



Report Card

Project Feasibility **A+**
Bond Issue/Millage Campaign **A+**
Project Management **A+**



Real Estate Strategic Planning Real Solutions to Real Challenges

Presented to

Michigan Charter School Conference
November 8, 2011





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Presentation Overview

- Introduction of the Team
- Planning Considerations
- Site Selection Considerations
- Real Estate Considerations
- Due Diligence Considerations
- Next Steps and Questions / Answers





Meeting the Needs of Public School Academies

Plante Moran CRESA is a full service real estate consulting firm, affiliated with Plante & Moran, PLLC.

We are business professionals (architects, engineers, CPA's, construction experts), specializing in real estate with a dedicated team focused on the special needs of public school academies. We offer a comprehensive and integrated set of services to meet your needs.

Our work is based on in-depth, up-to-date market knowledge. We apply our knowledge and expertise to allow you to focus on your objectives – teaching kids!





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Our Experience



Advanced Technology Academy
 Featuring the
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Detroit Edison Public School Academy
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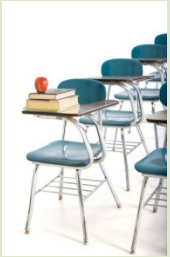


Planning Phase

- Planning and Analysis**
- Student Demographic Analysis**
- Financial Modeling**
- Real Estate Strategies**
- Current Facility Use and Condition Assessment**
- Space Programming and Cost Estimating**
- Capital Campaign**

Implementation Phase

- Confirmation of Program Budget**
- Confirmation of Program Schedule**
- RFQ/RFP Development for AE and Contractors**
- Design and Construction Oversight**
- Furniture / Finishes Coordination**
- Move Coordination**
- Project Close Out**





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□ Programming

- Start with the Financials
 - Review funding sources for Capital Projects
 - Compare leasing to purchase comparison (lease vs. buy analysis)
- Determine space requirements
 - Short-term (current enrollment)
 - Long-term (future grade level considerations)
- Determine building features
 - Number of classrooms, facility location (grade level considerations)

□ Review Demographics





□ Budget

- Determine ALL project costs
 - Purchase / Leasing Costs
 - Soft costs/ professional fees
 - Due Diligence Costs
 - Construction Costs (renovation vs. new construction)
 - Furnishings, Furniture, & Equipment
 - Technology (infrastructure and instructional)
 - Moving and relocation costs



□ Schedule

- Establish a realistic schedule
 - Allow ample time for due diligence
 - Avoid winter conditions if possible
 - Always Maintain “Plan B” Alternative





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□ Target Areas

- Demographic Analysis
- Student Scatter-Gram
- Future Growth (grade level considerations)

□ Market Survey

- Creative Thinking
- Not for Sale Property
- Listed Property
- Comparative Measures, i.e., utilities, zoning, timing

□ Select Site

- Create Competitive Negotiation
- Due Diligence Process for each site
- Always Maintain “Plan B” Alternative



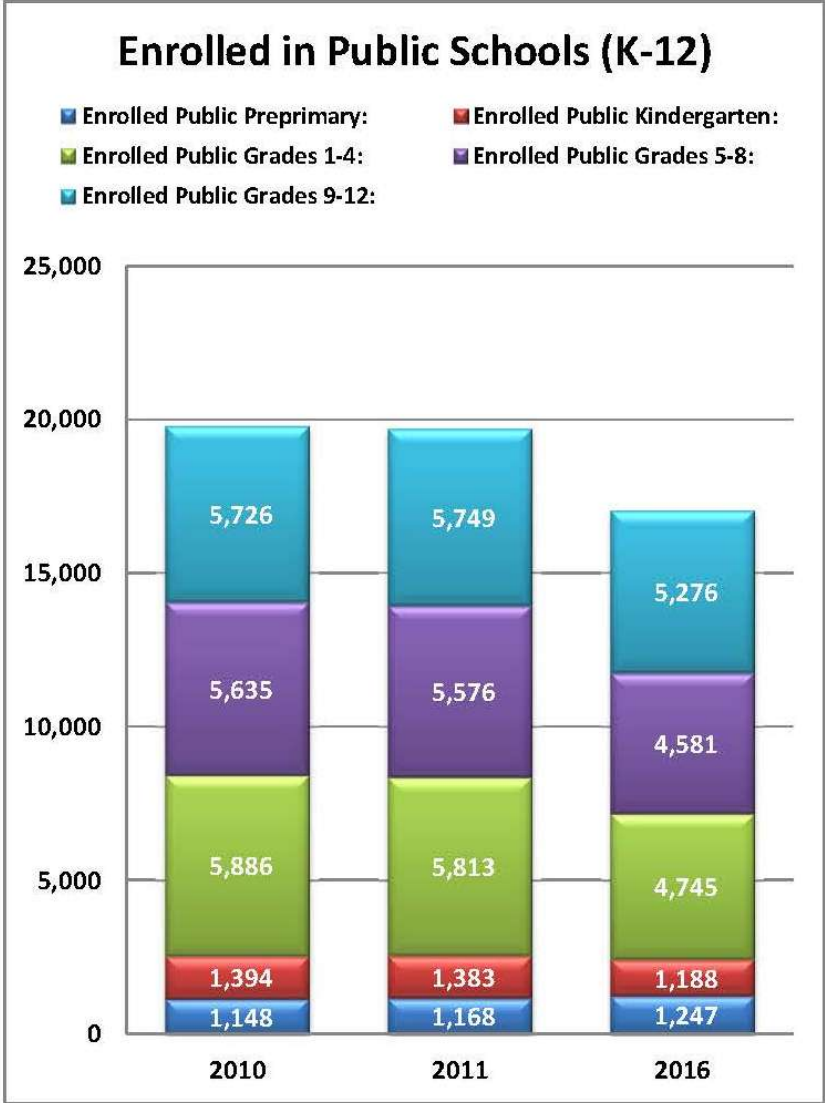


Enrollment Review Process

- Demographic Growth/Decline
 - GIS
 - Nielsen-Claritas
 - US Census Bureau

- Core Base Statistical Area
 - Primary Area (District)
 - Comparison #1 (County)
 - Comparison #2 (State)

- Cohort Survival – DS 4061





School District Data Book 2010-2011
 === General Characteristics Profile (Summary) ===

Primary Area:
 Comparison Area 1: County of: Wayne, MI
 Comparison Area 2: State of: Michigan

	<u>Primary Area</u>	<u>Comparison Area 1</u>	<u>Comparison Area 2</u>
CBSA (Metropolitan Area) Code	Detroit-Warren-Livonia, MI	19820	0
County Code (Some Districts)	26163	26163	0
Grade Range (District)	KG - 12	00-00	00-00
Total Persons (1/1/2011)	117,943	1,820,485	9,885,215
Urban Population	97.59%	98.94%	73.28%
White	77.93%	49.84%	75.49%
Black	6.56%	38.39%	13.56%
Asian	10.24%	2.43%	2.35%
Am. Indiana/Alaskan	0.21%	0.36%	0.61%
Other	0.50%	1.71%	1.42%
2 or More Races	1.99%	2.25%	2.28%
Hispanic	2.58%	5.02%	4.28%
Median Age (2010)			
Total Housing Units (2010)			
Total Housing Units - Occupied (2010)			
Median Housing Value (2010)			
Median Household Income (2010)			
Average Household Income (2010)			
Per Capita Personal Income (2010)			
Total Number of Families (2010)			
Total Number of Household (2010)			
Average Household Size (2010)	2.61	2.56	2.49
Median Household Size (2010)	2.78	2.62	2.64
Median Age of Householder (2010)	49.0	50.2	50.1
Households with School Age Children	24,564	353,336	1,686,083
% of Household with School Age Children	54.7%	50.6%	43.6%
Average # of K-12 children per household	1.06	1.14	1.13
Average # of K-12 children per housing unit	0.55	0.51	0.44
Median Year Move into School District	2000	1998	1999
Enrolled School Age Children PK-12 (2010)	25,946	403,475	1,904,896
Enrolled in Public Pre-primary School	45.89%	68.71%	64.57%
Enrolled in Private Pre-primary School	54.11%	31.29%	35.43%
Enrolled in Public School (K-12)	84.14%	88.54%	89.72%
Enrolled in Private School (K-12)	15.86%	11.46%	10.28%
Household Educational Attainment (2010)			
Less Than High School (no diploma)	5.67%	16.86%	11.99%
High School Graduate	19.84%	32.26%	31.38%
Some College	19.80%	23.47%	23.43%
Associate's Degree (2 years)	7.58%	6.91%	8.13%
Bachelor's Degree (4 years)	27.48%	12.59%	15.46%
Master's Degree	15.43%	5.91%	6.97%
Doctorate Degree	1.41%	0.64%	0.94%
Professional Degree	2.79%	1.36%	1.70%
Employment Profile (2010)			
White Collar Occupations	73.99%	56.69%	59.03%
Blue Collar Occupations	13.72%	22.95%	23.09%
Service Occupations	12.29%	20.36%	17.88%

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Plymouth Canton Community Schools Demographic Trends and Analysis (Summary)

City Name	2011 - 2016				
CBSA (Metropolitan Area) Name	2010	2011	2016	Variance	Percent
Detroit-Warren-Livonia, MI					
County Name & Code					
Wayne, MI					
State Name					
Michigan					
Total Population	117,553	117,943	109,775	(8,168)	-6.9%
Median Age	37.9	38.1	40.0	1.9	N/A
Total Aged 0-5 Years Old	9,519	9,350	7,472	(1,878)	-20.1%
Total Aged 6-11 Years Old	10,519	10,508	9,259	(1,249)	-11.9%
Total Aged 12-17 Years Old	9,790	9,839	9,240	(599)	-6.1%
Total Aged 18-24 Years Old	8,027	8,075	7,676	(399)	-4.9%
Total Households	45,085	44,928	43,315	(1,613)	-3.6%
Median Household Size	2.79	2.78	2.71	(0.07)	-2.5%
1 Person Households	10,920	11,062	11,851	789	7.1%
2 Person Households	14,644	14,560	13,721	(839)	-5.8%
3 Person Households	6,849	6,788	6,261	(527)	-7.8%
4 Person Households	8,128	7,963	6,778	(1,185)	-14.9%
5 Person Households	3,212	3,184	2,962	(222)	-7.0%
6 Person Households	1,012	1,037	1,200	188	18.6%
7 or more Person Households	320	334	496	176	55.0%
Median Age of Householder	48.9	49.0	49.8	0.9	1.8%
Families	32,280	31,966	29,427	(2,853)	-8.9%
Family, Median Size	3.47	3.47	3.46	(0.01)	-0.3%
Family, Median Age	47.5	47.6	47.8	0.3	0.6%
Income Profile					
Total Household Income (Community)	\$ 3,852,311,871	\$ 3,817,416,745	\$ 4,440,334,234	\$ 622,917,489	16.3%
Median Household Income	\$ 109,804	\$ 110,642	\$ 130,848	\$ 20,006	18.1%
Average Household Income	\$ 119,341	\$ 119,421	\$ 150,893	\$ 31,472	26.4%
Per Capita Income	\$ 38,283	\$ 37,861	\$ 48,116	\$ 10,255	27.1%
Households Earning < \$15K	1,976	1,959	1,622	(337)	-17.2%
Households Earning \$15-25K	2,234	2,221	1,673	(548)	-24.7%
Households Earning \$25-35K	2,717	2,692	2,066	(626)	-23.2%
Households Earning \$35-50K	4,338	4,311	3,441	(870)	-20.2%
Households Earning \$50-75K	7,198	7,138	5,836	(1,302)	-18.2%
Households Earning \$75-100K	6,709	6,681	5,689	(998)	-14.9%
Households Earning \$100-125K	5,775	5,789	5,371	(418)	-7.2%
Households Earning \$125-150K	4,596	4,579	4,566	(13)	-0.3%
Households Earning \$150-200K	5,023	5,009	5,839	830	16.6%
Households Earning \$200K+	4,500	4,543	7,212	2,669	58.7%
Enrolled School Age Children					
Enrolled Public School (K-12):	19,789	19,689	17,037	(2,652)	-13.5%
Enrolled Private School (K-12):	5,082	5,089	4,995	(94)	-1.8%
Enrolled Public Preprimary:	1,148	1,168	1,247	79	6.8%
Enrolled Public Kindergarten:	1,394	1,383	1,188	(195)	-14.1%
Enrolled Public Grades 1-4:	5,886	5,813	4,745	(1,068)	-18.4%
Enrolled Public Grades 5-8:	5,635	5,576	4,581	(995)	-17.8%
Enrolled Public Grades 9-12:	5,726	5,749	5,276	(473)	-8.2%
Enrolled Private Preprimary:	1,409	1,377	1,083	(294)	-21.4%
Enrolled Private Kindergarten:	426	434	518	84	19.4%
Enrolled Private Grades 1-4:	1,010	1,030	1,159	129	12.5%
Enrolled Private Grades 5-8:	1,341	1,335	1,261	(74)	-5.5%
Enrolled Private Grades 9-12:	896	913	974	61	6.7%
Household Educational Attainment					
Less Than High School (no diploma)	4,504	4,545	4,289	(256)	-5.6%
High School Graduate	15,880	15,907	14,622	(1,285)	-8.1%
Some College	15,631	15,873	15,923	50	0.3%
Associate's Degree (2 years)	6,042	6,078	5,695	(383)	-6.3%
Bachelor's Degree (4 years)	22,220	22,033	18,890	(3,143)	-14.3%
Master's Degree	12,124	12,367	12,932	565	4.6%
Doctorate Degree	2,182	2,237	2,530	293	13.1%
Professional Degree	1,115	1,131	1,247	116	10.3%

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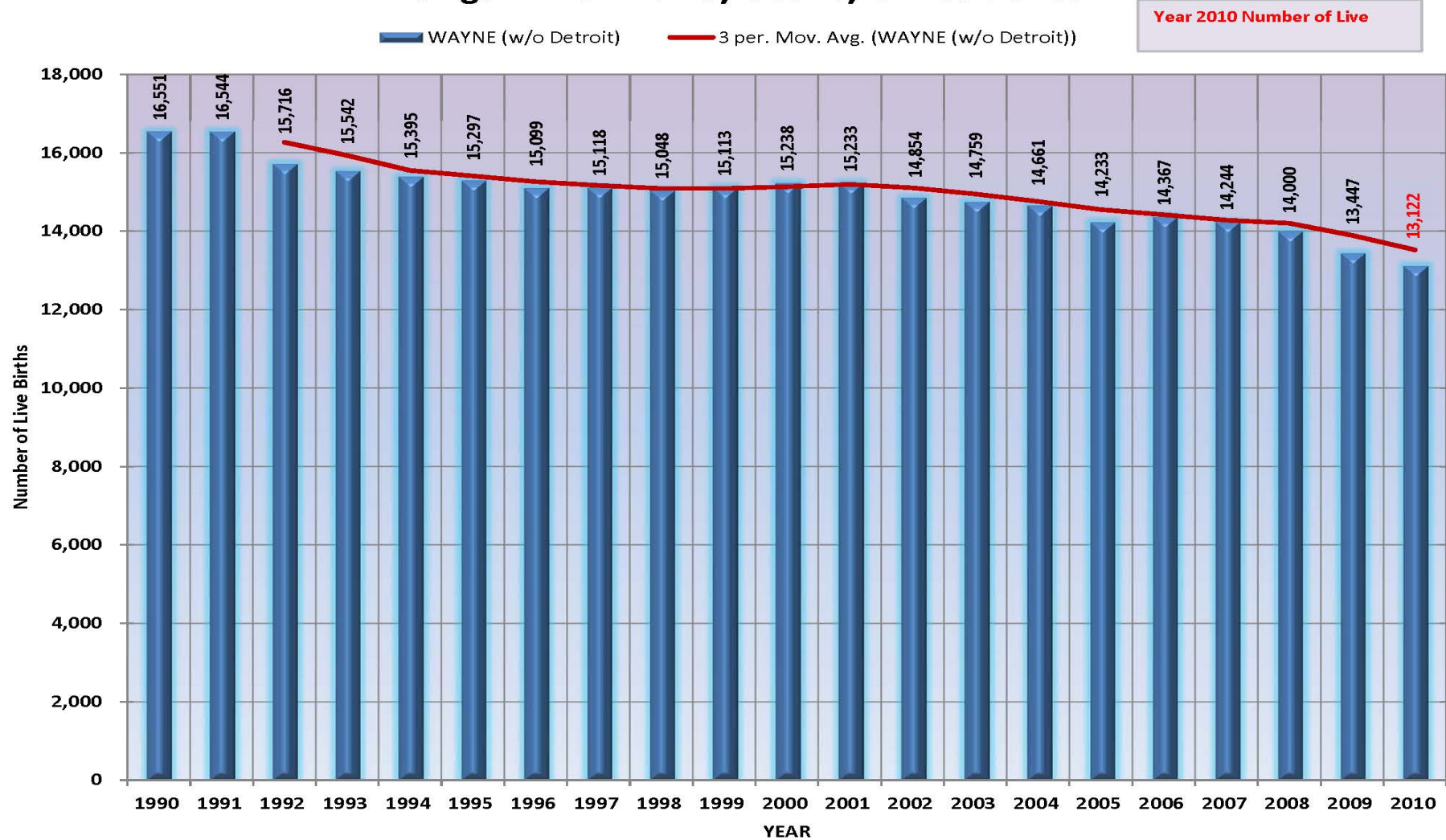


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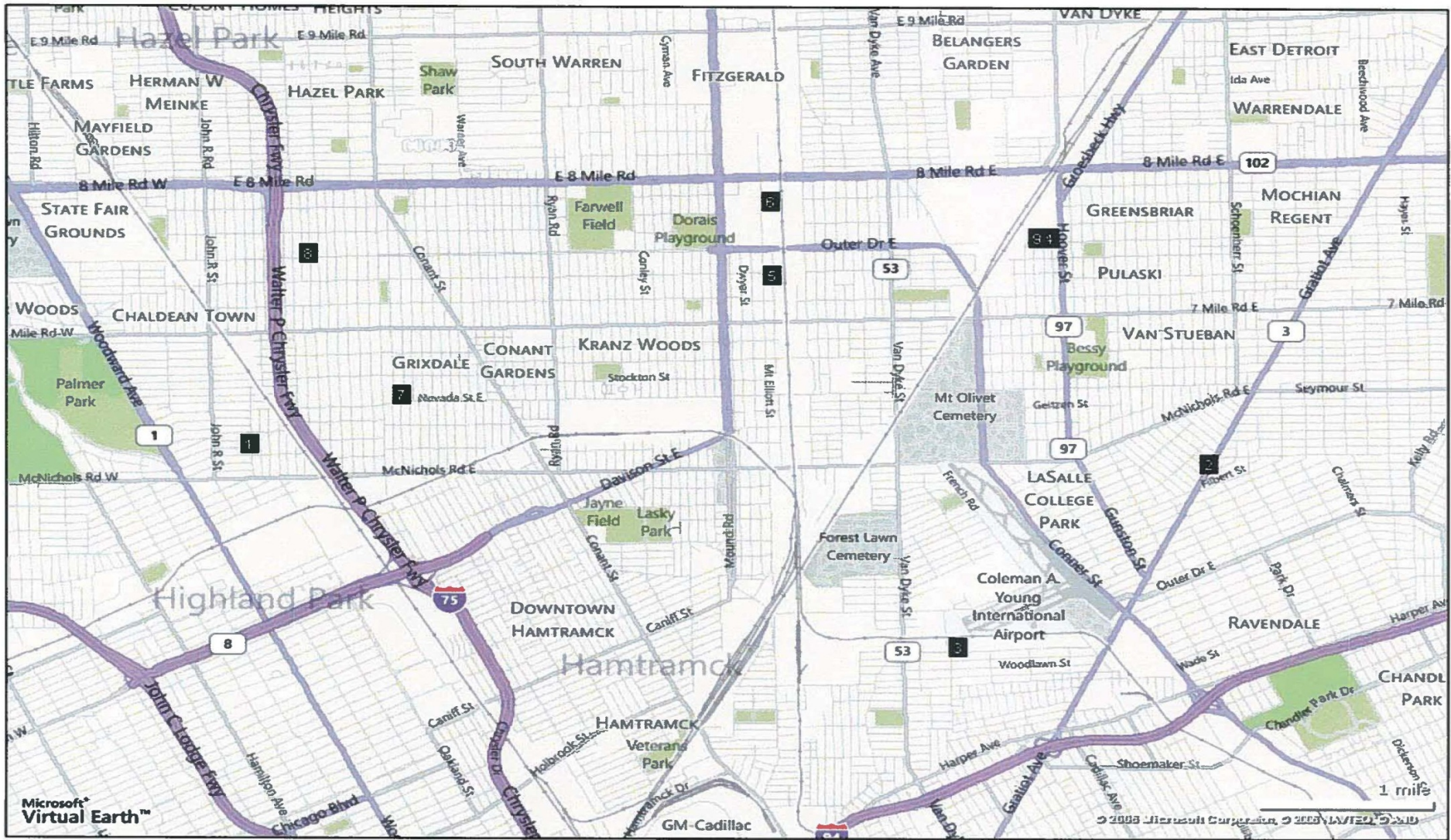
Michigan Live Birth by County of Residence





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Microsoft Virtual Earth™

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PHASE	CRITICAL ISSUES	COMMENTS
Planning	Budget/Schedule	Engage buyer's agent for transaction and planning Include all costs, i.e. due diligence, soft cost, fees, equipment furniture, moving, etc.
Site Selection	Parent/Student Convenience	Ingress/Egress
Maximum exposure		
Real Estate Transaction	Hard Money Soft Money	If possible, negotiate a due diligence period with no hard money
	Leverage	Option multiple parcels
Due Diligence (Dirt)	Phase I	Minor contamination adds substantial time to overall project schedule



PHASE	CRITICAL ISSUES	COMMENTS
Due Diligence (Dirt)	Surveys	Easements and encroachments need to be clearly identified
	Easements	Not all easements are recorded. Utilities have “prescriptive easement” rights
	Land Splits	Special survey needed – ACT 132
Due Diligence (Planning)	Utilities	Determine storm issues as soon as possible
	Municipal Requirements	Meet with County officials
Due Diligence (Site Plan) areas	Special Land Use	Usually required by Approval Municipality for drop



❑ Real Estate Transaction Trends

- Undeveloped land difficult to identify/obtain in urban areas
- Increase in vacant space has created favorable lease rates
- Institution growth has created the need to remain undisclosed during purchase option negotiations
- Soft real estate market allows flexibility with property owners





❑ Real Estate Transaction

- Disclosed/Undisclosed
 - Determine which is better for your approach

- Draft Lease/Purchase Agreement
 - Use legal council that has a real estate background
 - Negotiations
 - Hard money - Seller retains even if transaction does not complete
 - Soft money - Money is returned to purchaser

- Due Diligence/Extensions
 - Provide relief or extension if due diligence items show additional testing or review is required.

- Closing





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□ Due Diligence - Dirt

- Environmental
 - Phase I (must include ACM, PCB's, and lead)

- Surveys
 - Boundary Survey
 - Topographical Survey
 - ALTA Survey

- Soil Reports
 - Defines design for foundations, parking lots, playgrounds, etc.





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□ Due Diligence – Site Planning

- Utilities
 - Gas
 - Electric
 - Sewer
 - Water
 - Technology

- Building Envelope
 - Right of Ways (ROW)
 - Setbacks
 - Curb Cuts
 - Parking Requirements
 - Signage

- Easements
 - Public vs. private.



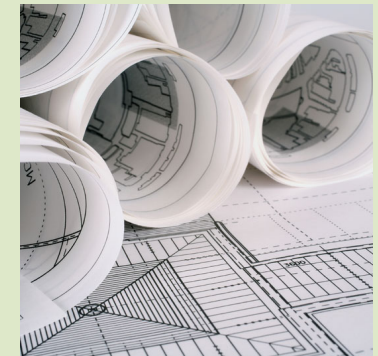


□ Due Diligence – Building Planning

- Conceptual Site and Building Plans
 - Engage civil engineer and/or architect
 - Set meeting with Municipal Planner and Engineer
 - Review facility with BCC and BFS

- Site Plan Approval Documents
 - Pre-treatment of storm water
 - More municipalities shifting costs to end-users
 - Fewer curb cuts being allowed
 - Updated parking requirements
 - Signage

- Site Plan Approval
 - Obtain approval prior to developing full set of documents
 - Always Maintain “Plan B” Alternative





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□ Recap of Presentation Goals and Objectives

■ Planning Considerations

- Have you reviewed your School's financials to ensure long term success?
- Have you identified the "right" site/facility to meet educational goals?
- Have you reviewed the demographics in relation to the site/facility?
- Will the facility attract and retain students (and parents)?
- Have you established an appropriate budget and schedule?

■ Real Estate Considerations

- Does the Lease vs. Buy model fit your School's financial goals?
- Have you leveraged the market place to ensure the lowest qualified price?
- Have you accounted for all costs for the transaction?

■ Due Diligence Considerations

- Have you secured site plan approval?
- Are there items that will make the project "unfeasible" in costs or time?
- Have you established a "Plan B?"



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Questions / Answers



Paul R. Wills, AIA, NCARB has a diverse background with over 18 years experience in the design and construction fields with particular emphasis within the public sector. Paul joined Plante Moran CRESA in 2001 and is very effective in assisting clients with defining the parameters of a project and the delivery method that best meets the owner's needs, assisting with selection of design and construction team members, working with legal counsel to develop favorable contracts, and monitoring project progress from pre-planning through completion.

Paul has worked on successful education capital initiatives and projects totaling over \$600 million. In addition to his educational sector experience, he has assisted numerous public sector clients across Michigan and Ohio on over 100 facility projects involving building assessments, conceptual programming, bonding approval, and building construction for school facilities, libraries and recreation centers.

Education:

Paul received his Bachelor of Science degree in Architecture from Lawrence Technological University in 1996 and his Masters of Architecture in 1997.

Certifications:

Paul became a Licensed Architect in 2001. He is a member of the American Institute of Architects and is certified by the National Council of Architectural Registration Boards.



Paul R. Wills, AIA,
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Ben brings a highly analytical perspective and commercial and institutional real estate thought leadership to a distinguished list of clients across multiple areas. He has extensive experience and expertise in wide array of commercial real estate matters with a particular focus on real estate investment and development, tax credit and incentive procurement, project capital structuring, senior living development, real estate portfolio planning, project feasibility analysis, and asset positioning.

Ben has developed and implemented strategic real estate solutions for corporate, institutional, and investor clients. Ben has overseen in excess of \$700 million in real estate development and investment transactions, and has successfully negotiated and procured over \$75 million in tax credits and incentives throughout the country, in addition to overseeing the development and financial structuring of a number of significant real estate developments.

Ben's background consists of both real estate advisory and development work involving a variety of complex transactions. In this capacity, he has deep expertise in real estate development financial analysis and structuring, debt and equity procurement, lease and purchase negotiations, project due diligence and entitlement, and real estate investment strategy. This background enables Ben to understand real estate from multiple perspectives, adding significant value to a wide variety of client engagements and transactions.

Education:

Ben graduated with honors from the University of Michigan with a Bachelor of Arts and a Master's Degree in Urban Planning (M.U.P.)

Memberships:

He is a Board Member for United Way Leadership Next, a member of the United Way's Campaign Cabinet, and a member of the Detroit Athletic Club Community Outreach Committee.



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