

AGENDA

Committee of the Whole AGENDA FOR MARCH 11, 2024 AT 5:30 PM



Lansing City Hall, Tony Benavides Lansing City Council Chambers
124 W. Michigan Avenue, 10th Floor

To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.
To view the meeting live and participate in virtual public comment: <https://www.lansingmi.gov/1212/Council-Committee-Meetings>
UPDATED 3.11.2024 a.m.

Council Member Garza, Chairperson

Council Member Hussain, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
 - A. February 26, 2024
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Discussion/Action:**
 - B. RESOLUTION- Set a Public Hearing; Community Development Block Grant (CDBG) Annual Action Plan for Fiscal Year 2024-2025
 - C. RESOLUTION - Grant Acceptance; Michigan State Housing Development Authority (MSHDA) Housing Development Fund Grant for Transformational Housing
 - D. RESOLUTION - Grant Acceptance; Michigan Economic Development Corporation Transformational Muni Infrastructure for new City Campus
 - E. RESOLUTION - ACT-1-2024; Purchase Agreement, Masonic Temple, 217 S. Capitol Ave.
6. **Other**
7. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Council Office at 517-483-4177 (TTY 711) 24 hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

DRAFT



MINUTES
Committee of the Whole
Monday, February 26, 2024 @ 5:30 p.m.
Tony Benavides Lansing City Council Chambers

CALL TO ORDER

Council President Garza called the meeting to order at 5:30 p.m.

PRESENT

Councilmember Peter Spadafore
Councilmember Adam Hussain
Councilmember Tamera Carter
Councilmember Trini Pehlivanoglu
Councilmember Jeffrey Brown
Councilmember Ryan Kost
Councilmember Jeremy Garza
Councilmember Brian T. Jackson

OTHERS PRESENT

Sherrie Boak, Council Staff
Jim Smiertka, City Attorney-arrived at 5:32 p.m.
Mark Lawrence, Mayor's office
Lisa Hagen-Lawrence, OCA
Chris Swope, City Clerk
Emily Linden, Internal Auditor
Andy Kilpatrick, Public Service Director
Jake Brower, Chief Strategy Officer
Jackson Mills, Budget Director
Tim Damon, Chamber of Commerce
Price Dobernack, Local 333 Plumbers and Pipefitters
Aaron Pangor, Electrician Union
Deshon Leek, Michigan Building Trades
David Ellis
Michael Lynn
Norma Bauer
John Gentilozzi
Mayor Schor – arrived at 5:47 p.m.

Minutes

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM FEBRUARY 12, 2024 AS PRESENTED. MOTION CARRIED 8-0.

Public Comment

Mr. Damon spoke in support of the state funds and downtown development on the agenda.

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Mr. Dobernack spoke in support of the state funds and downtown development on the agenda.

Mr. Pangor spoke in support of the of the development on the agenda.

Mr. Leek spoke in the support of the Gentilozzi item on the agenda.

Mr. Ellis spoke in support of the Gentilozzi item on the agenda, but asked for public input on the project.

Mr. Lynn spoke about if the process was followed with the Gentilozzi project, and asked Council to ask the questions, and due diligence. He asked Council to be responsible because this is State funding, and this Council needs to be responsible to all the residents across the State.

Ms. Bauer spoke on housing, homelessness in Lansing.

Presentations

Lansing Building Authority Financial Report 2022-2023

Mr. Kilpatrick acknowledged Council and explained this authority is set in place to develop projects in the City primarily for parking. LBAF owns some of the parking, and the City parking enterprise fund that pays down that debt. The report speak to the debt that are improving and went through a few of the reports. There is debt through 2039-2040 and some bonds were partially refunded, and the assets reflect parking assets. He then referred to page 4 of the document, which speaks to the increase of \$4 million which reflects more income then expenses. For long term, page 15 has the schedule, which is the total obligation bonds by year. Mr. Kilpatrick acknowledged there is one finding which is the accounting practices needs to be stronger.

Ms. Linden stated she had not questions.

Council Member Brown referenced the report, and it appears the City is in an upward trajectory, and asked where the City is from 5 years ago to today. Mr. Kilpatrick you would have to look at the leases to see if it is getting worse, and if the LBA is stable then they are not coming to the City to get the funds. He stated he could look into that, and Council Member Brown asked for that to be done. Mr. Kilpatrick stated the parking system was stable until COVID, and not back to 2019, and speaking to long term there is still a concern.

General Fund Status Report; Fiscal Year 2023-2024 2nd Quarter and Vacancy Report

Mr. Brower and Mr. Mills presented to the Committee. It began with Mr. Mills going through the report which began with a \$152.9 million revenue, which is now \$156.6 million and \$165.4 million in expenditures. There is a 13.9% fund balance ratio. The biggest portion of revenue is property taxes largely collected at the beginning of the start of the fiscal year, and income tax is 2% lower than 3 year average. Monitoring that and if needed will provide a budget amendment. Interest is down due to when reconciling bank statements, and last year the interest income was over \$588,000.

Council Member Hussain asked why a lower income tax revenue. Mr. Brower stated they are watching it, and if there is an impact from the UAW strike, and what impact from the State of Michigan still using hybrid offices. With the large amount last year, they anticipated a large amount this year, but they will watch and make a budget amendment in the future if need be.

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Ms. Linden asked if this low income tax was being taken into account with the budget preparation they are currently working on, and Mr. Brower confirmed. They are anticipating in the next budget taxable values increasing 70%, will take into account the lower current average, the return on equity came in, and the contract with BWL is coming for renewal the end of this year that the Council will have to consider. There are changes in the State revenues, and property taxes.

Council Member Hussain asked if there are internal conversations on fines, fees, and the impact of vacancies. With vacancies there is a lack in service or decrease of service, and impact on revenue streams. Mr. Brower confirmed they do. Council Member Hussain asked if that guides when posting and what posting for jobs. Mr. Brower stated they look at essential and secondly what are revenue generating positions.

Mayor Schor asked Council to look at all positions that are currently posted.

Mr. Mills spoke on the vacancy report, with 57 vacancies which is \$1.4 million in savings for this quarter. The overall rate is 9.2% which is lower, due to vacancies recently filled in LPD and LFD.

Council President Garza questioned the cost in savings, and asked for the list of positions, that generate revenue to the City, because not saving if not have filled positions to collect funds. Mr. Brower stated those positions bring in funds, with no general fund support. They are enterprise funds; providing services and then billing for those services.

Mr. Penivanoglu noted LFD went from 34 to 10, and LPD went from 32-20, and asked in the next 3 months – 6 months are there pending retirements coming up. Mr. Brower was not able to respond to that, but the HR Director could speak to it. Mayor Schor explained they can provide numbers that are eligible.

Council Member Brown noted Council has largely articulated the need to hire, and asked for the number of vacancies; 113. Mr. Brower admitted there is a large number, and they do want to reduce. Council Member Brown asked how many open to apply for. Mr. Brower advised him to look at the Lansing website. Ms. O'Leary stated there are 21 posted, but some continuously posted. The specialists are working on 35 in the process. This could be posting, testing, interviews, qualifications, questions on interviews, communications with candidates. Council Member Brown acknowledged the work they are doing, but asked Mr. Mills and Mr. Brower what are they doing strategically to help HR, from 113 to something they can work on. Mr. Brower stated they are in continual discussions with HR, and complimented HR on their equitable hiring. Ms. O'Leary spoke on the HR best practices and ensuring equity and fairness in each of the processes.

Council Member Kost asked the HR Director if there are positions not being filled. Ms. O'Leary stated they ask Department Directors on what to fill priority. Council Member Kost noted there is a vacancy from 2006, and why it is held open. Ms. O'Leary stated she has not been told to hold that electrical position open. Ms. O'Leary stated she has never been told to hold a position, and if there is a position to look at.

Council Member Brown asked the overall question to the Chief Strategy Officer and if they are creating improvement and implementing those improvements to the strategic plan moving forward. He provided an example of finance where they are having findings of deficiencies and encouraging filling the vacancies. Mr. Brower stated it is done through the budget process.

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Council Member Kost and Jackson stepped away at 6:16 p.m.

He confirmed that he speaks to the departments on vacancies and if they are not filling them, he asks if they want them removed from the budget.

Council Member Jackson returned to the meeting at 6:17 p.m.

President Garza asked if there have been changes in the process to streamline it.

Council Member Jackson stepped away at 6:18 p.m.

Ms. O'Leary explained the processes on decreasing time to fill.

Council Member Jackson returned to the meeting at 6:20 p.m.

Presentation of a new mixed use/income housing facilities in the downtown area as proposed by Paul Gentilozzi

Council Member Kost returned to the meeting at 6:21 p.m.

Mr. Paul Gentilozzi and Mr. John Gentilozzi went through the presentation in the packet.

Council Member Brown referenced the parking at 110 S. Washington and asked where they would park, and was told 108 S. Washington on two upper floors above retail.

Mr. John Gentilozzi continued on the presentation.

Council Member Jackson asked about the Capital Tower statement on how everyone in the City can enjoy it. Mr. Paul Gentilozzi clarified there will be a restaurant. Council Member Jackson asked about a basketball court. Mr. Paul Gentilozzi stated there will be pickle ball courts and basketball courts. Those will not be public access, but an amenity. Council Member Jackson asked about the easement for the river trail. Mr. Paul Gentilozzi stated they will build a bridge over the river.

Council Member Brown referenced renderings for location of a proposed bridge.

Council Member Spadafore asked about the Grand Tower site, and the original drawings had larger outdoor space and connections, and now they are proposing parking. Mr. Paul Gentilozzi explained it is still there and there will be a covered walkway.

The presentation continued.

Council Member Brown asked about Capital Stacks, guaranteed debt and equity. Mr. Paul Gentilozzi spoke on the cash up front equity, and how the City did the debt is totally up to the City.

Council Member Spadafore asked about the \$40 million grant through the City, what is the guarantee that all three projects will go forward. Mr. Paul Gentilozzi stated they have never not performed for the City, and everything they do is their honor. The advantage of the funds is a significant contribution. After the funds are obtained, 10% is reimbursed for what they have already spent, then after that drawn down on legitimate cost. He then referenced the schedule in the packet, and they can only spend the State funds on what the State says they can spend the funds on. Mr. Paul Gentilozzi stated that if things go bad, they look to see if they are strong enough to sustain.

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Council Member Hussain referenced the Capital Stacks page, and asked if they have breakdowns per development and if so can it be conveyed to Council. Mr. Paul Gentilozzi stated they have confidential situations with MEDC, and there are non-disclosures, and he offered to meet with each Council Member on the financial. The performa deals with each individual segment, and if the Council provides specifics he can. Council Member Hussain stated he wants to see everything that they are asking Council to sign a non-disclosure. Mr. Paul Gentilozzi stated he cannot do that; it is not public information.

Council Member Jackson stepped away from the meeting at 7:28 p.m.

Council Member Hussain asked if this is highly dependent on Brownfield, and asked how many TDP are approved by the State on an annual basis. He then asked if there is anything from the State that this will be approved. Mr. Dorshimer stated that is not possible, and believes it is not an issues. Council Member Hussain stated the TDP is 12-18 months, and how can the City par that down to 6 months. Mr. Dorshimer stated that Mr. Paul Gentilozzi is very influential. He expects to get to the Brownfield Board in May or June, then to Council.

Council Member Hussain refenced the housing market downtown, and there are calculated risks, and so they must be leaning on market analysis, and asked for that. Mr. Paul Gentilozzi stated they used the one DLI commissioned. Council Member Hussain asked if they completed an economic impact study for this, and Mr. Paul Gentilozzi stated no and asked why they should. Council Member Hussain stated he heard when they went to the State that they pushed that the City needed housing, and the State agreed. He asked if there is any bidding process with the City and State, and he did not believe that the State supported when it was all for this and asked how the City got here with this specific developer. Mayor Schor stated the Administration was told this week from Governor Whitmer and Sarah Anthony that it was for this project. The legislature cannot write for one specific person, but added that if Council decides they do not want it they can bid it out. But his belief is that the legislation intended for the funds to go to this developer and project.

Council Member Carter asked if the time frame and plan has been provided to the current businesses. Mr. Paul Gentilozzi stated the State building is vacant, and there have been some ineligible demo started, and Mr. John Gentilozzi stated they have spoke to Inta-Print and the DLI for other locations in the downtown area, and they have accepted relocation alternatives with a financial gain.

Council Member Brown asked for recap from Mr. Dorshimer on the eligibility. Mr. Dorshimer stated that since the Brownfield does capture more taxes than normal; State taxes not local or City.

Council Member Brown asked if this project is eligible and Mr. Dorshimer confirmed and the project gives him no concern.

Council President Garza spoke in support of the work they did lobbying the State and the impact it will be for the City. He then asked about labor agreements on this. Mr. Paul Gentilozzi assured them all jobs are union jobs and Lansing jobs. Council President Garza asked if there was a phase project. Mr. Paul Gentilozzi stated the Washington Square project will be first, and the Walnut/Ottawa corner has a complete corner demolition. Those were told to be out by June 1, 2024. They can start the tower on Grand at the same time as Walnut/Ottawa.

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Discussion/Action

RESOLUTION – Reappointment; Stephen Young; Elected Officers Compensation Commission (EOCC) Term to Expire October 1, 2030

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE REAPPOINTMENT OF STEPHEN YOUNG TO THE EOCC BOARD. MOTION CARRIED 8-0.

RESOLUTION – Polling Places; Temporary relocation of multiple precincts for the May 2024 Special Election

Mr. Swope explained the reasoning for the request. He noted that per LSD, for the May election and a school day, they asked the City not use their buildings on that day. There are 20,000 registered voters impacted and will be notified in postal mail and email, along with signage at polling locations that will not be active. Under State law, they need to address this 60 days in advance.

Council Member Jackson noted the polling location signage is a QR code, and encouraged addressing the signage for those people.

Council Member Hussain asked about Ward 3 precincts, and what metrics are determined. Mr. Swope stated the looks at the boundaries for what they currently are and what is the best for the temporary location. Council Member Hussain asked if they will also use social media, and Mr. Swope confirmed.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR THE TEMPORARY PRECINCT CHANGES FOR THE ELECTION ON MAY 2024. MOTION CARRIED 8-0.

RESOLUTION- Grant Acceptance; Michigan State Housing Development Authority (MSHDA) Housing Development Fund Grant for Transformational Housing

Council President Garza noted these are similar to what was approved by Committee on January 22, 2024.

Mr. Smiertka stated the first resolutions came out of Committee and approved based on the OCA advise. After that he looked at the 1996 opinion and history on that, it was contrary to the advice he gave, and he recommended the earlier resolutions should be placed on file.

Council Member Kost asked about Warren City vs. Foust, and Mr. Smiertka stated he is aware of it. Council Member Kost stated in 2022 the Court of Appeals, essentially said the opposite. Mr. Smiertka stated there also has to be an interpretation of the Charter, and the OCA office analysis this and the Boys and Girls Club is not word for word, but on point, even with the City of Warren decision. The City of Lansing has a strong Mayor government, and there has been a long history; the Mayor proposes and the Council disposes. Council Member Kost stated that appeal stated the Mayor had to accept what Council. And asked if an analysis was done with the City of Warren case, and Mr. Smiertka confirmed.

Council Member Hussain noted there are two resolution already on the Council agenda tonight for action and will be placed on file per discussions with OCA. Based on that, he stated there is more information before action on this tonight. One tool could be to accept and appropriate into a reserve account, and however since Mr. Boji is coming into Committee on March 11th, there is potential to table this resolution and the next one.

Council Member Kost stepped away at 7:54 p.m.

Council Member Kost returned to the meeting at 7:55 p.m

MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE ACTION ON THE RESOLUTION.

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He added that they have heard from the Administration that the City has a few months to make sure they are doing their due diligence before acceptance.

Council Member Brown asked if Council can accept both these and put in reserve, and move forward March 11th.

Council Member Hussain stated his understanding is there are a couple paths; Council cannot create a resolution; the administration would have to appropriate into a reserve account. Or they can table, and leadership stated tabling would be a cleaner way.

Mayor Schor confirmed they did talk about a reserve account, but OCA had some issues with it, and so they checked with the State and the State said they have a few months. Council Member Brown asked what MSHDA said, and Mayor Schor stated they did not speak to the process. Mr. Smiertka stated there is a control account opinion, and they cannot do that.

Council Member Spadafore acknowledged he would support tabling both, but would suggest acting on the next one to move into the accounts, since it has another set of gate keeping on it. Council Member Hussain acknowledged they did have that conversation, but doing things together would be cleaner.

MOTION CARRIED 8-0.

RESOLUTION – Grant Acceptance; Michigan Economic Development Corporation
Transformational Muni Infrastructure for new City Campus

MOTION BY COUNCIL MEMBER HUSSAIN TO TABLE ACTION ON THE RESOLUTION.

MOTION CARRIED 8-0.

OTHER

No other topics.

Adjourn

The meeting adjourned at: 8:02 pm

Respectfully Submitted by, Sherrie Boak, Recording Secretary,
Lansing City Council

Approved by the Committee



CITY OF LANSING

INTERNAL AUDITOR

124 W MICHIGAN AVE FL 10

LANSING MI 48933-1605

(517) 483-4159

Date: March 11th, 2024

To: Committee of the Whole

From: Emily Linden, Internal Auditor

Subject: Community Planning and Development Fund Resources - Annual Action Plan for Fiscal Year 2024-2025

General Program Overview

All programs are through the U.S. Department of Housing and Urban Development (HUD).

Community Development Block Grant (CDBG): The CDBG program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program requires a detailed plan which emphasizes community engagement.

Home Investment Partnership Program (HOME): The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

Emergency Solutions Grants Program (ESG): This program focuses on addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. ESG funds may be used for these five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, Homeless Management Information System (HMIS), as well as up to 7.5% of a recipient's allocation can be used for administrative activities.

Definitions:

- Unspent funds: funds that the City estimates will remain unspent from the current year's grant
- Program Income: HUD defines program income as gross income that is directly generated from a CDBG-funded activity
 - Examples include:
 - When sale of a property assisted with CDBG funds is sold prior to forgiveness of the lien

- Leftover sale proceeds when the City funds a homeownership project with a developer

City of Lansing Funding Allocation

Funding Source	Amount
CDBG	2,070,597
HOME	833,394
ESG	181,593
FY24 HUD Total	3,085,584
Program Income + Unspent Funds	625,000
Combined Total	3,710,584

Note: Program income and unspent funds are \$600,000 for CDBG and \$25,000 for HOME making the combined total available for these programs:

CDBG	2,670,597
HOME	858,394

Proposed Funding Plan

CDBG	
Program	Proposed Funding Amount
Homeowner Housing Rehabilitation	1,434,121
Rental Unit Rehabilitation	480,768
Blight Removal	1,000
Public Services	310,589
Economic Development and Business Technical Assistance	30,000
CDBG General Administration	414,119
CDBG Total	2,670,597

ESG	
Program	Proposed Funding Amount
Street Outreach	5,448
Homeless Prevention	\$59,926
Administrative Activities	12,711
Homeless Management Information System (HMIS)	5,448
Shelter Operation	98,060
ESG Total	181,593

*Limited to 7.5%

HOME	
Program	Proposed Funding Amount
Down Payment Assistance	100,000
Homeowner Housing Construction and Rehabilitation (ADR)	508,377
CHDO Set-aside	125,009
Community Housing Development Organization (CHDO)	41,669
HOME General Administration	83,339
HOME Total	858,394

*15% minimum required

*Limited to 5%

*Limited to 10%

Other Notes:

- **Grant Awards for these programs have not been announced as of this proposal. Amounts proposed are based on prior year awards and estimation. If the grant amounts HUD awards to the City of Lansing for CDBG, HOME and ESG are different from the amounts shown above, pro-rata adjustments will be made to the budget amounts proposed for each activity.**
- An Action plan must be submitted to receive these funds.
- Program requirements include citizen participation.
- There is a public hearing before the Lansing Planning Board on March 5, 2024.
- There is a resolution before Council to set a public hearing on these funds for April 15th.

**Department of Economic
Development and Planning**
Rawley Van Fossen, Director



Andy Schor, Mayor

Development Office
316 N. Capitol Avenue, Suite D-1
Lansing, Michigan 48933
PH: 517.483.4040
www.lansingmi.gov/development

MEMORANDUM

To: Mayor Schor

From: Barb Kimmel

Date: February 21, 2024

Subject: Resolution to Set a Public Hearing for Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) and Emergency Solutions grants

Please find the attached Resolution setting a public hearing for the 2024-2025 Annual Action Plan.

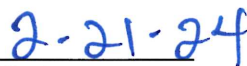
This Resolution is preceded by a Public Notice published by the City Clerk at least 15 days prior to the Public Hearing. The Public Notice to be published is included as an attachment.

ED&P RECOMMENDS THAT YOU FORWARD THIS RESOLUTION TO CITY COUNCIL.

Approved By:



Rawley Van Fossen,
Director



Date

"Equal Opportunity Employer"

**SUMMARY OF
FY 2024 ANNUAL ACTION PLAN
FOR THE CITY OF LANSING, MI
DRAFT MARCH 6, 2024**

ANNUAL ACTION PLAN SUMMARY

Background

The City of Lansing’s federal Annual Action Plan (AAP) details the funding strategy for the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG) programs each year. The Annual Action Plan for Fiscal Year 2024 for the City of Lansing has been prepared in response to a consolidated process developed by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grants (CDBG) program. The Annual Action Plan is a document for the City, which outlines how program funds will be expended during the funding cycle, and it provides a basis for assessing performance. The 2024 Annual Action Plan directs funds primarily toward meeting the national objective of benefiting low/moderate-income persons.

The City of Lansing anticipates an ***estimated*** funding allocation of \$2,070,597 in CDBG funding, \$833,394 in HOME funding and \$181,593 in ESG funding for the 2024 program year which begins on July 1.

Proposed Project Allocations

The projects listed herein are based on an ***estimated*** funding allocation and are subject to change when the Department of Housing and Urban Development releases the final allocation amounts (expected in March 2024). The funding estimates are based on previous allocations over the last five years. The City is proposing to fund the following projects during the 2024 program year (July 1 – June 30):

Project Name	Estimated Funding Amount	Project Description
Homeowner Housing Rehabilitation	CDBG: \$1,434,121	Loans and grants for rehabilitation and Emergency Repair of owner-occupied housing units through city sponsored programs, and rehabilitation in conjunction with affordable housing efforts sponsored by nonprofit housing corporations, public and private developers, and other state and federal agencies, as well as lead hazard reduction, emergency housing rehabilitation, technical assistance to nonprofit housing corporations, ADA ramps, and hazard remediation.
Rental Unit Rehabilitation	CDBG: \$480,768	Includes loans and grants for rehabilitation of rental housing units through city sponsored programs. Includes funds to meet healthy housing standards and/or lead hazard reduction regulations in rehabilitated structures.
Blight Removal	CDBG: \$1,000	Includes acquisition, maintenance and security of properties acquired through programs, and activities related to acquisition, disposition, relocation, and clearance of dilapidated and blighted structures. Funds may also be used to acquire and clear properties in the flood plain. Includes staff time associated with this activity.
Public Services (limited to 15%)	CDBG: \$310,589	Includes services for low- and moderate-income individuals such as: education, youth and senior programs, neighborhood clean-ups, community gardens, home repair classes. Services are for low- and

**SUMMARY OF
FY 2024 ANNUAL ACTION PLAN
FOR THE CITY OF LANSING, MI
DRAFT MARCH 6, 2024**

		moderate-income individuals and/or those in CDBG-eligible areas located within the Lansing city limits.
Economic Development & Business Technical Assistance	CDBG: \$30,000	Loans, technical assistance, and training to low- and moderate-income owners of and persons developing micro-enterprises within or planning to locate within the Lansing city limits. Technical assistance to individuals and for-profit businesses including workshops, technology assistance, and façade improvement loans/grants. Creation of jobs to benefit low and moderate-income city of Lansing residents. Technical assistance to individuals and for-profit businesses including workshops, technology assistance, façade improvement loans/grants, market analysis, business promotion, referrals for the attraction of new business and expansion of existing business within CDBG-eligible areas of Lansing.
CDBG General Administration (limited to 20%)	CDBG: \$414,119	Includes staff and other costs associated with preparation of required Consolidated Planning documents, environmental clearances, fair housing activities and citizen participation activities associated with the delivery of CDBG, HOME and other state and federal programs. Includes planning and general administration costs associated with delivery of CDBG and other state and federal programs. Includes indirect administrative costs and building rent paid to the city.
Down Payment Assistance	HOME: \$100,000	Funds provided to homebuyers for down payment and closing costs for purchase of a single-family home located within the Lansing city limits. Up to \$15,000 will be available as a 0% interest second mortgage for homebuyers with income at or below 80% of median income. Assistance limited to first-time homebuyers. May include staff time and/or homeownership counseling fees associated with this activity.
Homeowner Housing Construction and Rehabilitation	HOME: \$508,377	Includes funds for loans and grants for housing construction and rehabilitation with non-profit and for-profit developers, including CHDOs. HOME funds allocated for housing developed in partnership with the city, including Supportive Housing Program (SHP) and Acquisition, Development and Resale (ADR) activities. Projects may include new construction and rehabilitation activities with non-profit and for-profit developers, including CHDOs. Funds may be used for staff time associated with these activities.
CHDO Set-Aside (15% minimum required)	HOME: \$125,009	Reserved for housing developed, sponsored, or owned by CHDOs in partnership with the city.
CHDO Operating (limited to 5%)	HOME: \$41,669	Funds reserved at option of the City to provide operating funds to CHDO's utilizing the City's HOME funds to produce affordable housing in the community.
HOME General Administration (limited to 10%)	HOME: \$83,339	Includes staff and general administration costs to deliver the HOME program.
Street Outreach	ESG: \$5,448	Street Outreach activities.
Homeless Prevention	ESG: \$59,926	Homeless Prevention activities.
Homeless Management Information System (HMIS)	ESG: \$5,448	Funds will be provided for HMIS and comparable database costs.
Shelter Operation	ESG: \$98,060	Funds provided to shelter providers to cover cost of maintenance, operations, insurance, utilities, and furnishings in shelter facilities.

**SUMMARY OF
FY 2024 ANNUAL ACTION PLAN
FOR THE CITY OF LANSING, MI
DRAFT MARCH 6, 2024**

ESG General Administration (limited to 7.5%)	ESG: \$12,711	Funds to offset the cost of administering emergency solutions grant program.
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Public Process

The City of Lansing will provide a public notice on March 13, 2024, advertising a 30-day public comment period starting on **March 14, 2024**, and ending on **April 15, 2024**. Additionally, The City of Lansing is holding two public hearings for the above proposed project allocations on **Wednesday, March 5, 2024** at the City Planning Board meeting, and again prior to final adoption on **Monday, May 6, 2024** with the City Council.

Copies of the Annual Action Plan draft will be available for public review at the following locations:

1. The City of Lansing website: <https://www.lansingmi.gov/301/Documents-Resources>
2. City of Lansing, Lansing City Clerk's Office
124 W. Michigan Ave.
9th Floor
Lansing MI 48933
3. City of Lansing Development Office
316 N. Capitol Ave, Suite D-1
Lansing, MI 48933

Copies will be available beginning on **March 14, 2024**. Written comments on the above projects and proposed allocations will be received through **Sunday, April 14, 2024 at 5:00 PM**.

The City will provide technical assistance to citizens and groups representative of persons of low and moderate income that request such assistance in the review of program activities and program amendments. In addition, the City will make adequate and reasonable provisions to assist non-English speaking residents in interpreting program opportunities and provisions on a case-by-case basis, as well as provide auxiliary aides and services for individuals with disabilities.

Resolution #2024-###

By the Committee of the Whole
Resolved by the City Council of the City of Lansing

RESOLUTION TO SET PUBLIC HEARING FOR ACTION PLAN FY 2024-2025

Resolved by the City Council of the City of Lansing that a public hearing be set for Monday, April 15, 2024 at 7 p.m. in the Tony Benavides Lansing City Council Chambers, Tenth Floor, Lansing City Hall, 124 West Michigan Avenue, Lansing, Michigan, for the purpose of receiving comments on the proposed CDBG resources for the Annual Action Plan submission to HUD for FY 2024-2025

PUBLIC HEARING – PROPOSED FUNDING ALLOCATIONS
FY2024, 7/1/2024 – 6/30/25
NOTICE OF PUBLIC HEARING

Notice is hereby given that the City of Lansing City Council will hold a public hearing to solicit public input on the proposed funding allocations for the City of Lansing's FY 2024 Annual Action Plan which covers the time period July 1, 2024 – June 30, 2025.

TO: ALL LANSING CITIZENS AND ORGANIZATIONS

FROM: CITY COUNCIL

SUBJECT: PUBLIC HEARING – PROPOSED FUNDING ALLOCATIONS

PLACE: 124 W. MICHIGAN AVENUE, 10th FLOOR LANSING MI 48933

TIME: 7:00 p.m.

DATE: Monday, April 15th, 2024

PURPOSE: TO PROVIDE CITIZENS THE OPPORTUNITY TO EXAMINE AND COMMENT ON PROPOSED OBJECTIVES, GOALS AND PROJECTED USE OF COMMUNITY DEVELOPMENT FUND RESOURCES, INCLUDING THE COMMUNITY DEVELOPMENT BLOCK GRANT, HOME AND EMERGENCY SOLUTIONS GRANT PROGRAMS, TO BE INCLUDED IN THE CITY'S ANNUAL ACTION PLAN SUBMISSION FOR FY 2024 (7/1/2024 - 6/30/2025)

For additional information, please contact Barb Kimmel at Barb.Kimmel@lansingmi.gov.

PLEASE NOTE – Entitlement Grant Awards for FY 2024 (July 1, 2024-June 30, 2025) have not been announced by HUD as of the date of this publication. Amounts proposed herein for FY 2024 CDBG, HOME and ESG activities are based on prior year entitlement awards. If the grant amounts HUD actually awards to the City of Lansing for CDBG, HOME and ESG are different from the amounts shown above, pro-rata adjustments will be made to the budget amounts proposed for each activity.



CITY OF LANSING

INTERNAL AUDITOR

124 W MICHIGAN AVE FL 10

LANSING MI 48933-1605

(517) 483-4159

Date: February 26th, 2024

To: Committee of the Whole

From: Emily Linden, Internal Auditor

Subject: Grant Acceptance; Michigan State Housing Development Authority (MSHDA) Housing Development Fund Grant for Transformational Housing

Overview

- Department: Mayor's Office
- Grant Name: Transformational Housing Projects Grant
- City Contact: Jake Brower/Mark Lawrence
- Award Date: December 13, 2023
- Grant Cycle: December 13, 2023-December 12, 2025
- Amount: \$40,000,000
- One-time money
- No City match required

Act 119 PA 2023 appropriated funding to the Michigan Department of Labor and Economic Opportunity for "Enhancement Grants" intended to be allocated to the Michigan State Housing Development Authority to award and administer special grants to intended grantees.

Eligible Uses

Funds appropriated pursuant to the Act are to be used to support initiative and expand opportunities for low- and moderately low-income housing, including but not limited to:

- Improving the Grantee's ability to provide housing services
- Building capacity
- Initiate and coordinate housing development
- Provide gap funding for housing projects falling at 120% or less of the local region's Average Median Income

Public Purpose in Grant Agreement: This program is designed to support the Transformational Housing Project, overseen by the City of Lansing, to support the development of a new city campus for the City of Lansing. This includes the construction of new mixed use/income housing facilities in the downtown area. Funds will be used to construct transformational housing infrastructure at

workforce and market rates across multiple sites in downtown Lansing. The project will include residential, commercial, and parking inventory.

- The City intends to use these funds for the construction of more than 450 new mixed use/income housing facilities in the downtown area as proposed by Paul Gentilozzi.

Other Notes

- Reporting requirements include:
 - Calendar year quarterly financial status report and progress report
 - Cost certification for projects over \$10 million
 - The number and location of housing units created and/or preserved
 - Financial audit
 - Grant/financial narrative (final report)



LANSING CITY COUNCIL

GRANT INFORMATION FORM

(Required for all grant applications and acceptances)

REFERRAL DATE: February 12, 2024

GRANT NAME: Transformational Housing Projects Enhancement Grant

DEPARTMENT: Mayor

CONTACT PERSON (INCLUDE EMAIL AND PHONE): Jake Brower/Mark Lawrence, 517-483-4576

APPLICATION DATE AWARD DATE: 12/13/2023

GRANT CYCLE: State FY 2024 (thru 12/2025) Check One: ☐ Annual ☒ One-Time

FUND AMOUNT: \$40,000,000 (Breakdown below should total this amount)

GOODS & SERVICES

PERSONNEL

CONSTRUCTION \$40,000,000

LAND

OTHER

CITY MATCH (IF APPLICABLE): \$0

GRANT PAYS FOR: for the direct eligible costs of creating affordable housing units or completing other corridor improvements.

FUND ALLOCATIONS (Please describe the purpose of the grant and allowable uses):

State/Federal Grants - \$40,000,000 (subgrant, capital projects).



City of Lansing

OFFICE OF THE CITY ATTORNEY

James D. Smiertka, City Attorney

February 14, 2024

Dear Council President Garza and Vice President Hussain:

After having had sufficient time, I have reviewed the two budget resolutions that propose to modify the Mayor's supplemental appropriation grant acceptance resolutions presented at OCA Leadership. My review has taken into consideration prior opinions including the 2006 legal opinion submitted to you previously and also my Boys and Girls Club opinion of 1996. Because these resolutions constitute budget amendments, Council's options are to either accept or reject the Mayor's proposals, but they cannot be modified. Therefore, the two resolutions, as amended by Council and passed by COW, are improper and cannot be approved as to form. Since these grant acceptance resolutions ultimately amend the budget, an up or down vote is the only option for City Council. The Mayor's two new resolutions to accept the grant dollars referred Monday night, are an up or down vote, and cannot include modified language.

Sincerely,

A handwritten signature in black ink, appearing to read "J. D. Smiertka", is written over a horizontal line.

James D. Smiertka
City Attorney

HOUSING DEVELOPMENT FUND GRANT AGREEMENT ENHANCEMENT GRANT # LEG-2024-384-ENH

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
735 East Michigan Avenue, Lansing, Michigan 48912

THIS ENHANCEMENT GRANT AGREEMENT ("Agreement") made and entered into as of December 13, 2023, by and between City of Lansing, a local unit of government, whose address is 124 W Michigan Ave, Lansing Michigan 48933 (the "Grantee"), and the Michigan State Housing Development Authority, a public body corporate and politic of the State of Michigan, whose address is 735 East Michigan Avenue, Lansing, Michigan 48912 ("the Authority").

RECITALS

A. Enacted on July 31, 2023, 119 PA 2023 (the "Act") appropriated funding to the Michigan Department of Labor and Economic Opportunity for "Enhancement Grants" intended to be allocated to the Michigan State Housing Development Authority ("Authority") to award and administer special grants to intended grantees.

B. Funds appropriated pursuant to the Act are to be used to support initiatives and expand opportunities for low- and moderately low-income housing, including but not limited to improving the Grantee's ability to provide housing services, building capacity, initiate and coordinate housing development, and to provide gap funding for housing projects falling at 120% or less of the local region's Average Median Income.

C. The Authority is responsible for administering Enhancement Grants, ensuring that funds are distributed in accordance with 119 PA 2023.

D. The Authority, as a public body, is charged with the responsibility of regulating the use of funds advanced by it to assure that such funds are being used for authorized purposes and in a manner that are in accordance with the Act and the Authority's General Rules (R 125.101, et seq., as amended) (the "Rules").

E. The Grantee has represented to the Authority that it is not debarred, is authorized to conduct business in the State of Michigan, that the signatory executing this Agreement is authorized to bind the Grantee to the terms of this Agreement and fully intends to distribute funds in accordance with the Act for housing-related purposes as described in Exhibit A attached and incorporated in this Agreement.

F. This Enhancement Grant, LEG-2024-384-ENH, in an amount not to exceed Forty Million Dollars (\$40,000,000) (the "Grant") is for housing-related activities more specifically described in Exhibit A (the "Program").

NOW, THEREFORE, in consideration of and as a condition to receiving the Grant, the Grantee agrees that:

1. The terms and conditions set forth herein are a reasonable and appropriate means to assure the use of funds in accordance with the Act, the Rules, and the Authority's Authorizing Resolutions.

2. All aspects of the Grantee's plan for the use of the Grant are specifically described in the Program attached hereto as Exhibit A, which Program is incorporated herein, and the Grantee will operate the Program as described in Exhibit A.

3. All actions of the Grantee and requirements of the Grantee's Program are subject to the terms of this Agreement, the provisions of the Act and the Rules of the Authority.

4. The activities of the Grantee will be subject to the review of and, in the discretion of the Authority, audit by Authority staff to ensure compliance with this Agreement, the Act and the Authority's Rules, and the Grantee will provide any books, records or documents in such form and at such place as the Authority may request.

5. The Grantee acknowledges and agrees to comply with federal and state laws and regulations that could be applicable to projects wherein funds from this grant may be used.

6. The Grantee agrees to draw down Grant proceeds only when and, in such amounts, as may be necessary to pay for the activities as Authorized in the Act or otherwise described in Exhibit A.

7. All requests for the disbursement of Grant proceeds shall be submitted to the Executive Director of the Authority or her designee, shall be made in writing, and shall include the amount of Grant proceeds to be disbursed, a description of the purposes for which the proceeds are to be used, copies of invoices, billings, or such other documentation as may be necessary to demonstrate project costs, and such other information as the Executive Director or his designee may request.

8. If an advance or a portion of the Grant for a specific purpose is not used for that purpose due to conditions that make it impossible to use as provided herein, or if the Grantee decides not to use the money, upon such decision, the sum shall be returned to the Authority immediately.

9. Grant proceeds are to be used for housing-related activities. Accordingly, the Grantee shall, prior to disbursement of funds, prepare and submit to the Authority a detailed budget of work to be completed.

10. Any of Grantee's activities that are assisted using grant proceeds and the selection of persons for participation in the Program shall not discriminate against any person on the grounds of race, color, creed, religion, height, weight, sex, sexual orientation, age (except for a Development specifically designed for elderly occupants), national origin, handicap, or marital or familial status except as provided by law. The Grantee shall comply with all requirements imposed by Title VIII of the Civil Rights Act of 1968 (as amended by the Fair Housing Amendments Act of 1988), the Americans with Disabilities Act, the Elliott-Larsen Civil Rights Act, and the Michigan Persons with Disabilities Civil Rights Act.

11. Within 30 days from the termination date of this Agreement, the Grantee shall provide to the Authority a report including, but not limited to, all receipts, expenditures, project activities and accomplishments including a comparison of the final budget to the approved budget and supporting documentation for claimed expenditures.

12. The Grantee assumes responsibility for any and all costs to implement the Grantee's Program exceeding the amount of the Grant.

13. All documents and reports delivered to the Grantee under this Agreement shall become and be the property of the Grantee.

14. In the event of a violation of any of the provisions of this Agreement, the Authority will notify the Grantee in writing of the violation and the Grantee will have a 30-day period in which to correct the violation. In the event the violation is not corrected to the satisfaction of the Authority within the time prescribed herein, the Authority may:

- a. immediately terminate the Grant, without further notice, in a writing signed by the Authority's Executive Director; and
- b. pursue any other remedy provided at law or in the Act.

15. The Grantee hereby agrees that an election by the Authority to pursue any one remedy shall not be construed to preclude or be a waiver of the right to pursue any other remedy available to it.

16. The term of this Agreement shall commence on December 13, 2023 and shall terminate, unless extended by the Authority, on December 12, 2025.

17. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portion hereof.

18. This Agreement may be signed in several counterparts and all so executed shall constitute one agreement, binding on all parties hereto.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGES TO FOLLOW

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year shown above.

CITY OF LANSING

By: _____

Shelbi Frayer
Its: Deputy Mayor

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year shown above.

**MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY**

By: _____

Amy Hovey
Its: Executive Director

Exhibit A
ENHANCEMENT GRANT # LEG-2024-384-ENH
Grantee: City of Lansing

In accordance with Public Act 119 of 2023, Article 9, Section 1012, State Senator Sarah E. Anthony is the grant sponsor and certified that this grant is for a public purpose. The following information is a summary of the grant provided by State Senator Sarah E. Anthony.

Public Purpose:

This program is designed to support the Transformational Housing Project, overseen by the City of Lansing, to support the development of a new city campus for the City of Lansing. This includes the construction of new mixed use/income housing facilities in the downtown area. Funds will be used to construct transformational housing infrastructure at workforce and market rates across multiple sites in downtown Lansing. The project will include residential, commercial, and parking inventory.

Disbursement and Use of Funds:

Initial disbursement of 10% may be provided to the grantee upon execution of the grant agreement. After the initial 10% disbursement, additional funds will only be disbursed after verification that the initial payment has been fully expended, in accordance with the project purpose.

The grant cannot be increased or deviated from the boilerplate language. Grant funds can only be used for expenditures that occur on or after the effective date of December 13, 2023, through December 12, 2025.

Progress Reports and Final Reporting:

A Summary of the grant activities performed during the grant term is required. An accounting of Grantee's actual expenditure of all funds on the Project over the grant period is required, including the breakdown of Grantee's actual use of Grant funds on the Project within each applicable category of the Budget, and corresponding copies of supporting documentation of such expenditures, such as receipts, general ledgers, or other evidence of expenditure activity statements; the Grantee's estimated percentage of completion of the Project; and any other information deemed relevant by Grantee to support the grant activities actually performed. Each Financial Status Report ("FSR") and progress report must be submitted on the MSHDA IGX grant management system by the designated authorized signatory. FSRs and progress reports must be submitted 30 days after the end of a calendar quarter.

Reporting requirements include the following:

1. Calendar year quarterly Financial Status Report and progress report
2. Cost certification for projects over \$10 million
3. The number and location of housing units created and/or preserved
4. Financial audit
5. Grant/financial narrative (final report)

Budget:

Component	Budget
Construction: Infrastructure Hard Costs (materials) Environmental	\$40,000,000
Total	\$40,000,000

Resolution #2024-###

By the Committee on Ways and Means
Resolved by the City Council of the City of Lansing

WHEREAS, on July 31, 2023, the State of Michigan enacted 119 PA 2023 (the “Act”) appropriating funding to the Michigan Department of Labor and Economic Opportunity for “Enhancement Grants” intended to be allocated to the Michigan State Housing Development Authority (the “Authority”) to award and administer special grants to intended grantees; and,

WHEREAS, funds appropriated pursuant to the Act are to be used to support initiatives and expand opportunities for low- and moderately low-income housing, including but not limited to improving the Grantee’s ability to provide housing services, building capacity, initiate and coordinate housing development, and to provide gap funding for housing projects falling at 120% or less of the local region’s Average Median Income; and,

WHEREAS, the Authority has awarded this Enhancement Grant, LEG-2024-384-ENH, in an amount not to exceed Forty Million Dollars (\$40,000,000.00) for housing-related activities; and,

WHEREAS, these funds are to be used for the construction of new mixed use/income housing facilities in the downtown area as proposed by Paul Gentilozzi; and,

WHEREAS, the award does not require local matching funds and was awarded on a non-competitive basis; and,

WHEREAS the funds are to be used as part of a project anticipated to create more than 450 new mixed use/income housing facilities in the downtown area as proposed by Paul Gentilozzi, subject to the terms of the grant agreement;

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council hereby accepts the Housing Development Fund Grant, subject to the terms of the grant agreement.

BE IT FINALLY RESOLVED, the Administration is authorized to create appropriate accounts and to make the necessary operating transfers for the expenditure and control of the balance of the grant funds, and to execute any necessary agreements upon approval as to form by the City Attorney.



CITY OF LANSING

INTERNAL AUDITOR

124 W MICHIGAN AVE FL 10

LANSING MI 48933-1605

(517) 483-4159

Date: February 26th, 2024

To: Committee of the Whole

From: Emily Linden, Internal Auditor

Subject: Grant Acceptance; Michigan Economic Development Corporation Transformational Municipal Infrastructure for new City Campus

Overview

- Department: Mayor's Office
- Grant Name: Transformational Municipal Infrastructure Enhancement Grant
- City Contact: Jake Brower/Mark Lawrence
- Award Date: January 12, 2024
- Grant Cycle: October 1, 2023-September 30, 2027
- Amount: \$40,000,000
- One-time money
- No City match required

Act 119 PA 2023 appropriated funding to the Michigan Department of Labor and Economic Opportunity for "transformational municipal infrastructure".

Eligible Uses

This grant is specifically to support the City of Lansing's development of a new city campus in the downtown corridor including a municipal administration building, facilities, and adjacent infrastructure. Eligible costs include the following that are directly related to the development of a new city campus:

- Property acquisition
- Planning, design, and engineering costs
- Construction of a new city administration building owned by the City of Lansing and/or
- Adjacent infrastructure improvements including facades, fixtures, equipment, greenspace, streetscapes, utilities, or lighting

Other Notes

- Reporting requirements include:

- Submitting documentation of expenditures in accordance with the Grantee's budget
- Quarterly progress reports including grant activities and an accounting on all funds expended



LANSING CITY COUNCIL

GRANT INFORMATION FORM

(Required for all grant applications and acceptances)

REFERRAL DATE: February 12, 2024

GRANT NAME: Transformational Municipal Infrastructure Enhancement Grant

DEPARTMENT: Mayor

CONTACT PERSON (INCLUDE EMAIL AND PHONE): Jake Brower/Mark Lawrence, 517-483-4576

APPLICATION DATE AWARD DATE: 1/12/2024

GRANT CYCLE: State FY 2024 (thru 09/2027) Check One: ☐ Annual ☒ One-Time

FUND AMOUNT: \$40,000,000 (Breakdown below should total this amount)

GOODS & SERVICES

PERSONNEL

CONSTRUCTION \$40,000,000

LAND

OTHER

CITY MATCH (IF APPLICABLE): \$0

GRANT PAYS FOR: for development of a new city campus in the downtown corridor including a municipal administration building, facilities, and adjacent infrastructure.

FUND ALLOCATIONS (Please describe the purpose of the grant and allowable uses):

State/Federal Grants - \$40,000,000 (construction).

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
GRANT WITH
CITY OF LANSING**

The Michigan Economic Development Corporation (the “MEDC”) enters into a binding agreement (the “Agreement”) with City of Lansing (the “Grantee”). As used in this Agreement, the MEDC and Grantee are sometimes individually referred to as a “Party” and collectively as “Parties.”

Grantee: City of Lansing
124 W. Michigan Avenue
Lansing, Michigan 48933

I. NATURE OF SERVICES.

- A. Purpose. The purpose of this Agreement is to provide funding to the Grantee to support the City of Lansing’s development of a new city campus in the downtown corridor including a municipal administration building, facilities, and adjacent infrastructure
- B. Eligible Costs. Grantee may expend funds on the following combination of costs directly related to the development of a new city campus:
 - i. Property acquisition
 - ii. Planning, design, and engineering costs
 - iii. Construction of a new city administration building owned by the City of Lansing; and/or
 - iv. Adjacent infrastructure improvements, including facades, fixtures, equipment, greenspace, streetscapes, utilities, or lighting.
- C. Legislative requirement. The city campus plan funded under this Agreement must identify any opportunities to leverage efficiencies with other governmental entities in a municipal administration building as part of the city campus plan. If excess space is available, the Grantee shall seek to provide space for community-based organizations or to serve residents (A-C collectively the “Grant Activities”).

II. PERFORMANCE SCHEDULE.

Starting Date: October 1, 2023

Ending Date: September 30, 2027

The term of this Agreement (the “Term”) shall commence on the Starting Date and shall continue until the occurrence of an event described in Section IX of this Agreement.

III. INCORPORATION BY REFERENCE. The following documents are incorporated by reference as binding obligations, term, and conditions of this Agreement.

Exhibit A: Grantee’s Budget

In the event of any inconsistency between the provisions of Exhibit A and this Agreement, the provisions of this Agreement shall control.

IV. PAYMENT SCHEDULE INFORMATION.

- A.** The MEDC agrees to pay the Grantee a sum not to exceed Forty Million Dollars (\$40,000,000) (the "Grant"). This Agreement does not commit the MEDC to approve requests for additional funds during or beyond the Term.
- B.** MEDC requires that payments under this Agreement be processed by electronic funds transfer (EFT). Grantee is required to register to receive payments by EFT at the State Integrated Governmental Management Applications (SIGMA) Vendor Self Service (VSS) website (www.michigan.gov/VSSLogin).
- C.** The Grant shall be disbursed in two tranches. Subject to Section IV.B., an initial disbursement of 50% of the Grant funds shall be made by the MEDC to the Grantee within thirty days of execution of this Agreement by both Parties (the "Initial Payment").
- D.** Additional funds shall only be disbursed after verification that the previous payment has been expended, in full, in accordance with this Agreement and Grantee's Budget, including providing appropriate supporting documentation. A second, and final, payment of the remaining 50% of the Grant funds under this Agreement shall be made by the MEDC to Grantee upon receipt and approval by the Grant Administrator of Grantee's supporting documentation showing that the remaining costs for which payment is requested have been appropriately expended in accordance with Grantee's Budget. Supporting documentation may include invoices, accounting ledgers, a detailed project scope and budget, demonstration of a competitive bid process, public support or community engagement activities, plan designs or engineering documents including environmental or economic impact, historic preservation considerations or evaluation of alternative options, existing or other planned downtown improvement activities that complement, maximize, or leverage a city campus plan funded under this section, plans to transition any existing public safety facilities currently located at an existing campus to new facilities (if applicable), and/or other supporting documentation as approved by the Grant Administrator. Grantee shall provide such documentation to Grant Administrator when requesting disbursement, or at Grant Administrator's request through the Term. Grant Administrator shall provide Grantee with appropriate submission instructions of Grantee's supporting documentation. Grantee's supporting documentation may be subject to a final audit prior to the release of final payment.

- E. The Grantee agrees that all funds shown in the Budget, described in Exhibit A, are to be spent as specified. Grantee may not submit a request for the same costs twice. Grantee may reallocate expenditures between the categories identified in Grantee's Budget of up to ten percent (10%) of the total Grant funds without prior written approval of the Grant Manager. Changes greater than ten percent (10%) of the total Grant Funds are only allowed upon review and written approval by the Grant Administrator. The addition of any Budget categories requires review and written approval by the Grant Administrator.

- V. **MEDC GRANT ADMINISTRATOR.** The Grantee must communicate with the MEDC representative named below or his or her designee regarding this Agreement. The Grant Administrator may be changed, at any time, at the discretion of the MEDC.

Kristyn Blackmer (the "Grant Administrator")
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913
blackmerk1@michigan.org

VI. **GRANTEE DUTIES.**

- A. The Grantee agrees to submit documentation of the expenditures of funds in accordance with Grantee's Budget (Exhibit A) and submit quarterly progress reports in form and substance satisfactory to the MEDC. Quarterly reporting shall include, at a minimum, the status of the Grant Activities and an accounting of all funds expended on Grant Activities during that quarter.

VII. **RELATIONSHIP OF THE PARTIES.**

- A. Due to the nature of the services described herein and the need for specialized skill and knowledge of Grantee, the MEDC is entering into this Agreement with Grantee. As a result, neither Grantee nor any of its employees or agents is or shall become an employee of the MEDC due to this Agreement.
- B. Grantee will provide the services and achieve the results specified in this Agreement free from the direction or control of the MEDC as to means and methods of performance.
- C. Grantee assumes full responsibility for any insurance or other fringe benefits, including, but not limited to, Social Security, Worker's Compensation, income tax withholdings, retirement or leave benefits for its employees. The MEDC is not responsible for any such insurance or other fringe benefits..

- D. Including those items provided for in Grantee's Budget in order for Grantee to achieve the Grant Activities, all tools, supplies, materials, equipment, and office space necessary to carry out this Agreement are the sole responsibility of Grantee.
 - E. Grantee shall retain all control of its employees and staffing decisions independent of the direction and control of the MEDC.
- VIII. **ACCESS TO RECORDS.** During the Term, and for seven (7) years after the Ending Date, the Grantee shall maintain reasonable records, including evidence that the services actually were performed and the identity of all individuals paid for such services, and shall allow access to those records by the MEDC or their authorized representative at any time during this period.
- IX. **TERMINATION.** This Agreement shall terminate upon the earlier of the following:
- A. The Ending Date.
 - B. Termination by the MEDC:
 - 1. By giving thirty (30) calendar days prior written notice to the Grantee in the event of fraudulent behavior or other egregious circumstances directly relating to the Grantee or the Grant Activities not otherwise covered by Section XIX of this Agreement, which would in the judgment of the MEDC CEO, reflect unfavorably on the State of Michigan if the Agreement were not terminated; or
 - 2. In the event that the Legislature of the State of Michigan the State Government, or any State official, commission, authority, body, or employee or the federal government (a) takes any legislative or administrative action which fails to provide, terminates, or reduces the funding necessary for this Agreement; or (b) takes any legislative or administrative action, which is unrelated to the source of funding for the Agreement, but which affects the MEDC's ability to fund and administer this Agreement and other MEDC programs, provided, however, that in the event such action results in an immediate absence or termination of funding, cancellation may be made effective immediately upon delivery of notice to the Grantee; or
 - 3. Pursuant to Section XIX of this Agreement.
- X. **MEDC EMPLOYEES.** The Grantee will not hire any employee of the MEDC to perform any services covered by this Agreement without prior written approval from the Chief Executive Officer of the MEDC.
- XI. **CONFIDENTIAL INFORMATION.** Except as required by law, the Grantee shall not disclose any information, including targeted business lists, economic

development analyses, computer programs, databases, and all materials furnished to the Grantee by the MEDC without the prior written consent of the MEDC. All information described in this Section shall be considered "Confidential Information" under this Agreement. Confidential Information does not include: (a) information that is already in the possession of, or is independently developed by, Grantee; (b) becomes publicly available other than through breach of this Agreement; (c) is received by Grantee from a third party with authorization to make such disclosures; or (d) is released with MEDC's written consent.

- XII. PUBLICATIONS.** Except for Confidential Information, the MEDC hereby agrees that researchers funded with this Agreement shall be permitted to present at symposia, national, or regional professional meetings, and to publish in journals, theses, or dissertations, or otherwise of their own choosing, the methods and results of their research. Grantee shall at its sole discretion and at its sole cost and expense, prior to publication, seek intellectual property protection for any Inventions (as described in Section XIII) if commercially warranted. Grantee shall submit to the MEDC a listing of articles that Grantee has submitted for publication resulting from work performed hereunder in its quarterly report to the MEDC. Grantee shall acknowledge the financial support received from the MEDC, as appropriate, in any such publication.
- XIII. INTELLECTUAL PROPERTY RIGHTS.** Grantee shall retain ownership to the entire right, title, and interest in any new inventions, improvements, or discoveries developed or produced under this Agreement, including, but not limited to, concepts know-how, software, materials, methods, and devices ("Inventions") and shall have the right to enter into license agreements with industry covering Inventions.
- XIV. CONFLICT OF INTEREST.** Except as has been disclosed to the MEDC, Grantee affirms that neither the Grantee nor its Affiliates or their employees has, shall have, or shall acquire any contractual, financial business, or other interest, direct or indirect, that would conflict in any manner with Grantee's performance of its obligations under this Agreement or otherwise create the appearance of impropriety with respect to this Agreement.

Grantee further affirms that neither Grantee nor any affiliates or their employees has accepted or shall accept anything of value based on an understanding that the actions of the Grantee or its affiliates or either's employees on behalf of the MEDC would be influenced. Grantee shall not attempt to influence any MEDC employee by the direct or indirect offer of anything of value. Grantee also affirms that neither Grantee, nor its Affiliates or their employees has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Grantee or its Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon or resulting from the execution of this Agreement.

In the event of change in either the interests or services under this Agreement,

Grantee will inform the MEDC regarding possible conflicts of interest which may arise as a result of such change. Grantee agrees that conflicts of interest shall be resolved to the MEDC's satisfaction or the MEDC may terminate this Agreement. As used in this Paragraph, "conflict of interest" shall include, but not be limited to, conflicts of interest that are defined under the laws of the State of Michigan.

- XV. INDEMNIFICATION AND GRANTEE LIABILITY INSURANCE.** To the extent permitted by law, The Grantee shall indemnify, defend and hold harmless the MEDC, its corporate board of directors, executive committee members including its participants, its corporate board of directors, its officers, agents, and employees (the "Indemnified Persons") from any damages that it may sustain through the negligence of the Grantee pertaining to the performance of this Agreement.

The Grantee shall maintain such insurance to protect the Indemnified Persons from claims that might arise out of or as a result of the Grantee's operations; however, Grantee's indemnification obligation shall not be limited to the limits of liability imposed under the Grantee's insurance policies. The Grantee will provide and maintain its own general liability, property damage, and Worker's Compensation insurance. The insurance shall be written for not less than any limits of liability required by law for the Grantee's obligation for indemnification under this Agreement.

- XVI. TOTAL AGREEMENT.** This Agreement, together with Exhibit A incorporated herein, is the entire agreement between the Parties superseding any prior or concurrent agreements as to the services being provided, and no oral or written terms or conditions which are not contained in this Agreement shall be binding. This Agreement may not be changed except by mutual agreement of the Parties reduced to writing and signed.

- XVII. ASSIGNMENT/TRANSFER/SUBCONTRACTING.** Except as contemplated by this Agreement, the Grantee shall not assign, transfer, convey, subcontract, or otherwise dispose of any duties or rights under this Agreement without the prior specific written consent of the MEDC. Any future successors of the Grantee will be bound by the provisions of this Agreement unless the MEDC otherwise agrees in a specific written consent. The MEDC reserves the right to approve subcontractors for this Agreement and to require the Grantee to replace subcontractors who are found to be unacceptable.

- XVIII. COMPLIANCE WITH LAWS.** The Grantee is not and will not during the Term be in violation of any laws, ordinances, regulations, rules, orders, judgments, decrees, or other requirements imposed by any governmental authority to which it is subject, and will not fail to obtain any licenses, permits, or other governmental authorizations necessary to carry out its duties under this Agreement.

- XIX. DEFAULT.** The occurrence of any one or more of the following events or conditions shall constitute an "Event of Default" under this Agreement, unless a

written waiver of the Event of Default is signed by the MEDC: (a) any representation, covenant, certification, or warranty made by the Grantee shall prove incorrect at the time that such representation, covenant, certification, or warranty was made in any material respect; (b) the Grantee's failure generally to pay debts as they mature, or the appointment of a receiver or custodian over a material portion of the Grantee's assets, which receiver or custodian is not discharged within sixty (60) calendar days of such appointment; (c) any voluntary bankruptcy or insolvency proceedings are commenced by the Grantee; (d) any involuntary bankruptcy or insolvency proceedings are commenced against the Grantee, which proceedings are not set aside within sixty (60) calendar days from the date of institution thereof; (e) any writ of attachment, garnishment, execution, tax lien, or similar writ is issued against any property of the Grantee, which is not removed within sixty (60) calendar days. (f) the Grantee's failure to comply with the reporting requirements hereof; (g) the Grantee's failure to comply with any obligations or duties contained herein; and/or (h) Grantee's use of the Grant funds for any purpose not contemplated under this Agreement.

XX. AVAILABLE REMEDIES. Upon the occurrence of any one or more of the Events of Default, the MEDC may terminate this Agreement immediately upon notice to the Grantee. The termination of this Agreement is not intended to be the sole and exclusive remedy in case any Event of Default shall occur and each remedy shall be cumulative and in addition to every other provision or remedy given herein or now or hereafter existing at law or equity.

XXI. REIMBURSEMENT. If this Agreement is terminated as a result of Section XIX(h) hereof, the MEDC shall have no further obligation to make a Grant disbursement to the Grantee. The Grantee shall reimburse the MEDC for disbursements of the Grant determined to have been expended for purposes other than as set forth herein as well as any Grant funds, which were previously disbursed but not yet expended by the Grantee.

XXII. NOTICES. Any notice, approval, request, authorization, direction, or other communication under this Agreement shall be given in writing and shall be deemed to have been delivered and given for all purposes: (a) on the delivery date if delivered by electronic mail or by confirmed facsimile; (b) on the delivery date if delivered personally to the Party to whom the same is directed; (c) one business day after deposit with a commercial overnight carrier, with written verification of receipt; or (d) Three business days after the mailing date, whether or not actually received, if sent by U.S. mail, return receipt requested, postage, and charges prepaid, or any other means of rapid mail delivery for which a receipt is available. The notice address for the Parties shall be the address as set forth in this Agreement, with the other relevant notice information, including the recipient for notice and, as applicable, such recipient's facsimile number or electronic mail address, to be as reasonably identified by notifying Party. The MEDC and Grantee may, by notice given hereunder, designate any further or different addresses to which subsequent notices shall be sent.

- XXIII. ACCESS TO RECORDS AND INSPECTION RIGHTS.** During the Term, there will be frequent contact between the Grant Administrator and the Grantee. Until the end of the Term, to enable the MEDC to monitor and ensure compliance with the terms of this Agreement, the Grantee shall permit the MEDC to visit the Grantee, and any other location where books and records of the Grantee are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of this Agreement, including the expenditure of the Grant disbursements; provided, however, that such audit right shall survive the end of the Term by three (3) years. At such visits, the Grantee shall permit any employee or agent of the MEDC to make copies or extracts from information and to discuss the affairs, finances, and accounts of the Grantee related to this Agreement with its officers, employees, or agents. The MEDC shall have the right to remove, photocopy, photograph, or otherwise record in any way any part of such books and records with the prior written consent of the Grantee, which consent shall not be unreasonably withheld.
- XXIV. GOVERNING LAW.** This Agreement is made and entered into in the State of Michigan and shall in all respects be interpreted, enforced, and governed under the laws of the State of Michigan without regard to the doctrines of conflict of laws. The terms of this provision shall survive the termination or cancellation of the Agreement.
- XXV. COUNTERPARTS AND COPIES.** The Parties hereby agree that the faxed signatures of the Parties to this Agreement shall be as binding and enforceable as original signatures; and that this Agreement may be executed in multiple counterparts with the counterparts together being deemed to constitute the complete agreement of the Parties. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as though such copy was an original.
- XXVI. JURISDICTION.** In connection with any dispute between the Parties under this Agreement, the Parties hereby irrevocably submit to jurisdiction and venue of the Michigan circuit courts of the State of Michigan located in Ingham County. Each Party hereby waives and agrees not to assert, by way of motion as a defense or otherwise in any such action any claim; (a) that it is not subject to the jurisdiction of such court; (b) that the action is brought in an inconvenient forum; (c) that the venue of the suit, action, or other proceeding is improper; or (d) that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.
- XXVII. SEVERABILITY.** All of the clauses of this Agreement are distinct and severable and, if any clause shall be deemed illegal, void, or unenforceable, it shall not affect the validity, legality, or enforceability of any other clause or provision of this Agreement. To the extent possible, the illegal, void, or unenforceable provision shall be revised to the extent required to render the Agreement enforceable and valid, and to the fullest extent possible, the rights and responsibilities of the Parties

shall be interpreted and enforced to preserve the Agreement and the intent of the Parties. Provided, if application of this section should materially and adversely alter or affect a Party's rights or obligations under this Agreement, the Parties agree to negotiate in good faith to develop a structure that is as nearly the same structure as the original Agreement (as may be amended from time to time) without regard to such invalidity, illegality, or unenforceability.

XXVIII. PUBLICITY. At the request and expense of the MEDC, the Grantee will cooperate with the MEDC to promote the Grant Activities through one or more of the placement of a sign, plaque, media coverage, or other public presentation at the project or other location acceptable to the Parties.

XXIX. SURVIVAL. The terms and conditions of sections VII, VIII, XI, XV, XVII, XXIV, XXVI, and XXVII shall survive termination of this Agreement.

(remainder of page intentionally left blank)

The signatories below warrant that they are empowered to enter into this Agreement.

GRANTEE ACCEPTANCE:

City of Lansing

Dated: _____

Andy Schor
Mayor

MEDC ACCEPTANCE:

Michigan Economic Development Corporation

Dated: _____

Christin Armstrong
Secretary

EXHIBIT A

GRANTEE’S BUDGET

1. Grantee: City of Lansing		2. Project Title: Transformational Municipal Infrastructure			
3. Project Cost Elements		4. Funding Sources			
Activities	Other/Additional Notes	Michigan Enhancement Grant	Local Funding	Other Funding	Total
Construction:	Renovation and construction of a new Lansing City Hall in the downtown	\$ 40,000,000.00			\$ 40,000,000.00
Infrastructure Hard Costs (Materials)					
Environmental					
Total		\$ 40,000,000.00	\$ -	\$ -	\$ 40,000,000.00

Resolution #2024-###

By the Committee on Ways and Means
Resolved by the City Council of the City of Lansing

WHEREAS, on July 31, 2023, the State of Michigan enacted 119 PA 2023 (the “Act”) appropriating funding to the Michigan Department of Labor and Economic Opportunity (the “Department”) for “transformational municipal infrastructure” for which the City of Lansing was an eligible recipient; and,

WHEREAS, funds appropriated pursuant to the Act are to be used to develop a city campus that will improve customer service and public accessibility, increase building efficiencies, modernize aging facilities, and improve downtown commerce and redevelopment; and,

WHEREAS, the Department, through the Michigan Economic Development Corporation (“MEDC”) has awarded a grant, Case - 400195, for a sum not to exceed Forty Million Dollars (\$40,000,000.00) to provide funding to the City of Lansing to support the development of a new city campus in the downtown corridor including a municipal administration building, facilities, and adjacent infrastructure; and,

WHEREAS, the MEDC grant was awarded to the City of Lansing, which was notified of the grant award on January 12, 2024; and,

WHEREAS, the award does not require local matching funds and was awarded on a non-competitive basis; and,

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council hereby accepts the MEDC Grant, subject to the terms of the grant agreement.

BE IT FINALLY RESOLVED, the Administration is authorized to create appropriate accounts and to make the necessary operating transfers for the expenditure and control of the balance of the grant funds, and to execute any necessary agreements upon approval as to form by the City Attorney.

LANSING CITY HALL

FEBRUARY 12, 2024



AGENDA

- ✓ BACKGROUND & HISTORY
- ✓ WHY NOW? WHAT CHANGED?
- ✓ BENEFITS FROM A NEW CITY HALL
- ✓ CAN WE RENOVATE CURRENT CITY HALL WITH THE STATE GRANT?
- ✓ BUDGET & OPTIONS
- ✓ WHAT HAPPENS TO THE CURRENT CITY HALL?
- ✓ WHAT'S NEXT?
- ✓ QUESTIONS?

BACKGROUND & HISTORY

- City Hall current condition
- Challenges for relocation
 - Courts & lock up
 - Funding
- RFP Process
 - 2017 & 2022

3

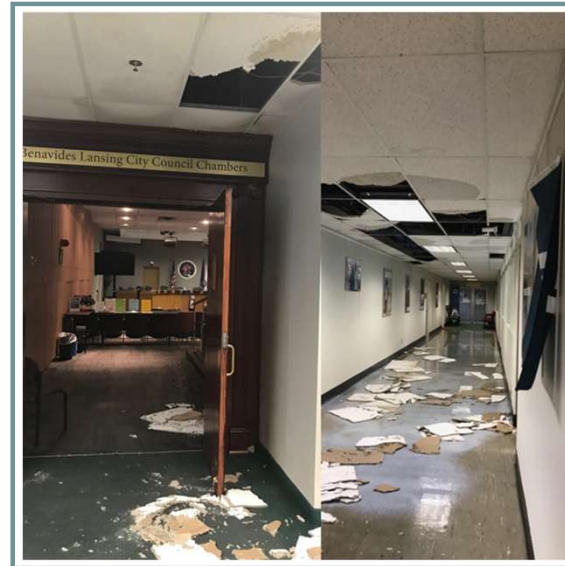


Photo: Chris Swope

WHAT NOW? WHAT CHANGED?

State of Michigan Final Signed Budget - Fiscal Year 2024

Sec. 1029. (1) From the funds appropriated in part 1 for transformational municipal infrastructure, the department shall allocate funds to support the development costs of a city campus plan located in a municipality with a population between 106,000 and 108,000 in a county with a population between 280,000 and 290,000 according to the most recent federal decennial census. **Funds utilized for a city campus must include the modernization of a municipal administration campus that will improve customer service and public accessibility, increase building efficiencies, modernize aging facilities, and improve downtown commerce and redevelopment.** (2) **Funds allocated under this section shall support the development costs of a new city campus plan in the downtown corridor.** For purposes of this section, a city campus plan includes, but is not limited to, a municipal administration building, facilities, and adjacent infrastructure. (3) Consistent with subsection (2), development costs may include any of the following: (a) Property acquisition. (b) Planning, design, and engineering costs. (c) Construction of a new city administration building owned by the applicant for funds under this section. (d) Adjacent infrastructure improvements, including facades, fixtures, equipment, greenspace, streetscapes, utilities, or lighting. (4) In addition to other requirements under this section, the department may require submission of supporting documentation, including, but not limited to, any of the following: (a) A detailed project scope and budget. (b) Demonstration of a competitive bid process. (c) Public support or community engagement activities. (d) Plan designs or engineering documents, including environmental or economic impact. (e) **Historic preservation considerations or evaluation of alternative options.** (f) **Existing or other planned downtown improvement activities that complement, maximize, or leverage a city campus plan funded under this section.** (g) If applicable, plans to transition any existing public safety facilities currently located at an existing campus to new facilities. (5) **The city campus plan funded under this section must identify any opportunities to leverage efficiencies with other governmental entities in a municipal administration building as part of the city campus plan.** If excess space is available, the applicant for funds under this section shall seek to provide space for community-based organizations or to serve residents. (6) The department shall verify the applicant has complied with this section and all applicable state laws or regulations. To the greatest extent possible, the department shall make funds available by December 15, 2023 to begin implementation of a city campus plan. (7) The unexpended funds appropriated in part 1 for transformational municipal infrastructure are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a: (a) The purpose of the project is to support the costs of a city campus plan. (b) The project will be accomplished by utilizing state employees, contracts with vendors, or local partners. (c) The estimated cost of the project is **\$40,000,000.00.** (d) The tentative completion date is September 30, 2027.

BENEFITS FROM A NEW CITY HALL

- How does a new City Hall help all Lansing residents?
 - One stop shop! Customer service on first floor
 - Council meetings more accessible
- Smaller footprint needed now
 - 124 W. Michigan Avenue: 129,853 sq. ft.
 - 217 S. Capitol Ave: 109,826 sq. ft.
- Generates domino effect of additional downtown development
 - We preserve a historic building (State grant language)
 - New hotel for our region

WHY CAN'T WE USE THE MONEY TO FIX OUR CURRENT CITY HALL?

A 2016 City Hall Space Study from DLZ outlined then-current uses and estimates for renovation of current City Hall to code and modernization.

- Hard costs ranged from \$41.2 million to \$51.6 million
- Total costs ranged from \$50.6 million to \$65.9 million

The national average increase in commercial construction costs from 2016 to 2023 (through Q3) is approximately 155%⁶ (pulled from the Mortenson Construction Cost Index, which is generally regarded as regarded as reliable for this metric)

- The projected 2023 hard costs would range from \$63.9 million to \$80 million
- The projected 2023 total costs would range from \$78.7 million to \$102.5 million

Not to mention, we would still need to displace people/departments for renovations (costs not included).

BUDGET & OPTIONS

We have 3 primary options for City Hall:

OPTION 1:

Renovate floors LL-4 (white box top 2 floors)

OPTION 2:

Renovate all floors and move EDP staff in

OPTION 3:

Renovate all floors and move LSD staff in

OPTION	BUDGET	PRO	CON
Renovate floors 1-5	\$42M	Fastest	Leave 3 floors unoccupied (State grant language)
Renovate all floors & move EDP	\$42M + Brownfield	Most departments get to be in one space	No income generation; creates empty building/block
Renovate all floors & move LSD	\$42M + Brownfield	Income generator (rent). Shared Services (ex: security).	

*A Brownfield on existing city hall redevelopment could generate up to \$23M

WHAT HAPPENS TO THE CURRENT CITY HALL?

- An interested developer (for over a decade) has proposed to turn our current building into a hotel.
- The building was appraised on March 7, 2023, and valued at \$2.78M.
- The redevelopment would take between 2-3 years to complete.
- Additional hotel rooms would boost our downtown businesses and allow for additional events to take place at our Lansing Center.

WHAT'S NEXT?

- Council approval of a purchase agreement (referred at January 8th council meeting).
- Approval of a sale of current city hall (purchase of new city hall happens first).
- Potential brownfield approval (if options 2 or 3 are desired).
- Potential negotiations with LSD (lease agreement).
- Designing new space/programming/logistics for move.



QUESTIONS?

10

Shelbi Frayer

Deputy Mayor

City of Lansing - Office of Mayor Andy Schor



517-483-4107



Shelbi.Frayer@lansingmi.gov



Lansing City Hall overview

Three times over the past five years, through multiple administrations, bids have been released, reviewed and unawarded for a replacement of the current functionally obsolete City Hall. Boji Group, a local developer with a strong commitment to Downtown Lansing for over 25 years, has been involved in every attempt to provide a solution for City Hall. Boji Group's most recent bid in March 2022 for a new City Hall although compelling, and even paired with a plan by Beitler Real Estate to purchase and redevelop existing City Hall to a hotel did not solve for the City's greatest hurdle—*funding*.

The administration's vision for a replacement City Hall remained out of reach. However, the citizens of Lansing spoke loudly in November 2022; approving a millage increase for a new Public Safety Campus inclusive of Courts, Lockup, Police, and Fire Departments totaling \$175M. However, City Council and City Administration Departments were not eligible within the millage increase for relocation, requiring a necessary solution for the remaining departments, which cannot sustainably occupy City Hall alone due to its size and reported condition.

In conjunction with the City of Lansing, Boji Group has assisted with efforts to support the costs of a city campus plan. In July 2023, The Capital Caucus appropriated a \$40M one-time grant, site specific to the downtown corridor for a new City Hall. With City funding allocated, Boji Group's successful proposal aims to relocate remaining City Departments within 217 S. Capitol Avenue, the former Masonic Temple Building. The move is part of a bigger plan to improve downtown with more housing, entertainment, and economic development. City Hall is still postured for a sale and redevelopment into a hotel, allowing for larger events, both at the Lansing Center and in the downtown area.

With multiple projects in the queue, a proposed \$200 million mixed-use development called New Vision Lansing by Gentilozzi Real Estate inclusive of 450 housing units, and the MSUFCU Ovation Entertainment Venue anticipated to hold over 1,800 people, the City of Lansing has momentum. These and other projects will add hundreds of housing units within walking distance of downtown, boost the local economy and culture, while improving the city's infrastructure and services. The relocation of City Hall is part of this vision, as it will enhance customer service and accessibility, and provide a modernized facility for long-term, sustainable operation.





Lansing City Hall

benefits & impacts

GEOGRAPHICAL

benefits & impacts

LOCATION / ACCESS:

217 S. Capitol Avenue, the former Masonic Temple is across the street from the State Capitol Building and is adjacent to public parking ensuring easy access to government services and officials.

HISTORIC PRESERVATION:

The project will include the renovation and reuse of a historic building in Downtown, which will maintain the city's legacy and enrich the new development with its unique charm. The value of such a facility is priceless in the current construction market.

DOWNTOWN DEVELOPMENT CATALYST:

The project will serve as a catalyst for expanding downtown development by attracting new businesses, residents, and visitors to the area. This will help create a vibrant and thriving community.

\$130M stimulus package from the Legislature; resulting in \$40M for City Hall, \$40M for New Vision Lansing, adding over 450 housing units to Downtown, among many others.

The sale and redevelopment of the Current City Hall into a Hotel.

MSUFCU Ovation Entertainment Venue, will bring concerts back to Lansing with over 1,800 seats.

Hundreds of housing units in various stages of approvals and development.

ECONOMIC

benefits & impacts

ONE-TIME, AREA-SPECIFIC STATE FUNDING:

This project will receive one-time \$40M state funding, specific to the downtown corridor, with the former Masonic Temple meeting the specified criteria. This appropriation is separate from the \$175M millage increase approved in November 2022.

UNIFYING CITY SERVICES:

Access to City services will remain downtown, keeping residents and employees downtown. This will provide a “one-stop shop” for residents, providing easier access to services.

TEMPORARY CONSTRUCTION JOBS:

The project will create temporary construction jobs for the highly skilled union workers, driving additional daytime business into downtown, boosting the local economy.

SPEED TO MARKET:

Renovating the Masonic Temple will allow city operations to commence quicker than a ground-up facility, or renovation of existing City Hall. The one-time relocation of city departments will cause the least amount of disruption to existing employee commutes. The adjacent relocation will remain familiar to the city residents.

CURRENT CITY HALL REDEVELOPMENT:

Allows the administration to market City Hall to a developer for the appraised value with potential redevelopment to a hotel. This will allow Lansing Center to host larger events possible and increase City tax revenue.

ADDITIONAL TAX REVENUE GENERATION:

Current City Hall is property tax exempt; the sale and redevelopment will provide an estimated \$725K in annual property taxes to the TIFA.

OPERATIONAL

benefits & impacts

EFFICIENCY OPPORTUNITIES:

Department meetings held to identify spatial needs and deficiencies to provide solutions improving current and anticipated departmental workflow. Implementation will allow for operational cost savings in both the short and long-term.

DESIGN AND TECHNOLOGY:

The project will improve the City's accessibility and functionality with dedicated spaces to serve the public with secured access to City services. The project will include modernization of spaces

OPERATIONAL SAVINGS:

Although the project is an adaptive re-use of a historic building, the city will realize operational savings with up-to-date mechanical, electrical, and plumbing systems as a result of the total project scope.

PRIVATE PUBLIC PARTNERSHIP

benefits & impacts

RISK MITIGATION:

Benefits of a private-public partnership provide sureties to the city, reducing overall risk.

State provided one-time, site-specific funding of \$40M to make City Hall project attainable.

Minimize City financial risk by providing a Guaranteed Maximum Price (GMP) contract for redevelopment and responsibility to provide management and services from development through project completion.



Representative rendering of City Council Chambers

DEVELOPER ROLES & RESPONSIBILITIES

Preliminary Development: Inclusive of due diligence, communication strategies, design and engineering management and project pursuit and delivery leadership.

To orchestrate entire development from inception to occupancy, providing guidance and management from preliminary development through post-construction activities.

Provide single point of contact and responsibility for overall project delivery.

Pre-Construction: Interpret and provide guidance on contractor provided documents, value-engineering where possible. Establish, manage, and communicate project schedule, budget, and deliverables to the city.

Construction: Track compliance processes, provide construction management oversight, and work with city through substantial completion, closeouts, punch lists, and move-in.

Post-Construction: After achieving temporary or permanent certificate of occupancy, Developer will work with City to resolve and open items, coordinate final inspections, and provide as-built copies, operation and maintenance manuals, shop drawings, and warranty information to the city.

SITE PURCHASE AGREEMENT
(City of Lansing City Hall Project)

MAR 1'24 4PMCLERK

This Site Purchase Agreement ("**Purchase Agreement**") is made and entered into as of the _____ day of _____, 2024 ("**Effective Date**"), by and between 217 CAPITOL, LLC., a Michigan limited liability company ("**Seller**") and the City of Lansing, a Michigan municipal corporation ("**Buyer**"), and is as follows:

ARTICLE I
DEFINITIONS AND REFERENCES

As used in this Purchase Agreement, the following terms shall have the meanings set forth below:

Buyer's Representative: Kramer Management Group.

Buyer's Notice of Intent to Close: Written notice from the Buyer to the Seller, to be delivered by the Buyer on or before July 31, 2024, indicating Buyer's intention to finalize the conditions to Closing.

Closing: The consummation of Buyer's purchase of the Property in accordance with Article XI.

Closing Date: Defined in Article XI of this Purchase Agreement.

Commitment: The Preliminary ALTA 2021 Commitment of Title Insurance as designated in Article VII of this Purchase Agreement and provided by Seller to Buyer in the amount of the Purchase Price.

Deed: A recordable warranty deed to be delivered by Seller to Buyer at Closing conveying the Property to Buyer, subject to the Permitted Exceptions.

Effective Date Deposit: Defined in Section 4.03 of this Purchase Agreement.

Investigation Period: Defined in Section 5.01 of this Purchase Agreement.

Permitted Exceptions: collectively, in a form acceptable to Buyer: (i) easements, restrictions, covenants and agreements of record including, but not limited to, those appearing in Schedule B-II of the Commitment to which Buyer does not object in accordance with Article VII below and (ii) zoning ordinances.

Property: The Real Property including all easements, tenements, hereditaments and appurtenances relating to said Real Property which are Permitted Exceptions or otherwise approved by Buyer; all fixtures and equipment relating to the improvements to the Real Property.

Purchase Agreement: This Site Purchase Agreement including the following Exhibits attached hereto and incorporated herein by this reference:

Exhibit A: Legal Description of the Real Property;

Exhibit A-1: Depiction of the Real Property;

Exhibit B: Seller's Neighboring Property;

Exhibit C: Permitted Exceptions.

Purchase Price: The total of the Purchase Price as stated in Article IV, plus or minus prorations and adjustments.

Real Property: The approximately 0.3763 acres of land commonly known as 217 S. Capitol Avenue, Lansing, Michigan 4893, as more particularly described in Exhibit A and depicted in Exhibit A-1.

Title Company: First American Title Insurance Company, 400 N. Water Street, Suite 100, Rochester, MI 48307, 248.540.8035, mlawless@firstam.com.

ARTICLE II SALE AND PURCHASE

Seller is the owner of the Property. Pursuant to this Purchase Agreement, on the Closing Date Seller agrees to sell and convey, and Buyer agrees to purchase, under the terms and provisions hereinafter provided, the Property.

ARTICLE III DEVELOPMENT OF SELLER'S NEIGHBORING PROPERTY

Seller owns property located immediately north of the Real Property and legally described on attached Exhibit B (the "**Seller's Neighboring Property**"). Seller covenants that, no less than sixty (60) days before developing or selling the Seller's Neighboring Property (such period, the "**Easement Negotiation Period**"), Seller will notify Buyer in writing, and Buyer will have the opportunity, until the expiration of the Easement Negotiation Period, to secure an easement or other rights, at a cost agreed upon among the parties, providing for limitations on the sale of or the construction of improvements to Seller's Neighboring Property, such that the view of and from the Real Property and the Buyer's use of the Property as ultimately improved will not be impaired by any development on the Seller's Neighboring Property (any such easement or other rights as negotiated, the "**Visibility Easement**"). Buyer and Seller may agree in writing to extend the Easement Negotiation Period. If Buyer and Seller are unable to execute the Visibility Easement prior to the expiration of the Easement Negotiation Period, as it might be extended, then Seller's obligations under this Article III shall be deemed satisfied, Seller shall have the right to develop or sell the Seller's Neighboring Property without regard to this Article III, and this Article III shall automatically be deemed of no further force or effect. This Article shall survive Closing and termination of this Agreement as a result of Closing.

ARTICLE IV
PURCHASE PRICE; CERTAIN OTHER PAYMENTS AND EFFECTIVE DATE
DEPOSIT

4.01 Purchase Price. The total "**Purchase Price**" for the Real Property shall be **Three Million Six Hundred Fifty Thousand and No/100 Dollars (\$3,650,000.00)**, subject to credit for the Effective Date Deposit (as defined in Section 4.03) and as adjusted by prorations determined in accordance with Purchase Agreement. The balance of the Purchase Price shall be paid at Closing as described in Article XII.

4.02 Deposit.

(a) Within five (5) business days of the Effective Date, Buyer shall deposit with the Title Company the amount of **Fifty Thousand and No/100 Dollars (\$50,000.00)** (the "**Effective Date Deposit**").

(b) The Effective Date Deposit shall be held pursuant to the standard form of strict joint order escrow instructions in use by the Title Company. Upon Buyer's direction and at its expense, the Title Company may deposit and hold the Effective Date Deposit in an interest-bearing account with interest accruing to the Buyer and invest such deposit in readily available funds at the direction of Buyer. Buyer shall receive a credit at Closing for the amount of the Effective Date Deposit. If the Effective Date Deposit is returned to the Seller, it shall not include interest earned as a result of Buyer's direction and expense.

ARTICLE V
ENTRY; INVESTIGATION PERIOD

5.01 Inspection; Right of Entry.

(a) Within five (5) business days after the Effective Date, Seller shall, at Seller's sole cost and expense, provide to Buyer all feasibility studies, soil reports, environmental audits and other appraisals, inspections, permits, tests, reports, surveys or information in the possession or control of Seller with respect to the Property.

(b) During the period commencing on the Effective Date and expiring one hundred and twenty (120) days after the Effective Date (the "**Investigation Period**"), at Buyer's sole expense, Buyer, Buyer's Representative or its authorized representatives, agents, employees, contractors, architects and engineers designated by Buyer (collectively, "**Buyer's Consultants**") may enter upon the Real Property at reasonable times and do and perform all surveying, engineering, soil borings, environmental and other tests and inspections deemed necessary by Buyer to satisfy Buyer that the Property is suitable for the uses and purposes intended by Buyer, including but not limited to: reviewing all building plans, construction specifications and any other physical or municipal components of the Property; performing a Phase I environmental assessment and a soil and geotechnical analysis; confirming all utilities and site conditions; conducting any other test, study, investigation, inspection or report Buyer deems advisable with

respect to the Property; provided however in no event shall Buyer be permitted to perform any physical or intrusive testing, including, without limitation, a Phase II environmental assessment or boring on the Property, without the prior written consent of Seller, which shall not be unreasonably withheld, conditioned or delayed.

(c) Prior to Buyer, Buyer's Representative or Buyer's Consultants entering onto the Property, Buyer shall give Seller forty-eight (48) hours prior notice of such entry. Seller shall have the right (but not the obligation) to accompany Buyer, Buyer's Representative and Buyer's Consultants during such entry. Buyer shall take all steps reasonably necessary to protect the Property from damage by reason of its activities. Buyer shall repair any such damage to the Property resulting from Buyer's, Buyer's Representative's and/or Buyer's Consultants' activities on the Property, to the extent necessary, to the condition existing prior to such damage.

(d) To the extent it would prevent a successful Closing, or prevent Seller from completing improvements contemplated for the Property, or otherwise impair Seller's current title to the Property, Buyer shall not permit any construction, mechanic's, materialman's or other lien to be filed against any of the Property as the result of any work, labor, service or materials performed or furnished by, for or to Buyer, Buyer's Representative's and/or Buyer's Consultants. If any such impairing lien shall at any time be filed against the Property, Buyer shall, without expense to Seller, cause the same to be discharged of record by payment, bonds, order of a court of competent jurisdiction or otherwise.

(e) If the Closing does not occur, then upon Seller's request, Seller shall be entitled to receive copies of any inspection reports and studies of the Property obtained by Buyer with respect to the Property. Seller will reimburse Buyer for half of the cost of any such requested report or study. This subsection shall survive the termination of this Agreement.

5.02 Termination During Investigation Period.

In the event that Buyer is not satisfied, in its sole and absolute discretion, with its inspections and tests of the Property, the physical condition of the Property or the fitness or feasibility of the Property for any reason whatsoever, Buyer may, by written notice to Seller, terminate this Purchase Agreement at any time on or prior to the expiration of the Investigation Period. In the event that Buyer so terminates this Purchase Agreement, Buyer and Seller shall have no further obligations hereunder except those that expressly survive termination and the Effective Date Deposit shall be promptly returned to Buyer. If Buyer does not timely give a notice of termination under this Section 5.02, then Buyer shall be deemed to have waived its conditions and rights under this Section only.

ARTICLE VI RISK OF LOSS

Until the Closing, all risk of loss from any or all damage, injury, casualty and condemnation to the Property shall be borne by Seller, subject to the provisions of Articles XVII and XVIII.

ARTICLE VII INITIAL REVIEW OF SURVEY AND TITLE COMMITMENT

Within twenty (20) days after the Effective Date, Seller shall cause to be delivered to Buyer, at Seller's expense:

- (a) the initial Commitment;
- (b) full legible copies of all documents referred to in such Commitment as exceptions to title; and
- (c) a new or updated ALTA/NSPS survey of the Property (the "**Updated Survey**").

In the event that any exceptions or defects appear in the Commitment that are not Permitted Exceptions, or if the Updated Survey discloses defects, which, in Buyer's sole discretion, would adversely impact Buyer's proposed use of the Property or otherwise render title to the Property unmarketable or are otherwise deemed unacceptable to Buyer (collectively, "**Unpermitted Exceptions**"), then Buyer shall notify Seller in writing thereof within thirty (30) days after Buyer has received both the Commitment (and all underlying title documents) and the Updated Survey, but not later than the expiration date of the Investigation Period. If Buyer so notifies Seller of any Unpermitted Exceptions, Seller shall have fifteen (15) days thereafter to cure such matters or cause the Title Company to commit to insure against such matters in a manner which is reasonably satisfactory to Buyer. If, by the expiration of such fifteen (15) day period, Seller fails to have any such Unpermitted Exceptions so removed or satisfactorily insured over, Buyer may, by written notice to Seller given within thirty (30) days thereafter, elect to terminate this Purchase Agreement, in which event the Effective Date Deposit shall be returned to Buyer.

All exceptions to title reflected on the Commitment or Survey which are not Unpermitted Exceptions shall be referred to hereinafter as "**Permitted Exceptions**" and shall be listed on Exhibit C which shall be attached to each fully-executed original of this Purchase Agreement within ten (10) days after expiration of the aforementioned fifteen (15) day curative period.

In addition, Seller shall be obligated to remove at or prior to Closing, and at Seller's expense, (i) any mortgages or deeds of trust securing any financing obtained or expressly assumed by Seller; (ii) any mechanics or materialmen's liens for work done pursuant to a contract executed by Seller which remains unpaid; and (iii) any judgment liens, U.S. tax liens, or real property tax liens (except for any taxes not yet due and payable) not caused or created by Buyer (items (i) through (iii) are, collectively, the "**Mandatory Cure Items**"). Buyer shall have no obligation to object to any Mandatory Cure Items, and such Mandatory Cure Items shall not be or become Permitted Exceptions and shall be discharged by Seller at or before Closing.

ARTICLE VIII STATE OF TITLE

Within three (3) business days after receipt of Buyer's Notice of Intent to Close, Seller shall cause to be delivered to Buyer an updated Commitment, effective as of such date. If any updated Commitment raises Unpermitted Exceptions or otherwise fails to comply with the Commitment as approved pursuant to Article VII, Buyer shall give written notice thereof to Seller within fifteen (15) days after the delivery to Buyer of the updated Commitment. Seller shall use reasonable efforts to cure such objections or delete the matters objected to from such Commitment. If Buyer's objections are not cured or deleted at or prior to the scheduled Closing Date, then Buyer may, in addition to other remedies that may be available to it, either (i) terminate this Purchase Agreement, in which event the Effective Date Deposit shall be returned to Buyer, or (ii) elect to accept title as it then is with the right to deduct from the Purchase Price Unpermitted Exceptions caused by the Seller or Mandatory Cure Items of a definite or ascertainable amount. At Closing, Seller shall convey to Buyer, by delivery of the Deed, good and marketable fee title to the Property, subject only to the Permitted Exceptions. At Closing, Seller shall pay the premiums and all other expenses pertaining to the issuance of the Owner's Policy as hereinafter provided in Article XIX hereof; provided, however, that Buyer shall pay the cost of any endorsements it may request.

ARTICLE IX PRORATIONS

9.01 Prorations. Real estate taxes and assessments for any period prior to Closing shall be prorated on a calendar year basis as of 11:59 P.M. on the Closing Date, on the basis of the most recent ascertainable amounts of such items and the net credit shall be a credit on the proration statement, to be re-prorated on receipt of a final bill for such period.

9.02 Utilities. Buyer and Seller shall cooperatively take all steps necessary to effectuate the transfer of all utilities for the Property from Seller to Buyer as of the Closing Date. Utilities shall be paid by Seller to and including the Closing Date, and by Buyer thereafter. Final meter readings shall be ordered by Seller and made on the Closing Date. To the extent any such expenses and charges are not determinable as of the Closing Date or Seller is not able to effectuate a meter reading on the Closing Date, such expenses and charges shall be paid promptly upon receipt of an invoice therefor by the party obligated for payment thereof. Seller shall be entitled to recover its previously paid deposits held by any utility company for the Property as of the Closing Date, to the extent not necessary to pay expenses and charges attributable to Seller on or before the Closing Date.

ARTICLE X POSSESSION

Exclusive possession shall be delivered to Buyer at Closing concurrently with delivery to Buyer of the Deed subject only to Permitted Exceptions and delivery to Seller of the balance of the Purchase Price.

ARTICLE XI CLOSING

Unless Buyer and Seller otherwise agree in writing, the closing of the transaction contemplated herein (the “**Closing**”) shall take place in escrow at the office of the Title Company on the date mutually agreed upon by the parties, but not more than thirty (30) days following the Buyer’s Notice of Intent to Close (the “**Closing Date**”). Upon creation of the escrow, anything herein to the contrary notwithstanding, payment of the Purchase Price (less the Effective Date Deposit and as adjusted by prorations or other deductions) and delivery of the Deed shall be made through the escrow. The escrow instructions shall be in the form customarily used by the Title Company for a Deed and money escrow with such special provisions added thereto as may be required to conform to the provisions of this Purchase Agreement, and at the option of either Buyer or Seller, shall provide for immediate disbursement of funds, both parties agreeing to provide such undertakings as may be required for such purpose.

ARTICLE XII CLOSING DELIVERABLES

12.01 Closing Deliveries. The following deliveries shall be made at or before Closing. All of such deliveries to be made or caused to be made by either party shall, at the option of the other, be conditions precedent to such other party's obligation to close hereunder, any or all of which may be waived in writing by such other party.

(a) Seller shall deliver or cause to be delivered to Title Company, for delivery to Buyer, the following certificates, documents, instruments and agreements:

- (i) The Deed and a real estate transfer tax valuation affidavit;
- (ii) A bill of sale conveying any items of personal property referred to in Article II, in their as-is condition, with such customary representations and warranties as may be contained in any bill of sale;
- (iii) An affidavit of Seller, acceptable to Buyer, dated the Closing Date, that there are no unsatisfied judgments, tax liens or bankruptcies involving the Seller and the Property, as applicable, together with any other customary affidavits requested by the Title Company to facilitate Closing;
- (iv) Assignment of all of Seller's right, title and interest in and to all assignable governmental permits and licenses, if any, issued in connection with the

Property together with originals, if held by Seller, or photocopies of the same; or, if there are none, an affidavit of Seller to that effect;

(v) The Owner's Policy issued by the Title Company pursuant to the Commitment described in Article VII hereof for the full amount of the Purchase Price showing title to the Property in Buyer and subject only to the Permitted Exceptions (the "**Owner's Policy**");

(vi) An affidavit of Seller certifying that Seller is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code;

(vii) Seller's certificate dated as of Closing confirming that all of Seller's representations and warranties contained in this Purchase Agreement are accurate, current and complete in all material respects; and

(ix) Any and all other documents elsewhere described herein or as may be mutually agreed on between Buyer and Seller as are determined necessary in order to effectuate Closing, including, without limitation, an agreed proration statement, and including such undertakings as may be required by the Title Company to enable them to disburse funds immediately on recording the Deed and delivering the Owner's Policy.

(b) Buyer shall deliver or cause to be delivered to Title Company, for delivery to Seller, the following:

(i) The balance of the Purchase Price by wire transfer of funds (less the Effective Date Deposit and as adjusted by any prorations or other deductions);

(ii) An original counterpart of the Assignments referred to in clauses (a)(iii) and (a)(iv) above, duly and properly executed and acknowledged by Buyer;

(iii) Resolution(s) of the City of Lansing City Council sufficient to authorize the transactions contemplated by this Purchase Agreement (the "**Resolution**");

(iv) Any and all other documents elsewhere described herein or as may be mutually agreed on between Buyer and Seller as are determined to be reasonably necessary in order to effectuate the Closing of this transaction, including such reasonable undertakings as may be required by the Title Company to enable the Title Company's immediate disbursement of funds upon recording of the Deed and delivering the Owner's Policy.

(c) Seller and Buyer shall deliver to each other and to Title Company at Closing an agreed settlement statement reflecting the adjustments and prorations pursuant to this Purchase Agreement.

(d) Buyer shall have received State of Michigan appropriated funding intended to be used for development or redevelopment of a city hall administration building (the

“**Appropriation**”), and the City of Lansing City Council shall have approved receipt of such Appropriation.

(e) Unless waived or otherwise agreed to in writing by the Buyer, Buyer shall have received from Seller, no less than 30 days prior to Closing, a Guaranteed Maximum Price Proposal in a mutually agreed upon format, for the development, design and construction of the Buyer’s required improvements to the Property, in an amount acceptable to the parties.

ARTICLE XIII REPRESENTATIONS AND WARRANTIES

13.01 Seller’s Representations and Warranties. Without intending to limit any other provision of this Purchase Agreement, and as a material inducement to Buyer to enter into this Purchase Agreement, Seller represents and warrants, as of the Effective Date (except as otherwise expressly set forth below) and will again as of the Closing Date:

(a) Except for any Permitted Exceptions, Seller is not subject to any other agreement or arrangement, including any rights of first refusal or option to acquire title, which would prevent Seller from selling the Property to Buyer or otherwise performing all of its obligations hereunder.

(b) All necessary action has been taken by Seller to authorize the execution of this Purchase Agreement and the performance of its obligations required hereunder.

(c) There is no litigation pending, and Seller has not received written notice of any claims, causes of action or other litigation or proceedings threatened in respect to the ownership or operation of the Property or any part thereof, or relating to Seller’s ability to convey the Property to Buyer or perform any of its obligations or make any of its representations or warranties hereunder including, without limitation, disputes with tenants, mortgagees, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods and services.

(d) This Purchase Agreement is valid and enforceable against Seller in accordance with its terms and each instrument executed and delivered by Seller pursuant hereto shall be valid and enforceable against Seller in accordance with its terms.

(e) The Property is adequately insured against property damage and liability risks, and will continue to be so insured through the Closing Date, as evidenced by declarations copies provided to Buyer.

(f) To Seller’s knowledge, the Property is not in violation of any federal, state or local laws, rules, regulations, governmental permits or other binding determinations of any governmental authority relating to or addressing the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended (“CERCLA”), 42 U.S.C. §9601, et seq., and the Resource Conservation and Recovery Act, as amended (“RCRA”), 42 U.S.C. §6901, et seq., (collectively,

"Environmental Laws") and Seller does not know of, and has not been advised of, any legal proceedings or claims under, any deviation from, or any violations or infractions of, any Environmental Laws in regard to the Property.

The above representations and warranties shall survive the Closing for a period of twelve (12) months and shall not merge into any conveyance documents.

It is a condition precedent to Buyer's obligation to close that each of the representations and warranties of Seller contained in this Purchase Agreement shall be accurate, current and complete in all material respects at Closing. If any of the same ceases to be accurate, current and complete prior to Closing in all material respects, Seller shall immediately (within five (5) days) inform Buyer thereof. In the event that Seller notifies Buyer that any of the warranties or representations of Seller contained in this Purchase Agreement are not accurate, current or complete in all material respects and further in the event that any such misrepresentation or breach of warranty is not the result of Seller's intentional act or failure to act, then Seller shall be afforded thirty (30) days from the date of such notice to Buyer in order to take any action necessary so that such representation and warranty is materially accurate, current and complete. If Seller fails to do so within such thirty (30) day period, then at the option of Buyer (which option shall be exercised in writing within thirty (30) days after the expiration of such thirty (30) day cure period), Buyer may exercise its remedies for a Seller's default as provided in Article XV. Buyer's failure to give such notice within said time period shall be conclusive evidence that Buyer has waived the option to terminate by reason of any such misrepresentation or breach of warranty of which it has received notice. In the event that any such misrepresentation or breach of warranty is the result of Seller's intentional act or failure to act, Seller covenants forthwith to take all action necessary so that each such warranty or representation so affected remains accurate, current and complete, regardless of any such notice.

13.02 Buyer's Representations and Warranties. Without intending to limit any other provision of this Purchase Agreement, Buyer represents and warrants, as of the Effective Date (except as otherwise expressly set forth below) and will again as of the Closing Date:

(a) All necessary actions including adoption of the Resolution have been taken by Buyer to authorize the execution of this Purchase Agreement and the performance by the Buyer of its obligations required hereunder.

(b) The execution, delivery and performance of this Purchase Agreement by Buyer and the consummation of the transactions contemplated herein will not, subject to the approval of this Purchase Agreement: (i) result in a breach or acceleration of or constitute a default or event of termination under the provisions of any agreement or any instruments by which Buyer is bound or affected which would have a material adverse impact on the ability of Buyer to close the acquisition of the Property pursuant to the terms of this Purchase Agreement; (ii) constitute or result in the violation or breach by Buyer of any

judgment, order, writ, injunction or decree issued against or imposed upon Buyer or result in the violation of any applicable law, rule or regulation of any governmental authority that, with respect to any of the foregoing, would have a material adverse impact on the ability of Buyer to timely complete the acquisition of the Property pursuant to this Purchase Agreement.

ARTICLE XIV DISPUTE RESOLUTION

Seller and Buyer agree to make good faith efforts to resolve any differences or disputes which may arise under this Purchase Agreement in an expeditious manner, especially those disputes specifically mentioned in other provisions of this Purchase Agreement which refer to this Article for resolution. Such good faith efforts shall include involvement of the Seller's and Buyer's counsel and other experts to assist in expeditious dispute resolution. If any dispute which may delay Closing is not resolved, such dispute shall be resolved in the State Courts sitting in Ingham County, Michigan. This Article shall survive the termination of this Agreement.

ARTICLE XV DEFAULT

Subject to the limitations set forth below, if Seller shall have failed to perform any term or condition hereof required to be so performed by it on or prior to Closing, and such failure is not the result of a default or failure by Buyer to perform pursuant to this Purchase Agreement, Buyer may, as its sole remedies pursuant to this Purchase Agreement (i) terminate this Purchase Agreement by written notice to Seller and the Effective Date Deposit shall be promptly returned to Buyer; or (ii) elect to pursue a claim for specific performance of this Purchase Agreement against Seller. Any action for specific performance shall be commenced on or before the date that is sixty (60) days after the cure period has expired for the alleged breach.

If Buyer shall have failed to perform any term and condition hereof required to be so performed by it on or prior to Closing, and such failure is not the result of a default or failure to perform by Seller, then Seller may retain the Effective Date Deposit as its sole and exclusive remedy, the amount thereof being fixed and liquidated damages, it being understood that Seller's actual damages in the event of such default are difficult to ascertain and that such proceeds represent the parties' best current estimate of such damages, and this Purchase Agreement shall terminate and become null and void and of no effect and the parties shall be released from all further obligations hereunder, except for any representations, warranties or obligations which expressly survive Closing. This Article shall survive the termination of this Purchase Agreement.

ARTICLE XVI

BROKERS

Each of the Seller and Buyer represents and warrants to the other that it has not dealt with any broker or finder in the location of the Property or the negotiation of this sale. Seller hereby agrees to indemnify Buyer for any claim for brokerage commission or finder's fee asserted by a person, firm or corporation, claiming to have been engaged by Seller and for any and all loss, damage, liability and expense (including, without limitation, attorneys' fees and other litigation expenses through and including any appellate proceedings) Buyer may suffer, sustain or incur as a result of any misrepresentation or breach of warranty by Seller under this Article XVI.

ARTICLE XVII DAMAGE AND DESTRUCTION

If, prior to Closing, the Property shall be destroyed or damaged by fire or other casualty, then Seller shall give written notice to Buyer of the occurrence thereof within forty-eight (48) hours of Seller's receipt of any such notification or learning of the occurrence thereof, and Buyer shall be entitled to the following options: (i) terminate this Purchase Agreement and receive a refund of the Deposit, (ii) receive at Closing an absolute assignment from Seller of any interest Seller may have otherwise had in the proceeds of any insurance on the Property (including any rent loss insurance allocable to the period from and after the Closing Date) less any reasonable costs incurred by Seller in securing such proceeds and/or adjusting the loss and/or in undertaking any required repairs at Seller's expense, and Buyer shall proceed with the Closing on the Property in its then "as-is" condition with no reduction in the Purchase Price, or (iii) if the repairs can be completed prior to Closing or are necessary to secure or protect the Property, Seller shall proceed to complete such repairs prior to Closing based upon a work plan reasonably satisfactory to Buyer and Seller, including adjusting the Closing Date as reasonably necessary in the event Buyer has already issued its Notice of Intent to Close, and Seller shall use the insurance proceeds toward payment for such repair costs.

ARTICLE XVIII CONDEMNATION

In the event of the institution of any proceeding, judicial, administrative or otherwise, prior to Closing, which shall relate to the proposed taking of any substantial portion of the Property by condemnation or eminent domain or any action in the nature of eminent domain, or the taking or closing of any right of access to the Property, Seller shall immediately give written notice to Buyer of the occurrence thereof, and thereafter this Purchase Agreement, at the option of Buyer shall become null and void, the Effective Date Deposit shall be refunded to Buyer and any documents deposited hereunder or in the escrow contemplated hereby shall be returned to the respective parties. Seller hereby agrees to furnish Buyer written notification with respect to any such taking or proceedings within forty-eight (48) hours of Seller's receipt of any such notification or learning of the occurrence or institution thereof. Should Buyer elect to so terminate this Purchase

Agreement, the parties hereto shall be released from any and all further obligations hereunder except those provided for in this Purchase Agreement including the return to Buyer of the Effective Date Deposit. Notwithstanding the foregoing, if such proceeding by way of condemnation or eminent domain shall be “**insubstantial**,” Buyer shall not have the right to terminate this Purchase Agreement but shall be credited with or assigned all Seller's right to any proceeds therefrom. An “insubstantial” proceeding shall be one which (i) does not relate to the taking or closing of any immediate right of access to the Property or any parking at the Property and (ii) affects only the perimeter of the Property and does not involve more than the equivalent of \$100,000.00 in value. In the event the parties hereto are unable to agree on the “substantiality” of the aforesaid taking within thirty (30) days after the date of Buyer's receipt of written notice thereof, then the determination of said issue will be in accordance with the provisions of Article XIV.

ARTICLE XIX COSTS

- (a) At or prior to Closing, Seller shall pay the following:
 - (i) all real estate transfer taxes;
 - (ii) all title insurance premiums and expenses respecting the Commitment and Owner's Policy, including extended coverage but excluding any endorsements thereto required by Buyer;
 - (iii) one-half (1/2) of the Title Company escrow charges;
 - (iv) the fee for the Surveys including the Updated Survey; and
 - (v) other customary Seller's charges.
- (b) At or prior to Closing, Buyer shall pay the following:
 - (i) the costs of any endorsements to the Owner's Policy required by Buyer;
 - (ii) one-half (1/2) of the Title Company escrow charges;
 - (iii) the cost of recording the Deed; and
 - (iv) other customary Buyer's charges.

ARTICLE XX NOTICES

All notices required or permitted to be given under this Purchase Agreement shall be in writing and shall be sent or delivered to the addresses set forth below (or such other address as may be hereafter specified):

To Seller: 217 CAPITOL, LLC
 124 W. Allegan

21st Floor
Lansing, Michigan 48933
Attn: John N. Hindo, President
E: JHindo@bojigroup.com

With a copy to: Honigman LLP
Attn: Lowell D. Salesin, Esq.
39400 Woodward Avenue, Suite 101
Bloomfield Hills, Michigan 48304
E-Mail: lsalesin@honigman.com

To Buyer: Office of the Mayor, City of Lansing
124 W Michigan Avenue, 9th Floor
Lansing, MI 48933
Attn: Mayor Andy Schor
lansing.mayor@lansingmi.gov

With a copy to: Office of the City Attorney, City of Lansing
124 W Michigan Avenue, 5th Floor
Lansing, MI 48933
Attn: Jim Smiertka, City Attorney
jim.smiertka@lansingmi.gov

Notices shall be sent either by personal delivery, overnight courier guaranteeing next day delivery or email and shall be deemed given one (1) business day following deposit if delivered to an overnight courier guaranteeing next day delivery or on the same day if sent by personal delivery or email (with proof of transmission). Notices may also be delivered by email or facsimile and shall be deemed received upon proof of transmission. Attorneys for each party shall be authorized to give notices for such party.

ARTICLE XXI

ADDITIONAL COVENANTS

In addition, the parties agree as follows:

(a) Authority to Sign. Each person signing this Purchase Agreement for Seller and for Buyer warrants, by his or her signature, that he or she has full authority to enter into this Purchase Agreement on behalf of the party for whom he or she signs.

(b) Written Agreement and Exhibits. This Purchase Agreement and any exhibits attached hereto set forth the entire understanding between the parties with respect to the transactions contemplated herein, and supersede all previous agreements, discussions and representations. This Purchase Agreement may not be modified except in writing, signed by Buyer and Seller.

(c) Headings. The paragraph headings used in this Purchase Agreement are for the convenience of the parties only, do not constitute part of the contract herein set forth, and shall not be relied on in interpreting or construing any provision hereof.

(d) Attorneys' Fees. In the event Buyer finds it necessary to employ legal counsel or to commence litigation or other proceedings against Seller with respect to or on account of this Purchase Agreement, Buyer shall be entitled to recover from Seller all fees, charges, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the Buyer in connection with actual or contemplated enforcement of its rights and remedies hereunder (which costs, expenses, fees and charges shall be included in the amount of any judgment rendered). This subsection shall survive termination of this Purchase Agreement.

(e) Time Periods. Time is of the essence of this Purchase Agreement. Except as otherwise specifically provided in this Purchase Agreement, all time periods provided for herein shall refer to calendar days and shall expire at 11:59 P.M. Eastern Time on the last of such days; provided, however, that if the time of the performance of any obligation under this Purchase Agreement expires on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

(f) Construction of Agreement. Buyer and Seller confirm to each other that both they and their respective counsel have reviewed and revised this Purchase Agreement and that any presumption or other rule of construction to the effect that ambiguities are to be resolved against the party with primary drafting responsibility therefor shall not apply to this Purchase Agreement or to any provision hereof. Subject to the foregoing, this Purchase Agreement shall be construed as a whole in accordance with its fair meaning.

(g) Waiver. Except as otherwise may be expressly provided to the contrary herein: (i) no failure to exercise or delay in exercising by any party hereto of any right or remedy consequent upon a breach, and no failure to insist on or delay in insisting on the strict performance, of any provision of this Purchase Agreement shall constitute or operate as a waiver thereof or of any other right or remedy or of any other provision hereof or of any subsequent breach of the same or any other provision hereof, and such party shall retain all rights and remedies provided for herein or now or hereafter existing at law or in equity with respect to the same or any subsequent act or omission which constitutes such breach or nonperformance; and (ii) no partial exercise of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy provided for herein or now or hereafter existing at law, in equity or otherwise. A waiver in one or more instances of any provision hereof or breach thereof shall apply to the particular instance and at the particular time only, and no such waiver shall be deemed a continuing waiver, nor shall any waiver of a Closing delivery to be provided hereunder operate to preclude the party waiving such delivery from commencing any action after Closing as to a breach of warranty or representation which breach would have been

disclosed by the delivery of such item. No provision of this Purchase Agreement to be performed or complied with by any party, and no breach thereof, shall be waived, altered or terminated except by a written instrument executed by the other party. No course of dealing between the parties shall operate as waiver of any of their respective rights, powers or privileges under this Purchase Agreement.

(h) Further Assurances. As and to the extent otherwise contemplated by this Purchase Agreement, each party to this Purchase Agreement agrees that at any time and from time to time after the date hereof it will, at its own sole cost and expense, immediately following the reasonable request of the other party hereto, promptly execute, acknowledge (if necessary) and deliver or cause to be promptly executed, acknowledged (if necessary) and delivered, such agreements, certificates, statements, instruments and documents, and promptly take, or promptly cause to be taken, such other and further steps and actions, in either case as may be required by law or as reasonably shall be deemed necessary by the other party in order to more fully effect, evidence or carry out the intent and purpose of this Purchase Agreement or as shall be essential to satisfy Title Company's requirements.

(i) Invalidity of Particular Provisions. If any provision contained in this Purchase Agreement or the application thereof to any person, entity or circumstance shall, for any reason or to any extent, be held to be invalid, illegal or unenforceable in any respect, all other provisions hereof, as well as the application of the affected provision to persons, entities or circumstances other than those as to which it is held to be invalid, illegal or unenforceable, shall not be affected thereby and, to the extent permitted by law, this Purchase Agreement shall be legal and valid and enforced to the fullest extent permitted by law as if such invalid, illegal or unenforceable provision had never been included herein; it being intended by the parties hereto that each of the provisions hereof shall be severable. Moreover, it is the intention of the parties hereto that if any provision of this Purchase Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

(j) Gender and Number. This Purchase Agreement shall be so construed that whenever applicable the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, and the use of the feminine, masculine or neuter gender shall include the other genders.

(k) Applicable Law. This Purchase Agreement shall be governed by and construed and enforced in accordance with, the laws of the State of Michigan applicable to agreements made and to be performed wholly therein.

(l) Successor and Assigns. This Purchase Agreement shall be binding upon and inure to the benefit of Buyer, Seller and their respective heirs, executors, personal representatives, successors and assigns. Either party hereto may assign its rights hereunder to an entity owned or controlled by such party at any time prior to Closing by

giving notice thereof to each of the other party hereto and Title Company. However, following any such assignment, the assigning party shall not be released from its obligations hereunder thereafter accruing.

(m) Counterparts; Multiple Originals. For the convenience of the parties, this Purchase Agreement may be executed in any number of separate identical counterparts. Any counterpart or set of identical counterparts containing original signatures for both Buyer and Seller shall constitute an original agreement for all purposes. Although there may be multiple originals, all of them together shall constitute in the aggregate but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be executed and delivered as of the day and year first above written.

SELLER: **217 CAPITOL, LLC**, a Michigan limited liability company

By: _____

Name: Ronnie J. Boji

Its: Authorized Representative

BUYER: **City of Lansing**, Counties of Ingham and Eaton, State of Michigan

By: _____

Name: Andy Schor

Its: Mayor

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Land Situated in the State of Michigan, County of Ingham, City of Lansing.

The South 52 feet of Lot 9; the North 14 feet of Lot 9, and the South 33 1/6 feet of Lot 10, block 115, Original Plat, City of Lansing, Ingham County, Michigan, according to the Plat thereof, as recorded in Liber 2 of Plats, Page 36, Ingham County Records.

EXHIBIT A-1
DEPICTION OF THE PROPERTY

[To be inserted]

EXHIBIT B
SELLER'S NEIGHBORING PROPERTY

EXHIBIT C
PERMITTED EXCEPTIONS

[To be inserted]

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SITE PURCHASE AGREEMENT

This Site Purchase Agreement ("**Purchase Agreement**") is made and entered into as of the _____ day of January, 2024 ("**Effective Date**"), by and between 217 CAPITOL, LLC., a Michigan limited liability company ("**Seller**") and the City of Lansing, a Michigan municipal corporation ("**Buyer**"), and is as follows:

ARTICLE I DEFINITIONS AND REFERENCES

As used in this Purchase Agreement, the following terms shall have the meanings set forth below:

Buyer's Representative: Kramer Management Group.

Buyer's Notice of Intent to Close: Written notice from the Buyer to the Seller, to be delivered by the Buyer on or before June 30, 2024, indicating Buyer's intention to finalize the conditions to Closing.

Closing: The consummation of Buyer's purchase of the Property in accordance with Article XI.

Closing Date: Defined in Article XI of this Purchase Agreement.

Commitment: The Preliminary ALTA 2021 Commitment of Title Insurance as designated in Article VII of this Purchase Agreement and provided by Seller to Buyer in the amount of the Purchase Price.

Deed: A recordable warranty deed to be delivered by Seller to Buyer at Closing conveying the Property to Buyer, subject to the Permitted Exceptions.

Effective Date Deposit: Defined in Section 4.03 of this Purchase Agreement.

Investigation Period: Defined in Section 5.01 of this Purchase Agreement.

Permitted Exceptions: collectively, in a form acceptable to Buyer: (i) easements, restrictions, covenants and agreements of record including, but not limited to, those appearing in Schedule B-II of the Commitment to which Buyer does not object in accordance with Article VII below and (ii) zoning ordinances.

Property: The Real Property including all easements, tenements, hereditaments and appurtenances relating to said Real Property which are Permitted Exceptions or otherwise approved by Buyer; all fixtures and equipment relating to the improvements to the Real Property.

Purchase Agreement: This Site Purchase Agreement including the following Exhibits attached hereto and incorporated herein by this reference:

Exhibit A: Legal Description of the Real Property;

Exhibit A-1: Depiction of the Real Property;

Exhibit B: Seller's Neighboring Property;

Exhibit C: Permitted Exceptions.

Purchase Price: The total of the Purchase Price as stated in Article IV, plus or minus prorations and adjustments.

Real Property: The approximately 0.3763 acres of land commonly known as 217 S. Capitol Avenue, Lansing, Michigan 4893, as more particularly described in Exhibit A and depicted in Exhibit A-1.

Title Company: First American Title Insurance Company, 400 N. Water Street, Suite 100, Rochester, MI 48307, 248.540.8035, mlawless@firstam.com.

ARTICLE II SALE AND PURCHASE

Seller is the owner of the Property. Pursuant to this Purchase Agreement, on the Closing Date Seller agrees to sell and convey, and Buyer agrees to purchase, under the terms and provisions hereinafter provided, the Property.

ARTICLE III VISIBILITY EASEMENT

Seller owns property located immediately north of the Real Property and legally described on attached Exhibit B (the "**Seller's Neighboring Property**"). Seller covenants that, unless otherwise agreed in writing between the parties, Seller will not permit Seller's Neighboring Property to be used for a purpose other than as a surface parking lot, including improvements and lighting typically consistent with such use. Seller also covenants to maintain such restrictions, including the requirement for Buyer's written agreement for a change in use, as part of any sale or other conveyance of the Seller's Neighboring Property. At Closing, Seller shall grant to Buyer a perpetual visibility easement consistent with this Article and including other necessary lighting and height restrictions on the construction of improvements to Seller's Neighboring Property, such that the view of the Real Property and the Buyer's use of the Property as ultimately improved will not be impaired by any development on the Seller's Neighboring Property (the "**Visibility Easement**"). Seller shall cause the documents creating the Visibility Easement to be prepared at its expense and shall present the same for Buyer's review and reasonable approval (such draft visibility easement, the "**Draft Visibility Easement**"). Buyer shall approve or provide specific comments to the Draft Visibility Easement. Buyer and Seller shall use good faith efforts to negotiate a final Visibility Easement in a form reasonably acceptable to both Buyer and Seller prior to Closing (the "**Final Visibility Easement**"). The Final Visibility Easement shall be provided to Buyer at Closing. Except

as provided in Article IV, no additional payments shall be required for such Final Visibility Easement, and the Final Visibility Easement will be recorded at Closing.

ARTICLE IV PURCHASE PRICE; CERTAIN OTHER PAYMENTS AND EFFECTIVE DATE DEPOSIT

4.01 Purchase Price. The total “**Purchase Price**” for the Real Property shall be **Three Million Six Hundred Fifty Thousand and No/100 Dollars (\$3,650,000.00)**, subject to credit for the Effective Date Deposit (as defined in Section 4.03) and as adjusted by prorations determined in accordance with Purchase Agreement. The balance of the Purchase Price shall be paid at Closing as described in Article XII.

4.02 Reimbursement Costs and Visibility Easement Payment. At Closing, Buyer shall also pay to Seller **One Million Three Hundred Fifty Thousand and No/100 Dollars (\$1,350,000.00)** as a Reimbursement Costs and Visibility Easement Payment, as reimbursement to Seller for certain of its site preparation costs, carrying costs and other similar costs to own the Property prior to and as of the Closing Date, and for acquisition of the Final Visibility Easement.

4.03 Deposit.

(a) Within five (5) business days of the Effective Date, Buyer shall deposit with the Title Company the amount of **Fifty Thousand and No/100 Dollars (\$50,000.00)** (the “**Effective Date Deposit**”).

(b) The Effective Date Deposit shall be held pursuant to the standard form of strict joint order escrow instructions in use by the Title Company. Upon Buyer’s direction and at its expense, the Title Company may deposit and hold the Effective Date Deposit in an interest-bearing account with interest accruing to the Buyer and invest such deposit in readily available funds at the direction of Buyer. Buyer shall receive a credit at Closing for the amount of the Effective Date Deposit. If the Effective Date Deposit is returned to the Seller, it shall not include interest earned as a result of Buyer’s direction and expense.

ARTICLE V ENTRY; INVESTIGATION PERIOD

5.01 Inspection; Right of Entry.

(a) Within five (5) business days after the Effective Date, Seller shall, at Seller’s sole cost and expense, provide to Buyer all feasibility studies, soil reports, environmental audits and other appraisals, inspections, permits, tests, reports, surveys or information in the possession or control of Seller with respect to the Property.

(b) During the period commencing on the Effective Date and expiring one hundred and twenty (120) days after the Effective Date (the “**Investigation Period**”), at Buyer’s sole expense, Buyer, Buyer’s Representative or its authorized representatives, agents, employees, contractors, architects and engineers designated by Buyer (collectively, “**Buyer’s Consultants**”) may enter upon the Real Property at reasonable times and do and perform all surveying, engineering, soil borings, environmental and other tests and inspections deemed necessary by Buyer to satisfy Buyer that the Property is suitable for the uses and purposes intended by Buyer, including but not limited to: reviewing all building plans, construction specifications and any other physical or municipal components of the Property; performing a Phase I environmental assessment and a soil and geotechnical analysis; confirming all utilities and site conditions; conducting any other test, study, investigation, inspection or report Buyer deems advisable with respect to the Property; provided however in no event shall Buyer be permitted to perform any physical or intrusive testing, including, without limitation, a Phase II environmental assessment or boring on the Property, without the prior written consent of Seller, which shall not be unreasonably withheld, conditioned or delayed.

(c) Prior to Buyer, Buyer’s Representative or Buyer’s Consultants entering onto the Property, Buyer shall give Seller forty-eight (48) hours prior notice of such entry. Seller shall have the right (but not the obligation) to accompany Buyer, Buyer’s Representative and Buyer’s Consultants during such entry. Buyer shall take all steps reasonably necessary to protect the Property from damage by reason of its activities. Buyer shall repair any such damage to the Property resulting from Buyer’s, Buyer’s Representative’s and/or Buyer’s Consultants’ activities on the Property, to the extent necessary, to the condition existing prior to such damage.

(d) To the extent it would prevent a successful Closing, or prevent Seller from completing improvements contemplated for the Property, or otherwise impair Seller’s current title to the Property, Buyer shall not permit any construction, mechanic’s, materialman’s or other lien to be filed against any of the Property as the result of any work, labor, service or materials performed or furnished by, for or to Buyer, Buyer’s Representative’s and/or Buyer’s Consultants. If any such impairing lien shall at any time be filed against the Property, Buyer shall, without expense to Seller, cause the same to be discharged of record by payment, bonds, order of a court of competent jurisdiction or otherwise.

(e) If the Closing does not occur, then upon Seller’s request, Seller shall be entitled to receive copies of any inspection reports and studies of the Property obtained by Buyer with respect to the Property. Seller will reimburse Buyer for half of the cost of any such requested report or study. This subsection shall survive the termination of this Agreement.

5.02 Termination During Investigation Period.

In the event that Buyer is not satisfied, in its sole and absolute discretion, with its inspections and tests of the Property, the physical condition of the Property or the fitness or feasibility of the Property for any reason whatsoever, Buyer may, by written notice to Seller, terminate this Purchase Agreement at any time on or prior to the expiration of the Investigation Period. In the event that Buyer so terminates this Purchase Agreement, Buyer and Seller shall have no further obligations hereunder except those that expressly survive termination and the Effective Date Deposit shall be promptly returned to Buyer. If Buyer does not timely give a notice of termination under this Section 5.02, then Buyer shall be deemed to have waived its conditions and rights under this Section only.

ARTICLE VI RISK OF LOSS

Until the Closing, all risk of loss from any or all damage, injury, casualty and condemnation to the Property shall be borne by Seller, subject to the provisions of Articles XVII and XVIII.

ARTICLE VII INITIAL REVIEW OF SURVEY AND TITLE COMMITMENT

Within twenty (20) days after the Effective Date, Seller shall cause to be delivered to Buyer, at Seller's expense:

- (a) the initial Commitment;
- (b) full legible copies of all documents referred to in such Commitment as exceptions to title; and
- (c) a new or updated ALTA/NSPS survey of the Property (the **"Updated Survey"**).

In the event that any exceptions or defects appear in the Commitment that are not Permitted Exceptions, or if the Updated Survey discloses defects, which, in Buyer's sole discretion, would adversely impact Buyer's proposed use of the Property or otherwise render title to the Property unmarketable or are otherwise deemed unacceptable to Buyer (collectively, **"Unpermitted Exceptions"**), then Buyer shall notify Seller in writing thereof within thirty (30) days after Buyer has received both the Commitment (and all underlying title documents) and the Updated Survey, but not later than the expiration date of the Investigation Period. If Buyer so notifies Seller of any Unpermitted Exceptions, Seller shall have fifteen (15) days thereafter to cure such matters or cause the Title Company to commit to insure against such matters in a manner which is reasonably satisfactory to Buyer. If, by the expiration of such fifteen (15) day period, Seller fails to have any such Unpermitted Exceptions so removed or satisfactorily insured over, Buyer may, by written notice to Seller given within thirty (30) days thereafter, elect to terminate this Purchase Agreement, in which event the Effective Date Deposit shall be returned to Buyer.

All exceptions to title reflected on the Commitment or Survey which are not Unpermitted Exceptions shall be referred to hereinafter as “**Permitted Exceptions**” and shall be listed on Exhibit C which shall be attached to each fully-executed original of this Purchase Agreement within ten (10) days after expiration of the aforementioned fifteen (15) day curative period.

In addition, Seller shall be obligated to remove at or prior to Closing, and at Seller’s expense, (i) any mortgages or deeds of trust securing any financing obtained or expressly assumed by Seller; (ii) any mechanics or materialmen’s liens for work done pursuant to a contract executed by Seller which remains unpaid; and (iii) any judgment liens, U.S. tax liens, or real property tax liens (except for any taxes not yet due and payable) not caused or created by Buyer (items (i) through (iii) are, collectively, the “**Mandatory Cure Items**”). Buyer shall have no obligation to object to any Mandatory Cure Items, and such Mandatory Cure Items shall not be or become Permitted Exceptions and shall be discharged by Seller at or before Closing.

ARTICLE VIII STATE OF TITLE

Within three (3) business days after receipt of Buyer’s Notice of Intent to Close, Seller shall cause to be delivered to Buyer an updated Commitment, effective as of such date. If any updated Commitment raises Unpermitted Exceptions or otherwise fails to comply with the Commitment as approved pursuant to Article VII, Buyer shall give written notice thereof to Seller within fifteen (15) days after the delivery to Buyer of the updated Commitment. Seller shall use reasonable efforts to cure such objections or delete the matters objected to from such Commitment. If Buyer’s objections are not cured or deleted at or prior to the scheduled Closing Date, then Buyer may, in addition to other remedies that may be available to it, either (i) terminate this Purchase Agreement, in which event the Effective Date Deposit shall be returned to Buyer, or (ii) elect to accept title as it then is with the right to deduct from the Purchase Price Unpermitted Exceptions caused by the Seller or Mandatory Cure Items of a definite or ascertainable amount. At Closing, Seller shall convey to Buyer, by delivery of the Deed, good and marketable fee title to the Property, subject only to the Permitted Exceptions. At Closing, Seller shall pay the premiums and all other expenses pertaining to the issuance of the Owner’s Policy as hereinafter provided in Article XIX hereof; provided, however, that Buyer shall pay the cost of any endorsements it may request.

ARTICLE IX PRORATIONS

9.01 Prorations. Real estate taxes and assessments for any period prior to Closing shall be prorated on a calendar year basis as of 11:59 P.M. on the Closing Date, on the basis of the most recent ascertainable amounts of such items and the net credit shall be a credit on the proration statement, to be re-prorated on receipt of a final bill for such period.

9.02 Utilities. Buyer and Seller shall cooperatively take all steps necessary to effectuate the transfer of all utilities for the Property from Seller to Buyer as of the Closing Date. Utilities shall be paid by Seller to and including the Closing Date, and by Buyer thereafter. Final meter readings shall be ordered by Seller and made on the Closing Date. To the extent any such expenses and charges are not determinable as of the Closing Date or Seller is not able to effectuate a meter reading on the Closing Date, such expenses and charges shall be paid promptly upon receipt of an invoice therefor by the party obligated for payment thereof. Seller shall be entitled to recover its previously paid deposits held by any utility company for the Property as of the Closing Date, to the extent not necessary to pay expenses and charges attributable to Seller on or before the Closing Date.

ARTICLE X POSSESSION

Exclusive possession shall be delivered to Buyer at Closing concurrently with delivery to Buyer of the Deed subject only to Permitted Exceptions and delivery to Seller of the balance of the Purchase Price and the Reimbursement Costs and Visibility Easement Payment.

ARTICLE XI CLOSING

Unless Buyer and Seller otherwise agree in writing, the closing of the transaction contemplated herein (the “**Closing**”) shall take place in escrow at the office of the Title Company on the date mutually agreed upon by the parties, but not more than thirty (30) days following the Buyer’s Notice of Intent to Close (the “**Closing Date**”). Upon creation of the escrow, anything herein to the contrary notwithstanding, payment of the Purchase Price (less the Effective Date Deposit and as adjusted by prorations or other deductions), the Reimbursement Costs and Visibility Easement Payment and delivery of the Deed shall be made through the escrow. The escrow instructions shall be in the form customarily used by the Title Company for a Deed and money escrow with such special provisions added thereto as may be required to conform to the provisions of this Purchase Agreement, and at the option of either Buyer or Seller, shall provide for immediate disbursement of funds, both parties agreeing to provide such undertakings as may be required for such purpose.

ARTICLE XII CLOSING DELIVERABLES

12.01 Closing Deliveries. The following deliveries shall be made at or before Closing. All of such deliveries to be made or caused to be made by either party shall, at the option of the other, be conditions precedent to such other party's obligation to close hereunder, any or all of which may be waived in writing by such other party.

(a) Seller shall deliver or cause to be delivered to Title Company, for delivery to Buyer, the following certificates, documents, instruments and agreements:

- (i) The Deed and a real estate transfer tax valuation affidavit;
- (ii) A bill of sale conveying any items of personal property referred to in Article II, in their as-is condition, with such customary representations and warranties as may be contained in any bill of sale;
- (iii) The Final Visibility Easement;
- (iv) An affidavit of Seller, acceptable to Buyer, dated the Closing Date, that there are no unsatisfied judgments, tax liens or bankruptcies involving the Seller and the Property, as applicable, together with any other customary affidavits requested by the Title Company to facilitate Closing;
- (v) Assignment of all of Seller's right, title and interest in and to all assignable governmental permits and licenses, if any, issued in connection with the Property together with originals, if held by Seller, or photocopies of the same; or, if there are none, an affidavit of Seller to that effect;
- (vi) The Owner's Policy issued by the Title Company pursuant to the Commitment described in Article VII hereof for the full amount of the Purchase Price showing title to the Property in Buyer and subject only to the Permitted Exceptions (the "**Owner's Policy**");
- (vii) An affidavit of Seller certifying that Seller is not a "foreign person" for purposes of Section 1445 of the Internal Revenue Code;
- (viii) Seller's certificate dated as of Closing confirming that all of Seller's representations and warranties contained in this Purchase Agreement are accurate, current and complete in all material respects; and
- (ix) Any and all other documents elsewhere described herein or as may be mutually agreed on between Buyer and Seller as are determined necessary in order to effectuate Closing, including, without limitation, an agreed proration statement, and including such undertakings as may be required by the Title Company to enable them to disburse funds immediately on recording the Deed and delivering the Owner's Policy.

(b) Buyer shall deliver or cause to be delivered to Title Company, for delivery to Seller, the following:

- (i) The balance of the Purchase Price by wire transfer of funds (less the Effective Date Deposit and as adjusted by any prorations or other deductions);
- (ii) An original counterpart of the Assignments referred to in clauses (a)(iv) and (a)(v) above, duly and properly executed and acknowledged by Buyer;

(iii) Resolution(s) of the City of Lansing City Council sufficient to authorize the transactions contemplated by this Purchase Agreement (the “**Resolution**”);

(iv) The Reimbursement Costs and Visibility Easement Payment;

(v) Any and all other documents elsewhere described herein or as may be mutually agreed on between Buyer and Seller as are determined to be reasonably necessary in order to effectuate the Closing of this transaction, including such reasonable undertakings as may be required by the Title Company to enable the Title Company’s immediate disbursement of funds upon recording of the Deed and delivering the Owner’s Policy.

(c) Seller and Buyer shall deliver to each other and to Title Company at Closing an agreed settlement statement reflecting the adjustments and prorations pursuant to this Purchase Agreement.

(d) Buyer shall have received State of Michigan appropriated funding intended to be used for development or redevelopment of a city hall administration building (the “**Appropriation**”), and the City of Lansing City Council shall have approved receipt of such Appropriation.

(e) Unless waived or otherwise agreed to in writing by the Buyer, Buyer shall have received from Seller, no less than 30 days prior to Closing, a Guaranteed Maximum Price Proposal in a mutually agreed upon format, for the development, design and construction of the Buyer’s required improvements to the Property, in an amount acceptable to the parties.

ARTICLE XIII REPRESENTATIONS AND WARRANTIES

13.01 Seller’s Representations and Warranties. Without intending to limit any other provision of this Purchase Agreement, and as a material inducement to Buyer to enter into this Purchase Agreement, Seller represents and warrants, as of the Effective Date (except as otherwise expressly set forth below) and will again as of the Closing Date:

(a) Except for any Permitted Exceptions, Seller is not subject to any other agreement or arrangement, including any rights of first refusal or option to acquire title, which would prevent Seller from selling the Property to Buyer or otherwise performing all of its obligations hereunder.

(b) All necessary action has been taken by Seller to authorize the execution of this Purchase Agreement and the performance of its obligations required hereunder.

(c) There is no litigation pending, and Seller has not received written notice of any claims, causes of action or other litigation or proceedings threatened in respect to the ownership or operation of the Property or any part thereof, or relating to Seller’s ability to convey the Property to Buyer or perform any of its obligations or make any of its representations or warranties hereunder including, without limitation, disputes with

tenants, mortgagees, governmental authorities, utilities, contractors, adjoining land owners and suppliers of goods and services.

(d) This Purchase Agreement is valid and enforceable against Seller in accordance with its terms and each instrument executed and delivered by Seller pursuant hereto shall be valid and enforceable against Seller in accordance with its terms.

(e) The Property is adequately insured against property damage and liability risks, and will continue to be so insured through the Closing Date, as evidenced by declarations copies provided to Buyer.

(f) To Seller's knowledge, the Property is not in violation of any federal, state or local laws, rules, regulations, governmental permits or other binding determinations of any governmental authority relating to or addressing the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), 42 U.S.C. §9601, et seq., and the Resource Conservation and Recovery Act, as amended ("RCRA"), 42 U.S.C. §6901, et seq., (collectively, "Environmental Laws") and Seller does not know of, and has not been advised of, any legal proceedings or claims under, any deviation from, or any violations or infractions of, any Environmental Laws in regard to the Property.

The above representations and warranties shall survive the Closing for a period of twelve (12) months and shall not merge into any conveyance documents.

It is a condition precedent to Buyer's obligation to close that each of the representations and warranties of Seller contained in this Purchase Agreement shall be accurate, current and complete in all material respects at Closing. If any of the same ceases to be accurate, current and complete prior to Closing in all material respects, Seller shall immediately (within five (5) days) inform Buyer thereof. In the event that Seller notifies Buyer that any of the warranties or representations of Seller contained in this Purchase Agreement are not accurate, current or complete in all material respects and further in the event that any such misrepresentation or breach of warranty is not the result of Seller's intentional act or failure to act, then Seller shall be afforded thirty (30) days from the date of such notice to Buyer in order to take any action necessary so that such representation and warranty is materially accurate, current and complete. If Seller fails to do so within such thirty (30) day period, then at the option of Buyer (which option shall be exercised in writing within thirty (30) days after the expiration of such thirty (30) day cure period), Buyer may exercise its remedies for a Seller's default as provided in Article XV. Buyer's failure to give such notice within said time period shall be conclusive evidence that Buyer has waived the option to terminate by reason of any such misrepresentation or breach of warranty of which it has received notice. In the event that any such misrepresentation or breach of warranty is the result of Seller's intentional act or failure to act, Seller covenants forthwith to take all action necessary so that each such warranty or representation so affected remains accurate, current and complete, regardless of any such notice.

13.02 Buyer's Representations and Warranties. Without intending to limit any other provision of this Purchase Agreement, Buyer represents and warrants, as of the Effective Date (except as otherwise expressly set forth below) and will again as of the Closing Date:

(a) All necessary actions including adoption of the Resolution have been taken by Buyer to authorize the execution of this Purchase Agreement and the performance by the Buyer of its obligations required hereunder.

(b) The execution, delivery and performance of this Purchase Agreement by Buyer and the consummation of the transactions contemplated herein will not, subject to the approval of this Purchase Agreement: (i) result in a breach or acceleration of or constitute a default or event of termination under the provisions of any agreement or any instruments by which Buyer is bound or affected which would have a material adverse impact on the ability of Buyer to close the acquisition of the Property pursuant to the terms of this Purchase Agreement; (ii) constitute or result in the violation or breach by Buyer of any judgment, order, writ, injunction or decree issued against or imposed upon Buyer or result in the violation of any applicable law, rule or regulation of any governmental authority that, with respect to any of the foregoing, would have a material adverse impact on the ability of Buyer to timely complete the acquisition of the Property pursuant to this Purchase Agreement.

ARTICLE XIV DISPUTE RESOLUTION

Seller and Buyer agree to make good faith efforts to resolve any differences or disputes which may arise under this Purchase Agreement in an expeditious manner, especially those disputes specifically mentioned in other provisions of this Purchase Agreement which refer to this Article for resolution. Such good faith efforts shall include involvement of the Seller's and Buyer's counsel and other experts to assist in expeditious dispute resolution. If any dispute which may delay Closing is not resolved, such dispute shall be resolved in the State Courts sitting in Ingham County, Michigan. This Article shall survive the termination of this Agreement.

ARTICLE XV DEFAULT

Subject to the limitations set forth below, if Seller shall have failed to perform any term or condition hereof required to be so performed by it on or prior to Closing, and such failure is not the result of a default or failure by Buyer to perform pursuant to this Purchase Agreement, Buyer may, as its sole remedies pursuant to this Purchase Agreement (i) terminate this Purchase Agreement by written notice to Seller and the Effective Date Deposit shall be promptly returned to Buyer; or (ii) elect to pursue a claim for specific performance of this Purchase Agreement against Seller. Any action for specific performance shall be commenced on or before the date that is sixty (60) days after the cure period has expired for the alleged breach.

If Buyer shall have failed to perform any term and condition hereof required to be so performed by it on or prior to Closing, and such failure is not the result of a default or failure to perform by Seller, then Seller may retain the Effective Date Deposit as its sole and exclusive remedy, the amount thereof being fixed and liquidated damages, it being understood that Seller's actual damages in the event of such default are difficult to ascertain and that such proceeds represent the parties' best current estimate of such damages, and this Purchase Agreement shall terminate and become null and void and of no effect and the parties shall be released from all further obligations hereunder, except for any representations, warranties or obligations which expressly survive Closing. This Article shall survive the termination of this Purchase Agreement.

ARTICLE XVI BROKERS

Each of the Seller and Buyer represents and warrants to the other that it has not dealt with any broker or finder in the location of the Property or the negotiation of this sale. Seller hereby agrees to indemnify Buyer for any claim for brokerage commission or finder's fee asserted by a person, firm or corporation, claiming to have been engaged by Seller and for any and all loss, damage, liability and expense (including, without limitation, attorneys' fees and other litigation expenses through and including any appellate proceedings) Buyer may suffer, sustain or incur as a result of any misrepresentation or breach of warranty by Seller under this Article XVI.

ARTICLE XVII DAMAGE AND DESTRUCTION

If, prior to Closing, the Property shall be destroyed or damaged by fire or other casualty, then Seller shall give written notice to Buyer of the occurrence thereof within forty-eight (48) hours of Seller's receipt of any such notification or learning of the occurrence thereof, and Buyer shall be entitled to the following options: (i) terminate this Purchase Agreement and receive a refund of the Deposit, (ii) receive at Closing an absolute assignment from Seller of any interest Seller may have otherwise had in the proceeds of any insurance on the Property (including any rent loss insurance allocable to the period from and after the Closing Date) less any reasonable costs incurred by Seller in securing such proceeds and/or adjusting the loss and/or in undertaking any required repairs at Seller's expense, and Buyer shall proceed with the Closing on the Property in its then "as-is" condition with no reduction in the Purchase Price, or (iii) if the repairs can be completed prior to Closing or are necessary to secure or protect the Property, Seller shall proceed to complete such repairs prior to Closing based upon a work plan reasonably satisfactory to Buyer and Seller, including adjusting the Closing Date as reasonably necessary in the event Buyer has already issued its Notice of Intent to Close, and Seller shall use the insurance proceeds toward payment for such repair costs.

ARTICLE XVIII CONDEMNATION

In the event of the institution of any proceeding, judicial, administrative or otherwise, prior to Closing, which shall relate to the proposed taking of any substantial portion of the Property by condemnation or eminent domain or any action in the nature of eminent domain, or the taking or closing of any right of access to the Property, Seller shall immediately give written notice to Buyer of the occurrence thereof, and thereafter this Purchase Agreement, at the option of Buyer shall become null and void, the Effective Date Deposit shall be refunded to Buyer and any documents deposited hereunder or in the escrow contemplated hereby shall be returned to the respective parties. Seller hereby agrees to furnish Buyer written notification with respect to any such taking or proceedings within forty-eight (48) hours of Seller's receipt of any such notification or learning of the occurrence or institution thereof. Should Buyer elect to so terminate this Purchase Agreement, the parties hereto shall be released from any and all further obligations hereunder except those provided for in this Purchase Agreement including the return to Buyer of the Effective Date Deposit. Notwithstanding the foregoing, if such proceeding by way of condemnation or eminent domain shall be "**insubstantial**," Buyer shall not have the right to terminate this Purchase Agreement but shall be credited with or assigned all Seller's right to any proceeds therefrom. An "insubstantial" proceeding shall be one which (i) does not relate to the taking or closing of any immediate right of access to the Property or any parking at the Property and (ii) affects only the perimeter of the Property and does not involve more than the equivalent of \$100,000.00 in value. In the event the parties hereto are unable to agree on the "substantiality" of the aforesaid taking within thirty (30) days after the date of Buyer's receipt of written notice thereof, then the determination of said issue will be in accordance with the provisions of Article XIV.

ARTICLE XIX COSTS

- (a) At or prior to Closing, Seller shall pay the following:
 - (i) all real estate transfer taxes;
 - (ii) all title insurance premiums and expenses respecting the Commitment and Owner's Policy, including extended coverage but excluding any endorsements thereto required by Buyer;
 - (iii) the cost of recording the Final Visibility Easement;
 - (iv) one-half (1/2) of the Title Company escrow charges;
 - (v) the fee for the Surveys including the Updated Survey; and
 - (vi) other customary Seller's charges.

- (b) At or prior to Closing, Buyer shall pay the following:
- (i) the costs of any endorsements to the Owner's Policy required by Buyer;
 - (ii) one-half (1/2) of the Title Company escrow charges;
 - (iii) the cost of recording the Deed; and
 - (iv) other customary Buyer's charges.

ARTICLE XX NOTICES

All notices required or permitted to be given under this Purchase Agreement shall be in writing and shall be sent or delivered to the addresses set forth below (or such other address as may be hereafter specified):

To Seller: 217 CAPITOL, LLC
124 W. Allegan
21st Floor
Lansing, Michigan 48933
Attn: John N. Hindo, President
E: JHindo@bojigroup.com

With a copy to: Honigman LLP
Attn: Lowell D. Salesin, Esq.
39400 Woodward Avenue, Suite 101
Bloomfield Hills, Michigan 48304
E-Mail: lsalesin@honigman.com

To Buyer: Office of the Mayor, City of Lansing
124 W Michigan Avenue, 9th Floor
Lansing, MI 48933
Attn: Mayor Andy Schor
lansing.mayor@lansingmi.gov

With a copy to: Office of the City Attorney, City of Lansing
124 W Michigan Avenue, 5th Floor
Lansing, MI 48933
Attn: Jim Smiertka, City Attorney
jim.smiertka@lansingmi.gov

Notices shall be sent either by personal delivery, overnight courier guaranteeing next day delivery or email and shall be deemed given one (1) business day following deposit if delivered to an overnight courier guaranteeing next day delivery or on the same day if sent by personal delivery or email (with proof of transmission). Notices may also be

delivered by email or facsimile and shall be deemed received upon proof of transmission. Attorneys for each party shall be authorized to give notices for such party.

ARTICLE XXI ADDITIONAL COVENANTS

In addition, the parties agree as follows:

(a) **Authority to Sign.** Each person signing this Purchase Agreement for Seller and for Buyer warrants, by his or her signature, that he or she has full authority to enter into this Purchase Agreement on behalf of the party for whom he or she signs.

(b) **Written Agreement and Exhibits.** This Purchase Agreement and any exhibits attached hereto set forth the entire understanding between the parties with respect to the transactions contemplated herein, and supersede all previous agreements, discussions and representations. This Purchase Agreement may not be modified except in writing, signed by Buyer and Seller.

(c) **Headings.** The paragraph headings used in this Purchase Agreement are for the convenience of the parties only, do not constitute part of the contract herein set forth, and shall not be relied on in interpreting or construing any provision hereof.

(d) **Attorneys' Fees.** In the event Buyer finds it necessary to employ legal counsel or to commence litigation or other proceedings against Seller with respect to or on account of this Purchase Agreement, Buyer shall be entitled to recover from Seller all fees, charges, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the Buyer in connection with actual or contemplated enforcement of its rights and remedies hereunder (which costs, expenses, fees and charges shall be included in the amount of any judgment rendered). This subsection shall survive termination of this Purchase Agreement.

(e) **Time Periods.** Time is of the essence of this Purchase Agreement. Except as otherwise specifically provided in this Purchase Agreement, all time periods provided for herein shall refer to calendar days and shall expire at 11:59 P.M. Eastern Time on the last of such days; provided, however, that if the time of the performance of any obligation under this Purchase Agreement expires on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

(f) **Construction of Agreement.** Buyer and Seller confirm to each other that both they and their respective counsel have reviewed and revised this Purchase Agreement and that any presumption or other rule of construction to the effect that ambiguities are to be resolved against the party with primary drafting responsibility therefor shall not apply to this Purchase Agreement or to any provision hereof. Subject to the foregoing, this Purchase Agreement shall be construed as a whole in accordance with its fair meaning.

(g) Waiver. Except as otherwise may be expressly provided to the contrary herein: (i) no failure to exercise or delay in exercising by any party hereto of any right or remedy consequent upon a breach, and no failure to insist on or delay in insisting on the strict performance, of any provision of this Purchase Agreement shall constitute or operate as a waiver thereof or of any other right or remedy or of any other provision hereof or of any subsequent breach of the same or any other provision hereof, and such party shall retain all rights and remedies provided for herein or now or hereafter existing at law or in equity with respect to the same or any subsequent act or omission which constitutes such breach or nonperformance; and (ii) no partial exercise of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy provided for herein or now or hereafter existing at law, in equity or otherwise. A waiver in one or more instances of any provision hereof or breach thereof shall apply to the particular instance and at the particular time only, and no such waiver shall be deemed a continuing waiver, nor shall any waiver of a Closing delivery to be provided hereunder operate to preclude the party waiving such delivery from commencing any action after Closing as to a breach of warranty or representation which breach would have been disclosed by the delivery of such item. No provision of this Purchase Agreement to be performed or complied with by any party, and no breach thereof, shall be waived, altered or terminated except by a written instrument executed by the other party. No course of dealing between the parties shall operate as waiver of any of their respective rights, powers or privileges under this Purchase Agreement.

(h) Further Assurances. As and to the extent otherwise contemplated by this Purchase Agreement, each party to this Purchase Agreement agrees that at any time and from time to time after the date hereof it will, at its own sole cost and expense, immediately following the reasonable request of the other party hereto, promptly execute, acknowledge (if necessary) and deliver or cause to be promptly executed, acknowledged (if necessary) and delivered, such agreements, certificates, statements, instruments and documents, and promptly take, or promptly cause to be taken, such other and further steps and actions, in either case as may be required by law or as reasonably shall be deemed necessary by the other party in order to more fully effect, evidence or carry out the intent and purpose of this Purchase Agreement or as shall be essential to satisfy Title Company's requirements.

(i) Invalidity of Particular Provisions. If any provision contained in this Purchase Agreement or the application thereof to any person, entity or circumstance shall, for any reason or to any extent, be held to be invalid, illegal or unenforceable in any respect, all other provisions hereof, as well as the application of the affected provision to persons, entities or circumstances other than those as to which it is held to be invalid, illegal or unenforceable, shall not be affected thereby and, to the extent permitted by law, this Purchase Agreement shall be legal and valid and enforced to the fullest extent permitted by law as if such invalid, illegal or unenforceable provision had never been included herein; it being intended by the parties hereto that each of the provisions hereof shall be severable. Moreover, it is the intention of the parties hereto that if any provision

of this Purchase Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

(j) Gender and Number. This Purchase Agreement shall be so construed that whenever applicable the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, and the use of the feminine, masculine or neuter gender shall include the other genders.

(k) Applicable Law. This Purchase Agreement shall be governed by and construed and enforced in accordance with, the laws of the State of Michigan applicable to agreements made and to be performed wholly therein.

(l) Successor and Assigns. This Purchase Agreement shall be binding upon and inure to the benefit of Buyer, Seller and their respective heirs, executors, personal representatives, successors and assigns. Either party hereto may assign its rights hereunder to an entity owned or controlled by such party at any time prior to Closing by giving notice thereof to each of the other party hereto and Title Company. However, following any such assignment, the assigning party shall not be released from its obligations hereunder thereafter accruing.

(m) Counterparts; Multiple Originals. For the convenience of the parties, this Purchase Agreement may be executed in any number of separate identical counterparts. Any counterpart or set of identical counterparts containing original signatures for both Buyer and Seller shall constitute an original agreement for all purposes. Although there may be multiple originals, all of them together shall constitute in the aggregate but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be executed and delivered as of the day and year first above written.

SELLER: **217 CAPITOL, LLC**, a Michigan limited liability company

By: _____

Name: Ronnie J. Boji

Its: Authorized Representative

BUYER: **City of Lansing**, Counties of Ingham and Eaton, State of Michigan

By: _____

Name: Andy Schor

Its: Mayor

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Land Situated in the State of Michigan, County of Ingham, City of Lansing.

The South 52 feet of Lot 9; the North 14 feet of Lot 9, and the South 33 1/6 feet of Lot 10, block 115, Original Plat, City of Lansing, Ingham County, Michigan, according to the Plat thereof, as recorded in Liber 2 of Plats, Page 36, Ingham County Records.

EXHIBIT A-1
DEPICTION OF THE PROPERTY

[To be inserted]

EXHIBIT B
SELLER'S NEIGHBORING PROPERTY

EXHIBIT C
PERMITTED EXCEPTIONS

[To be inserted]

076492.000039 4869-2524-4037.8



Valbridge
PROPERTY ADVISORS

Appraisal Report

Temple Building
217 South Capitol Avenue
Lansing, Ingham County, Michigan 48933

Report Date: October 5, 2023



FOR:

Ms. Shelbi Frayer
Deputy Mayor/Chief of Staff
City of Lansing
124 W. Michigan Ave.
Lansing, Michigan 48933

**Valbridge Property Advisors |
Southern Michigan**

2127 University Park Drive, Suite 390
Okemos, Michigan 48864

517.336.0001 phone
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valbridge.com

Valbridge File Number:
MI01-23-0266



1420 Washington Blvd.
Detroit, MI 48226
313-986-3313

2127 University Park Drive
Suite 390
Okemos, MI 48864
517-336-0001
valbridge.com

October 5, 2023

Ms. Shelbi Frayer
Deputy Mayor/Chief of Staff
City of Lansing
124 W. Michigan Ave.
Lansing, Michigan 48933

RE: Appraisal Report
Temple Building, 217 South Capitol Avenue, Lansing, Ingham County, Michigan 48933

Dear Ms. Frayer:

In accordance with your request, an appraisal of the above referenced property was performed. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to the value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located the east side of South Capital Avenue and is further identified as tax parcel number 33-01-01-16-328-021. The subject site is a 0.38-acre or 16,379-square-foot parcel. The subject property consists of a high-rise structure made of steel and stone construction and was built in 1924. The building has 7 floors above ground and one lower level, combining for a total of 109,826 square feet. As of the effective date of this appraisal, the subject's building was configured for educational use.

The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client.

The client and intended user of this assignment is the City of Lansing and no others. The intended use is for possible acquisition. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

The value conclusions are based on the analysis in the following report and presented in the following table:

Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	October 4, 2023
Value Conclusion	\$3,650,000
	\$33.23 PSF

This letter of transmittal is not considered valid if separated from this report and must be accompanied by all sections of this report, as outlined in the table of contents, in order for the value opinions set forth above to be valid.

Respectfully submitted,

VALBRIDGE PROPERTY ADVISORS | THE OETZEL – HARTMAN GROUP



James T. Hartman, MAI, SGA, AI-GRS
 Certified General Real Estate Appraiser
 State of Michigan, License # 1205005950
jhartman@valbridge.com

JTH:CMC/mns
 File # MI01-23-0266



Cameron M. Clark
 Certified General Real Estate Appraiser
 State of Michigan, License # 1205075247
cclark@valbridge.com

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Summary of Salient Facts

Summary of Salient Facts

Property Identification

Property Name	Temple Building
Property Address	217 South Capitol Avenue Lansing, Ingham County, Michigan 48933
Latitude & Longitude	42.731864, -84.553258
Tax Parcel Number	33-01-01-16-328-021
Property Owner	217 Capitol LLC

Site

Zoning	Business District (G-1)
FEMA Flood Map No.	260650131D
Flood Zone	Zone X (unshaded)
Gross Land Area	0.376 acres
Usable Land Area	0.376 acres

Existing Improvements

Property Use	Office High Rise
Occupancy Type	Vacant
Gross Building Area (GBA)	109,826 sf
Net Rentable Area (NRA)	92,608 sf
Number of Buildings	1
Number of Stories	7
Year Built	1924
Condition	Average
Construction Class	B - Fire Resistant, Reinforced Concrete Frame
Construction Quality	Good

Valuation Opinions

Highest & Best Use - As Vacant	Hold for future development
Highest & Best Use - As Improved	Office
Reasonable Exposure Time	12 to 24 months
Reasonable Marketing Time	12 to 24 months

Value Indications

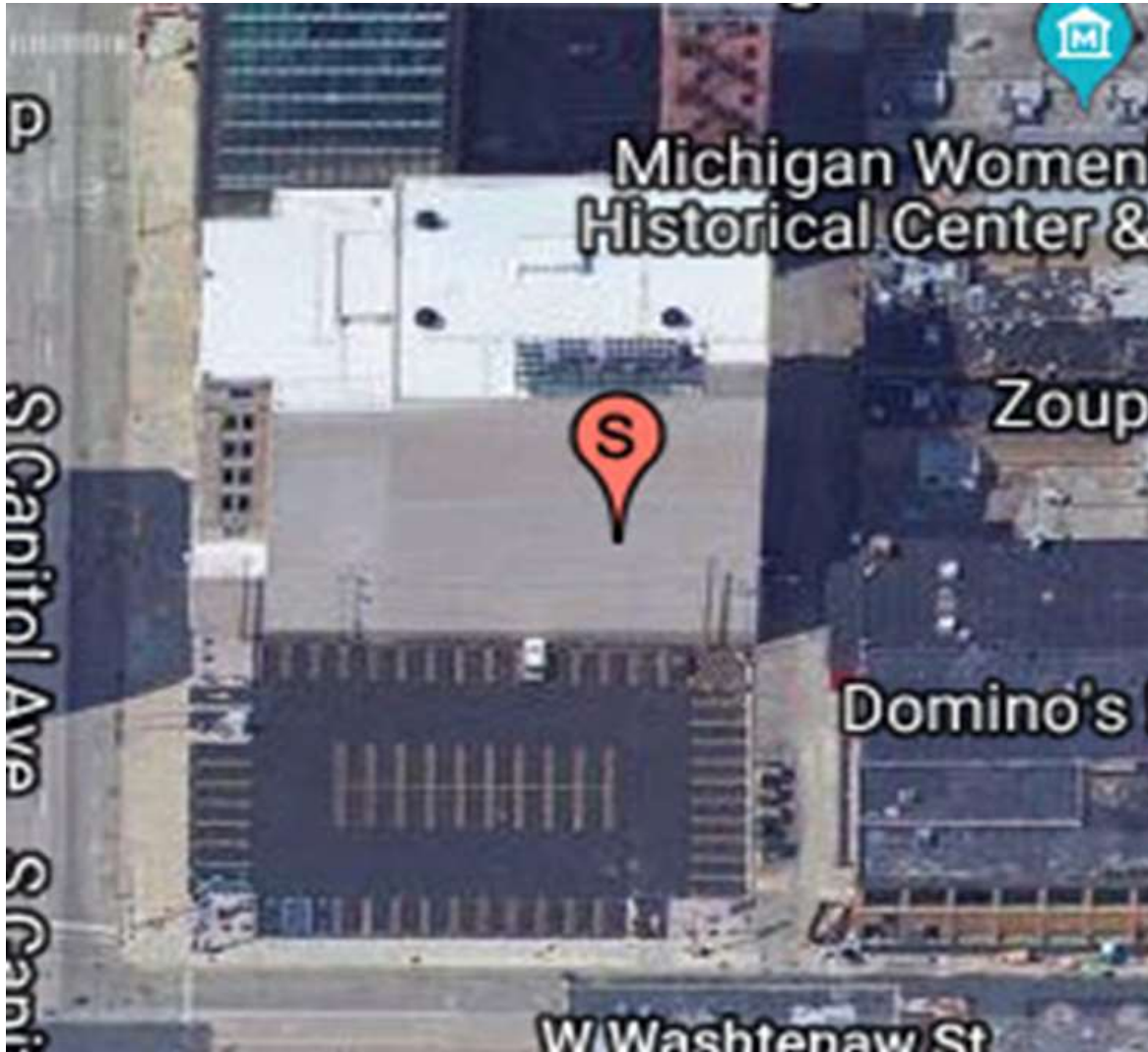
Approach to Value	As Is
Cost	Not Developed
Sales Comparison	\$3,500,000
Income Capitalization	Not Developed
Yield Capitalization (DCF)	\$3,635,000

Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	October 4, 2023
Value Conclusion	\$3,650,000
	\$33.23 PSF

Aerial and Front Views

AERIAL VIEW



FRONT VIEW





STATE OF MICHIGAN L.P. AREA LOCATION MAP



Introduction

Client and Intended Users of the Appraisal

The client and intended user in this assignment is the City of Lansing. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The intended use of this report is for possible acquisition.

Real Estate Identification

The subject property is located at 217 South Capitol Avenue, Lansing, Ingham County, Michigan 48933. The subject property is further identified by the tax parcel number 33-01-01-16-328-021.

Legal Description

LOT 9 & S 33 1/6 FT LOT 10 BLOCK 115 ORIG PLAT

Use of Real Estate as of the Effective Date of Value

As of the current date of value, the subject was an unoccupied property.

Use of Real Estate as Reflected in this Appraisal

The current opinion of value for the subject property reflects use as an office high rise. The prospective opinion of value for the subject property reflects use as a high rise office property.

Ownership of the Property

According to assessing records, title to the subject property is vested in 217 Capital LLC.

History of the Property

Ownership of the subject property has changed within the past three years.

Active Listing/Offer/Contract

The subject property was listed for sale/lease by the Martin Company. Details of the listing price were not known to the appraisers.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. Market value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale¹*

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Opinions of value for the subject property were developed under the following valuation scenarios:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	October 4, 2023

Date of Report

The date of this report is October 5, 2023.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None

Hypothetical Conditions

- None

¹ FIRREA Code of Federal Regulations, Title 12, Part 34 Subpart C - 34.42, 1990; also Interagency Appraisal and Evaluation Guidelines, Federal Register / Vol.75, No. 237, 2010

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via legal description.
- Economic Characteristics - The subject property economic characteristics were identified via property management.
- Physical Characteristics - The subject property physical characteristics were identified via property inspection.

Extent to Which the Property Was Inspected

An appraisal inspection of the subject property an appraisal inspection that consisted of exterior and interior observations was completed on September 14th, 2023. The improvements were not measured during the course of the inspection.

Type and Extent of Data Researched

The following data was researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. Professionals familiar with the subject market/property type were also interviewed.

Type and Extent of Analysis Applied (Valuation Methodology)

Surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations were observed in the process of concluding a highest and best use for the subject property. The subject property was then valued based on the highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.

- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the subject property, along with the needs and requirements of the client, were assessed. Based on this assessment, the Sales Comparison Approach were developed. The Cost Approach was not used because due to the age of the subject property the Cost Approach is considered a less effective valuation method, and therefore, was not developed in this report. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

The analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject property is located in the Lansing-East Lansing Metropolitan Statistical Area (MSA), whose urban core is the Lansing urbanized area, and component counties are Clinton, Eaton and Ingham. The cities of Lansing, East Lansing, Charlotte, Grand Ledge, Mason, Dewitt and St. Johns, and Townships of Bath, Delhi, Delta, DeWitt, Meridian, and Williamston are the most populated areas within the Lansing-East Lansing MSA.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2020	Estimated 2022	Annual Δ 2020 - 22	Projected 2027	Annual Δ 2022 - 27
United States	331,449,281	335,707,897	0.6%	339,902,796	0.2%
Michigan	9,883,640	10,098,040	1.1%	10,076,564	0.0%
Lansing-East Lansing, MI (MSA)	534,684	542,762	0.8%	541,713	0.0%
Ingham County	280,895	285,809	0.9%	285,550	0.0%
Lansing city	114,990	114,201	-0.3%	114,346	0.0%

Source: ESRI (ArcGIS)

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

Median Household Income

Area	Estimated 2022	Projected 2027	Annual Δ 2022 - 27
United States	\$62,203	\$67,325	1.6%
Michigan	\$65,287	\$75,808	3.0%
Lansing-East Lansing, MI (MSA)	\$62,981	\$72,590	2.9%
Ingham County	\$58,657	\$67,695	2.9%
Lansing city	\$46,604	\$52,387	2.4%

Source: ESRI (ArcGIS)

Employment

Employment by Industry - Lansing-East Lansing, MI (MSA)

Industry	2022 Estimate	Percent of Employment
Agriculture/Forestry/Fishing/Hunting	2,110	0.78%
Mining/Quarrying/Oil & Gas Extraction	148	0.05%
Construction	13,877	5.12%
Manufacturing	32,676	12.05%
Wholesale Trade	3,583	1.32%
Retail Trade	26,482	9.77%
Transportation/Warehousing	11,441	4.22%
Utilities	2,109	0.78%
Information	2,876	1.06%
Finance/Insurance	18,106	6.68%
Real Estate/Rental/Leasing	4,209	1.55%
Professional/Scientific/Tech Services	16,291	6.01%
Management of Companies/Enterprises	106	0.04%
Admin/Support/Waste Management Services	11,193	4.13%
Educational Services	36,422	13.43%
Health Care/Social Assistance	33,079	12.20%
Arts/entertainment/Recreation	4,445	1.64%
Accommodation/Food Services	17,651	6.51%
Other Services (excl Public Administration)	13,036	4.81%
Public Administration	21,293	7.85%
Total	271,133	100.0%

Source: ESRI (ArcGIS)

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics.

Unemployment Rates

Area	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	2023 ¹
United States	3.9%	3.7%	8.1%	5.3%	3.6%	3.9%
Michigan	4.2%	4.1%	10.0%	5.8%	4.2%	4.3%
Lansing-East Lansing-Owosso, MI (CMSA)	3.6%	3.6%	7.8%	5.4%	4.4%	4.4%
Ingham County, MI	3.6%	3.6%	7.8%	5.6%	4.4%	4.6%
Lansing city, MI	5.2%	5.1%	10.9%	7.9%	6.3%	6.5%

Source: www.bls.gov

data not seasonally adjusted; ¹August - most recent for US, others lag by 1-2 mos.)

Job Losses/Gains

Michigan's employment peaked in June of 2000 and experienced a continuous declining trend throughout the next decade. The following table summarizes the job losses/gains in total employment and manufacturing employment over from June 2000 through 2022.

STATE OF MICHIGAN EMPLOYMENT				
Year	Total Non-Farm Employment	Annual Job Loss/Gain	Manufacturing Employment	Annual Mfg. Job Loss/Gain
Jun-00	4,744,900		911,200	
2000	4,676,400	(68,500)	896,699	(14,501)
2001	4,563,700	(112,700)	821,200	(75,499)
2002	4,486,900	(76,800)	761,400	(59,800)
2003	4,415,900	(71,000)	717,500	(43,900)
2004	4,399,000	(16,900)	698,300	(19,200)
2005	4,389,700	(9,300)	677,500	(20,800)
2006	4,326,500	(63,200)	648,200	(29,300)
2007	4,267,800	(58,700)	617,300	(30,900)
2008	4,162,100	(105,700)	562,700	(54,600)
2009	3,870,500	(291,600)	454,900	(107,800)
2010	3,863,300	(7,200)	466,000	11,100
2011	3,952,100	88,800	501,400	35,400
2012	4,033,700	81,600	529,200	27,800
2013	4,109,700	76,000	548,400	19,200
2014	4,182,000	72,300	574,200	25,800
2015	4,243,500	61,500	590,900	16,700
2016	4,319,100	75,600	604,500	13,600
2017	4,369,100	50,000	616,100	11,600
2018	4,417,700	48,600	628,600	12,500
2019	4,442,700	25,000	654,600	26,000
2020	4,039,300	(403,400)	556,800	(97,800)
2021	4,199,000	159,700	583,700	26,900
2022	4,362,300	163,300	603,200	19,500
Total Job Loss		(382,600)		(308,000)
% Decline over 20 1/2 +/- years		(8.1%)		(33.8%)

Source: Michigan Labor Market Info ~ www.milmi.org

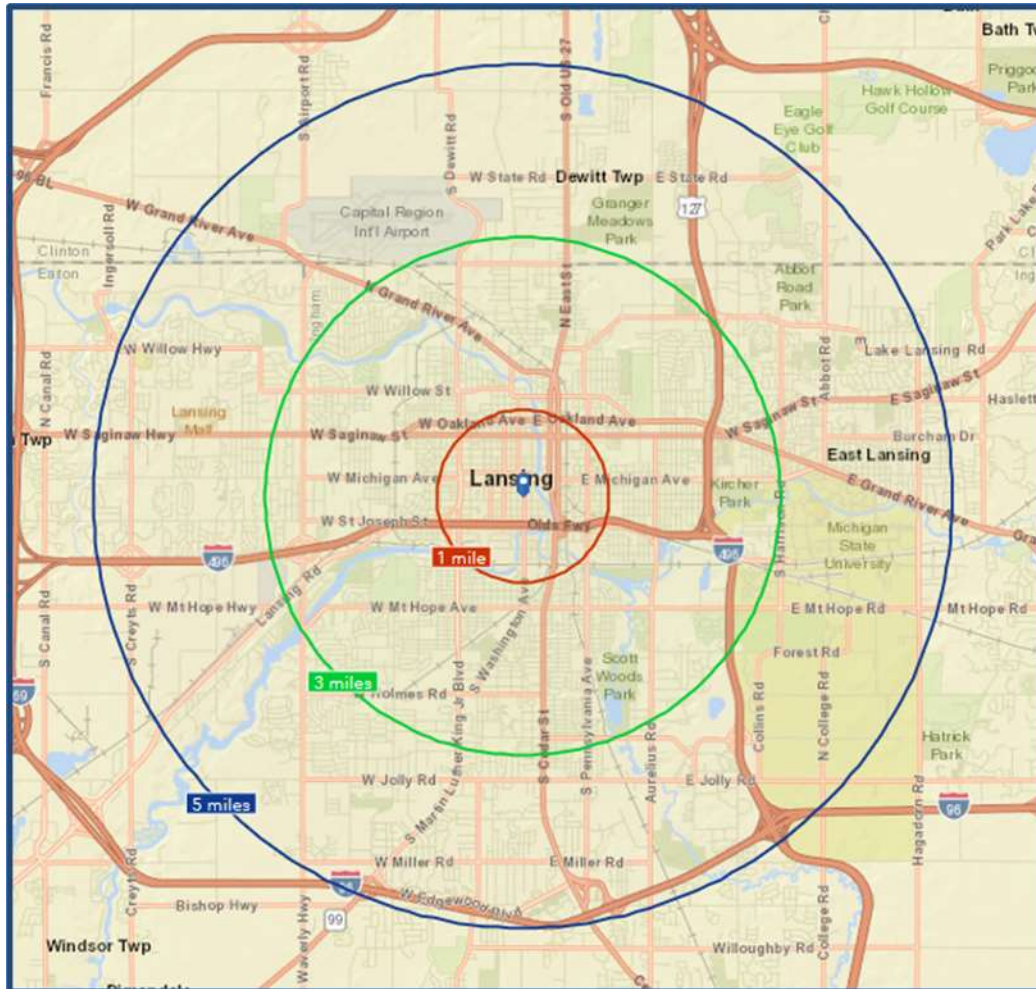
Unless noted, employment numbers are annualized

Peak employment levels within the state occurred in June of 2000 at 4,744,900 total non-farm jobs. Through 2009 a combined 881,600 jobs were lost, an 18.6% decline. Job losses have been particularly focused in the manufacturing sector. In June 2000 the manufacturing sector employed 911,200 persons, which declined through 2009 to 454,900, for a combined loss of 456,300 manufacturing jobs or a 50.1% decline. However, manufacturing in the state began to stabilize during 2010, finishing the year with a net gain of 11,100 jobs.

Prior to the pandemic, the continuing recovery in manufacturing has helped to turn overall non-farm employment in the State. The previous 5 years the State had added 260,700 jobs. According to MSU Center for Economic analysis, we see gross state product, a measure of all income generated in the state, to grow by 6.9 percent in 2023, down from 8.0 percent in 2022. Once adjusted for inflation, gross state product will only climb by 2.2 percent, down from 4.8 percent projected for 2022. We anticipate relatively strong growth in wages and salaries in 2023, driven largely by employment growth. Still, wage rates are expected to grow across all Michigan industries but is not anticipated to keep pace with inflation. Non-wage sources of income, like dividends, interest and rent are expected to rebound somewhat in 2023 from expected declines to growth of about 7.3 percent.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located in Lansing in Ingham County. The area of Lansing is characterized by dense office development catering to the States Capital.

Neighborhood Location and Boundaries

The subject neighborhood is located in the section of Lansing. The area is urban in nature.

The neighborhood is bounded by W Shiawassee Street to the north, S Pennsylvania Avenue to the east, I-696 to the south, and S Martin Luther King Blvd to the west.

Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include I-696 and Capital Avenue. Access to the area is considered average.

Demographics

The following table depicts the area demographics in Lansing within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population Summary			
2020 Population	11,890	90,408	196,199
2022 Population Estimate	12,345	89,927	194,104
2027 Population Projection	12,865	90,767	194,513
Annual % Change (2022 - 2027)	0.8%	0.2%	0.0%
Housing Unit Summary			
2020 Housing Units	6,705	43,425	85,968
% Owner Occupied	22.0%	50.2%	46.5%
% Renter Occupied	61.6%	38.7%	44.4%
2022 Housing Units	7,202	44,423	88,386
% Owner Occupied	17.5%	47.5%	45.2%
% Renter Occupied	67.2%	42.3%	45.9%
2027 Housing Units	7,296	44,956	89,283
% Owner Occupied	17.8%	47.6%	45.5%
% Renter Occupied	70.2%	42.7%	45.7%
Annual % Change (2022 - 2027)	0.3%	0.2%	0.2%
Income Summary			
2022 Median Household Income Estimate	\$37,476	\$48,843	\$48,095
2027 Median Household Income Projection	\$41,447	\$54,638	\$53,893
Annual % Change	2.0%	2.3%	2.3%
2022 Per Capita Income Estimate	\$26,544	\$29,332	\$29,065
2027 Per Capita Income Projection	\$30,115	\$34,129	\$33,454
Annual % Change	2.6%	3.1%	2.9%

Source: ESRI (ArcGIS)

(Lat: 42.731864, Lon: -84.553258)

Within a three-mile radius, the reported population is 89,927 with a projected growth rate of approximately 0.2% annually. There are 44,423 housing units within that three-mile radius. The growth rate is expected to be 0.2% annually. Within a three-mile radius, the median household income is \$48,843. Looking ahead, annual household income growth is projected at 2.3% per year.

Nuisances & External Obsolescence

Neighborhood properties have adequate levels of maintenance. No adverse or unfavorable factors were observed.

Neighborhood Life Cycle

Most neighborhoods are classified as being in one of four stages: **growth**, **stability**, **decline**, or **renewal**. Overall, the subject neighborhood is in the decline stage of its life cycle.

Site Description

The subject site is located the east side of South Capital Avenue. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	0.38 Acres or 16,379 SF
Usable Land Area:	0.38 Acres or 16,379 SF
Usable Land %:	100.0%
Shape:	Rectangular
Topography:	Level
Drainage:	Appears adequate
Grade:	Above street grade
Utilities:	public electricity, steam, water, and sewer
Off-Site Improvements:	Sidewalk, pole lighting, street parking,
Interior or Corner:	Interior
Signalized Intersection:	No - Traffic signal nearby that enhances access to the site
Excess/Surplus Land:	None

Street Frontage / Access

Frontage Road	Primary
Street Name:	South Capital Avenue
Street Type:	Office
Number of Curb Cuts:	1

Additional Access

Alley Access:	Yes
Water or Port Access:	No
Rail Access:	No

Flood Zone Data

Flood Map Panel/Number:	260650131D
Flood Map Date:	08-16-2011
Flood Zone:	Zone X (unshaded) The subject property is situated within an X flood zone. Because of this, flood insurance may not be required if federally related funds are involved.
Portion in Flood Hazard Area:	0.00%

Other Site Conditions

Soil Type:	No soil report of the subject has been made available or reviewed. However, it is assumed that the soil is of sufficient load-bearing capacity to support the present improvements. No evidence to the contrary was observed upon the physical inspection of
Environmental Issues:	No environmental issues were noted at the time of inspection or disclosed by involved parties that would impact value.
Easements/Encroachments:	The appraiser assumes that all necessary easements, including but not limited to easements for access and utilities, have been obtained for the development and/or use of the property. No information was provided to the appraiser concerning any other adverse easements that may affect subject property. The appraiser, therefore, assumes normal easements and restrictions of record that are considered standard and typical for properties of this type and are not considered to adversely affect normal use or value of subject property.

Adjacent Land Uses

North:	Parking lot
South:	Parking lot
East:	Office
West:	Office

Site Ratings

Access:	Average
Visibility:	Good

Zoning Designation

Zoning Jurisdiction:	City of Lansing
Zoning Classification:	G-1, Business District
Permitted Uses:	A variety of commercial uses
Zoning Comments:	Subject property conforms to zoning.

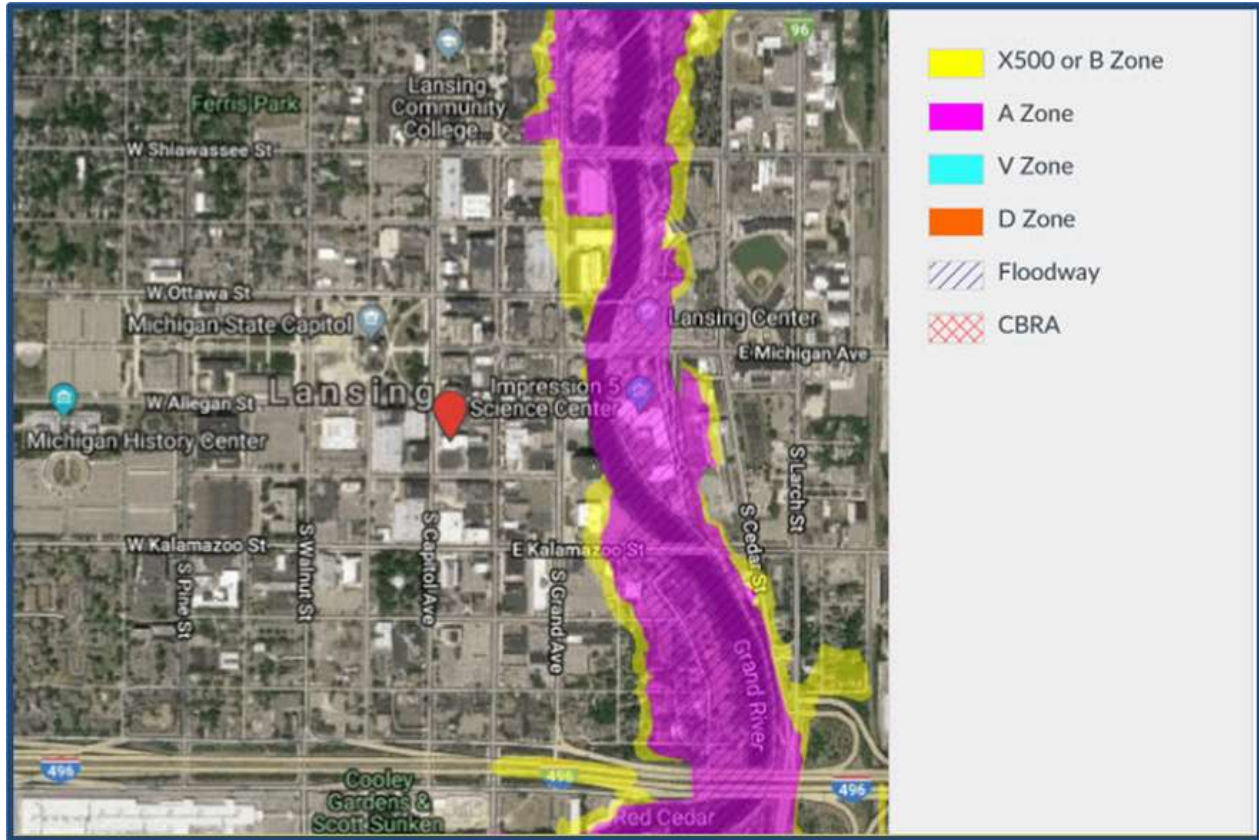
Analysis/Comments on Site

Based on the characteristics above, the site is suitable for a variety of legal uses.

SITE OUTLINE



FLOOD MAP



Improvements Description

The subject property consists of a high-rise structure made of steel and stone construction and was built in 1924. The building has 7 floors above ground and one lower level, combining for a total of 109,826 square feet. As of the effective date of this appraisal, the subject's building was configured for educational use.

Improvement Characteristics

Property Type:	Office
Property Subtype:	Office Building
Occupancy Type:	Vacant
Tenancy:	Single-Tenant
Investment Class:	Class
Number of Buildings:	1
Number of Stories	7
Construction Class:	B - Fire Resistant, Reinforced Concrete Frame per Marshall Valuation Service
Construction Quality:	Good
Gross Building Area (GBA):	109,826 SF (based on Floor plans)
Net Rentable Area (NRA):	92,608 SF (based on Floor plans)
Other Features/Amenities:	Large auditorium, multiple lecture halls, historic.

Ratios & Parking

Land-to-Building Ratio:	0.15 to 1 (Usable Land/GBA)
Floor Area Ratio (FAR):	6.71 (based on GBA)
Parking Spaces:	0

Age / Life

Year Built:	1924
Renovated/Yr. Renovated:	Yes
Condition:	Average
Actual Age:	99 years

Structural Characteristics

Foundation:	Stone and Masonry
Building Frame:	Masonry and metal
Exterior Walls:	Block and Brick.
Roof Type / Material:	Pitched / Metal

Interior Characteristics

Floors:	Carpet and terrazzo tile
Walls:	Painted drywall, brick, and concrete block
Ceiling:	Dropped with 2X2 panels
Lighting:	Mixture
Restrooms:	Men's and woman's restrooms on each level

Mechanical Systems

Electrical:	adequate for intended use
Plumbing:	Assumed adequate for the intended use
Heating:	Hot Water
Air Conditioning:	Complete Engineered Cooling System
Fire Protection/Sprinklers:	100% Wet
Number of Elevators:	3

Site Improvements

Site Improvements:	Sidewalk
Landscaping:	Minimal

Legal, Conforming Status

Legally Permitted Use:	Yes
Conforms to Parking:	Unknown
Conformity Conclusion:	The existing improvements appear to conform with all legal use restrictions

Analysis/Comments on Improvements

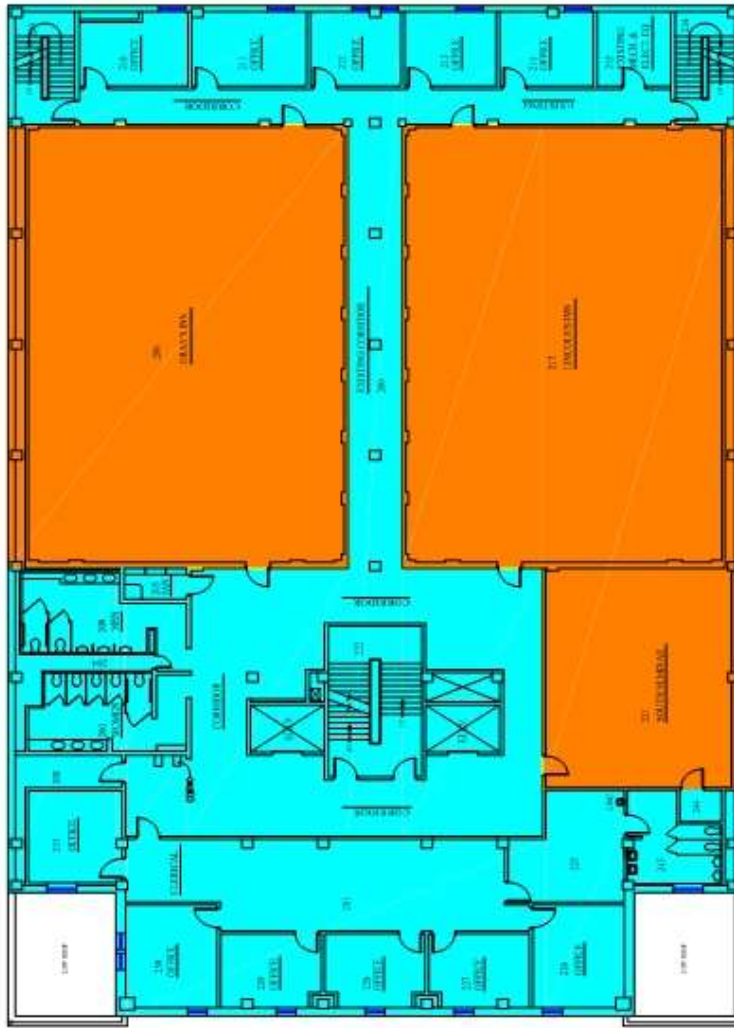
The building is a high-rise structure made of steel and stone construction and was built in 1924. The buildings has 7 floors above ground and one lower level, combining for a total of 109,826 square feet. As of the effective date of this appraisal, the building is configured for educational use, with class rooms and large auditoriums/lecture halls. All of the land is considered a primary site and there is no excess or surplus land area. The functional utility of the property is average based upon a comparison of similar properties in the market area.



Classroom and Seminar Rooms	1,459 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	1,618 sq. ft.
Research and Study Student Space	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.
Other	14,141 sq. ft.
Total	17,218 sq. ft.

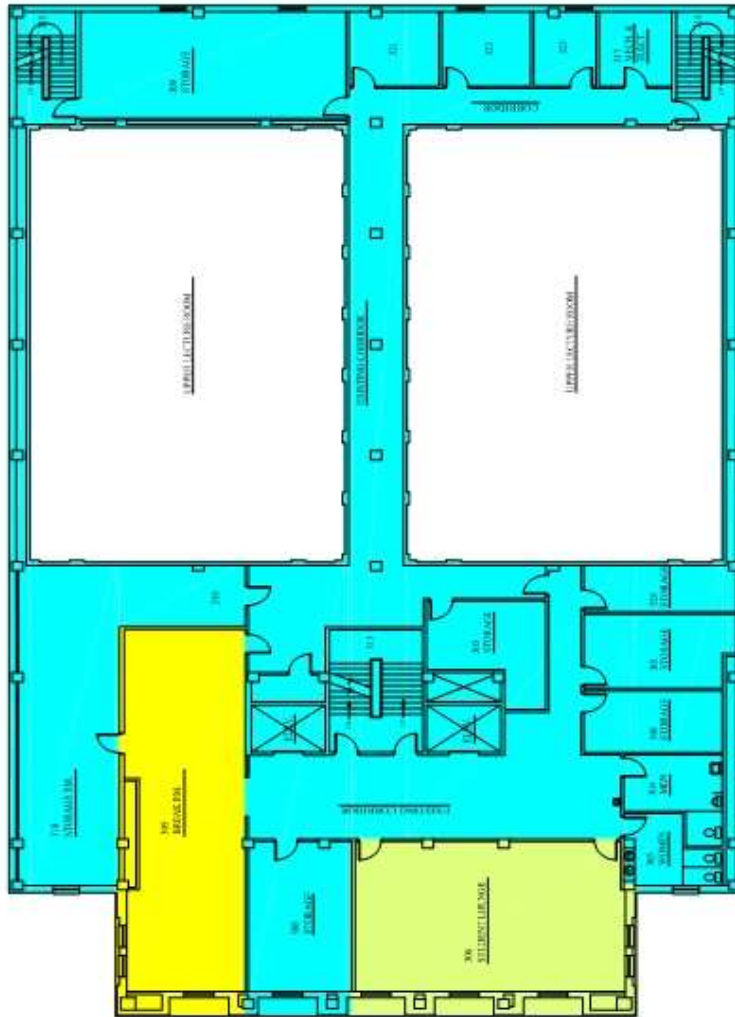


Temple Building First Floor January 2014	
Classroom and Seminar Rooms	5,808 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	1,536 sq. ft.
Research and Study Student Space	480 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.
Other	8,638 sq. ft.
Total	16,462 sq. ft.



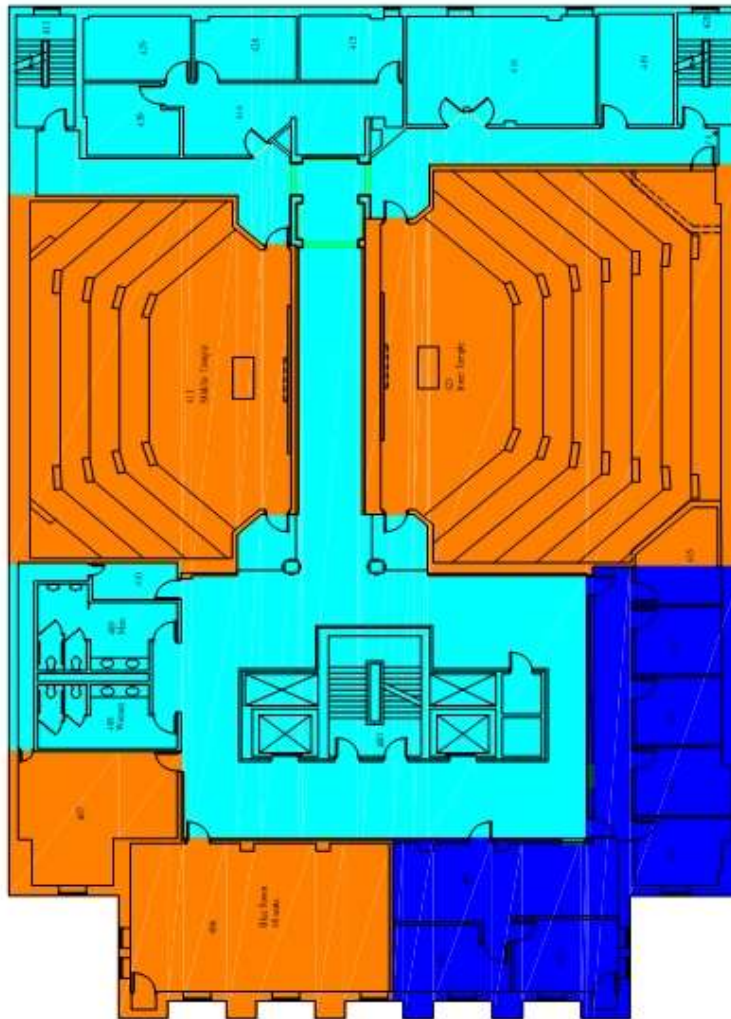
Temple Building
Second Floor January 2014

Classroom and Seminar Rooms	7,590 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	0 sq. ft.
Research and Study Student Space	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.
Other	0 sq. ft.
Total	8,090 sq. ft.
	15,680 sq. ft.



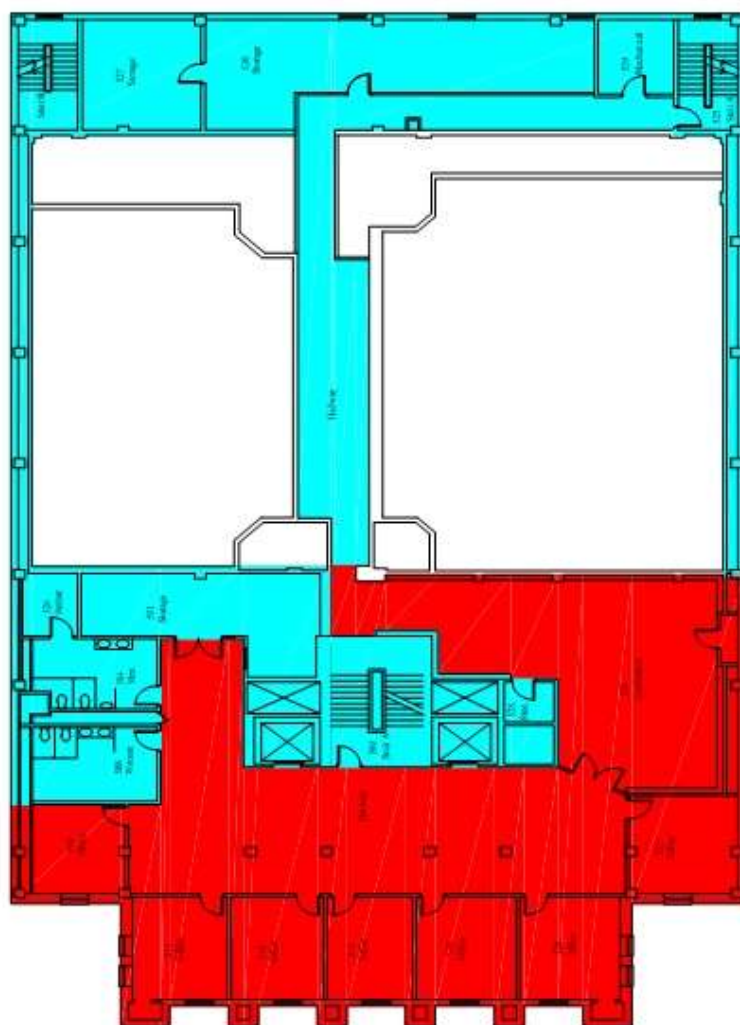
Temple Building
Third Floor January 2014

Classroom and Seminar Rooms	0 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	0 sq. ft.
Research and Study Student Space	1,084 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	1,091 sq. ft.
Other	7,500 sq. ft.
Total	9,675 sq. ft.



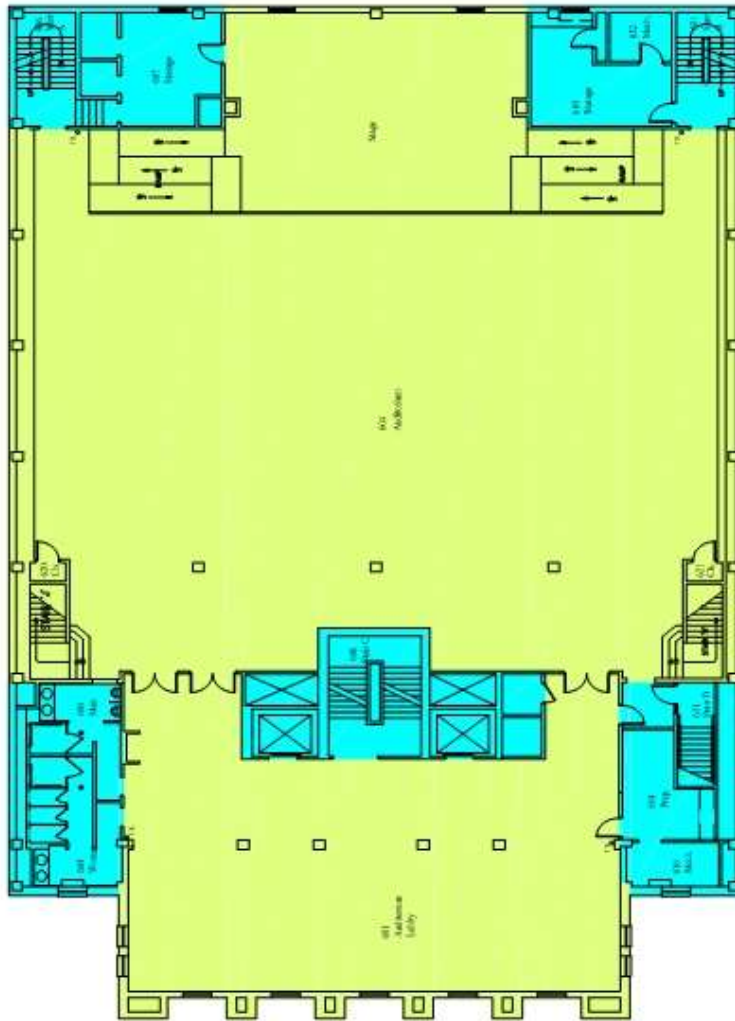
Temple Building
Fourth Floor January 2014

Classroom and Seminar Rooms	6,951 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	1,956 sq. ft.
Administrative and Staff	0 sq. ft.
Research and Study Student Space	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.
Other	6,667 sq. ft.
Total	15,574 sq. ft.



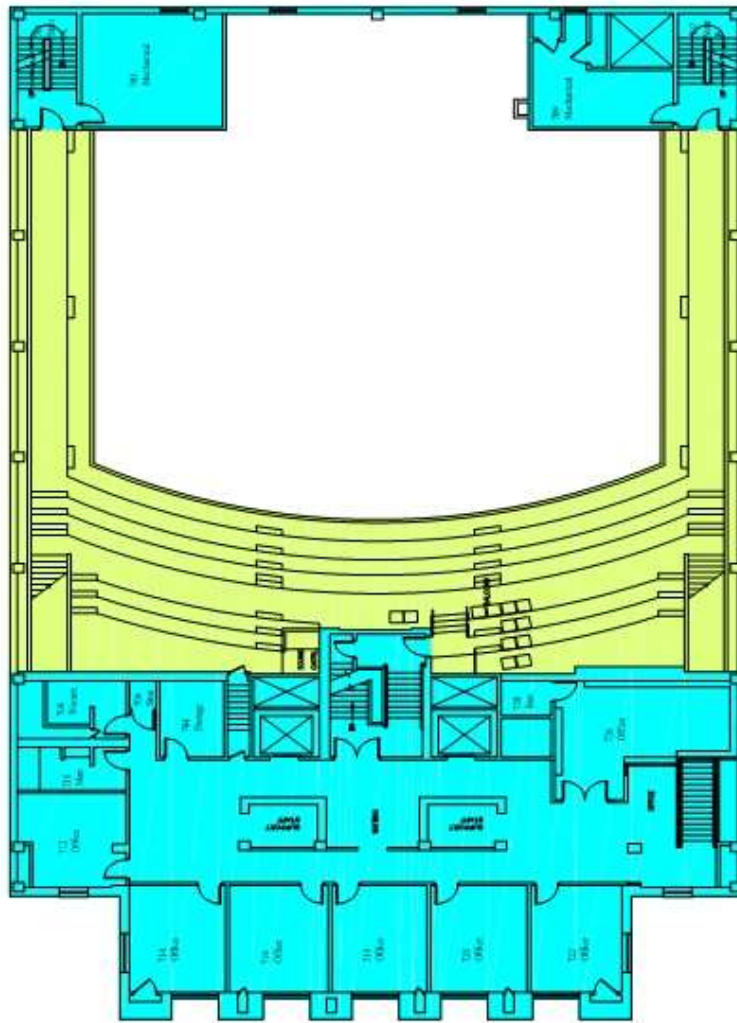
Temple Building
Fifth Floor January 2014

Classroom and Seminar Rooms	0 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	4,735 sq. ft.
Research and Study Student Space	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.
Other	4,735 sq. ft.
Total	9,470 sq. ft.



	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	12,588 sq. ft.	2,963 sq. ft.	Total
Classroom and Seminar Rooms	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	12,588 sq. ft.	2,963 sq. ft.	15,551 sq. ft.
Library Facilities	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Faculty Offices	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Administrative and Staff	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Research and Study Student Space	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Co-Curricular and Student Activities	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
Other	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.
	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	0 sq. ft.	12,588 sq. ft.	2,963 sq. ft.	15,551 sq. ft.

Temple Building
Sixth Floor January 2014



Temple Building
Seventh Floor January 2014

Classroom and Seminar Rooms	0 sq. ft.
Library Facilities	0 sq. ft.
Faculty Offices	0 sq. ft.
Administrative and Staff	0 sq. ft.
Research and Study Student Space	0 sq. ft.
Clinical Courses and Programs	0 sq. ft.
Professional Skills Courses and Programs	0 sq. ft.
Co-Curricular and Student Activities	4,001 sq. ft.
Other	6,195 sq. ft.
Total	10,196 sq. ft.

Assessment and Tax Data

Assessment Methodology

Property assessments are initially established by the local assessor and are intended to reflect 50% of the "true cash value" (also known as market value) of the property on the tax day, December 31, of each year. The local assessment is then subject to equalization, which results in the property's State Equalized Value (S. E. V.).

To determine the current year's capped value, the assessor is required to multiply the prior year's capped assessment by the CPI increase (inflation rate multiplier). The lesser of the S. E. V. and capped assessed value is the current year's taxable value for that property. When a transfer of ownership occurs, the next year's taxable value is generally based on the S.E.V. that had been calculated annually. The actual sale price must not be the sole basis of the new S.E.V. for that property.

Each property assessed for real estate tax purposes in the State of Michigan has a S.E.V., capped value, and a taxable value. Generally, the capped value is lower, reflecting long-term ownership. The S.E.V. is to represent 50% of true cash value. This appraisal has used the S.E.V. (assessed value) for calculating the real estate taxes. Real property taxes are determined on the basis of a tax rate per thousand dollars of S.E.V. (assessed value).

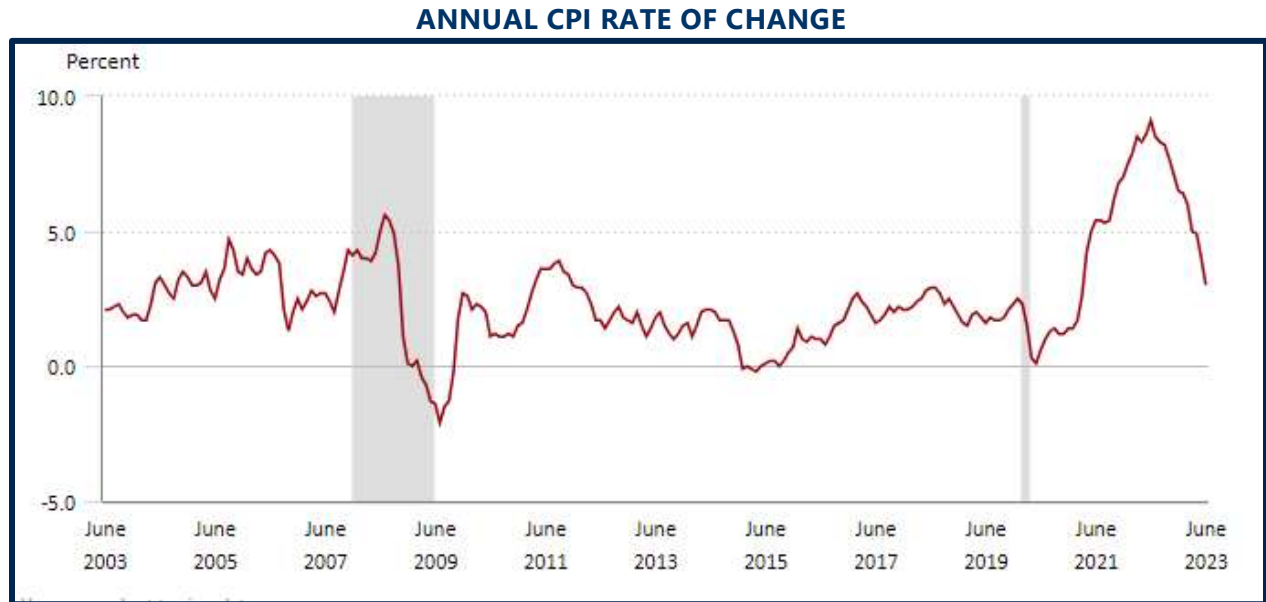
Assessed Values and Property Taxes

Tax Parcel Number	2023 Assessed Value	2022 Millage Rate	Real Estate Taxes
33-01-01-16-328-021	\$2,049,500	76.1308	\$156,030.07
	Administration Fee		\$1,560.30
			\$157,590.38

Market Analysis

Inflation

Inflation is perhaps the biggest 2023 concern for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). The following table presents historical inflations rates:



Source: U.S. Bureau of Labor Statistics

The June 2023 CPI reading was an annual rate of 3.0%, down from the annual rate of 9.0% in June 2022. The outlook is for stabilized rates going forward. Market participants anticipate that the Fed will have limited or no interest rates hike going forward.

Interest Rates

To combat inflation, the Federal Reserve raised the federal funds rate starting in March 2022, with nine additional increases thru May 2023. Overall, the federal funds have been increased 500 basis points.

Interest rate increases affect capital-intensive industries like real estate. As credit becomes more expensive, investor return requirements increase, which can lead to higher capitalization rates expectations. Slower growth in CRE pricing and transactions is expected.

In general, nominal (non-inflation adjusted) real estate returns perform well under a variety of rate environments, while inflation-adjusted real estate returns are strongest during periods of stability, according to research done by Trepp. Interest rates for commercial properties have not increased as dramatically as residential interest rates.

According to Trepp, the current market environment is impacting the demand for commercial mortgages, leading to a decrease in interest in commercial real estate (CRE). Additionally, the labor shortage is expected to worsen, which will further drive the trend toward high-quality office spaces. However, despite the labor challenges, the tight labor market will continue to support consumer spending, thereby maintaining the demand for both retail and industrial sectors. Consumers remain eager to travel, and business travel is resilient, indicating a positive outlook for the overall economy. While economic uncertainty has created pent-up demand for apartments, there is still a shortage of housing available. Nevertheless, it is anticipated that capital markets will ease in the latter half of 2023 once self-inflicted wounds heal, suggesting potential improvement in the financial landscape.

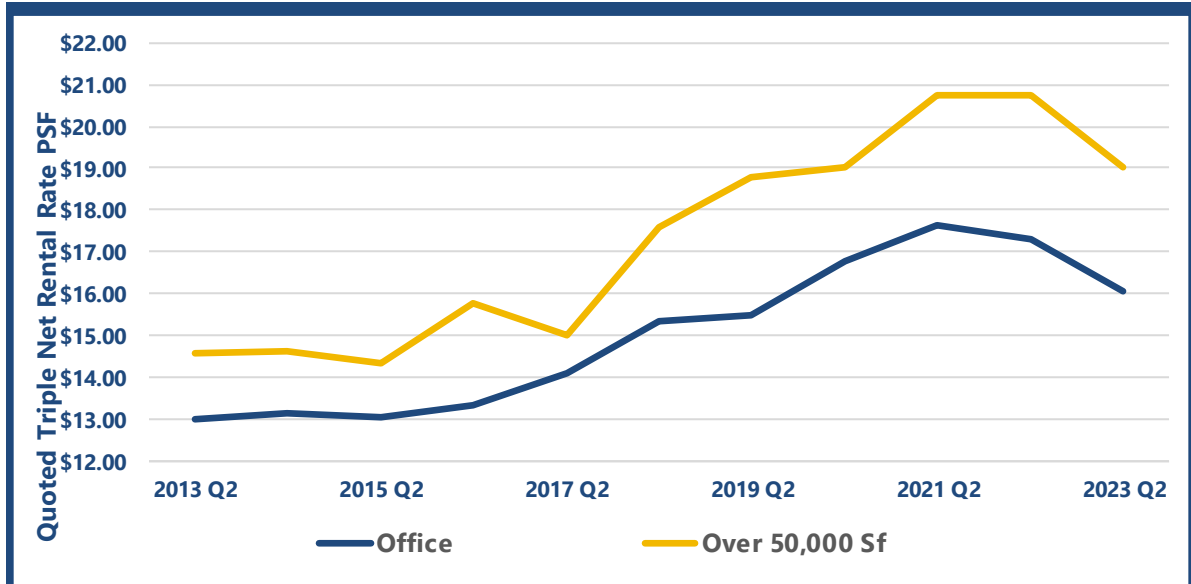
Local Market Performance

Market analysis is a study of market conditions for a specific property type. The following market analysis of the Lansing MSA Office property market is based on data obtained from the CoStar Group, Inc., a leading provider of real estate information services. The analysis presents the subject property's macro and micro markets and includes a breakdown of over 50,000 sf space. The following is the Lansing MSA office market map, as presented by CoStar Group, Inc.:

COSTAR SUBMARKET MAP



LANSING MSA - QUOTED RENTAL RATE TRENDS



Time Period	2023 Q2	1-Year	3-Year	5-Year	10-Year
Lansing MSA - Office	\$16.05 PSF	\$17.30 PSF	\$16.79 PSF	\$15.32 PSF	\$12.98 PSF
Annual Growth Rate	-	-7.2%	-1.5%	0.9%	2.1%
Lansing MSA - Over 50,000 Sf					
Sf	\$19.03 PSF	\$20.72 PSF	\$19.03 PSF	\$17.58 PSF	\$14.57 PSF
Annual Growth Rate	-	-8.2%	0.0%	1.6%	2.7%

Source: CoStar Group, Inc.

Lansing MSA - Office

The Lansing MSA had a 2023 2nd Quarter average quoted rental rate of \$16.05 per square foot for Office space, compared to \$17.30 in the 2022 2nd Quarter, or a 7.2% decrease over the prior year. This was lower than the long-term trend.

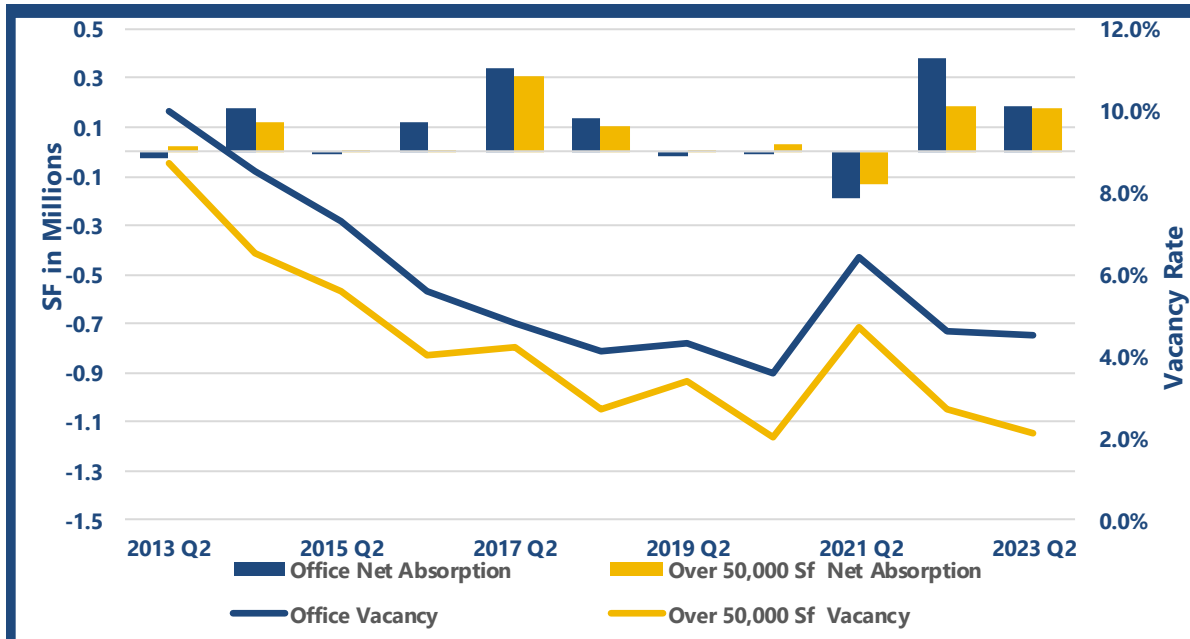
Lansing MSA - Over 50,000 Sf

The Lansing MSA had a 2023 2nd Quarter average quoted rental rate of \$19.03 per square foot for over 50,000 sf space, compared to \$20.72 in the 2022 2nd Quarter, or a 8.2% decrease over the prior year. This was lower than the long-term trend.

Sector Comparison

The average quoted rental rate for over 50,000 sf space was 18.6% higher than Office space and the long-term growth trend was higher.

LANSING MSA - VACANCY AND NET ABSORPTION TRENDS



Time Period	2023 Q2	1-Year	3-Year	5-Year	10-Year
Lansing MSA - Office	4.5%	4.6%	3.6%	4.1%	10.0%
Avg. Annual Net Absorp. SF	-	253.8K	8K	46.8K	220.2K
Avg. Annual Deliveries SF	-	232K	90.7K	75.1K	125.8K
Lansing MSA - Over 50,000 Sf					
Sf	2.1%	2.7%	2.0%	2.7%	8.7%
Avg. Annual Net Absorp. SF	-	310.4K	72.9K	70.2K	166.9K
Avg. Annual Deliveries SF	-	232K	77.3K	56.4K	105.2K

Source: CoStar Group, Inc.

Lansing MSA - Office

The Lansing MSA had a 2023 2nd Quarter vacancy rate of 4.5% for Office space. Net absorption was positive with 253,764 square feet absorbed in the prior year and 231,972 square feet delivered. This resulted in a vacancy rate decrease of 10 basis points.

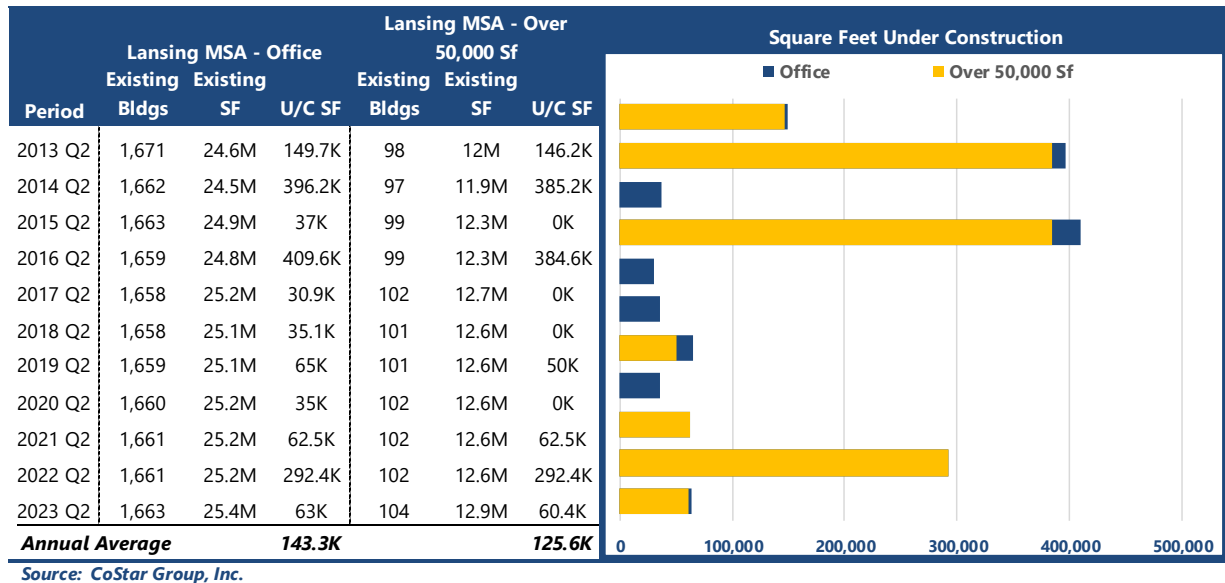
Lansing MSA - Over 50,000 Sf

The Lansing MSA had a 2023 2nd Quarter vacancy rate of 2.1% for over 50,000 sf space. Net absorption was positive with 310,423 square feet absorbed in the prior year and 231,972 square feet delivered. This resulted in a vacancy rate decrease of 60 basis points.

Sector Comparison

The vacancy rate for over 50,000 sf space was lower than office space. Both sectors had vacancy rates that were lower than the long-term trend.

LANSING MSA - EXISTING SUPPLY AND CONSTRUCTION TRENDS



Lansing MSA - Office

There were 1,663 buildings totaling 25.42 million square feet of Office space in the Lansing MSA with 63,007 square feet under construction in the 2023 2nd Quarter. New construction represented 0.2% of existing supply.

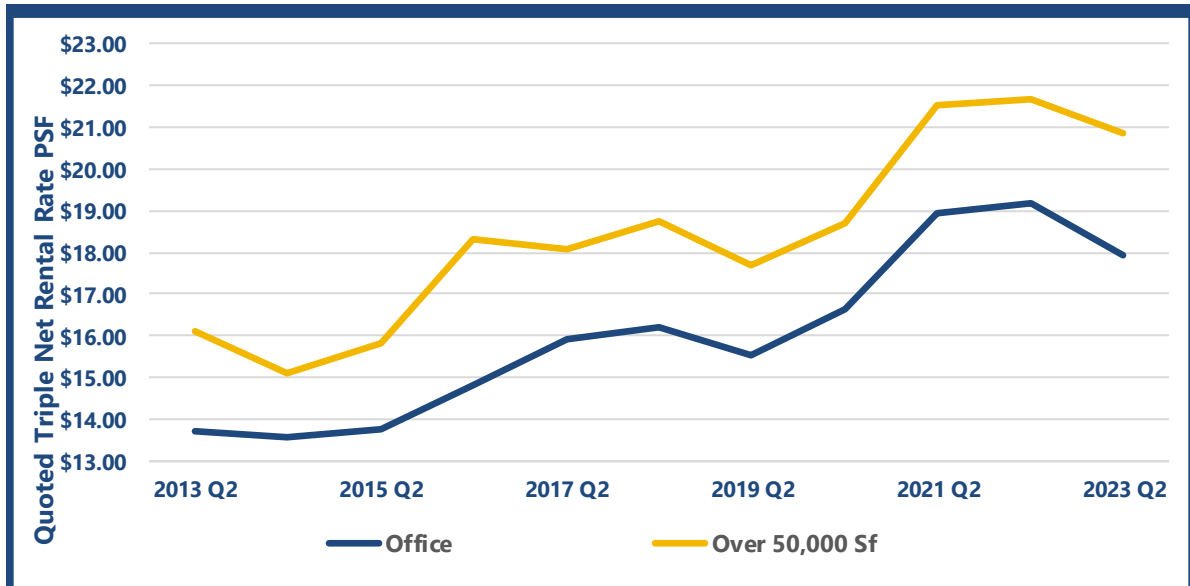
Lansing MSA - Over 50,000 Sf

There were 104 buildings totaling 12.9 million square feet of over 50,000 sf space in the Lansing MSA with 60,400 square feet under construction in the 2023 2nd Quarter. New construction represented 0.5% of existing supply.

Sector Comparison

Over 50,000 sf space represented 50.6% of existing supply and 95.9% of new construction in the 2023 2nd Quarter.

CENTRAL LANSING - QUOTED RENTAL RATE TRENDS



Time Period	2023 Q2	1-Year	3-Year	5-Year	10-Year
Central Lansing - Office	\$17.95 PSF	\$19.18 PSF	\$16.65 PSF	\$16.21 PSF	\$13.69 PSF
Annual Growth Rate	-	-6.4%	2.5%	2.1%	2.7%
Central Lansing - Over 50,000 Sf	\$20.87 PSF	\$21.69 PSF	\$18.69 PSF	\$18.74 PSF	\$16.09 PSF
Annual Growth Rate	-	-3.8%	3.7%	2.2%	2.6%

Source: CoStar Group, Inc.

Central Lansing - Office

The Central Lansing had a 2023 2nd Quarter average quoted rental rate of \$17.95 per square foot for Office space, compared to \$19.18 in the 2022 2nd Quarter, or a 6.4% decrease over the prior year. This was lower than the long-term trend.

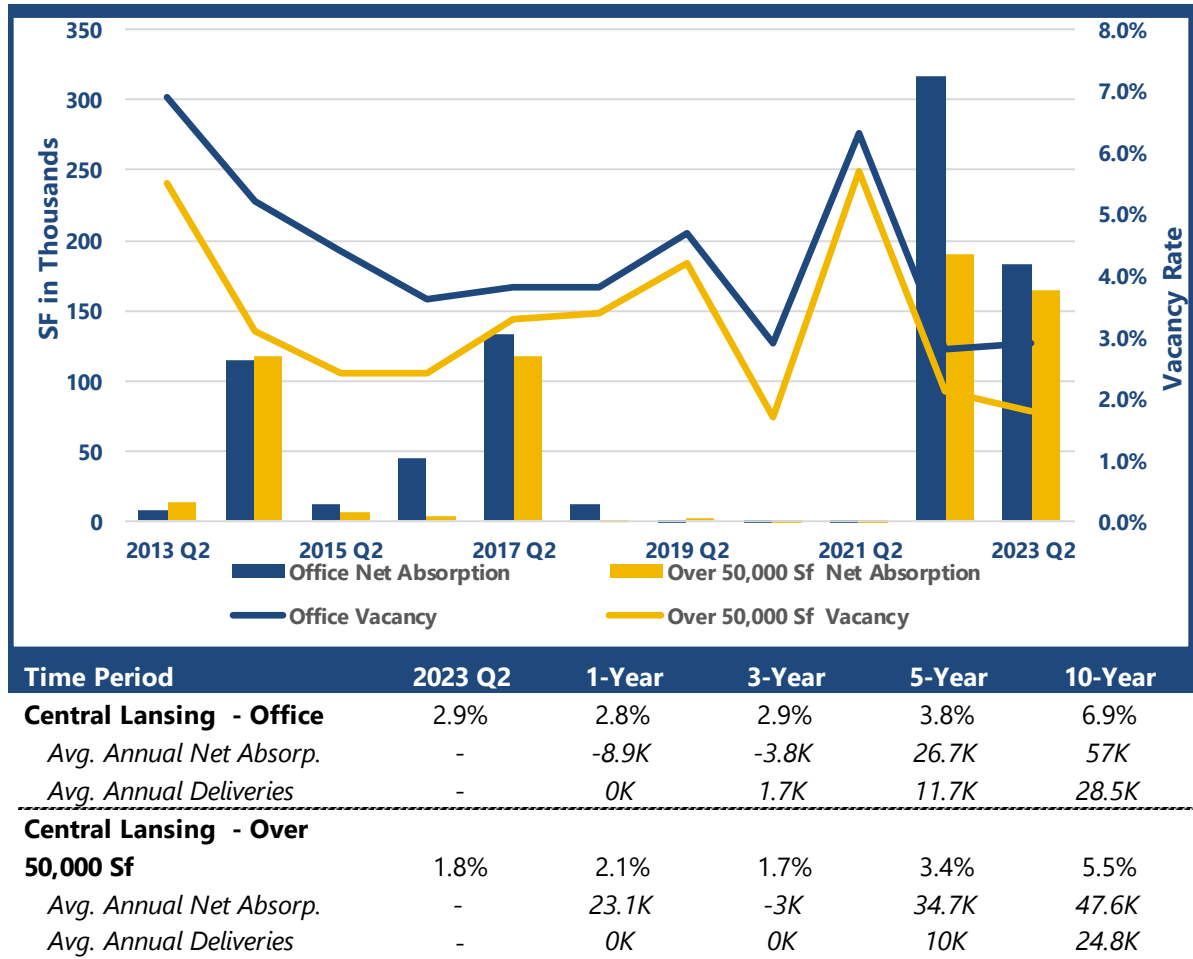
Central Lansing - Over 50,000 Sf

The Central Lansing had a 2023 2nd Quarter average quoted rental rate of \$20.87 per square foot for over 50,000 sf space, compared to \$21.69 in the 2022 2nd Quarter, or a 3.8% decrease over the prior year. This was lower than the long-term trend.

Sector Comparison

The average quoted rental rate for over 50,000 sf space was 16.3% higher than Office space and the long-term growth trend was similar.

CENTRAL LANSING - VACANCY AND NET ABSORPTION TRENDS



Source: CoStar Group, Inc.

Central Lansing - Office

The Central Lansing had a 2023 2nd Quarter vacancy rate of 2.9% for Office space. Net absorption was negative with -8,923 square feet absorbed in the prior year and 0 square feet delivered. This resulted in a vacancy rate increase of 10 basis points.

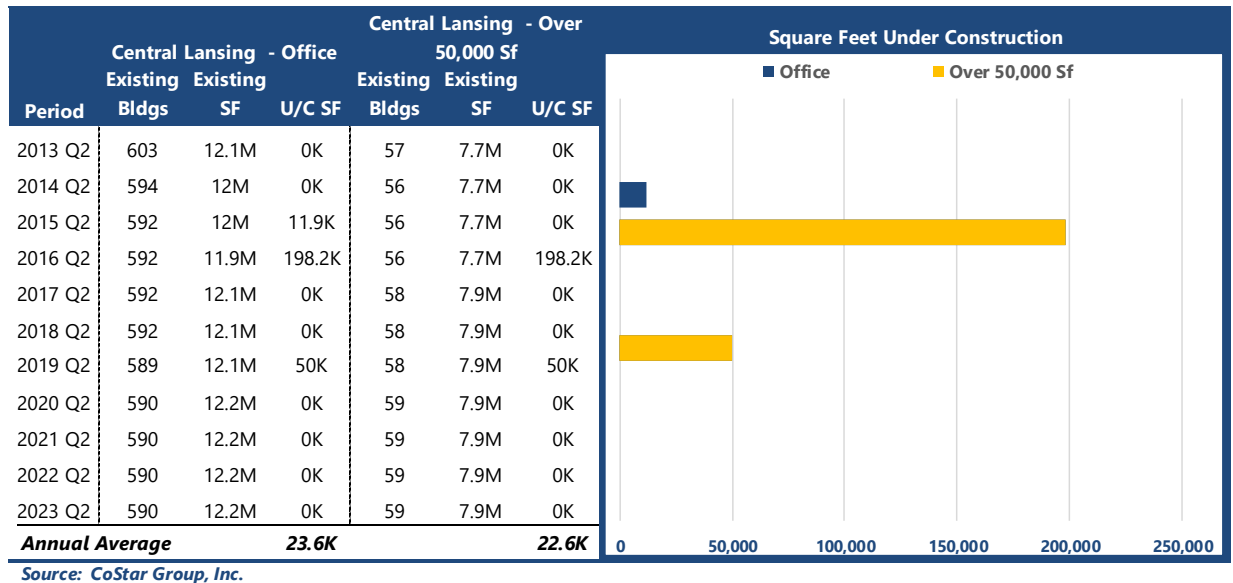
Central Lansing - Over 50,000 Sf

The Central Lansing had a 2023 2nd Quarter vacancy rate of 1.8% for over 50,000 sf space. Net absorption was positive with 23,142 square feet absorbed in the prior year with 0 square feet delivered. This resulted in a vacancy rate decrease of 30 basis points.

Sector Comparison

The vacancy rate for over 50,000 sf space was lower than office space. Both sectors had vacancy rates that were lower than the long-term trend.

CENTRAL LANSING - EXISTING SUPPLY AND CONSTRUCTION TRENDS



Central Lansing - Office

There were 590 buildings totaling 12.2 million square feet of Office space in the Central Lansing with 0 square feet under construction in the 2023 2nd Quarter. No new construction was occurring.

Central Lansing - Over 50,000 Sf

There were 59 buildings totaling 7.9 million square feet of over 50,000 sf office space in the Central Lansing with 0 square feet under construction in the 2023 2nd Quarter. No new construction was occurring.

Sector Comparison

Over 50,000 sf space represented 65.3% of existing supply and no new construction in the 2023 2nd Quarter.

Market Analysis Conclusions

The rental rate trends, vacancy rate and absorption trends, and existing supply and new construction levels indicate the market is oversupplied.

Highest and Best Use Analysis

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Highest and Best Use As Though Vacant

The primary determinants of the highest and best use as though vacant are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned G-1, Business District, which controls the general nature of permissible uses and is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

The subject site is not zoned and there are no known easements, encroachments, covenants, or other use restrictions that would materially limit or impede development of a probable use.

Physically Possible

The physical characteristics of the subject site are presented in the Site Description and allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences were considered. No physical attributes materially limit legally permissible and appropriate development. The most probable use of the site is for office development, which conforms to the pattern of land use in the immediate area.

Financially Feasible

A review of published yield, rental and occupancy rates suggests that there is a balanced supply of office and demand is insufficient to support construction costs and timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is not financially feasible.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for hold for future development.

Highest and Best Use As Though Vacant Conclusion

The conclusion of the highest and best use as though vacant is for hold for future development.

Highest and Best Use As Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: (1) continuation of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land.

The subject improvements are older and as of the date of value, are in average condition. As noted, the analyzed use is an office building. We believe the property to be a legal use per the zoning regulations. The improvements are consistent with surrounding uses and we have rated its functional utility as good.

The market value of the property as improved exceeds the vacant site value less cost of demolition of the improvements. Therefore, demolition and redevelopment of the site is not maximally productive. While it is possible the subject could be used as an education facility, it most likely will be utilized as office. The subject is located in a stable office market with little growth. It is expected the subject would attract an investor who would lease the subject to multiple tenants.

Conclusion of Highest and Best Use as Improved

The highest and best use of the subject property, as improved, is office use.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is Investor.

Sales Comparison Approach

Methodology

The sales comparison approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

Unit of Comparison

The unit of comparison selected depends on the appraisal problem and nature of the property and is intended to explain or mirror market behavior. The primary unit of comparison in the market and applied in this analysis is price per square foot of gross building area.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, (7) physical characteristics, (8) economic characteristics, (9) legal characteristics, and (10) non-real components of value.

Comparable Sales Data

The market was studied to identify sales and listings of comparable properties with a focus on those that appeal to the most probable buyer of the subject property. These properties typically attract similar occupants based on location and appeal and have similar risk profiles. Of these transactions, sufficient sales data was available for the following sale comparables, which were analyzed to estimate a unit value for the subject property. The following table presents relevant details for the sale comparables utilized and is followed by a map illustrating the location of each in relation to the subject property.

Improved Sales Summary

Comp. No.	Date of Sale	Property			Year Built	Unadjusted		
		Name	Location			GBA	Sale Price	PSF
1	July-20	501 South Capitol Avenue	501 South Capitol Avenue	Lansing, Michigan	1970	71,208	\$2,475,000	\$34.76
2	November-19		4300 W. Saginaw Highway	Lansing, Michigan	1960	140,695	\$1,575,000	\$11.19
3	May-19	The Milton	25 W Michigan AVenue	Battle Creek, Michigan	1933	122,937	\$3,000,000	\$24.40
4	May-19	Tower 14 Office Center	21700 Northwestern Highway	Southfield, Michigan	1972	251,588	\$4,000,000	\$15.90
5	January-22	Care Free Medical Building	1100 West Saginaw Street	Lansing, Michigan	1965	44,995	\$1,935,000	\$43.00

COMPARABLE SALES MAP



OFFICE COMPARABLE 1



Property Identification

Property/Sale ID	10207491/1505630
Property Type	Office Building
Current Use	Vacant
Property Name	501 South Capitol Avenue
Address	501 South Capitol Avenue
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.728289/-84.553469
Tax ID	33-01-01-16-381-001,33-01-01-16-381-011,33-01-01-16-381-021,33-01-01-16-381-031

Transaction Data

Sale Date	07-24-2020	Financing	Conventional
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	501 Block LLC	Sale Price	\$2,475,000
Grantee	WesPac, Patrick Smith	Adjusted Price	\$2,475,000
Property Rights	Fee Simple		

Property Description

Gross Building SF	71,208	Parking Spaces	62
Net Rentable SF	57,987	Pkg/1,000 SF GBA	0.87
No. of Lots	4	Pkg/1,000 SF NRA	1.07
Stories	6	Gross Acres	1.50
Building Condition	Average	Usable Acres	1.50
Building Quality	Good	Flr. Area Ratio (FAR)	1.09
Year Built	1970	Gross Land to Bldg	0.92
Investment Class	B	Usable Land to Bldg	0.92
Occupancy Type	Owner Occupied	Access	Good
Tenancy	Single-Tenant	Visibility	Good
Elevators	3	Corner/Interior	Corner
Office Ratio (%)	0.0%	Flood Hazard Zone	Zone X (unshaded)
Sprinklers	Wet and dry system	Zoning Jurisdiction	City of Lansing
Parking Conforms	Yes	Zoning Code	G-1

Physical Indicators

\$/SF GBA	\$34.76	Occupancy at Sale	0.0%
\$/SF NRA	\$42.68		

Verification

Confirmed With	Deed, assessing records, listing
Confirmed By	Cameron Clark
Confirmation Date	11-03-2020

Remarks

Occupancy estimated at 40%, however the tenants will be leaving next quarter.

OFFICE COMPARABLE 2



Property Identification

Property/Sale ID	11105718/1509850
Property Type	Office Building
Address	4300 W. Saginaw Highway
City, State Zip	Lansing, Michigan 48917
County	Eaton
MSA	Lansing-East Lansing
Latitude/Longitude	42.741555/-84.611519
Tax ID	040-012-400-060-00

Transaction Data

Sale Date	11-01-2019	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	4300 West Saginaw, LLC.	Deed Book/Page	2812/0545
Grantee	LPC Partners, L.C.	Sale Price	\$1,575,000
Property Rights	Fee Simple	Adjusted Price	\$1,575,000

Property Description

Gross Building SF	140,695	Pkg/1,000 SF NRA	4.12
Net Rentable SF	140,695	Gross Acres	24.03
Building Condition	Below Average	Usable Acres	24.03
Building Quality	Average	Flr. Area Ratio (FAR)	0.13
Construction Class	C - Masonry	Gross Land to Bldg	7.44
Year Built	1960	Usable Land to Bldg	7.44
Occupancy Type	Owner Occupied	Access	Adequate
Tenancy	Single-Tenant	Visibility	Average
Parking Conforms	Yes	Earthquake Zone	Not located in an earthquake zone.
Parking Spaces	580		
Pkg/1,000 SF GBA	4.12		

Physical Indicators

\$/SF GBA	\$11.19	Occupancy at Sale	0.0%
\$/SF NRA	\$11.19		

Verification

Confirmed With	Steve Eisenshtadt - Friedman RE and public records
Confirmed By	Nicholas G. Groves
Confirmation Date	12-02-2020

Remarks

The property was originally a school that was converted into an office in years past. The buyer originally intended on using the property as a call center. The building came with extra power, a generator, and some office furniture. While the subject was sold via an auction, the transaction appears to reflect the market. The seller had a reserve that was met.

OFFICE COMPARABLE 3



Property Identification

Property/Sale ID	11099133/1505647
Property Type	Office Building
Property Name	The Milton
Address	25 W Michigan Avenue
City, State Zip	Battle Creek, Michigan 49017
County	Calhoun
MSA	Kalamazoo-Battle Creek
Latitude/Longitude	42.319730/-85.183494
Tax ID	52-0252-00-059-0

Transaction Data

Sale Date	05-23-2019	Property Rights	Fee Simple
Sale Status	Closed	Financing	Conventional
Grantor	616 Lofts, Derek Coppess	Conditions of Sale	Arms Length
Grantee	Cascade Retail, Mark Harmsen	Sale Price	\$3,000,000
		Adjusted Price	\$3,000,000

Property Description

Gross Building SF	122,937	Tenancy	Multi-Tenant
Net Rentable SF	90,000	Gross Acres	0.76
Stories	19	Usable Acres	0.76
Building Condition	Below Average	Flr. Area Ratio (FAR)	3.71
Building Quality	Average	Gross Land to Bldg	0.27
Construction Class	B - Fire Resistant, Reinforced Concrete Frame	Usable Land to Bldg	0.27
Year Built	1933	Access	Average
Occupancy Type	Multi-tenant	Visibility	Good
		Corner/Interior	Interior

Physical Indicators

\$/SF GBA	\$24.40	Occupancy at Sale	0.0%
\$/SF NRA	\$33.33		

Verification

Confirmed With	Assessing records, press release
Confirmed By	Cameron Clark
Confirmation Date	11-03-2020

Remarks

Buyer plans the renovate to add 85 residential units and leave 32,000 sf of commercial space.

OFFICE COMPARABLE 4



Property Identification

Property/Sale ID	5207451/1509827
Property Type	Office Other
Property Name	Tower 14 Office Center
Address	21700 Northwestern Highway
City, State Zip	Southfield, Michigan 48075
County	Oakland
MSA	Detroit
Latitude/Longitude	42.451766/-83.210024
Tax ID	76-24-36-476-018

Transaction Data

Sale Date	05-24-2019	Financing	Land Contract
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	Sharnosa, LLC.	Deed Book/Page	52868/802
Grantee	Tower 14 Southfield, LLC.	Sale Price	\$4,000,000
Property Rights	Leased Fee	Adjusted Price	\$4,000,000

Property Description

Gross Building SF	251,588	Parking Spaces	900
Net Rentable SF	251,588	Pkg/1,000 SF GBA	3.58
Stories	14	Pkg/1,000 SF NRA	3.58
Building Condition	Below Average	Gross Acres	3.83
Building Quality	Average	Usable Acres	3.83
Construction Class	A - Structural Steel	Flr. Area Ratio (FAR)	1.51
Year Built	1972	Gross Land to Bldg	0.66
Occupancy Type	Tenant-occupied	Usable Land to Bldg	0.66
Tenancy	Multi-Tenant	Access	Adequate
Elevators	1	Visibility	Good
Sprinklers	Wet system	Earthquake Zone	Not located in a flood zone
Parking Conforms	Yes	Zoning Code	B1

Physical Indicators

\$/SF GBA	\$15.90	Occupancy at Sale	11.0%
\$/SF NRA	\$15.90		

Verification

Confirmed With	Anne Galbraith Kohn, CBRE and public records
Confirmed By	Nicholas G. Groves
Confirmation Date	12-02-2020

Remarks

According to the broker, the property was recently renovated and while half of the building was in poor condition, approximately half was in good condition.



OFFICE COMPARABLE 5



Property Identification

Property/Sale ID	10994986/1577337
Property Type	Medical Office
Current Use	medical and general office
Property Name	Care Free Medical Building
Address	1100 West Saginaw Street
City, State Zip	Lansing, Michigan 48915
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.741333/-84.567544
Tax ID	33-01-01-08-458-372, 33-01-01-08-458-066, 33-01-01-08-458-104

Transaction Data

Sale Date	01-31-2022	Financing	Cash to Seller
Sale Status	Closed	Conditions of Sale	Arms Length
Grantor	RF Fund Lansing 1 LLC	Deed Book/Page	2022-004656
Grantee	SRL Group Lansing LLC	Sale Price	\$1,935,000
Property Rights	Leased Fee	Adjusted Price	\$1,935,000

Property Description

Gross Building SF	44,995	Pkg/1,000 SF GBA	2.89
Net Rentable SF	44,984	Pkg/1,000 SF NRA	2.89
Stories	6	Gross Acres	2.29
Building Condition	Average	Usable Acres	2.29
Building Quality	Average	Flr. Area Ratio (FAR)	0.45
Construction Class	B - Fire Resistant, Reinforced Concrete Frame	Gross Land to Bldg	2.22
Year Built	1965	Usable Land to Bldg	2.22
Yr. Blt. Comments	See chart below	Access	Average
Occupancy Type	Tenant-occupied	Visibility	Average
Tenancy	Multi-Tenant	Corner/Interior	Corner
Elevators	2	Flood Hazard Zone	X
Sprinklers	Wet system	Earthquake Zone	The site is not located in an Earthquake Zone.
Parking Conforms	No	Zoning Jurisdiction	City of Lansing
Parking Spaces	130	Zoning Code	INST-2

Physical Indicators

\$/SF GBA	\$43.26	\$/SF NRA	\$45.71
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Verification

Confirmed With	GS Khalsa, broker
Confirmed By	Robert W. McLean
Confirmation Date	02-16-2022

Remarks

Property contains a deed restriction: Grantee agrees that for a period of thirty (30) years from and after the date of this conveyance, the Property shall not be purchased, leased, subleased, occupied, licensed or otherwise used by a hospital, health system, or health plan competitor of Grantor as determined by Grantor, in Grantor's sole discretion and that this restriction shall be a covenant running with the land and shall be contained in and made part of every deed, mortgage, lease or other instrument affecting the title to said Property.

Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, a negative adjustment was applied. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sales prices and must be considered when analyzing a sale comparable. The property rights appraised reflect the fee simple interest. Comparables 4 & 5 conveyed the lease fee interest, and each was adjusted downwards 5%.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the comparable sales involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

Atypical conditions of sale may result in a price that is higher or lower than a normal transaction. Such atypical conditions of sale often occur in conjunction with sales between related parties or those in which one of the parties is atypically motivated to complete the transaction. Additionally, a downward adjustment may be applied to a listing price, which usually reflects the upper limit of value. The sale comparables do not indicate any condition of sale adjustments were warranted for atypical conditions or for-sale listings.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to cure deferred maintenance, costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, costs to remediate environmental contamination and/or costs to occupy or stabilize the property. The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. The parties to the sale comparables did not anticipate expenditures immediately after purchase; no adjustments were required.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions. Discussions with market participants and a review of market data indicated overall market conditions for office properties have been flat, with recent transactions confirming this trend. An annual adjustment factor of 0% was applied to each comparable to account for changes in market conditions.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments. The reasoning for the adjustments applied to each comparable follow.

Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, freeway accessibility, street exposure, corner- versus interior-lot location, neighboring properties, view amenities, and other factors.

The subject property is located in Lansing, along South Capital Avenue with average access and good visibility. Comparable 2 is inferior and an upward adjustment of 10.0% was warranted. Comparable 3 is inferior and an upward adjustment of 10.0% was warranted. Comparable 4 is inferior and an upward adjustment of 5.0% was also warranted.

Size

The size adjustment addresses variance in the gross building area of the comparables and that of the subject, as a larger building typically commands a lower sale price per unit than a smaller building. This inverse relationship is due, in part, to the principle of "economies of scale." The subject property consists of 92,608 square feet of net rentable area, while the sales range in size from 44,995 to 251,588. Comparable 4 is inferior and an upward adjustment of 20.0% was warranted.

Comparable 5 is superior and a downward adjustment of 5.0% was warranted.

Age/Condition

All else being equal, older properties typically command a lower price per unit than newer properties. However, although a property may be older than another property, the effective age may be similar to a newer property with no adjustment warranted. This may be due to the older property being well maintained or a recent renovation. The adjustments to the comparables were based on effective age rather than actual age, which takes the remaining economic life estimate into consideration. The subject property has been updated over the years has in in average condition.

Comparable 2 was built in 1960 and is in below average condition. Therefore, an upward adjustment of 10.0% was warranted. Comparable 3 was built in 1933 and is in below average condition. Therefore, an upward adjustment of 10.0% was warranted. Comparable 4 was built in 1972 and is in below average condition. Therefore, an upward adjustment of 10.0% was warranted.

Construction Quality

This adjustment category reflects market stature and appeal to market participants. The subject property and comparables were classified and adjustment factors of 5.0% for construction class and 10.0% for quality rating differences were applied. Comparable 2 consists of average class c construction, and thus a positive adjustment of 10% was applied.

Design/Functional Utility

The subject property has average design/functional utility. Comparable 5 was configured for some medial office uses, and thus was adjusted downwards 5%.

Land-to-Building Ratio

The subject property has a land-to-building ratio of 0.15-to-1. Comparables 2 and 5 have superior ratios, and each was adjusted downwards 2.5%.

Economic Characteristics

Economic characteristics include all the attributes of a property that directly affect its income. This element of comparison is typically considered with income-producing properties. These characteristics include operating expenses, quality of management, tenant mix, rent concessions, lease terms, lease expiration dates, renewal options, and lease provisions such as expense recovery clauses.

Non-Realty Components of Value

Non-realty components of value include tangible items, equipment, and business concerns that do not constitute real property but are included in either the sale price of the comparable property or the ownership interest in the subject property. These components should be analyzed separately from the real property. In most cases, the economic lives, associated investment risks, rate of return criteria, and collateral security for such non-realty components differ from those of the real property.

Furniture, fixtures, and equipment are typical examples of items that may be included in a comparable sale. In appraisals of properties in which the business operation is essential to the use of the real property, the contributory value of the non-realty component must be analyzed. If the contributory value of the non-realty component cannot be separated from the value of the real property as a whole, we should make clear that the value indication using the Sales Comparison Approach reflects both the contributory value of the real estate and the value of the business operation.

Summary of Adjustments

A summary of the adjustments made to the sale comparables is presented in the following adjustment grid:

COMPARABLE SALES ADJUSTMENT GRID

Subject		Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5
Sale ID		1505630	1509850	1505647	1509827	1577337
Date of Value & Sale	October-23	July-20	November-19	May-19	May-19	January-22
Property Name	Temple Building	501 South Capitol Avenue		The Milton	Tower 14 Office Center	Care Free Medical Building
Gross Building Area	109,826 sf	71,208	140,695	122,937	251,588	44,995
Land Area (acres)	0.3760	1.5000	24.0310	0.7600	3.8300	2.2920
Unadjusted Sales Price		\$2,475,000	\$1,575,000	\$3,000,000	\$4,000,000	\$1,935,000
Unadjusted Sales Price PSF of GBA		\$34.76	\$11.19	\$24.40	\$15.90	\$43.00
Transactional Adjustments						
Property Rights Conveyed	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Leased Fee</i>	<i>Leased Fee</i>
Adjustment		-	-	-	-5.0%	-5.0%
Adjusted Sales Price		\$34.76	\$11.19	\$24.40	\$15.10	\$40.85
Financing Terms	<i>Cash to Seller</i>	<i>Conventional</i>	<i>Cash to Seller</i>	<i>Conventional</i>	<i>Land Contract</i>	<i>Cash to Seller</i>
Adjusted Sales Price		\$34.76	\$11.19	\$24.40	\$15.10	\$40.85
Conditions of Sale	<i>Typical</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>	<i>Arms Length</i>
Adjusted Sales Price		\$34.76	\$11.19	\$24.40	\$15.10	\$40.85
Expenditures after Sale						
Adjustment		-	-	-	-	-
Adjusted Sales Price		\$34.76	\$11.19	\$24.40	\$15.10	\$40.85
Market Conditions Adjustments						
Elapsed Time from Date of Value		<i>3.20 years</i>	<i>3.93 years</i>	<i>4.37 years</i>	<i>4.37 years</i>	<i>1.67 years</i>
Market Trend Through	October-23	-	-	-	-	-
Analyzed Sales Price		\$34.76	\$11.19	\$24.40	\$15.10	\$40.85
Property Adjustments						
Location	<i>217 South Capitol Avenue</i>	<i>501 South Capitol Avenue</i>	<i>4300 W. Saginaw Highway</i>	<i>25 W Michigan Avenue</i>	<i>21700 Northwestern Highway</i>	<i>1100 West Saginaw Street</i>
	<i>Lansing, Michigan</i>	<i>Lansing, Michigan</i>	<i>Lansing, Michigan</i>	<i>Battle Creek, Michigan</i>	<i>Southfield, Michigan</i>	<i>Lansing, Michigan</i>
Adjustment		-	10.0%	10.0%	5.0%	-
Size	<i>109,826 sf</i>	<i>71,208 sf</i>	<i>140,695 sf</i>	<i>122,937 sf</i>	<i>251,588 sf</i>	<i>44,995 sf</i>
Adjustment		-	-	-	20.0%	-5.0%
Age/Condition	<i>Year Built 1924</i>	<i>1970</i>	<i>1960</i>	<i>1933</i>	<i>1972</i>	<i>1965</i>
	<i>Condition Average</i>	<i>Average</i>	<i>Below Average</i>	<i>Below Average</i>	<i>Below Average</i>	<i>Average</i>
Adjustment		-	10.0%	10.0%	10.0%	-
Construction Quality	<i>Good Class B - Fire Resistant, Reinforced Concrete Frame</i>	<i>Good Class</i>	<i>Average Class C - Masonry</i>	<i>Average Class B - Fire Resistant, Reinforced Concrete Frame</i>	<i>Average Class A - Structural Steel</i>	<i>Average Class B - Fire Resistant, Reinforced Concrete Frame</i>
Adjustment		-	10.0%	-	-	-
Design/Functional Utility						
Adjustment		-	-	-	-	-5.0%
Land-to-Building Ratio	<i>0.15-to-1</i>	<i>0.92-to-1</i>	<i>7.44-to-1</i>	<i>0.27-to-1</i>	<i>0.66-to-1</i>	<i>2.22-to-1</i>
Adjustment		-	-2.5%	-	-	-2.5%
Net Physical Adjustment		-	27.5%	20.0%	35.0%	-12.5%
Adjusted Sales Price PSF of GBA		\$34.76	\$14.27	\$29.28	\$20.39	\$35.75

Sales Comparison Approach Value Indication

The comparable sales were presented and adjusted based on pertinent elements of comparison. The following table summarizes the results of the analysis.

Improved Sales Statistics

Metric	Unadjusted	Analyzed	Adjusted
Minimum Sale Price per Sq. Ft.	\$11.19	\$11.19	\$14.27
Maximum Sale Price per Sq. Ft.	\$43.00	\$40.85	\$35.75
Median Sale Price per Sq. Ft.	\$24.40	\$24.40	\$29.28
Mean Sale Price per Sq. Ft.	\$25.85	\$25.26	\$26.89

Sale 1 was considered the most comparable due to its lack of required adjustments and was given the most weight. Based on the adjusted prices and the most comparable sale, a unit value near the upper end of the adjusted range was estimated for the subject property. The sales comparison approach conclusion is presented in the following table:

Improved Sales Comparison Approach Value Indication

As Is Fee Simple Market Value Indication

109,826 sf	x	\$32.00	=	\$3,514,432
		say		\$3,500,000

Income Capitalization Approach

Methodology

The Income Capitalization Approach is developed by converting anticipated future income into a present value by a capitalization process. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

Income-producing properties, by nature, are developed and purchased for investment purposes, where earning power, including an income stream and return of investment, are the most critical elements affecting value. The forecast of income and selection of appropriate rate(s) are therefore important aspects of the valuation process. The process of developing the income approach consists of the following analyses: Income, Vacancy, Expense, and Rate Analysis.

Application of Methodology

Given the nature of the property being appraised, the discounted cash flow method was used to develop a market value indication.

Income Analysis

The income analysis involves a review of the existing subject leases (if any) and comparison to market rent levels, as well as additional income sources and expense recoveries. The sum of all income results in potential gross income (PGI).

Rent Roll

The property was vacant as of the effective date of this appraisal.

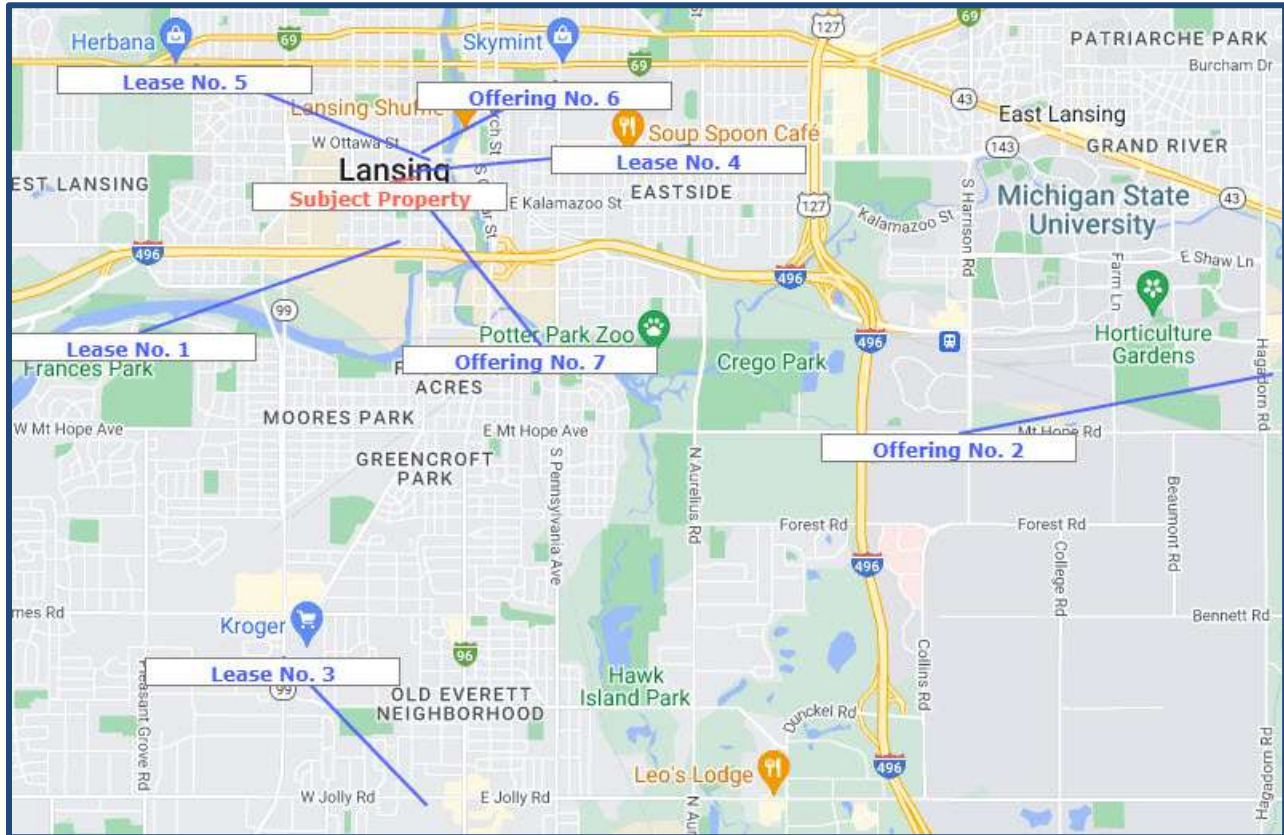
Market Rent Estimate

The market was studied to identify the most comparable properties with a focus on those that compete for occupants based on location and appeal. Of these properties, rental data was available for the following rent comparables, which were analyzed to estimate market rent for the subject property. Each rent comparable is identified in the following table and is followed by a map illustrating the location of each comparable relative to the subject property. Details of each comparable follow the location map.

Rent Comparable Summary

Comp. No.	Date of Survey / Lease	Comp. Type	Location		Rental Rate / SF	Lease Structure
1	March-21	Lease	620 S Capitol Ave	Lansing, Michigan	\$18.10	Full Service
2	January-00	Lease	4650-4700 S. Hagadorn Road	Meridian Township, Michigan	\$20.00	Full Service
3	July-19	Lease	120 E. Jolly Road	Lansing, Michigan	\$22.27	Full Service
4	March-21	Lease	123 W Allegan Street	Lansing, Michigan	\$27.04	Gross
5	January-00	Lease	101 S. Washington Square	Lansing, Michigan	\$22.80	Full Service
6	September-23	Lease	107 N Washington Square	Lansing, Michigan	\$16.00	Modified Gross
7	September-23	Lease	401 S. Washington Avenue	Lansing, Michigan	\$16.00	Full Service
8	September-23	Survey	215 S. Washington Square	Lansing, Michigan	\$18.00	Full Service

RENT COMPARABLE LOCATION MAP



OFFICE COMPARABLE 1



Property Identification

Property/Rent ID	11221498/602094
Property Type	Office Building
Current Use	Office
Address	620 S Capitol Ave
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.726827/-84.555114
Tax ID	33-01-01-16-383-004

Transaction Data

Lessee	Michigan Sheriffs' Association Educational Services	Term (mos.)	85
		Lease Type	Full Service
Suite No.	320A & B	Rental Rates	
Tenant SF	2,630	Initial Rent/SF	\$18.10
Lease Status	Executed	Current Rent/SF	\$18.10
Commencement	03-15-2021	Effective Rent/SF	\$18.10
Expiration	03-14-2028		

Property Description

Gross Building SF	32,416	Parking Spaces	73
Net Rentable SF	27,939	Pkg/1,000 SF GBA	2.25
Year Built	1993	Pkg/1,000 SF NRA	2.61
Tenancy	Multi-Tenant	Gross Acres	1.33
Occupancy Type	Owner and tenant-occupied	Usable Acres	1.33
Building Quality	Average	Flr. Area Ratio (FAR)	0.56
Building Condition	Above Average	Land to Bldg Ratio	1.78
Stories	3	Access	Good
Elevators	1	Visibility	Good
Sprinklers	Full coverage	Corner/Interior	Corner

Verification

Confirmed With	Copy of Lease
Confirmed By	Cameron Clark

OFFICE COMPARABLE 2



Property Identification

Property/Rent ID	2213520/649427
Property Type	Office Other
Property Name	Hannah Technology & Research Center
Address	4650-4700 S. Hagadorn Road
City, State Zip	Meridian Township, Michigan
County	Ingham
MSA	Lansing
Latitude/Longitude	42.716316/-84.461386
Tax ID	4650 - 33-02-02-20-303-002 4660 - 33-02-02-20-301-003

Transaction Data

Tenant SF	10,247		
Entire Bldg Lease	No		
Lease Status	Listing		
Commencement	04-07-2023		
Lease Type	Full Service		
		Rental Rates	
		Initial Rent/SF	\$20.00
		Effective Rent/SF	\$20.00

Property Description

Gross Building SF	213,989	Occupancy Type	Owner Occupied
Net Rentable SF	213,989	Building Condition	Good
Year Built	1985	Stories	6

Verification

Confirmed With	Listing
Confirmed By	James T. Hartman
Confirmation Date	04-07-2023

Remarks

Building 4650 2nd floor.



OFFICE COMPARABLE 3



Property Identification

Property/Rent ID	10977159/442562
Property Type	Office
Current Use	Office
Property Name	U.S. Military Processing Command
Address	120 E. Jolly Road
City, State Zip	Lansing, Michigan 48910
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.682460/-84.552112
Tax ID	33-01-05-04-202-011

Transaction Data

Lessee	The United States of America	Lease Type	Full Service
Tenant SF	34,202	Rental Rates	
Entire Bldg Lease	Yes	Initial Rent/SF	\$22.27
Lease Status	Executed	Current Rent/SF	\$22.27
Commencement	07-01-2019	Effective Rent/SF	\$22.27
Expiration	06-30-2029		
Term (mos.)	120		

Property Description

Gross Building SF	34,202	Parking Spaces	130
Net Rentable SF	34,202	Pkg/1,000 SF GBA	3.80
Year Built	1988	Pkg/1,000 SF NRA	3.80
Tenancy	Single-Tenant	Gross Acres	2.56
Occupancy Type	Tenant-occupied	Usable Acres	2.56
Building Quality	Average	Flr. Area Ratio (FAR)	0.31
Building Condition	Average	Land to Bldg Ratio	3.26
Stories	1	Access	Adequate
Units	1	Visibility	Average
Elevators	0	Corner/Interior	Corner
Sprinklers	Wet system		

Verification

Confirmed With	Copy of lease
Confirmed By	Nicholas G. Groves
Confirmation Date	07-31-2019

Remarks



OFFICE COMPARABLE 4



Property Identification

Property/Rent ID	10931260/631740
Property Type	Office Building
Current Use	Office
Property Name	The Louie
Address	123 W Allegan Street
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.732371/-84.553415
Tax ID	33-01-01-16-328-001

Transaction Data

Lessee	Freedom Embassy	Lease Type	Gross
Suite No.	600/700	Renewal Options	Yes
Tenant SF	15,002	Rental Rates	
Entire Bldg Lease	No	Initial Rent/SF	\$27.04
Lease Status	Executed	Current Rent/SF	\$27.04
Commencement	03-07-2021	Effective Rent/SF	\$27.04
Expiration	03-13-2031		
Term (mos.)	121		

Property Description

Gross Building SF	95,000	Parking Spaces	21
Net Rentable SF	79,377	Pkg/1,000 SF GBA	0.22
Year Built	1959	Pkg/1,000 SF NRA	0.26
Investment Class	A	Gross Acres	0.18
Tenancy	Multi-Tenant	Usable Acres	0.18
Occupancy Type	Multi-tenant	Flr. Area Ratio (FAR)	12.18
Building Quality	Good	Land to Bldg Ratio	0.08
Building Condition	Good	Access	Average
Stories	10	Visibility	Good
Elevators	3	Corner/Interior	Corner
Sprinklers	Wet system		

Verification

Confirmed With	Rent Roll
Confirmed By	Cameron Clark

OFFICE COMPARABLE 5



Property Identification

Property/Rent ID	10208037/481172
Property Type	Office
Property Name	101 S. Washington Development, LLC
Address	101 S. Washington Square
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.733326/-84.551830
Tax ID	33-01-01-16-401-002

Transaction Data

Lessee	County Road Association	Rent Escalation	2% per year
Tenant SF	3,289	Rental Rates	
Lease Status	Executed	Initial Rent/SF	\$22.80
Commencement	02-01-2020	Current Rent/SF	\$22.80
Expiration	01-31-2025	Effective Rent/SF	\$22.80
Term (mos.)	60		
Lease Type	Full Service		

Property Description

Gross Building SF	65,600	Office Ratio (%)	0.0%
Net Rentable SF	64,879	Sprinklers	Wet system
Year Built	1917	Gross Acres	0.20
Investment Class	B	Usable Acres	0.20
Tenancy	Multi-Tenant	Flr. Area Ratio (FAR)	7.38
Occupancy Type	Multi-tenant	Land to Bldg Ratio	0.14
Building Quality	Good	Access	Good
Building Condition	Good	Visibility	Good
Stories	9	Corner/Interior	Corner

RETAIL COMPARABLE 6



Property Identification

Property/Rent ID	10208276/664788
Property Type	Mixed Use
Property Name	107 N Washington Square
Address	107 N Washington Square
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.733955/-84.552510
Tax ID	33-01-01-16-182-043

Transaction Data

Suite No.	1	Lease Type	Modified Gross
Tenant SF	1,500		
Entire Bldg Lease	No	Rental Rates	
Lease Status	Listing	Initial Rent/SF	\$16.00
Commencement	09-11-2023	Current Rent/SF	\$16.00
Expiration	09-10-2026	Effective Rent/SF	\$16.00
Term (mos.)	36		

Property Description

Gross Building SF	4,545	Office Ratio (%)	0.0%
Net Rentable SF	4,300	Sprinklers	Wet system
Year Built	1885	Parking Spaces	0
Tenancy	Multi-Tenant	Gross Acres	0.04
Occupancy Type	Multi-tenant	Usable Acres	0.04
Building Quality	Average	Flr. Area Ratio (FAR)	2.90
Building Condition	Good	Land to Bldg Ratio	0.35
Stories	3	Access	Good
Units	3	Visibility	Good
Elevators	0	Corner/Interior	Interior

Remarks

Tenant pays utilities

MULTIFAMILY COMPARABLE 7



Property Identification

Property/Rent ID	2214266/664796
Property Type	Multifamily Other
Property Name	The Arbaugh
Address	401 S. Washington Avenue
City, State Zip	Lansing, Michigan 48933
County	Ingham
MSA	Lansing-East Lansing
Latitude/Longitude	42.729589/-84.551951
Tax ID	33-01-01-16-451-006

Transaction Data

Lessee	Tenant		
Suite No.	100	Rental Rates	
Tenant SF	8,724	Initial Rent/SF	\$16.00
Lease Status	Listing	Effective Rent/SF	\$16.00
Commencement	09-12-2023		
Expiration	09-12-2026		

Property Description

Gross Building SF	50,556	Stories	5
Net Rentable SF	50,556	Units	48
Year Built	1905	Access	Adequate
Tenancy	Multi-Tenant	Visibility	Good
Building Quality	Average	Corner/Interior	Corner
Building Condition	Good		

Verification

Confirmed With	Listing
Confirmed By	Cameron Clark

Remarks

The building is an older loft style building that has been converted in 2005 to office/retail on the first floor and 4 levels of apartments on the upper floors. The building has underground and open parking spaces. The units have ceilings 10 feet tall, and the top floor has 17 feet ceiling heights. The building is almost exclusively leased to Cooley Law students.

MG

Market Rent Analysis

The rent comparables are a mixture of executed leases and listing in the Lansing office market. The market comparables ranged from \$16.00 per square foot to \$27.04 per square foot. These leases are full-service leases and so are most office leases in the city, thus the appraiser will be projecting a full-service lease structure for the subject. The appraiser has projected the market rate the subject property to be \$21.00 per square foot, with the land lord responsible for all expenses.

Potential Rental Income

Potential rental income during the first year of the analysis was estimated based on the market rent estimate.

Expense Recoveries

The predominant lease structure in the market is a full-service lease structure with no expenses reimbursable.

Vacancy/Collection Loss

In this section, the subject's existing vacancy is compared to the market. Turnover and collection loss is also considered. The application of vacancy and collection loss develops effective gross income (EGI), discussed as follows. The subject property is currently 100.0% vacant. A comparison of the Lansing MSA and Central Lansing is presented below:

Historical Vacancy

Period	Lansing MSA - Over 50,000 Sf	Central Lansing - Over 50,000 Sf
2023 Q2	2.1%	1.8%
2022 Q2	2.7%	2.1%
2021 Q2	4.7%	5.7%
2020 Q2	2.0%	1.7%
2019 Q2	3.4%	4.2%
2018 Q2	2.7%	3.4%
Average	3.1%	3.4%

It should be noted that Lansing real estate company Martin Commercial has stated in the first half of 2023 that office vacancy was at 25.9%. Given the subject's location and the market data presented, a stabilized vacancy and collection loss of 18% was estimated.

Expense Analysis

Operating expenses represent deductions from the effective gross income that is necessary to maintain the leasing operations of the property. The subject property leases will be based on full-service lease structures with tenants reimbursing no expenses. The analysis accounts for all expense categories, as the landlord will be responsible for all expenses during periods of vacancy.

Subject Expense History

The subject was vacant and no expense history was provided.

Expense Comparables

A search for recent expense data of properties similar to the subject property was conducted. The following expense comparables were identified and used to estimate expenses for the subject property. The expense comparable data is presented in the following table:

Expense Comparables

Category	Expense Comp # 1			Expense Comp # 2			Expense Comp # 3			Expense Comp # 4			Expense Comp # 5		
Expense ID	78107			64995			54713			64639			73348		
Location	Portage, Michigan			Kalamazoo, Michigan			Warren, Michigan			Lansing, Michigan			Lansing, Michigan		
Investment Class															
Statement Type	Actual			Actual			Actual			Actual			Actual		
12 Month Period Ending	December-21			December-19			December-19			December-19			December-19		
Occupancy															
Net Rentable Area	50,000 SF to 100,000 SF			50,000 SF to 60,000 SF			75,000 SF to 125,000 SF			60,000 SF to 70,000 SF			40,000 SF to 50,000 SF		
	Amount	PSF	% of EGI	Amount	PSF	% of EGI	Amount	PSF	% of EGI	Amount	PSF	% of EGI	Amount	PSF	% of EGI
Effective Gross Income	\$1,820,673	\$23.02	100.0%	\$564,816	\$9.92	100.0%	\$1,381,048	\$14.13	100.0%	\$984,189	\$15.03	100.0%	\$203,262	\$4.52	100.0%
Operating Expenses															
Real Estate Taxes	\$203,089	\$2.57	11.2%	\$105,039	\$1.85	18.6%	\$114,338	\$1.17	8.3%	\$108,039	\$1.65	11.0%	\$52,046	\$1.16	25.6%
Property Insurance	\$18,120	\$0.23	1.0%	\$11,963	\$0.21	2.1%	\$19,830	\$0.20	1.4%	\$8,275	\$0.13	0.8%	\$7,142	\$0.16	3.5%
Management Fees	\$72,773	\$0.92	4.0%	\$24,000	\$0.42	4.2%	\$43,308	\$0.44	3.1%	\$19,200	\$0.29	2.0%	\$16,861	\$0.37	8.3%
Administrative	\$10,987	\$0.14	0.6%	\$48,405	\$0.85	8.6%	\$43,091	\$0.44	3.1%	\$12,383	\$0.19	1.3%	\$8,813	\$0.20	4.3%
Utilities	\$251,006	\$3.17	13.8%	\$100,815	\$1.77	17.8%	\$281,006	\$2.87	20.3%	\$146,633	\$2.24	14.9%	\$114,004	\$2.53	56.1%
Repairs & Maintenance	\$129,766	\$1.64	7.1%	\$31,697	\$0.56	5.6%	\$282,312	\$2.89	20.4%	\$116,010	\$1.77	11.8%	\$41,725	\$0.93	20.5%
Cleaning & Janitorial	\$79,423	\$1.00	4.4%	\$28,608	\$0.50	5.1%	\$0			\$69,198	\$1.06	7.0%	\$13,617	\$0.30	6.7%
Payroll				\$38,159	\$0.67	6.8%							\$14,560	\$0.32	7.2%
Security													\$683	\$0.02	0.3%
Roads & Grounds													\$1,169	\$0.03	0.6%
Total Operating Expenses	\$765,164	\$9.68	42.0%	\$388,686	\$6.83	68.8%	\$783,885	\$8.02	56.8%	\$479,738	\$7.33	48.7%	\$270,620	\$6.02	133.1%

Non-Reimbursable Expenses

Real Estate Taxes

A tax expense of \$157,590.38, was estimated in the Assessment and Tax Data section of this report.

Property Insurance

The following table presents the expense comparable data used to estimate property insurance expense for the subject property and the stabilized estimate:

Property Insurance

Expense Source	Total Expense	
	Per Sq. Ft.	% of EGI
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$0.23	1.0%
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$0.21	2.1%
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019	\$0.20	1.4%
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$0.13	0.8%
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$0.16	3.5%
<i>Indicator Average</i>	<i>\$0.19</i>	<i>1.8%</i>
<i>Stabilized Estimate:</i>	<i>\$0.20</i>	

Management Fees

The following table presents the expense comparable data used to estimate management fees for the subject property and the stabilized estimate:

Management Fees

Expense Source	Total Expense	
	Per Sq. Ft.	% of EGI
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$0.92	4.0%
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$0.42	4.2%
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019	\$0.44	3.1%
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$0.29	2.0%
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$0.37	8.3%
<i>Indicator Average</i>	<i>\$0.49</i>	<i>4.3%</i>
<i>Stabilized Estimate:</i>		<i>3.0%</i>

Administrative

The following table presents the expense comparable data used to estimate administrative expense for the subject property and the stabilized estimate:

Expense Source	Total Expense	
	Per Sq. Ft.	% of EGI
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$0.14	0.6%
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$0.85	8.6%
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019	\$0.44	3.1%
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$0.19	1.3%
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$0.20	4.3%
<i>Indicator Average</i>	<i>\$0.36</i>	<i>3.6%</i>
<i>Stabilized Estimate:</i>	<i>\$0.20</i>	

Utilities

The following table presents the expense comparable data used to estimate utilities expense for the subject property and the stabilized estimate:

Utilities		Per Sq. Ft.	% of EGI
Expense Source	Total Expense		
	Per Sq. Ft.	% of EGI	
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$3.17	13.8%	
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$1.77	17.8%	
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019	\$2.87	20.3%	
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$2.24	14.9%	
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$2.53	56.1%	
<i>Indicator Average</i>	<i>\$2.52</i>	<i>24.6%</i>	
<i>Stabilized Estimate:</i>	<i>\$2.30</i>		

Utilities expense was applied as a 30% variable expense in the discounted cash flow; therefore, it is lower in periods of below-stabilized occupancy.

Repairs & Maintenance

The following table presents the expense comparable data used to estimate repairs and maintenance expense for the subject property and the stabilized estimate:

Repairs & Maintenance

Expense Source	Total Expense	
	Per Sq. Ft.	% of EGI
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$1.64	7.1%
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$0.56	5.6%
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019	\$2.89	20.4%
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$1.77	11.8%
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$0.93	20.5%
<i>Indicator Average</i>	<i>\$1.56</i>	<i>13.1%</i>
<i>Stabilized Estimate:</i>	<i>\$1.75</i>	

Cleaning & Janitorial

The following table presents the expense comparable data used to estimate cleaning and janitorial expense for the subject property and my stabilized estimate

Cleaning & Janitorial

Expense Source	Total Expense	
	Per Sq. Ft.	% of EGI
Expense Comp # 1 - Portage, Michigan - Actual - 12/2021	\$1.00	4.4%
Expense Comp # 2 - Kalamazoo, Michigan - Actual - 12/2019	\$0.50	5.1%
Expense Comp # 3 - Warren, Michigan - Actual - 12/2019		
Expense Comp # 4 - Lansing, Michigan - Actual - 12/2019	\$1.06	7.0%
Expense Comp # 5 - Lansing, Michigan - Actual - 12/2019	\$0.30	6.7%
<i>Indicator Average</i>	<i>\$0.72</i>	<i>5.8%</i>
<i>Stabilized Estimate:</i>	<i>\$1.05</i>	

Replacement Reserves

Considering the age of the subject property and PWC, a reserve for replacement in the \$0.10-0.20 range is considered appropriate. Therefore, I deducted a cost of \$0.10 per square foot for this category.

Discounted Cash Flow Analysis

Property Assumptions

The following table presents a summary of the assumptions used in the discounted cash flow. A discussion of each assumption follows:

Discounted Cash Flow Estimates

Valuation Scenario	As Is Fee Simple Market Value Indication
Date of Value	October-23
Holding Period	10 Years
Annual Rent Growth	2.00%
Annual Expense Growth	2.00%
Actual Vacancy	100.0%
Stabilized Vacancy	18.0%
Discount Rate	10.50%
Terminal Cap. Rate	9.50%
Cost of Sale	3.00%



Space Type	NRA	Initial Occupancy	Market Rent	Contract Rent	Lease Structure	TI Allowance		Leasing Commissions	
						New	Renew	New	Renew
Office	92,608	100.0%	\$0.00 psf	\$0.00 psf	Full Service	\$40.00 psf	\$5.00 psf	5.0%	2.0%

Projection Period

A 10-year holding period is consistent with the practices of typical investors and lenders and the maturity periods for loans as published by the American Council of Life Insurance Companies. Many investors perform 10-year projections regardless of the anticipated holding period of the investment.

Occupancy and Absorption

As leases expire, turnover was applied based on the 18.0% vacancy rate with renewal probability of 65% for all spaces.

Rental Growth

The following table highlights various market rent growth rates published by the investor surveys:

Investor Surveys - Market Rent Change

Survey	Date	Annual Δ Range			Average
PwC - National CBD Office Market	2Q23	0.00%	to	3.00%	1.40%
PwC - National Secondary Office Market	2Q23	0.00%	to	3.00%	1.21%
Average		0.00%	to	3.00%	1.31%

Based on discussions with market participants and the foregoing data, annual market rent growth of 2% was applied.

Expense Growth

The following table highlights various expense growth rates published by the investor surveys:

Investor Surveys - Operating Expense Change

Survey	Date	Annual Δ Range			Average
PwC - National CBD Office Market	2Q23	2.00%	to	4.00%	3.10%
PwC - National Secondary Office Market	2Q23	2.00%	to	5.00%	3.36%
Average		2.00%	to	4.50%	3.23%

Based on discussions with market participants and the foregoing data, annual expense growth of 2% was applied.

Tenant Improvement Allowances

A tenant improvement allowance of \$40.00 per square foot was estimated for all market leases to new tenants. Further, a tenant improvement allowance of \$5.00 was estimated for renewals.

Leasing Commissions

Discussions with area leasing agents indicated commission rates for new tenants are 5.00% for new leases and 2.00% for renewals. These values were applied in the discounted cash flow.

Investor Surveys

The overall capitalization rates published by investor surveys are presented in the following table:

Investor Surveys - Overall Capitalization Rates

Survey	Date	Rate Range			Average
PwC - National Secondary Office Market	1Q23	6.00%	to	9.25%	7.53%
PwC - National CBD Office Market	1Q23	4.25%	to	7.50%	5.78%
PwC - National Suburban Office Market	1Q23	4.65%	to	8.00%	6.24%
RERC - National Office Market - CBD	4Q22	5.00%	to	8.00%	6.10%
RERC - National Office Market - Suburban	4Q22	5.00%	to	9.00%	6.70%
Realty Rates - Office	1Q23	5.68%	to	13.23%	10.03%
Realty Rates - Office - Suburban	1Q23	5.68%	to	12.04%	9.38%
Realty Rates - Office - CBD	1Q23	6.45%	to	13.23%	10.22%
Average		5.34%	to	10.03%	7.75%

Market - Overall

The overall capitalization rates exhibited by comparable sales are presented in the following table:

Market Overall Capitalization Rate (OAR) Comparables

Comp. No.	Date of Sale	Location	Year Built	Actual OAR
1	April-20	39395 West 12 Mile Road	Farmington Hills, Michigan	1997 9.08%
2	July-20	501 Baldwin Street	Georgetown Township, Michigan	1996 7.49%
3	January-20	4300 Fashion Square Boulevard	Saginaw, Michigan	1990 9.37%
4	May-21	2400 Lake Lansing Road	Lansing Township, Michigan	1988 7.72%
5	March-21	16950 19 Mile Road	Clinton Township, Michigan	1982 7.87%
6	November-21	7953 Adobe Road	Alamo Township, Michigan	2000 8.83%
7	March-20	4489 Byron Center Avenue SW	Wyoming, Michigan	1998 8.18%
8				8.36%

Band of Investment Technique - Overall

The band of investment technique assumptions and calculations are presented in the following table:

Band of Investment Technique

Valbridge Assumptions				Survey	RealtyRates Range		Average
Mortgage Interest Rate	=	6.50%		Realty Rates -	4.82%	to 9.35%	6.59%
Mortgage Term	=	30 years		Office - CBD	15 yrs	to 40 yrs	30 yrs
Mortgage Ratio (M)	=	70.0%		2Q23	50%	to 80%	68%
Mortgage Constant (R _M)	=	0.07585					
Equity Dividend Rate (R _E)	=	12.00%			7.35%	to 15.35%	10.95%
Mortgage (LTV) Ratio (M)		Mortgage Constant (R _M)		Mortgage Component			
70.0%	x	0.07585	=	0.05310			
1 - Mortgage Ratio (1-M)		Equity Dividend Rate (R _E)		Equity Component			
30.0%	x	12.00%	=	0.03600			
Overall Rate (R _O)			=	8.91%			

The capitalization rate indications are as follows:

- Investors Survey Range: 5.78% to 10.22%
- Stabilized Market Range: 7.49% - 9.08%
- Band of Investment: 8.91%

The overall capitalization rate concluded is 9.00%

Terminal Capitalization Rate Conclusion

The variance between investor expectations for overall and terminal capitalization rates is presented in the following table:

Investor Surveys - Overall/Terminal Capitalization Rate Spreads

Survey	Date	Overall Rate		Terminal Rate	Spread
PwC - National Secondary Office Market	1Q23	7.53%	to	7.56%	3-BPS
PwC - National CBD Office Market	1Q23	5.78%	to	6.30%	52-BPS
PwC - National Suburban Office Market	1Q23	6.24%	to	7.30%	106-BPS
RERC - National Office Market - CBD	4Q22	6.10%	to	6.60%	50-BPS
RERC - National Office Market - Suburban	4Q22	6.70%	to	7.20%	50-BPS
Average		6.47%	to	6.99%	52-BPS

Loading the overall capitalization rate indications results in a terminal capitalization rate of 9.50%.

Discount (Yield) Rate

Investor Surveys

Discount rates published by investor surveys are presented in the following table:

Investor Surveys - Overall/Discount Rate Spreads

Survey	Date	Overall Rate		Discount Rate	Spread
PwC - National Secondary Office Market	1Q23	7.53%	to	9.64%	211-BPS
PwC - National CBD Office Market	1Q23	5.78%	to	7.05%	127-BPS
PwC - National Suburban Office Market	1Q23	6.24%	to	7.84%	160-BPS
RERC - National Office Market - CBD	4Q22	6.10%	to	7.30%	120-BPS
RERC - National Office Market - Suburban	4Q22	6.70%	to	7.80%	110-BPS
Realty Rates - Office	1Q23	10.03%	to	12.00%	197-BPS
Realty Rates - Office - Suburban	1Q23	9.38%	to	11.46%	208-BPS
Realty Rates - Office - CBD	1Q23	10.22%	to	14.76%	454-BPS
Average					146-BPS

Loading the overall capitalization rate indications results in a discount rate of 10.50%.

Cost of Sale

From the terminal value estimate, selling costs were deducted. This expense covers several items such as brokers' commissions, title insurance and closing fees. This was estimated at 3%.

Discounted Cash Flow Conclusions

Prospective Upon Completion and Stabilization Leased Fee Market Value Indication

Using the estimated terminal capitalization rate of 9.50% and discount rate of 10.50% indicated a preliminary fee simple market value indication of \$3,635,602, rounded to \$3,650,000.

Based on the estimates outlined in the preceding income analysis, the discounted cash flow schedule and conclusion is presented in the following table:


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 217 South Capital Ave
 Lansing, MI

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Schedule Of Prospective Cash Flow
 In Inflated Dollars for the Fiscal Year Beginning 10/1/2023

For the Years Ending	Year 1 Sep-2024	Year 2 Sep-2025	Year 3 Sep-2026	Year 4 Sep-2027	Year 5 Sep-2028	Year 6 Sep-2029	Year 7 Sep-2030	Year 8 Sep-2031	Year 9 Sep-2032
Potential Gross Revenue									
Base Rental Revenue	\$1,944,768	\$1,969,078	\$1,974,231	\$1,959,647	\$1,944,768	\$1,970,070	\$2,026,040	\$2,092,855	\$2,170,730
Absorption & Turnover Vacancy	(1,701,672)	(1,239,790)	(758,751)	(257,975)		(89,466)	(91,255)	(93,080)	(94,942)
Scheduled Base Rental Revenue	243,096	729,288	1,215,480	1,701,672	1,944,768	1,880,604	1,934,785	1,999,775	2,075,788
CPI & Other Adjustment Revenue		4,862	19,545	44,245	79,163	94,340	83,236	72,993	63,846
Total Potential Gross Revenue	243,096	734,150	1,235,025	1,745,917	2,023,931	1,974,944	2,018,021	2,072,768	2,139,634
General Vacancy				(102,726)	(364,308)	(282,128)	(288,415)	(296,773)	(307,282)
Effective Gross Revenue	243,096	734,150	1,235,025	1,643,191	1,659,623	1,692,816	1,729,606	1,775,995	1,832,352
Operating Expenses									
Real Estate Taxes	157,590	160,742	163,957	167,236	170,580	173,992	177,472	181,021	184,642
Property Insurance	18,522	18,892	19,270	19,655	20,048	20,449	20,858	21,275	21,701
Management	12,155	36,708	61,751	82,160	82,981	84,641	86,480	88,800	91,618
Administrative	18,522	18,892	19,270	19,655	20,048	20,449	20,858	21,275	21,701
Utilities	82,537	122,208	163,433	206,257	230,556	228,308	232,875	237,532	242,283
Repairs & Maintenance	62,800	92,984	124,351	156,935	175,423	173,713	177,187	180,731	184,346
Cleaning & Janitorial	37,680	55,791	74,611	94,161	105,254	104,228	106,312	108,439	110,607
Replacement Reserves	9,261	9,446	9,635	9,828	10,024	10,225	10,429	10,638	10,851
Total Operating Expenses	399,067	515,663	636,278	755,887	814,914	816,005	832,471	849,711	867,749
Net Operating Income	(155,971)	218,487	598,747	887,304	844,709	876,811	897,135	926,284	964,603
Leasing & Capital Costs									
Tenant Improvements	926,080	926,080	926,080	926,080		217,274	221,620	226,052	230,573
Leasing Commissions	121,548	121,548	121,548	121,548		81,861	83,499	85,168	86,872
Total Leasing & Capital Costs	1,047,628	1,047,628	1,047,628	1,047,628		299,135	305,119	311,220	317,445
Cash Flow Before Debt Service & Taxes	(\$1,203,599)	(\$829,141)	(\$448,881)	(\$160,324)	\$844,709	\$577,676	\$592,016	\$615,064	\$647,158


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Schedule Of Prospective Cash Flow
 In Inflated Dollars for the Fiscal Year Beginning 10/1/2023

For the Years Ending	Year 10 Sep-2033	Year 11 Sep-2034
Potential Gross Revenue		
Base Rental Revenue	\$2,212,459	\$2,231,083
Absorption & Turnover Vacancy		(98,778)
Scheduled Base Rental Revenue	2,212,459	2,132,305
CPI & Other Adjustment Revenue	81,337	108,589
Total Potential Gross Revenue	2,293,796	2,240,894
General Vacancy	(412,883)	(322,363)
Effective Gross Revenue	1,880,913	1,918,531
Operating Expenses		
Real Estate Taxes	188,335	192,101
Property Insurance	22,135	22,578
Management	94,046	95,927
Administrative	22,135	22,578
Utilities	254,553	252,071
Repairs & Maintenance	193,681	191,793
Cleaning & Janitorial	116,209	115,076
Replacement Reserves	11,068	11,289
Total Operating Expenses	902,162	903,413
Net Operating Income	978,751	1,015,118
Leasing & Capital Costs		
Tenant Improvements		239,888
Leasing Commissions		90,381
Total Leasing & Capital Costs		330,269
Cash Flow Before Debt Service & Taxes	\$978,751	\$684,849


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Schedule Of Sources & Uses Of Capital
 Equity is Based on Property Value, Leverage and Operating Requirements

For the Years Ending	Year 1 Sep-2024	Year 2 Sep-2025	Year 3 Sep-2026	Year 4 Sep-2027	Year 5 Sep-2028	Year 6 Sep-2029	Year 7 Sep-2030	Year 8 Sep-2031	Year 9 Sep-2032
Sources Of Capital									
Net Operating Gains		\$218,487	\$598,747	\$887,304	\$844,709	\$876,811	\$897,135	\$926,284	\$964,603
Initial Equity Contribution	3,635,602								
Net Proceeds from Sale									
Defined Sources Of Capital	<u>3,635,602</u>	<u>218,487</u>	<u>598,747</u>	<u>887,304</u>	<u>844,709</u>	<u>876,811</u>	<u>897,135</u>	<u>926,284</u>	<u>964,603</u>
Required Equity Contributions	<u>1,203,599</u>	<u>829,141</u>	<u>448,881</u>	<u>160,324</u>					
Total Sources Of Capital	<u><u>\$4,839,201</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$844,709</u></u>	<u><u>\$876,811</u></u>	<u><u>\$897,135</u></u>	<u><u>\$926,284</u></u>	<u><u>\$964,603</u></u>
Uses Of Capital									
Property Present Value	\$3,635,602								
Net Operating Loss	155,971								
Tenant Improvements	926,080	926,080	926,080	926,080		217,274	221,620	226,052	230,573
Leasing Commissions	121,548	121,548	121,548	121,548		81,861	83,499	85,168	86,872
Defined Uses Of Capital	<u>4,839,201</u>	<u>1,047,628</u>	<u>1,047,628</u>	<u>1,047,628</u>		<u>299,135</u>	<u>305,119</u>	<u>311,220</u>	<u>317,445</u>
Cash Flow Distributions					844,709	577,676	592,016	615,064	647,158
Total Uses Of Capital	<u><u>\$4,839,201</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$1,047,628</u></u>	<u><u>\$844,709</u></u>	<u><u>\$876,811</u></u>	<u><u>\$897,135</u></u>	<u><u>\$926,284</u></u>	<u><u>\$964,603</u></u>
Unleveraged Cash On Cash Return									
Cash to Purchase Price	(33.11%)	(22.81%)	(12.35%)	(4.41%)	23.23%	15.89%	16.28%	16.92%	17.80%
NOI to Book Value	(3.33%)	3.81%	8.83%	11.34%	10.79%	10.79%	10.64%	10.60%	10.65%
Cash to Purchase Price & Costs	(33.11%)	(22.81%)	(12.35%)	(4.41%)	23.23%	15.89%	16.28%	16.92%	17.80%


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Schedule Of Sources & Uses Of Capital
 Equity is Based on Property Value, Leverage and Operating Requirements

For the Years Ending	Year 10 Sep-2033
Sources Of Capital	
Net Operating Gains	\$978,751
Initial Equity Contribution	
Net Proceeds from Sale	10,364,889
Defined Sources Of Capital	11,343,640
Required Equity Contributions	
Total Sources Of Capital	\$11,343,640 =====
Uses Of Capital	
Property Present Value	
Net Operating Loss	
Tenant Improvements	
Leasing Commissions	
Defined Uses Of Capital	
Cash Flow Distributions	11,343,640
Total Uses Of Capital	\$11,343,640 =====
Unleveraged Cash On Cash Return	
Cash to Purchase Price	26.92%
NOI to Book Value	10.80%
Cash to Purchase Price & Costs	26.92%




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Prospective Present Value
 Cash Flow Before Debt Service plus Property Resale
 Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 10.50%
Year 1	Sep-2024	(\$1,203,599)	(\$1,089,230)
Year 2	Sep-2025	(829,141)	(679,053)
Year 3	Sep-2026	(448,881)	(332,694)
Year 4	Sep-2027	(160,324)	(107,535)
Year 5	Sep-2028	844,709	512,739
Year 6	Sep-2029	577,676	317,329
Year 7	Sep-2030	592,016	294,305
Year 8	Sep-2031	615,064	276,708
Year 9	Sep-2032	647,158	263,482
Year 10	Sep-2033	978,751	360,619
Total Cash Flow		1,613,429	(183,330)
Property Resale @ 9.50% Cap		10,364,889	3,818,932
Total Property Present Value			\$3,635,602
			=====
Rounded to Thousands			\$3,636,000
			=====
Per SqFt			39.26
Percentage Value Distribution			
Assured Income			
Prospective Income			(5.04%)
Prospective Property Resale			105.04%
			=====
			100.00%




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Property Summary Report

Timing & Inflation

 Reporting Period: October 1, 2023 to September 30, 2033; 10 years
 Inflation Month: Analysis Start
 General Inflation Rate: 2.00%

Property Size & Occupancy

 Property Size: 92,608 Square Feet
 Alternate Size: 1 Square Foot
 Number of rent roll tenants: 0
 Total Occupied Area: 0 Square Feet, 0.00%, during first month of analysis

Space Absorption

 Typical Space
 92,608 Square Feet, leasing from 4/24 to 4/27
 1 lease per year, 23,152 SqFt per lease

General Vacancy

 Method: Percent of Potential Gross Revenue
 Rate: 18.00%

Property Purchase & Resale

 Purchase Price: -
 Resale Method: Capitalize Net Operating Income
 Cap Rate: 9.50%
 Cap Year: Year 11
 Commission/Closing Cost: \$320,564
 Net Cash Flow from Sale: \$10,364,889

Present Value Discounting

 Discount Method: Annually (Endpoint on Cash Flow & Resale)
 Unleveraged Discount Rate: 10.50%
 Unleveraged Present Value: \$3,635,602 at 10.50%


Reconciliation

Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Cost	Not Developed
Sales Comparison	\$3,500,000
Income Capitalization	Not Developed
Yield Capitalization (DCF)	\$3,635,000
Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	October 4, 2023
Value Conclusion	\$3,650,000
	\$33.23 PSF

To reach a final opinion of value, the reliability and relevance of each value indication was considered based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Income Approach, this approach was given primary weight in reconciling to the final value conclusions. Furthermore, office properties such as the subject property are typically purchased by Investors, who primarily rely upon the methods employed by the Income Approach.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None

Hypothetical Conditions:

- None

Analysis of Recent Sale

The subject property sold to the current owner for \$1.7 million in 07/29/21. The final opinion of market value is higher than the recent sales price due to the seller reportedly being highly motivated.

Exposure Time and Marketing Period

Investor Surveys - Marketing Time

Survey	Date	Range (Mos.)			Average
PwC - National CBD Office Market	2Q23	3.0	to	12.0	8.7
PwC - National Secondary Office Market	2Q23	2.0	to	14.0	6.6
Average		2.5	to	13.0	7.7

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12-24 months and 12-24 months, respectively, are considered reasonable and appropriate for the subject property.

National Quality Control

Valbridge's top priority is delivering a quality report. Valbridge requires all reports to be reviewed by an experienced director with the MAI designation. This quality control assessment consists of reading the report, checking calculations, and providing feedback on its quality and consistency prior to report delivery. All Valbridge reports are signed by an experienced appraiser with the MAI designation.

Valbridge values all clients' opinions, and any/all feedback is critical to the ongoing efforts to improve client servicing. Please feel free to contact the National Quality Control Director below with any feedback, questions, or comments.

Tye Neilson, MAI, SRA, MRICS, Esq.
 Senior Managing Director
 832.916.4608
tneilson@valbridge.com

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Southern Michigan will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Southern Michigan is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Southern Michigan and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Southern Michigan.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Southern Michigan both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Southern Michigan and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Southern Michigan or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Southern Michigan shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Southern Michigan. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Southern Michigan and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Southern Michigan in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by The Oetzel – Hartman Group. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. James T. Hartman, MAI, SGA, AI-GRS is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, Number 1205005950. Mr. Hartman is also licensed in the State of Indiana, the State of Ohio, and the State of Illinois.

James T. Hartman, MAI, SGA, AI-GRS is a member of the Society of Golf Appraisers (SGA). The Society of Golf Appraisers is an organization of real estate appraisers and consultants specializing in the valuation, market analysis, and feasibility analysis of golf courses and golf related properties.

The undersigned does hereby certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Within the last 3 years I was engaged to appraise the subject property, but the engagement was terminated.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- As of the date of this report, James T. Hartman, MAI, SGA, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- A thorough research project whose objective has been the discovery, confirmation, inspection, and analysis of data pertinent to this valuation situation has been completed.

- No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
- The reported analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.
- The appraiser signing this report is competent to complete the assignment. The appraiser has the knowledge and experience to complete the assignment competently or has disclosed the lack of knowledge and/or experience to the client, taken all steps necessary or appropriate to complete the assignment competently and has described in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with Title XI of the Federal Financial Institutions Reform Recovery, and Enforcement Act of 1989 (FIRREA) and its regulations, as well as the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute. This report is intended to comply with the above requirements. The definition of market value is intended to follow the market value definition as per F.D.I.C.'s final rule of FIRREA - 12 C.F.R., § 323.2.

This appraisal is not to be used by the addressee or any recipient as a part of a presentation of a real estate syndicate.

A real estate syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, investment for gain from an interest in real property, including but not limited to, a sale, exchange, trade or development of real property, on behalf of others, or, which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency, which regulates investments made as a public offering.



James T. Hartman, MAI, SGA, AI-GRS
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File #MI01-23-0266

Certification

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. Cameron M. Clark is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, Number 1205075247.

The undersigned does hereby certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Within the last 3 years I was engaged to appraise the subject property, but the engagement was terminated.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- A thorough research project whose objective has been the discovery, confirmation, inspection, and analysis of data pertinent to this valuation situation has been completed.
- No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
- The reported analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.

- The appraiser signing this report is competent to complete the assignment. The appraiser has the knowledge and experience to complete the assignment competently or has disclosed the lack of knowledge and/or experience to the client, taken all steps necessary or appropriate to complete the assignment competently and has described in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with Title XI of the Federal Financial Institutions Reform Recovery, and Enforcement Act of 1989 (FIRREA) and its regulations, as well as the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Appraisal Institute. This report is intended to comply with the above requirements. The definition of market value is intended to follow the market value definition as per F.D.I.C.'s final rule of FIRREA - 12 C.F.R., § 323.2.

This appraisal is not to be used by the addressee or any recipient as a part of a presentation of a real estate syndicate.

A real estate syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, investment for gain from an interest in real property, including but not limited to, a sale, exchange, trade or development of real property, on behalf of others, or, which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency, which regulates investments made as a public offering.



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Addenda

Glossary

Subject Photographs

Assessment Records

Excerpts from Zoning Ordinance

Qualifications of Appraisers

Information on Valbridge Property Advisors

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Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 7th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but that are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction. (Dictionary)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center’s common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, [amenities,] and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

An attached, detached, or stacked unit within or attached to a structure with common areas that are held as tenants in common (an undivided interest) with other owners in the project. The units can be residential, commercial, industrial, or parking spaces or boat docks. These units are commonly defined by state laws in their locations. Because units can be stacked on top of other units, these units can be defined both vertically and horizontally. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI \div I_m$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation;
3. Both the buyer and seller are acting prudently and knowledgeably;
4. The seller is under compulsion to sell;

5. The buyer is typically motivated;
6. Both parties are acting in what they consider to be their best interests;
7. An adequate marketing effort will be made during the exposure time;
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (Dictionary)

Double Net (Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings.

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. In essence, floor common area represents all of the area on the floor that is common to that respective floor with the exception of those areas that penetrate through the floor, such as the elevator shaft and stairwell. The significant point to be made is that floor common area is not part of the tenant's usable area. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Sellout Value (Sum of the Retail Values)

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal

permissibility, physical possibility, financial feasibility, and maximum productivity.

2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Insurable Value (Replacement Cost for Insurance Purposes)

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted). (Dictionary)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her

property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest (Leasehold Estate)

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
4. The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

1. A lease in which a part or the entire property is leased to a single entity (the master lessee) in return for a stipulated rent. The master lessee then subleases the property to multiple tenants.
2. The first lease in a sandwich lease. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (*TOE/EGI*); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common or easement. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Percentage Lease

A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of

the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make that claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in

which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary)
2. Formerly used in valuation practice as a synonym for *contributory value* or *use value*. (Dictionary)

VTAB (Value of the Total Assets of a Business)

The total amount that the real property, tangible personal property, and intangible property assets of a business would sell for in an asset-based transaction. (Dictionary)

amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease

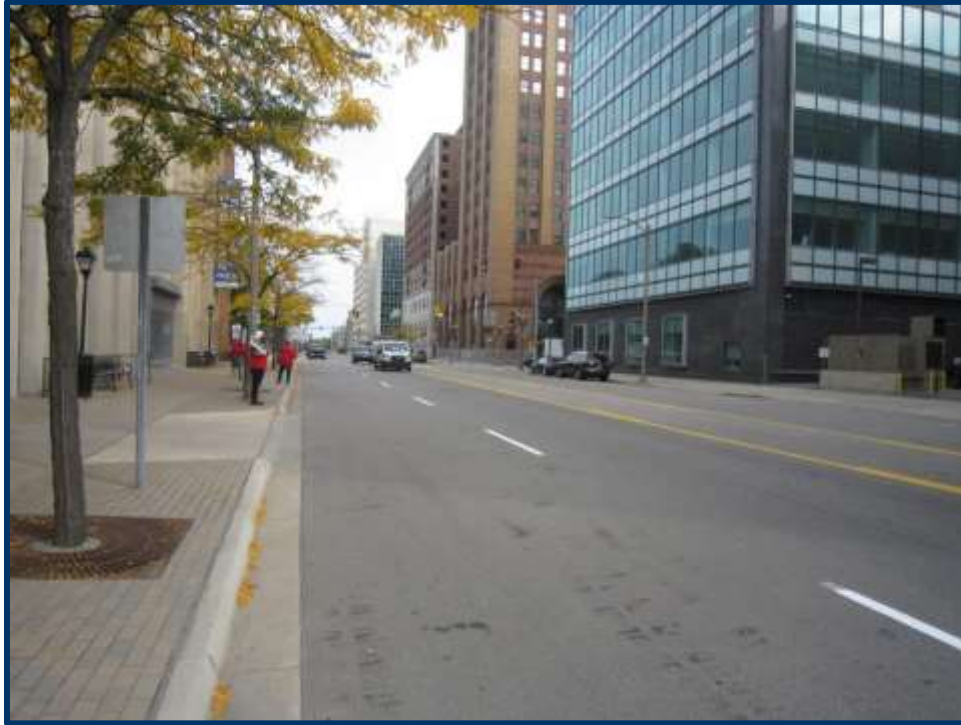
A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN, triple net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas or a floor shall equal floor usable area of that same floor. The

Photographs of Subject Property











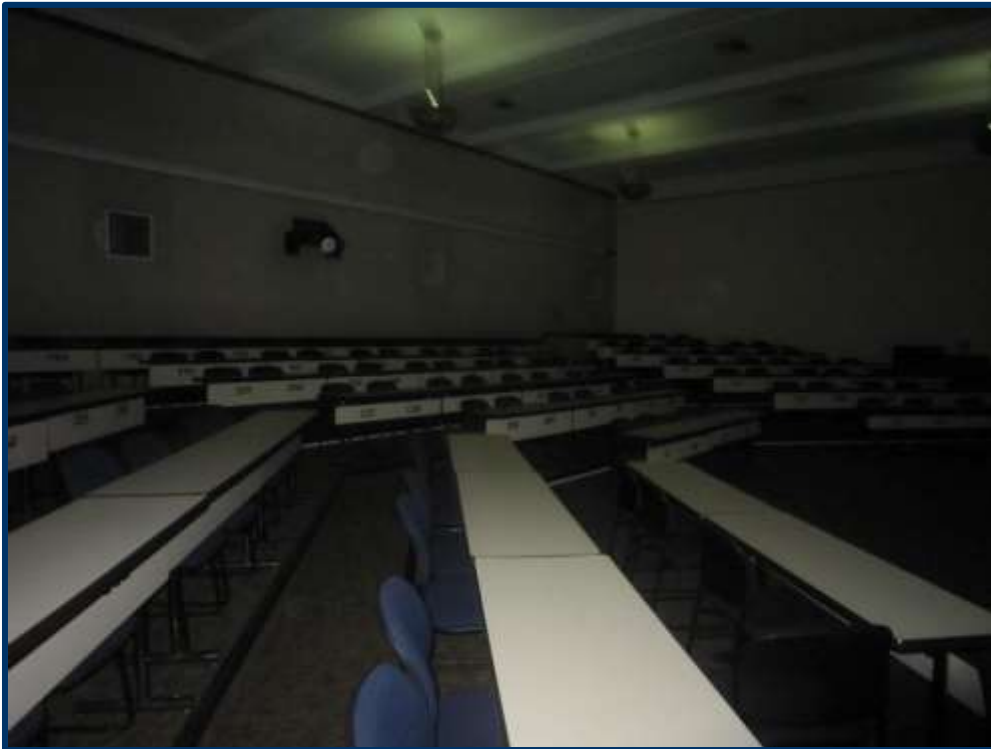
























Assessment Records

217 S CAPITOL AVE LANSING, MI 48933 (Property Address)
Parcel Number: 33-01-01-16-328-021

Property Owner: 217 CAPITOL LLC

Summary Information

- > Commercial/Industrial Building Summary
 - Yr Built: 1924
 - Total Sq Ft: 109,826
 - # of Buildings: 1
- > Assessed Value: \$2,049,500 | Taxable Value: \$2,049,500
- > 1 Building Department records found
- > Property Tax information found
- > 16 Invoices Found, Amount Due: 0.00

Item 1 of 2 1 Image / 1 Sketch

Important Message

2023 values are subject to change by the March Board of Review.

Owner and Taxpayer Information

Owner	217 CAPITOL LLC 124 W ALLEGAN 21ST FLOOR LANSING, MI 48933	Taxpayer	SEE OWNER INFORMATION
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General Information for Tax Year 2023

Property Class	201 COMMERCIAL-IMPROVED	Unit	33 CITY OF LANSING - INGHAM
School District	LANSING PUBLIC SCHOOL DIST	Assessed Value	\$2,049,500
MAP #	B -0115 -0006	Taxable Value	\$2,049,500
TOP TEN	Not Available	State Equalized Value	\$2,049,500
NEW PERMITS	Not Available	Date of Last Name Change	09/13/2021
USER ALPHA 3	Not Available	Notes	Not Available
Historical District	Not Available	Census Block Group	Not Available
TYPE CODE	Not Available	Exemption	No Data to Display

Principal Residence Exemption Information

Homestead Date 12/30/1997

Principal Residence Exemption	June 1st	Final
2023	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2022	\$1,956,300	\$1,956,300	\$1,956,300
2021	\$1,895,300	\$1,895,300	\$1,895,300
2020	\$0	\$0	\$0

Land Information

Zoning Code	G-1 BUS	Total Acres	0.376
Land Value	\$163,600	Land Improvements	\$0
Renaissance Zone	No	Renaissance Zone Expiration Date	No Data to Display
ECF Neighborhood	0225-DOWNTOWN-OFFICES	Mortgage Code	No Data to Display
Lot Dimensions/Comments	99.166 x 165 @ 15.00	Neighborhood Enterprise Zone	No

Lot(s)	Frontage	Depth
No lots found		
Total Frontage: 0.00 ft		Average Depth: 0.00 ft

Legal Description

<https://bsaonline.com/SiteSearch/SiteSearchDetails?SearchFocus=All+Records&SearchCategory=Address&SearchText=217+cap&uid=384&PageInd...> 1/2

LOT 9 & S 33 1/6 FT LOT 10 BLOCK 115 ORIG PLAT

Sale History

Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page
07/29/2021	\$1,750,000.00	CD	THOMAS M COOLEY LAW SCHOOL	217 CAPITOL LLC	03-ARM'S LENGTH	2021 039169

Building Information - 109826 sq ft Fraternal Buildings (Commercial)

Floor Area	109,826 sq ft	Estimated TCV	Not Available
Occupancy	Fraternal Buildings	Class	C
Stories Above Ground	7	Average Story Height	10 ft
Basement Wall Height	Not Available	Identical Units	Not Available
Year Built	1924	Year Remodeled	No Data to Display
Percent Complete	100%	Heat	Steam Radiator without Boiler
Physical Percent Good	40%	Functional Percent Good	45%
Economic Percent Good	100%	Effective Age	40 yrs

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Excerpts from Zoning Ordinance

CHAPTER 1270. - G-1 BUSINESS DISTRICT

1270.01. - Intent.

The intent of the G-1 Business District is to allow for a general retail commercial district for the downtown area.

(Ord. No. 848, 2-17-92)

1270.02. - Principal uses permitted.

In a G-1 Business District, the following principal uses are permitted:

- (a) A comparison retail store;
- (b) A private club, fraternal organization or lodge hall;
- (c) A restaurant, bar or tavern;
- (d) A enclosed theater, assembly hall or concert hall;
- (e) A hotel or motel;
- (f) A public park and playground, except those regulated by special conditions pursuant to Section 1256.03(g), (h) and (i);
- (g) Any principal use permitted in a D-1 Professional Office District;
- (h) Any principal use permitted in an E-2 Local Shopping District except an off-street parking facility;
- (i) Any other use which, by the decision of the Planning Board, is similar to the principally permitted uses set forth in this section; and
- (j) An accessory structure which is customarily incidental to any of the uses permitted by this section.

(Ord. No. 848, 2-17-92)

1270.03. - Uses permitted subject to special conditions.

- (a) The uses described in this section shall be permitted in a G-1 Business District if the dimensional requirements described in Section 1248.05, the landscape, screening and buffering requirements described in Chapter 1290, the conditions imposed by this section and all local, State and Federal laws are met.
- (b) Any conditional use which is conditionally permitted in the E-2 Local Shopping District as described in Section 1266.03 shall be permitted in a G-1 Business District, if all criteria of Section 1266.03 are met.
- (c) A residential use shall be permitted in a G-1 Business District, if the residential use meets the lot

area requirement of the DM-4 Residential District.

- (d) An educational facility shall be permitted in a G-1 Business District, if it meets the following conditions:
 - (1) The lot on which the facility is located has not less than one lot line abutting a principal arterial, as defined in the Comprehensive Plan.
 - (2) The primary ingress and egress of the educational facility shall be the ingress and egress connected to the principal arterial described in paragraph (d)(1) hereof, except if approval is obtained from the Planning Board after a public hearing held pursuant to the procedures described in Section 1282.02.
- (e) A child care facility which meets the following conditions shall be permitted in a G-1 Business District:
 - (1) The facility shall provide and maintain on the lot not less than 5,000 square feet of open space;
 - (2) For each child in the facility in excess of 33 children, the facility shall provide and maintain 150 additional square feet of open space.
- (f) A functional family which meets all the following conditions shall be permitted in the G-1 Business District:
 - (1) Not more than five persons per unit shall be allowed.
 - (2) The square footage of each room area shall meet the minimum requirements of the Building Code.
 - (3) There is one off-street parking space for each vehicle associated with the members of the functional family, but not less than two off-street parking spaces altogether.

(Ord. No. 848, 2-17-92)

1270.04. - Special land uses.

- (a) The uses described in this section shall be permitted by Council in accordance with the procedures and conditions described in Chapter 1282 if the conditions described in this section for each use are met, and if all Federal, State and local laws are met.
- (b) A church located on a lot which abuts a collector, principal arterial or minor arterial, as defined in the Comprehensive Plan, may be permitted in the G-1 Business District.
- (c) A structure which is used by a governmental entity in a manner similar to any of the principal permitted uses described in Section 1270.02 may be permitted, subject to review by the Planning Board, pursuant to Public Act 285 of 1931, as amended, being M.C.L.A. 125.31 to 125.45.
- (d) A structure which is owned or operated by a public utility in a manner similar to any of the principal permitted uses described in Section 1270.02 may be permitted, subject to review by the Planning Board, pursuant to Public Act 285 of 1931, as amended, being M.C.L.A. 125.31 to 125.45.
- (e) An experimental, research or development laboratory may be permitted in the G-1 Business

District:

(f) An off-street parking facility may be permitted in the G-1 Business District.

(Ord. No. 735, 11-24-86; Ord. No. 848, 2-17-92)

1270.05. - Height and area requirements.

In a G-1 Business District there shall be no height limitations on structures and no minimum yard dimensions.

(Ord. No. 848, 2-17-92)

Qualifications of Appraisers

James T. Hartman, MAI, SGA, AI-GRS

Senior Managing Director

Valbridge Property Advisors | Southern Michigan

Education:

Bachelor of Arts Degree
College of Business
Financial Administration
Michigan State University, East Lansing, MI

License:

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. James T. Hartman is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, License #1205005950, with the State of Indiana, License #CG40600034, with the State of Ohio, License #2007005970, and with the State of Illinois, License #553.002225.

Real Estate Appraisal Curriculum, Appraisal Institute:

Classes:

- Basic Valuation
- Real Estate Appraisal Principles
- Residential Valuation
- Standards of Professional Practice, Part A
- Standards of Professional Practice, Part B
- Standards of Professional Practice, Part C
- Income Capitalization, Part A
- Income Capitalization, Part B
- Case Studies in Real Estate Valuation
- Report Writing and Valuation Analysis
- Highest & Best Use and market Analysis
- Business Practices and Ethics
- 7-Hour National USPAP Update Course
- Valuation of Conservation Easements
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
- Review Theory – General
- Supervisory Appraiser/Trainee Course
- Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications

Scope of Work: Expanding your Range of Services

Seminars: Demonstration Appraisal Report Writing
Regulation of Financial Information Sharing & Information Brokering
REITS and the Role of the Real Estate Professional
Partial Interest Valuation – Divided
Appraisal Symposium – Real Estate Underwriting
Still Standing – The US Real Estate Market
Michigan Appraising Licensing Law and Rules
Appraisal Consulting: A Solutions Approach for Professionals
Supervising Appraisal Trainees
Land Valuation Adjustments Workshop
Analyzing Distressed Real Estate
Market Analysis and the Site to Do Business
Valuation & Litigations Services SIG Kick-Off – SIG2006
Fair Housing
Introduction to International Valuation Standards
Environmental Solutions for Commercial RE Transactions
Spotlight on USPAP: Common Errors and Issues
Michigan Economy 2009
Appraising Convenience Stores
Michigan Economy 2010
Spotlight on USPAP – Appraisal Review
Analyzing Distressed Real Estate
Spotlight on USPAP: Agreement for Services-Instructions
Loss Prevention program for Real Estate Appraisers
Liability Issues for Appraisers Performing Litigation & Other Non-Lender Work
Small Hotel/Motel Valuation
Government and the Housing Market
Introduction to Green Buildings: Principles & Concepts
Appraising Automobile Dealerships

Other Seminars/Courses:

Historic Preservation Conference: Incentives for Historic Preservation in Detroit - IPED
Michigan Tax Tribunal Contemporary Issues – Oakland University
LEED for New Construction and Major Renovations Technical Review Workshop - USGBC
Understanding the Impact of the Interagency Appraisal and Evaluation Guidelines for Appraisers and Lenders
Advanced Computer Applications for Appraisers – Valbridge Property Advisors
Fractional Interest Valuation – Valbridge Property Advisors

Appraisal Assignments:

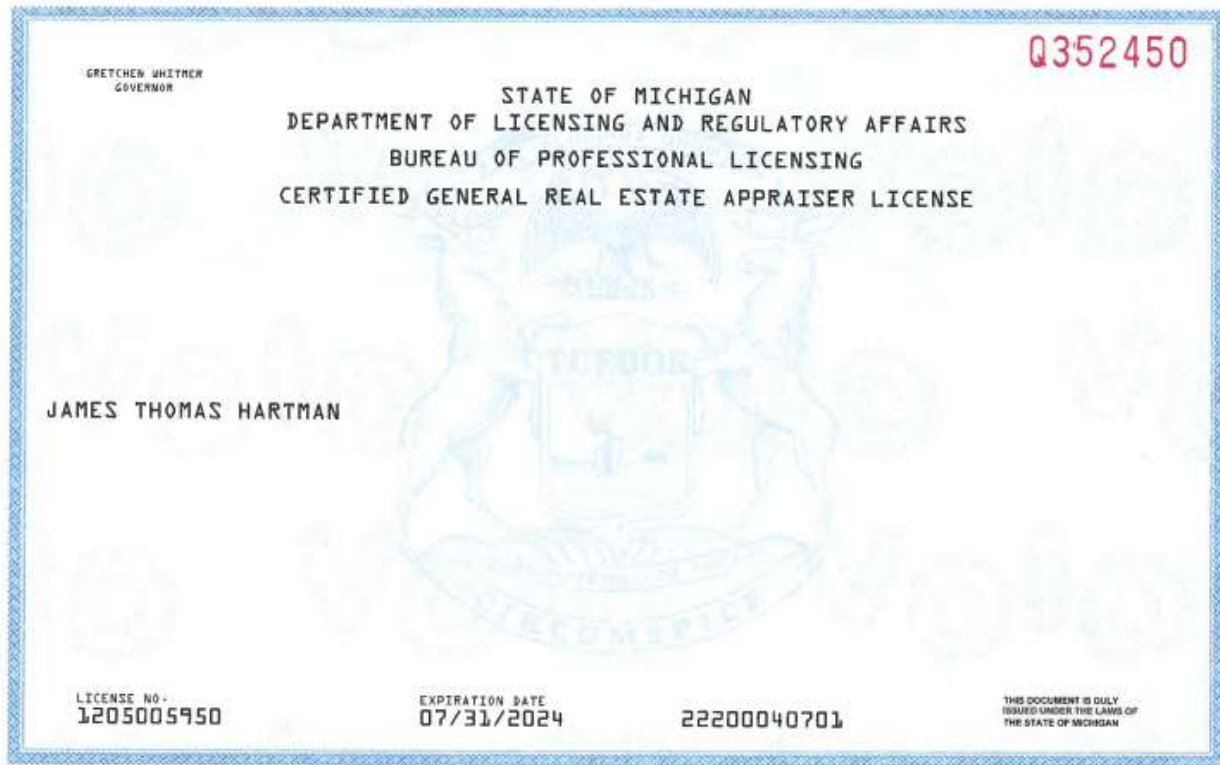
Performed a variety of appraisal assignments including appraisals of vacant land, subdivisions, industrial buildings, hotels, golf courses, resorts, shopping centers, bowling/family entertainment centers, manufactured home communities, elderly care facilities, condominium construction and conversion, restaurants, and office buildings.

Counseling Services:

Economic feasibility and market studies for golf courses, hotels, apartments, multi-tenant office buildings, multi-tenant shopping centers and elderly care facilities.

Professional Recognition:

2000-1	Advisory Board, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2001	Awarded MAI designation by the Appraisal Institute
2002	Vice-Chair, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2002	Public Relations Committee, Great Lakes Chapter, Appraisal Institute
2002	General Comprehensive Exam Subcommittee, Standard Setting Panel, Appraisal Institute
2003	Chair, West Michigan Branch, Great Lakes Chapter, Appraisal Institute
2003	Region III Representative Alternate, Great Lakes Chapter, Appraisal Institute
2004	Director, Great Lakes Chapter, Appraisal Institute
2004-22	General Comprehensive Exam Subcommittee, Appraisal Institute
2004	Real Estate Appraiser Exam Content Expert, Bureau of Commercial Services Department of Labor & Economic Growth, State of Michigan
2006	Secretary, Great Lakes Chapter, Appraisal Institute
2007	Treasurer, Great Lakes Chapter, Appraisal Institute
2008	Awarded SGA designation from The Society of Golf Appraisers
2008	Vice President, Great Lakes Chapter, Appraisal Institute
2008-9	Region III Representative, Great Lakes Chapter, Appraisal Institute
2009	President, Great Lakes Chapter, Appraisal Institute
2009-10	Vice Chair, General Comprehensive Exam Panel, Appraisal Institute
2009	Awarded MRICS designation from the Royal Institution of Chartered Surveyors
2010	Past President (Board of Directors) Great Lakes Chapter, Appraisal Institute
2010	Region III Representative, Great Lakes Chapter, Appraisal Institute
2011-14	Chair, General Comprehensive Exam Panel, Appraisal Institute
2014-15	Secretary, The Society of Golf Appraisers
2014	Awarded AI-GRS designation from Appraisal Institute
2014-22	Member, State of Michigan Board of Real Estate Appraisers
2016-17	President, Society of Golf Appraisers
2015-19	Vice Chair, General Comprehensive Exam Panel, Appraisal Institute
2016-21	Vice Chair, State of Michigan Board of Real Estate Appraisers
2021-22	Chair, State of Michigan Board of Real Estate Appraisers



Cameron M. Clark

Appraiser

Valbridge Property Advisors | Southern Michigan

Education:

Central Michigan University
Bachelors of Business Administration

License:

In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909. Cameron M. Clark is currently licensed as a Certified General Real Estate Appraiser with the State of Michigan, License #1205075247.

Appraisal Assignments:

A variety of appraisal assignments including appraisals of residential, commercial, industrial, and mixed use properties for federally related mortgage transactions, private estates, and tax purposes.

Types of Assignments:

Single Family Residences	Apartments
2-4 Family Residences	Assisted Living Facilities
Convenience Stores/Gas Stations	Golf Courses
Industrial/Warehouse	Hotels/Motels
Office Buildings	Retail Buildings
Residential Subdivisions	Shopping Centers
Vacant Land	Going Concern

GRETCHEN WHITNER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

CAMERON MCKAY CLARK

LICENSE NO:
1205075247

EXPIRATION DATE
07/31/2024

22206170758

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THE STATE OF MICHIGAN



Valbridge

PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (80+ across the U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

Valbridge Property Advisors, Inc.

2240 Venetian Court
Naples, FL 34109
Phone: 888.981.2029



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Tucson, AZ 85712
(520) 321-0000

CALIFORNIA

4915 Calloway Dr., Ste. 101
Bakersfield, CA 93312
(661) 587-1010

1306 Higuera St.
San Luis Obispo, CA 93401
(805) 544-2472

2813 Coffee Rd., Ste. E-2
Modesto, CA 95355
(209) 569-0450

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Los Angeles, CA 90041
(626) 486-9327

1370 N. Brea Blvd., Ste. 255
Fullerton, CA 92835
(714) 449-0852

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Pasadena, CA 91101
(626) 744-0428

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San Jose, CA 95113
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San Ramon, CA 94583
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(970) 340-1016

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(303) 867-1935

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Centennial, CO 80111
(303) 867-1933

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Durango, CO 81301
(970) 340-1016

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Norwalk, CT 06853
(860) 246-4606

15 Concord St.
Glastonbury, CT 06033
(860) 246-4606

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(305) 639-8029

734 Rugby St.
Orlando, FL 32804
(407) 493-6426

2711 Poinsettia Ave.
West Palm Beach, FL 33407
(561) 833-5331

2240 Venetian Ct.
Naples, FL 34109
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Tampa, FL 33609
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1875 N. Lakewood Dr., Ste. 100
Coeur d'Alene, ID 83814
(208) 292-2965

IDAHO (CONT'D)

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Detroit, MI 48226
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2127 University Park Dr.
Okemos, MI 48864
(517) 336-0001

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St. Paul, MN 55101
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Summer 2021

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Starkville, MS 39759
(662) 617-2350

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St. Louis, MO 63139
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6490 S. McCarran Blvd., #51
Reno, NV 89509
(775) 204-4100

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Morris Plains, NJ 07950
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3500 Route 9 South, Ste. 202
Howell, NJ 07731
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New York, NY 10018
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Cary, NC 27511
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Cincinnati, OH 45255
(513) 785-0820

1422 Euclid Ave., Ste. 616
Cleveland, OH 44115
(216) 367-9690

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5909 NW Expy., Ste. 104
Oklahoma City, OK 73132
(405) 603-1553

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King of Prussia, PA 19406
(215) 545-1900

4701 Baptist Rd., Ste. 304
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(412) 881-6080

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(843) 884-1266

11 Cleveland Ct.
Greenville, SC 29607
(864) 233-6277

920 Bay St., Ste. 26
Beaufort, SC 29902
(843) 884-1266

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213 Fox Rd.
Knoxville, TN 37922
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225
Memphis, TN 38120
(901) 753-6977

5205 Maryland Way, Ste. 300
Brentwood, TN 37027
(615) 369-0670

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901 Mopac Expy. S., Bldg. 1, Ste. 300
Austin, TX 78746
(737) 242-8585

10210 North Central Expy., Ste. 115
Dallas, TX 75231
(214) 446-1611

974 Campbell Rd., Ste. 204
Houston, TX 77024
(713) 467-5858

TEXAS (CONT'D)

9901 IH-10 West, Ste. 1035
San Antonio, TX 78230
(210) 227-6229

UTAH

527 E. Pioneer Rd., Ste. 240
Draper, Utah 84020
(801) 262-3388

20 North Main
St. George, UT 84770
(435) 773-6300

321 N. County Blvd., Ste. D
American Fork, UT 84003
(801) 492-0000

VIRGINIA

656 Independence Pkwy., Ste. 220
Chesapeake, VA 23320
(757) 410-1222

4914 Fitzhugh Ave.
Richmond, VA 23230
(757) 345-0010

5107 Center St., Ste. 2B
Williamsburg, VA 23188
(757) 345-0010

WASHINGTON

8378 W. Grandridge Blvd., Ste. 110-D
Kennewick, WA 99336
(509) 221-1540

25923 Washington Blvd., NE., Ste. 300
Kingston, WA 98346
(360) 649-7300

324 N. Mullan Rd.
Spokane Valley, WA 99206
(509) 747-0999

WISCONSIN

12660 W. North Ave.
Brookfield, WI 53005
(262) 782-7990



Existing City Hall Redevelopment Cost Study

March 4, 2024

Prepared by:

Kramer Management Group, Inc.

1305 S. Washington Avenue, Suite 101

Lansing, Michigan 48911





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1 Executive Summary

1.1 Background

The current City Hall, Police Lock Up, and 54-A District Court facility is nearing the end of its useful life and requires significant renovations and improvements to allow it to continue to be used to provide services to the public. Previous studies have indicated the improvements required for the facility are not feasible without vacating the facility and spending significant capital funds to fully renovate the facility and prepare it to serve a functional purpose. Furthermore, changes in workplace functions have changed significantly since City Hall was established in 1959. Technology, flexible work schedules, security, access to the public, and many other considerations provide for a much more efficient use of space than is currently configured within the current facility.

Over the past seven (7) years, multiple studies have been completed that identify and document the functionally obsolete elements of the current City Hall and 54-A District Court. Multiple concepts have been evaluated to relocate City Hall and 54-A District Court operations to facilitate a transformational economic development opportunity in the heart of the downtown business district. Previous efforts have identified multiple re-development options for locating the City Hall facility at alternate locations, and potential redevelopment of the current city hall are under consideration.

Since soliciting redevelopment proposals in early 2022, the city has successfully passed a Public Safety Milage which funds the relocation of the 54A District Court, Lock-up and Police out of the current city hall and that project is currently underway. That initiative has effectively reduced the City's future needs for city hall and has allowed for a modified approach to meeting the city's requirements for the next 20-30 years.

Recent funding appropriated by the State of Michigan in 2023 provides a limited amount of funding to support the needs for a new city hall. Consideration is ongoing to determine the best use of the appropriated funds to support the City of Lansing.

1.2 Purpose

The purpose of this study is to provide an objective analysis of the option to renovate current city hall and prepare it for a modern city hall. It is essential to fully evaluate the option of renovation of the current facility before making final decisions regarding other options to relocate. The results will assist the city leadership to determine the most responsible strategy for locating city hall, while also considering economic development opportunities in the core business area of Lansing.



1.3 Basis

To conduct the study, KMG relied on and incorporated the findings of several technical reports prepared by others, as follows:

1. **Space Utilization Study conducted by DLZ dated June 2016.** This report included a Programming and Space Analysis, along with a detailed Building Condition Assessment. This document provided the most in-depth understanding of the building core/shell and infrastructure requirements, along with early programmatic information.
2. **Hazardous Material Assessment of City Hall and Courts building conducted by SME in June 2016.** This report provided relevant information regarding existing hazardous materials in the building that require abatement prior to renovation or demolition activities.
3. **City Hall Programming Study conducted by Krieger Klatt Architects January 2024.** This summary provided an updated program requirement for current city hall business units anticipated to remain in City Hall following the relocation of the 54A District Court, Lock up, and Police.
4. **Appraisal Report for current city hall prepared by Valbridge Advisors, December 2021.** This report provided the most current information regarding previous valuations for potential sale of city hall.

1.4 Summary of Objective Analysis

Total available space in City Hall is 157,910 gsf plus 31,212 gsf of parking areas.

Total occupied and fully modernized space following renovations and relocation of city hall functions is 78,273 sf. Renovated spaces would be located on floors 1, 6,7,8,9, and 10.

Total vacant space shelled and available for use by others is 79,637 sf. Vacant areas available for others are floors 2,3,4,5, and the former police, lock up and court areas.

Vacant space could be used to relocate additional city services (or other affiliated user) into the building, however no additional cost has been included in the estimate at this time.

Repurposing existing building results in the city declining the financial benefit of the sale of city hall and will not facilitate economic development activities of the downtown business district, which has been a primary goal of the initiative.

The operational savings achieved through the replacement of old building systems with modern and efficient systems will be realized for the portion of the building occupied by the city. These savings will temporarily be offset by the additional cost of operating the remaining vacant space until such time as additional users can be found to occupy and pay for that space. The result would be a temporary cost burden to the City over and above a fully occupied building.

Including all program requirements, and assumptions above, the total estimated project cost to renovate and occupy the current city hall is estimated to be \$79,133,058.

The available funds appropriated by the State of Michigan are \$40,000,000.

The net deficit for this option is (\$39,133,058) and is not feasible given current funding capacity.



2 Summary of Assumptions

KMG incorporated several assumptions as provided in the referenced documents into the detailed cost estimate, including the following:

- Hazardous Materials identified by SME are present throughout the building and require significant safety measures to properly abate the facility prior to and during renovation activities. All identified material abatement is included.
- Given the age and condition of the building systems, the improvements identified by DLZ requires complete replacement of Mechanical, Electrical, and Plumbing systems throughout the facility that are beyond the end of useful life. The extent of renovations will render the building unusable during renovations.
- Exterior windows and roofing require full replacement.
- The current closed office configuration throughout the facility is inefficient and is not conducive to a highly effective work environment. The reconfiguring of spaces has been incorporated to create a highly efficient work environment in keeping with the current programming and operational requirements of the department established by Krieger Klatt Architects and the City of Lansing.
- Repairs have been incorporated for below grade parking and for meaningful site improvements to the plaza.
- The entire City Hall building includes 157,910 sf of office space, plus a 31,212 sf parking structure. The current needs of all programs remaining in city hall following the public safety relocation is approximately 78,273 sf and can be located within a part of 1st floor, plus floors 6, 7, 8, 9, and 10. The balance of 1st floor, and floors 2,3,4,5 and the former police and courts facility areas would remain unoccupied.
- Current city programs located at North Capital Ramp could potentially relocate to this campus and locate on one of the vacant floors, however no costs are included to fund that relocation at this time.
- The cost to abate hazardous materials throughout the entire facility, and full replacement of all major building systems is included in the estimate.
- New Information Technology, Audio Visual, and Security Systems have been included for occupied areas.
- New Furniture, Fixtures, and Equipment has been included to activate the renovated spaces and more open office work environments.
- Temporary relocation of the city workforce for 24 months, and relocation into completed facility has been included. Possible modifications to this assumption could be evaluated further.
- Costs are escalated to reflect construction occurring in 2025/2026.
- Appropriate owner contingencies have been incorporated to reflect the uncertain existing conditions of the building, and the preliminary level of this conceptual study.



3 Detailed Cost Summary

Project Cost Summary

KRAMER MANAGEMENT GROUP

Client Name:	City of Lansing	Date:	3/1/24
Project Name:	Renovate Existing City Hall	Revision:	0.0
Project Location:	Lansing, MI		
Estimate Type:	COST MODEL	Bid Date:	2025
Notes:			

A. Construction: **\$59,678,100**

BUILDING ESTIMATE SUBTOTAL:	157,910	GSF	\$	284	\$44,856,000
SITEWORK ESTIMATE SUBTOTAL:	0.7	ACRE	\$	6,965,284	\$4,841,000
Subtotal	157,910	GSF	\$	315	\$49,697,000
Design / Scope Contingency		10.00%	\$	31	\$4,969,700
Subtotal					\$54,666,700
Escalation		5.00%	\$	17	\$2,733,300
Subtotal					\$57,400,000
Contractor's or Sub Bonds		1.25%	\$	5	\$717,500
Construction Total	157,910	GSF	\$	368	\$58,117,500
PARKING DECK RENOVATION	31,212	GSF	\$	50	\$1,560,600

B. Design and Review: **\$4,825,858**

A/E Fees	7	%	4,177,467	4,177,467
Reimbursables	0	LSUM		-
Regulatory Fees	0	LSUM		-
Communication Consultant	0	LSUM		-
Phase 1 & 2 Surveys	0	LSUM		-
Geotech/Soil Borings	0	LSUM		-
Plan Review/Permits	0.5	%	298,391	298,391
Abatement Specification & Monitoring	1	LSUM	250,000	250,000
Construction Testing	1	LSUM	100,000	100,000

C. Management & Inspection: **\$5,755,000**

Owner Admin. Costs	2%	79,000,000	1,580,000
Temp. Relocation Expenses	1	LSUM	500,000
Temporary Rent	75,000	SQFT	30
Temporary Operating Costs	75,000	SQFT	17
Relocation Expenses	1	150,000	150,000

D. Site Acquisition: **\$0**

Land Acquisition	0	LSUM	-
Legal Fees, etc.		LSUM	-

E. FF&E **3,697,200**

Artwork	1	LSUM	75,000	75,000
Furnishings				-
Private Offices	63	EACH	8,000	504,000
Work Stations	150	EACH	6,000	900,000
Conference Rooms	230	SEAT	800	184,000
Breakrooms	5	EACH	6,000	30,000
Council Chambers Public Seating	150	EACH	600	90,000
Council Chambers Dais Seating	17	EACH	2,000	34,000
Department Waiting/Reception Areas	20	EACH	1,000	20,000
Common Areas	7	FLR	2,500	17,500
Mother's Room	2	EACH	2,500	5,000
Lockers (2 Tier)	50	EACH	700	35,000
Sound Masking	78,273	SQFT	1.50	117,410
Appliances - (Ref./coffee/microwave/ice m	78,273	SQFT	0.50	39,137
Food Service Equipment	1	LSUM	50,000	50,000
Defibs	7	EACH	3,400	23,800
Telecomm Cabling	78,273	SQFT	w/Construction	
IT Rooms MDF/IDF	78,273	SQFT	5.00	391,365
Wireless Access Points	71	EACH	1,750	124,525
Phones (Moving Existing)		NIC		-
Desktop PC's		NIC		-
Computer Servers		NIC		-

Project Cost Summary

KRAMER MANAGEMENT GROUP

Client Name:	City of Lansing	Date:	3/1/24
Project Name:	Renovate Existing City Hall	Revision:	0.0
Project Location:	Lansing, MI		
Estimate Type:	COST MODEL	Bid Date:	2025
Notes:			

AV Systems (City Council Chambers)	1	LSUM	150,000	150,000
AV Systems - Small Conference/Huddle	12	EACH	5,000	60,000
AV Systems - Medium Conference	12	EACH	15,000	180,000
AV Systems - Large Conference	1	EACH	35,000	35,000
Misc. AV Displays	78,273	SQFT	0.50	39,137
Room Schedulers	30	EACH	1,000	30,000
Security Cameras - Interior	70	EACH	1,500	105,000
Security Cameras - Exterior	20	EACH	2,500	50,000
Card Access System	69	EACH	2,500	172,500
	35			-
Cell Signal Booster	78,273	SQFT	1.50	117,410
Interior Signage	78,273	SQFT	1.50	117,410
Exterior Signage		w/Construction		

F. Reservations \$5,176,900

Owner Contingency (Items A thru E)	7.0%	5,176,900
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Total Project Estimate:	\$501.13	\$79,133,058
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Project Area Summary

KRAMER MANAGEMENT GROUP

Client Name: **City of Lansing**
 Project Name: **Renovate Existing City Hall**
 Project Location: **Lansing, MI**
 Estimate Type: **COST MODEL**
 Notes: **NOTES HERE**

Date: **3/1/24**
 Revision: **0.0**
 Bid Date: **2025**

	Enclosed Area	less Atrium	Total Area	1/2 Areas (at full sf)	Total AIA GSF	Floor-to-Floor	Volume (CF)
Basement Parking	31,212	0	31,212	0	31,212	14.5	452,574
Basement less Parking	6,132	0	6,132	0	6,132	14.5	88,914
Sub-Basement	9,533		9,533		9,533	14.5	138,229
1st Floor	22,720	0	22,720	0	22,720	14.5	329,440
2nd Floor	11,524		11,524		11,524	14.5	167,098
3rd Floor	15,740		15,740	0	15,740	14.5	228,230
4th Floor	15,740		15,740		15,740	14.5	228,230
5th Floor	15,740	0	15,740	0	15,740	14.5	228,230
6th Floor	15,740		15,740		15,740	14.5	228,230
7th Floor	13,020		13,020		13,020	14.5	188,790
8th Floor	9,577		9,577		9,577	14.5	138,867
9th Floor	9,577		9,577		9,577	14.5	138,867
10th Floor	9,577		9,577		9,577	14.5	138,867
Penthouse	3,290		3,290		3,290	14.5	47,705
Total Gross Square Footage	157,910	0	157,910	0	157,910		2,742,269

Roof Area **24,405**

Parking Area **31,212**

Site Area (ACRE) **0.695**

Plaza Area **18,100**

Fit Out Area **78,273** Assumed 50% of 1st Floor

Shell Area **79,637**

Construction Systems Cost Summary

KRAMER MANAGEMENT GROUP

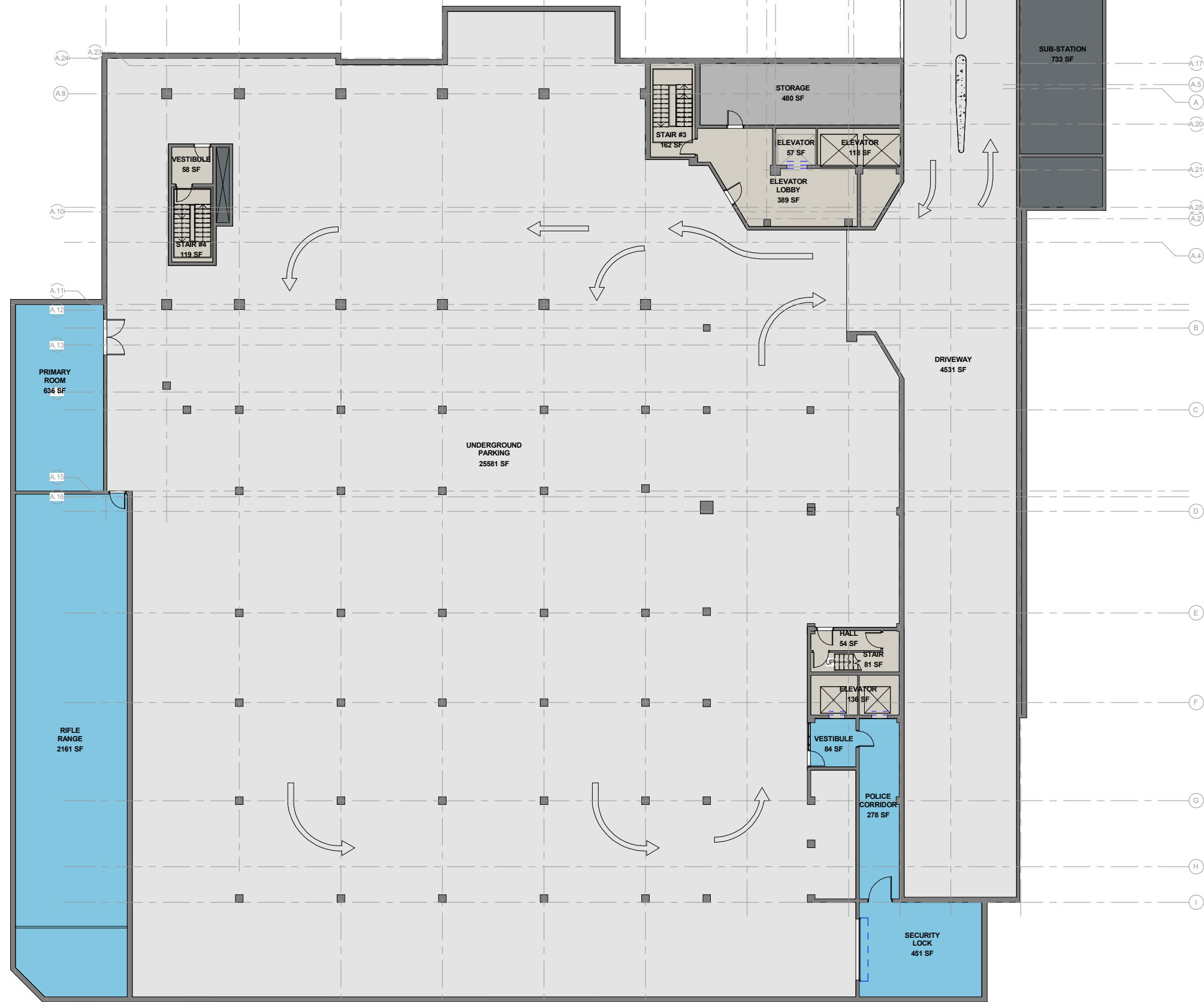
Client Name:	City of Lansing	Date:	3/1/24
Project Name:	Renovate Existing City Hall	Revision:	0.0
Project Location:	Lansing, MI		
Estimate Type:	COST MODEL	Bid Date:	2025
Component:	RENOVATION & SITEWORK		
Notes:			

GSF:	157,910	Foot Print Area (SF):	22,720	Bsmt Area (SF):	37,344
Site Area (Acre):	0.7	Perimeter (LF):	varies	Supported Flr (SF):	151,778
Enclosed Area:	157,910	FLR/FLR Height:	15.0	Roof Area (SF):	24,405
Fit Out Area:	78,273	Skin to Floor Ratio:	0.51	VOL(CUFT):	2,742,269

SYSTEM	SUBSYSTEM	PERCENT	QUANTITY	UNIT	UNIT COST	SYS.COST	COST/GSF
A' Substructure 0.0%	A1010 Standard Foundations	0.0%	22,720	FPA	0.00	\$0	\$0.00
	A1020 Special Foundations	0.0%	22,720	FPA	0.00	\$0	\$0.00
	A1030 Slab on Grade	0.0%	0	SQFT	0.00	\$0	\$0.00
	A2010 Basement Excavation	0.0%	0	BCF	0.00	\$0	\$0.00
	A2020 Basement Walls	0.0%	0	BWA	0.00	\$0	\$0.00
B' Superstructure 13.9%	B1010 Floor Construction	1.0%	151,778	UFA	3.12	\$473,730	\$3.00
	B1020 Roof Construction	0.0%	24,405	RA	0.00	\$0	\$0.00
	B2010 Exterior Walls	0.9%	46,230	XWA	10.00	\$462,300	\$2.93
	B2020 Exterior Windows	9.1%	34,390	WA	131.32	\$4,515,950	\$28.60
	B2030 Exterior Doors	0.2%	10	LEAF	8,900	\$89,000	\$0.56
	B3010 Roof Coverings	2.7%	24,405	RA	55.00	\$1,342,275	\$8.50
	B3020 Roof Openings	0.0%	0	RO	0.00	\$0	\$0.00
C' Interior Const 17.7%	C1010 Partitions	4.9%	0	PSF	0.00	\$2,438,739	\$15.44
	C1020 Interior Doors	2.1%	0	LEAF	0	\$1,023,005	\$6.48
	C1030 Fittings	1.1%	157,910	GSF	3.49	\$551,321	\$3.49
	C2010 Stair Construction	1.1%	32	Stair Flights	17,500	\$560,000	\$3.55
	C2020 Stair Finishes	0.5%	32	Stair Flights	7,460	\$238,720	\$1.51
	C3010 Wall Finishes	2.8%	79,637	WFA	17.23	\$1,372,506	\$8.69
	C3020 Floor Finishes	2.7%	0	FFA	0.00	\$1,334,733	\$8.45
	C3030 Ceiling Finishes	2.6%	79,637	CFA	16.26	\$1,294,915	\$8.20
D' Devices 38.0%	D1010 Elevators & Lifts	6.1%	47	Number of Stops	65,000	\$3,055,000	\$19.35
	D1020 Escal. & Moving Walks	0.0%	0	Length of stairs d	0.00	\$0	\$0.00
	D1030 Other Conveyances	0.0%	0	Each System	0.00	\$0	\$0.00
	D20 Plumbing	4.1%	0	Number of Fixtur	0	\$2,043,282	\$12.94
	D30 HVAC	14.3%	0	Tons	0	\$7,092,310	\$44.91
	D40 Fire Protection	1.6%	157,910	Protected Area	4.93	\$779,268	\$4.93
	D50 Electrical	11.9%	0	kW	0.00	\$5,897,755	\$37.35
E' Equipment 0.3%	E10 Fixed Equip.	0.1%	157,910	GSF	0.16	\$25,000	\$0.16
	E20 Furnishings	0.2%	157,910	GSF	0.71	\$111,496	\$0.71
F' Special Const. 7.0%	F10 Spec Const	0.0%	157,910	GSF	0.00	\$0	\$0.00
	F20 Selective Bldg. Demo	7.0%	157,910	Demo SF	22.00	\$3,474,020	\$22.00
L' Allowances 0.0%	L10 Design/Scope Allowances	0.0%	0	Allowance SF	0.00	\$0	\$0.00
	L20 TI Allowances	0.0%	0	T/I Allowance SF	0.00	\$0	\$0.00
Z' General 13.4%	Z10 GC's, O&P, Fee	13.4%	17.50%	PCT		\$6,680,700	\$42.31
		0.0%					
BUILDING ESTIMATE SUBTOTAL:		90.3%	2,742,269	CUFT	16.36	\$44,856,024	\$284.06
G' Sitework 8.3%	G10 Site Prep/Demolition	1.0%	0.70	ACRE	719,405	\$500,000	\$3.17
	G20 Site Improvements	7.3%	0.70	ACRE	5,208,495	\$3,620,000	\$22.92
	G30/40 Site Utilities	0.0%	0.70	ACRE	0	\$0	\$0.00
	G90 Off Site	0.0%	0.70	ACRE	0	\$0	\$0.00
Z' General 1.5%	Z10 GC's, O&P, Fee	1.5%	17.50%	PCT		\$721,000	\$4.57
		0.0%					
SITWORK ESTIMATE SUBTOTAL:		9.7%	0.7	ACRE	6,965,284	\$4,841,000	\$30.66
BUILDING & SITE ESTIMATE SUBTOTAL:		100.0%				\$49,697,024	\$315



4 Existing Building Floor Plans (for reference)



KEY		
	Common Core	1,320 SF
	Mechanical Space	950 SF
	Storage	480 SF
	Police Department	3,650 SF
	Parking	30,335 SF
GROSS TOTAL AREA:		37,344 SF



NOT FOR
CONSTRUCTION

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LANSGING CITY HALL
CITY HALL BUILDING ASSESSMENT

BASEMENT

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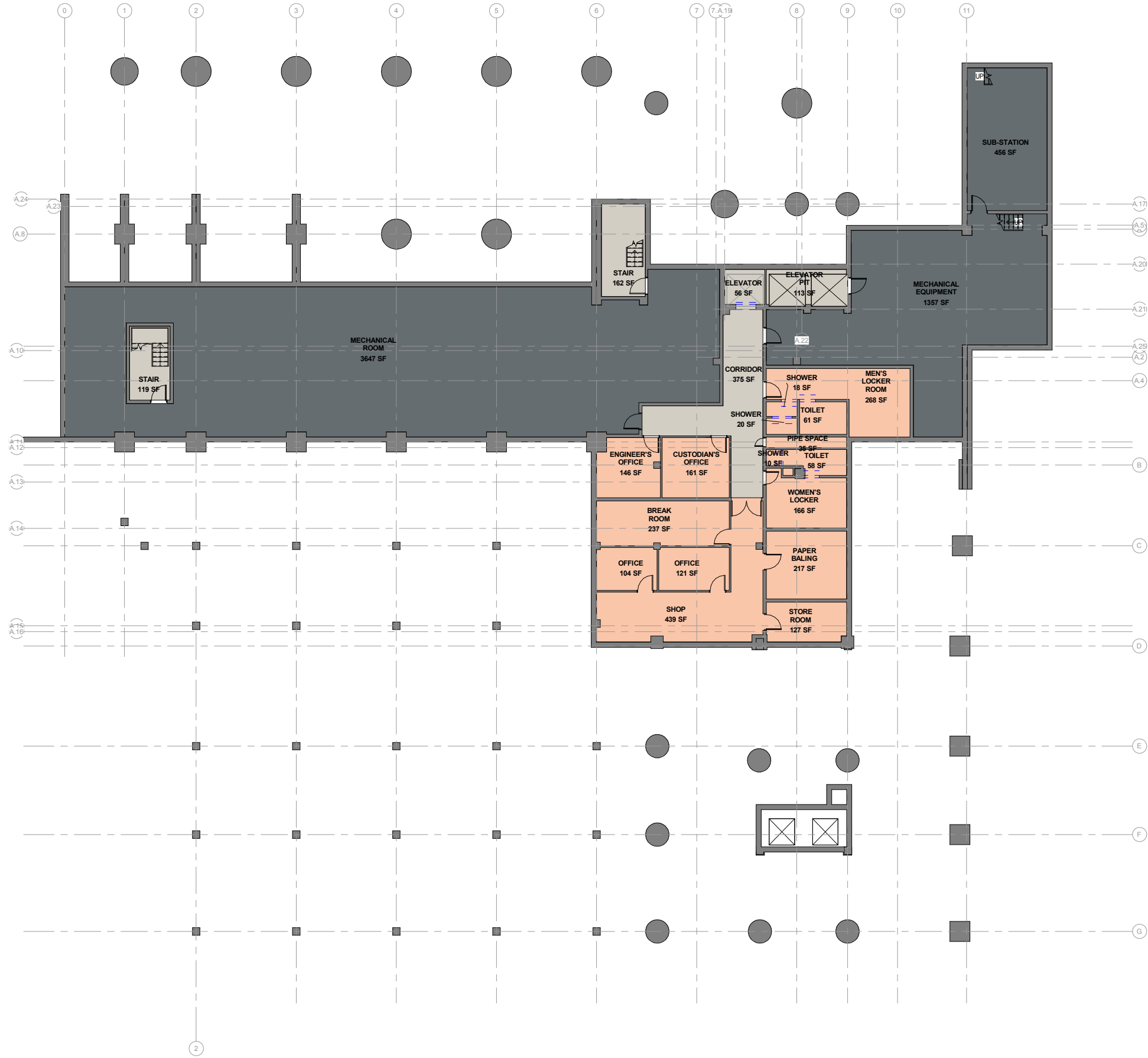
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2/11/2016 3:11:53 PM

1

A0.02

-2.0 PLAN

SCALE: 3/32" = 1'-0"



KEY

Common Core

850 SF

Mechanical Space

5,500 SF

Operational Services

2,340 SF

GROSS TOTAL AREA:

9,533 SF

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			DESIGNED: -	
			APPROV'D: ETB	
			DATE: Issue Date	
			PROJECT NUMBER	1541.6686.90

LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT

SUB-BASEMENT

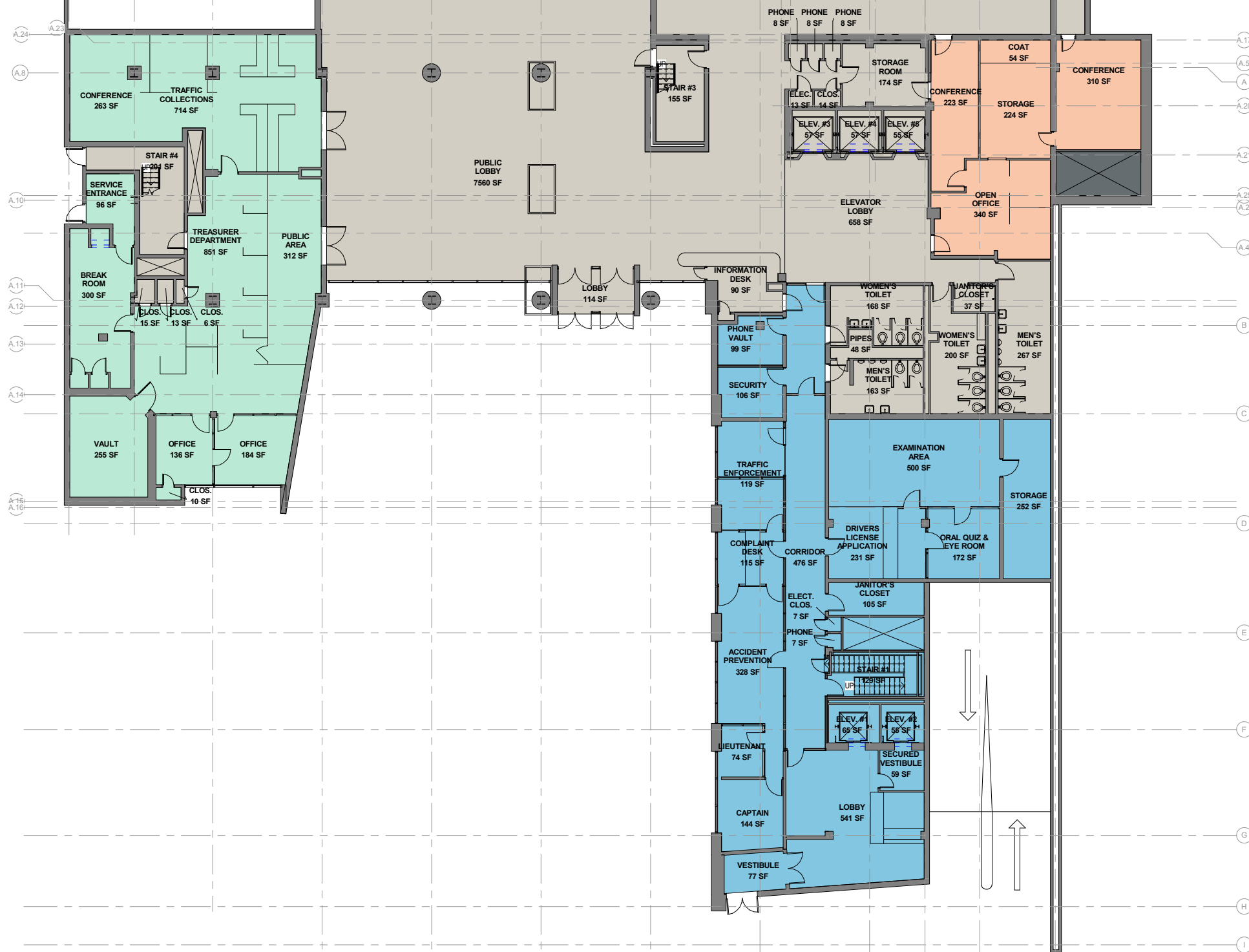
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LOWER LEVEL FLOOR PLAN
SCALE: 3/32" = 1'-0"



Common Core	10,710 SF
Mechanical Space	130 SF
Operational Services	1190 SF
Police Department	4,260 SF
City Treasurer	3,240 SF

GROSS TOTAL AREA: 22,720 SF



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APPROVD: CFB			
DATE: Issue Date			
PROJECT NUMBER			
1541.6686.90			

LANSGING CITY HALL
CITY HALL BUILDING ASSESSMENT

FIRST FLOOR

DRAWING NUMBER
A1.0



KEY		
	Common Core	2,620 SF
	Mechanical Space	1,520 SF
	Storage	395 SF
	Operational Services	350 SF
	Police Department	5,150 SF
GROSS TOTAL AREA:		11,524 SF



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LANSGING CITY HALL
CITY HALL BUILDING ASSESSMENT

SECOND FLOOR

DRAWING NUMBER
A2.0



KEY

Common Core	2,120 SF
Mechanical	530 SF
IT Department	655 SF
City Assessor	4,560 SF
Financial Empowerment	560 SF
Jail/Booking	6,430 SF

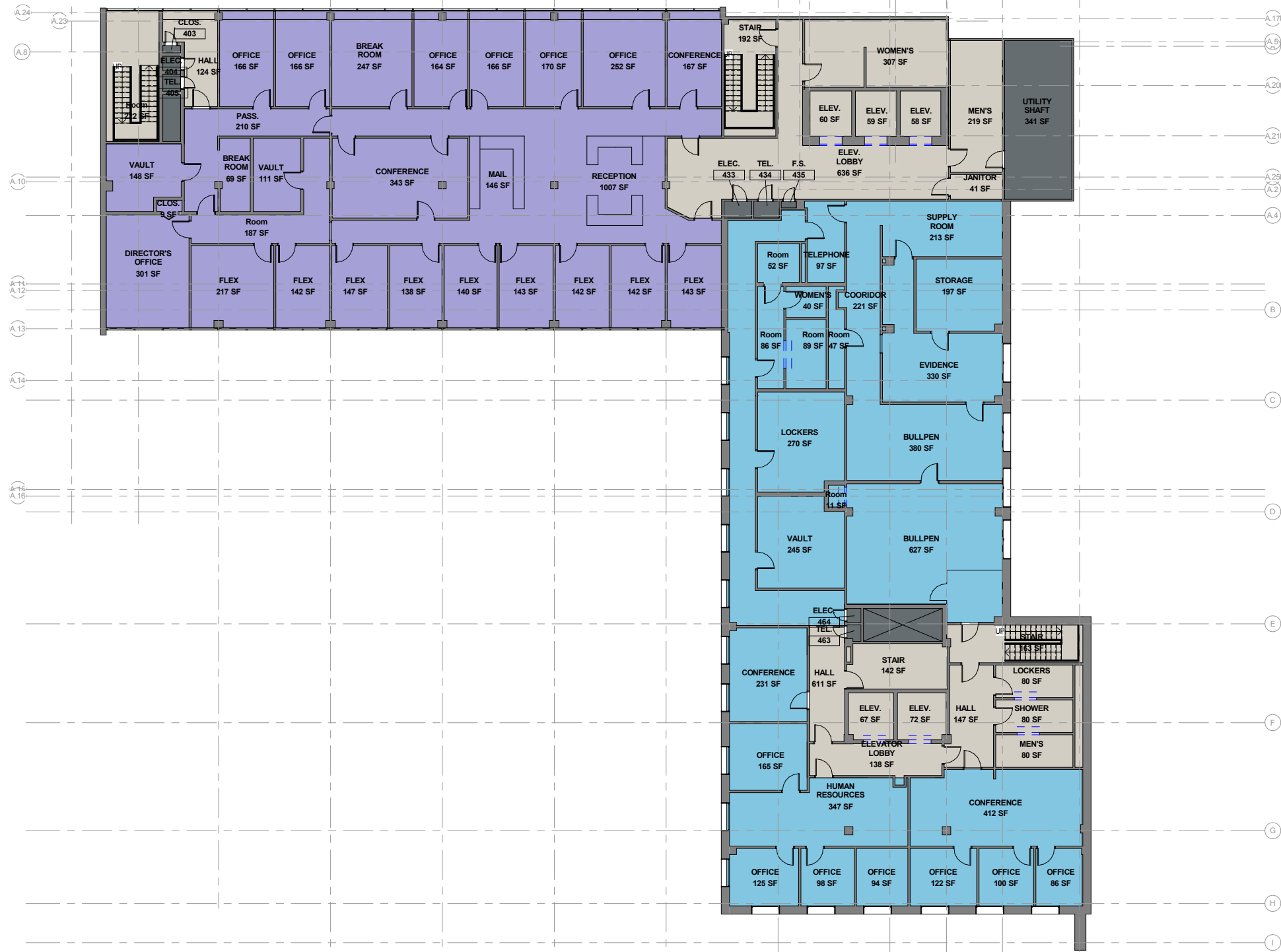
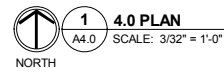
GROSS TOTAL AREA: 15,740 SF



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DATE	REVISION	NO.	CHK'D: SCL	DESIGNED: -	APPROVED: ETB	DATE: Issue Date	PROJECT NUMBER
							1541.6686.90

LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT
THIRD FLOOR



KEY		
	Common Core	3,290 SF
	Mechanical	560 SF
	Human Relations	5,650 SF
	Police Department	5,500 SF
GROSS TOTAL AREA:		15,740 SF

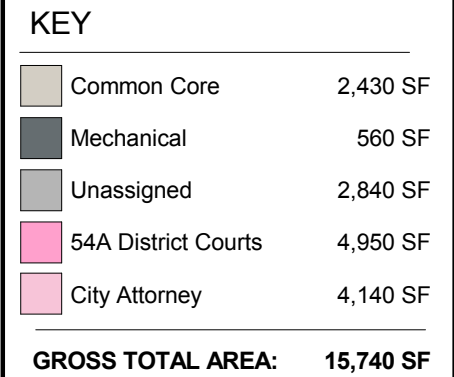


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LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT
FOURTH FLOOR

A4.0



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	APPRV'D: EJB				
	DATE: Issue Date				
	PROJECT NUMBER				
	1541.6686.90				

LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT

DRAWING NUMBER
A5.0



KEY

	Common Core	2,480 SF
	Mechanical	550 SF
	54A District Courts	11,940 SF

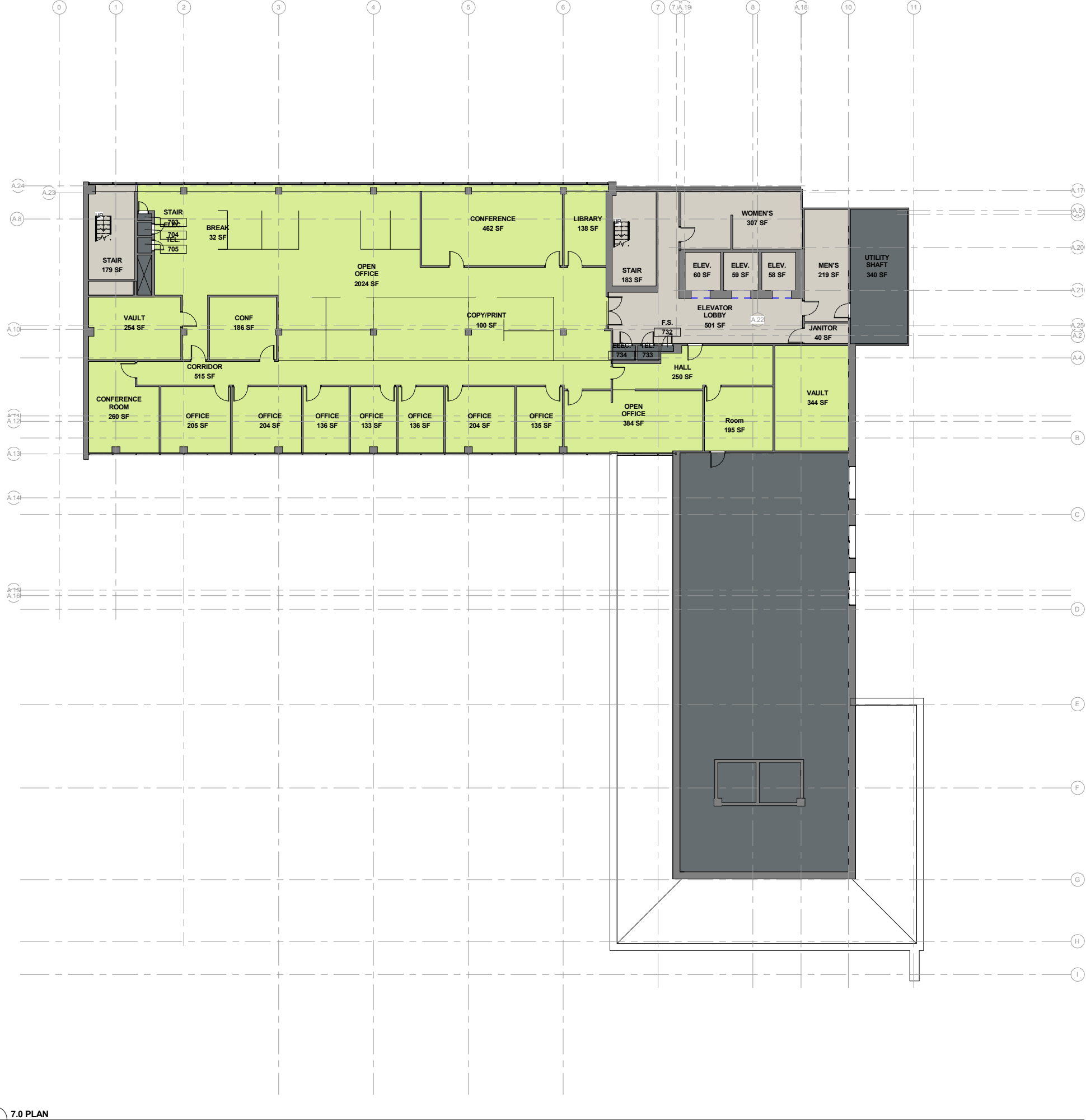
GROSS TOTAL AREA: 15,740 SF



NOT FOR
CONSTRUCTION

DATE	REVISION	NO.	CHK'D: SCL	DESIGNED: -	APPROV'D: ETB	DATE: Issue Date	PROJECT NUMBER
							1541.6686.90

LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT
SIXTH FLOOR



KEY		
	Common Core	1,820 SF
	Mechanical	3,560 SF
	Public Services	6,970 SF
GROSS TOTAL AREA:		13,020 SF



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CONSTRUCTION

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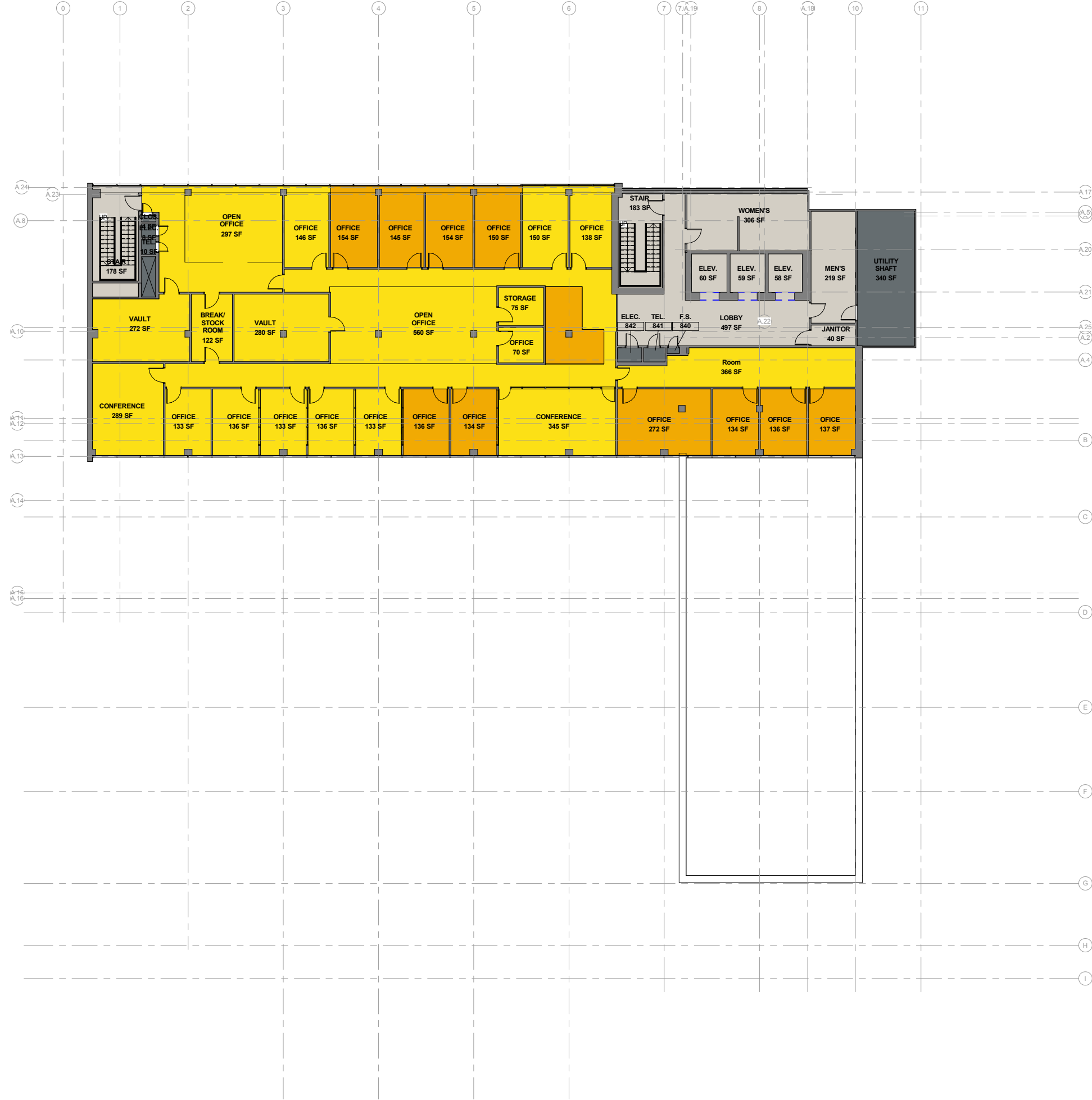
LANISING CITY HALL
CITY HALL BUILDING ASSESSMENT

SEVENTH FLOOR

A7.0



1 8.0 PLAN
A8.0 SCALE: 3/32" = 1'-0"



KEY

Common Core	1,810 SF
Mechanical	420 SF
Human Resources	2,870 SF
Finance Department	4,130 SF

GROSS TOTAL AREA: 9,577 SF



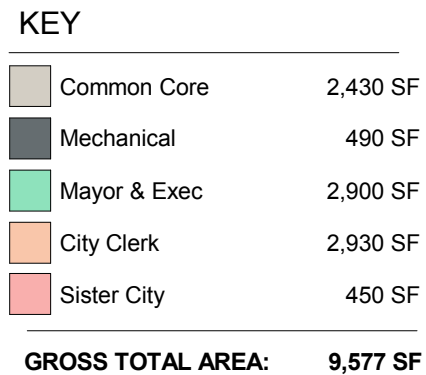
NOT FOR
CONSTRUCTION

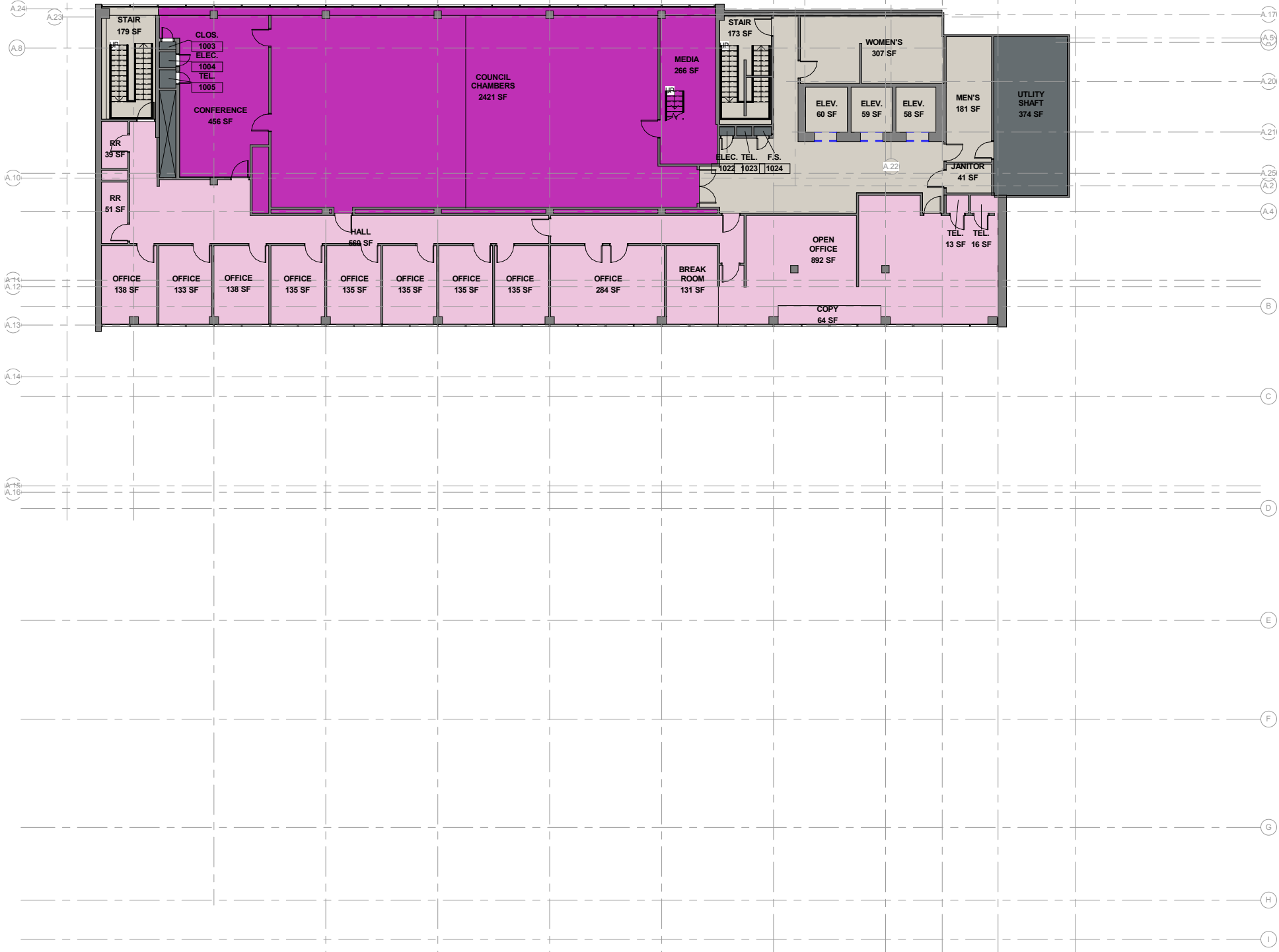
DRAWN: REV	CHK'D: SER	NO.	REVISION	DATE
DESIGNED: BY				
APPROV'D: BY	ETB			
DATE: Issue Date				
PROJECT NUMBER				
1541.6686.90				

LANSEING CITY HALL
CITY HALL BUILDING ASSESSMENT

EIGHTH FLOOR

DRAWING NUMBER
A8.0





KEY		
	Common Core	1,850 SF
	Mechanical	460 SF
	City Council	3,530 SF
	Council Chambers	3,460 SF
GROSS TOTAL AREA:		9,577 SF



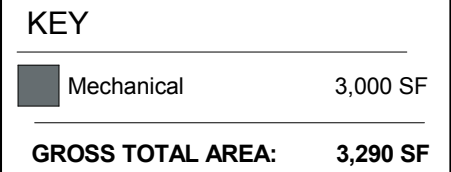
NOT FOR
CONSTRUCTION

[illegible]

LANSING CITY HALL
CITY HALL BUILDING ASSESSMENT

TENTH FLOOR

A10.0



NOT FOR
CONSTRUCTION

[illegible]

ELLSWORTH CITY HALL
CITY HALL BUILDING ASSESSMENT

ELEVENTH FLOOR

Resolution #2024-

By the Committee of the Whole
Resolved by the City Council of the City of Lansing

Act-1-2024, Purchase of Property, 217 S. Capitol Ave.

WHEREAS, the City of Lansing, has requested to acquire from 217 Capitol, LLC, a parcel of land located in downtown at 217 S. Capitol Ave., Lansing, MI 48933, and commonly known as the Masonic Temple (the "Property"), to facilitate its renovation into the new Lansing City Hall; and

WHEREAS, the property is currently unoccupied and improved with a single structure containing approximately 110,000 square feet of interior space; and

WHEREAS, the City would also acquire a Visibility Easement on the parcel directly to the north of the Property, from 217 Capitol, LLC; and

WHEREAS, an appraisal was made prior to negotiations beginning with the purchaser, which appraisal returned a fair market value of Three Million Six Hundred Fifty Thousand Dollars (\$3,650,000.00) as of October 5, 2023; and

WHEREAS, the agreed upon purchase price for the Property and Visibility Easement is not-to-exceed Five Million Dollars (\$5,000,000.00) plus closing costs; and

WHEREAS, on January 18, 2024, the Planning Commission reviewed the location, character, and extent of the proposal in accordance with its Act 33 Review procedure, and voted 6-0 to recommend approval of Act-1-2024, Purchase of Property, 217 S. Capitol Ave.; and

WHEREAS, the Committee on Development and Planning has reviewed the report and recommendation of the Planning Commission and concurs therewith.

NOW THEREFORE BE IT RESOLVED, the Lansing City Council hereby approves Act-1-2024, and approves the purchase of property legally described as:

The South 52 feet of Lot 9; the North 14 feet of Lot 9, and the South 33 1/6 feet of Lot 10, block 115, Original Plat, City of Lansing, Ingham County, Michigan, according to the Plat thereof, as recorded in Liber 2 of Plats, Page 36 Ingham County Records.

from 217 Capitol, LLC, along with a Visibility Easement on the parcel to the north, legally described as:

The North 32 5/6 feet of Lot 10, and the South 21 feet of Lot 11, block 115, Original Plat, City of Lansing, Ingham County, Michigan, according to the Plat thereof, as recorded in Liber 2 of Plats, Page 36 Ingham County Records.

for a combined sum not-to-exceed Five Million Dollars (\$5,000,000.00), plus closing costs.

BE IT FINALLY RESOLVED, that the Mayor, on behalf of the City, is authorized to execute all documents necessary to complete this transaction, subject to the prior approval as to content and form by the City Attorney.

***Testimony for Lansing Committee of the Whole
March 11, 2024
David C. Hollister***

Mayor Schor, President Garza and City Council Members:

As a Lansing citizen with 50 years of experience in public service, including former mayor of this city, I felt it important that I be here and share my support for the proposed projects. These projects, when approved, will be as transformational to Lansing as the stadium district and CATA developments were in the mid-90s.

A lot of progress and a few setbacks have occurred since then. The Covid pandemic has had a significant impact on downtowns across the country, requiring leaders from both the public and private sectors to be even more creative in responding to a changing environment.

In that light, I want to commend our local legislators—Rep. Whitwer and Sen. Anthony—for their leadership and vision in shepherding the passage of \$80 million in appropriations to move Lansing forward. This public investment allows for the relocation of City Hall into the historic Masonic Temple building, allowing the current city hall to be rehabbed into a much-needed hotel on prime property across from the Capitol. This idea has been around for many years and many mayors, and Mayor Schor is to be congratulated for finally getting it off the drawing board.

For Lansing to become a more vibrant capital city that supports a strong regional economy, more housing is needed downtown. The state appropriation will help the Gentilozzi projects add hundreds of needed housing units, new green space, improved infrastructure and more retail and restaurants.

Another long-time dream of mine and the arts community has been the development of a performing arts center in the heart of the city. This project will make Lansing a more cultural destination, bringing folks from miles around to the downtown for entertainment and the chance to see what else Lansing has to offer.

These and other plans before you are transformational and exactly what Lansing needs to become the World Class City it is capable of being. They will strengthen the economic core of the region and help us retain and attract talent and jobs.

My many years of involvement in this community has convinced me that these are the right projects, with the right partners, with solid resources at the right time to make it happen. So GO FOR IT! and move Lansing forward, Your support will impact this region in countless ways for many years to come.

Thank you.