

**DRAFT**  
**BROWNFIELD REDEVELOPMENT PLAN**

2800 Jackson Redevelopment  
MichiGinns Real Estate, LLC  
3165 Miller Road  
Ann Arbor, Michigan 48103

Revision: October 16, 2008

**Prepared by:**

Bodman, LLP  
201 S. Division Street, Suite 400  
Ann Arbor, Michigan 48103  
Contact: Harvey W. Berman  
Phone: (734) 930-2493  
Email – [hberman@bodmanllp.com](mailto:hberman@bodmanllp.com)

**Prepared for:**

Washtenaw County Brownfield Development Authority

## TABLE OF CONTENTS

I.	PROJECT SUMMARY .....	1
II.	SITE HISTORY .....	2
III.	DESCRIPTION OF ELIGIBLE PROPERTY .....	3
IV.	ELIGIBLE ACTIVITIES, COSTS AND WORK PLAN FOR THE PROJECT .....	4
V.	METHOD OF FINANCING PLAN .....	5
VI.	TAX INCREMENT FINANCING .....	5
VII.	DURATION OF BROWNFIELD REDEVELOPMENT PLAN .....	7
VIII.	LOCAL SITE REMEDIATION REVOLVING FUND .....	7
IX.	RELOCATION OF RESIDENTS .....	8
X.	MICHIGAN BUSINESS TAX CREDIT .....	8
EXHIBIT 1		
	Legal Description for Eligible Properties Included in the 2800 Jackson Road Project	
EXHIBIT 2		
	Assessor's Affidavit	
EXHIBIT 3		
	Groundwater Contamination Data	
EXHIBIT 4		
	Description of and Preliminary Site Plan for the Project	
EXHIBIT 5		
	Projected Eligible Activities Costs for Phase A	
EXHIBIT 6		
	Projected Tax Increment Recapture (Local and School)	
EXHIBIT 7		
	Projected Tax Increment Recapture (Local Only)	

## I. PROJECT SUMMARY

MichiGinns, LLC (“Developer”) purchased the long vacant Michigan Inn in April 2008. That property consists of approximately 4.5 acres of real property (the “Eligible Property”) located at 2800 Jackson Road in the City of Ann Arbor (the “City”). See Exhibit 1 for legal description. The Project will include two phases. Phase A consists of the demolition of the existing buildings (the “Buildings”) and associated asbestos and lead based paint abatement and certain site preparation activities. Phase B consists of construction of a new multiple-use facility.

The redevelopment will allow the Developer to replace the dangerous and obsolete structure with a new use that will create jobs and add value to Ann Arbor and the State of Michigan. It will have a dramatic effect on Jackson Road near the I-94 ramps, by replacing a public safety hazard with an attractive new building, and re-energize the area by creating a new, environmentally friendly, multi-use development.

The project is proceeding in two phases. The Developer has expedited Phase A, building demolition and site clearance, at the request and urging of the City to demolish the Michigan Inn. In order to expeditiously clear the site before final development plans have been fully prepared, Developer recently signed an agreement with the City of Ann Arbor to demolish the buildings on an accelerated schedule (the “Abatement Agreement”). Demolition and clearance will involve demolition of the existing structures, asbestos abatement, and lead-based paint abatement (“Phase A”).

Detailed planning for Phase B has been largely deferred until demolition and site clearance is accomplished. As a result, site planning for Phase B is preliminary in nature. Phase B of re-development will include construction of a new, environmentally-friendly development incorporating green design elements, planned to include a mix of residential, retail and office spaces. The development will create active live/work spaces that fit well into western Ann Arbor. A description and preliminary site plan of the Project is attached as Exhibit 4.

In undertaking the redevelopment, the Developer plans to invest substantial sums in the City of Ann Arbor and Washtenaw County.

The Eligible Property meets the criteria of a brownfield as discussed in Section III. Therefore the Project is eligible for certain incentives under Michigan’s Brownfield Redevelopment Financing Act (the “Brownfield Act”), M.C.L. 125.2651 *et seq.*, and Michigan’s Business Tax Act (“MBT Act”), M.C.L. 208.1437 as amended.

### Washtenaw Brownfield Redevelopment Authority

In order to promote the revitalization of environmentally distressed and blighted areas within the boundaries of the County, the County has established the Washtenaw Brownfield Redevelopment Authority (the “Authority”) pursuant to the Brownfield Act. The primary

purpose of this Plan is to promote the redevelopment of, and private investment in, certain “brownfield” properties within the County. This Brownfield Plan includes real property to facilitate financing of Eligible Activities at the Eligible Property (as defined in Section VII, below). The Developer’s activities in Phase I constitute “Eligible Activities” under the Brownfield Act .

This Plan applies to the Eligible Property identified in this Plan and to tax increment revenues (“TIRs”) to be captured from that Eligible Property. The Plan identifies the Eligible Activities to be carried out in Phase A of the redevelopment and to be funded by such TIRs.

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 detailed use for the Eligible Property that is the subject of this Plan is not integral to the effectiveness or validity of this Plan which is focused on abatement of a blighted and obsolete development on Jackson Road.

## **II. SITE HISTORY**

The Eligible Property consists of a hotel constructed in 1967, as well as an large empty above-ground swimming pool. It has been closed for nearly two decades and is the subject of a nuisance suit brought by Ann Arbor against the former owner. The real property is currently zoned R-5 (Motel-Hotel District) and is surrounded by properties that are predominantly retail and zoned C2-B and C3, as well as a hotel and a cemetery. Redevelopment plans call for rezoning the property to C2-B.

Because the City had initiated litigation against the prior owner of the property to abate the unsafe and blighted condition of the former Michigan Inn, the City was consulted with closely as part of the purchase by Developer. In negotiations contemporaneous with the Developer’s acquisition of the property, the City insisted that the Developer enter into the Abatement Agreement to abate the public safety hazard posed by the building as expeditiously as possible. Because the City strongly supported an acquisition that would eliminate the public hazard that the property without more time consuming litigation with the prior owner, the City agreed to a demolition schedule that would permit the Developer time to seek brownfield funds to recoup the cost of abating the public safety hazard this property represents.

Under the terms of the Abatement Agreement between the Developer and the City, the demolition must commence by early December 2008 in order to meet the City’s objective of eliminating this public safety hazard as soon as possible. As described in this Plan, all of Phase A’s costs are for Eligible Activities under the Brownfield Act and will be recouped through tax increment revenues. However, to qualify for reimbursement, the Brownfield Plan must be approved before most of those activities occur.

Much of the investment under Phase B will qualify as Eligible Investments under the MBT Act. Phase B work may also involve incidental Eligible Activities. Because of the expedited schedule for demolition, it has not been possible to develop the details of Phase B sufficiently for the purpose of inclusion of the Project Brownfield Plan at this time. Accordingly, the present version of the Project Brownfield Plan addresses only Phase A of the Project so that approval can be obtained by early December 2008.

The Developer has indicated an intent to seek to amend this Brownfield Plan in the future to seek MBT credits and brownfield tax increment reimbursement for any qualifying costs for Phase B. In adopting this Brownfield Plan, the Authority is taking no position whether it will or will not approve such plan amendments if later sought by the Developer.

### **III. DESCRIPTION OF ELIGIBLE PROPERTY**

The property included within this Plan consists of approximately 4.5 acres of real property in the City of Ann Arbor described in Exhibit 1 including the preliminary site plan shown in Exhibit 4. The Eligible Property also includes any rights-of-way and easements adjacent or contiguous to the Eligible Property. The Project will include, to the extent applicable, personal property owned or leased by the Developer.

The property tax parcel is 09-08-25-101-003. The 2008 SEV is \$815,900.00; the 2007 SEV was \$773,700.00.

In order for property to be “Eligible Property” it must be located in a municipality that is a Qualified Local Governmental Unit. Washtenaw County is a Qualified Local Governmental Unit as defined in Michigan’s Obsolete Property Rehabilitation Act (“OPRA”), M.C.L. 125.2781 *et seq.*

The property must also be a “facility” as defined by Part 201 of NREPA, functionally obsolete or blighted. This property meets all three of these criteria.

The Property is a facility because it is impacted by the Gelman 1-4 dioxane plume as demonstrated by groundwater sampling results from monitoring wells on the property. Exhibit 3.

The Property is functionally obsolete as a hotel, as determined pursuant to an opinion of the City’s Assessor. Exhibit 2. The property has not been maintained, and could not be used to safely house people without a massive overhaul of the structures to ensure safety. It also does not have many of the modern amenities that would be expected of a hotel today (as the structures were built in the 1960s and have not been updated or renovated).

The Property meets the definition of “blighted” under the Brownfield Act because the City has commenced a public nuisance action against the former owner to abate the hazards the

vacant hotel poses. Washtenaw County Circuit Court, Case No. GCW 05-995-CH. A preliminary court order in that case ordered the erection of a 10-foot fence along the perimeter to prevent access to the site and to prevent exposure to the dangers posed by the structures in their current state of disrepair and the open swimming pool. The layout of the complex, four separate buildings facing a large inner courtyard where the pool is located, has facilitated gatherings out of the public view. Over the years there have been numerous complaints of persons young and old using the property for a wide variety of undesirable activities.

#### **IV. ELIGIBLE ACTIVITIES, COSTS AND WORK PLAN FOR THE PROJECT**

##### Eligible Activities

Eligible Activities in Phase A that qualify for tax increment financing under this Plan include:

1. Demolishing the buildings,
2. Abating lead-based paint and asbestos,
3. Undertaking site preparation not associated with response activities,
4. Preparation of the Brownfield Plan, a Due Care Plan and those expenses related to architectural, engineering, surveying, and similar professional fees,
5. Preparation of MEGA work plans,
6. Review by MEGA of work plans,
7. Administrative fees incurred by the Authority, subject to statutory limits,
8. A 15% contingency, and
9. Interest on Demolition and Asbestos Abatement @ 6% per annum.

##### Project Costs

The total estimated cost for these Eligible Activities is \$532,450 in state-eligible costs plus \$36,964 in interest for a total of \$569,414. A breakdown of costs for Eligible Activities is set forth in Exhibit 5. The Brownfield Authority will also charge an Administrative Fee and set aside funds for the Local Site Remediation Fund on top of these project costs.

##### Work Plan

The work plan for this project consists of i) the development by the City of specifications for asbestos abatement and demolition, ii) public bidding and contract award, and iii) performance of that work under City supervision. In addition, after demolition has been completed, the Developer will undertake additional site clearance activities (e.g., removal of parking lot paving.) A Due Care Plan will be developed for the property before demolition

commences and all site work will be done in accordance with the Due Care Plan. The groundwater monitoring wells (for the Gelman plume) that are on site, will be protected from damage during site activities.

## **V. METHOD OF FINANCING PLAN**

All costs incurred on Eligible Activities will be recouped through TIRs as discussed in Section VI.

Under the Abatement Agreement, the Developer has contracted with the City of Ann Arbor to carry out the demolition and abatement activities with the City advancing the funds to cover those activities. The City will be carrying out the demolition and abatement activities pursuant to a public competitive bidding process in conformance with the City's bidding ordinance. The Developer is required to reimburse the City for actual costs over a three-year period, with interest incurred on the outstanding balance of costs. Item 9, above, in Developer's Eligible Activities is to recoup that interest cost.

There will be no public debt incurred by the Authority, County or City associated with this project.

## **VI. TAX INCREMENT FINANCING**

By adopting this Plan, the County is approving the capture of both personal and real property TIRs as authorized under the Brownfield Act. The Developer proposes to recapture all available TIRs from each taxing jurisdiction, subject to statutory limitations placed upon that recapture and any other limitations placed upon the recapture of local TIRs under this Plan or the Reimbursement Agreement. The Developer is seeking to capture both local taxes and state school taxes. However, in the event that the Michigan Economic Growth Authority does not approve the capture of state school taxes, this Plan authorizes the capture of local taxes sufficient to cover all of the costs in Exhibit 5.

The Authority will reimburse the Developer interest on the unpaid balance of reimbursable Michigan Economic Growth Authority (MEGA) Eligible Activities. The reimbursable Eligible Activities include demolition and asbestos abatement and will not exceed \$400,000 in cost. The interest rate shall be the prime rate as published by the Wall Street Journal on the first business day of each month. The interest shall be calculated monthly on the unpaid balance of the reimbursable Eligible Activities identified above. It is understood that the tax increment revenues will be used to first repay the principal and interest on the demolition and asbestos abatement costs not to exceed \$400,000. Interest will be reimbursed for only three years after the date the demolition is complete. Interest will be reimbursed with only local taxes. Exhibit 5 provides an estimated amortization table assuming a 6% prime interest rate.

A summary of tax impacts is set forth below under both scenarios.

Taxing Jurisdiction	Impacts with School Tax Capture	Impacts without School Tax Capture (Local Capture Only)
State School Tax Capture	\$225,724	\$0
Intermediate School District	\$54,314	\$81,858
Community College	\$50,503	\$76,114
County Operating	\$77,577	\$116,919
School voted	\$13,476	\$20,310
Library	\$26,257	\$39,573
City Operating	\$69,109	\$111,856
Local City Enhancement	\$138,681	\$209,111
<b>Total Local Capture</b>	<b>\$429,916</b>	<b>\$655,640</b>
<b>Total Capture</b>	<b>\$655,640</b>	<b>\$655,640</b>

Exhibits 6, State and Local Capture, and 7, Local Only Capture, show the detailed calculation of these tax impacts.

The captured taxes will also be used to support local brownfield activities (about 13% of captured tax revenues).

Brownfield Program Administration	\$26,623	\$26,623
Local Site Remediation Fund	\$59,604	\$59,604

This Plan authorizes the Authority to capture all taxes paid by Developer, its successors or assigns that result from the increase in value of both personal property and real property



occurring as a consequence of the Project (i.e., the TIR) and that are available under the Brownfield Act. To that end, the County authorizes the Authority to capture all TIR that is attributable to millages applicable to local units of government, to the maximum extent authorized by law and as set forth in the Reimbursement Agreement (“Local TIR”). It also authorizes the Authority to submit such work plans as are necessary to the Michigan Department of Environmental Quality (“MDEQ”), the Michigan Economic Growth Authority (“MEGA”) or any successor agency or authority to secure authorization to capture all school millage TIR.

The County also authorizes the Authority to seek approval from the State of Michigan to allow the Authority to capture the maximum amount of TIR authorized by the Brownfield Act from the portion of TIR that is attributable to school operating millages to be reimbursed by the State (“School TIR”). The Plan recognizes that capture of the School TIR may be subject to approval by the MDEQ, MEGA or both. Therefore, for Phase A, This Plan includes alternative financial exhibits, both with and without capture of School TIR. Exhibits 6 and 7, respectively.

By approval of this Plan, neither the Authority nor the County intend to make, nor have they made, any representations to the Developer or any other person regarding the actual availability, amount or value of any portion of the School TIR, or that the adoption of this Plan will qualify or entitle the Developer or any other person to receive approval for capture and reimbursement to the Developer of any portion of the School TIR for the Eligible Property.

The County and the Developer recognize that the Developer must obtain approval of this Plan before the Authority may formally request approval of the capture of the School TIR from the State.

The County authorizes the Authority to pay to the Developer all captured Local TIR in accordance with the terms of the Reimbursement Agreement, and the School TIR if the capture of the School TIR is subsequently approved by the State, in order to reimburse the Developer for the costs incurred by the Developer for Eligible Activities.

## **VII. DURATION OF BROWNFIELD REDEVELOPMENT PLAN**

In no event shall this Plan exceed 30 years from the date the capture of tax increment revenues commences under this Plan. It is expected costs for Eligible Activities will be recovered through TIRs over the first five years after implementation of tax increment financing under this Plan.

## **VIII. LOCAL SITE REMEDIATION REVOLVING FUND**

The Developer will be ultimately responsible for all funds necessary to pay for all Eligible Activities and Eligible Investment for Phases A and B. The Developer will not seek payment of expenses from a Local Site Remediation Revolving Fund under this Brownfield Redevelopment Plan.

This project will generate \$59,604 for the Local Site Remediation Fund.

#### **IX. RELOCATION OF RESIDENTS**

There are no residents at the Project. No relocation of residents is necessary pursuant to M.C.L. 125.2663(1)(i) – (l).

#### **X. MICHIGAN BUSINESS TAX CREDIT**

As noted above, the timing of this project has not permitted the development of sufficiently specific plan for Phase B of the project to permit at request for MBT tax credits. Accordingly, the present Project Brownfield Plan does not include a request for Michigan Business Tax Credits pursuant to the MBT Act or any replacement tax, for Eligible Investments that will be made during Phase B of the Project. The Developer has indicated an intent to seek a plan amendment when Phase B has been sufficiently detailed to support a plan amendment. In approving this Brownfield Plan, the Authority makes no commitment to approve or take any other action with regard to such a request for a plan amendment.

By approving this Plan, neither the Authority nor the County intend to make, nor have they made, any representations to the Developer or any other person regarding the availability, amount or value of any MBT Credit, or that the adoption of this Plan will qualify or entitle the Developer or any other person to receive preapproval or approval of any MBT Credit for any Project Eligible Investment.

**EXHIBIT 1**

**LEGAL DESCRIPTION OF ELIGIBLE PROPERTIES INCLUDED IN THE 2800 JACKSON ROAD WASHTENAW COUNTY BROWNFIELD REDEVELOPMENT PLAN & PROPERTY DIAGRAM-PRIOR TO REDEVELOPMENT**

<b>Parcel</b>	<b>Sidwell Number</b>	<b>Street Address</b>	<b>Owned or Leased* (Acreage)</b>	<b>Real or Personal</b>
A	09-08-25-101-003	2800 Jackson Road	Owned (4.548)	Real
Personal	TBD	2800 Jackson Road	Owned/Leased	Personal

Parcel A:

Commencing at the Northeast corner of Section 25, Town 2 South, Range 5 East, Scio Township, Washtenaw County, Michigan; thence along the North line of said Section, South 88 degrees 53 minutes West 1897.96 feet; thence South 4 degrees 41 minutes West 813.49 feet to a point on the East line of an I-94 Expressway ramp; thence along said East line, North 22 degrees 11 minutes East 79.53 feet for a PLACE OF BEGINNING; thence continuing North 22 degrees 11 minutes East 370.91 feet; thence among the Southwesterly line of the I-94 right of way 614.6 feet in the arc of a circular curve concave to the Southwest radius 1713.57 feet, chord South 45 degrees 36 minutes 10 seconds East 611.23 feet; thence South 22 degrees 18 minutes West 139.38 feet; thence North 67 degrees 44 minutes West 150.0 feet; thence South 22 degrees 18 minutes West 150.0 feet; thence North 67 degrees 44 minutes West 265.0 feet; thence North 22 degrees 11 minutes East 150.17 feet; thence North 68 degrees 12 minutes West 150.0 feet to the PLACE OF BEGINNING, being part of the Northeast 1/4 of Section 25, Town 2 South, Range 5 East, City of Ann Arbor, Michigan.

Tax Item No: 09-08-25-101-003


**EXHIBIT 2**  
**ASSESSOR'S AFFIDAVIT**

**AFFIDAVIT OF DAVID PETRAK**

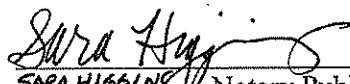
STATE OF MICHIGAN                    )  
  :SS.  
COUNTY OF WASHTENAW            )

David Petrak, being sworn, says:

1. I have personal knowledge of the facts stated in this affidavit and, if sworn as a witness, I am competent to testify hereto.
2. I am the City Assessor, CMAE4, PPE for the City of Ann Arbor in the State of Michigan.
3. I inspected the specific property of 2800 Jackson Road, Ann Arbor, Michigan; Parcel Number 09-08-25-101-003 (Former Michigan Inn) in 2008. This property suffers from severe physical depreciation and has not been maintained.
4. On the basis of my physical inspection of the specific aforementioned property, I have determined that this property is functionally obsolete and is unable to be used to perform as intended, due to a substantial loss in value resulting from extreme physical and functional depreciation.
5. Further affiant sayeth not.

  
\_\_\_\_\_  
David Petrak

Subscribed and sworn to before me this 15<sup>TH</sup> day of OCTOBER, 2008.

  
\_\_\_\_\_  
SARA HIGGINS, Notary Public  
WASHTENAW County Michigan  
Acting in Washtenaw County, Michigan  
My commission expires: 2-19-2014

**EXHIBIT 3**

**GROUNDWATER CONTAMINATION DATA**

Please see environmental reports submitted with project application.



**PHASE II ENVIRONMENTAL SITE ASSESSMENT  
2800 JACKSON ROAD  
ANN ARBOR, MICHIGAN 48103**

*for*

**MICHIGINNS REAL ESTATE, LLC  
ANN ARBOR, MICHIGAN**

**AKT Peerless Project No. 5822F-2-20  
March 14, 2008**



**PHASE II ENVIRONMENTAL SITE ASSESSMENT  
2800 JACKSON ROAD**

**ANN ARBOR, MICHIGAN**

**FOR**

**MICHIGINNS REAL ESTATE, LLC  
ANN ARBOR, MICHIGAN  
AKT PEERLESS PROJECT NO. 5822F-2-20**

**1.0 INTRODUCTION**

Michiginns Real Estate, LLC (the Client) retained AKT Peerless Environmental Services (AKT Peerless) to conduct a Phase II Environmental Site Assessment (Phase II ESA) of a property located at 2800 Jackson Avenue in Ann Arbor, Michigan (subject property). This Phase II ESA was conducted in accordance with the AKT Peerless' Proposal for a Phase II ESA (Proposal Number PF-8690-1), dated February 12, 2008, and American Society for Testing and Materials (ASTM) Designation E 1903-97 "*Standard Guide for Environmental Site Assessments: Phase II Environmental Site Assessment Process*".

This Phase II ESA scope of work is intended to evaluate the RECs presented in Section 2.5. This Phase II ESA scope of work does not evaluate the following:

- Asbestos
- Mold
- Lead Paint

AKT Peerless' Phase II ESA report documents the field activities, sampling protocols, and laboratory results. AKT Peerless' Phase II ESA was performed for the benefit of the Client, who may rely on the contents and conclusions of this report.

**2.0 BACKGROUND**

**2.1 SITE DESCRIPTION AND PHYSICAL SETTING**

The subject property is located at 2800 Jackson Avenue in Ann Arbor, Michigan, and contains an irregularly-shaped parcel (Parcel Identification Number 09-08-25-101-003) consisting of approximately 4.5 acres. The subject property contains a motel/hotel complex and a restaurant. The exterior of the subject property is improved with concrete and asphalt paved drives and parking areas. Landscaped areas are present along Jackson Avenue. A courtyard containing playground equipment and swimming pool (currently utilized as a fish pond) is located in the center of the complex.



The subject property is located in an area of Ann Arbor that is characterized by commercial and residential properties, a cemetery, surface roadways, and a freeway. The subject property is zoned hotel-motel (R5). The subject property is situated in the northeast quarter of Section 25 in Ann Arbor (T. 2S., R. 5E.), Washtenaw County, Michigan.

Refer to Figure 1 for a topographic site location map. See Figure 2 for a site map with utility locations.

## **2.2 SUBJECT PROPERTY HISTORY AND LAND USE**

The subject property is currently unoccupied and is used for miscellaneous storage by the property owner.

Based on a review of available records, the subject property operated as a motel/hotel from the time of development in 1967 until approximately 1989/1990. The subject property has remained unused for any significant or obvious purpose since approximately 1989/1990.

## **2.3 ADJACENT PROPERTY LAND USE**

### North/Northeast

The northern adjoining property consisted of unimproved land from at least 1940 until between 1955 and 1963 when Interstate-94 was constructed.

### East/Southeast

The east/southeastern adjoining property addressed 2728-2750 Jackson Avenue consisted of unimproved land from at least 1940 until 1987, when two commercial buildings were constructed (Arbor West Center). A drycleaner operation has operated at the 2746 tenant space since approximately the late 1980s.

### South

The southern adjoining property addressed 2801 Jackson Avenue, located beyond Jackson Avenue, has consisted of the Bethlehem Cemetery since at least 1940.

### Southwest

The southwestern adjoining property addressed 2891 Jackson Avenue, located beyond Jackson Avenue, consisted of a gasoline fueling station from at least the 1930s until approximately the mid-2000s, when the property was demolished and a new commercial building was constructed. This property is currently occupied by the Chocolate and Coffee Company.

### West

The west/southwestern adjoining property addressed 2890 Jackson Avenue, consisted of unimproved land from at least 1940 until 1963, when a gasoline fueling station was constructed. The property ceased operating as a gasoline fueling station and operated solely as an automotive repair operation in the 1980s. This property is currently occupied by Louis Muffler Man.

The western adjoining property addressed 2900 Jackson Avenue, located beyond the Interstate 94 entrance ramp, consisted of an apparent residential dwelling from at least 1940 until between 1955 and 1963, when a hotel was constructed. This adjoining property is currently occupied by Best Western.

## **2.4 PREVIOUS ENVIRONMENTAL INVESTIGATIONS**

### **2.4.1 Phase I ESA completed by Atwell Hicks, Inc., prepared in December 1997**

Atwell Hicks, Inc. (AHI) conducted a Phase I ESA of the subject property in December 1997. At the time of AHI's property inspection, the subject property consisted of four vacant motel buildings, a vacant restaurant building, a mechanical building, and a maintenance building. AHI identified the following REC's in connection with the subject property:

- The presence of three unlabeled 55-gallon drums adjacent to the mechanical building (currently inside the mechanical building);
- The presence of mudded pipe joints and acoustic textured spray that contain asbestos;
- The presence of a significant area of fill dirt on-site (specific details pertaining to the quantity and location not described); and
- The presence of a former Texaco gasoline and current Muffler Man shop on an adjacent parcel. There were no records regarding the removal of the USTs and there was improper barrel storage behind the building.

AKT Peerless was not provided with copies of other reports that document previous investigations or assessments of the subject property, nor did AKT Peerless identify the existence of such documents during this assessment.

### **2.4.2 Phase I ESA completed by AKT Peerless, prepared in March 2008**

AKT Peerless completed a Phase I ESA of the subject property in conformance with the scope and limitations of ASTM Standard Practice E 1527-05. The assessment has revealed no evidence of REC's in connection with the subject property, except for the following:

- A geotechnical correspondence from May 1967 indicated fill material was brought on-site in preparation for the construction of the subject buildings. The origin of the fill material and the locations of where the fill material was placed were not specified.
- The east/southeastern adjoining drycleaner property (2746 Jackson Avenue) may present an environmental concern to the subject property based on (1) the site adjoins the subject property directly to the east/southeast, (2) the site performed dry cleaning operations on-site from approximately the mid-1980s until 2002, and (3) the site is classified as a RCRA-SQG (likely the generation of waste perchloroethylene).
- The west/southwestern adjoining automotive repair property (2890 Jackson Avenue) may present an environmental concern to the subject property based on (1) the property operated as gasoline fueling station from the 1960s through the 1970s and as an automotive repair operation since the 1980s, (2) the site adjoins the subject property immediately to the west/southwest, (3) it is unknown if releases occurred from the five unregistered former USTs that were removed in 1979, (4) the 2006 used oil LUST

incident does not appear to be properly closed, and (5) the property is up gradient from the subject property with the suspected groundwater flow direction to be to the northeast and towards the subject property.

- The southwestern adjoining former gasoline fueling station property (2891 Jackson Avenue), beyond Jackson Avenue, may present an environmental concern to the subject property based on (1) the site operated as a gasoline fueling station from at least the 1940s until the mid-2000s, (2) subsurface investigation activities conducted at the northern property boundary and in the Jackson Avenue ROW (closest to the subject property) indicate concentrations of BTEX were detected in soil and water samples at concentrations above the MDEQ GRCC, (3) the site adjoins the subject property to the southwest, beyond Jackson Avenue, and (4) the site is located up gradient from the subject property with the suspected groundwater flow direction to be to the northeast and towards the subject property.

### 3.0 PHASE II ENVIRONMENTAL SITE ASSESMENT ACTIVITIES

#### 3.1 SCOPE OF ASSESSMENT

To further evaluate the RECs, AKT Peerless conducted a subsurface investigation of the subject property that included: (1) the advancement of seven soil borings and (2) the collection of 14 soil samples. AKT Peerless submitted ten of the 14 soil samples for laboratory analysis of volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PNAs), lead, and/or Michigan 10 metals<sup>1</sup>.

The following table summarizes each REC, the site investigation activities performed to address each REC, and the laboratory parameters used to address each REC.

**Summary of AKT Peerless' Scope of Investigation**

REC #	Environmental Concern	Investigation Activity	Analytical Parameters
REC 1	Fill material	B-1 through B-7	VOCs, PNAs, lead, and/or Michigan 10 metals
REC 2	East/southeastern adjoining drycleaner	B-6	VOCs and PNAs
REC 3	West/southwestern adjoining automotive repair and former gasoline fueling station	B-1 and B-2	VOCs, PNAs, lead
REC 4	Southwestern adjoining former gasoline fueling station	B-1	VOCs, PNAs, lead
REC 5	Three unlabeled 55-gallon drums (Identified as an REC by AHI in 1997)	B-3	VOCs, PNAs, and Michigan 10 metals

<sup>1</sup> Michigan 10 metals include: arsenic, barium, cadmium, chromium, copper, lead, mercury, selenium, silver, and zinc.

### **3.1.1 Soil Evaluation**

On March 6, 2008, AKT Peerless advanced seven soil borings at the subject property. AKT Peerless used hydraulic drive/direct-push (Geoprobe<sup>®</sup>) sampling techniques and followed the drilling procedures outlined in ASTM publication D 6282-98 "*Standard Guide for Direct Push Soil Sampling for Environmental Site Characterizations*". AKT Peerless collected continuous soil samples from the soil borings in four-foot intervals to the maximum depth explored of 20 feet below ground surface (bgs). AKT Peerless personnel inspected, field-screened, and logged the samples collected at each soil boring location. Refer to Figure 2 for a site map with soil boring locations. Boring logs are provided in Appendix A.

## **3.2 QUALITY ASSURANCE/QUALITY CONTROL**

To ensure the accuracy of data collected during on site activities, AKT Peerless implemented proper quality assurance/quality control (QA/QC) measures. The QA/QC procedures included, but were not limited to, (1) decontamination of sampling equipment before and between sampling events, (2) calibration of field equipment, (3) documentation of field activities, and (4) sample preservation techniques.

### **3.2.1 Decontamination of Equipment**

During sample collection, AKT Peerless adhered to proper decontamination procedures. Sampling equipment was decontaminated using the following methods to minimize potential cross-contamination of soil samples:

- Steam-cleaning or washing and scrubbing the equipment with non-phosphate detergent
- Rinsing the equipment
- Air-drying the equipment

### **3.2.2 Calibration of Field Equipment**

All field instruments were calibrated prior to first use on-site to ensure accuracy. During AKT Peerless' Phase II ESA, photoionization detector (PID) was used to screen all soil samples. The PID was maintained in a calibrated condition using 100 ppm isobutylene span gas prior to subsurface investigations.

### **3.2.3 Documentation of Activities**

During AKT Peerless' Phase II ESA activities, subject property conditions (i.e. soil boring locations, weather conditions) were documented. AKT Peerless visually inspected the soil and groundwater samples and prepared a geologic log for each soil boring. The logs include soil characteristics such as (1) color, (2) composition (e.g., sand, clay, or gravel), (3) soil moisture and water table depth, and (4) signs of possible contamination (i.e., stained or discolored soil, odors). Soil types were classified in accordance with ASTM publication D-2488 "*Unified Soil*

*Classification System*". All soil and groundwater samples were delivered to a laboratory under chain-of-custody documentation. See Appendix A for AKT Peerless' soil boring logs. See Figure 2 for site map with soil boring locations.

### 3.2.4 Sample Preservation Techniques

AKT Peerless collected soil samples according to USEPA Publication SW-846, *Testing Methods for Evaluating Solid Waste*. Soil and groundwater samples were collected in laboratory-supplied containers, stored on ice or at approximately 4 degrees Celsius, and submitted under chain-of-custody documentation.

Soil samples collected for volatile analyses were field preserved with methanol in accordance with U.S. EPA Method 5035. Soil samples collected for polynuclear aromatic hydrocarbons (PNAs), polychlorinated biphenyls (PCBs) and metals analyses were stored in unpreserved, 4-ounce wide-mouth jars.

### 3.3 LABORATORY ANALYSES AND METHODS

AKT Peerless submitted ten soil samples for laboratory analyses. The following table summarizes the location, depth, matrix, and laboratory analysis for each sample.

**Summary of Laboratory Analyses**

Sample Name/Depth (in feet)	Matrix	VOCs	PNAs	Lead	Michigan 10 Metals
B-1 (2-4)	Soil	☑	☑	☑	-
B-1 (8-10)	Soil	☑	☑	☑	-
B-2 (2-4)	Soil	☑	☑	☑	-
B-2 (6-8)	Soil	☑	☑	☑	-
B-3 (1-3)	Soil	☑	☑	-	☑
B-4 (1-3)	Soil	☑	☑	-	☑
B-5 (1-3)	Soil	☑	☑	-	☑
B-6 (2-4)	Soil	☑	☑	-	-
B-6 (14-16)	Soil	☑	☑	-	-
B-7 (2-4)	Soil	☑	☑	-	☑

The laboratory analyzed the samples for: (1) VOCs in accordance with USEPA Method 8260B; (2) PNAs in accordance with USEPA Method 8270C; and (3) metals in accordance with USEPA Methods 6020/7471A.

## 4.0 EVALUATION AND PRESENTATION OF RESULTS

### 4.1 SUBSURFACE CONDITIONS

#### 4.1.1 Geologic Setting

##### 4.1.1.1 Soil Conditions based on Published Material

According to the MDNR Geological Survey Division's *Bedrock Geology of Southern Michigan* (1987), bedrock beneath the subject property is classified as Coldwater Shale of an unassigned group, which is included in the Kinderhookian Series within the Mississippian System of the Paleozoic Era.

According to the Michigan Geological Survey Division's publication, *Quaternary Geology of Southern Michigan* (1982), soil in the subject property area is defined as medium-textured glacial till. These soils are described as gray, grayish brown or reddish brown, nonsorted glacial debris; matrix is dominantly loam and silt loam texture, variable amounts of cobbles and boulders. These soils occur in narrow linear belts of hummocky relief marking former standstills of ice-sheet margin. These soils include small areas of ground moraine as well as outwash. Soil thickness tends to be somewhat greater than adjacent ground moraine areas. Typically, end moraines of medium-textured till are associated with moderate hydraulic permeability.

According to the USDA's *Soil Survey of Washtenaw County, Michigan* (1977), soil at the subject property is classified as belonging to the Miami-Conover-Brookston association. These soils are described as nearly level to very steep, well drained to very poorly drained soils that have a medium textured and moderately fine textured subsoil and medium textured underlying material; on till plains and moraines. As indicated on Photo Sheet 25 of the soil survey, subject property soils are described as belonging to Miami loam, 2 to 6 percent slopes (MmB) and Miami loam, 6 to 12 percent slopes.

Based on previous subsurface investigations conducted at adjoining properties, the soils encountered consisted of a sand layer from the ground surface extending to various depths (maximum of 12.5 feet bgs), followed by a stiff clay layer to the maximum explored depth of 25 feet bgs.

##### 4.1.1.2 Soil Conditions based on Field Observations

During drilling activities, AKT Peerless encountered the following soil types:

- FILL SAND in five of the seven soil borings from below the ground surface to approximately four feet bgs. This fill sand was generally brown, moist, fine to medium grained, and occasionally contained traced clay and gravel.
- CLAY in all soil borings from just below the ground surface to 20 feet bgs, the maximum depth explored. This clay was generally medium-stiff and occasionally soft, brown and occasionally grayish or reddish brown.

The subsurface soils at the property are consistent with the description of medium-textured glacial till as described in the *Quaternary Geology of Southern Michigan*. See Figure 4 for a site map with soil boring locations. See Appendix A for AKT Peerless' soil boring logs.

#### **4.1.2 Hydrogeologic Conditions**

##### **4.1.2.1 Anticipated Groundwater Flow Direction**

AKT Peerless did not obtain or review reports that document actual groundwater conditions at or adjacent to the subject property, with the exception of previous subsurface investigations conducted at an adjoining property, which indicated groundwater was discontinuously encountered at several boring locations at depths ranging from 5.5 to 22 feet bgs. However, the groundwater was attributed to UST cavities and underground utility corridors in the Jackson Avenue right-of-way (ROW), and therefore would not represent actual groundwater conditions in the subject property area. Therefore, AKT Peerless was unable to (1) identify the depth to groundwater beneath the subject property, or (2) determine the groundwater flow direction beneath the subject property.

AKT Peerless infers that groundwater beneath the subject property flows to the northeast, with potential influence from the topographic contours. AKT Peerless' research did not identify any known groundwater recharge area on or near the subject property, or any groundwater supply or monitor wells on the subject property. Groundwater from the area of the subject property does not serve as the primary drinking water source for properties in Ann Arbor, which obtains its municipal water from the Huron River. Public sources of information do not identify main aquifers below the subject property.

##### **4.1.2.2 Measured Groundwater Flow Direction**

Determination of the groundwater flow direction was not part of the scope of this investigation.

##### **4.1.2.3 Groundwater Conditions based on Field Observations**

During drilling activities, AKT Peerless did not encounter groundwater in any of the seven soil borings drilled at the subject property.

#### **4.2 MDEQ RELEVANT EXPOSURE PATHWAYS AND APPLICABLE CRITERIA**

##### **4.2.2 Relevant Exposure Pathways**

As defined in Michigan Public Act 451 Part 201, "relevant pathway" means an exposure pathway that is reasonable and relevant because there is a reasonable potential for exposure to a hazardous substance. The analysis of potential exposure pathways is based on existing conditions at the subject property. The following subsections identify the relevant exposure pathways based on the subject property conditions observed.

##### **4.2.2.1 Ingestion of Groundwater Pathway**

Groundwater was not encountered in any of the seven soil borings advanced at the subject property to the maximum explored depth of 20 feet bgs. Additionally, groundwater from the area

of the subject property does not serve as the primary drinking water source for properties in Ann Arbor, which obtains its municipal water from the Huron River. Therefore, ingestion of groundwater at the subject property is not a relevant exposure pathway.

#### **4.2.2.2 Groundwater Venting to Surface Water Pathway**

Groundwater Venting to Surface Water is not a human exposure pathway, but rather an exposure pathway based on aquatic toxicity. The subject property is located approximately 1,800 feet east of the First Sister Lake. In addition, groundwater was not encountered in any of the soil borings advanced at the subject property to the maximum explored depth of 20 feet bgs. Therefore, groundwater venting to surface water is not a relevant exposure pathway.

#### **4.2.2.3 Groundwater Contact Pathway**

Groundwater was not encountered in any of the soil borings advanced at the subject property to the maximum explored depth of 20 feet bgs. Therefore, the groundwater contact is not a relevant exposure pathway due to the absence of shallow groundwater.

#### **4.2.2.4 Volatilization to Indoor Air Inhalation Pathway**

Volatilization to Indoor Air Inhalation is a relevant exposure pathway.

#### **4.2.2.5 Volatilization to Ambient Air Pathway**

Volatilization to Ambient Air is a relevant exposure pathway

#### **4.2.2.6 Particulate Inhalation Pathway**

Particulate Inhalation is a relevant exposure pathway.

#### **4.2.2.7 Direct Contact Pathway**

Direct Contact is a relevant exposure pathway.

#### **4.2.3 Applicable Criteria**

Applicable criterion means a cleanup criterion for a relevant pathway. A criterion is not applicable if the exposure pathway is not relevant. Based on the exposure pathway evaluation, the applicable pathways at the subject property include:

- Soil Volatilization to Indoor Air Inhalation (SVIAI)/Groundwater Volatilization to Indoor Air Inhalation (GVIAI);
- Infinite Source Volatile Soil Inhalation (VSIC);
- Particulate Soil Inhalation (PSI), and;
- Soil Direct Contact (DC)/Groundwater Contact (GC).

AKT Peerless compared the laboratory analytical data to the applicable Part 201 Residential Generic Cleanup Criteria (GRCC) as published by the MDEQ-RRD.



### **4.3 LABORATORY ANALYTICAL RESULTS**

#### **4.3.1 Soil Analytical Results**

Based on the laboratory analytical results, select metals and PNAs were detected in concentrations exceeding laboratory method detection limits. However, none of the concentrations detected exceeded MDEQ GRCC. Refer to Table 1 for a summary of soil analytical results. Refer to Appendix B for a complete analytical laboratory report.

### **5.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**

#### **5.1 SUMMARY OF ENVIRONMENTAL CONCERNS**

Based on AHI and AKT Peerless' Phase I ESAs, the following environmental concerns were identified:

- Fill material of unknown origin was brought on-site in preparation for construction of the subject buildings.
- The adjoining property to the east/southeast has operated as a drycleaner since the mid-1980s.
- The adjoining property to the west/southwest operated as a gasoline filling station from the 1960s to the 1970s, and as an automotive repair operation since the 1980s.
- The adjoining property to the southwest, beyond Jackson Road, operated as a gasoline filling station from at least the 1940s to the mid-2000s.
- Three unlabeled 55- gallon drums located adjacent to the mechanical building.

#### **5.2 SUMMARY OF SUBSURFACE INVESTIGATION**

On March 6, 2008, AKT Peerless conducted a subsurface investigation at the subject property to address the environmental concerns identified during previous environmental investigations. AKT Peerless (1) advanced seven soil borings and (2) collected 14 soil samples for laboratory analyses. AKT Peerless submitted ten soil samples for laboratory analyses of select parameters, including: VOCs, PNAs, lead, and/or Michigan 10 metals.

#### **5.3 CONCLUSIONS**

The laboratory analytical results from soil samples collected at the property indicate that concentrations of target analytes did not exceed MDEQ GRCC. Based on laboratory analytical results, the subject property does not meet the definition of a "facility", as defined in Part 201 of Natural Resources and Environmental Protection Act (NREPA), Michigan Public Act (PA) 451, 1994, as amended.

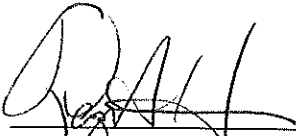
#### 5.4 RECOMMENDATIONS

It is in the opinion of AKT Peerless that an appropriate level of investigation has been completed. Based on the results of this Phase II ESA, no further environmental investigations are recommended for the subject property at this time.

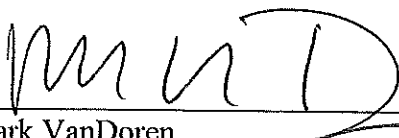
#### 6.0 LIMITATIONS

The information and opinions obtained in this report are for the exclusive use of the Client. No distribution to or reliance by other parties may occur without the express written permission of AKT Peerless. AKT Peerless will not distribute this report without your written consent or as required by law or by a Court order. The information and opinions contained in the report are given in light of that assignment. The report must be reviewed and relied upon only in conjunction with the terms and conditions expressly agreed upon by the parties and as limited therein. Any third parties who have been extended the right to rely on the contents of this report by AKT Peerless (which is expressly required prior to any third-party release), expressly agrees to be bound by the original terms and conditions entered into by AKT Peerless and the Client.

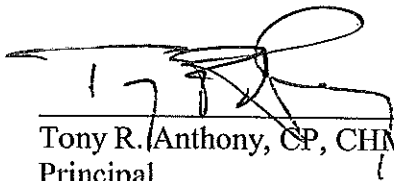
Report prepared by:

  
\_\_\_\_\_  
Regina Hines  
Environmental Consultant

Report reviewed by:

  
\_\_\_\_\_  
Mark VanDoren  
Project Manager

Report reviewed by:

  
\_\_\_\_\_  
Tony R. Anthony, CP, CHMM, CPG, REPA  
Principal

**EXHIBIT 4**

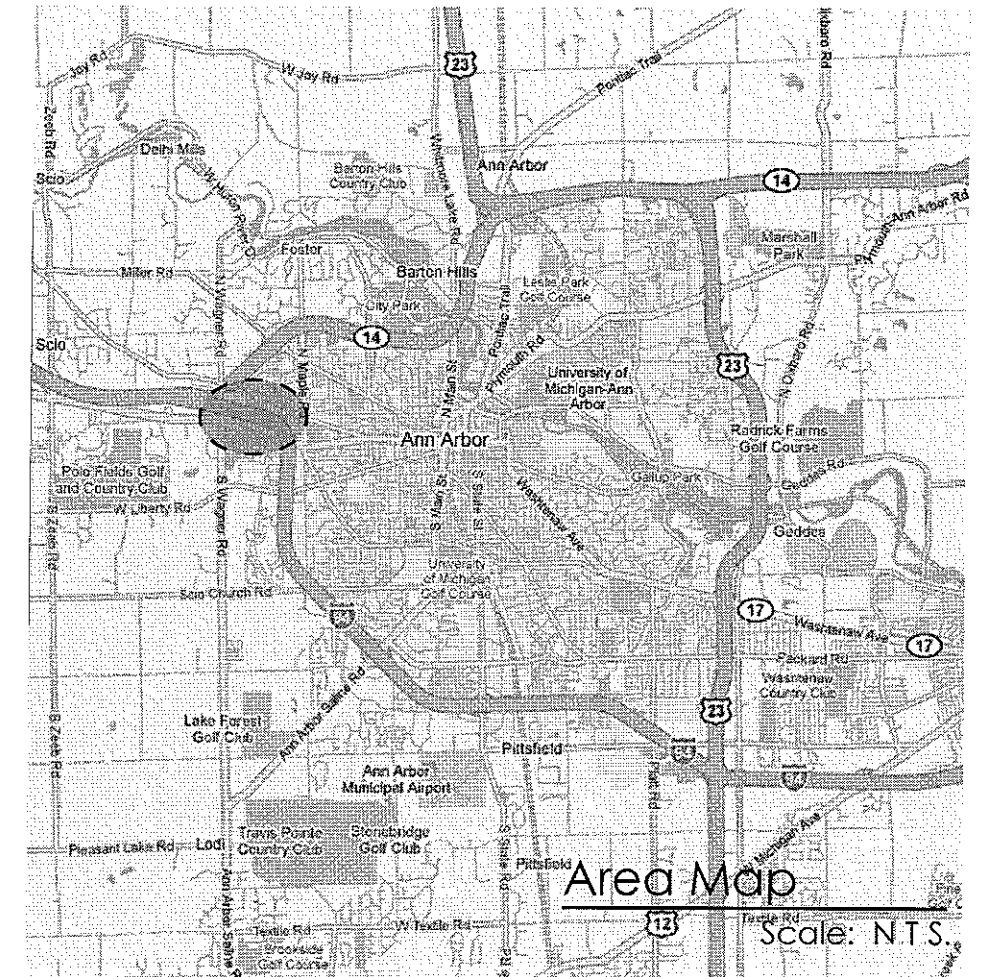
**DESCRIPTION OF AND PRELIMINARY SITE PLAN FOR THE PROJECT**

Please see project application. Additional copies available upon request.



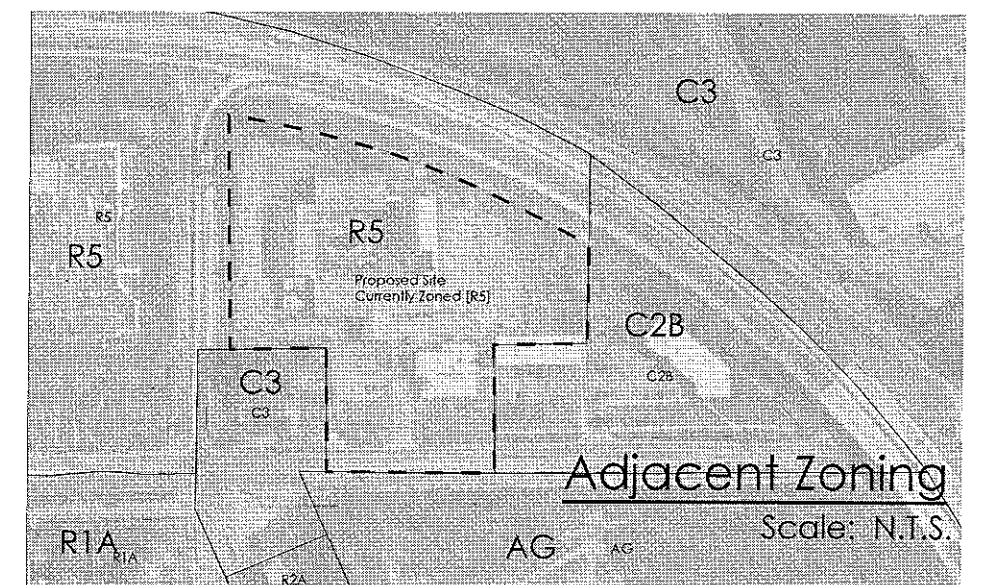
Location Map

Scale: N.T.S.



Area Map

Scale: N.T.S.



Adjacent Zoning

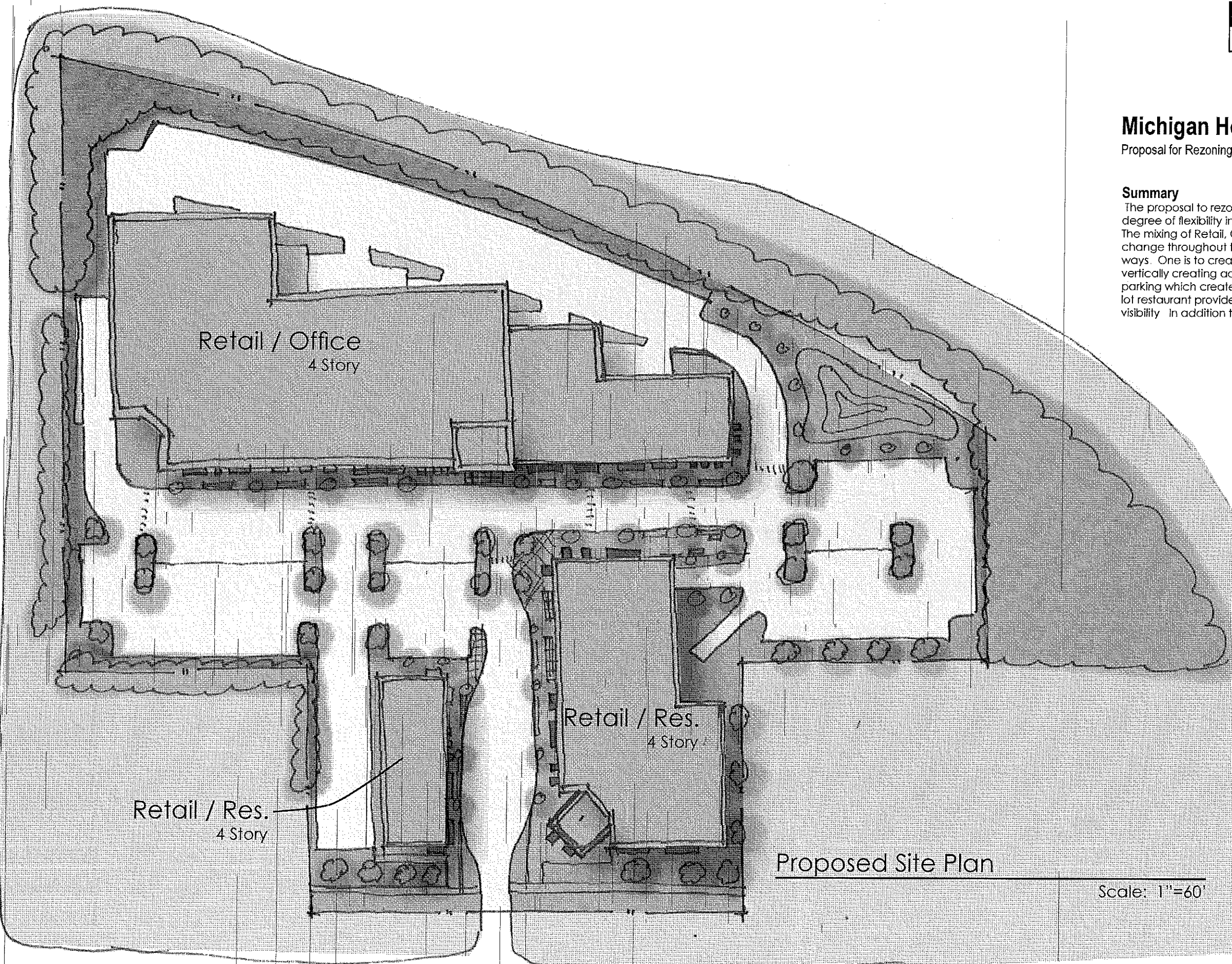
Scale: N.T.S.

## Michigan Hotel Site

Proposal for Rezoning from [R5] to [C2B]

### Summary

The proposal to rezone the Michigan Inn Site to C2B, creates potential and a high degree of flexibility in adapting a program that fits into the context of western Ann Arbor. The mixing of Retail, Office and Residential to create diverse levels of activity which change throughout the day. The 4.48 Acre site takes advantage of the terrain in multiple ways. One is to create mixed levels of at grade retail and stacked office and residential vertically creating active live/work spaces. The second creates two levels of at grade parking which create public visitor parking and secured parking for residents. An out lot restaurant provides street level visibility while the stacked program creates highway visibility. In addition to the program elements of green design integrate with the site.



### Area, Height and Placement Regulations

- (1) Maximum Usable Floor Area in Percentage of Lot Area
  - (a) 200%
- (3) Required Setbacks - Exception at West Property Line
  - (a) Front - 40'
  - (b) Lease One - 10'
  - (c) Total of Two - 10'
  - (d) Rear - 40'
- (4) Height
  - (a) Maximum Height - 60'
  - (b) Stories - 4

### Site Proposal - Rezoned [C2B]

- (1) Site Area
  - (a) Size (Acres) - 4.48 Acres
  - (b) Size (Sq Ft) - 195,149 Sq Ft
- (2) Building Size
  - (a) Allowable Sq Ft - 390,298 Sq Ft
  - (a) Total Building Square Footage - 228,000 Sq Ft
- (3) Type of Structure
  - (a) Steel and Concrete
- (4) Proposed Program
  - (a) Retail - 47,000 Sq/ Ft/
  - (b) Residential - 120,000 Sq. Ft
  - (c) Office - 55,000 Sq Ft
- (5) Additional Information
  - (a) Sustainable Design Elements

### Parking Requirements

- (1) Retail Requirements
  - (a) 1/310 Sq Ft Retail Min - 152 Spaces
  - (b) 1/265 Sq Ft Retail Max - 178 Spaces
- (2) Residential
  - (a) 2 Spaces / Unit - 80 Spaces
- (3) Office Requirements
  - (a) 1/300 Sq Ft - 183 Spaces
- (5) Parking Information
  - (a) Required - 415 Spaces
  - (b) Provided - 408 Spaces

Proposed Site Plan

Scale: 1"=60'

## Responsible Design. Sensitive Product.

The developers and designers have taken care to produce a 'green-oriented' project. Building and site features from top to bottom, inside and out, contribute harmoniously to an environmentally sensitive building. The design will incorporate many sustainable materials, including natural and renewable flooring options, integrate a green roof over portions of the structure, and feature high-quality fixtures and energy-conserving appliances in the residential units.

## Conscious Construction.

From design through construction, conscious choices can be made to deliver sustainable design. Selecting a site that has been previously developed reduces the environmental impact of new construction. Using local and regional materials, as well as recyclable resources, contributes to the overall sustainability of the product. Implementing good construction practices such as waste management and indoor air quality management are measures that will be carefully executed.

## Inside and Out.

The inside will feature various environmentally-sensitive finishes such as certified woods, flooring made from natural materials, products with low emittance characteristics, and others from renewable resources. The energy performance of the building will be optimized with the latest technology in thermal and ventilation controls, as well as high quality plumbing fixtures and energy-efficient appliances.

Outside, you will notice 'green' elements like the sidewalk planters and pervious concrete paving; all innovative site design features to regulate stormwater runoff and quality. Sustainable materials such as concrete compose the structure, while stone and brick clad the exterior.

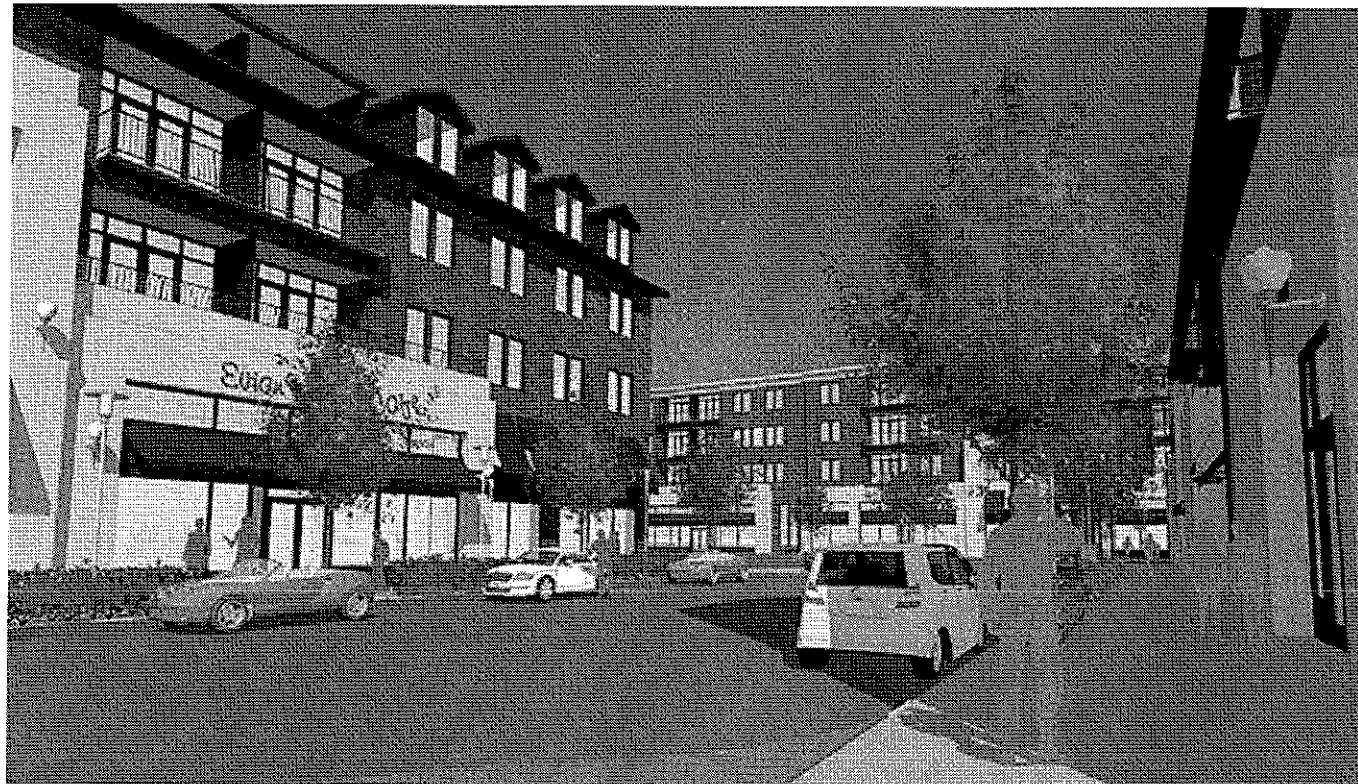
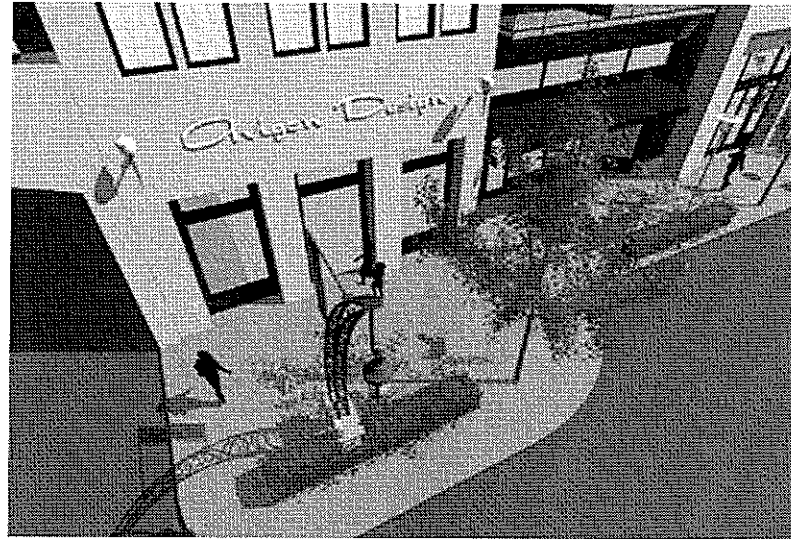
## Sustainable Design Elements

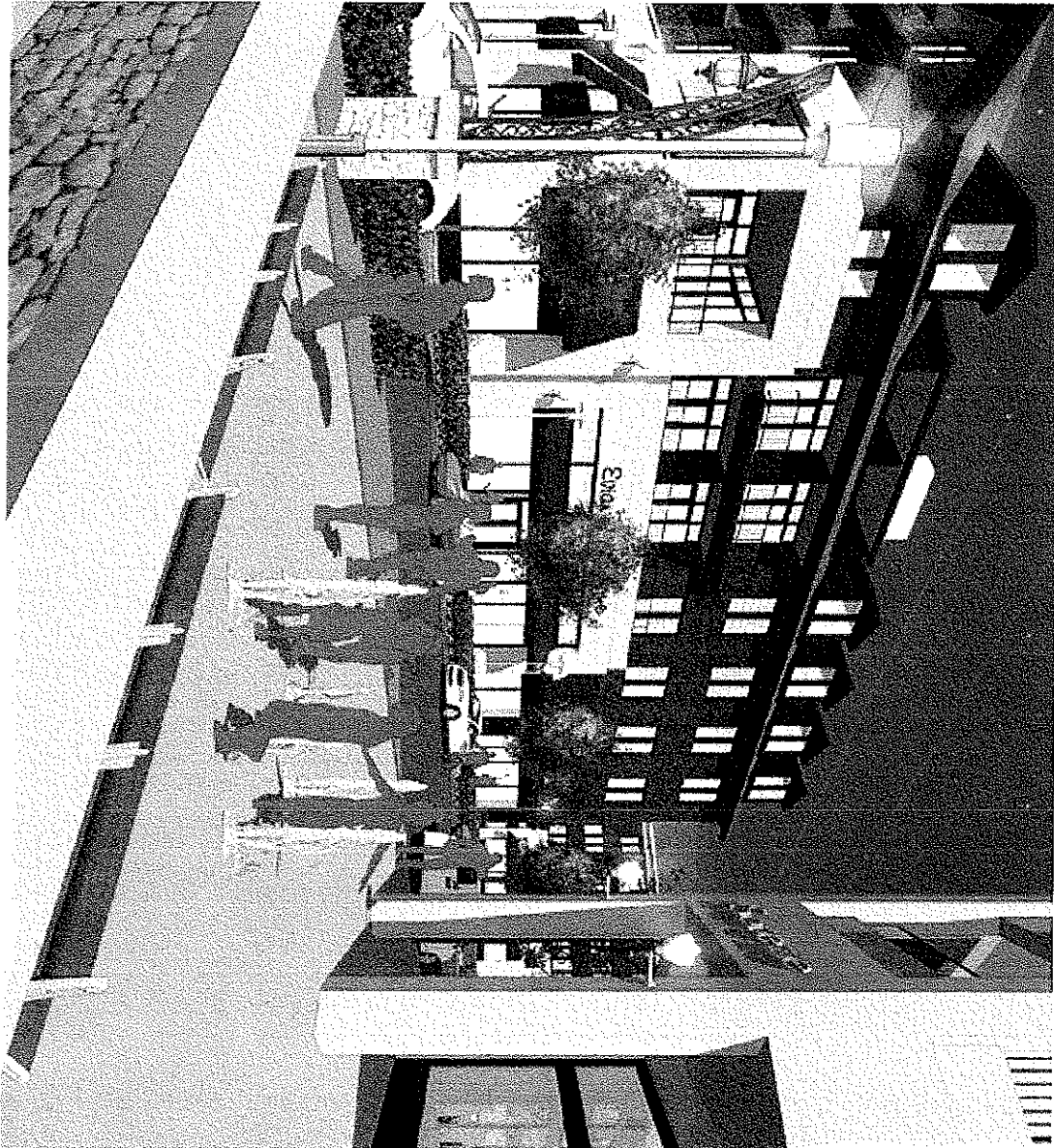
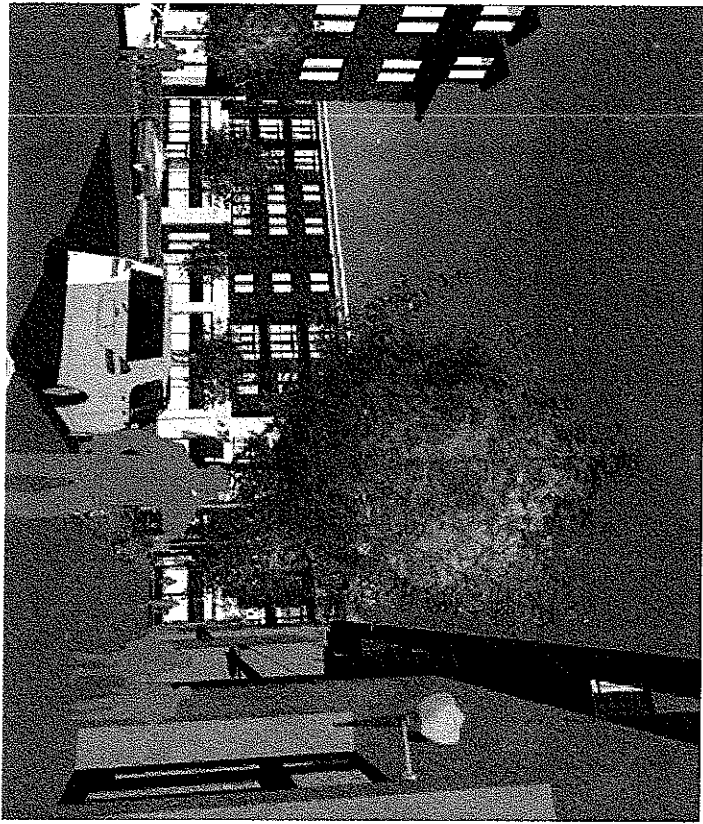
- Erosion and Sedimentation Control
- Site Selection
  - Reduced Environmental impact by location of proposed building on previously developed site
- Alternative Transportation
  - Access to Public Transportation
- Reduced Heat Island Effect
  - Proposed building roof to be Energy Star compliant and have high emissivity
- Light Pollution Reduction
  - Reduce light trespassing from building and site
- Water Use Reduction
  - Proposed use of motion sensors at faucets and waterless urinals
- Optimize Energy Performance
- Reduce Ozone Depletion
- Use Local/Regional Materials
- Use Certified Wood
- Construction Indoor Air Quality Management Plan
- Indoor Air Quality Performance
  - Environmental Tobacco Smoke Control
    - Prevent exposure of proposed building occupants and systems
- Monitor Carbon Dioxide
- Low-Emitting Materials
  - Adhesives, Sealants, Paints and Coatings
- Indoor Chemical and Pollutant Control
  - Minimized pollutant cross contamination of regularly occupied spaces
- Controllability of Systems
  - Thermal and Ventilation control by occupants of perimeter and interior spaces
- Daylight and Views

## Possible Additional Sustainable Design Elements

- Alternative Transportation
  - Bicycle Storage and Car pool spaces
- Storm Water Management
  - Reuse storm water in building systems such as HVAC equipment
  - Capture street storm water for watering landscape elements
- Recycled Content for building products
- Vegetative (Green) Roof
- Water Efficient Landscaping
- Building Systems Commissioning
- Optimize Energy Performance
  - Radiant Floor Heating
- Reduce CFC's, HCFC's and Halons in HVAC equipment
- Construction Waste Management
- Low-Emitting Materials
  - Carpet
- Storage and/or Collection of Recyclables









**EXHIBIT 5**

**PROJECTED ELIGIBLE ACTIVITIES COSTS FOR PHASE A**

Exhibit 5  
 MichiGinns  
 Eligible Project Costs

**Funding Sources and Costs for Redevelopment Activities**

**Project Name:** MichiGinns Real Estate  
**Project Address:** 2800 Jackson Road, Ann Arbor, Washtenaw County, MI  
**Parcel Number(s):** 09-08-25-101-003

Item/Activity	Total Cost	Source	
		Developer	BRA (TIF)
<b>Property Acquisition</b>			
Property Sale Price	\$ 2,200,000	\$ 2,200,000	0
Appraisal/Closing Fees			
Consulting Attorney Fees			
<b>Further Assessment Activities (Supplemental Phase II, BEA, Brownfield Plan,</b>			
Due Care Plan	\$ 3,000		\$ 3,000
Brownfield Plan and Act 381 Plan	\$ 20,000		\$ 20,000
Brownfield Application Fee			
Activity			
Activity			
Activity			
Activity			
<b>Site Preparation/Development (building demolition, utilities, and</b>			
Demolition	\$ 250,000		\$ 250,000
Asbestos Abatement	\$ 150,000		\$ 150,000
Misc Site Preparation	\$ 30,000		\$ 30,000
Engineering and Architecture Fees	\$ 10,000		\$ 10,000
<b>Remediation Activities (UST Removal, Contaminated Soil Removal, due care</b>			
Activity			
Activity			
Activity			
Activity			
Activity			
Activity			
Activity			
Activity			
Activity			
<b>Consulting Services</b>			
Activity			
Activity			
Contingency @ 15%			\$ 69,450
<b>Projected Totals - State Eligible</b>			<b>\$ 532,450</b>
Interest on Demolition and Abatement Expenses	\$ 36,964		\$ 36,964
<b>Projected Total - Local Eligible</b>			<b>\$ 569,414</b>

TIF: Tax Increment Financing  
 MBT: Michigan Business Tax Credit  
 (k): Known Cost  
 (e): Estimated Cost  
 Interest calculated at 6%, 3 years, monthly payments, \$400,000 principal (Demolition and abatement costs)  
 Interest expenses will be recovered through local tax revenues only.

Exhibit 5  
MichiGinns  
Eligible Project Costs

Interest Calculation  
Principal           \$   400,000           Interest Rate (approximately prime) = 6%  
Tax capture at year end  
(assumes use of local  
tax increment revenues  
only)

Month	Beginning Balance	Loan Payments	Interest	Principal	
1	\$ 400,000	\$ 12,169	\$ 2,000	\$ 10,169	
2	\$ 389,831	\$ 12,169	\$ 1,949	\$ 10,220	
3	\$ 379,612	\$ 12,169	\$ 1,898	\$ 10,271	
4	\$ 369,341	\$ 12,169	\$ 1,847	\$ 10,322	
5	\$ 359,019	\$ 12,169	\$ 1,795	\$ 10,374	
6	\$ 348,645	\$ 12,169	\$ 1,743	\$ 10,426	
7	\$ 338,220	\$ 12,169	\$ 1,691	\$ 10,478	
8	\$ 327,742	\$ 12,169	\$ 1,639	\$ 10,530	
9	\$ 317,212	\$ 12,169	\$ 1,586	\$ 10,583	
10	\$ 306,629	\$ 12,169	\$ 1,533	\$ 10,636	
11	\$ 295,994	\$ 12,169	\$ 1,480	\$ 10,689	
12	\$ 285,305	\$ 12,169	\$ 1,427	\$ 10,742	\$ 18,561
13	\$ 256,001	\$ 11,346	\$ 1,280	\$ 10,066	
14	\$ 245,935	\$ 11,110	\$ 1,230	\$ 9,880	
15	\$ 236,055	\$ 11,110	\$ 1,180	\$ 9,930	
16	\$ 226,125	\$ 11,110	\$ 1,131	\$ 9,980	
17	\$ 216,145	\$ 11,110	\$ 1,081	\$ 10,029	
18	\$ 206,116	\$ 11,110	\$ 1,031	\$ 10,080	
19	\$ 196,036	\$ 11,110	\$ 980	\$ 10,130	
20	\$ 185,906	\$ 11,110	\$ 930	\$ 10,181	
21	\$ 175,726	\$ 11,110	\$ 879	\$ 10,232	
22	\$ 165,494	\$ 11,110	\$ 827	\$ 10,283	
23	\$ 155,212	\$ 11,110	\$ 776	\$ 10,334	
24	\$ 144,878	\$ 11,110	\$ 724	\$ 10,386	\$ 19,496
25	\$ 114,996	\$ 8,239	\$ 575	\$7,664	
26	\$ 107,332	\$ 8,239	\$ 537	\$7,702	
27	\$ 99,630	\$ 8,239	\$ 498	\$7,741	
28	\$ 91,889	\$ 8,239	\$ 459	\$7,779	
29	\$ 84,110	\$ 8,239	\$ 421	\$7,818	
30	\$ 76,292	\$ 8,239	\$ 381	\$7,857	
31	\$ 68,434	\$ 8,239	\$ 342	\$7,897	
32	\$ 60,538	\$ 8,239	\$ 303	\$7,936	
33	\$ 52,601	\$ 8,239	\$ 263	\$7,976	
34	\$ 44,626	\$ 8,239	\$ 223	\$8,016	
35	\$ 36,610	\$ 8,239	\$ 183	\$8,056	
36	\$ 28,554	\$ 8,239	\$ 143	\$8,096	\$ 20,459
<b>TOTAL</b>	(\$0.49)		\$ 36,964		

**EXHIBIT 6**

**PROJECTED TAX INCREMENT RECAPTURE  
COMBINED LOCAL AND SCHOOL TIR**

EXHIBIT 6  
MichGinns Tax Capture  
State and Local Capture

Tax Capture by Jurisdiction							
Real Estate, L.L.C, 2800 Jackson Road, Ann Arbor, Washtenaw County							
Community:	City of Ann Arbor						
Eligible Expenses for Reimbursement under Public Act 381		State Share	Local Share				
State-Eligible Contamination Related Clean-up Activities (excl. interest)	\$ 532,450	\$ 225,724	\$ 306,726				
Brownfield Program Administrative Fee @ 1%	\$ 26,623		\$ 26,623				
Interest	\$ 36,964		\$ 36,964				
Total TIF Capture (excl. local site remediation fund)	\$ 596,036						
Local Site Remediation Fund @ 5% of Total Capture	\$ 59,604		\$ 59,604				
Grand Total	\$ 655,640	\$ 225,724	\$ 429,916				
							Year 5 - Last Year, TIF Capture
Calculation of Incremental Value		Year 1	Year 2	Year 3	Year 4		
Existing 2008 Taxable Value :	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	
New Taxable Value:		\$1,100,000	\$1,133,000	\$1,166,990	\$1,202,000	\$15,202,000	
							\$28,000,000 project completed and placed on tax rolls
Rationale for Change in Taxable Value		Assumes 50% of purchase price	Assumes 3% increase in taxable value	Assumes 3% increase in taxable value	Assumes 3% increase in taxable value		
Incremental Taxable Value (New Taxable Value - Existing):		\$843,303	\$876,303	\$910,293	\$945,303	\$14,946,303	
<b>Millage Category</b>							
<b>STATE CAPTURE</b>	Millage Rates	Year 1	Year 2	Year 3	Year 4	Year 5	Total
State Education Tax (SET)	6.00000	\$ 5,060	\$ 5,258	\$ 5,462	\$ 5,672	\$ 35,052	\$ 56,503
School Operating	17.96940	\$ 15,154	\$ 15,747	\$ 16,357	\$ 16,987	\$ 104,977	\$ 169,221
School Debt (not allowed to be captured)	N/A		\$ -		\$ -	\$ -	\$ -
STATE - ANNUAL CAPTURE	23.96940	\$ 20,213	\$ 21,004	\$ 21,819	\$ 22,656	\$ 140,029	\$ 225,724
<b>LOCAL CAPTURE</b>							
Intermediate School District (ISD)	3.97450	\$ 3,352	\$ 3,483	\$ 3,618	\$ 3,757	\$ 40,104	\$ 54,314
Community College	3.69560	\$ 3,117	\$ 3,238	\$ 3,364	\$ 3,493	\$ 37,290	\$ 50,503
County Operating	5.67680	\$ 4,787	\$ 4,975	\$ 5,168	\$ 5,366	\$ 57,281	\$ 77,577
School Voted	0.98610	\$ 832	\$ 864	\$ 898	\$ 932	\$ 9,950	\$ 13,476
Library	1.92140	\$ 1,620	\$ 1,684	\$ 1,749	\$ 1,816	\$ 19,388	\$ 26,257
City Operating	6.16820	\$ 1,620	\$ 1,684	\$ 1,749	\$ 1,816	\$ 62,239	\$ 69,109
City Local Enhancement	10.14820	\$ 8,558	\$ 8,893	\$ 9,238	\$ 9,593	\$ 102,399	\$ 138,681
LOCAL - ANNUAL CAPTURE	32.57080	\$ 23,886	\$ 24,820	\$ 25,783	\$ 26,775	\$ 328,652	\$ 429,916
<b>ALLOCATION OF LOCAL TAX CAPTURE</b>							
	Total						
Total WCBRA Admin. Fee	\$ 26,623	\$ 5,325	\$ 5,325	\$ 5,325	\$ 5,325	\$ 5,325	\$ 26,623
Capture for State Eligible Costs	\$ 306,726	\$ 18,561	\$ 19,496	\$ 20,459	\$ 21,450	\$ 226,760	\$ 306,726
Local Capture of Interest	\$ 36,964					\$ 36,964	\$ 36,964
Local Site Remediation Fund	\$ 59,604					\$ 59,604	\$ 59,604
Accumulated Local Capture For Costs		\$ 18,561	\$ 38,057	\$ 58,516	\$ 79,966	\$ 306,726	
	Millage Rates						
Accumulated State Capture	23.96940	\$ 20,213	\$ 41,218	\$ 63,037	\$ 85,695	\$ 225,724	
Accumulated Local Capture	32.57080	\$ 23,886	\$ 48,706	\$ 74,489	\$ 101,264	\$ 429,916	
TOTAL TAX ANNUAL CAPTURE	56.54020	\$ 44,099	\$ 89,924	\$ 137,526	\$ 186,959	\$ 655,640	\$ 655,640
(1) Administrative Fees:	Allowable through Public Act 381 -- Five percent (5%) of the yearly TIF for the length of the reimbursement period. Taken from Local Taxes Only.						
(2) Local Site Remediation Revolving Fund:	Allowable through Public Act 381 -- Ten percent (10%) of the total TIF for the cost of the Contamination Related Clean-up Activities or one additional year capture,						
(3) To reimburse for eligible activities only 60% of the taxes in the final year are captured							
(4) Debt cannot be captured to pay for eligible activities under Public Act 381							
(5) Interest costs are not recovered out of State's share of project costs ("State-Eligible Costs"). Interest costs are added to Local share in last year of Plan for computational purposes and to insure that interest costs are not charged to the State share. For the first three years of the plan, TIF revenues will be applied as received to the loan balance to reduce the accrual of interest. See Section VI of the Plan.							

**EXHIBIT 7**  
**PROJECTED TAX INCREMENT RECAPTURE**  
**LOCAL (ONLY) TIR**

Exhibit 7  
MichiGinns  
Local Tax Capture Only

Tax Capture by Jurisdiction							
MichiGinns Real Estate, LLC, 2800 Jackson Road, Ann Arbor, Washtenaw County							
Community:	City of Ann Arbor						
Eligible Expenses for Reimbursement under Public Act 381		State Share	Local Share				
Eligible Contamination Related Clean-up Activities (excl. interest)	\$ 532,450	\$ -	\$ 532,450				
Brownfield Program Administrative Fee	\$ 26,623		\$ 26,623				
Interest	\$ 36,964		\$ 36,964				
Total TIF Capture (excl. local site remediation fund)	\$ 598,036						
Capture	\$ 59,804		\$ 59,804				
Grand Total	\$ 655,640	\$ -	\$ 655,640				
Calculation of Incremental Value		Year 1	Year 2	Year 3	Year 4	Year 5 - Last Year, TIF Capture	
Existing 2008 Taxable Value :	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	\$ 256,697	
New Taxable Value:		\$1,100,000	\$1,133,000	\$1,166,990	\$1,202,000	\$15,202,000	
Rationale for Change in Taxable Value		Assumes 50% of purchase price	Assumes 3% increase in taxable value	Assumes 3% increase in taxable value	Assumes 3% increase in taxable value	\$28,000,000 project completed and placed on tax rolls	
Incremental Taxable Value (New Taxable Value - Existing):		\$843,303	\$876,303	\$910,293	\$945,303	\$14,945,303	
Millage Category	Millage Rates	Year 1	Year 2	Year 3	Year 4	Year 5	Total
STATE CAPTURE							
State Education Tax (SET)	6.00000						
School Operating	17.98940						
School Debt (not allowed to be captured)	N/A						
STATE - ANNUAL CAPTURE	23.98940						
LOCAL CAPTURE							
Intermediate School District (ISD)	3.97450	\$ 3,352	\$ 3,483	\$ 3,618	\$ 3,757	\$ 67,649	\$ 81,858
Community College	3.69560	\$ 3,117	\$ 3,238	\$ 3,364	\$ 3,493	\$ 62,902	\$ 76,114
County Operating	5.67680	\$ 4,787	\$ 4,975	\$ 5,168	\$ 5,366	\$ 96,623	\$ 116,919
School Voted	0.98610	\$ 832	\$ 864	\$ 898	\$ 932	\$ 16,784	\$ 20,310
Library	1.92140	\$ 1,620	\$ 1,684	\$ 1,749	\$ 1,816	\$ 32,703	\$ 39,573
City Operating	6.16820	\$ 1,620	\$ 1,684	\$ 1,749	\$ 1,816	\$ 104,987	\$ 111,856
City Local Enhancement	10.14820	\$ 8,558	\$ 8,893	\$ 9,236	\$ 9,593	\$ 172,729	\$ 209,011
LOCAL - ANNUAL CAPTURE	32.57080	\$ 23,696	\$ 24,820	\$ 25,783	\$ 26,775	\$ 554,376	\$ 655,640
ALLOCATION OF LOCAL TAX CAPTURE							
Total WCBRA Admin. Fee	\$ 26,623	\$ 5,325	\$ 5,325	\$ 5,325	\$ 5,325	\$ 5,325	\$ 26,623
Capture for State Eligible Costs	\$ 532,450	\$ 18,561	\$ 19,496	\$ 20,459	\$ 21,450	\$ 452,484	\$ 532,450
Local Capture of Interest	\$ 36,964					\$ 36,964	\$ 36,964
Local Site Remediation Fund	\$ 59,804					\$ 59,804	\$ 59,804
Accumulated Local Capture For Costs		\$ 18,561	\$ 38,057	\$ 58,516	\$ 79,966	\$ 532,450	
	Millage Rates						
Accumulated State Capture	23.98940	\$ -	\$ -	\$ -	\$ -	\$ -	
Accumulated Local Capture	32.57080	\$ 23,886	\$ 48,706	\$ 74,489	\$ 101,264	\$ 655,640	
TOTAL TAX ANNUAL CAPTURE	56.54020	\$ 23,886	\$ 48,706	\$ 74,489	\$ 101,264	\$ 655,640	
(1) Administrative Fees:	Allowable through Public Act 381 – Five percent (5%) of the yearly TIF for the length of the reimbursement period. Taken from Local Taxes Only.						
(2) Local Site Remediation Revolving Fund:	Allowable through Public Act 381 – Ten percent (10%) of the total TIF for the cost of the Contamination Related Clean-up Activities or one additional year capture, whichever is less.						
(3) To reimburse for eligible activities only 60% of the taxes in the final year are captured							
(4) Debt cannot be captured to pay for eligible activities under Public Act 381							
(5) Interest costs are added to Local share in last year of Plan to simplify computation. For the first three years of the plan, TIF revenues will be applied as received to the loan balance to reduce the accrual of interest. See Section VI of the Plan.							