



March 19, 2024

Mr. Derek Delacourt  
Community Services Administrator  
City of Ann Arbor  
301 E. Huron St.  
Ann Arbor, MI 48104

Dear Mr. Delacourt,

Please accept this letter and accompanying documentation as a formal expression of 4M's interest in entering into a definitive agreement with the City of Ann Arbor for the purchase and redevelopment of the site known as 415 W. Washington St. For clarity, we propose to move forward into a due diligence period with a target transaction price of no less than \$2.5M up to the 2019 appraised value of \$5.5M.

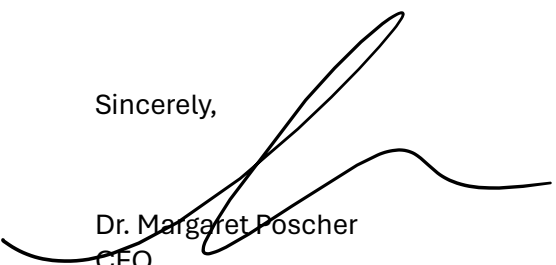
4M is a unique and distinct developer in the market given our demonstrated commitment to sustainability. We intend to take the same approach as the SouthTown project, including mass timber and other highly sustainable materials as well as the implementation of a microgrid that will reduce carbon emissions far greater than any other current building technology. Our goal is to work with the Washtenaw County Brownfield Authority to finance eligible sustainability investments, environmental impediments, and other infrastructure costs.

The 4M team has demonstrated a clear interest in the blending of sustainability measures, visual appeal, integration with the natural environment, and the importance of building with the overall objective of placemaking and community development. By thought, action and level of energy, the 4M team is well suited to develop the 415 site.

We have attached a high-level timeline that spans from our front-end due diligence period through to the start of construction. Additionally, our core development principles for 415 are also outlined.

I am happy to answer any immediate questions you may have and look forward to the possibility of working with you to create new and much needed housing for the City of Ann Arbor.

Sincerely,



Dr. Margaret Poscher  
CEO  
4M Consolidated Brands



REFERENCES:

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## Proposal for Acquisition and Development of 415 W. Washington, Ann Arbor

Introduction: 4M Consolidated Brands proposes the acquisition and development of 415 W. Washington in Ann Arbor with a vision to create a sustainable, community-centric space that preserves natural habitats, maximizes park space, and integrates seamlessly with existing urban fabric. The to-be-named project, (“415”), is designed to embody innovation, sustainability, and inclusivity, providing market-rate residential units alongside amenities that prioritize tenant well-being and environmental stewardship.

### Framework for Acquisition and Underlying Financial Components:

The 4M team proposes a single-phase due diligence process wherein information will be gathered to satisfy future project financiers and to negotiate a final purchase price with the City. Activities in this phase will include document review, preliminary meetings with the Ann Arbor HDC, additional environmental testing, and an extensive review of the existing floodplain. Sound financial projections based on proposed housing type. Construction estimates, and cost of capital will be critically evaluated. The Brownfield Tax Increment Finance Plan will be a key component to the capital stack. The 4M team anticipates that this phase will culminate with the execution of a Purchase Agreement with a target date of no later than October 1, 2024. The 415 project will also leverage the information and lessons learned in SouthTown planning and development, as well as the SouthTown facilities Microgrid investment. The SouthTown Microgrid facilities will include a control center that would digitally monitor and control the Microgrid at 415.

### Core Development Principles:

- **Carbon Negative Building by 2030:** A utility-grade microgrid will be implemented to manage energy consumption efficiently, prioritize renewable resources, and enhance resilience against climate change. This system will ensure optimal performance while reducing carbon emissions. Through the submittal of an Annual Report, SouthTown by 4M will demonstrate continuous microgrid operation of at least 60-75% less Carbon Intensity (CI) than electricity incumbent DTE. By example, the microgrid system at SouthTown is projected to reduce carbon emissions by 95% at the end of 14 years. And, we will work with the Office of Sustainability to develop a microgrid system that utilizes the most optimal source of renewable energy to fuel generation. Site environmental and floodplain constraints will dictate the ability to add a geothermal system. The 415 design will feature innovative mass timber construction, emphasizing sustainability and visual appeal. This approach aligns with our commitment to carbon capture and reduction of environmental impact. Historic district inspired elevations, with input from the HDC, will be a valuable component to the overall project design.
- **Affordability and Workforce Housing:** 415 will provide 15% of the units to residents at 60% of the area median income. We will strive to provide the balance of the units to residents at 80% to 90% of the area median income so long as the project financials can be supported. The 415 development will offer a range of amenities tailored to tenant needs, including



community spaces, fitness amenities, and ample bicycle parking. Accessibility to public transit and electric vehicle charging infrastructure will further promote sustainable transportation options.

- **Full Site Remediation:** The environmental contamination at 415 will be remediated to meet residential clean up criteria standards under Part 201 of the Natural Resources Act. Furthermore, the development will cure any off-site migration hazards through innovative use of environmental technologies.
- **Construction of Important Segment of The Treeline Trail:** The Allen Creek Treeline Trail will be seamlessly integrated into the project, enhancing connectivity and providing residents with access to nature trails and outdoor recreational opportunities.
- **Preserve the Historic Chimney Swift Habitat:** Our development plan prioritizes the preservation of the historic Chimney Swift Habitat, ensuring minimal disruption to the existing ecosystem.
- **Embrace West Washington Street:** The 415 development will contribute to its vibrancy and vitality through thoughtful design and pedestrian-friendly amenities. Improvements to the roadbed will be a priority working with the Brownfield Authority to utilize TIF reimbursements to construct and reconstruct portions of Washington Street that serve downtown and neighborhood residents.
- **Partner with the Historic District Commission:** We will work with the HDC to finalize an elevation of the building that connects with the natural historic past of the building in a way that meets national standards.

#### Development Team Experience:

The development team at 4M has an established history in Ann Arbor, dating back to 2012 when they began their journey into local real estate development. Over the years, they have amassed a significant portfolio and have become familiar with the development landscape through various projects, culminating in recent endeavors such as Venue, 830 Henry, and the ambitious SouthTown by 4M project, scheduled to break ground later in 2024.

The core members of the 4M team have been instrumental in demonstrating how Ann Arbor's sustainability objectives can be successfully implemented, while at the same time leveraging their experience to create innovative and visually striking structures. With each project, they have not only expanded their real estate footprint but also established a reputation for delivering top-notch service to their guests and tenants.

The 4M team includes a diverse and experienced Property Management unit that values customer service and prompt and effective communication. This unit participates in regular training to better equip them in interacting with all members of the public. The 4M team prides itself on maintaining safe, clean and hospitable environments throughout its property portfolio.



Overall, the development team at 4M exemplifies a dedication to innovation, sustainability, and community engagement. Their track record of success in Ann Arbor speaks to their expertise and vision, and the 415 project promises to be yet another landmark achievement in their portfolio.

#### More About 4M Consolidated Brands:

The principal team at 4M honed their development skills on the West Coast in two decidedly urban landscapes – San Francisco and Los Angeles. These projects included numerous mid-rise structures that were developed for infill sites. This specific work led to the development of experiences related to:

- Adoption of forward-thinking energy efficiency measures.
- Complexities around access to and integration with public infrastructure.
- Thoughtfulness and sensitivity to adjacent spaces and the overall visual fabric of a community.

That team returned to their collective Michigan roots in 2012, launching their local development practice with projects in Ann Arbor's lower Burns Park neighborhood. From there the projects grew in size and became more complex. In 2019, the team began exploring and imagining development in the area immediately south of Stadium Dr. and east of Main St. This led to the development of townhouses at 830 Henry and Venue at 1919 S. Industrial Hwy. During this time the team also completed a one block assemblage of property for what has become the SouthTown by 4M development, now with completed pre-development and entitlement work.