

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

AKT PEERLESS PROJECT NO. 3679F2

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City of Rochester Hills

Brownfield Redevelopment Plan

For

**Northeast Corner of Hamlin Rd. and Adams Rd.
Rochester Hills, Michigan**

Prepared With the Assistance of:

**The Rochester Hills Brownfield Redevelopment Authority
and**

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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 City Council 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.

2.0 DEFINITIONS AS USED IN THIS PLAN

All terms used in this Brownfield Plan are defined as provided in the following statutes, as appropriate:

The Brownfield Redevelopment Financing Act, 1996 Mich. Pub. Acts 381, M.C.L. § 125.2651 et seq., as amended.

Sections 38d and 38g of the Single Business Tax Act, 1975 Mich. Pub. Acts 228, M.C.L. §§ 208.1 – 208.145, as amended.

Part 201 of the Natural Resources and Environmental Protection Act, 1994 Mich. Pub. Acts 451, M.C.L. § 324.20101 et seq., as amended.

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&B))

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 Road and Adams Road, City of Rochester Hills that was previously used as a dump. All parcels of eligible property are hereinafter referred to collectively as “the Property.” A legal description of the Property is included in Appendix A. A Location Map, and a map illustrating the designated eligible property boundary are provided as Figures 1 and 2, respectively.

Hamlin/Adams Properties, LLC (hereinafter referred to as “the Developer”) intends to build a retail and office center which shall contain approximately 168,000 square feet (the “Development”).

The overall estimated investment for the Development is approximately \$19.3 million. 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) to reimburse itself, the city, and the Developer for the cost of certain eligible activities that each complete as part of the project, and

to allow an appropriate qualified taxpayer to apply for a State of Michigan Brownfield Redevelopment Single Business Tax Credit.

B. Basis of Eligibility (Sec. 13(1)(g) and Sec. 2(1))

The parcels of property that comprise the Property are "eligible property" as defined by Act 381 because they have been previously utilized for a commercial, industrial or residential purpose and meet the definition of a "facility" as defined by Act 381.

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

AKT Peerless' review is based on: (a) previous environmental reports provided by the property owners attorney, (b) reports available at Michigan Department of Environmental Quality (MDEQ), (c) MDEQ's recent subsurface investigation in the drum disposal and fill area (report dated November 7, 2002), and (d) AKT Peerless' and McDowell's excavation of test pits and sample collection/analysis.

Based on AKT Peerless' review of this information and limited subsurface investigation activities, significant environmental liabilities exist across the subject property, including the middle portion of the property identified as "clean". Presented below is a summary of AKT Peerless' findings and conclusions:

- Harding ESE conducted a subsurface investigation throughout the fenced area on the eastern part of the property in June 2002. The investigation was performed to further evaluate the drum burial area and groundwater conditions. Laboratory analytical results indicate that concentrations of volatile organic compounds (VOCs), semi-volatile organic compounds (SVOCs), arsenic, cadmium, chromium, lead, silver, zinc, and polychlorinated biphenyls (PCBs) exceed MDEQ Generic Residential and Commercial Cleanup Criteria. Further, the analytical results suggest that these soils may be hazardous waste. The extent of contamination within the buried drum area has not been adequately

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 and/or additional response activities. Due care and/or additional response activities including environmental cleanup to a standard appropriate for this development will be conducted. The presence of waste materials and contaminated fill and/or native soils will cause additional construction costs related to foundations. Extensive removal of existing waste and contaminated 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 is provided in Table 1 attached to this Plan.

The costs listed in Table 1 are based on complying with the Developer's Due Care Requirements to the commercial standards outlined in the Consent Agreement between Developer and the City case no. 04-060730-CZ for the Property and would include removal of direct contact hazards in the vicinity of the proposed Development, as well as engineering controls, such as capping, in other areas.

The costs listed in Table 1 are estimated costs and may increase or decrease depending on the nature and extent of unknown conditions encountered on the Property. If necessary the costs for completion of eligible activities allowed under Act 381 may increase above the cost estimates listed in Table 1 to the extent necessary to achieve those standards for the Property including removal of direct contact and methane hazards.

3.2 ESTIMATE OF CAPTURED TAXABLE VALUE AND TAX INCREMENT REVENUES (MCL 125.2663(1)(C))

The Authority will capture as allowed by Act 381 the amount of tax increment revenue needed to reimburse the cost of eligible activities including interest ("Eligible Costs"), said tax increment revenue to be generated by the increase in taxable value, resulting from Development on the Property.

The total estimated tax increment revenue that may be captured by Authority is provided in Tables 2 through 4 attached to this Plan.

The captured incremental taxable value and associated tax increment revenue will be based on the actual increased taxable value from all taxable improvements associated with the Development 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 125.663(1)(D)

The eligible activities shall be reimbursed as follows:

1. After the results of the initial 381 Work Plan have been received and the estimated costs of the remaining Eligible Activity Costs are determined, the Developer and the City shall enter into a Reimbursement Agreement in form and content satisfactory to the parties, and consistent with the Consent Judgment between the parties which shall include the following:

- A. Any cap on the duration of the Plan.
- B. The percentage of annual incremental taxes generated by the development which will be either retained by all taxing jurisdictions or which may be deposited into the Local Site Remediation Revolving Fund.
- C. The payment of interest, if any, which shall be at the discretion of the City.
- D. The agreement will provide for the reimbursement of the BRDA on an installment basis from the tax increment revenues for the costs of the eligible activities.

2. The BRDA may seek approval from the MDEQ for the capture of allowable school taxes.

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

The maximum amount of City obligations will be equal to the eligible costs that take place on the Property and not exceed 100% of the estimated captured tax increment revenue contained in Table 2. The City shall not be required to issue bonds or supply any public financing for the project. However, the City shall reimburse the Developer interest in the event that the MDEQ approves the reimbursement of the Eligible Activity Costs. The issuance of interest is at the discretion of the Authority and if authorized the rate shall be mutually agreed upon.

3.5 DURATION OF BROWNFIELD PLAN (MCL 125.2663(1)(F))

The Plan will remain in effect for as many years as is required to achieve the purposes of this Plan or the Consent Judgment but in no event longer than the maximum number of years permitted by law.

3.6 ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON REVENUES OF TAXING JURISDICTIONS (MCL 125.2663(1)(G))

Information related to the impact of tax increment financing on the various taxing jurisdictions is presented in Tables 2 through 4 attached to this Plan.

3.7 LEGAL DESCRIPTION, PROPERTY MAP AND PERSONAL PROPERTY (MCL 125.2663(1)(H))

A legal description of the Property is provided in Appendix A, a Location Map, and a Boundary Map of the Property is provided as Figure 1 and Figure 2. The value of Personal Property associated with the new development is included in this Plan for the purpose of calculating incremental taxable value and tax increment revenue. Furthermore, Personal Property is included as part of the Eligible Property, and the value of the Personal Property is considered an eligible investment for the purpose of calculating the amount of the Brownfield Redevelopment Single Business Tax Credit for this project.

3.8 ESTIMATES OF RESIDENTS AND DISPLACEMENT OF FAMILIES (MCL 125.2663(1)(I))

No families will be displaced.

3.9 PLAN FOR RELOCATION OF DISPLACED PERSONS (MCL 125.2663(1)(J))

No persons will be displaced.

3.10 PROVISIONS FOR RELOCATION COSTS (MCL 125.2663(1)(K))

Not applicable.

3.11 STRATEGY FOR COMPLIANCE WITH MICHIGANS RELOCATION ASSISTANCE LAW MCL 125.2663(1) (L)

Not applicable.

3.12 DESCRIPTION OF PROPOSED USE OF LOCAL SITE REMEDIATION REVOLVING FUND MCL 125.2663(1)(M)

After reimbursement of the Developer's incurred eligible costs additional tax increment revenue up to the maximum allowed under Act 381, at the City's discretion, may be deposited in the Authority's Local Site Remediation Revolving Fund as part of this Plan at the City's sole discretion.

3.13 OTHER MATERIAL THAT THE AUTHORITY OR GOVERNING BODY CONSIDERS PERTINENT

None

APPENDIX A

Legal Description

FIGURE 1

Location Map of the Eligible Property

FIGURE 2

Eligible Property Boundary Map

TABLES