

GRAND TRAVERSE COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY

ACT 381 WORK PLAN

To Conduct MDEQ Environmental Activities and
MSF Non-Environmental Activities

Uptown Development Project
133 and 141 West State Street
Traverse City, Michigan 49684

PREPARED BY Grand Traverse County
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PROJECT # 8281b-10-25

REVISION DATE June 10, 2014, approved BRA June 25, 2014

MDEQ APPROVAL
MSF APPROVAL

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ACT 381 WORK PLAN

Uptown Development Project

133 and 141 West State Street, Traverse City, Michigan

1.0 Introduction

The Grand Traverse County Brownfield Redevelopment Authority (the “Authority”) is submitting this Act 381 Work Plan (the “Work Plan”) for the property located at 133 and 141 West State Street, Traverse City, Michigan (the “Property”). The Property is located in Downtown Traverse City. Refer to Figure 1, Topographic Location Map.

The Brownfield Plan for the Uptown Development Project (“the Brownfield Plan”) was approved by the Authority on August 28, 2013. The City Commission approved the Brownfield Plan on September 16, 2013, and the Grand Traverse County Board of Commissioners approved the Brownfield Plan on September 25, 2013. Refer to Attachment A for a copy of the Brownfield Plan and Attachment B for resolutions approving the Brownfield Plan.

Uptown Development TC, LLC through its agent/developer Midtown Development, Inc. proposes to redevelop an underutilized vacant property into 13 unique multi-story condominium units, including 5 “live-work”, mixed-use units along the frontage of Pine and West State Streets (the “Project”). The redevelopment integrates design elements, environmental cleanup, and economic development to further the goals of the City of Traverse City, Grand Traverse County, the Michigan Department of Environmental Quality (MDEQ) and the Michigan Economic Development Corporation (MEDC). It will result in: (1) the community and municipal benefits of increased property taxes on the Property; (2) blight elimination; (3) due care activities that will address the contamination on the Property, mitigating exposure risks to human health, safety and the environment; (4) a substantial improvement to the appearance and aesthetics of the Property which will assist in increasing the property values of the neighboring community; (5) public access to Boardman River; (6) redevelopment of properties which have been substantially underutilized and vacant for 22 years, and; (7) dense infill development that strives to meet the objectives of efficient and smart land use by building a higher density project close to public infrastructure and utilizing green building techniques to provide energy-efficient, environmentally sensible structures. The overall redevelopment of this site will include demolition of the existing dilapidated structure, contamination remediation, and construction of a high-density, low impact design, mixed-use development that utilizes the principles of New Urbanism and Smart Growth.

The Project is seeking tax increment financing (TIF) support. In addition, it has applied for grant and loan funds through the Community Development Block Grant (CDBG) Blight Elimination Grant Program, MDEQ Brownfield Redevelopment Grant (BRG) and MDEQ Brownfield Redevelopment Loan (BRL) programs. The Project also will be supported with local revenues from Traverse City’s Downtown Development Authority (DDA) for extensive infrastructure improvements that would have been typically included within this Work Plan as a Michigan Strategic Fund (MSF) eligible activity. Site development is expected to begin in summer of 2014 and is further described herein.

Based on the current site conditions, certain activities are necessary to prepare the Property for redevelopment. The following sections present site background information, current Property conditions, the proposed environmental and non-environmental activities, and the costs associated with

the proposed activities. In addition, the following sections summarize the proposed MSF eligible activities, the proposed MDEQ eligible activities, and the costs associated with these proposed activities.

1.1 Eligible Property Information

The following sections provide details on Property ownership and use.

Location and Eligibility

The Eligible Property is located at 133 and 141 West State Street, in Section 3 in Traverse City (Township 27 North, Range 11 West) in Traverse City, Grand Traverse County, Michigan. The Property is located in Downtown Traverse City and is situated south and southwest of the intersection of Pine Street and West State Street. The Property consists of three parcels that contain approximately 0.70 acres. Its neighborhood is characterized by multi-unit residential, commercial, and retail properties. The Property is abutted by surface roadways and the Boardman River. It is serviced by 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. Refer to Figure 2, Eligible Property Boundary Map for further illustration.

Eligible Property Parcel Information

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

Please refer to the Brownfield Plan located in Attachment A for the Property legal description. Refer to Figure 3 ALTA Survey Property Boundary Map and Appendix E, ALTA Surveys.

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”). Please refer to the Brownfield Plan provided in Attachment A for the relevant supporting documentation.

1.1.1 Current Ownership

Ownership information for the parcels comprising the Property is summarized in the following table. As stated in Section 1.1, for ease of reference the parcels have been assigned letter identifiers; however, the

identifiers have no legal basis and should not be used for any purpose other than as a means of reference herein.

Eligible Property Owner Information

Parcel	Address (Common Address)	Tax Identification Number	Parcel Owner
A	141 West State Street	51-794-001-50	Uptown Development TC, LLC Mr. David W. Whiteford, Member 328 Munson Avenue, Ste B Traverse City, MI 48686 231-946-8888
B	133 West State Street	51-794-023-00	Uptown Development TC, LLC Mr. David W. Whiteford, Member 328 Munson Avenue, Ste B Traverse City, MI 48686 231-946-8888
C	0 Pine Street	51-794-023-10	Uptown Development TC, LLC Mr. David W. Whiteford, Member 328 Munson Avenue, Ste B Traverse City, MI 48686 231-946-8888

Parcels A, B and C were acquired by Fifth Third Bank from Daniel T and Julie A. Wolfe through mortgage foreclosure in August 2012. Parcel A was acquired by ONR Properties from Fifth Third Bank in June 2013. Parcels B and C were acquired by ONR Properties from Fifth Third Bank on March 20, 2014 and Parcels A, B, and C were acquired by Uptown Development TC, LLC through land contract on April 28, 2014.

1.1.2 Proposed Future Ownership

There is no other future owner anticipated for the Property until the anticipated sale of completed condominium units. Each condominium is expected to have a separate owner, and Uptown Condominium Association will own the general common elements of the finished development.

The proposed operator (developer) on behalf of Uptown Development TC, LLC is:
 Midtown Development, Inc.
 Mike Wills, Project Manager
 311 East Eighth Street
 Traverse City, Michigan 49684
 231-922-3000

1.1.1 Delinquent Taxes, Interest, and Penalties

No delinquent taxes, interest, or penalties are known to exist for the property.

1.1.2 Existing and Proposed Future Zoning For Each Eligible Property

The Property is zoned C-4b and C-4c Regional District, and the Property is within a TC-5 “Downtown” Neighborhood district in the Master Plan. Future zoning is anticipated to remain the same.

1.2 Historical Use of Each Eligible Property

Prior to the early 1900s, the entire Property was located on the bottomlands of the Boardman River. See Attachment D for figures that illustrate the original location of the river before it was redirected and the contaminated unstable non-indigenous, urban debris and historic fill. When the river was rerouted/relocated to the south, the Property was built up to current grade with non-native urban fill material, the source(s) of which is unknown.

Past history of each parcel is summarized below:

- Parcel A - 141 West State Street
 - Boardman River - Bottomlands: pre 1900s
 - Undeveloped: at least early 1900s to 1950s or 1960s
 - Office Building: 1950s or 1960s to 2012
 - Vacant: 2012 to present
- Parcel B - 133 West State Street
 - Boardman River - Bottomlands: pre 1900s
 - Undeveloped: at least early 1900s to 1950s or 1960s
 - Bus Depot/Restaurant: 1950s or 1960s to early 1990s
 - Vacant: early 1990s to present
- Parcel C - 0 Pine Street
 - Undeveloped: at least early 1900s to present

Parcel A of the Property was undeveloped until the mid-1960s except for the presence of a railroad spur on its western side. Data sources indicate the railroad spur terminated at an “oil unloading station” operated as part of an industrial business adjacent to the north. An office building was constructed on Parcel A by the mid-1960s. Parcel B was developed around 1950 with a restaurant and bus station. Parcel C has been peripherally associated with Parcel B but has remained relatively undeveloped, except for the urban filling activities that appear to have occurred at this location. The Property is now vacant.

1.3 Current Use of Each Eligible Property

The Property contains one vacant commercial office building on Parcel A, 141 West State Street. Exterior portions of the Property include paved parking areas, driveways, and landscaped areas. The Property is vacant and has not been used for any obvious purpose since the bank foreclosed.

1.4 Summary of Proposed Redevelopment and Future Use for Each Eligible Property

The Project includes environmental activities and non-environmental activities, as well as economic development, to further the goals of the City of Traverse City, Grand Traverse County, the MDEQ and the MEDC. The comprehensive redevelopment of this site will include asbestos and lead paint abatement, demolition of the existing structure (i.e., vacant office building) and site improvements (i.e., parking lots, utilities, etc.), blight elimination, removal of contaminated, unstable, non-indigenous urban fill material within the proposed construction footprints, installation of a Low Impact Design (LID) based stormwater

management system, and engineering controls as needed to protect human health, safety and the environment (e.g., gas vapor mitigation system (passive venting), direct contact barriers, etc.).

Uptown Development TC, LLC will then build 13 unique multi-story condominium units, including 5 “live-work”, mixed-use units along the frontage of Pine and West State Streets.

Midtown Development, Inc. (Midtown) is based in Traverse City, Michigan and has decades of experience as a leading community builder with an extensive portfolio in downtown residential (condominium) development. Midtown understands the movement to return to urban living and utilizes the principles of New Urbanism and Smart Growth. Midtown designs and builds intentional communities that resonate with the groundswell of people who are focused on sustainability and a desire to live “green.” Its developments meet the objectives of efficient and smart land use by building higher density projects close to public infrastructure and utilizing green building techniques to provide energy efficient, environmentally sensible structures.

Midtown understands and speaks to a very specific, but growing market. The return to an urban lifestyle is attractive to the full population spectrum – young professionals through retirees. In keeping with national trends, people want to live in-town to save time and money in their daily commutes and to benefit from the cultural amenities which communities like Traverse City can offer. The ability to walk or bike to school, work, the beach, and shopping, dining and entertainment venues is enormously valuable. In Traverse City, the closer one is to the heart of downtown, the easier this becomes.

Site development will be conducted in two phases. Refer to Attachment E, Site Plans and Renderings, to review the current Site Plan. The west half, with units A thru E is Phase 1; the east half, with units F thru M is Phase 2. The condominium units will be functionally independent of one another, adding privacy and avoiding major complications that traditionally increase costs to build and maintain. The condominium units will each include a private 1 or 2 car garage, internal stairs and a private elevator. Individual owners will have the flexibility to design within the footprint of their properties, offering custom experiences, including mechanical systems and other features tailored to their individual concepts and needs. Additional amenities include expansive decks and roof-top gardens, a Snow-Melt motor court, and views of Heritage Park and the Boardman River to enhance the Project’s integration with surrounding natural resources.

Pine and West State Street frontage will include five live-work, mixed-use units. Boardman River frontage will include eight three-story units with walkout, partial basements.

Site development is expected to begin in summer of 2014. Midtown intends to have pilings and foundations in place on Phase 1 before the hard winter months. This schedule allows for construction of the riverfront group of Phase I over the winter for occupancy in the spring of 2015.

1.5 Information Required By Section 15(15) of the Statute

MSF shall consider the following criteria to the extent reasonably applicable to the eligible activities proposed as part of this Work Plan.

1.5.1 Sufficiency of Individual Activities to Complete Eligible Activities

- Brownfield and Work Plan Preparation—The Brownfield Plan and Work Plan have been completed in accordance with Act 381.

- Infrastructure Improvements—Infrastructure improvements are sufficient to complete the project since they will result in improvements that will directly benefit the Property, with additional benefit to the public.
- Asbestos Survey and Abatement— Asbestos survey activities are sufficient to complete the eligible activities because they will support the full abate of asbestos containing materials on the Property in preparation for building demolition. The asbestos survey has been completed for the Project and is included for MSF approval as part of the Work Plan. Abatement is not in this Work Plan because the GTCBRA is applying for CDBG grant funds to cover this cost.
- Demolition—Not currently included for MSF approval as part of the Work Plan, because the GTCBRA is applying for grant funds to cover this cost.
- Site Preparation—Completion of site preparation activities—as well as demolition and asbestos abatement—are sufficient to complete the eligible activities because they will prepare the site for planned development activities (i.e., new construction).

1.5.2 Necessity of Individual Activities to Complete Eligible Activities

- Brownfield Plan and Work Plan Preparation—Approval of the Brownfield Plan and Work Plan is necessary to make the development financially feasible.
- Infrastructure Improvements—With the exception of the urban stormwater management system, all infrastructure improvements proposed will be publicly owned, maintained and operated, will support the Project, and will also serve others and/or the public. The Project will greatly increase the population density and infrastructure use onsite. Consequently, infrastructure improvements included in this Work Plan are necessary activities for successful redevelopment.
- Asbestos Survey and Abatement—The building on the Property needs to be demolished to accommodate the new development. Asbestos abatement activities are required to complete building demolition activities in accordance with state and federal regulations, however, asbestos abatement is not currently included for MSF approval as part of this Act 381 Work Plan, because the GTCBRA is applying for grant funds to cover this cost. Asbestos survey however is included in this Work Plan.
- Demolition—Not currently included for MSF approval as part of this Work Plan, because the GTCBRA is applying for CDBG grant funds to cover this cost.
- Site Preparation—Due to existing brownfield conditions on the Property, completion of the site preparation activities—as well as demolition and asbestos abatement—are necessary to prepare the site for planned development activities (i.e., new construction).

1.5.3 Reasonableness of Costs

The estimates for the individual activities are based on preliminary competitive bids. The estimates are current market-rate and are thus presumed to be reasonable. A pro forma showing financial viability of the project may be reviewed by MEDC upon request.

1.5.4 Public Benefit

This development will increase urban density in Traverse City by creating new downtown residences and office space. It will also promote a walkable community in Traverse City. In addition, it will increase public access and usage of the Boardman River. Public infrastructure improvements will help accommodate additional high-density development in the neighborhood.

The concentration of activity this project brings will create jobs and housing that can help to preserve rural areas and reduce urban sprawl. This development adds to the downtown residential density and increases transportation efficiency through increases in transit use, less need for car ownership and a more efficient system overall. The dense urban environment benefits the community through more efficient delivery of good and services in both the private and public sectors.

The Project will transform an underutilized property into a productive and viable, multi-tenant commercial/residential location. The Property has underperformed as a taxable interest in the City for at least 23 years, and redevelopment will return it to productivity. In addition, the Property has been vacant and blighted for most of this time. Completion of this Project will bring investment and stabilization to the neighborhood and possibly serve as a catalyst for additional development.

1.5.5 Reuse of Vacant Buildings and Redevelopment of Blighted Property

This Project consists of redevelopment of blighted property. The building on the Property is considered obsolete due to age, structural condition, and the inability to economically upgrade and modify the structure to serve the commercial markets at generally accepted market rates. Therefore, the existing building will be demolished.

The new development will create 13 multi-story, mixed-use condominium units on mostly vacant, blighted land (unstable, non-indigenous urban fill material to a depth of up to 24 feet below ground surface grade) formerly occupied by a bus depot and obsolete office structures.

The Project will integrate various transportation options, focusing on walkability, biking, and the use of public transit. The design of the buildings, including the materials, scale, and orientation will embrace the principal concepts of New Urbanism and Smart Growth and promote increased pedestrian activity.

1.5.6 Job Creation

A conservative estimate of 12 new jobs is anticipated to be created based on 250 square feet per worker in the potential live-work units.

1.5.7 Unemployment Status

According to the State of Michigan Labor Market Information system, the Labor Market Area of the City of Traverse City had an unemployment rate was 9.0% in March 2014. Comparatively, the March 2014 unemployment rate was 7.9% in Grand Traverse County, 8.0% in the State of Michigan, and 5.9% in the United States.

1.5.8 Contamination Alleviation

The Property will be prepared to make it suitable for development, and appropriate due care and additional response activities will be performed to mitigate exposure to materials hazardous to human health, safety, and the environment. Environmental conditions on the Property are discussed in detail in Section 2.2. Remedial activities are discussed in detail in Section 3.1.

1.5.9 Private Sector Contribution

Certain eligible activities are to be financed by the Developer. However, the County has received preliminary approval from the MDEQ for up to \$645,000 however it is anticipated based on the other funding sources that \$300,000 BRL will be used toward eligible environmental activities (MDEQ BRL determination forthcoming). 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 \$2,990,000 of eligible activities not included in this Work Plan. A portion of this \$2,990,000 is anticipated to be funded through a \$362,000 MDEQ BRG and \$880,000 in MEDC CDBG Program funds (both grant determinations forthcoming from MDEQ and MSF).

1.5.10 Cost Gap Comparison

No alternative Greenfield site was considered for the Project. Refer to the Brownfield Plan provided in Attachment A for information related to Brownfield costs.

1.5.11 Brownfield Creation

This Project will not create a new Brownfield site.

1.5.12 Project Financial Data

The Project cannot proceed without the incentives contemplated for this redevelopment. As of project estimates based off of preliminary site and building plans on May 12, 2014, the Developer anticipates making an investment of approximately \$11.8 million in real and personal property improvements on the Property which includes the added costs due to the Brownfield conditions. The Developer will finance all eligible activities related to improvements on the Property with the exception of those activities covered through the proposed MDEQ BRL (however reimbursed with TIF under this Work Plan), MDEQ BRG and MEDC CDBG Program funds. A Project pro forma for the private investment may be reviewed upon request as a confidential document.

1.5.13 Incentives

The total estimated cost of the eligible activities to be reimbursed through the capture of tax increment revenues is provided in Table 1. The reimbursement to the Developer through the capture of tax increment revenues has been capped at \$2.82 million by the Brownfield Plan, including interest and after a 5% withholding per policies of the Authority. The Developer anticipates making an investment of approximately \$11.8 million in real property improvements on the Property. Redevelopment of the Property is expected to subsequently generate significant increases in taxable value and result in incremental taxable value starting in 2016. The Developer will finance all Eligible Activities related to improvements on the Property with the exception of those activities covered through the proposed MDEQ BRL, MDEQ BRG and MEDC CDBG Program funds (which are not included in this Work Plan). Refer to Table 1 for additional detail on these activities and how activities are broken-down between incentive programs. Incentive programs structure was carefully evaluated and determined to accomplish the following: Phasing of the project; on-site access, construction restrictions and phasing of site work; different compliance requirements among the individual programs; agency expectations and policy for administering the incentive programs; extensive negotiations with all agency's involved; reasonableness for managing and bidding the project activities as required by the various incentive programs, and; meeting developer's acceptable return on investment and proforma expectations.

1.5.14 Additional Information

None.

2.0 Current Property Conditions

The following sections provide detail on the Property's Brownfield qualifications.

2.1 Property Eligibility

2.1.1 Facility

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”). Please refer to the Brownfield Plan provided in Attachment A for the relevant supporting documentation.

2.1.2 Functionally Obsolete

The building now on the Property (i.e., Parcel A) likely could be designated as functionally obsolete. However, since the Property is a facility, this Work Plan does not rely on “functional obsolescence” as a qualifying criterion.

2.1.3 Blighted

As described herein, historical use of the Property has included the placement of significant urban fill materials and debris across the entire site. Environmental and geotechnical investigations have confirmed the presence of contaminated, unstable, non-indigenous urban fill material and organic material to depths 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 slag, potential foundry waste, glass, wood, pipe parts, metal, brick fragments, and automotive parts. See Attachment D that illustrate the original location of the river before it was redirected and the contaminated unstable non-indigenous, urban debris and historic fill. The presence of substantial subsurface debris on the subject Property meets the definition of “blighted.” However, based on the current status of each subject parcel as a “facility,” eligibility under this Work Plan does not rely on “blight” as a qualifying criterion under Act 381.

2.1.4 Adjacent and Contiguous

Each individual parcel of the subject Property has been determined to meet the “facility” qualifying criterion.

2.2 Summary of Environmental Conditions

Under Part 201, a “facility” is defined as “any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the requirements of section 20120a(1)(a) has been released, deposited, disposed of, or otherwise comes to be located.” M.C.L. § 324.20101(1)(o). A “release” is defined to include “spilling” or “leaking” of a hazardous substance into the environment. In addition, a “release” includes the abandonment of containers or other closed receptacles containing hazardous substances. M.C.L. § 324.20101(1)(bb).

2.2.1 Environmental Investigations

Summaries of the reports and activities relevant to site conditions, since at least 1991, are provided in the following sections.

Historical Environmental Assessments and Geotechnical Investigations

Wilcox Associates (Wilcox) completed a Phase I ESA at Parcel B (133 West State Street) in 1991. The Phase I ESA outlined recognized environmental conditions (RECs) associated with the Parcel B including the following:

- Historical fill material from an unknown source.
- Vent pipe of unknown purpose.
- Potential presence of polychlorinated biphenyl (PCB) containing light ballasts.

In 1991, EC&S completed a Soils Excavation and Water Sample Analysis to further evaluate the unknown fill material identified during Wilcox's 1991 Phase I ESA. EC&S completed two test pits to investigate the unknown fill material. The fill material was characterized as dark black sand soil intermixed with old metallic automobile parts, rubber tires, various bottles, chinaware, and paint cans. Several water samples were collected during the investigation and analyzed for benzene, toluene, ethylbenzene, and xylenes (BTEX) and dissolved metals. Heavy metals (e.g., copper and zinc) were detected. However concentrations were below historical MDEQ Part 201 Cleanup Criteria. In addition, EC&S confirmed that the light ballasts identified in Wilcox's 1991 Phase I ESA were PCB-containing. EC&S also further inspected the unknown vent pipe. However, at that time the origin of the vent pipe could not be verified due to equipment limitations. During demolition of the bus depot building, a fuel oil tank associated with the vent pipe was encountered. The tank was removed from the ground. Following removal of the tank, EC&S collected composite soil samples from the soil beneath each end of the tank and submitted the samples for laboratory analysis. No target analytes were detected above laboratory method detection limits.

In 1993, EC&S conducted a Phase I ESA for Parcel A (141 West State Street). The Phase I ESA outlined RECs associated with the Parcel A including the following:

- Historical fill material from an unknown source.
- Railroad spurs terminating at an "oil unloading station" on the northwest portion of the Property.
- Nearby gasoline station.

In 1994, Gosling Czubak Associates (GCA) conducted a geotechnical investigation on Parcel B (133 West State Street). According to the report, "random miscellaneous fill" material was identified on the Property from ground surface to between 18 to 20 feet below ground surface (bgs). GCA suggested that soil on the property would need to be removed to a depth of approximately 20 feet below grade in order to support a new building.

In May 2012, Superior Environmental Corp (Superior) completed a Phase I ESA on the entire Property (i.e., Parcels A, B and C). The Phase I ESA outlined RECs associated with the Property including the following:

- Historical fill material from an unknown source.
- Historical Industrial factory on the adjoining property to the north, including a railroad spur and "oil unloading station" that extended on to 141 West State Street.
- The potential for fuel oil use and storage on 141 West State Street.
- Historical fuel oil on 133 West State Street.
- Tetrachloroethylene (PCE) contamination on the northern adjoining property located at 305 West Front Street.

- Former gasoline filling station, auto salvage yard and auto repair shop located on the northeastern adjoining property across West State Street.

In April 2012, prior to the completion of Superior's May 2012 Phase I ESA, Superior conducted a Phase II ESA to further evaluate the RECs identified during their Phase I ESA. During the Phase II ESA, Superior collected soil and groundwater samples at the Property. According to analytical results, chlorinated solvents (e.g., PCE), semi-volatiles (e.g., benzo(a)pyrene and fluorene) and metals (e.g., lead, mercury, selenium, and zinc) were detected in soil and groundwater at 133 and 141 West State Street at concentrations exceeding MDEQ Part 201 Residential Cleanup Criteria (RCC). In addition, Superior indicated that although samples were not collected from the unaddressed parcel on Pine Street due to access limitations (e.g., steep slope, dense wood, etc.), it was their opinion that the fill material extended on to this parcel and that all three parcels of the Property meet the definition of a "facility."

In August 2012, Superior prepared a Baseline Environmental Assessment (BEA) on behalf of Fifth Third Bank for both parcels located at 133 and 141 West State Street. The BEA was submitted to the MDEQ in August 2012.

2013 Environmental Assessments and Geotechnical Investigations

AKT Peerless June 2013 Phase I ESA

AKT Peerless completed a Phase I ESA for the entire Property on June 21, 2013. This Phase I ESA was conducted in accordance with (1) the United States Environmental Protection Agency (USEPA) Standards and Practices for All Appropriate Inquiries [(AAI), 40 CFR Part 312] and (2) guidelines established by the American Society for Testing and Materials (ASTM) in the *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process / Designation E 1527-05* (ASTM Standard Practice E 1527-05).

The Phase I ESA revealed the following RECs in connection with the subject Property:

- REC 1** - The presence of soil and/or groundwater volatile organic compound (VOC), polynuclear aromatic hydrocarbon (PNA), and metal contamination on the Property above current residential cleanup criteria is a REC likely associated with the presence of urban fill material. Superior Environmental conducted Phase II investigation activities in 2012 that identified VOCs, PNAs and metals at levels above the MDEQ's Part 201 RCC in the Property's soil and groundwater.
- REC 2** - The historical railroad spur identified in 1929 and 1964 Sanborn Maps as an "oil unloading station" on or directly adjacent to the northwest corner of Parcel A is a REC.
- REC 3** - The presence of PCE contamination on and adjacent to the Property above current applicable cleanup criteria is a REC. The contamination above applicable criteria appears to be originating from the One Hour Martinizing (OHM) located approximately 170 feet north of the Property at 115 Pine Street. While historical data indicated groundwater flow away from the Property, this source appears to be migrating from the OHM site as the only identified source of PCE in the Property's soil at the western portion of Parcel A (141 West State Street).
- REC 4** - The presence of PNAs in the Property's soil above applicable criteria related to a former fuel oil UST exceeding cleanup criteria is a REC.

REC 5 - The historical presence of a north adjoining gasoline station, automobile repair and salvage yard from at least 1946 to at least 1979 and associated spill and/or releases from the former ASTs or USTs is a REC.

AKT Peerless June 2013 Baseline Environmental Assessment

On June 26, 2013, AKT Peerless prepared a BEA for Parcel A (141 West State Street) on behalf of the owner ONR Properties, LLC and the operator Midtown Development, Inc. The BEA was submitted to the MDEQ on September 19, 2013.

Otwell Mawby July 2013 Geotechnical Investigation

Otwell Mawby Geotechnical, P.C. ("Otwell") completed a geotechnical investigation (the "investigation") on the entire Property in July 2013. The investigation encountered fill materials in an "upper fill zone" across the Property to depths which ranged from 17 to 24 feet below grade. This upper fill zone was typified by very loose to loose material and contained a variety of debris materials intermixed with sand. The fill, based upon the soil borings and standard penetration blows counts, was quite variable in nature and included a wide variety of materials, including a mixture of sand, cinders, slag, concrete, brick, ash, wood, metal and various other materials. A small zone of organic material was identified at the bottom of the fill layer, which appeared to demark the former river bottom and the bottom of the urban fill. Clean sandy soils were identified underneath the upper fill zone and organic material. Otwell concluded the underlying organic layer between the fill and the native sand soils, although relatively small in nature, would be characterized as a compressible soil and having low bearing capacity and high settlement potential. This sandy soil extended to 48.5 feet below grade.

Otwell concluded, based upon the unconsolidated, variable, uncontrolled and undocumented nature of the fill and the underlying compressible soils, the unstable fill materials at the Property will not provide adequate structural support for the proposed development building and pavement areas. Otwell further indicated they do not recommend construction at this site with conventional strip and pad foundations. "An option is to remove all the fill and organic materials and replace them with compacted structural fill and then construct the project on that fill. This would provide a stable foundation but would likely be impractical due to the likely contaminated nature of the subsoils and the need to complete portions of the excavation below the groundwater table." Otwell recommended the use of deep foundations systems such as system of auger cast piles and grade beams for proposed building structures and that the entire site be proof-rolled and any soft or punchy areas be removed and replaced with compacted structural fill or evaluated for alternative stabilization methods.

AKT Peerless August 2013 Supplemental Investigation Report

To further evaluate the RECs, AKT Peerless conducted a Supplemental Investigation at the Property. The purpose of the investigation was to determine the environmental considerations for the planned Project.

AKT Peerless' Supplemental Investigation included the drilling and sampling of 12 soil borings to depths ranging from 2 to 24 feet below surface grade. Soil samples were collected and field screened in conjunction with geotechnical drilling activities conducted on those dates (described in preceding section). In addition, two temporary groundwater monitoring wells and five soil gas monitoring points were installed and sampled in accordance with MDEQ guidance.

Samples collected from the Property were analyzed for the presence of contaminant constituents consistent with the RECs identified during the completion of AKT Peerless' June 2012 Phase I ESA and

those constituents identified at the property on Parcels A and B during previous environmental investigations conducted by others. Sample analyses included:

- *Soil* – VOCs, PNAs and Michigan 10 metals;
- *Groundwater* - VOCs, PNAs and Michigan 10 metals; and
- *Soil Gas* – VOCs.

Samples of each media were collected from all three parcels proposed for this Project to supplement the available data. Sampling specifically addressed conditions on Parcel C that were not previously investigated. In addition, soil gas well points were installed in the footprint of each block of buildings proposed for the development.

The results of the sample analyses confirmed that soil, soil gas and groundwater were environmentally impacted from past activities at and near the Property, including the placement of urban fill on the Property and the release of chlorinated solvents on a nearby site. Contaminants detected on the Property include VOC, PNA and metal constituents consistent with historical investigations. Comparison of the analytical data from the Supplemental Investigation to the Part 201 RCC and Soil and Soil Gas Screening Levels confirms that Parcels A and B at the Project meet the definition of a facility as described in Part 201. In addition, soil and groundwater samples from Parcel C contained contaminants at concentrations exceeding Part 201 RCC. Therefore, Parcel C also meets the definition of a facility.

Though exceedances of DEQ Soil Gas Screening Levels were not identified in the soil gas analytical data, soil contamination is present in at least the northwest portion of Parcel A that contains tetrachloroethylene in concentrations approaching Soil Screening Levels (MDEQ Guidance, May 2013) for vapor intrusion. This investigation concluded that additional soil gas sampling and analysis is necessary and warranted to definitively demonstrate that a vapor intrusion concern for the proposed buildings does not exist at the Property and that vapor mitigation will not be necessary to protect human health and safety.

AKT Peerless October 2013 Supplemental Investigation (Soil and Soil Gas) Report

On September 13, 2013, AKT Peerless installed seven borings to obtain supplemental information at specific locations. AKT Peerless used manual hand auger sampling techniques collected continuous soil samples from the soil borings. Additionally, soil gas samples were collected from each of the five soil gas well points installed at the subject property in June 2013.

Arsenic, chromium, lead, mercury, selenium, and silver were detected in subsurface soils on Parcel C at the Property at concentrations exceeding the MDEQ Part 201 RCC, including drinking water protection, groundwater-surface water interface protection and direct contact criteria. Benzo(a)anthracene, benzo(a)pyrene, benzo(b)fluoranthene, dibenzo(b)anthracene, fluoranthene, naphthalene, and phenanthrene at various concentrations in soil were detected above the groundwater-surface water interface protection criteria and/or direct contact criteria.

11 VOC constituents were detected in one or more of the five soil gas samples submitted for analysis. Soil gas concentrations were not identified exceeding the applicable Vapor Intrusion Deep Soil Gas screening levels.

AKT Peerless March 2014 Phase I ESA

AKT Peerless completed a Phase I ESA for the entire Property on March 19, 2014. This Phase I ESA was conducted on behalf of Uptown Development TC, LLC, Uptown Site Condominium Association, ONR Properties, LLC and Midtown Development, Inc. and in accordance with (1) the United States Environmental Protection Agency (USEPA) Standards and Practices for All Appropriate Inquiries [(AAI), 40 CFR Part 312] and (2) guidelines established by the American Society for Testing and Materials (ASTM) in the *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process / Designation E 1527-05* (ASTM Standard Practice E 1527-05).

The Phase I ESA did not reveal any additional RECs in connection with the subject Property beyond those identified in AKT Peerless' June 21, 2013 Phase I ESA conducted for the subject Property.

AKT Peerless April 2014 Baseline Environmental Assessment for ONR Properties, LLC and Midtown Development, Inc.

Upon acquisition of Parcel B (133 West State Street) and Parcel C (0 Pine Street) by ONR Properties, LLC on March 20, 2014, AKT Peerless prepared a BEA for Parcel B and Parcel C on behalf of the owner ONR Properties, LLC and the operator Midtown Development, Inc. The BEA was prepared on April 4, 2014 and is anticipated to be submitted to the MDEQ in June 2014.

AKT Peerless May 2014 Baseline Environmental Assessment for Uptown Development TC, LLC and Uptown Site Condominium Association

Upon acquisition of the entire subject Property by Uptown Development TC, LLC on April 28, 2014, AKT Peerless prepared a BEA for subject Property on behalf of the owner Uptown Development TC, LLC and Uptown Site Condominium Association. The BEA was prepared in May 30 2014 and is anticipated to be submitted to the MDEQ in June 2014.

2.2.2 Summary of Current Known Conditions

As demonstrated in the preceding sections, several environmental and geotechnical studies have been completed on the Property between 1991 and 2013, including Phase I ESAs, Phase II ESAs, BEAs and geotechnical investigations. RECs identified in connection with the Property include: urban filling; a former 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 VOCs (e.g., PCE and 2-methylnaphthalene), semi-volatiles (e.g., benzo(a)pyrene and fluorene) and metals (e.g., lead, mercury, selenium, zinc) in soil and/or groundwater at the Property at concentrations exceeding MDEQ Part 201 RCC. Therefore, Parcels A, B, and C meet the definition of a "facility."

Parcel Summary of Part 201 Exceedances

Parcel	Address (Common Address)	Media and Parameter Groups exceeding Part 201 Residential Criteria Exceeded/ Established Criteria
A	141 West State Street	Soil: VOC (tetrachloroethylene), Metals (arsenic, lead, mercury, selenium, silver, zinc) Groundwater: Metals (silver, zinc)
B	133 West State Street	Soil: VOCs (2-methylnaphthalene, acenaphthene, acenaphthalene, benzo(a)anthracene, benzo(a)pyrene, dibenzo(a,h)anthracene, fluoranthene, fluorene, indeno(1,2,3-cd)pyrene, naphthalene, phenanthrene), Semi-Volatiles, Metals (arsenic, cadmium, lead, mercury, selenium, zinc) Groundwater: Semi-volatiles (phenanthrene), Metals (lead, silver)
C	0 Pine Street	Soil: Semi-volatiles (benzo(a)anthracene, benzo(a)pyrene, dibenzo(a,h)anthracene, fluoranthene, fluorene, indeno(1,2,3-cd)pyrene, naphthalene, phenanthrene) , Metals (arsenic, lead, mercury, selenium, silver)

3.0 Scope of Work

The following scope of work has been identified to address the Property’s Brownfield conditions.

3.1 MDEQ Eligible Activities

The Property will be prepared to make it suitable for development. Appropriate BEA, Due Care and Additional Response activities have been and will be conducted to: (1) evaluate Brownfield conditions and potential exposure pathways; and (2) address Brownfield conditions, prevent exacerbation and mitigate exposure risks to human health, safety, and the environment, etc. Excluding those eligible activities to be funded through the proposed MDEQ BRG and MEDC CDBG Programs (which are not included in this Work Plan), the Developer desires to be reimbursed for the costs of eligible activities (including what is covered under the MDEQ BRL). Tax increment revenue generated by the Property will be captured and used to reimburse the cost of the eligible activities completed on the Property, as authorized by Act 381, as amended and pursuant to the terms of a Reimbursement Agreement (refer to Attachment C) with the Authority. Refer to Table 1 for a detailed description of the Eligible Activities for the Project and Table 2 for tax increment financing information.

3.1.1 Baseline Environmental Assessment Activities

Appropriate BEA activities (i.e., Phase I ESA, Phase II ESA, and reports) have been completed. BEAs have been completed at the Property including the BEA completed for Uptown Development TC, LLC on May 30, 2014. As previously discussed, additional investigation activities include additional soil and soil gas sampling at the subject Property to further evaluate RECs and potential soil gas vapor intrusion and inhalation concerns at the Property and proposed development areas.

3.1.2 Section 7a Compliance and Due Care Activities

Due Care Investigation

To be completed, as needed, under the proposed MDEQ BRG.

Due Care Planning and Health & Safety Plans

A Environmental Construction Management Plan (i.e., Documentation of Due Care Compliance during construction activities) and site-specific Health & Safety Plans (HASPs) will be prepared for construction activities under this Act 381 Work Plan, and the proposed MDEQ BRL. Once due care and additional response activities are complete, and at or near the completion of construction activities, a Post-Construction Documentation of Due Care Compliance report will be prepared for on-going operation and maintenance of the Property.

To demonstrate compliance with Section 20107a (“Due Care”), minimum “response activity plans,” which may be necessary during site use and ownership will be outlined. The proposed response activities are related to: (1) mitigation of exposure to soil and soil gas whose contaminant concentrations exceed MDEQ’s Part 201 RCC and are approaching the Soil Screening Levels for vapor intrusion; and (2) proper management of impacted soil and groundwater (if encountered) during construction activities whose contaminant concentrations exceed MDEQ’s Part 201 RCC.

The Documentation of Due Care Compliance (“due care”) plans will be completed in accordance with Part 201, as amended, and MDEQ Instructions for Preparing and Disclosing Baseline Environmental Assessments and Section 7a Compliance Analyses, effective March 11, 1999. The due care plans will evaluate the potential exposure risks associated with soil, soil gas and groundwater contamination at the Property in light of the nature of the proposed development construction activities and occupancy of the developed property. A detailed breakdown of the costs associated with this task is provided later in this section.

A site-specific HASP will be completed for redevelopment activities at the Property by each of the subsurface contractors and others that can come into contact with potentially contaminated media during the performance of their work activities. The HASPs will comply with appropriate guidelines including the following:

- Michigan Occupational Safety and Health Act;
- Section 111(c)(6) of CERCLA;
- Occupational Safety and Health Administration (OSHA) requirements 29 Code of Federal Regulations(CFR) 1910 and 1926;
- Standard Operating Safety Guide Manual (revised November 1984) by the Office of Emergency and Remedial Response; and
- Occupation Safety and Health guidance manual for Hazardous Waste Site Activities (National Institute for Occupational Health and Safety [NIOSH]/OSHA/USCG/ United States Environmental Protection Agency [U.S. EPA], Department of Health and Human Services [DHHS] Publication No. 85-115, October 1985).

The HASPs will include the following elements:

- Authorized personnel and definition of responsibilities;
- Proposed activities;
- Personal protective equipment;
- Decontamination procedures;
- Work zone restrictions and delineations;
- Personal protection upgrade/downgrade action limits;
- Emergency information and telephone numbers;
- Incident documentation procedures; and
- Contingency plans.

Oversight will be conducted to ensure due care issues are addressed while eligible activities and construction activities are being completed. The following activities (at a minimum) will be documented:

- The type, location, quantities, etc., of contaminated materials removed from the site and disposed at the landfill or other appropriately licensed disposal operation.
- The final disposition and location of any contaminated media that can be managed on-site in accordance with due care requirements.
- Monitoring for unanticipated materials and/or materials previously not identified, including collection of samples for additional waste characterization.
- The type, location, materials and construction of vapor mitigation systems installed at the site to prevent potential future vapor intrusion exposures.

The Contractor Site Safety Officer will document and enforce HASP issues with workers at the Site, including:

- Verification of on-site worker training and current certifications.
- Conducting site-specific HASP training for workers entering the site.
- Monitoring construction activities to ensure the HASP is being followed, including use of Personal Protective Equipment (PPE), decontamination of equipment, site security, etc.

A Construction Summary Report (CSR) will be prepared and submitted to the MDEQ-RD at the completion of development activities. The CSR will summarize the due care issues addressed during the construction activities and will include such items as photographic documentation, disposal manifests,

fill material load tickets, utility abandonment logs (if any), site plans, etc. to verify that the development construction activities were conducted in accordance with approved plans.

Soil Remediation Activities and Engineered Fill

Soil excavation, transport and disposal activities will be required to remove contaminated unstable non-indigenous, urban debris and historic fill prior to site development. A majority of the costs associated with excavation, transport and disposal are intended to be funded through the CDBG grant as the initial primary source of funding.

Eligible activities in this Work Plan include trucking as required to remove contaminated unstable non-indigenous, urban debris and historic fill for rain gardens, utility locations, and deep foundation systems (i.e., auger cast piles and grade beams). Engineered fill costs associated with the removal of unstable contaminated subsurface debris are also included under this Act 381 Work Plan.

Temporary Site and Erosion Control

Temporary site control and erosion control will be required to prior to excavation, transport and disposal activities of contaminated unstable non-indigenous, urban debris and historic fill. Temporary site controls are temporary measures necessary to protect human health during due care and additional response activities, including fencing, gates, locking devices, and signage, as needed. Temporary erosion control is intended to minimize the amount of soil and other material carried from the site by storm water runoff and generally will include silt fencing and sediment bags. This is a particularly sensitive and necessary item as this Project is located on and fronts the Boardman River, a “Blue-Ribbon” trout stream.

Rain Gardens and Green Areas – Environmental Portion

Site design includes hydraulic barriers in rain garden collection and green areas. The rain gardens will prevent storm water infiltration to groundwater beyond the collection liner. A geomembrane liner will completely block flow and will prevent exacerbation of contaminants in soil and groundwater in both rain gardens and green areas. The geomembrane liner will have a minimum thickness of 30 mils and be ultraviolet (UV) resistant.

Gas Vapor Mitigation System

Costs for the gas vapor mitigation system are not included in this Work Plan, as it is to be completed, as needed, under the proposed MDEQ BRG.

Project Management for Section 7a Compliance Activities

Project Management includes contractor procurement, general project oversight, quality assurance and quality control (QA/QC) on-site inspections and checks during due care activities. These activities could include, but are not limited to, contractor procurement for impacted material/soil removal, including proper management of stockpiling, transportation, and on-site relocation and/or off-site disposal of soil and construction debris, as necessary, and based on characterization results of soils and fill materials derived from construction and gas vapor mitigation.

3.1.3 Additional Response Activities

Additional response activities to be conducted at the eligible property consist of: (1) installation of a soil gas vapor mitigation system; (2) materials management; and (3) other additional response activities, as necessary and warranted. Please refer to Table 1, MDEQ and MSF Eligible Activity Costs, for specific line item costs for the additional response activities.

Materials Management – Impacted Materials/Soils-Not Urban Debris/Historic Fill

Based on the size of the Property and site-wide historic deposition of urban fill and debris, there is a significant probability of encountering unforeseen containers, vessels, tanks, etc. and/or substantive environmental “hot-spots” during redevelopment activities. Therefore, proposed additional response activity includes the excavation, transport and disposal of materials and/or impacted soils, if encountered.

Project Management for Additional Response Activities

Project Management includes contractor procurement, general project oversight, quality assurance and quality control (QA/QC) on-site inspections and checks during additional response activities. These activities could include, but are not limited to, contractor procurement for gas vapor mitigation and impacted material/soil removal, including proper management of stockpiling, transportation, and on-site relocation and/or off-site disposal of soil and construction debris, as necessary, and based on characterization results of soils and fill materials derived from construction. Oversight during containerization of on-site storage of aqueous wastes and other residuals derived from construction, if necessary, will be conducted including water derived from decontamination of personnel and equipment.

MDEQ BRL Project Work Plans

Project Work Plans will be required to implement additional response activities proposed under the MDEQ BRL. The MDEQ BRL Work Plans will include a detailed scope of work and budget proposed under the BRL.

3.1.4 Brownfield/Greenfield Costs

The requested reimbursement for due care activities in this Work Plan is for the increased cost in performing the eligible activities due to Brownfield conditions on the Property. As previously mentioned, eligible activity costs are proposed to be address under multiple sources including a BRG, BRL and CDBG. It should be noted that a contractor for trucking for soil disposal has not been selected for the Project; as a result, trucking costs, as well as excavation and disposal costs, were estimated based on current market rates with several licensed contractors.

The cost for addressing soil conditions included in the MDEQ eligible activities are limited to the additional expenses for handling the impacted soil in excess of a Greenfield property (i.e., added costs for a Brownfield site). MDEQ eligible activity costs include contractor procurement, excavation, transportation, disposal, environmental oversight and reporting, and project management.

Please refer to Table 1 attached for further details of the cost calculation for transportation and disposal of contaminated soil.

3.1.5 Preparation of Brownfield Plan and Act 381 Work Plan

AKT Peerless has prepared a Brownfield Plan and an MDEQ/MSF Act 381 Work Plan for the Property in accordance with all applicable MDEQ and MSF guidance and per Act 381.

3.2 MSF Eligible Activities

Non-environmental eligible activities include infrastructure improvements, Brownfield and Work Plan preparation, demolition (not currently included for MSF approval), asbestos survey, asbestos abatement (not currently included for MSF approval), and site preparation activities, all of which were approved by

the Authority and County Board of Commissioners pursuant to the terms of the Reimbursement Agreement. Asbestos abatement, building demolition and site demolition are intended to be conducted through proposed MEDC CDBG grant. A summary of the eligible activities and the estimated cost of each eligible activity intended to be reimbursed with Tax Increment Revenues from the Property are provided in the attached Table 1. Also, figures depicting public infrastructure improvements (Attachment E) and sampling locations related to previous environmental investigations (Figures 4 and 5) are provided in the attachments. Additional, detailed breakouts of the non-environmental activities being requested for MSF approval are described in the following sections.

3.2.1 Demolition

Demolition is anticipated to be conducted under the MEDC CDBG grant request by GTCBRA.

3.2.2 Asbestos Survey and Abatement

Asbestos survey is included as an eligible activities to support and fully abate of asbestos containing materials on the Property in preparation for building demolition. The asbestos survey has been completed for the Project and is included for MSF approval as part of the Work Plan. Abatement is not in this Work Plan because the GTCBRA is applying for MEDC CDBG grant funds to cover this cost.

3.2.3 Site Preparation

Site preparation activities will include the following:

- Geotechnical Engineering—Investigation, engineering, and design as necessitated by unstable non-indigenous, urban debris and historic fill to support selection of the appropriate foundation system. These costs have not been incurred; they are related to geotechnical activities that will be completed after land balancing. Refer to Appendix D for Engineer’s Opinion of Necessity and Probable Costs associated with geotechnical engineering.
- Surveying and Staking—Includes construction staking, prior to commencement of site work, as needed for land balancing, cut and fill operations, geotechnical engineering, alignment and elevation of auger cast pile foundations, storm water management, retaining walls, and utility relocation.
- Land Balancing—Includes soil movement on-site, which will fill a lower area with soil or other acceptable material from another on-site location that is higher, where applicable.
- Temporary Site Control—Installation of site control during site preparation activities including fencing, posts, gates, locking devices and signage, as needed.
- Temporary Construction Access and/or Roads—Construction of temporary roadbed during site preparation activities.
- Temporary Erosion Control—Installation of erosion controls during site preparation and is intended to minimize the amount of soil and other material carried from the Property by storm water runoff and generally will include silt fencing and sediment bags.
- Special Foundations— Includes the use of auger cast pile and grade beam foundations as required due to contaminated unstable non-indigenous, urban debris and historic fill located at depths up to 24 feet below grade across the Property. Refer to Appendix D to review plat maps and figures of the subject property illustrating the historic location of the Property within the Boardman River and depths of fill material. Also refer to Appendix D for Engineer’s Differential Cost Comparison for traditional foundations versus special foundations for the project.
 - Historic use of the Property included the placement of urban fill and debris including household material and automotive parts at the former bus depot parcel. Past

geotechnical and environmental investigations have confirmed urban fill material from ground surface to a depth of up to 24 feet, as depicted by the cross-section in Appendix D. Urban fill is ubiquitous across the site, both vertically and horizontally, as well as consistent in content. Since the fill cannot support structures and paved areas adequately, it is a disincentive to redevelopment of the site and must be removed.

- **Compaction & Sub-base Preparation Related to MSF Eligible Activities**—Includes sub-base preparation and compaction of approved materials to achieve the required soil strength as is desired under paved areas, utilities, and buildings. Areas outside of the building footprints will require geotextile stabilization and proof-rolling.
- **Relocation of Existing Utilities**—Due to the Property’s previously developed condition, there are utilities onsite which must be relocated to accommodate the new development. This activity includes excavation, relocation/reconstruction and backfill costs.
- **Retaining Walls in Downtown Areas**—Retaining walls onsite will stabilize soil from down-slope movement and erosion to provide support for vertical grade changes on the corners of the buildings that encroach upon the local floodplain. These retaining walls are necessary in order to construct on this site and in order to increase urban density at this location.
- **Soft Costs**—Engineering, design, other professional fees and costs (not including legal costs) directly associated with site preparation activities.
 - Engineering and design
 - Field oversight for site preparation activities
 - Project management for site preparation activities
 - Bid specifications and contractor procurement for site preparation activities

3.2.4 Infrastructure Improvements

Except for the urban stormwater management system, all Infrastructure improvements proposed will be publicly owned, maintained and operated, will support the Project, and will serve others and/or the public. It should be noted that a substantial amount of infrastructure improvements associated with the Project are being paid for with DDA funds are not included in this Work Plan. This contribution to the project reduces the burden on state revenue. Refer to Section 4.2.2 for unit costs, Section 5.3 for a proportionality analysis, and Attachment E to review utility easements and maps depicting proposed infrastructure improvements.

- **Improvements along Pine and West State Streets** – Includes improvements to approaches, curbs and gutters, sidewalks and pavers, streetscapes, landscaping, irrigation, and Snow-Melt system— all on publicly owned or controlled property. These improvements are necessary due to construction activities and to support the new use of the Property.
- **Publicly Owned and Controlled Utilities**—Includes underground electrical lines onsite and across the river, and conduit on State and Pine Streets. Also includes costs associated with the utility disconnects and connections.
- **Surveying and Staking**—Includes construction staking, prior to commencement of site work, as needed for infrastructure improvements including urban storm water management, temporary sheeting/shoring along State Street.
- **Sheeting and Shoring**—Temporary sheeting necessary to protect State Street during construction activities.
- **Sidewalk Protection on State Street**—Sheathing necessary to protect public sidewalks during construction activities.

- Soft Costs—Activities include preparation of bid specs for infrastructure improvement activities, and professional fees for project management during completion of infrastructure improvement activities.
- Urban Storm Water Management Systems—The Project will incur costs for a Low Impact Design (LID) Stormwater Management System. In accordance with the MSF Non-Environmental Eligible Activities Guidance Document dated August 2013, Project designers referred to the Southeastern Michigan Council of Governments (SEMCOG) 2008 “Low Impact Development Manual for Michigan” (the “Manual”), so as to design a storm water management system in compliance with MSF Brownfield guidance.

Chapter 8 of the Manual, “Implementing LID in Special Areas” contains specific guidance for implementing LID on Brownfield sites. According to the Manual, “the goal is usually to minimize permeation of rainfall to the subsurface to minimize contact and movement of onsite pollutants” (Pg. 335). As a result, LID planning is unique on Brownfield sites. “Actions that cause contamination to migrate beyond the source property boundaries at levels above cleanup criteria are considered ‘exacerbation’” (Pg. 349). In order to implement LID on Brownfield sites, therefore, designers must “avoid situations that could spread contamination from Brownfield sites” (Pg. 351).

Because residual contaminant concentrations on the Property exceed MDEQ Groundwater-Surface Water Interface criteria, and because the site directly adjoins the Boardman River, exacerbation due to storm water from the redevelopment is a significant risk.

According to the Manual, where an exacerbation risk is present, “design considerations to separate contaminated soils from contact with storm water must be included” (Pg. 350). This is accomplished in two ways by the Project: (1) storm water volume is minimized by green roofs and rain gardens; and (2) rain gardens and green areas will be lined with an under-drain capture system and paved areas will be impermeable.

Non-Environmental MSF eligible materials for rain gardens include under-drain materials and associated filter media, connection lines to the storm water system on-site, and additional gaskets and seals installed in the storm water piping system.

Overflow from the green roofs and rain gardens, as well as discharge generated from the impermeable, paved areas, will be collected by a centralized, oversized storm water manhole. The storm water will be carried through sealed pipes to a swirl system, where sediment will be removed. Storm water will then be discharged to the Boardman River, avoiding contact with impacted soils.

The Manual lists five design guidelines developed by the University of Michigan School of Natural Resources and Environment for LID projects on contaminated sites. (Pgs. 349-350). The guidelines, which are listed in bold type below, were reviewed and adapted by MDEQ for the Manual. The specific ways in which the Project fully implements all applicable guidelines for LID are discussed for each item.

- **Avoid infiltration practices in contaminated areas.** The buildings, paved areas, and lined rain gardens and green areas all overlie contaminated areas. The green roofs and rain gardens reduce storm water impact to the site. In the event that there is overflow from

the green roofs and rain gardens, storm water will be collected, along with discharge from paved areas, by a centralized manhole. The piping connecting the manhole to the swirl tanks, and from the swirl tanks to the river, will be sealed. These measures will separate storm water from contaminated soils to prevent exacerbation, in the Manual's instructions for LID systems on Brownfield sites.

- **Retain/revegetate trees and vegetation.** Trees and vegetation will be retained/revegetated on all areas of the Property not covered by the green roofs, rain gardens, and impermeable pavement.
- **Implement practices that encourage evapotranspiration and capture/reuse.** First, green roofs will be constructed on the buildings. The green roofs will use enhanced waterproofing, as recommended for green roof applications. A three to four inch soil profile will go over the waterproofing, and a drought-resistant sedum will be planted. The installation cost includes two years of maintenance, which is the critical time period for establishment and success of the vegetation. The green roofs are expected to reduce potential storm water inputs over the building areas by 46%. In addition, where possible, the Project will also use rain gardens to increase storm water holding capacity, increase evapotranspiration, and reduce discharge.
- **Include LID techniques in sites around Brownfield areas.** Not applicable, because the entire Property is a Brownfield site.

3.2.5 Brownfield and Work Plan Preparation

AKT Peerless has prepared a Brownfield Plan and an MDEQ/MSF Act 381 Work Plan for the Property in accordance with all applicable MDEQ/MSF guidance and Act 381.

4.0 Schedule and Costs

The following sections present the proposed schedule to complete the Project and the associated costs.

4.1 Schedule of Activities

Project activities will commence in the summer of 2014 following the Grand Traverse County Board of Commissioners, MDEQ, and MSF approvals. Substantial completion of the Project is anticipated to be within approximately 2 years after the start of construction.

4.2 Estimated Costs

The itemized estimated costs to complete the Environmental and Non-Environmental eligible activities including all labor, equipment, subcontractors, and materials under this Work Plan are provided in Sections 4.2.1 and 4.2.2 below and in the attached Table 1 and Table 2. Actual interest associated with the eligible activities not to exceed 2.5% to address the true cost of conducting the eligible activities associated with the development of this site is also included. Note: an interest calculation will be determined, pending refinement of Eligible Activity and contingency costs, revisions to the Work Plan tables, and possibly a proportionality adjustment due to local tax increment revenues being captured throughout the Work Plan for the Authority's Administration Fees and Local Only Activities.

4.2.1 Description of MDEQ Eligible Activities Costs

The estimated cost for the activities plus contingency, fees, and interest described in this section is \$424,143. Only 95% of this amount will be reimbursed by GTCBRA. This does not include the costs of

activities anticipated to be funded by the MDEQ BRG or the MEDC’s CDBG Blight Elimination Grant. The Developer desires to be reimbursed for the costs of eligible activities. Principal eligible activities are presented in the table below. Also, please refer to Table 1 for further detail on proposed eligible activities.

4.2.2 Description of MSF Eligible Activities Costs

The estimated cost for the activities plus contingency described in this section is \$1,997,160. Only 95% of this amount will be reimbursed by GTCBRA. This does not include the costs of activities anticipated to be funded by the CDBG Blight Elimination Grant. The Developer desires to be reimbursed for the costs of eligible activities. Principle eligible activities are presented in the table below. Also, please refer to Table 1 for further detail on proposed eligible activities.

4.2.3 Contingency

A 15% contingency factor has been included to accommodate for unexpected conditions that may be encountered during the performance of environmental and non-environmental eligible activities.

MDEQ Eligible Activities

Principal Eligible Activity	Total Estimated Cost
Baseline Environmental Assessment Activities	\$38,500
Section 7A Compliance and Due Care Response Activities	\$167,670
Additional Response Activities	\$81,250
Subtotal	\$287,420
Contingency (A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during redevelopment)	\$37,338
Interest (2.5%, simple)	\$80,797
Preparation of Brownfield Plan	\$5,000
Preparation of MDEQ Act 381 Work Plan	\$5,000
GTCBRA MDEQ BRL Administration	\$8,588
Total MDEQ Eligible Activities	\$424,143
GTCBRA Covered Eligible Activities = 95% of Grant Total	\$402,935

MSF Eligible Activities

Principal Eligible Activity	Total Estimated Cost
Asbestos Survey	\$1,900
Site Preparation	\$838,396
Infrastructure Improvements	\$550,009
Subtotal	\$1,390,305
Contingency (A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during redevelopment)	\$208,546
Interest (2.5%, simple)	\$388,309
Preparation of Brownfield Plan	\$5,000
Preparation of MSF Act 381 Work Plan	\$5,000
Total MSF Eligible Activities	\$1,997,160
GTCBRA Covered Eligible Activities = 95% of Grand Total	\$1,897,302

5.0 Project Costs and Funding

The following subsections present the total estimated Project costs and the source and uses of funds.

5.1 Total Estimated Project Costs

The total costs of the Non-Environmental Eligible Activities under this Work Plan are provided in Table 1. As of project estimates based off of preliminary site and building plans on May 12, 2014, the Developer anticipates making an investment of approximately \$11.8 million. This is comprised of up to \$10.6 million in real and personal property improvements on the Property, and an additional \$1.2 million in investment coming through MDEQ and CDBG grant funds.

5.2 Sources and Uses of Funds

The Developer anticipates investment of approximately \$10.6 million in real property improvements on the Property including acquisition of the land. Redevelopment of the Property is expected to subsequently generate increases in taxable value and result in incremental taxable value beginning in 2015. The initial taxable value for the Brownfield Plan was \$240,298.

Eligible activities (except those covered by the MDEQ BRL) are to be financed by the Developer. 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 \$1.2 million of eligible activities not included for approval in this Work Plan. This \$1.2 million is anticipated to be funded by the MEDC CDBG Blight Elimination Grant and MDEQ BRG.

Tax increment revenue will be utilized to reimburse the cost of approved eligible activities. Table 2 provides an estimate of tax increment revenue.

5.3 Other Information

The state and local breakdown of tax increment revenues anticipated to be used for reimbursement of eligible costs through this Work 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 \$2,331,112 in Brownfield eligible activities, interest, and contingency.

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 5.3A - Tax Capture (no homestead exemption scenario)

State to Local Tax Capture	Eligible Activities, Interest, Contingency
MSF/MDEQ School tax capture (47%)	\$1,082,341
MSF/MDEQ Local tax capture (52%)	\$1,217,896
Local-Only tax capture	\$30,875
Total	\$2,331,112*

*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 5.3B - Tax Capture (80% homestead exemption scenario)

State to Local Tax Capture	Homestead Exempt (80%, \$1,840,190)	Non-Exempt (20%, \$460,047)	Sub Totals	Proportion
MSF/MDEQ School tax capture	\$334,521	\$216,468	\$550,989	25%
MSF/MDEQ Local tax capture	\$1,505,669	\$243,579	\$1,749,248	75%
Local-Only Tax Capture			\$30,875	
Total			\$2,331,112*	

*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 5.3C - Tax Capture (projected scenario)

State to Local Tax Capture	Eligible Activities, Interest, Contingency
MSF/MDEQ School tax capture (31%)	\$713,074
MSF/MDEQ Local tax capture (69%)	\$1,587,163
Local-Only tax capture	\$30,875
Total	\$2,331,112*

*Does not include capture for LSRRF or Authority administrative costs

Although the amount of school tax capture in Table 5C is higher than the amount calculated in Table 5B, it should be noted that the DDA/TCLP intend to invest approximately \$2.7million in infrastructure improvements associated with the project (including but not limited to relocation of public utilities and adjoining public boardwalk), which will be completely sourced with local-only tax increment revenue. As a result, **actual local contribution is expected to exceed \$4.3 million**, which is far greater than what is required to meet the local proportionality requirement. See Table 1 in the Attachments section for details.

6.0 Limitations

The taxable value on real property is estimated to increase at a rate of 3% each year (refer to Table 2).

The incremental tax revenue estimates for the proposed development could vary from this estimate affecting the time period it takes to reimburse the eligible activities. For example, the DDA TIF District is set to expire in 2027 and if it is extended beyond this time the estimated time period to reimburse

eligible activities would change significantly. The cost estimates included within this Act 381 Work Plan are just that—estimates—and the actual costs incurred may vary depending on site conditions. If in fact the eligible activity costs exceed the estimated amount for reimbursement, the Developer and the Authority may submit an amended Brownfield Plan and/or Act 381 Work Plan. Please reference the Brownfield Plan in Attachment A for additional information.

All reimbursements authorized under this Work Plan shall be governed by the Reimbursement Agreement. The inclusion of eligible activities and estimates of costs to be reimbursed in this Work Plan are 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 Work Plan, or which are permitted to be reimbursed under this Work Plan. The amount and source of any tax increment revenues that will be used for purposes authorized by this Work Plan, and the terms and conditions for such use and upon any reimbursement of the expenses permitted by the Work Plan, will be provided solely under the Reimbursement Agreement contemplated by this Work Plan.

Figures

Figure 1: Topographic Location Map

Figure 2: Eligible Property Boundary Map

Figure 3: Alta Survey Property Boundary Map

Figure 4: Site Map with Soil Analytical Results

Figure 5: Site Map with Groundwater Analytical Results

Tables

Table 1: Summary of Costs for Eligible Activities Table

Table 2: Tax Increment Finance Table

Attachment A
Brownfield Plan

Attachment B
Resolutions

Attachment C
Executed Reimbursement Agreement

Attachment D

Supplemental Material

Opinion of Probable Cost for Non-Environmental Eligible Activities

Differential Cost Comparison – Special Foundations

Geotechnical Investigation Report

Historical Plat Map - Circa 1859

Historical Plat Map – 1908

Contaminated Unstable Non-Indigenous Urban Debris and Historic Fill – Illustration

DDA Resolution to Support Boardwalk and Public Access Steps to River Walk

DDA / TCLP - Contribution / Match

Attachment E

Site Plans and Renderings

Preliminary Site Plan

Uptown – Riverfront Living, Preliminary Concept Sketch

Uptown River Side, Concept A

Uptown River Side, Concept B

Before/After Concept

ALTA Surveys

Civil Site Plans