

August 30, 2013



Ms. Victoria Houser  
City Clerk  
City of Battle Creek  
10 N Division St.  
Battle Creek, Michigan 49014

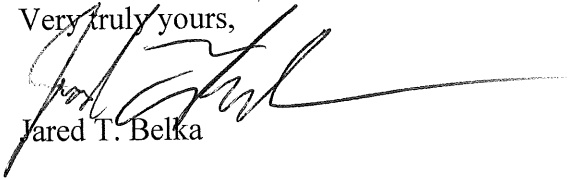
Re: **Act 146 Obsolete Property Rehabilitation Act (OPRA) Application for  
25 Michigan Holdings, LLC**

Dear Ms. Houser:

I am writing on behalf of my client, 25 Michigan Holdings, LLC, a Michigan limited liability company, to request consideration of the enclosed Act 146 Obsolete Property Rehabilitation Act abatement application for the property located at 25 W. Michigan Avenue, Battle Creek, Michigan. 25 Michigan Holdings, LLC owns the property located at 25 W. Michigan Avenue. A check payable to the City of Battle Creek in the amount of \$150.00 for the application fee is also enclosed.

Thank you for your time and consideration of this request. If I can provide any additional information or be of assistance, please do not hesitate to contact me directly at (616) 752-2447.

Very truly yours,

  
Jared T. Belka

Enclosure

c: Karl Dehn via e-mail  
Doug Voshell via e-mail  
Derek Coppess and Matt O'Connor via e-mail

9413298

## Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

**INSTRUCTIONS:** File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.

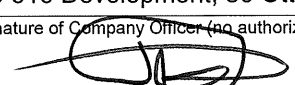
|  |   |   |
|--|---|---|
| Applicant (Company) Name (applicant must be the OWNER of the facility)<br>25 Michigan Holdings, LLC  |   |   |
| Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code)<br>c/o 616 Development, 80 Ottawa Ave NW, Ste 250, Grand Rapids, Michigan 49503  |   |   |
| Location of obsolete facility (No. and street, City, State, ZIP Code)<br>25 West Michigan Avenue, Battle Creek, Michigan 49017   |   |   |
| City, Township, Village (indicate which)<br>City of Battle Creek   |   | County<br>Calhoun   |
| Date of Commencement of Rehabilitation (mm/dd/yyyy)<br>11/30/2013  | Planned date of Completion of Rehabilitation (mm/dd/yyyy)<br>2/1/2015 | School District where facility is located (include school code)<br>Battle Creek - 13020                             |
| Estimated Cost of Rehabilitation<br>\$17,650,000.00  | Number of years exemption requested<br>12                             | Attach Legal description of Obsolete Property on separate sheet   |
| Expected project likelihood (check all that apply):  |   |   |
| <input checked="" type="checkbox"/> Increase Commercial activity   | <input type="checkbox"/> Retain employment                            | <input checked="" type="checkbox"/> Revitalize urban areas  |
| <input checked="" type="checkbox"/> Create employment  | <input type="checkbox"/> Prevent a loss of employment                 | <input checked="" type="checkbox"/> Increase number of residents in the community in which the facility is situated |
| Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment <u>200</u>  |   |   |
| Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion.<br><input checked="" type="checkbox"/> |   |   |

### APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.


The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

|  |                                    |   |
|--|------------------------------------|---|
| Name of Company Officer (no authorized agents)<br>Derek Coppess  | Telephone Number<br>(616) 504-1715 | Fax Number                                |
| Mailing Address<br>c/o 616 Development, 80 Ottawa Ave NW, Ste 250, Grand Rapids, MI 49503  |                                    | Email Address<br>derek@616development.com |
| Signature of Company Officer (no authorized agents)<br> |                                    | Title<br>Manager                          |

### LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

|  |                                     |
|--|-------------------------------------|
| Signature<br> | Date application received<br>9/4/13 |
|--|-------------------------------------|

| FOR STATE TAX COMMISSION USE |               |           |
|------------------------------|---------------|-----------|
| Application Number           | Date Received | LUCI Code |

### LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and Instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

#### PART 1: ACTION TAKEN

|   |           |             |
|---|-----------|-------------|
| Action Date: _____  |           |             |
| <input type="checkbox"/> Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years) |           |             |
| <input type="checkbox"/> Denied   |           |             |
| Date District Established   | LUCI Code | School Code |

#### PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

|  |   |
|--|---|
| <p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether 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) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p> | <p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that 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 a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that 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, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more 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.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p> |
|--|---|

#### PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

|                           | Taxable Value                 | State Equalized Value (SEV)       |
|---------------------------|-------------------------------|-----------------------------------|
| Building(s)               |                               |                                   |
| Name of Governmental Unit | Date of Action on application | Date of Statement of Obsolescence |

#### PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

|                         |                  |            |               |
|-------------------------|------------------|------------|---------------|
| Name of Clerk           | Clerk Signature  | Date       |               |
| Clerk's Mailing Address | City             | State      | ZIP Code      |
|                         | Telephone Number | Fax Number | Email Address |

Mail completed application and attachments to: Michigan Department of Treasury  
 State Tax Commission  
 P.O. Box 30471  
 Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

## OPRA Attachment Responses for 25 Michigan Holdings, LLC

(a). General Description of obsolete facility:

- The existing nineteen story building contains approximately 150,000 square feet (includes underground parking). The Tower building was constructed between 1930 to 1931 to house the Old Merchants National Bank and Trust Company. During the Depression, the bank was forced to close its doors and later reopened in 1935 as the Security National Bank. The bank was purchased by Comerica Bank in 1982 who owned the building until 1993 when it was purchased by Dore Industrial Development, who renamed the building the Heritage Tower. The property is vacant and in need of significant rehabilitation prior to any occupancy.

(b). General description of the proposed use of the rehabilitated facility:

- The proposed mixed use project includes the conversion of a vacant historic office building into approximately 150,000 (includes parking) fully reactivated square feet. The virtually new building is projected to house ground floor retail, reception/conference space, 43 boutique hotel rooms, a tower full of 62 residential market rate loft apartments, 32 underground parking spaces and all of the modern amenities of a first class building.

(c). Description of the general nature and extent of the rehabilitation to be undertaken:

- The building is in extreme disrepair and will require an entire overhaul in order to ready the site for prospective tenants. The project will commence with interior demolition and asbestos abatement (estimated at over \$1,000,000). Once the demolition is complete, the Tower floors will be framed to house approximately 62 market rate residential units (studio, one and two bedroom units). The ground floor will house approximately 19,000 s.f. of commercial office/retail space while the second through fourth floors are anticipated to house approximately 43 boutique hotel rooms (approx. 35,000 s.f.). The underground parking will be renovated to provide approximately 32 spaces with the basement renovated for residential and commercial storage.

(d). Descriptive list of fixed building equipment that will be part of rehabilitated facility:

- It is expected that the following equipment will be replaced or repaired as a result of the proposed rehabilitation:

|   |             |
|---|-------------|
| - Conveying Systems (elevators, escalators) | \$1,320,000 |
| - Fire Suppression                          | \$700,000   |
| - HVAC System                               | \$2,074,600 |
| - Electrical                                | \$2,113,000 |

(e). A time schedule for undertaking and completing the rehabilitation of the facility.

- The project will begin in late 2013 (November/December) and is expected to be completed by late 2014/early 2015 (December/February).

(f). A statement of the economic advantages expected from the exemption.

- The exemption will allow the developer to defray some of the annual operating expenses associated with the increased taxes as a result of the proposed project. This will allow the developer to complete this successful project in a timely manner, stabilize following construction, and ultimately benefit the taxing jurisdictions in the long run. Without the exemption benefit, the project would not be feasible and would not take place.

Property Legal Description

Address 25 W. Michigan Avenue  
Battle Creek, Michigan 49017

Parcel# 0252-00-059-0

Legal BC CITY RB2 NW 60 FT OF LOTS 70 & 77, ALL OF LOTS 69 & 78

## STATEMENT OF OBSOLESCENCE FROM ASSESSOR

The vacant office building at 25 West Michigan Avenue suffers from functional obsolescence and is no longer able to achieve its highest and best use as a modern office building. The building was constructed in 1933 with various alterations made for tenants over the last 80 years. The building consists of nineteen floors with a parking garage in the basement and a mechanical penthouse. The electrical, plumbing and mechanical systems are basically original and inefficient by today's standards. The first floor consists of an open lobby area, elevator bank and offices. The second through nineteenth floors consists of leasable office space. The building has been vacant since May 2012.

The building does not have any insulation. The windows are original with leaded glass panes that need to be replaced. Only the first four floors are sprinkled for fire suppression.

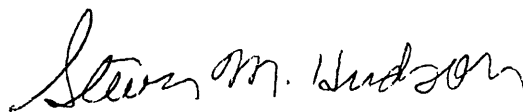
The fire escape is unsafe from roughly the fifth floor and up. New egress is required for the building. The three elevators are original, with two currently in working condition. Replacement parts are difficult to obtain.

Asbestos is found throughout the building, from the floor tiles themselves to the adhesive used to secure the wall tiles. According to the owner the estimated cost for asbestos removal is \$450,000 to \$500,000.

The electrical system consists of old fuse panels and is not up to current code.

The plumbing and sewer lines are all cast iron and need to be replaced. The roofing is old, leaking and needs to be replaced.

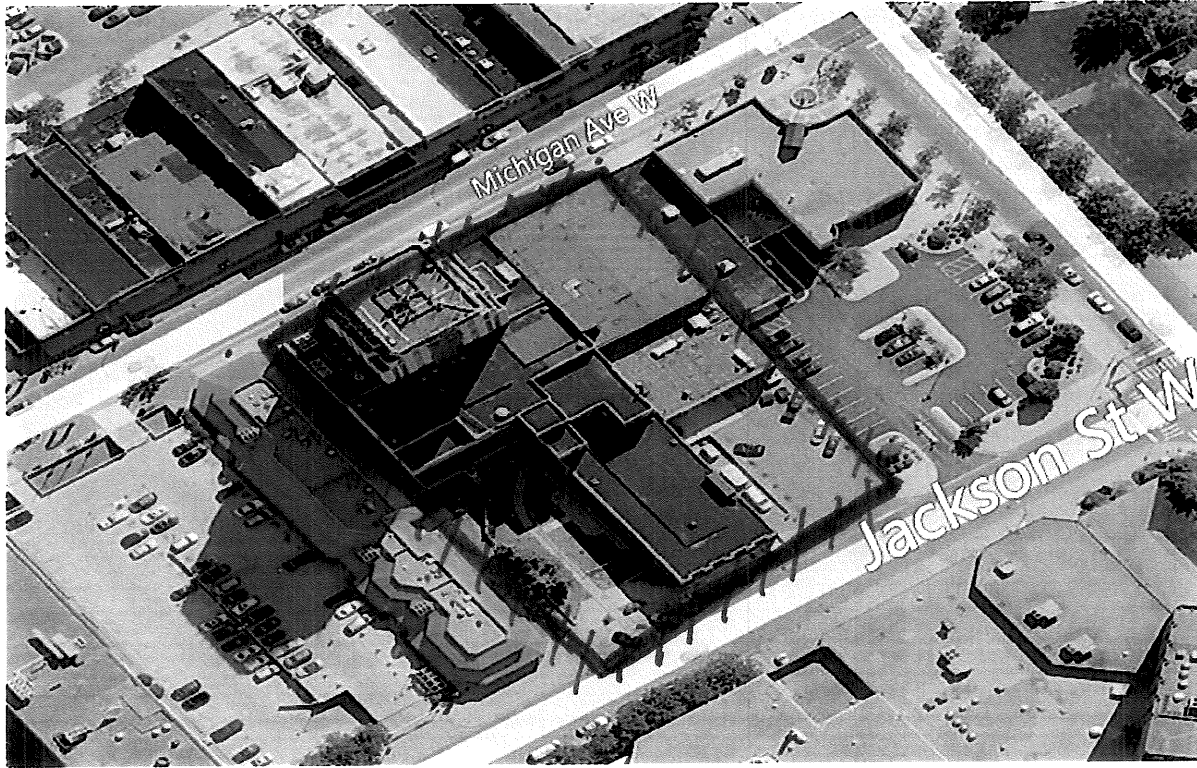
The split heating and cooling system is outdated and needs to be replaced. The boiler system is original and estimated to be 60% efficient at best.



Steven M. Hudson, MMAO 4 Certificate No. 5563

July 12, 2013

**PROPOSED OPRA DISTRICT**



**Property Description:**

Address 17 W. Michigan Avenue  
Battle Creek, Michigan 49017

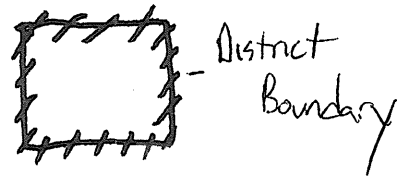
Parcel# 0252-00-060-0

Legal BC CITY RB 2 SE 6 FT OF LOTS 70 & 77, ALL OF LOTS 71 & 76, WLY 0.5  
FT OF NLY 106 FT OF LOT 72

Address 25 W. Michigan Avenue  
Battle Creek, Michigan 49017

Parcel# 0252-00-059-0

Legal BC CITY RB2 NW 60 FT OF LOTS 70 & 77, ALL OF LOTS 69 & 78





June 24, 2013

Ms. Victoria Houser  
City Clerk  
City of Battle Creek  
10 N Division St.  
Battle Creek, MI 49014

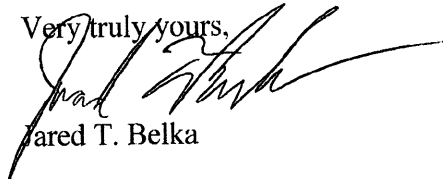
**Re: Act 146 Request for Establishment of Obsolete Property Rehabilitation  
District (OPRA) – 25 Michigan Holdings, LLC**

Dear Ms. Houser:

I am writing on behalf of my client, 25 Michigan Holdings, LLC, a Michigan limited liability company, to request that an Act 146 Obsolete Property Rehabilitation District be established for the property located at 17 & 25 W. Michigan Avenue, Battle Creek, Michigan. 25 Michigan Holdings, LLC owns the property located at 25 W. Michigan Avenue. Attached to this letter of request is a site map of the requested district boundary of the subject property.

Thank you for your time and consideration of this request. If I can provide any additional information or be of assistance, please do not hesitate to contact me directly at (616) 752-2447.

Very truly yours,

  
Jared T. Belka

Enclosure

c: Karl Dehn via e-mail  
Doug Voshell via e-mail  
Derek Coppess and Matt O'Connor via e-mail

9204373



# RESOLUTION

NO. 165

A Resolution setting a Public Hearing for 7:00 p.m., July 16, 2013, on the proposed establishment of an Obsolete Property Rehabilitation District for 25 Michigan Holdings, LLC.

**BATTLE CREEK, MICHIGAN 07/02/2013**

## **Resolved by the Commission of the City of Battle Creek:**

The City of Battle Creek has received a request from 25 Michigan Holdings, LLC, as owner of at least 50% of all taxable value of property located in the proposed district, to establish an Obsolete Property Rehabilitation District under the provisions of Act 146 of the Public Acts of 2000, within the City of Battle Creek on property described as:

Lots 69, 70, 71, 76, 77 and 78 Range of Blocks 2 of the Original Plat of the Village (now City) of Battle Creek, according to the Plat thereof recorded in Liber 2 of Plats, on Page 42, in the Office of the Register of Deeds, Calhoun County, Michigan

Commonly know as 17 & 25 W. Michigan Avenue.

1. The City Commission of the City of Battle Creek shall hold a hearing on July 16, 2013, beginning at 7:00 PM in the City Commission Chambers in City Hall, Battle Creek, Michigan, for the purpose of affording a hearing to the owners of real property within the proposed Obsolete Property Rehabilitation (OPRA) District and any other resident or taxpayer of the City of Battle Creek on the establishment of the proposed OPRA District, the City Assessor and a representative of each taxing unit which levies ad valorem property taxes in the City of Battle Creek on the real property and personal property assessable as real property located in the proposed OPRA District as required by Section 3(3) of Act 146.
2. The City Clerk shall give written notice by certified mail to the owners of all real property in the proposed OPRA District, and written notice to the City Assessor, and the legislative body of each taxing unit which levies ad valorem property taxes on the real property and personal property assessable as real property of the applicant located in the proposed OPRA District of the date, time and place of the previously mentioned hearing, and that the City Commission shall afford owners of the real property within the proposed District, residents and tax payers of the City, the Assessor and a

representative of each such taxing unit an opportunity to be heard with respect to the establishment of the proposed OPRA District.

I, Victoria Houser, City Clerk of the City of Battle Creek, hereby certify the above and foregoing is a true and correct copy of a Resolution adopted by the Battle Creek City Commission at a Regular Meeting held on Tuesday Jul 02, 2013.



Victoria Houser

**Motion to approve**

Moved By: Jeffrey Domenico City Commissioner

Supported By: Mark Behnke City Commissioner

**Votes For = 9**

Sherry Sofia City Commissioner

Elizabeth Fulton City Commissioner

Lynn Gray City Commissioner

Mark Behnke City Commissioner

Andy Helmboldt City Commissioner

Jeffrey Domenico City Commissioner

Dave Walters City Commissioner

Susan Baldwin City Commissioner

Mary Lou Ramon City Commissioner

**MOTION APPROVED**