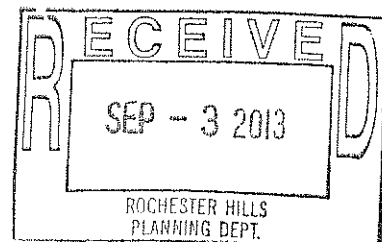


BROWNFIELD REDEVELOPMENT PLAN  
NORTHEAST CORNER OF HAMLIN RD & ADAMS RD  
ROCHESTER HILLS, MICHIGAN

AKT PEERLESS PROJECT NO. 3679F2  
SEPTEMBER 2, 2003



FILE # 03 - 013

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# BROWNFIELD PLAN

## NE CORNER OF HAMLIN AND ADAMS

### CITY OF ROCHESTER HILLS BROWNFIELD REDEVELOPMENT AUTHORITY

#### 1.0 INTRODUCTION

The City of Rochester Hills established the Rochester Hills Brownfield Redevelopment Authority (the Authority) by adoption of a resolution pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, as amended (Act 381). The Michigan Department of State, Office of the Great Seal, acknowledged receipt and filing of the resolution. The County Commission established the Authority Board and appointed its members. Act 381 authorizes the Authority to undertake all activities allowed by law. The primary purpose of Act 381 is to encourage the redevelopment of contaminated, functionally obsolete, or blighted property by providing economic incentives through tax increment financing for certain eligible activities and Brownfield Redevelopment Single Business Tax Credits.

The Brownfield Plan (Plan) describes qualifying factors that determine "eligible property" status, such as the conditions that qualify a property as a "facility," "functionally obsolete," and/or "blighted" that make it a brownfield site. The Plan also describes the new project or development that will occur. Finally, the Plan describes the method or methods used to revitalize the site, including the cost of demolition and installing the infrastructure, and the amount of tax dollars generated by the new development, if any, that will be used to pay for the revitalization. The Plan, once approved by the local unit of government and the Authority, acts as a guide for implementation of the project.

### 3.0 BROWNFIELD PROJECT –NE CORNER OF HAMLIN AND ADAMS

#### 3.1 DESCRIPTION OF THE PROJECT AND COSTS TO BE PAID THROUGH THE BROWNFIELD PLAN (MCL 125.2663(1)(A))

##### A. *NE Corner of Hamlin and Adams Project Description*

Public Act 381 of 1996, as amended, defines “Eligible Property” as “property for which eligible activities are defined under a brownfield plan that was used or is currently used for commercial, industrial or residential purposes that is either in a qualified local unit of government and is a facility, functionally obsolete, or blighted, or is not in a qualified local unit of government and is a facility, and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property. Eligible property includes, to the extent included in the brownfield plan, personal property located on the property. Eligible property does not include qualified agricultural property exempt under Section 7ee of the general property tax act, 1983 PA 206, MCL 211.7ee, from the tax levied by a local school district for school operating purposes to the extent provided under Section 1211 of the revised school code, 1976 PA 451, MCL 324.20101.”

The eligible property consists of approximately 28 acres located on the NE corner of Hamlin and Adams, City of Rochester Hills, that was previously used as a dump. A legal description of the Property is included in Appendix A. A Topographic Location Map, and a map illustrating the designated eligible property boundary, are provided as Figures 1 and 2, respectively.

Tienken Properties, LLC, and the Frank Aragona Trust on behalf of an LLC to be formed later (hereinafter referred to as the Developer) intends to build a retail and office center of two office/retail buildings with 69,276 square feet of retail on the first floors and 50,000 square feet of office space on the second floors. In addition, four outlots will be developed with an additional 28,262 square feet for two restaurants, a bank, and a retail store.

The overall estimated investment for the development is approximately \$19.3 million. Construction is anticipated to begin in the summer of 2004 and will continue until estimated completion in the fall of 2005. This Plan has been created for the purpose of facilitating the redevelopment of the Property, to allow the Authority to utilize Tax Increment Financing (TIF)

defined for commercial or residential development. Based on these results, extensive soil contamination exists near and within the fenced-in area.

- During previous investigations at the subject property, concentrations of PCBs were detected in soil samples exceeding MDEQ Generic Residential Cleanup Criteria in the northwest part of the eastern portion. During AKT Peerless' limited subsurface investigation and test pit activities in October 2002, concentrations of PCBs were confirmed to exist in the northwestern part of the eastern portion.
- During AKT Peerless' limited subsurface investigation and test pit activities in October 2002, buried 55-gallon drums, free phase liquids, and other debris were discovered in the southern part of the middle portion of the property. The discovery of these materials was made in an area that had previously received closure for residential use and was described as "clean". The extent of the buried material has not been defined for commercial or residential development. Further, it is AKT Peerless opinion that other buried drums and debris exist on the middle portion of the property.
- Groundwater has been encountered in monitoring wells during previous subsurface investigations. Groundwater flow is to the northeast toward the Clinton River. Concentrations of metals, VOCs, and pesticides have been detected in groundwater samples above MDEQ Generic Residential Cleanup Criteria.

*C. Description of Costs to be Paid for With Tax Increment Revenues and Summary of Eligible Activities*

Eligible activities that will likely take place as part of this project include environmental investigations necessary for a baseline environmental assessment and to conduct due care. Also due care activities including environmental cleanup to a standard appropriate for this development will be conducted. The presence of unstable fill will cause additional construction costs related to foundations. Extensive removal of existing fill material and replacement with engineered fill is likely to be needed. Tax increment revenue generated by the retail/office development will be captured by the Authority and used to reimburse the Authority, the city, and the Developer for the cost of their respective eligible activities completed on the Property. The Plan constitutes a public purpose by providing new tax revenues, retail/office space, as well as environmental cleanup and public health protection for the community. The cost of the Eligible Activities is reasonable in light of the resulting benefit and necessity to facilitate redevelopment. The estimated cost of the eligible activities are shown in the table below.

**ESTIMATED TAX INCREMENT REVENUE CAPTURED BY THE AUTHORITY**

<b>Year</b>	<b>Incremental Taxable Value</b>	<b>Tax Increment Revenue</b>
2004	1,058	74
2005	9,553,062	464,079
2006	9,789,662	478,075
2007	10,084,860	492,491
2008	10,388,914	507,339
2009	10,702,090	522,633
2010	11,024,661	538,386
2011	11,356,909	554,611
<b>TOTAL</b>		<b>3,557,688</b>

The captured incremental taxable value and associated tax increment revenue will be based on the actual increased taxable value from all taxable improvements on the Property and the actual millage rates levied by the various taxing jurisdictions during each year of the plan.

**3.3 METHOD OF FINANCING AND DESCRIPTION OF ADVANCES BY THE MUNICIPALITY MCL 125.2663(1)(C)**

The Developer will finance all costs of eligible activities under this Plan.

**3.4 MAXIMUM AMOUNT OF NOTE OR BONDED INDEBTEDNESS (MCL 125.2663(1)(D))**

The maximum amount of note or bonded indebtedness related to this Plan is \$19.3 million consisting solely of private financing arranged by the Developer.

**3.5 DURATION OF BROWNFIELD PLAN (MCL 125.2663(1)(E))**

**3.9 PLAN FOR RELOCATION OF DISPLACED PERSONS (MCL 125.2663(I)(I))**

No persons reside on the Property to which this Plan applies, and no families will be displaced.

**3.10 PROVISIONS FOR RELOCATION COSTS (MCL 125.2663(I)(J))**

No persons reside on the Property to which this Plan applies, and no families will be displaced.

**3.11 STRATEGY FOR COMPLIANCE WITH MICHIGANS RELOCATION ASSISTANCE LAW MCL 125.2663(I) (K)**

No persons reside on the Property to which this Plan applies, and, therefore, compliance with Act No. 227 of the Public Acts of 1972, being Sections 213.321 to 213.332 of the Michigan Compiled Laws is not necessary.

**3.12 DESCRIPTION OF PROPOSED USE OF LOCAL SITE REMEDIATION REVOLVING FUND MCL 125.2663(I)(L)**

Tax increment revenue will be deposited in the Authority's Local Site Remediation Revolving Fund as part of this Plan during the last year when costs incurred for eligible activities are reimbursed, if the full amount of tax increment revenue is not utilized during said year for reimbursement. All proceeds deposited in the Authority's Local Site Remediation Revolving Fund as part of this or other brownfield plans will be used in accordance with the Act.

**3.13 OTHER MATERIAL THAT THE AUTHORITY OR GOVERNING BODY CONSIDERS PERTINENT**

None

Property ID: 70-15-29-101-022

Legal Description:

T3N, R11E, PART OF THE W ½ OF NW ¼ BEG AT PT DIST S 00-33-37 E 120.85 FT FROM THE NW SEC COR, THENCE N 88-30-46 E 863.53 FT, THENCE S 38-06-17 E 750.59 FT, THENCE S 76-06-07 W 1327.14 FT, THENCE N 00-33-37 W 878.45 FT TO BEG 18.80 A 1-24-00 FR 002

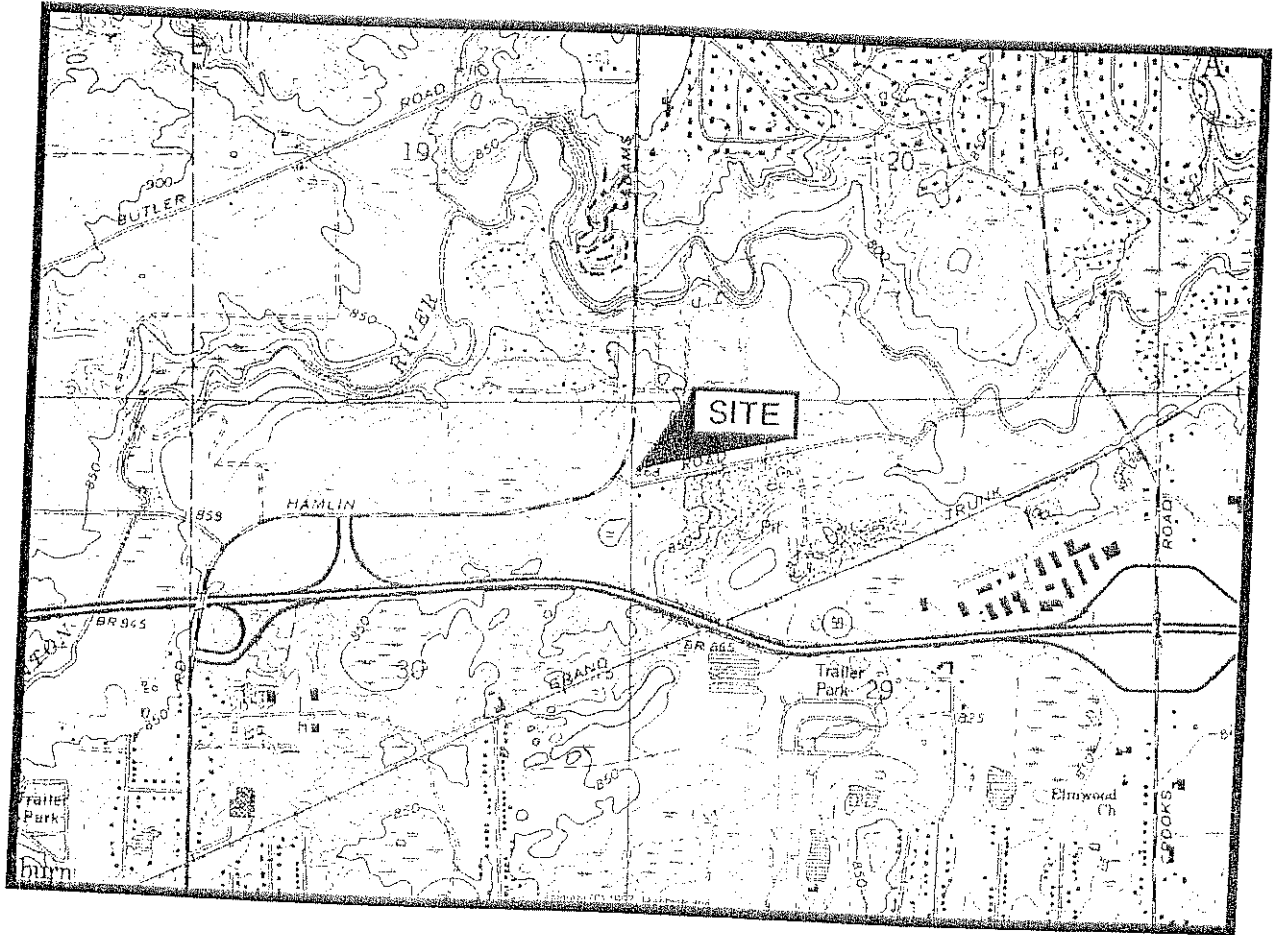
Property ID: 70-15-29-101-023

Legal Description:

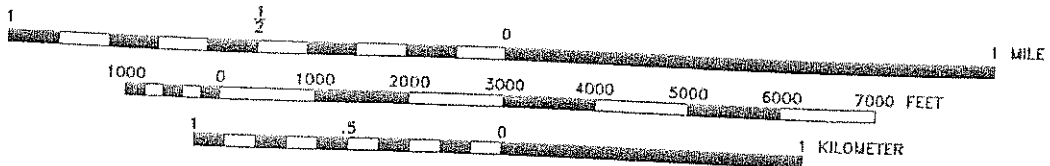
T3N, R11E, SEC 29 PART OF W ½ OF NW ¼ BEG AT PT DIST N 88-07-26 E 841.94 FT FROM NW COR, THENCE N 88-07-26 E 759 FT, THENCE S 01-26-07 W 674.52 FT, THENCE S 76-30-50 W 291 FEET, THENCE N 38-06-17 W 750.59 FT, THENCE N 01-50-10 E 126.65 FT TO BEG 9.20A 01-24-00 FR 002



ROCHESTER QUADRANGLE  
 MICHIGAN - OAKLAND COUNTY  
 7.5 MINUTE SERIES (TOPOGRAPHIC)



T.3 N. - R.11 E.



CONTOUR INTERVAL 10 FEET  
 DATUM IS MEAN SEA LEVEL

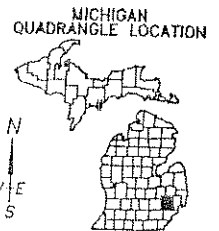


IMAGE TAKEN FROM 1975 U.S.G.S. TOPOGRAPHIC MAP  
 PHOTOREVISED 1976

**AKT** PEERLESS  
 environmental services

105 E. Michigan Ave., P.O. Box 655, Jackson, MI 49204  
 Phone: (517)787-3393 Fax: (517)787-4505

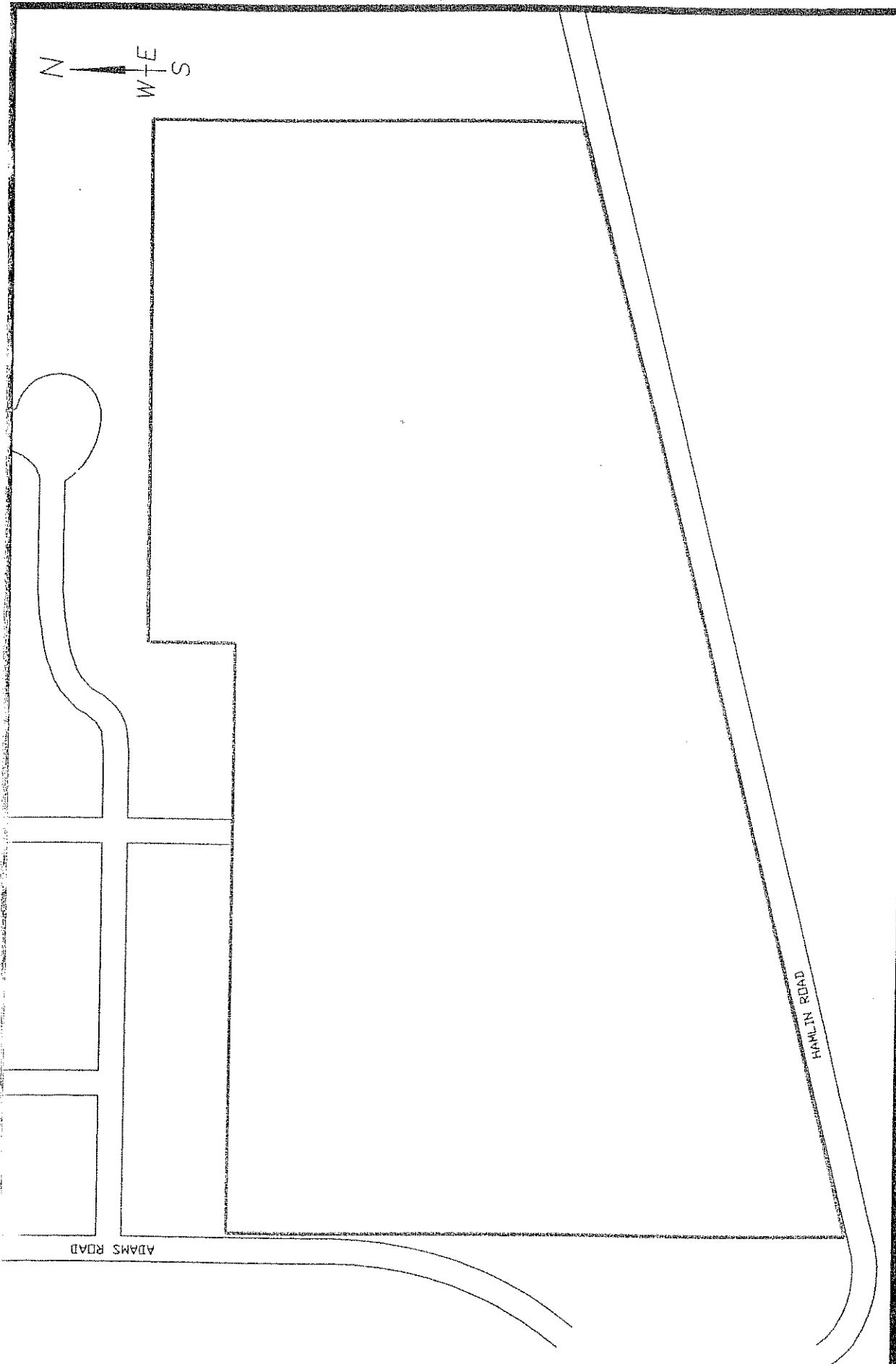
TOPOGRAPHIC LOCATION MAP

NORTHEAST CORNER OF HAMLIN & ADAMS ROAD

ROCHESTER HILLS, MICHIGAN  
 PROJECT NUMBER : 3679F2

DRAWN BY: JJB  
 DATE: 9-2-03

FIGURE 1



DRAWN BY: JUB  
DATE: 9-2-03

0 100 200  
SCALE: 1" = 200'

FIGURE 2

LEGEND  
= PROPERTY LINE

PROPERTY BOUNDARY MAP  
NORTHEAST CORNER OF HAMLIN & ADAMS ROAD  
ROCHESTER HILLS, MICHIGAN  
PROJECT NUMBER : 3679F2

**AKTPEERLESS**  
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Table 1-Annual Tax Incremental Revenue, NE Corner Hamlin & Adams, City of Rochester Hills, Oakland County, Michigan

Local Tax Capture

Year	2003 tax	2004 tax	2005 tax	2006 tax	2007 tax	2008 tax	2009 tax	2010 tax	2011 tax
Land, Real & Personal Property Taxable Value	\$50,280	\$51,788	\$9,553,342	\$9,639,942	\$10,125,140	\$10,439,194	\$10,752,370	\$11,074,941	\$11,407,189
Incremental Taxable Value	\$0	\$1,508	\$9,503,062	\$9,789,682	\$10,084,860	\$10,388,914	\$10,702,090	\$11,024,661	\$11,356,909
Tax rate (2003 rates)	0.0488347	0.0488347	0.0488347	0.0488347	0.0488347	0.0488347	0.0488347	0.0488347	0.0488347
Tax on Land, Real & Personal Property	\$2,455	\$5,058	\$939,070	\$951,062	\$939,894	\$1,019,590	\$1,050,178	\$1,081,682	\$1,114,134
Incr. Tax on Captured Taxable Value	\$0	\$74	\$464,079	\$478,075	\$492,491	\$507,339	\$522,633	\$538,366	\$554,611
Cumulative Incr. Taxes	\$0	\$74	\$464,153	\$942,228	\$1,434,719	\$1,942,058	\$2,464,691	\$3,003,077	\$3,557,688
Authority Admin. Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amount left to reimburse	\$3,500,000	\$3,499,926	\$3,035,847	\$2,557,772	\$2,065,281	\$1,557,942	\$1,035,309	\$495,923	(\$57,688)

Table 2-Annual Tax Increment Revenue By Taxing Jurisdiction, NE Corner Hamlin & Adams, City of Rochester Hills, Oakland County, Michigan

Year	2003 tax	2004 tax	2005 tax	2006 tax	2007 tax	2008 tax	2009 tax	2010 tax	2011 tax	Total for Taxing Jurisdiction
ALLOCATED INCR. TAXES:										
School Operating (23.225 mills)	\$0	\$0	\$229,709	\$227,365	\$234,221	\$241,263	\$248,556	\$256,048	\$263,764	\$1,691,946
State Ed. Tax (6 mills)	\$0	\$0	\$57,018	\$58,739	\$60,509	\$62,333	\$64,213	\$66,148	\$68,141	\$437,100
School Operating Subtotal	\$0	\$0	\$277,727	\$286,103	\$294,730	\$303,616	\$312,769	\$322,196	\$331,905	\$2,129,046
Combined County (4.6523 mills)	\$0	\$7	\$44,211	\$45,544	\$46,918	\$48,332	\$49,789	\$51,290	\$52,836	\$338,927
Community College (1.5963 mills)	\$0	\$2	\$15,189	\$15,647	\$16,119	\$16,605	\$17,105	\$17,621	\$18,152	\$116,440
ISD (3.3991 mills)	\$0	\$6	\$37,927	\$39,071	\$40,249	\$41,462	\$42,712	\$43,999	\$45,325	\$290,751
Combined Local (9.3681 mills)	\$0	\$59	\$89,025	\$91,710	\$94,475	\$97,324	\$100,258	\$103,280	\$106,393	\$682,524
Debt Millages (not captured)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Captured School Taxes	\$0	\$0	\$277,727	\$286,103	\$294,730	\$303,616	\$312,769	\$322,196	\$331,905	\$2,129,046
Total Captured Non-School Taxes	\$0	\$74	\$186,352	\$191,972	\$197,761	\$203,723	\$209,864	\$216,190	\$222,706	\$1,429,642
Total Incr. Taxes	\$0	\$74	\$464,079	\$478,075	\$492,491	\$507,339	\$522,633	\$538,386	\$554,611	\$3,618,588
Cumulative Incr. School Taxes	\$0	\$0	\$277,727	\$553,830	\$858,560	\$1,162,176	\$1,474,945	\$1,797,141	\$2,129,046	\$2,129,046
Cumulative Incr. Non-School Taxes	\$0	\$74	\$186,426	\$378,398	\$576,159	\$779,882	\$989,746	\$1,205,936	\$1,429,642	\$1,429,642
Cum. TOTAL Incr. Taxes	\$0	\$74	\$464,153	\$942,228	\$1,434,719	\$1,942,058	\$2,464,691	\$3,003,077	\$3,557,688	\$3,557,688



