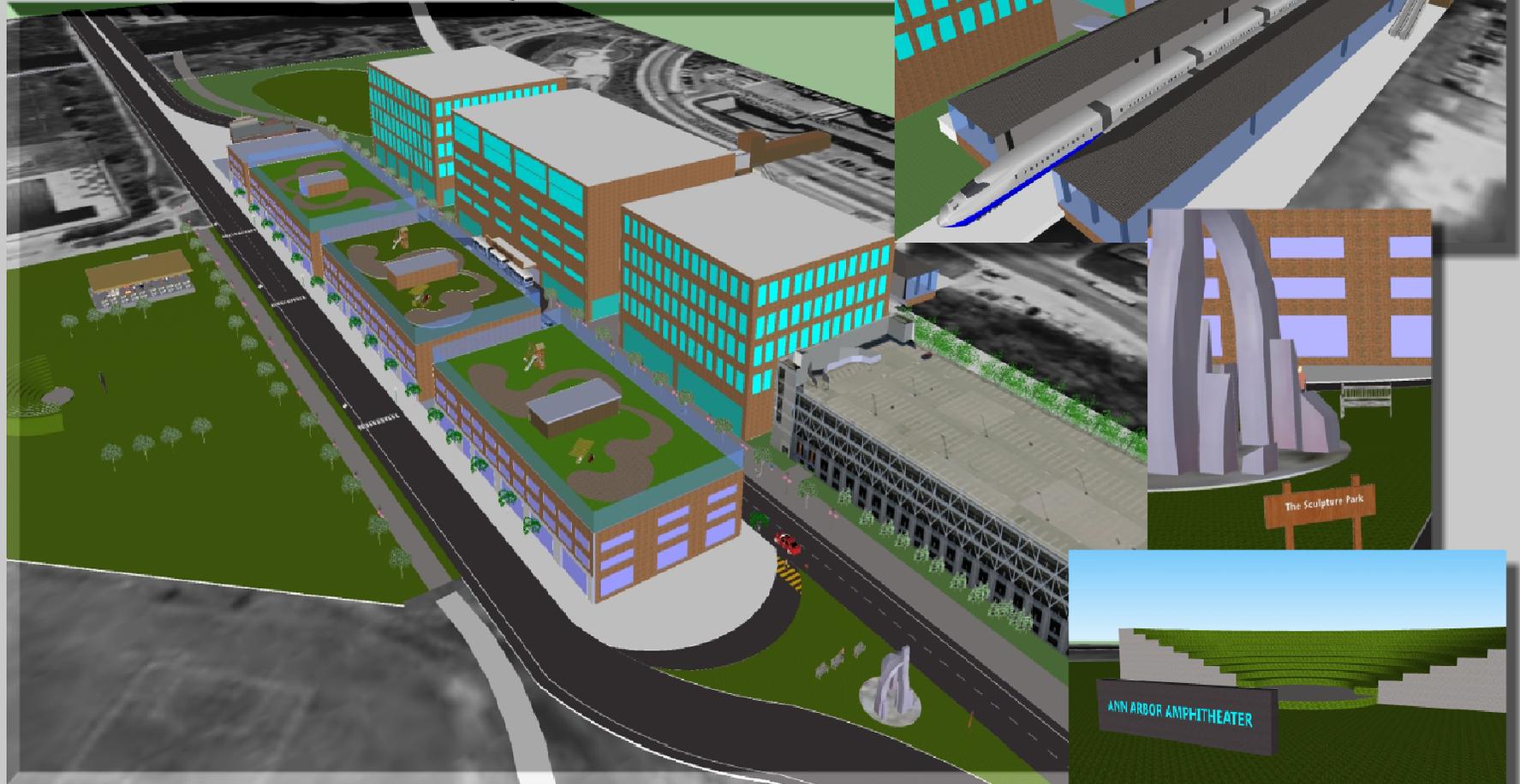


The Arbor Gate

the gate to Ann Arbor



A development project by : SHM, LLC.

Maksym Vizgalin, MBA
CFO and Marketing

Hans Fruechtenicht, MUP
Site Planner and Designer

Sutrisno Kurniawan, MCEng
Construction Engineer and Designer

Real Estate Essentials Term Project
December 11, 2009



December 11, 2009
Peter Allen
University of Michigan
701 Tappan Street
Ann Arbor, MI 48109

Dear Peter,

SHM, LLC proudly presents to you the redevelopment plans for the parking lot site on Fuller Road at Maiden Lane.

Arbor Gate will be the catalyst for independence, mobility, and densification that the City of Ann Arbor and its constituents have been striving for. The project will be one of the most progressive mixed-use, multi-modal transportation nodes in the Midwest. Arbor Gate includes and connects to commuter rail, bus, light rail, Zipcar and eventually, high speed rail. Our development will put a modern twist on Ann Arbor's Main Street and will include new park space, residential, office, and retail options. Arbor Gate is all about connection: connection to airports, nearby cities, and especially, connection to the Ann Arbor community.

The partners of SHM, LLC utilize talents from the fields of Construction Engineering, Business, and Urban Planning and were wholeheartedly committed to offering the City of Ann Arbor and its fellow stake holders an active and mobile lifestyle filled with entertainment and comfort. We believe that Arbor Gate represents a fair and balanced execution of the talents that we possess and hope you will be moved by our project.

Thanks you for your time and we look forward to your feedback.

Sincerely,

Maksym Vizgalin, MBA
CFO and Marketing

Hans Fruechtenicht, MUP
Site Planner and Designer

Sutrisno Kurniawan, MCEng
Construction Engineer and Designer

Arbor Gate



Table of Contents

Executive Summary	1
Site Analysis	3
Concept & Design	7
Stakeholder Analysis	17
Financial Analysis	21
Appendix A - Resumes	29
Appendix B - Financial Calculation	32
Appendix C - Work citation	34



Intermodal Transportation



Source: <http://www.planning.org/greatplaces/streets>

Ann Arbor Community is a close community

Arbor Gate

Executive Summary

Arbor Gate is the creation of a downtown in Northern Ann Arbor and will act as Ann Arbor's new Grand Central Station. Arbor Gate will be located on a high-speed rail line connecting Chicago and Detroit and a commuter rail connecting Jackson, MI. to Detroit, MI. that will pass through seven times a day. In addition to long distance rail, light-rail will traverse through Arbor Gate from southwestern Ann Arbor to the former Pfizer site or Domino Farms in northeastern part of the city. To top off the transportation options, the Ann Arbor Transit Authority and University of Michigan buses will service the development. This sophisticated transportation system will open Ann Arbor not only to Michigan, but also to the entire world through its direct connection to the Detroit Metro International Airport.

Arbor Gate will be a state of the art development with Victorian charm. Located in Arbor Gate will be office space, residential living options, and retail. The retail installations will include a health-food produce market, various night-life activities, clothiers, and a movie theater. Arbor Gate will facilitate the densification process in Ann Arbor; less reliance on personal vehicles and more walkability is one of the major goals of the Arbor Gate development. Green technology will also be a priority in designing Arbor Gate in order to be LEED Certified. Innovative ideas such as green roof and pervious paving in the walking area will be incorporated in the design. One of the major goals of Arbor Gate is to assimilate with the Ann Arbor atmosphere. We want to create a Main Street atmosphere with high-tech accents.



Main Street. One of the best downtowns in the country will be emulated at Arbor Gate

Arbor Gate is projected to create many jobs in an economy that is in transition. According to the Detroit News analysis of the U.S. Census Bureau data Michigan ranked 49th in the nation in retaining young adults, losing 22,000 jobs between 2000 and 2005.

The Michigan economy is abysmal, but Ann Arbor has been a relative sanctuary from the ills of the economy. However, like many cities across the country, Ann Arbor and Michigan will be focusing on a "Med's and Ed's" economy; education and the medical field will restore a prosperous economy. Moreover, Arbor Gate will help retain some young urban professionals that would otherwise choose other states or cities to live in and will help reinvigorate the economy in Michigan. The Medical Field in the United States has become one of the largest and quickest growing sects of the economy. The Southeast Michigan Council of Government's (SEMCOG) believes there will be a 33% increase in the health care industry in the City of Ann Arbor by 2030.ⁱⁱ Therefore, Arbor Gate will be in the perfect position to take advantage of this growth. Furthermore, The University of Michigan is "in its 12th straight year of making the upper echelon of honor roll of 'America's Best Hospitals.'" When the rest of the country sees all the transportation options connecting education to the medical field, Ann Arbor and Arbor Gate will be as desirable as Portland, Oregon and Pittsburgh, Pennsylvania. According to our estimates, the project will create at least 9 jobs per 1,000 square feet of office and retail space. As the development will take off, the world will be watching.

Executive Summary

Proximity to education will be one of the greatest assets of the Arbor Gate project. In the vicinity of Arbor Gate are world class schools: the University of Michigan, Eastern Michigan University, Washtenaw Community Colleges, and Ann Arbor's exemplary Public School System. Like cities such as Pittsburgh, Pennsylvania, Ann Arbor will focus more so on education than it has in the past. Along with the City of Ann Arbor, the State of Michigan will transition its economy by focusing its efforts on the world of education. The future is bright for Ann Arbor and Michigan because they are already strong in the fields of education and medical.

The financial analysis suggests that even in present difficult real estate market this project will be profitable and sustainable. The long-term prospects are even brighter and that is why our strategy is built around 12-year commitment to the Arbor Gate development. The City of Ann Arbor will benefit from our development as Arbor Gate will create new jobs and generate taxes for the city. Debt and equity holders will also benefit from the project as it will be cash-flowing and prospering shortly after launching. The ultimate beneficiary, however, will be communities of Ann Arbor that will receive another great place to live, work and entertain themselves. Arbor Gate will be no doubt a paragon development for all transit-oriented developments throughout the World. The financial sensitivity analysis suggests that the project will be very profitable with positive cash flow from operations starting in year nine.

The contingency of success is creating a favorable capital structure with equity that will consist of the land that will either be donated by the city of Ann Arbor, or rented from the city at 1% of the NOI created, various TIF's and tax-breaks, and auctioned shares of the development. The debt will be leveraged via the projected NOI and equity cushion. The debt will most likely consist of three layers: pay-in-kind Notes, Patient Mezzanine Debt and Senior Bank Debt. We will utilize the exactly same framework that private equity firms do when they structure their deals and try to maximize the shareholders' profits. Due to our expertise, we will negotiate the capital structure ourselves and will capture the profits that otherwise would have been captured by involved private equity firms.

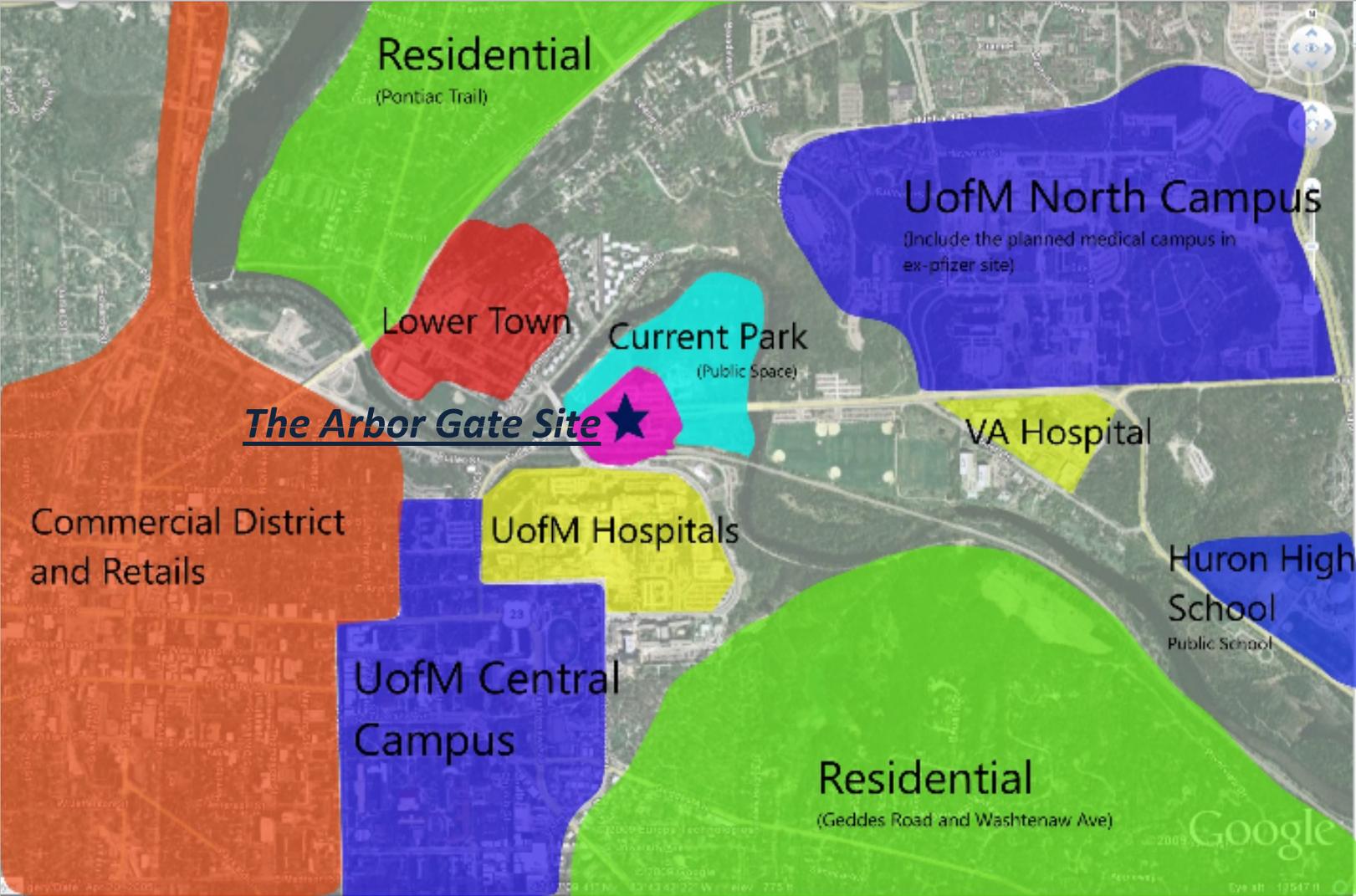


Source: <http://www.rps.psu.edu>

Source: <http://www.ehow.com>

Multi Modal Transportation. Arbor Gate will encourage Ann Arbor to be less dependent on personal vehicles.

Site Analysis



Site Analysis

Fuller Street Parking Lot analysis:

The Fuller Road parking lot is located on Fuller Road in between Maiden Lane and Bonisteel Boulevard and is known by the University as Yellow Lot M71. The lot is used mostly by commuters for the Medical Center, but also allows students who have purchased parking permits. It holds 240 cars and is 80,000 sq. ft. The lot is open to the public on weekends and is consequently used, during warmer months, as an overflow lot for the Fuller Pool located across the street. The lot is owned by the City of Ann Arbor is currently leased by the University of Michigan as a commuter lot. The lot is on a 775,938 square foot (17.8 acre) parcel with approximately 200,000 square feet (4.5 acres) of unbuildable wetland area. This leaves 575,938 square feet (13.2 acres) of buildable area. Also, the site is fully served by sanitary, water, and storm sewers.



Current site: will excite aesthetic appeal of Fuller corridor



Current site: has high potential as a center for community

Fuller Parcel Environs:

The Fuller parcel is uniquely situated. South of the parking lot is the University of Michigan's Medical Center, a major stake holder for the Arbor Gate project. In between the Medical Center and the parking lot is the main focus of the development: The Norfolk-Southern Railroad Michigan line. Amtrak currently uses this line for their passenger train service from Pontiac, Michigan to Chicago, Illinois and the will be the center-piece of the Arbor Gate development. To the east of the parking lot is open space that leads to the Huron River, where the parcel is bound. Fuller Road is the northern boundary of the parcel. The Fuller parcel is bound to the west by Maiden Lane, which is substantially elevated compared to the parcel. On a broader spectrum, the Fuller parcel is located at a half-way point between Central Campus and North Campus. This logistic advantage will allow the Arbor Gate Project to flourish as a transportation nexus.

Site Analysis

Arbor Gate Transportation Aspects:

The Arbor Gate development will incorporate many modes of transportation: high-speed rail, inter-city passenger rail, inter-city commuter rail, light rail, and bus. The first transportation implementations will be the commuter rail stretching from Jackson, Michigan to Detroit, Michigan and buses serving all of Ann Arbor and the University. The commuter rail will offer seven round-trips a day and will make stops at Metro Detroit's International Airport. Service for the commuter rail will commence in October of 2010. Bus service will begin immediately; both the University of Michigan and City of Ann Arbor will continue to provide their service from southern Ann Arbor to northern Ann Arbor. The later transportation installations will be high-speed rail reaching from Chicago, Illinois to Detroit, Michigan, and light-rail serving Ann Arbor. The light rail project is predicted to begin within the next five years and will traverse from southern Ann Arbor, near the stadiums, through the Main Street corridor, through the Arbor Gate development, on to North Campus, and will eventually end up in northern Ann Arbor near the former Pfizer site or Domino's Farms. Currently, the existing rail line is serviced by Amtrak's Wolverine Line which stretches from Detroit to Chicago three times daily and serves **444,000 per passengers per year**.^{iv}

Eventually, the Wolverine Line will be replaced by high-speed rail and should be implemented within the next decade. One of the major, physical aspects included in the Arbor Gate project is the rerouting of Fuller Road; the east-bound portion will be moved, slightly to the south, so that the one-way traffic can traverse through the new "Main Street" that Arbor Gate will create. The west-bound road will also be altered (a shift to the north), but less so. Currently, traffic in the Fuller Road corridor is fairly constant and is quite varied. In a 12 hour period, one can expect **25, 811 passengers: eight AATA bus routes, nine U of M bus routes**, and the rest being via personal vehicle.^v **Also, in a 12 hour period, 443 bicycles and 1767 pedestrians traverse the Fuller Corridor.**^{vi}

"The City of Ann Arbor works closely with the Ann Arbor Transportation Authority and the University of Michigan Parking and Transportation Services to coordinate a successful public transportation system. The City is also working with the Washtenaw Area Transportation Study to develop regional rapid transit."

(http://www.a2gov.org/GOVERNMENT/PUBLICSERVICES/SYSTEMS_PLANNING/TRANSPORTATION/Pages/PublicTransit.aspx)

Site Analysis

Environmental Issues:

There are many environmental stake holders in the Arbor Gate project. The nearby wetlands on the east side of the parcel and the Huron River are of utmost concern. The City of Ann Arbor's Environmental Commission has implemented a plan to regulate all new developments; they want to "protect and enhance all aquatic and terrestrial ecosystems". Arbor Gate will respect the wishes and sentiments of all stake holders including those of the Environmental Commission of Ann Arbor. The Fuller parcel rests near a trail that is part of the Border-to-Border park system of Washtenaw County and Arbor Gate intends to integrate with that system. Arbor Gate will actually create more park space than currently exists in the Fuller corridor. The Fuller Pool parking lot will be removed and incorporated into Arbor Gate's parking structure; Arbor Gate's designers plan to turn the pervious surface area into green space. Therefore, there will be a total of four separate green spaces: the retail buildings of the Arbor Gate project will be flanked to the east and west by parks, Fuller Pool's pervious parking lot will be turned into a large green space and feature a trail to the Huron River, and the final park will be located east of the main, southern structures of Arbor Gate. Furthermore, Arbor Gate will be equipped with some of the most advanced "green technology" implementations: solar panels, green roof, pervious pavement and water-runoff cleansing bioswales.



Huron river is the perimeter of the development site and is crucial to local natural habitat.

The location of the site is located at the river bent which means we have high water table which impact the design possibilities. Basement and deep foundation are example of type of construction that should be avoided. The geographical location of the site is at the lower side of a water shed. This means water from the higher elevation around the site will flow through the site before reaching the river. This is an important factor to be considered in design phase especially in Michigan during the closing of winter season when snows start to thaw and melt.

Concept and Design



The Arbor Gate design incorporate various transportation systems such as train, and light rail, bus, and cyclist lanes. Improvement to the area is also committed by creating new parks and “River Bend” trail. Green roofs, pervious pavement, and solar panel will be the technologies applied to the site to improve the quality of life.

Concept and Design

Arbor Gate is a multi-modal transportation hub, mixed-use, Main Street style development on the 775, 938 square foot Fuller parking lot. The development will consist of eight buildings of differing uses and architectural styles. Also coming with the implementation of Arbor Gate, the creation of more park space than existed before its inception. The grounds of the facility will include access to parks and River Bend trail on the meandering Huron River and art parks containing statues and murals from artists from abroad and locally. By creating the park we are creating more spaces for people as well as increasing green surfaces in Ann Arbor.

Arbor Gate is interested in attracting many groups of people, however, the majority of the groups that it will serve are hospital employees, university employees, students coming in from outside the city, commuters going to Detroit and its environs, and various through travelers. With the increase in mobility, functionality, and prowess, Arbor Gate will become a catalyst for the increasing attractiveness of the City of Ann Arbor. Arbor Gate will be the gate to first time visitors.

The Ann Arbor community shows deep appreciation for the arts



Source: <http://artshowphoto.com/images/400-ArtShow.jpg>

Risk Taking Real Estate Developer

- We are ready to take any necessary risk to ensure we get a lively downtown

Visionary City Government

- Long term visioning and master planning
- One of the best DDA in the country

Expansive Multi Modal Connectivity

- Healthy transportation: Bike and Walking
- Various type of mass transit system

Park, Greenways and Nature Resources

- Replacement of ground parking to a family park and creation of nature trail

Affordable Life Long Learning opportunities

- Close approximate to high schools, community college and universities.

Local Diversity as a Core Community Value

- Welcomes and accommodate all group of people; age, income, ethnicity, education

Ease of Approval for Mixed Use Development

- Density bonuses
- Green Architecture

Support for Cultural Arts

- Appreciating local artist: The Sculpture Park and Ann Arbor Amphitheater

Appreciation of mix unique local and national retailers

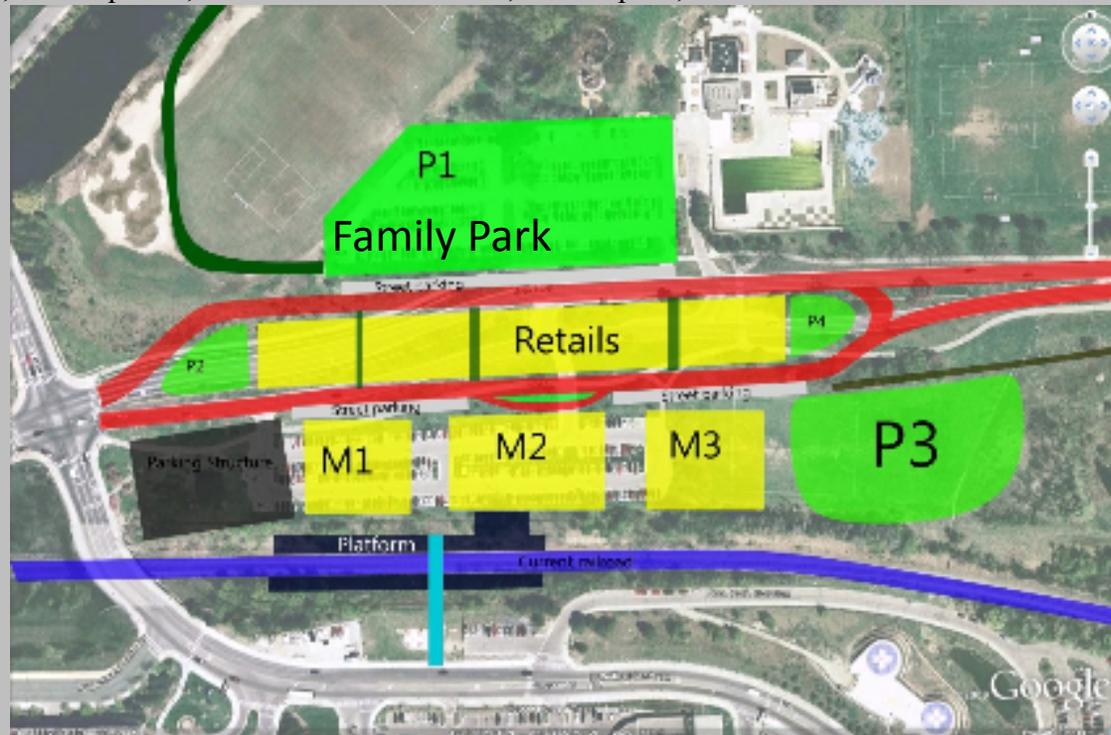
- Diverse local and national retailers for the downtown

Key elements achieved for creating lively downtowns and livable neighborhoods.

Arbor Gate

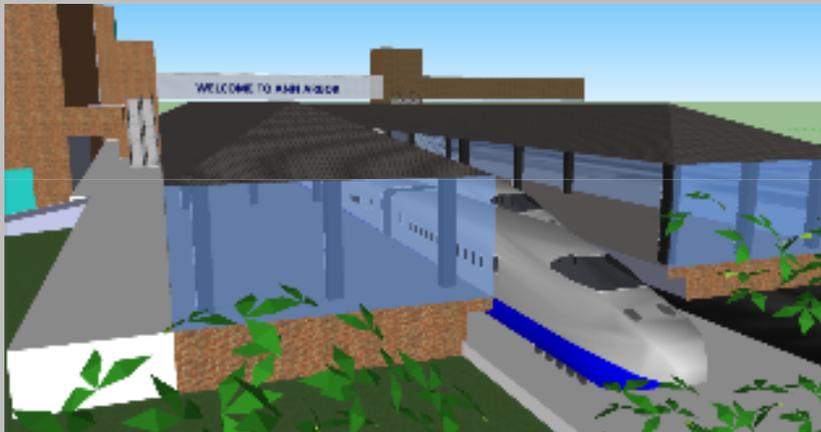
Concept and Design

The physical layout of the development goes as follows: the east and west thoroughfares of Fuller Road will be spread to accommodate four buildings in between them, this will allow the east-bound road to be the barrier between the northern and southern buildings. The northern and southern sides of Arbor Gate will consist of four mixed-used buildings each. The spreading of Fuller road will also include a lower speed limit both ways, the installation of raised cross walks, and on-street parking. The plan is to slow traffic down to the point where everyone driving through Arbor Gate will see how walkable and active Arbor Gate is; Main Street will be on display. The eight buildings of Arbor Gate will include a multi-modal transportation nexus, a parking structure that can accommodate 500 cars, and six other mixed-use buildings that will house hotel, retail options, residential units for rent, office space, and a movie theater.



Concept and Design

The multi-modal transportation structure will allow access to inter-city commuter rail, inter-state high-speed rail, intra-city light rail, and bus transit. There will be a physical connection to the University of Michigan Hospitals: a cat-walk from the multi-modal station will cross over the heavy-rail thoroughfare to the hospital at the precipice it rests upon, and connected to that cat-walk will be a light rail station. The commuter rail passengers going to the airport, Detroit, or anywhere in between will wait under a heated farmers-market style pavilion. An indoor bus stop will be connected to the train platform through one of the building. This eliminate the outdoor walks which will be necessary during the winter season. Arbor Gate will preserve keep the soul of Ann Arbor close. Moreover, Ann Arbor will become an example of transportation that any city could follow.



Arbor Gate Amtrak Station. The station is designed based on the famous Kerrytown Farmer's Market; it brings one of the specialties of Ann Arbor to all passengers .



There will be space for Zipcar parking. This is a popular automobile sharing program in Ann Arbor.

Source: <http://www.theautochannel.com/news/2009/07/07/468955.1-lg.jpg>



Sheltered bus stop is part of whole new transportation center.

Concept and Design

As well as transportation options, the multi-modal facility will house a retail promenade that includes many options: fast food, health food, ATM banking, souvenirs, and clothiers. Office space in the multi-modal facility will be reserved for Amtrak, the University of Michigan Hospital System, and other choice firms. A limited number of residential units will also be available in the multi-modal facility. The architecture of the southern buildings will be of a more modern style, but will have accents of late-nineteenth century charm and be five stories.



Source: http://3.bp.blogspot.com...NIJ0/s400/IMG_1258ed.jpg
ATM Center such as this one will make Arbor Gate a convenient place to travel, stop and shop.



Source: <http://www.efc.dcccd.edu/Subway/Team.jpg>
Having healthy, fast food such will be the most popular option during the rush hour. Such a store will be located close to the train platform and bus stop

“Oh yeah definitely! I am having trouble locating an ATM as well as quick food around the area.” - William Ng, a senior student who regularly parks in the Fuller lot

Concept and Design

One of the three, six-storey buildings on the southern side of Arbor Gate will consist of a Hotel on third to sixth storey, health food groceries, bar/restaurant and hotel lobby on the first floor. Function or meeting room will also be accommodated by the hotel franchiser and will be leased to any office around the area on the second floor. By having the hotel in site, it will provide our future tenants, especially office space tenants a place to hold a meeting, exhibition or event allow guess from out of town to stay in close approximate to the offices. Another benefits of the hotel is to provide a place to stay for family member and visitor patient to the UM Hospital. The guests to the hotel will have easy access to Ann Arbor as transportation is very easy in The Arbor Gate.

The next building at the middle of the three, will consist of bust stop, ATM center and retails on the first floor; Amtrak office, train platform and healthy fast food on the second floor; office space for University of Michigan Health System on third floor; residential apartments on fourth through sixth floor. As mentioned earlier smaller unit apartment for doctor or nurses will also be available in this building because of the cross-over location. This is needed because of irregular lengthy shift hour for doctors.

"We had a doctor from Lloyd this weekend who did a 72-hour shift without a break," Meadow Lake's Dr. Gavin Van de Venter told CBC News

Source: <http://www.cbc.ca/health/story/2009/10/17/sk-meadow-lake-doctors-shortage.html>

The third building or the far most east building, will have retail on the first and second story. Due to the space allowed, super store such as Macy's will be the best candidate to lease the space. Third and fourth storey will be office space and the last two will be higher class residential unit because of the benefits of view that this unit will get. I will get the view of UM Hospital helipad, park on north and east of the building as well as the river.



Source: <http://www.fecheliports.com/images/umich4lg.jpg>



Possible view of the indoor bus stop with retail options

Arbor Gate

Concept and Design

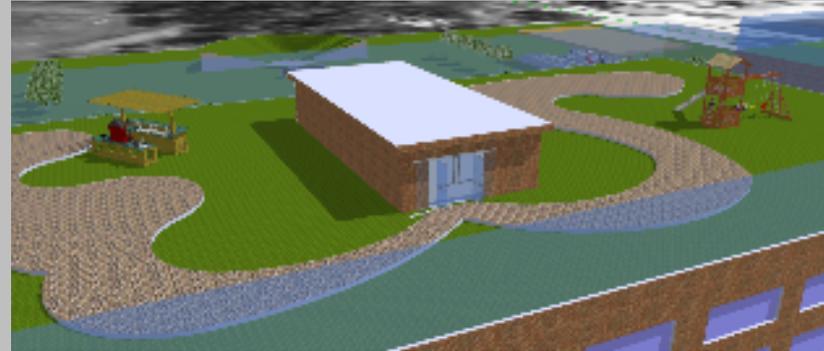
The four buildings to the north will have a similar consistency as the mixed-use buildings to the south, but will be more residential friendly and be three stories high. Roof-top gardens and play places will be common areas for all tenants of Arbor Gate. The perimeter of the roof will be covered by high strength tempered glass with metal reinforcement. Since this is a common area it has to be safe for all ages as well as soundproof from the noise of the traffic. Having the glass will bring the openness feeling which very relaxing. BBQ pit or even a small playground will be desirable by the community.

The thirty feet wide spaces between the buildings could potentially be a soliciting spot if not taken care of properly. Therefore these area will be light up well and will be open for restaurant seating area during the nice summer season as well as a pedestrian connection. Being away from the road, parents will definitely feel safe to bring their younger kids along as well as their pets.



Source: <http://www.a2restaurants.com>

Outdoor seating such as this one is a favorite of the Ann Arbor community, especially during the warm seasons.



Green roof for all the buildings to the north side of Arbor Gate.

You will not remember that you are in an urban landscape when you are on the green roof

The eastern structure will include a movie theater with a grand marquee announcing your arrival. State theater is one way to make a downtown more lively. The architectural style of the northern structures will be more “Main Street” than the southern. They will be more reminiscent of Victorian-era downtowns.



Arbor Gate

Concept and Design

Finally, to the north of the west-bound side of Fuller road will be another, new park. This park will be born from a parking lot. The lot that was formerly there for the Fuller Pool across the road will be replaced by green space. Moreover, the new park will include a grass amphitheater for various shows and activities, or just for hanging out at. All who formerly parked in the lot can now park in the structure provided on the southern side of Arbor Gate. Art and sculpture parks will be located across the parking structure to the west of the northern buildings. When all is completed, Arbor Gate will be a pedestrian-friendly, multi-modal, mixed-used, and green facility that will be inviting from all directions.



The Sculpture Park will serve as a giant exhibition site that is totally visible by passers by. This will serve local and abroad art pieces. A seating area will also be provided for public



Ann Arbor Amphitheater to be used as a performance center

Learning that Ann Arbor is lack of open-air public performance area, we decided to create the first Ann Arbor Amphitheater that will seat approximately 150 people



An example of the successful sculpture park in the Kerrytown District of Ann Arbor.

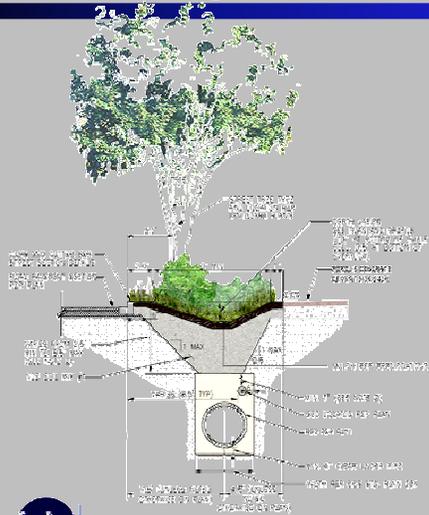
Source: <http://annarborchronicle.com/wp-content/uploads/2009/07/arch2.jpg>

Concept and Design

Various snapshots from 3D Rendering



Concept and Design



Bioswales will act as filters for runoff water. Since our site is located so close to the river, we need to prevent pollution from entering the river



Pervious pavement is used to reduce water runoff that may cause flood. Flooding is not acceptable in any walkable area.

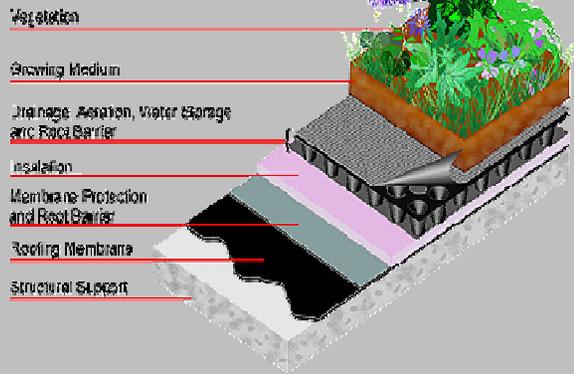
Source: http://www.tececo.com/images/photographs/porous_pavement

Green Technology used

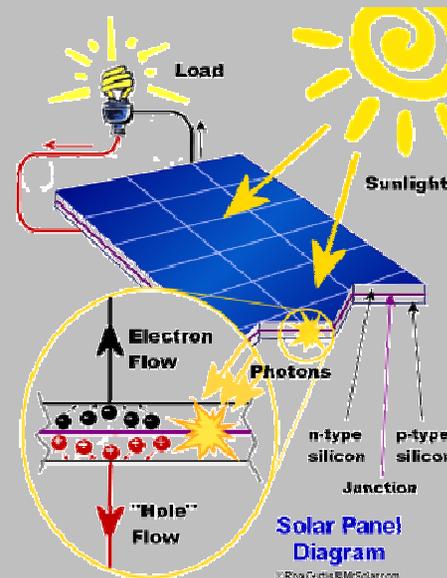


Source: <http://www.mrsc.org/images/apa/pss/news/200701vegswale.jpg>

Green roofs will reduce the impervious area as well as heating and cooling cost; it will act as a insulation of the building.



Source: http://egrfaculty.villanova.edu/public/Civil_Environmental



Solar Panels are used to light up common areas. The panels are lined up on the cross over for maximum light exposure

Stakeholder Analysis

The Arbor Gate development will affect many groups of people. As previously mentioned, the environment and the sentiments and plans of the Environmental Commission of Ann Arbor are of great concern to The Arbor Gate developers. However, there are many more than just those two interested bodies and Arbor Gate plans to incorporate their needs into the project as completely as possible. Arbor Gate will foster relationships between the City of Ann Arbor, the University of Michigan, its Health System, and Transportation Services, the Ann Arbor Transit Authority, the South East Michigan Council of Governments (SEMCOG), Amtrak, Norfolk Southern, and the residents of Ann Arbor. These relationships are the center on building successful downtown and transportation hub within the community. Moreover, Arbor Gate project will actively pursue willing volunteer and non-profit organizations to further foster relations with the concerned stake holders in the Arbor Gate realm.



The City of Ann Arbor:

One of the most important hurdles that the Arbor Gate projects faces is the rezoning of the Fuller Parcel from public land to a Planned Unit Development (PUD) and the rerouting of Fuller Road to create a Main Street atmosphere. A PUD allows for the implementation of buildings that allow for mixed use purposes, they are usually residential, office, and retail. PUD's usually have ample public green space and have a hierarchical system of roads.^{vii} For our use, though, we will only reroute Fuller Road so that it that it will traverse through our development. This could prove to be difficult considering the process of construction and physical rerouting. The plan is to have the building walls as close as possible to the road without sacrificing areas for pedestrian, walkers, and green space. The plan is to create a new Main Street. Arbor Gate developers will work closely with the city and their planners so that the transition is well accepted and is expected to run smoothly, especially considering that the City of Ann Arbor has expressed interest in developing the Fuller parking lot for some time now. The rezoning of the parcel and rerouting of the Fuller Road is one of the most integral parts of the success of the Arbor Gate project will be easy considering the benefits the city will eventually reap.



Stakeholder Analysis

To fund the infrastructure changes at the Arbor Gate grounds, a Tax Increment Financing (TIF) district may have to be created. A TIF creates a district that uses city taxes to fund the construction of roads and other necessary infrastructure, but does so with the condition that the tax gains created by the development's future tax payers will refill the city coffers.^{viii}

In similar vein, to maintain the perpetual vitality of Arbor Gate, the installation of a Business Improvement Zone (BIZ) is of great interest to the Arbor Gate development. A BIZ allows for the constituents of a designated zone to tax themselves to further encourage business health and stability, improve services such as trash removal, and ameliorate the aesthetic atmosphere of the district.^{ix}

Moreover, the Fuller Pool is part of Ann Arbor's park system. The park system and its subsequent pool located in Fuller road will be taken care of. The removal of their spill-over parking lot will be supplemented by the Arbor Gate parking structure and will be replaced by a gorgeous park on the Huron River with access to and from the river by a landscaped path. Also located in this park will be a grass amphitheater. The grass amphitheater will hold local artist shows and traveling acts.

The University of Michigan Health System:

The University of Michigan Health System is a close and dear stake holder to the Arbor Gate project and is expected to be a large tenant in its available office space. Arbor Gate will closely work with the adjacent medical center to foster relationships with its employees and patients. Arbor Gate is expecting many professionals working at the various hospitals to live, work, and play at Arbor Gate. There will be a close physical connection between Arbor Gate and the university hospitals. There will be a catwalk from the Arbor Gate project to the hospitals. The catwalk is necessary to cross over the commuter trains, hook up to the light rail tram, and allow a flux of employees coming from out of town and residing in Arbor Gate to access the retail options and hospitals. The patients and their families will also have their stays facilitated by the Main Street feel and amenities offered at Arbor Gate.



Source: www.traumaburn.org

The UMHS is known for providing a broad range of high-quality care with a high volume surgical center.

Stakeholder Analysis



Source: <http://www.annarbor.com>

The Ann Arbor community participates highly in city council meetings and plays a big part in city planning.

The Ann Arbor Residents:

The highly regarded and much honored residents of the city of Ann Arbor will benefit more so that any other stake holder in the realm of the Arbor Gate project. They will have the greatest transportation system in the State of Michigan and will finally have access to grocery within the city center, and the ability to go to the airport without the use of a car. In addition to the newly offered amenities, the Arbor Gate development will preserve existing parks and offer large, new parks. The Ann Arbor residents will have a more tightly-knit community and have more financial freedom when they will be less reliant on personal transportation.

Amtrak, SEMCOG, and Norfolk Southern:

Amtrak is the passenger rail service provider that offers service from Pontiac, Michigan to Chicago, Illinois and runs on the track that is referred to as the Wolverine line. Currently, the Wolverine line has three roundtrips running through Ann Arbor. However, the Southeast Michigan Council of Governments (SEMCOG) is working with Amtrak and Norfolk Southern, the owners of the track, to implement a commuter rail service that would run seven round trips a day from Detroit, Michigan to Jackson, Michigan and pass through the Arbor Gate development. The rail line is currently used by freight trains and passenger trains; this will prove difficult to orchestrate, but will eventually run smoothly. And further on in the future, the Federal government will implement a nation-wide high-speed rail service provider that will create Chicago as a hub but will have arms stretching to all the major cities in the Great Lakes area, and will extend their service all the way to Toronto, Canada through Ann Arbor and Detroit. This, of course, will only be completed with much laborious planning, money, and cooperation.



Stakeholder Analysis



Source: http://i.a.cnn.net/si/2005/sioncampus/09/28/roadtrip.bigten.michigan/t1_big_mich.jpg

University of Michigan Students:

The university of Michigan would not exist without its vast student body and therefore, they are also a major stake holder to the Arbor Gate developers. Most importantly, transportation will be made easier, quicker, and more encompassing. Students will be able to quickly travel to southern campus on the light rail, a further-away-than-before neighborhood by bus, Chicago or Detroit within a couple hours, or Hong Kong, if they so choose. Ann Arbor will be an active nexus and jump-off point for to the rest of the World. The students that currently live on North campus will finally have grocery with walking distance or within a very short bus or light rail ride. Also, the students will also be given the ability to see main stream movies at the new movie house. Student life for both North and South campusers will be that much better.

Ann Arbor Transit Authority and University of Michigan Transportation Services:

The Ann Arbor Transit Authority and the University of Michigan Transportation Services are stake holders of general interest and the Arbor Gate developers are interested in having the AATA as a tenant in its offices. Both parties have been proponents of our project and are patiently awaiting the transportation nexus, the installation of new residential apartments, and the vitality and connection of the two campuses. Arbor Gate will focus on bringing together the Central and North campuses of the University of Michigan as well as allowing the AATA to more fully service the city. The AATA will plan, design, implement, and control the light-rail line that traverses from southwestern to northeastern Ann Arbor, which will then necessitate the rerouting of many bus routes, but will allow for better coverage of the densifying landscape. This, however, will mean that there will be less demand for the campus to campus bus lines that the university offers. As a result, less pollution and congestion will be benefits for the city as well as the Arbor Gate development.

Financially speaking, these two entities will have the ability to apply for large grants: whatever funds they have planned for the transportation nexus will be matched by federal and state government funds. The image of the university and city will transform; as passengers enter Ann Arbor through Arbor Gate, their perception of the university and city will become a more fertile, urban, and vivacious one

Financial Analysis

Objective

This section provides a detailed financial analysis of the project. We will analyze the timeline of the development, equity and debt raising strategies, construction costs and certain cost modifiers, cash flows, risks, NPV and IRR. The analysis is based on several reasonable and conservative assumptions provided below.

Project Management and Staff

Our main asset is our management team. We strongly believe that our managers' cultural and career backgrounds will allow extracting unprecedented synergy effects from this development and introducing the ultimate walkable architectural ensemble to the City of Ann Arbor. Our team possesses proven negotiation, interpersonal, time management skills and understands key drivers behind the walkable mixed-use real estate developments in urban areas. We expect favorable political and economic winds due to our deep connections with Ann Arbor and the University of Michigan, community demands for eco-friendly walkable urban "third places", and prominent nature of our project. The management backgrounds include real estate, finance, commercial office space leasing, landscape architecture, urban planning, design, etc. Our team is also prepared to leverage personal connections for outside consulting advice. Outside consulting cohort may include former and current Ross School of Business MBAs and UPs with real estate development expertise, as well as active UM real estate and business administration professors and researchers who are willing to participate in the project.

Funding Sources

To maximize the profitability of the project, we employed several complicated fund raising strategies and assured the best outcome possible. First of all, we persuaded the City of Ann Arbor to rent us the land parcel for 1% of NOI of the entire development. The City of Ann Arbor was interested in our proposal because of long-term public benefits of our project and LEED certification of the entire development. Second of all, we enhanced our equity position with funding from government programs such as Ann Arbor Local Development Finance Authority (LDFA) and Federal Congestion Mitigation and Air Quality program (CMAQ). Third of all, we auctioned 49% of equity to private investors and were able to raise additional \$15,000,000 and retain the control of the project. We raised additional non-voting equity capital from Amtrak for the new train station. Upon the completion of the construction the new station (except retail premises in Central mixed-use building) will be the property of Amtrak and will not be a part of the portfolio. Once we established our equity position, we structured debt with 4 layers: PIK Notes, Mezzanine Debt, Senior Bank Debt and Revolving Line of Credit. The multilayer debt structure allowed us to decrease Weighted Average Cost of Capital (WACC) and, therefore, had a positive reflection on NPV of the project and after-tax equity rate of return.

Financial Analysis

Timeline

The timeline of the project is 7 years. It anticipates the recovery of the US real estate markets and selling the entire complex as a portfolio to long-term investors. Right upon the completion of the development it will be 100% rental complex with a single on-site property management team. The stabilization period starts after Year 2 and lasts for 5 years until we sell the property to long-term real estate investors.

General Assumptions.

- Land is the property of the City of Ann Arbor. We signed a 99 year lease with the City and the rental equals 1% of NOI (As instructed by Mr. Peter Allen). The value of land is approximately 10% of hard and soft costs for the purpose of raising debt and depreciation.
- Environmental assessment costs are based on historical data from Ann Arbor Planning Commission
- Architecture fees (3.5%), Management fee (2%), Engineering fees (3%), Legal fees (1%) - as instructed by Peter Allen.

Timeline of the project	Year1				Year2				Year3				Year4				Year5			
	Q1	Q2	Q3	Q4																
Entitlement	█	█																		
Land Negotiation	█	█																		
Site Preparation			█	█																
Phase 1 Construction				█	█	█	█													
Phase 2 Construction						█	█	█	█											
Retail Tenant Improvements						█	█	█	█	█										
Green Space Construction						█	█	█	█	█										
Leasing and Renting	█	█	█	█	█	█	█	█												
Beginning of Leases						█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Stabilization Period									█	█	█	█	█	█	█	█	█	█	█	█
Marketing to Investors														█	█	█	█	█	█	█
Disposal																	█	█	█	█

Financial Analysis

- Closing Costs (3% of Selling Price).
- Marketing costs as average costs from previous development projects.
- Leasing commissions – 1 full commission to outside brokers will be paid in accordance with our broker agreement.
- Vacancy rate – estimated at 6% average.
- Maintenance expenses: 40% of the Rent Roll (inclusive of 1% payable to the City of Ann Arbor for land).
- Amtrak equity commitment: 100% upfront equity investment (\$5,000,000).
- Financing assumption: current market rates on different types of debt.
- Financing assumption: the construction period does not require the entire investment upfront. In the beginning the project will be financed by equity capital exclusively and by debt capital later. The debt capital will be distributed in several increments as the construction progresses. Therefore, the debt interest payments during the construction period are negligible and the proforma reflects the operating period starting year 3 till 7 (5-year stabilization period).
- Financing assumption: early leases will cover early interest payments but will not generate any profit. Year 1 and 2 NPV is \$0 and IRR is 0%.
- Tax rate: estimated to be lowered by tax incentives. Present value of some tax breaks will be leveraged as equity to create a bigger equity cushion. Our tax bracket is 28%.

Construction Assumptions

- FAR equals to the total square footage of seven Arbor Gate buildings divided by the total buildable area.
- FAR excludes 500 car parking structure (100,000 square feet)
- Construction cost index was obtained from Oscar Notz using 2010 price index.
- Upgrades were determined by average rates used by the construction estimation chart provided by Due Citta 2008 Fuller Road project. Due Citta team consulted Peter Allen regarding their numbers. We believe that the optimal upgrade constant for projection purposes is 1 across all categories.
- Common area pricing is included in office, residential and retail space prices per square foot.
- Hardscape costs include wide walkable sidewalks, squares and The Sculpture Park. New road is estimated at a higher price per square foot than regular hard landscape jobs.
- Softscape costs include 2% Management Fees, 3% Engineering Fees, 3.5% Architectural Fees and 1% Legal Fees.
- Contingency is derived from the previous BA 517 Real Estate mixed-use development projects and is estimated at 10%.
- LEED cost and green roof costs determined from previous term projects (BA 517) and LEED web articles.
- CMAQ and TIF tax breaks and incentives are determined from Due Citta project.
- Common area is calculated as a percentage of total buildable area and is estimated to be at 10% level.
- Residential unit square footage is derived from market comps. The average apartment is 1,000 square feet. Studios start with 550-600 square feet.
- Parking size is estimated to be 100,000 square feet and is expected to fit up to 500 motor vehicles. Parking structure complies with Ann Arbor Zoning code.

Financial Analysis

Provision of Equity

We found the way to raise equity from multiple sources and own 51% of voting shares. In order to raise debt we needed equity cushion. After the City of Ann Arbor agreed to provide us with the land parcel rental agreement and assure the required zoning, we added several tax breaks and government incentives to it and that was the base for our portion of equity. Because this is a non-cash portion, we auctioned the 49% of the equity in order to increase the equity layer and decrease the cost of debt. We've managed to secure the Amtrak's upfront commitment of \$5,000,000 (non-voting shares) for its new train station as well as raise additional \$15,000,000 of equity based on the cash flow projections that we introduced to potential investors. In the beginning we were looking to hire a local private equity firm, but after several pitches by private equity executives we realized that they mandate both very high short-term returns and control of the project. The introduced by PE firms capital structure was not serving the long-term goal of our development. Therefore, upon conducting several rounds of interviews with private equity groups, we decided not to be involved with them and structured the deal ourselves. That increased our future returns almost 5 fold as we will be able to capture all profits that private equity firms captured otherwise.

ARBOR GATE CAPITAL STRUCTRE			
Type	Description	Amount	Interest Rate
Equity	Land (with option to buy)	\$0	1% of NOI
Equity	PV of Tax Breaks	\$5,000,000	
Equity	Auctioned Shares (49%)	\$15,000,000	
Equity	Amtrak's Commitment	\$5,000,000	
<u>Total Equity</u>		<u>\$25,000,000</u>	
Debt	Revolver	\$15,000,000	10.5%
Debt	Senior Bank Debt	\$45,000,000	LIBOR + 5.5%
Debt	Mezzanine Debt	\$15,000,000	10%
Debt	PIK Notes	\$10,000,000	13%
<u>Total Debt</u>		<u>\$85,000,000</u>	
<u>Total Debt & Equity</u>		<u>\$110,000,000</u>	

Financial Analysis

Provision of Debt

Once we secured our equity, we implemented sophisticated debt raising strategy. In order to protect our equity holders and maximize their returns, we structured our debt with 4 layers:

- Revolving Line of Credit. The Senior Debt Holder agreed to open for us a Revolver (\$15,000,000). This is a high-yield debt with 10.5% interest rate which we will use wisely. Only if there will be an emergency or unexpected increase in budget, we will evaluate the option of using this credit line. To be conservative with our estimates, we included the Revolver in our financial analysis as debt amortized over 25 years, starting Year 3 of the project.
- Senior Bank Debt. We negotiated a low cost senior bank debt with J.P. Morgan Chase Bank. The debt's interest rate is LIBOR + 550 basis points. Senior Debt will be amortized over 25 years. The principal amount of Senior Bank Debt is \$45,000,000. The LIBOR rate is estimated at 0.5%.
- Mezzanine Debt. The Subordinated or Mezzanine Debt we negotiated with Citigroup which was excited about the project but didn't win the Senior Bank Debt tender. The Mezzanine Debt is a fixed-rate loan with principal amount of \$15,000,000. The interest rate is 10%. This loan is expected to be fully amortized in 25 years.
- Pay-In-Kind Notes. Additional funds needed for the project we raised via PIK Notes. Even though our project bears moderate risk because of the community and city support, the PIK Notes are risky in its nature as they have the lowest

•seniority in the debt structure. The market offered us 15% interest rate at first and we believed that the risk profile of our notes should have been 13%. Therefore, we asked the City of Ann Arbor to guarantee up to 25% of our Notes so that we could have reduced the interest rate payable. Eventually, our negotiations were successful and we were able to sell \$10,000,000 of PIK Notes to hedge funds and other institutional investors. In fact, we plan to make interest cash payments instead of pay-in-kind interest accumulation in order to decrease our overall interest expense. The entire capital structure is presented in the table below.

Debt Interest	Initial Balance	Interest %
Revolver	\$ 15,000,000	10.5%
Senior Bank Debt	\$ 45,000,000	6%
Mezzanine Debt	\$ 15,000,000	10%
PIK Notes	\$ 10,000,000	13%
Total Interest	\$ 85,000,000	
WACC(debt) =		8.32%

Financial Analysis

Proforma

The rents that we project are very competitive and we believe that we will be able to eliminate the high vacancy rate very quickly. The normal vacancy rate that we expect during the stabilization period is 6% or lower. Arbor Gate will be a brand-new highly desired walkable Downtown area and we estimate to rent out 155,000 square feet of office space, 260 apartments and, restaurants and stores within 2 years of construction period. The average rent for office space is \$20/sf, for apartments \$18-20/sf, for retail and restaurants \$25/sf. These prices are all inclusive (except utilities) and the expected expenses that we will cover are 40%. As you can see, we will be able to attract many new businesses to the development as it will be a great opportunity for many local entrepreneurs. The transportation hub, walkable neighborhood, Movie Theater, Sculpture Park and other amenities will attract young professionals not only from Ann Arbor, but from other South-East Michigan cities as well. According to our conservative estimates, the project will generate the IRR on equity at least 18%. If there will be sufficient demand, we will be able to command even higher rents and reinvest extra profits for further improvements. The proforma contains a very detailed analysis of construction estimates, revenue assessment, cash flow analysis and internal rate of return breakdown.

Base Cost of Construction Estimate	Base Cost / SF	Base Cost	Upgrade % Applied	Total Base Cost	Cost / SF Dev. Type	Cost / SF Total
Condos / Apartments (Low Rise 1 to 3 Stories)	\$93.23	\$ 5,812,147	1.00	\$ 5,812,147	\$ 96.87	\$ 8.02
Condos / Apartments (Mid Rise 4 to 6 Stories)	\$107.62	\$ 22,241,408	1.00	\$ 22,241,408	\$ 111.82	\$ 30.69
Public Housing	\$99.80	\$ -	1.00	\$ -	NA	\$ -
Offices (Low Rise 1 to 3 Stories)	\$100.30	\$ 16,163,834	1.00	\$ 16,163,834	\$ 104.22	\$ 22.30
Offices (Mid Rise 4 to 6 Stories)	\$110.13	\$ -	1.00	\$ -	NA	\$ -
Other	\$140.35	\$ -	1.00	\$ -	NA	\$ -
Hotel / Inn	\$126.83	\$ 10,278,918	1.00	\$ 10,278,918	\$ 131.78	\$ 14.18
Amphitheater / Playground / Bike trek	\$123.58	\$ -	1.00	\$ -	NA	\$ -
Community Centers / Health Clubs (Minimum 30,000 SF)	\$194.60	\$ 3,942,703	1.00	\$ 3,942,703	\$ 202.19	\$ 5.44
Department Stores	\$83.22	\$ 810,629	1.00	\$ 810,629	\$ 86.47	\$ 1.12
Retail Stores (Individual)	\$90.73	\$ 11,411,214	1.00	\$ 11,411,214	\$ 94.27	\$ 15.74
Restaurants / Bars	\$176.45	\$ 9,006,390	1.00	\$ 9,006,390	\$ 183.34	\$ 12.43
Banks	\$197.04	\$ -	1.00	\$ -	NA	\$ -
Green space (Landscaping)	\$3.32	\$ 103,370	1.00	\$ 103,370	\$ 3.45	\$ 0.14
Hard Scape (Landscaping)	\$9.32	\$ 435,911	1.00	\$ 435,911	\$ 9.69	\$ 0.60
Parking Decks (Under 150,000 SF Total Area / Above Grade)	\$60.70	\$ 6,306,244	1.00	\$ 6,306,244	\$ 63.06	\$ 8.70
Amtrak Station	\$145.80	\$ 2,840,366	1.00	\$ 2,840,366	\$ 151.49	\$ 3.92
Movie Theater	\$145.80	\$ 2,272,293	1.00	\$ 2,272,293	\$ 151.49	\$ 3.14
New Road	\$60.75	\$ 1,893,578	1.00	\$ 1,893,578	\$ 63.12	\$ 2.61
Base Construction Cost Estimate		\$ 93,519,005		\$ 93,519,005		\$ 129.03

Financial Analysis

Return Metrics and Sensitivity Analysis

We assessed the success of the project taking into account current market conditions. The sensitivity analysis shows that, if we are able to secure the financing necessary and not go over the budget with contingencies, then we will be able to generate at least 18% IRR in the long-run. The deviation of returns is expected to be 10% which represents 8% IRR in pessimistic scenario and 28% IRR in optimistic scenario. We strongly believe that “sweat equity” that our development and management team invests into the development will assure the greater likelihood of expected or optimistic outcome. We adopted our development for current down market and introduced it as 100% rental property rather than condominiums for sale. The growing demand for “walkable urbanity” rather than for “drivable suburbia” was also taken into account. Most surveyed individuals expressed an interest in the development and many acknowledged that would like to reside or work in the Arbor Gate-like building complex. Our rents are all-inclusive and very competitive and even small incremental changes in either vacancy rates or rent escalations signal that we will likely to succeed and perform even better than projected.

Cash Flow Summary

	Year							
Holding Period	0	1	2	3	4	5	IRR	MRR
1	-28,614,254	28,809,526					0.68%	0.68%
2	-28,614,254	3,802,236	31,859,495				12.37%	27.40%
3	-28,614,254	3,802,236	4,027,462	35,086,959			16.21%	26.07%
4	-28,614,254	3,802,236	4,027,462	4,257,999	38,502,728		17.94%	24.89%
5	-28,614,254	3,802,236	4,027,462	4,257,999	4,493,881	42,118,413	18.84%	23.85%

Financial Analysis

Liquidity

We plan to develop our property within two years and then hold on to it for another ten years. Once it is stabilized and cash-flowing, we intend to sell it to long-term investor, such as REIT which understands the values of walkable urban mixed-use developments. During the first and second years of construction, we plan to negotiate the majority of our commercial leases. The potential tenants include the City of Ann Arbor local authorities, Amtrak, University of Michigan, UM Hospital, local entrepreneurs, restaurant owners, hotel operators, etc. The security deposits that we collect will be deposited on escrow accounts and transferred to new owners after closing the sale. The first month rents collected, will be used to service debt. We don't expect to make any profit in year 1 and 2 as our initial rents will be covering debt interest payments only. The cash flow from operations turns positive in Year 3 and the appreciation of the property starts almost immediately and that's where a significant portion of the IRR comes from (see proforma).

Calculation of After Tax Cash Flow from Operations if NOT sold					
YEAR	1	2	3	4	5
Rent	\$ 19,353,750	\$ 19,934,363	\$ 20,532,393	\$ 21,148,365	\$ 21,782,816
Expenses	\$ 7,741,500	\$ 7,973,745	\$ 8,212,957	\$ 8,459,346	\$ 8,713,126
Net operating income	\$ 11,612,250	\$ 11,960,618	\$ 12,319,436	\$ 12,689,019	\$ 13,069,690
Debt service	\$ 8,092,372	\$ 8,092,372	\$ 8,092,372	\$ 8,092,372	\$ 8,092,372
Before tax C.F.	\$ 3,519,878	\$ 3,868,245	\$ 4,227,064	\$ 4,596,647	\$ 4,977,317
Net Operating Income	\$ 11,612,250	\$ 11,960,618	\$ 12,319,436	\$ 12,689,019	\$ 13,069,690
Interest	\$ 7,035,276	\$ 6,943,853	\$ 6,844,523	\$ 6,736,602	\$ 6,619,348
Depreciation	\$ 5,585,395	\$ 5,585,395	\$ 5,585,395	\$ 5,585,395	\$ 5,585,395
Taxable income	\$ (1,008,421)	\$ (568,630)	\$ (110,482)	\$ 367,022	\$ 864,947
Tax	\$ (282,358)	\$ (159,216)	\$ (30,935)	\$ 102,766	\$ 242,185
Before tax C.F.	\$ 3,519,878	\$ 3,868,245	\$ 4,227,064	\$ 4,596,647	\$ 4,977,317
Tax	\$ (282,358)	\$ (159,216)	\$ (30,935)	\$ 102,766	\$ 242,185
After tax cash flow	\$ 3,802,236	\$ 4,027,462	\$ 4,257,999	\$ 4,493,881	\$ 4,735,132

Hans H. Fruechtenicht

5690 Fordham Circle #102 • Canton, MI. 48187 • hansfrue@umich.edu • 248.736.2969

Education

University of Michigan: Ann Arbor, MI. Expected graduation 2011
Candidate for Masters in Urban Planning (M.U.P.) at the Taubman College of Architecture and Urban Planning
Wayne State University: Detroit, MI. 2004-2009
B.A. in Geography with focus on GIS (Geographical Information Systems)
Minors in Urban Studies and Italian Language
Summer Study Abroad in Gagliano Aterno, Italy, 2007
Overall GPA 3.54. Dean's List Winter '07, Winter '08 and Fall '08

Work Experience

URS Corporation: Toledo, OH September-December 2008
GIS Technician Internship: Responsible for digitization of Lucas County, OH impervious surface areas using of ArcGIS software. Interpretation and analysis of aerial images, cataloging data with use of Excel spreadsheets
Tandem Evaluation Designs: Detroit, MI March-November 2008
Evaluation Research Assistant: Responsible for data management and analysis of United Way family reintegration program. Tasks include data filing, entry and cleaning, calculating basic descriptive statistics such as frequency distributions and cross tabulations using Excel and SPSS.
Avalon International Breads: Detroit, MI February 2008-August 2009
Chauffeur Certified Delivery Driver: Additional responsibilities include neighborhood relationship fostering, marketing, clerical duties, credit and invoice management.
Biggby Coffee: Detroit, MI February-August 2009
Assistant Manager: Responsible for clerical duties and coffee preparation.
Additional tasks include marketing, opening and closing duties.

Volunteering/Community Development

Greening of Detroit April-August 2009
Volunteer Usher at Detroit Film Theater September 2008-September 2009
Member of TRU: Transit Riders United June 2007-Present

Scholarships/Awards

23rd University of Michigan/Urban Land Institute Scholarship November 2009

Foreign Language Skills

Italian: Intermediate reading/ conversational comprehension

Software Proficiency

ESRI ArcGIS (Geographical Information Software), SPSS (statistical data analysis software), Photoshop CS4, Microsoft Excel and other Microsoft Office applications

MAX VIZGALIN

1935 Woodbury Drive, Apt #112 • Ann Arbor, MI 48104
maxv@umich.edu • 917.975.9730

EDUCATION	UNIVERSITY OF MICHIGAN Stephen M. Ross School of Business Master of Business Administration, April 2010 • Emphases in Finance, Accounting and Corporate Strategy • Member: Finance Club, European Business Club • BCG Case Competition Finalist November 2008 • Languages: English, Russian, Ukrainian, German	Ann Arbor, MI
	KIEV NATIONAL UNIVERSITY Institute of International Relations of Ukraine Bachelor and Master Degrees, June 2000 • Master Degree in International Economics and Bachelor Degree in International Relations • Full tuition merit-based scholarship recipient, 1995-2000 • GPA: 4.8/5.0	Kiev, Ukraine
EXPERIENCE	OWN MANHATTAN, INC. President and Founder / Principal Broker • Founded commercial real estate brokerage specializing in small and medium-sized office space leasing in Downtown Manhattan • Trained and mentored 3 real estate agents and encouraged effective teamwork through professional guidance, openness in communication and financial incentives • Analyzed competition, demand segmentation and inventory dynamics and managed to sustain company's profitability and growth for 2 consecutive years • Developed unique direct mailing campaign for potential clients whose buildings were about to be condemned or converted, and ensured at least 5 extra deals per annum • Designed and promoted company's website which significantly increased firm's online presence and increased lead generation rate by 30% • Implemented comprehensive structured interviewing and pre-qualification procedures for new customers and improved closing rate by 20%	New York, NY
	CITY CONNECTIONS REALTY, INC. Associate Broker • Formed and led a commercial real estate subdivision at CCR, a medium-sized residential brokerage with 120 agents • Executed 24 commercial deals (leases) in 1 year and became one of the top 5 producers of the company • Consulted principal broker on negotiating a contract with The NY Times' cityfeet.com and increased company's online exposure by 50%, taking advantage of cross-advertisement on The NY Times' 200 partner websites	New York, NY
	MANHATTAN COMMERCIAL REALTY, CORP. Commercial Real Estate Agent • Executed 28 commercial leases in 1 year and became one of the top producers at MCR, a medium-sized brokerage with 40 agents • Networked heavily with major office building managements, brokerages and landlords and expanded the inventory portfolio to 500 office buildings	New York, NY
ADDITIONAL	• Avid traveler: in 2009 visited Peru, Brazil, India, Ukraine and Canada • Sci-fi fan and novelist: humble Robert Shekley and Isaac Asimov follower	

Appendix

Sutrisno Kurniawan

290 Village Green Blvd Apt#105
Ann Arbor, Michigan 48105
(734)709-8421
tri@umich.edu

Objective

Successful career in construction management and consulting firm where I will contribute strengths in leadership and project management

Education

College Of Engineering, University of Michigan, Ann Arbor Campus
M.E. in Civil and Environmental Engineering
Construction Engineering and Management
September 2009 – April 2010

B.S.E in Civil and Environmental Engineering
Structural Concentration (Magna Cum Laude)
January 2007 – April 2009

Washtenaw Community College
Associates in Arts and Sciences
August 2004 – December 2006

Experiences

Diponegara Computer Academy
Assistant Tutor
Assisted Instructors in basic HTML classes
Makassar, Indonesia
April 2003 – June 2004

Sannamaju Telekomunikasi
Sales and Marketing Department
June 2007 – August 2007
Makassar, Indonesia

Computer Skills

Environments: Windows, Macintosh OS
Application: Microsoft Office, Adobe Photoshop, Adobe Premier, Dreamweaver,
Microsoft Visual Net, AutoCAD, RISA, Rhino 3D, Google SketchUp Pro

Activities

Indonesian Student Association (PERMIAS)
Junior Advisor
February 2008 – February 2009
Ann Arbor, Michigan
Provided advices and worked with to the younger leaders to improve events, attendance and membership services to achieve greater accomplishment

President
February 2007 – February 2008
Organized and lead a team of 9 board members to create successful events such as Indonesian Cultural Night with purpose of unifying Indonesian Community in Michigan and introducing Indonesian Culture to Michigan community. My creative contributions had resulted in 30% increase in attendance and 95% increase in membership program

IT manager
February 2006 – February 2007
Maintain website, create and edit videos
Prepare equipments for events

Leadership

Ghim Moh Secondary School
Boy Scout
January 2001 – December 2004
Singapore
• Ranked Senior Patrol Leader and awarded Best Cadet in 2003

Bilingual

Fluent in Indonesian and conversational in Mandarin. English as second language

Interest

Photography, computers, outdoor activities, snowboarding, soccer, golf, tennis

Appendix

Appendix

Arbor Gate Development Summary

Property Location:	Fuller Road	Site Size:	Width:	700	feet
			Length:	350	feet
Ann Arbor Cost Modifier:	103.9		Total Area:	245,000	sq. feet
<u>Development Data (User Input)</u>		<u>Total SF</u>		<u>Development Description</u>	
Condos / Apartments (Low Rise 1 to 3 Stories)		60,000	SF	60	third floor apartments (Retail Row)
Condos / Apartments (Mid Rise 4 to 6 Stories)		198,900	SF	200	apartments in 3 main buildings
Public Housing		0	SF		
Offices (Low Rise 1 to 3 Stories)		155,100	SF		Prime office space on second floors
Offices (Mid Rise 4 to 6 Stories)		0	SF		
Other		0	SF		
Hotel / Inn		78,000	SF	4	stories hotel in West Building
Amphitheater / Playground / Bike trek		0	SF		
Community Centers / Health Clubs (Minimum 30,000 SF)		19,500	SF		Health Club and Community Center in West Bldg
Department Stores		9,375	SF		One department store in Central Building
Retail Stores (Individual)		121,050	SF		Most ground floors contain prime retail
Restaurants / Bars		49,125	SF		Most ground floors contain restaurant space
Banks		0	SF		ATM Center is included in Retail Space section
Green space (Landscaping)		30,000	SF		Green space Development
Hard Scape (Landscaping)		45,000	SF		Squares and walkable hard scape areas
Parking Decks (Under 150,000 SF Total Area / Above Grade)		100,000	SF		500 cars Above Grade Parking structure
Amtrak Station		18,750	SF		New Amtrak station in Central Building
Movie Theater		15,000	SF		Several screens modern movie theater
New Road		30,000	SF		Fuller Road rerouting
Total Development Area		724,800	SF		
Floor Area Ratio		2.96			

This is the summary table. It provides the information about all seven buildings and square footage allocated to each particular use. The table also contains the calculation of FAR, Ann Arbor Cost Modifier and Development description.

This table is a supplement table to the main "Construction Cost" table in the report page 26. It provides information about total hard costs, detailed information about soft costs and contingency.

<u>Final Cost of Construction Estimate</u>			
Total Base Cost of Construction Estimate:		\$ 95,120,205	\$ 120.08 per SF Total
Deduction of Existing Payment (Fixed at \$0.80 / SF)		\$ 80,000	\$ 0.11 per SF Total
Site Work and Underground Utility Work (\$6.00 / SF of Parcel)		\$ 1,800,000	\$ 2.07 per SF Total
Subtotal - Hard Construction Costs		\$ 95,200,205	\$ 121.21 per SF Total
Engineering and Management Fees (5.00% of Total Construction Costs)		\$ 4,760,250	\$ 5.66 per SF Total
Initial Site Survey		\$ 10,000	\$ 0.01 per SF Total
Soil Boring / Foundation Analysis		\$ 50,000	\$ 0.07 per SF Total
Architectural and Legal Fees (4.5% of Total Construction Costs)		\$ 4,270,455	\$ 5.00 per SF Total
Permit Fees (Per City of Ann Arbor Schedule)		\$ 271,525	\$ 0.39 per SF Total
Plan Review Fees (Per City of Ann Arbor Schedule)		\$ 325,100	\$ 0.42 per SF Total
Subtotal - Soft Construction Costs		\$ 9,894,260	\$ 11.55 per SF Total
Total Project Hard and Soft Construction Costs		\$ 104,994,265	\$ 144.86 per SF Total
Contingency	10.00%	\$ 10,499,327	\$ 14.49 per SF Total
Total Project Hard and Soft Construction Costs w/Contingency		\$ 115,493,592	\$ 159.34 per SF Total

Appendix

Loan constant		9.52%				
Payment		\$8,092,372				
Equity		\$31,122,500				
End of year	1	2	3	4	5	
Mortgage balance	\$ 83,942,904	\$ 82,794,385	\$ 81,546,535	\$ 80,190,765	\$ 78,717,741	
Calculation of After Tax Cash Flow from Sale if Sold Today						
Sale Price						\$ 116,122,500
Sale Costs		3.00%				\$ 3,483,675
Mortgage balance						\$ 85,000,000
Before tax cash flow						\$ 27,638,825
Sale price				\$ 116,122,500		
Sale costs				\$ 3,483,675		
Original cost basis			\$ 116,122,500			
Accumulated depreciation			\$ -			
Adjusted basis				\$ 116,122,500		
Capital gain				\$ (3,483,675)		
Capital gains tax rate		28%				\$ (975,429)
After tax cash flow from reversion						\$ 28,614,254

This table contains all inputs for the cash flow analysis. We assessed the property value using 10% Cap Rate. We expect at least 3% annual NOI growth. The property value will grow proportionately. The cash flow analysis and the aggregate interest rate calculation are in the body of the presentation.

Appendix

<u>Development Data (User Input)</u>	<u>Total SF</u>	<u>Rent PSF</u>	<u>Rent Roll*</u>
Condos / Apartments (Low Rise 1 to 3 Stories)	60,000 SF	\$ 18.00	\$ 1,080,000
Condos / Apartments (Mid Rise 4 to 6 Stories)	198,900 SF	\$ 20.00	\$ 3,978,000
Public Housing	0 SF		\$ -
Offices (Low Rise 1 to 3 Stories)	155,100 SF	\$ 20.00	\$ 3,102,000
Offices (Mid Rise 4 to 6 Stories)	0 SF		\$ -
Other	0 SF		\$ -
Hotel / Inn	78,000 SF	\$ 40.00	\$ 3,120,000
Amphitheater / Playground / Bike trek	0 SF		\$ -
Community Centers / Health Clubs (Minimum 30,000 SF)	19,500 SF	\$ 30.00	\$ 585,000
Department Stores	9,375 SF	\$ 25.00	\$ 234,375
Retail Stores (Individual)	121,050 SF	\$ 25.00	\$ 3,026,250
Restaurants / Bars	49,125 SF	\$ 25.00	\$ 1,228,125
Banks	0 SF		\$ -
Green space (Landscaping)	30,000 SF		\$ -
Hard Scape (Landscaping)	45,000 SF		\$ -
Parking Decks (Under 150,000 SF Total Area / Above Grade)	100,000 SF	\$ 30.00	\$ 3,000,000
Amtrak Station	18,750 SF		\$ -
Movie Theater	15,000 SF		\$ -
New Road	30,000 SF		\$ -
Total			\$ 19,353,750

* Rent Roll is adjusted by expected 6% vacancy rate

This table provides realistic and conservative revenue expectations. We adjusted the per square foot price by the expected vacancy rate. From the revenue we derived the expected NOI and calculated the sale price of the building (10% Cap Rate)

Sources

ⁱ “Brain Drain”, Gordon Trowbridge and Amy Lee, Detroit News, August 4, 2006

ⁱⁱ SEMCOG Community Profile, City of Ann Arbor, available online:

<http://www.semcog.org/Data/CommunityProfiles/index.htm>

ⁱⁱⁱ Ibid, SEMCOG Community Profile, City of Ann Arbor

^{iv} Intercity Rail Transportation Facts, Michigan Department of Transportation

^v Washtenaw Area Transportation Study (WATS), Traffic Counts, taken at the intersection of Maiden Lane and Fuller Road, October 11, 2005

^{vi} Performed by City of Ann Arbor Systems Planning staff, October 10, 2006, 7:00 a.m. - 7:00 p.m

^{vii} Burchell, Robert. *Planned Unit Development: New Communities American Style*. New Jersey: MacCrellish & Quigley, 1972

^{viii} http://www.cookctyclerk.com/sub/tif_101.asp

^{ix} <http://annarborchronicle.com/2009/06/29/in-the-business-improvement-zone/>

Some indirect information that is not cited above may be from Peter Allen and some past projects

End of report