

**ACT 381
WORK PLAN
TO CONDUCT
ELIGIBLE
MEGA NON-ENVIRONMENTAL
ACTIVITIES**

**701 FRONT, LLC
TRAVERSE CITY, MICHIGAN**

October 21, 2008

00042

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1.0 INTRODUCTION

1.1 Eligible Property Information

a. Location

The eligible property is located at 701 & 705 West Front Street and 114 South Division (the "Property") in Traverse City. The tax parcel ID numbers for the property are 28-51-650-001-00, 28-51-650-002-00 and 28-51-650-026-00. The brownfield plan also includes adjacent parcels including tax id numbers 28-51-654-074-00, 28-51-654-073-00 and 28-51-054-072-00.

b. Current Ownership

The Property is currently owned by TCHOB Enterprises, LLC. The contact person for the property is Ken Petterson, attorney, who can be contacted at 603 Bay Street, Traverse, City, Michigan or at 231-946-0700.

c. Proposed Future Ownership

The Property will be purchased by 701 Front, LLC. The contact person for the this entity is also Ken Petterson, attorney, who can be contacted at 603 Bay Street, Traverse, City, Michigan or at 231-946-0700

d. Delinquent Taxes, Interest, and Penalties

There are no known delinquent taxes, interest, or penalties.

e. Existing and Proposed Future Zoning

The Property is currently zoned Commercial (C)-2. The proposed zoning is expected to remain the same.

1.2 Historical Use of Each Eligible Property

Historical uses of the Property date back to 1913 and include dry goods stores, a shoe store, a drapery shop, various restaurants, grocery stores and a gas station. The buildings were demolished under the initial local brownfield plan approved in 2000 and the site has remained vacant since that time.

1.3 Current Use of Each Eligible Property

The Property is currently a vacant dirt lot with no current use.

1.4 Proposed Redevelopment and Future Use

The project is proposed as a new two-story 15,550 square foot commercial office building located at the corner of W. Front and S. Division with lower level parking. The building is expected to be used for medical offices and will revive this vacant

corner near downtown. The project is also expected to retain 20 jobs, including 3 physicians and may create one or two additional new jobs.

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

The overall benefit to the public:

As indicated above, the project consists of a two-story commercial office building located near the downtown. The public will benefit from the project through the revitalization of a vacant contaminated site. Additionally, the new building and related parking will provide a cap over the existing contaminated soils on the property thus preventing users and visitors from coming into contact with the contaminants. A multi-phase extraction system will also be installed to aid in the cleanup of the contaminated groundwater beneath the property. The project also will provide increased property tax revenue, construction phase jobs and may result in one or two new permanent jobs.

The extent of reuse of vacant buildings and redevelopment of blighted property:

As stated above, the project will reuse and revitalize vacant contaminated property near downtown.

Creation of new jobs:

The proposed project will retain 20 jobs and will likely create one or two new full time jobs and may create demand for additional job creation.

Whether the eligible property is in an area of high unemployment:

The unadjusted unemployment rate for Grand Traverse County for the period ended August 2008 was 6.8%. This compares to the adjusted unemployment rate of 8.9% for the State of Michigan for the same period. Although lower than the state average, the County maintains a significantly high unemployment rate of 6.8% as compared to the national average for the same period of 6.1%.

The level and extent of contamination alleviated by or in connection with the eligible activities:

Due care and additional response activities will be undertaken to assure the contamination levels are adequately addressed. Specifically, a cap in the form of asphalt cover and/or clean fill and vegetation will protect users of the property and visitors from coming into contact with the contaminated soil. Additionally, a multi-phase extraction system will be installed and operated to address the groundwater contamination.

The level of private sector contribution:

Total capital expenditures are expected to reach \$4.9 million. Brownfield TIF is being requested to alleviate at least a portion of the environmental and non-environmental costs to be incurred at this site. Additionally, a Michigan Business Tax credit based on an eligible investment in the amount of \$3.9 million will be requested.

2.0 CURRENT PROPERTY CONDITIONS

2.1 Property Eligibility

The Property is considered a "facility" due to contamination of the soils and groundwater with petroleum that exceeds the generic residential cleanup criteria of Part 201 of the Natural Resources and Environmental Protection Act (NREPA). Therefore, the Property is "eligible property" as defined by Act 381 of 1996, as amended, because it has been determined to be a "facility" as defined in Part 201 of the NREPA as a result of the described contamination.

2.2 Summary of Environmental Conditions

The soil and groundwater contain petroleum, exceeding the generic residential cleanup criteria of Part 201 of NREPA.

2.3 Summary of Functionally Obsolete and/or Blighted Conditions

Not applicable.

3.0 SCOPE OF WORK

3.1 MEGA Eligible Activities

a. Public Infrastructure Improvements

Various public infrastructure improvements will be required, including installation of curb cuts and aprons, design and installation of storm sewers, installation of sidewalks and utility work in the public right-of-way.

b. Site Preparation

Site preparation activities are required to prepare the site for construction of the new building, including site borings, grading and land balancing, sheet pilings, etc., as well as related engineering, design, professional fees and costs.

c. Reasonable Costs of Developing/Preparing MEGA Work Plan and MEGA Review of the Work Plan

Costs associated with this activity will be incurred for the preparation and review of this work plan to request school TIF for reimbursement of some of the eligible activity costs.

d. Contingency

A 15% contingency factor is included to accommodate unexpected conditions during the course of the project.

4.0 SCHEDULE AND COSTS

4.1 Schedule of Activities

Eligible activities are expected to commence in December, 2008 and are expected to be completed by 2010.

4.2 Estimated Costs

a. Description of MEGA Eligible Activities Costs

The MEGA eligible activities for which tax increment financing is being sought include public infrastructure improvements, site preparation, Act 381 work plan preparation and review, and a 15% contingency on the eligible activities. The total estimate of these MEGA activities is approximately \$215,645. Interest is also requested at the rate of 2.5% per annum.

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Figure 1 – Property Location Map

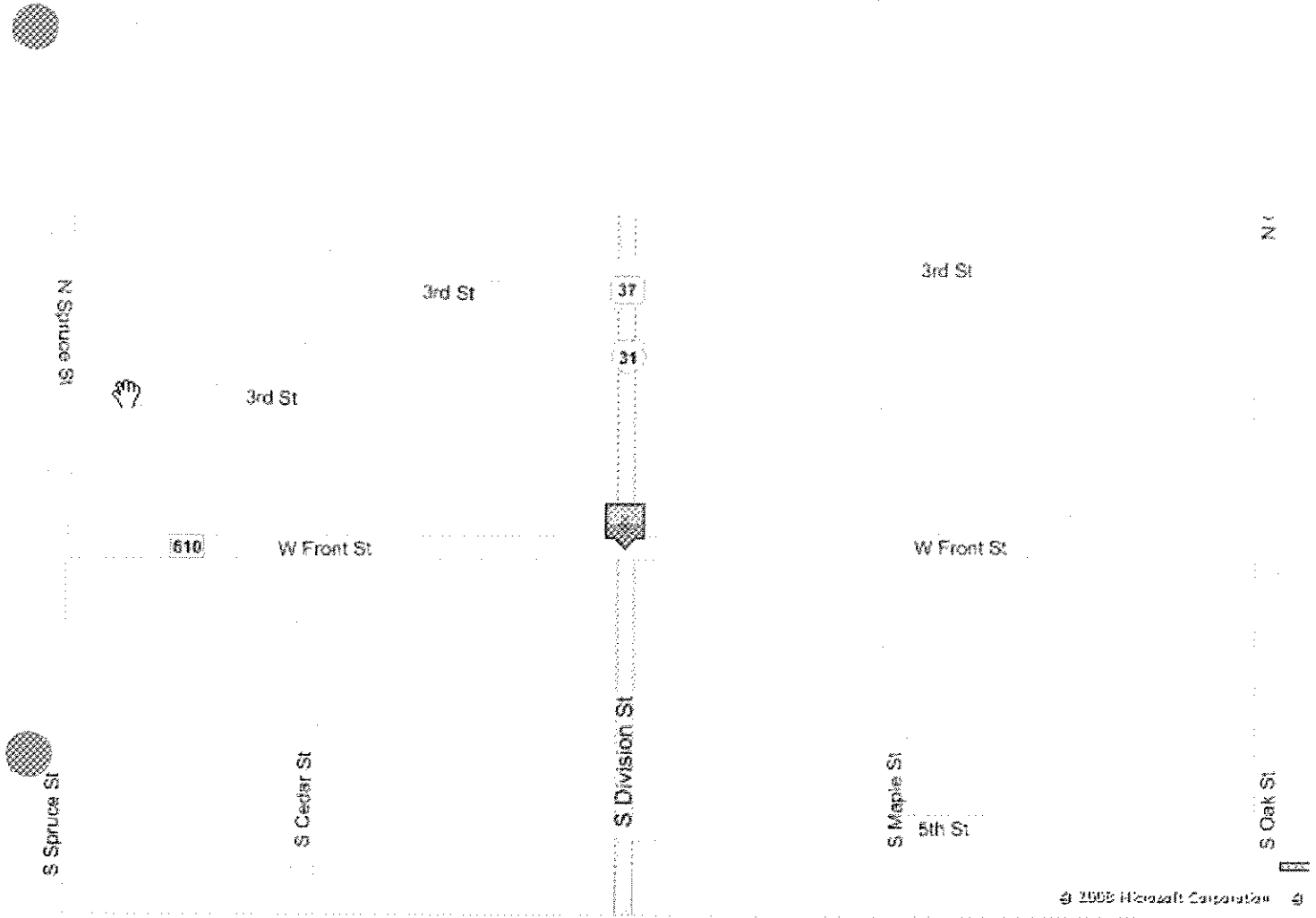


Figure 2 – Surrounding Area Property Map

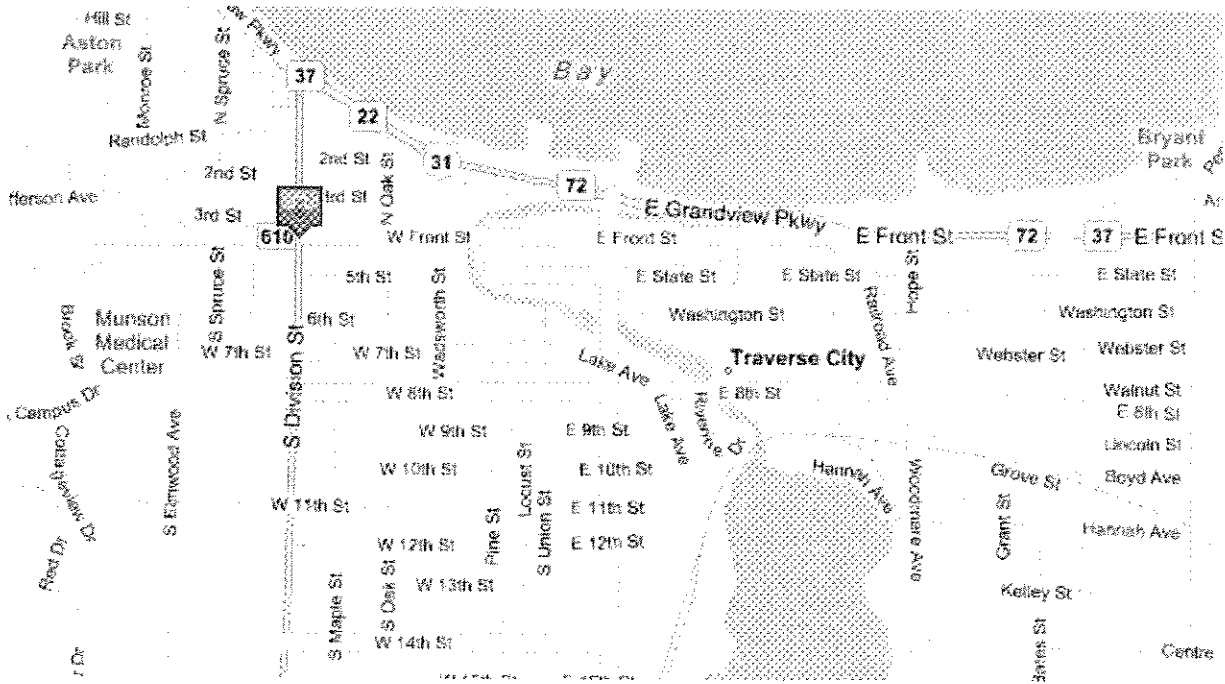
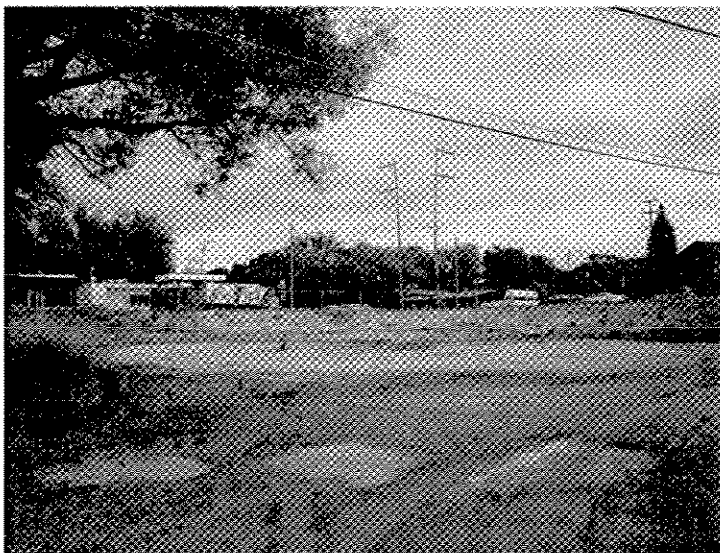
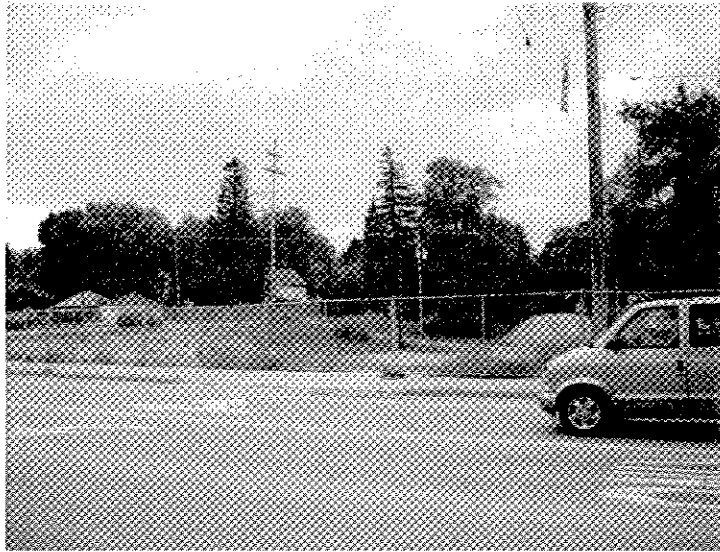
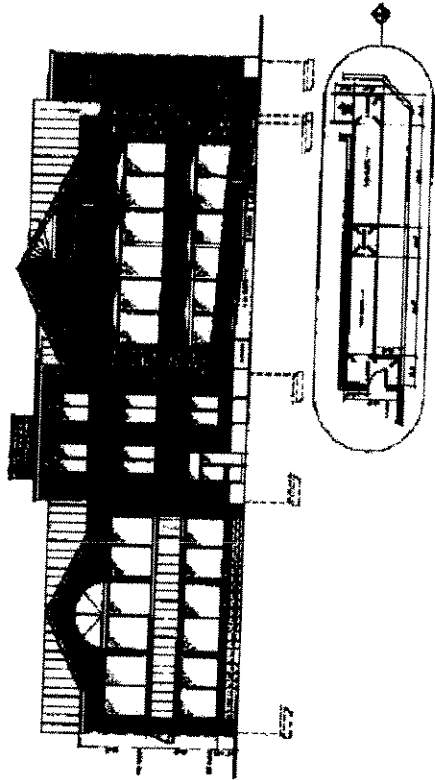
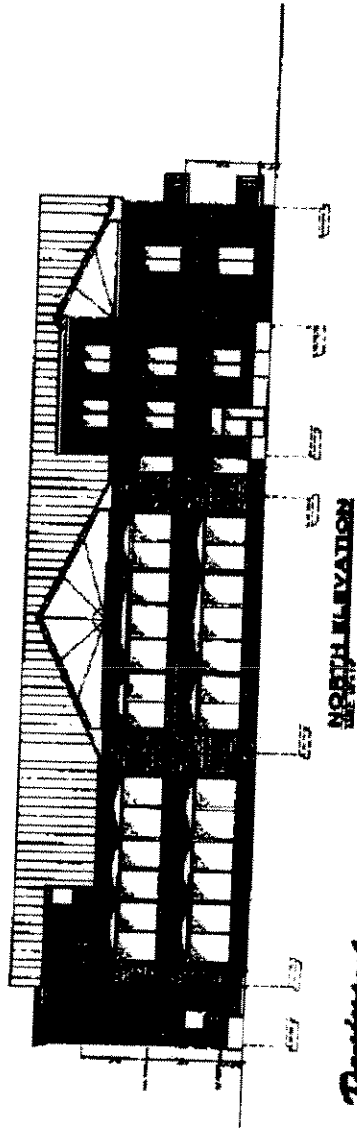


Figure 3 – Site Photographs

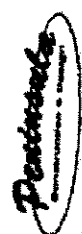




EAST ELEVATION
2017.07



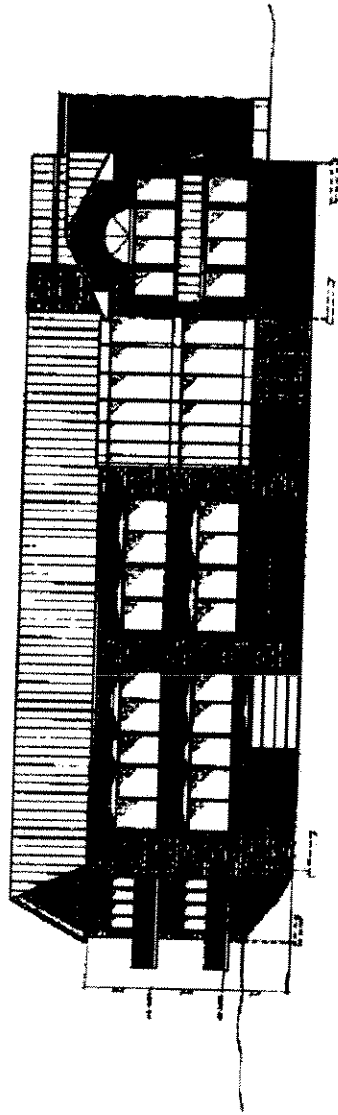
NORTH ELEVATION



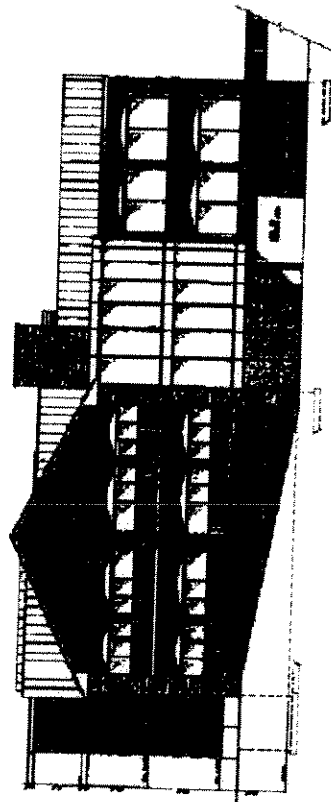
Pennington Architects & Engineers
 11111 North Central Expressway, Suite 1000
 Dallas, Texas 75243
 Phone (972) 850-7001 • Fax (972) 850-7002

Project Name	11111 North Central Expressway, Suite 1000, Dallas, Texas
Client	
Architect	Pennington Architects & Engineers
Scale	
Date	2017.07
Sheet No.	1
Total Sheets	4

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SOUTH ELEVATION
Sheet W-17



WEST ELEVATION
Sheet W-18

Perkins
Architects & Planners

Perkins Architects & Planners, Inc.
 1100 Massachusetts Avenue, Cambridge, MA 02139
 Telephone (617) 452-2200 • Telex 98-1000 • Fax (617) 452-2201

Project No.	100-1000	Sheet No.	W-17
Client	City of Cambridge	Date	10/1/88
Architect	Perkins Architects & Planners, Inc.	Scale	1/4" = 1'-0"
Engineer		Notes	See Notes on Sheet W-16

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SPEEDWAY

C-2

C-2

FRONT STREET (66')

NOTE: PROVIDE COVERS WALKWAYS AT START/STOP LOCATIONS DURING CONST. PER M.B.C. SECTION 3306.7

3" GAS (READ)

4

C-2

E

EXISTING BUILDING

IRRIGATION

C-2

DIVISION STREET (66') / U.S. 31

KIDS CREEK

3

C-2

LOT 2

LOT 1

EXISTING ALLEY (33')

7

C-2

ALLEY (33')

22

R-2

R-2

LOTS 2, 3, A HANNAH LAY

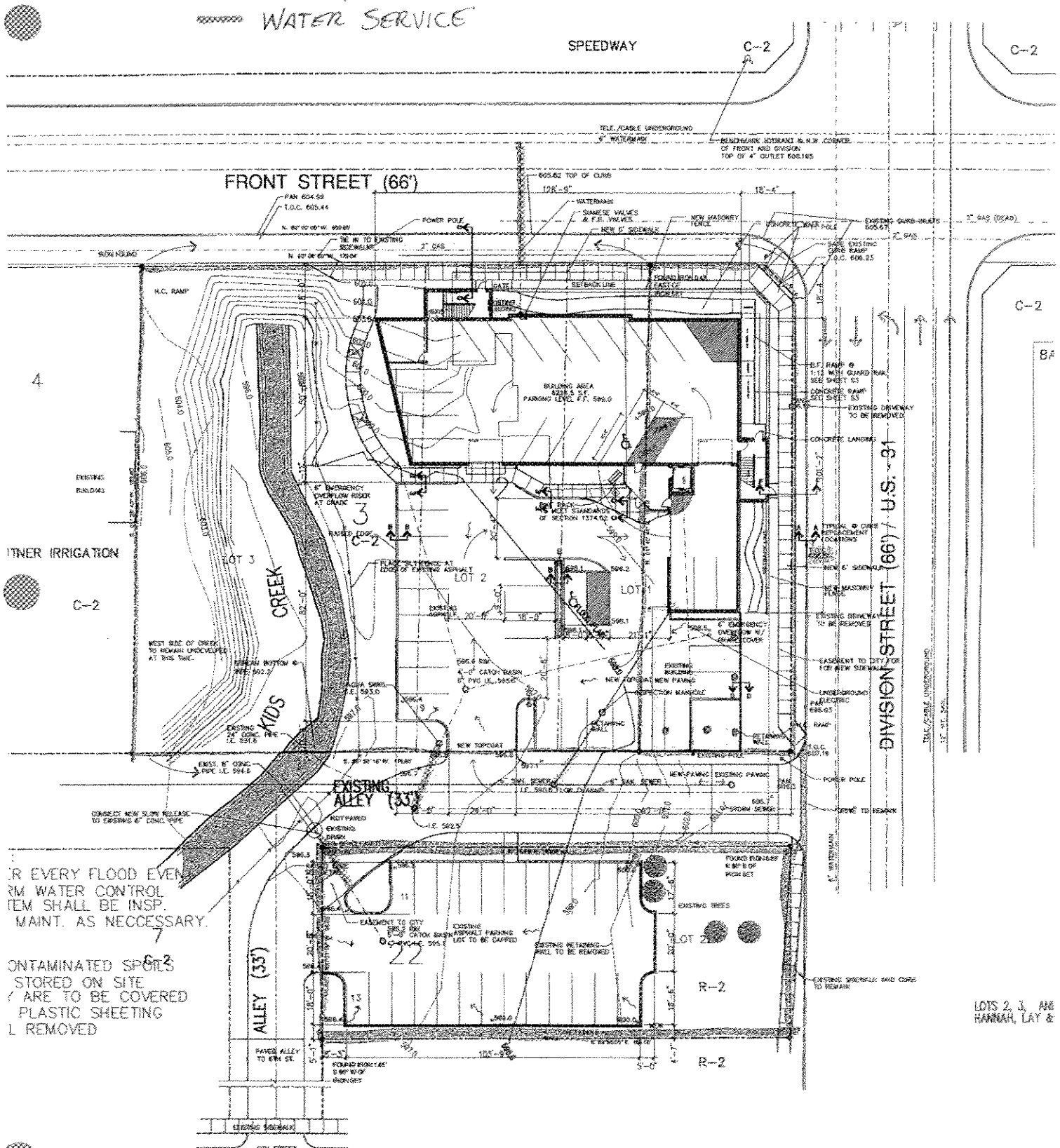
SITE PLAN
SCALE: 1" = 20'-0"

SITE PAVING

SITE CONCRETE

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===== STORM SEWER
 SANITARY SEWER
 ===== WATER SERVICE



OTHER IRRIGATION
 C-2
 WEST SIDE OF CREEK TO BE MAINTAINED UNDEVELOPED AT THIS TIME.
 CORRECT NEW SLOPE RELEASE TO EXISTING 6" CONC. PIPE
 FOR EVERY FLOOD EVENT RM WATER CONTROL ITEM SHALL BE INSP. MAINT. AS NECESSARY.
 CONTAMINATED SPOTS STORED ON SITE ARE TO BE COVERED PLASTIC SHEETING L REMOVED

LOTS 2, 3, ARE HARBOR, LAY &

SOIL EROSION & STORM WATER CONTROL PLAN

SCALE: 1" = 20'-0"

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Table 1 – MEGA Eligible Activities Costs

Table 1 – MEGA Eligible Activities	
Task	Cost Estimate
1. Public infrastructure improvements	\$23,000
2. Site preparation	159,300
3. MEGA work plan preparation	5,000
4. MEGA work plan review	1,000
5. Contingencies (15%)	27,345
6. Interest (2.5% per annum)	Amount unknown
TOTAL	\$215,645 plus interest

Public Infrastructure Improvements \$23,000

Public infrastructure improvements include installation of curb cuts and aprons, design and installation of storm sewers, installation of sidewalks and utility work in the public right of way.

Site Preparation Activities \$159,300

Site preparation activities can be broken down as follows:

Task	Amount
Auger cast pilings as a result of poor soil conditions	\$70,000
Sheet pilings	16,800
Grading, filling, compaction, pit liners, etc.	45,500
Erosion control, foundation/storm drainage	27,000
Total	159,300

*381 MEGA
Workplan*

Table 2 – MEGA Tax Capture Table

Year	Local Increment	Cumulative Local Increment	School Increment	State %	Cumulative School Increment	Total Annual Tax Increment	Cumulative Total Tax Increment	Amount Due Developer	Interest on Balance Due (2.5%) ⁽¹⁾	Local Tax Capture Payments	State Tax Capture Payments	Balance Due Developer (Principal)
2008	\$7,032	\$7,032	\$6,544		\$6,544	\$13,576	\$13,576	\$215,645	\$5,391	\$0	\$0	\$221,036
2009	\$7,308	\$14,340	\$6,800		\$13,344	\$14,108	\$27,684	\$221,036	\$5,526	\$7,032	\$6,544	\$212,986
2010	\$54,015	\$68,355	\$50,263	48.20%	\$63,607	\$104,277	\$131,961	\$212,986	\$5,325	\$7,308	\$6,800	\$204,203
2011	\$55,348	\$123,702	\$51,503	48.20%	\$115,110	\$106,851	\$238,812	\$204,203	\$5,105	\$54,015	\$50,263	\$105,030
2012	\$56,710	\$180,413	\$52,771	48.20%	\$167,881	\$109,482	\$348,294	\$105,030	\$2,626	\$55,348	\$51,503	\$806
2013	\$58,104	\$238,517	\$54,068	48.20%	\$221,949	\$112,172	\$460,466	\$806	\$20	\$428	\$398	\$0
2014	\$59,529	\$298,046	\$55,394	48.20%	\$277,343	\$114,923	\$575,389					
2015	\$60,986	\$359,031	\$56,750	48.20%	\$334,093	\$117,736	\$693,124					
2016	\$62,476	\$421,507	\$58,136	48.20%	\$392,229	\$120,612	\$813,736					

⁽¹⁾ Interest on balance due is calculated on an annual basis.

\$23,993 \$124,131 \$115,508

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Exhibit B
TIF Schedule (Real Property)

Year	AD VALOREM TAX - Real Property		Local Increment					State/School Increment				Total Tax Capture
	Grand Traverse County	City	Intermediate School	NMC Operating	Library, medical, BATA, etc.	Total Local Capture	Cumulative Local Capture	School Operating	State Education	Total School Capture	Cumulative School Capture	
2003	4,9838	13,1765	2,9334	2,1700	2,5278	25,7915		18,0000	6,0000	24,0000		49,7915
Base TV:	\$202,607											
		Increase in TV										
2008	\$475,260	\$272,653	\$800	\$592	\$689	\$7,032	\$7,032	\$4,908	\$1,636	\$6,544	\$6,544	\$13,576
2009	\$485,953	\$283,346	\$831	\$615	\$716	\$7,308	\$14,340	\$5,100	\$1,700	\$6,800	\$13,344	\$14,108
2010	\$2,396,887	\$2,094,280	\$6,143	\$4,545	\$5,294	\$54,015	\$68,355	\$37,697	\$12,566	\$50,263	\$63,607	\$104,277
2011	\$2,348,567	\$2,145,960	\$6,295	\$4,657	\$5,425	\$55,348	\$123,702	\$38,627	\$12,876	\$51,503	\$115,110	\$106,851
2012	\$2,401,410	\$2,198,803	\$6,450	\$4,771	\$5,558	\$56,710	\$180,413	\$39,578	\$13,193	\$52,771	\$167,881	\$109,482
2013	\$2,455,442	\$2,252,835	\$6,608	\$4,889	\$5,695	\$58,104	\$238,517	\$40,551	\$13,517	\$54,068	\$221,949	\$112,172
2014	\$2,510,689	\$2,308,082	\$6,771	\$5,009	\$5,834	\$59,529	\$298,046	\$41,545	\$13,848	\$55,394	\$277,343	\$114,923
2015	\$2,567,180	\$2,364,573	\$6,936	\$5,131	\$5,977	\$60,986	\$359,031	\$42,562	\$14,187	\$56,750	\$334,093	\$117,736
2016	\$2,624,941	\$2,422,334	\$7,106	\$5,256	\$6,123	\$62,476	\$421,507	\$43,602	\$14,534	\$58,136	\$392,229	\$120,612
2017	\$2,684,002	\$2,481,395	\$7,279	\$5,385	\$6,272	\$63,999	\$485,506	\$44,665	\$14,888	\$59,553	\$451,782	\$123,552
2018	\$2,744,392	\$2,541,785	\$7,456	\$5,516	\$6,425	\$65,556	\$551,062	\$45,732	\$15,251	\$61,003	\$512,785	\$126,559
2019	\$2,806,141	\$2,603,534	\$7,637	\$5,650	\$6,581	\$67,149	\$618,211	\$46,864	\$15,621	\$62,485	\$575,270	\$129,634
2020	\$2,869,279	\$2,666,672	\$7,822	\$5,787	\$6,741	\$68,777	\$686,989	\$48,000	\$16,000	\$64,000	\$639,270	\$132,778
2021	\$2,933,838	\$2,731,231	\$8,012	\$5,927	\$6,904	\$70,443	\$757,432	\$49,162	\$16,387	\$65,550	\$704,820	\$135,992
2022	\$2,999,850	\$2,797,243	\$8,205	\$6,070	\$7,071	\$72,145	\$829,577	\$50,350	\$16,783	\$67,134	\$771,953	\$139,279
2023	\$3,067,346	\$2,864,739	\$8,403	\$6,216	\$7,241	\$73,886	\$903,463	\$51,565	\$17,188	\$68,754	\$840,707	\$142,640
2024	\$3,136,362	\$2,933,755	\$8,606	\$6,366	\$7,416	\$75,666	\$979,128	\$52,808	\$17,603	\$70,410	\$911,117	\$146,076

(1) The tax levies are assumed to stay the same.

(2) Taxable value is estimated based on planned improvements in 2009 and is increased 2.25% per year for inflation.

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