

From: Dennis Dahlmann (via Uber.org)
To: [Lumm, Jane](#)
Subject: Councilmember Jane Lumm, save uberX in Ann Arbor!
Date: Friday, August 15, 2014 1:31:47 PM

Dear Councilmember Jane Lumm,

Ann Arbor deserves continued access to reliable, safe and cutting-edge transportation options to match it's reputation as an innovative city. We need to keep uberX in Ann Arbor. Please stand up for consumer choice and driver opportunity by supporting uberX.

Ann Arbor should be leading the way and embracing innovation, not falling behind other cities across Michigan that have adopted progressive regulatory approaches to allow ridesharing.

Please support modern regulations that recognize the uniqueness of the rideshare industry and keep uberX in Ann Arbor.

Sincerely,
Dennis Dahlmann from ZIP code 48103

If you would like to unsubscribe and stop receiving these emails [click here](#).

From: Dennis Dahlmann (via Uber.org)
To: [Petersen, Sally](#)
Subject: Councilmember Sally Petersen, save uberX in Ann Arbor!
Date: Friday, August 15, 2014 3:03:31 PM

Dear Councilmember Sally Petersen,

Ann Arbor deserves continued access to reliable, safe and cutting-edge transportation options to match it's reputation as an innovative city. We need to keep uberX in Ann Arbor. Please stand up for consumer choice and driver opportunity by supporting uberX.

Ann Arbor should be leading the way and embracing innovation, not falling behind other cities across Michigan that have adopted progressive regulatory approaches to allow ridesharing.

Please support modern regulations that recognize the uniqueness of the rideshare industry and keep uberX in Ann Arbor.

Sincerely,
Dennis Dahlmann from ZIP code 48103

If you would like to unsubscribe and stop receiving these emails [click here](#).

From: dk@urbangroupdev.com
To: [Taylor, Christopher \(Mayor\)](#)
Subject: The Former "Y" Parcel
Date: Wednesday, June 24, 2015 4:57:04 PM

Dear Chris,

For the last six months my company, Urban Group, has been in discussions with Dennis Dahlmann regarding the former "Y" Lot property his firm purchased from the city several years ago. Through this process I introduced Dennis to what I consider to be a premier real estate development group, The Habitat Company, LLC. Dahlmann and Habitat have come to an initial understanding regarding a Joint Venture to redevelop the parcel into a mix use project. Urban has been retained to help focus and assist in the design and development process.

Would you be able to meet with me in the very near future to discuss the "next steps" in the development of this important part of our downtown? One area of discussion concerns a section of the Rider to the Purchase Agreement that would restrict financing. It would be helpful to have your advice and guidance in how to move forward with a few specific questions regarding city processes.

My regards, Dan

Daniel Ketelaar, President

*Urban Group Development Company
225 South Ashley Street
Ann Arbor, MI 48104*

E-mail: dk@urbangroupdev.com

Cell: (734) 604-4486

Office: (734) 747-7230

From: [Taylor, Christopher \(Mayor\)](#)
To: dk@urbangroupdev.com
Cc: [Schopieray, Christine](#)
Subject: RE: The Former "Y" Parcel
Date: Wednesday, June 24, 2015 5:09:00 PM

Hi Dan,

Thank you for this; I'd be delighted to meet and discuss.

Christine -- can you please find suitable time.

Christopher

From: dk@urbangroupdev.com [dk@urbangroupdev.com]
Sent: Wednesday, June 24, 2015 4:57 PM
To: Taylor, Christopher (Mayor)
Subject: The Former "Y" Parcel

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E-mail: dk@urbangroupdev.com

Cell: (734) 604-4486

Office: (734) 747-7230

From: dk@urbangroupdev.com
To: [Taylor, Christopher \(Mayor\)](#)
Cc: [Schopieray, Christine](#)
Subject: RE: The Former "Y" Parcel
Date: Thursday, June 25, 2015 7:27:33 AM

Thank you Chris.

Christine, my calendar is fairly open next Monday and Tuesday, June 29 or 30th. Could you find a half hour time slot on one of these days for the Mayor and I to meet?

With regards, Dan

Daniel Ketelaar, President

*Urban Group Development Company
225 South Ashley Street
Ann Arbor, MI 48104*

E-mail: dk@urbangroupdev.com

Cell: (734) 604-4486

Office: (734) 747-7230

From: Taylor, Christopher (Mayor) [mailto:CTaylor@a2gov.org]
Sent: Wednesday, June 24, 2015 5:09 PM
To: dk@urbangroupdev.com
Cc: Schopieray, Christine
Subject: RE: The Former "Y" Parcel

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From: dk@urbangroupdev.com [dk@urbangroupdev.com]
Sent: Wednesday, June 24, 2015 4:57 PM
To: Taylor, Christopher (Mayor)
Subject: The Former "Y" Parcel

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Would you be able to meet with me in the very near future to discuss the “next steps” in the development of this important part of our downtown? One area of discussion concerns a section of the Rider to the Purchase Agreement that would restrict financing. It would be helpful to have your advice and guidance in how to move forward with a few specific questions regarding city processes.

My regards, Dan

Daniel Ketelaar, President

Urban Group Development Company

225 South Ashley Street

Ann Arbor, MI 48104

E-mail: dk@urbangroupdev.com

Cell: (734) 604-4486

Office: (734) 747-7230

From: [Schopieray, Christine](#)
To: [Taylor, Christopher \(Mayor\)](#); [Christopher Taylor](#)
Cc: [Rhonda Brown](#)
Subject: FW: "Y" site/Voice Mail follow up
Date: Wednesday, September 30, 2015 10:11:03 AM

Good morning Christopher,

Mr. Fiascone would like to meet with you and any City officials you deem appropriate to discuss the "Y" lot. His company has a development proposal for the site. Please let me know when you could meet with him. You and Steve Powers will be meeting with Mr. Dahlmann on Monday, October 5th and I'm not certain whether you'd like to schedule a meeting with Mr. Faiscone before, or after the meeting on Monday. Please advise.

Sincerely,
Christine

From: Matt Fiascone [mailto:mfiascone@HABITAT.com]
Sent: Wednesday, September 30, 2015 9:54 AM
To: Schopieray, Christine
Subject: "Y" site/Voice Mail follow up

Christine

I left you a voice mail message a short while ago. Our company has been working with Dennis Dahlmann in an effort to bring a development proposal for the "Y" site to the city. We are now in a position where we can meet directly with the Mayor and any city officials he deems appropriate to describe our thoughts and vision and are very interested in getting feedback. It would be our preference to do that in person at the earliest mutually convenient time.

If you or the Mayor can let me know when a meeting would be possible, we will do our best to accommodate. I would gladly answer any questions you or he have in advance of that meeting.

Sincerely,

Matthew G. Fiascone
President



350 West Hubbard Street • Chicago, IL 60654
312.527.5400 • mfiascone@habitat.com • habitat.com

From: [Taylor, Christopher \(Mayor\)](#)
To: [Taylor, Christopher \(Mayor\)](#); [Christopher Taylor](#); [Rhonda Brown](#); jmessner@dahlmannproperties.com
Subject: meet w/ Dennis Dahlmann

When: Tuesday, November 22, 2016 2:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: ConfRoom - Larcom 3rd Floor

Note: The GMT offset above does not reflect daylight saving time adjustments.

~~*~*~*~*~*~*~*~*

Re: "Y" lot

Jessie, Dennis' assistant: 734-761-7601

From: [Christopher Taylor](#)
To: [Taylor, Christopher \(Mayor\)](#)
Subject: Accepted: meet w/ Dennis Dahlmann

Thomas, Matt

From: Taylor, Christopher (Mayor)
Sent: Monday, June 12, 2017 5:56 PM
To: Schopieray, Christine
Subject: Accepted: meet w/ Dennis Dahlmann

From: Amanda Halstead
To: [Taylor, Christopher \(Mayor\)](#); [Lazarus, Howard](#)
Subject: Meeting with Dennis Dahlmann
Date: Wednesday, November 1, 2017 1:57:43 PM

Hello,

I am emailing you on behalf of Dennis Dahlmann. Mr. Dahlmann was wondering if Mayor Taylor and City Administrator Howard Lazarus could meet with him tomorrow, Thursday, November 2nd for about 15 minutes.

If you could please let me know if they have availability to meet with Mr. Dahlmann, it would be greatly appreciated.

Thank you!

Best Regards,

Amanda Halstead

Administrative Assistant

Benefits Coordinator

Phone: [\(734\)-761-7600 Ext. 221](#)

Dahlmann Apartments Ltd.

300 South Thayer Street

Ann Arbor, Michigan 48104

From: [Taylor, Christopher \(Mayor\)](#)
To: [Lazarus, Howard](#); [Schopieray, Christine](#); rbrown@hooperhathaway.com
Subject: FW: Meeting with Dennis Dahlmann
Date: Wednesday, November 1, 2017 4:05:30 PM

Happy to meet with the gentleman.

Christopher Taylor
Mayor of the City of Ann Arbor
301 East Huron Street
Ann Arbor, Michigan 48104
734-794-6161

From: Amanda Halstead [ahalstead@dahlmannproperties.com]
Sent: Wednesday, November 01, 2017 1:57 PM
To: Taylor, Christopher (Mayor); Lazarus, Howard
Subject: Meeting with Dennis Dahlmann

Hello,

I am emailing you on behalf of Dennis Dahlmann. Mr. Dahlmann was wondering if Mayor Taylor and City Administrator Howard Lazarus could meet with him tomorrow, Thursday, November 2nd for about 15 minutes.

If you could please let me know if they have availability to meet with Mr. Dahlmann, it would be greatly appreciated.

Thank you!

Best Regards,

Amanda Halstead
Administrative Assistant
Benefits Coordinator
Phone: [\(734\)-761-7600 Ext. 221](tel:(734)761-7600)

Dahlmann Apartments Ltd.
300 South Thayer Street
Ann Arbor, Michigan 48104

From: [Google Calendar](#) on behalf of ahalstead@dahlmannproperties.com
To: [Taylor, Christopher \(Mayor\)](#)
Subject: Accepted: meeting with Dennis Dahlmann, Christopher Taylor, Howard ... @ Thu Nov 2, 2017 12:15pm - 12:30pm (EDT) (Taylor, Christopher (Mayor))
Attachments: [invite.ics](#)

ahalstead@dahlmannproperties.com has accepted this invitation.
meeting with Dennis Dahlmann, Christopher Taylor, Howard Lazarus
When Thu Nov 2, 2017 12:15pm – 12:30pm Eastern Time
Where Administrator's Office (map <<https://maps.google.com/maps?q=Administrator%27s+Office&hl=en>>)
Calendar Taylor, Christopher (Mayor)
Who • Taylor, Christopher (Mayor) - organizer
• ahalstead@dahlmannproperties.com - creator
• 'Rhonda Brown'
• Lazarus, Howard
• Christopher Taylor
• Higgins, Sara

Invitation from Google Calendar <<https://www.google.com/calendar/>>
You are receiving this courtesy email at the account ctaylor@a2gov.org because you are an attendee of this event.
To stop receiving future updates for this event, decline this event. Alternatively you can sign up for a Google account at <https://www.google.com/calendar/> and control your notification settings for your entire calendar.
Forwarding this invitation could allow any recipient to modify your RSVP response. [Learn More](#)
<<https://support.google.com/calendar/answer/37135#forwarding>> .

Attachment invite.ics (1092 Bytes) cannot be converted to PDF format.

From: Amanda Halstead
To: [Bannister, Anne](#); [Kailasapathy, Sumi](#); [Lumm, Jane](#); [Eaton, Jack](#)
Subject: Letter from Dennis Dahlmann re Y Lot
Date: Monday, April 2, 2018 11:31:18 AM
Attachments: [Letter re Y Lot.pdf](#)

Please see the three-page attachment. There is also a hard copy in your mailbox at City Hall.

Best Regards,

Amanda Halstead

Administrative Assistant

Benefits Coordinator

Phone: [\(734\)-761-7600 Ext. 221](#)

Dahlmann Apartments Ltd.

300 South Thayer Street

Ann Arbor, Michigan 48104

DAHLMANN APARTMENTS LTD

300 S. THAYER, ANN ARBOR, MICHIGAN 48104 (734) 761-7600 FAX (734) 761-9178

Saturday, March 31, 2018

Dear Councilmembers Bannister, Eaton, Kailasapathy and Lumm,

We just found out on Friday that on Monday, you will be asked to approve a resolution authorizing the city to spend \$4.2 million to reacquire the Y Lot, which I purchased from the City for \$5.25 million in 2014. For reasons of both economics and fairness, I urge you to reject the proposal.

We believe that the market value conclusion contained in the staff report overestimates the income that the City could obtain by reacquiring and flipping the property and does not include the City's holding costs and brokerage fees that will amount to between \$500,000 and \$1,000,000.

The staff report market value conclusion is based solely on the estimated amount of new building square footage to be built on the Y Lot, which omits other important data that is involved in determining the market value of the property. The Land Value Comparison table enclosed compares the staff report conclusion with: 1) An independent MAI appraisal performed at our request on August 14, 2017 by the Gerald Alcock Co.; 2) The comparable data contained in the Core Spaces proposal for development of the Library Lot; and 3) Comparable data for the Foundry Lofts project located at the northeast corner of Huron and Division Streets.

The staff report conclusion is based on floor area ratios with affordable housing premiums. It is unrealistic to believe that a project with a significant affordable housing component would be financially viable at such high land prices.

One of the problems with the staff report conclusion is that it rests on the following assumptions: 1) A purchaser would be available who wants to build to the absolute maximum density allowed; 2) The City would approve such a project; and 3) The purchaser assigns a land value of \$40 to each square foot of building constructed. This is an unlikely scenario.

A significant reference point is the Library Lot across the street. Just a year ago, Council accepted Core Spaces's proposal to purchase this property. Core Spaces' proposed project would be 353,057 sq. ft., a floor area ratio of 522% based on the available land development parcel of 67,518 sq. ft. The purchase price is \$10 million. Dividing the purchase price by the new building size produces a land purchase price of \$28.32 for each square foot of the proposed building, much lower than the \$40 figure in the staff report conclusion.

Applying the Core Spaces project floor area ratio of 522% and the Core Spaces land purchase price of \$28.32 per building square foot to the Y Lot produces the following results: 34,848 sq. ft. x 5.22 x \$28.32 = \$5,151,594 land value of the Y Lot.

The \$10 million dollar Library Lot purchase price is \$148.10 per square foot of the available development parcel. At the same \$148.10 per square foot, the 34,848 square foot Y Lot would be worth \$5,161,000.

The proximity of the Y Lot and the Library Lot to each other, and the contemporaneousness of these calculations, make this comparison particularly useful, but there are additional considerations. As part of its agreement with Core Spaces, the City would be making available for lease approximately 300 parking spaces in the Library Lot Parking Garage that is located under Core's proposed building. Also, the excavation work, the footings and the foundation for the new Core building are basically in place. No such benefits are being provided to the Y Lot. The Y Lot is, as well, adversely affected by the intense bus activity on all four sides of the property. These factors would argue for a lower relative valuation for the Y Lot.

Consequently, the August 2017 Gerald Alcock Co. appraisal of \$6.1 million is more consistent with the calculations presented here than the staff report conclusion.

I have tried to work with the City to create a quality project that will be an asset to Ann Arbor. I remain able and quite willing to build such a project and will do so if I retain the property without the unusual requirements and restrictions that make that impossible. I previously offered to contribute \$600,000 to the City's Affordable Housing Trust Fund in exchange for removal of these requirements and restrictions. On Friday, I directed my attorney to communicate to Mr. Postema an increased offer of a \$1 million contribution. I have made other recent good faith efforts to resolve the difficulties with the project, notably among them, the City's non-existent "existing interconnection" from the Library Lot to the Y Lot, but there has been no response. The City received \$5.25 million from me in 2014, over \$1 million more than the asking price. A fair result would be that the City retains these funds, accepts my million dollar immediate cash contribution to the Affordable Housing Trust Fund and allows me to go forward with creating a quality addition to downtown Ann Arbor that you and I will be proud of.

To illustrate this last point, my sons, Ben and Andy Dahlmann, and I were voted 2017 Businessmen of the Year by the Sanibel and Captiva, Florida Chamber of Commerce, with the citation: "Your company has demonstrated a great commitment to make Sanibel and Captiva wonderful places to live and work. You have contributed a great deal to the community and to the Chamber. We would like to honor you with this award." Dahlmann Properties would like to earn the same award in Ann Arbor for the project we develop on the Y Lot.

Yours very truly,

A handwritten signature in cursive script that reads "Dennis Dahlmann". The signature is written in dark ink and is positioned above the printed name.

Dennis Dahlmann

Y LOT LAND VALUE COMPARISON

March 31, 2018

	Alcock & Williams Appraisal of Y Lot Fall 2017	Gerald Alcock Co. Appraisal of Y Lot Summer 2017	Library Lot Core Spaces Transaction	The Foundry Lofts Sale Price
Size of the Site	34,848 sq. ft.	34,848 sq. ft.	67,518 sq. ft.	37,897 sq. ft.
Value per Square Foot of Land	\$281.22 per sq. ft.	\$175.05 per sq. ft.	\$148.10 per sq. ft.	\$158.00 per sq. ft.
Value Based on Gross New Building Size	\$40.00 per sq. ft.	\$24.93 per sq. ft.	\$28.32 per sq. ft.	\$22.33 per sq. ft.
Market Value of the Y Lot Based on the \$10 Million Sale Price for the Library Lot	\$5,161,000 (34,848 sq. ft. x \$148.10 per sq. ft.)			

- 1) The Library Lot has underground on-site parking.
- 2) The Foundry Lofts is student housing, the most valuable use of the land.
- (3) The Library Lot site size is per The Gerald Alcock Co. appraisal dated August 14, 2017 and the Howard Lazarus memo to City Council dated April 5, 2017
- (4) The Alcock & Williams value used above for the Y Lot is \$9.8 million.

DAHLMANN APARTMENTS LTD

300 S. THAYER, ANN ARBOR, MICHIGAN 48104 (734) 761-7600 FAX (734) 761-9178

September 13, 2017

Mr. Howard Lazarus, City Administrator
City of Ann Arbor
100 North Fifth Avenue
Ann Arbor, Michigan 48104

Dear Mr. Lazarus:


Mayor Taylor met with me at my request last November 22nd, and you and councilwoman Julie Grand likewise met with me last November 29th to discuss the "Y" lot going forward. Among other things, I pointed out that the city's deed restrictions had proven to be an insurmountable obstacle to my proceeding with a development. At both meetings, I offered to pay \$500,000 into the city's affordable housing fund in return for the removal of the deed restrictions. You agreed to review my request with staff and get back to me.

I have since met again with Mayor Taylor on June 14th, and with you, Mayor Taylor, City Attorney Stephen Postema, members of his staff, and attorney Tom Wieder on July 6th. On both occasions, I made a point to repeat my \$500,000 offer during the meetings.

You agreed to meet with me again on July 11th. I repeated my offer once more. You told me that you were getting an appraisal of the property and would get back to me after the appraisal was completed.

Over two more months have passed since our July 11th meeting. I would appreciate it if you would kindly respond to my offer by September 22nd, which is ten months after I first made it.

Yours very truly,


Dennis Dahlmann

Cc: Mayor Christopher Taylor
City Council Members



CITY OF ANN ARBOR, MICHIGAN

301 E. Huron, P.O. Box 8647, Ann Arbor, Michigan 48107
Phone (734) 794-6110 FAX (734) 994-8296

September 14, 2017

Mr. Dennis Dahlmann
Dahlmann Apartments
300 S. Thayer
Ann Arbor, MI 48104

Dear Mr. Dahlmann:

I am in receipt of your letter of September 13, 2017. As an update, the City did request an independent appraisal of the "Y" Lot. Work is proceeding, and we hope to have that work completed soon. I will certainly let you know when the appraisal is received so that we can continue our conversations.

As a point of information, my understanding of your last offer is as follows:

- A revised payment of \$600,000 to go into the City's Affordable Housing Trust Fund.
- Permitting the City to operate a parking lot and keep all proceeds for a period of up to two years.
- Continuing to pay property taxes on the lot while the City would be operating a parking lot.


Kindly let me now if this is not the current standing offer. As always, please feel free to reach out to me if we can be of further assistance.

Yours truly,



Howard S. Lazarus
City Administrator

cc: C Taylor, Mayor
City Council Members
S Postema, City Attorney
T Crawford, City Chief Financial Officer

From: **Amanda Halstead** ahalstead@dahlmannproperties.com 
Subject: Letter from Dennis Dahlmann re Y Lot
Date: April 2, 2018 at 11:31 AM
To: abannister@a2gov.org, skailasapathy@a2gov.org, jlumm@a2gov.org, jeaton@a2gov.org

AH

Please see the three-page attachment. There is also a hard copy in your mailbox at City Hall.

Best Regards,

Amanda Halstead

Administrative Assistant

Benefits Coordinator

Phone: [\(734\)-761-7600](tel:(734)761-7600) Ext. 221

Dahlmann Apartments Ltd.

300 South Thayer Street

Ann Arbor, Michigan 48104



Letter re Y
Lot.pdf

From: **Amanda Halstead** ahalstead@dahlmannproperties.com 

Subject: Letter from Dennis Dahlmann re Y Lot

Date: April 7, 2018 at 3:28 PM

To: janelumm@comcast.net, jlumm@a2gov.org, skailasapathy@a2gov.org, abannister@a2gov.org, jeaton@a2gov.org

AH

Please see Dennis' 2 page letter and 4 page Appraiser's Executive Summary attached. There will also be a hard copy in your mailbox at City Hall Monday Morning.

Best Regards,

Amanda Halstead

Administrative Assistant

Benefits Coordinator

Phone: [\(734\)-761-7600 Ext. 221](tel:(734)761-7600)

Dahlmann Apartments Ltd.

300 South Thayer Street

Ann Arbor, Michigan 48104



Letter re Y Lot
April 6, 2018.pdf

DAHLMANN APARTMENTS LTD

300 S. THAYER, ANN ARBOR, MICHIGAN 48104 (734) 761-7600 FAX (734) 761-9178

April 6, 2018

Dear Councilmembers Bannister, Eaton, Kailasapathy and Lumm,

I would like to supplement the information that I provided to you in my March 31, 2018 letter.

I have enclosed the Executive Summary of the Gerald Alcock Co. appraisal of August 14, 2017. The Gerald Alcock Company performed a very thorough sales comparison analysis, which supported their professional opinion of the market value of the Y Lot. The attached Vacant Land Analysis prepared by the Gerald Alcock Company is a compilation of actual completed sales data for nine parcels located in the downtown/campus area, including the Library Lot.

The adjusted prices per square foot for those nine comparable properties ranged from \$151 to \$209, with an average price of \$174.22 per square foot. Using a rounded-up price of \$175/sq. ft. and multiplying it by the 34,848 sq.ft. area of the Y Lot produces a price of \$6,098,400. The Alcock Company rounded this up to \$6,100,000, their estimated market value of the property.

The Gerald Alcock Company appraisal is not conservative. Their average price/sq.ft. of land of \$174.22 exceeds the Library Lot \$10 million pending sale price of \$148.10/sq. ft. by \$26.12/sq.ft. At the Library Lot's selling price of \$148.10 per square foot, the Y Lot would be worth \$5,161,000.

Alcock & Williams appraised the Y Lot previously for the City in December 2012, at which time it stated an opinion of market value of \$5,390,000. The \$9,800,000 City staff report figure would represent an 82% increase. While the Ann Arbor real estate market is strong, we are aware of no sales data which support this result. Evaluations from different appraisers can differ widely. Relying solely on the highest opinion received would be very risky.

At last Monday's meeting, a number of Councilmembers expressed the desire to retake the property so that the City could control its development. It is our understanding that the Alcock & Williams figure is based on the assumption that no special requirements would be imposed. It is not reasonable to expect to receive top dollar for a property while burdening its development in such a way.

I would also like to address an issue of fairness. The principal roadblock to developing the Y Lot has been that the City's interconnection between the property and the Library Lot Parking Garage, which the agreement with the City requires me to use, and which was described in the agreement as "existing" does not, in fact, exist. I previously provided to the City an estimate from Washtenaw Engineering, done in 2015, that the City's cost to construct the interconnection would be approximately \$3 million.

If the City maintained that requirement in a sale to a new purchaser, and the City constructed the interconnection, that would reduce the net proceeds to the City from a sale by approximately that amount. (Given increases in construction costs since 2015, the figure would probably be substantially higher at such time that construction would actually take place.) If the City were to require a new purchaser to construct the interconnection, that would reduce the amount that a purchaser would pay by a similar amount.

It seems to me that, if the City did not place the interconnection requirement on a new purchaser, it would be manifestly unfair. I would be deprived of the property because of the impossibility of completing a project, while the new purchaser would have no such burden.

Other factors to consider:

1. As stated in my previous letter to you, I have agreed to contribute \$1 million to the City's Affordable Housing Trust Fund.
2. In reacquiring and flipping the Y Lot, the City would incur as much as \$1 million or more in real estate brokerage fees, lost property taxes, legal fees for the ongoing lawsuit, and other holding costs.
3. Up to another \$1 million will be required to remove the old YMCA basement floor, foundation and footings which are buried under and cover the entire below-grade site. (The Library Lot, on the other hand, has a new parking garage underneath it).
4. Dahlmann Properties, a local developer with a proven track record of developing quality projects, would be a better steward for the property than the City, whose staff report seeks to maximize the Y Lot sale proceeds by developing the largest building possible on the site.
5. Dahlmann Properties won Ann Arbor's award for Preservation Project of the Year for its work restoring the Bell Tower Hotel on South Thayer Street in 1990 and for its restoration of the Key Bank Building on the southwest corner of Main and Huron Street in 2008.
6. Dahlmann Apartments Ltd. and Dahlmann Properties have developed over 500 million dollars worth of retail, apartment, office and hotel properties. 240 men and women work for the Dahlmann companies in Ann Arbor and Sanibel Florida.

Yours very truly,

A handwritten signature in cursive script that reads "Dennis Dahlmann". The signature is written in dark ink and is positioned below the "Yours very truly," text.

Dennis Dahlmann



EXECUTIVE SUMMARY

Location: The subject property is found between S. Fourth Avenue and S. Fifth Avenue, and along the north side of E. William Street, in the city of Ann Arbor, Washtenaw County, Michigan.

Mailing Address: Vacant, but identified within municipal records as:
350 S. Fifth Avenue, Ann Arbor, MI 48104

Property Owner: Fifth Fourth, LLC

Type of Report: Appraisal Report

Site: The appraisal property is 0.80 acres, or 34,848 square feet. It has 132 feet of frontage along each of S. Fourth Avenue and S. Fifth Avenue. It also has 264 feet of frontage along the north side of E. William Street. Topography is level and at road grade.

The property had long been improved with a YMCA building which was demolished in 2008. It was subsequently improved with a public parking lot (Y lot) and utilized by the City until such a time that the parcel was transferred to Fifth Fourth, LLC. Thus, current improvements include asphalt and concrete paving for 86 parking spots, site lighting, metal bumper guards and peripheral landscaping. Utility service boxes are located along the northern property line. There are curb cuts along S. Fourth Street and E. William Street.

Assessments: 2017 Taxable Value \$ 1,243,300
2017 Assessed Value \$ 1,243,300

Utilities: Utilities to the site include municipal sanitary sewer and water, electrical, natural gas and telephone services.

Zoning: D1, Downtown Core District

Use & Occupancy: Improved parking lot, but currently not utilized as improved.



Highest and Best Use: For development to a mixed use development in tandem with its underlying zoning designation.

Interest Appraised: Fee simple

Estimated Market

Value of Property:	Valuation <u>Condition</u>	Valuation <u>Date</u>	Market <u>Value</u>
	As Is	08/14/17	\$ 6,100,000

General Assumptions: The preceding value estimate is made subject to the "General Assumptions and Limitations of Appraisal," noted at the eponymously titled section of this report.

Extraordinary

Assumptions:

- The market value herein presumes that there are no contaminants, toxins, or underground tanks on the subject site. Otherwise, the market value, as determined herein, may be impacted.
- We have not been provided with professional soil boring analysis for the subject parcel. The market value presumes that the subject's soils are suitable for commercial-type construction similar to that found on surrounding parcels. Otherwise, the market value, as determined herein, may be impacted.
- We are aware that sub-grade building improvements of the former YMCA building are buried on site. It is an assumption of this appraisal that removal of these building components may be accomplished with reasonable expense and that they, or their removal thereof, do not preclude development of the site in tandem with the underlying zoning designation. Otherwise, the market value, as determined herein, may be impacted.

Hypothetical

Condition:

- The market value herein is made under the Hypothetical Condition that the Reversion and Permitted Encumbrances, as outlined under Exhibit B of the Warranty Deed dated April 2,



2014 and recorded in Liber 5030 P547 of Washtenaw County Register of Deeds, and set forth herein, between The City of Ann Arbor and Fifth Fourth, LLC, are null and void.

- In order to facilitate development interest of the subject, this analysis is made subject to removal or to reasonable recalculation of the "Reversion Time Limit," set forth under the cited deed, referenced in the preceding condition.

Vacant
Land
Analysis

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9
Sales Price		\$6,000,000	\$4,100,000	\$7,050,000	\$10,000,000	\$3,050,000	\$9,960,000	\$3,000,000	\$2,550,000	\$3,200,000
Site Size - Square Feet	34,848	37,897	14,375	25,700	67,518	8,184	85,813	19,602	23,559	24,676
Date of Sale		12-May	15-Nov	15-Sep	Pending	15-Feb	13-Oct	16-Apr	14-Mar	12-Jan
Buyer Expenditures		\$40,000	\$0	\$0	\$0	\$0	\$185,000	\$0	\$0	\$0
Property Rights		=	=	=	=	=	=	=	=	=
Financing Terms		=	=	=	=	=	=	=	=	=
Conditions of Sale		=	=	=	=	=	=	=	=	=
Market Conditions		25.83%	8.33%	9.17%	167%	12.08%	3.75%	3.33%	13.67%	27.50%
Adjusted Price-Per-Sq. Ft.		\$ 201	\$ 309	\$ 299	\$ 151	\$ 418	\$ 122	\$ 158	\$ 126	\$ 165
Site Size (Square Feet)	34,848	37,897	14,375	25,700	67,518	8,184	85,813	19,602	23,559	24,676
Adjustment		=	-15%	-10%	15%	-25%	20%	-10%	-10%	-10%
Use			Investment	Mixed Use	Hotel, Office, Apts	Retail, Office	Mixed Use	Redevelopment	Mixed Use	Apartments
Location	William / 5th	Huron / N Division	E Washington / State	E Huron / N State	S Fifth / Library Ln	Main / Liberty	S Main / E Mosley	S Main / Jefferson	Glenn / E Ann	Washington / N 1st
Township / City	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor	Ann Arbor
County	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw	Washtenaw
Adjustment		-10%	-10%	-10%	=	-10%	10%	5%	=	=
Zoning	D1, Downtown Core	D1, Downtown Core	D1, Downtown Core	D1, Downtown Core	D1, Downtown Core	D1, Downtown Core	D2, Downtown Int	D2, Downtown Int	PUD, C-1, Pking	PUD
Adjustment		=	=	=	=	=	30%	30%	30%	30%
Site Characteristics	Level, clear	Level, clear	Level, clear	Level, clear	Level, clear	Level, clear	Level, clear	Level, pt flood	Level, clear	Level, clear
Adjustment		=	=	=	=	=	=	5%	=	=
Views / Encroachments	External Obsol - Blake transit	None	None	None	None	None	Railroad	Railroad	None	None
Adjustment		-15%	-15%	-15%	-15%	-15%	-10%	-10%	-15%	-15%
Utility Structure	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal	Municipal
Adjustment		=	=	=	=	=	=	=	=	=
Gross Adjustments		25%	40%	35%	30%	50%	70%	60%	55%	55%
Net Adjustments		-25%	-40%	-35%	=	-50%	50%	20%	5%	5%
Final Adjusted Price Per Square Foot		\$ 151	\$ 185	\$ 194	\$ 151	\$ 209	\$ 183	\$ 190	\$ 122	\$ 165