

**WASHTENAW COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY**

**FINAL BROWNFIELD PLAN
FOR
LAFONTAINE CHEVROLET
REDEVELOPMENT PROJECT**

**7120 DEXTER-ANN ARBOR ROAD
DEXTER, MICHIGAN**

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James Harless - Chairman

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Canopus Project No: C5210

Interlocal Agreement Approved by the Dexter DDA on March 17, 2011.
Approved by the Village Council of Dexter on March 28, 2011.
Approved by the Washtenaw County Brownfield Redevelopment Authority on April 14, 2011.
Approved by the Washtenaw County Board of Commissioners on:

TABLE OF CONTENTS

PROJECT SUMMARY.....	1
INTRODUCTION AND PURPOSE.....	2
ELIGIBLE PROPERTY INFORMATION	2
PROPOSED REDEVELOPMENT.....	3
BROWNFIELD CONDITIONS	3
BROWNFIELD PLAN PROVISIONS	5
A. Description of Costs to be paid with Tax Increment Revenues	5
B. Summary of Eligible Activities	5
C. Estimate of Captured Taxable Value and Tax Increment Revenues; Impact of Tax Increment Financing on Taxing Jurisdictions	7
D. Method of Financing and Description of Advances Made by the Municipality	7
E. Maximum Amount of Note or Bonded Indebtedness	7
F. Duration of the Brownfield Plan	7
G. Estimate of the Impact of Tax Increment Financing on the Revenues of all Taxing Jurisdictions in which the Eligible Property is Located	7
H. Legal Description, Property Map, Statement of Qualifying Characteristics, Personal Property	8
I. Estimates of Residents and Displacement of Families	8
J. Plan for Relocation of Displaced Persons.....	8
K. Provisions for Relocation Costs.....	8
L. Strategy for Compliance with Michigan's Relocation Assistance Law	8
M. Description of Proposed Use of Local Site Remediation Revolving Fund	8
N. Other Material the Authority or Governing Body Considers Pertinent.....	8

TABLES

Brownfield Conditions: Table of Eligible Property
Subsection B - Table 1B: Summary Description of Eligible Activities

ATTACHMENTS

- A. FIGURES
- B. LEGAL DESCRIPTION
- C. COST BREAKDOWN
- D. TABLES
 - Schedule 1 – Eligible Activities Costs
 - Schedule 2 – Tax Increment Financing Projections
- E. INTERLOCAL AGREEMENT - Between Village of Dexter DDA and the Authority
- F. ADDITIONAL DOCUMENTS SUBMITTED TO WCBRA
 - Atwell-Hicks - Baseline Environmental Assessment & Due Care Plan (4/6/05)
 - Including: Atwell-Hicks - Phase II Documents (2/9/05)
 - Atwell-Hicks - Phase I ESA (2/7/05)
 - Integrated Environmental Inc., - BEA (12/18/02)

PROJECT SUMMARY

Project Name: *LaFontaine Chevrolet Redevelopment Project*

Project Location: *7120 Dexter-Ann Arbor Road, Dexter, Michigan 48130*

Type of Eligible Property: Facility

List of Eligible Activities

Costs

Brownfield Plan	\$5,500
Act 381 Work Plan	\$7,500
State Review	\$2,000
Asbestos/Lead Inspections/Abatement	\$5,000
Demolition	\$25,000
Environmental Due Care & Additional Response Activities	\$180,000
Contingency 15% (Asbestos, Demo, DC. & ARA. only)	\$29,100
Subtotal Site Eligible Activities	\$254,100
Authority Administrative Costs (WCBRA)	\$25,410
Local Site Remediation Revolving Fund	\$50,820
Total Estimated Cost to be Funded through TIF	\$330,330

Estimated Capital Investment:

~\$5.3 Million

Project Overview:

Beginning in April of 2011 all existing structures of LaFontaine Chevrolet, including the current showroom building, body shop building, storage sheds and used car trailer, will be demolished or removed from the subject site. Following initial demolition activities, LaFontaine Chevrolet will redevelop the site over the next eight months into a state-of-the-art, environmentally sustainable, Leadership in Energy and Environmental Design (LEED) certified auto dealership. The overall estimated investment of the project will be ~\$5.3 million. The final design will consist of a 32,000 square foot structure, including office, sales/showroom, parts, service, washing and vehicle storage areas. The extent of the development will cover the entire site (8.34 acres) including walkways, landscaping, driveways/approaches and parking (431 vehicles). The project will be completed by December 2011 and result in the addition of 50 to 100 new jobs that should allow the dealership the ability to sell as many as 2,000 vehicles a year.

This Plan has been created for the purpose of facilitating the redevelopment of the property and to allow for the application of tax increment financing from local and state property tax increments. The Plan includes \$330,330 in tax increment financing activities, which will be reimbursed through local and state property tax increment revenues.

INTRODUCTION AND PURPOSE

In order to promote the redevelopment of environmentally distressed properties within Washtenaw County, Michigan, the County has established the Washtenaw County Brownfield Redevelopment Authority (the “Authority”) pursuant to Michigan Public Act 381 of 1996, as amended (“Act 381”).

The primary purpose to 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 redevelopment of eligible sites, commonly referred to as “brownfields”. By facilitating redevelopment of brownfield properties, the Plan is intended to promote economic growth for the benefit of the residents of Washtenaw 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 the 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 the Plan, affect the application of this Plan to the eligible property, or impair the rights available to the Authority under this Plan.

This plan is intended to be a living document, which may be modified or amended as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes. Terms used in this document are defined in Act 381.

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

ELIGIBLE PROPERTY INFORMATION

The Eligible Property (subject site) is located in the southwest quarter of Section 5, Township 2 South, Range 5 East, Village of Dexter, Washtenaw County, Michigan and consists of 8.34-acres of developed land. The address for the subject site is 7120 Dexter-Ann Arbor Road and is located at the northeast corner of Dexter-Ann Arbor Road and Ryan Drive. The subject site is currently occupied by LaFontaine Chevrolet (since 2005). The site is currently developed with two buildings, encompassing a total of 16,280-square feet of floor space, as well as two small storage sheds and an office trailer. The western most building (Showroom) contains a showroom and sales area, administrative offices, and an auto service/repair area, totaling ~9,200-square feet, while the eastern-most building (Body Shop) is used as a body shop including a collision repair area, a paint booth, a paint mixing area, and a small office area, totaling ~7,080-square feet. The buildings are primarily located in the central to southeastern

portion of the subject site. The majority of the land immediately surrounding the buildings is covered by asphalt paved parking, including storage of new and used vehicles, and landscaped areas. The northern and western portions of the property are predominantly undeveloped and consist of grass and/or gravel covered areas. The subject site is accessed from the east, off of Ryan Drive and from the south off of Dexter-Ann Arbor Road. **Attachment A (Figures)** includes a *Site Location Map, Boundary/Topo Survey, Proposed Site Plan, Building Floor Plan and Building Elevations* for the eligible property.

Existing infrastructures at the subject site include subsurface utilities consisting of municipal sanitary/storm sewer, water, natural gas, electric, and communications. The mains servicing the site are located within Dexter-Ann Arbor Road and Ryan Drive with private service leads extending into the site from the east and south. The Village of Dexter supplies potable water and public sewer service for the property. The property is presently zoned G-1 for general business use.

The property tax identification numbers associated with the legal description of the subject site are *HD-08-05-300-058 (Parcel I – 3.78 Acres); HD-08-05-300-046 (Parcel II – 2.41 Acres); and HD-08-05-300-059 (Parcel IV – 2.15 Acres)*. A legal description for the subject site is provided in **Attachment B**.

PROPOSED REDEVELOPMENT

AML Dexter LLC (LaFontaine Chevrolet) purchased the subject site, located at 7120 Dexter-Ann Arbor Road, on February 22, 2005. LaFontaine Chevrolet is the current site occupant and has operated an automobile sales and service center as such since 2005. Beginning in April 2011 and continuing through December 2011, LaFontaine Chevrolet will redevelop the subject site into a state-of-the-art, environmentally sustainable, Leadership in Energy and Environmental Design (LEED) certified auto dealership. The development should result in the addition of 50 to 100 new jobs and allow the dealership the ability to sell as many as 2,000 vehicles a year. The project will consist of a 32,000 square foot structure, including office, sales/showroom, service, washing stalls and vehicle storage areas. An off site body shop will also be constructed to service this dealership. The extent of the development will cover the entire site (8.34 acres) including walkways, landscaping, driveways/approaches and parking (431 vehicles). All existing structures, including the current showroom building, body shop building, storage sheds and used car trailer, will be demolished or removed prior to redevelopment of the site and all appropriate building materials (e.g., concrete) and non-contaminated soils will be re-used as back fill on the property for land balancing or for structural/construction purposes. Some upgrading of utilities and public infrastructure will also be completed as necessary to service this development. (Refer to the *Proposed Site Plan, Building Floor Plan and Building Elevations* presented in **Attachment A**). **Attachment C** provides a Cost Breakdown of the project to be completed at the subject site.

BROWNFIELD CONDITIONS

The subject site is considered “eligible property” as defined by Act 381, Section 2 because the subject site, located at 7120 Dexter-Ann Arbor Road, Dexter, Michigan, meets the definition of a

“Facility” as outlined in Part 201 of the Natural Resources Environmental Protection Act (NREPA), 1994, PA 451, as amended. The facility designation was determined by environmental investigations conducted previously at the subject site. The following outlines those activities:

As part of pre-purchase due diligence activities, Atwell-Hicks, LLC (Atwell) was contracted by AML Dexter LLC to conduct a Phase I Environmental Site Assessment (Phase I ESA), Phase II Subsurface Investigation (Phase II SI) and a Baseline Environmental Assessment (BEA) of the subject site. These activities took place from late January 2005 through early April 2005. During the course of the Phase I ESA, completed by Atwell on February 7, 2005, several Recognized Environmental Conditions (RECs) were identified at the subject site and included the following:

- Historic use of the subject site for automotive sales and service since the late 1950s/early 1960s.
- Underground hydraulic hoists (Showroom/Repair building)
- Petroleum staining throughout maintenance areas of Showroom/Repair building
- Floor drains in both buildings (sealed and open)
- The subject site (7120 Dexter-Ann Arbor Road) is listed as a closed LUST site. The site was granted a restricted closure based on a Tier II evaluation. Restricted Commercial closures indicate that contaminants remain on-site at levels exceeding one or more of the Residential and Commercial I cleanup criteria.
- Evidence of a former orchard and mass grading was identified on historic aerial photographs.

In addition to conducting a Phase I ESA, Atwell reviewed documents from environmental investigations conducted previously at the site by Clayton Environmental Consultants (August 1999) Innovative Environmental Solutions, Inc. (April and July 2002) and Integrated Environmental, Inc. (November 2002). In total, 43 subsurface borings were completed at the site and resulted in the chemical analysis of 30 soil and 21 groundwater samples. According to information summarized in a BEA Report prepared by Integrated Environmental, Inc., and dated December 18, 2002, it was found that numerous volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PNAs) and metals were identified at the site at levels exceeding NREPA Part 201 generic residential cleanup criteria, and therefore, meeting the definition of a “Facility”.

On February 9, 2005, Atwell returned to the site to conduct a Phase II SI. The purpose of this investigation was to further evaluate RECs discovered during their Phase I ESA and to validate previous environmental investigations conducted at the site. Laboratory analysis of selected samples collected during the Atwell Phase II indicated that numerous VOC and metal contaminants were detected in soil and groundwater samples at levels exceeding NREPA Part 201 generic residential cleanup criteria. As such, Atwell reaffirmed that the subject site qualifies as a “Facility” due to its historical use as an automobile dealership and gasoline service station.

The table below lists all eligible property (parcels) that comprise the subject site and the status as a facility.

Eligible Property Table - Parcels/Parcel I.D. Numbers	Facility Status
Parcel I (HD-08-05-300-058)*	Facility
Parcel II (HD-08-05-300-046)*	Contiguous to Parcel I & IV
Parcel IV (HD-08-05-300-058)*	Contiguous to Parcel I & II

*The three parcels will be combined into one property as part of the redevelopment project.

BROWNFIELD PLAN PROVISIONS

A. Description of Costs to be paid with Tax Increment Revenues

LaFontaine Chevrolet is requesting that the Authority capture incremental local and school operating taxes generated through tax increment financing to reimburse the cost of certain "Eligible Activities" as provided in this Plan totaling \$254,100. A detailed table of these costs is presented as **Schedule 1** of **Attachment D**. Additionally, the Authority will capture administrative fees and Local Site Remediation Revolving Loan Funds from this Plan.

B. Summary of Eligible Activities

The "Eligible Activities" that are intended to be carried out at the subject site are considered "Eligible Activities" as defined by Section 2 of Act 381, because they include, asbestos abatement, demolition and environmental due care activities. A summary of the Eligible Activities and the estimated cost of each eligible activity intended to be paid for with Tax Increment Revenues from the subject site are shown in the table below and in the *Eligible Activities Costs* listed in **Schedule 1** of **Attachment D**.

Subsection B - Table 1B Summary Description of Eligible Activities	Budgeted Costs
Brownfield Plan	\$5,500
Act 381 Work Plan	\$7,500
State Review	\$2,000
Asbestos/Lead Inspections/Abatement	\$5,000
Demolition	\$25,000
Environmental Due Care & Additional Response Activities	\$180,000
Contingency 15% (Asbestos, Demo, DC. & ARA. only)	\$29,100
Subtotal Site Eligible Activities	\$254,100
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Local Site Remediation Revolving Fund	\$50,820
Total Estimated Cost to be Funded through TIF	\$330,330

Of the \$180,000 total cost for Due Care and Additional Response Activities, \$20,000 would be recovered through local capture only, due to scheduling constraints of the project. These costs represent excavation of contaminated soils where two columns/footings are to be placed for the new building. This portion of the project will need to be completed prior to approval of the Act 381 Work Plan (DNRE) which most likely would not happen until July 2011 at the earliest.

It is currently anticipated construction will begin in the spring of 2011 and Eligible Activities will be completed by December 2011. Unless otherwise agreed to in writing by the Authority, all Eligible Activities will be completed within 5 years after the approval of this Plan by the governing body, however, any long-term monitoring, operation or maintenance activities or obligations that may be required will be performed in compliance with the terms of this Plan and any documents prepared pursuant to this Plan.

The Developer desires to be reimbursed for the costs of Eligible Activities. Tax increment revenues generated by the subject site will be captured by the Authority and used to reimburse the cost of the Eligible Activities completed on the subject site after approval of this Plan by the governing body pursuant to the terms of a Reimbursement Agreement with the Authority (the "Reimbursement Agreement").

The costs listed in the **Description of Eligible Activities** (table above) are estimated costs and may increase or decrease depending on the nature and extent of environmental contamination and other unknown conditions encountered on the subject site. No costs of Eligible Activities will be qualified for reimbursement except to the extent permitted in accordance with the terms and conditions of the approved Plan. This Plan will dictate the total cost of Eligible Activities subject to reimbursement, provided that the total cost of Eligible Activities subject to reimbursement shall not exceed the estimated costs set forth above, without requiring an amendment to this Plan. As long as the total costs are not exceeded, line item costs of Eligible Activities may be adjusted after the date of this Plan as approved by the Authority/Governing Body, to the extent adjustments do not violate the terms of the approved Michigan Economic Development Corporation (MEDC)/Michigan Department of Natural Resources and Environment (DNRE) Act 381 Workplans.

Act 381 Work Plans

It is the intention of this Brownfield Plan to capture school operating taxes for all Eligible Activities. Therefore, an appropriate work plan will be submitted to the DNRE and the MEDC for their review and approval. With the exception of \$100,000 in estimated Due Care activity costs (engineering control - vapor barrier) any costs proposed for consideration in an Act 381 Work Plan will be supported with local only TIF if not approved by the State of Michigan. State Work Plan approval will be required for local support of the proposed engineering control, which will consist of a vapor barrier, either in the form of a liner, floor coating or venting system or some combination thereof, as well as permanent soil-gas sampling points.

C. Estimate of Captured Taxable Value and Tax Increment Revenues; Impact of Tax Increment Financing on Taxing Jurisdictions.

This Plan anticipates the capture of tax increment revenues to reimburse the Developer for the costs of Eligible Activities under this Plan. An estimate of tax increment financing projections from revenues to be captured by this Plan is presented in **Schedule 2 of Attachment D**. It is anticipated that Eligible Activities will be completely repaid by the year 2014.

The eligible property is located within the Village of Dexter's Downtown Development Authority (DDA) district. The tax increment revenues captured by the DDA from the eligible property will be transferred to the Authority pursuant to an Interlocal Agreement approved by the DDA and the Authority. The Interlocal Agreement will allow the Authority to use tax increment revenues captured from the eligible property to reimburse for the Eligible Activities identified in Section B of this Plan. Once the Eligible Activities for the eligible property have been reimbursed, the Interlocal Agreement between the DDA and the Authority is nullified and the DDA will no longer transfer tax increment revenues captured from the eligible property to the Authority. A Copy of the Interlocal Agreement between the Authority and the Village of Dexter's DDA is provided in **Attachment E**.

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

Project costs are to be financed solely by the Developer. The Authority will reimburse the Developer for the cost of approved Eligible Activities, but only from tax increment revenues generated from the Property. No advance has been made or shall be made by the Authority or the Governing Body for the costs of Eligible Activities under this Plan.

E. Maximum Amount of Note or Bonded Indebtedness

None

F. Duration of the Brownfield Plan

The duration of the Brownfield Plan for Eligible Activities on eligible property shall not exceed 35 years following the date of the governing body resolution approving the plan amendment. The date of tax capture shall commence during the year construction begins or the immediate following year, but the beginning date of tax capture shall not exceed five years beyond the date of the governing body resolution approving the plan amendment. TIF capture shall not exceed 30 years.

G. Estimate of the Impact of Tax Increment Financing on the Revenues of all Taxing Jurisdictions in which the Eligible Property is Located

Tabular estimates of the incremental tax increases and capture are attached as **Schedule 2**.

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

Reference exhibits, attachments, or other sections that provide legal description, property size, eligibility characteristics.

I. Estimates of Residents and Displacement of Families

There are no persons residing on this Property.

J. Plan for Relocation of Displaced Persons

This section is inapplicable to this site as there are no persons residing on the property.

K. Provisions for Relocation Costs

This section is inapplicable to this site as there are no persons residing on the property.

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

This section is inapplicable to this site as there are no persons residing on the property.

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

The Authority has established a Local Site Remediation Revolving Fund (LSRRF). The LSRRF will consist of all tax increment revenues authorized to be captured and deposited in the LSRRF, as specified in Section 13(5) of Act 381, under this Plan and any other plan of the Authority. It may also include funds appropriated or otherwise made available from public or private sources. The amount of tax increment revenue authorized for capture and deposit in the LSRRF for this Plan is twenty percent (20%) of the total Eligible Activity expenses, estimated at **\$50,820**.

No funds from the Washtenaw County Local Site Remediation Revolving Fund will be used for this project.

N. Other Material the Authority or Governing Body Considers Pertinent

Owners Obligations, Representations and Warrants

The Owner and its affiliates shall comply with all applicable laws, ordinances, executive orders, or other regulations imposed by the Village of Dexter or any other properly constituted governmental authority with respect to the Eligible Property and in accordance with this Plan.

LaFontaine Chevrolet represents and warrants that a Phase I Environmental Site Assessment ("ESA"), a Phase II ESA, and a Baseline Environmental Assessments (BEA), pursuant to Part 201 of Michigan's Natural Resources and Environmental Protection Act (MCL 324.20101 *et seq.*), have been performed at the Property on it's behalf. Copies of the above mentioned

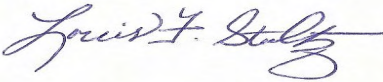
documents are provided in **Attachment F**. Additional environmental information, including a previous closure report, is available at the DNRE Jackson District Office by review request (Freedom of Information Act).

Brownfield Michigan Business Tax (MBT) Credit

The Property is included in this Plan to enable LaFontaine Chevrolet to avail themselves of eligibility for a credit against their Michigan business tax liability. The Dexter DDA, Village of Dexter, Washtenaw County Brownfield Redevelopment Authority, and Washtenaw County Board of Commissioners make no representation to any person or entity as to the availability, amount or value of any credit associated with this Plan and project.

This Brownfield plan is submitted by:

CANŌPUS ENVIRONMENTAL GROUP, INC.
Project No: C5210



Louis F. Stultz
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