

GRAND TRAVERSE COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY

BROWNFIELD PLAN

133 and 141 West State Street, Traverse City, Michigan 49684

PREPARED BY

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PROJECT #

8281B-9-25

Approved by GTCBRA on: _August 28,_, 2013
Concurrence by City of Traverse City on: September 16,_, 2013
Approved by Grand Traverse County Board of Commissioners on: _September 25 __, 2013

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PROJECT SUMMARY

PROJECT NAME Uptown Development - Redevelopment and Reuse of Properties Located at 133 and 141 West State Street, Traverse City, Michigan

DEVELOPER Midtown Development, Inc. (on behalf of an entity to be named or formed at a later date)
311 East Eighth Street
Traverse City, Michigan 49684
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ELIGIBLE PROPERTY LOCATION The Eligible Property is located at 133 and 141 West State Street, Traverse City, Michigan. Parcel ID Numbers 28-51-794-023-00, 28-51-794-023-10, and 28-51-794-001-50.

TYPE OF ELIGIBLE PROPERTY Facility (51-794-001-50, 51-794-023-00, 51-794-023-10)

PROJECT DESCRIPTION The project (Project) consists of the redevelopment of the Property, which is located at 133 and 141 West State Street in the City of Traverse City. The Project will include the construction of 4 to 5 multi-story buildings totaling 45,000 square feet on 0.7 acres and will be constructed in two phases. Each building will consist of 2-5 units and will be 2-3 stories. The 12 to 14 multi-story condominium units will range between 3,000 and 5,400 square feet per unit. Pine and State Street frontage includes 4 to 6 Live-Above-Work, Mixed-use units. Boardman River frontage includes 8 three story units with partial basements.

The Project includes: (1) environmental activities and non-environmental activities in a manner that will support the development while protecting public health, safety and the environment, and (2) construction of a high-density development that is consistent with the goals and objectives of the City of Traverse City and Grand Traverse County Master Plans and further the goals of the Michigan Department of Environmental Quality (MDEQ) and the Michigan Economic Development Corporation (MEDC).

The comprehensive redevelopment of this Property will include environmental assessments, baseline environmental assessments (BEAs), asbestos and lead paint surveys and abatement, demolition of the existing structure (vacant office building), removal of contaminated urban fill material, site

preparation, infrastructure improvements, engineering controls, and construction of a public/pedestrian connector to the river walk and building construction.

The Project is seeking approval of Tax Increment Financing (TIF), a Brownfield Redevelopment Grant (BRG) and Brownfield Redevelopment Loan (BRL) through the MDEQ and a Community Revitalization Program (CRP) Grant through the MEDC. Construction is expected to begin in the Fall of 2013.

ELIGIBLE ACTIVITIES	Baseline Environmental Assessment (BEA) Activities {Phase I Environmental Site Assessment (ESA), supplemental Phase II ESAs, and BEAs}, Due Care Activities, Additional Response Activities, Preparation of a Brownfield Plan and Act 381 Work Plan, Demolition, Lead and Asbestos Survey and Abatement, Site Preparation, and Infrastructure Improvements.	
REIMBURSABLE COSTS	\$3,023,381	(Est. Eligible Activities, Contingency, Interest)
	<u>\$ (151,169)</u>	(GTCBRA 5% Withholding)
	\$2,872,212	
DURATION OF PLAN	Estimated reimbursement of eligible activities is 25 years, not including administrative expenses and LSRRF deposits, which will extend tax capture (not to exceed 30 years)	
ESTIMATED TOTAL CAPITAL INVESTMENT	\$11.3 million (inclusive of Brownfield Plan Eligible Activities and work to be performed under the \$1 million MDEQ Grant)	
BASE TAXABLE VALUE	\$240,298	
PROJECTED TAXABLE VALUE	\$4,000,000	

LIST OF ACRONYMS AND DEFINITIONS

BEA	Baseline Environmental Assessment (Michigan process to provide new property owners and/or operators with exemptions from environmental liability)
-PLAN DEVELOPER	Brownfield Plan Midtown Development, Inc. (on behalf of an entity to be named or formed at a later date)
ELIGIBLE PROPERTY	Property for which eligible activities are identified under a Brownfield Plan.
ESA	Environmental Site Assessment
FAR	Final Assessment Report
GTC	Grand Traverse County
GTC BOC	Grand Traverse County Board of Commissioners
GTCBRA	Grand Traverse County Brownfield Redevelopment Authority
LSRRF	Local Site Remediation Revolving Fund
MDEQ	Michigan Department of Environmental Quality
MEDC	Michigan Economic Development Corporation
MSF	Michigan Strategic Fund (agency that approves use of school tax revenue to support non-environmental Brownfield activities)
PHASE I ESA	An environmental historical review and site inspection (no soil and/or groundwater sampling and analysis)
PHASE II ESA	Environmental subsurface investigation (includes soil and/or groundwater sampling and analysis)
PROPERTY	The Eligible Property, located at 133 and 141 West State Street, southeast of the intersection of Pine Street and West State Street, in Traverse City, Michigan. It comprises 3 parcels.
RCC	Residential Cleanup Criteria
RC	Restrictive Covenant
TIF	Tax Increment Financing (TIF describes the process of using TIR—i.e., TIF is the use of TIR to provide financial support to a project)
TIR	Tax Increment Revenue (new property tax revenue, usually due to redevelopment and improvement that is generated by a property after approval of a Brownfield Plan)

BROWNFIELD PLAN

133 and 141 West State Street, Traverse City, Michigan 49684

1.0 Introduction

1.1 General

Grand Traverse County, Michigan (the “County”), established the Grand Traverse County Brownfield Redevelopment Authority (the “Authority”) on October 29, 1997, pursuant to Michigan Public Act 381 of 1996, as amended (“Act 381”). The primary purpose of Act 381 is to encourage the redevelopment of eligible property by providing economic incentives through tax increment financing for certain eligible activities.

This Brownfield Plan (“Plan”) serves dual purpose; to promote the redevelopment of and investment in certain “Brownfield” properties within the County, and to accomplish cleanup of environmental contamination on these properties. Inclusion of Property within this Plan will facilitate financing of environmental response and other eligible activities at eligible properties, and will also provide tax incentives to eligible taxpayers willing to invest in revitalization of eligible sites, commonly referred to as “Brownfields.” By facilitating redevelopment of Brownfield properties, this Plan is intended to promote economic growth for the benefit of the residents of the County and all taxing units located within and benefited by the Authority.

The identification or designation of a developer or proposed use for the Eligible Property that is the subject of this Plan shall not be integral to the effectiveness or validity of this Plan. This Plan is intended to apply to the Eligible Property identified in this Plan and, if tax increment revenues are proposed to be captured from that Eligible Property, to identify and authorize the eligible activities to be funded by such tax increment revenues. Any change in the proposed developer or proposed use of the Eligible Property shall not necessitate an amendment to this Plan, affect the application of this Plan to the Eligible Property, or impair the rights available to the Authority under this Plan.

This Plan is intended to be a living document, which may be modified or amended in accordance with the requirements of Act 381, as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes.

This Plan contains information required by Section 13(1) of Act 381.

2.0 General Provisions

The following sections detail information required by Act 381.

2.1 Description of Eligible Property (Section 13 (1)(h))

The Eligible Property (“Property”) is located at 133 and 141 West State Street, in Section 3 in Traverse City (Township 27North, Range 11West) in Traverse City, Grand Traverse County, Michigan. The Property is situated southwest of the intersection of Pine Street and West State Street. The Property consists of

three parcels that contain approximately 0.70 acres. The Property is located in Downtown Traverse City - herein referred to as City of Traverse City (“City”). The neighborhood is characterized by commercial and retail properties. The Property is abutted by surface roadways, municipal water, sanitary and storm sewer services and electrical and gas utilities.

For ease of reference, AKT Peerless has designated each of the Eligible Property parcels with a letter. These designations have no relevance to legally recorded data about the Eligible Property. See Attachment A, Figure 2 – Eligible Property Boundary Map.

Table 2-A Eligible Property Parcel Information

Parcel	Address (Common Address)	Tax Identification Number	Basis of Brownfield Eligibility	Approximate Acreage
A*	141 West State Street (141 West State Street)	51-794-001-50	Facility	0.26
B**	133 West State Street (133 West State Street)	51-794-023-00	Facility	0.32
C***	0 Pine Street (141 West State Street)	51-794-023-10	Facility	0.12

*Parcel is referenced as Parcels A & B on Gourdie-Fraser ALTA/ACSM Land Title Survey, dated June 25, 2013

**Parcel is referenced as Parcel 1 on Gourdie-Fraser ALTA/ACSM Land Title Survey, dated June 25, 2013

***Parcel is referenced as Parcel 2 on Gourdie-Fraser ALTA/ACSM Land Title Survey, dated June 25, 2013

The Property is zoned C-4c and C-4b Regional District and the Property is within a TC-5 “Downtown” Neighborhood district in the Master Plan. It currently contains one vacant commercial office building on Parcel A. Exterior portions of the Property include paved parking areas, driveways, and landscaped areas.

The project (Project) consists of the redevelopment of the Property, which is located at 133 and 141 West State Street in the City of Traverse City. The Project will include the construction of 12-14 unique multi-story condominium units that are anticipated to be constructed in two phases. The west portion of the Property (Units A through E) will be Phase 1 and Units F through M on the eastern portion of the Property will be Phase 2, see Attachment A, Figures 2 and 3. The condominium units are functionally independent of one another, adding privacy and avoiding major factors that traditionally increase costs to build and maintain. The condominium units will each include a private 1 or 2 car garage, internal stairs and private elevator. Ultimately, the individual owner will have the flexibility to design within the footprint of their property, offering an exclusive experience to the buyer and in addition allowing custom mechanical systems and features tailored to the individual buyer’s concept. Other amenities will include expansive decks and roof-top gardens, Snow-Melt motor court, views of Heritage Park, and the Boardman River.

Pine and State Street frontage will include 4-6 Live-Work, Mixed-use units. Boardman River frontage will include 8 three story units with walkout, partial basements.

The redevelopment includes environmental activities and non-environmental activities as well as economic development to further goals of the City of Traverse City, Grand Traverse County, the Michigan Department of Environmental Quality (MDEQ) and the Michigan Economic Development Corporation (MEDC). The comprehensive redevelopment of this site will include asbestos and lead paint abatement, demolition of the existing structure (vacant office building), removal of contaminated, unstable, non-indigenous urban fill material, engineering controls, and redevelopment of a 12-14 new three-story townhomes ranging in size between 3,000 and 5,400 square feet per unit including partial basements in some units and garages in all units, with a total new building area of approximately 44,756 square feet.

Various contaminants have been detected in media at the Property in association with historical activities including: urban filling; oil unloading station; former fuel oil underground storage tank (UST), adjoining gasoline station/automobile repair/salvage yard, and nearby drycleaner. Remediation and engineering controls will be incorporated as due care and additional response activities to mitigate impacts of existing contamination to human health and the environment.

Midtown Development, Inc. (on behalf of an entity to be named or formed at a later date) is a talented Traverse City based firm with exceptional rapport in the Traverse City area. Midtown Development, Inc. combines their extensive experience with downtown development and original designs to create high density residential living that allows for effective smart land use, utilization of existing public infrastructure, and green, energy efficient and environmentally sensible building techniques. The Developer is a major proponent in the return to urban living that is paramount to the infill development of downtown Traverse City. Midtown Development, Inc. is also a strong supporter of the Traverse City community and is committed to putting these three underutilized properties back to productive use, which will ultimately transform the aesthetics and function of the area.

The Project is seeking approval of Tax Increment Financing (TIF), a Brownfield Redevelopment Grant (BRG) and Brownfield Redevelopment Loan (BRL) through the MDEQ and a Community Revitalization Program (CRP) Grant through the MEDC. Construction is expected to begin in the fall of 2013.

Attachment A includes site maps of the Eligible Property, refer to: Figure 1, Scaled Property Location Map, Figure 2, Eligible Property Boundary Map (which includes lot dimensions), Figure 3, ALTA Survey Property Boundary Map. The legal descriptions of the parcel(s) included in the Eligible Property are presented in Attachment B.

The parcel and all tangible real and personal property located thereon will comprise the Eligible Property and is referred to herein as the "Property."

2.2 Basis of Eligibility (Section 13 (1)(h) , Section 2 (m)), Section 2(r)

The Property is considered "Eligible Property" as defined by Act 381, Section 2 because: (a) the Property was previously utilized as a commercial property (bus depot/restaurant, office building); (b) it is located within the City of Traverse City, a qualified local governmental unit, or "Core Community" under Act 381; and (c) each of the parcels comprised by the Property has been determined to be a "facility", as the term is defined in Part 201 of the Natural Resources and Environmental Protection Act (NREPA), Michigan Public Act 451 of 1994, as amended ("Part 201").

Prior to the early 1900s the entire Property was located in the bottom lands of the Boardman River. The river was rerouted/located to the south. The subject Property, therefore, consists of non-native, urban

fill. In the 1950 or 1960s, Parcel A was developed with an office building until approximately 2012 when the building was vacated. In the 1950s or early 1960s Parcel B was developed with a bus depot/restaurant until the early 1990s when the building was razed and the property was vacated. Parcel C has been undeveloped since at least the early 1900s.

It should be noted that the adjoining property to the north contained an industrial factory occupied by Potato Implement Co., a manufacturer of potato tools and corn planter, which was later occupied by Acme Manufacturing Co. Further, a railroad spur historically ran north and south on the west side of the industrial factory. According to the Sanborn fire insurance maps and Phase I Environmental Site Assessment (ESA) completed by Environmental Consultants & Services (EC&S) on 141 West State Street (Parcel A) in 1993, the railroad spur was observed to terminate at an oil unloading station potentially located on or adjacent to the Property boundary of 141 West State Street (Parcel A).

Several environmental and geotechnical studies have been completed on the Property between 1991 and 2013 including Phase I ESAs, Phase II ESAs, Baseline Environmental Assessments (BEAs) and limited soil evaluations and geotechnical investigations. Recognized environmental and geotechnical conditions (RECs) identified in connection with the Property include: urban filling; oil unloading station; former fuel oil UST, adjoining gasoline station/automobile repair/salvage yard, and nearby drycleaner. Additional investigation into these RECs between 2012 and 2013 has revealed the presence of volatile organic compounds VOCs (e.g., PCE, 2-methylnaphthalene), semi-volatiles (e.g., benzo(a)pyrene, fluorene, etc.) and metals (e.g., lead, mercury, selenium, zinc, etc.) in soil, soil gas, and/or groundwater at the Property at concentrations exceeding MDEQ Residential Cleanup Criteria (RCC). Therefore, Parcels A, B, and C meet the definition of a “facility”.

Table 2-B Eligible Property Qualifying Criteria

Parcel (Parcel Reference on Alta Survey)	Address (Common Address)	Media and Parameter Groups exceeding Part 201 Residential Criteria Exceeded/ Established Criteria
A (A & B)	141 West State Street (141 West State Street)	Soil: VOC (Tetrachloroethylene), Metals Groundwater: Metals
B (1)	133 West State Street (133 West State Street)	Soil: VOC (2-methylnaphthalene, Semi-Volatiles, Metals Groundwater: Semi-volatiles, Metals
C (2)	0 Pine Street (141 West State Street)	Soil: Semi-volatiles, Metals

As previously stated, historical use of the Property has included the placement of urban fill materials and debris. Environmental and geotechnical investigations have been confirmed the presence of contaminated, unstable, non-indigenous urban fill material to a depth of up to 24 feet below ground surface grade. The urban fill is ubiquitous across the site, both vertically and horizontally, as well as

consistent in content. Debris at the property has included household material and automotive parts at the former bus depot location on Parcel B.

2.3 Summary of Eligible Activities and Description of Costs (Section 13 (1)(a),(b))

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include BEA Activities (Phase I ESA, Phase II ESAs, and BEAs), due care activities, additional response activities, preparation of Brownfield and Act 381 work plans, lead and asbestos survey and abatement, demolition, site preparation, and infrastructure improvements (see Table 1). Response activities will include a focus on the removal of impacted fill material and engineering controls necessary to support the redevelopment of the Property. Accordingly, the completion of this project represents a unique opportunity to accomplish long term environmental benefits and protect the water resources within the City of Traverse City.

A summary of the eligible activities and the estimated cost of each eligible activity intended to be paid for with Tax Incremental Revenues from the Property are shown in the table below. As shown, GTCBRA covers only 95% of eligible activity costs. The Developer is solely responsible for the remaining 5%.

Table 2-C Estimated Cost of Reimbursable Eligible Activities

Description of Eligible Activities		Estimated Cost(a)
1. BEA Activities	\$	36,580
2. Due Care Activities	\$	199,500
3. Additional Response Activities	\$	436,750
4. Demolition	\$	44,870
5. Lead & Asbestos Survey and Abatement	\$	12,280
6. Site Preparation	\$	1,023,347
7. Infrastructure Improvements	\$	212,800
Subtotal	\$	1,966,127
8. 15% Contingency(b)	\$	289,432
9. Up to Interest(c)	\$	692,822
10. GTCBRA Application and Administration Fee	\$	20,500
11. Preparation of a Brownfield Plan	\$	12,000
12. Preparation of Work Plans	\$	20,000

Description of Eligible Activities		Estimated Cost(a)
13. GTCBRA MDEQ BRL Administration (3%)	\$	22,500
Subtotal	\$	3,023,381
14. GTCBRA 5% Withholding	\$	(151,169)
Subtotal	\$	2,872,212
15. Authority Administrative Fees	\$	TBD
16. State Brownfield Revolving Fund	\$	386,374
17. LSRRF Deposits(d)	\$	921,162
Total(e)	\$	4,179,748

(a) Estimated costs are subject to approval by MSF and MDEQ. Any costs not approved by the MSF or MDEQ may become local only costs paid out of captured tax increment revenues from locally levied millages (to the extent available).

(b) The contingency is applied to the Subtotal, excepting the BEA Activities, which have already been performed.

(c) Interest is calculated annually at simple interest based on approved Development Agreement

(d) LSRRF deposits will be made in accordance with Act 381.

(e) Not including Authority administrative expenses

A more detailed breakout of the eligible activities and the estimated cost of each eligible activity intended to be paid for with Tax Increment Revenues from the Property are presented in Attachment C, Table 1.

It is currently anticipated that construction will begin in the fall of 2013. The Developer intends to have pilings and foundations in place on Phase 1 before winter 2014 allowing for construction of the riverfront group over the winter for occupancy in the spring of 2014.

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the Authority and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan.

In accordance with this Plan and the associated Reimbursement Agreement, the amount advanced by the Developer will be repaid by the Authority, together with an interest rate up to 2.5% simple interest to be negotiated with a forthcoming development agreement, solely from the tax increment revenues realized from the Eligible Property. Payments will be made to the full extent incremental property tax revenues are or become available for such purpose under the Act. Based on the projected cost of eligible activities, interest reimbursement in this Plan is not to exceed \$692,822. However, if the actual cost of eligible activities turns out to be lower than the above estimates, interest reimbursement may be lower, subject to the maximum 2.5% simple interest calculation.

Tax increment revenues will first be used to pay or reimburse administrative expenses in accordance with Act 381. Capture of tax increment revenue for administrative expenses may extend the Developer's reimbursement period. The amount of school tax revenues, which will be used to reimburse the costs of implementing eligible activities at this site, will be limited to the cost of eligible activities approved by the MDEQ and the MSF, together with the interest rate provided above. In the event that the use of school tax revenues to reimburse specific eligible activities is not approved by the MDEQ or MSF, these specific activities will be reimbursed with local-only TIF (to the extent available).

The costs listed in the table above are estimated costs and may increase or decrease depending on the nature and extent of environmental contamination and other unknown conditions encountered on the Property. The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the Authority from the Property shall be governed by the terms of a Reimbursement Agreement with the Authority (the "Reimbursement Agreement"). No costs of eligible activities will be qualified for reimbursement except to the extent permitted in accordance with the terms and conditions of the Reimbursement Agreement.

2.4 Estimate of Captured Taxable Value and Tax Increment Revenues (Section 13(1)(c)); Impact of Tax Increment Financing on Taxing Jurisdictions (Section 13(1)(g), Section 2(ee))

This Plan anticipates the capture of tax increment revenues to reimburse the Developer for the costs of eligible activities under this Plan in accordance with the Reimbursement Agreement. A table of estimated tax increment revenues to be captured is attached to this Plan as Attachment C, Table 2. Tax increment revenue capture is expected to begin in 2014.

The total estimated cost of the eligible activities and other costs (including contingency, interest, State Revolving Fund, and LSRRF deposits) to be reimbursed through the capture of tax increment revenue is projected to be up to \$4,179,748. The estimated effective initial taxable value for this Plan is \$240,298, and is based on land and real property tax only. Redevelopment of the Property is expected to initially generate incremental taxable value in 2015 with the first significant increase in taxable value of approximately \$1,759,198 beginning in 2015.

It is estimated that the Authority will capture the 2015 through 2044 tax increment revenues to reimburse the cost of the eligible activities, reimburse interest, and deposit into the State Revolving Fund and LSRRF. The reimbursement period shall not exceed 30 years.

The captured incremental taxable value and associated tax increment revenue will be based on the actual increased taxable value from all taxable improvements on the Property and the actual millage rates levied by the various taxing jurisdictions during each year of the plan are shown in Attachment C, Table 2. The actual tax increment captured will be based on taxable value set through the property assessment process by the local unit of government and equalized by the County and the millage rates set each year by the taxing jurisdictions.

2.5 Plan of Financing (Section 13(1)(d)); Maximum Amount of Indebtedness (Section 13(1)(e))

Eligible activities are to be financed by the Developer. However, the county has received preliminary approval from the MDEQ for a \$750,000 Brownfield Redevelopment Loan (BRL) to be used toward eligible activities included in this Brownfield Plan. The Authority will reimburse the Developer for the cost of approved eligible activities, but only from tax increment revenues generated from the Property as available, and subject to the Reimbursement Agreement. The project also has an additional \$1,000,000

of eligible activities not included in this Brownfield Plan because they are anticipated to be funded by the MDEQ with a \$1,000,000 Brownfield Redevelopment Grant (BRG). Should the \$1 million MDEQ BRG not be approved for use at this Property an amendment to this Brownfield Plan will be required to allow for the redevelopment of the Property.

All reimbursements authorized under this Plan shall be governed by the Reimbursement Agreement. The Authority shall not incur any note or bonded indebtedness to finance the purposes of this Plan. The inclusion of eligible activities and estimates of costs to be reimbursed in this Plan is intended to authorize the Authority to fund such reimbursements and does not obligate the Authority or the County to fund any reimbursement or to enter into the Reimbursement Agreement providing for the reimbursement of any costs for which tax increment revenues may be captured under this Plan, or which are permitted to be reimbursed under this Plan. The amount and source of any tax increment revenues that will be used for purposes authorized by this Plan, and the terms and conditions for such use and upon any reimbursement of the expenses permitted by the Plan, will be provided solely under the Reimbursement Agreement contemplated by this Plan.

2.6 Local Site Remediation Revolving Fund (“LSRRF”) (Section 8, Section 13(1)(m))

The Authority has established a Local Site Remediation Revolving Fund (LSRRF). The Authority will capture incremental local and state school taxes to fund the LSRRF, to the extent allowed by law. The rate and schedule of incremental tax capture for the LSRRF will be determined on a case-by-case basis. Considerations may include, but not be limited to the following: total capture duration, total annual capture, project economic factors, level of existing LSRRF funding, projected need for LSRRF funds, and amount of school tax capture available in accordance with Act 381.

2.7 Duration of Plan (Section 13(1)(f))

In no event shall the duration of the Plan exceed 35 years following the date of the resolution approving the Plan, nor shall the duration of the tax capture exceed the lesser of the period authorized under subsection (4) and (5) of Section 13 of Act 381 or 30 years. Further, in no event shall the beginning date of the capture of tax increment revenues be later than five years after the date of the resolution approving the Plan.

2.8 Effective Date of Inclusion in Brownfield Plan

The Property will become a part of this Plan on the date this Plan is approved by the GTC BOC. The date of tax capture shall commence during the year construction begins or the immediate following year—as increment revenue becomes available, but the beginning date of tax capture shall not exceed five years beyond the date of the governing body resolution approving the Plan amendment.

2.9 Displacement/Relocation of Individuals on Eligible Property (Section 13(1)(i-l))

There are no persons or businesses residing on the Eligible Property, and no occupied residences will be acquired or cleared; therefore there will be no displacement or relocation of persons or businesses under this Plan.

2.10 Other Information

The state and local breakdown of tax increment revenues anticipated to be used for reimbursement of eligible costs through this Plan is summarized below.

This is a mixed-use development, with each condominium potentially housing both a primary residence (where the homestead tax exemption applies) and commercial office space (which is non-exempt and taxed at the full millage rate). It is currently projected that 80% of the assessed real property space will be homestead tax exempt residential, and the remaining 20% will be non-exempt commercial space.

Although the homestead tax exemption on the residential reduces the local tax contribution to the project as compared to a non-exempt development, the Traverse City DDA will more than make up this difference by paying for infrastructure improvements associated with the redevelopment which are not included this Brownfield Plan.

The project anticipates reimbursement of \$2,841,338 in Brownfield eligible activities, interest, and contingency, excluding local-only eligible activities.

For comparison purposes, if the development were 100% non-exempt, there would be 51.0058 non-homestead mills available for capture, with school millage equaling 24.0000 mills (47%) and local millage equaling 27.0058 mills (53%).The requested tax capture for MSF and MDEQ eligible activities would break down as follows:

Table 2-D Tax Capture (no homestead exemption scenario)

State to Local Tax Capture	Eligible Activities, Interest, Contingency
MSF/MDEQ School tax capture (47%)	\$1,336,948
MSF/MDEQ Local tax capture (52%)	\$1,504,390
Local-Only tax capture	\$30,875
Total	\$2,872,213*

*Does not include capture for LSRRF or Authority administrative costs

As noted previously, however, the development is anticipated to be 80% homestead exempt. Consequently, the requested tax capture for MSF and MDEQ eligible activities breaks down as follows:

Table 2-E Tax Capture (80% homestead exemption scenario)

State to Local Tax Capture	Homestead Exempt (80%, \$2,273,070)	Non-Exempt (20%, \$568,268)	Sub Totals	Proportion
MSF/MDEQ School tax capture	\$413,213	\$267,390	\$680,603	24%
MSF/MDEQ Local tax capture	\$1,859,858	\$300,878	\$2,160,736	76%
Local-Only Tax Capture			\$30,875	
Total			\$2,872,213*	

*Does not include capture for LSRRF or Authority administrative costs

Since the Property is located in the DDA, however, a smaller amount of local tax increment revenue is available than would otherwise be expected. The projected revenue streams to reimburse eligible activities, contingency, and interest are summarized in the following table:

Table 2-F Tax Capture (projected scenario)

State to Local Tax Capture	Eligible Activities, Interest, Contingency
MSF/MDEQ School tax capture (31%)	\$880,362
MSF/MDEQ Local tax capture (69%)	\$1,960,976
Local-Only tax capture	\$30,875
Total	\$2,872,213*

*Does not include capture for LSRRF or Authority administrative costs

Although the amount of school tax capture is higher than the amount calculated in Table 2-E, it should be noted that the DDA intends to invest approximately \$2.7 million in infrastructure improvements associated with the project, which will be completely sourced with local-only tax increment revenue. As a result, actual local contribution is expected to exceed \$3.5 million. See Table 1 in the Attachments section for details.

Attachments

Attachment A
Site Maps and Photographs

Attachment B
Legal Description(s)

Attachment C

Tables