

Review comments: Rochester Hills Brownfield Redevelopment Authority (BRA)  
Tracking Code 2006-1071  
Madison Park (CMI) Brownfield Redevelopment Grant/Loan  
Funding Request Received August 3, 2004

August 16, 2006..... E-mail correspondence regarding expedited review comments on application submitted to DEQ by the Rochester Hills Brownfield Authority. This review is being conducted at the request of the BRA, even though this application is considered administratively incomplete. The BRA is working with the DEQ to provide a complete and approvable application in an expedited manner.

The Environmental Science and Services Division, Environmental Stewardship Grants & Loan Unit conducted this review and is providing these comments in an interest to assist the BRA with completing their application.

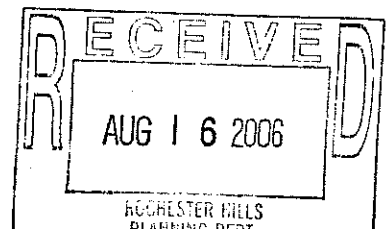
The initial review determined that the application was incomplete and deficient. The following items are either missing from the application or the application must be revised to address a concern being raised. An adequate response to the following request will enable the DEQ to proceed with the review process and make a recommendation regarding the requested funding.

Please respond by August 25, 2006, by providing the requested items or by making appropriate changes to the application, or by explaining why it is not possible to provide this information. Include when the missing information will be provided.

In order for this Department to make an award of either a grant or a loan from our Clean Michigan Initiative (CMI) Brownfield Redevelopment bond funds during the 2006 funding year it is necessary that this Division make a recommendation for funding by September 6, 2006 and complete grant and/or loan agreements with the applicant by September 14, 2006. The grant and loan agreements must be signed by both the applicant and the DEQ before September 15, 2006 to be included in funding for 2006. This date is the date by which the DEQ must conclude all financial business for the fiscal year 2006. Your corporation in the timely submittal of the following information is appreciated.

The application received from the Rochester Hills Brownfield Authority's (BRA) is considered incomplete. To complete this application you must provide the following by August 25, 2006, to enable its review prior to September 5, 2006.

1. A Certification signed by the BRA.
2. Four complete copies of the application plus one electronic copy.



3. A completed "Executive Summary"; see item I. Page 2 of the application package. Executive Summaries are used to inform other departments that your application is under review.
4. A resolution adopted by the applicant's governing body, verifying that the project will be undertaken if funding is awarded, and certifying that the development is consistent with local development and redevelopment plans and zoning ordinances.
5. If the applicant is applying for CMI Brownfield Redevelopment Loan it is necessary to provide a resolution that commits the governing body's full faith and credit for the amount the applicant is requesting to borrow. If the applicant is a Brownfield Redevelopment Authority (BRA), the resolution must be from the county or city under which the BRA was formed.
6. Evidence that the applicant (if the applicant is a BRA, evidence from the county or city under which the BRA was formed) has successfully undergone an audit conducted in accordance with generally accepted auditing standards within the past 24 months.
7. Affidavits signed by a representative of the property owner (for grants only), proposed developer (for grants only), and applicant (for grants and/or loans) attesting that they are not liable for contamination that is known or may be discovered at the project site.
8. A current Brownfield Redevelopment Authority Brownfield Plan with updated project description, project cost, and schedule for development and tax increment financing figures that are based on Phase I construction only.

In addition to the above, the application received from the BRA is deficient in the following areas. To complete this application you must provide the following before August 25, 2006:

Page 1, Application Form.

On the first page under the item "Amount of funding requested: \$4,000,000", Modify this to read "\$4,000,000 to be funded over a two year period with \$1 Million in grant funding and \$1 million in loan funding in the first year."

Under the "Size of property" heading verify that the number of acres is consistent with the text in the body of the application.

Under the "Projected number of jobs", describe the number of jobs created based on the projected development in Phase I and a separate number for the projected development in Phase II.

Page 2.

On page 2 and continuing throughout the application we request that the Project Information and related discussions be divided into Phase I activities and Phase II activities. For instance on page two of the application when discussing jobs to be created break this out into jobs in Phase I and jobs in Phase II. When describing the private investment or level of tax increment financing, break these discussions into Phase I and Phase II.

Page 2, Section II

Item 1. Identify the end user (owner if appropriate) for Phase I and discuss the retail use that will go into the 300,000 sq. ft. of space. How many jobs are created in this first phase, and what are the estimated full time and part time job numbers. If there is a known end user for Phase II identify this user or if there is no known end user state this and discuss the source of the estimated job numbers.

Item 2. The application describes the developer as having experience at master planned mixed-use community developments greater than 1,000 acres. Name these developments.

Item 3. Break out this discussion into Phase I development and Phase II. Include estimated tax increment funding for Phase I. Provide a current Brownfield Plan; see Exhibit B, the Brownfield Plan provided with this application is dated May 19, 2004. It appears this plan is not current. Project descriptions are inconsistent with the descriptions in this application. Tax increment financing figures included in the Brownfield Plan may be different from what is provided in the application. This discrepancy needs to be corrected.

Item 6. Our intent is to encourage the use of LEED energy building construction practices, reduction of heat sinks (i.e. parking lot and roof top construction to reduce heat absorption), and the adoption of other sustainable and smart growth design and construction techniques that encourage energy conservation. Please encourage the developer to adopt these concepts into the redevelopment design of the project site and provide a description of how or what concepts will be included in this project. If these concepts are not included, explain the reason for not including these concepts in the site construction.

Item 7. Pre-Construction Activities.

The statement at the end of the first paragraph that reads, "The results of these investigations have been incorporated into the Proposed Work Plan for this project," is of concern. Activities performed prior to a grant or loan award are not eligible for reimbursement at a later date. Any work performed prior to DEQ

approval of the work plan is not eligible for funding. The DEQ must review and approve of all proposed work activities in advance.

In the second paragraph the statement is made that, "A portion of those activities have or will have been performed by the time this request is approved." If this is correct, these cost may not be included in the budget for this grant/loan application. These cost are not eligible for reimbursement from the grant or loan.

#### Item 7. Post-Construction Activities.

In the second paragraph it states, "A portion of those activities have or will have been performed by the time this request is approved." These activities will not be eligible for reimbursement from the grant or the loan.

Item 8. The application should address the approximate schedule for conducting response activities and implementing the proposed or projected economic development. It is requested that the application separate Phase I and Phase II activities, discuss these activities relative to the due care activities for each phase and identify a schedule for completing the activities in each Phase. Address the proposed development construction in Phase I. Phase II can then be discussed separately with regards to what due care activities will be necessary for Phase II and the proposed development schedule for this Phase.

#### Page 9, Item IV, Funding table.

Break out Brownfield Grant funds in one column and Brownfield Loan funds in another column. Revise this chart to show Phase I and Phase II as separately funded activities, or use two charts, one for Phase I and another for Phase II.

The Grant/Loan Funding Request table attached to this application shows "Previously Incurred Eligible Cost". These cost items were not approved by the DEQ and are not considered eligible for grant or loan funding. The table on Page 9 must be revised to shift these items to other funding sources.

Exhibit B. Included with this application is a copy of a May 19, 2004, Brownfield Plan. This plan is not a current plan and does not reflect the project as described in the grant/ loan application. Explain the status of the Brownfield Plan.

A current brownfield plan is required if the BRA intends to use tax increment financing as the financial tool to pay back the DEQ loan. The grant/loan application describes a project development that will create 300,000 square feet of retail space in Phase I, and projects to complete this development in the next five years or less. The Brownfield Plan and the TIF tax tables should be based on this Phase I development only and project realistic TIF estimates for Phase I.

This completes ESSD's comments with regard to the general nature of the application and what is necessary to make this application complete and acceptable. The Remediation Redevelopment Division of the DEQ will be reviewing your application also and may have additional comments. Other divisions of DEQ have not provided input into this review and may have additional comments.

The DEQ also provides copies of your application to the Michigan Department of Transportation and the Michigan Economic Development Corporation for their consideration. We use the executive summary to provide this information to these agencies, however your application did not include an executive summary so information about your application has yet to be sent to either of these agencies.

If I can be of any additional assistance please don't hesitate to contact me at, 517-373-6413, [MOOREBC@michigan.gov](mailto:MOOREBC@michigan.gov).