

**Amendment to Brownfield Plan for the Redevelopment and Reuse of Lots 1, 2, 3 and 22
“Hannah, Lay & Company’s ninth addition of part of Block 1 of the City of Traverse
City. Part of the NW ½ of the SW ¼ of Section 3, Township 27 North, Range 11 West,
City of Traverse City, Grand Traverse County, Michigan**

**701 Front, LLC
114 S. Division, 701 and 705 West Front Street
Traverse City, Michigan**

**Grand Traverse County Brownfield Redevelopment Authority
Grand Traverse County, Traverse City, Michigan**

Approved by the Grand Traverse County Brownfield Redevelopment Authority on

_____September 11, 2008

Concurred with by the City of Traverse City Commission on

_____September October 6, 2008

Approved by the Grand Traverse County Commission on

_____October 29, 2008

**701 Front, LLC
Traverse City, Michigan**

Summary of Project

A brownfield plan was previously approved for the redevelopment of the southwest corner of Front Street and Division in 2002; however, that redevelopment did not occur. This amendment to the brownfield plan provides for 701 Front, LLC to construct a commercial building on the property for use by of two groups of physicians. The building will be located on three parcels within a previously developed area of the City. It is anticipated that the proposed construction will preserve current jobs, create new long term jobs and result in a significant long term increase to the City and County’s tax base.

The site for the proposed commercial building is located at the southwest corner of South Division Street and West Front Street in the City of Traverse City. The parcel addresses include 701 West Front Street, 705 West Front Street and 114 South Division (the “Property”). The tax I.D numbers for the parcels are 28-51-650-001-00, 28-51-650-002-00 and 28-51-650-026-00.

Basis of Eligibility

The Property is contaminated with petroleum in the soils and groundwater that exceeds residential cleanup criteria of Part 201 of the Natural Resources and Environmental Protection Act (“NREPA”). Therefore, the Property is “eligible property” as defined by the Act because it has been determined to be a “facility” as defined in Part 201 of the NREPA as a result of the described contamination.

Required Elements of Brownfield Plan

1. A description of costs intended to be paid for with tax increment revenues. (MCLA 125.2663(1)(a))

701 Front, LLC intends to use local operating taxes generated through tax increment financing to reimburse the cost of environmentally related “eligible activities” and school (school operating and state education) and local operating taxes generated through tax increment financing to reimburse the costs of non-environmentally related “eligible activities” as provided in this Plan.

Table 1 below presents estimated costs of the eligible activities for this project which qualify for reimbursement from tax increment financing.

Table 1 – Eligible Activities	
Task	Cost Estimate
1. Due care activities (local TIF only)	62,000

Table 1 – Eligible Activities	
Task	Cost Estimate
2. Additional response activities (local TIF only)	85,000
3. Multi-phase extraction system (site remediation fund, local TIF, no contingency)	476,400
4. Site preparation (school and local TIF)	20,000
5. Public infrastructure improvements (school and local TIF)	23,000
6. Preparation and development of brownfield plan (local TIF only)	10,000
7. MEGA work plan preparation (school and local TIF)	5,000
8. MEGA work plan review (school and local TIF)	1,000
9. Contingencies (15%) (prorated between local and school TIF)	37,950
10. Interest on costs other than multi-phase extraction system	48,181
11. Interest on multi-phase extraction system	252,420
TOTAL	\$1,083,951

Interest will accrue on the unpaid invoices during the time between submittal of invoices for the eligible activities and the repayment through tax increment financing. The rate of interest will be 2.5% per annum for all costs except the multi-phase extraction system. It is expected that the site remediation fund will finance the interest and \$10,000 per year of the multi-phase extraction system. The method of payment will be set forth in a Reimbursement Agreement between 701 Front, LLC and the County.

2. A brief summary of the eligible activities that are proposed for each eligible property. (MCLA 125.2663(1)(b))

“Eligible activities” are defined in the Act as meaning one or more of the following: (i) baseline environmental assessment activities (BEA); (ii) due care activities; and (iii) additional response activities. In addition, in qualified local governmental units such as the City of Traverse City, the Act includes the following additional activities under the definition of “eligible activities”: (A) infrastructure improvements that directly benefit eligible property; (B) demolition of structures that is not response activity under Part 201 of NREPA; (C) lead or asbestos abatement; and (D) site preparation that is not response activity under Part 201 of NREPA.

The cost of eligible activities are estimated in Table 1 above and include the following:

1. Due Care. Due care activities will be required to protect employees and visitors from coming into direct contact with the contaminated soil and breathing contaminated air. These activities will include installation of a vapor barrier

beneath the new building, capping of portions of the Property. 701 Front, LLC will also be required to comply with the requirements of Section 20107a of Part 201 of NREPA, to exercise due care with respect to the existing contamination, prevent exacerbation of the contamination, and take reasonable precautions against reasonably foreseeable acts or omissions of third parties (collectively, “due care”). The due care activities will also include preparation of a due care compliance analysis.

2. Additional Response Activities. Activities will be required to address contaminated soils encountered during preparation of the site and the construction of the new building.
3. Multi-Phase Extraction System. Eligible activities will include installation and one year of operation of a multi-phase extraction system.
4. Site Preparation. The site will require various activities to prepare the site for construction of the new building including site borings, grading and land balancing, etc., as well as related engineering, design, professional fees and costs.
5. Public Infrastructure Improvements. Various public infrastructure improvements will be required including installation of curb cuts and aprons, design and installation of storm sewers, installation of sidewalks and utility work in the public right of way.
6. Brownfield Plan and Work Plan Development and Preparation. Costs will be incurred for the development of this brownfield plan amendment as well as the work plan to request school TIF for reimbursement of some of the eligible activity costs.
7. Contingency. A 15% contingency factor is included to accommodate unexpected conditions during the course of the project.

3. An estimate of the captured taxable value and tax increment revenues for each year of the Plan from each parcel of eligible property and in the aggregate. (MCLA 125.2663(1)(c))

An estimate of the captured taxable value and tax increment revenues by year for the Property is attached as Exhibit B.

4. The method by which the costs of the Plan will be financed, including a description of any advances made or anticipated to be made for the costs of the Plan from the County. (MCLA 125.2663(1)(d))

The costs of the Plan will be financed by 701 Front, LLC. No advances from the County are contemplated at this time.

5. The maximum amount of the note or bonded indebtedness to be incurred, if any. (MCLA 125.2663(1)(e))

None at this time.

6. The duration of the Plan, which shall not exceed the lesser of (1) the period required to pay for the eligible activities from tax increment revenues plus the period of capture authorized for the local site remediation revolving fund or (2) 30 years. (MCLA 125.2663(1)(f))

The estimated duration is 30 years. It is estimated that redevelopment of the Property will be completed in two years and that it could take up to 20 to 25 years to recapture eligible costs through tax increment revenues. In addition, funds may be captured for an additional five years to fund the local site remediation revolving fund.

7. An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the Property is located. (MCLA 125.2663(1)(g))

Tabular estimates of the incremental tax increases are attached as Exhibit B.

8. A legal description of each parcel of eligible property to which the Plan applies, a map showing the locations and dimensions of each eligible property, a statement of the characteristics that qualify the property as eligible property and a statement of whether personal property is included as part of the eligible property. (MCLA 125.2663(1)(h))

- a. See legal description at Exhibit A.
- b. Location and site map: See Exhibit C.
- c. Characteristics of Property: The “eligible property” was a former gas station and is now vacant. The Property is in a qualified local government unit. The Property is a facility as that term is defined in Section 20101 of NREPA.
- d. Personal Property: Personal property is included as part of the eligible property.

9. An estimate of the number of persons residing on each eligible property to which the Plan applies and the number of families and individuals to be displaced, if any. (MCLA 125.2663(1)(i))

There are no persons residing on this Property.

10. A plan for establishing priority for the relocation of persons displaced by implementation of the Plan, if applicable. (MCLA 125.2663(1)(j))

This Section is inapplicable to this site as there are no persons residing on this Property.

11. Provision for the costs of relocating persons displaced by implementation of the Plan, and financial assistance and other reimbursement of expenses, if any. (MCLA 125.2663(1)(k))

This Section is inapplicable to this site as there are no persons residing on this Property.

12. A strategy for compliance with the Michigan Relocation Assistance Act, if applicable. (MCLA 125.2663(1)(l))

This Section is inapplicable to this site as there are no persons residing on this Property.

13. A description of the proposed use of the local site remediation revolving fund. (MCLA 125.2663(1)(m))

The local site remediation revolving fund will be used for purposes authorized under the Act.

14. Other material that the Authority or the County Commission considers pertinent. (MCLA 125.2663(1)(n))

701 Front, LLC is not aware of any material or information falling within this category.

D. Michigan Business Tax Credit

It is the intention of the Michigan Legislature to encourage redevelopment of brownfields using the Michigan Business Tax (“MBT”) credit incentive permitted under Act 36 of the Public Acts of Michigan of 2007. The Michigan Business Tax credit can be applied against any “eligible investment” at the Property. The Michigan Business Tax credit will be applied against any eligible investment or part thereof made by a qualified taxpayer after approval of this Brownfield Redevelopment Plan by the County of Grand Traverse and receipt of a preapproval letter from the State of Michigan.

“Eligible investment” means demolition, construction, restoration, alteration, renovation, or improvement of buildings on eligible property and the addition of machinery, equipment, and fixtures to the Property after the date of the preapproval letter.

701 Front, LLC intends to apply for a Michigan Business Tax credit for the project pursuant to Act 36 of the Public Acts of Michigan of 2007.

Exhibit A

Property Address: 701 W Front Street
Traverse City, Michigan

Parcel Number: 28-51-650-001-00

Legal Description: Lot 1, Block 1, Hannah Lay and Company's 9th Addition, except the west 29 feet thereof; also except that part of Lot 1 described as commencing at the northeast corner of Lot 1, thence west 10 feet, thence southeasterly to a point 10 feet south of the northeast corner, thence 10 feet to the point of beginning.

Property Address: 705 W Front Street
Traverse City, Michigan

Parcel Number: 28-51-650-002-00

Legal Description: Lots 2 and 3 and the west 29 feet of Lot 1, Block 1, Hannah Lay and Company's 9th Addition.

Property Address: 114 S Division Street
Traverse City, Michigan

Parcel Number: 28-51-650-026-00

Legal Description: Lot 22, Block 1, Hannah Lay and Company's 9th Addition.

Exhibit B

Exhibit C

