

WASHTENAW COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

**MICHIGAN PUBLIC ACT 381 OF 1996, AS AMENDED
WORK PLAN TO CONDUCT
MEGA NON-ENVIRONMENTAL ACTIVITIES AND
MDEQ ENVIRONMENTAL ACTIVITIES**

**ARBOR HILLS CROSSING REDEVELOPMENT PROJECT
CITY OF ANN ARBOR, MICHIGAN**

March 28, 2012

Prepared by:

RSW Washtenaw, LLC
1335 South University
Ann Arbor, Michigan 48104
Contact Person: Thomas Stegeman
Phone: (734) 665-8825

AKT Peerless Environmental Services
22725 Orchard Lake Road
Farmington, Michigan 48336
Contact Person: Anne Jamieson-Urena
Phone: 248-615-1333

AKT PEERLESS PROJECT NO. 4543F5

Approved by MEGA on:

Approved by MDEQ on:

CONTENTS

<u>Section</u>	<u>Page</u>
1.0 INTRODUCTION.....	1
1.1 ELIGIBLE PROPERTY INFORMATION	2
1.1.1 Location and Eligibility	2
1.1.2 Current Ownership.....	3
1.1.3 Proposed Future Ownership.....	3
1.1.4 Delinquent Taxes, Interest, and Penalties	4
1.1.5 Existing and Proposed Future Zoning For Each Eligible Property.....	4
1.2 HISTORICAL USE OF EACH ELIGIBLE PROPERTY	4
1.3 CURRENT USE OF EACH ELIGIBLE PROPERTY	5
1.4 SUMMARY OF PROPOSED REDEVELOPMENT AND FUTURE USE	7
FOR EACH ELIGIBLE PROPERTY	7
1.5 INFORMATION REQUIRED BY SECTION 15(15) OF THE STATUTE.....	7
1.5.1 Sufficiency of Individual Activities to Complete Eligible Activities.....	7
1.5.2 Necessity of Individual Activities to Complete Eligible Activities.....	8
1.5.3 Reasonableness of Costs	9
1.5.4 Public Benefit.....	9
1.5.5 Reuse of Vacant Buildings and Redevelopment of Blighted Property.....	10
1.5.7 Unemployment Status.....	10
1.5.8 Contamination Alleviation.....	11
1.5.9 Private Sector Contribution.....	11
1.5.10 Cost Gap Comparison	11
1.5.11 Brownfield Creation.....	11
1.5.12 Project Financial Data	11
1.5.13 Incentives	11
1.5.14 Additional Information.....	12
2.0 CURRENT PROPERTY CONDITIONS.....	12
2.1 PROPERTY ELIGIBILITY.....	12
2.2 SUMMARY OF ENVIRONMENTAL CONDITIONS.....	12
Parcels A and B.....	27
Parcels C and D.....	28
3.0 SCOPE OF WORK.....	32
3.1 MDEQ ELIGIBLE ACTIVITIES.....	32
3.1.1 Due Care Activities.....	32
Soil Remediation Activities	33
3.1.2 Health and Safety Plan.....	37
3.1.3 Preparation of Brownfield Plan and Act 381 Work Plan.....	38
3.1.4 Additional Response Activities	38
3.2 MEGA ELIGIBLE ACTIVITIES.....	41

CONTENTS (CONTINUED)

<u>Section</u>	<u>Page</u>
4.0	<u>SCHEDULE AND COSTS..... 45</u>
4.1	SCHEDULE OF ACTIVITIES..... 45
4.2	ESTIMATED COSTS 45
4.2.2	Description of MEGA Eligible Activities Costs..... 45
4.2.3	Contingency 46
5.0	<u>PROJECT COSTS AND FUNDING 49</u>
5.1	TOTAL ESTIMATED PROJECT COSTS 49
5.2	SOURCES AND USES OF FUNDS 49
6.0	<u>LIMITATIONS..... 49</u>

FIGURES

1. Scaled Property Location Map
2. Eligible Property Boundary Map/Plat Map
3. Public Infrastructure Improvement Maps
4. Proposed Development Map with Soil Analytical Results
5. Proposed Development Map with Water Analytical Results
6. Vapor Mitigation System Location Map

TABLES

1. Summary of Costs for Eligible Activities Table
- 1A. Cost comparison summary on soil management
2. Tax Increment Finance Table
3. Opinion of Probable Cost for Non-Environmental Eligible Activities

ATTACHMENTS

- A. Brownfield Plan with Resolution
- B. Executed Reimbursement Agreement
- C. Supplemental Material

**WORK PLAN TO CONDUCT
MDEQ AND MEGA REDEVELOPMENT ACTIVITIES**

**ARBOR HILLS CROSSING
CITY OF ANN ARBOR, MICHIGAN**

1.0 INTRODUCTION

The Washtenaw County Brownfield Redevelopment Authority (the “Authority”) is submitting this Act 381 Work Plan (“Plan”) for the property located at 3000, 3038-3040, 3060, and 3100-3120 Washtenaw Avenue (the “Property”). The Property is situated on the south side of Washtenaw Avenue between Platt Road (to the west) and South Huron Parkway (to the east). The Property is comprised of four parcels that contain approximately 7.22 acres (Parcel ID Numbers 09-12-02-204-038, 09-12-02-204-037, 09-12-02-204-024, and 09-12-02-204-086, respectively). The Brownfield Plan for the Arbor Hills Crossing Redevelopment Project (“the Brownfield Plan”) was approved by the Authority on June 21, 2011. The Ann Arbor City Council approved the Brownfield Plan on November, 21, 2011, and the Washtenaw County Board of Commissioners approved the Brownfield Plan on January 18, 2012. Refer to Attachment A for a copy of the Brownfield Plan and resolution approving the plan.

This Project will involve the demolition of the existing structures, remediation and management of contaminated soil, and development of four new buildings. The proposed Project is a unique, contemporary multi-story mixed use development that integrates various components that meet the goals of the City of Ann Arbor, Washtenaw County, the Michigan Department of Environmental Quality (MDEQ) and the Michigan Economic Development Corporation (MEDC). Unlike traditional developments, this Project maximizes the density of available acreage by creating small areas of surface parking surrounded by landscaping, rain gardens, and the existing wetland. This creative project will also be integrating sustainable Leadership in Energy and Environmental Design (LEED) components within the building design. The Project will integrate various transportation options, focusing on walkability, biking, and the use of public transit [a new Ann Arbor Area Transit Authority (AATA) bus stop across Washtenaw Avenue in front of the Project]; this will reduce traffic congestion and encourage physical

activity. The Project will also include electric vehicle recharging stations, the first for the City of Ann Arbor.

The Project is seeking tax increment financing (TIF) incentives. Construction is expected to begin in spring of 2012, starting with site and building demolition to be followed by site preparation and construction.

Based on the current site conditions, certain activities are necessary to prepare the Property for redevelopment. The following sections present site background information, current Property conditions, the proposed environmental and non-environmental activities, and the costs associated with the proposed activities. In addition, the following sections summarize the proposed Michigan Economic Growth Authority (MEGA) eligible activities, the proposed MDEQ eligible activities, and the costs associated with these proposed activities.

1.1 ELIGIBLE PROPERTY INFORMATION

1.1.1 Location and Eligibility

The Property is located at at 3000, 3038-3040, 3060, and 3100-3120 Washtenaw Avenue in the City of Ann Arbor, Michigan. It is situated on the south side of Washtenaw Avenue between Platt Road (to the west) and South Huron Parkway (to the east). The Property consists of four parcels that comprise approximately 7.22 acres (Parcel ID Numbers 09-12-02-204-038, 09-12-02-204-037, 09-12-02-204-024, and 09-12-02-204-086, respectively). RSW Washtenaw, LLC owns the Property, except for 3060 Washtenaw Avenue, which is owned by Fichera David Trust & Fichera Christopher.

The current Property zoning is C3 - Commercial. Future zoning is expected to also be C3 – Commercial.

Please refer to the Brownfield Plan located in Attachment A for the Property legal description. Refer to Figure 1 for a Scaled Property Location Map, Figure 2 for an Eligible Property Boundary Map/Plat Map, and Figure 3 for a Public Infrastructure Improvements Map. Site Plans and Site Photographs are also included with the Figures attachment.

The Property is considered “eligible property” as defined by Act 381, Section 2 because: (a) the Property was previously utilized or is currently utilized for a commercial and public purpose; (b) it is located within the City of Ann Arbor, a qualified local governmental unit, or “Core Community” under Act 381; and (c) the property is determined to be a “facility.” Please refer to the Brownfield Plan provided in Attachment A for the relevant supporting documentation.

1.1.2 Current Ownership

Ownership information for the parcels comprising by the Property is summarized in the following table. For ease of distinction, the parcels have been assigned letter identifiers; however, the identifiers have no legal basis and should not be used for any purpose other than as a means of reference herein.

Parcel Designation	Parcel Address	Tax ID Number	Owner
A	3000 Washtenaw	09-12-02-204-038	RSW Washtenaw, LLC
B	3038-3040 Washtenaw	09-12-02-204-037	RSW Washtenaw, LLC
C	3060 Washtenaw	09-12-02-204-024	Fichera David Trust & Fichera Christopher
D	3100 Washtenaw	09-12-02-204-086	RSW Washtenaw, LLC

The contact information for both RSW Washtenaw, LLC and Fichera David Trust & Fichera Christopher is:

Thomas Stegeman
RSW Washtenaw, LLC
1335 S. University
Ann Arbor, Michigan 48104
Phone: (734) 665-8825

1.1.3 Proposed Future Ownership

Proposed future ownership for the entire Property will be by RSW Washtenaw, LLC. Contact information is as follows:

Thomas Stegeman
RSW Washtenaw, LLC
1335 S. University
Ann Arbor, Michigan 48104
Phone: (734) 665-8825

1.1.4 Delinquent Taxes, Interest, and Penalties

No delinquent taxes, interest, or penalties are known to exist for the property.

1.1.5 Existing and Proposed Future Zoning For Each Eligible Property

The current zoning is C3 - Commercial. Future zoning is expected to also be C3 – Commercial.

1.2 HISTORICAL USE OF EACH ELIGIBLE PROPERTY

The four parcels that comprise the Property have been individually used for a variety of purposes. These uses have ranged from residential, to agricultural, to commercial. Parcel A has consisted of commercial development since at least 1940. Previous occupants included Wolverine Cleaners, Vanidas Store, various residential apartments, Platt and Kirby Vacuum Cleaners, Arbor Hardware, U-do-it Rental Shop, U-Haul Company, Animal Medical Service, Asia Oriental Food, Movie Land, Pamper Poodle, Washtenaw Wind Surfing, Arbor Hills Styling, First Class Clean, Cayman Sports, Insta-Hitch, Intricut Designs, and 1-800 Got Junk. Currently, Parcel A contains a vacant commercial building.

Parcel B consisted of a private residence from between 1926 and 1933 until approximately 1940, when the original portion of the existing commercial building was constructed. Previous occupants included various residential occupants (1933-1938), Kenneth Rendel Upholstery, Barrett's House of Beautiful Furniture, Eugene Conover Interior Design, Custom Office Systems, Arbor Dog Day Care, and Hertz Local Edition. Currently, Parcel B contains a vacant commercial building.

Parcel C consisted of a commercial building constructed between 1926 and 1933 until it was razed in 1971. A 640-square foot gasoline service station was constructed in 1972 and razed in 1994. The existing 2,480-square foot commercial building was constructed in 1995. Previous occupants included Hi-Speed Service Station, various residential tenants (3070), Inn of Return (restaurant and antiques), Ann Arbor Trailer Co., Julie Conlin Draperies, Mary Christensen's Kitchen Design, Fisca Oil Co., Dough Boys Bakery, Stucchi's Ice Cream and Edward Jones Financial. Currently, Parcel C contains a vacant commercial building.

Parcel D consisted of a dairy farm from at least 1926 until it was redeveloped for automobile sales and service activities beginning in 1970. Some of the dairy buildings and a water tower were razed in 1969 to allow for redevelopment. One of the original buildings became the initial portion of the existing service garage. The automobile showroom was constructed in 1970. A 2,209-square foot Isuzu brand showroom and 3,206-square foot addition to the service garage were constructed in 1989. Identified occupants of Parcel D include Superior Dairy Farm, Warner Dairy Farm, Wilson’s Dairy Farm, Brownie’s Dairy Bar, John Lee Oldsmobile, Goodman Isuzu, Goodman Oldsmobile, Goodman Saab, Goodman Auto Group, Goodman Cadillac, and Goodman Kia. During AKT Peerless’ site reconnaissance in August 2007, the buildings had been razed. The parcel is currently vacant land.

1.3 CURRENT USE OF EACH ELIGIBLE PROPERTY

General information regarding the on-site buildings is presented in the following tables:

Building 1: 3000 Washtenaw Avenue (Parcel A)			
General Construction	Interior Finish:	Approx. Square Ft.	Construction and Other Improvement Dates
Concrete block foundation and construction. Two-story, plus basement.	concrete, resilient floor tiles (RFTs), drywall, plaster, vinyl baseboards, drop-in acoustic ceiling tiles (ACTs), wood, paint, metal, glass, etc.	7,526	Constructed in 1940. Remodeled in 1957, 1967, 1981, and 1984.

Parcel A’s interior consists of subdivided commercial business space. The most recent uses of the Parcel A building included retail sales and offices (e.g., a hair dresser and video rentals), as well as dog grooming and other commercial uses. Office space is distributed across the upper two floors of the building, as well as the walk-out basement level accessed from the rear (i.e., south side) of the building. A leased residential space also occupied the second floor of the building.

Building 2: 3038-3040 Washtenaw Avenue (Parcel B)			
General Construction	Interior Finish:	Approx. Square Ft.	Construction and Other Improvement Dates
Concrete block foundation and construction. Two-story, partial basement.	concrete, resilient floor tiles (RFTs), drywall, plaster, vinyl baseboards, drop-in acoustic ceiling tiles (ACTs), wood, paint, metal, glass, etc.	10,811	Original construction in approximately 1940. Additions in 1959 and 1969. A 1,950 SF storage building was also built in approximately 1967.

The building on Parcel B is a former two-story residential structure that has been remodeled and added to in the past to create a multi-business commercial use structure. The interior space includes offices, showrooms, storage closets and restrooms. The structural addition to the rear (i.e., south side) of this parcel’s building is a concrete block, workshop/storage area addition.

Building 3: 3060 Washtenaw Avenue (Parcel C)			
General Construction	Interior Finish:	Approx. Square Ft.	Construction and Other Improvement Dates
Concrete block foundation, brick construction. One-story, no basement.	concrete, resilient floor tiles (RFTs), drywall, vinyl baseboards, drop-in acoustic ceiling tiles (ACTs), wood, paint, metal, glass, etc.	2,480	Constructed in 1995.

Parcel C’s current building is a single story office structure with a brick façade. The building is subdivided for multiple commercial and retail tenants. It contains office and showroom/open floor space, restrooms, a restaurant kitchen and storage.

The exterior of the Property is improved with paved surfaces and landscaped buffer areas on Parcels A, B and C. Non-structural improvements at the Property are limited to landscaping (grass) and a concrete sidewalk adjacent to the south side of Washtenaw Avenue and the east side of Platt Road. Parcel D’s buildings, pavement and other improvements (excepting the sidewalk on Washtenaw Avenue) were previously demolished and removed.

The Property is currently vacant. The three current buildings located on the Property on Parcels A, B and C will be demolished prior to the redevelopment.

1.4 SUMMARY OF PROPOSED REDEVELOPMENT AND FUTURE USE FOR EACH ELIGIBLE PROPERTY

This Project will involve the demolition of the existing structures, remediation, and development of four new buildings. The proposed Project is a unique contemporary multi-story mixed use development that integrates various components that meet the goals of the City of Ann Arbor, Washtenaw County, the MDEQ and the MEDC. The Project is expected to create approximately 90,000 square feet of retail and commercial space, and is anticipated to generate over 130 new jobs. Total capital investment is projected at approximately \$28 million.

Unlike traditional developments, this Project is maximizing the density of available acreage by creating small areas of surface parking surrounded by landscaping, rain gardens, and the existing wetland. This creative project will also be integrating sustainable LEED components within the building design. The Project will integrate various transportation options focusing on walkability, biking, and the use of public transit (a new AATA bus stop on Washtenaw Avenue will service the Project); this will reduce traffic congestion and encourage physical activity. The Project will also include electric vehicle recharging stations, the first for the City of Ann Arbor.

This Plan is being prepared to provide TIF, including the capture of taxes levied for school operating purposes, for reimbursement of eligible costs to be incurred as part of the Project. This Act 381 Work Plan will be submitted by the Authority to the MEGA and the MDEQ for approval of the capture of school taxes for reimbursement of a portion of the eligible activity costs described in the following.

1.5 INFORMATION REQUIRED BY SECTION 15(15) OF THE STATUTE

1.5.1 Sufficiency of Individual Activities to Complete Eligible Activities

- *Brownfield and Work Plan Preparation*—The brownfield plan and work plan have been completed in accordance with Act 381.
- *Public Infrastructure Improvements*—Public infrastructure improvements are sufficient to complete the project since they will result in improvements that will directly benefit the property and public generally.

- *Lead and Asbestos Survey and Abatement*—Lead and asbestos survey and abatement activities are sufficient to complete the eligible activities because they will fully abate lead paint and asbestos containing materials on the Property in preparation for building demolition.
- *Demolition*—Site and building demolition activities are sufficient to complete the eligible activities because they will completely remove existing development from the Property.
- *Site Preparation*—Completion of site preparation activities activities—as well as demolition and lead and asbestos abatement—are sufficient to complete the eligible activities because they will prepare the site for planned development activities (i.e., new construction).

1.5.2 Necessity of Individual Activities to Complete Eligible Activities

- *Brownfield Plan and Work Plan Preparation*—Approval of the brownfield plan and work plan is necessary to make the development financially feasible.
- *Public Infrastructure Improvements*— All Infrastructure improvements proposed will be publicly owned, maintained and operated, will support the project, and will also serve others and/or the public. The Project will greatly increase the population density and infrastructure use onsite. Consequently, the road improvements, utility upgrades, new traffic signals and cross walks, and the associated support work tasks are necessary activities for successful redevelopment.
- *Lead and Asbestos Survey and Abatement*—The current buildings on the Property need to be demolished to accommodate the new development. Asbestos and lead paint abatement activities are required to complete building demolition activities in accordance with state and federal regulations.
- *Demolition*—Due to the presence of abandoned utilities, parking lots, and buildings, the site demolition and building demolition are necessary activities. Together, the site demolition and building demolition will sufficiently complete demolition on the Property.

- *Site Preparation*—Due to existing brownfield conditions on the Property, completion of the site preparation activities—as well as demolition and lead and asbestos abatement—are necessary to prepare the site for planned development activities (i.e., new construction).

1.5.3 Reasonableness of Costs

The estimates for the individual activities are based on preliminary competitive bids. The estimates are market-rate and are thus presumed to be reasonable. A pro forma showing financial viability of the project is attached.

1.5.4 Public Benefit

This development will increase urban density and provide new commercial attractions for Ann Arbor residents. In addition, it will boost usage of the City’s public transportation system. The development will also respond to the demand for the highest quality commercial space that exists in the neighborhood.

An underutilized Property will be transformed into a productive and viable, multi-tenant commercial location. The Property has underperformed as a taxable interest in the City for a number of years, and this will assist with restoring its productivity. The Property has been blighted for several years. Completion of this Project will bring additional investment and stabilization to the neighborhood. It will also promote a walkable community in Ann Arbor. This creative project will also be integrating sustainable LEED components within the buildings’ design. The Project will integrate various transportation options focusing on walkability, biking, and the use of public transit (a new AATA bus stop on Washtenaw, servicing the project); this will reduce traffic congestion and encourage physical activity. The Project will also include electric vehicle recharging stations, the first for the City of Ann Arbor.

An underutilized property containing obsolete, strip mall-style buildings will be transformed into highly desirable, two-story and mixed-use space. The positive visual and aesthetic impact of this Project to the public will be significant. The Project can expect to synergize with the mixed-use retail and residential development on the north side of Washtenaw Avenue, as well as the

adjacent residential area to the south. New retail development will expand the local economy. The development as a whole will result in additional tax revenue for all taxing jurisdictions once eligible activities have been reimbursed.

1.5.5 Reuse of Vacant Buildings and Redevelopment of Blighted Property

This Project consists of redevelopment of blighted property. The buildings on the Property are considered functionally obsolete due to age, structural condition, and the inability to economically upgrade and modify the structures to serve the commercial markets at generally accepted market rates. Therefore, the existing buildings will be demolished.

The new development will create a two-story mixed use development on land formerly occupied by three obsolete strip mall-style structures. In addition, it will remove blight through redevelopment and the removal of existing buildings. The Project will integrate various transportation options focusing on walkability, biking, and the use of public transit. The design of the buildings, including the materials, scale, and orientation will embrace the public realm on the street and promote increased pedestrian activity.

1.5.6 Job Creation

The project is expected to create 130 to 175 full-time, permanent jobs. The average hourly wage of the new permanent full-time jobs at the project is estimated to be between minimum wage and up to \$50 per hour.

1.5.7 Unemployment Status

According to the Michigan Labor Market Information system, the City of Ann Arbor unemployment rate was 5.5% in November 2011. Comparatively, the November 2011 unemployment rate was 5.2% in Washtenaw County, 8.4% in the State of Michigan, and 8.2% in the United States.

1.5.8 Contamination Alleviation

The Property will be prepared to make it suitable for development, and appropriate due care and additional response activities will be performed to prevent exposure to materials hazardous to human health, safety, and the environment. Environmental conditions on the Property are discussed in detail in Section 2.2. Remedial activities are discussed in detail in Section 3.1.

1.5.9 Private Sector Contribution

RSW Washtenaw, LLC will be financing all Eligible Activities as private contribution to this Project. Private developer capital investment is estimated at approximately \$28 million in improvements to land, buildings and personal and real property.

1.5.10 Cost Gap Comparison

No alternative Greenfield site was considered for the Project. Refer to the Brownfield Plan provided in Attachment A for information related to Brownfield costs.

1.5.11 Brownfield Creation

This Project will not create a new Brownfield site.

1.5.12 Project Financial Data

The Project cannot proceed without the incentives contemplated for this redevelopment. The Developer anticipates making an investment of approximately \$28 million in real and personal property improvements on the Property. The Developer will finance all Eligible Activities under this Plan related to improvements on the Property. A Project pro forma for the private investment may be reviewed upon request as a confidential document.

1.5.13 Incentives

The total estimated cost of the eligible activities to be reimbursed through the capture of tax increment revenues is provided in Table 1. The reimbursement to the Developer through the capture of tax increment revenues has been agreed to be capped at \$5.4 million, including interest. The Developer anticipates making an investment of approximately \$28 million in real property improvements on the Property. Redevelopment of the Property is expected to subsequently generate increases in taxable value and result in incremental taxable value in 2013.

The Developer will finance all Eligible Activities under this Plan related to improvements on the Property. Refer to Table 1 for additional detail on these activities.

1.5.14 Additional Information

None.

2.0 CURRENT PROPERTY CONDITIONS

2.1 PROPERTY ELIGIBILITY

The Property is considered “eligible property” as defined by Act 381, Section 2 because: (a) the Property was previously utilized or is currently utilized for a commercial and public purpose; (b) it is located within the City of Ann Arbor, a qualified local governmental unit, or “Core Community” under Act 381; (c) Parcels C and D on the Property are determined to be a “facility”; (d) Parcel A on the Property is determined to be “functionally obsolete”; and (e) Parcel B on the Property is adjacent and contiguous to Parcels A and C.

2.2 SUMMARY OF ENVIRONMENTAL CONDITIONS

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).

The environmental investigations completed on the Property are summarized following.

- Phase I Environmental Site Assessment (ESA), prepared in September 2004 by Applied Science & Technology, Inc. (ASTI).
- Phase I ESA, prepared on April 5, 2005 by AKT Peerless
- Phase II ESA, for Parcel D prepared on November 29, 2005 by AKT Peerless
- Baseline Environmental Assessment, for Parcel D prepared on November 29, 2005 by AKT Peerless

- Due Care Plan, for Parcel D prepared on November 30, 2005 by AKT Peerless
- Wetlands Delineation and Determination of Jurisdiction, for Parcel C prepared in February 2006 by Brooks Williamson and Associates, Inc.
- Phase II ESA, for Parcels A, B, and C prepared on February 17, 2006 by AKT Peerless
- Certification of UST Corrective Actions, prepared for Parcel C in February 2007
- Baseline Environmental Assessment, for Parcel C prepared on March 1, 2006 by AKT Peerless
- Due Care Plan, for Parcel C prepared on March 2, 2006 by AKT Peerless
- Revised Due Care Plan, for Parcel D prepared on March 8, 2007 by AKT Peerless
- Asbestos Survey, for Parcels A, B, and C prepared on March 26, 2006 by AKT Peerless
- Summary of Due Care Activities, prepared for Parcel D on March 29, 2007 by AKT Peerless
- Phase I ESA, for Parcels A, B, C, and D prepared on September 11, 2007 by AKT Peerless
- Baseline Environmental Assessment, for Parcels C and D on September 26, 2007 by AKT Peerless
- Initial Assessment Report, for Parcel C prepared on October 30, 2007 by Applied Ecosystems-Great Lakes Inc.
- Final Assessment Report, for Parcel C prepared on May 27, 2009 by Applied Ecosystems-Great Lakes Inc.
- Phase I ESA, for Parcels A, B, C, and D prepared on March 17, 2010 by AKT Peerless
- Phase II ESA, for Parcels C and D prepared on March 18, 2010 by AKT Peerless
- Soil Gas Survey, for Parcel D prepared on December 22, 2011 by AKT Peerless

Summaries of the reports and activities relevant to site conditions, since at least 2004, are provided in the following sections.

ASTI September 2004 Phase I ESA Report

In September 2004, ASTI completed a Phase I ESA of a portion of the Property (Parcel D). Environmental concerns identified by ASTI included:

- Former underground hoists located in the former reception write-up area and service garage;
- A former leaking underground storage tank (LUST) and contaminated soil encountered during excavation activities for a building addition;
- Staining observed in a former trench drain in the waste oil recycling area in the service garage; and
- Historic use of a #6 oil UST and a #4 oil AST, along with two gasoline dispensers associated with Wilson Dairy.

ASTI recommended a subsurface investigation, including a ground penetrating radar (GPR) survey, to determine if any USTs remained on the property and if the property had been impacted by the above concerns.

AKT Peerless April 2005 Phase I ESA Report

Washtenaw County retained AKT Peerless to conduct a Phase I ESA of the buildings and associated property located at 3000, 3040, 3060 and 3100-3120 Washtenaw Avenue (the current Property) and 2143 and 2153 Platt Road (currently adjoining properties). Recognized environmental concerns identified by AKT Peerless during the April 5, 2005 Phase I ESA included:

- Dry cleaning operations were conducted on Parcel A in 1942 and from 2001 to 2003.
- Parcel C was identified on the registered UST site database. According to the EDR report and MDEQ file information the following USTs were registered to Parcel C:

Tank ID	Contents	Capacity (gallons)	Tank Material	Installation Date	Status
1	Gasoline	20,000	Asphalt coated or Bare Steel	May 1972	Removed in July 1990
2	Gasoline	20,000	Asphalt coated or bare steel	May 1972	Removed in July 1990
3	Gasoline	8,000	Asphalt coated or bare steel	May 1972	Removed in July 1990

All three USTs were removed on July 20, 1990. The USTs were located next to each other, resulting in one excavation. A total of approximately 130 cubic yards of impacted soil was removed during UST removal activities. Contaminant concentrations were not adequately characterized at the time and additional investigation was recommended to define the nature, extent, magnitude, and materiality of the potential contamination.

- Automotive service activities have been conducted on Parcel D since 1970. AKT Peerless observed trench drains in the service garage and reception write-up areas. Staining was observed in the trench drains located in the service garage.
- AKT Peerless observed 13 electric, aboveground and one hydraulic, underground single-post hoists located in the service garage area located on Parcel D. Interviews with knowledgeable persons indicated the hydraulic hoist had been out of service for the last few months and the aboveground hoists had replaced former hydraulic, underground hoists. In addition, one electric, aboveground (formerly hydraulic, underground) hoist was located in the service entrance/write-up area. No further information was available regarding the underground hoists.
- AKT Peerless was not able to determine the fate of a #6 fuel oil UST associated with the former dairy operation on Parcel D.
- During an inspection in March of 1995, the Washtenaw County Department of Environmental Health and Regulation identified the improper storage of 55-gallon drums of waste paint related materials located outside the western side of the body shop located on Parcel D. The drums had sunk into the asphalt in this area.
- An unknown gasoline UST was discovered during excavation activities for an addition to the body shop located on Parcel D. The UST and visibly impacted soils were removed in November 1988. However, impacted soil extended south under an existing building. Soil was excavated on the southern end of the building, to a depth of 8 feet below ground surface (bgs), and there was no evidence of impacted soil observed.
- An open pit was identified in the original portion of the service garage. No further information was available regarding this pit.

- A former repair garage, associated with the dairy operation, was located in the eastern portion of the existing service garage building. No further information (i.e., hoists, drains, etc.) was available regarding this repair garage.

AKT Peerless recommended conducting a subsurface investigation at the Property to address the above concerns. In addition, AKT Peerless recommended conducting a geophysical survey to evaluate the presence of potentially abandoned USTs and/or hydraulic hoists.

AKT Peerless November 29, 2005 Phase II ESA Report

AKT Peerless was retained to conduct a Phase II Subsurface Investigation (SI) of Parcel D. Soil contamination was identified above Part 201 Residential Cleanup Criteria (RCC) at seven of the 32 soil boring locations advanced. The greatest concentration of soil contamination was located in the western portion of the former service garage at the B-7, B-8, B-9, B-11, and B-13 soil sample locations.

The other identified area of soil contamination consists of shallow impacted soils identified at the B-24 (1-3 ft.) and B-31 (2-4 ft.) soil sample locations. Based on the laboratory analytical results, ethylbenzene, naphthalene, and xylenes was detected above GSI Protection (GSIP) Cleanup Criteria at the B-24 soil sample location. In addition, 1,2,4-trimethylbenzene (TMB) and 1,3,5-TMB was also detected at the B-24 soil sample location above DWP and GSIP. At the B-31 (2-4) soil sample location, 1,2,4-TMB was detected above GSIP. The extent of soil contamination has been defined and does not appear to be migrating off-site based on the laboratory analytical results from B-32, B-33, B-34, B-35, B-36, and B-37. During the drilling of the borings listed above predominantly clay soil was encountered except for areas of sand fill located in former excavations and beneath buildings. The likelihood of soil contamination migrating is low because of the extensive clay formation. The contamination identified appears to be greatest in areas that are located under buildings and in areas of former excavations in coarser grained fill materials.

Two types of groundwater impact were detected in the groundwater samples collected from the fourteen temporary monitor wells. Vinyl chloride was detected in the B-1W, B-2W, and B-10W

groundwater sample locations above DW and/or GSI Cleanup Criteria. The extent of chlorinated solvent groundwater impact appears to be defined by the completion and sampling of the B-5W, B-28W, B-32W, and B-33W TWM locations.

Contaminant concentrations of metals including lead and chromium were detected throughout Parcel D at the B-12W, B-23W, B-24W, B-25W, B-27W, and B-33W TMW locations above DW and/or GSI Cleanup Criteria.

Geophysical Survey

Based on the geophysical survey, two areas of concern were identified. During test pit excavations, no USTs were identified in the location of the previously identified anomalies. The anomalies were identified as a former recovery well and concrete building materials.

Brooks Williamson and Associates' February 2006 Wetlands Delineation Report

Brooks Williamson and Associates, Inc. prepared a Wetland Delineation and Determination of Jurisdiction report for the Property on behalf of Midwestern Consulting. The results of the evaluation indicate that a small wetland is located on Parcel C, and both the City of Ann Arbor and the State of Michigan require a permit for work involving the wetland.

AKT Peerless February 17, 2006 Phase II ESA Report (Parcels A, B, and C)

AKT Peerless was retained to conduct a Phase II SI of Parcels A, B and C.

Area of Soil Contamination (Parcel C)

Based on the soil laboratory analytical results of AKT Peerless' 2005-2006 subsurface investigation and Applied Ecosystem's Initial and Final Assessment Reports (i.e., LUST investigations) soil sampling activities, soil contamination was identified above MDNRE Residential Cleanup Criteria in four soil samples. Contaminant concentrations of ethylbenzene, naphthalene, 1,2,4-TMB, 1,3,5-TMB, xylenes, n-butylbenzene, and n-propylbenzene were detected above DWP and/or GSIP Cleanup Criteria at the SB-2W (7-9), GP-4 (6-8), GP-6 (8-10), and GP-17 (8-9) soil sampling locations.

Area of Groundwater Contamination (Parcel C)

Four groundwater sampling events occurred at the subject property since 2006. Contaminant concentrations of 1,2,4-TMB and chromium were detected above Part 201 GSI Cleanup Criteria at the SB-2W temporary monitor well (TMW) location and lead was detected above DW Cleanup Criteria at the SB-1W and SB-2W TMW locations. As part of the on-going LUST investigation, Applied Ecosystem installed six TMW's during the initial assessment phase. Ethylbenzene was detected in the GP-9 TMW above DW and GSI Cleanup Criteria, and lead was detected above DW Cleanup Criteria at the GP-7 and GP-8 TMW locations.

Applied Ecosystem revisited the site in an attempt to define the horizontal extent of groundwater contamination and installed six permanent groundwater monitor wells (MW-1 through MW-6). A groundwater sampling event conducted after the installation of the wells indicates that contaminant concentrations of naphthalene and 1,2,4-TMB were detected above GSI in the MW-6 location. In addition, lead was also detected above DW at the MW-3, MW-4, and MW-6 groundwater sample locations. Applied also conducted a groundwater sampling event on July 22, 2009 and lead was identified above DW Cleanup Criteria at the MW-4 location.

Based on the groundwater laboratory analytical results of AKT Peerless' 2005-2006 subsurface investigation and Applied Ecosystem's Initial and Final Assessment Report groundwater sampling activities, groundwater contamination does not appear to be horizontally defined and may extend off-site to the north, east, and west. The groundwater flow direction is toward the south. Potential sensitive receptors of contamination are an apparent wetland located to the south and a storm sewer located to the north of the Property.

Geophysical Survey

A geophysical survey was conducted by a Geophysical Imaging, Inc. (GII) to locate former UST excavations and septic fields. An additional concern was identified regarding a subsurface anomaly near the west-southwest side of the subject building on Parcel B. No impact was identified in the boring (SB-3W).

AKT Peerless March 26, 2006 Asbestos Survey Report (Parcels A, B, and C)

AKT Peerless was retained to conduct an Asbestos Survey of the buildings located at 3000, 3040, and 3060 Washtenaw Avenue in Ann Arbor, Michigan (i.e., Parcels A, B, and C). The purpose of the survey was to identify asbestos containing building materials (ACMs) that would require special handling procedures or removal activities before conducting general building demolition activities.

Summary of Asbestos Containing Materials

During the preparation of the asbestos survey, AKT Peerless identified ten functional spaces and 39 homogenous areas of suspect ACM in the buildings. Based on the materials observed, 75 samples of suspect ACM were collected for laboratory analysis. Based on the results of the asbestos survey, AKT Peerless identified the following:

Summary of Identified ACM 3000, 3040, and 3060 Washtenaw Avenue Ann Arbor, Michigan				
Description of ACM	ACM Location and Functional Space	HA No.	Condition	Approximate Quantity
Window glazing, white (2'x 2' panes)	3000 Washtenaw Avenue building, southern interior and exterior walls	8	Significantly damaged	45 Linear Feet
Window glazing, white (5'x 2' panes)	3000 Washtenaw Avenue building, southern exterior walls	9	Significantly damaged	45 Linear Feet
9" by 9" VFT, beige and black	FS-04, beneath blue carpet	11	Unknown	450 Square Feet
Fire doors	3000 Washtenaw Avenue building, southern exterior wall and FS-04	10 and 11	Good	13 Doors
Canvas vibration damper, gray	FS-04, furnace room	17	Damaged	5 Linear Feet
Roofing materials	3000 Washtenaw Avenue building roof	37	Good	4,800 Square Feet

remove the fire doors prior to the commencement of general building demolition activities.

- The canvas vibration damper located in the furnace room of 3000 Washtenaw Avenue was assumed to contain asbestos. AKT Peerless recommends that a licensed asbestos abatement contractor remove the canvas vibration damper prior to the commencement of general building demolition activities.

The roofing materials on the buildings inspected as part of this survey were assumed to contain asbestos based on access limitations. It is recommended that just prior to building demolition the industrial hygiene consultant (AKT Peerless) sample and verify the asbestos content of the building roofs. If this option is not performed, it is recommended that as part of the planned building demolition activities, that the roofing materials be removed using a method (such as the use of a power plow or power slicer) that does not subject the material to sanding, cutting, grinding, or abrading. During the roofing removal activities, AKT Peerless recommends that the contractor performing this work comply with Occupational Safety and Health Administration (OSHA) Asbestos Construction Industry standard (29 CFR 1926.1101) for work practices/procedures involving built-up or asphalt shingled roofs and roofing flashing materials.

AKT Peerless March 29, 2007 Summary of Due Care Activities, Parcel D

AKT Peerless prepared a letter summarizing the completed due care activities conducted under Part 201 March of 2007. On March 9 and March 20, 2007, AKT Peerless oversaw the removal of approximately 424 cubic yards (yds³) of contaminated soil that exceeded Soil Volatilization to Indoor Air Inhalation (SVIAI) Cleanup Criteria. The soil was removed from beneath and adjacent to the former footprint of the automotive service center. The soil was transported and disposed at the Veolia Arbor Hills landfill in Northville, Michigan.

During the soil removal activities, three previously abandoned hydraulic hoist systems were removed from the excavation. Furthermore, laboratory analytical results of the verification of remediation samples indicated that soil containing concentrations of contaminants exceeding SVIAI criteria applicable at that time had been removed.

AKT Peerless September 11, 2007 Phase I ESA Report

AKT Peerless was retained to prepare a Phase I ESA on behalf of Comerica Bank for the Property. Recognized environmental concerns identified by AKT Peerless included:

1. Concentrations of ethylbenzene, naphthalene, n-butylbenzene, n-propylbenzene, TMB isomers, xylenes, chromium, and lead remaining on Parcel C above MDEQ Generic RCC.
2. Concentrations of dichlorobenzene isomers, TMB isomers, xylenes, dichloroethylene, naphthalene, ethylbenzene, and vinyl chloride remain on Parcel D above MDEQ Generic RCC.
3. Parcel C – 3060 Washtenaw Avenue (listed as Fisca Oil Co Inc. #83) was identified on the state UST and “open,” LUST databases. According to the EDR Report, two 20,000 gallon galvanized steel gasoline USTs and one 8,000 gallon galvanized gasoline UST were installed on May 7, 1972 and removed on July 19, 1990. MDEQ reported a confirmed release of gasoline (C-0074-06) on March 2006 based on the review of a March 2006 BEA. The MDEQ notified Fisca Oil Co. regarding obligations under Part 213 in a letter dated March 28, 2006. During previous subsurface investigations conducted near the former UST system, concentrations of target parameters were detected above MDEQ Generic DWP and GSIP Criteria.
4. AKT Peerless observed a former electrical equipment housing or “shell” on the southern portion of Parcel D. This housing or “shell” appeared to contain a switch and was leftover from the demolition of the former automobile sales and service center, which was demolished in 2006. However, in AKT Peerless’ April 5, 2005 Phase I ESA, a pad mounted electrical transformer was identified in approximately the same location. Although AKT Peerless did not observe any visual impact or surficial staining during the site reconnaissance, the presence of this “shell” represents a recognized environmental condition with respect to the Property. AKT Peerless recommended that the apparent former transformer “shell” be properly removed, disposed of and assessed to determine if the “shell” was a “dry” type or contained di-electric fluid. If the “shell” was determined

to contain di-electric fluid, AKT Peerless recommended the collection of a soil sample to evaluate this REC.

Because RECs were identified during the performance of the Phase I ESA, further investigation and/or assessment was warranted in order to determine the nature, extent, magnitude, and materiality of the RECs associated with the subject property. However, it is important to note that previously completed Phase II SI, geophysical surveys, baseline environmental assessments and due care plans have adequately determined the nature, extent, magnitude and materiality associated with those RECs. Therefore, it was AKT Peerless' opinion that further evaluation of the identified RECs was not deemed necessary at this time with the exception of REC 4. During AKT Peerless' March 2010 site reconnaissance activities, the electrical "shell" was not observed. Therefore, additional investigation was not necessary.

Applied Ecosystems May 27, 2009 LUST Final Assessment Report

Subsequent to the confirmed UST release on Parcel C, Applied Ecosystems – Great Lakes, Inc. was contracted by Fisca Oil to complete additional subsurface investigations of the subject property in an attempt to delineate the vertical and horizontal extent of soil and groundwater contamination stemming from the former regulated UST systems. Prior to Applied Ecosystem's investigations, Comerica Bank acquired the property in October 2007 and submitted a BEA (#849). Applied Ecosystem completed and submitted an Initial Assessment Report (November 1, 2007), a quarterly groundwater monitoring report (January 26, 2009), a Final Assessment Report (May 27, 2009), and another quarterly groundwater monitoring report (August 10, 2009).

Applied Ecosystem concluded that the site meets the definition of Class 4 (no demonstrable long-term threats to human health, safety, or sensitive environmental receptors) and that corrective actions (natural attenuation and contaminant plume monitoring) should result in LUST Closure.

AKT Peerless March 18, 2010 Phase II ESA Report

On February 11, 2010, AKT Peerless advanced seven soil borings on the subject property and collected continuous soil samples from the soil borings in four-foot intervals to the maximum depth explored of 16 feet bgs. AKT Peerless collected soil and groundwater samples for

laboratory analysis from each boring. Samples were submitted for various analysis including VOCs, PNAs, cadmium, chromium, and/or lead.

During drilling activities, AKT Peerless encountered sand from below pavement/topsoil to the maximum explored depth of 16 feet bgs. This sand was brown to dark brown in color, fine- to medium-grained in size, and consisted of varying amounts of trace silt, clay, and/or gravel. Laterally discontinuous silt and clay layers were also encountered within this sand formation.

AKT Peerless encountered groundwater in six of the seven soil borings at depths ranging between 7 and 10 feet bgs. The groundwater appears to be associated with the extensive sand formation encountered at the Property and appears to be continuous across the site.

The results of the investigation indicate the following:

- Chromium (total) was detected in groundwater at the subject property at concentrations exceeding the Part 201 GSI criteria in groundwater samples GP-1W, GP-2W, and GP-4W.
- Vinyl chloride was detected in groundwater sample GP-4W at a concentration exceeding the Part 201 Drinking Water DW criteria.

AKT Peerless December 22, 2011 Soil Gas Survey Report

On September 12, 2011, AKT Peerless advanced seven soil borings on Parcel D (SG-1 through SG-7) and collected continuous soil samples in four-foot intervals to the maximum explored depth of eight feet bgs. AKT Peerless personnel inspected and logged the samples collected at each soil boring location.

AKT Peerless installed soil gas monitor wells in the soil boring locations. The six-inch soil gas screens were set between depths of 2.5 and 5.0 feet below the ground surface. AKT Peerless conducted two soil gas sampling events at the subject property on September 12 and October 17, 2011.

- On September 12, 2011 (Soil Gas Sampling Event #1), AKT Peerless collected six soil gas samples (SG-1, SG-2, SG-3, SG-5, SG-6, SG-7) and submitted the soil gas samples for laboratory analyses for VOCs. Soil gas sample SG-4 was unable to be collected due to the presence of groundwater in the monitor well.
- AKT Peerless returned to the Property on September 30, 2011 to install an additional soil gas monitor well (SG-8) to further evaluate detected contaminants.
- On October 17, 2011 (Soil Gas Sampling Event #2), AKT Peerless collected six soil gas samples (SG-1, SG-2, SG-3, SG-6, SG-7, SG-8) and submitted the soil gas samples for laboratory analysis of VOCs. Soil gas samples SG-4 and SG-5 were unable to be collected due to the presence of groundwater in the monitor well.

These activities were conducted in accordance with *MDEQ's draft Operational Memorandum #4, attachment 4, Soil Gas and Indoor Air*. Laboratory analytical results from AKT Peerless' soil gas screening events indicate that the following contaminant concentrations were detected above MDEQ draft soil gas screening levels:

Soil Gas Sampling Event #1

- Cis-1,2-Dichloroethylene was detected in soil gas sample SG-7 (3.5-4.0) at 730 parts per billion by volume (ppbv).
- Vinyl chloride was detected in soil gas samples SG-2 (3.5-4.0) and SG-7 (3.5-4.0) at 140 ppbv and 170 ppbv, respectively.

Soil Gas Sampling Event #2

- Vinyl chloride was detected in soil gas sample SG-2 (3.5-4.0) at 200 ppbv.

Based on the soil gas analytical results, a vapor mitigation system associated with proposed development of Buildings C and D was recommended.

AKT Peerless February 17, 2012 LUST Closure Report

On June 3, 2011, AKT Peerless supervised the completion of two soil borings (AP-1 and AP-2), the installation of two temporary groundwater monitor wells (AP-1w and AP-2w), and the installation of four permanent groundwater monitor wells (MW-7 through MW-10). AKT Peerless also collected nine soil samples from varying depths and submitted them to a fixed-based environmental laboratory for the analysis of leaded gasoline indicator parameters. Based on a review of the laboratory analytical results, leaded gasoline indicator parameters were not identified above MDEQ RCC.

On June 6, 2011, AKT Peerless surveyed the top of casing of each of the existing monitoring wells, collected depth to groundwater data, calculated an approximate groundwater flow direction, and collected 11 groundwater samples from the two recently installed temporary groundwater monitor wells and the existing nine permanent groundwater monitoring wells. AKT Peerless submitted the 11 groundwater samples to a fixed-based environmental laboratory for analysis of leaded gasoline indicator parameters. Based on a review of the laboratory analytical results, leaded gasoline indicator parameters were not detected above MDEQ RCC, except for lead that was detected in the temporary groundwater monitor well location (AP-2) at a concentration of 11 parts per billion, which exceeds the Residential DW Cleanup Criteria of four parts per billion. The calculated groundwater flow direction is to the south with a slight easterly component.

On October 11, 2011, AKT Peerless supervised the completion of three additional soil borings (AP-3 through AP-5), the collection and submittal of three soil samples for leaded gasoline indicator parameters, and the collection and submittal of nine groundwater samples from the existing permanent groundwater monitoring wells. Based on a review of the laboratory analytical results, leaded gasoline indicator parameters were not detected above MDEQ RCC.

Following the additional soil and groundwater sampling events conducted by AKT Peerless in June 2011 and October 2011, per the request of Mr. Terry Hiske with the MDEQ, AKT Peerless completed one additional soil boring (HA-1) to further define the previously identified soil contamination at the subject property. On December 8, 2011, AKT Peerless collected one soil sample from the HA-1 soil boring location and submitted it to an environmental laboratory for

the analysis of lead. Based on a review of the laboratory analytical results, lead was not detected above MDEQ RCC.

AKT Peerless conducted sampling activities at the site to determine the appropriate site classification based on known existing conditions and information contained in the MDEQ Remediation Division's (RD) Operational Memorandum No. 3. The site is currently classified as a Class 4 site. Class 4 was chosen for this site since: (1) the soil and groundwater contamination has been fully delineated; (2) fire and explosion hazards are not present; (3) soil and groundwater is not contaminated above MDEQ Part 213 Tier I Direct Contact and Inhalation Risk Based Screening Levels (RBSLs); (4) soil and groundwater contamination is not likely to vent to surface water bodies of the State at concentrations exceeding the GSI RBSLs; and (5) there is no potential for contamination to affect sensitive habitat. Therefore, this site does not exhibit any long-term threats to human health, safety or sensitive environmental receptors.

Summary of Current Known Conditions

As demonstrated in the preceding, the Property has been thoroughly investigated to determine the soil, soil gas and groundwater quality that currently exist at the Property. The following sections summarize the current conditions relative to applicable Part 201 generic cleanup criteria.

Parcels A and B

Contaminant constituent concentrations exceeding Part 201 RCC in either soil or groundwater have not been identified at Parcels A and B at the Property during subsurface investigations conducted on these parcels in 2006 and 2010 by AKT Peerless. However, caution should be exercised during subsurface activities on these parcels due to their proximity to contamination. In the event that unknown or questionable subsurface conditions or residual materials are encountered, immediately contact the Project Manager and the owner's appointed qualified environmental professional for assistance.

Parcels C and D

AKT Peerless prepared a BEA on behalf of RSW Washtenaw LLC (the Client) for the properties located at 3060 (Parcel C) and 3100 (Parcel D) Washtenaw Avenue, in Ann Arbor, Washtenaw County, Michigan. This BEA was conducted on May 7, 2010 and completed on May 21, 2010. The MDEQ determined that this BEA meets the requirements for an exemption from liability under Section 26(1)(c).

Parcel C

Based on the analytical results obtained during AKT Peerless' 2005, 2006, and 2010 subsurface investigations of the Property, the following hazardous substances were detected in samples collected from 3060 Washtenaw Avenue above their respective MDEQ RCC in soil and/or groundwater samples collected at the subject property.

TABLE - PARCEL C SUMMARY OF PART 201 EXCEEDANCES IN SOIL

Parameter (CAS Number)	Part 201 Generic Residential Criteria Exceeded	Sample Identification ⁽¹⁾	Maximum Concentration (µg/kg) ⁽²⁾
n-Butylbenzene (104-51-8)	Groundwater Surface Water Interface	B-2 (7-9)	1,800
Ethylbenzene (100-41-4)	Groundwater Surface Water Interface	B-2 (7-9)	930
n-Propylbenzene (103-65-1)	Groundwater Surface Water Interface	B-2 (7-9)	3,600
1,2,4-Trimethylbenzene (95-63-6)	Drinking Water Protection Groundwater Surface Water Interface	B-2 (7-9)	4,700
1,3,5-Trimethylbenzene (108-67-8)	Drinking Water Protection Groundwater Surface Water Interface	B-2 (7-9)	8,400
Xylenes (1330-20-7)	Groundwater Surface Water Interface	B-2 (7-9)	1,600
Naphthalene (91-20-3)	Groundwater Surface Water Interface	B-2 (7-9)	9,200

⁽¹⁾ - Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

⁽²⁾ - µg/kg = micrograms per kilogram.

**TABLE - PARCEL C SUMMARY OF PART 201 EXCEEDANCES
IN GROUNDWATER**

Parameter (CAS Number)	Part 201 Generic Residential Cleanup Criteria Exceeded	Sample Identification ⁽¹⁾	Maximum Concentration (µg/L) ⁽²⁾
1,2,4-Trimethylbenzene (95-63-6)	Groundwater Surface Water Interface	SB-2W	44
Chromium (various)	Groundwater Surface Water Interface	GP-1W GP-2W	24
Lead (7439-92-1)	Drinking Water Protection	SB-1W, SB-2W	60

⁽¹⁾ - Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

⁽²⁾ - µg/L = micrograms per liter.

Parcel D

Based on the analytical results obtained during AKT Peerless' 2005, 2006, and 2010 subsurface investigations of the Property, the following hazardous substances were detected in samples collected from 3120 Washtenaw Avenue above their respective MDEQ RCC in soil and/or groundwater samples collected at the subject property.

TABLE - PARCEL D SUMMARY OF PART 201 EXCEEDANCES IN SOIL

Parameter (CAS Number)	Part 201 Generic, Commercial IV Cleanup Criteria Exceeded	Sample Identification ⁽¹⁾	Maximum Concentration (µg/kg)
n-Butylbenzene (104-51-8)	Drinking Water Protection	B-8 (6-7)	2,800
cis-1,2-Dichloroethylene (156-59-2)	Drinking Water Protection	B-7 (2-4) B-13 (0-2)	11,000
1,2-Dichlorobenzene (95-50-1)	Groundwater Surface Water Interface	B-11 (1-2) B-13 (0-2)	4,100
1,3-Dichlorobenzene (541-73-1)	Drinking Water Protection	B-11 (1-2)	880
1,4-Dichlorobenzene (106-46-7)	Groundwater Surface Water Interface	B-11 (1-2) B-13 (0-2)	890
Ethylbenzene (100-41-4)	Groundwater Surface Water Interface	B-24 (1-3)	800
Naphthalene (91-20-3)	Groundwater Surface Water Interface	B-24 (1-3)	2,700
Tetrachloroethylene (127-18-4)	Drinking Water Protection Groundwater Surface Water Interface	B-7 (2-4)	13,000
1,1,1-Trichloroethane (71-55-6)	Drinking Water Protection Groundwater Surface Water Interface	B-7 (2-4)	6,600
1,2,4-Trimethylbenzene	Drinking Water Protection	B-8 (6-7)	18,000

Parameter (CAS Number)	Part 201 Generic, Commercial IV Cleanup Criteria Exceeded	Sample Identification ⁽¹⁾	Maximum Concentration (µg/kg)
(95-63-6)	Groundwater Surface Water Interface	B-9 (6-7) B-24 (1-3) B-31 (2-4)	
1,3,5-Trimethylbenzene (108-67-8)	Drinking Water Protection Groundwater Surface Water Interface	B-8 (6-7) B-24 (1-3)	6,300
Xylenes (1330-20-7)	Groundwater Surface Water Interface	B-8 (6-7) B-9 (6-7) B-24 (1-3)	1,900

⁽¹⁾ - Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

⁽²⁾ - µg/kg = micrograms per kilogram.

**TABLE - PARCEL D SUMMARY OF PART 201 EXCEEDANCES
IN GROUNDWATER**

Parameter (CAS Number)	Part 201 Generic, Nonresidential Cleanup Criteria Exceeded	Sample Identification ⁽¹⁾	Maximum Concentration (µg/L) ⁽²⁾
Chromium (various)	Groundwater Surface Water Interface	B-23w B-25w B-33w	37
Lead (7439-92-1)	Drinking Water Protection	B-12w B-23w B-24w B-25w B-27w B-33w	58
Vinyl Chloride (75-01-4)	Drinking Water Protection Groundwater Surface Water Interface	B-1w B-2w B-10w	130

⁽¹⁾ - Sample identification: B-# indicates soil boring and (#-#) indicates sample depth in feet.

⁽²⁾ - µg/L = micrograms per liter.

Based on the analytical findings, Parcels C and D meet the definition of a “facility” as defined by Part 201 of NREPA, Michigan PA 451 of 1994, as amended.

Functionally Obsolete (Parcel A)

"Functionally obsolete" means that the Property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or superadequacies in design, or other

similar factors that affect the Property itself or the Property's relationship with other surrounding Property.

Parcel A

The City Assessor found that building on the parcel is vacant and suffers from damage and deferred maintenance, and that the building requires substantial rehabilitation of both the exterior and interior for use as an office and/or apartment. The City Assessor concluded that it is economically infeasible for the structure to be rehabilitated for its intended use, and that the property is functionally obsolete. Refer to the Brownfield Plan in Attachment A for the Assessor's opinion of functional obsolescence.

Adjacent and Contiguous (Parcel B)

The City of Ann Arbor is considered a qualified local governmental unit as provided in Act 146 of 2000, as amended. The definition of "Eligible Property" in PA 381 of 1996, as amended, includes Property that is located in a qualified local governmental unit and is a facility, functionally obsolete, or blighted 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.

Parcel B

Parcel B is adjacent or contiguous to a facility (Parcel C) and a functionally obsolete parcel (Parcel A). The development of this adjacent and contiguous parcel will increase the captured taxable value of the facility (Parcel C) and functionally obsolete (Parcel A) Property. Therefore, the Property is considered "Eligible Property" since it has been deemed a "facility" and "functionally obsolete", is adjacent or contiguous to qualifying parcels and it is located in a qualified local governmental unit.

3.0 SCOPE OF WORK

3.1 MDEQ ELIGIBLE ACTIVITIES

The Property will be prepared to make it suitable for development. Appropriate BEA activities (Phase I ESA, Phase II ESA, and reports that have been completed as local-only Act 381 eligible activities), due care activities, and additional response activities will be and have been performed to prevent exposure to materials hazardous to human health, safety, and the environment. The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured and used to reimburse the cost of the eligible activities completed on the Property, as authorized by Act 381, as amended and pursuant to the terms of a Reimbursement Agreement (refer to Appendix B) with the Authority. Refer to Table 1 for a detailed description of the Eligible Activities for the Project and Table 2 for tax increment financing information.

3.1.1 Due Care Activities

Due Care Planning

Phase I and Phase II ESAs have been completed for the Property. A BEA was completed for the facility parcels (i.e., Parcels C and D) on May 21, 2010. Due care plans have been completed for the construction activities. Due care plans will also be prepared for operation of the Property following construction, once the Project's final construction is confirmed.

To demonstrate compliance with Section 20107a ("Due Care"), minimum "response activity plans," which may be necessary during site use and ownership, will be outlined. The proposed response activities are related to: (1) mitigation of exposure to soil and soil gas whose contaminant concentrations exceed MDEQ's Volatilization to Indoor Air Inhalation RCC and MDEQ's DRAFT soil gas screening levels; and (2) proper management of impacted soil and groundwater during construction activities whose contaminant concentrations exceed MDEQ's RCC.

The "due care" plans will be completed in accordance with Part 201 of the Natural Resources and Environmental Protection Act (NREPA), 1994 Public Act (PA) 451, as amended, and *Michigan Department of Environmental Quality (MDEQ) Instructions for Preparing and Disclosing Baseline Environmental Assessments and Section 7a Compliance Analyses*, effective

March 11, 1999. The due care plans will evaluate the potential exposure risks associated with soil and groundwater contamination at the Property in light of the nature of the proposed development construction activities and occupancy of the developed property. A detailed breakdown of the costs associated with this task is provided later in this section.

Soil Remediation Activities

AKT Peerless has conducted several investigations that detected VOCs in soil and groundwater at concentrations that exceed MDEQ's Part 201 RCC. VOCs detected in soil and/or groundwater at the Property during past investigations include:

1,2-dichlorobenzene	1,3-dichlorobenzene
1,4-dichlorobenzene	Cis-1,2-dichloroethylene
1,1,1-trichloroethane	Ethylbenzene
Naphthalene	n-butylbenzene
n-propylbenzene	Tetrachloroethylene
1,2,4-trimethylbenzene	1,3,5-trimethylbenzene
Xylenes	Vinyl Chloride

In addition, soil gas sampling and analysis detected the presence of benzene, cis-1,2-dichloroethene (DCE) and vinyl chloride in concentrations exceeding their respective draft soil gas screening levels.

RSW Washtenaw, LLC, intends to construct the Property as a mixed use development. Therefore, RSW Washtenaw, LLC plans to implement the following actions to remediate or otherwise mitigate environmental risks associated with the impacted soil in Areas A1, B1, and C1 (refer to Figure 4 in the attachments).

Affected Areas

- **Area A1**

Approximately 2,500 yds³ of contaminated soil must be excavated from the area surrounding the former UST cavity as a due care response activity. The contaminated soil cannot be relocated and managed onsite within Parcel C due to land balancing requirements for the new development. Therefore, the soil must be removed from the Property and disposed at a Type II landfill. The cost includes excavation, transport, disposal, oversight and reporting, verification of remediation sampling, and project management.

- **Area B1**

Approximately 2,300 yds³ of contaminated soil must be excavated within foundation and utility corridor footprints in this area on Parcel D. The soil must be removed from the Property because insufficient space is available on the parcel development plan that can accommodate the soil within acceptable areas and within land balancing constraints. In addition, strong odors that have been encountered in Area B1 at proposed excavation locations during past site investigations. This makes onsite management of the contaminated soils problematic, both as a potential nuisance to neighboring properties and potentially costly odor mitigation activities. As a result, the soil must be removed from the Property and disposed at a Type II landfill. Since this soil would be excavated for foundation and utility work regardless of contamination due to geotechnical constructability concerns, the cost for excavation included in the eligible activities are limited to the additional expenses for handling the impacted soil in excess of a greenfield property (i.e., added costs for a brownfield site). Eligible costs also include transportation, disposal, dewatering, environmental oversight and reporting, and project management.

- **Area C1**

Approximately 1,500 yds³ of contaminated soil must be excavated within the foundation and utility corridor footprints in Area C1 on Parcel D. The soil can be reused within Parcel D's land balance and does not require removal from the Property. The eligible activity cost represents the additional expense for excavation beyond that of a greenfield

site and to manage the contaminated soil onsite during the foundation work (i.e., added costs for a brownfield site). Eligible costs also include dewatering, environmental oversight and reporting, and project management.

Please refer to Table 1, MDEQ and MEGA Eligible Activity Costs, for specific line item costs for the due care activities, and to Figure 4 for the locations of contaminated soil. In addition, refer to Table 1A for specific cost comparisons for soil management between a brownfield and greenfield location.

Dewatering of Excavations

Previous subsurface investigations encountered groundwater at depths of approximately 7 to 9 feet bgs. Therefore, in addition to the potential for surface water or rain water flow into an open excavation, the potential for infiltration of groundwater into the source area excavation and construction excavations exists. Accumulated water will be pumped from the excavations into frac tanks staged at the site on an as-needed basis to allow for the remedial and construction excavation activities. RSW Washtenaw, LLC anticipates approximately 100,000 gallons will be pumped from the excavation and managed. Samples will be collected from water stored in the frac tanks. These samples will be characterized by laboratory testing to determine whether specialized disposal is necessary or if the water can be discharged to the Publicly Owned Treatment Works (POTW). If groundwater is encountered in a quantity that is too large or impractical to manage onsite in frac tanks, alternative methods for dewatering and disposal will be evaluated and implemented in accordance with applicable Federal, State and local regulations.

Verification Sampling and Analysis

Following the remedial excavation activities of the source area soil contamination in Area A1, verification of soil remediation (VSR) soil samples will be collected from the excavation floor and walls in accordance with the MDEQ guidance document “*Sampling Strategies and Statistics Training Materials*” (S3TM) for Part 201 Cleanup Criteria, dated March 18, 2002. The VSR samples will be analyzed for VOCs.

Brownfield/Greenfield Costs

The requested reimbursement for due care activities in this Plan is for the increased cost in performing the eligible activities due to the brownfield conditions on the Property. Table 1A in the attachments summarizes the cost differential for soil management activities for this Project. It should be noted that a specific landfill for soil disposal has not been selected for the Project; as a result, the excavation, transportation, and disposal costs were estimated based on current market rates with several licensed contractors.

In Area A1 (refer to Figure 4), all soil remediation activities are response activities associated with the LUST incident to support the development's land balancing requirements. None of the excavation, transportation, disposal, and associated activities would be required at a greenfield site. Therefore, 100% of the costs are increased costs due to brownfield conditions.

In Area B1 (refer to Figure 4), since this soil would be excavated for foundation and utility work regardless of contamination due to geotechnical constructability concerns, the cost for excavation included in the MDEQ eligible activities are limited to the additional expenses for handling the impacted soil in excess of a greenfield property (i.e., added costs for a brownfield site). Details for the cost comparison are provided in Table 1A. MDEQ eligible activity costs also include transportation, disposal, dewatering, environmental oversight and reporting, and project management.

Similarly, in Area C1 (refer to Figure 4) the excavation for foundations and utility corridors would occur on a greenfield site as well. The MDEQ eligible activity cost represents the additional expense for excavation beyond that of a greenfield site and to manage the contaminated soil onsite during the foundation work (i.e., added costs for a brownfield site). Details for the cost comparison are provided in Table 1A. MDEQ eligible activity costs also include dewatering, environmental oversight and reporting, and project management.

Please refer to Tables 1 and 1A in the attachments for further details of the cost calculation for excavation, transportation, and disposal of contaminated soil.

3.1.2 Health and Safety Plan

A site-specific Health and Safety Plan (HASP) will be completed for redevelopment activities at the Property by each of the subsurface contractors and others that can come into contact with potentially contaminated media during the performance of their work activities. The HASPs will comply with appropriate guidelines including the following:

- Michigan Occupational Safety and Health Act;
- Section 111(c)(6) of CERCLA;
- Occupational Safety and Health Administration requirements 29 CFR 1910 and 1926;
- Standard Operating Safety Guide Manual (revised November 1984) by the Office of Emergency and Remedial Response; and
- Occupation Safety and Health guidance manual for Hazardous Waste Site Activities (NIOSH/OSHA/USCG/EPA, DHHS [NIOSH] Publication No. 85-115, October 1985).

The HASPs will include the following elements:

- Authorized personnel and definition of responsibilities;
- proposed activities;
- personal protective equipment;
- decontamination procedures;
- work zone restrictions and delineations;
- personal protection upgrade/downgrade action limits;
- emergency information and telephone numbers;
- incident documentation procedures; and
- contingency plans.

Oversight will be conducted to ensure due care issues are addressed while eligible activities and construction activities are being completed. The following activities (at a minimum) will be documented:

- The type, location, quantities, etc., of materials removed from the site and disposed at the landfill or other appropriately licensed disposal operation.
- The final disposition and location of any contaminated media that can be managed on-site in accordance with due care requirements.
- Monitoring for unanticipated materials and/or materials previously not identified, including collection of samples for additional waste characterization.

- The type, location, materials and construction of vapor mitigation systems installed at the site to prevent future potential indoor air inhalation exposures.

The Contractor Site Safety Officer will document and enforce HASP issues with workers at the Site, including:

- Verification of on-site worker training and current certifications.
- Conducting site-specific HASP training for workers entering the site.
- Monitoring construction activities to ensure the HASP is being followed, including use of PPE, decontamination of equipment, site security, etc.

A Construction Summary Report (CSR) will be prepared and submitted to the MDEQ-RD at the completion of development activities. The CSR will summarize the due care issues addressed during the construction activities and will include such items as photographic documentation, disposal manifests, fill material load tickets, utility abandonment logs (if any), site plans, etc. to verify that the development construction activities were conducted in accordance with approved plans.

3.1.3 Preparation of Brownfield Plan and Act 381 Work Plan

AKT Peerless has prepared a Brownfield Plan and MDEQ and MEGA Act 381 Work Plans for the Property in accordance with all applicable MDEQ and MEGA guidance.

3.1.4 Additional Response Activities

Additional response activities to be conducted at the eligible property consist of: (1) installation of a rain garden/bioretenion liner; (2) utility seals, gaskets, and polywrap liners; (3) UST closure; (4) environmental oversight for detention basin excavations; (5) abandonment of monitoring wells; and (6) design, obtain MDEQ approval and construction of a vapor barrier and passive venting system for Buildings C1 and D. Please refer to Table 1, MDEQ and MEGA Eligible Activity Costs, for specific line item costs for the additional response activities.

Rain Garden/Bioretenion Liner

The Project has a rain garden central to the parking area between Buildings A and B. The cost for the impermeable liner for the rain garden to prevent infiltration of precipitation into

potentially impacted soil, and therefore, migration of potentially contaminated water to storm drains and groundwater is included.

Utility Seals, Gaskets, and Polywrap Liners

Due to the relatively shallow groundwater at the Property, chemical resistant utility seals, gaskets, and pipe polywrap liners will be required to protect the utilities from infiltration of potentially contaminated media and for compliance with applicable construction regulations. The construction materials will be screened in advance of selection and use for chemical compatibility with the contaminant constituents identified at the Property.

UST Closure

Parcel C is an 'open' LUST site on the MDEQ LUST database. Closure of the incident will require preparation of a LUST closure report in accordance with Part 213 guidance that summarizes the response and corrective actions completed at Parcel C of the Property. Closure activities include:

- Completion of contaminant delineation – additional soil borings;
- Conducting three groundwater sampling and analysis events;
- Preparation and filing of a restrictive covenant; and
- Preparation of a LUST closure report.

Environmental Oversight for Detention Basin Excavation

Inspections and checks during excavation activities, including proper management of stockpiling, transportation, and on-site relocation and/or off-site disposal of soil and construction debris, as necessary, and based on characterization results of soils and fill materials derived from construction. Oversight during containerization of on-site storage of aqueous wastes and other residuals derived from construction, if necessary, will be conducted including water derived from decontamination of personnel and equipment.

Abandonment of Monitoring Wells

To allow construction to proceed unimpeded and to manage due care responsibilities, the monitoring wells currently present on the Property will be permanently abandoned to remove

potential contaminant conduits from the site. The wells will be appropriately abandoned in accordance with industry standards prior to the start of rough grading of the surface.

Vapor Mitigation Systems

RSW Washtenaw, LLC intends to install a vapor mitigation system in Buildings C1 and D as a presumptive remedy. Based on analytical results from the Phase II ESAs and the soil gas survey investigations, a vapor mitigation system (a redundant system inclusive of a sub-slab vapor barrier and passive venting) will be installed beneath the floors of both Buildings C1 and D proposed for construction at the site. Refer to Figure 6 for more details on the location of the proposed mitigation system. AKT Peerless will engage with MDEQ representatives to obtain approval of the draft vapor mitigation system construction plan. Both Liquid Boot and Geoseal materials and installation methods are applicable vapor barrier types for this Project. The cost for Liquid Boot materials and installation is estimated at \$6-7 per square foot, and the cost for Geoseal is estimated at \$5-7 per square foot. The project will utilize the lowest cost feasible alternative that also meets the overall Project goals and schedule (i.e., does not cause inordinate cost increases for other tasks that offsets the savings of the selected vapor barrier material). Below is a per square foot estimated range in cost for each of these barrier types. Estimated costs include the passive ventilation system. Please see the supplemental Vapor Mitigation System Work Plan dated February 13, 2012, Project number 4543F5-16-10 for additional details on the Vapor Barrier.

Vapor Barrier with Passive Venting “Building C1”

28,200 ft ² X 20% (overlap for anchoring) = 33,840 ft ² X \$7 =	\$236,880
Engineering Design =	\$ 12,000
Oversight & Reporting =	\$ 9,000
Project Mgt. =	<u>\$ 15,473</u>
Total Estimate =	\$273,353

Vapor Barrier with Passive Venting “Building D”

15,800 ft ² X 20% (overlap for anchoring) = 18,960 ft ² X \$7 =	\$132,720
Engineering Design =	\$ 12,000
Oversight & Reporting =	\$ 9,000
Project Mgt. =	<u>\$ 9,223</u>
Total Estimate =	\$162,943

As discussed with the MDEQ, vapor mitigation will not be necessary at proposed Buildings A and B due to the lack of contaminated soil at these locations that exceeds the Part 201 generic Soil Indoor Air Inhalation Criteria and the fact that the buildings are located distant enough from the putative source areas to presumptively mitigate any soil volatilization to indoor air concern.

3.2 MEGA ELIGIBLE ACTIVITIES

The non-environmental eligible activities will include public infrastructure improvements, brownfield and work plan preparation, demolition, asbestos and lead paint survey and abatement, and site preparation activities, all of which were approved by the Authority and County Board of Commissioners pursuant to the terms of the Reimbursement Agreement. A summary of the eligible activities and the estimated cost of each eligible activity intended to be reimbursed with Tax Increment Revenues from the Property are provided in the attached Table 1. Also, figures depicting public infrastructure improvements (Figure 3) and sampling locations related to previous environmental investigations (Figures 4 and 5) are provided in the attachments. Additional, detailed breakouts of the non-environmental activities being requested for MEGA approval are described following:

- Public Infrastructure Improvements. All Infrastructure improvements proposed will be publicly owned, maintained and operated, will support the project, and will serve others and/or the public. Please see Section 4.2.2 for unit costs, and Figure 3 for the Public Infrastructure Improvements map.
 - Road improvements along Washtenaw Avenue and Platt and Glenwood Roads. Road improvements include road upgrades with new paving, drains, curbs and gutters, and sidewalks. They also include landscape buffers in the form of street trees, grass, and irrigation in the road easement. These improvements are necessary due to construction activities and to support the new use of the Property.
 - Retaining wall (adjacent to Washtenaw Avenue). The retaining wall is necessary to protect the existing roadways during improvements, but will be

required as a permanent structure as required by new infrastructure, due to the slope of the site.

- Sheeting & Shoring. The sheeting and shoring are necessary to protect the existing roadways, utility corridors and adjacent properties during improvements. Like the retaining wall, the sheeting and shoring will be required as permanent structures as required by new infrastructure, due to the slope of the site.
 - Engineering and design - Design of the engineered surfaces, utility improvements, buildings and foundations is required for this Project. The engineering and design costs will be paid by the Developer.
 - Traffic signal and cross walks at the Washtenaw Avenue-Platt Road intersection.
 - Utility improvements in the public easement.
- Lead and Asbestos Abatement. Abatement of lead paint and asbestos-containing materials prior to demolition. All three buildings on the Property will be demolished. All removal will be performed in accordance to OSHA Class I asbestos removal requirements as found in 29 CFR 1926.1101. In addition, air monitoring will be performed to comply with OSHA requirements.
 - Demolition. Site demolition will consist of removal of abandoned utilities, parking lots, and building foundations. Utilities to be removed consist of onsite storm, sanitary, and water mains and utility structures. Site demolition does not include historical fill that is referenced below in Site Preparation. Building demolition includes a demolition survey, the actual demolition of the three buildings on the Property, and fill, compaction, and rough grading to balance the site where the buildings were located.
 - Site Preparation. Site preparation activities will include the following:
 - Geotechnical Engineering—Investigation, engineering, and design as necessitated by non-native soils to support selection of the appropriate

foundation system. These costs have not been incurred; they are related to geotechnical activities that will be completed after land balancing.

- Temporary Sheet piling and Shoring—Located on the east and south property lines and near Platt Road. The temporary sheet piling and shoring will address special soil concerns during construction for utility work and foundation work. These activities are separate and distinct from the sheet piling and shoring described as public infrastructure improvements.
- Temporary Site Control—Chain link construction fencing with locking gates to secure the Property during construction.
- Dewatering (during MEGA Eligible Activities)—Water removal will be required due to the high water table during excavation for unstable material and foundation work to address special soil concerns.
- Alternative Green Stormwater Management—the incremental increase in cost for the underground detention system “B” for the underlayment installation that is necessary as a result of geotechnically poor, non-native soils. The cost is for geogrid installation. Please see the attached geotechnical report in Attachment C, Page 11. The geotechnical report recommends either (a) removing the non-native fill material and buried slab (and replacing with engineered fill), or (b) installing a geogrid underlayment. The geogrid was selected because it is the less expensive alternative.

The geotechnical report recommends a triaxial geogrid, a highly permeable geosynthetic reinforcement grid intended to stabilize soft ground conditions over the non-native fill. The cost increase is an eligible cost because the geogrid will be necessary to physically support the infiltration system in Area “B” that diverts stormwater from the sewer system. The full cost is a brownfield cost, because the cost of the underlayment is the incremental increase due to brownfield conditions of the system versus greenfield conditions which would not require an underlayment.

- Clearing and Grubbing— Removal of surface vegetation (e.g., trees and shrubs) is required in advance of site grading. Removal of organic matter

including vegetative cover and topsoil within the limits of the proposed work and removal of the material to a depth which is sufficient to permit the construction of the buildings, roads, and utilities.

- Construction-related staking—Staking for clearing & grubbing, excavation, and cut and fill for completion of MEGA eligible activities is required prior to the start of construction.
 - Temporary Facility—Structure to be present during site preparation activities.
 - Soil erosion control—Temporary erosion control measures will be necessary to minimize the amount of sediment and other material transported by storm water runoff from the Property. Controls will consist of silt fencing, storm sewer inlet filters, and use of stone mud mats.
 - Cut and Fill Operations—As warranted by the licensed design engineer, cut and fill operations to prepare the grade of the site for development.
 - Excavation for Unstable Material—Excavation and transportation of non-indigenous material that is an impediment to redevelopment.
 - Fill—Imported clean fill material to offset the removal of unstable material is required for construction of the Project. The fill includes: (a) placement and compaction of imported fill to achieve the required soil strength for redevelopment; and (b) a 6” sub-base for building and compaction.
 - Foundation Work to Address Special Soil Concerns—Incremental cost increase over similar greenfield site to design and build a specialized foundation system adequate to support anticipated loads given the special soil concerns at the Property, including geotextile installation.
- Brownfield and Work Plan Preparation. Reasonable costs associated with development and preparation of a Brownfield Plan and Work Plan.
 - MEGA Review Fees.
 - Contingency. A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during the redevelopment.

4.0 SCHEDULE AND COSTS

The following subsections present the proposed schedule to complete the Project and the associated costs.

4.1 SCHEDULE OF ACTIVITIES

Project activities will commence in the Spring of 2012 following the Washtenaw County Brownfield Redevelopment Authority, the Washtenaw County Board of Commissioners, MDEQ, and MEGA approvals. Completion of the Project is anticipated to be within approximately 1.5 years.

4.2 ESTIMATED COSTS

The itemized estimated costs to complete the Environmental and Non-Environmental eligible activities including all labor, equipment, subcontractors, and materials under this Work Plan are provided in Sections 4.2.1 and 4.2.2 below and in the attached Table 1, Table 1A and Table 2. Actual interest associated with the eligible activities not to exceed 5% to address the true cost of conducting the eligible activities associated with the development of this site is also included. Note: an interest calculation will be determined, pending refinement of Eligible Activity and contingency costs, revisions to the Work Plan tables, and possibly a proportionality adjustment due to local tax increment revenues being captured throughout the plan for WCBRA Administration Fees and Local Only Activities.

4.2.1 Description of MDEQ Eligible Activities Costs

The estimated cost for the activities plus contingency, fees, and interest described in this section is \$1,784,722. The Developer desires to be reimbursed for the costs of eligible activities. Individual costs associated with these activities are provided in the table below. See Table 1 for further details.

4.2.2 Description of MEGA Eligible Activities Costs

The estimated cost for the activities plus contingency described in this section is \$2,578,553. A more detailed description of the costs associated with these activities is provided in the following table. Unit costs are provided where applicable. For additional support documentation, please

refer to Tables 1 and 2. For detail on unit costs for eligible activities, please see the Opinion of Probable Cost that is attached to Table 3.

4.2.3 Contingency

Additional response activities may include the response to unexpected contamination. Though these are not expected, brownfield sites may contain one or more of the following:

- Encountering soil classified as hazardous waste;
- historical septic systems or other underground structures or debris;
- contamination encountered during removal of underground utilities; and
- other hazardous liquid or solid materials discovered at the building.

A 15% contingency factor has been included to accommodate for unexpected conditions that may be encountered during the redevelopment.

MDEQ Eligible Activities

Eligible Activity	Total Estimated Cost
Due Care Response Activities	
Due Care Plan	\$7,500
Area 'A1' (UST Area) Remediation	\$213,420
Area 'B1' Remediation	\$133,930
Area 'C1' Remediation	\$29,295
Dewatering (Area 'B1' and Area 'C1')	\$100,000
Health & Safety Plan	\$2,500
Additional Response Activities	
Rain Garden/Bioretenion Liner	\$25,000
Seals Gaskets and Polywrap Liner (utilities)	\$50,000
UST Closure	\$30,000
Environmental Oversight	\$15,000
Monitoring Well Abandonment	\$7,500
Vapor Barrier with Passive Venting (Building C1)	\$273,353
Vapor Barrier with Passive Venting (Building D)	\$162,943
Subtotal	\$1,050,441
Contingency (A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during redevelopment)	\$156,441
Due Care Assessment Activities (Due Care Plan)	\$7,500
Preparation of Brownfield Plan	\$4,000
Preparation of MDEQ Act 381 Work Plan	\$6,000
MDEQ Application Fee	\$1,500
Interest	\$566,339
Total MDEQ Eligible Activities	\$1,784,722

MEGA Eligible Activities

Eligible Activity	Estimated Cost
Public Infrastructure Improvements	
Washtenaw Avenue Improvements	\$95,860
Retaining Wall (Washtenaw Ave)	\$27,500
Sheeting/Shoring (Washtenaw Ave)	\$60,000
Platt & Glenwood Road Improvements	\$73,860
Engineering & Design	\$52,500
Traffic Signal and Cross Walks	\$100,000
Utilities in Public Easement	\$141,500
Asbestos Survey and Hazardous Materials Activities	
Asbestos and Hazmat Survey	\$1,950
Asbestos and Hazmat Abatement	\$27,700
Demolition	
Site Demolition	\$274,000
Building Demolition	\$335,000
Site Preparation	
Geotechnical Investigation and Engineering & Design	\$101,650
Sheeting/Shoring East and South Property Lines	\$10,000
Sheeting/Shoring Platt Road	\$48,000
Temporary Site Control-Chain Link Construction Fence	\$52,000
Dewatering (During MEGA Eligible Activities)	\$10,000
Underground Detention "B" underlayment (Poor Soils per Geotech.)	\$5,200
Clearing & Grubbing	\$10,000
Staking	\$22,400
Temporary Facility	\$5,000
Temporary Erosion Protection/Control	\$14,500
Imported Fill	\$200,000
Cut & Fill	\$150,000
6" Sub Base for Building & Compaction	\$33,600
Excavation & Transport. of Unstable Material (Urban/Historic Fill per Geotech)	\$250,000
Foundation Work to Address Special Soil Concerns (Incremental Increase in costs)	\$130,000
Subtotal	\$2,232,220
Contingency (A 15% contingency factor has been included to accommodate unexpected conditions that may be encountered during redevelopment)	\$334,833
Brownfield Plan	\$4,000

MEGA Act 381 Work Plan	\$6,000
MEGA Application Fee	\$1,500
Total	\$2,578,553

5.0 PROJECT COSTS AND FUNDING

The following subsections present the total estimated Project costs and the source and uses of funds.

5.1 TOTAL ESTIMATED PROJECT COSTS

The total costs of the Non-Environmental Eligible Activities under this Work Plan are provided in Table 1. The Developer anticipates making an investment of up to \$25.1 million in real and personal property improvements on the Property.

5.2 SOURCES AND USES OF FUNDS

The Developer anticipates investment of approximately \$25.1 million in real property improvements on the Property including acquisition of the land. Redevelopment of the Property is expected to subsequently generate increases in taxable value and result in incremental taxable value beginning in 2013. The initial taxable value for the brownfield plan will be the Property’s 2012 assessment, because the brownfield plan received final approval in 2012. At the time of this Work Plan, however, the 2012 assessments were still subject to appeal, so the final 2011 taxable value was included as a placeholder for the initial taxable value. Tax increment revenue will be utilized to reimburse the cost of eligible activities. Table 2 provides an estimate of tax increment revenue. The Developer will finance all eligible activities under this Plan related to improvements on the Property.

6.0 LIMITATIONS

The taxable value on real property is estimated to increase at a rate of 1% each year (refer to Table 2).

The incremental tax revenue estimates for the proposed development could vary from this estimate affecting the time period it takes to reimburse the eligible activities. The cost estimates

included within this Act 381 Work Plan are just that—estimates—and the actual costs incurred may vary depending on site conditions. If in fact the eligible activity costs exceed the estimated amount for reimbursement, the Developer and the Authority may submit an amended Brownfield Plan and Act 381 Work Plan. Please reference the Brownfield Plan in Attachment A for additional information.

All reimbursements authorized under this Plan shall be governed by the Reimbursement Agreement. The inclusion of eligible activities and estimates of costs to be reimbursed in this Plan are intended to authorize the Authority to fund such reimbursements and does not obligate the Authority or the County to fund any reimbursement or to enter into the Reimbursement Agreement providing for the reimbursement of any costs for which tax increment revenues may be captured under this Plan, or which are permitted to be reimbursed under this Plan. The amount and source of any tax increment revenues that will be used for purposes authorized by this Plan, and the terms and conditions for such use and upon any reimbursement of the expenses permitted by the Plan, will be provided solely under the Reimbursement Agreement contemplated by this Plan.

FIGURES

TABLES

Attachment A
Brownfield Plan with Resolution

Attachment B
Executed Reimbursement Agreement

Attachment C
Supplemental Material