



CITY OF GROSSE POINTE WOODS
20025 Mack Plaza Drive
Grosse Pointe Woods, Michigan 48236-2397

(313) 343-2440
Fax (313) 343-2785

**NOTICE OF MEETING
AND
AGENDA**

COMMITTEE-OF-THE-WHOLE

Mayor Robert E. Novitke has called a meeting of the City Council, meeting as a Committee-of-the-Whole, for **Monday, June 17, 2019, at 7:30 p.m.** The meeting will be held in the Municipal Court/Council Chambers of the Municipal Building, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 and is accessible through the Municipal Court doors. In accordance with Public Act 267, the meeting is open to the public and the agenda items are as follows:

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acquisition of a City-Owned Parking Lot
 - A. Letter 05/22/19 – Joseph Paluzzi, Verus Development Group
 - B. Real Estate Appraisal Report – Terzo & Bologna, Inc.
 - C. Letter 12/26/18 – Terzo & Bologna, Inc., w/attachments
5. Administrative Office Reconstruction
 - A. Conceptual Floor Plan 06/17/19
6. New Business/Public Comment
7. Adjournment

Bruce Smith
City Administrator

IN ACCORDANCE WITH PUBLIC ACT 267 (OPEN MEETINGS ACT)
POSTED AND COPIES GIVEN TO NEWSPAPERS

The City of Grosse Pointe Woods will provide necessary, reasonable auxiliary aids and services, such as signers for the hearing impaired, or audio tapes of printed materials being considered at the meeting to individuals with disabilities. All such requests must be made at least five days prior to a meeting. Individuals with disabilities requiring auxiliary aids or services should contact the City of Grosse Pointe Woods by writing or call the City Clerk's office, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236 (313) 343-2440, Telecommunications Device for the Deaf (TDD) 313 343-9249, or e-mail the City Clerk at cityclk@gpwmi.us.

cc:
Council – 7
Berschback
Smith
Hathaway

Rec. Secretary
Email Group
Media - Email
Post -8

File

RECEIVED
JUN - 4 2019
CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT

May 22, 2019

Mr. Gene Tutag
Mr. Bruce Smith
Grosse Pointe Woods
20025 Mack Plaza
Grosse Pointe Woods, MI 48236

Dear Sirs,

Re: Acquisition of a city owned lot

Project Overview

Verus Development Group is a Real Estate Firm focused on acquiring, developing, re-developing, and managing strategically located Retail Properties throughout Michigan. Verus Development Group has recently acquired the properties located at 20825-20853 Mack Ave Grosse Pointe Woods and 20861- 20879 Mack Ave, Grosse Pointe Woods (the "Site"), consisting of approximately .61 acres. The Site resides between Hollywood and Ridgement Roads in the City of Grosse Pointe Woods. Verus seeks to acquire property contiguous to the northerly boundary of the Site (the "Additional Property") consisting of approximately .46 acres for a redevelopment (the "Project").

Objective

- Revitalization and development of all properties into a lifestyle shopping destination expanding two city blocks.
- Vastly improve the Mack Avenue corridor with the implementation of new design, landscaping, and architectural features.
- Create a walkable, friendly retail environment for the neighborhood.
- Activate the park in the rear of the property that is underutilized by implementing walkways that are pedestrian friendly.
- Create a mix of retail offering that is sought out by Grosse Pointe residents.

Verus Development Group

36400 Woodward Ave, Suite 240

Bloomfield Hills, MI 48304



Specifications

- Verus seeks to acquire the Additional Property for \$7.00 sq.ft x 20,000 sq. ft. (approximately .46 acres) = \$140,000. (Per the appraisal of the Site/comparable that was done by Terzo & Bologna, Inc on December 26, 2018) – see conclusion attached.
- Verus anticipates the total cost of this development to exceed \$4,000,000.
- Verus intends to commence construction as aggressively as possible.

Summary

The Project will revitalize the neighborhood, provide economic opportunity for residents, and strengthen the local tax base. Currently, the City owned lot has a Property Tax Bill of \$0. Following completion of the Project, the Site will yield tax revenue for local governments. The Project will replace the 45 current public parking spaces, with 68 replacement parking spaces. The replacement parking spots will be available for the public use. The Project offers the City an innovative opportunity to redevelop the Additional Lot and convert vacant and underutilized land to its highest and best use, thereby preserving and enhancing the quality of life in the neighborhood. After completion of the two city blocks we would expect that other property owners on Mack Ave consider plans for improvement as well.

I look forward to your response in this regard.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JP III', is written over the printed name.

Joseph Paluzzi III

Verus Development Group

36400 Woodward Ave, Suite 240

Bloomfield Hills, MI 48304

REAL ESTATE APPRAISAL REPORT

**20861-20879 MACK AVENUE
GROSSE POINTE WOODS, MI 48236**

Prepared for

**Ms. Christine A. Johnson
Bank of Ann Arbor**

By

TERZO & BOLOGNA, INC.



PRINCIPALS

M. Brad Beerbower, MAI
Andrew J. Exline, MAI, SRA, MRICS
James R. Green, MAI
Kevin J. Hartman, MAI
Erick P. Landeen, MAI
Susan P. Shipman, MAI

DESIGNATED STAFF

Joseph R. Calvanese, MAI
William P. Fowler, MAI
Stephen J. Hurst, Jr., MAI
Andrea M. Kujala, MAI
Stephen S. Wagner, MAI, SRA, AI-GRS

FOUNDERS

Raymond V. Bologna - Retired
Frederick C. Terzo - Retired

December 26, 2018

Ms. Christine A. Johnson
AVP Real Estate Appraisal Coordinator
Bank of Ann Arbor
125 S. Fifth
Ann Arbor, MI 48104

RE: 20861-20879 Mack Avenue
Grosse Pointe Woods, MI 48236

Dear Ms. Johnson:

As you requested, we have performed the necessary research to provide you with a real estate appraisal report for the referenced property. In our opinion, this appraisal meets the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, as well as the Supplemental Standards and Ethical Rules of the Appraisal Institute.

Since the property is not stabilized as of a current date, two market values will be reported: 1) as-is, and 2) contingent upon stabilization. At the request of the client, a land value is also provided. All values are based on a current report date of December 26, 2018 although current and prospective market values are reported.

The market conclusions are predicated upon the conditions and limitations stated in Section 2 of this report. Specifically, market value is predicated on the extraordinary assumptions that follow, which might have affected the assignment results.

38701 Seven Mile Road
Suite 140
Livonia, MI 48152

734-953-1050
FAX: 734-953-2460

www.terzo.com

Email: michquotes@terzo.com

OFFICES IN:

Indianapolis, Indiana
Detroit, Michigan
Grand Rapids, Michigan

- Analyze the above to determine how the data translates into value indications for the subject.
- Due to the scale of the subject development, research was limited to the local market. Regional financial indicators and investor requirements are also relevant.

The foregoing list represents an overview of the major items that constitute the scope of work of this appraisal. Additional items that are relevant to the definition of the appraisal scope will be found in other portions of the appraisal text, where they reference appraisal procedures or market analysis issues. The appraisal is sufficient in scope to develop credible assignment results.

INTENDED USER AND INTENDED USE

The report is intended for use only by Bank of Ann Arbor as client. There are no other intended users. The appraisal is being prepared for the client and is intended only for collateral evaluation purposes. This report is not intended for any other use.

TYPE AND DEFINITION OF VALUE

This report estimates the market value of the property. As used herein, the term "market value" is based on the definition generally used by agencies that regulate federally insured financial institutions in the United States.

"The most probable price which 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 are 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 interests;
- 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 sale."¹

¹ "Interagency Appraisal and Evaluation Guidelines; Notice" - "Federal Register / Vol. 75, No.237 Friday, December 10, 2010/Notices" - "Appendix D-Glossary of Terms" - page 77471

Further, the term "as-is" market value is identified to be:

"The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date."²

PROPERTY RIGHTS APPRAISED

Fee Simple Estate Defined

The definition of fee simple estate according to The Dictionary of Real Estate Appraisal is as follows.

"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."³

ASSUMPTIONS & LIMITING CONDITIONS

The opinions of market value are predicated on the following extraordinary assumption, which might have affected the assignment results.

- The subject contains visible signs of mold in the basement. Terzo & Bologna appraisers are not environmental analysts. Remediation has been estimated for valuation purposes and is assumed to be limited to the visible areas with the assumption that there is no defect in the foundation or structure of the existing improvements. If found to be contrary to this assumption, the value conclusions will be affected and we reserve the right to modify the value conclusions.

This report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description, legal matters, or title considerations. Title to the property is assumed to be clear and marketable, and it is assumed that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or market value.
2. Unless otherwise stated, no consideration is given to liens or encumbrances against the property.
3. Responsible ownership and competent property management are assumed. An analysis of owner or management effectiveness and current or anticipated actions that will affect property operations is beyond the scope of this report.

² Ibid.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "fee simple estate". (Chicago: Appraisal Institute, 2015).

Conclusion: Hold for future retail or office development with improvements ranging from 5,000 to 10,000 square feet.

HIGHEST & BEST USE AS IMPROVED

The subject property is currently improved with a use that conforms to the highest and best use of the land as if it were vacant but the improvements exceed the density that would be legally permissible on the vacant site under the current zoning. The improvements add considerable value to the land as if vacant and, in fact, generate a higher value than the property would if it were modified to conform to the legal density. It therefore does not make sense (not feasible) to raze all or a portion of these existing improvements only to modify the development to achieve a lower, "legal" density. The zoning ordinance allows the current improvements to remain intact so long as the extent of the non-conformance is not increased. Further, the three parcels and structures effectively operate as one economic site, so splitting the property into its discrete legal components would complicate operations and likely decrease the overall value.

As to the utility and design of the improvements, mold has been identified in the basement and a cost to cure was estimated. Based on the valuation that follows, the mold issue is concluded to be curable, as the market value of the subject upon curing and stabilization exceeds the underlying land value, less demolition. The office suites are constructed within the general expectations of the market so no major modification or enhancement, aside from some modest updating, is dictated to maximize value.

Therefore, the highest and best use of the property as improved is recognized to be for a continuance of the present improvements as one economic site, with curing of the mold deferred maintenance.

Economic Rents

Selection of Comparables

Economic rent to the subject can be extracted from other properties in the market that are being offered for lease or that have actually leased. In selecting the comparables available data was scrutinized based on relevance to the analysis. Emphasis was placed on:

- Recentness of data;
- Similarity of physical characteristics;
- Proximity to the subject.

The survey for comparables was extensive, including a visual survey for listings along the Mack Avenue corridor; a CoStar survey along the corridor and the submarket; phone calls and conversations with brokers and owners active in this market; discussions with third-party appraisers; and internet searches for listings and leases in the area.

The local office market is fairly static, in that, many of the occupancies – especially along this stretch of Mack Avenue – are local operators that stay in their spaces and renew for extended periods of time. The result is that there is minimal new leasing activity. Further, the submarket is fairly small in terms of square feet of inventory so leasing activity is naturally lower.

Referencing the market analysis, for example, the Detroit MSA showed 8,532,178 square feet of leasing activity within 186,605,404 square feet of existing space over the prior 12 months – a rate of almost 4.6 percent. The subject's submarket showed 21,583 square feet of leasing activity in 1,368,074 over the same period – a rate of almost 1.6 percent.

Because of these factors, we were unable to uncover truly comparable leases in the local area, so geographic parameters were expanded until sufficient data were found to perform a credible lease analysis. The comparables that were concluded to provide the best indicators are shown on the following pages with a map identifying their locations in relation to the subject.

TERZO & BOLOGNA, INC. MARKET DATA: LISTING OF OFFICE



Comparable # 1

Address: 20916 Mack Avenue
Grosse Pointe Woods, MI
County: Wayne
Location: East of Mack Avenue
Date of Survey: 12/2018

DESCRIPTIVE DATA

Type of Tenancy: Multi tenant GSF: 6,552
Type of Building: Low Rise
Type of Office Use: General
Number of Stories: 2
Year Built: 1985
Site Area: 0.088 Acres

Description: The building is a typical zero-lot-line office property along Mack Avenue. It has a brick facade and room for signage above the first and second floor windows. The building has masonry construction and features an elevator. There are four dedicated parking spots at the rear of the property and a municipal parking lot with metered parking directly adjacent to the rear property line.

LISTING DATA

	<u>\$/SqFt</u>	<u>SqFt</u>	<u>Terms</u>
Listing	\$18.50	1,500	Gross + Electric

Surveyed By: ISB

T&B # 2630

TERZO & BOLOGNA, INC. MARKET DATA: LISTING OF OFFICE

Land to Building Ratio: .59 to 1
Current Space Available: 1,500 - 6,552 square feet
Comments: The building is currently vacant. The listing is for either part
of the building or for the entire space.

T&B # 2630

Adjustments

The following chart shows the comparisons and applies adjustments to arrive at a market-supported rental rate for the subject.

Transactional adjustments must be considered first.

- Conditions of Lease – All leases were arm's length with no unusual motivation on the part of the Lessor or Lessee, so no adjustment is required.
- Market Conditions - Based on market observations, an adjustment of three percent per year is applied.
- Tenant Expenses - All comparables are reconciled to "market terms". This is defined as 'modified gross', in which tenants are responsible for suite utilities such as gas, electricity, and water/sewer while the landlord is responsible for all other operating expenses such as real estate taxes, insurance, and common area maintenance. Comparables varying from this norm are adjusted to reflect the difference in operating expenses for which the tenants are responsible.
- Lease Length/Escalators – Economic rent was estimated based on a three-to-five year term with two percent annual escalators; comparables that vary from this norm are adjusted based on the estimated mathematical difference between their terms and those forecast for the subject.

Property adjustments are the next set of adjustments to consider.

- Location – Comparables #1 and #2 are along the subject's Mack Avenue corridor, and no adjustment is required. Comparables #3 and #4 are located in better office locations, so downward adjustments are necessary. Comparable #5 is located in a less desirable office submarket and is given an upward adjustment.
- Physical Characteristics -
 - Suite Size – All suites are reasonably similar, therefore no adjustment is needed.
 - Condition and Appeal – The comparables are adjusted based on their effective age, condition, and appeal.
 - Quality-Type of Improvements – All properties are similar in this regard, warranting no adjustment.
 - Functional Utility – All comparable are considered similar in this regard.
 - Parking – All of the comparables provide an adequate number of parking spaces in relation to their sizes, so no adjustments are warranted.
- Non-Realty Components – Neither the subject, nor the comparisons include non-realty components, so no adjustments are needed.

TERZO & BOLOGNA, INC. MARKET DATA: SALE OF COMMERCIAL LAND



Photo taken by: Oakland Property Gateway

Comparable #2

Property: Vacant Land
26120 Town Center Drive
Novi, MI
County: Oakland
Location: NEC 11 Mile Rd & Town Center Rd
Date of Sale: 4/2017
Seller: Stellar Hospitality Novi LLC (Asmar Companies Inc.)
Purchaser: Lockard Novi SPE

FINANCIAL DATA

Effective Sale Price: \$640,000
Terms: Cash
Price/Net Square Foot: \$7.42
Price/Net Acre: \$324,873
Price/Gross Square Foot: \$6.77
Price/Gross Acre: \$294,931
Price/SF of Building Area: \$64.00

T&B # 8681

Sales Comparison Reconciliation

Within the indicated range, Comparables #3 sets the high end. This parcel was to be developed to a Tim Horton's fast food use, and the seller had a buyer in hand; this observation logically sets the high end of the range. Comparables #1 and #2 are more reasonable indicators of a probable land value to the subject. A rate of \$7.00 is concluded. Valuation is as follows.

$$\begin{array}{rclclcl} 26,484 & \text{sq.ft.} & \times & \$7.00 & / \text{sq.ft.} & = & \$185,388 \\ & \text{Land Value by Sales Comparison (Rounded)} & & & & & \$185,000 \end{array}$$

CONCLUSION

For the valuation of land, the sales comparison approach is concluded the most applicable and reliable methodology. Based on sales comparison approach, the market value of the fee simple estate in the subject's underlying land as of December 5, 2018 is concluded to be

**ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS
(\$185,000).**

Exposure Time

The estimated value presupposes the property had been exposed on the market for a reasonable period of time. This retrospective observation is based on analysis of past events presuming a competitive and open market. In this instance, exposure time has been observed from past sales. The estimated value predicated on these observations presumes an exposure time of 12 to 24 months.

7.0 CERTIFICATION OF THE APPRAISERS

I 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 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 was 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 directly 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 not made a personal inspection of the property that is the subject of this report.
- Isaac S. Burgess was instrumental in providing the research, doing the analysis, and writing the enclosed report. Joseph R. Calvaneso supervised and assisted the analytical and writing process, provided technical and analytical counseling, and performed the review for the final product. I performed the review for the final product.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, and is subject to review by governing State agencies.
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- to the best of my knowledge, neither I, nor Terzo & Bologna, Inc., has 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.
- in Michigan, appraisers are required to be licensed and are regulated by the Michigan Department of Licensing and Regulatory Affairs, P.O. Box 30018, Lansing, Michigan 48909.




Andrew J. Exline, MAI, SRA, MRICS
Certified General Appraiser - Michigan #1201008315

CERTIFICATION OF THE APPRAISERS

I 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.
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- Isaac S. Burgess was instrumental in providing the research, doing the analysis, and writing the enclosed report. I supervised and assisted the analytical and writing process, provided technical and analytical counseling, and performed the review for the final product. Andrew J. Exline performed the final review.
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Joseph R. Calvaneso, MAI
Certified General Appraiser – Michigan #1201074008

ANNEX

LETTER OF ENGAGEMENT
APPRAISER LICENSES
INTRODUCTION TO TERZO & BOLOGNA, INC.
QUALIFICATIONS OF THE APPRAISERS



November 26, 2018

Susan Shipman [MAI], Principal
Terzo & Bologna
38701 Seven Mile, Suite 140
Livonia, MI 48152

Dear Susan

This letter is an offer to engage your services to provide an [5] appraisals of the market value of the property described below. Bank of Ann Arbor (the "Lender") is requesting the appraisal which should be addressed as follows:

Christine A. Johnson, AVP Real Estate Appraisal Coordinator
Bank of Ann Arbor
125 S. Fifth
Ann Arbor, MI 48104

By signing this engagement letter, you agree to be bound by, and your written appraisal (the "Appraisal") shall meet, the terms and conditions of this letter and the attached materials described as "Contents of Appraisals". The Lender agrees to make payments to you for your appraisal services meeting the terms of this letter as specified below.

Property locations, descriptions, value condition and interest to be appraised are as follows:

Property [1] *

As is, As Complete and As Stabilized Market Value, Lease fee Interest
20825-20853 Mack Ave, Grosse Pointe Woods, MI 48236
Office Building
17,711 SF
Currently 79% occupied

*Property will receive some renovation to front exterior elevation- scope of project and costs not provided

** Property actually consists of three tax parcels, to be valued based on highest & best use analysis.*

SPS

Property [2]

As Is and Proposed vacant land- Lender states that borrower will raze building for future development
20861-20879 Mack Ave, Grosse Pointe Woods, MI
Office Building
14,295 SF
50% Occupied

*** AS-IS based on HBU,*

land value hypothetical if not its HBU

Property [3]

As Is and As Stabilized Market Value, Lease Fee Interest
20927-20931 Mack Ave, Grosse Pointe Woods, MI
Office Building
3,326 SF
50% Occupied

Property [4]

As Is and As Stabilized Market Value, Lease Fee Interest
21300-21316 Mack Ave, Grosse Pointe Woods, MI
Office Building
11,920 SF
55% occupied

Property [5]

18696- As Is, As Complete and As Stabilized
18700 Mack Ave, Grosse Pointe Woods, MI * SP
Office Building
4,600 SF
100% Occupied

Lender notes: This is a single tenant building in Grosse Pointe. The building is currently vacant but a new 10 year lease was just signed for a new Beaumont Urgent Care.

Intended User / Use for each report is: Bank of Ann Arbor / Collateral evaluation

Fee for Appraisal Services ("Fee") not to exceed amount of \$10,050 [which includes all 5 properties/reports listed above].

Completion Date: The completed appraisal meeting the terms and conditions of this letter is to be delivered to the Bank within 2.5 to 3 weeks [not to exceed December 17, 2018].

Contact for admittance:

Properties 1-4 please contact Frank Arcori @ 248-342-5109 or email frank.arcori@verusdg.com.

For property #5 please contact Joe Paluzzi at 313-570-3200 or email jpaluzzi@mhbcompanies.com *partner*

Payment of Fee by Lender: The fee shall be due and payable by Lender within 30 days after receipt of the appraisal and confirmation by the Lender that the appraisal conforms to the terms and conditions of this letter.

Number of Copies: Two completed copies of the appraisal, including color photographs for each, are to be provided together with your bill. Please email a copy to the following address: chjohnson@boa.com and boaplymouth@gmail.com

Appraiser Certification Regarding Independence: By acceptance of this engagement letter, Appraiser certifies to Lender that he/she has no direct or indirect interest, whatsoever, financial or otherwise, in the property to be appraised, or with the borrower or the seller of the property.

The undersigned Appraiser hereby agrees to the following terms and covenants:

1. All appraisal reports shall conform to the requirements of the Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.
2. All appraisal reports shall conform to the appraisal standards regulations of the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of Currency, the Appraisal Foundation, and any subsequent amendments thereto. If you have any questions regarding the above standards, you may telephone the Lender at 734-414-1943.
3. The Lender's request for appraisal from Appraiser does not create or imply an agency or employee relationship. Appraiser is an independent contractor and is solely liable for his/her actions pursuant to the requested appraisals.
4. To indemnify, defend, and hold harmless the Lender and its directors, officers, employees, and agents from any and all claims, losses, costs (including attorney fees), and liabilities, occasioned by Appraiser providing requested appraisal to Lender. This indemnity is limited to the Lender, its directors, officers, employees and agents.

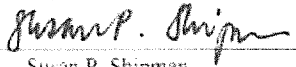
5. To obtain and maintain appropriate insurance at his/her sole cost, and to provide Lender with copies of such insurance policies establishing general liability and/or errors and omissions insurance and worker's compensation insurance, satisfactory to lender in all respects.
6. To determine if any structure is located in a flood hazard area in accordance with the procedures listed in the Contents of Appraisals attached hereto. Include map panel information.
7. Appraiser acknowledges that his/her approval by the Lender for appraisal assignments is not an endorsement of the Appraiser or his/her firm, and any reference to the Lender in public media advertisements by Appraiser or his/her firm is expressly prohibited.
8. Appraiser additionally warrants that he/she is in compliance with all applicable State and Federal Licensing Regulations.
9. This agreement may be terminated on the following conditions:
 - a. By mutual agreement of both parties.
 - b. By either party upon the breach of terms, conditions or covenants of this agreement, or falseness of the representation and warranties contained herein.
10. The Lender may provide copies of the appraisal reports provided pursuant to this letter to its borrower and any loan participant.

This letter constitutes the entire understanding between the parties and can only be modified by written notification to the parties. In matters of law, the laws of the State of Michigan shall govern.

Please indicate your acceptance of this agreement in the space provided below and return a signed and dated copy to me.

Sincerely,
Christine A. Johnson
Bank of Ann Arbor

Acknowledged and accepted.

By: 
Susan P. Shipman
Vice President
for Terzo & Bologna, Inc.

Date: November 26, 2018

Address 20861 Mack

Legal Description

WD223B1A2B2 THAT PART OF PRIVATE CLAIM 223 DESCRIBED AS BEGINNING AT A POINT ON THE ELY LINE OF LOT 12 OF FONTANAS SUB NO 1 AS RECORDED IN LIBER 73 OF PLATS PAGE 56 WAYNE COUNTY RECORDS DISTANT S 14D 57M W 84.0 FT FROM THE NE CORNER OF LOT 12 AND PROCEEDING TH S 14D 57M W ALONG SAID ELY LINE 47.03 FT TO THE NLY LINE OF HOLLYWOOD AVE TH S 75D 28M 35SEC E ALONG SAID NLY LINE 210.97 FT TO THE WLY LINE OF MACK AVE TH ALONG SAID WLY LINE N 50 27M 30SEC E 27.89 FT AND N 11D 32M 10SEC E 19.23 FT TH N 75S 23M 58SEC W 205.22 FT TO THE POB 0.22 ACRE K 59.09

Parcel Id 003 99 0018 000

Address 20867 Mack

Legal Description

WD223B1A2B1 THAT PART OF PRIVATE CLAIM 223 DESCRIBED AS BEGINNING AT A POINT ON THE ELY LINE OF LOT 12 OF FONTANAS SUB NO 1 AS RECORDED IN LIBER 73 OF PLATS PAGE 56 WAYNE COUNTY RECORDS DISTANT N 14D 57M E 47.03 FT FROM THE SE CORNER OF LOT 12 AND PROCEEDING TH N 14D 57M E ALONG SAID ELY LINE 44.0 FT TH S 75D 24M 27SEC E 202.58 FT TO THE WLY LINE OF MACK AVE TH S 11D 32M 10SEC W ALONG SAID WLY LINE 44.09 FT TH N 75D 23M 58SEC W 205.22 FT TO THE POB 0.21 ACRE K 55.11

Parcel Id 003 99 0007 000

Address 20871 – 20879 Mack

Legal Description

WD223B1A1 B1A2A THAT PART OF PRIVATE CLAIM 223 DESCRIBED AS BEGINNING AT THE NE CORNER OF LOT 12 OF FONTANAS SUB NO 1 AS RECORDED IN LIBER 73 OF PLATS PAGE 56 WAYNE COUNTY

Parcel Id 003 99 0006 000

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL APPRAISER
LICENSE

M946874

JOSEPH RONALD CALVANESO

LICENSE NO.
1201074008

EXPIRATION DATE
07/31/2019

AUDIT NO
3232027

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OF MICHIGAN

RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL APPRAISER
LICENSE

M838932

ANDREW J EXLINE

LICENSE NO.
1201008315

EXPIRATION DATE
07/31/2019

AUDIT NO
3182541

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BUREAU OF PROFESSIONAL LICENSING
LIMITED REAL ESTATE APPRAISER
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ISAAC SAUMUEL BURGESS

LICENSE NO.
1201076185

EXPIRATION DATE
07/31/2019

AUDIT NO.
3344335

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- **INTRODUCTION TO TERZO & BOLOGNA, INC.**

Terzo & Bologna, Inc., is a real estate consulting group with offices in Indiana and Michigan that specializes in analysis of commercial properties throughout the Midwest. The firm has a well-established reputation and is recognized for its ability to resolve complex valuation issues in an objective and impartial manner.

The primary goal of Terzo & Bologna, Inc., is to build long-term relationships by providing high quality real estate analysis that is timely and of value to its clients.

- **PROBLEM SOLVING IS OUR STRENGTH**

The success of any real estate analysis rests on knowledge of local markets.

No two properties are alike. Each presents its own unique challenge to analysis. Similarly, client objectives are not all alike. Some clients require analysis leading to property valuation; others require analysis directed to specific investment or disposition strategy.

The firm considers the uniqueness of each property and assignment in providing services that are responsive to the specific needs of the client. No matter how intricate the real estate problem, Terzo & Bologna, Inc., has the experience to solve it.

• **STAFF APPRAISERS AND COUNSELORS**

Well-educated and experienced professionals form the backbone of the firm. Staff appraisers and counselors have established backgrounds in a wide range of real estate related fields such as finance, mortgage banking, city planning, brokerage, construction management and property management. Each is involved in a continuing education program. The multiple perspectives provided by this professional diversity enhance the quality of the analysis that is provided to each client.

Services are provided in accordance with the ethics and standards established by the Appraisal Institute. Services are unbiased, knowledgeable and confidential. Professional affiliations held by individual members of the staff include:

- * Appraisal Institute
- * Royal Institution of Chartered Surveyors

Staff members of Terzo & Bologna, Inc., are currently licensed in the following states.

Indiana
Michigan
Ohio
Kentucky
Illinois

Licensure in other states can be obtained at the client's request.

QUALIFICATIONS OF THE APPRAISERS

ANDREW J. EXLINE

Andrew J. Exline, a principal of Terzo & Bologna, Inc., has been active in the real estate industry since 2000 providing valuation and consulting services to local, regional, national and international clients. His experience encompasses an array of property types including vacant land, single and multi-family residential, subdivision/condominium developments, retail, restaurant, office, industrial, general commercial and special use properties. Having also worked abroad in the Caribbean, Exline has experience across various professional standards, both domestic and international.

Since joining Terzo & Bologna, Inc. in 2006, Exline has been a key contributor and team leader for several property-teams of the firm's Michigan office including multi-family residential, industrial, office and its going-concern valuation group concentrating on the valuation of hotels and recreational properties. Additionally, Mr. Exline has been retained as a valuation expert for tax appeal, acquisition/planning, and eminent domain assignments.

Mr. Exline is a graduate of the University of Michigan – Dearborn and earned a Bachelor of Business Administration with a concentration in finance. Moreover, he has been awarded the Appraisal Institute's MAI and SRA designations, both highly respected in the real estate valuation industry, as well as the MRICS designation from the Royal Institution of Chartered Surveyors all of which not only highlight Exline's knowledge and experience, but commitment to professionalism and ethical standards as well.

Andrew J. Exline is licensed as a Certified General Real Estate Appraiser in Michigan, license number 1201008315.

JOSEPH R. CALVANESO

Joseph R. Calvaneso is a Senior Appraiser with Terzo & Bologna, Inc. He attended Oakland University, where he graduated with a Bachelor of Science degree with a concentration in Finance, and graduated with School Honors.

Mr. Calvaneso's experience encompasses all the core real estate sectors including retail, office, industrial and multi-family, with a specialization in retail and multi-family valuation.

In the retail sector, Mr. Calvaneso has appraised the full spectrum of property types ranging from build-to-suit single-tenant net-lease (STNL) assets existing and proposed to 300,000-SF+ shopping centers. His multi-family experience is just as vast, including existing and proposed market-rate housing, subsidized and LIHTC properties, student housing, and senior independent living facilities.

Though focused primarily in Michigan and Ohio, Mr. Calvaneso has appraised, consulted, or analyzed real estate in 13 states and Europe, providing guidance and opinions of value under a variety of scenarios including market, insurable, disposition, liquidation, investment, and go-dark values for acquisitions, dispositions, speculative development, build-to-suit development, distressed assets, fundamental market analyses, and completion and stabilization scenarios, among others.

Mr. Calvaneso has earned the MAI designation awarded by the Appraisal Institute, and is licensed as a Certified General Appraiser in Michigan (#1201074008) and Ohio (#2015003292).

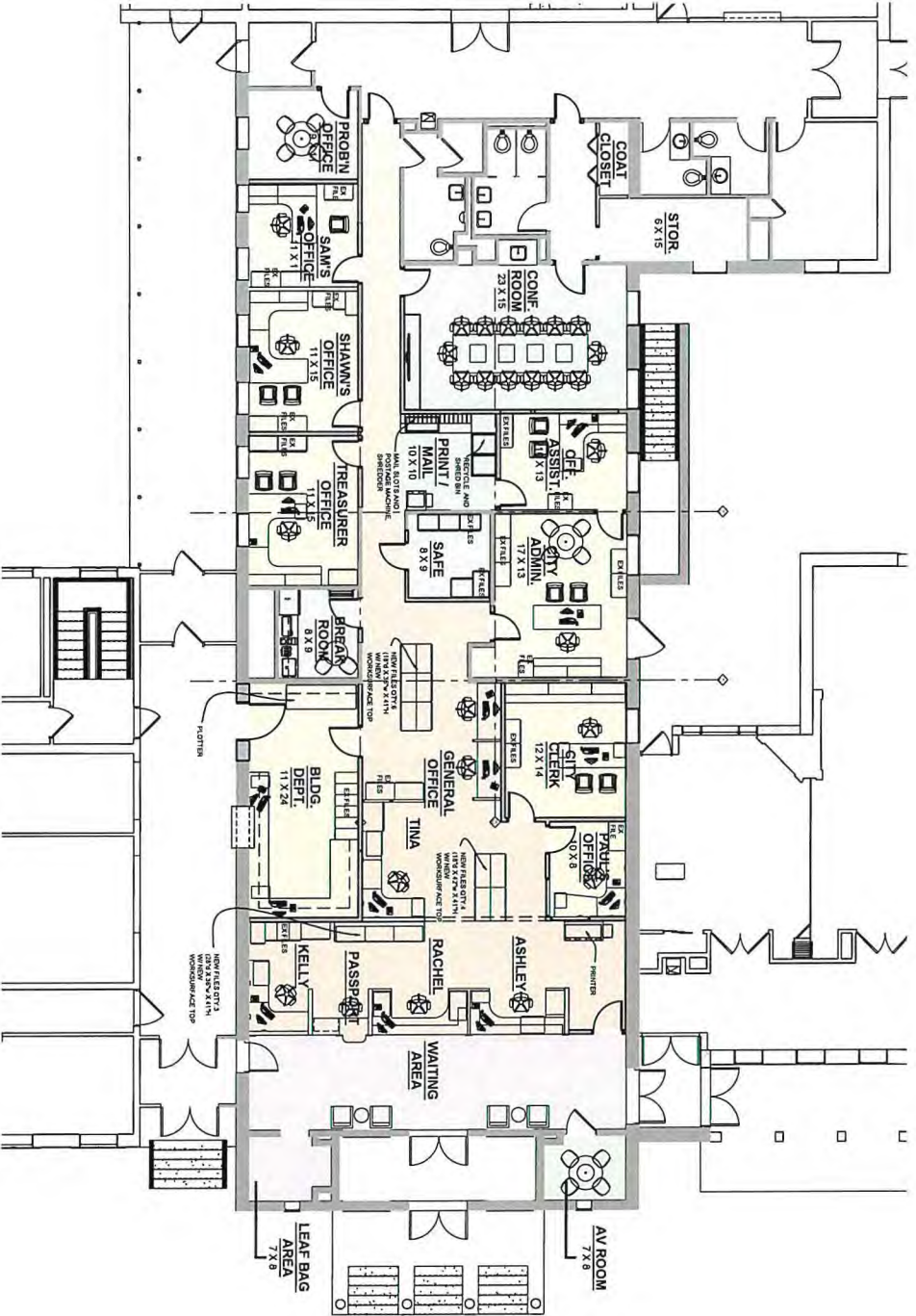
5



2019.049
GROSSE POINTE WOODS CITY HALL
20025 MACK PLAZA DR
GROSS PONTE WOODS, MI 48236

CONCEPTUAL FLOOR PLAN

FLOOR PLAN
SCALE: 3/16" = 1'-0"

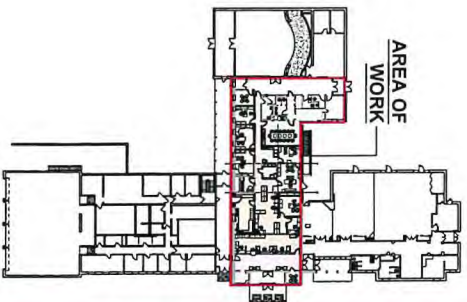


LEGEND:

- PUBLIC WAITING AREA
- GENERAL OFFICE
- PRIVATE OFFICES
- OFFICE SUPPORT AREAS
- STORAGE / SUPPLIES

OPTION 1

KEY PLAN
SCALE: N.T.S.



OWNER REVIEW
JUNE 17, 2019