

**Washtenaw County
Brownfield Redevelopment Authority**

**Brownfield Plan
For
Mellencamp Building LLC
120-124 West Michigan Avenue
Ypsilanti, MI**

Washtenaw County Brownfield Redevelopment Authority
Economic Development and Energy Department
110 N. Fourth Ave., P.O. Box 8645
Ann Arbor, MI 48107-8645

Jeff Irwin, Chair

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Prepared with the assistance of:

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Approved by the Washtenaw County Brownfield Redevelopment Authority on June 10, 2010

Approved by City Council of Ypsilanti on June 15, 2010

Approved by the Washtenaw County Board of Commissioners on [date approved]

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EXHIBITS

PROJECT SUMMARY

Project Name:	Mellencamp Building, LLC, Ypsilanti, Michigan
Project Location:	The property is located at 120, 122, and 124 West Michigan Avenue in Ypsilanti.
Type of Eligible Property:	Functionally Obsolete
Eligible Activities:	Phase I Environmental Assessment, Phase II, Hazardous Materials Survey, Interior Demolition, Brownfield Plan Development
Reimbursable Costs:	\$316,000 MBT
Estimated Capital Investment:	\$2,200,000

Project Overview:

This project will involve the purchase and rehabilitation of three vacant buildings and a garage in order to convert the unused buildings into habitable residential and commercial spaces. The renovation is projected to bring 30 new residents and 25 new jobs to downtown Ypsilanti. The anticipated completion date of the project is December 2011.

This Brownfield Plan has been created to facilitate rehabilitation and investment in the property and to allow for Michigan Business Tax credits to be pursued on eligible investment categories.

1. INTRODUCTION AND PURPOSE

Washtenaw County (the County) established the Washtenaw County, Brownfield Redevelopment Authority (the Authority) in 1999, by adoption of a resolution pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, as amended (Act 381). The Michigan Department of State, Office of the Great Seal, acknowledged receipt and filing of the resolution. The County Board of Commissioners established the Authority Board and appointed its members. Act 381, authorizes the Authority to undertake all activities allowed by law. The primary purpose of Act 381 is to encourage the redevelopment of contaminated, functionally obsolete, or blighted property by providing economic incentives through tax increment financing for certain eligible activities and Brownfield Redevelopment Michigan Business Tax Credits.

The primary purpose of this Brownfield Plan (Plan) is to promote the redevelopment of and private investment in certain “brownfield” properties within the County. Inclusion of property within this Plan will facilitate financing of environmental response and other eligible activities at eligible properties, and will also provide tax incentives to eligible taxpayers willing to invest in revitalization of eligible sites, commonly referred to as “brownfields.” By facilitating redevelopment of brownfield properties, this Plan is intended to promote economic growth for the benefit of the residents of the County and all taxing units located within and benefited by the Authority.

The identification or designation of a developer or proposed use for the eligible property that is the subject of this Plan shall not be integral to the effectiveness or validity of this Plan. This Plan is intended to apply to the eligible property identified in this Plan and, if tax increment revenues are proposed to be captured from that eligible property, to identify and authorize the eligible activities to be funded by such tax increment revenues. Any change in the proposed developer or proposed use of the eligible property shall not necessitate an amendment to this Plan, affect the application of this Plan to the eligible property, or impair the rights available to the Authority under this Plan.

This Plan may be modified or amended in accordance with the requirements of Act 381, as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes.

This Brownfield Plan contains information required by Section 13(1) of Act 381.

2. ELIGIBLE PROPERTY INFORMATION

The Eligible Property (subject site) is located in Section 9, T3S, R7E, City of Ypsilanti, Washtenaw County, Michigan. The addresses of the subject site include 120 through 124 W. Michigan Avenue. The site consists of two parcels and measures 23,000 square feet in area. The site is located on the north side of W. Michigan Avenue between N. Huron Street and N. Washington Street, in the historic downtown business district of Ypsilanti. The property is located in the city’s DDA district.

The subject site is currently developed with three vacant three story buildings and a garage. The buildings are located directly on W. Michigan Avenue; the garage is located across the alley behind the buildings. The site originally consisted of four separate parcels, but recently was combined into two parcels. The parcel identification numbers are 11-11-40-485-040 and 11-11-40-485-041.

The property is currently zoned as B-3 as part of the Central Business District. The property is located in the downtown district of Ypsilanti characterized by commercial, residential, and industrial properties. Adjacent land uses are mixed use commercial and residential land uses. Existing infrastructure at the site consist of underground utilities including municipal sanitary/ storm sewer, water, natural gas, electric, and communications.

Exhibit A includes a Site Location Map, Site Plan View, and Legal Descriptions of the eligible property.

The subject site is considered “eligible property” as defined by Act 381, Section 2 due to the following: (a) the site is located within in the City of Ypsilanti, a qualified local governmental unit under Act 381; and (b) the site is determined to be functionally obsolete as defined by Act 381. An affidavit signed by a Level III Assessor stating that the subject site is functionally obsolete is provided in Exhibit B.

The buildings at 120 -124 W. Michigan Avenue currently stand vacant and neglected, and are in need of complete renovation to become habitable. The buildings will be restored into a functional space in a mixed-use development offering commercial retail space and residential loft apartments in the center of historical downtown Ypsilanti.

3. PROPOSED REDEVELOPMENT

Mellencamp Building, LLC, (the Developer) intends to redevelop the existing buildings into mixed use spaces that include residential and commercial spaces. The rehabilitation of the buildings will leave only the existing brick walls and floors. The Developer will remove all existing materials and install all new mechanicals, insulation, soundproofing, utilities, and finishes to create 11 or 12 loft apartments on the 2nd and 3rd floors of the buildings. The Developer will also convert the ground levels of the buildings into commercial spaces to be move-in ready upon acquisition of a tenant. The Developer will lower the basement floor to create a legal commercial office or artist studio space on the lower levels of the buildings. The garage will be converted into office, studio, or storage space. Upon completion of the project, the Developer will lease its commercial and residential spaces and manage the property.

The total private investment is projected to be \$2,200,000. It is estimated this project will create 25 new jobs. The project is considering application for a 20% MBT credit based on eligible investment. It is estimated that the MBT application would be for approximately \$316,000 in credits.

4. BROWNFIELD CONDITIONS

The buildings were previously used as commercial spaces: Mellencamp Clothing Store and Shafer Hardware. The three buildings have been vacant and underutilized for over 50 years and require complete renovation in order to become habitable.

5. BROWNFIELD PLAN ELEMENTS (as specified in Section 13(1) of Act 381)

A. Description of Costs to Be Paid for With Tax Increment Revenues

There will be no tax increment financing by the Authority as part of this Plan.

B. Summary of Eligible Activities

Activity	Est. Cost
Phase I, II, and/or Baseline Environmental Assessments	\$20,000
Interior Demolition	\$40,000
Asbestos/Lead Abatement	\$10,000
<hr/>	
Total Eligible Activities	\$70,000

No tax increment financing will be utilized to support these activities.

C. Estimate of Captured Taxable Value and Tax Increment Revenues

This Plan does not anticipate the capture of tax increment revenues to reimburse the Developer for the costs of eligible activities. The Developer is seeking a Michigan Business Tax credit only.

D. Method of Financing and Description of Advances by the Municipality

The Developer shall finance all costs of activities under this Plan and intends to seek Michigan Business Tax Credits based on the level of investment.

E. Maximum Amount of Note or Bonded Indebtedness

There will be no advances by the City, County, or Authority related to this Plan.

F. Duration of Brownfield Plan

The duration of the Plan for eligible activities on eligible property shall not exceed 10 years following the date of the governing body resolution approving the Plan.

G. Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

There will be no tax increment financing by the Authority as part of this Plan and therefore there will be no impact on revenues of taxing jurisdictions.

H. Legal Description, Property Map, Statement of Qualifying Characteristics and Personal Property

A legal description of the property is included in Exhibit A. Exhibit A also includes a map showing the location and dimensions of the eligible property. The site is determined to be functionally obsolete and therefore qualifies as an eligible property. An affidavit signed by a Level III Assessor stating that the subject site is functionally obsolete is provided in Exhibit B.

I. Estimates of Residents and Displacement of Families

There are no persons residing on the eligible property, and therefore there will be no displacement or relocation of persons or businesses under this Plan.

J. Plan for Relocation of Displaced Persons

Not applicable.

K. Provisions for Relocation Costs

Not applicable.

L. Strategy for Compliance with Michigan’s Relocation Assistance Law

Not applicable.

M. Description of Proposed Use of Local Site Remediation Revolving Fund

No tax increment revenue will be deposited in the Authority’s Local Site Remediation Revolving Fund or will be captured for administrative functions of the Authority as part of this Plan.

N. Other Material that the Authority or Governing Body Considers Pertinent

Brownfield Michigan Business Tax (MBT) Credit

The Property is included in this Plan to enable “qualified taxpayers” to apply for a credit against their Michigan business tax liability for “eligible investments”, as defined by Section 437(32) of Michigan Business Tax Act, incurred on the Property after the adoption of this Plan, but no earlier than 90 days from the date of a pre-approval letter from the Michigan Economic Growth Authority. By approval of this Plan, the Authority and the City intend to neither make nor have made representations to a developer or any other person of the availability, amount or value of any credit under the Michigan Business Tax Act or that adoption of this Plan will qualify or entitle a developer or any other person to apply for or receive pre-approval or approval of any credit under the Michigan Business Tax Act for the Property. The Authority and the City also assume no obligation to take any action or to modify or amend this Plan to facilitate or to allow any person to receive pre-approval or approval of any credit under the Michigan Business Tax Act for the Property.

Obsolete Property Rehabilitation Act (OPRA)

The City of Ypsilanti granted a 12 year Obsolete Property Rehabilitation Certificate to support this project which is provided in Exhibit C.

Soil Removal

Prior to any re-use or disposal of soils, soils shall be evaluated to ensure compliance with all applicable laws.

EXHIBITS

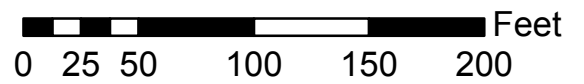
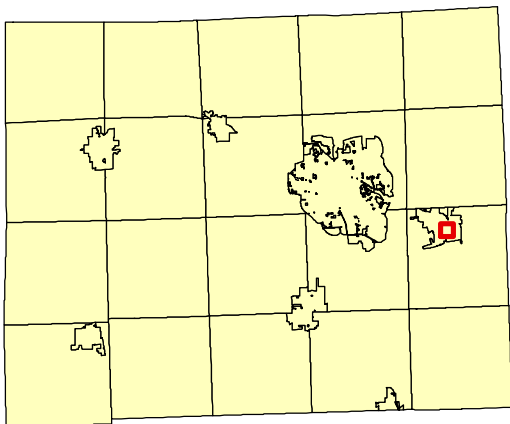
- A. Legal Description, Location Map, Parcel Map, and Photographs of the Eligible Property Described in Sections 2 and 5(H) of this Plan**
- B. Affidavit Signed by Level III Assessor Stating Eligible Property is Functionally Obsolete**
- C. Obsolete Property Rehabilitation Act Certificate granted by the City of Ypsilanti**

EXHIBIT A

SITE LOCATION MAP
PARCEL MAP
LEGAL DESCRIPTIONS
PHOTOGRAPHS

MELLENCAMP BUILDING, LLC BROWNFIELD PROJECT

Location Map

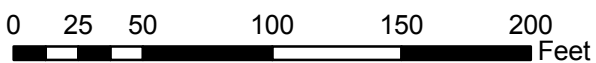
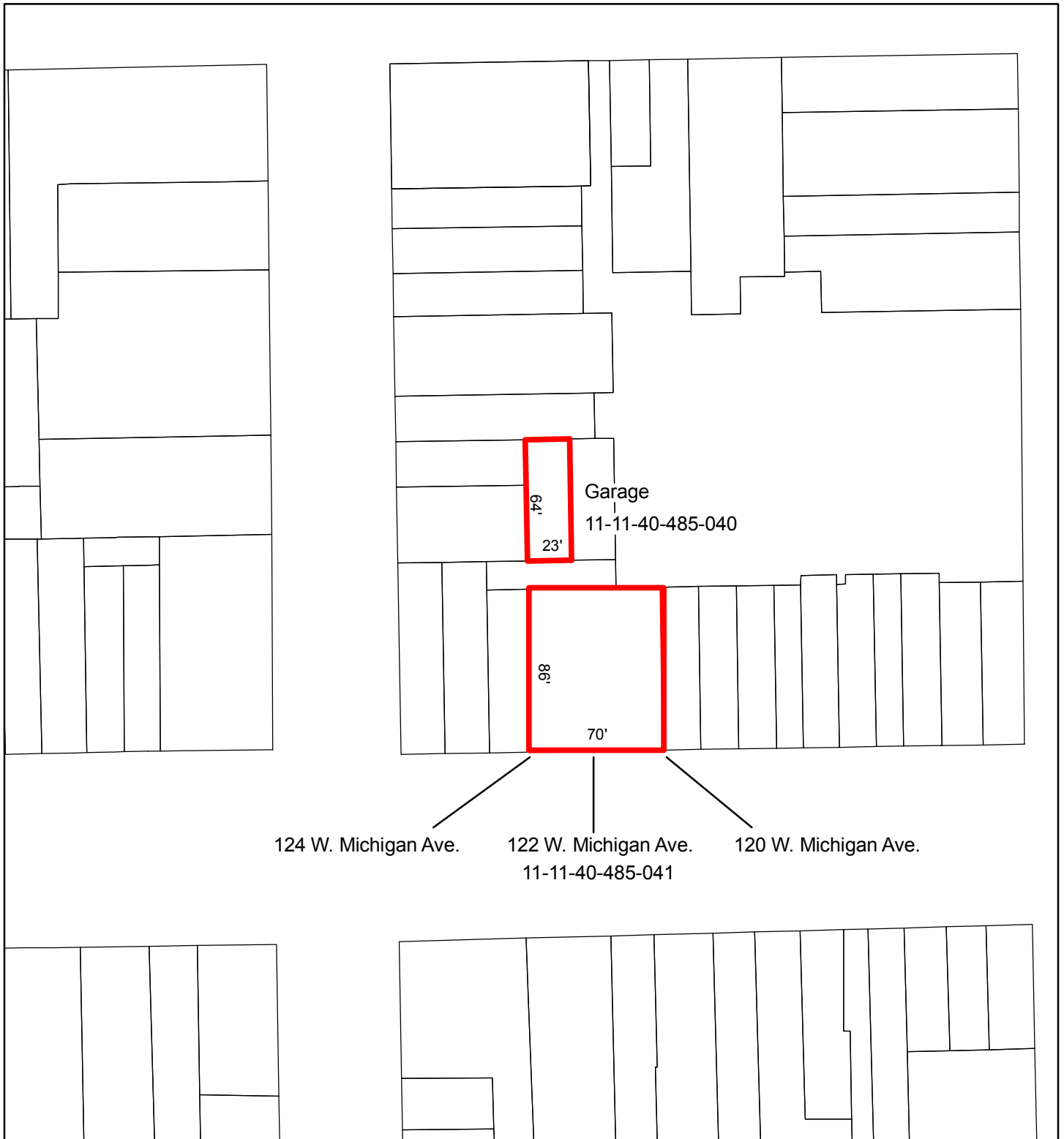


Project Location in Washtenaw County



MELLENBAMP BUILDING, LLC BROWNFIELD PROJECT

Parcel Map



LEGAL DESCRIPTIONS

11-11-40-485-040

REWRITE PER WD L4306 P154 YPC 2W-178A COM AT SE COR LOT 117, TH W'LY 46.67 FT, TH N'LY 101 FT TO A POB, TH CONT N'LY 64 FT, TH W'LY 23.33 FT, TH S'LY 64 FT, TH E'LY 23.33 FT TO THE POB. PT OF LOT 117 ORIGINAL PLAT
ASSESSED WITH 11-11-40-485-041

11-11-40-485-041

OWNER REQUEST YPC 2W-178A-1 BEG AT SE COR LOT 117, TH W'LY 70.00 FT, TH N'LY 86 FT, TH E'LY 70.00 FT, TH S'LY 86 FT TO THE POB. PT OF LOT 117 ORIGINAL PLAT
INCLUDES ASSESSMENT FOR 11-11-40-485-040
SPLIT ON 05/19/2010 FROM 11-11-40-485-013, 11-11-40-485-014, 11-11-40-485-015;

LEGAL DESCRIPTIONS OF ORIGINAL PARCELS
(Garage parcel included in deed for 124 W. Michigan Avenue)

WARRANTY DEED

AMERICAN TITLE COMPANY OF WASHTENAW

The Grantor(s) Bank of Ann Arbor, a Michigan banking corporation,
Convey(s) and Warrant(s) to Mellencamp Building, L.L.C., a Michigan limited liability company, whose address is 35
S. Summit, Ypsilanti, MI 48197

the following property located in the City of Ypsilanti, Washtenaw County, Michigan:
Commencing at a point 46 feet and 8 inches West of the Southeast corner of Lot 117, according to the plat of the Village
of Ypsilanti (now City), as recorded in the Office of the Register of Deeds for Washtenaw County, Michigan in
Transcript, Page 162; thence West 23 feet and 4 inches; thence North to the North line of said lot; thence East on the
North line of said lot 23 feet 4 inches; thence South to the PLACE OF BEGINNING, excepting a 15 foot alley running
along said lot conveyed to the City of Ypsilanti in Liber 60 of Deeds, Page 155, Washtenaw County Records, being a part
of Lot 117, according to the Plat of the Village (now City) of Ypsilanti, Washtenaw County, Michigan.
(Address: 124 W. Michigan Ave.)
tax parcel #11-11-40-485-013

for the sum of One Hundred Fifty Five Thousand and 00/100 (\$155,000.00) Dollars,
subject to easements and building and use restrictions of record, and further subject to the lien of real property taxes not
yet due and payable.

Dated: _____, 2010 Bank of Ann Arbor

By: Cynthia J. Livesay
Its: Senior Vice President

Acknowledged before me in Washtenaw County, Michigan, on _____, 2010, by Cynthia J. Livesay, Senior
Vice President of Bank of Ann Arbor, a Michigan banking corporation, for the corporation.

_____, Notary Public
Washtenaw County, Michigan
My Commission Expires: _____
Acting in _____ County

Drafted by:
Michelle J. Taylor (P64926)
3005 Boardwalk, Suite 202
Ann Arbor, MI 48108
Recording fee: \$14.00
County transfer tax: \$170.50
State transfer tax: \$1,162.50
Total transfer tax: \$1,333.00

When recorded return and send tax bills to:
Mellencamp Building, L.L.C.
35 S. Summit
Ypsilanti, MI 48197

File#99984sfg

EXHIBIT "A" - LEGAL DESCRIPTION

CT File No.: 10.0075

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan described as:

Parcel II: Beginning at a point in the North line of Michigan Avenue (formerly designated as Congress Street) 23 feet and 4 inches West of the Southeast corner of Lot 117, Original Plat of the Village (now City) of Ypsilanti, Washtenaw County, Michigan as recorded in Transcripts, Pages 162 and 163, Washtenaw County Records; thence North parallel to the East line of said Lot, 10 rods; thence West 23 feet and 4 inches parallel to the North line of Michigan Avenue; thence South parallel to the East line of said Lot, 10 rods to the North line of Michigan Avenue; thence East on the North line of Michigan Avenue 23 feet 4 inches to the Place of Beginning. EXCEPTING THEREFROM the North 15 feet of the South 101 feet deeded to the City of Ypsilanti for alley purposes in Liber 60 of Deeds, Page 155, Washtenaw County Records. ALSO EXCEPTING the East 9 feet of the North 74 feet, and the West 14.4 feet of the North 64 feet of said land.

This property may be located within the vicinity of farmland or farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The Grantor grants to the Grantee the right to make _____ division(s) under section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

Commonly known as: 122 W. Michigan Avenue

Parcel I.D. No.: 11-11-40-485-014

EXHIBIT "A" - LEGAL DESCRIPTION

CT File No.: 10.0074

Land situated in the City of Ypsilanti, County of Washtenaw, State of Michigan described as:

Parcel 1: Commencing at the Southeast corner of Lot 117, Original Plat of the Village (now City) of Ypsilanti, Washtenaw County, Michigan, as recorded in Transcripts, Pages 162 and 163, Washtenaw County Records; thence West 23 feet 4 inches on the North line of Michigan Avenue; thence North on a line parallel to the East line of said Lot 117, a distance of 86 feet to a point in the South line of a public alley distant 23 feet 4 inches West from the East line of said Lot 117; thence East along the South line of said public alley to the East line of said Lot 117; thence South along the East line of said Lot 117 to the Place of Beginning.

Subject to:

This property may be located within the vicinity of farmland or farm operation. Generally accepted agricultural and management practices which may generate noise, dust, odors and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

The Grantor grants to the Grantee the right to make _____ division(s) under section 108 of the Land Division Act, Act No. 288 of the Public Acts of 1967.

Commonly known as: 120 W. Michigan Avenue

Parcel I.D. No.: 11-11-40-485-015



124 W. Michigan Ave. 122 W. Michigan Ave.



120 W. Michigan Ave.

EXHIBIT B

AFFIDAVIT

Statement of Functional Obsolete Status

AFFIDAVIT OF SHARON DOOM

STATE OF MICHIGAN)
) SS:
COUNTY OF WASHTENAW)

Sharon Doom, being sworn, says:

1. I have personal knowledge of the facts stated in this affidavit and, if sworn, as a witness, I am competent to testify hereto.

2. I am the City Assessor, Level III, for the City of Ypsilanti in the State of Michigan.

3. I inspected the specific property located at 120, 122 & 124 West Michigan Avenue, including an outbuilding located in the rear. The property suffers from physical depreciation, poor design and is currently vacant.

- 4.

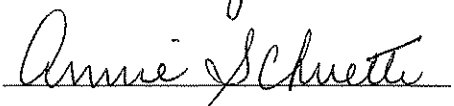
5. On the basis of my physical inspection of the specific aforementioned property, I have determined that this property, including all structures, is “functionally obsolete” and is unable to be used to perform as intended due to substantial loss in value resulting from deficiencies and superinadequacies in design and construction.

6. Further affiant sayeth not.



Sharon Doom

Subscribed and sworn to before me
this 2nd day of June, 2010.



Annie Schuette

Notary Public, Washtenaw County, MI
My commission expires: December 22, 2010
Acting in Washtenaw County, Michigan

EXHIBIT C

Obsolete Property Rehabilitation Act Certificate



Resolution No. 2010 - 095
June 1, 2010

RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI:

WHEREAS, the Obsolete Property Rehabilitation Act, Public Act 146 of 2000 (the "Act"), provides for a tax incentive to encourage the redevelopment of obsolete buildings through the establishment of an Obsolete Property Rehabilitation District; and

WHEREAS, pursuant to PA 146 of 2000, the City of Ypsilanti is a Qualified Local Governmental Unit eligible to establish one or more Obsolete Property Rehabilitation Districts; and

WHEREAS, the Council of the City of Ypsilanti legally established an Obsolete Property Rehabilitation District that includes parcels #11-11-40-485-015, 11-11-40-485-014, and 11-11-40-485-013 (120, 122, and 124 W. Michigan Ave) on June 1, 2010 after a public hearing held on the same date as provided by section 3 of Public Act 146 of 2000; and

WHEREAS, the properties at 120, 122 and 124 W. Michigan was certified functionally obsolete by the City Assessor per P.A. 146 on May 13, 2010; and

WHEREAS, the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in the City of Ypsilanti eligible under Public Act 146 of 2000 to establish such a district; and

WHEREAS, the owners of the above referenced parcels, Mellencamp Building, LLC, have submitted an application for an obsolete property as defined in section 2(h) of Public Act 146 of 2000 requesting an exemption for a period of 12 years as a function of the Act; and

WHEREAS, the application included all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate; and

WHEREAS, Mellencamp Building, LLC is not delinquent in any taxes related to the facility; and

WHEREAS, the owners of the above referenced parcel have proposed to rehabilitate currently vacant and functionally obsolete structures into a ground floor commercial, and upper story residential lofts for Mellencamp Building, LLC including basement office space and additional office/art studio space for rent; and

WHEREAS, the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District; and

WHEREAS, the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) does not exceed 5% of the total taxable value of the City of Ypsilanti; and

WHEREAS the rehabilitation includes improvements aggregating approximately 100% of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of Public Act 146 of 2000.

WHEREAS, the review committee met on Thursday, May 13, 2010 and recommends approval of the application for a period of twelve years (2011-2022); and

WHEREAS, the application is not recommended for an extension; and

WHEREAS the completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, revitalize urban areas, and increase number of residents in the community in which the facility is situated.

WHEREAS, the application was approved at a public hearing as provided by section 4(2) of Public Act 146 of 2000 on June 1, 2010; and

NOW, THEREFORE, BE IT RESOLVED THAT the Ypsilanti City Council hereby grants an Obsolete Property Rehabilitation Exemption for a period of 12 years beginning December 31, 2010 and ending December 30, 2022 for the real property, excluding land, located in the Obsolete Property Rehabilitation District defined by parcels #11-11-40-485-015, 11-11-40-485-014, and 11-11-40-485-013 (120, 122, and 124 W. Michigan Ave) pursuant to the provisions of PA 146 of 2000, as amended, subject to completion of the renovations within two (2) years, the final approval of exemption certificates by the State Tax Commission, and to the taxes on the property being paid on time.

OFFERED BY: Council Member Richardson

SUPPORTED BY: Council Member Murdock

YES: 6 NO: 0 ABSENT: 1 (Swanson-Winston) VOTE: Carried