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WOODSTOCK SENIOR LIVING DEVELOPMENT PROJECT, PROGRAM MANAGEMENT SERVICES PROPOSAL

MAY 24, 2016



COVER LETTER

May 24, 2016

Via Email: haley.varner@gmail.com

Ms. Haley Varner
Mr. David Varner
Varner Properties

Re: Woodstock Senior Living Development Project, Program Management Services Proposal

Dear Haley & David:

Thank you for the opportunity to submit this proposal for due diligence and preconstruction services relating to the potential construction of a Senior Living project in Woodstock, Georgia. Since our meeting last week, we have visited the site and now have a better understanding of the scope of services that we think you will need to effectively evaluate the purchase and development of this property.

We look forward to the possibility of partnering with you on this exciting project. Please don't hesitate to contact me at 404.603.8833 or mike@macallangroup.com with any questions or requests for clarifications.

Sincerely,

Michael S. Minutelli
Managing Principal

CORPORATE INFORMATION



Formed in 2002, **THE MACALLAN GROUP** is a diversified portfolio of real estate and construction companies based in Atlanta, Georgia.

Our portfolio includes:

Macallan Construction, a general contractor that focuses on commercial and multi-unit residential projects.

Macallan Real Estate, a real estate brokerage firm specializing in commercial, residential and land sales across Georgia, Florida and Alabama.

Macallan Homes, a full-service custom home and renovation company dedicated to enhancing the lifestyles of our clients.

Macallan Capital, an investment company that utilizes internal and external equity to invest in real estate and other corporate opportunities.



Macallan takes pride in its ability to tailor custom solutions to meet the challenging and diverse needs of our clients. We were founded by principals that were able to bring together their complementary skills to form a diversified company with the ability and experience not typically found in a firm our size.



Macallan is a relationship based company and a large part of the success experienced to date is attributable to our strategy of forming long term relationships with select clients. We believe strongly in a team approach and offer transparency to clients which they appreciate.



CORPORATE INFORMATION



Our principals have over 50 years of experience in residential and commercial development. Over that time, we have been responsible for the acquisition, entitlement, planning, marketing and development of more than 5,000 single family residential lots across North Georgia, as well as several office buildings across the southeast. We have the creativity, skills and expertise to take any development from start to finish, while maximizing the value of the real estate.

Whether acting as a partner or fee developer, typical responsibilities include, but are not limited to:

- Project specific market and feasibility study
- Full entitlement, including zoning and infrastructure improvements
- Project dynamics and financial modeling
- Conceptual design and land planning
- Full due diligence review, including surveying and soils studies
- Development cost analysis and project timeline
- Project management and onsite construction management
- All facets of sales and marketing, including pre-leasing and/or parcel sales



PROGRAM MANAGEMENT SERVICES PROPOSAL

PROJECT INFORMATION/ZONING

We assume from our discussions that the facility itself will include multiple three-story, wood framed structures with approximately 75-100 units total and +/- 100,000 sf of finished space. We assume the exterior cladding will be primarily manufactured thin veneer stone with cementitious siding and brick components.

In our initial zoning review we have confirmed that all of the parcels under consideration are currently zoned by the City of Woodstock as DT- CMU (Downtown Commercial Mixed Use). Under this zoning, the following uses are permitted:

- Residential – Assisted Senior Living
- Residential – Independent Senior Living
- Residential – Multi-Family, Fee Simple
- Residential – Multi-Family, Rental is a permitted use but would require a conditional use permit.

We believe that the proposed use would be classified as an Independent Senior Living facility, but this would need to be confirmed with the City of Woodstock Department of Community Development.

As Program Manager, Macallan will meet with appropriate individuals at the City of Woodstock to research and confirm the following:

- Development review and approval process and timeline
- Verify Comprehensive Plan / Future Land Use Plan compliance
- Confirm all of the relevant codes and ordinances (subdivision, zoning, energy, building)
- Confirm the existing zoning for this property
- Confirm any overlay district applicable to this property
- Project timetable for LDP approval process
- Verify any municipality impact fee requirements for open space, parks, schools, police, fire, transportation, etc...
- Confirm any inclusionary zoning or other special requirements
- Verify that an Archaeological study will not be required
- Verify a Threatened and Endangered Species study will not be required
- Verify a traffic capacity or impact study will not be required

PROGRAM MANAGEMENT SERVICES PROPOSAL

CONT'D PROJECT INFORMATION/ZONING

- Confirm there no know natural or historic protected areas
- Confirm the maximum allowable square footage of building that can be built per the desired programming.

PROGRAMMING & TEAM SELECTION

ESTABLISHMENT OF DEVELOPMENT INTENT. Program Manager will consult with Owner to further develop the Owner's concept of the Project. Areas of consultation will include the size of the proposed building(s), the special requirements of the proposed building, alternate locations for the proposed building, handling of parking, accommodation of future construction, environmental objectives, and design statement of the proposed building.

RECOMMENDATION OF PRIMARY TEAM MEMBERS. Based on the established development intent, direct input from Owner, and Program Manager's own experience, Program Manager will propose a list of candidate firms for the project Architect, Civil Engineer, Surveyor (if required), Environmental Phase I Provider, and Materials Testing / Geotech Consultant (if required).

SELECTION OF PRIMARY TEAM MEMBERS. Program Manager will execute and administer contract agreements with all of the selected team members for the specific scope of work that is required to complete the due diligence process. Owner will not be committed use any of the selected team members for any additional phases of the project.

COMPILATION OF SOURCE DATA. Program Manager will review existing material with respect to the Site and coordinate with team members and third-party firms in obtaining additional source data. This data may include, as necessary or appropriate:

1. Topographic and boundary line surveys
2. Soil analysis
3. Traffic studies
4. Zoning restrictions
5. Environmental restrictions
6. Easements
7. Building codes
8. Water retention requirements
9. Planned Municipal Improvements impacting the Site (i.e. road extension)

PROGRAM MANAGEMENT SERVICES PROPOSAL

CONT'D PROGRAMMING & TEAM SELECTION

ESTABLISHMENT OF DESIGN CONCEPT / PROGRAMMING. Program Manager will coordinate and monitor the work of the Project architect in the establishment of the program regarding Owner's design concept. Programming will be accomplished through incorporating the Owner's market data and completing a use needs analysis. The completed design concept will speak to square footage requirements, contiguities, growth, special functions, percentage of unit types, delivery requirements, and any other major elements which affect the design concept of Owner.

Please note that all programming needs would be at the direction of the owner. Macallan has not included any market study costs or costs to evaluate market demand for a specific product. Macallan and the third party consultants will provide experience and historical information from past projects to assist owner with evaluating overall programming.

PRECONSTRUCTION SERVICES

The desired outcome of the preconstruction phase is to build and deliver accurate cost and scheduling projections that can be relied upon to construct the project. To achieve this outcome, we focus on gaining a comprehensive understanding of the project in order to identify any issues that may present challenges from a cost, procurement, or scheduling perspective. We also spend significant effort in identifying value engineering opportunities and performing constructability analyses.

Following is a standard scope of services included in our typical pre-construction efforts. We understand that based on your progress to date and the current status of the design effort, this may be modified to some degree.

SCHEMATIC DESIGN / DESIGN DEVELOPMENT

1. Study program, budget and confer with the Architect / Engineer to establish project parameters and procedures with regards to building code and logistics.
2. Assist the Architect / Engineer by providing cost estimating, scheduling, value engineering, life cycle cost analysis and constructability reviews as needed.
3. Recommend phasing of the construction and identify early release work packages and long-lead items (if any).
4. Prepare a Schematic Design construction cost estimate and construction schedule for the project.

PROGRAM MANAGEMENT SERVICES PROPOSAL

MACALLAN FEE/ BUDGET

We understand that the property is under contract with a due diligence period that expires sometime in August. Thus we would agree to complete the due diligence scope of services no later than August 1, 2016.

Macallan will complete our scope of services listed above for the lump sum of \$17,500. Owner acknowledges that Macallan cannot complete our scope of services without incurring, at a minimum, the civil engineering / site analysis and architectural schematic design costs. Included in the Macallan fee are the following deliverables:

- All meetings required with municipalities to complete the scope of services
- All meetings required with third party team members
- Bi-weekly client meeting and/or conference calls for status updates
- A comprehensive estimate for schematic budget pricing
- Cost input as required to assist the client with building the overall project pro-forma
- A comprehensive package/report that includes all of the information obtained through the due-diligence phase
- All travel reimbursement and office overhead is included in our fee (We do not anticipate and have not included any travel outside of Metro Atlanta)

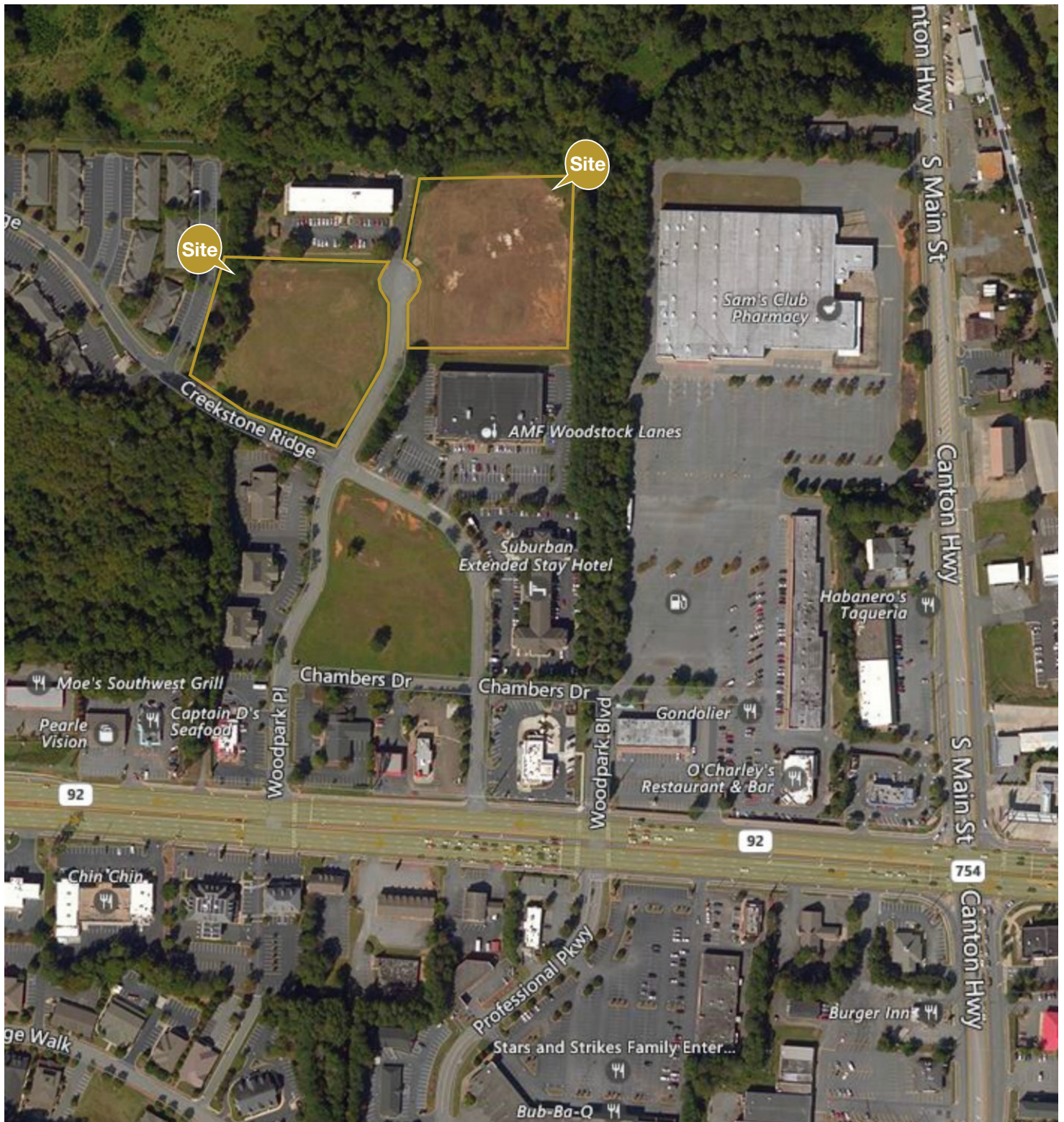
A retainer payment of \$7,500 is required to commence services and the balance of the fee will be due after all project deliverables are completed. As we discussed previously, if the project moves forward and Macallan is selected as the general contractor, we will credit all due-diligence fees against our overall contract amount.

In addition to the Macallan fee we recommend that you budget the following costs for third party expenses that may need to be incurred to complete the due diligence evaluation. These fees would all be direct costs paid by the owner and Macallan would not incur any costs on the owner's behalf without prior written consent. Please note that these numbers are budget numbers based on historical data.

Following is a conceptual budget for the due diligence steps listed above:

| DESCRIPTION | COST |
|--|----------------------------|
| Boundary Survey (no topo) | \$2,500 - \$4,000 |
| Environmental Phase I | \$2,000 - \$3,000 |
| Civil Engineering Analysis / Site Plan | \$1,500 - \$3,000 |
| Architectural Schematic Design | \$5,000 - \$7,000 |
| Geotechnical Borings | \$2,000 - \$3,000 |
| Contingency | \$2,000 - \$5,000 |
| TOTAL | \$15,000 - \$25,000 |

PROPERTY AERIAL



SELECT RELEVANT PROJECTS

DISCOVERY VILLAGE AT SUGARLOAF

Suwanee, Georgia

CONSTRUCTION TIMELINE

September 2015 - Present

PROJECT COST

\$3,080,629

PROJECT DESCRIPTION

- Negotiated
- New Construction of a 2-story, 24 unit Independent Living Facility - 21,160 SF
- Construction & Renovation of Living, Dining, Bistro, and Library Space in Existing Building - 4,000 SF

OWNER REFERENCE

Tammy L. Kaminski, LEED BD+C, VP of Construction
Discovery Senior Living
(239) 908-2936 | tkaminski@discoverymgt.com

ARCHITECT REFERENCE

Stephen Sobieralski
Architectural Concepts Inc.
(727) 584-7178 | steves@archconcept.com



SELECT RELEVANT PROJECTS

CANTERBURY COURT CCRC

Atlanta, Georgia

CONSTRUCTION TIMELINE

August 2011 - Present

PROJECT COST

\$6,151,192

PROJECT DESCRIPTION

- 300 unit, occupied, multi-building, high rise retirement community
- Demolition and interior renovation of over 130 different projects that include residential units as well as lobby, kitchen and exterior renovations
- Managed significant logistical challenges with major renovations in an operational facility

OWNER REFERENCE

Candace Hallen, Project Manager

Canterbury Court CCRC

(404) 201-7060 | candacehallen@canterburyccrc.org

ARCHITECT REFERENCE

Troy Dokken

CDH Partners

(687) 784-3410 | troy.dokken@cdhpartners.com



SELECT RELEVANT PROJECTS

STERLING ESTATES SENIOR LIVING COMMUNITY Marietta Georgia



CONSTRUCTION TIMELINE September 2010 - July 2011

PROJECT COST
\$3,420,000

PROJECT DESCRIPTION

- Construction of 36,000 SF of independent living units as part of the Sterling Estates Senior Living Facility
- Exterior skin of brick and stone
- Wood frame construction
- Exterior elevated concrete decks
- Residential finishes
- Worked on multiple units concurrently

OWNER REFERENCE

Steve Sodel
Healthcare Capital
(770) 363-6301 | ssodel@hccci.net

ARCHITECT REFERENCE

Roger Caldwell
Caldwell Cline
(770) 424-3882 | roger@caldwellcline.com



SELECT RELEVANT PROJECTS



BERMAN COMMONS
Assisted Living Facility



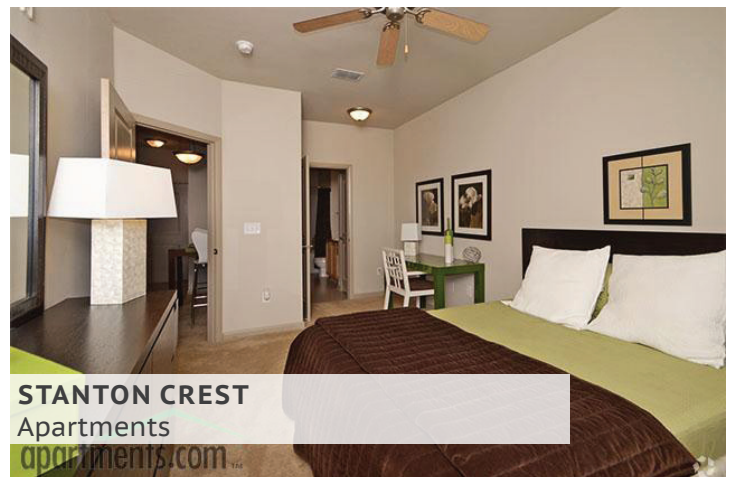
BERMAN COMMONS
Assisted Living Facility



REINHARDT UNIVERSITY
Hubbard Hall Student Housing



SOLIS DOWNWOOD
Apartments



STANTON CREST
Apartments