Haven, graduated from Calvin College and the University of Minnesota Law School, and has been a practicing attorney since 1991. Mr. TenCate's legal career focused primarily on real estate, small business, and transactional matters. He obtained



Parcels #1-6



his Michigan real estate broker's license in 2002 while working for a commercial real estate brokerage and development client. In April of 2004, Mr. TenCate founded Capstone Real Estate, LLC.

Mr. TenCate is a member of the Grand Rapids-based Commercial Alliance of Realtors, the West Michigan Lakeshore Association of Realtors, the Michigan Association of Realtors, and the National Association of Realtors. He has served on the Board of Directors for several associations, including the Ottawa County Bar Association and the West Michigan Lakeshore Association of Realtors. Mr. TenCate holds the coveted Certified Commercial Investment Member (CCIM) designation, which is the most widely-recognized commercial and investment real estate designation in the country. Mr. TenCate is one of fewer than 200 Michigan brokers who have obtained the CCIM designation.

Thrasos Eftaxiadis a resident of Manistee founded Eftaxiadis Consulting, LLC in January 2007. Mr. Eftaxiadis has over 40 years of experience in planning, implementing and overseeing projects related to the Brownfield sites and housing redevelopment, solid and hazardous waste management, site remediation, hydrogeology, and development of monitoring programs on behalf of commercial, real estate, municipal, non-profit, manufacturing and public utility clients throughout Michigan. He is knowledgeable of Michigan's regulatory requirements governing Brownfield redevelopment planning and funding, remedial activities, underground storage tank management, permitting programs, environmental due diligence, and expert witness testimony in legal proceedings.

Prior to establishing Eftaxiadis Consulting, LLC in 2007, Mr. Eftaxiadis held several management/leadership

positions in government and consulting. He was Vice President with NTH Consultants Ltd., responsible for environmental remediation and Brownfield redevelopment programs in Lansing, Gaylord and Traverse City. He was the Senior Associate, founder and officer Manager of Malcolm Pirnie, Inc’s (now Arcadis) operations in Lansing. Mr. Eftaxiadis is a formally trained hydrogeologist, and has experience in applying technical skills and regulatory knowledge to solve complex environmental and management problems for clients throughout Michigan.

Prior to his employment in the environmental consulting arena, Mr. Eftaxiadis was an employee of the Michigan Departments of Environmental Quality and Natural Resources in the Superfund, Municipal Grants Administration, Hydrogeology and Remedial Action programs of the Environmental Response, Water Quality Resource Recovery and Groundwater Quality Divisions. From this, Mr. Eftaxiadis gained substantial field and project management experience and a hands-on understanding of State and Federal environmental regulations, and the unwritten protocols expected by regulatory agencies. He is currently a sitting member of the Manistee Downtown Development Authority.

PROJECT GENESIS

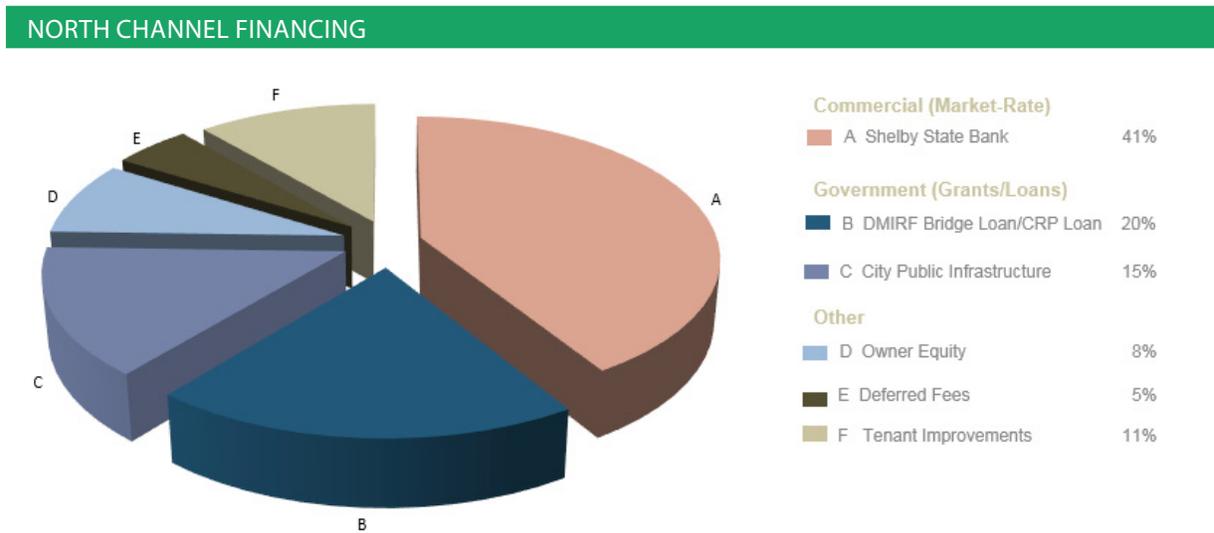
The city’s Downtown Development Authority (DDA) and the MEDC’s Redevelopment Ready Community (RRC) program targeted this property as one of their highest redevelopment priorities due to its key location in the Downtown, the need to preserve the historic building,

abate blighted conditions, and create residential units in the Central Commercial District. In June 2006, the Manistee City Council adopted a resolution to create the City of Manistee Brownfield Redevelopment Authority to satisfy the requirements for a Brownfield Plan for several parcels, which encompass the subject property. The plan is comprised of six real estate parcels. Plans for parcels 2,3 and 4 were previously described. Parcel 5 is owned by the City of Manistee and is the site of public infrastructure improvements that were constructed to support the project on parcels 2,3, and 4. Similarly, Parcel 6, the Veterans Memorial Park, is included in the Plan for the same purposes.

The vacant building is one of the most visible structures in the City’s Downtown District, located immediately north of the main intersection of Washington Street and the Manistee River at the heart of the downtown. It has been attracting vagrants, trespassers, and stray animals in an already challenged portion of the city. This adaptive reuse project will eliminate blight within the neighborhood.

SITE BACKGROUND

The three parcels comprising the subject Property, as well as the adjacent parcel to the south, were part of the former historic furniture manufacturing complex of buildings and land started in 1890s. Portions of the original manufacturing complex were demolished over many years, while some were destroyed by fires. The building was used as a retail store for furniture and furnishings



until early 2010.

Prior to the Borrower acquiring the Property on June 6, 2014, it was owned by State Savings Bank. State Savings Bank acquired the Property in February 2012 and the previous owner, L&S Manistee Ventures, Inc owned the Property for approximately ten years.

Public infrastructure improvements were constructed by the City of Manistee to facilitate the redevelopment of the property, including expansion of the municipal water service, replacement/enlargement of the sanitary sewer, the Short Street steep unstable bank, installation of the Manistee River Channel shoreline seawall and creation of a barrier-free river access.

The rehabilitation of the exterior and interior surfaces of this historic building is based on plans prepared by the State Historic Preservation Office (SHPO) as well as plans generated by the project’s historic architect, Concept Design Studio Inc.

PROJECT FINANCING

In August 2017, the Michigan Economic Development Corporation (MEDC) committed to providing North Channel Investors, LLC an award of \$970,000 under the Michigan Community Revitalization Program (CRP). DMI will finance a bridge loan for this grant. This funding will be used for construction related costs associated with the renovation of the former North Channel Outlet Furniture Store.

| PROJECT FINANCING | |
|----------------------------|----------------|
| Shelby State Bank | \$2.01M |
| DMIRF Bridge Loan/CRP | \$0.97M |
| City Public Infrastructure | \$0.71M |
| Deferred Fees | \$0.24M |
| Cash Equity Owner | \$0.41M |
| Tenant Improvements | \$0.55M |
| Total Financing | \$4.89M |

IMPACT ON LOW-INCOME PERSONS

| PROJECT IMPACTS | |
|--|----------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Will create at least 20 permanent jobs for low- to moderate-income individuals | |
| Transforms a portion of Downtown Manistee into a vibrant and economically robust community | |
| Rehabilitation of the community’s most blighted areas | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 10 |
| Permanent Jobs | 22 |
| 20-Year Compensation Impact | \$10.96M |
| Total Tax Generated (20-year PV) | \$43.4M |
| Taxpayer Breakeven | Year 8 |
| 20-Year Taxpayer ROI | 296.5% |
| Modified IRR | 12.6% |
| ENVIRONMENTAL IMPACTS | |
| Remediates contamination of hazardous substances in two buildings | |
| Roof-top solar panels | |
| Low-flow water appliances and fixtures, high energy HVAC systems and LED lighting | |
| Wood flooring will be recycled and refinished | |

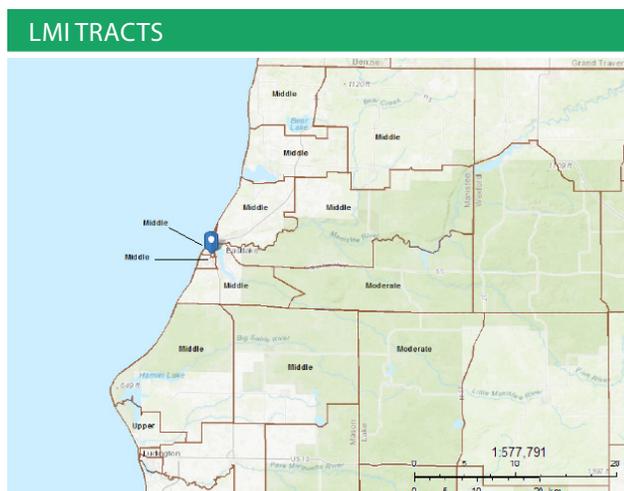
ECONOMIC IMPACT

The North Channel project is expected to create 22 new permanent jobs – 20 at the brewery and two for management of the residential component. Based on wage information from the Bureau of Labor Statistics and 2016 current income limits from HUD, the majority of these new jobs will meet the low- and moderate-income thresholds.

| ECONOMIC IMPACT SUMMARY | |
|---|--------------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$0.5M |
| Economic Output | \$2.4M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$10.5M |
| Economic Output | \$41.0M |
| AREA IMPACTS | |
| Promote reuse of vacant and historic lots | |
| Attract more commercial and residential activity in downtown Manistee | |

COMMUNITY & ECONOMIC DEVELOPMENT IMPACT

CRA: DMI believes that this project meets both the Economic Development test and the Revitalize and Stabilize test of the Community Development Purpose. The North Channel Brewery is expected to create 20 new jobs. Based on BLS wage data and HUD income level data, there is a high likelihood that many of the created jobs will be held by low- and moderate-income individuals. While the census tract is middle income, the block group where the project is located is considered low income. The project activities are consistent with the City of Manistee's Downtown Development Authority and Brownfield Redevelopment Authority, as well as the State of Michigan's Community Revitalization Program, the Obsolete Property Rehabilitation Act and the MEDC's Redevelopment Ready Communities Program.



This property is located in the Central Business District and supports the city's master plan. The city aims to redevelop the Washington Street Corridor to create infill and adaptive reuse opportunities along this major road. The city has set additional goals to increase its placemaking, exploring new opportunities to support the downtown area, and create a cohesive environment between the Central Business District and the surrounding neighborhoods.

Located near a major entry point to downtown, this project has the potential to be a driving force in accomplish-

ing these goals. As a mixed-use development plan, the project will create opportunities for new businesses to move to Manistee and for local entrepreneurs to expand their businesses and secure affordable housing close to home. The plan is also designed to create a walkable neighborhood to further create a strong sense of community in Downtown Manistee.

As a result of planning and initiating this project, the two nearby historic and Brownfield properties - the former Hotel Northern and former MAPS auto repair facility - have already been acquired by new owners and are in the process of redevelopment planning. Additionally, two blighted buildings immediately north of the property are being rehabilitated.

ENVIRONMENTAL IMPACT

North Channel Investors, LLC completed a BEA in December 2014 and Due Care Plan in May of 2016. The Due Care Plan is combined between two different development parcels. The project satisfactorily address the known on-site contamination and provides adequate guidance for safe management of construction activities.

Remediation of contaminated soils and waste as well as abatement of hazardous materials took place during construction. In addition, obsolete and structurally unsafe building components were demolished. Some removed materials were recycled by the local Habitat for Humanity.

The project's sustainable development elements include the future incorporation of roof-top solar panels to supply power for common areas and hallways, insulation of non-historic building walls and roof, installation of low-flow water appliances and fixtures, high energy HVAC systems, and LED lighting throughout the building. In addition, wood flooring will be recycled and refinished.

This neighborhood has received a walkability score of 78 out of 100, which means the area is very walkable.

FISCAL IMPACT

| TAXPAYER SUBSIDY | | | |
|----------------------------|----------------|----------------|--------------------|
| GOVERNMENT SOURCE | INVESTMENT | SUBSIDY | PRESENT VALUE (PV) |
| DMIRF Bridge Loan/CRP | \$0.97M | \$0.97M | \$0.97M |
| City Public Infrastructure | \$0.71M | \$0.71M | \$0.71M |
| TOTAL | \$1.68M | \$1.68M | \$1.6M |

The projected 20-year cumulative tax revenue generated from annual operations total \$4.94M (PV). This brings the projected total cumulative tax revenue generated from the construction and operations of the project to \$5.13M (PV). By Year 8, the project is expected to achieve the taxpayer breakeven point as the cumulative taxpayer revenues generated equal the amount of the original taxpayer subsidy of \$1.68M. The 20-year cumulative tax revenues result in a Return on the Taxpayers' Investment

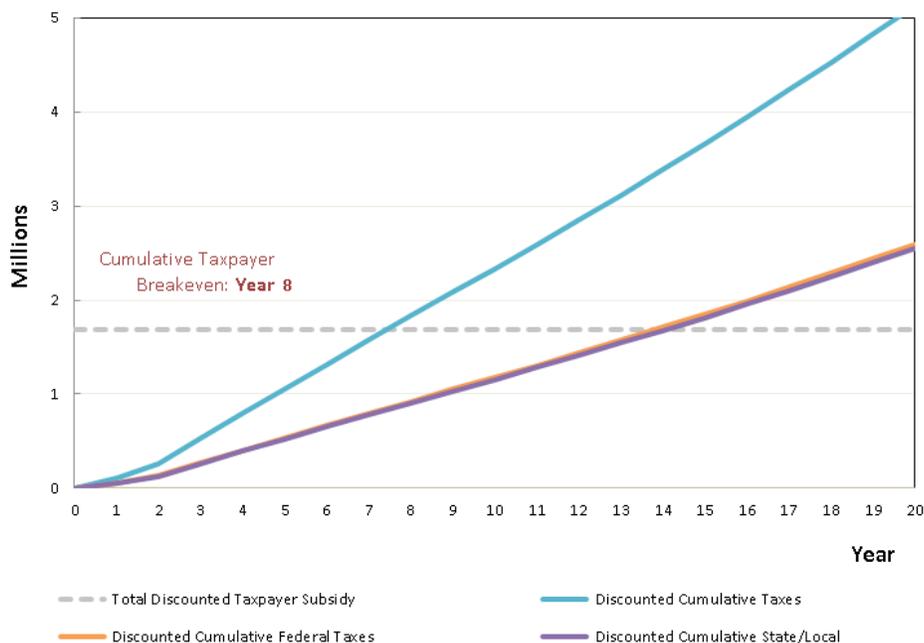
of 296.5%. The Modified Internal Rate of Return to taxpayers is 12.6%.

The benefit to the project in terms of the ratio of the \$4.9 million total project cost to the 20-year present value (PV) tax revenues generated as a result of the investment is a ratio of roughly 1:1.04 or the PV of the tax revenues over the 20-year period is 104% of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.14M | \$2.54M |
| Federal | \$0.14M | \$2.59M |
| TOTAL | \$0.28M | \$5.13M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:1.04 95.5% |

*Combined construction and operations revenues

TAXPAYER REVENUES



WOOLWORTH BUILDING REINVESTMENT

Detroit, Wayne County



RETAIL/RESIDENTIAL MIX-USE

6565 Woodward Ave Owner, LLC acquired this property in the New Center district along Woodward Avenue in the city of Detroit in May 2017 for \$1.2 million. The property is situated on a 0.236-acre site, consisting of two floors and a partial basement.

The developer’s plan is to redevelop the site into a mixed-use high-rise that contains approximately 170-units of market rate/affordable residential housing and two floors of retail space. The second floor will contain 10,100 square feet of commercial office space and the ground floor will contain 9,500 square feet of retail space together with the apartment lobby including a single passenger elevator. The sponsor acquired a surface parking lot for approximately \$425,000 from Midtown, Inc. at 2974 West Grand Boulevard, which is approximately 0.25 miles from the Subject’s building. Current plans call for 55 spaces to be reserved for residents at 6565 Woodward under a valet service.

| PROJECT OVERVIEW | |
|-----------------------|---|
| PROJECT BASICS | |
| Location | 6565 Woodward Ave. Detroit, MI 48202 |
| Asset Type | Mixed-use (Commercial/Residential) |
| Owner | David Grasso (Grasso Holdings) |
| Total Project Cost | \$32.5M |
| DMIRF Financing | \$1M |
| Investment Date | 12/1/2017 |
| Projected Exit Date | 6/1/2019 |
| Project Timeframe | TBD |
| COMMUNITY NEED | |
| LMI Community Status | Low |
| Area Median Income | 46.22% ¹ |
| Poverty Rate | 42.5% ² |
| Unemployment Rate | 9.4% ³ |
| Economic Zones | New Center Commercial Historical District, Major Business District Zone |

SPONSOR BACKGROUND

GRASSO HOLDINGS, INC. was founded in 1995 by David Grasso and has developed, acquired and repositioned over seven million square feet of office, retail, multifamily, and hospitality assets throughout the northeastern United States. It is a full service real estate development, construction and property management company headquartered in Philadelphia, PA. Over the past seven years, The company has completed over \$800 million in real estate transactions. Grasso Holdings has extensive experience in developing both historical renovations and ground-up developments. This is the firm’s first venture in the City of Detroit.

Mr. Grasso is aggressively acquiring assets and establishing relationships in the City of Detroit. Mr. Grasso has successfully secured approximately an acre of real estate (excluding 6565 Woodward) in the New Center Area

from Henry Ford Hospital and Midtown, Inc.

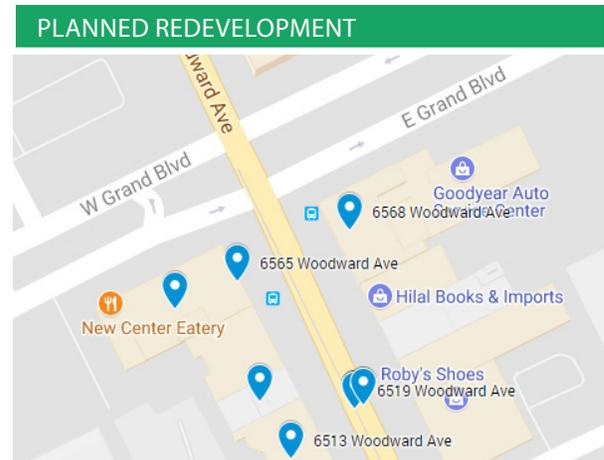
THE MONAHAN COMPANY is a third and fourth generation family owned and operated general contracting company located in Eastpointe, Michigan. The Monahan Company does approximately \$50 million in annual revenues and employs approximately 30 people.

THOMAS ROBERTS founded Thomas Roberts Architect in 2009. Tom has held positions with various Detroit area design firms. Although each firm had their own unique culture, Tom consistently integrated his diverse experiences and design sensibilities to motivate and inspire colleagues and clients to challenge themselves to establish expectations for quality design. Most significantly were the six years with Kessler Associates, later known as Kessler | Francis | Cardoza Architects. Working directly with Bill Kessler, Ed Francis, and Jim Cardoza, Tom quickly engaged in the balance that existed between modernism and historic preservation and embraced the philosophy that “creativity is more the product of diversity than it is of repetition.” This influence has fortified a design process and reinforced Tom’s desire to give back to his community. In 20 years of practicing architecture, Tom’s work has married contemporary architecture of our time with the timeless and historic architecture of the past. To further acknowledge Tom’s commitment to historic preservation, the State of Michigan Historic Preservation Office certified him as an historic architect in 2007.

Mr. Grasso is also in discussions with Hamilton Anderson Associates, which ultimately will lead to a joint venture arrangement between Thomas Roberts and Hamilton Anderson Associates for the architectural work to be completed for 6565 Woodward Ave Owner, LLC.

PROJECT GENESIS

Midtown Detroit, Inc., a nonprofit economic development group and the key catalysts for the Midtown neighborhood’s resurgence has moved their drive and determination into the New Center Area. Mid-



town, Inc. purchased 11 buildings (64,000 SF) in April 2015 (along Woodward between Milwaukee Street and Grand Boulevard), which included the subject property. The group envisions catalytic, high-impact mixed-use redevelopments that could jump-start New Center and the neighborhood just north of the reinvestment booms in Midtown and downtown.

SITE BACKGROUND

In 1940, Edith Henry Barbour and the Detroit Trust Company were issued a permit for the construction of a retail building with an estimated cost of \$179,000. The building was the first to be constructed on this two-block stretch of Woodward, following the demolition of the Henry Block for the widening of Woodward Ave. This limestone two-story Moderne commercial building housed a F.W. Woolworth’s department store. The F.W. Woolworth Company, founded in 1878, was one of the original pioneers of the five-and-dime store. The limestone-clad building was designed for its highly prominent corner location and would have



stood out when built for its unique and artfully simplified Moderne style finish.¹

This location was also the site of a 1937 worker sit-down strike that began in Woolworth’s downtown store location, and later expanded to the New Center store. The strike resulted in union recognition as well as increased pay and added benefits for workers.² In 1960, the store was the site of another protest, this time by the NAACP, who picketed against racial segregation.³ The choice of the new center store as a location for the labor strike as well as the civil rights protest evidences the historical importance of this area and store.

The subject property is situated within the New Center district of the city of Detroit, a district that was once one of the most prominent office destinations within the city, anchored by the General Motors Corporation’s headquarters. After GM’s headquarters was moved to the Renaissance Center, the prominence of the subject neighborhood declined somewhat, although the 1.4 million square foot building was re-tenanted with the State of Michigan.

Overall the neighborhood is in the revitalization phase of its economic life cycle. The subject neighborhood represents an older area and is well built-out. As such, most of the recent development and any potential future development has been and is expected to be represented by redevelopment of existing uses.

Since 2003, the City of Detroit has averaged just under 50% of all new multi-family permits issued in the Tri-County area. Although there has been some new construction in the City of Detroit outside the Primary Housing Market Area (the Woodward corridor from the Central Business District north to the Midtown area and the Wayne State University campus), it is recognized that, particularly since 2008, the Primary Housing Market Area constitutes the area within the city where the majority of new construction is occurring.

There have been several new developments that have come on line in the Primary Housing Market Area since 2012. However, very few of those are directly

in the New Center Area. There is still a need for redevelopment of existing stock into residential units and retail space.

PROJECT FINANCING

DMIRF will provide a secured predevelopment loan of \$1,000,000 to 6565 Woodward Owner, LLC. DMIRF’s loan will solely finance the acquisition and predevelopment costs and the renovations will ultimately be refinanced with a new construction and permanent loan, which will be used in part to repay DMIRF’s loan. The loan term will be up to 18 months with an 8.50% interest rate, payable quarterly. Assuming DMI does not participate in the permanent financing structure, the estimated return is 15%.

IMPACT ON LOW-INCOME PERSONS

| PROJECT IMPACTS | |
|---|-----|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Expected to provide job opportunities to low-income individuals | |
| 20% (34) of the apartment units will be affordable (80% AMI) | |
| Commercial offices and retail space will attract and retain businesses which will have a positive impact on the surrounding LIC | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | TBD |
| Permanent Jobs | TBD |
| ENVIRONMENTAL IMPACTS | |
| Rehabilitation of a vacant building | |
| May require some soil remediation based on Phase I assessment | |

ECONOMIC IMPACT

Moody’s Economy.com is optimistic about metro Detroit, at least by the standards of the recent past. The local population is expected to keep rising by about 0.1% per year through 2020. Three more years of strong job gains are anticipated through 2018, prior to a slowdown. By 2020, this metro area is predicted to be within 8,000 jobs of its peak, a recovery that would have seemed unimaginable in 2009.

The immediate area surrounding the subject is projected to experience moderate increases relative to households and population with increasing income levels and retail expenditures into the near future. Given the area demographics, it appears that the demand for the subject property and comparable surrounding

area retail properties will continue to be average.

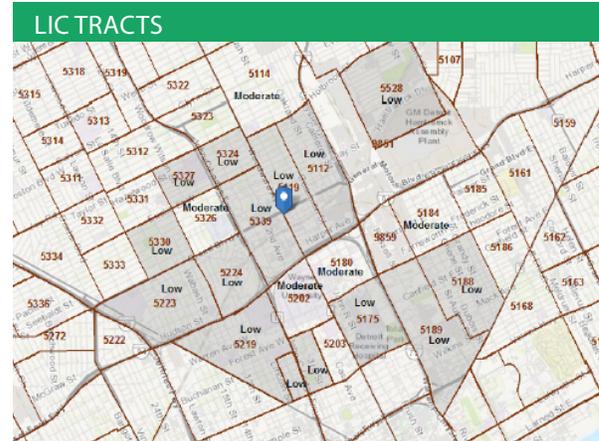
Per Crains, Sue Mosey said, “New Center’s promise is becoming more apparent now that the QLine project is complete.” There are several other recent acquisitions and projects underway such as:

- Redevelopment of a 64,000 SF building connect to the Hotel St. Regis into 56 multifamily residential units;
- Third & Grand Mixed-use development (new construction);
- The Brigitte Harris Cancer Pavilion; six stories, 187,000 SF;
- Baltimore Station-retail space along Woodward and add 23 new living spaces above;
- The Woodward Midtown-104 apartments;
- Detroit Wayne Mental Health Authority headquarters- 86,200 SF;
- Albert Kahn Building – retail at street level, office space and 162 apartments to floors 2-11;
- Tech Town Industrial Buildings – 80 lofts with retail on the main floor;
- West/Former Wigle Recreation Center – 335 new residential units (for sale and rental); and
- Detroit Pistons announced in February 2017, that a new practice facility will be constructed between 2nd and 3rd Avenue along Amsterdam Street, which is just west of the subject property.

COMMUNITY & ECONOMIC DEVELOPMENT IMPACT

CRA: DMI believes that the project meets both the Economic Development test and the Revitalize and Stabilize Test. DMI analysis shows that this project sponsor should meet the Small Business Administration’s definition of a small business. This mixed-use residential and commercial/retail structure is in a low-income census tract and it is anticipated that the commercial offices and retail space will attract and retain businesses and residents to the area as well as provide job opportunities to low-income individuals. Additionally, 34 (20%) of the 170 apartment units to be created will be priced affordably.

The City of Detroit passed an ordinance in Septem-



ber 2017 regarding new housing developments. The ordinance states that at least 20% of any new dwelling units are required to be affordable to households earning up to 80% of the AMI. This requirement will apply to any projects receiving at least \$500,000 from the City of Detroit, CDBG or HOME funds controlled by the City of Detroit, or State or Federal support.

This property is in the New Center Commercial Historic District, which should act as a secondary business district to relieve the congestion in Detroit’s primary downtown business district. The New Center area has retained more commercial vitality than many other neighborhood commercial districts. A number of strong economic developments are lifting the community. Continued growth is anticipated for the neighborhood in the near and mid-term, as people and jobs continue to locate downtown. There are no known neighborhood forces deemed to negatively impact the subject’s marketability.

The project supports a number of the city’s Master Plan goals. It is anticipated to be a high-impact and catalytic redevelopment, helping to reach the city’s goal to support and facilitate community revitalization efforts. In addition, the residential units offered at market rate/affordable prices along with the creation of commercial office space and retail space will aid in the realization of the city’s goals to improve and increase rental opportunities as well as improve the accessibility and attractiveness of commercial areas.

ENVIRONMENTAL IMPACT

The Phase I assessment revealed volatile organic compounds (VOCs) and metals in the soils exceeding DEQ Part 201 Generic Residential Cleanup Criteria for one or more of the following screening levels: Drinking Water Protection, Groundwater Surface Water Surface Protection, and Soil Volatilization to Indoor Air Inhalation. The primary source of the known release at the Property is the historical operation of a dry cleaner and printer at 3100 West Grand Boulevard. Due to their proximity to the Property, it is also possible for the following uses to have contributed to the known release: the former operation of a dry cleaner west-southwest of the Property at 3082 West Grand Boulevard and the former operation of a hat cleaner at 6541 Woodward Avenue.

After the Phase I was completed a subsurface investigation was conducted. Additional investigation may

be necessary prior to beginning construction activities to fully delineate the impacts and allow for redevelopment activities to proceed. In addition, Miller Canfield states that the risk is less about the risk of having to clean up a plume of solvents, and more about planning for and addressing the concerns as a part of the development process by completing a due care plan, which must be completed and made available for the DEQ to review within 8 months of becoming the owner or operator. Borrower is in the process of developing this plan. For purposes of the predevelopment loan, all environmental due diligence is acceptable upon obtaining receipt and signoff of the BEA from State of Michigan.

FISCAL IMPACT

Note: As our investment was in the pre-development phase only, we have not run an extensive economic and fiscal analysis for this project .

GRAND RAPIDS INDUSTRIAL PORTFOLIO

Grand Rapids, Kent County & Lansing, Ingham County



Map of the properties in Grand Rapids and Wyoming, MI

INDUSTRIAL MIX USE

This \$8 million investment finances the acquisition of five properties in Grand Rapids, Michigan with one located on the city edge in Wyoming and one in Lansing.

DMI’s investment will support stabilization of the properties, which will occur in two stages executed over the next 18 months to three years. In stage 1, the primary focus will be on obtaining incentives (i.e. historical tax credit, new market tax credit, brownfield incentives) while reorganizing the tenants in a thoughtful way to free up larger blocks/districts within the project. The properties will be cleaned up in the simple sense of fixing windows and doors, controlling landscaping, cleaning up garbage, creating consistent signage, reducing utility costs, getting the roofs water tight, etc. The sponsors have already engaged architects and engineers to create 3D renderings of the buildings so that they can begin to identify areas for immediate improvement. These efforts will result in increased occupancy and NOI, and position them for even greater gains.

| PROJECT OVERVIEW | | |
|-----------------------------------|---|------------|
| PROJECT BASICS | | |
| Locations | 903 Chicago Dr. SW Wyoming, MI 446 Grandville Ave. SW Grand Rapids, MI 655 Godfrey Ave. SW Grand Rapids, MI 945 Godfrey Ave. SW Grand Rapids, MI 1111 Godfrey Ave. SW Grand Rapids, MI 1305 S. Cedar St. Lansing, MI | |
| Asset Type | Mixed-use Industrial/Commercial | |
| Owner | CGFH GR Holdings, LLC. | |
| Total Project Cost | \$24.9M | |
| DMIRF Financing | \$8M | |
| Investment Date | 11/15/2017 | |
| Projected Exit Date | 11/1/2019 | |
| Project Timeframe | Start Date: May 2018 End Date: November 2021 | |
| COMMUNITY NEED | Grand Rapids | Lansing |
| LMI Community Status ² | Low | Low |
| Area Median Income ³ | 33.91% | 37.52% |
| Poverty Rate ⁴ | 26% | 29.6% |
| Unemployment Rate ⁵ | 10.2% | 11.72% |
| Economic Zones | Transitional city center/Industrial | Industrial |

In stage 2, there will be a significant amount of improvements made to the exteriors of the property. Work will begin with the exterior edges of the properties and work their way in as they complete brick repairs, complete selective demo, install new landscaping, build and rebuild parking lots, and complete more significant roof repairs.



Map of the Lansing property

PROJECT STRATEGY

| Property | Strategy | Branding Plan |
|----------------|---|---|
| 945 Godfrey | This asset is a stable asset with in place long-term tenants. Immediate investment plans include the clean-up of overgrown brush in backyard area, paving and roof work. | Stable, occupied industry space with available parking and storage yards |
| 655 Godfrey | This asset should be strategically right-sized by demolishing certain structures to make way for logical surface parking and greenspace. The ultimate mix of uses will be large scale industrial to the south and west. The center 5-story building should include first floor retail and light industrial, second floor commercial and light industrial. Floors 3-5 of the center building should be evaluated for mixed income residential. The northern buildings should include retail and light industrial on the first and second floors. The third floor should house marketplace for furniture, antiques, and crafts. A consolidated area for services including information, food/coffee, and open space will be included. | North Building: "Heritage Row" – The Marketplace for Makers and Merchants Center Building: "Heritage Lofts" – City Edge Living at Godfrey Hollow South and Rear: "Heritage Industrial Center" – Progress in Production |
| 1111 Godfrey | Certain structures will be demolished to provide more open space, a logical rear parking field, and site lines. Tenants with similar uses will be consolidated and organized with the complex. The ultimate mix of uses will be small to medium scale industrial, artists, makers, entertainment and commercial uses. The existing saw tooth building in the center will be partially demolished to make way for the "Garden Court". This area will be the nucleus of the set of buildings and provide a central gathering space and area for the artisan coffee and food tenants to sell their products. | "The Courtyards" North buildings: "The Curve" – Exclusive Craftsmen's Lofts Center buildings: "Courtyard Commons" – A Mix of Commerce and Consumption Southern buildings: "Brick Stack Studios" – Capturing Moments in the Courtyard |
| 446 Grandville | This asset should be strategically right-sized by demolishing certain structures to make way for more surface and structured parking. The scope of work for a complete renovation is massive and will reorganize tenants at the other locations. The ultimate mix of uses will include first floor retail and light industrial, second floor commercial and light industrial, and upper floor office, residential and boutique hospitality. | "Century Station" – Grand Rapids' Anchor in Transit; Always Moving Forward |
| 1305 S Cedar | The marketplace will run as a weekend and special events venue. Outside of its day to day storage and industrial uses, the property will function as a destination for crafts/antiques commerce. The complex will be positioned as a destination, multi-function outpost that is home to a variety of uses with a set of major anchors. Major anchors will include a venue, antique/craft market place, bar/brewery/restaurant, and a craftsmen/artists' collaborative area. | "John Bean's Outpost" "John Bean's Bazaar" "Trackside Trading Post" |
| 903 Chicago | This asset is a generally sound structure with a logical layout of front office and rear warehouse production space. Immediate investment in clean up, lighting, and systems maintenance is necessary. The historical nature of the building needs to be further explored to reintroduce natural light through the original window openings. Multi-tenants are possible with office/commercial tenants on the upper floors of the Chicago frontage and a larger user in the warehouse and a portion of the first floor. | "Alabastine Secure Storage" "The Fortress" "Your Name Here" |

SPONSOR BACKGROUND

CGFH GR HOLDINGS, LLC is a joint venture partnership between First Holding, CG Emerson Real Estate Group, Milford Singer & Co, and Sills Enterprises, LLC.

FIRST HOLDING MANAGEMENT COMPANY (PRINCIPALS: SILLS, BREZA) and its affiliates have been active in the real estate business since 1955. First Holdings' primary business is the management of real estate owned by affiliated investment entities. Affiliated investment entities of First Holding have a real estate portfolio with a value more than \$200 million.

Having been active in the real estate business for over sixty years, First Holding and its affiliates currently have a significant ownership interest in approximately 3,000,000 square feet of commercial buildings and 2,000 multifamily and manufactured housing community units. First Holding self-manages a substantial part of this real estate portfolio.

First Holding Management will be the management company of record. The Management Agreement calls for a 4% management fee (\$2,000/mo. Minimum), a 1% leasing commission fee and ½% of net aggregate rent for any renewals or extension. The term of the Agreement is

for one year and shall be automatically extended for successive one year terms, thereafter.

CG EMERSON REAL ESTATE GROUP (PRINCIPALS: COOKSEY AND EDMONSTONE) and its principals have been active in the real estate business for 20 years. CG Emerson is a real estate holding company that has as its current initiative the purchase of vacant, distressed and underutilized real estate for redevelopment, repositioning or adaptive reuse. A major focus over the last 7 years has been purchase and repositioning of industrial and brownfield projects throughout southeast Michigan. CG Emerson currently owns and manages a portfolio of approximately 25 properties totaling over 800,000 SF along with over 40 acres of land slated for brownfield redevelopment.

MILFORD SINGER & CO. (PRINCIPAL: SINGER) is a development, construction, and a property management company located in West Bloomfield, Michigan. MS&C was formed in 1983 and has been active in many facets of real estate including development, construction, property management, acquisition, and financing. Milford Singer and Company was the successor to J. Singer and Sons Building Company which was founded in 1921.

MS&C's companies have been the general contractor or construction supervisor on construction of more than \$60 million, and the property management company for property valued more than \$200 million. Milford Singer & Company acts as an asset manager on a portfolio of 60 real estate investments with a market value more than \$200 million and has acted as a consultant for REO departments of financial institutions including Michigan National Bank, Comerica Bank, Munder Capital Management and The PrivateBank.

PROJECT GENESIS

In 2015, the City of Grand Rapids, guided by four steering committees with 145 members, accomplished one of the most extensive and inclusive public engagement processes known as the GR Forward³. Through the 18-month effort, more than 4,400 citizens, businesses, institutions, developers and other stakeholders directly shaped the strategic plan through providing ideas, insightful comments and positive encouragement. The plan focuses on

two of the city and region's strongest assets, Downtown and the Grand River which is approximately 1.5 miles east of the project real estate assets in Grand Rapids. The plan also calls for a 21st century economic infrastructure that focuses on creating jobs through allowing for existing or new businesses to expand or move into larger spaces, which is currently not available in downtown. The downtown does not offer a range of inexpensive and flexible spaces suitable for new start-ups or existing companies. This is where DMI's participation in financing the proposed contributes to allowing the City, new businesses and existing businesses to be successful in realizing their vision. To achieve the vision of GR Forward, strategies are organized into six goals:

1. Restore the Grand River as the draw and create a connected and equitable river corridor (The Grand River is a 1-minute drive and a 14-minute walk from the Godfrey locations),
2. Create a true downtown neighborhood that is home to a diverse population (Downtown is a 1-minute drive and an 13-minute walk from the Godfrey locations),
3. Implement a 21st century mobility strategy (The Grand Rapids Station is a 3-minute drive and a 9-minute walk from the building located on Grandville),
4. Expand job opportunities and ensure continued vitality of the local economy,
5. Reinvest in public space, culture and inclusive programming, and
6. Retain and attract families, talent, and job providers with high quality public schools.

SITE BACKGROUND

Along Godfrey Avenue, many of the existing buildings are industrial/commercial type buildings that originated in the late to early 1900s. The Black Hills residential community as well as a few state parks are located near the Godfrey locations. Surrounding organizations include:

- Columbian Logistics Network Hall
- Cesar E. Chaves Elementary School
- Controlled Plating Technologies, Inc.
- Diekevers Roofing
- Diamond Concrete Sawing

903 Chicago

In 1895, the Subject Property was developed as part of Grand Rapids Desk Co. By 1912 the Subject Property was occupied by Albastine Co. No. 1, 'Mfrs. of water color coatings'. Pepsi Cola Bottling Group occupied the Subject Property from 1950 through

1989. In 1991, North Garfield Excavating used the site to recycle underground storage tanks for approximately one month. Pummil Business Forms took possession of the Subject Property in 1995. GRL Properties ("Seller") purchased the Subject Property in 2010 and redeveloped the Subject Property. Plaster Creek is located to the north. Adjacent sites west, east and south have been commercial and/or industrial since the early 1900s.

655 Godfrey Avenue

In 1895, the Subject Property was developed as part of a furniture manufacturer. By 1950, the occupant was McInerney Spring & Wire. Delta purchased the Subject Property in 1995 and redeveloped the Subject Property into multi-tenant industrial/commercial. GRL



Properties ("Seller") became involved with the Subject Property in 1999. Adjacent sites were railroad to the west and commercial/industrial in the early 1900s. Adjacent sites north and south were industrial since the 1895. Sites to the east were vacant until the mid to late 1960s. The Sponsors acquired the site in August 2017.

945 Godfrey:

In 1895, the Subject Property was partially used by single family dwellings and partially undeveloped. The Subject Property appears to have been developed starting in the early 1900s and in 1902 Keeler Brass, which occupied parts of the Subject Property, was the occupant in the northern portion of the parcels on the west side of God-

frey Avenue. The southern portion of the Subject Property was occupied by a lumber company from at least 1912 through 1950. The lumber company used rail lines and dry kilns. By 1953 the southern portion was occupied by Jarck Products Inc., which manufactured wood and fabricated metal parts for automobiles. By 1967 and through 1984, the very southern portion of the Subject Property was occupied by CW Mills Co. Wholesale Paper & Household Products.



Keeler Brass used the manufacturing structure (approximately 237,000 square feet). Portions of this structure have a basement, which was mainly used for dye storage and an employee cafeteria. The main floor was mostly manufacturing, brass foundry and degreasing. The second story was partially used for office, light manufacturing and painting. Portions of the third story were used for painting and storage. Keeler Brass's operations included the use of dip tanks, sumps and pits in several locations of the main building.

Keeler brass occupied the Subject property until the late 1990s, when Hickory Hardware, owned by Keeler Brass, became the new occupant. Hickory Hardware used the Subject Property for manufacturing and finishing of metal hardware products and included brass, chrome, copper and zinc plating, stamping, coating, painting, degreasing, heat treating, cleaning, packaging, product storage and shipping. Later, in 2007, the current owner purchased the Subject Property and converted it to multi-tenant use. Since then, the former manufacturing machines were removed, pits were filled and other tenants took over operations including, fulfillment, pallet manufacturing, storage, recycling, office, trucking, and sewing. In the early 1900s, the adjacent sites to the west and east were residential and commercial/industrial sites to the north and south. The Sponsors acquired the real estate in August 2017.

1111 Godfrey:

The Subject Property remained undeveloped until 1912,



when it appears to have been built as a piano case manufacturer. In the early 1900s, the adjacent sites to the west were railroad and

commercial/industrial to the north and south. By 1950 the occupant was Johnson Handley Johnson, a furniture manufacturer (La-Z-Boy). Sites to the east were residential until the mid to late 1980s. Delta purchased the Subject Property in 1997 and redeveloped the Subject Property into multi-tenant industrial/commercial. Property ownership was then transferred into GRL Properties ("Seller") in 2001. The Sponsors acquired the real estate in August 2017.

446 Grandville:



1888, the Subject Property was developed as part of a furniture manufacturer. Adjacent sites in the early 1900s were railroads and industrial/ commercial areas. The Grand Rapids Station is directly across the street from this location and is currently surrounded by industrial/ commercial type buildings to the south and north. By 1950 the occupant was Kelvinator. Delta purchased the Subject Property in 1999 and redeveloped the Subject Property into multi-tenant industrial/commercial. Habi-

tat for Humanity is southwest and is looking to do a major expansion that includes mixed-use and affordable housing.

1305 S. Cedar:

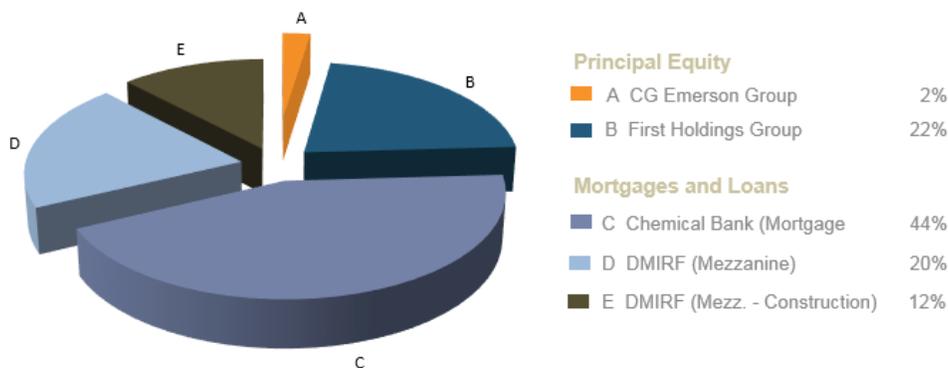
In 1912, the Subject Property was developed as single-family dwellings. Adjacent sites to the north were railroad and commercial/industrial. To the east were railroad and dwellings. Historically, the sites adjacent to the south have been housing. By the early 1950s, the occupants were John Bean Manufacturing Company as well as a school. By 1976, the school on the southern portion of the Subject Property was demolished. Delta purchased the Subject Property in 1999 and redeveloped the Subject Property into a multi-tenant industrial/commercial space. GRL took title of the Subject Property in 2001. The Sponsors acquired the real estate in August 2017. West and north of the site is commercial/industrial type real estate. South and east are residential communities.



PROJECT FINANCING

| PROJECT FINANCING | |
|--------------------------------|----------------|
| CG Emerson Group | \$ 0.6M |
| First Holdings Group | \$ 5.4M |
| Chemical Bank (First Mortgage) | \$10.9M |
| DMIRF (Second Mortgage) | \$ 5.0M |
| DMIRF (Construction) | \$ 3.0M |
| Total Financing | \$24.9M |

GRAND RAPIDS PORTFOLIO FINANCING

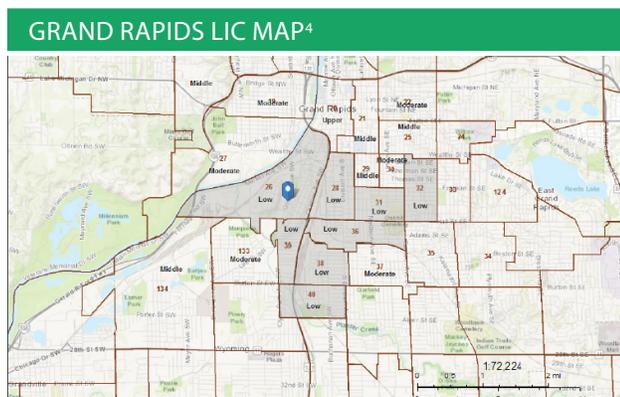


DMI will provide a secured mezzanine loan of up to \$8 million to CCFH GR Holdings, LLC. At the initial closing, \$5 million will be disbursed with the remaining \$3 million to cover the cost for immediate repairs, interest carry, and consultant costs for architectural and engineering reports and Brownfield redevelopment consultants plus any other costs approved by the lender.

IMPACT ON LOW-INCOME PERSONS

| PROJECT IMPACTS | |
|---|------------------------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Lease space to Habitat for Humanity Kent County with a 12-month rent concession | |
| Reduced-rate lease to Silverio Cerda for a dance studio for underprivileged Hispanic youths | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | TBD |
| Permanent Jobs | TBD upon full lease up |
| 20-Year Compensation Impact | TBD upon full lease up |
| Total Tax Generated (20-year PV) | TBD upon full lease up |
| Taxpayer Breakeven | TBD upon full lease up |
| 20-Year Taxpayer ROI | TBD upon full lease up |
| Modified IRR | TBD upon full lease up |
| ENVIRONMENTAL IMPACTS | |
| Environmental remediation will occur | |
| Each site is considered a Brownfield facility | |

CRA: DMI believes that this project meets both the Economic Development test and the Revitalize and Stabilize test. This project sponsor is considered a small business according to the U.S. Small Business Association qualifications. All of the project census tracts are either low- or moderate-income. The rehabilitation of these industrial sites is expected to create several new industrial businesses.



ECONOMIC IMPACT

Colliers International indicates that strong area demand and positive market fundamentals in West Michigan will allow commercial property to continue to hold its value. The full economic analysis will be done at the time when the properties are more completely leased.

COMMUNITY AND ECONOMIC DEVELOPMENT IMPACT

Several new industrial businesses are expected to be created, which should help to attract and retain businesses and residents. Revamping of these areas should modernize the properties and make it more attractive to potential tenants.

The presence of state government and Michigan State University in Lansing provides the area with more economic diversification. However, manufacturing remains a steady source of jobs, employing 21,000 people in 2016. Population trends have been and are expected to continue to increase as businesses are signaling to a younger generation of workers that Lansing is transforming from its industrial image to a more millennial place to settle.

The 1305 South Cedar multi-function property aligns with the City of Lansing’s master plan to stimulate collaboration among those who will enhance the city’s competitiveness, and to build that competitiveness by creating a mix of retail, entertainment, and cultural offerings.

The mixed-use industrial, commercial, and retail functions of the five properties in Grand Rapids will support the city’s master plan objectives to reinvest in traditional

business areas and compact retail mixed-use centers, and to encourage business development and continued economic diversification to deepen and broaden the range of jobs within the city.

The project will lease space to some businesses that focus on providing resources to underprivileged community residents. Project sponsors are partnering with Habitat for Humanity, the largest nonprofit homebuilder in the nation, by providing them with a turn-key 30,000 SF space to build home panels for future local homeowners. Habitat will receive a 12-month rent concession with their lease. The mission of the Habitat for Humanity Kent County location is to bring people together to build energy efficient homes so everyone has a place to live. They are focused on eliminating racism and working to ensure that all people, regardless of their race, have the resources and opportunities they need to reach their full potential. They keep this focus on racial justice while revitalizing neighborhoods in the greater Grand Rapids community.

At the 945 Godfrey building, Silverio Cerda and his son operate a boxing gym, choreography/dance studio, and theatre program for local Hispanic youths. In many cases they provide these services to underprivileged families for a nominal fee or do not charge anything. In late 2017, Silverio wanted to expand into an adjacent space. He now leases approximately 4,100 SF for the choreography/dance studio side of the business and only pays for the routine monthly utilities as rent.

Additionally, management attends the monthly luncheon for the West Michigan Latino Community Coalition sponsored by the West Michigan Hispanic Chamber of Commerce. The meetings include a networking portion where attendees can discuss opportunities available

to the community. They will continue to build relationships with both organizations in an effort to help support the local community.

ENVIRONMENTAL IMPACT

Several Recognized Environmental Conditions (RECs) have been identified at each site. Because of this, each site has been declared a “facility which will require the Borrower to prepare Due Care Plans, which must be completed within eight months of Borrower acquiring the property.” The Sponsors are investigating the option of applying for a \$5-\$7 million Brownfield Redevelopment Grant that can be used to investigate and remediate known sites of environmental contamination. Baseline Environmental Assessment (BEA) will be conducted for 446 Grandville and 903 Chicago. Significant investment in environmental remediation is expected.

The properties’ walkability varies between Somewhat Walkable (50-69) and Very Walkable (70-89).⁶

| PROJECT WALKABILITY | |
|------------------------|------------|
| PROPERTY | WALK SCORE |
| 903 Chicago Dr. SW | 73 |
| 446 Grandville Ave. SW | 80 |
| 655 Godfrey Ave. SW | 59 |
| 945 Godfrey Ave. SW | 63 |
| 1111 Godfrey Ave. SW | 77 |
| 1305 S. Cedar St. | 65 |

FISCAL IMPACT

A fiscal analysis will be completed once the buildings have been more fully leased to ensure we are able to accurately present the fiscal impacts of the future business tenants.

TRAILHEAD ROYAL OAK

Royal Oak, Oakland County



HOTEL AND MIXED-USE

This project includes construction of a new eight-story mixed-use building (“North Building”) and a six-story mixed-use building (“South Building”). The North Building consists of 10,600 square feet of first floor retail space and 91 market rate apartments. The South Building will contain a ground floor hotel lobby and restaurant and second floor office space; the top four floors will consist of a 123-room Hyatt Place hotel and a two-story parking deck. These buildings will be situated on approximately 3.7 acres of land with on-site improvements including concrete walks and asphalt paved parking for approximately 335 cars and landscaping.

NORTH BUILDING



Retail: The retail space in the North Building will consist of six suites totaling approximately 10,600 square feet of space. Each space will be built to a “whitebox” finish allowing for more flexibility when securing retail tenants. Each lease will be on a “NNN” basis. Although the Sponsors have not secured tenants for the retail spaces, they

are experienced in leasing retail and commercial space in the downtown Royal Oak area. They own several other buildings in the area including the Pronto Building and 332 E Lincoln which were previously financed by DMIRF and successfully renovated, leased up, and subsequently refinanced with another long-term lender.

Apartments: The 110,000 square foot North Building will contain approximately 10,600 square feet of ground floor commercial/retail space and 100,000 square feet containing 91 market-rate apartment units. The North Building includes two elevators and two sets of stairs which provide access to the different floors. Unit finishes will be high-end including solid surface counter tops, quality cabinets in the kitchens and baths, hardwood floors, ceramic tile, etc. Units will also feature private balconies and in-unit laundry.



Type 2 bedroom unit



Studio unit

SOUTH BUILDING

The South Building is comprised of 101,111 square feet of gross building area. The majority of the first floor as well as the entirety of floors three through six, will be utilized as a limited-service Hyatt Place hotel at an estimated 77,000 square feet. The front entrance to the hotel will be located on the western side of the building, facing Main Street. The ground level of the hotel will house the lobby, registration desk, administrative areas, laundry, mechanical rooms, meeting rooms, kitchen, and complimentary breakfast area. There will also be a 4,500-square-foot restaurant (tenant TBD).

The entire second floor will be built to a “white-box” finish and is planned to be leased to Regus and used as a flexible workplace center. Founded in Brussels, Belgium, in 1989, Regus is the world’s largest provider of flexible workspace solutions operating 3,000 workplace centers in 120 countries. Landlord and Tenant will share in the profits of that operation under a ten-year lease agreement. Regus will also share in paying part of the Subject’s operating and real estate taxes, which is estimated at \$8.50 per rentable square feet per year (not including suite janitorial and utilities) and will be paid, regardless of the base rent amount. The third floor will contain a fitness center and guest rooms. The fourth, fifth, and sixth floors will contain guest rooms only.



“..We need a hotel in town and larger retail in the downtown and office space”

- Jeremy Mahrle, City Commissioner’

| PROJECT OVERVIEW | |
|-----------------------------------|--|
| PROJECT BASICS | |
| Location | 400 North Main Street Royal Oak, MI 48067 |
| Asset Type | Mixed-use |
| Owner | Trailhead RO Parent, LLC |
| Total Project Cost | \$54.9 M |
| DMIRF Financing | \$1 M |
| Investment Date | 06/13/2017 |
| Projected Exit Date | 09/01/2017 |
| Project Timeframe | Start Date: June 2017 End Date: Q2 2018 |
| COMMUNITY NEED | |
| LMI Community Status ² | Middle |
| Area Median Income ³ | 114.5% |
| Poverty Rate ⁴ | 5.3% |
| Unemployment Rate ⁵ | 3.2% |
| Economic Zones | Brownfield |

SPONSOR BACKGROUND

A&M Hospitality Services, Inc. and its principal, Akram Namou was invited to participate in the Trailhead project due to his extensive background in the hospitality services industry. Mr. Namou is a CPA by trade retiring from Namou Gumma CPA Group PC in 1994. In 1991, Mr. Namou purchased his first hotel, Americas Best Value Inn and Suites in Warren, Michigan. He identifies business partners for his hotel projects from his accounting firm’s clients, picking those who showed strong business acumen. Today, he owns 10 full-service and 70 limited-service hotels and extended stays in Michigan and Toledo. Flags include Knights Inn, Days Inn, Fairfield Inn & Suites, Holiday Inn Express & Suites and Hilton Garden Inn. Mr. Namou founded A&M Hospitality Services Inc., which posts about \$1 million in annual revenue, to provide services to his hotels.

CG Emerson Real Estate Group and its principals (Greg Cooksey and Lindsay Edmonstone) have been active in the real estate business for 20 years. CG Emerson is a real estate holding company in southeast Michigan. Its current initiatives involve the purchase of vacant, distressed and underutilized real estate for redevelopment, repositioning or adaptive reuse. A major focus over the last 7

years has been purchase and repositioning of industrial and brownfield projects. CG Emerson currently owns and manages a portfolio of approximately 25 properties totaling over 800,000 SF along with over 40 acres of land slated for brownfield redevelopment.

Dennis Griffin, Senior Vice President in the Capital Markets Group at CBRE, brings over 15 years of experience in completing complex real estate transactions. Mr. Griffin specializes in disposition and financing of commercial and residential investment properties with additional expertise in corporate build-to-suits and sale-leaseback transactions. He has been directly involved in the financing, acquisition, disposition, and development of institutional quality real estate with transaction value of over \$1.2 billion.

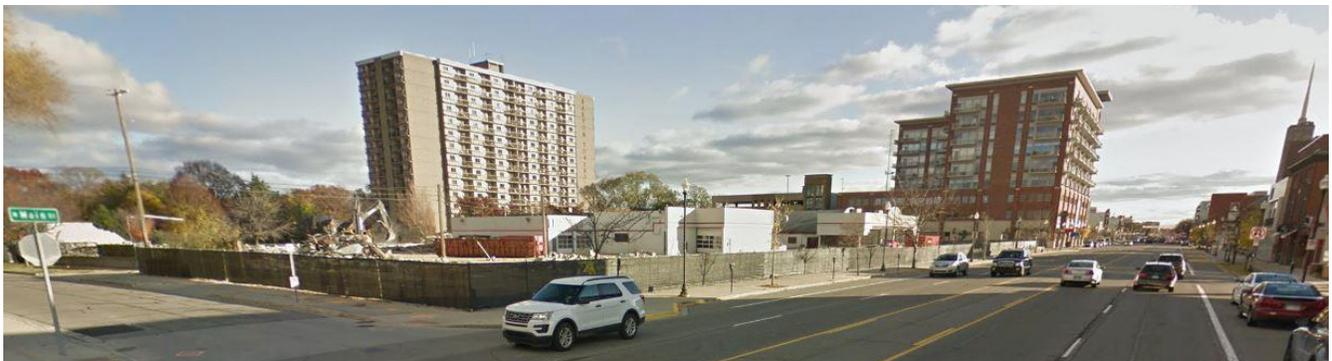
Greg Erne has 18 years of experience in the real estate industry. He has developed, acquired and managed over 18 million square feet of real estate assets and played a key role in over \$1 billion in transactions including retail centers, medical centers and office developments throughout the United States. Erne began his career in the early 1990s as an architectural designer in commercial real estate. Since then, he's held a variety of key management positions in organizations ranging from small entrepreneurial enterprises to large corporations. Most recently he founded Beverly Hills, Michigan-based HELM Realty Partners. The company invested in commercial real estate primarily in the retail and healthcare sectors. In 2013, VERSA Development merged with HELM Realty Partners in an effort to capitalize more efficiently on opportunities in the market and to aggressively position the company for continued growth. In addition to his professional duties, Erne is very active with many local non-profit organizations including HAVEN and Cystic Fibrosis, giving his time and energy to important causes. A former

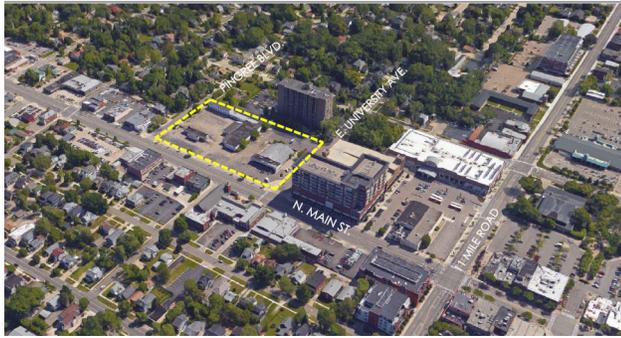
board member of Preservation Wayne, Erne also serves as a state board member of the International Council of Shopping Centers (ICSC), a trustee of the Michigan Architectural Foundation and is a member of the Urban Land Institute (ULI).

Todd A. Wyett began his career in the corporate department of Weil, Gotshal & Manges, a global law firm in New York City after graduating from Georgetown University Law School in Washington, D.C. He later served as Vice President, General Counsel and Secretary for Arbor Drugs, Inc., a publicly held chain of more than 230 stores acquired by CVS in 1998 for \$1.5 billion. Wyett's background also extends to public service, serving on the Michigan State Transportation Commission to assist in the development and implementation of transportation plans and policies. He was also a member of the Michigan Economic Development Corporation (MEDC) board and served as the Chairman of the Downtown Development Authority in Lyon Township for six years. Wyett has been active in real estate development, land entitlement and property management since 1995. He specializes in land and infrastructure development of industrial, commercial and multi-family residential properties, and has created Michigan and Ohio projects exceeding \$200 million in value. Developments include several large industrial parks, a mixed-use project on 110 acres, shopping centers and manufactured home communities.

PROJECT GENESIS

The property was acquired out of foreclosure from Ally Bank in May 2012 for \$2.0 million. Ally Bank acquired ownership of the property through a foreclosure action against the previous owner of the property. Prior to the current ownership group's purchase, the property was marketed for sale with Signature Associates, a regional third-party brokerage firm. The asking price was report-





edly \$3.5 million. In 2011, the subject property was under contract to purchase for approximately \$3.4 million by The Kroger Company. However, Kroger’s plans to redevelop the site with a grocery store at this location were ultimately never approved, and the sale never closed because Kroger failed to meet Royal Oak’s master plan of keeping storefront continuity along Main Street. Kroger had a store in Royal Oak at the Northwood Shopping Center plaza at 13 mile and Woodward. However, the shopping center is owned by Beaumont Hospital who had plans to expand resulting in the need for Kroger to relocate. Kroger opened a new state of the art “Marketplace” on 12 Mile and Stephenson in 2016, which is only 2.2 miles from Subject property. This is an added benefit for future potential residents/tenants/visitors that will occupy the space in the Subject property.

The firm originally planned to build a 37,000-square-foot office building and a residential loft apartment building with a parking deck and retail space. Interest from an IT firm and other companies led to an increase to office space and added plans for a boutique hotel.

SITE BACKGROUND

The majority of properties located within the subject neighborhood, were developed approximately 40 to 50 years ago. However, the neighborhood has experienced a substantial amount of infill development and redevelopment activity within the past 10 to 15 years.

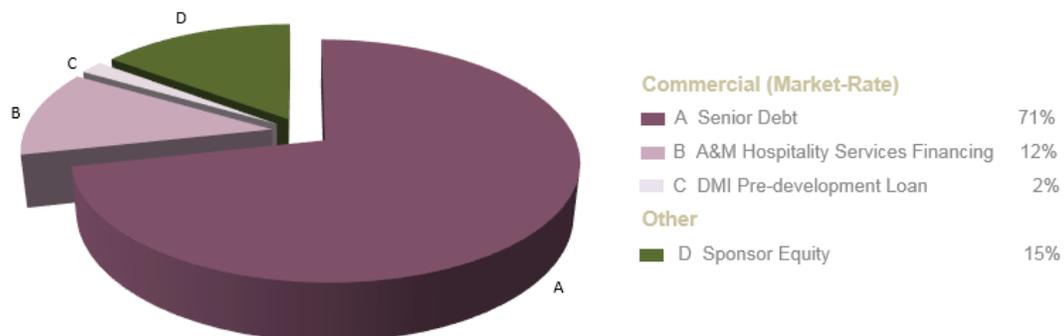
Primary growth in the area occurred decades ago. During the early 1990s, Royal Oak gentrified into the young adult “hotspot” in the area, and the area benefited from renewed interest and significant redevelopment. Much of the development, both commercial and residential, occurred in and around the downtown area. During the Great Recession, many home owners converted to renters and the majority of the Millennial generation (of age to live outside their family homes) prefers to rent rather than own. This dynamic benefits Royal Oak given its popularity with young adults.

The project site is the former Jim Fresard Pontiac-Buick-GMC auto dealership that has been closed since 2008. The existing three buildings, encompassing 40,500 sq. ft. housed a showroom, administrative, maintenance, and body shop operations. These buildings have been demolished.⁶

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------------------|----------------|
| DMI Pre-Development Loan | \$1.0M |
| Proposed Financing | |
| Senior Debt | \$40.0M |
| A&M Hospitality Services Financing | \$6.6M |
| Sponsor Equity | \$8.3M |
| Total Financing | \$55.9M |

TRAILHEAD ROYAL OAK FINANCING



DMI invested \$1 million as a first mortgage pre-development loan. DMI was originally scheduled to provide a \$4.5 million mezzanine loan. However, the development team decided to partner with Akram Namou of A&M Hospitality Services because of his extensive experience in hospitality services and the long standing relationships he has with local financial institutions and other professionals in the hospitality services industry. The pie chart shows the proposed investment structure which includes our pre-development loan.

IMPACT ON LOW-INCOME PERSONS

| PROJECT IMPACTS | |
|---|----|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| 69 of the FTE jobs are expected to be available to low-income persons based on job skills | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 60 |
| Permanent Jobs | 82 |
| ENVIRONMENTAL IMPACTS | |
| Urban infill | |
| Brownfield redevelopment | |
| Removed 1,288 tons of contaminated soil | |
| Reuse of materials in construction | |
| Bus stop on site as well as bicycle racks to encourage alternative transportation | |

ECONOMIC IMPACT

In the north building, the project has proposed 6 storefronts on the ground floor, so we would estimate 3 FTEs per storefront. We also estimate that the upper level apartments will require 4 FTEs: 1 FTE manager, 1 FTE maintenance, 0.5 FTE manager/leasing agent and three 0.5 FTEs maintenance.

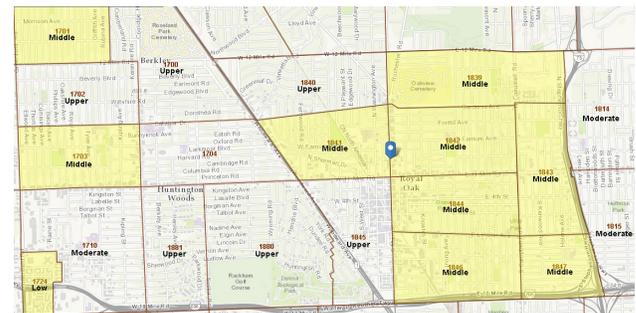
The job projections for the south building at this pre-development stage are modeled after the Ascend Hotel project which has similar operations being a 144-room hotel and restaurant. The Ascend projected 66 FTE jobs created – the Trailhead has a slightly smaller hotel, so we estimate 60 FTE.

COMMUNITY & DEVELOPMENT IMPACT

CRA: DMI analysis suggests that this project meets the Economic Development test for the Community Development Purpose. The project qualifies as a small business according to the US Small Business Administration classification system. The majority of the hotel jobs created will be entry level and available to low- and moderate-income individuals. Tax increment financing is being made available for the project since Royal Oak has targeted the project area for redevelopment.

The projected 82 jobs will be created at the hotel, the office/rental space, and the apartment component of this development. As Royal Oak has targeted the project area for redevelopment, the Michigan Strategic Fund approved a \$4.5 million performance based Community Revitalization Program (CRP) loan to this project in July 2015.

LIC TRACTS



This project is located in a middle-income tract, where the 2017 estimated median family income is \$91,150. The area's unemployment rate is 3.0% and 5.3% of the population is below the poverty line.

"When we started out we were focused on the loft (apartment) market. What we heard from city staff is that the city would like to see more people in the daytime downtown."

- Larry Goss, Vice President

The project will provide many elements that downtown Royal Oak needs for further economic development. By creating market-rate apartments in the area, the project will bring demand for additional amenities in the local area. The retail elements will also encourage more foot traffic in the area to existing businesses as well as creating demand for further business development.

The project location has a walkability score of 84 of 100: Very Walkable.⁸

ENVIRONMENTAL IMPACT

The project is an urban infill site with brownfield redevelopment as 1,288 tons of contaminated soil have been identified and removed from the site. The project will also reuse the existing concrete foundations instead of sending these materials to a landfill which reduces the waste from construction of this site. The

project intends to implement various 'best practices' such as installing LED lights, on site storm water management, and any opportunity to reduce construction waste, such as reusing the foundation.

In addition, there is a Suburban Mobility Authority for Regional Transportation (SMART) bus stop on the property site and there will be bicycle racks provided, both of which will encourage the use of alternative transportation to the site.

FISCAL IMPACT

The City of Royal Oak will be supporting the project with \$3 million of tax-increment revenues over 10 years.

Note: As our investment was in the pre-development phase only, we have not run an extensive economic and fiscal analysis for this project.

RESIDENCES AT THIRTY-TWO 50

Auburn Hills, Oakland County



NEEDED HOUSING DEVELOPMENT IN COMMERCIAL AREA

The Residences is located at the southwest corner of Auburn Road and S. Squirrel Road, Auburn Hills, Oakland County, Michigan and is approximately 43,045 square feet or 1.08 acres. The proposed development will consist of a four-story mixed-use building containing a total of 50,379 square feet. There will be ground level retail and 48 market rate apartment units with a multi-media room above. Site improvements will include concrete walks and asphalt paved parking and landscaping. The building will be constructed of a metal frame with brick, stone and cement fiberboard exterior. The building will have a pitched roof with fiberglass shingles.

The first floor will contain 3,918 square feet of retail space and will consist of 5-6 retail bays. 1-2 bays will be 1200 - 1500 square feet and the remaining bays will be 600 - 700 square feet. Tenants in the large bays are expected to be a bicycle shop and a coffee shop. Bucharest Grill and a pet specialty shop have both secured letters of intent to be tenants, however the property may not be able to accommodate the restaurant if the coffee and bicycle shop are there.

The three floors above the retail space will contain 48 apartment units. There will be 36 one-bedroom one bath units and 12 two-bedroom two bath units. The interior improvements will consist of painted drywall walls and a mixture of hardwood and ceramic flooring. High end finishing will include stainless steel refrigerators, electric

| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | Auburn Road and S. Squirrel Road Auburn Hills, MI 48326 |
| Asset Type | Mixed-use with ground level retail and market rate apartment units above |
| Owner | Terry Bailey / Elias Xenos |
| Total Project Cost | \$ 7.3M |
| DMIRF Financing | \$ 0.8M |
| Investment Date | 10/17/2016 |
| Projected Exit Date | 2020 |
| Project Timeframe | State Date: May/June 2018 End Date: June/July 2019 |
| COMMUNITY NEED | |
| LMI Community Status | Middle |
| Area Median Income | 153.6% ¹ |
| Poverty Rate | 27.4% ² |
| Unemployment Rate | 5.3% ³ |
| Economic Zones | None |

stoves, microwave oven, granite counter tops, high-end wood cabinets, light fixtures and plumbing. Heat will be provided by individual gas-fired furnaces with central air conditioning. Units will have individual 40-gallon hot water heaters and high speed internet access.

SPONSOR BACKGROUND

Foremost Development Company was formed in 2013 to develop, construct and manage apartment communities in Michigan, Ohio and other Midwestern markets. The principals of Foremost Development Company ("FDC") are Terry L. Bailey and Elias T. Xenos. Mr. Bailey has over thirty (30) years of real estate experience, specifically in acquisitions, development and construction of multi-family properties. Prior to forming FDC with Mr. Xenos he had his own construction company and prior to that he worked for a major Midwestern multifamily development company. Mr. Bailey has structured over \$3 Billion of real estate transactions and supervised the development and construction of over 20,000 residential apart-

ment units. Mr. Xenos is responsible for FDC's legal and financial operations. Mr. Xenos has both a Juris Doctorate degree and a MBA. Mr. Xenos has his own legal practice specializing in real estate and has represented clients in mergers and acquisitions, deal structuring, finance, loan workouts and litigation matters.

PROJECT GENESIS

This project was created to satisfy the need for urban housing and retail within the Auburn Hills community and increase the walkable urbanism of the downtown area. Since 2002, only 200 comparable apartment units have been built in the city and the surrounding area is mainly commercial national headquarters for large corporations. For example, Fiat Chrysler's international headquarters is 1 mile away. In addition, the development is near local colleges such as Oakland University (1.5 - 2 miles), Baker College (3 miles), and Oakland Community College (7 miles). This development is specifically aimed towards 'millennial' and 'empty nester' lifestyle preferences.

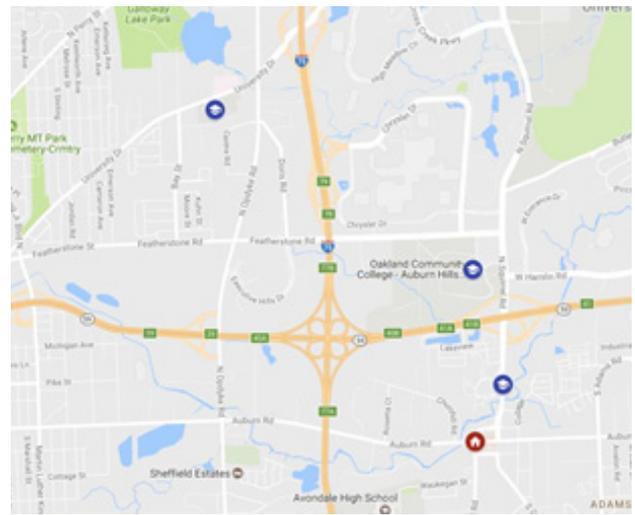
SITE BACKGROUND

The City of Auburn Hills is in central Oakland County which is approximately 25 miles north of the Detroit's Central Business District. Auburn Hills began as a Pontiac Township, including the village of Auburn which was established in 1821 at what is today the corner of Auburn and Squirrel roads situated on the Clinton River. Auburn Hills is part of the Warren-Troy-Farmington Hills Metropolitan Statistical Area (MSA). Auburn Hills has significant office and industrial development within its boundaries. Much of this is associated with the automotive industry as the city is the home of Fiat Chrysler's North American headquarters, which employs 15,000 workers as of January 2017.⁴

The Residences is situated in Downtown Auburn Hills, an emerging district that currently offers several 'mom and pop' retail locations. The retail area is well leased with no vacant retail spaces available. Major retailers are within two miles of the subject along Adams Road in the neighboring city of Rochester Hills. Local eateries are primarily located along the major arterial streets in the area such as Adams Road, Auburn Road and Walton Boulevard.

Most of the residential development in the area was constructed between 1940 and 1980 and would be classi-

fied as tract housing with a median value of approximately \$200,000. Within the immediate area of the property, there has been some new and/or redevelopment activity over recent years. Auburn Hills is served by four public school districts and Oakland University a four-year university is just north of the city in neighboring Rochester Hills, with a total enrollment for Fall 2016 of 20,000 students including 3,444 graduate students.⁵ Health care services are available at several nearby hospitals including St. Joseph Mercy in Pontiac, Crittenton in Rochester Hills and Beaumont Hospital in Royal Oak. Auburn Hills has its own public safety services including police, fire department and emergency medical services.



Residences at Thirty-Two 50



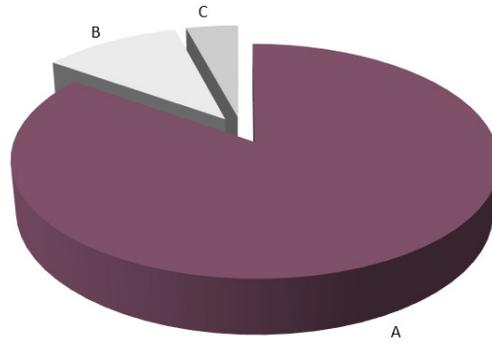
From nearest to farthest:
Baker College
Oakland University
Oakland Community College

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------|---------------|
| HUD- Senior Debt | \$6.2M |
| DMIRF | \$0.8M |
| Developer Equity | \$0.3M |
| Total Financing | \$7.3M |

Residences at Thirty-Two 50 redevelopment is a \$7.3M project to be financed with \$6.2M in Senior Debt from HUD, \$800,000 of DMIRF financing and just over \$300,000 of developer equity. The property is currently owned by the City of Auburn Hills and is under contract to be purchased by the Borrower for \$225,000.

RESIDENCES AT THIRTY-TWO 50 FINANCING



Commercial (Market-Rate)

| | |
|----------------------------|-----|
| A HUD - Senior Debt | 85% |
| B DMIRF Loan | 11% |
| C Initial Developer Equity | 4% |

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|---|-------------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Will create 12 tenant jobs that will be accessible and likely to employ Low- and Moderate- Income persons | |
| Housing will accept vouchers | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 36 |
| Permanent Jobs | 15 FT, 2 PT |
| 20-Year Compensation Impact | \$17.5M |
| Total Tax Generated (20-year PV) | \$9.5M |
| Taxpayer Breakeven | N/A |
| 20-Year Taxpayer ROI | N/A |
| Modified IRR | N/A |
| ENVIRONMENTAL IMPACTS | |
| Brownfield Site cleanup | |
| National Green Building Standard Certification for Housing | |

ECONOMIC IMPACT

15 tenant jobs are expected to be created based on the coffee shop and bicycle shop. The 2 part time jobs (working 25 hours/week) created will be related to the operation of the apartment units and will be considered new for the city. These jobs include a manager and a maintenance supervisor. In addition, the management company KMG Prestige provides all its employees with online trainings to encourage advancement within the company.

An estimated 36 construction jobs will be created from this development. All construction will be done by a local construction company. The ground level tenants will bring an estimated 9-12 full time jobs. Furthermore, this development is expected to spur downtown development and create services for new residences. DMI be-

| ECONOMIC IMPACT SUMMARY | |
|--------------------------------------|---------------------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$3.9M |
| Economic Output | \$9.4M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$13.6M |
| Economic Output | \$39.3M |
| AREA IMPACTS | |
| Housing helps spur local development | |

lieves that low and moderate income individuals will have access to and likely fill these tenant positions.

CRA: DMI analysis shows this project should meet the Small Business Administration’s definition of a small business. The Borrower has a NAICS code – 531110 (Lessors of Residential Buildings and Dwellings). The revenue limit for this NAICS code is \$27.5 million. Current gross annual revenue for the Borrower is approximately \$770,000 - \$800,000. Based on wage information from the Bureau of Labor Statistics and current income limits, 12 projected jobs (80%) meet the low and moderate-income threshold.

SOCIAL/COMMUNITY IMPACT

The Site has a walk score of 61 which is defined as somewhat walkable⁶. However, this development will focus on increasing walkability to the surrounding downtown and headquarters of major corporations. The site is within 200 yards of a pedestrian trail and public park and will have retail on the lower level.

The project provides needed housing to an area of mostly commercial development. Located in proximity to many employers (Chrysler, Oakland University, etc..) allows these residents to live in quality housing near their

jobs. In addition, this will spur more service industry and restaurant business which will meet the needs of this new population. These market rate apartments will accept housing vouchers.

ENVIRONMENTAL IMPACT

This site is a Brownfield and has gone through phases 1 and 2 of Baseline Environmental Assessments (BEA) remediation. This has been made possible by the MDEQ (Michigan Department of Environmental Quality) and the LSRRF (Local Site Remediation Revolving Fund) to conduct the cleanup.

All units will be furnished in accordance with HUD and Michigan State Housing Development Authority (MSH-DA) approved National Green Building Standard Certification (NGBS). This certification, requires that the site has high performance in six areas: Site Design, Resource Efficiency, Water Efficiency, Energy Efficiency, Indoor Environmental Quality, and Building Operation & Maintenance. In addition, NGBS approval requires appliances to be energy efficient to be eligible. In addition, they plan to install low heat windows, HVAC (Heating, Ventilation, and Air Conditioning) efficient appliances, and energy star appliances.

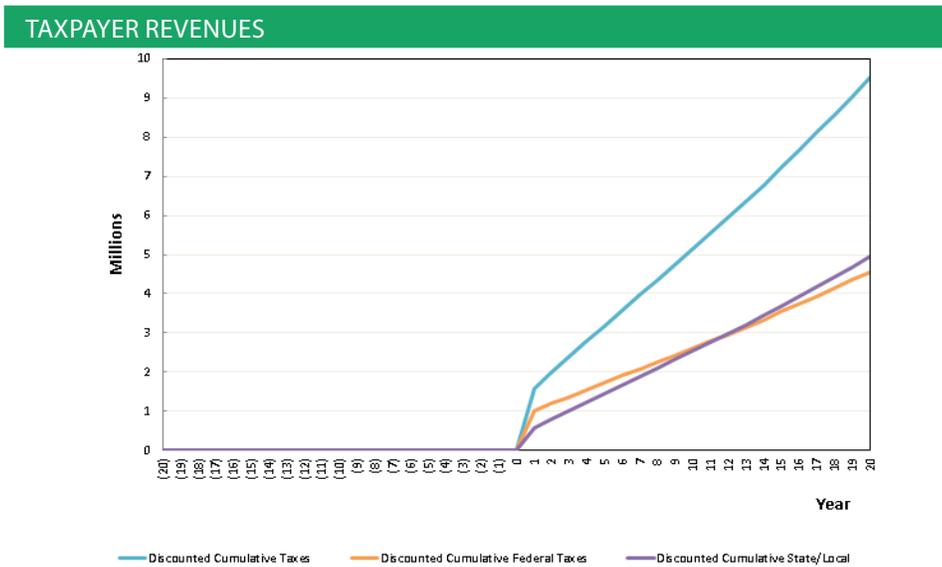
FISCAL IMPACT

A significant benefit of project is that this property had been taken off the tax rolls and was owned by the city’s environmental redevelopment entity for more than 20 years. The project will now generate annual property tax payments of approximately \$100,000 as well as other taxes that before were not being paid at all.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.2M | \$4.9M |
| Federal | \$0.2M | \$4.6M |
| TOTAL | \$0.4M | \$9.5M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:1.3 76.8% |

*Combined construction and operations revenue

This project has utilized \$800,000 of DMI investment. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (13 months) is \$1.1 million (PV). The projected cumulative tax revenue generated from annual operations totals \$8.4 million (PV) over 20 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$9.5 million (PV).



FLAGSTAR STRAND THEATRE

Pontiac, Oakland County



MIXED-USE THEATER RENOVATION CREATES JOBS, PROMOTES THE ARTS, AND REVITALIZES DOWNTOWN PONTIAC

The Strand Theatre Building is the most significant of the four historic buildings renovated in the city of Pontiac. The theater was built in 1921, closed in the late 1970s, and has remained vacant. The theater building and two adjacent and connected retail buildings were restored and renovated into an entertainment center which includes a live entertainment auditorium with approximately 889 seats, a 150-seat restaurant, bars and various spaces for meeting, performances and other gatherings. The development attracted a major retail tenant, Slows Bar-B-Q, a very well respected local retail restaurant chain, to this location inspiring confidence in the revitalization of downtown Pontiac.

The Strand Theatre for the Performing Arts is a regional destination for adults 35+ and a live entertainment brand that stands for quality, value and innovation for both the fans and artist alike. Bookings consist of the world’s finest and most popular artists and performers from all genres of music, theatrical productions, arts and educational programming, network television broadcasts and special events. This type of programming is reflective of management’s experience, relationships and knowledge of a wide range of live event categories of artists and productions with estimated gross tickets sales in the \$250,000 - \$300,000 range.

| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | 8 - 12 N. Saginaw Pontiac, MI 48342 |
| Asset Type | Mixed-Use |
| Owner | Strand Theatre Owner, LLC; Kyle Westberg; Brent Westberg |
| Total Project Cost | \$19.8M |
| DMIRF Financing | Construction Loan: \$3.99M Operations Loan: \$0.75M |
| Investment Date | 2/22/2016 |
| Projected Exit Date | 2022 |
| Project Timeframe | Start: May 2016 End: December 2016 |
| COMMUNITY NEED | |
| LMI Community Status | Low |
| Area Median Income | 38.8% ¹ |
| Poverty Rate | 52% ² |
| Unemployment Rate | 4.6% ³ |
| Economic Zones | Historic District |

There was a full renovation of the interior, including restoration of the balcony to accommodate approximately 889 seats. Additional renovations completed include a new steel roof structure and single-ply membrane roof covering, new interior partitioning, new flooring, new ceilings, new mechanical equipment including installation of a passenger elevator, new electrical and plumbing and new HVAC and back-up generator. The theatre operator, separate from the Borrower, installed a new lighting system, audio system, projection system and restaurant and bar furnishing and equipment.



SPONSOR BACKGROUND

DEVELOPMENT TEAM

There is an experienced development team headed by Kyle Westberg and his brother Brent. Headquartered in Pontiac, Michigan, Kyle and Brent have been developing projects throughout the state of Michigan since 1992. Cinnaire personnel have experience working with Kyle and Brent as they were the principals in the redevelopment of the Lafayette Lofts for which Cinnaire is managing the New Markets Tax Credit investment for the Michigan Magnet Fund. The rest of the development team includes Plante & Moran as tax advisors, Rochelle Lento of the Dykema Gossett law firm, Kristine Kidorf of Kidorf Preservation Consulting as Historic Consultant and TDG Architects as architects.

“We feel that a performing arts theater, a destination gem, will bring in more restaurants and retail establishments. We feel that it will bring more job opportunities for the citizens of Pontiac. We can see a day when downtown Pontiac will be the arts, cultural and entertainment center for all of Oakland County. We don’t have a district like that now in the county. We feel that downtown Pontiac has the potential to be that”⁴

- Kyle Westberg, Developer

ENCORE PERFORMING ARTS CENTER – MASTER LESSEE

The Strand Theatre is operated under a lease with Encore Performing Arts Center. Encore Performing Arts Center (“Encore”) is a 501(c)(3) charitable organization and will direct all theater operations and programming. Encore is a start-up company with no prior operating history. However, Bill Lee, the Executive Director, has been in the entertainment promotion business for almost thirty years. Prior to joining Encore, Mr. Lee was Senior Vice President/ Executive Producer for Celebrity Events Group, spent a total of thirteen years with Olympia Entertainment (the entertainment arm of the Illitch family of businesses including Joe Louis Arena, Cobo Center, Comerica Park, Second City Comedy Theatre, Masonic Temple Theater and the Fox Theater), and the last eight as Vice President of Sales and Marketing.

Bill Lee, President and CEO, of Encore Performing Arts Center will manage daily operations. Bill has spent the past year communicating and negotiating with national promoters and agents to line up the programming calendar. Additionally, Bill has secured interest from major organizations for support of the theatre through rental opportunities and corporate events. Organizations such as St. Joseph Mercy Hospital, McLaren Oakland Hospital, Oakland County, Oakland University are all ready to book corporate events. Ticketmaster is a strategic partner in the theatre providing professional ticketing.

SITE BACKGROUND

Pontiac is in central Oakland County, approximately thirty miles northwest of the City of Detroit. Currently, Pontiac encompasses approximately 20.28 square miles and has 59,887 residents (2013). Pontiac had tremendous growth during the 1920s and 1930s as tens of thousands of auto-workers moved there from the South to work in General Motors’ Pontiac assembly plants. Pontiac has grown and suffered the same setbacks that the automobile industry has over the intervening years which has resulted in vacancies downtown. Several attempts have been made over the years to revitalize the City’s downtown area with limited success. Pontiac was placed under emergency management by the State in 2009. Pontiac’s 52% poverty rate underscores the depth of economic need within the city. Pontiac’s financial position improved significantly and the Emergency Financial Manager was removed in 2014. The City appears to be in the initial stages of revitalization. Since the first quarter of 2011, there has been a net gain of approximately 100 new businesses in Pontiac’s downtown and 60 new loft apartments were developed and are fully occupied.

The Strand Theatre was constructed in 1921 and originally consisted of a three-story, Renaissance style building with 1,200 seats spread amongst a main floor and two balconies. In addition, 2-story brick retail buildings were built adjoining the theater building. In its heyday, The Strand was one of six movie palaces comprising Pontiac’s bustling downtown Theatre District. The property was abandoned in the late 1970s after going through several alternative uses and remained vacant until purchased by the City of Pontiac in 1986. The City spent approximately \$7.6 million partially renovating the property but discontinued when available funds ran out in 2006. The property was purchased by the current owners in 2013.

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------------|----------------|
| CRP Loan | \$4.5M |
| MEDC Loan | \$3M |
| DMIRF Loan | \$0.75M |
| IFF Loan | \$0.75M |
| Federal Historic Tax Credits | \$3.3M |
| CRP Grant | \$3.1M |
| MEDC Grant | \$1.5M |
| Deferred Developer Fee | \$2M |
| Developer Cash Equity | \$0.9M |
| Total Financing | \$19.8M |

The Project was fully supported by the City of Pontiac, the County of Oakland, and the State which has approved a combination of CRP grant and loan of \$4,500,000 to defray most of the cost of the redevelopment.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|--|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Theater and restaurant will create 30-40 jobs accessible to Low- and Moderate-Income workers | |
| Access to the arts in a low-income school district | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 133 |
| Permanent Jobs | 81 |
| 20-Year Compensation Impact | \$73.7M |
| Total Tax Generated (20-year PV) | \$32.5M |
| Taxpayer Breakeven | Year 3 |
| 20-Year Taxpayer ROI | 401.6% |
| Modified IRR | 29% |
| ENVIRONMENTAL IMPACTS | |
| Energy Star appliances | |
| Brownfield remediation | |
| Adaptive Reuse saved waste, cost of demo and new construction | |
| Increase foot traffic | |

ECONOMIC IMPACT

Both the theatre operation and the restaurant are typically labor intensive industries. The two ventures provide job opportunities from minimum to middle-

| ECONOMIC IMPACT SUMMARY | |
|---|---------------------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$17.0M |
| Economic Output | \$41.5M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$56.6M |
| Economic Output | \$159.6M |
| AREA IMPACTS | |
| Brings new jobs to a recovering downtown area | |

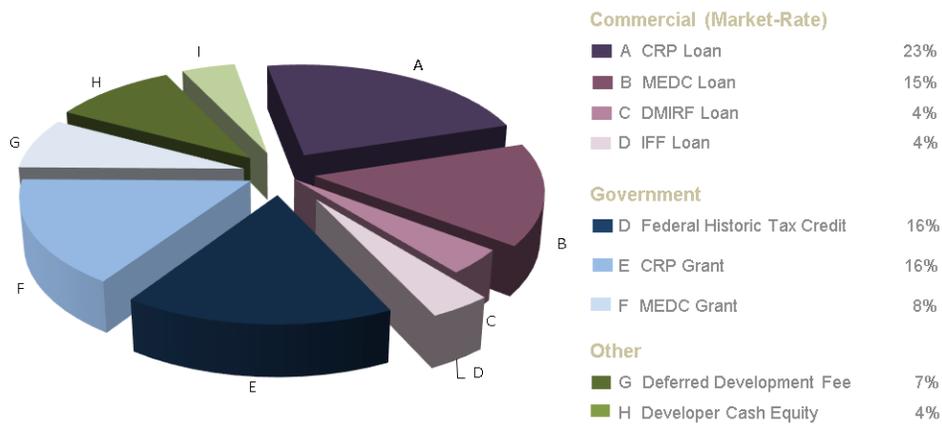
income wages. The theatre and restaurant each produce 30 – 40 new jobs.

The property is in the middle of Pontiac’s Central Business District, once known as the City’s Theatre District. The project provided both temporary construction jobs and permanent jobs working in the theatre and the adjoining Slows Bar-B-Q Restaurant. The theatre and the restaurant increase traffic in the area which supports & promotes more traffic into other downtown commercial businesses. Many city, county and state civic leaders believe that the renovation of The Strand Theatre is the catalyst needed to start the City of Pontiac total revitalization.

Kyle Westberg, head of the development team, noted that this mixed-use development has inspired new businesses to enter downtown Pontiac. He has seen an influx of investors purchasing properties in the downtown. Some of these properties are either in the redevelopment process now or have been recently completed. They including: Oakland Tower (132 new residential units in historic building), a new small 100 seat theatre (Pontiac Little Arts Theatre), Fillmore 13 restaurant, Exfirmmentation restaurant, and several new IT firms with approximately 100 employees.

CRA: In addition to being in a low income census tract, DMI believes the project meets the Revitalize and Stabilize Test as this project will revitalize and stabilize the area. It is an entertainment venue that attracts and retain businesses that will provide goods and services to the new customers coming into the area. Based on wage information from the Bureau of Labor Statistics and current income limits, 30-40 projected jobs (100%) meet the

FLAGSTAR STRAND THEATRE FINANCING



low and moderate-income threshold. It is also consistent with the Pontiac Downtown Business Association’s Main Street program that focuses on Economic Development and Historic Preservation. Downtown Pontiac is a member of Main Street Oakland County, the first county-wide Main Street program in the country. The project also incorporated Brownfield remediation of the historic site. This project also qualified for Historical Tax Credits as well as a Community Revitalization Program grant from the Michigan Economic Development Corporation.

SOCIAL & COMMUNITY IMPACT

New York Broadway producers such as Columbia Artists Management, have communicated with Encore for the Strand to be a site for theatrical productions to workshop and preview plays and musicals before a live audience in preparation for their runs on The Great White Way. The Strand also tapped into outreach programs sponsored by the Detroit Symphony Orchestra and The Oakland University theater and music departments. These outreach programs are bringing more arts programs and exposure to the underserved students of the Pontiac School District.

In addition, all major media outlets that represent Television, Radio and Print have toured the theatre and are committed to supporting the project through programming events, philanthropic support and community engagement.

This project’s focus on reducing blight for the community while taking into account the local interests was shown

through the Buyer’s motives. Kyle Westberg and his partner and brother Brent Westberg purchased the theatre in 2013 from the city of Pontiac. At the time, another potential buyer was considering turning the empty building into a nightclub. Westberg said that he did not see that as



the best use of the space. “We knew the theatre was in great shape, that it was an iconic and a gem of the community,” Westberg said. “We thought it should remain a performing-arts theater as originally intended.”

ENVIRONMENTAL IMPACT

Because this project was an adaptive reuse project rather than a new construction project, they saved significant resources while developing this previously condemned property, including Brownfield remediation. When planning the renovation, this project took various steps to minimize their environmental impact during the operational phase and construction phase. Furthermore, the project installed Energy Star equipment.

The project is located on the major north/south surface street in the Central Business District and enhances the walkability



of the downtown area as well as commercial and retail activity in the area. Pontiac’s current walkability score is low at 49 (score of 25 – 49 is car-dependent meaning that most errands require a car.)⁵

FISCAL IMPACT

THE TAXPAYER INVESTMENT SUBSIDY

The taxpayer investment subsidy is the total gross dollar amount of all government subsidies used for the project. The MSF grant was funded in year 1 and Historic Tax Credits are claimed at the time the property (the building or significant portions of the building) becomes operational which also occurred in Year 1 so the full value is assessed.

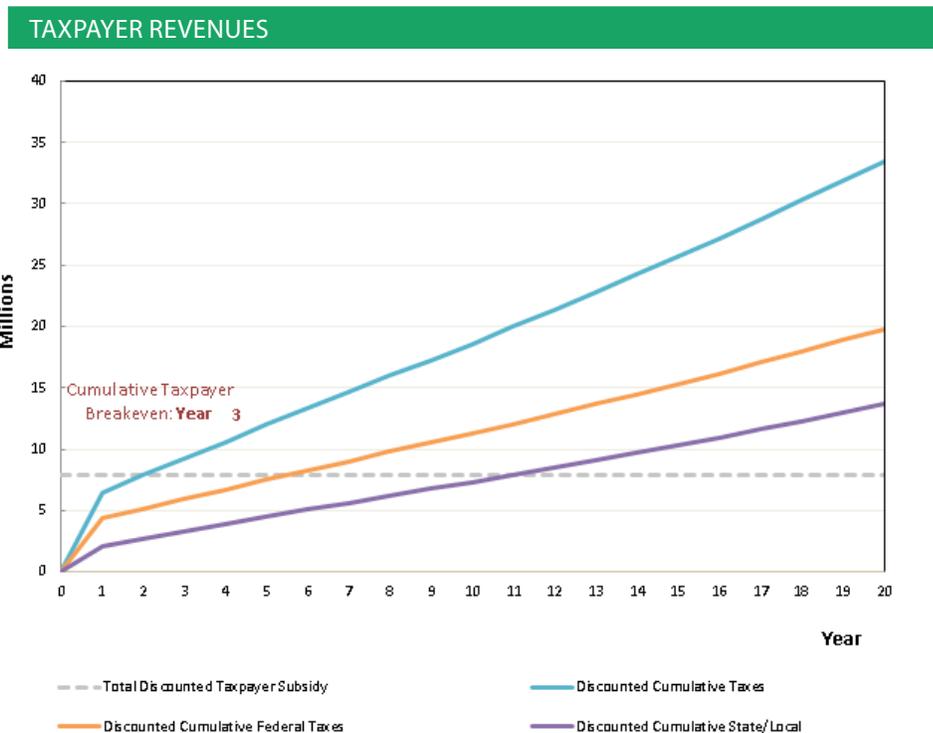
| TAXPAYER SUBSIDY | | | |
|----------------------|---------------|---------------|--------------------|
| GOVERNMENT SOURCE | INVESTMENT | SUBSIDY | PRESENT VALUE (PV) |
| MSF Grant | \$3.3M | \$3.3M | \$3.3M |
| CRP Grant | \$3.1M | \$3.1M | \$3.1M |
| Historic Tax Credits | \$1.5M | \$1.5M | \$1.5M |
| TOTAL | \$7.9M | \$7.9M | \$7.9M |

BREAKEVEN, RETURN ON INVESTMENT AND INTERNAL RATE OF RETURN TO TAXPAYERS

The fiscal return to the taxpayers is substantial. The \$7.9 million of government funding is projected to generate over \$32 million (PV) of cumulative (local, state and federal) tax revenues from construction (10 months) and operations (19.2 years). By Year 3 the project achieves the taxpayer breakeven point as the cumulative tax revenues generated equal the amount of the original taxpayer subsidy, thus the full \$7.9 million of subsidy has been ‘recouped’ by the taxpayers. The 20-year cumulative tax revenues of nearly \$32.5 million result in a Return on the Taxpayer’s Investment of more than 400% over this period (annualized return). The Modified Internal Rate of Return (MIRR) to taxpayers is 99%.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.6M | \$13.3M |
| Federal | \$0.8M | \$19.2M |
| TOTAL | \$1.4M | \$32.5M |
| Benefit of Investment Ratio | | |
| Project Total to Tax Revenue Ratio | | 1:1.6 61% |

*Combined construction and operations revenues



TRUMBULL AND PORTER HOTEL

Detroit, Wayne County



HOTEL CREATES JOBS AND SENSE OF NEIGHBORHOOD IN CORKTOWN

The Trumbull and Porter Hotel (approximately 117,351 square feet) was originally constructed in 1964 as the first full-service Holiday Inn with a courtyard and pool. The property was operated as a Holiday Inn until the mid-1990s when the then current ownership lost its 'Flag' and the property was run as an independent hotel. The hotel underwent a renovation in the early 2000s, but was unable to transition into a reputable property. The property was subsequently abandoned by the former hotel operators several years ago, and was occupied by squatters until its purchase by the current ownership in October 2014.

The new ownership commenced remaining renovations in the Fall of 2016. The initial renovation included the first 72 rooms, common areas on the third and fourth floors, a new lobby area on the first floor, new landscaping, and paved parking areas. The hotel was opened under Choice Hotel's Ascend brand, which is the company's flagged "hip" brand to appeal to the millennial traveler. Property improvements include 144 newly renovated hotel rooms, completely renovated common areas and façade, a new workout facility, open courtyard with a band shell and gazebo and a brand new, full service restaurant with indoor/outdoor seating, lounge, kitchen and bar area. There is also a business center, sundries shop, bicycle rentals, meeting space, vending and ice machines.

The loan was used to pay-off an existing \$5 million

| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | 1331 Trumbull Street Detroit, MI 48226 |
| Asset Type | Flagged full-service hotel |
| Owner | Barry Caplan and Leo Lee |
| Total Project Cost | \$ 10.8M |
| DMIRF Loan | \$ 7.9M |
| Investment Date | 9/22/2016 |
| Projected Exit Date | 2018 |
| Projected Timeframe | State Date: September 2016 End Date: May 2017 |
| COMMUNITY NEED | |
| LMI Community Status | Unclassified |
| Area Median Income | 68.1% ¹ |
| Poverty Rate | 14.4% ² |
| Unemployment Rate | 5.7% ³ |
| Economic Zones | Economic Empowerment Zone |

loan. The remainder was used to complete the renovations of the remaining 72 hotel rooms, the common areas on the first and second floors and a complete build-out of the proposed restaurant, bar area and kitchen area. The sponsors brought additional capital to acquire the kitchen equipment and complete the proposed improvements to the 'courtyard' area.

Jet Blue has contracted a block of 15 rooms for 3 years with the hotel. When the company does not fully utilize the rooms, the hotel gets to keep the overage. So far, Jet Blue has not exceeded the contract amount, so it has been beneficial for the hotel.

Outdoor events, such as weddings, have been held in the courtyard. In the summer, seating is set out and there is also a fire pit. While the venue's courtyard has an optimal location for food trucks, the hotel is holding off on this until the existing on-site restaurant is established and succeeding.

Some minor renovations are in the works. For example, the carpet in the hotel's meeting room will be replaced, as it is showing some wear.



The meeting room (left) and the courtyard and patio space (right)

SPONSOR BACKGROUND

The experienced development team on this project, Access Hospitality, is comprised of two individuals: Barry Caplan and Leo Lee.

Barry Caplan has over 25 years of hotel sales and operations experience. Prior to co-founding Access Hotels and Resorts, Mr. Caplan held the position of Senior Vice President of Sales for the Melrose Hotel Company, overseeing top-line revenue generation and sales force

management. Prior to joining The Melrose Hotel Company, Mr. Caplan served as the director of operations of the Midwest region for several Doubletree Hotels. During this time, he oversaw the \$12.5 million conversion of the Royce Hotel to the Doubletree in Detroit. Prior to that, Mr. Caplan was Director of National Sales for Hilton Hotel Corporation. Mr. Caplan holds a Bachelor of Arts degree from Michigan State University.

Leo Lee is an experienced investor and operator of multifamily properties primarily located in Los Angeles. Mr. Lee has invested in several hotel properties. He has other investments in Michigan including an industrial property in Highland Park.

Choice Hotels is a publicly traded company with over 6,600 hotels worldwide and 22,000 loyalty members.

SITE BACKGROUND

Corktown is located just west of Downtown Detroit, and is the oldest neighborhood in Detroit. The current boundaries include I-75 to the north, the Lodge Freeway to the east, Bagley and Porter streets to the south, and Rosa Parks Boulevard (12th Street) to the west. The neighborhood was listed on the National Register of Historic Places in 1978. As Detroit's most historic neighborhood,



Corktown is a thriving district where beautifully restored Victorian-style rowhouses and lush gardens are surrounded by a vibrant music, dining and nightlife scene. Corktown was home to the Detroit Tigers from 1912-2009, and the Detroit Lions from 1938-1974. The cozy neighborhood adjacent to downtown, built on its solid foundation of Irish history, sports, and entertainment emerged as one of the most exciting neighborhoods in Detroit. New restaurants, pubs and breweries are opening alongside landmarks such as Nancy Whiskey’s and Nemo’s. Corktown has had both a stable resident population and stable home prices. New lofts apartments and condos have been constructed in recent years. The residential community is anchored by Most Holy Trinity church and school, one of only four remaining Catholic grade schools in the city of Detroit. Corktown has been a hotbed of new business from small entrepreneurs to large corporations. Ponyride (1401 Vermont Street) opened 30,000 square feet of incubator space for socially conscious entrepreneurs. The former St. Vincent School (2020 14th Street) is now a boutique office building catering to small office users. This year, Quicken Loans opened its 66,000 sf technology center in Corktown. The data center will include a 10,000 sf server room. The center is designed to provide the infrastructure and training for Quicken’s 1,100-person IT team. Additionally, Quicken leases 8 acres of parking in Corktown for its employees with shuttle service to Quicken locations around Detroit.

Last year, the American Lightweight and Modern Metals Manufacturing Institute, or ALMMII opened. ALMMII — led by the University of Michigan; the Columbus, Ohio based manufacturing technology nonprofit EWI; and Ohio State University opened in a 99,000 square foot building at 1400 Rosa Parks Blvd. The \$148 million de-

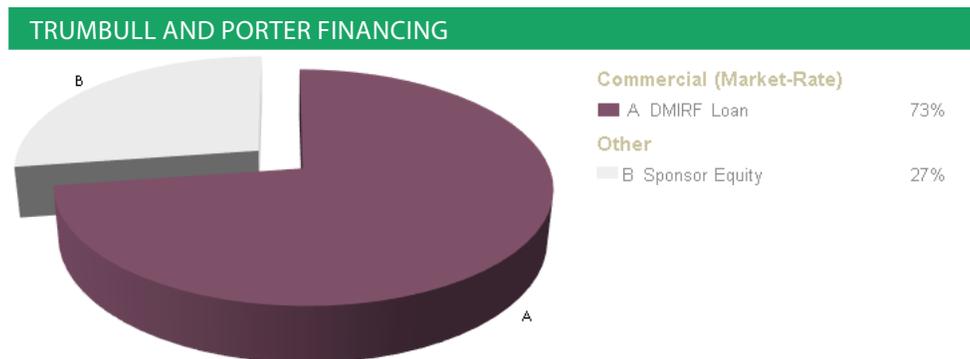
velopment received initial funding from the defense department and a consortium of universities and businesses. The company takes innovations made in laboratories with lightweight metals and uses them commercially in automobiles, aircraft and other industries.

The site of the former Tiger Stadium (located approximately three blocks north of the Subject at Michigan and Trumbull) is undergoing a \$33 million redevelopment plan sponsored by the Larson Realty Group that includes 30,000 square feet of retail, 102 apartment units and 24 town homes. In addition, the Police Athletic League (PAL) has commenced an \$11 million renovation of the actual Tiger Baseball Diamond including the construction of a 2,500 seat stadium with locker rooms which will host youth baseball, youth soccer, youth football and other youth sports year-round.

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------|----------------|
| DMIRF Loan | \$7.9M |
| Sponsor Equity | \$2.9M |
| Total Financing | \$10.8M |

The project involved the refinancing of an existing hard-money acquisition/partial renovation loan of approximately \$5.0 million, with an additional \$2.5 million to be used to complete the renovation of the hotel rooms and build out a full-service restaurant. The Detroit Economic Growth Corporation provided an additional 3-year \$200,000 loan for kitchen equipment.



IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|---|-------------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| All 71 (50 FTE) positions are expected to be available and filled by Low- and Moderate-Income individuals | |
| Made in Michigan Initiative: all furnishings are locally sourced in Michigan | |
| Location allows easy access for tourism to support the Detroit economy | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 19 |
| Permanent Jobs | 71 (50 FTE) |
| 20-Year Compensation Impact | \$59.8M |
| Total Tax Generated (20-year PV) | \$35.5M |
| Taxpayer Breakeven | N/A |
| 20-Year Taxpayer ROI | N/A |
| Modified IRR | N/A |
| ENVIRONMENTAL IMPACTS | |
| Natural Gas Cost Savings | \$25,000 |
| Rehabilitation Certificate, removes urban blight | |
| Adaptive Reuse | |
| Increases alternative transportation through fleet of bikes for guest use | |
| Locally sourced furnishings reduce transportation and emissions | |

ECONOMIC IMPACT

Redevelopment of the property will create 19 construction jobs. The hotel and restaurant expect to provide 71 (50 FTE) permanent positions. DMI believes that low and moderate income individuals will fill these 71 permanent positions, or have access to them.

| ECONOMIC IMPACT SUMMARY | |
|--|--------------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$8.9M |
| Economic Output | \$9.0M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$ 50.9M |
| Economic Output | \$165.8M |
| AREA IMPACTS | |
| Made in Michigan initiative supports local industries | |
| Location helps support tourism and recovery of Detroit's economy | |

CRA: DMI analysis shows this project should meet the Small Business Administration's definition of a small busi-

ness. The Borrower has a NAICS code – 721110 (Hotels (except Casino Hotels) and Motels). The revenue limit for this NAICS code is \$32.5 million. Gross



annual revenue from room rental, food and beverage sales and other revenues is estimated to be approximately \$5.18 million in 2017. Based on wage information from the Bureau of Labor Statistics and current income limits, 71 (50 FTE) projected jobs (100%) meet the low and moderate-income threshold. The City of Detroit's Master Plan of Policies (MPP) last updated in 2009, details several policy goals aimed at improving the social, economic and physical development and conservation of the city. Many of these policies goals are targeted to the Corktown area.



The focus of this hotel is to showcase products and design that are "Made in Michigan" to help support local business. The hotel was designed by Detroit-

based design company, Patrick Thompson Design, and is furnished by local craftsmen such as Herman Miller, Thompson Millworks, and Grand Rapids Chair. Custom lighting for the entire hotel was designed by Colin Tury, a Michigan artist. In addition, the hotel mural painted by Don Kilpatrick and the Detroit Wood Type Company and includes the poem "While I was Away in Detroit" by renowned poet David Blair. Nearly all the construction work was executed by the Detroit based ROK Construction Services.

SOCIAL COMMUNITY IMPACT

Since the beginning of the project, engaging the community has been a priority. To gain support from the community, management collaborated with the Corktown Economic Development Corporation (CEDC) and other organizations. The hotel has sponsored events for CEDC in their meeting rooms. The CEDC, which spun out of the 150-member Corktown Business Association, aims to engage not only businesses, but also residents and government stakeholders, in Corktown's future. Their main goal

is to respond to residents' requests to activate Corktown outside of that one busy strip of Michigan Avenue.

"It's less about coming up with grandiose visions that are not engaged with the reality of people's life on the street, and more about really listening to the voice of the people and having those insights inform solutions."

– Chad Rochkind, CEDC⁴

In addition to collaborating with the Corktown business association, this project has involved the following organizations:

- Corktown Historical Society
- Detroit Economic Growth Corporation
- D2D program and Metro City match
- Detroit Metro Convention and Visitors Bureau
- Detroit Chamber of Commerce

Ultimately, this project benefits the community because it has transformed a condemned and blighted property into lively, safe, and secure area for the community that showcases its assets. Moreover, as part of the rehabilitation certificate requirements, the 19 full time construction jobs and 71 (50 FTE) jobs will be more than 51% local hires.

ENVIRONMENTAL IMPACT

Because this project was an adaptive reuse project rather than a new construction project, they saved significant resources while developing this previously condemned property. When planning the renovation, this project took various steps to minimize their environmental impact during the operational phase and construction phase. They installed Energy Star equipment, an instant water heater which has reduced their gas consumption by 25% annually, exterior photo cell lights, and natural light windows in the restaurant area. In constructing the outdoor courtyard, they used reclaimed wood from Michigan.

The hotel lies in the heart of Corktown and is walkable to the main downtown area. In addition, it has access to a

local bus stop which provides access to the city and other forms of public transportation. The neighborhood of the subject property has a walkability score of 79 out of 100⁵, which means the neighborhood is somewhat walkable. To help increase the walkability, the hotel rents a fleet of logoed bikes seasonally for the guests to use which have been designed by Detroit Bikes (pictured).



FISCAL IMPACT

This project utilized \$7.85M of DMI investment. The local, state and federal tax revenue (the "cumulative tax revenue") generated during construction (spread across 2.5 years) is \$1.9 million (PV). The projected cumulative tax revenue generated from annual operations totals \$33.6 million (PV) over 20 years. Therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$35.5M million (PV).

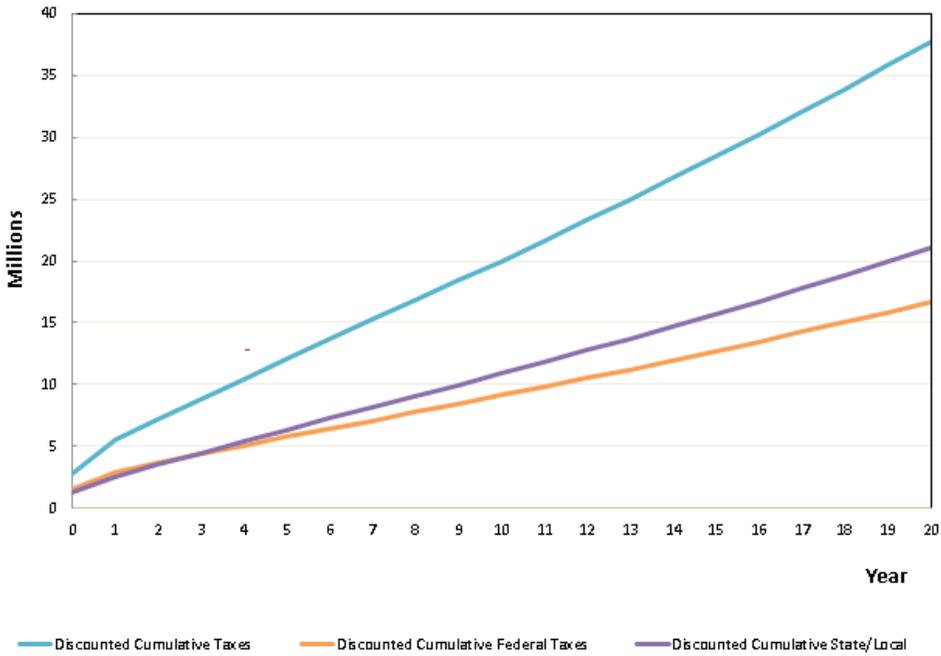
10 year Rehabilitation Certificate: This project has qualified for a 10 year rehabilitation certificate from the City of Detroit. This certificate freezes the taxable value of the property for 10 years and exempts the investment from local taxes.

The benefit to the project is substantial in terms of the ratio of the \$10.8 million total project cost to the 20-year present value (PV) tax revenues generated as a result of the investment. The ratio is roughly 1:3 or the PV of the tax revenues over the 20-year period is over 328% of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$1.0M | \$19.8M |
| Federal | \$0.7M | \$15.7M |
| TOTAL | \$1.7M | \$35.5M |
| Benefit of Investment Ratio | | |
| Project Total to Tax Revenue Ratio | | 1:3 30% |

*Combined construction and operations revenues

TAXPAYER REVENUES



EAST MAIN STREET REDEVELOPMENT

Milan, Washtenaw County



The original building prior to renovations



The renovated building, as it looks currently

DOWNTOWN REVITALIZATION

The East Main Street Redevelopment project is a \$5.61 million renovation that features 15 loft apartments and 10,126 square feet of commercial space. East Main Redevelopment entailed the renovation of four historic buildings, containing a total of 24,860 square feet, and provides its residents access to all downtown Milan businesses and other amenities including the popular Wilson Park.

The four adjacent buildings are located on the southeast corner of E. Main Street and Wabash Street within the City of Milan, Washtenaw County, Michigan. From the corner, the first two of the buildings were built in 1845 and 1871. These two structures are known as the Blackmer and Phillips buildings, respectively. The two other buildings are two story brick structures built in 1892 and are known as the Gay and Palmer buildings. All four buildings are contiguous and all four are on the National Historic Register. For more than 75 years, parts of the four buildings have not been in use or have only been used for storage. Some parts of the buildings were essentially in the same condition as they were when used by the Masons, Odd Fellows and Foundry Union members in the late 1800s and early 1900s. The extensive renovations provided for a mixed-use property with eight first floor retail storefronts containing a total of approximately 10,126 rentable square feet and two floors of residential market rate rental units encompassing approximately 11,746 rentable square feet.

The City of Milan indicated an overwhelming desire in developing properties in hopes of reshaping downtown

| PROJECT OVERVIEW | |
|----------------------|---|
| PROJECT BASICS | |
| Location | 12-44 E. Main Street and 5 Wabash Street Milan, Michigan 48160 |
| Asset Type | Mixed-Use Commercial/Retail and Rental Residential |
| Loan Type | Second Mortgage |
| Owner | Wabash and Main, LLC |
| Total Project Cost | \$5.61M |
| DMIRF Financing | \$1.62M |
| Investment Date | 03/10/2015 |
| Projected Exit Date | 2022 |
| Project Timeframe | Start Date: March 26, 2015 End Date: May 1, 2018 |
| COMMUNITY NEED | |
| LMI Community Status | Middle - Income |
| Place-making | High |
| Area Median Income | 98.4% ¹ |
| Poverty Rate | 4.8% ² |
| Unemployment Rate | 3.4% ³ |
| Economic Zones | Milan Main Street Historic District |

Milan. The City is hopeful that this project will encourage other downtown property owners to invest in their own buildings, helping with the overall revitalization of the City's core.

SPONSOR BACKGROUND

The company, Wabash & Main, LLC (W&B) was created on 03/12/2010 by Mr. David Snyder for the purpose of purchasing and developing, with public and private funds, a city block located in the downtown Milan Main Street

Historic District, Milan, MI.

Mr. Snyder was previously the owner of Travel Adventures, a tour company with a full time staff of 35. This business was sold in 2008 for \$7 million dollars, with the final \$1 million dollar payment received in 2011.

Mr. Snyder acquired the subject property out of foreclosure (from Citizens Bank) for \$165,000 on 12/16/2011. He intends to manage the property as his retirement project.

“Wabash & Main LLC is proud to lead this revitalization project. It will nearly double the number of downtown residents in Milan and house those residents in upscale homes at an affordable cost for decades to come. We will make it possible for these buildings to stand for another 170 years.”

- Dave Snyder, managing member of the business⁴

Mr. Snyder put a team together of mostly local experts for the project consisting of: Bruce Johnston and Lori Ware of Revitalization, Inc. to help secure a MSHDA Grant; Ryan Kincaid and Ryan Henry, of Henry Building Group, Inc. as contractors experienced in renovating historical buildings; Brian Rebain, Lead Architect at Kraemer Design Group, an architect experienced in historical architectural projects and Attorney, Ken Beall at Loomis Law Firm, who is known for his expertise in Federal Historic Tax Credits.

PROJECT GENESIS

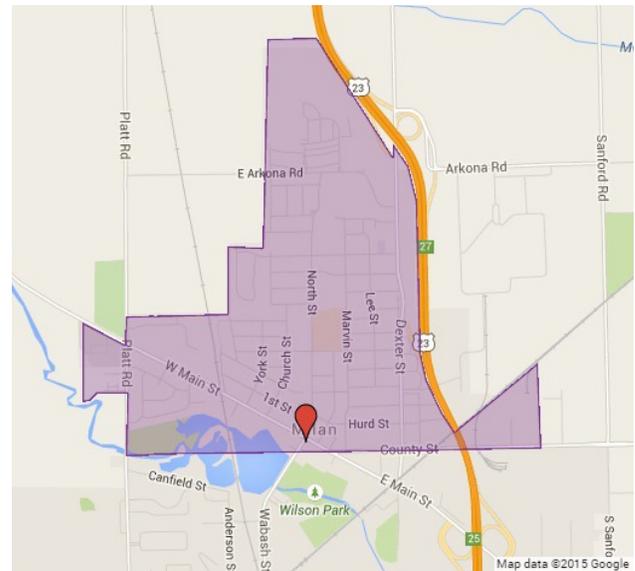
Projects like the East Main Redevelopment occur within communities throughout the state with assistance from local and state government every year. This has been one of the largest projects to take place in a community the size of Milan for some time. The community showed strong support for this project as it brought more jobs and economic revitalization to the City. The meeting where the development agreement was approved was well attended and there was unanimous support given at every level of government– city, county and state. Plans for redevelopment began in early 2010 and were unveiled in 2013. The City of Milan City Council voted

unanimously to enter into a Development Agreement with Wabash and Main, LLC at their July 28, 2014 meeting.⁵ East Main Street Redevelopment was seen as a pivotal piece to this next chapter of Milan.⁶

“This is truly a catalyst to put downtown Milan back on the map. This is a great time to live and do business in Milan.”

- Jade Smith, Milan City Administrator⁷

SITE BACKGROUND



The East Main Street Redevelopment is located in Milan, Michigan and lies on the eastern edge of an approximately three block stretch of Main Street lying between Gay Street to the east and Church Street to the west which is the traditional downtown district of Milan. The strip is characterized by multiple storefront buildings of varying styles and ages but all operating as commercial, retail or office space.

By renovating these four buildings, this area went from being the weakest to the strongest quadrant of downtown Milan. The East Main Redevelopment project has reshaped the downtown in many ways. The project has filled empty storefronts with quality businesses, making nearly every storefront in downtown Milan occupied. The project also increased the residential living in Milan, approximately doubling the number of downtown residents having high-quality, affordable rental housing.

The project also provides the finest state-of-the art commercial space available in downtown Milan.

PROJECT FINANCING

| PROJECT FINANCING | |
|-----------------------------------|----------------|
| DMIRF Loan | \$1.62M |
| Community Revitalization Program | \$0.87M |
| Federal Historic Tax Credits | \$0.80M |
| MEDC Grant | \$0.25M |
| University Bank Loan | \$1.35M |
| MSHDA Rental Rehabilitation Grant | \$0.60M |
| Borrower Equity | \$1.12M |
| Deferred Developer Fee | \$0.37M |
| MSHDA CDBG Grant | \$0.25M |
| Total Financing | \$5.61M |

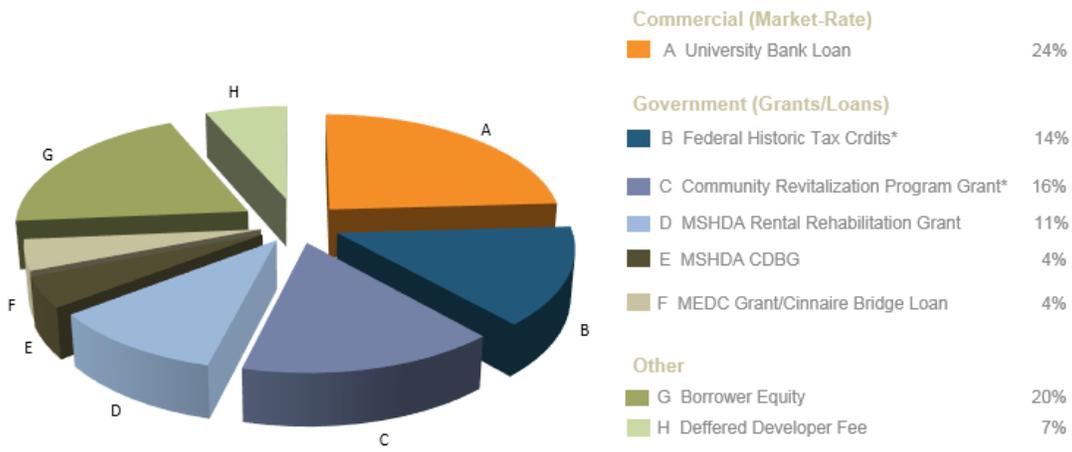
The East Main Development project qualified for Federal Historic Tax Credits in the amount of \$800,000 as well as a Community Revitalization Program grant in the amount of \$873,000. The DMIRF loan was utilized to bridge \$1.62M of the total \$1.67M for these two sources of funding. The Michigan State Housing Development Authority (MSHDA) also provided \$600,000 in rehabilitation grant funds as well as a \$250,000 community development block grant (CDBG).

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|--|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Renovation of the four historic buildings provided additional jobs to the area - 64 construction and 25 permanent. | |
| A MSHDA Rehab Grant requires 51% of housing residents be LMI. | |
| ECONOMIC AND FISCAL IMPACTS | |
| Construction Jobs | 64 |
| Permanent Jobs | 25 |
| 20-Year Compensation Impact | \$19.3M |
| Total Tax Generated (20-Year PV) | \$7.4M |
| Taxpayer Subsidy | \$2.8M |
| Taxpayer Breakeven | Year 6 |
| 20-Year Taxpayer ROI | 265.2% |
| Modified IRR | 6% |
| SOCIAL AND COMMUNITY IMPACTS | |
| Winner of the 2017 Governor Award for Historic Preservation | |
| ENVIRONMENTAL IMPACTS | |
| LEED compliant | |
| Recycled building material for reuse in new construction | |

Renovation of the four historic buildings provided additional LMI jobs to the area. The construction jobs went to local skilled and semi-skilled tradespersons. The vast majority (estimated at 98% of jobs) were hourly contractors making under \$25.00/hour. Most of the 25 permanent jobs created went to LMI workers for the tenant retail store.

EAST MAIN STREET REDEVELOPMENT FINANCING



* DMI loan provided the bridge financing

The Michigan State Housing Development Authority Rehabilitation Grant that the project received requires that 51% of housing residents be LMI. At least eight of the 15 units are for individuals at or below 80% of area median income, depending on the size of the unit and occupancy set by HUD.

ECONOMIC IMPACT

| ECONOMIC IMPACTS | |
|---|--------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$5.0M |
| Economic Output | \$13.0M |
| OPERATIONS | 20-YEAR (PV) |
| Employee Compensation | \$14.3M |
| Economic Output | \$28.9M |
| AREA IMPACTS | |
| Encourages further downtown development | |
| Will create tenant jobs in the retail space that is renovated | |

The renovation of the buildings provided additional jobs to the area—both during the construction phase and afterwards as businesses move into the space. Construction produced about 64 jobs—sixteen different trades with an average of four people per trade on the job. The additional commercial space of approximately 7,000 square feet generated 25 FTE new jobs.⁸

The City Council and the Downtown Development Authority used this construction as an opportunity to encourage other downtown development. The City Council established a Commercial Rehabilitation Tax Abatement Policy, which allows abatement of additional taxes for up to ten years for the renovation of business properties in the community. The DDA recommended and the City Council approved a Tax Increment Financing Plan. The DDA now provides incentive programs related to a more unified signage look and façade improvements. This project generated a high level of public interest. Other building owners have initiated inquiries regarding new projects of their own to revitalize the downtown area.

SOCIAL/COMMUNITY IMPACT

The City of Milan recognizes those buildings within the City that have either architectural or historic significance to the city. The improvements on the subject property have significant historical and architectural significance and the City indicated an overwhelming desire to see the

properties renovated and made useful in today’s market. The City has been encouraging the redevelopment of the properties in its downtown area and was fully supportive of the developer’s efforts. The redevelopment accomplished all of the City’s objectives of enhancing retail opportunities in the downtown area, increasing and strengthening the population within the downtown area, and enhancing the walkability of the City. The redevelopment also increased the City’s tax revenue upon completion.

This project changed the nature of downtown Milan by roughly doubling the residential rental space in the downtown area and making 51% of the units available to low- to moderate-income individuals. Additionally, the nearby parks, businesses, churches, and library provide an increasingly walkable community for residents.⁹

In 2017, East Main Redevelopment was nominated as one of the six outstanding historic preservation projects in the state for the past year and won the 2017 Governor’s Award for Historic Preservation.

ENVIRONMENTAL IMPACT

While not seeking LEED Certification, the developer planned to make the East Main Development project as LEED compliant as possible. In addition, building materials were recycled as much as possible for reuse in the new construction and all lead-based paint and asbestos materials were abated.¹⁰ The project improved the insulation to achieve significant energy savings. The project is also situated in an increasingly walkable community with a grocery complex nearby which encourages the use of alternative transportation.

FISCAL IMPACT

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.2M | \$3.1M |
| Federal | \$0.1M | \$2.9M |
| Total | \$0.3M | \$6.0M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | 1:1.07 | 93% |

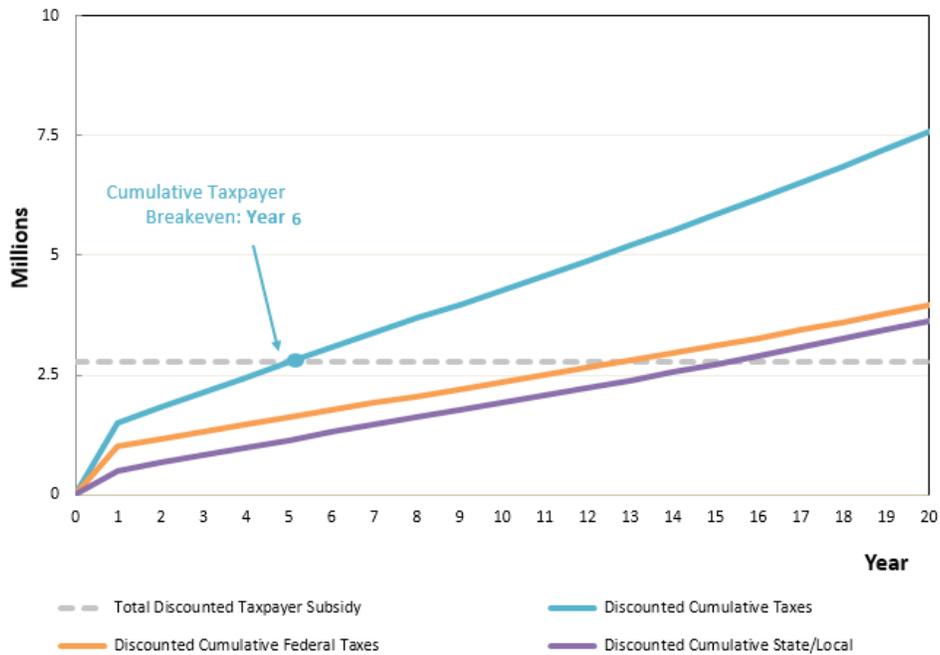
*includes construction

This overarching project redeveloped a mostly vacant

block of buildings. The recent impacts are a result of the significant changes to repurpose these buildings. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (9 months) was \$1.4 million (PV). The projected cumulative tax revenue generated from annual operations totals over \$0.3 million, or \$6 million (PV) over 19.25 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$7.4 million (PV). While this project uti-

lized cumulative taxpayer subsidies (local, state and federal) totaling over \$2.8 million, the fiscal repayment to the taxpayers, based on this subsidy level and the total projected cumulative tax revenues (construction and operations) over a 20-year period, is significant. The taxpayer breakeven, when the cumulative taxpayer subsidies are fully recouped, is in Year 6; the return on the taxpayer subsidy investment is 265.2%; and the taxpayer Internal Rate of Return (IRR) on the subsidy provided is 6%.

TAXPAYER RETURN ON INVESTMENT



THE FOREFRONT

Birmingham, Oakland County



MIXED-USE REDEVELOPMENT

The Forefront is a smart growth project that provides residents with direct access to all retail and other amenities of the City of Birmingham. The project entailed the demolition of an existing obsolete retail property and the construction of a three-story mixed-use building containing a total of approximately 48,500 square feet of space. The first floor contains approximately 8,000 square feet of commercial space which houses Ma Engineering, which created 40 new jobs in a high-wage industry. The second and third floors contain ten for-sale residential housing units consisting of approximately 40,500 total square feet.



“You get as much of a city life as you can (in Michigan). The (Birmingham) lifestyle is an important thing. From this location, you can walk to everything, which is a major amenity. And the new retailers and restaurants that are coming in are a huge factor. It’s a walkable city in the true sense and it has everything.”

— JOEY JONNA, OWNER

| PROJECT OVERVIEW | |
|-----------------------|---|
| PROJECT BASICS | |
| Location | 400 S. Old Woodward Birmingham, Michigan 48009 |
| Asset Type | Mixed-Use |
| DMIRF Investment Type | Mezzanine |
| Owner | 400 S. Old Woodward LLC |
| Total Project Cost | \$14.9M |
| DMIRF Mezzanine | \$ 4.8M |
| Investment Date | 5/29/14; 8/20/15 |
| Projected Exit Date | 2018 |
| Project Timeframe | Start Date: October 2014 End Date: June 2017 |
| COMMUNITY NEED | |
| LMI Community Status | Upper - Income |
| Placemaking | High |
| Area Median Income | 153.6% ¹ |
| Poverty Rate | 4.0% ² |
| Unemployment Rate | 9.8% ³ |
| Economic Zones | Brownfield Site |

SPONSOR BACKGROUND

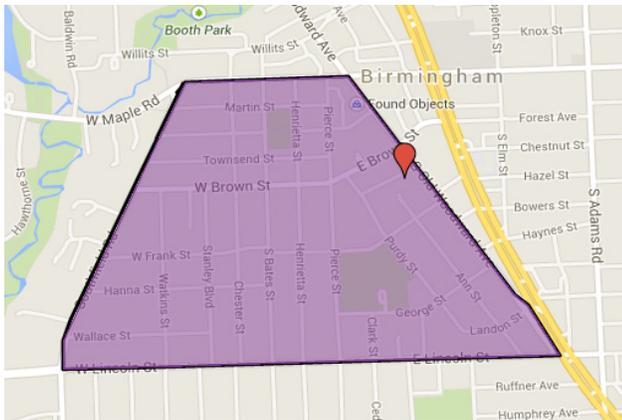
The development team for The Forefront has been in the real estate construction industry for more than ten years. The key principal is Joseph Jonna, a second generation real estate developer/owner. Mr. Jonna started his career working for his father’s and uncle’s firm (The Jonna Companies) within their construction area. As the chief estimator he was integral in every construction job the firm performed including build-to-suit projects for third party owners and in-house developments. During his time at the Jonna Companies he was involved in over \$350 million of real estate developments including the construction of office buildings, medical office facilities, retail, single family and multi-family residential and historical renovation projects. In 2008, Mr. Jonna ventured out on his own and formed Jonna Facility Services a company which provides third party maintenance services to corporate entities in 500 locations in 31 states.

PROJECT GENESIS

In 2012, Mr. Jonna decided to combine the resurgence in the Birmingham/Bloomfield residential housing market with his construction expertise and started to acquire stand-alone properties on which to construct new single family residences. Mr. Jonna has been very successful in the residential market and has established a reputation for building quality homes among both the new home purchasers and local municipal officials. Old Woodward itself has not had new construction in roughly ten years, based on discussions with the Planning Department.



SITE BACKGROUND



The Forefront census tract

Located approximately halfway between the City of Detroit and the City of Pontiac in Oakland County, Birmingham has a population of slightly over 20,000 citizens. Birmingham is known for its social and cultural activities, with substantial retail within the city. There have been strong efforts in recent years to include and diversify the type of real estate development taking place downtown such that they are smart growth-oriented, allowing the population to live and walk to the many amenities the city has to offer. The Forefront provides the type of mixed-use buildings the City sought providing retail, office, and residential spaces. Situated along one of Birmingham’s historic street-side shopping districts, The Forefront offers an accessible, easy-to-walk distance to downtown. It

takes roughly 5 minutes to walk to an average of 1 restaurant, bar, and coffee shop ¹.

The Forefront entailed the demolition of an existing obsolete retail property, Green’s Art Supply and Custom Framing, a family-owned company which had operated there since 1952. In its place, the Forefront constructed a three-story 48,500 square foot mixed-use building. The exterior is comprised of natural stone with floor to ceiling insulated glass windows in metal frames. Additional on-site improvements included concrete walks and drives with a total of 28 covered parking spaces and landscaping.



Former site use: Green’s Art Supply and Custom Framing

The first floor commercial/retail space encompasses approximately 8,000 square feet. The second floor contains six condominium units ranging in size from approximately 2,400 square feet to 3,200 square feet. The third floor contains four condominium units ranging in size from approximately 3,000 square feet to 3,600 square feet.

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------------------|----------------|
| DMIRF Loan | \$4.8M |
| DMI Construction Facility | \$2.3M |
| Independent Bank Construction Loan | \$7.3M |
| Owner Equity | \$0.2M |
| Deferred Development Fee | \$0.32M |
| Total Financing | \$14.9M |

The Forefront was financed with two commercial loans, owner equity and a deferred developer fee, in addition to the two DMIRF mezzanine loans (made in 2014 and in 2015) which are subordinated to the construction loan.

Given their experience with Brownfield Tax Credits, the PM Environmental Group purchased whatever Brownfield Tax Credits were generated per their calculations from Mr. Jonna. PM Environmental then pursued the actual tax credits from the State and County.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|--|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| 160 construction jobs made available to Low- and Moderate-Income persons | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 37 FTE |
| Permanent Jobs Retained | N/A |
| Permanent Jobs Projected | 2 |
| Permanent Tenant Jobs Created | 40 |
| 20-Year Compensation Impact | \$120.7 |
| Total Tax Generated (20-year PV) | \$33.8 |
| Taxpayer Breakeven | N/A |
| 20-Year Taxpayer ROI | N/A |
| Modified IRR | N/A |
| ENVIRONMENTAL IMPACTS | |
| Brownfield Site | |
| Removes Underground Storage Tank and contaminated soil | |
| Energy Star appliances in each housing unit | |
| Supports alternative transportation | |

The Forefront created 37 FTE construction jobs in the state where it is highly sought after and important. A certain amount of these jobs are filled by low-income persons due to the nature of the jobs. There have been 2 jobs created for maintenance and management and 40

jobs created by the tenant, Ma Engineering.

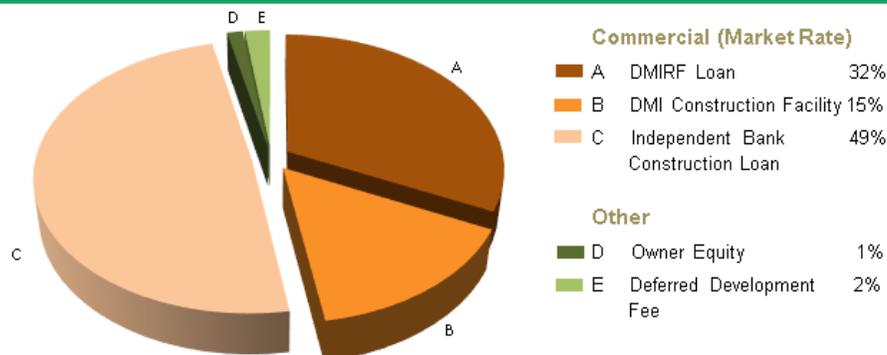
ECONOMIC IMPACT

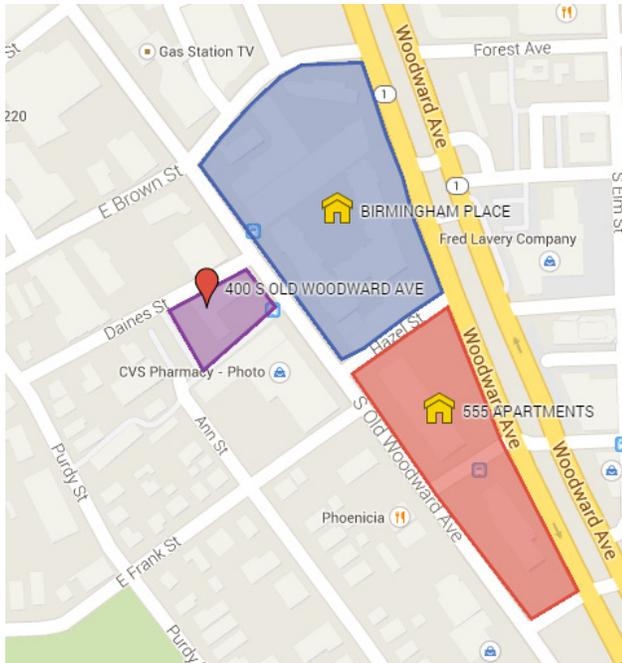
The Borrower, 400 S. Old Woodward, LLC received the DMI investment (loan) and has a NAICS code of “New Housing For-Sale Builders.” Gross annual revenue comes from the sale of individual condominiums. The revenue limit is \$36.5 million per year for small business designation. DMI believes the borrower meets the Small Business Administration definition of a small business.

| ECONOMIC IMPACT SUMMARY | |
|---|--------------------|
| CONSTRUCTION | 30 MONTHS |
| Employee Compensation | \$48.1M |
| Economic Output | \$113.5M |
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$120.7M |
| Economic Output | \$280.9M |
| AREA IMPACTS | |
| Housing Helps Stabilize the Southern Edge of Downtown | |
| New Jobs Support the Recovery of Birmingham's Economy | |

The local economy in Birmingham is currently undergoing its ninth year of recovery since its low point during the 2009 recession when unemployment was up to 14.7%³. Not long ago the area struggled to fill storefronts. In 2002, Jacobson’s, the last major department store in the city and retail anchor for the area, closed its 200,000-square-foot store and downtown retail occupancy fell to 88%. In 2009, the city’s principal shopping district developed a vision and hired a retail leasing consultant to recruit stores, created a recruiting budget, and increased curb side appeal with façade improvements.⁴ Removal of the existing obsolete building increased

THE FOREFRONT FINANCING





Project located near two existing housing locations

housing in the neighborhood and helps stabilize the southern edge of the downtown shopping district.

SOCIAL/COMMUNITY IMPACT

The City has been encouraging the redevelopment of similar properties in its downtown area for over two decades. The redevelopment accomplishes all of the City's objectives of enhancing retail opportunities in the downtown area, increasing and strengthening the population within the downtown area, increasing the city's tax base, and enhancing the walkability of the City, all of which is in line with the state's objective to support development that promotes placemaking. "Neighborhoods, cities and regions are awakening to the importance of place in economic development. Competing for success in a global marketplace means creating places where workers, entrepreneurs, and businesses want to locate, invest and expand. This work has been described as a 'sense of place,' or 'place-based economic development' - or simply 'placemaking.'"⁵ Located at the epicenter of downtown Birmingham, the residents in the building have easy walkable access to the City's vibrant downtown shopping and commercial areas. The City prides itself on being truly a place to live, shop and play as portrayed by its motto: City of Birmingham, a Walkable Community.

ENVIRONMENTAL IMPACT

The Forefront project had three environmental components: 1. Brownfield redevelopment; 2. Construction practices; and 3. Operational features.

1. On September 10, 2014, the City of Birmingham's Brownfield Redevelopment Authority by a unanimous vote, approved a Brownfield Plan and Reimbursement Agreement for the property located at 400 S. Old Woodward. Language in the Brownfield Plan states the following: In order to promote the revitalization of environmentally distressed areas within the boundaries of Birmingham ("the City"), the City has established the Birmingham Brownfield Redevelopment Authority (BBRA) the "Authority" pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act (PA) 381 of 1996, as amended. A Phase I Environmental Site Assessment, and Phase II Environmental Survey and a Baseline Environmental Assessment were provided by PM Environmental. In addition to meeting the City's objectives, based upon the presence of certain hazardous substances present in soil samples, PM Environmental determined the site to be a "facility" under State and Federal environmental guidelines. DMIRF required proof of proper removal and was indemnified against any potential liability. The proposed redevelopment included funds for the removal of an abandoned underground storage tank (UST) as well as some identified contaminated soils. The property was removed from the facilities list without the use of State or Federal tax dollars. The proceeds from the subject loan were used in part to complete the proper remediation of the hazardous materials found in the soils and removal of an orphan UST.

2. During construction, materials were recycled and all of the steel from the building was separated during demolition and taken to the scrap yard.

3. The Forefront itself also operates with a range of environmental components. Each housing unit utilizes Energy Star appliances and LED lighting as well as maximizing natural lighting, as the maximum number of windows allowed per code was built in along with skylights. To save energy, the water heaters are either tankless or conventional tanks, depending on purchaser preference. The Forefront also encourages use of alternative trans-

portation as there is a bus stop in front of the building location, it is in a downtown area within walking distance of amenities, and the project includes a bicycle rack.

FISCAL IMPACT

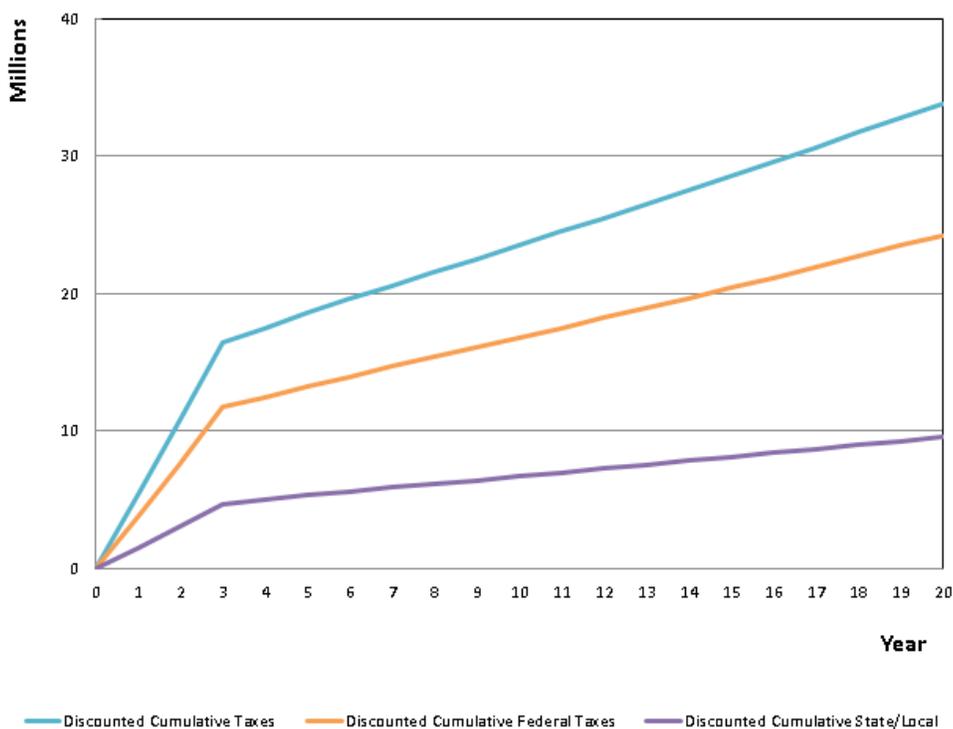
This project has utilized \$4.77 million of DMI investment. The resulting fiscal impacts of the project are significant. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (2.6 years) is \$13.9 million (PV). The projected cumulative tax revenue generated from annual operations totals nearly \$20 million (PV) over 17.4 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$33.8 million (PV).

The benefit to the project is substantial in terms of the ratio of the \$12.6 million total project cost to the 20-year present value (PV) tax revenues generated as a result of the investment. The ratio is roughly 1:3 or the PV of the tax revenues over the 20-year period is over 268% of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.3M | \$ 9.6M |
| Federal | \$0.7M | \$24.2M |
| TOTAL | \$1.0M | \$33.8M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:2.3 44% |

*Combined construction and operations revenues

TAXPAYER REVENUES



INTERNATIONAL CENTER BUILDING

Detroit, Wayne County



DETROIT OFFICE BUILDING

The International Center Building is an eight story, plus basement, multi-tenant building that includes first floor retail space, general office space on floors two through seven, and a full-service banquet facility occupying the entire eighth floor. Originally constructed as three separate buildings, the oldest of which was constructed as a warehouse in 1891, the buildings were substantially renovated between 1985 and 1989. With the completion of the renovations in 1989, the three were combined into a single building.

At the time of investment, the facility was 91.5% occupied and considered to be in average condition. It is considered Class B property in this market. The restaurant space is occupied by Fishbone’s restaurant, an entity related to the subject’s ownership. The ownership entity also occupies space at the subject. The entire eighth floor is occupied by the International Banquet Centers, also an owner-related entity. Wayne County is a significant tenant.



SPONSOR BACKGROUND

400 Monroe Associates, with the Estate of Ted Gatzaros and Maria Gatzaros are the project sponsors. The prop-

| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | 400 Monroe St. Detroit, MI 48226 |
| Asset Type | Office (multi-tenant) Mixed use commercial and retail |
| Loan Type | First Mortgage Semi-Permanent Loan |
| Owner | 400 Monroe Ltd Partnership |
| Total Project Cost | \$37.6M |
| DMIRF Financing | \$5.6M |
| Investment Date: | September 2014 |
| Projected Exit Date | 2019 |
| Project Timeframe | Start Date: November 2014 End Date: August 2015 |
| COMMUNITY NEED | |
| LMI Community Status | Middle - Income |
| Placemaking | High |
| Area Median Income | 113.4% ¹ |
| Poverty Rate | 21.6% ² |
| Unemployment Rate | 9.8% ³ |
| Economic Zones | City of Detroit’s Master Plan |



International Center Building Census Tract

erty was acquired and renovated in 1985 and continues to be managed by the sponsorship. The sponsorship has been the driving force behind the redevelopment of Detroit’s Greektown area and were primary backers of the original Greektown Casino. The sponsorship has maintained an excellent reputation in the real estate industry for over 30 years.

SITE BACKGROUND

Located within the heart of Detroit's urban district, Greektown, The International Center Building has served as a prime destination for commercial offices, shops, service branches, and restaurants throughout the city. Current estimates indicate that the building generates annual revenue of \$2.5 to \$5 million.¹

The building is advantageously positioned just northeast of Detroit's bustling Financial District and has been a dominant entertainment hub for the city, surrounded by such prominent structures as the Greektown Casino and Hotel and the Atheneum Suite Hotel—Detroit's only Four Diamond Hotel.

The Greek community's extensive roots in the area reach back as far as 1890. As a mass exodus of German immigrants was occurring, many newly-arrived Greek immigrants began establishing their own businesses and residency in the area. Yet, over the subsequent decades, the population of Greek immigrants steadily diminished until only one block of Greektown remained in the 1960s. Recognizing the decline of their community, many Greek residents banded together to instigate the first-ever Greek festival in 1965. Since then, the area has maintained its distinct Greek flavor and become a leading attraction for tourists.²

While employment trends in the city area have seen moderate improvements in the past years, they remain poor relative to the national average unemployment rate of 5.4% versus the city's unemployment rate of 6.7%.³ However, recent investments in the immediate area have helped to significantly stimulate economic activities and bring in thousands of permanent jobs for locals. Most notable of such investments was Dan Gilbert's roughly \$600 million purchase of the Greektown Casino and Hotel and plans to extend the area to his holdings in Campus Martius, Comerica Park, and Ford Field, which lie only a few blocks northwest of the property.⁴ With goals of attracting a greater audience to downtown Detroit and expanding the city's casino market, the project has led the charge for the economic revitalization of the downtown community.

PROJECT FINANCING

DMIRF refinanced this \$37.6 million project for \$5.6 million and is the only investor in this project.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|--|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Supports the continued operation of 2 retailers providing over 120 full and part-time jobs to Low- and Moderate-Income persons | |
| ECONOMIC & FISCAL IMPACTS | |
| Permanent Tenant Jobs Retained | 607 |
| Permanent Tenant Jobs Created | 44 |
| 20-Year Compensation Impact | \$45.1M |
| Total Tax Generated (20-year PV) | \$14M |
| Taxpayer Breakeven | N/A |
| Taxpayer ROI | N/A |
| Modified IRR | N/A |

ECONOMIC IMPACT



| ECONOMIC IMPACT SUMMARY | |
|--|--------------------|
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$45.1M |
| Economic Output | \$107.7M |
| AREA IMPACTS | |
| Increase vitality of city's commercial areas | |

The sponsorship, in addition to owning the subject property, also own Fishbone Restaurant and International Market Place which operates the banquet facility housed on the property's eighth floor. The Loan enabled

the sponsorship to continue to operate these two successful retail operations at their current locations. The two retail operations provide in excess of 120 full and part-time employment opportunities to lower and moderate income persons. The sponsorship's ability to maintain these entities in the subject property should not be dismissed as there is significant evidence that when a successful business is forced to relocate, that business more often than not does not maintain the same level of success at the new location.

Although there was a net increase of 4 jobs created since last year, as of January 2018, square feet occupancy as a percentage of leasable square feet dropped slightly from 96.1% to 94.3%. Additional tenants in the building, including Wayne County which employs over 300, provide the remaining positions for a total of 651 employees.

| WAGE LEVEL | NUMBER RETAINED OF EMPLOYEES |
|-------------------|------------------------------|
| OVER \$80,000 | 26 |
| \$60,000-\$80,000 | 35 |
| \$50,000-\$60,000 | 43 |
| \$40,000-\$50,000 | 66 |
| \$35,000-\$40,000 | 56 |
| \$30,000-\$35,000 | 62 |
| \$25,000-\$30,000 | 102 |
| \$20,000-\$25,000 | 55 |
| \$15,000-\$20,000 | 37 |

Given the proximity to Comerica Park and Ford Field, there is considerable foot traffic in this area, especially on game days. This is a very walkable area. The opening of the Little Caesars Arena for the Detroit Red Wings has been good for the city. Both the Red Wings and Pistons are reporting higher ticket sales than in the prior season. However, there is an ongoing debate that there are vacant seats during the games. Red Wings and Pistons' management reports that one of the challenges of a great stadium with so much to offer is that fans are milling around and watching the arena, not the game. There are several buildings in the downtown area currently being renovated as mixed use developments. These projects, such as the Capitol Park Lofts, Griswold Lofts, The Arnold, the David Whitney Building and the Broderick Tower, will provide several hundred new housing units in the downtown area. This project adds to the commu-

nity revitalization that has been ongoing for the past few years.

SOCIAL COMMUNITY IMPACTS

The City of Detroit's Master Plan of Policies (MPP) last updated in 2009, details several policy goals aimed at improving the social, economic and physical development of conservation of the city. Many of these policies goals are targeted to the 400 Monroe location and surrounding area. Rather than list all of the policy goals aimed at this area, the policy goals deemed most relevant to the 400 Monroe project are listed below:

1. Cluster 4 - Central Business District / Retail and Local Services - (MPP - page 120)
GOAL 3: Increase the vitality of commercial thoroughfares
Policy 3.1: Promote the conservation and revitalization of retail nodes through business improvement and retention programs in Greektown, Renaissance Center/Millender Center, Broadway-Randolph and Washington Boulevard.

400 Monroe is located in the center of Greektown and with two retail tenants will continue to support the area through business retention.
2. Cluster 4 - Central Business District / Office (MPP page 121)
GOAL 7: Maintain status as the governmental center
Policy 7.1: Conserve and encourage the expansion of the government office concentrations at: Woodward and Jefferson (City-County node) and Beaubien and Gratiot (Justice Center).

Wayne County (government) leases space at 400 Monroe and has over 300 employees located there.
3. City Design (MPP - pages 15/16)
GOAL 1: Ensure development that contributes to the City's vitality
Policy 1.5: Encourage development in commercial and mixed-use corridors that take into consideration qualities such as walk-ability, scale, continuity of street wall and streetscape, gateways and view corridors.

Policy 1.6: Promote development in high-density areas that includes both day and evening activities.

400 Monroe is located in a vibrant commercial and mixed use corridor and is home to Fishbone Restaurant which employs 125.

4. Economy (MPP - pages 21/22)

GOAL 3: Target geographic areas for business investment and growth

Policy 3.1: Continue to reinforce Downtown Detroit as the primary location for sports, leisure, cultural and convention attractions.

400 Monroe is within walking distance of Comerica Park and Ford Field as well as other Downtown Detroit amenities.

FISCAL IMPACT

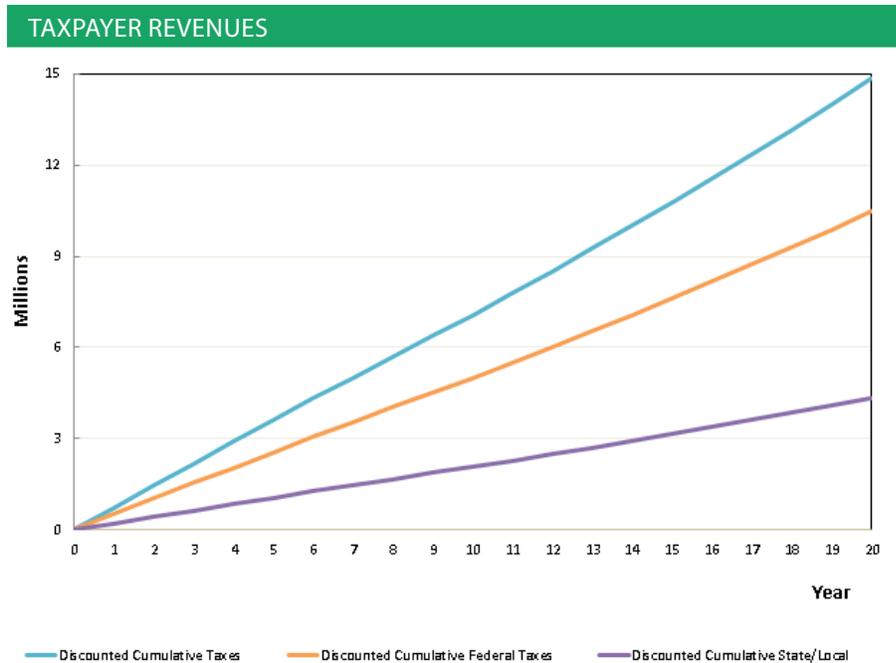
This project has utilized \$5.6 million of DMI investment. As the project site was occupied at time of investment, the impacts are based solely on the new hires since 2016.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|--------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV) |
| State & Local | \$0.2M | \$4.1M |
| Federal | \$0.5M | \$9.9M |
| TOTAL | \$0.7M | \$14.0M |
| BENEFIT OF INVESTMENT RATIO | | |
| Project Total to Tax Revenue Ratio | | 1:0.4 269% |

*Operations revenues

The local, state and federal tax revenue (the “cumulative tax revenue”) generated annual operations totals \$0.7 million, or \$14 million (PV) over 20 years.

The benefit to the project is substantial in terms of the ratio of the \$5.6 million total project cost to the 20-year(PV) tax revenues generated. The ratio is 1:25 or the (PV) of the tax revenues over the 20-year period is 250% of the project cost.



2.2 EXITED PROJECT OVERVIEWS

CAPITOL PARK LOFTS

Detroit, Wayne County



DETROIT OFFICE BUILDING

The \$22.7 million Capitol Park Lofts project renovated the historic Capitol Park Building in downtown Detroit. The project transformed the vacant eleven-story building into 63 apartments and approximately 16,500 square feet of commercial space. The adaptive reuse of this building resulted in a mix of residential, commercial, and an upscale restaurant. The residential units consist of nine studio units of 606 square feet each, nine one-bedroom one bath units containing 567 square feet each, 36 one-bedroom one bath units containing 772 square feet and nine two-bedroom, two bath units containing 1,179 square feet. Capitol Park Lofts provides housing to families and business professionals, many of whom work in the downtown Detroit business district. Approximately 10,000 square feet of the available commercial space is occupied by Prime and Proper, an upscale steakhouse on the ground level of the building. The restaurant is operated under a 20-year lease by Heirloom Hospitality Group.

Capitol Park Lofts is part of the three-building Capitol Park project located in the Capitol Park District of downtown Detroit. The Capitol Park project included the redevelopment of the Farwell Building, the former United Way Building, and the Capitol Park Building. The Capitol

| PROJECT OVERVIEW | |
|-----------------------|---|
| PROJECT BASICS | |
| Location | 1145 Griswold Street Detroit, MI 48226 |
| Asset Type | Mixed-Use Commercial and Residential Rental |
| Loan Type | First Mortgage |
| Owner | 1145 Griswold Street LLC |
| Total Project Cost | \$22.8M |
| DMIRF Financing | \$ 7.25M |
| Investment Date | 3/26/2015 |
| Projected Exit Date | 2023 |
| Project Timeframe | Start: March 2015 End: June 2017 |
| COMMUNITY NEED | |
| LMI Community Status | Low - Income |
| Placemaking | High |
| Area Median Income | 49.4% ¹ |
| Poverty Rate | 41.8% ² |
| Unemployment Rate | 7.3% ³ |
| Economic Zones | Capitol Park Historic District |

Park Building holds historic significance to the district and continues to contribute to the revitalization of the district and city. Built in 1905, the building was listed as a part of the Capitol Park Historic District on the National Register of Historic Places in 1999.

SPONSOR BACKGROUND

1145 GRISWOLD STREET, LLC

The Owner/Borrower was a newly formed entity, created for the sole purpose of owning the assets that served as collateral for the Subject loan. It is comprised of the following three individuals: Richard M. Karp, Karp & Associates, Kevin J. Prater, Prater Development Ltd., and Richard J. Hosey III.

This project had an experienced development team. The DMIRF team previously worked with most of the mem-

bers of the development team in various capacities, and, this experience was positive. The sponsors and the development team understand complex financing structures like the one required for this transaction; in addition, historic rehabilitation projects are also well understood by both parties. JP Morgan Chase Bank, Urban Partnership Bank and DMIRF also did business with the key principals with respect to construction and permanent financing on a historic building located at 1212 Griswold, Detroit, MI.

RICHARD KARP

Richard Karp, principal of Lansing-based Karp & Associates, was the first of three developers for the Capitol Park project. Born and raised in Detroit, Karp has always expressed a passion and desire to rehabilitate and revitalize commercial historic structures in downtown Detroit. Mr. Karp has previously worked with Bank of America, one of their deals being The Durant Hotel, a market-rate housing property in Flint, Michigan. Mr. Karp was behind two other redevelopment projects around Capitol Park: the former Detroit Savings Bank at 1212 Griswold, which formerly housed the United Way and now contains retail, offices and 56 high-end apartments; and the Farwell Building (1249 Griswold).

KEVIN PRATER

Kevin Prater, principal of Lansing-based Prater Development Ltd., was the second developer for the Capitol Park project. Mr. Prater is an historic redevelopment specialist and has previously worked with Richard Karp.

RICHARD HOSEY

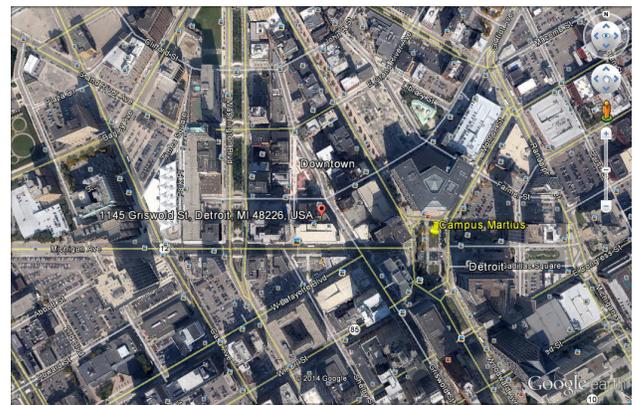
Richard Hosey, principal of Hosey Development LLC, was the third developer for the Capitol Park project. Being a native Detroit, Mr. Hosey finds importance in preserving many of Detroit's historic buildings. Before owning Hosey Development, Mr. Hosey served as a former senior vice president for Bank of America.

PROJECT GENESIS

There have been numerous recent investments that have brought thousands of permanent jobs and other economic activity to the immediate area. Recent housing developments have leased up quickly, as there are virtually no vacant quality housing units in the downtown

area. There was strong community support for the project, as it was seen as a critical component of the master plan for remaking downtown Detroit.

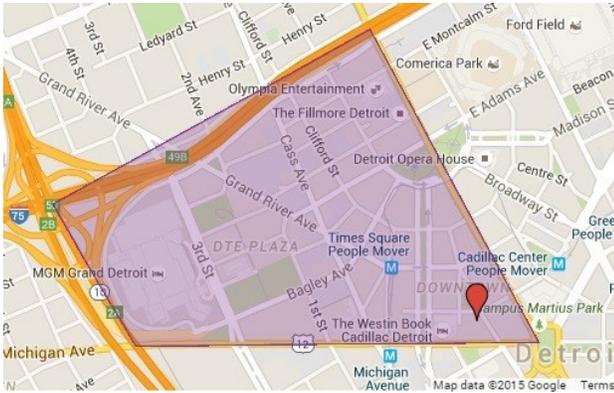
The 2009 opening of the Rosa Parks Transit Center in downtown Detroit marked the end of Capitol Park's 54 years as a transportation center. At that time, the Downtown Development Authority instituted a comprehensive investment strategy for the district that began with redeveloping public space to draw new businesses. To continue this effort, the Detroit Economic Growth Corporation and a group of other economic development agencies sought creative proposals to redevelop three historic buildings surrounding Capitol Park. The Detroit Downtown Consortium selected Karp and Associates and the Downtown Development Authority approved the development agreement for the three buildings in 2012. The subject development also had the strongest support possible from local, county and state governing bodies. State development officials and the Michigan Economic Development Corporation approved a \$1 million grant to help with the building's transformation into 63 apartments and commercial space. The sponsors were awarded historic tax credits, Community Revitalization Program grants and various property tax abatements to encourage redevelopment within the District.



Aerial view of the Capitol Parks project

SITE BACKGROUND

Capitol Park Lofts is located in Detroit, the largest and most populous city in Michigan. Once the fourth largest city in the U.S. and an integral part of the American automobile industry, Detroit has gone through major declines both economically and demographically in recent



decades. This has caused many issues within the state as well as a large decrease in the City's population (41.8% poverty; 7.3% unemployment). In 2013, the City of Detroit filed the largest municipal bankruptcy case in U.S. history. Despite the City's financial issues, many developers remain committed to Detroit's redevelopment and continue to work on development projects throughout the city. Downtown Detroit shows an expanding retail market in addition to a growing population of young professionals. There was a lack of quality housing in the downtown area as evidenced by the nearly 100% occupancy rate. The addition of housing in the Capitol Lofts project supported this demand for housing in the area.

Capitol Park is a historic district and the site of Michigan's first state capitol building. In 2010, the landscape was redone, but only one of the buildings surrounding it was occupied – a Section 8 housing project for seniors⁴. The Capitol Park District is in the revitalization stage with almost the entire district being redeveloped into apartments, commercial office and retail space, and parking structures to support the new developments. There are

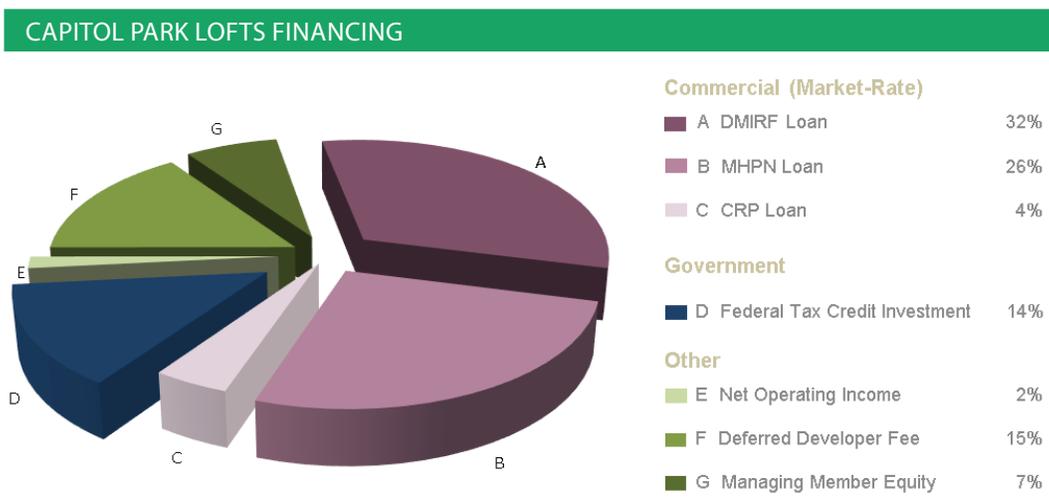
a total of fifteen properties within a four block radius of the subject property which either have been or are in the process of being renovated. These fifteen properties encompass some 200,000 square feet of commercial space and at least 850 residential units.

Capitol Park Lofts is situated on the southwest corner of Griswold and State, one block west of Woodward Avenue and one block north of Michigan Avenue. The area consists of commercial and retail uses, with some mixed use, mixed income multifamily developments. Capitol Park Lofts is located in a historic district of the Detroit central business district known as Capitol Park. The District includes the park and seventeen surrounding buildings for a block in each direction.

PROJECT FINANCING

| PROJECT FINANCING | |
|---------------------------------------|-----------------|
| DMIRF Loan | \$7.25M |
| Michigan Historic Preservation Loan | \$6.00M |
| Community Revitalization Program Loan | \$1.00M |
| Federal Tax Credit Investment | \$3.14M |
| Net Operating Income | \$0.36M |
| Deferred Developer Fee | \$3.51M |
| Managing Member Equity | \$1.58M |
| Total Financing | \$22.84M |

Financing closed on March 2015. As this was a forward commitment, due to convert upon construction completion, actual project funding did not occur until 2017. The forward commitment expired September 26, 2017 and there is no further obligation for DMI to provide perma-



ment loan financing. Sponsors have secured a loan commitment from HUD through its 221(d)4 loan program. It is anticipated that the loan will close by March 31, 2018.

The project received equity from the monetization of Federal and State Historic Tax Credits, and managing member equity in the form of hard equity and a deferred development fee. The project also received loans from the Michigan Historic Preservation Network and the Michigan Community Revitalization Program.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|---|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| 168 Job opportunities for Low- and Moderate-Income individuals (65 construction and 103 permanent tenant positions) | |
| Critical component of downtown Detroit’s master plan | |
| 98% of construction jobs went to semi skilled trades persons paid under \$20 an hour | |
| ECONOMIC AND FISCAL IMPACTS | |
| Construction Jobs | 125 |
| Permanent Jobs | 103 |
| 20-Year Compensation Impact | \$71.7M |
| Total Tax Generated (20-Year PV) | \$29.8M |
| Taxpayer Subsidy | \$ 3.3M |
| Taxpayer Breakeven | Year 2 |
| 20-Year Taxpayer ROI | 794% |
| Modified IRR | 13% |
| ENVIRONMENTAL IMPACTS | |
| Encourages use of alternative transportation; walkable | |
| Transit-oriented development with the new QLine rail | |
| Project contains greenspace | |

The redevelopment generated job opportunities for low- to moderate-income individuals (65 construction and 103 permanent tenant jobs). Two of the anticipated businesses brought over a hundred new low- and moderate-income jobs to the Capitol Park District. The sponsors’ renovation of the buildings they own in the district has acted as a catalyst to bring other developers to renovate properties within the District. There are currently 15 projects slated, completed, or under construction in the Capitol Park District. Three of those project received some level of public subsidy or discounted city-owned land and will be required to set aside 20% of their units for lower income residents.

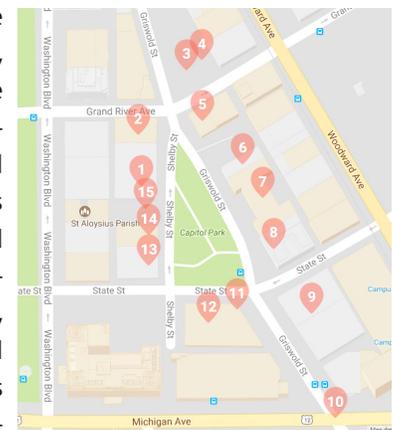
ECONOMIC IMPACT

| ECONOMIC IMPACTS | |
|--|--------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$ 8.7M |
| Economic Output | \$22.4M |
| OPERATIONS | 20-YEAR (PV) |
| Employee Compensation | \$ 71.7M |
| Economic Output | \$150.9M |
| AREA IMPACTS | |
| New residents in the area will increase the need for services in the area spurring redevelopment | |
| Fifteen area buildings are or will undergo renovation | |

There are significant investments being made in the Capitol Park District that will bring hundreds of permanent jobs and residents and other economic activity to the District. The Capitol Park District contains a park that was renovated and upgraded by the City of Detroit. The Capitol Park Lofts project anchors the southern end of the District and plays a vital role in the District’s resurgence.

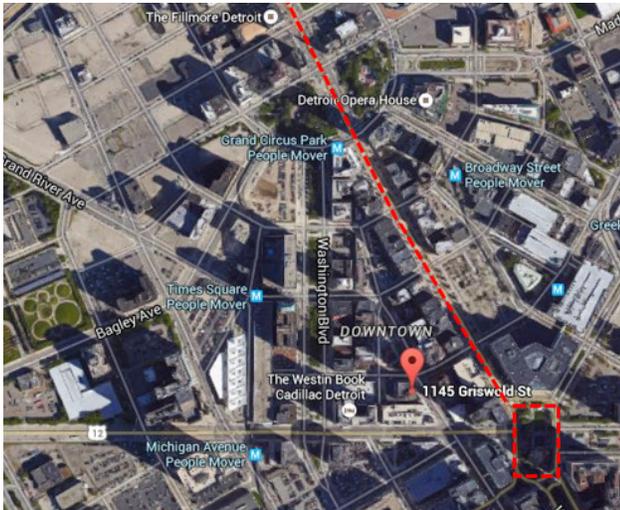
SOCIAL/COMMUNITY IMPACT

The Capitol Park District consists of approximately a three block area along Griswold Street containing seventeen historic buildings and a community park. This is a very walkable area. This area is also in close proximity to Campus Martius, the Central Business District, and the Financial District. The Capitol Park District is one short block west of Woodward Avenue. The new QLine rail provides residents with transportation to all the area venues including Comerica Park, Ford Field, the new Detroit Red Wings Arena, Wayne State University, and the Detroit Medical Center. Since this project has begun, there has been a large increase in construction within Capitol Park. These projects include renovating old buildings into apartments, office space, restaurants, and retail space. Capitol Park is set to become a massive residential area.



Points of new development in Capitol Park

ENVIRONMENTAL IMPACT



-  1145 Griswold St.
-  Future QLine Rail

The site is part of the Capitol Park District which contains greenspace and a park across the street.

The QLine Rail is just blocks from the Capitol Park Lofts project. For decades, poor mass transit and traffic congestion have frustrated Detroiters. The QLine alleviates these frustrations in addition to promoting safe environmental practices. Having the rail line convenient to the development encourages tenants to use this alternative form of transportation which has a positive environmental impact on the area.

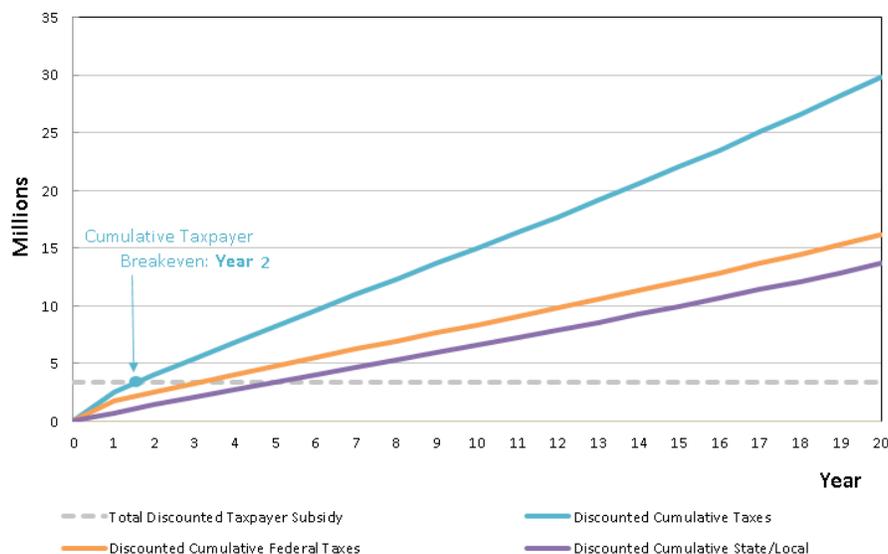
FISCAL IMPACT

As the project site was previously vacant, all of the impacts are accounted for with the analysis. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (12 months) is over \$2.5 million (PV). The projected cumulative tax revenue generated from annual operations totals over \$1.4 million, or \$27 million (PV) over 19 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be just under \$30 million (PV). While this project has utilized cumulative taxpayer subsidies (local, state and federal) totaling \$3.3 million, the fiscal repayment to the taxpayers, based on this subsidy level and the total projected cumulative tax revenues (construction and operations) over a 20-year period, is significant. The taxpayer breakeven, when the cumulative taxpayer subsidies are fully recouped, is in Year 2; the return on the taxpayer subsidy investment is 794%; and the taxpayer Modified Internal Rate of Return (IRR) on the subsidy provided is 13%.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.7M | \$13.6M |
| Federal | \$0.8M | \$16.2M |
| Total | \$1.5M | \$29.8M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:1.3 77% |

*includes construction

TAXPAYER RETURN ON INVESTMENT



WRIGHT OPERA BLOCK

Alma, Gratiot County



REVITALIZED COMMERCIAL BLOCK

The \$6.7 million Wright Opera Block project involved the rehabilitation of a commercial block located at 101-113 East Superior Street and 408 North State Street providing both residential and retail space. This project positively impacts the downtown Alma community, bringing job opportunities for low and moderate income individuals as well as increasing tax revenue for the neighborhood.

The complex consists of three interconnected buildings. The first of the Superior Street buildings is a three-story building with a brick basement built in 1880 and known as the Wright Opera Building. The second Superior Street building, known as the Lancashire Building, was built 1899 and is a two-story building with a brick basement. These buildings are contiguous and sustained considerable damage from a fire which occurred in 2010. The fire damage was confined mostly to the interior of the buildings. The third building fronts on State Street and is a one-story structure constructed in 1900 which housed a boiler that supplied heat to the Wright Opera Building. The building was later converted to retail use and the boilers were removed.

The buildings underwent extensive renovations, which provide a mixed use property containing up to seven ground floor retail storefronts containing a total of approximately 15,605 square feet and two floors of residential units encompassing approximately 20,305 square feet. The residential units will house 45 students from

| PROJECT OVERVIEW | |
|----------------------|---|
| PROJECT BASICS | |
| Location | 12-44 E. Main Street and 5 Wabash Street Milan, Michigan 48160 |
| Asset Type | Mixed-Use Commercial/Retail and Rental Residential |
| Loan Type | Second Mortgage |
| Owner | Wabash and Main, LLC |
| Total Project Cost | \$5.2M |
| DMIRF Financing | \$1.62M |
| Investment Date | 03/24/15 |
| Exit Date | 2017 |
| Project Timeframe | Start Date: March 2015 End Date: March 2016 |
| COMMUNITY NEED | |
| LMI Community Status | Middle - Income |
| Placemaking | High |
| Area Median Income | 82.5% ¹ |
| Poverty Rate | 25.5% ² |
| Unemployment Rate | 6.0% ³ |
| Economic Zones | Milan Main Street Historic District |

Alma College plus two adult advisors. Upon completion, the Wright Opera Block hopes to integrate the students into the downtown district filled with numerous restaurants and businesses.

SPONSOR BACKGROUND

Kurt Wassenaar is a practicing licensed Architect and holds a Master of Architecture from the University of Michigan. Currently he serves as Chairman and COO of Vibethink Corporation, a new media and marketing startup firm in Charlottesville, VA. He is also Managing Member of Blue Springs Development which is engaged in portfolio management and real estate development. Previously, Mr. Wassenaar co-founded Medical Automation Systems and Epsilon Group which provided diagnostic testing and data management systems for the healthcare industry. Mr. Wassenaar is an accomplished entrepreneur, business man and real estate developer/owner. In addition to the subject property, he owns and has renovated three other properties in the City of Alma⁴, including the Ammi Wright mansion, a well-known

blighted property which he plans to turn into an elegant 10-room hotel.⁵

PROJECT GENESIS

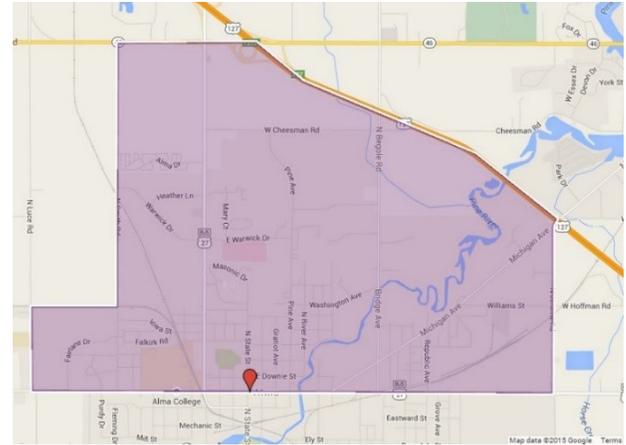
In 1999, Alma’s largest employer, Ultramar Diamond Shamrock closed its refinery operations. This closure resulted in the loss of 300 quality jobs in Alma and Gratiot County. The community and greater Gratiot County are still recovering from this negative impact on the local/regional economy.



-  Wright Opera Block
-  Alma College

There has been a growing amount of investments in the City of Alma that have brought more jobs opportunities and economic activity in the area. The developer of the Wright Opera Block project partnered with Alma College to help alleviate the college’s growing need for residential space as it continues to see an increase in its enrollment. Alma College is a private school serving the regional working-middle class community. The College has traditionally provided education to the region’s youth, offering the working/middle class community with quality educational opportunities. Investors and community leaders see this project as being beneficial in the long-term for both the college and community as it will increase residential living units in the downtown area.

The College supports the redevelopment of the central business district and this development in particular by entering into a ten year lease on the property for all of the residential units. The College and City hope that increasing the student population in the downtown area will attract new retail business that will cater to the stu-



dent body.

The city of Alma was awarded approximately \$420,000 in a Community Development Block Grant, to assist with public infrastructure improvements needed to facilitate completion of this project.

“This project couldn’t happen without both the college and community working together, and the vision to engage the city and bring students into the fabric of the city is important.”

- Kurt Wassenaar, owner of Wright Opera House⁶

SITE BACKGROUND

Wright Opera Block is located in the northeast quadrant of the intersection of E. Superior Street and N. State Street in the central business district of the City of Alma, Michigan. Wright Opera Block lies in the middle of a six block stretch of Superior Street lying between Pine Avenue to the east and Wright Avenue to the west which is the traditional downtown district of Alma. The strip is characterized by multiple storefronts and buildings of varying styles and ages but all operating as commercial, retail or office space. The Alma College campus is approximately one half mile west of the subject property. The Wright Opera Block is a significant project designed to integrate the Alma College student activities into the traditional downtown area as opposed to the current commercial zone located north of the college campus.

PROJECT FINANCING

| PROJECT FINANCING | |
|--|----------------|
| Isabella Bank Loan | \$1.92M |
| Federal Historic Tax Credits (includes portion of DMIRF Loan) | \$0.98M |
| MEDC Community Revitalization Program Grant (includes portion of DMIRF loan) | \$1.00M |
| Developer Cash Equity | \$1.72M |
| Deferred Developer Fee | \$1.09M |
| Total Financing | \$6.70M |

The Wright Opera Block project was awarded a \$1 million grant from the MEDC’s Michigan Community Revitalization Program and Federal Historical Tax Credits in the amount of \$850,000. The \$1.62 million DMIRF loan served as bridge financing for a portion of these two funding sources.

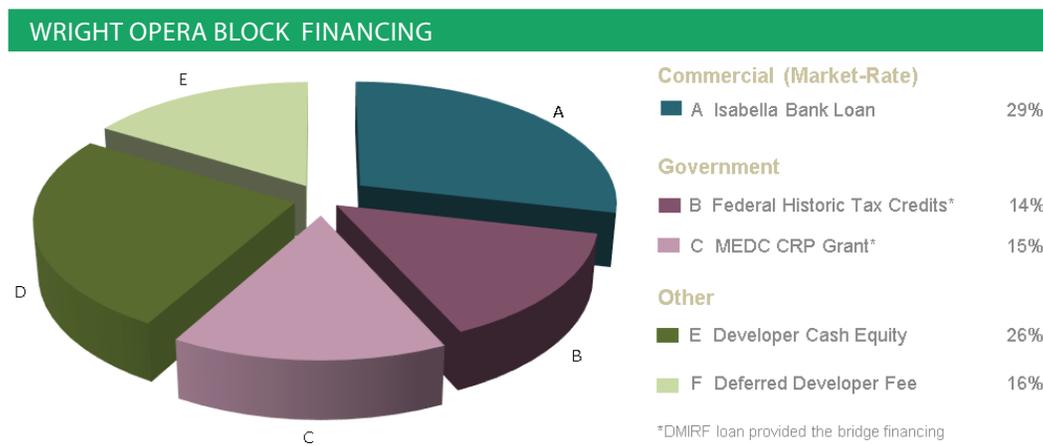
IMPACT ON LOW- AND MODERATE-INCOME PERSONS

Based upon terms of a City of Alma CDBG grant, 51% of the 45 jobs created must go to low- to moderate- income individuals. The project is working collaboratively with a number of groups to provide flexible leases at 30% below market rates to encourage economic development through the use of the property.

| PROJECT IMPACTS | |
|---|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| 51% of 45 proposed new jobs must go to LMI individuals. | |
| Provides flexible leases at 30% below market rates to encourage economic development through use of property. | |
| ECONOMIC AND FISCAL IMPACTS | |
| Construction Jobs | 55 |
| Permanent Jobs | 45 |
| 20-Year Compensation Impact | \$30.6M |
| Total Tax Generated (20-Year PV) | \$14.9M |
| Taxpayer Subsidy | \$ 1.9M |
| Taxpayer Breakeven | Year 3 |
| 20-Year Taxpayer ROI | 678% |
| Modified IRR | 12% |
| ENVIRONMENTAL IMPACTS | |
| 90% of the structure is being re-used in the renovation | |
| Will meet or exceed LEED design standards | |
| Remediation of contaminated materials | |
| Improved walkability in the downtown | |

ECONOMIC IMPACT

The developer believes that up to seven commercial/retail businesses will locate on the ground floor once the rehabilitation work is completed. A firm job creation number has not been delineated at this time. However, the developer feels confident that many of the job opportunities to be created will be made to low and moderate income individuals. While unknown at this time, it would seem that many of these new jobs would be ideal for students.⁷



| ECONOMIC IMPACTS | |
|--|--------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$1.7M |
| Economic Output | \$6.5M |
| OPERATIONS | 20-YEAR (PV) |
| Employee Compensation | \$28.9M |
| Economic Output | \$70.6M |
| AREA IMPACTS | TOTAL |
| Job accessibility to low- to moderate-income individuals | |
| Supports redeveloping Central Business District | |

A historic building in downtown Alma, Michigan will be rehabilitated resulting in a positive impact on Alma’s downtown district, but will also result in increased tax revenue to the community. The community and greater Gratiot County are still recovering from the negative impact of losing a major employer (Ultramar Diamond Shamrock).

SOCIAL/COMMUNITY IMPACT

Downtown Alma has been undergoing a transformation for the past six years and this project is a major part of it. In addition, the community and Alma College have been collaborating on plans to get students more involved in the downtown area. Other buildings in the downtown area have (or will be) undergone façade improvements. Parking lots have been refurbished. Infrastructure (both above and below ground) improvements have improved walkability in the downtown area.

This project creates additional housing opportunities (and potential jobs as well) specifically targeted to Alma College students, who in turn will now be more accessible to downtown and contribute to its liveliness.

A newly opened brew-pub should add to the renewed vitality in the downtown area.

City and County officials are hopeful the Wright Opera Block project will be the catalyst to other residential and business opportunities in the downtown area.

In addition, this development represents another step forward for a community that is still recovering from the loss of a major employer.

ENVIRONMENTAL IMPACT

The most significant aspect of sustainability for this project is inherent in the fact that they are saving and reusing as much of the building materials as possible rather than consigning it to a landfill. Approximately 90% of the entire structure is being re-purposed and reused in the process of the renovation work and this alone would contribute the most to a sustainability designation. In addition, most of the interior doors and other interior woodwork and trim have either been recycled or saved for reuse. Extensive remediation occurred and approximately 30 trailers of contaminated materials (lead-based paint, and asbestos materials) were removed from the site.

The building is spatially efficient for a winter design climate like Alma in that it has a favorable surface to volume ratio which has been optimized for maximum efficiency using state-of-the-art HVAC and insulation systems wherever cost effective and feasible. The building’s total energy load should be a fraction of that of the original building and would likely meet or exceed most LEED design Standards.⁸

The project improvements also improved walkability in the downtown area and a bicycle program is being implemented. The project will promote these types of alternative transportation.

FISCAL IMPACT

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.4M | \$7.5M |
| Federal | \$0.4M | \$7.5M |
| Total | \$0.8M | \$15.0M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:2.9 35% |

*includes construction

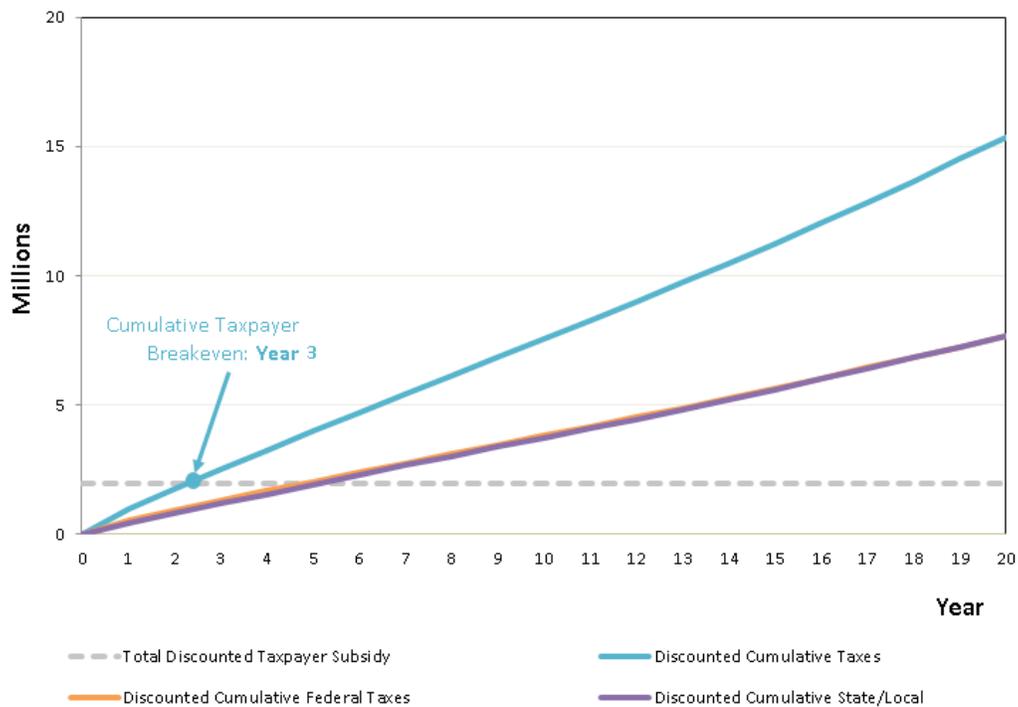
This building had sustained fire damage and with this new development, all of the impacts are being considered as new. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (6 months) is \$0.6 million (PV). The projected cumulative

tax revenue generated from annual operations totals of \$0.8 million, or \$14.3 million (PV) over 19.5 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$15 million (PV). While this project has utilized cumulative taxpayer subsidies (local, state and federal) totaling nearly \$2 million, the fiscal repayment to the taxpayers, based on this subsidy level and the total projected cumulative tax revenues (construction and operations) over a 20-year period, is significant.

The taxpayer breakeven, when the cumulative taxpayer subsidies are fully recouped, is in Year 3; the return on the taxpayer subsidy investment is 678%; and the taxpayer Modified Internal Rate of Return (IRR) on the subsidy provided is 12%.

Note: This project was in foreclosure proceedings and the Fund's note was sold to Alma College, who plans to complete the development. The impacts noted are those projected at the time of the transaction closing (project is currently under construction). The impacts, at this time, are therefore uncertain given the status of the investment.

TAXPAYER RETURN ON INVESTMENT



HARRIS LOFTS

Grand Rapids, Kent County



HISTORIC RENOVATION

Harris Lofts is a \$4.5M project that will entail the renovation of the 38,000 square foot historic Harris Building, modernizing and transforming it to provide retail, restaurant, office, and event space. Today, the building as improved consists of 9,642 square feet of first floor retail space, 12,935 square feet of combined second and third floor event space and 4,341 square feet of third floor office space. There is also 9,924 square feet of finished basement space. The first floor includes an art gallery and meeting place. The renovation of the three-story Harris Lofts is one of many renovation projects that have recently become prevalent in the Heartside Business District. It will have an integral part in revitalizing the Heartside neighborhood.

The building had been vacant for several years. Previously, the building had been home to a brewery, a furniture company and the Knights of Pythias.

SPONSOR BACKGROUND

Mr. Robert Dykstra is an experienced real estate developer, manager and investor. Mr. Dykstra has experience operating service businesses as he at one time owned and operated several private health clubs in the Grand Rapids and Lansing areas.

Robert A. Dykstra began his career as an educator, teaching in the Grand Rapids School System from 1970 – 1975. He transitioned to real estate development in 1978 concentrating on the development of general office and retail buildings developing almost two million square feet

| PROJECT OVERVIEW | |
|-----------------------|--|
| PROJECT BASICS | |
| Location | 111 S. Division Street Grand Rapids, Michigan 49503 |
| Asset Type | Mixed-Use Residential and Rental |
| Loan Type | Short-Term First Mortgage |
| Owner | Harris Lofts LLC |
| Total Project Cost | \$4.5M |
| DMIRF Financing | \$2.76M |
| Investment Date | 03/20/15 |
| Exit Date | 2017 |
| Project Timeframe | Start Date: May 2015 End Date: May 2016 |
| COMMUNITY NEED | |
| LMI Community Status | Moderate - Income |
| Placemaking | High |
| Area Median Income | 62.3% ¹ |
| Poverty Rate | 53.5% ² |
| Unemployment Rate | 3.9% ³ |
| Economic Zones | Downtown Development Authority District |

having a value in excess of \$140 million in the Grand Rapids and Kalamazoo areas. He began developing sports medicine and wellness centers in partnership with hospitals in 1988 and developed more than 1 million square feet of athletic club space and nearly three-quarters of a million square feet of medical office space. In addition Mr. Dykstra has developed more than 1 million square feet of traditional office space. In total, Mr. Dykstra has developed nearly \$300 million in projects over 30 years.

PROJECT GENESIS

There have been significant investments recently in the Heartside District that has increased job opportunities and economic activity. An influx of new construction projects or older buildings that have either been renovated or torn down and replaced with modern high-rise mixed use buildings has taken place, generating over \$100 million of investment in the Grand Rapids' Heartside Business District over the past fifteen to twenty years. Harris Lofts has taken an integral part in this rejuvenation process, helping revitalize this previously blighted area.

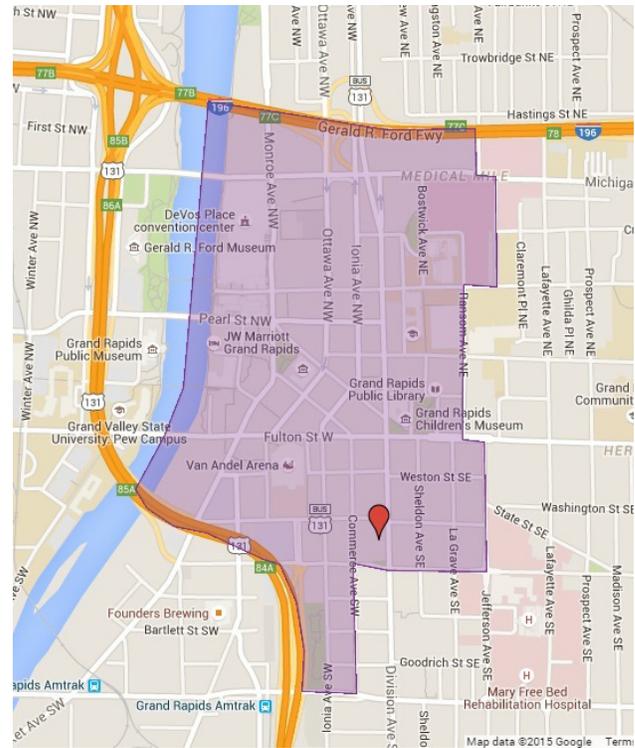
Project support from the City of Grand Rapids is evidenced by the City’s willingness to provide the developer with partial certificates of occupancy for certain areas of the property while renovations continued within other areas of the Property. In addition, the City amended their Brownfield Redevelopment Plan to include the Harris properties and has approved Brownfield Tax Credits for the project totaling nearly \$400,000. The City has also approved and funded a \$50,000 Façade improvement Grant as well as a TIF totaling nearly \$275,000.

SITE BACKGROUND

Harris Lofts is located in the City of Grand Rapids, Kent County, Michigan. Grand Rapids has experienced stability in population and development since the year 2000. Grand Rapids’ downtown has gone through a major resurgence over the past fifteen to twenty years with over \$100 million invested in the City’s business district on either new construction or older buildings either being renovated or torn down and replaced with modern high-rise mixed use buildings.

Harris Lofts is located in the Heartside Business District, a neighborhood that has been shunned by developers and entrepreneurs for years because of its large homeless population. After a period of urban decay, the district with a 53% poverty rate is finally seeing investment activities increase; dozens of properties are being converted from industrial and early 19th century commercial spaces into some of the best redevelopment projects in the Midwest.

In particular the sites are located on the west side of S. Division Street between Oakes St. SW and Cherry St. SW in the southwest portion of the city’s Central Business District. The neighborhood consists of a combination of office, commercial, industrial and residential properties. The immediate area consists of a mixture of low, mid and high rise buildings that have been developed/ redeveloped with various uses. The majority of the new development in the area pertains to the redevelopment of Class C office buildings into mixed-use buildings with ground floor commercial uses and upper level market rate multi-family apartments. As the result of continued and ongoing rehabilitation of the existing buildings along Division, the character of the southern portion of the neighborhood is changing. Once previously shunned



because of ongoing decay, the area now has the second highest number of substantial new development projects in the CBD.

The Harris Building, built in 1892 on the site of the former Grand Rapids Union Brewery, was one of the first buildings to take advantage of the commercial transformation of Division Street. While the first-floor retail space featured showrooms, the second and third floors were known as Eureka Lodge No. 2 by members of a secret fraternal organization called the Knights of Phythias. In addition to the organization’s offices, formal meeting rooms, dining room and billiards room, the second floor featured an expansive, domed ballroom with 18-foot ceilings.

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------------|----------------|
| DMIRF Loan | \$2.76M |
| State Grants | \$1.02M |
| Federal Historic Tax Credits | \$0.40M |
| Tax Increment Financing | \$0.28M |
| Facade Improvement Grant | \$0.05M |
| Total Financing | \$4.50M |

In addition to government assistance, the project is supported by state grants from the Michigan State Housing Development Authority and Michigan Economic Development Corporation Community Revitalization Program. The development project also qualifies for Federal Historic Tax Credits because of the buildings’ historic nature.⁴ Brownfield Tax Credits for the project total nearly \$400,000. The City, seeking to improve this high poverty area, funded a \$50,000 Façade improvement Grant and TIF totaling nearly \$275,000.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

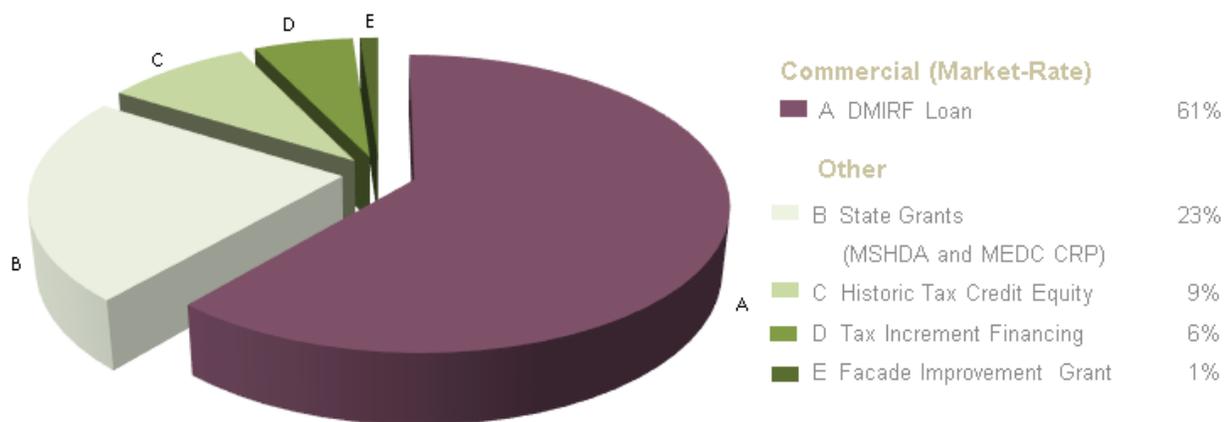
The conversion of parts of this building for use by the Arts Community is anticipated to result in the creation of up to 32 permanent jobs, the majority of which are expected to go to LMI workers. In addition, there will be an apprenticeship program for art students that will support the creation of arts positions that the state is working to cultivate and attract to the area. Around the arts there are students coming out of school with no work experience; it is expected that the project will provide paid apprenticeships at minimum wage and if the apprentices are skilled it may lead to hiring as full time employees.

| PROJECT IMPACTS | |
|---|---------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Apprenticeship Program for art students | |
| Creates creative arts positions that the state is trying to grow and attract | |
| ECONOMIC AND FISCAL IMPACTS | |
| Construction Jobs | 45 |
| Permanent Jobs | 32 |
| 20-Year Compensation Impact | \$31.4M |
| Total Tax Generated (20-Year PV) | \$11.7M |
| Taxpayer Subsidy | \$ 1.7M |
| Taxpayer Breakeven | Year 2 |
| 20-Year Taxpayer ROI | 589% |
| Modified IRR | 11% |
| ENVIRONMENTAL IMPACTS | |
| Brownfield | |
| Located on a transit line and part of the smart growth grid | |
| Adaptive reuse and historic rehabilitation of an antiquated industrial building | |
| Asbestos and mold abatement | |
| Constructed utilizing recycled materials | |

ECONOMIC IMPACT

It is anticipated that the retail/educational area and the event space areas will create 20-25 jobs, the majority of which will pay LMI wages. In addition, it is anticipated that the event space will help to invigorate an already healthy “Arts” community in the area.⁵

HARRIS LOFTS FINANCING



| ECONOMIC IMPACTS | |
|--|--------------|
| CONSTRUCTION | TOTAL (PV) |
| Employee Compensation | \$3.5M |
| Economic Output | \$8.8M |
| OPERATIONS | 20-YEAR (PV) |
| Employee Compensation | \$27.9M |
| Economic Output | \$86.3M |
| AREA IMPACTS | |
| Invigorates the arts community in the area | |

SOCIAL/COMMUNITY IMPACT

The project is located in the southwest area of the Grand Rapids' Central Business District which has been shunned by developers and entrepreneurs for years. As the result of continued and ongoing gentrification of the existing buildings along Division, the character of the southern portion of the neighborhood is changing. The renovation of this project plays a significant role in the revitalization of the Heartside District. A feature of The Harris Renaissance Club is the wide variety of classes and social groups available to members. The second story has a 7,000 square foot ballroom where members have access to theater productions. During the day the space will be available for seminars, book readings, Toastmasters, or other bookings which members desire to rent. It will also be a host site of the annual ArtPrize which brings a great deal of foot traffic and outside interest and investment into the area.

“The whole area is in a state of transition right now...The building next door (101 South Division) was renovated about three years ago, and there’s new housing going in down the street on the corner of Cherry Street. Heartside is a vibrant neighborhood, bustling with redevelopment. It’s exciting to be a part of this transition,”

- Dulane Coval, Project Manager, Wolverine (one of the contractors on the Harris project)⁶

The project involves the renovation and adaptive reuse of an antiquated industrial building, modernizing it and bringing in food, event and office users. These types of

renovation and reuse projects are prevalent in Downtown Grand Rapids.⁷

After renovation, the project will be a walkable venue for the retail and event space uses, linking the area with the vibrant downtown shopping & commercial areas.

ENVIRONMENTAL IMPACT

This project involves the renovation and adaptive reuse of an antiquated industrial building. It is also a Brown-field project. The project is conveniently located on a transit line and as part of the smart growth grid to support use of alternate transportation. The large original windows will provide a great deal of natural light and the stairways were constructed using recycled metal siding. The project has installed low-flow devices and LED lights as well as a new roof with insulation to make the operations more efficient and cost-effective.

FISCAL IMPACT

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.2M | \$ 4.5M |
| Federal | \$0.4M | \$ 7.2M |
| Total | \$0.6M | \$11.7M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:2.6 38% |

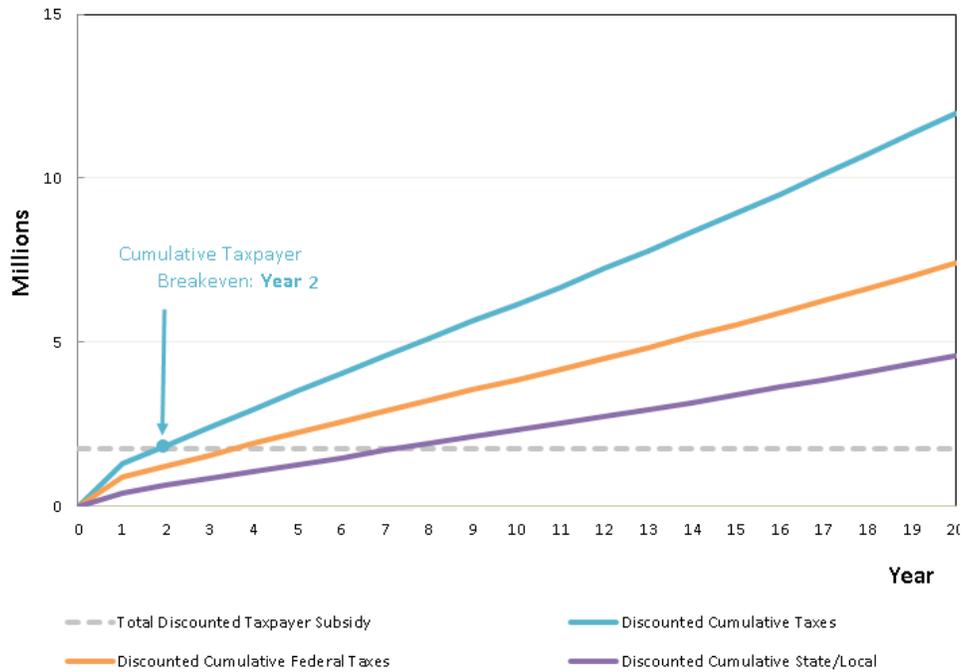
*includes construction

As the building had been vacant for several years leading up to the development, we consider all impacts generated as new. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (18 months) is \$1 million (PV). The projected cumulative tax revenue generated from annual operations totals over \$0.6 million, or \$10.6 million (PV) over 18.5 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$11.6 million (PV). While this project has utilized cumulative taxpayer subsidies (local, state and federal) totaling over \$1.7 million, the fiscal repayment to the taxpayers, based on this subsidy level and the total projected cumulative tax revenues (construction and operations) over a 20-year period, is

significant. The taxpayer breakeven, when the cumulative taxpayer subsidies are fully recouped, is in Year 2; the return on the taxpayer subsidy investment is 589%; and the taxpayer Modified Internal Rate of Return (IRR) on the subsidy provided is 11%.

Note: This project was taken by the Fund through a deed in lieu of foreclosure and was sold to a developer who will complete the rehabilitation and re-tenanting the buildings. The impacts noted are those projected at the time of the transaction closing (project is currently under construction). The impacts, at this time, are therefore uncertain given the status of the investment.

TAXPAYER RETURN ON INVESTMENT



DARTMOUTH SQUARE APARTMENTS

Inkster, Wayne County



QUALITY APARTMENTS

The Dartmouth Square Apartment project is a \$2.18 million renovation project encompassing the rehabilitation of eight apartment buildings located in Inkster, Michigan. Many residential areas of Inkster show signs of blight and economic hardships following the 2007-2009 financial collapse. This project will bring high-quality housing for residents that are finding difficulty in purchasing single-family homes.

The subject site is approximately 7.26 acres and is currently improved with eight two and one-half story apartment buildings containing 126 total units. The property, built in 1972, originally contained nine apartment buildings with a total of 138 units, but one building was destroyed and razed by a fire in 2014. The clubhouse, constructed in 1997, contains the leasing office and maintenance office and a large community room with kitchen and a computer room for residents' use. Additional on-site improvements consist of concrete sidewalks, asphalt paved drives and parking for approximately 266 cars, a metal picket fence and mature landscaping.

SPONSOR BACKGROUND

GINOSKO DEVELOPMENT COMPANY, AMIN IRVING, MARY TISCHLER

Ginosko Development Company (GDC) is a real estate development company that specializes in the creation and preservation of quality affordable multi-family and single family housing complexes. GDC, through its subsidiaries and joint ventures, engages in the acquisition, development, redevelopment, ownership, and operational oversight of multifamily properties in the United

| PROJECT OVERVIEW | |
|----------------------|---|
| PROJECT BASICS | |
| Location | 26832 Colgate Street Inkster, MI 48141 |
| Asset Type | Garden Style Multifamily |
| Loan Type | Short-Term First Mortgage |
| Owner | Ginosko Development Company, Amin Irving, Mary Tischler |
| Total Project Cost | \$2.18M |
| DMIRF Financing | \$1.45M |
| Investment Date | 01/28/2015 |
| Exit Date | 2016 |
| Project Timeframe | Start Date: January 2015 End Date: January 2016 |
| COMMUNITY NEED | |
| LMI Community Status | Moderate - Income |
| Placemaking | High |
| Area Median Income | 63.0% ¹ |
| Poverty Rate | 34.1% ² |
| Unemployment Rate | 7.3% ³ |



Aerial view of project site

States. Its activities include the acquisition and development of residential properties and undeveloped land reserves for development or sale.

AMIN IRVING

Amin Irving is the president of Ginosko Development Company. Mr. Irving is responsible for the overall performance and operation of the company. He oversees the selection of various locations, the preliminary feasibility analyses, the purchase negotiation of projects, landscap-

ing and architectural design, municipality processing and debt and equity financing.

MARY TISCHLER

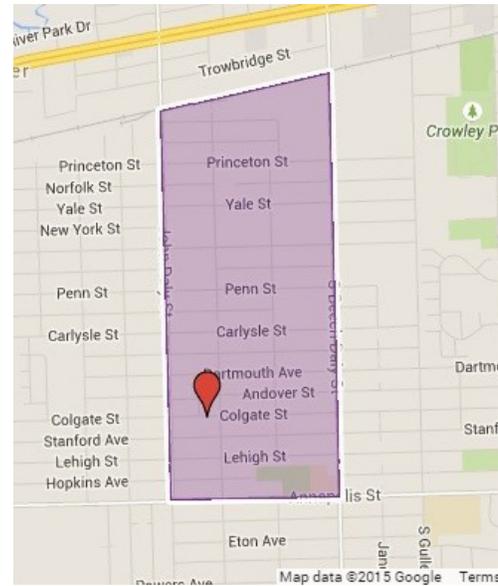
Mary Tischler is the Chief Financial Officer of Ginosko Development Company. Ms. Tischler is responsible for all financial accounting and reporting functions for the company.

PROJECT GENESIS

The City of Inkster has suffered through a long period of economic declines but is showing signs of stabilization. Single family house prices have increased approximately 50% over the past twelve months. Despite the affordability of single family housing in the neighborhood, the difficulties in obtaining financing and accumulating savings for a down payment continue to keep the purchase of a single family house out of the reach of many residents which keeps up the demand for rental housing in the neighborhood.

SITE BACKGROUND

Dartmouth Square Apartments are located in the City of Inkster, Wayne County, Michigan on Colgate between Inkster and Beech Daly Streets. The City of Inkster is located in western Wayne County approximately 20 miles from Detroit’s central business district. The City of Inkster has shown a slight decrease in population since the 2010 census but the population is expected to grow through 2018. Median household income has increased approximately 3.3% since 2010 and is expected to increase an average of approximately 2.85% over the next five years. The neighborhood immediately surrounding the Property is a predominately single family residential community. Houses are generally modest, ranging from 800 to 1,200 square feet; their values range from \$10,000 - \$30,000



according to a recent appraisal for the Dartmouth Square Apartments. According to the appraisal, residential sales prices are up over fifty percent (50%) from prices in 2013. There is some blight in the area with vacant houses and lots, which have a negative effect on housing values.⁴

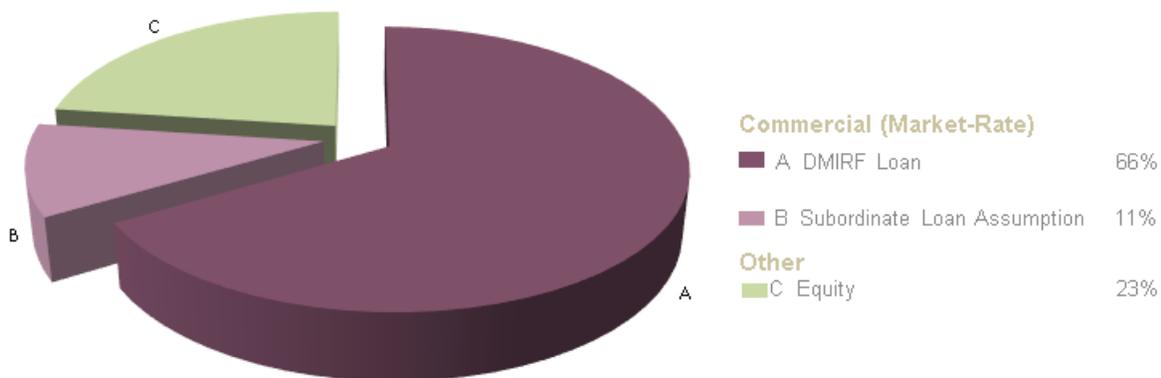
PROJECT FINANCING

| PROJECT FINANCING | |
|-----------------------------|----------------|
| DMIRF Loan | \$1.45M |
| Subordinate Loan Assumption | \$0.23M |
| Equity | \$0.50M |
| Total Financing | \$2.18M |

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

It is anticipated that the renovation of the existing units will create 20-25 temporary construction jobs.⁵ These jobs will go to local skilled and semi-skilled tradespersons. The vast majority (estimated at 98% of

DARTMOUTH SQUARE APARTMENTS FINANCING



jobs) are hourly contractors making under \$20.00/hour.

The Project is located in a primarily single family neighborhood exhibiting signs of blight. The project will provide additional quality housing stock to the City of Inkster. The 126 units are all accessible to voucher holders that would range between Extremely Low Income for households earning less than 30% of the median, Very Low Income for households earning between 30% and 50% of the median and Low Income for households earning between 50% and 80% of the median.

| PROJECT IMPACTS | |
|---|--------|
| LOW- AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Located in a primarily single family neighborhood exhibiting signs of blight. | |
| Maintains quality housing stock to the City of Inkster. | |
| The 126 units which will accept voucher holders. | |
| ECONOMIC AND FISCAL IMPACTS | |
| Construction Jobs | 25 |
| Permanent Jobs | 2 |
| 20-Year Compensation Impact | \$5.3M |
| Total Tax Generated (20-Year PV) | \$1.6M |
| Taxpayer Breakeven | N/A |
| 20-Year Taxpayer ROI | N/A |
| Modified IRR | N/A |

SOCIAL/COMMUNITY IMPACT

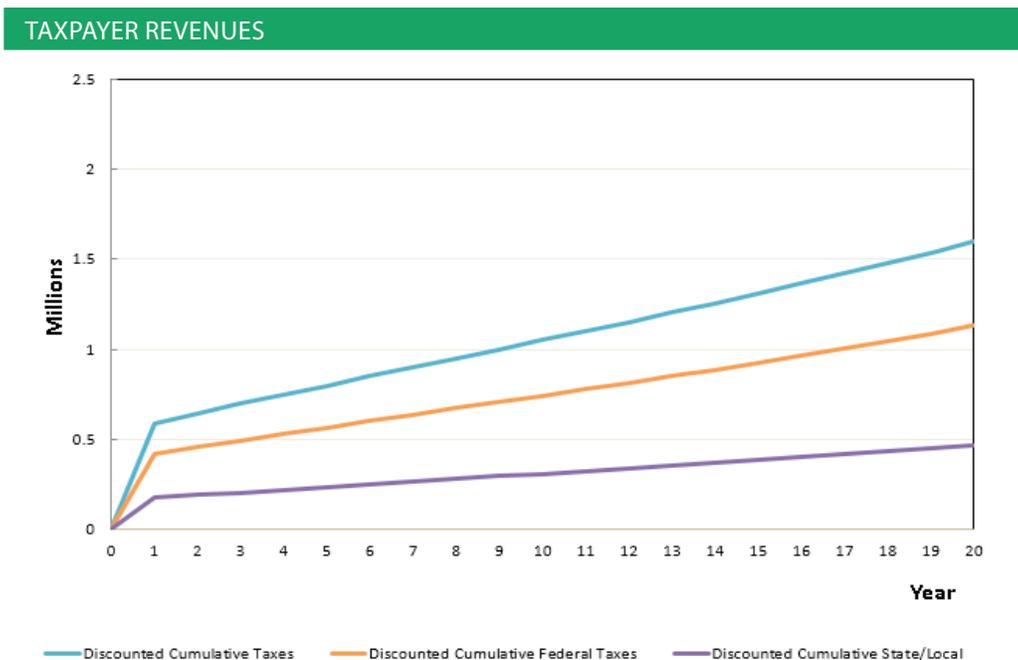
The project is located in a primarily single family neighborhood exhibiting some signs of blight. The effects of the financial collapse of 2007 – 2009 continue to make it difficult for residents to afford to purchase single family houses. The project will provide additional good quality housing stock to the City of Inkster residents.⁶

FISCAL IMPACT

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.01M | \$0.5M |
| Federal | \$0.04M | \$1.1M |
| Total | \$0.05M | \$1.6M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | 1:0.7 | 136% |

*includes construction

The two jobs created are considered new for the project. The local, state and federal tax revenue (the “cumulative tax revenue”) generated during construction (maintenance and repairs ongoing during operations) is \$0.5 million (PV). The projected cumulative tax revenue generated from annual operations totals \$53,630, or \$1 million (PV) over 20 years. Over 20 years, therefore, the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$1.6 million (PV).



332 LINCOLN

Royal Oak, Oakland County



REVITALIZING INDUSTRIAL SPACE

The 332 Lincoln project involves the renovation and adaptive reuse of an antiquated industrial building, modernizing it and transforming it to accommodate high-tech users as well as a micro brewery and tasting room. These types of renovation & reuse projects have become prevalent in Downtown Royal Oak, as the underutilized and vacant buildings in the traditional industrial areas are repositioned. 332 Lincoln is positioned to help attract more businesses to this part of town. 332 Lincoln consists of two buildings on a single site that historically have been occupied by various warehousing, office, research and design and manufacturing uses.

"It's going to fit in with the neighborhood and add some vibrancy to the area."

- Mayor Pro-tem David Poulton.¹

Building #1 is a two-story, 35,520 SF light industrial facility constructed in 1954 with an office/warehouse mix which will be converted into a mixed use retail/office building housing ROAK Brewing Co. with its tasting room and MedKinect, LLC, a medical supply company. Ford Motor Company recently signed a lease to occupy 6,500 sq. ft. in Building #1 to establish the headquarters of Livio Connect, Ford's wholly owned internet app/radio engineering company, which is relocating and expanding from its current location in Ferndale, MI. As of Spring 2017, the entire project is 100% leased.

| PROJECT OVERVIEW | |
|----------------------|---------------------------------------|
| PROJECT BASICS | |
| Location | 332 E. Lincoln Royal Oak, MI 48067 |
| Asset Type | Mixed-Use Commercial/Office |
| Loan Type | Senior Loan |
| Owner | 6300 Hughes LLC |
| Total Project Cost | \$2.35M |
| DMIRF Debt | \$1.50M |
| Owner Equity | \$0.85M |
| Investment Date | 10/08/14 |
| Exit Date | 2016 |
| Project Timeframe | 12-month conversion |
| COMMUNITY NEED | |
| LMI Community Status | Middle - Income |
| Placemaking | High |
| Area Median Income | 118.6% |
| Poverty Rate | 4.9% |
| Unemployment Rate | 2.4% |
| Economic Zones | None |

Building #2 is a one-story, 1,108 SF light industrial building constructed in 1949 with an office/warehouse mix which will also be converted into commercial or office use as the project seasons. 332 Lincoln's improvement budget of \$625,000 will be used to convert the subject from a light industrial property into a mixed-use retail/office property. Existing tenants on site are FAAC Incorporated, which provides systems engineering and software products to the U.S. government and private industry, and Detroit Build, Michigan's preferred 203k Home Loan and Homepath contractor.

ROAK BREWING CO.



ROAK Brewing Co., a micro brewery, is an independent craft brewing company that employs 25 will be housed on site. ROAK will be able to seat roughly 85 patrons and will include 8 outdoor seats and 19 bar seats. With its added capacity, an esti-

mated 18,000 barrels of malt products is expected to be produced and distributed by the new facility to retailers across the metropolitan area each year. The tasting room, on the other hand, will be opened only in limited service, and the food-to-alcohol ratio will be 50-50.



MEDKINECT, LLC



“Our vision is to guide the healthcare industry

through the adoption and improvement of ancillary exposures with our series of products and services that are focused on improving patient outcomes and normalizing their everyday lives”

This company currently has 18 employees. The products and services include:

- Transdermal Therapy
- Urinary Drug Testing
- Pharmacogenetics
- Durable Medical Equipment
- Data Research
- Intraoperative Monitoring
- Revenue Cycle Management

OTHER TENANTS: Other tenants on the 2nd floor include a variety of small businesses such as: a vodka salesman, construction company, DJ, nutritionist, accounting firm, photographer, etc.

SPONSOR BACKGROUND

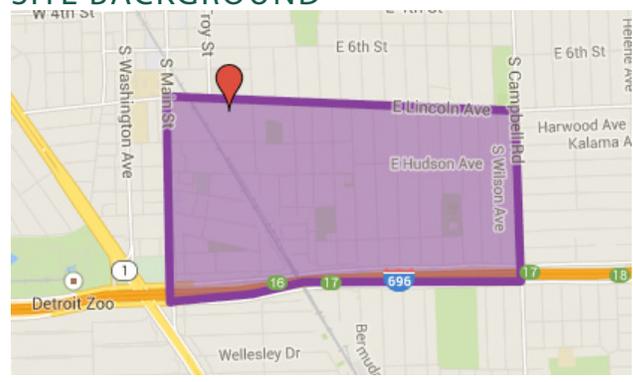
Greg Cooksey & Lindsay Edmonstone have been buying, renovating, re-tenanting & managing industrial and office properties in Royal Oak since 2008. They have experience with over 11 projects, 9 of which are in downtown Royal Oak, and handle all aspects of the project in-house, including construction management, leasing, brokerage,

etc. They have an overall occupancy of 236,000 square feet of over 85% and global DSCR of 1.46X. They are familiar with the Royal Oak market and have developed a niche in these conversion opportunities.

PROJECT GENESIS

Support for 332 Lincoln from the City of Royal Oak is evidenced by the recent approval by the City Commission to have the property re-zoned for the development of a micro brewery and a tasting room. The 332 Lincoln benefits the City in that it brings more jobs and tax revenues to the City, as more companies locate in this former industrial area. As a retail establishment with beer & food being served, it is a first for the area and will be an important amenity to help attract more consumers and more businesses to locate in this area. ROAK requested that conditionally the site be rezoned from mixed-use 1 to general industrial and grant it a micro- brewers license. Mixed-use allows for office and residential, but high-tension wires on site as well as the location of a DTE substation across the street made it undesirable for such uses. A major selling point to the city was the hours of operation, which go no later than 11 p.m. on any night of the week.² Final approval for the project was granted October 6th, 2014 and took effect on October 16th, 2014.

SITE BACKGROUND



332 Lincoln Census Tract

The property is located in the City of Royal Oak, Michigan on Lincoln Avenue between South Main and Knowles Street—a neighborhood that consists predominately of residential, retail, office, and light industrial properties. Several older light industrial properties within this neighborhood have become obsolete, though there are plans to convert these outmoded properties from industrial uses to higher and better retail, office, and residential functions. In fact, over the last 10 years, this section of

Royal Oak, which was primarily industrial in nature, has seen an increasing renovation and shift towards more residential and high-tech office uses.³

This area of Royal Oak is in transition from industrial along either side of the rail road tracks to mixed residential/commercial & office use. 332 Lincoln is continuing that trend and is a good fit in that the immediate area that still feels somewhat industrial in nature and in need of revitalization and the transformation of this building into office and a brewery with a retail tasting room should have a catalytic impact as more employees and consumers will be drawn to this part of town. The area has been undergoing significant revitalization over the past 5-10 years, with retail, office and residential continuing to expand from the outmoded industrial facilities. 332 Lincoln continues the revitalization trend and will add to this community’s growing economic vibrancy.

While 332 Lincoln is close to the downtown, it is in a former industrial area that is just far enough from the city center to make it inconvenient for employees at nearby companies to make the walk to the shops downtown. 332 Lincoln will encourage additional foot traffic within the industrial area to expand the area’s “placemaking” characteristics – where residents can live, work and enjoy themselves without having to travel by automobile. “Economic development and community development are two sides of the same coin. A community without place amenities will have a difficult time attracting and retaining talented workers and entrepreneurs, or being attractive to business.”⁴ As more office and tech jobs move into these industrial projects, the presence of the tasting room that offers a retail presence in the community will be a bridge and encourage the development of the com-

munity in addition to the economy. The motto of Royal Oak is, fittingly, “A place to come to, not pass through on your way to somewhere else.”⁵

PROJECT FINANCING

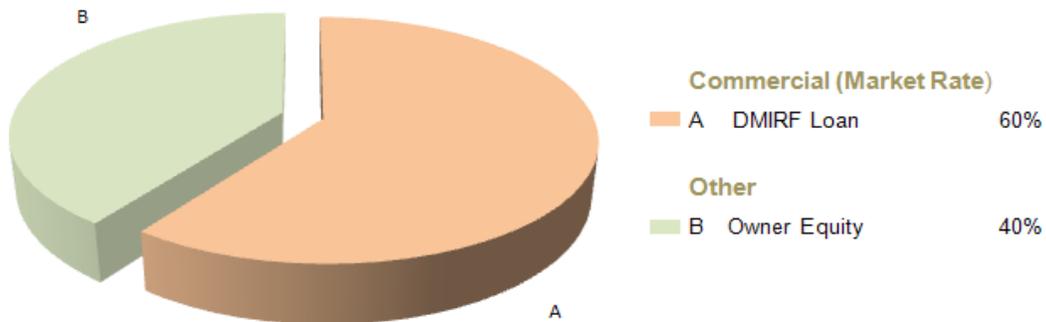
332 Lincoln was financed with owner equity and the DMIRF loan. The project is finalizing over \$625,000 of tenant and landlord improvements for facility upgrades.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

The brewery and tasting room have already created 25 jobs while 18 jobs have come from the medical supply company, the majority of these 43 jobs will pay living wages. In addition, 25 additional jobs will be created as Ford Motor Company takes occupancy.

| PROJECT IMPACTS | |
|---|---------|
| LOW-AND MODERATE-INCOME COMMUNITY IMPACTS | |
| Jobs made available to low-income persons | |
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 50 |
| Tenant Permanent Jobs Retained | 12 |
| Tenant Permanent Jobs Created | 43 |
| Tenant Permanent Jobs Projected | 20-25 |
| 20-Year Compensation Impact | \$30.9M |
| Total Tax Generated (20-year PV) | \$14.7M |
| Taxpayer Breakeven | N/A |
| 20-Year Taxpayer ROI | N/A |
| Modified IRR | N/A |
| ENVIRONMENTAL IMPACTS | |
| Adaptive Reuse of an Obsolete Industrial Site | |
| Walkability of site encourages foot traffic | |

332 LINCOLN FINANCING



ECONOMIC IMPACT

| ECONOMIC IMPACT SUMMARY | |
|--|--------------------|
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$ 48.5M |
| Economic Output | \$127.5M |
| AREA IMPACTS | TOTAL |
| 60% of Jobs Accessible to Low-Income Persons | |
| New jobs created will support and promote more traffic into other downtown commercial businesses | |

Medkinect has 18 employees of which, three are executive level, two are middle range, and 13 are administrative employees. The range of salaries (not including principals) is \$25K to \$80K. It is expected that the 13 administrative jobs are held by low- to moderate-income individuals.

ROAK Brewing Co. employs 25 of which, 20 serve as cooks, dishwashers, servers, bartenders, and have warehouse jobs, while five are management and brewers. The management and brewer jobs are expected to pay \$50,000 and up. The other 20 jobs are expected to be minimum wage up to \$12 per hour.

There are two other long-term businesses located at this site with 12 total employees. Ford Motor Company will create 25 new jobs to occupy the 2nd floor space (6,500 sq. ft).

The Borrower, 6300 Hughes, LLC, is receiving the DMI investment (loan) and has an SIC code of "owners & operators of real estate". Current gross annual revenue is total rents received and approximates \$200,200. DMI believes the borrower meets the Small Business Administration definition of a small business. Based on wage information from the Bureau of Labor Statistics and current income limits, 33 of the total 55 existing jobs (60%) meet the low- and moderate-income threshold.⁶

Much of the economic and social resurgence in Royal Oak's downtown over the past 15-20 years can be attributed to the \$100 million investment in the city's business district on new construction, renovations, or replacement of older buildings with modern high-rise mixed use buildings. A substantial portion of this renovation was undertaken by the Downtown Development Authority, that helped bring sweeping improvements to such prom-

inent buildings as the Baldwin Theatre and the Washington Square Building in Royal Oak.⁷ As Michigan is the fifth-largest craft brewery state in the country, the addition of a brewery and tasting room to the facility is predicted by the city to become a major job creator and promoter of tourism.⁸



"I look at this building and see a beautiful building going up, and I see that possibly commerce can happen. And people going there will now go into town and buy something from some of the retailers that are starving."

- Drew Hopkins, Area Resident⁹

332 Lincoln is located 2 blocks off of Main Street, the central north/south commercial corridor in Downtown Royal Oak, in a predominantly industrial part of town. Through conversion into retail & office use, the project will provide additional jobs which will support and promote more traffic into other downtown commercial businesses.

ENVIRONMENTAL IMPACT

332 Lincoln will adaptively reuse an obsolete warehouse located in an industrial area. In addition, a former heating oil underground storage tank (UST) was removed from the site. The HVAC consists of rooftop package units as well as gas fired heating units in the warehouse areas. It will be a walkable venue for both retail (the brewery) & commercial (the offices) use, linking a former industrial area with the vibrant downtown shopping & commercial areas. This aspect will encourage more foot traffic and encourage alternative transportation.

FISCAL IMPACT

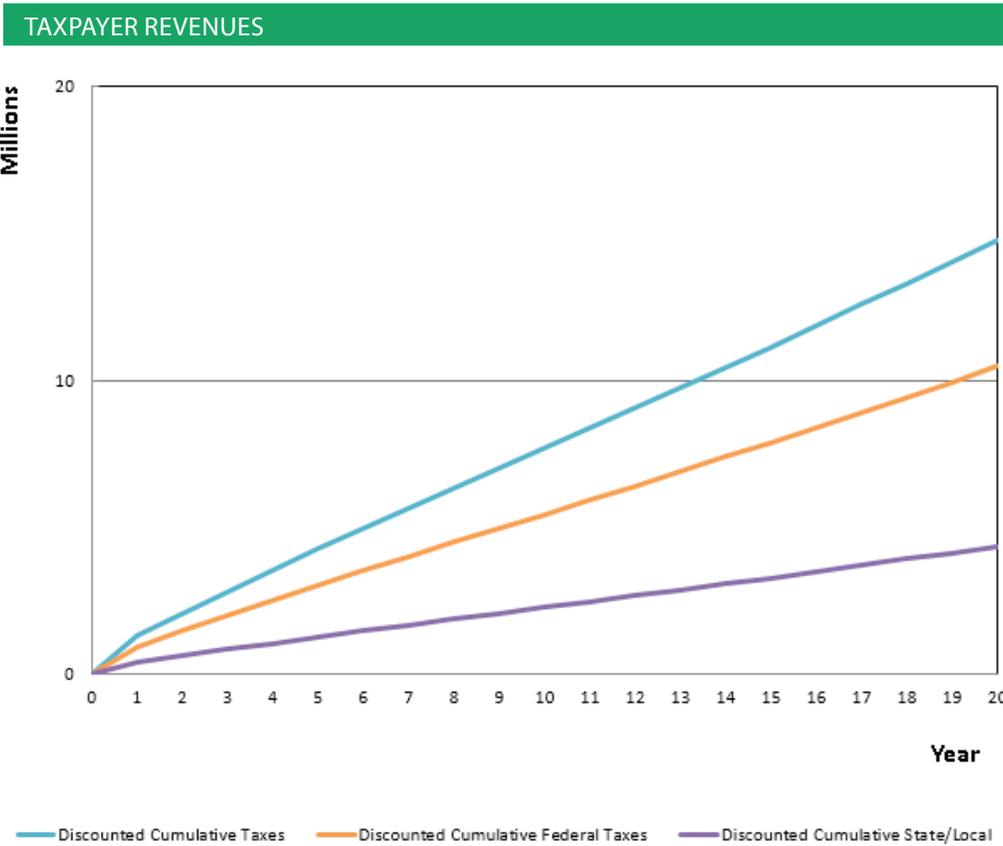
This project has utilized \$1.5 million of DMI investment. The resulting fiscal impacts of the project are significant. The local, state and federal tax revenue (the "cumulative tax revenue") generated during construction (12 months) is \$0.5 million present value (PV). The projected cumulative tax revenue generated from annual operations totals \$14.3 million (PV) over 19 years. Over 20 years, therefore,

the total cumulative tax revenue generated from the construction and operations of the facility is projected to be \$14.8 million (PV).

The benefit to the project is substantial in terms of the ratio of the \$2.35 million total project cost to the 20-year (PV) tax revenues generated. The ratio is 1:6 or the (PV) of the tax revenues over the 20-year period is 629% of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|---------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV)* |
| State & Local | \$0.2M | \$ 4.3M |
| Federal | \$0.5M | \$10.5M |
| TOTAL | \$0.7M | \$14.8M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:6.3 16% |

*Combined construction and operations revenues



PRONTO! BUILDING

Royal Oak, Oakland County



MIXED-USE REDEVELOPMENT

The Pronto! project is a 2-story building containing a restaurant and bakery on the ground floor as well as 12 office units on the second floor. CTP Hospitality Holdings operates the restaurant/bar known as Pronto! (which has been in operation at the same location for 20 years) and a corner bakery & retail candy store. The 2nd floor is built out with 12 separate offices ranging from 250 – 1,000 square feet each. As of January 2017 the project is 100% occupied.

SPONSOR BACKGROUND

Greg Cooksey & Lindsay Edmonstone have been buying, renovating, re-tenanting & managing industrial and office properties in Royal Oak since 2008. They have experience with over 11 projects, 9 of which are in downtown Royal Oak, and handle all aspects of the project in-house, including construction management, leasing, brokerage, etc. They have an overall occupancy on 236,000 square feet of over 85% and global DSCR of 1.46X. They are very familiar with the Royal Oak market and have developed a niche in these conversion opportunities.

PROJECT GENESIS

Jim Domanski, Tom Murray and Bill Thomas opened Pronto! in 1991 as a deli and catering business. The business grew into a full-service restaurant, bar and Corner Store, expanding into neighboring buildings. CTP Hospitality Holdings LLC (CTP) bought Pronto! from Rutabagas Inc., the entity under which the founders and previous owners operated, and took over operations June 3, 2014. CTP's owners are Greg Cooksey, Lindsay Edmonstone.

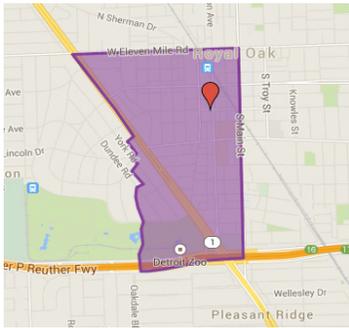
| PROJECT OVERVIEW | |
|----------------------|--|
| PROJECT BASICS | |
| Location | 600 S. Washington Ave. Royal Oak, MI 48067 |
| Asset Type | Mixed-Use |
| Loan Type | Refinance |
| Owner | 600 Washington LLC |
| Total Project Cost | \$1.75M |
| DMIRF Financing | \$1.50M |
| Owner Equity | \$0.25M |
| Investment Date | 10/08/14 |
| Exit Date | 2016 |
| Project Timeframe | Start Date: October 2014 End Date: September 2015 |
| COMMUNITY NEED | |
| LMI Community Status | Upper - Income |
| Placemaking | High |
| Area Median Income | 141% |
| Poverty Rate | 5.5% |
| Unemployment Rate | 0% |
| Economic Zones | None |

Cooksey and Edmonstone are partners in CG Emerson Real Estate Group and concurrent with their acquisition of the restaurant operations purchased the building through their 600 Washington LLC entity.¹ In 2016, they will be transitioning the ownership of Pronto! by selling their membership interests in CTP to the owners/operators of established Royal Oak restaurants Hamlin Corner and Strada, Anthony Mancini and Kelly DeAngelis.

SITE BACKGROUND

The Pronto! project is located 2 blocks off of Main Street, the central north/south commercial corridor in Downtown Royal Oak, on Washington Street, which is the 2nd busiest north/south corridor in Royal Oak. The neighborhood is a combination of residential, office and commercial businesses. The subject property was originally constructed in 1922. It was renovated for the Pronto! Restaurant in 1991, the bar was added in 1996 and the retail bakery/retail store added in 2004. The upstairs of-

ices were originally occupied since 1955 but have recently been renovated by the present owners upon their purchasing the property in 2013.



Due to the nature of the jobs at the project, there will be jobs retained and made available to low- and moderate-income persons.

ECONOMIC IMPACT

| ECONOMIC IMPACT SUMMARY | |
|--|---------------------------|
| OPERATIONS | 20-YEAR TOTAL (PV) |
| Employee Compensation | \$22.7M |
| Economic Output | \$50.3M |
| AREA IMPACTS | |
| 60% Jobs accessible to Low-Income Persons | |
| Fully Leased Predominantly Vacant Office Space | |

PROJECT FINANCING

| PROJECT FINANCING | |
|------------------------|----------------|
| DMIRF Loan | \$1.5M |
| Owner Equity | \$0.25M |
| Total Financing | \$1.75M |

The Pronto! project was financed with a combination of owner equity and the DMI loan.

IMPACT ON LOW- AND MODERATE-INCOME PERSONS

| PROJECT IMPACTS | |
|--------------------------------------|-------------|
| ECONOMIC & FISCAL IMPACTS | |
| Construction Jobs | 3 |
| Permanent Jobs Retained | 61 (41 FTE) |
| Tenant Permanent Jobs Retained | 6 |
| Permanent Jobs Created | 17 |
| 20-Year Compensation Impact | \$54.9M |
| Total Tax Generated (20-year PV) | \$17.5M |
| Taxpayer Breakeven | Year 4 |
| 20-Year Taxpayer ROI | 743.1% |
| Modified IRR | 18% |

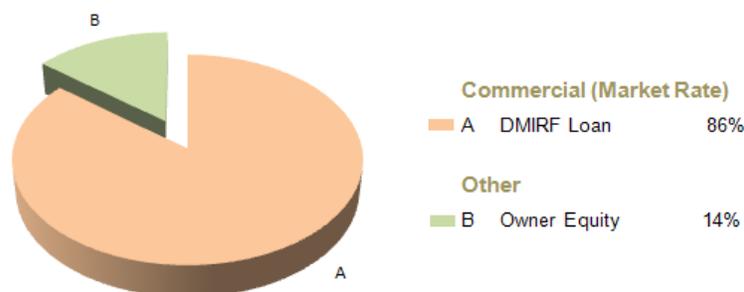
CTP Hospitality Holdings operates the restaurant/bar known as Pronto! (which has been in operation at the same location for 20 years). Between Pronto! and the bakery located here, there are currently 61 employees (41 FTE): 9 managers in the \$30,000 - \$40,000 range and a chef at \$50,000. The remaining 51 employees are servers, kitchen related staff and bartenders earning minimum wage.

The 12 separate incubator type offices are all occupied with tenants, ranging from a photographer to a non-profit entity staffed with volunteers. The renovation of this space increased the individuals working there by 17.

The Borrower, 600 Washington, LLC, is receiving the DMI investment (loan) and has an SIC code of "owners & operators of real estate". Gross annual revenue is total rents received and approximates \$247,500. DMI believes the borrower meets the Small Business Administration definition of a small business.

Based on wage information from the Bureau of Labor Statistics, current income limits and conversations with

PRONTO! FINANCING



the developer, the Pronto servers, related kitchen staff and bartender jobs will meet the low and moderate income threshold.²

The Pronto! building project involves the refinance of an acquisition loan on a mixed use property in Downtown Royal Oak. Subsequent to the acquisition the Borrower renovated the 2nd floor offices and has leased out the predominantly vacant second floor office space of 12 units to small, incubator type users, bringing 17 new jobs into the city. There is currently a good demand for small office space in Royal Oak as many former office buildings have been converted into residential or restaurant use, depleting the supply of office space in the market.

SOCIAL AND COMMUNITY IMPACT

The Pronto! project is located in the midst of downtown Royal Oak and the new tenants will contribute to the project’s placemaking. “A community without place amenities will have a difficult time attracting and retaining talented workers and entrepreneurs, or being attractive to business.”³ The restaurant as well as the new tenants the Pronto! project has brought to the area means that the project is creating that sense of place and attracting businesses and entrepreneurs and providing them with a place that has amenities that are accessible without

needing to travel by automobile. It will encourage walking as a mode of accessing the local amenities and continue to support the existing retail in the area.

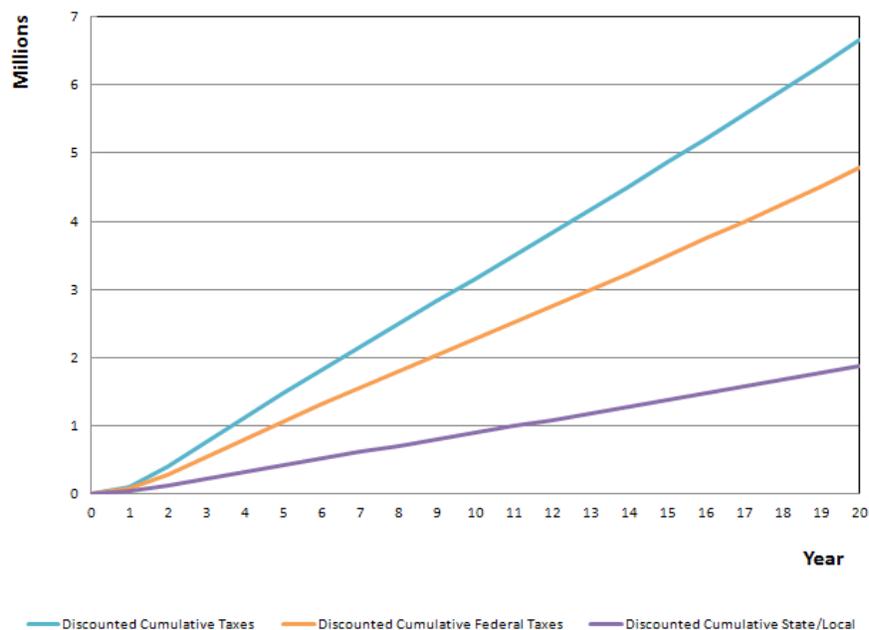
FISCAL IMPACT

This project has utilized \$1.5 million of DMI investment. The resulting fiscal impacts of the project are significant. The local, state and federal tax revenue (the “cumulative tax revenue”) generated from annual operations totals \$6.7 million present value (PV) over 20 years.

The benefit to the project is substantial in terms of the ratio of the \$1.75 million total project cost to the 20-year (PV) tax revenues generated as a result of the investment. The ratio is 1:4 or the (PV) of the tax revenues over the 20-year period is 383% of the project cost.

| 20-YEAR TAXPAYER REVENUES | | |
|------------------------------------|---------------------------|--------------------|
| TAX REVENUES | OPERATIONS ANNUAL AVERAGE | 20-YEAR TOTAL (PV) |
| State & Local | \$0.1M | \$1.9M |
| Federal | \$0.2M | \$4.8M |
| TOTAL | \$0.3M | \$6.7M |
| BENEFIT OF INVESTMENT | | |
| Project Total to Tax Revenue Ratio | | 1:3.8 26% |

TAXPAYER REVENUES



3.0 APPENDICES

APPENDIX A: IMPLAN

IMPLAN OVERVIEW

SDS and DePaolis and Associates undertook an Economic and Fiscal impact analysis based on the anticipated gross impacts of the project using IMPLAN along with a fiscal analysis based on existing tax rates in the project region (city, county, state) and at the federal level. Below is a list of terms used in this report.

IMPLAN

IMPLAN is a computer-based input-output modeling system used by over 1,500 federal, state and local agencies, research universities and non-profit organizations. An input-output model is a representation of the flows of economic activity between sectors within a region. The model captures what each business or sector must purchase from every other sector in order to produce a dollar's worth of goods or services. Using such a model, flows of economic activity associated with any change in spending may be traced either forward (e.g., spending generates employee wages which induce further spending) or backward (e.g., visitor purchases of meals lead restaurants to purchase additional inputs – groceries, utilities, etc.). Multipliers for a region may be derived from an input-output model of the region's economy.

With IMPLAN, one can estimate I-O models of up to 528 sectors for any geographic region. IMPLAN includes procedures for generating multipliers and estimating impacts by applying final demand changes to the model.

DIRECT ECONOMIC IMPACT

Direct economic impact represents expenditures made by a project, including the wages and salaries of project employees. For each investment project, IMPLAN calculates the direct impact of the project during construction and operations.

Note: Once we have the actual numbers from the project, we replace these estimates with real numbers.

INDIRECT ECONOMIC IMPACT

The injection of new money into the local economy by a project results in a ripple effect, or multiplier, which generates income and jobs for individuals not directly associated with the project. Indirect impact represents the value of a project's impact on other businesses, industries and households in the region's economy. For example, a project may purchase supplies from several companies in the region. Businesses receiving this income spend or invest it in the region which leads to an increase in income and spending by other businesses and individuals. Indirect impacts are estimated with models developed using IMPLAN data and software.

INDUCED ECONOMIC IMPACT

Induced economic impact is a ripple effect that is represented by changes in spending from households that are directly or indirectly related to the project. For example, a project employee spending a part of her salary on an electronic purchase will induce employees of the electronic store to spend part of their salaries on clothing, and so on. Induced impacts are estimated with models developed using IMPLAN data and software.

OUTPUT

Represents the total value of production, commonly measured using revenues. Direct, indirect, and induced output projections can be made.

APPENDIX B: REFERENCES, DEFINITIONS AND ASSUMPTIONS

ECONOMIC AND FISCAL ANALYSIS METHODOLOGY

In order to analyze the true economic and fiscal impact of the projects, we built an input-output model using the 2013 IM-PLAN® dataset and modeling software for the individual county in Michigan, where the projects are located. Input-output (I-O) models capture the interactions among economic sectors and agents by tracking the transactions that take place as a result of changes in their final and intermediate demand.

The resulting model provides a snapshot of the economy using a 536-sector classification, which is a fairly disaggregated level for a small geographic area such as a metropolitan region. Once the base model was built, we designed two composite scenarios representing the construction (if applicable) and operations phase of the project, respectively. Using information provided by the client, we mapped the equivalent number of jobs by occupation and industry.

Return on Taxpayer Investment (TROI): Presents a 20-year cash flow analysis of the taxpayer subsidy and of the tax revenues yielded by the ongoing operations of the facility, as estimated in the fiscal impact analysis sections of each component. Three metrics are provided.

1. The net present value (NPV) is the value of the stream of cash inflows less the cash outflows over the 20 year period discounted to reflect the time value of money.
2. The internal rate of return (IRR) is the interest rate that produces a NPV of 0 for the 20-year cash flow stream.
3. The return on investment (ROI) compares the net present value of the taxpayer subsidies over 20 years with the net present value of the expected fiscal impacts associated with the project over the same period.

The discount rate used in net present value calculations is 4.0 percent. This is based on an estimate using historical 10-year and 30-year U.S. Treasury yields, which are currently extraordinarily low but which are expected to rise during the analysis period (2015-2034).

The breakeven period is the year in which the cumulative taxpayer subsidies are offset by the estimated cumulative fiscal receipts. Given the significant impact produced by the relatively large number of jobs created in the first year, the rate of growth of discounted fiscal benefits accelerates rapidly in the first year of the project. After this, the breakeven period is determined by the growth in employment, earnings and output originated by the project's operations phase.

METROPOLITAN HOTEL

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. *ibid*
4. Bureau of Labor Statistics- Detroit/Wane/Dearborn MSA [Dec 2016]
5. <https://detroit.curbed.com/2016/5/23/11745244/metropolitan-building-element-hotel>
6. <http://www.thelinemedia.com/features/alleyactivation04232014.aspx>
7. <http://www.freep.com/story/money/business/michigan/2015/08/13/detroit-dda-downtown-residential-hotel-retail-metropolitan-roxbury/31614793/>
8. *ibid*
9. <https://detroit.curbed.com/2016/5/23/11745244/metropolitan-building-element-hotel>
10. <http://www.detroitnews.com/story/business/2015/08/12/metropolitan-building-detroit/31551043/>
11. Michigan Strategic Fund Board meeting-- November 22, 2016
12. http://www.starwoodhotels.com/element/experience/green_vision.html?language=en_US

NORTH CHANNEL

1. Source: FY 2017 LMISD by State - All Block Groups, Based on 2006-2010 American Community Survey - HUD Exchange

WOOLWORTH

1. <https://www.nps.gov/nr/feature/places/pdfs/16000218.pdf>
2. <http://www.labornotes.org/blogs/2013/12/retail-sit-down-1937-detroit-lessons-todays-low-wage-strikers>
3. <http://reuther.wayne.edu/node/7621>

GRAND RAPIDS INDUSTRIAL PORTFOLIO

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level

Address: 645 GODFREY AVE SW, GRAND RAPIDS, MI, 49503
MSA-State-County-Tract: 24340-26-081-0026.00

| Census | Income | Population | Housing |
|---|----------|------------|---------|
| Tract Income Level | Low | | |
| Underserved or Distressed Tract | No | | |
| 2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income | \$66,300 | | |
| 2017 Estimated Tract Median Family Income | \$22,482 | | |
| 2010 Tract Median Family Income | \$22,159 | | |
| Tract Median Family Income % | 33.91 | | |
| Tract Population | 3602 | | |
| Tract Minority % | 90.37 | | |
| Tract Minority Population | 3255 | | |
| Owner-Occupied Units | 319 | | |
| 1- to 4- Family Units | 1052 | | |

Address: 1305 S CEDAR ST, LANSING, MI, 48910
MSA-State-County-Tract: 29620-26-065-0020.00

| Census | Income | Population | Housing |
|---|----------|------------|---------|
| Tract Income Level | Low | | |
| Underserved or Distressed Tract | No | | |
| 2017 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income | \$68,300 | | |
| 2017 Estimated Tract Median Family Income | \$25,626 | | |
| 2010 Tract Median Family Income | \$24,821 | | |
| Tract Median Family Income % | 37.52 | | |
| Tract Population | 3478 | | |
| Tract Minority % | 34.91 | | |
| Tract Minority Population | 1214 | | |
| Owner-Occupied Units | 464 | | |
| 1- to 4- Family Units | 1334 | | |

2. ibid
3. <http://downtowngr.org/our-work/projects/gr-forward>
4. Source: FY 2017 LMISD by State - All Block Groups, Based on 2006-2010 American Community Survey - HUD Exchange
5. Source: FY 2017 LMISD by State - All Block Groups, Based on 2006-2010 American Community Survey - HUD Exchange

| WARREN-TROY-FARMINGTON HILLS, MI - ECONOMIC INDICATORS | | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Indicators | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Gross Metro Product (C09\$ Bil) | 110.2 | 114.4 | 118.1 | 120.7 | 123.4 | 126.3 | 129.0 | 132.9 | 136.9 | 140.0 | 142.0 | 144.7 |
| % Change | 5.0 | 3.8 | 3.2 | 2.2 | 2.3 | 2.3 | 2.2 | 3.0 | 3.0 | 2.2 | 1.5 | 1.9 |
| Total Employment (Ths) | 1,043.7 | 1,081.2 | 1,117.5 | 1,149.5 | 1,173.4 | 1,200.7 | 1,229.4 | 1,248.3 | 1,268.3 | 1,285.6 | 1,293.2 | 1,294.3 |
| % Change | 0.0 | 3.6 | 3.4 | 2.9 | 2.1 | 2.3 | 2.4 | 1.5 | 1.6 | 1.4 | 0.6 | 0.1 |
| Unemployment Rate (%) | 12.8 | 10.4 | 9.0 | 8.7 | 7.3 | 5.6 | 4.8 | 5.2 | 5.0 | 4.5 | 4.9 | 5.7 |
| Personal Income Growth (%) | 2.5 | 8.2 | 5.8 | 1.6 | 5.6 | 5.0 | 4.4 | 5.4 | 5.6 | 5.4 | 4.9 | 4.0 |
| Median Household Income (\$ Ths) | 55.8 | 56.3 | 58.3 | 60.0 | 61.5 | 62.6 | 65.6 | 68.0 | 70.7 | 73.6 | 76.0 | 78.0 |
| Population (Ths) | 2,476.1 | 2,486.1 | 2,501.6 | 2,521.0 | 2,535.3 | 2,541.5 | 2,554.0 | 2,566.8 | 2,578.7 | 2,589.8 | 2,600.3 | 2,610.5 |
| % Change | 0.1 | 0.4 | 0.6 | 0.8 | 0.6 | 0.2 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| Net Migration (Ths) | -4.2 | 5.6 | 10.6 | 14.6 | 10.5 | 2.1 | 9.0 | 9.3 | 8.6 | 7.8 | 7.4 | 7.3 |
| Single-Family Permits (#) | 1,960.0 | 2,386.0 | 3,435.0 | 4,623.0 | 4,126.0 | 4,393.0 | 4,763.0 | 5,565.7 | 8,075.9 | 9,442.4 | 8,430.4 | 8,292.0 |
| Multifamily Permits (#) | 515.0 | 275.0 | 233.0 | 704.0 | 1,168.0 | 1,137.0 | 1,047.0 | 1,420.9 | 1,612.0 | 1,570.3 | 1,100.6 | 1,102.7 |
| Hhfa House Price (1995Q1=100) | 117.5 | 114.7 | 117.7 | 131.2 | 144.4 | 153.1 | 161.6 | 168.2 | 173.0 | 175.8 | 178.4 | 182.7 |

Source: Moody's Economy.com

6. <https://www.walkscore.com>

TRAILHEAD

1. <http://www.dailytribune.com/article/DT/20170126/NEWS/170129667>
2. Federal Financial Institutions Examination Council, 2017
3. ibid

4. *ibid*
5. Bureau of Labor Statistics – Warren-Troy-Farmington Hills MSA [May 2017]
6. <http://www.craigslist.com/article/20150728/NEWS/150729869/hotel-apartments-planned-for-downtown-royal-oak-get-4-5-million>
7. <http://www.dailytribune.com/article/DT/20170126/NEWS/170129667>
8. www.walkscore.com

RESIDENCES AT THIRTY TWO 50

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. Bureau of Labor Statistics at either the MSA or county level
4. <http://media.fcanorthamerica.com/newsrelease.do?id=7054&mid=175>
5. http://www.oakland.edu/Assets/Oakland/ucm/files-and-documents/pdfs/UCM-15392_FastFacts-update.pdf
6. <https://www.walkscore.com/score/3363-auburn-rd-auburn-hills-mi-48326> (walkability source)

FLAGSTAR STRAND THEATRE

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. Bureau of Labor Statistics at either the MSA or county level
4. Rafter, Dan “Betting on the Strand Theatre to boost downtown Pontiac” *Midwest Real Estate News*, July 2016.
5. <https://www.walkscore.com> (walkability source)

TRUMBULL AND PORTER HOTEL

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. Bureau of Labor Statistics at either the MSA or county level
4. <http://www.modeldmedia.com/features/corktown-unpacked-072816.aspx>
5. <https://www.walkscore.com/score/1331-trumbull-ave-detroit-mi-48216> (walkability score)

CAPITOL PARK LOFTS

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. Bureau of Labor Statistics at either the MSA or county level
4. http://www.mlive.com/business/detroit/index.ssf/2013/04/a_closer_look_at_dan_gilberts_1.html

EAST MAIN STREET REDEVELOPMENT

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. *ibid*
3. Bureau of Labor Statistics at either the MSA or county level
4. http://www.mlive.com/business/ann-arbor/index.ssf/2015/03/52m_redevelopment_in_downtown.html
5. City of Milan - City Council Meeting Minutes (July 28, 2014)
6. <http://www.eastmainmilan.com/BlogDetails/Details?BlogId=7f765b9e-5f35-4f2d-8e43-47b795fc961b>
7. http://www.heritage.com/articles/2015/03/28/milan_news_leader/news/doc55148947oda09983109057.txt?viewmode=2
8. Taken from 07152014 Final DMIRF Committee Presentation East Main Redevelopment, Milan, MI Pg. 7
9. Taken from 07152014 Final DMIRF Committee Presentation East Main Redevelopment, Milan, MI Pg. 6

10. Taken from 07152014 Final DMIRF Committee Presentation East Main Redevelopment, Milan, MI Pg. 7

THE FOREFRONT

1. <https://www.walkscore.com/MI/Birmingham>
- 2.

Michigan Annual Median Wage - 50th percentile

| | | |
|---------|--|----------|
| 41-9021 | Real Estate Brokers | \$47,020 |
| 41-9022 | Real Estate Sales Agents | \$35,550 |
| 43-4171 | Receptionists and Information Clerks | \$26,020 |
| 43-9199 | Office and Administrative Support Workers, All Other | \$36,590 |

Source: Occupational Employment Statistics (OES) Survey - Bureau of Labor Statistics, US Department of Labor

FY 2015 Income Limits Summary – Oakland, Macomb and Wayne Counties

(Detroit-Warren-Livonia, MI HUD Metro FMR Area” which includes a geographical area that encompasses Lapeer, Macomb, Oakland, St. Clair and Wayne counties)

| FY 2014 Income Limit Category | 1 Person | 2 People | 3 People | 4 People | 5 People | 6 People | 7 People | 8 People |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Low (80%) Income Limits | \$36,200 | \$41,400 | \$46,550 | \$51,700 | \$55,850 | \$60,000 | \$64,150 | \$68,250 |
| Very Low (50%) Income Limits | \$22,650 | \$25,850 | \$29,100 | \$32,300 | \$34,900 | \$37,500 | \$40,100 | \$42,650 |
| Extremely Low (30%) Income Limits | \$13,600 | \$15,730 | \$19,790 | \$23,850 | \$27,910 | \$31,970 | \$36,030 | \$40,090 |

Source: Economic and Market Analysis Division, HUD.

3. <http://www.homefacts.com/unemployment/Michigan/Oakland-County/Birmingham.html>
4. <http://www.jonnaluxuryhomes.com/birmingham-enjoys-buzz-of-new-downtown-activity/> The Detroit News.
5. http://www.michigan.gov/documents/snyder/2011Special_Message-1_348148_7.pdf

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1. <http://www.manta.com/c/mmlqyq2/international-center>
2. <http://greektowndetroit.org/about/>
3. http://www.bls.gov/regions/midwest/summary/blsummary_detroit.pdf
4. http://www.mlive.com/business/detroit/index.ssf/2013/04/state_gaming_board_approves_da.html

WRIGHT OPERA BLOCK

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. ibid
3. Bureau of Labor Statistics at either the MSA or county level
4. Taken from 07152014 Final DMIRF Committee Presentation Wright Opera Block, Alma, MI Pg. 9
5. http://www.ourmidland.com/news/year-old-mansion-offers-peek-into-alma-s-past/article_55cfa62-6d20-11e1-9128-0019bb2963f4.html
6. <https://www.alma.edu/live/news/106-opera-house-renovations-feature-student-apartments>
7. Taken from 07152014 Final DMIRF Committee Presentation Wright Opera Block, Alma, MI Pg. 7
8. Taken from 07152014 Final DMIRF Committee Presentation Wright Opera Block, Alma, MI Pg. 7

HARRIS LOFTS

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. ibid
3. Bureau of Labor Statistics at either the MSA or county level
4. http://www.heritage.com/articles/2015/03/28/milan_news_leader/news/doc551489470da09983109057.txt?viewmode=2
5. Taken from 04302015 Investment Committee Presentation Harris Lofts clean Pg. 7
6. <http://www.rapidgrowthmedia.com/devnews/HarrisBuilding0523.aspx> and <http://www.wolvgroup.com/restoration-of-harris-building-begins/>
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DARTMOUTH SQUARE APARTMENTS

1. Federal Financial Institutions Examination Council (FFIEC) at the Census Tract level
2. ibid
3. Bureau of Labor Statistics at either the MSA or county level
4. <https://prezi.com/t358jpwdrjzh/city-of-inkster/>
5. Taken from 121114 FINAL DMIRF Investment Committee Presentation – Dartmouth Square Pg. 7
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1. <http://www.hometownlife.com/story/news/local/royal-oak/2014/09/19/roak-brewing-co-tapping-royal-oak/15884657/>
2. <http://www.hometownlife.com/story/news/local/royal-oak/2014/09/19/roak-brewing-co-tapping-royal-oak/15884657/>
3. http://www.bestplaces.net/economy/city/michigan/royal_oak
4. http://www.michigan.gov/documents/snyder/2011Special_Message-1_348148_7.pdf
5. <http://www.ci.royal-oak.mi.us/>
- 6.

Michigan Annual Median Wage - 50th percentile

| Occupational Classification Code | Occupational Classification Code - Title | Annual Median Wage |
|----------------------------------|--|--------------------|
| 35-2014 | Cooks, Restaurant | \$21,210 |
| 35-3011 | Bartenders | \$18,360 |
| 35-3031 | Waiters and Waitresses | \$18,200 |
| 35-3041 | Food Servers, Nonrestaurant | \$21,220 |
| 35-9021 | Dishwashers | \$18,200 |
| 35-9031 | Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop | \$18,380 |
| 43-9199 | Office and Administrative Support Workers, All Other | \$36,590 |

Source: Occupational Employment Statistics (OES) Survey - Bureau of Labor Statistics, US Department of Labor

FY 2015 Income Limits Summary – Oakland, Macomb and Wayne Counties

(Detroit-Warren-Livonia, MI HUD Metro FMR Area” which includes a geographical area that encompasses Lapeer, Macomb, Oakland, St. Clair and Wayne counties)

| FY 2014 Income Limit Category | 1 Person | 2 People | 3 People | 4 People | 5 People | 6 People | 7 People | 8 People |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Low (80%) Income Limits | \$36,200 | \$41,400 | \$46,550 | \$51,700 | \$55,850 | \$60,000 | \$64,150 | \$68,250 |
| Very Low (50%) Income Limits | \$22,650 | \$25,850 | \$29,100 | \$32,300 | \$34,900 | \$37,500 | \$40,100 | \$42,650 |
| Extremely Low (30%) Income Limits | \$13,600 | \$15,730 | \$19,790 | \$23,850 | \$27,910 | \$31,970 | \$36,030 | \$40,090 |

Source: Economic and Market Analysis Division, HUD.

- 7. <http://www.ci.royal-oak.mi.us/>
- 8. <http://www.candgnews.com/news/royal-oak-approves-rezoning-microbrewery-four-liquor-licenses-77528>
- 9. <http://www.hometownlife.com/story/news/local/royal-oak/2014/09/19/roak-brewing-co-tapping-royal-oak/15884657/>

PRONTO! BUILDING

- 1. <http://www.craigslist.com/article/20140706/NEWS/307069986/royal-oaks-pronto-sold-no-major-changes-seen>
- 2.

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